Housing and Community Development Commission

Special Needs Committee Report

July 2, 2003

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EXECUTIVE SUMMARY

This is the first report of the Special Needs Committee (SNC), of the Housing and Community Development Commission (HCDC) for Multnomah County.

Our community is experiencing a crisis in special needs housing. People with special needs, some of the most vulnerable members of our community, are unable to find safe, decent housing linked with the appropriate level of service. For lack of suitable supportive housing, too many people with special needs become inpatients at hospitals, are incarcerated, or enter the homeless system. This is neither humane nor financially prudent.

We believe that, if we can provide an adequate supply of supportive housing, we can ease the pressure on the mental health system, the corrections system, and the homeless system, as well as provide people with the homes and services they need and deserve. We can refocus resources in a more compassionate and economically efficient way.

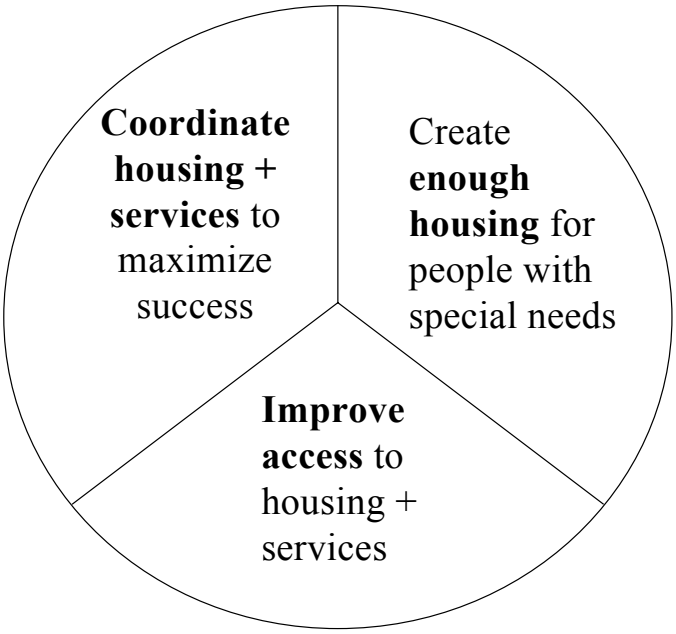
Throughout this report, we have used two important terms:

> **People with Special Needs**: are those with a severe and persistent mental illness, a substance abuse disability, a developmental disability, a serious physical disability, or a combination of these resulting in serious functional impairment. In this report, we focus on people who: meet these special needs criteria, are low income, do not have permanent housing, and will need some type of support to succeed in housing.
>
> **Housing + Services**: means the provision of permanent housing and support services in a linked or coordinated manner, although not necessarily by the same provider.

Over the past year there were almost 8,000 people with special needs in Multnomah County who needed – but did not have – permanent housing for all or part of the year. Of these, 3,500 were chronically homeless. People with special needs are more likely to have repeated episodes of homelessness and to remain homeless for longer periods.

Significant barriers stand in the way of developing and maintaining an adequate supply of special needs housing: lack of housing and service resources; lack of a shared understanding between housing experts and service experts; and lack of public awareness and support for vulnerable people and their housing needs.

The Special Needs Committee recommends an approach to reducing these barriers that requires improvements in three areas:



Public policy that supports **coordinating services with housing** will assist individuals with special needs to succeed in housing, and will encourage housing providers to make units available to people with special needs. Focusing mainstream services on the hardest-to-house can reduce homelessness. Cross training of housing managers and case managers strengthens both the service and housing systems.

We can **create enough housing for people with special needs** over time by increasing the proportion of housing resources – development funds and rent assistance – allocated to people with special needs. We can dedicate an "express lane" in the development pipeline for projects that package housing funds and service commitments. We can leverage more public and private resources.

We can **improve access to housing and services** by providing a comprehensive and culturally competent service plan to each individual, addressing housing, services, and food security needs. We can work with people with special needs who are currently hospitalized or incarcerated to make sure they have a service plan in place prior to discharge.

We believe that achieving success in all three areas will result in Multnomah County becoming a community where people with special needs live in decent, stable and affordable housing that is coupled with the support they need.

PROCESS

In late 2001, the Housing and Community Development Commission[1] (HCDC) assembled a Special Needs Committee (SNC) comprised of people knowledgeable about the current systems and with enough authority to direct and implement changes. The group included senior policy makers, funders, housing providers, service providers, and advocates. A list of members appears on the last page of this Report.

In spring of 2002, the Multnomah County Commission, the Portland City Council, and the Housing Authority of Portland Board of Directors charged the Housing and Community Development Commission's Special Needs Committee, through parallel resolutions (Appendix A), to:

- Assess the need for special needs housing Countywide, including the specific housing needs of individual special needs populations;
- Coordinate housing and service resources to stimulate development of special needs housing;
- Develop hard, realistic, and measurable targets for additional housing for persons with special needs;
- Leverage new resource streams for special needs housing development and operation; and
- Create models for special needs housing development and operation;
- Make policy recommendations to advance the development of special needs housing.

The Special Needs Committee met monthly from January 2002 through June 2003. The first meetings were devoted to an exchange of basic information about the affordable housing world and the discrete service systems for people with severe and persistent mental illness, physical disabilities, developmental disabilities, and/or substance abuse disabilities. The SNC also received information about the challenges faced by people with special needs in the corrections and community justice systems. The result of these discussions is a committee whose members now have a more holistic view of the challenges in special needs housing, and a common language for discussing them.

Tools developed to analyze the current situation include:

- Review of housing need and homelessness data for people with special needs and an inventory of special needs housing. (Appendix B summarized in Table 1, p. 16)

[1] HCDC is a fifteen-member volunteer citizen advisory Commission serving Multnomah County, the City of Portland and the City of Gresham. HCDC is designated as "the primary public forum in which policy development, resource coordination, and civic leadership are provided to address the County's affordable housing problems."

- Matrices of resources for: housing development, emergency housing, housing subsidies, and services.[2]
- An analysis of barriers to special needs housing. (Appendix C)

Based on this foundation, the committee developed:

- The Committee's vision, goals and long-term strategies for special needs housing. (Appendix D)
- Priorities for funding decisions about new housing projects, emphasizing housing for those with: the lowest income; the greatest risk of inappropriate institutionalization in shelters, hospitals, jails, or nursing facilities; and the greatest degree of disability. *See p. 24.*
- Criteria for allocation of project-based Section 8 resources, at the request of the Housing Authority of Portland, based upon SNC priorities but factoring in the risk of displacement. (Appendix E)
- Input on preserving facilities threatened with closure, including the Taft, Hoodview Residential Care Facility, and William-Elaine Residential Care Facility. (These projects also provided good "case studies" of special needs housing challenges, and catalyzed dialogue and increased understanding of the housing/social service relationship.)
- A Long-Range Goal Matrix, setting out the long-range goals and identifying strategies, and outcomes. (Appendix F)

Along with this Report, current initiatives of the SNC and its members include:

- Support of, and participation in, the application for the federal Interagency Council on Homelessness (ICH) grant, the "Collaborative Initiative to Help End Chronic Homelessness." If funded, mental health and addiction treatment, health care, and permanent housing with support services would be provided for 150 people.
- Participating with the Multnomah County Department of Community Justice in developing the "Social Security Income Continuum" project, along with representatives of other federal, state and county agencies. The SSI Continuum will connect disabled prison and jail inmates to entitlements before discharge, enabling them to receive benefits within 30-60 days after release. Access to SSI and Medicaid resources will enable special needs offenders to receive the housing and services they need to live stable, crime-free lives.

[2] The Committee intends to convert these matrixes to web-based resources that can be updated. Copies of the matrixes are available upon request.

