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# Permanent Supportive Housing for Mentally Ill Homeless in the Greater Sacramento Area: A Case Study of Mercy Housing's Permanent Supportive Housing Program

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# Permanent Supportive Housing for Mentally Ill Homeless in the Greater Sacramento Area:

## A Case Study of Mercy Housing's Permanent Supportive Housing Program

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for

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## Abstract

Financial resources have decreased across the United States of America. This condition creates a domino effect of a downward trend of funding available for public services provided in the counties of the State of California. The County of Sacramento is no exception. One of the services that appear to be high in demand is permanent supportive housing with medical professionals for homeless and mentally ill individuals and families. The need for assistance for this population is so great that a partnership among the four (4) medical leaders in the Greater Sacramento community was formed and developed a referral system. Sutter Medical Center Sacramento, UC Davis Health System, Kaiser Permanente Sacramento Medical Center and Dignity Health refer homeless and mentally ill individuals and families to WellSpace Health (formerly The Effort) and the Salvation Army, a place for shelter, case management and medical treatment for a temporary period. This study examines the effectiveness of permanent supportive housing. A case study of how Mercy Housing California has partnered with health providers, such as WellSpace Health, to contribute to the permanent supportive housing and wrap around services. Additional secondary data was collected and examined from stakeholders in the community of Sacramento. This capstone/research project addresses 1) whether or not implementing permanent supportive housing developments partnered with medical professionals are effective in reducing the number of homeless on the streets of Sacramento and frequent use of emergency room resources, 2) financial resources for developers to find funding to build and operate permanent supportive housing developments, 3) the barriers to an effective permanent supportive housing development in Sacramento, and 4) provide a conclusion of research findings.

## Chapter 1 – Introduction

Prepared by the Institute for Social Research from California State University Sacramento for Sacramento Steps Forward (a nonprofit local homeless advocacy group), the 2015 through 2017 Point-in-Time Count reports the homeless population in the Greater Sacramento area has increased from 2,822 to 3,665 individuals and the projected growth of homelessness is determined to be at a rate of thirty percent every two years (CSU Sacramento). There have been several studies on the causes and solutions for homelessness in the United States. Homelessness is a significant determinant of poor health due to extended periods in hot and cold weather, illnesses without treatment and street-drugs, while having little to no means of receiving health care. These barriers are associated with a high incidence of acute and chronic health problems and premature death (Barrow). The City of Sacramento Mayor, Darrell Steinberg, spoke at the State of the City Address in January 2017. In his presentation, the Mayor reflected on the seriousness of homelessness and the two homeless individuals with chronic health problems that experienced premature death on the property of Sacramento City Hall. The occurrence of those deaths was reported over several media outlets in Sacramento and may have catapulted City officials to take quicker and serious action on the local homeless policies (Chabria).

Efforts to address the rise of homelessness during the past four decades have resulted in the recognition that housing is an important part of health care service delivery for persons who have experienced homelessness and is cost effective and consistent with basic human rights. These factors have contributed to a remarkable shift in U.S. policy toward addressing long-term homelessness through permanent supportive housing rather than relying on shelters and transitional housing. This paper reviews how the potential success for reducing homeless in

Sacramento centers on permanent supportive housing for multiple stakeholders to include those in the residents of the community, tourists, public officials, developers, lenders and the homeless population.

Background and History

Mercy Housing California has developed a model in Sacramento that includes permanent supportive housing with wrap around services that begins with a developer and ends with on-site services for the homeless population:

1. Developer that builds housing specifically for permanently housing homeless,
2. On-site management company that has experience working with this type of clientele,
3. On-site healthcare clinic that provides residents and non-residents with immediate care without an appointment rather than waiting for hours in an emergency room, patients can receive same-day care for the evaluation and treatment of illnesses and injuries that need prompt attention but are not life-threatening, and
4. On-site resident service provider/case manager that promotes a sense of community by creating daily activities to bring the community together and provides individual case management services

The City and County seats of Sacramento passed a resolution in 2017 to convert Housing Choice Vouchers (rental subsidy anywhere in the U.S.) to Project Based Vouchers (project specific rental subsidy) to bridge the homeless population from the streets and hospitals to permanent supportive housing developments that will include the resources, such as the on-site resources provided by Mercy Housing California.

The Causes of Homelessness

Through research for literary review for this project, a common theme was the cause of homelessness. Research reports individuals experienced and/or is experiencing gentrification, mental illness, addiction to substance abuse, loss of employment, having poor credit history, having criminal history, having pets, and lack of a support system from family and friends are just some of the causes of individuals finding themselves homeless and barriers to permanent housing that keep them homeless. This is cause for strong coordination systems among homeless advocacy groups, hospitals, clinics, shelters, soup kitchens and those alike, to set-up an intake system that follows through with the homeless individuals and families to secure permanent supportive housing and help negotiate tenant occupancy with developers/management companies.

For instance, developers/management companies may waive the fees for the application, credit and criminal background screenings, waive the security deposit and last month's rent, which could save a homeless individual over a thousand dollars on an apartment that costs $500 per month to rent. Waiving the fees for the homeless applicant does not exempt the homeless from completion of the application forms and management running the credit and criminal background check; these processes are added to the operating expense, and therefore a business expense to write-off for the company. As for those with pets, coordination with a clinic's physician to meet with the homeless patient may determine the pet is a companion animal for emotional support and beneficial to the health and wellbeing of the homeless patient. The physician's note will waive the fee for a pet deposit. Once the homeless are approved to move into the permanent supportive housing development, those with mental illness and substance abuse may be treated by the on-site healthcare clinics' medical staff and assisted by the developer's resident services case managers. This is one example of a roadmap for the homeless

to be hopeful and permanently housed in a development with wrap around services that is intended and designed to help the most vulnerable population succeed.

This section summarized the causes of homelessness with an example that includes a path towards permanent supportive housing through a community's coordinated effort. The following sections of this paper will discuss the main research question, sub-questions, research hypothesis, research assumptions and limitations in the scope of research.

## Main Research Question

The main research question addressed in this study is: would implementing permanent supportive housing developments be effective in reducing the number of homeless on the streets of Sacramento?

According to Mercy Housing California (housing developer), WellSpace Health provides services in an on-site health clinic (a 5,000-square foot facility) on the ground floor of a downtown high-rise apartment and commercial-use building on Seventh (7$^{th}$) and H Streets. This apartment community has provided permanent supportive housing and direct/on-site medical services to the 150residents, whom have been homeless and likely received referrals from the temporary shelters, such as Salvation Army. This apartment community is not the only location of its kind, there are a total of nineteen apartment communities with a total of 1,288 residential units developed by Mercy Housing California with an on-site health clinic and services for residents and those in the community (Mercy Housing California, 2018). Currently, Mercy Housing is securing financing to the twentieth development with the same services in the Northern Sacramento area, Courtyard Inn Transit Oriented Development. This new development will add 92 permanent supportive housing units in the community, which include 92 project-based vouchers to assist the homeless that will be occupants with a rental subsidy, Well Space

and Mercy Housing Resident Services groups will provide the wrap-around services to help the residents with their medical issues and to seek employment (County of Sacramento, 2017).

The research sub-questions for this study are:

1. How will developers find funding to build and operate permanent supportive housing?
2. What are the barriers to an effective permanent supportive housing development in Sacramento?

The first sub question asks: How will developers secure financing to build and operate successful permanent supportive housing developments with a steady cash flow to avoid default and closure? This study aims at finding a link between funding resources and permanent supportive housing. To implement a successful work program, there needs to be a clear understanding of barriers to an effective permanent supportive housing development so that the barriers may be addressed before the development is built.

## Research Hypothesis

Building permanent supportive housing developments for homeless would reduce the number of homeless living on the streets and experiencing premature death. As mentioned above, developers such as Mercy Housing California have been successful in developing permanent supportive housing developments across California; therefore, other developers, non-profit and for-profit, should be financially incentivized to build permanent supportive housing developments.

## Research Assumptions

This research assumes that developers will want to build and operate permanent supportive housing developments, regardless of their staffing capacity and experience of working with homeless transitioning into permanent housing. This also assumes that the majority of the

homeless population wants, or has the mental capacity, or potential thereof, to manage the day-to-day responsibilities that accompanies permanent supportive housing, such as maintaining a clean home, managing financial affairs, shopping for food/clothes/household goods, cooking, attending and being accountable at classes to help with dealing with the day-today activities, social skills, seeking medical treatment, managing medications and more.

## Scope Limitations

Limitations of this study include information gathering during the limited time of this course. I will seek out stakeholders in the community to comment on their experiences with the homeless in Sacramento. The stakeholders include developers, property managers, mental and behavioral health professionals, staff from homeless services that work/volunteer with the homeless.

## Chapter 2 – Literature Review

This chapter reviews the scholarly and practitioners' literature surrounding the homelessness policy changes in the U.S. Government, provides definition and key elements of permanent supportive housing and leads into several studies concerning the effectiveness of permanent supportive housing, funding for developers to build and operate permanent supportive housing developments and identifies the barriers to an effective permanent supportive housing development.

### Homelessness Policy Changes in the United States

Over the past fifteen years, the general public and policy makers have grown concerned about the increase in homelessness and the funds towards homelessness assistance at local, state and federal levels. "The general public is not only well informed about homelessness but has indicated a willingness to pay higher taxes to help homeless people obtain housing," and "Attention to the wide array of housing problems and cooperation among state and local governments and community groups is essential if efforts to end homelessness are to succeed" (Toro & Warren).

