

## MEMORANDUM

TO: Regional Steering Committee on Homelessness and Housing

FROM: HomeBase

RE: Vertically Integrated Extension of Care Systems

DATE: July 25, 2008

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### **Background**

At our last meeting, the RSC was introduced to an article recently published by Dennis Culhane and Steven Metreaux entitled, "Rearranging the Deck Chairs or Reallocating the Life Boats: Homelessness Assistance and its Alternatives."<sup>1</sup> The ideas presented include an alternative to the current shelter/transitional housing continuum of care (CoC) system. This alternative allocates mainstream resources in a way that shifts the focus away from bouts of outright lack of shelter to the broader experience of homelessness. After the presentation, the RSC discussed any possible shift of resources that may have occurred in local communities, such as emphasizing Housing First. The role of emergency shelter was also evaluated in light of the new "end of homelessness" systems. Today, the debate continues with an analysis of the traditional and current homeless housing and services delivery systems, and discussion around the feasibility of the changes proposed by Culhane and Metreaux.

### **Introduction**

Funding for homeless housing and services has been traditionally drawn from a distinct set of federal, state and local authorities. This approach has led to a system that frequently falls short in its purpose, which is to provide money to service and housing providers who will work to eradicate homelessness. It is generally accepted that there are flaws in the current framework, which in turn create holes that people in need tend to fall through. This inefficiency has led various governmental agencies, on local, state and national levels, to adopt new methods for creating resources to cover housing and services costs. Many of the examples discussed in this memo tap into mainstream resources.

### **Housing and Service Costs**

The traditional framework for distribution of funding is comprised of a pool of resources from federal, state, and local sources. At the federal level, the primary sources for

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<sup>1</sup> Journal of the American Planning Association 74.1 (2008): 111-121 *Available at:* [http://works.bepress.com/dennis\\_culhane/51](http://works.bepress.com/dennis_culhane/51).

targeted homeless housing money are drawn from the Office of Housing and Urban Development (HUD) and the Department of Veteran Affairs (DVA). The Department of Agriculture provides some funding for rural housing, and support for youth and/or family housing is sometimes earmarked within Department of Health and Human Services (DHHS) programs. Money for homeless services is allocated from the DHHS, DVA, Department of Labor (DOL), and Department of Employment (DOE). While the DVA has provided funding for specialized homeless veterans programs since they were first authorized in 1987, money that they distribute to public and non-profit private entities targets a limited population, veterans and their families. Meanwhile, the other agencies provide one-stop career centers, funding for education of homeless children and youths, healthcare, and Temporary Assistance for Needy Families.

At the state level in California, the Department of Housing and Community Development (DHCD) provides the primary source of housing funds, along with California Housing Finance Agency (CalHFA). The DHCD is responsible for such measures as Prop 46 and 1C, which provide billions of dollars in housing bonds. Services for the homeless are funded through the Department of Social Services (DSS), Department of Mental Health (DMH), DVA, and DOE.

Locally, cities and counties have different entities serving the purpose of the Public Housing Authority as well as the Housing and Community Development who handle units and section 8 vouchers. These agencies may arrange federal, state and local resources for housing, such as HOME, HOPWA, and Community Development Block grants (CDBG). Traditionally, money for services is drawn from the departments of Public Health (PH), MH, SS, and employment services.