- The City of Portland, Portland Development Commission, and the Housing Authority of Portland ("HAP") released a first-ever joint Solicitation of Interest for Special Needs and Affordable Housing Development, Columbia Villa Off-Site Replacement Housing, and a Project-Based Section 8 Pilot Project. This marks a concerted effort by the funders in our community to allocate a variety of scarce housing resources to special needs housing. These projects will inaugurate an "express lane" for special needs housing in the housing development pipeline for projects that package housing development dollars and service funding.
- HCDC has received a $5,000 grant from Eli Lilly and Company for a symposium to explore new ways to bridge housing and services resources to expand the supply of service enriched housing for people with special needs.
- Multnomah County Department of Human Services has agreed to work with affordable housing providers to help special need residents succeed and housing projects to remain stable. If a resident is experiencing a mental health crisis and is at risk of losing housing, the housing provider can use the Call Center to obtain emergency mental health services for the resident.

A major success for our community has resulted from the SNC committee's partnership with Multnomah County, the City of Portland, and other key stakeholders in a successful application to the Corporation for Supportive Housing (CSH) for a "Taking Health Care Home" grant funded by the Robert Wood Johnson Foundation.

This grant will fund systems change directed at ending chronic homelessness. The target population is people who have experienced long-term and episodic homelessness and have disabling health conditions, which is a significant cohort of the special needs population.

After this report has been accepted, the chartering jurisdictions will be asked to adopt a joint memorandum of understanding that will guide implementation of the recommendations in this report.

POPULATION

The Committee has focused on special needs populations who are the most *under-housed:* meaning those who do not have a place to live where they can remain indefinitely. The most under-housed special needs groups are extremely low-income[3] adults between the ages of 18 and 64, and unaccompanied minors. Their low incomes, service needs and problematic behaviors create challenges in obtaining and retaining housing. While most of the people in this group live in households of one, some live in families with minor children or with other household members. Because extremely low-income seniors 65+ are significantly under-served in mental health and addiction services, and have trouble accessing services if their disability is due to mental illness (other than dementia) or substance abuse, they are also included as a focus population.

DEFINITION:

A PERSON WITH SPECIAL NEEDS is an individual with a severe and persistent mental illness, substance abuse disability, developmental disability, serious physical disability, or multiple disabilities.

Focus Populations for the Special Needs Committee

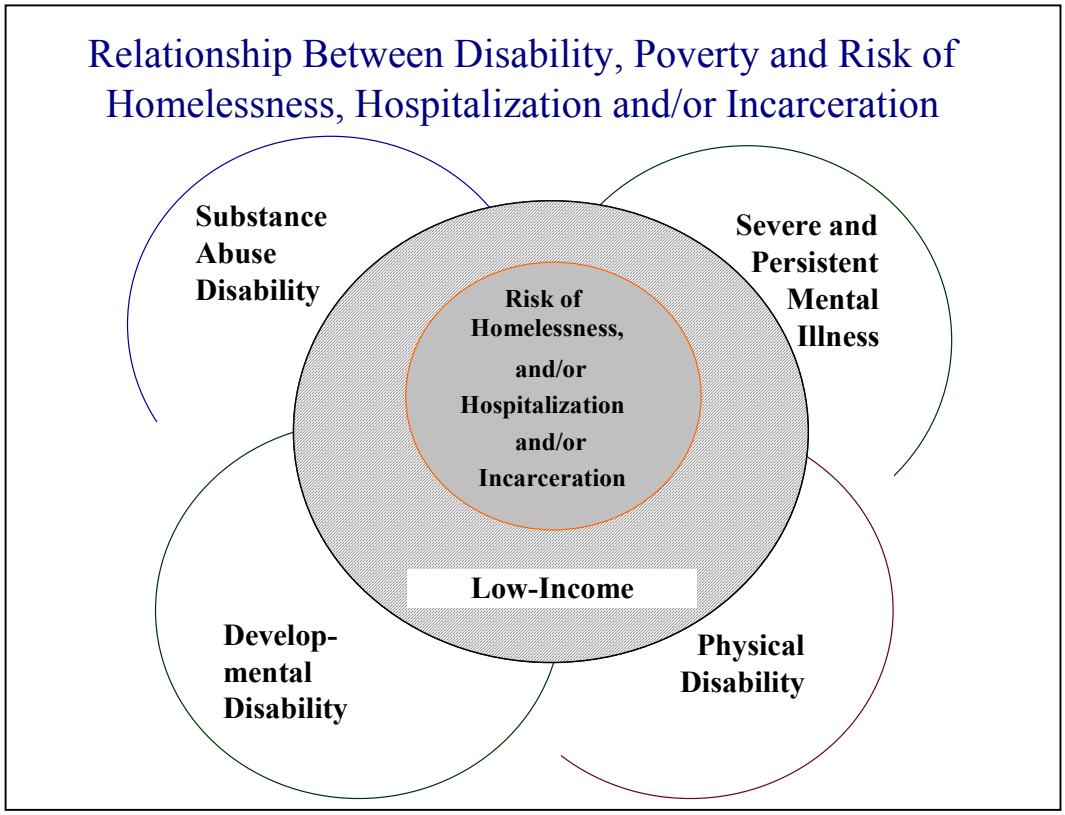
Focus Populations	Special Needs
Unaccompanied Minors	☑ Severe and Persistent Mental Illness ☑ Substance Abuse Disability ☑ Developmental Disability ☑ Serious Physical Disability ☑ Multiple Disabilities: two or more of the above
Extremely Low-Income Adults Age 18-64	☑ Severe and Persistent Mental Illness ☑ Substance Abuse Disability ☑ Developmental Disability ☑ Serious Physical Disability ☑ Multiple Disabilities: two or more of the above
Extremely Low-Income Seniors Age 65+	☑ Severe and Persistent Mental Illness ☑ Substance Abuse Disability ❑ Developmental Disability[4] ❑ Serious Physical Disability[4] ☑ Multiple Disabilities: two or more of the above

[3] HUD defines low-income as a household with income up to 50% of the Median Family Income (MFI). Extremely low-income households have incomes up to 30% MFI. MFI is set by HUD annually for the Portland Metropolitan Statistical Area. *See* Appendix H. For 2003, the MFI is $46,050 for a single person and $ 65,800 for a family of four. The 2003 federal poverty level for a household of one is $8,980 and a household of four is $18,400. This is equivalent to 20% MFI for a single person household and 28% MFI for a household of four. *See* discussion on "Effect of Poverty," p. 19.

[4] Services, often linked with housing, for these populations are funded by Medicaid community-based waivers, through County Developmental Disabilities and Aging & Disability Services.

These focus populations include individuals who often find themselves on the streets, or in the community justice system, homeless shelters, or hospitals. Lack of stable, affordable housing with adequate supports is a major contributor to homelessness and recidivism. An adequate supply of housing coordinated with services would reduce pressure on the jails, shelters, and hospitals of Multnomah County.

FIGURE 2



It is difficult enough to cope with a disability. This figure shows that, when disabilities overlap, or are combined with poverty, the risk of homelessness, hospitalization and/or incarceration increases sharply.

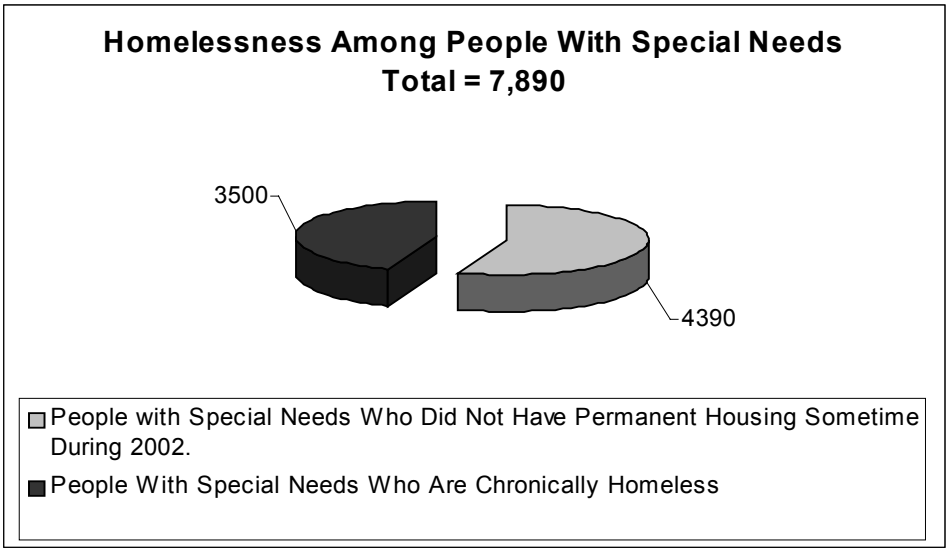
ESTIMATE OF NEED FOR HOUSING LINKED WITH SERVICES

Multnomah County is home to a large number of people with severe and persistent mental illness, physical disabilities, developmental disabilities, and/or substance abuse disabilities, many of whom have multiple disabilities.