"In 2010, the U.S. government endorsed the Housing First approach to permanent supportive housing as the preferred solution for chronic homelessness. Whereas other programs require people to engage in psychiatric or substance use treatment and attain stability and sobriety before they can receive housing, Housing First offers permanent supportive housing without these prerequisites. This approach bundles financial support for housing with offers of psychiatric, medical, and social rehabilitative support. Some Housing First programs use a 'scattered site' model, providing subsidized rental support for a private-market apartment coupled with outreach from clinicians and social workers who regularly visit the tenant and assist as needed. Other

programs use a ‘project-based’ model, accommodating formerly homeless tenants in a building where comprehensive psychosocial services are available” (Kertesz, et. al).

Policies made with a “Good Practice” should incorporate the perpetual changes in understandings of homelessness by addressing the psychological, housing and social needs of the homeless. Additionally, policies must integrate across homelessness programs and increase independence through capacity building from the wide array of the homeless programs (Minnery & Greenhalgh).

Definition and Key Elements of Permanent Supportive Housing

Rog and colleagues define Permanent Supportive Housing as, in part, “a direct service that helps adults who are homeless or disabled identify and secure long-term, affordable housing. Individuals participating in permanent supportive housing generally have access to ongoing case management services that are designed to preserve tenancy and address their current needs.” The Goals are to, “Secure long-term, affordable housing and provide access to support services.” The Populations to serve are homeless adults with mental and substance use disorders and the services includes on-site outpatient facilities. An established housing model that meets this definition is the Housing First and the U.S. Department of Housing and Urban Development Veterans Affairs Supportive Housing program.

Rog and colleagues write the key elements of permanent supportive housing is as follows:

1. Tenants have full rights of tenancy, including a lease in their name; the lease does not have any provisions that would not be found in leases held by someone without a mental disorder.
2. Housing is not contingent on service participation.

3. Tenants are asked about their housing preferences and provided the same range of choices as are available to others without a mental disorder.
4. Housing is affordable, with tenants paying no more than 30% of their income toward rent and utilities.
5. Housing is integrated; tenants live in scattered-site units located throughout the community or in buildings in which a majority of units are not reserved for individuals with mental disorders.
6. House rules are similar to those found in housing for people without mental disorders.
7. Housing is not time limited, so the option to renew leases is with the tenants and owners.
8. Tenants can choose from a range of services based on their needs and preferences; the services are adjusted if their needs change over time (Rog, et. al).

Supportive housing couples independent housing with community-based wrap around support systems for individuals and families with psychiatric disabilities. Tabol and colleagues' findings suggest that greater model clarity, better specification of model elements, and greater standardization in measurement of program dimensions would aid in supportive housing program implementation. (Tabol, et. al).

"Supportive housing is broadly defined as independent housing in the community that is coupled with the provision of community mental health and support service. Recent studies have provided more rigorous examination of housing and supports for persons with mental illnesses…some have been developed out of the mental health tradition of 'housing as housing,' most typically called 'supported housing,' and other models that have emerged from a movement focused on affordable housing as a means to decrease homelessness" (Rog).

Permanent Supportive Housing Effectiveness in Reducing Homelessness

The process of discharging patients from emergency care to the streets or to a temporary shelter has not provided a solution to house our most vulnerable. Some homeless may be down on hard times, veterans with post traumatic disorder, have a substance abuse problem, have a medical/mental health issue that is not being treated or another reason as to why homelessness is their status of living. Through research of literary review, here are scholarly authors that support the main research question, the sub-questions, and/or the hypothesis:

Permanent Supportive Housing is a community effort. There must be public and private partnerships. For example, Community developers bring creative financing, links to local organizations, and an ability to improve neighborhoods on a large scale. Researchers bring new insights and analytical skills and provide valuable feedback to improve this work, especially in terms of its health impact. The collaboration of private developers, academic institutions, and government agencies in other cities or regions might form public-private partnerships aimed at improving the way low-income housing is built and enhancing positive change in communities that have traditionally suffered from underinvestment" (Jutte, et. al).

Partnerships and permanent supportive housing may not immediately be available at the time of the homeless persons' or families' needs; however, with the Housing First Program combined with supportive services, such as treatment for medical needs, the Housing First Program is the pathway to permanent supportive housing to help reduce homelessness as described by Tsemberis, Larimer, Stefancic & Tsemberis, Martinez & Burt, Ellen & O'Flaherty and colleagues. Tsemberis and colleagues examined the effects of a Housing First program for homeless, mentally ill individuals' consumer choice, substance use, stability of housing, treatment utilization and psychiatric symptoms. The methods used were as follows: two hundred

twenty-five participants were randomly assigned to receive housing contingent on treatment and sobriety (control group) or to receive immediate housing without treatment prerequisites (experimental group). Every six months for twenty-four months, the individuals were interviewed. The examination resulted in the following: the experimental group that obtained housing earlier, remained stably housed, and reported higher perceived choice. Utilization of substance abuse treatment was significantly higher for the control group, but no differences were found in substance use or psychiatric symptoms. The researchers' concluded that the participants in the Housing First program were able to obtain and maintain independent housing without compromising psychiatric or substance abuse symptoms (Tsemberis, et. al). Larimer and colleagues found that Housing First participants had significant improvements in the use of shorter-term housing and housing units to assist with sobriety. Additionally, they concluded that housing tenure was related to better personal improvement in the community (Larimer, et. al). "Overall, Housing First has proven to be an effective and less costly alternative for housing chronically homeless individuals with psychiatric disabilities. This study demonstrates that the Housing First approach is effective in the long-term in reducing homelessness and can be successfully implemented in areas with populations of chronically homeless shelter users with multiple disorders" (Stefancic & Tsemberis). A study, conducted in San Francisco, of 100 homeless individuals received immediate housing resulted in significant reductions in crisis service use when supportive housing placement was coordinated for the homeless population. The study revealed that supportive housing can accomplish a number of specific policy goals, in part, "namely ending homelessness by providing a stable residential setting and reducing emergency department and inpatient hospital use in populations with mental illness and substance use disorder who lived largely on the streets. As such, it demonstrated that public

hospital savings can offset part of the costs of providing supportive housing to this population," (Martinez & Burt). Evidence clearly shows that Housing First is an effective program for helping homeless with multiple problems and little or no likelihood of access to traditional Linear Residential Treatment housing, a Continuum of Care process supported and funded by the U.S. Department of Housing and Urban Development. "As Housing First becomes more widely available, assessment of residential stability, cost-effectiveness, levels of psychiatric symptoms, substance use, and community integration will continue to be important outcome measures. However, new Housing First programs should expand their repertoire of services so that they can improve outcomes in the number of other domains (including health, wellness, self-management, employment, and social integration) and help homeless individuals identify and realize individual capabilities that are important to them" (Ellen & O'Flaherty, p. 53).

Whether homeless start with the Housing First Program and end-up in permanent supportive housing, or move directly into permanent supportive housing, research supports that housing stability with supportive programs leads to reducing homelessness. "Effectiveness of permanent supportive housing: The outcome measures most consistently used in studies of permanent supportive housing were housing stability, hospital inpatient and emergency room use, consumer satisfaction, and behavioral health measures. Despite the shortcomings in the body of research, a consistent finding was that the provision of housing—regardless of model—had a strong, positive effect in promoting housing stability and reducing homelessness" (Locke, et. al). Rog found that permanent supportive housing programs yielded positive outcomes: reduced homelessness, increased housing tenure over time, reduced emergency room use, reduce hospitalizations and increased satisfaction of the homeless now resident. One housing study compared homeless persons divided into two groups that were diagnosed with mental illness.

One of the two groups (Group A) was admitted in the hospital into an acute inpatient psychiatric medical service facility and when ready, those patients received coordination services when discharged to supportive single-room-occupancy residences. While the second group (Group B) received routine discharge planning and no coordination efforts to help the patients find shelter. In 2006, following twelve months of this housing study, Lipton reports findings that the residents living in the supportive housing developments spent significantly more nights in stable housing and fewer nights in hospitals (Lipton, et. al). Although housing in and of itself will not solve the problem or meet the complicated needs of the homeless mentally ill population, it is one of the crucial associations to reduce homelessness; however, the author adds that, in part, "placement into housing should not be accompanied by expectations of permanence but should be viewed as part of an ongoing process of community integration" (Bachrach). O'Connell and colleagues found that compared with intensive case management alone, the U.S. Department of Housing and Urban Development Veterans Affairs Supportive Housing program was associated with more positive housing outcomes for the homeless veterans with co-occurring mental disorders and homeless veterans who were active substance users (O'Connell, et. al, 2012).