### **Problems Facing Targeted Systems**

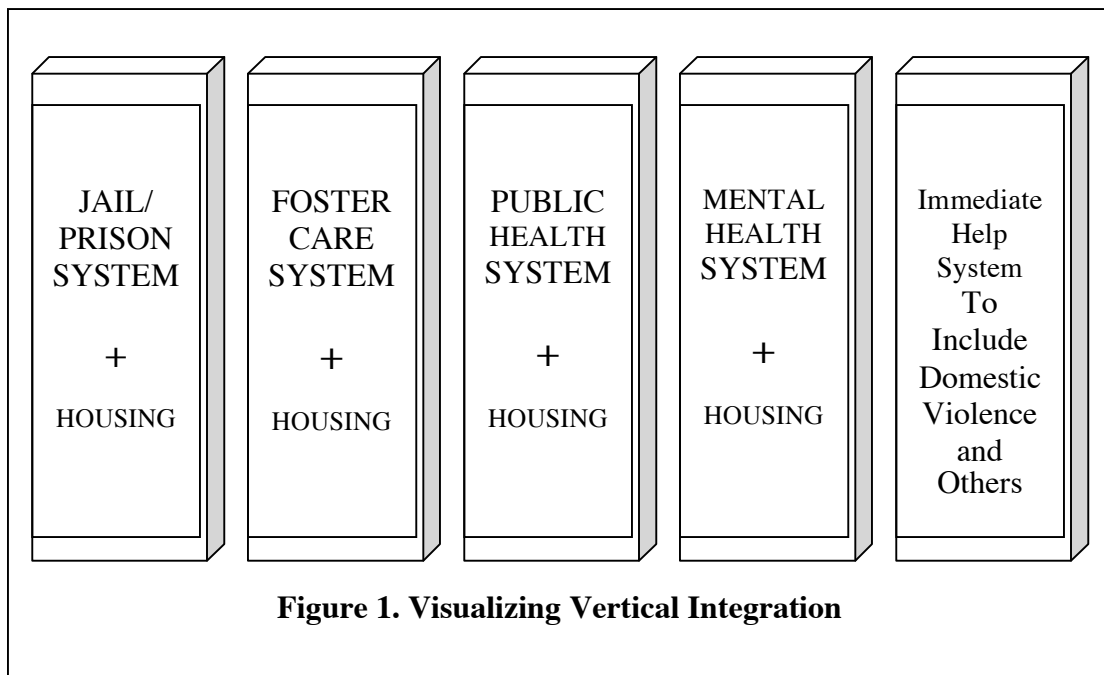
What do formerly incarcerated persons, youth “aged out” of foster care, persons with significant health issues and persons with mental illness have in common? Each of these groups experience unusually high rates of homelessness. They may have little else in common, and widely divergent needs in terms of support services. The supports that a disabled veteran will need vary from the help that a young adult needs as they transition out of foster care. Yet the homeless service providers and shelters are expected to meet all of these needs based on the housing status of their clients, not the need or support status.

One could argue that targeted care systems, such as mental health, public health, foster care, and corrections, inadvertently created this diverse category of people who lack housing. The focus for creating and sustaining housing has shifted out of their hands into a new HUD mandated Continuum of Care (CoC) system which emerged to provide housing for those lacking shelter. This system is expected to provide for all of the diverse needs of their clients, even though systems of care that could address those particular needs are already in existence. Finding financial support for every aspect involved with housing and services projects, in the current system, is difficult to say the least.

Though sources of support, both financial and political, are now far more numerous than ten years ago, they have yet to be effectively integrated. A supportive housing project can involve a dozen unrelated sources of funding. A few sources are drawn from federal housing development and rent-subsidy programs, a few from state and local housing and services agencies, a couple from private philanthropy, and at times one or two from social insurance programs such as Medicaid.<sup>2</sup> Rarely are funding sources actually intended for supportive housing. Even when there are funding streams directed for supportive housing, they are normally small and distinct from the regular, guaranteed funding streams.<sup>3</sup> Because each project must use a different combination of sources with differing eligibility rules, considerable organizational capacity and resources are required to piece together a replicable funding formula that can address all of the needs of their residents.

Culhane's recent work addresses both of these concerns: the diversity of homeless populations and the resources needed for effective housing development.

People who have been homeless often or for long periods typically have many needs that can, in many cases, be can only addressed separately by various programs. Common needs of this population may include medical care, mental health services, addiction treatment, income support, training and employment, and suitable housing.<sup>4</sup> The idea advocated for by Culhane, is an extension of the existing systems of care to include housing. Please see *Figure One*.



<sup>2</sup> Grieff, Proscio & Wilkins, *Laying a New Foundation: Changing the Systems that Create and Sustain Supportive Housing*, Corporation for Supportive Housing. Available at: <http://documents.csh.org/documents/pubs/LayingANewFoundation.pdf>.

<sup>3</sup> Id.

This way the system best suited to meet the individual needs of their target population will be responsible for making sure that all shelter needs are met as well. This much simpler approach has potential to end to homelessness, as we know it.

