

Trends in Veterans Permanent Supportive Housing

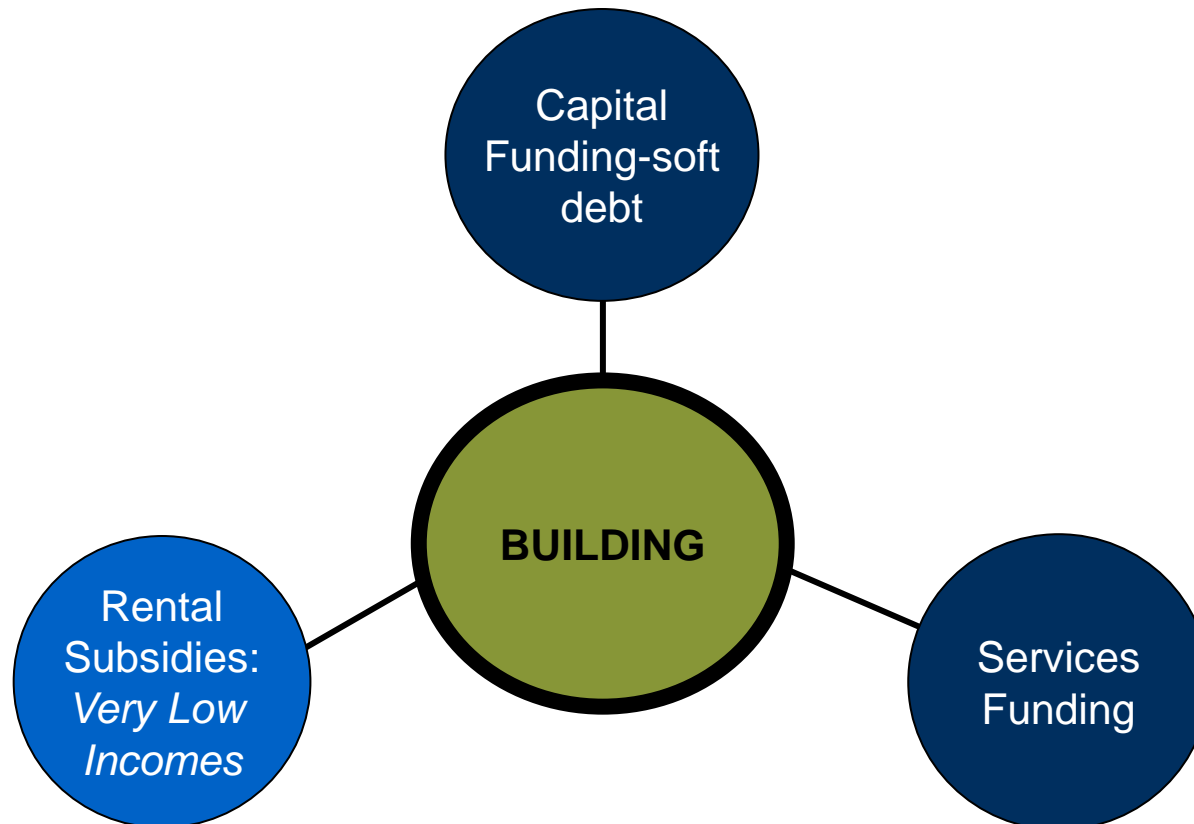


Debbie Burkart
National Vice President, Supportive Housing

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Supportive housing has three interrelated funding hurdles



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Trends in PSH – 2008-2013

- FY2008 to FY 2012 – 43% increase in Targeted Homeless Programs (\$4.062 Billion).
- 17% drop in vet homelessness; 2.1% decline in homelessness all populations .
- **Sharp Decreases Soft Fed Capital/Level funding Rent Subsidy funds:**
 - HOME cut 45% betw. FY2010 and FY 2014 (from \$1.82B to \$1B); more cuts projected in FY 2015
 - HEARTH 5% cut in 2013, virtually no new rent subsidy funding
- VASH protected sequestration: another 10,000 in FY2014 and 10,000 requested for 2015

Under-Utilized Financing Tool: HUD-VASH

- Joint program between VA and HUD
- HUD provides Housing Choice Vouchers (Section 8) to local housing authorities (PHAs).
- VA provides case management services (originally 1:35, now 1:25) to connect veterans with both community and VA resources.
- Goal: 88% utilization rate; 65% targeted to Chronically Homeless Vets
- **Since 2008, approx. 67,000 VASH funded.** 746 VASH vouchers in Project-based National Initiative NOFA (2010), 1,000 NOFA (2014) and less than 600 under PIH 2011-50

Why Project Base VASH?