The SNC has had difficulty collecting and analyzing data related to these populations. Each housing and service system uses different definitions and maintains different types of data. Additionally, clients often use multiple resources. Although the data below builds on reliable sources and attempts to unduplicate client counts, it lacks the certainty we would prefer. Nevertheless, our research clearly shows the lack of permanent housing and the extent of homelessness for those with special needs.

HOMELESSNESS AND SPECIAL NEEDS: During 2002, 7,890 County residents with special needs did not have permanent housing for part or all of the year, including about 3,500 persons experiencing chronic homelessness.[5] Chronic homelessness means a person has been homeless for more than a year or more than four times in a three-year period.[6]

FIGURE 3



Not only are a large number of people with special needs without stable housing, but people with disabilities are also greatly over-represented among the chronically homeless. They are more likely to have repeated episodes of homelessness and to remain homeless for longer periods.

A survey was taken of those seeking emergency shelter on March 27, 2002. Twenty-nine percent reported that they were eligible for services directed to the psychiatrically disabled, developmentally disabled, substance abusing and dual-diagnosed populations. Fifty-five percent of households of every size, and sixty percent of single adults, indicated a disability as the primary reason for their homelessness (e.g., substance abuse, mental illness, or a medical problem).[7]

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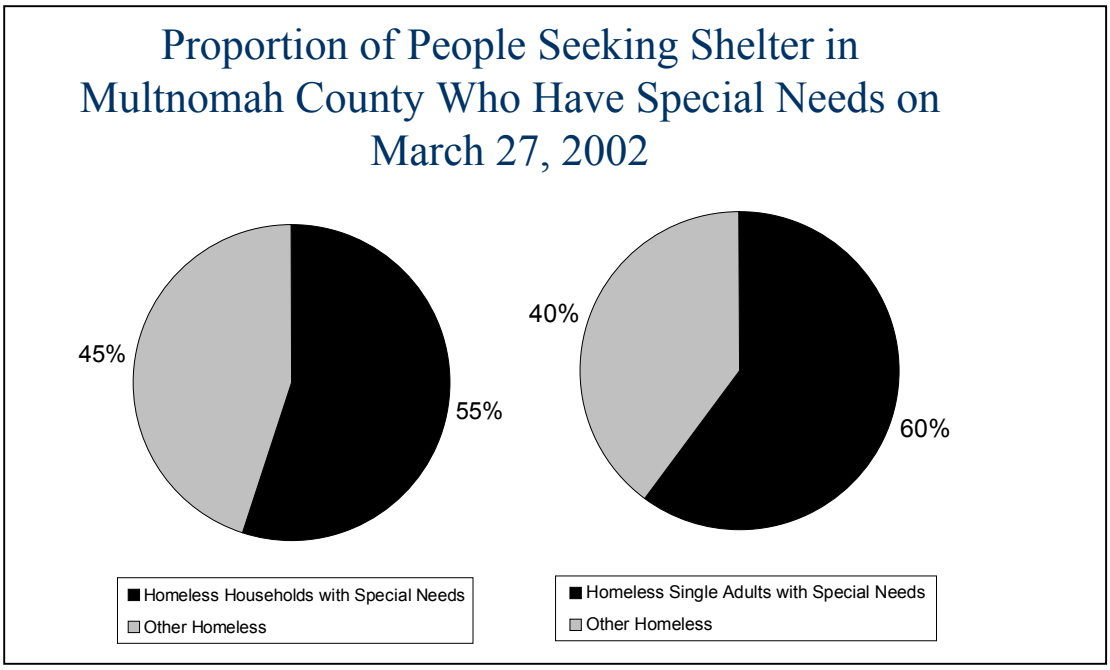
[5] This estimate is a blend of point-in-time and annualized data, as those who experience homelessness multiple times in a year are likely over-represented in point-in-time data.

[6] The federal definition of a Chronically Homeless Person is "an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more OR has had at least four (4) episodes of homelessness in the past three years. To be considered chronically homeless, persons must have been sleeping in a place not meant for human habitation (*i.e.* streets) and/or in an emergency homeless shelter during that time."

[7] March 27, 2002 One Night Shelter Count, Multnomah County Office of School and Community Partnerships

FIGURE 4



A discouraging picture thus emerges of the shelter system as one of our main resources for housing low-income people with special needs.

LACK OF SHELTER: On any given night, our current homeless system is unable to serve approximately 17 percent of homeless people who seek assistance.[8] A street count found 1,672 unduplicated people sleeping outside on April 22, 2002.[9] One survey of Safe Haven in Portland showed the average length of time people with severe and persistent mental illness were homeless was 49 weeks, while the longest was 36 years.[10]

OFFENDERS WITH SPECIAL NEEDS: A study conducted on a small number of "the most frequently booked" in jails determined that about a fifth of these "frequent flyer" inmates were homeless and repeatedly cycled through jails, hospitals and shelters.[11] Other studies have confirmed that persons with disabilities are disproportionately represented in jails. Of the 1,010 offenders served by the Department of Community Justice Transitional Services Unit (TSU), 802 of them (79%) had at least one special need;[12] 80% of these had alcohol or drug abuse disorders as one of their diagnoses.

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[8] Based on turn-away rates from 1999-2002 One Night Shelter Counts.
[9] JOIN street count, April 22, 2002
[10] Housing and Community Development Commission Weeklong Needs and Gaps Survey, Feb. 25-March 3, 2002
[11] The Booking Frequency Pilot Project Report, Multnomah County's Sheriff's Office, January 2002
[12] Multnomah County Community Justice Department's Transitional Services Unit (TSU) enrollment records

A sub-population of people with severe and persistent mental illness is responsible for a disproportionate number of incarcerations. In 2000, for example, 3,800 individuals with identified mental health problems were booked into Multnomah County jails a total of 5,700 times. Nearly one-third were diagnosed with a serious mental disorder.[13]

HALF OF OREGON'S HOMELESS LIVE HERE: The statewide March 27, 2002 One Night Shelter Count shows that a disproportionate number of Oregon's homeless persons seek emergency services in Multnomah County. While 19% of the state's adult population reside in Multnomah County (666,350 of 3.4 million), 51% of Oregon's homeless single adults sought shelter in Multnomah County.

Of all the adults seeking shelter in Oregon who were homeless due to chemical dependency, mental illness, and/or medical problems, over half sought shelter in Multnomah County.[14] Of 3,813 homeless adults enrolled in state substance abuse treatment services during the 2001-02 fiscal year, Multnomah County served 2,143 (56%).[15]

HOMELESS FAMILIES

It is difficult to obtain comprehensive data on homeless families. Again, we know more about families that seek shelter through the homeless families system than about families that live doubled-up, or in cars, or camp in our local parks. According to the November 2002 One Night Shelter Count, 38.6% of the homeless family population that sought shelter statewide was in Multnomah County.

The homeless family system does not currently collect data on special needs. In one study sponsored by the Robert Wood Johnson Foundation, 41% of adults in homeless families self-declared that they were suffering from alcohol or drug dependencies or addictions, or had used hard drugs during the past year. In an annual progress report filed by one local homeless family agency, out of 144 families, 4 presented with mental illness, 3 self-reported for substance abuse, and 5 had a physical disability. However, these numbers may be misleading, since homeless families coming from substance abuse treatment are directed primarily to other agencies.