## **Becoming Housing Conscious: Examples and Innovations**

Between the years of 1998 and 2008, a movement beyond categories emerged within the housing and service delivery system. Institutions that once provided housing as an artifact of their role in the world, engaged in housing once again through re-entry programs such as corrections system halfway houses, and mental health consumer housing programs. From the passage of AB34/2034, urged by the DMH in California to the master-leasing program set forth in San Francisco by the DPH, cities, counties, and government entities have begun seeking alternative methods to provide funding for housing and homeless services. This is largely a response to the inefficiency of the old system, and a lack of new funding streams. The following section provides examples of attempts to correct such inefficiencies, focusing primarily on incorporating the role of prison/jail systems, foster care, mental health and public health systems in the larger scheme of eradicating homelessness.

### **Mental Health**

In order for the mental health system to successfully serve their target population, those served must have their basic needs met. At one point in time, state institutions and campuses existed for treatment purposes, which included housing as an artifact of their role, treatment. As treatment methodologies “advanced”, these facilities shrank or were eliminated, and decreased or limited funding never allowed for community based housing with treatment. California is now using mental health funding and systems to create a housing focus.

#### **I. California: Assembly Bill Integrated Services to the Homeless Mentally Ill (AB34/2034)**

AB34/2034 is an example of how community mental health programs have improved the quality of life for the 5,000 mentally ill and homeless individuals they serve. AB 34 was originally passed by the State Legislature to fund three pilot programs. Due to their success, AB2034: Integrated Services for Homeless Adults with Serious Mental Illness was passed expanding the original pilots to statewide programs. AB34/2034 has demonstrated outcomes that show a decrease in homelessness, incarceration, and psychiatric hospitalization, while reflecting an increase in the ability of consumers to live independently and maintain employment.<sup>5</sup>

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<sup>4</sup> Id.

<sup>5</sup> Traci Fujita, *Process of performance Indicator Development for the Mental health Services Act, Performance Outcomes & Quality Improvement*, CA Dep’t of Mental Health.

The Mental Health Services Act of CA, and the President's New Freedom Commission cite AB34/2034 as a model program. However, the Governor's 2007-08 budget cut this program, creating statewide budget deficits in mental health programs it previously funded. Currently, San Francisco is one of many counties that revised their Community Services and Support (CSS) Annual Plan Update for fiscal year 2008-2009 to include the state de-funded AB2034 program with money received under the Mental Health Services Act. In order to accommodate this addition, there will be no expansions for existing full service partnership agencies or vocational rehabilitation programs.<sup>6</sup>

It is important to ensure that this funding source is guaranteed. Any programs previously funded under AB2034 are prohibited from receiving funding under the Mental Health Services Act. In its absence, there are no alternatives to support the programs that have shown proven success.

## **Corrections**

It is well understood that the prison/jail system releases thousands of people into unstable living situations. In the past, this problem was acknowledged through the creation and existence of halfway houses and work farms. These facilities ensured that a parolee could be released into the world with an income, resources, adequate support and a roof over their head. In the absence of these programs, and lacking a replacement, a cycle of recidivism emerges.

### **I. Federal Attention: The Second Chance Act**

The most recent example of change within the current corrections system was signed into law April 2008 by the president, receiving bipartisan support in both chambers of Congress. The Second Chance Act provides housing and services for people leaving corrections. This is a federal response to the lack of adequate support for people transitioning out of the correctional system. This act is a reauthorization and revision of an existing grant program, within the Department of Justice. It provides funding to states for reentry programs, and creates a federal interagency task force to help coordinate policy. The Second Chance Act also commissions research projects aimed at reducing barriers in federal policy to successful reentry. An important aspect of this act is the creation of direct grants from the DOJ to nonprofits for reentry programs.

The sponsors of the Second Chance Act have submitted an appropriations request for 2009, prioritizing two main segments. First, they have submitted a request for \$55 million to go toward a demonstration program, which provides money to states to improve the reentry process. Second, a request was submitted for \$15 million to go toward grants to nonprofits for mentoring programs. In total, \$70 million has been requested for the fiscal year of 2009. This may well be possible, as the House Appropriations Committee

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<sup>6</sup> *Monthly Director's Report: Jun. 11, 2008 Budget Update*, San Francisco Mental Health Board, Available at: [http://www.sfgov.org/site/mental\\_health\\_page.asp?id=83780](http://www.sfgov.org/site/mental_health_page.asp?id=83780).

recently approved \$45 million in funding under this Act, while the Senate Appropriations Committee allotted \$20 million in their 2009 appropriations bill.<sup>7</sup>

It is important to recognize the importance of the Second Chance Act, as it directs much needed federal dollars to an area of service that has great potential to reduce homelessness where it commonly arises. It is evidence that Congress is willing to put more overall funding into domestic discretionary programs. Service and housing providers should maximize this opportunity.