Research reveals that by providing homeless with access to permanent housing, case management, healthcare, array of services that the homeless may choose from will improve housing outcomes and reduce homelessness. "Service use and 2-year treatment outcomes were compared between chronically homelessness clients receiving comprehensive housing and healthcare services through the federal Collaborative Initiative Chronic Homelessness (CICH) program (n = 281) a sample of similarly chronically homeless individuals receiving usual care (n = 104) in the same 5 communities. CICH clients were housed an average of 23 of 90 days (52%) more than comparison group subjects averaging over all assessments over a 2-year

follow-up period. CICH clients were significantly more likely to report having a usual mental health/substance abuse treater (55% vs. 23%) or a primary case manager (26% vs. 9%) and to receive community case management visits (64% vs. 14%). They reported receiving more outpatient visits for medical (2.3 vs. 1.7), mental health (2.8 vs. 1.0), substance abuse treatment (6.4 vs. 3.6), and all healthcare services (11.6 vs. 6.1) than comparison subjects. Total quarterly healthcare costs were significantly higher for CICH clients than comparison subjects ($4,544 vs. $3,326) due to increased use of outpatient mental health and substance abuse services. Although CICH clients were also more likely to receive public assistance income (80% vs. 75%), and to have a mental health/substance provider at all, they expressed slightly less satisfaction with their primary mental health/substance abuse provider (satisfaction score of 5.0 vs. 5.4). No significant differences were found between the groups on measures of substance use, community adjustment, or health status. These findings suggest that access to a well-funded, comprehensive array of permanent housing, intensive case management, and healthcare services is associated with improved housing outcomes, but not substance use, health status or community adjustment outcomes, among chronically homeless adults" (Mares & Rosenheck). A range of housing alternatives developed in combination with specialized service programs, generally referred to as permanent supportive housing, has proven effective in providing stable housing for homeless persons, especially those with serious mental illness" (Newman, et. al). "For individuals with a significant level of functional impairment, the need to simultaneously adjust to a new community with new neighbors, different resources, different demands, and uncertain expectations may strain their already tenuous survival skills. The stress of moving may be further compounded by a heightened level of scrutiny that a new resident experiences when interacting with a landlord who is interested in determining whether the client will be a good tenant who abides by the

house rules, gets along with neighbors, and fits in with the community. Strategies to enhance engagement, minimize stress, and facilitate adaptation during this critical period are needed in some supportive housing programs, as well as in programs that help individuals gain access to housing" (Susar, et. al). The importance of the findings on the homeless persons' preference must not be underestimated. It's simple, if the homeless person does not like the community or the programs, they simply walk and go back to the streets. "Consumer choice and consumer preference are at the center of many evidence-based practices, based on an understanding that consumers are more likely to embrace services that are tailored to their preferences and less likely to terminate services early or abruptly. Choice is recognized as an important factor in recovery, as it engages a consumer's willingness and motivation to make life changes" (O'Connell, et. al, 2006). In the year of 2000, Lipton's study of supportive housing for homeless persons, reveals that homeless persons with serious mental illness can have successful residential outcomes in housing that provides case management and that is more health and wellness treatment oriented. Lipton also writes that, in part, "although some individuals will initially benefit from supportive housing, others may require various degrees of structure, interpersonal intensity, and support. Varied types of housing are needed to meet the heterogeneous needs of a diverse group of the homeless population, (Lipton, et. al). Resolving the intricate challenges and problems of the population with homelessness diagnosed with mental illness is contingent on the development of an adequate range of housing options networked with a comprehensive, wrap around, array of services, such as case management and medical treatment (Dennis, et. al). "Studies have found that permanent supportive housing for individuals with mental and substance use disorders, compared with treatment as usual, reduced homelessness, increased housing tenure over time, and resulted in fewer emergency room visits and hospitalizations.

Moreover, consumers consistently rated permanent supportive housing more positively than other housing models and preferred it over other more restrictive forms of care. On the basis of this evidence, the authors recommend that permanent supportive housing be included as a covered service as part of a full spectrum of options that support recovery for individuals with mental and substance use disorders" (Rog, et. al). Controlled comparative effectiveness research that systematically examines differences in outcomes among different models of permanent supportive housing is also needed. As Leff and group writes, in part, "because a wide variety of housing models have been found to be effective in helping participants achieve residential stability and other positive outcomes, random assignment of individuals with mental and substance use disorders to different housing models should pose no ethical concerns. Finally, it would be helpful to have sensitivity within these studies to the moderating effects of individual characteristics, especially race, ethnicity, and age. Further research would provide a more complete understanding of which models yield the greatest improvement on a range of outcomes for various subpopulations," (Leff, et. al). "Healthy lifestyle interventions represent one of the many approaches (including healthcare manager programs, peer navigators, and smoking cessation interventions) that are being used worldwide to improve the physical health of people with serious mental illness," (O'Hara, et. al).

The literary review provides evidence that by having a) public-private partnerships improving housing and the health of the homeless population; b) the Housing First Program with treatment of medical issues followed by obtaining and maintaining permanent independent housing or a Veterans Affairs Supportive Housing program; c) promoting housing stability; and d) access to permanent supportive housing with an array of wrap-around services, they support

the effectiveness in reducing homelessness. The next section will provide data and resources that address the sub-questions to the main questions of this research paper.

Funding for Developers to Build and Operate Permanent Supportive Housing

Since the dissolution of Redevelopment in 2012, funding sources have become even sparser. However, that does not hinder Mercy Housing California in seeking multiple layers of funding to build permanent supportive housing. In December 2017, the Sacramento County Board of Supervisors approved funds for the acquisition, construction and permanent financing of an adapt-and-reuse motel project, the aforementioned Courtyard Inn Transit Oriented Development that will provide 92 permanent supportive housing units with wrap around services that include on-site 24/7 management, resident services provider and a WellSpace Health clinic. The approved resources are federal and local funds. The federal funds are comprised of one million five hundred thousand dollars in HOME Investment Partnerships Program funds, one million dollars in Community Development Block Grant funds, and one million six hundred thousand dollars in Housing Opportunities for Persons with AIDS funds, a total of four million one hundred thousand dollars in federal assistance.

Additional federal assistance includes a 20-year Housing Assistance Payment agreement with the local housing authority, which will provide rental subsidy for all 92 units occupied by homeless individuals and/or families. The local funds consist of $2,200,000 of Housing Trust Funds (derived from commercial building impact fees in the County), $2,200,000 of Affordable Housing Funds (derived from residential housing impact fees in the County), for a grand total of $8,400,000. The next step for Mercy Housing California is to secure financing from California Tax Credit Allocation Committee under the special needs category, by applying for competitive tax credit equity in February 2018. If successfully awarded tax credits, Mercy Housing

California will seek conventional loans from lenders that provide financing for affordable housing developments. In return, these lenders receive good Community Reinvestment Act credit with the Federal Reserve (County of Sacramento). Other developers could follow Mercy Housing California's approach to securing funds that are at the federal, state and local levels, to build permanent supportive housing. This is background and an example similar to the literary review of Jutte and colleagues, "To encourage collaborations, it is critical that funders create incentives for them. For example, a new $25 million fund proposed by the Department of Housing and Urban Development's Office of Policy Development and Research encourages partnerships with other agencies to study links between health and the built environment. Similarly, private initiatives could play a role in supporting collaborations between developers and researchers. For example, the Health Impact Group, funded by the Pew Charitable Trusts and the Robert Wood Johnson Foundation, has supported health impact assessments of development projects across the country" (Jutte, et. al).

Barriers to an Effective Permanent Supportive Housing

One of the many barriers to any affordable housing development in communities are residents known as the NIMBYs – Not in My Back-Yard folks. One method developers must use community outreach to help the NIMBYs understand what the project is and to steer them away from the stereotypical philosophies that poor people are criminals.

Literary scholar writes that, "Public support for planning programs and initiatives are an important component of its success but opposition can be a powerful impediment. When siting unwanted land uses such as affordable housing, neighborhood opposition can be a particularly effective barrier. Understanding the factors that influence opposition is a necessary precursor to successful planning initiatives. Attitudes toward affordable housing are likely shaped by factors

that influence other social policy attitudes - particularly ideology and stereotyping. Planners can manage public opposition and influence attitudes toward affordable housing" (Tighe).

In addition to outreach efforts and personal level communication with the NIMBYs, one helpful policy recently put in place was signed by Governor Jerry Brown. The Governor signed a series of Senate Bills in September 2017, which includes a, "NIMBY law that blocks local governments from arbitrarily rejecting a developer's project that complies with local and existing zoning and land use policies" (Smith). Hopefully, this will assist with the barriers affordable housing developers that want to build permanent supportive housing developments. The next section of this paper will discuss the research methods.

## Chapter 3 – Research Methods

### Research Methodology and Design

This project's objective is to examine whether or not building permanent supportive housing for the homeless would reduce the number of homeless on the streets of Sacramento. The research method applied in this project is a case study qualitative design. According to Leedy and Ormrod, the purpose of a case study is to understand a situation in great depth; the focus is to research a few cases, or sometimes researchers focus only on a single case, within their natural setting, the methods of collecting data is through observations, interviews, audiovisual material and literature reviews; the methods of data analysis is organizing the data by categorizing the information in themes/shared characteristics, and then synthesizing the information into an overall portrait of the cases. "In a case study, a researcher looks in considerable depth at a particular person (or) program." (pp. 251-276). In this case, the study on a particular person includes the homeless with mental illness and the program that builds permanent supportive housing for them. In this design, collecting data via qualitative research included a six or ten-question survey that was used to gather key stakeholder responses. Qualitative research was also gathered by a Site Analysis of the 7$^{th}$ + H Mercy Housing complex and its associated facilities.