There is a clear need to develop better data on homeless families with special needs, to inform policy and program development.

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[13] From 1995 to 2001, the number of individuals with mental health problems in Multnomah County jails increased from 1,500 to 3,400, with a peak of 3,800 during 2000. Nearly one-third of the 3800 were diagnosed with a serious mental disorder. *See* *Mentally Ill Treatment*, by Bill Midkiff, Health Services Administrator, Multnomah County Health Department, Corrections Health Division, November 2002.

[14] March 27, 2002 One Night Shelter Count, Oregon Office of Housing and Community Services

[15] Oregon Department of Human Services, Office of Mental Health and Addictive Services

HOMELESS YOUTH

It is difficult to obtain a comprehensive data picture of homeless youth with special needs. Of the population of homeless youth, only a fraction apply for services and go through the initial screening process. This is what we know: In calendar year 2002, 465 youth presented for screening into the homeless youth continuum of services. At this time, youth reported information about their medications, on-going health problems, and desire for services. Twenty-five percent of them reported that they had an on-going health problem at the time of screening, and 30% requested services for health care. Only 5% requested drug and alcohol treatment.

Homeless program staff completed 299 actual assessments in 2002. At this time, the youth have an opportunity to give information about their mental health and substance abuse disability history. Nearly one-third reported that they had previously attempted suicide. More than half had received counseling in the past. Nineteen percent had received psychiatric counseling, and 16% had received residential treatment of some kind. Eight percent indicated that they would like to receive mental health services/counseling at the time of the assessment, and were referred.

We cannot ascertain at this time what percentage of homeless youth have either physical or developmental disabilities. This information is not specifically requested under current practice, although the caseworker could enter the data in the comments filed.

There is a clear need to develop better data on homeless youth with special needs, to inform policy and program development.

SUMMARY OF NEED – ADULTS 18 - 64

We have developed a summary of the need and unmet need for permanent housing for people with special needs, compiling data from many sources with the intent to be as comprehensive as possible, while avoiding duplication where feasible. This section attempts to quantify the number of permanent housing units required to meet the needs of people who:

- **have special needs**, defined as: a severe and persistent mental illness, a substance abuse disability, a developmental disability, a serious physical disability, or any combination of these conditions resulting in a serious functional impairment; and
- **are age 18-64**; and
- **are extremely low income**, defined as 0 to 20% of Median Family Income[16]; and
- **do not have permanent housing** (i.e. are homeless, sleeping on someone's couch or in their car, in jail, or in transitional housing with no place to go); and

[16] See footnote No. 3.

- **are likely to need some kind of supportive services** and/or enhanced housing management to succeed in community-based housing.

TABLE 1. SUMMARY OF NEED AND UNMET NEED FOR PERMANENT SUPPORTIVE HOUSING

Selected Special Need Populations Age 18-64	Estimate of Need For Special Needs Permanent Housing	Current Permanent Unlicensed Housing[17]	Unmet Need for Permanent Housing
Severe & Persistent Mental Illness	1,683	464	1,219[18]
Substance Abuse Disability	3,086	572	2,514[19]
Developmental Disability	520	20	500[20]
Serious Physical/ Functional Disability (includes AIDS/HIV)	2,540	209	2,331[21]
Multiple Disabilities[22]	1,375	49	1,326[23]
Totals	**9,204**	**1,314[24]**	**7,890**

In 2002, 9,204 people age 18 to 64, with extremely low-incomes and special needs, required a combination of permanent Housing + Services. Currently 1,314 units of such housing are available, leaving an unmet need for 7,890 additional units.

- **Annual:** Numbers are annual, e.g. 1,219 people with a severe and persistent mental illness did not have permanent housing for part or all of last year.

[17] Reflects current unlicensed housing only.
[18] Number derived from combination of OMHAS CMPS Report FY 01-02 identifying 1,019 MH clients who were homeless at time of service enrollment, plus March 2002 One Night Shelter Report identifying 200 with Mental Illness.
[19] Number derived from a combination of the OMHAS FY 01-02 Report identifying 2,143 clients who were homeless at time of service enrollment, plus 371 persons from the March 2002 One Night Shelter Report.
[20] Number derived from data from data from 3 Agencies: MCDDS, ARC of Multnomah County, and ILR.
[21] Number includes 682 persons from Portland EMA AIDS/HIV Housing Plan plus 1,649 persons from Multnomah County Housing Needs Report.
[22] The category, Multiple Disabilities, are people who were reported in this category as having includes a combination of conditions resulting in a functional impairment, including: developmental, mental, physical, chemical, and cognitive.
[23] Number derived from Multnomah County 2001 Housing Needs Report and includes any combination of conditions including physical, developmental, mental, cognitive, and chemical
[24] Of these, 946 units support people with special needs who have been homeless or are at-risk of homelessness

- **Unlicensed:** The inventory of housing in this table is all unlicensed housing for specific populations, with varying degrees of linkage to services. While some people without permanent housing may qualify for licensed housing (e.g. foster homes, group homes, or residential care facilities, which serve people requiring a greater intensity of services), we believe most do not.

- **Current Permanent Housing:** This is the current inventory of permanent housing which is affordable to those with extremely low incomes, identifiable for a specific disability group, and linked to services.

- **Housing + Services:** Most people reflected in this table will need housing linked with some kind of enhanced property management or supportive services to succeed in maintaining permanent housing.

- **System Contact:** The table represents those who had contact with the system in some way – who sought services or shelter, and/or who were found during the one-night shelter/street counts that attempted to locate all homeless people.

- **Homelessness:** The focus is on people with special needs who need but do not have permanent housing, which is <u>not</u> the same as being homeless: some are only at risk of being homeless. Only homeless people who <u>also</u> have special needs are included.

- **Families:** No firm data is available on how many single adults, couples, or families are included; indicators support estimating about 10% of those in each category represent people living in families, and 90% singles or couples.

- **Gap:** The current unmet need is for 7,890 units of special needs housing. This gap results in a large population that is constantly homeless (such as the 3,500 people with special needs who experienced chronic homelessness last year), or who are at risk of homelessness (such as the 4,390 people with special needs who cycled into homeless at some time last year). The gap in housing may be met by licensed or unlicensed units.

- **Multiple Disabilities:** The numbers probably under-represent the number of people with multiple diagnoses, due to different methods of collecting data, different definitions of disabilities, limitations of self-reporting, and masking by more overt symptoms. However, an increase in multiple disabilities would likely result in a decrease in single diagnosis categories.

- **Duplication:** There may be some duplication in the table, as it is not currently possible to sort by client name or identifier among the various service systems' databases. We do not believe the duplication is large.

- **Undercount:** We believe, however, that this data significantly undercounts the need for permanent housing for people with special

needs, because many have not made contact with any system for shelter or services.

UNACCOMPANIED MINORS WITH SPECIAL NEEDS

We found no reliable data on the number of unaccompanied minors with special needs. There is a clear need to develop data on unaccompanied minors with special needs, to inform policy and program development.

SENIORS OVER AGE 65 WITH MENTAL ILLNESS OR SUBSTANCE ABUSE DISORDER

Older adults age 65+ with a primary diagnosis of mental illness, or with a combination of mental illness and other conditions resulting in a functional impairment, have similar needs for housing coordinated with services as the 18-64 population. The most critical need is for low-income seniors who have both a physical disability and mental illness.[25] According to Multnomah County Aging and Disability Service's Housing Placement Specialist, the most frequent reason case managers sought assistance for locating an Adult Foster Home or Residential Care Home was to serve these seniors, whose medical needs and/or mental illness had exhausted family and mainstream housing providers. During the three-year period from 1996-1999, ADS worked with 633 clients who fit this profile.

The second most critical need is for low-income seniors with only a primary mental health diagnosis. They are under-served by the mental health system and, if they do not have a physical impairment, they are not eligible for Medicaid-funded services.