- Adds to permanent supportive housing supply- high rental markets FMRs are below market rents
- Chronically homeless need high level of services – on-site services provide more efficient delivery of VASH 1:25 case management ratio (one case manager to 25 chronically homeless vets)
- Veterans benefit from living with each other, peer-on-peer counseling/support
- ***NEW NOFA Announces 8/2014: 1,000 of 2013 VASH in PB- HUD NOFA; NOFA 2014 VASH?***
- **PIH 2011-50 can do more**

PB Waiver Request – PIH 2011-50: Denver HA & Denver VAMC

Del Norte Veterans Apartments: 27 units for single & veteran families

- Denver HA 2010: Received 140 HUD VASH ('09 allocation) 58% leased

Housing Issues:

- Chronically homeless veterans challenged to find housing in Denver with VASH voucher
- Criminal record barrier to finding housing
- Poor to no credit history, no recent rental history
- Lack of funding for security deposits, no furniture & household items

Denver PB Waiver

Local service providers wanted site-based supportive housing for veterans

Why?

- On-site offices for case management provided more efficient delivery of services to serve chronically homeless veterans
- Furniture provided
- Peer-on-peer counseling support would ensure greater retention of housing
- Veterans living together create a community bonded by shared experiences
- Housing near schools, grocery, retail, public transportation

PB Waiver Granted

- Project had targeting restrictions to homeless veterans; tax credit investor could not close without **project-based** rent subsidies to ensure no default on targeting
- AHAP for 420 days (13.5 months) - new construction - completed within a year - leased in 3 months 26 units (1 manager's unit)

2014 VASH; Support 2015 VASH

- Let Congress & HUD know we need more **flexibility** with VASH project readiness timeline under PB Waiver – to amass capital financing resources
- Request **15% set aside VASH** for project basing
- Work with HA, VAMC & State HFA – to coordinate application process for VASH project-based waiver and Tax Credit/HOME financing



To Continue to Build PSH – Need to be Efficient with Resources & Creative

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Underwriting Challenges in PSH

- **“Subsidies Subject to annual appropriations”**
Projects need Transition reserves to cover rent subsidy allocation risk, not just contract term risk.
- Investors leery that the **FMR premium over LIHTC** rents will be in place for 15-years to amortize hard debt
- Is **service provision** a loan, LIHTC or only subsidy requirement? Under what conditions? Who provides?
- More focus on QAP and Lender(s) required **income, rent, & targeting restrictions**, and “what if” scenarios

Underwriting Challenges

Various capital funding sources have different rent, income & targeting restrictions.

- Always look at what is most restrictive on allowable income and rent; what if subsidy not renewed?
- Always look at what the target population's income realistically will be to establish post-Section 8 rents affordable to that population
 - A typical dual diagnosed mentally-ill, chemically dependent, homeless, HIV/AIDS person or a TANF family is not typically going to be at 50% of AMI

How Funders Assist SH Underwriting & Minimize Transition Reserves

- Give relief by waiving deep targeting if rent subsidies are cancelled or not renewed due to no fault of the developer
- Allow Delayed Equity Pay-ins to boost equity raise to fund reserves
- If soft loans amortizing, have documents allow extension of amortization period or suspended payments if subsidies cancelled by HUD for budget reasons

ND Sepulveda II

Building 5- VA Enhanced Use Lease



- 75 furnished studio apartments
- 1 one-bedroom manager's unit
- office space for case managers & services staff
- multi-purpose community space
- large courtyard
- Will serve homeless, disabled veterans earning below 18,000/yr

Challenges

Services funding: Very few funding sources for basic case management in PSH

- Much funding restricted to units serving chronically homeless only
- Need to Supplement VA Case Mgmt in VASH units

. Women Veterans & Fair Housing

- Women veterans groups are pushing for designated units/area for women but this conflicts with fair housing

Debbie Burkart
National VP, Supportive Housing
National Equity Fund, Inc.
500 South Grand Ave., Suite 2300
Los Angeles, CA 90071
(213) 240-3133
dburkart@nefinc.org

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Equity
Fund  INC
an affiliate of LISC