## II. National Collaboration: Serious and Violent Offender Initiative Act (SVORI)

In the United States, 600,000 individuals are released from prisons and jails each year, with an estimated two-thirds re-incarcerated within three years of release. In 2003, the US Departments of Justice, Labor, Housing and Urban Development, and Health and Human Services established the Serious and Violent Offender Reentry Initiative (SVORI). This program provides over \$100 million to 69 grantees to develop programming, training, and state-of-the-art reentry strategies at the community level. The programs aim to reduce recidivism and improve employment, housing, and health outcomes of participating released prisoners.<sup>8</sup>

## III. County Reentry Pilots: HARP

Many states, cities, and counties are creating funding for reentry programs. Paired with the reentry initiatives provided by the Second Chance Act, there is a real opportunity for improvement. In Salt Lake County, Utah, the Homeless Assistance Rental Program (HARP) attempts to address the problems rooted within their community jail populations. As of 2006, approximately 70% of the Salt Lake County jail population had a substance abuse problem, and 10% were homeless. Because of the limited residential treatment beds available, the HARP program attempts to find alternatives to in-jail and residential treatments, primarily through housing with supportive services. Collaborating with the local Housing Authority, homeless Clinics, nonprofits, and county divisions, HARP finds scattered site housing with a master-leasing program while providing case management, treatment, employment, and health services. Funding is provided by federal HOME funds and county general funds. The budget was \$550,000 in 2007 (\$300,000 HOME funds and \$250,000 SL County General Funds), which included 75 to 80 vouchers with rental assistance (up to 24 months) for homeless individuals or families. The assistance is limited to referrals by Salt Lake County agencies – Criminal Justice, Mental Health,

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<sup>7</sup> Steve Berg, NAEH Audio Conference: *Federal Policy Update: NHTF, McKinney, Section Eight, & Second Chance Act Funding* (Jun. 21, 2008).

<sup>8</sup> *Initiative Background*, Svori-evaluation.org, Available at: [https://www.svori-evaluation.org/index.cfm?fuseaction=dsp\\_initiative\\_background](https://www.svori-evaluation.org/index.cfm?fuseaction=dsp_initiative_background).

Substance Abuse, and Youth Services. The cases are managed by the referring agency, however, more than 50% of referrals must have County Jail involvement<sup>9</sup>

## **Foster Care System**

The foster care system has a responsibility to support youths to maturity. However, many individuals “age out” of the system into an unstable environment with a lack of resources. As of 2002, 27% of the homeless population had spent time in foster care<sup>10</sup>, and nearly 25% of emancipated youth become homeless 2-4 years after leaving foster care<sup>11</sup>. Many agencies (governmental and private) recognize a need for a more supportive transition period with a focus on housing.

### **I. California’s Chaffee Grant**

In order to ensure that youths emerging out of foster care have adequate educational resources, California secured a federal Chaffee Grant. It is available to current or former foster youth to help pay for college or career or technical training, and does not have to be paid back. The grant may also be used to pay for childcare, transportation and rent while in school. The Chafee Grant is federally and state funded.

### **II. Oakland, CA: First Place for Youth**

This program serves youth who are getting ready to or have recently aged out of foster care (ages 17-21). It consists of scattered site permanent housing with two years of subsidy and support. In 2006, First Place for Youth served 90 youth and 40 children. In order to qualify for the program, participants must complete an eight-week economic literacy curriculum, and be able to obtain a micro housing loan to cover the first month’s rent and deposit. After they satisfy these requirements, a rental subsidy remains in effect, gradually decreasing over 2 years. Additionally, youth are provided moving expenses and food-stipends, as well as many support programs.<sup>12</sup>

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<sup>9</sup> Michelle Flynn: *Paying the Rent: Designing State and Local Housing Subsidy Programs*, NAEH Conference (Feb. 8, 2007), Available at: [http://www.endhomelessness.org/files/1498\\_file\\_michelle\\_flynn\\_2\\_8.ppt](http://www.endhomelessness.org/files/1498_file_michelle_flynn_2_8.ppt).