INCREASING NEED: Budget cuts this fiscal year and anticipated in the next biennium will likely increase the numbers of individuals and families who will lose stable housing due to cuts in their services and/or income supports. This will increase the number of people experiencing homelessness. For example:

- 1,090 adults with disabilities who had not yet qualified for federal Social Security Income (SSI) or Social Security Disability (SSD) benefits lost their income, due to the elimination of the state-funded General Assistance (GA) program on January 31, 2003. Of these, 125 recipients were already homeless.
- 1,100 ADS long-term care clients, who primarily live at home, lost care services provided under a Medicaid waiver.

In Multnomah County, voters do not want services cut. Some of the support for Measure 26-48, the temporary local income tax passed in May 2003, was from voters who wanted to restore a portion of the safety net for low-income people. Likewise, legislators are considering changes to the State budget to partially

[25] There is consensus among the ADS Public Guardian Office, the ADS Adult Protective Service Office, social workers and the senior community service network that seniors with very low incomes, mental illness and medical needs are most in need of Housing + Services. There are few housing/service options that can handle both.

restore some previous service cuts. The following cuts may be partially or temporarily reversed:

- Eligibility for the Oregon Health Plan has been reduced to mandatory groups. Low-income people who could previously qualify for a range of medical, mental health, and addiction treatment services under OHP may now only qualify for prescription medications, subject to co-pays and premiums.[26]
- Oregon has eliminated the Medically Needy program, resulting in loss of mental health treatment, medical transportation, alcohol and drug treatment, and prescriptions for 1,955 ADS clients.
- 4,000 previously eligible Multnomah County mental health consumers became ineligible for mental health services after State mental health program reductions and OHP cuts.
- Between 460-750 Multnomah County residents lost coverage to pay for methadone due to OHP cuts.

EFFECT OF POVERTY

Many of the housing challenges faced by people with special needs are directly related to income. Although some people with special needs earn a sufficient wage to purchase housing and health care, those with severe disabilities are often unable to earn enough to provide for their basic needs. Lack of ability to earn a good income, and thus reliance on low wages or public benefit levels, severely limits or eliminates housing choice.

The U.S. Department of Housing and Urban Development (HUD) issues the Area Median Income for Multnomah County on an annual basis. *See* Appendix .No more than 30% of income should be spent on rent. Recipients of SSI have income supplemented up to $552/month, or 14% of the Area Median Income for a single person household, and should spend no more than $165 on rent and utilities. The average recipient of SSD has an income of $800/month, or 19% of Area Median Income, and should spend no more than $240 on rent and utilities. However, fair market rent in Multnomah County in 2003 for a studio apartment is $508 per month; a one-bedroom apartment is $625; and a two-bedroom is $771.

In Multnomah County's housing market, low income has extremely harsh consequences. The Consolidated Plan for Multnomah County, prepared by HCDC to meet HUD requirements, has documented a significant loss of housing affordable to low-income people within the County over the past 12 years. Increasing market rents and loss of restricted-rent housing projects have similarly resulted in greater levels of homelessness for people with special needs locally and throughout the nation.

[26] 2,100 ADS clients had OHP services significantly reduced or eliminated.

In the late 1990s, the City of Portland created the Housing Investment Fund to develop subsidized units, producing a record 4,000 units over 5 years. However, no concerted effort was made to link persons with special needs to these units. Looking at this situation, the City Club of Portland has recently recommended priority funding for housing for people with special needs, and a massive program of rent assistance so that people with special needs can rent on the open market.[27]

THE HARDEST-TO-HOUSE

Another set of challenges relates to people whose level of disability or combination of disabilities puts them into the "hardest to house" category. The hardest-to-house tend to exhibit problematic behaviors, have poor rental histories marked by multiple evictions, and often have criminal records. People with psychiatric disabilities, especially those with a co-occurring addiction disorder or another additional disability, are often in this group of hard-to-house people.[28]

Even when rental subsidies are available, people who are hard-to-house will find it difficult to secure housing.

The Challenge of Housing the Hardest to House

The "hard to house" population becomes the "chronically homeless," living on the streets, in shelters or transitional housing, cycling through jails, hospitals, and nursing homes, and using resources disproportionate to their numbers. Some of the recommendations in this report target this population specifically, with the belief that better serving this group will increase the cost-effectiveness of our human service, housing and corrections systems.

The Housing Authority of Portland reports that its Section 8 voucher program has a 17% turn-back rate. This means that 17% of people with a voucher guaranteeing that the federal government will pay the difference between 30% of their income and a reasonable rent cannot find a landlord willing to rent to them. HAP's analysis shows that many of those who turn back their vouchers fall in this hard-to-house category.

[27] *See* the City Club of Portland Report: *Affordable Housing in Portland*, February 2002. See the report at http://www.pdxcityclub.org/afhous.pdf

[28] Research done by the Multnomah County Mental Health Design Team, created in 2000, supports this. They noted the difficulties of housing and serving persons with a psychiatric disability who also have an additional issue, such as: being under 25; having substance abuse issues; having a developmental disability; having involvement in the criminal justice system; or being physically compromised.

SUPPORTIVE SERVICE NEEDS

The most vulnerable people with special needs often require supportive services to succeed in housing. The variety of needed services - from medication management to housekeeping assistance to food security to money management – calls for a variety of housing and service models.[29]

DEFINITION: SUPPORTIVE SERVICES – the range of supports needed for people to be successful in housing.

The SNC has developed the term **HOUSING + SERVICES** to mean the combination of housing and the appropriate level of services to meet the individual's needs.[30] When a family member has a disability, services may extend to the needs of other family members, including arranging for childcare, and providing transportation to school and medical appointments for the children in the household.

DEFINITION: HOUSING + SERVICES – Permanent housing that incorporates supportive services into housing operations, and/or coordinates with outside service providers for supportive services to meet the resident's needs.

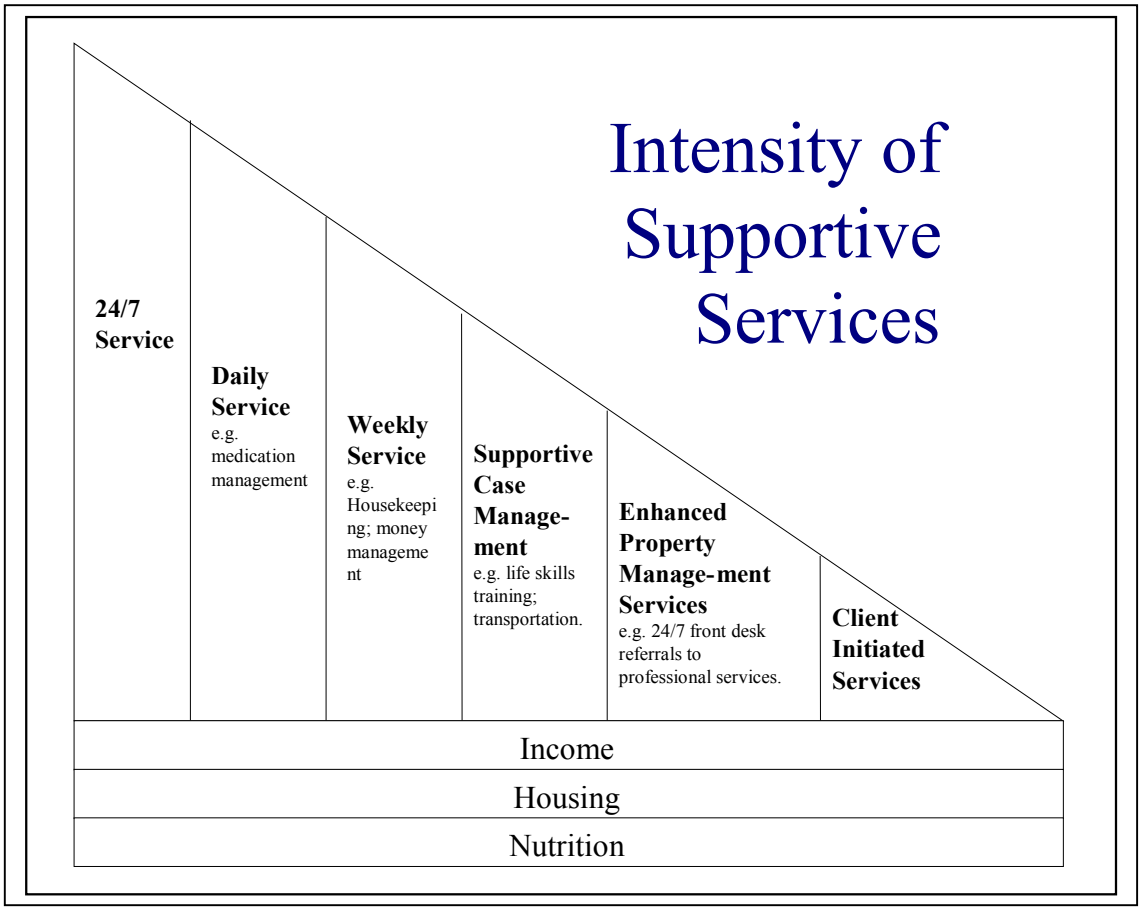
The continuum of Housing + Services types ranges from a licensed care facility with 24-hour care provided on-site, to a standard affordable apartment with client-initiated services provided off-site. There are currently a variety of options available, albeit in limited quantities. Future work should include evaluation of these models for suitability, cost-effectiveness, and adaptability to changing funding levels.