### Data Collection Plan Overview, Issue Stakeholders and Data Sources

Qualitative data was collected via interviews with key informants/stakeholders using the questions provided at Appendices A-F. The questions were sent via email to each stakeholder and included a brief introduction to the purpose of the research as well as administrative information regarding anonymity and confidentiality. Key informants included:

1. City of Sacramento's Councilmember Allen Warren;
2. City of Sacramento's City Manager, Howard Chan;
3. Stephan Daues, Vice-President, Mercy Housing California, (Permanent Supportive Housing Developer);
4. Jeff Riley, Veterans Affairs Supportive Housing Program, Project Manager, Mercy Housing California, (Permanent Supportive Housing Developer);
5. Wendy Saca-Mertens, Asset Manager, Mercy Housing California, (Permanent Supportive Housing Property Management);
6. Amani Sawires, Regional Chief Operating Officer, Volunteers of America (Permanent Supportive Housing Developer);
7. Gretchen Angele, Compliance Manager, Volunteers of America (Permanent Supportive Housing Property Management);
8. Viviana Batson, Administers Veterans Affairs Supportive Housing Program, City and County of Sacramento, Department of Sacramento Housing & Redevelopment Agency
9. Jonathan Porteus, Chief Executive Officer, WellSpace Health
10. Michelle Allee, Regional Director, WellSpace Health
11. Laura Kobler, Financing Consultant, California Housing Partnership

Data was also collected via a site visit to the Mercy Housing location at 7th and H Streets in Sacramento, California. Describing the process for an individual seeking assistance from

Mercy Housing and WellSpace provides a clearer and sharper view of the personal side of the process. Readers should be better able to understand and get a more visual picture of what the process is for each individual.

Operationalization of Variables

The independent and dependent variables for this research project are as follows:

1. *Independent Variable* – The Building Developer, in this case study is Mercy Housing California, has an effect on one or more other variables. When the Building Developer provides permanent supportive housing for homeless with mental illness in the Sacramento area, there will be a reduction in the homelessness population in Sacramento.
2. *Dependent Variables* - By providing permanent supportive housing to individuals/families that are homeless and have a mental health condition, the effects are identified below:
    a. Reduction of the homeless population in the Sacramento area; and
    b. Access to on-site medical and mental health services will be strengthened for the underserved population.

Leedy & Ormrod remind us, “Remember, we can conclude that a cause-and-effect relationship exists between an independent variable and a dependent variable only if we have directly manipulated the independent variable and have controlled for confounding variables that might offer alternative explanations for any changes in the dependent variable. Even when we have taken such precautions, however, there is the possibility that are alleged cause doesn’t really produce the effect we think it does---that the situation we have just observed is a one-time-in-a-million fluke” (p. 203).

Operationalization Definitions

*Application Screening:* when applying for housing, there are standards to meet to qualify or be eligible to reside on the property; the process of determining eligibility is application screening; this includes a licensed social worker assisting the applicant through the application process, including the action of verifying and certifying the applicant(s) meet the definitions of homeless and/or having a mental health condition.

*Building Developer:* an owner with management and resident services divisions that build affordable housing and provide supportive programs to improve the economic status of residents.

*Comprehensive Health Treatment:* primary physician care, mental health services, medication, referrals to specialist and treatment for any chronic and acute conditions.

*Homeless:* the US Department of Housing and Urban Development provides the definition of homeless as follows (p.1):

A person is considered homeless only when he/she resides in one of the places described below:

• In places not meant for human habitation, such as cars, parks, sidewalks, abandoned buildings (on the street).

• In an emergency shelter.

• In transitional or supportive housing for homeless persons who originally came from the streets or emergency shelters.

• In any of the above places but is spending a short time (up to 30 consecutive days) in a hospital or other institution.

• Is being evicted within a week from a private dwelling unit and no subsequent residence has been identified and lacks resources and support networks needed to obtain housing.

• Is being discharged within a week from an institution, such as a mental health or substance abuse treatment facility or a jail/prison, in which the person has been a resident for more than 30 consecutive days and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing.

For example, a person being discharged from prison after more than 30 days is eligible ONLY IF no subsequent residence has been identified and the person does not have money, family or friends to provide housing.

• Is fleeing a domestic violence housing situation and no subsequent residence has been identified and lacks the resources and support networks needed to obtain housing.

*Mental Health Condition/Mental Illness:* is defined as "collectively all diagnosable mental disorders or health conditions that are characterized by alterations in thinking, mood, or behavior (or some combination thereof) associated with distress and/or impaired functioning" (Center for Disease Control and Prevention, p. 1).

*On-site:* a clinic located on the property of the apartment building; this clinic would ideally serve the community in addition to the on-site residents.

*Partner:* establish a business relationship in the community between the hospitals, Building Developer, local, state and federal governments, lenders and the community neighborhood.

*Permanent Supportive Housing:* Rog and colleagues define Permanent Supportive Housing as, in part, "a direct service that helps adults who are homeless or disabled identify and secure long-

term, affordable housing. Individuals participating in permanent supportive housing generally have access to ongoing case management services that are designed to preserve tenancy and address their current needs." The Goals are to, "Secure long-term, affordable housing and provide access to support services." The Populations to serve are homeless adults with mental and substance use disorders and the services includes on-site outpatient facilities.

Controlling for Internal/External Validity and Bias

Controlling for internal validity is important in establishing the relationship between permanent supportive housing in the Sacramento area and the effect of building permanent supportive housing has on the reduction in the homelessness population. Currently, proposed changes to the Sacramento, (City and County jurisdictions) policies and procedures surrounding homelessness that would affect the validity of this case study does not exist.

Controlling for external validity also plays an important role. External validity helps to answer the question: can the research be applied to the "real world"? If the research can be replicated in other situations, external validity is high. If this hypothesis is supported in the City and County of Sacramento, it will more likely be able to be duplicated in other similar counties and cities, and perhaps those in the rural areas and in greater metropolitan areas as well. This case study controls factors by eliminating issues such as a self-reported survey of the homeless, rather this focuses on key issue stakeholder informants who have experience in the field and can provide information on their experiences of challenges, accomplishments and lessons learned.

Research Limitations

Limiting bias was an issue in this study. Key informants/stakeholders were asked open-ended interview questions and their personal experience and opinions, which made it will be

difficult to eliminate bias from the study. Available time seems to always be a limitation in completing research studies and it was also present in this project. The interview questions were distributed to the key stakeholders in less than four weeks prior to the end of this course. Key stakeholders were provided minimum time to not only respond to requests but also to provide time for a tour of the 7th and H permanent supportive housing development with the on-site WellSpace Health Clinic. Despite the short time notice, meetings, site visit and interviews were completed on time.

## Chapter 4 – Results and Findings

The results of the data collection acquired from key stakeholders responding to a survey are presented in this chapter. The data was collected to determine a) whether building permanent supportive housing for the homeless would reduce the number of homeless on the streets of Sacramento; b) how developers find funding to build and operate permanent supportive housing; and c) what the barriers to developing an effective permanent supportive housing community in Sacramento. The goal of the study was to determine if local experts in the field of homelessness in the Sacramento area could concur that permanent supportive housing for the homeless would reduce the number of homeless on the streets of Sacramento. The hypothesis in this case study was that building permanent supportive housing developments for homeless would reduce the number of homeless living on the streets and experiencing with premature death.

### Primary Data Results and Analysis

The data was collected using an on-line/emailed survey questionnaire and an in-person interviews (see Appendices A-F). The raw data is provided in Appendices G-L. The sample population group who received an interview survey included selected political leaders in the City of Sacramento. The remaining key stakeholders sample population are in local government, affordable housing not-for-profit developers, management company and resident services provider, not-for-profit healthcare provider, formerly homeless individual that is currently a resident at a permanent supporting housing development and an affordable housing financial consultant. This survey was distributed on-line via an email message to fifteen key stakeholders. During the on-site tour of 7th and H Apartments, this researcher was given the unplanned opportunity to interview the Mercy Housing community manager, the lead desk clerk, and the

resident services coordinator, the WellSpace Health physician, and the social worker/behavioral health clinician. After the site tour, a resident of 7th and H apartments who was formerly homeless on the streets of Sacramento was interviewed. He credited his mother for finding him permanent supportive housing. Over fifty percent of the surveyed key stakeholders provided a response to the surveys.

The hypothesis examined in this study was: building permanent supportive housing developments for homeless would reduce the number of homeless living on the streets. Approximately half of the participants responded. The detailed answers to the interview questionnaire are summarized below.

The first question asked respondents to provide their name, title and organization. The key stakeholders are grouped in categories and identified below:

1. Political Leaders
    a. Councilmember Allen Warren
    b. City Manager Howard Chan
2. Local Government (County and City of Sacramento) Officials
    a. Viviana Batson, Administers Veterans Affairs Supportive Housing Program, City and County of Sacramento, Department of Sacramento Housing & Redevelopment Agency
3. Nonprofit Building Developer, Property Management and Resident Services Providers
    a. Wendy Saca-Mertens, Developer, Mercy Housing California

   b. Mirella Gamez, 7th & H Apartments Community Manager, Property Management, Mercy Housing Management Group
   c. July Le, 7th & H Apartments Lead Desk Clerk, Property Management, Mercy Housing Management Group
   d. Uma Chand-Cato, 7th & H Apartments Coordinator, Resident Services Provider, Mercy Housing Resident Services
   e. Amani Sawires, Developer, Volunteers of America
   f. Gretchen Angele, Compliance Manager, Property Management, Volunteers of America
4. Nonprofit Health Providers
   a. Megan Brown, Licensed Clinical Social Worker, Integrated Behavioral Health Clinician, WellSpace Health at 7th and H Apartments
   b. Anonymous Physician, WellSpace Health at 7th and H Apartments
5. Former Homeless Resident
   a. Anonymous Resident of 7th and H Apartments

The second question asked for them to provide the number of years of experience with permanent supporting housing developments. The results are as follows in the categories listed above.