<sup>10</sup>

*Report on the Survey of the Housing Needs of Emancipated Foster/Probation Youth, Independent Living Program Policy Unit Child and Youth Permanency Branch, Grand Final Report, “Orange County is no Camelot for Emancipated Youth”* (Jun. 2002).

<sup>11</sup> *Homeless Young Adults Ages 18-24: Examining Service Delivery Adaptations*, National Health Care for the Homeless Council: Moving Youth from Risk to Opportunity, Annie E. Casey Foundation (Sep. 2004).

<sup>12</sup> *A Home of Their Own*, Los Angeles, CA Conference: [Creating Partnerships to House Emancipated Foster and Homeless Youth](#).

The success rate speaks for itself. After one year of entering First Place, 95 percent are employed, 77 percent earn their high school diploma or GED, and repayment of the facility-based start up micro loan is 93 percent.<sup>13</sup> 79 percent of eligible youth obtained employment and their average wage was \$9.73 per hour. In addition, 95 percent of youth avoided accessing public benefits and 96 percent of youth avoided involvement with the criminal justice system.<sup>14</sup>

## Public Health

### I. San Francisco: Direct Access to Housing (DAH)

The San Francisco Department of Public Health's (SFDPH) DAH program was initiated in 1998 to provide housing to approximately 1200 adults with concurrent mental health, substance abuse and chronic medical conditions. This City-sponsored program was created with the need for affordable housing in mind, particularly for those exiting institutions such as the mental health, substance abuse and criminal justice systems. DAH is an initiative of the Housing and Urban Health Unit (HUH) within the Community Programs Division of the SFDPH.

The program is directed toward "high-utilizers" of the public health system, whose frequent access of costly emergency services tends to drive healthcare costs through the roof.<sup>15</sup> Placement directly into permanent supportive housing offers residents stability and control. Housing is made available through a master lease by the SFDPH with privately owned buildings that are vacant or nearly vacant. Local nonprofits, property management companies, and city agencies provide the necessary supportive services. One of the numerous benefits of this initiative is the availability of public health money for housing. DAH is primarily funded through the city general fund, as well as state money targeted toward homeless mentally ill persons, Ryan White Care Funds, SAMHSA, tenant's rents (50% of their income) and reimbursed for some health related expenses through the Federally Qualified Health Center system. Most of the residents receive SSI and Medi-Cal benefits.<sup>16</sup>

Since opening in 1998, the positive outcomes of this project are numerous.

- Nearly two-thirds of residents remained housed within the DAH program.
- Of the remaining one-third, half moved to other permanent housing.
- Emergency department use after entering the program was reduced by 58%.
- In the first two years after entering the program, inpatient episodes were reduced by 57%.

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<sup>13</sup> Id.

<sup>14</sup> First Place for Youth: *About Us*, Available at [www.firstplaceforyouth.org/about/impact](http://www.firstplaceforyouth.org/about/impact).

<sup>15</sup> *Direct Access to Housing: From San Francisco Streets & Shelters to Permanent Housing & Health Care Services*, Corporation for Supportive Housing, Available at <http://www.csh.org/index.cfm?fuseaction=Page.viewPage&pageId=501&noheader=1>.

<sup>16</sup> Id.

- The number of days per psychiatric hospitalization decreased significantly after placement.<sup>17</sup>

DAH is a model program for cities and counties that wish to address housing need rapidly and efficiently. It provides positive outcomes for residents as well as for neighborhoods, as the master-leasing program incorporates improvements to existing buildings used for residents. This program is especially beneficial to areas that have limited room or funds for construction of new housing.

## **Other Examples**

### **I. Santa Clara: Affordable Housing Trust Fund**

The Board of Supervisors of Santa Clara County created a new Office for Affordable Housing, with money for homeless housing. The Housing Trust of Santa Clara County is “a catalyst to develop specific, desperately needed housing in Santa Clara County through an innovative blend of corporate and community investors.”<sup>18</sup> The idea behind the trust fund is that effective strategies can turn every dollar raised into an investment ten-fold in value. The trust is a voluntarily funded non-profit 501c3 community-based organization, which seeks private, corporate and government support.