[29] Professional medical and dental treatment is an important issue that falls beyond the scope of the Special Needs Committee and this Report.

[30] We use Housing + Services instead of the more commonly used "supportive housing," because we found that "supportive housing" has some very specific definitions in certain contexts, resulting in confusion.

The table below describes the spectrum of intensity of supportive services. Many of these services could be provided on-site or off-site. The housing provider could provide them, or other providers could coordinate their services with the housing. Generally, more intense services are more expensive. However, even the most intense services are less expensive than homelessness, incarceration, or hospitalization.

FIGURE 5



New and innovative Housing + Service models may be needed to match service capacity to housing, especially given Oregon's current cutbacks in service delivery.

VISION & GOALS

VISION FOR THE FUTURE

Although significant barriers stand in the way, we believe that it is possible to develop and maintain an adequate supply of special needs housing and coordinated services.

> **VISION FOR THE FUTURE:**
>
> In Multnomah County, people with special needs have decent stable affordable housing for themselves and their families, along with the support and services they need for a good quality of life.

REORIENTING TOWARDS HOUSING + SERVICES

Experience shows that housing coordinated with services is a critical element to the success of people with special needs. Recent research shows that homeless people with disabilities who moved to permanent supportive housing experienced marked reductions in shelter use, hospitalizations, length of stay per hospitalization, and time incarcerated. [31]

In Multnomah County, we can significantly reduce homelessness and inappropriate institutionalization of low-income people with special needs if we **reorient** our social service and housing systems to do three things[32]:

1. Coordinate housing + services to maximize success of people with special needs in permanent housing.
2. Create enough housing for people with special needs, including housing linked to services and housing for the hard-to-house.
3. Improve access to housing + services, including outreach to the hard-to-house.

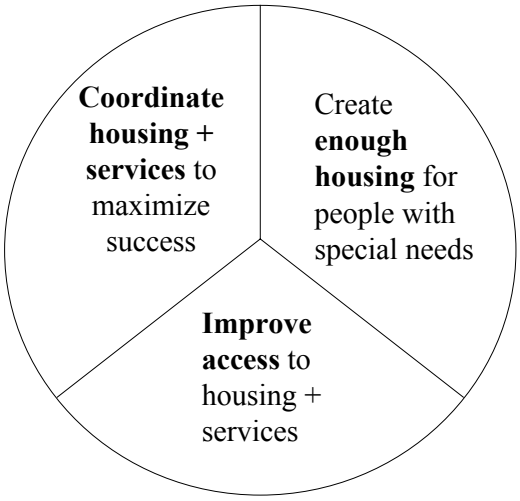
---

[31] Research by Corporation for Supportive Housing, in January 2003 issue of their publication, *Opening Doors*. In 2001, the University of Pennsylvania's Center for Mental Health Policy and Services Research compared 4,500 homeless people with severe mental illness who moved into supportive housing, with a control group who were not offered permanent housing. They found that those who moved into supportive housing experienced marked reductions in shelter use, hospitalizations , and time incarcerated. Prior to living in permanent supportive housing, the people in the study used an average of $40,449 per person per year in such services; after supportive housing, there was an average reduction in service use of $16,282.

[32] These recommendations are consistent with those made by the Multnomah County Mental Health Design Team and the Multnomah County Health Department, Corrections Health Division Administrator.

These three necessary actions have become our primary goals, and are used to organize our recommended strategies, tasks and outcomes.

FIGURE 6



Adequate funding is obviously an issue for both housing and services. But we also believe that when the systems are reoriented towards these goals, resources will be used more effectively, outcomes in housing stability will be improved, and the strain on shelters, jails, and hospitals, will be reduced.

GOALS

1. <u>Coordinate housing + services</u> to maximize success of people with special needs in permanent housing.

Service systems are generally based on a person-centered model: the client is either eligible or not eligible for services at different times; services may be reduced or eliminated based on federal, state, or local budget levels; or the client could experience a crisis that may or may not be referred to or responded to by service systems. Cutbacks or reconfigurations of the service systems can destabilize clients.

The affordable housing system, on the other hand, is asset based. The housing project itself must be managed to remain healthy – *i.e.* residents must be safe, staff must feel safe, rent must be collected to ensure financial solvency, and the physical premises must be maintained. Clients who experience "unmanaged" crises often create stress for staff and other residents, and are often unable to make rent payments. Eviction is frequently the result.

Large cutbacks or reconfigurations in social services systems can destabilize entire housing projects by significantly altering or eliminating subsidies and services that have allowed tenants with special needs to succeed in housing. The effects of large-scale reconfigurations may be felt for years. Housing

providers, after experiencing unreliability in social services, can become unwilling to continue to make units available to people with special needs.

Social services from each system (mental health, substance abuse, developmental disabilities, corrections, and aging and disability services) need to be reliable and coordinated with housing availability if we are to be successful in providing more special needs housing opportunities. This is a policy issue that should be discussed and resolved at the highest levels.

2. Create <u>enough housing</u> for people with special needs, including housing linked to services and housing for the hard-to-house.

Housing Supply

The Consolidated Plan for Multnomah County, prepared by HCDC to meet HUD requirements, documents that there is an inadequate supply of housing affordable to people earning less than 30% of the area median income.[33] This market fact has created a bottleneck, preventing people from moving out of shelters and transitional housing into permanent housing.

Limited public funding has been the main engine of special needs housing development. Legislative efforts to create a sustainable funding source, such as a real estate transfer tax, should be supported vigorously, but may not succeed. Accordingly, the proportion of public funds allocated to special needs housing must be increased.

Rent subsidy programs, coordinated with appropriate services, can help match some special needs households with the private housing market. Short-term, as well as long-term, rent subsidy programs should be expanded.

We must also increase the number of willing housing providers. One tool is the Fresh Start program.[34] Fresh Start helps overcome barriers to housing by creating a partnership between case managers, landlords/property managers and tenants. Landlords/property managers agree to rent to people who would not qualify under standard screening criteria, in return for commitment by the tenant's case manager to provide ongoing support to the tenant. By bringing the

[33] HUD regulations state that housing is "affordable" if rent plus utilities do not exceed 30% of the household's gross income. An individual receiving SSI of $552 per month can afford a rent of $166. Fair market rent for a studio apartment in the Portland metropolitan service area is $508 per month. Thus, a renter with SSI income, who is unable to secure a Section 8 certificate or other subsidized housing, can expect to pay over 90% of his or her income on housing.

[34] Fresh Start was developed in 1998 by a coalition of property management, legal and social service providers to meet the needs of the downtown singles population. Between March 1998 and August 2000, 210 units were rented to people using Fresh Start referrals**.** 77% of these tenants (167) went on to become successful renters**.** The one social service agency that made 70 percent of the referrals had a 79 percent success rate. Recently, the Bureau of Housing and Community Development (BHCD) has decided to bring the Fresh Start program in-house to ensure quality control and monitoring.

landlord/property manager, case manager and tenant together to resolve rental problems as they arise, Fresh Start helps prevent evictions and has had success in breaking the cycle of homelessness for 77% of participants.