1. Politicians: ranged from one to twenty-eight years
2. Local Government: over ten years
3. Nonprofit Building Developer: over twelve years
4. Nonprofit Property Management: over five years
5. Nonprofit Resident Services Provider: over five years

6. Nonprofit Health Provider: ranged from one month to one year
7. Former Homeless Resident: over five years

The key stakeholders' average years of experience is approximately five years. This is not a surprise given homelessness has become more forefront news in media within the last decade.

The third question asked what type of housing model had been effective at reducing the homeless population in Sacramento and to explain the reasoning behind his/her opinion. The responses from the key stakeholders are summarized below:

1. Politicians:
    a. A number of programs during active Redevelopment funds worked well. This funding program was a very powerful tool and it was deeply subsidized to help with the homeless. Since 2012, Redevelopment ended.
    b. While the overall population of people experiencing homelessness in Sacramento has increased over the past three years, the City has embraced evidence-based approaches to housing and services to help prevent and end homelessness. All City investments in shelter, housing and services must be aligned with the "housing first" philosophy, reducing barriers to entry and offering (but not requiring services) as a condition of tenancy.
2. Local Government:
    a. Housing homeless Veterans, using housing choice vouchers
3. Nonprofit Building Developer, Property Management and Resident Services Provider
    a. Permanent Supportive Housing with medical service providers and case management

4. Nonprofit Health Provider:
    a. Permanent Supportive Housing with medical service and combination of programs to manage mental health issues
5. Former Homeless Resident:
    a. Permanent Supportive Housing with medical and resident services

The key stakeholders provided a variety of housing models that have been effective to reduce the homeless population in Sacramento, including programs from the Housing First Program, Veterans Affairs Supportive Housing Program to Permanent Supportive Housing Program. A common element among these programs is providing easily accessible services for the residents.

The fourth question asked what type of resources has assisted them in securing financing to develop permanent supportive housing developments, medical facilities and access to permanent supportive housing. A summary of the responses is included below:

1. Politicians:
    a. Some funding included to develop/operate permanent supportive housing developments in the Sacramento area are Redevelopment funds (Tax Increment funds), Community Development Block Grant, some local initiative support corporation funds, California Housing Finance Corporation funds, Housing Finance Agency funds and Tax Exempt Mortgage Revenue Bonds.

   b. Tax Exempt Mortgage Revenue Bonds, Low Income Housing Tax Credits, former Redevelopment Tax Increment for development and operating subsidy, HOME Investment Partnerships Program and Continuum of Care Program.

2. Local Government:
   a. Veterans Affairs Supportive Housing Program, a rent subsidy similar to the Federal Program, the Housing Choice Voucher Program.
3. Nonprofit Building Developer, Property Management and Resident Services Provider
   a. Tax Exempt Mortgage Revenue Bonds, Low Income Housing Tax Credits, local, state and federal funds.
4. Nonprofit Health Provider:
   a. Grants from Anthem Blue Cross and Sutter Medical Foundation.
5. Former Homeless Resident:
   a. Not applicable.

The key stakeholders rely heavily on public funding and grants to develop permanent supportive housing. These resources come from tax payers and investors, which are then distributed at federal, state and local levels to those applying for the funds. Some programs are competitive; therefore, not everyone that applies receives an award. However, there are programs such as non-competitive four percent low income housing tax credit programs and non-competitive tax-exempt mortgage revenue bonds that are awarded to all that apply.

The fifth question asked what type of major barriers they experienced while developing permanent supportive housing developments. A summary of the responses is included below:

1. Politicians:

   a. The major barriers in building/operating permanent supportive housing developments include limited funding availability, the challenging process of getting the project approved, NIMBY, finding incentives for developers, and finding good developer partners that are dependable and viable.
   b. Funding to develop and ongoing operating subsidies.
2. Local Government:
   a. Maintaining contact with Veterans from initial contact to lease-up given homeless individuals are difficult to reach at times.
3. Nonprofit Building Developer, Property Management and Resident Services Provider
   a. Funding is a major barrier. Given the net rent is based on extremely low-income residents, developers have to find operating subsidies to offset the gap in financing a permanent housing development.
4. Nonprofit Health Provider:
   a. Space, funding and Not-In-My-Back-Yard (NIMBY) persons.
5. Former Homeless Resident:
   a. Credit and criminal background check.

To no surprise, securing the resources and funding is the main barrier to developing permanent supportive housing with on-site medical facilities.

The sixth question asked what solutions they experienced that help them overcome the major barriers identified above. A summary of the responses is included below:

1. Politicians:

   a. Nine mayors of the major cities in California, including Sacramento Mayor Darrell Steinberg, collectively approached Governor Jerry Brown with a proposal to set aside funds for affordable housing, including housing for the homeless. In result, $1.5 billion will be available for affordable housing throughout the State of California.
   b. New funding streams to help build new Permanent Supportive Housing, namely No Place Like Home Program funding from the State of California.
   c. Utilize Housing Choice Vouchers targeted for homelessness.
   d. Whole Person Care Program and the Mental Health Services Act Funding Program.
2. Local Government:
   a. Coordination with caseworkers at Veterans Affairs.
3. Nonprofit Building Developer, Property Management and Resident Services Provider
   a. Additional funding, such as federal, state and local.
4. Nonprofit Health Provider:
   a. Shifting to cost savings versus focus on how much the cost is up front.
   b. Incentivizing building units by providing services on-site if space allows.
5. Former Homeless Resident:
   a. Management waives credit and criminal threshold requirements to allow for occupancy.

Finding various funding and resources is not only a barrier, I found it interesting that it is also the solution most of the key stakeholders responded with for this question.

The seventh question asked about the length of occupancy as a tenant and medical services as a patient by formerly homeless resident; a summary of the responses is included below:

1. Politicians:
    a. Not applicable.
2. Local Government:
    a. Information is not available.
3. Nonprofit Building Developer, Property Management and Resident Services Provider
    a. Over five years of continued occupancy.
4. Nonprofit Health Provider:
    a. Over five years of continued services; however, from July 2017 to December 2017, WellSpace Health was closed due to seeking a Physician that would be a good fit for the 7th and H Apartments clientele. Previous physicians left because there was an exceeding and concerning number of patients seeking opioids and the doctors were not comfortable handling patients that needed special care.
5. Former Homeless Resident:
    a. Over five years.

Based on the responses, it appears most formerly homeless residents remain in the permanent supportive housing development and continue seeking medical treatment and/or services for over five years.

The eighth question asked the primary reason tenant occupancy or patient services ended for a formerly homeless resident; a summary of the responses is included below:

1. Politicians:
    a. Not applicable.
2. Local Government:
    a. Violations in rules and regulations of the Veterans Affairs Supportive Housing Program.
3. Nonprofit Building Developer, Property Management and Resident Services Provider
    a. Five percent return to the street and cannot handle house rules and responsibilities.
    b. Ten to Fifteen percent have to move-out due to disciplinary action and lease violations.
4. Nonprofit Health Provider:
    a. Dissatisfaction with medical services and physician turnover.
5. Former Homeless Resident:
    a. Not applicable.

According to the stakeholders that have direct experience with residents, the most common reason a resident discontinues occupancy is because the resident was not following house rules, lease agreement, program rules or regulations. Some formerly homeless are not able to live in a structured community and prefer to return to the streets where they feel there is more freedom possibly.

The ninth question asked respondents to provide the primary reason occupancy or medical services continue for a formerly homeless resident; a summary of the responses is included below:

1. Politicians:
    a. Not applicable.
2. Local Government:
    a. Rental subsidy to lift the burden of an expensive monthly rent near amenities.
    b. Caseworkers to work with the Veterans.
3. Nonprofit Building Developer, Property Management and Resident Services Provider
    a. Location and convenience.
    b. Affordable rent that adjusts to household income.
    c. Resources, such as medical and resident services.
    d. Comfort zone; residents build trust seeing continuity in staff and there is a 24/7 desk clerk, including holidays.
    e. Secure, safe, and decent housing.
    f. Access for residents to vent or simply converse with someone (e.g. desk clerk) 24/7, including holidays.
4. Nonprofit Health Provider:
    a. Location and convenience.
    b. Building trust.
    c. Providing a wide variety of programs addressing both medical and behavioral health.
5. Former Homeless Resident:

a. Location and convenience.

b. Medical and Resident Services.

The reasoning behind long-term use of permanent supportive housing and medical facilities appear to be parallel to what a market-rate renter would seek, location, close to transportation, shopping, and a variety of on-site services and amenities.

The tenth question asked if they would like to add anything else to their answers. Only one respondent added that it is important for public sectors to know what will incentivize and de-incentivize developers. Public-Private partnerships is a good direction for affordable housing without putting the full burden on the private sector; otherwise, the private sector will not come to the table.