## **HOUSING AND SERVICES: VERTICAL INTEGRATION**

### **Vertical Integration...Worth Pursuing?**

Culhane’s notion, begs the question of what a new system might look like and whether it is actually possible. In the United States, such a realignment might possibly amount to a complete overhaul of the current housing and services delivery system, along with an incorporation into the current care systems discussed above. However, the idea of vertical integration is not completely new; the tendency towards greater vertical integration can be observed in the hospital sector, where some institutions assemble a growing number of sub-units (for both in-patient and out-patient care) under one roof - sometimes aiming at a more profitable mix of health with non-health services and products. This is the tendency in European countries. Taking another look at San Francisco’s DAH, one can see that the SFDPH has recognized the importance of housing to the health of people released from the public health care system. Their efforts have paid off financially through a reduction of emergency-related costs. The remainder of this memo will address the feasibility of an overhaul of the current CoC system, politically and economically.

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<sup>17</sup> Id.

<sup>18</sup> *The Housing Trust of Santa Clara County*, Available at <http://www.housingtrustscc.org/>.

## I. Political Climate

In light of the current attention to housing, it can be argued that the time is ripe for change and an integration of existing care systems, is more likely to be accepted if it is built off the momentum of the current debate and attention to housing. Right now, there are several pending or newly approved actions on the table. Some examples include:

- The newly approved Second Chance Act, discussed above.
- The National Affordable Housing Trust Fund bill, which provides for rehabilitation and preservation of 1.5 million units of housing for lowest income families over the next 10 years.<sup>19</sup>
- The Section 8 Voucher reform Act (SEVRA), which simplifies and streamlines the Section 8 program while addressing issues with the grant formula.<sup>20</sup>
- McKinney-Vento Homeless Assistance Program, up for reauthorization.
- The Services for Ending Long-Term Homelessness Act (SELHA), which if enacted would provide flexible, renewable grants from HHS/SAMHSA plus leverage commitments of mainstream resources for supportive housing services<sup>21</sup>

## II. Tracking Consumers of Homeless Housing and Services

Directing the attention of existing care systems and government to the condition of people released from them can begin with the use of the Homeless Information Management System (HMIS), which has already provided valuable statistics related to homelessness. For instance, re-entry programs reduce homelessness as they stabilize persons released from an institution and reduce recidivism. It is within the corrections systems best interest to reduce recidivism in the face of the current overcrowding occurring in jails and prisons. Tracking persons released from corrections produces information that is useful in arguing for a new homeless housing system. Similarly, HMIS has shown that homeless individuals and families frequently and often inappropriately access emergency medical attention, which are the most costly of possible services. This information is very useful to the argument that these existing healthcare systems should extend to serve their patients with stable housing and services.

## III. Cost-Benefit

The RSC previously reviewed some cost-benefits of restructuring the housing and services delivery system at the April meeting. It becomes the most clear when comparing the cost of supportive housing as we know it, to other mainstream systems. The Lewin Group prepared the following cost estimate chart in 2004:

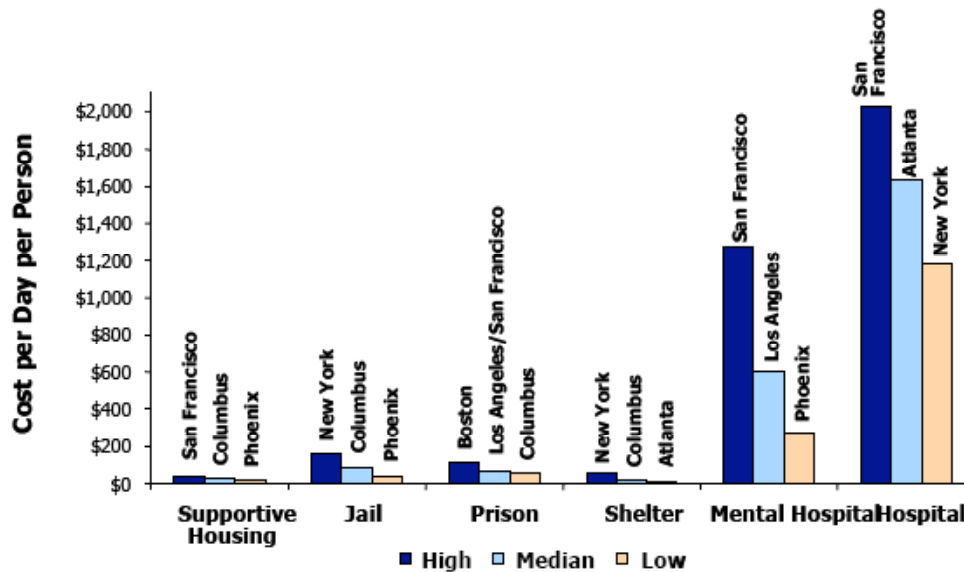
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<sup>19</sup> NAEH Audio Conference: *Federal Policy Update: NHTF, McKinney, Section Eight, & Second Chance Act Funding* (Jun. 21, 2008).

<sup>20</sup> *Id.*

<sup>21</sup> *2008 Federal Policy Priorities for Supportive Housing: CSH, available at* <http://www.csh.org/index.cfm?fuseaction=Page.viewPage&pageId=289&nodeID=81>

## Cost Estimates – High/Median/Low City



Source: The Lewin Group

These estimates define shelter as housing for the homeless available for up to several nights, whereas supportive housing is defined as housing that combines building features and personal services to enable people to remain living in the community as long as they are able and choose to do so.<sup>22</sup> It is feasible that supportive housing be an extension of existing care systems, which frequently release persons with unstable situations from their custody or care. Imagine a person, being released from a mental institution, with schizophrenia. They are released with the intention of maintaining their medication independently. However, due to lacking resources and due to the nature of their illness, they do not. This results in them being unable to maintain basic life functions, which leads them to the streets, where their illness is only worsened. This process is cyclical.

Imagine ending such negative cycles where they begin, upon release from institutions. Please consider the following goals:

- Instead of releasing a patient to his or her own defenses, create a housing situation within the umbrella of the mental health or public health system that is responsible for supporting that patient to stability.
- Ensure that the corrections system is accountable for (as they once were) the success and rehabilitation of persons released from their care, through reentry programs that include housing.
- Create a nationwide, consistent housing option for youth released from foster care that includes access to needed resources and education.

<sup>22</sup> The Lewin Group: *Costs of Serving Homeless Individuals in Nine Cities*, Prepared for: The Partnership to End Long-term Homelessness (Nov. 19, 2007).

Essentially, an extension of current care systems equals reentry through housing.

### **Possible Drawbacks to Vertical Integration**

Reorganizing the shelter system as discussed above, with regard for the needs of targeted populations, will not serve every homeless individual. However, emergency assistance including rental subsidies and low-cost monetary assistance can resolve many of the most common housing crises. Reserving expensive programs for populations with more complex needs will free up resources for this purpose. Communities and governmental agencies may be resistant to an overhaul of the CoC policy fostered and required by HUD. Perhaps a few demonstration programs showing success would provide crucial evidence in support of Culhane's claims. Before trying to implement the suggested changes, it would be necessary to examine what that housing would look like. Possible reactions might include the idea that asylums are being advocated as permanent housing. This reaction may be countered with a regulated approach to creation and implementation of such a framework that is sensitive to the needs of the residents.

### **Conclusion**

Vertical integration of existing care systems may seem like a radical idea. But when you look at the history of corrections, mental and public health systems and foster care, it becomes clear that extending their responsibility to include housing is not a new idea. Moving forward to eradicate homelessness will require a closer look at its roots, at the populations most frequently affected, and the most efficient and direct way to create stable housing and living situations. Requiring the largest institutions to house the people that would otherwise be released into homelessness by creating a vertically integrated system may be a permanent way to create change.

#### Questions for the RSC:

1. What are the barriers to these mainstream systems of care extending their resources to include housing?
2. Which, if any, population released from institutional settings in your community is in most need of housing?
3. Why is the corrections system no longer providing housing upon release?

*For more information, please contact HomeBase Intern  
Margaret Pompei*