We must also develop a public consensus that results in neighborhoods that are welcoming to housing for people with special needs. This may require assurance to neighbors that adequate, long-term services will be provided to support the new residents' special needs.

Housing Funding Priorities

The committee developed criteria to be used in evaluating and prioritizing projects to assist special needs populations.

Projects that meet all three criteria and show linkage with services should receive the highest priority.

CRITERIA FOR FUNDING
SPECIAL NEEDS HOUSING PROPOSALS

1. Serves people with incomes at or below 30% of area median income, with an emphasis on those with incomes below 20% AMI.
2. Serves those at risk of becoming homeless or otherwise institutionalized inappropriately.
3. Serves those with the greatest degree of disability.

Private Sector Investment

There is a lack of private sector understanding of the funding programs for special needs housing, especially with the multiple sources and delivery points, and inconsistent program requirements. The unpredictable stream of funding for these programs, and the lack of a seamless delivery mechanism, adds to confusion. The current budget situation amplifies risks for private lenders on such projects, and jeopardizes future investment. Some degree of certainty is critical to attract private sector resources to produce much needed housing for people with special needs.

Housing + Service Funding Opportunities

Services that allow a person with special needs to be successful in housing typically cannot be funded by affordable housing development funds[35].

[35] There is a statutory prohibition against using tax increment funds for services. Community Development Block Grant funds may be used for services, but are subject to a "public services" cap of 15%.

Therefore funding that can be used for services must be aggressively sought. For example, some believe that federal Medicaid matching funds could be increased, to provide services coordinated with housing.

A barrier to this goal is that each service system offers a different menu of services to its eligible individuals. This is especially problematic when individuals have multiple disabilities or service needs not readily served by the menu offered.

There are also large gaps in service availability, excluding many people who need assistance. Others receive some but not all of the help needed. Federal Medicaid regulations for each program, and corresponding Oregon Medicaid Waivers (the plans approved by federal officials that govern how Medicaid programs are provided), are focused on each population separately, also contributing to gaps in coverage. Although Oregon has some of the most significant waivers in the nation, there are limited State resources for "match," forcing difficult decisions about whom to serve and what services to provide.

Frequently, there are barriers to using funds in ways that would maximize our ability to provide and support housing. The SNC believes there is opportunity to better leverage our limited state and local financial resources, and believes we should actively work with the state to seek better coordination of state policy, and improved Medicaid Waivers. We also believe there is the ability, even under existing regulations, to do more to support people in housing.

3. <u>Improve access</u> to housing + services, including outreach to the hard-to-house.

While access would naturally improve for many people if increased amounts of housing and services are available, other major barriers to access would remain.

Providers of both supportive services and housing frequently fail to refer to each other. Social service providers may not understand housing alternatives or actively link their clients to needed housing. Landlords and property managers generally do not see their role as linking tenants to needed services, and both public and private housing providers need education about available services. Policy and funding priorities should encourage housing and service providers to work together to ensure that individuals with special needs are offered both housing and services, as needed.

However, some people with special needs do not seek permanent housing, fail to access or are rejected from social services, or are otherwise hard-to-house. Persistent outreach is needed to maintain contact with hard-to-house people, and individualized plans should assist them to accept and succeed in permanent housing. While the intensive level of supportive services needed for this population is expensive, we believe the investment will be more than recovered with savings from police, corrections, shelter, and hospitalizations.

RECOMMENDED ACTION STEPS FOR 2003-2005

After developing our vision and long-term goals, the Committee created long-term strategies, which would move us toward these goals. See Appendix G. We then assessed these strategies in light of current circumstances, including budget cut backs. We recommend the following action steps for the 2003-05 period.

1. **Increase financial resources for social services related to housing.** Find new ways to leverage County and other financial resources to expand services associated with supportive housing, and implement additional ways to coordinate housing and service funding streams. *(Relates to Goal 1. Coordinate Housing + Services)*
    a) Find new ways to match housing operations resources with Medicaid.
    b) Explore creating a County General Assistance program using funds currently used for rent assistance, housing subsidies, etc. Seek reimbursement from the Social Security Administration when the client is deemed eligible for SSI or SSDI.
    c) Maximize use of Federally Qualified Health Center status to provide psychiatric services, case management, etc., to support housing stability, thus obtaining more federal matching funds.
    d) Maximize other federal resources such as USDA food programs, social service and criminal justice block grants, McKinney, Community Development Block Grant (CDBG), and workforce support programs.
2. **Increase the proportion of housing funds allocated to housing for people with special needs**. *(Relates to Goal 2. Enough Housing)*
    a) All involved jurisdictions (City of Portland, Portland Development Commission, City of Gresham, State of Oregon, HUD, the Housing Authority of Portland and Multnomah County) should make development and preservation of supportive housing a high priority for use of publicly-funded housing development resources.
    b) A significant portion of Urban Renewal District revenues should be dedicated to housing for people with special needs.

3. **Strengthen the partnership between the human service system and the social housing system**. Strengthen both systems through shared priorities and increased cooperation. *(Relates to Goal 1. Coordinate Housing + Services)*
    a) Expand and develop the ongoing group composed of human services management personnel and social housing leadership; focus on maximizing the success of people with special needs

within housing environments, e.g. provide updates, cross-educate, plan new service and housing opportunities, and coordinate responses to new issues.

b) Service systems and housing providers should work together to protect housing assets that serve special needs populations from destabilization resulting from cutbacks and reconfigurations in social service systems.

c) Expand programs that provide incentives for non-profit and for-profit landlords to house people with special needs. Fully implement the Fresh Start program.

d) Use capital and rent subsidies to buy down rents of units currently affordable to households at or above 50% MFI, reprogramming admission criteria to target the "hardest-to-house."

e) Create a cross-training program for housing management personnel who deal with special needs residents, and for case managers to learn about housing opportunities and challenges.

4. **Continue the City/County/HAP partnership** that has created new understandings, policy directions and systems changes in the direction of maintaining and creating new special needs housing. Include the City of Gresham. *(Relates to Goal 2. Enough Housing)*

   a) Provide for HCDC oversight of implementation of these recommendations. Adopt outcome indicators and measure progress towards our **Housing + Services** goals.

   b) Create an “express lane” in the development pipeline for special needs housing projects (especially those targeted to homeless) by coordinating resources into joint RFPs, and packaging development dollars and service commitments.

   c) Create and staff a high level interagency body of funders with authority to integrate funding streams and create and maintain the "express lane" for special needs housing projects.

   d) Continue the City-County Pilot Special Needs Housing Set Aside for at least another three years while the “express lane” in the pipeline is developed.

   e) Underwrite new housing projects (or re-underwrite old ones) that serve special needs tenants to provide for Enhanced Property Management, which provides extra support ON SITE at housing projects serving people with special needs. This model has been developed successfully in Seattle, WA.

5. **Develop services and housing targeted to the “hardest-to-house.”** *(Relates to Goal 1. Coordinate Housing + Services, Goal 2. Enough Housing, and Goal 3. Improve Access)*

a) Develop specialized activities targeted specifically to chronically homeless people with disabilities. Expand the Assertive Community Treatment (ACT) team model. The ACT team model engages chronically homeless individuals, houses them, and arranges for mainstream health, mental health, addictions, employment and other services after a person is initially housed. ACT teams effect a resolution of the problems that cause homelessness.

b) Review the myriad of rent assistance programs operated by the City of Portland, Multnomah County, HAP and others, and create a system that is streamlined, efficient and accessible to homeless and special needs populations.

6. **Create new resources dedicated to special needs housing**. *(Relates to Goal 2. Enough Housing)*

   a) Support the creation of a Real Estate Transfer Tax for affordable housing; a local bond issue for affordable housing development; and establishment of a National Housing Trust Fund.

   b) Establish goals within any new housing funds to be spent for people with special needs;

   c) Increase the proportion of housing funds, from all public and private sources, used for housing for people with special needs.