Significant Findings

Based on the interviews and the enlightening site visit with select political leaders, local government, non-profit developers, property management, resident services providers, medical and mental health providers and a former homeless resident, the findings suggest that with the following resources and programs, all are associated with improved housing outcomes and reducing homelessness on the streets of the Greater Sacramento area:

1. Access to funding
    a. This includes postponing developments to wait for available local, state and federal funding to build permanent supportive housing developments
    b. Notice of Funding Available (NOFA) changes annually, some important funding that has been available is operating subsidy costs (i.e., Veterans Affairs Supportive Housing rental subsidy program)

2. Comprehensive array of housing
    a. Housing first program (days vary)
    b. Shelters (30-60 days)
    c. Emergency Shelter Grants (short-term, 18-month rental subsidy)
    d. Permanent supportive housing (long-term)
3. Easily accessible transportation and healthcare services
    a. Sacramento Regional Transit Light Rail and Bus
    b. WellSpace Health
    c. Clinics
4. Intensive case management
    a. This helps bridge the gap between resident and property management is the resident violates the lease
    b. Case managers provide direct services to resident to help them understand what behaviors need to change (i.e., clean unit, be respectful to others, etc.) in order to maintain long-term permanent supportive housing, rather than returning to substandard housing or worse, the streets of Sacramento
5. An on-site resident services coordinator and team that provide:
    a. Resourceful information (i.e., gaining custody of child, CalFresh/food stamps, Social Security income and General Aid non-wage income)
    b. Skill-set programs (i.e., cooking, cleaning, financial management, social behavioral skills and more)
    c. Educational program (i.e., US Citizenship, reading, writing, use of computer equipment and Microsoft Word software)

   d. Enrichment programs (i.e., birthday celebrations, bingo, Bible study and other family-friendly recreational activities)

6. Desk clerk/property management staff that is available twenty-four hours a day and seven days a week, including holidays
   a. Having a desk clerk available during the late nights provide former homeless residents with immediate assistance for emergency and non-emergency reasons
   b. Resident build trust sometimes need to speak with someone that will not gossip about them in the community development, perhaps just to vent or for casual conversation, giving residents a sense of informal and unofficial counseling

This summarizes the results and findings. The next chapter includes the conclusion and recommendations of this case study.

## Chapter 5 – Conclusion and Recommendations

### Conclusion

The continuing increase of the most vulnerable population that is without decent, safe, affordable and long-term housing is a real tragedy in the greater Sacramento area. Local agencies are faced with the task of moving homeless off the streets and into short- and long-term housing. Sacramento has some real estate assets and grants to help some homeless move off the streets and into temporary emergency shelters with limited casework assistance; however, these services alone do not solve the long-term problem.

This study was completed to determine if permanent supportive housing developments are effective in reducing the number of homeless on the streets of Sacramento. Participant observation research and interviews found that experts working directly with the homeless felt that one type of housing alone would not move homeless off the streets. Instead, the discovery was that a variety of housing models would help reduce the number of homeless on the streets of Sacramento. For example, following a Housing First model would move the homeless off the streets immediately and temporarily. The Housing First model includes shelters (30-60 days) or emergency solutions grants that provide temporary rental subsidy (18 months). While the homeless are in temporary housing, this allows time for caseworkers to find and provide long-term housing for the homeless. Long-term housing may include permanent supportive housing, or other housing that provides on-site wrap-around services with amenities within proximity of the development. Housing must include professional management and resident services providers that have the capacity of serving this type of clientele which need special attention. Amenities must include medical, health, transportation and shopping within close proximity, such as one-fourth of a mile from the housing development.

This study examined how developers secure financing to build and operate permanent supportive housing. This researcher found that experts working directly with the homeless rely heavily on low-income housing tax credits from the California Tax Credit Allocation Committee, and other local, federal and state funds to build all types of affordable housing, not only permanent supportive housing. Additionally, this study includes research on the barriers and solutions to such barriers to an effective permanent supportive housing development in Sacramento. Securing funding is the major barrier to the development and ongoing operation of an effective permanent supportive housing community. Obtaining adequate funding is the solution to the problem of securing adequate housing for the homeless.

To develop permanent supportive housing, funding must be generated by a) incentivizing tax credits to developers and hospitals, b) reserving a percentage of local housing impact fees, and c) re-instating and committing funds from the Redevelopment Tax Increment Housing Program. To maintain an effective permanent supportive housing community, the development needs operating assistance, such as rental subsidies provided by the Housing Choice Voucher Program and the Veterans Affairs Supportive Housing Program. There is limited permanent supportive housing communities, the wait lists range from one-to-three years in Sacramento alone. To line-up a homeless person to benefit from permanent supportive housing communities, the shelters need to extend the length of occupancy using a transitional housing program, similar to permanent supportive housing communities, only the term is limited to less than two years, or as soon as a unit becomes available at a permanent supportive housing community.

The hypothesis of this study is: building permanent supportive housing developments for homeless would reduce the number of homeless living on the streets and experiencing premature death. Although research and interviews proved part of the hypothesis, building permanent

supportive housing developments for homeless helps reduce the number of homeless living on the streets, the results of my research did not prove the second part, building permanent supportive housing developments for homeless reduces the number of homeless experiencing premature death. There are limited studies with this information; however, that may be a positive aspect if death is not occurring as initially thought when developing the hypothesis for this study.

If the local governments and housing advocate agencies could find more solutions to provide housing programs that lead to long-term permanent housing solutions with resident services, medical and health centers, then these wrap around services may reduce the homeless population in Sacramento. The experts exist: non-profit developers, management companies and resident service providers, such as Mercy Housing California; and non-profit medical and health providers, such as WellSpace Health. The major barrier and solution is funding. Therefore, the next section are recommendations to reduce the homeless population, not only in Sacramento, but nation-wide for federal programs and state-wide for housing programs in California.

## Recommendations

Recommendation 1:

Currently, the California Tax Credit Allocation Committee's Regulations (Qualified Allocation Plan) adopted in December 2017, provides only thirty percent (30%) to special needs housing (e.g., permanent housing for homeless with supportive wrap-around services). Low-income housing tax credit allocation set-aside goals for the state:

| Housing Type | Current Set-aside Goals |
| --- | --- |
| Large Family | 65% |
| Large Family New Construction | 30% |

| | |
|---|---|
| Acquisition and/or Rehabilitation | 30% |
| Special Needs | 30% |
| At-Risk | 15% |
| Seniors | 15% |

The California Tax Credit Allocation Committee must revise the set-aside regulation to increase the low-income housing tax credits allocation for special needs housing to fifty percent (50%), as follows:

| Housing Type | Proposed Set-aside Goals |
|---|---|
| Special Needs | 50% (+20%) |
| Large Family | 50% (-15%) |
| Large Family New Construction | 25.7% (-2.5%) |
| Acquisition and/or Rehabilitation | 25.7% (-2.5%) |
| At-Risk | 15% |
| Seniors | 15% |

The City of Sacramento's Mayor and Councilmembers, and the County of Sacramento Board of Supervisors should submit a letter to California Assembly Member Kevin McCarty and California Senator Richard Pan describing the need to revise the set-aside regulation to increase the low-income housing tax credits allocation for special needs housing to fifty percent (50%). This letter should be signed by the Mayor of the City of Sacramento and Chair of the Sacramento Board of Supervisors and mailed or delivered not later than Summer 2018 to ensure timely delivery to the California Tax Credit Allocation Committee as they begin annual updates to the Qualified Allocation Plan.

Recommendation 2:

Internal Revenue Service needs to provide a tax credit to for-profit hospitals that will incentivize funding of the development and ongoing costs of medical and health facilities and services to the homeless population when partnering with a developer that serves at least 75% of the units in the development to the homeless population. California Assembly Member Kevin McCarty, California Senator Richard Pan and California Congressman Ami Bera must write proposed legislation to the nine-member of the IRS Oversight Board created by Congress describing the need to revise the tax incentives to for-profit hospitals.

Recommendation 3:

Local housing and commercial impact fees must include one-to-three percent tax rate of annually collected fees towards housing homeless programs. The local governments may collect fees and forward to the local Housing Authority to administer as part of the lending programs offered for multifamily housing. The City and County of Sacramento Community Planning Departments need to revise the housing impact fee ordinances and propose the changes to the governing bodies to approve and adopt a resolution to include one-to-three percent tax rate of annually collected fees towards housing homeless programs.

Recommendation 4:

State legislation must re-instate the Redevelopment Tax Increment Housing Program; however, the revised legislation will fund only permanent supportive housing with wrap around services that aligns with the recommended Special Needs Housing requirements (above) for housing homeless by the California Tax Credit Allocation Committee and must have at least 75% of the units in the development targeting the homeless population. The City and County of Sacramento governing bodies need to write to other City and County seats and write letters to the

California State Governor to approve and adopt legislation to re-instate a revised Redevelopment Tax Increment Housing Program to fund only permanent supportive housing with wrap around services that aligns with the Special Needs Housing requirements set by California Tax Credit Allocation Committee Regulations.

Recommendation 5:

Increase the supply of temporary housing and extend the term of occupancy from the current thirty days to a two-year transitional housing program with life-skills to maintain a home and employment. This will allow the homeless resident time with case management and most importantly, a home off the streets of Sacramento. This prepares the homeless residents for permanent and long-term housing. The local Housing Authority needs to revise the lending policies and propose the changes to the governing bodies to approve and adopt a resolution to increase the supply of temporary housing and extend the term of occupancy from the current thirty days to a two-year transitional housing program.

Recommendation 6:

The US Department of Housing and Urban Development (HUD) needs to increase the number of vouchers available to local Housing Authorities to administer housing for the homeless, that includes Veterans and non-Veterans homeless population. This will ensure cash flow is sustainable to maintain an effective and operating permanent supportive housing community. This completes the conclusion and recommendations for this case study.

These recommendations need to be considered with high priority as the homeless population continues to grow, and local agencies struggle to pay for minimum services for the homeless it is becoming more apparent that agencies working at the local, state and federal level

must find a way to work together to solve this dilemma. These are human beings, who deserve more than a passing glance. They deserve a second chance.