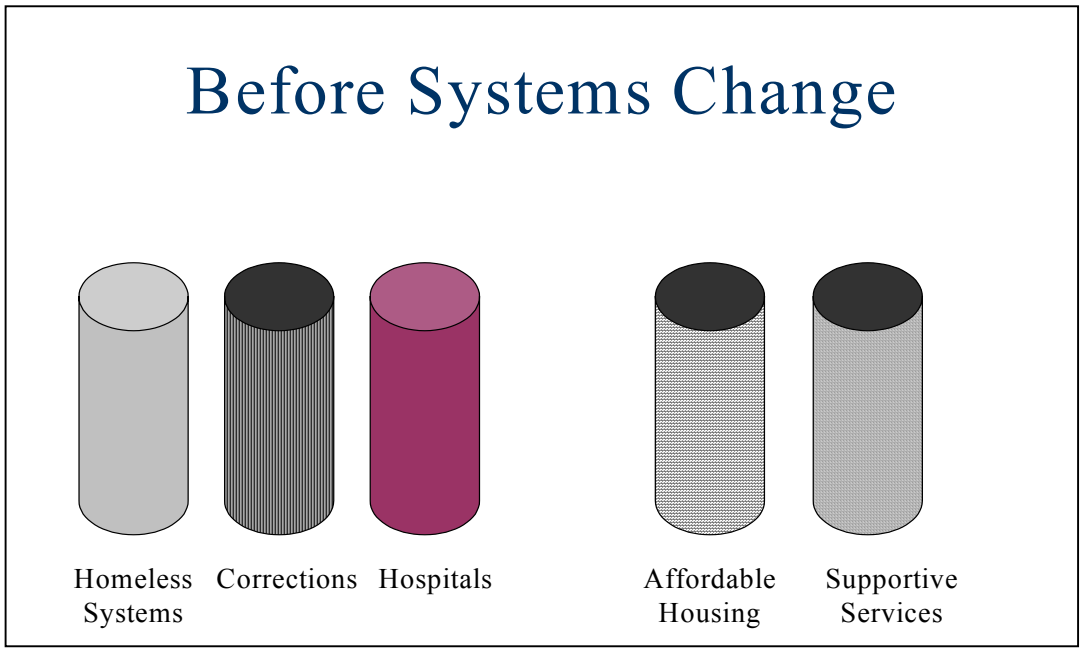
   d) Short and long-term rent subsidy programs should be expanded.

   e) Develop strategies to attract private lending capital.

RESULTS

We believe that, if we implement the Action Steps above in the next two years, and embrace the long-term strategies in Appendix D, we will be creating the conditions for permanent system change. We will know if we have succeeded, because both our housing and service systems will be different. The systems will be more integrated, and some funding will shift to support a Housing + Services strategy. As a result, fewer people with special needs will cycle through shelters, jails, hospitals and the street, and people with special needs will no longer be over-represented in the homeless system. Figures 7 and 8 illustrate the "before" and "after" of system change.

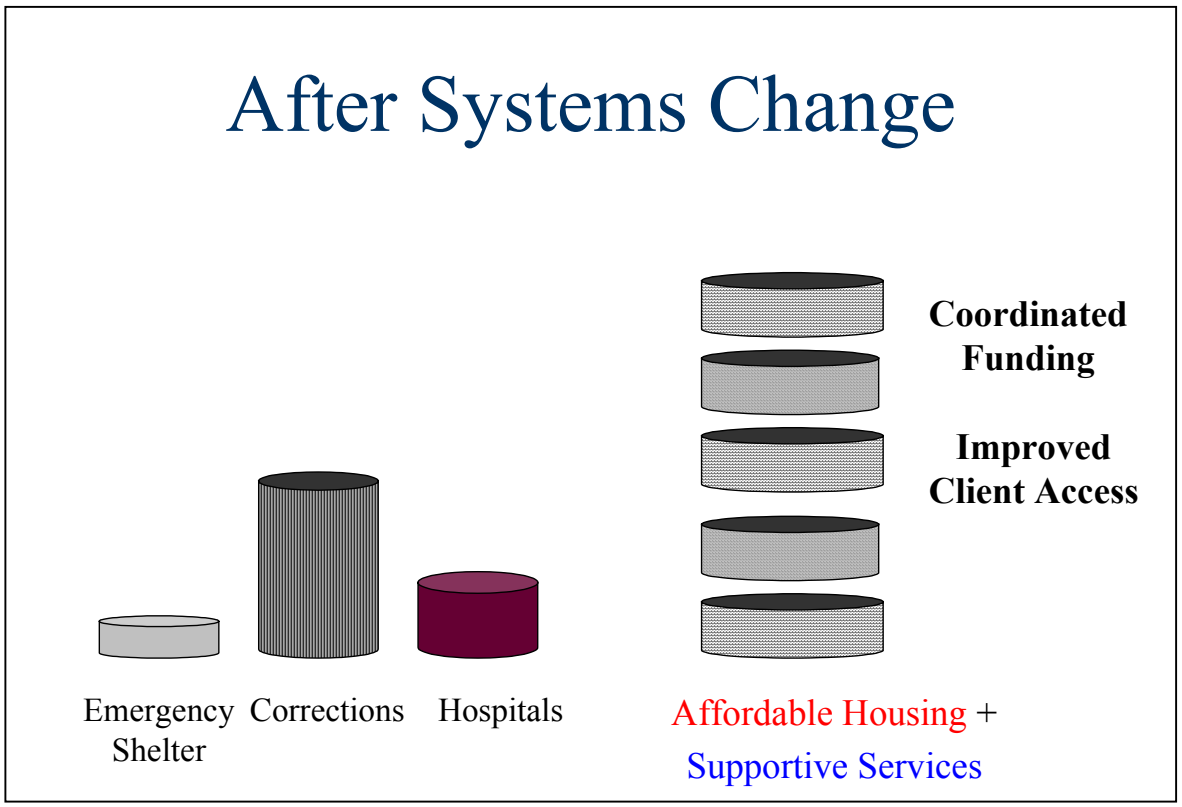
FIGURE 7



Currently, the homeless, corrections, hospital, affordable housing, and supportive service systems are structured in cylinders of separated services. Within each of these silos may be multiple separate agencies or funding streams, each with its own rules and eligibility criteria. Staff in all these cylinders know that there are too many people with special needs cycling through the homeless system, jails, and hospitals, and that the affordable housing and supportive service systems have not responded adequately, but the separate systems have not effected the necessary change to prevent this.

In the system we envision, people with special needs will not be over-represented in our homeless, hospital or corrections systems.

FIGURE 8



The homeless system will be smaller, and will be limited to emergency shelter. Hospital beds will be used for medical and mental health crises only. The affordable housing and supportive service systems will be coordinated at the personal level, the residential project level, the funding level, and the systems level resulting in improved client access, staff cross-training, a larger volume of special needs housing development, and increased housing retention rates. More people with special needs will be successfully housed, and thus have the opportunity to enjoy a good quality of life.

RESPECTFULLY SUBMITTED ON JULY 2, 2003.

THE HOUSING AND COMMUNITY DEVELOPMENT COMMISSION

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Catherine Such, Co-Chair

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Paul Dagle
Linda Kaeser
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Roger Meyer
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Steve Weiss
Sherry Willmschen
Keren Brown Wilson
Nancy Wilton
Jim Wrigley

[36] Over the course of the year, participation by some of the committee's most thoughtful and experienced members was lost due to budget cuts, restructurings, and reassignments. The report benefited greatly from their contributions: Jim McConnell, Jacob Mestman, Howard Klink, May Simeone, Dan Noelle, Bethany Wertz, and Peter Wilcox. The committee also benefited from the perspective of Jim Winkler, who resigned when his term on HCDC elapsed.
[37] Ms. Meisenhelter's term on HCDC expired June 30, 2003.

APPENDICES