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# Appendices

# For

# Permanent Supportive Housing for Mentally Ill Homeless in the Greater Sacramento Area:

# A Case Study of Mercy Housing's Permanent Supportive Housing Program

**Appendix A: Interview Questions to Councilmember Allen Warren, City of Sacramento**

*Introduction (used on all interview questions as seen below and will not be repeated in the subsequent appendices):*

I am a graduate student at Golden Gate University. I am completing my Master of Public Administration capstone thesis on reducing the homeless population by way of permanent supportive housing with wrap-around-services. Your answers will be kept confidential and anonymous and will be used by me only for the purpose of completing my degree. Your input is important. Thank you for helping complete my research study. From a Councilmember's perspective, could you please complete the brief questionnaire below and return it to me by February 12, 2018 via email?

If you have any questions or concerns please feel free to contact me at (510) 872-3557 or email jpnicholls777@gmail.com. You may contact my professor, Dr. Mick McGee at (831) 869-0148, or email him at mmcgee@ggu.edu if you have any questions.

*Interview Questions:*

1. How many years have you worked in public service that included your (direct or indirect) participation in permanent supportive housing developments?

2. What type(s) of housing and services have been effective at reducing the homeless population in Sacramento, and why?

3. What type(s) of funding has the City of Sacramento used to develop/operate permanent supportive housing developments in the Sacramento area?

4. What, if any, are the major barriers in building/operating permanent supportive housing developments?

5. What, if any, were the solutions developed to overcome these barriers?

6. Is there anything you would like to add?

## Appendix B: Interview Questions to Howard Chan, City Manager of the City of Sacramento

1. How many years have you worked in public service that included your (direct or indirect) participation in permanent supportive housing developments?

2. What type(s) of housing and services have been effective at reducing the homeless population in Sacramento, and why?

3. What type(s) of funding has the City of Sacramento used to develop/operate permanent supportive housing developments in the Sacramento area?

4. What, if any, are the major barriers in building/operating permanent supportive housing developments?

5. What, if any, were the solutions developed to overcome these barriers?

6. Is there anything you would like to add?

**Appendix C: Interview Questions to Mercy Housing California and California Housing Partnership:**

1. Name/Title/Organization

2. How many years have you worked with permanent supportive housing developments?

3. What type of housing has been effective at reducing the homeless population in Sacramento, and why?

4. What type(s) of funding has Mercy Housing secured to develop permanent supportive housing in the Sacramento area?

5. What, if any, are the major barriers in developing permanent supportive housing?

6. What, if any, were the solutions developed to overcome these barriers?

7. In Mercy Housing's permanent supportive housing development, 7th and H Apartments, what is the longest, shortest and average length of occupancy by formerly homeless residents?

8. At 7th and H Apartments, what are the primary reasons a formerly homeless resident discontinues occupancy?

9. At 7th and H Apartments, what are the primary reasons a formerly homeless resident continues occupancy?

10. Is there anything you would like to add?

## Appendix D: Interview Questions to Volunteers of America

1. Name/Title/Organization:

2. How many years have you worked with permanent supportive housing developments?

3. What type of housing has been effective at reducing the homeless population in Sacramento, and why?

4. What type(s) of funding has VOA secured to develop permanent supportive housing in the Sacramento area?

5. What, if any, are the major barriers in developing permanent supportive housing?

6. What, if any, were the solutions developed to overcome these barriers?

7. In any of VOA's permanent supportive housing developments, what is the longest, shortest and average length of occupancy by formerly homeless residents and which is the name of the development?

8. At VOA's permanent supportive housing development, what are the primary reasons a formerly homeless resident discontinues occupancy?

9. At VOA's permanent supportive housing development, what are the primary reasons a formerly homeless resident continues occupancy?

10. Is there anything you would like to add?

**Appendix E: Interview Questions to City and County of Sacramento Housing Department – Sacramento Housing & Redevelopment Agency (SHRA)**

1. Name/Title/Organization:

2. How many years have you worked with permanent supportive housing developments?

3. What type of housing has been effective at reducing the homeless population in Sacramento, and why?

4. What type(s) of funding has SHRA secured to develop permanent supportive housing in the Sacramento area?

5. What, if any, are the major barriers in developing permanent supportive housing?

6. What, if any, were the solutions developed to overcome these barriers?

7. In any of SHRA's financially assisted permanent supportive housing developments, what is the longest, shortest and average length of occupancy by formerly homeless residents and which is the name of the development?

8. At SHRA's financially assisted permanent supportive housing development you have identified above, what are the primary reasons a formerly homeless resident discontinues occupancy?

9. At SHRA's financially assisted permanent supportive housing development, what are the primary reasons a formerly homeless resident continues occupancy?

10. Is there anything you would like to add?

**Appendix F: Interview Questions to WellSpace Health**

1. Name/Title/Organization:

2. How many years have you worked with WellSpace Health and permanent supportive housing developments?

3. What type(s) of WellSpace Health services provided at permanent supportive housing developments have been effective at reducing the homeless population in Sacramento, and why?

4. What type(s) of funding has WellSpace Health used to develop/operate on-site clinics at permanent supportive housing developments in the Sacramento area?

5. What, if any, are the major barriers in building/operating WellSpace Health clinics at permanent supportive housing developments?

6. What, if any, were the solutions developed to overcome these barriers?

7. In WellSpace Health clinic and permanent supportive housing development, 7th and H Apartments, what is the longest, shortest and average length of a formerly homeless patient continuing on-site services?

8. At 7th and H Apartments, what are the primary reasons a formerly homeless patient discontinues services with WellSpace Health?

9. At 7th and H Apartments, what are the primary reasons a formerly homeless patient continues services with WellSpace Health?

10. Is there anything you would like to add?

**Appendix G: Raw Data Collection - Interview Responses from Sacramento City Councilmember Allen Warren**

1. How many years have you worked in public service that included your (direct or indirect) participation in permanent supportive housing developments?

Councilmember Warren has been working in public service since 1990 and elected in 2012 to City Council.

2. What type(s) of housing and services have been effective at reducing the homeless population in Sacramento, and why?

A number of programs during active Redevelopment funds worked well. This funding program was a very powerful tool and it was deeply subsidized to help with the homeless. Since 2012, Redevelopment ended.

3. What type(s) of funding has the City of Sacramento used to develop/operate permanent supportive housing developments in the Sacramento area?

Some funding included to develop/operate permanent supportive housing developments in the Sacramento area are Redevelopment funds (Tax Increment funds), Community Development Block Grant, some local initiative support corporation funds, California Housing Finance Corporation funds, Housing Finance Agency funds and mortgage revenue bonds.

4. What, if any, are the major barriers in building/operating permanent supportive housing developments?

The major barriers in building/operating permanent supportive housing developments include limited funding availability, the challenging process of getting the project approved, NIMBY, finding incentives for developers, and finding good developer partners that are dependable and viable.

5. What, if any, were the solutions developed to overcome these barriers?

Nine mayors of the major cities in California, including Sacramento Mayor Darrell Steinberg, collectively approached Governor Jerry Brown with a proposal to set aside funds for affordable housing, including housing for the homeless. In result, $1.5 billion will be available for affordable housing throughout the State of California.

6. Is there anything you would like to add?

It is important to know what will incentivize and de-incentivize developers. Public-Private partnerships is a good direction for affordable housing without putting the full burden on the private sector; otherwise, the private sector will not come to the table.

## Appendix H: Raw Data Collection - Interview Responses from Sacramento City Manager Howard Chan

1. How many years have you worked in public service that included your (direct or indirect) participation in permanent supportive housing developments?

   I do not have direct or indirect experience in developing or operating permanent supportive housing (PSH) development. In the City of Sacramento, development of PSH is managed out of the Sacramento Housing and Redevelopment Agency (SHRA), which is a joint powers authority of the City and County of Sacramento. SHRA issues mortgage revenue bonds for the City and oversees the primary local funding sources that provide gap development funding for PSH and operating subsidies as needed. In addition to the staff at SHRA, in 2015 the City created a position out of the Office of the City Manager to oversee the City's activities related to ending homelessness, including coordinating on the development of any PSH.

2. What type(s) of housing and services have been effective at reducing the homeless population in Sacramento, and why?

   While the overall population of people experiencing homelessness in Sacramento has increased over the past three years, the City has embraced evidence-based approaches to housing and services to help prevent and end homelessness. All City investments in shelter, housing and services must be aligned with the "housing first" philosophy, reducing barriers to entry and offering (but not requiring services) as a condition of tenancy.

3. What type(s) of funding has the City of Sacramento used to develop/operate permanent supportive housing developments in the Sacramento area?

   Most of the permanent supportive housing developments in Sacramento are financed with a combination of the following funding sources:

   a. Tax exempt mortgage revenue bonds
   b. Low income housing tax credits (4% or 9%)
   c. Redevelopment tax increment funding (prior to the dissolution of redevelopment; operating subsidies for existing PSH are preserved through the RASA Recognized Obligation Payment Schedule (ROPS).
   d. Continuum of Care
   e. HOME

4. What, if any, are the major barriers in building/operating permanent supportive housing developments?

   The biggest challenge is lack of funding, especially on-going operating subsidies. Since the dissolution of redevelopment, the only new PSH units in Sacramento are through rental subsidies (e.g. no new built developments).

5. What, if any, were the solutions developed to overcome these barriers?

   The City is looking forward to new funding streams to help develop new built PSH, most notably the No Place Like Home funding. Additionally, the city is working more closely with the Housing Authority to target existing Housing Choice Vouchers for households experiencing homelessness, providing supportive services through other programs, such as the Whole Person Care program and the County's Mental Health Services Act.

6. Is there anything you would like to add?

   Not at this time.

**Appendix I: Raw Data Collection - Interview Responses from County and City of Sacramento – Sacramento Housing and Redevelopment Agency**

1. Name/Title/Organization:

   Viviana Batson, Housing Specialist for the Sacramento Housing Authority

2. How many years have you worked with permanent supportive housing developments?

   I have managed the intake applications process for the Veterans Affairs Supportive Housing (VASH) thru HUD for about 5 years.

3. What type of housing has been effective at reducing the homeless population in Sacramento, and why?

   Our focus is aimed towards housing homeless veterans through the VASH program which like the Housing Choice Voucher Program (Section 8) gears toward issuing vouchers that veterans can utilize in finding permanent housing. In partnership with the local Veterans Affairs office we locate veterans who are physically on the streets and in temporary shelters in hopes that they will take advantage of the housing benefits of this program.

4. What type(s) of funding has SHRA secured to develop permanent supportive housing in the Sacramento area?

   HUD has, on an annual basis since 2009, supplied a certain number of vouchers each year with the hopes that we issue each veteran one and ensure s/he secures housing. HUD continues to grant additional vouchers each year because of our success in using each voucher that is provided to us. Over the course of 9 years we have housed over 400 veterans and continue to move forward.

5. What, if any, are the major barriers in developing permanent supportive housing?

   Some barriers include locating veterans and keeping that contact with them during the initial application process. As with many homeless individuals it is hard to pin point where they will be from one day to the next.

6. What, if any, were the solutions developed to overcome these barriers?

   Our partners at the Veterans Affairs office have well trained case workers who diligently work on securing contact with our prospects. It's a day to day work in progress.

7. In any of SHRA's financially assisted permanent supportive housing developments, what is the longest, shortest and average length of occupancy by formerly homeless residents and which is the name of the development?

   I unfortunately do not have the information.

8. At SHRA's financially assisted permanent supportive housing development you have identified above, what are the primary reasons a formerly homeless resident discontinues occupancy?

   Most are able to be self- sufficient and secure permanent housing on their own. While a small percentage have difficulty in following the rules and regulations of the program.

9. At SHRA's financially assisted permanent supportive housing development, what are the primary reasons a formerly homeless resident continues occupancy?

   High percentage of the rent is paid thru HUD, supportive staff thru SHRA and also the VA.

10. Is there anything you would like to add?

    No.

**Appendix J: Raw Data Collection - Interview Responses from Mercy Housing California, Building Developer, Property Management and Resident Services**

**The following data was provided by all respondents in a focus-group setting.**

1. Name/Title/Organization:

   a. Wendy Saca-Mertens, Developer Asset Manager, Mercy Housing California
   b. Mirella Gamez, 7th & H Apartments Community Manager, Property Management, Mercy Housing Management Group
   c. July Le, 7th & H Apartments Lead Desk Clerk, Property Management, Mercy Housing Management Group
   d. Uma Chand-Cato, 7th & H Apartments Coordinator, Resident Services Provider, Mercy Housing Resident Services

2. How many years have you worked with permanent supportive housing developments?

   Respondent's years of service in the permanent supportive housing development area ranged from one month to twelve years

3. What type of housing has been effective at reducing the homeless population in Sacramento, and why?

   - Permanent Supportive Housing. Housing provides a foundation for health (a bed, refrigerator, heat, electricity), and the physical space needed to engage in healthy behaviors. The individuals served live with a myriad of issues (mental illness, substance abuse, physical health problems and limited skills).

   - Mercy partners with service provider agencies that provide case management on-site. The service providers established multi-disciplinary service teams and offer a full range of culturally appropriate and consumer-centered supportive services. Each tenant develops a supportive service plan. The supportive service plan is designed to promote self-sufficiency and housing stability. The services include: Housing Retention, Service Coordination, Psychosocial Rehabilitation, Case Management, Substance Abuse Treatment, Mental Health Therapy, Crisis Intervention, Life Skills Instruction, Employment Services and Transportation.

   - The configuration of housing and services is based on the participant's needs and preferences. The goal is to sustain stable housing through Individual Service Plans instead of a project wide approach to services. With the supportive services and the connections to the community-based support, individuals will be able to keep their housing and avoid returning to homelessness. Housing provides a foundation from which a person or family can access the services and supports they need to achieve stability, begin the recovery process, and pursue personal goals.

4. What type(s) of funding has Mercy Housing secured to develop permanent supportive housing in the Sacramento area?

   Mercy Housing obtains low-income housing tax credits from the California Tax Credit Allocation Committee. Local Funding from the Sacramento Housing Redevelopment Agency, such as HOME Investment Partnerships Program funds (HOME), Mental Health Services Act Program funds (MHSA), former Redevelopment Low/Moderate Income Tax Increment Funds (TI), Housing Opportunities for Persons with AIDS or HIV (HOPWA) and Community Development Block Grant (CDBG).

5. What, if any, are the major barriers in developing permanent supportive housing?

   The majority of folks that live at our properties are disabled and their only income is provided by Social Security Insurance (SSI). The revenue from this income does not support our operating costs. As a result, we must build in capitalized operating reserves that would then offset the gap between income and expenses.

6. What, if any, were the solutions developed to overcome these barriers?

   Solutions include having to wait on a project until more public funding becomes available, either through local, state and federal programs.

7. In Mercy Housing's permanent supportive housing development, 7th and H Apartments, what is the longest, shortest and average length of occupancy by formerly homeless residents?

   The longest and average length of occupancy is more than five years. The shortest length of occupancy is one or two years.

8. At 7th and H Apartments, what are the primary reasons a formerly homeless resident discontinues occupancy?

   Typically, a violation of the lease agreement and house rules (10-15%).
   Some (5%) wish to return to homelessness.

9. At 7th and H Apartments, what are the primary reasons a formerly homeless resident continues occupancy?

a. Location and convenience.
b. Affordable rent that adjusts to household income.
c. Resources, such as medical and resident services.
d. Comfort zone; residents build trust seeing continuity in staff and there is a 24/7 desk clerk, including holidays.
e. Secure, safe, and decent housing.
f. Access for residents to vent or simply converse with someone (e.g. desk clerk) 24/7, including holidays.

10. Is there anything you would like to add?

No.

**Appendix K: Raw Data Collection - Interview Responses from WellSpace Health Facility located at 7th and H Apartments**

1. Name/Title/Organization:

    a. Megan Brown, Licensed Clinical Social Worker, Integrated Behavioral Health Clinician, WellSpace Health at 7th and H Apartments
    b. Anonymous Physician, WellSpace Health at 7th and H Apartments

2. How many years have you worked with WellSpace Health and permanent supportive housing developments?

    We have worked with WellSpace Health and permanent supportive housing from one month to one year.

3. What type(s) of WellSpace Health services provided at permanent supportive housing developments have been effective at reducing the homeless population in Sacramento, and why?

    We provide a wide amount of services: medical, both primary care and specialty health care, behavioral health, diagnostics, etc. There are also groups and combination of programs (mental health), to be accessed more easily and coordinate care.

4. What type(s) of funding has WellSpace Health used to develop/operate on-site clinics at permanent supportive housing developments in the Sacramento area?

    We get some grants through Anthem Blue Cross and Sutter Medical Foundation. In fact, the space here at 7th and H Apartments is leased through Sutter Medical Foundation.

5. What, if any, are the major barriers in building/operating WellSpace Health clinics at permanent supportive housing developments?

    The major barriers in building/operating WellSpace Health clinics at permanent supportive housing developments are having adequate space to provide treatment to the patients, the upfront and ongoing rising costs, seeking funding and also the NIMBY mentality.

6. What, if any, were the solutions developed to overcome these barriers?

Shifting to cost savings versus focus on how much the cost is upfront (which is difficult to quantify); incentivize developments to be built; and incentivize building units for single adults.

7. In WellSpace Health clinic and permanent supportive housing development, 7th and H Apartments, what is the longest, shortest and average length of a formerly homeless patient continuing on-site services?

   I don't know.

8. At 7th and H Apartments, what are the primary reasons a formerly homeless patient discontinues services with WellSpace Health?

   Dissatisfaction with services (we have provider turnover).

9. At 7th and H Apartments, what are the primary reasons a formerly homeless patient continues services with WellSpace Health?

   Convenience; people they know and trust; we offer a wide variety of programs to address medical and behavioral health.

10. Is there anything you would like to add?

    Not at this time.

**Appendix L: Raw Data Collection - Interview Responses from Formerly Homeless Resident located at 7th and H Apartments**

1. Name:

   Anonymous male resident, appeared to be mid-to-late fifties in age.

2. How many years have you lived at 7th and H Apartments permanent supportive housing development?

   Over five years.

3. What type of housing developments have been effective at reducing the homeless population in Sacramento, and why?

   Places like 7th and H, with services and medical assistance because I'm disabled.

4. What, if any, are the major barriers in renting at a permanent supportive housing development?

   Criminal and credit background check

5. What, if any, were the solutions developed to overcome these barriers?

   Mercy Housing works with the client and waives some requirements as long as they are not violent crimes.

6. At 7th and H Apartments, what are the primary reasons a formerly homeless patient continues services with WellSpace Health?

   Good doctors and social workers.

7. Is there anything you would like to add?

   No.