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## SALT LAKE CITY COUNCIL MEMORANDUM

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**DATE:** January 30, 2004

**TO:** City Council Members / Board Members

**STAFF REPORT BY:** Cindy Gust-Jenson, Janice Jardine, Sylvia Jones

**SUBJECT:** Salt Lake City Housing Authority Proposal

**CC:** Dave Oka, Rosemary Kappes, Rocky Fluhart, Lee Martinez, LuAnn Clark, Louis Zunguze, Sam Guevara, Gary Mumford

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The Salt Lake City Housing Authority provided some initial information on an initiative to house the homeless to the City Council on January 13, 2004 and the Council requested a follow-up briefing. It is recommended that the Council convene as both the Council and Redevelopment Agency for this briefing and potentially for subsequent actions since the proposal could relate to both the Redevelopment Agency and the City.

The non-profit organization Crusade for the Homeless has pledged \$600,000 to help create 100 housing units for homeless individuals. The idea is to combine these non-profit funds with funds from other resources possibly including the City and/or Redevelopment Agency to establish a facility with on-site case management and a front desk that is staffed on a 24 hour per day basis.

The attached memo from Housing Authority Director Rosemary Kappes outlines the proposal and background information. Key elements include:

- A new non-profit organization has been formed by Salt Lake City and Salt Lake County Housing Authorities; its mission is to establish 100 units of housing for singles by 2005 and 500 units of homeless housing within 10 years. The West Valley City Housing Authority is considering joining the effort.
- The non-profit will seek funding from government and private enterprise. They have initially indicated that \$600,000 - \$1,000,000 may be requested from the RDA / City.
- Stability of the project is proposed to be enhanced through the use of dedicated Section 8 vouchers. Depending upon the approach, a waiver from the federal government may be necessary to achieve this; waivers have been granted for similar public-private partnerships including one in Seattle.

Housing Authority Director Rosemary Kappes has further indicated that this approach will:

1. Respond to HUD's call for Cities to develop a plan and provide resources to end chronic homeless in 10 years

2. Take advantage of \$600,000 (plus future funds) provided by the Crusade to promote "housing first".
3. Allow the Salt Lake City area to learn from models in Denver, Seattle, Portland and other areas where they help address their homeless issues through project basing.
4. Help to deal with the increasing homeless population.
5. Help enable, through housing and case management, homeless individuals to resolve their issues and find employment.
6. Help assure that the Salt Lake area has a plan ready if special funds become available from HUD or another organizations.

### **Matters at Issue / Potential Questions for the Housing Authority**

This proposal will require the Housing Authority Board to consider some shifts in policy. These are not decisions for the Council / RDA Board but the Council / Board may want to be aware of them prior to considering whether to invest in this project and may wish to ask how the Housing Authority will approach these complex issues:

1. Some would argue that this approach will take some resources away from the traditional target audience of the Housing Authorities – families, but the Salt Lake City Housing Authority indicates that many of these homeless individuals are already on the current waiting list for Section 8 Vouchers. Serving the homeless is consistent with the Salt Lake City Housing Authority’s mission statement: “... to provide safe, decent affordable housing opportunities for lower income families, the elderly, people with disabilities, and the homeless while many strive to achieve self-sufficiency and improve the quality of their lives. This is accomplished in an environment of equal opportunity that maintains the client’s and employee’s dignity, maintains the public trust and is an asset to the community.”
2. Section 8 vouchers are typically tied to a qualified individual / family, rather than to a specific housing location. The proposal to make some of the Housing Authority’s vouchers site based would have an impact on the number of vouchers available for use in the full array of housing rental units. It is staff’s understanding that HUD has made a distinct move away from project-based vouchers, although they still do project based programs such as Section 811 and Section 202. HUD also allows Housing Authorities to allocate 20 percent of their vouchers to specific sites.
3. If the Housing Authority elects to tie some of their vouchers to the site this non-profit is developing, other organizations may be interested in requesting that same benefit. Examples include the Rio Grande, the Sedona and possibly the new development that is being proposed on 200 East at about 550 South. A key component of the Section 8 program has been the ability of those holding the vouchers to select their own housing. In the past Section 8 vouchers were tied to specific locations and there were apparently down sides to that approach including less motivation for landlords to maintain their properties and clients feeling ‘captive’ to specific housing sites.

Reduced competition in the rental market place and the potential for landlords to abuse the system have also been cited as reasons for the shift away from site-based vouchers. **The Council may wish to ask about the rationale for reverting to project-based vouchers, and may wish to discuss with the Housing Authority whether an increase in project-based vouchers, either for this project or for this project and others, is in the long-term best interest of the community. Further, the Council may wish to ask how the Housing Authority will determine whether to allow site based vouchers or apply for waivers for site based vouchers.**

A key component of this proposal is the 24-hour desk coverage and the on-site case work. **The Council may wish to inquire about how this model has worked in other communities and how it is currently working at the Housing Authority's other property operating under this model – Valor House, and to clarify whether security staff is part of the proposal. The Council may wish to ask how the staffing and case work will be funded over the long-term and whether community resources such as Valley Mental Health will be involved.**

The Council may also hear about potential involvement from the Enterprise Foundation, a national non-profit that introduced the local providers to this concept. The decision about whether to go with the Enterprise Foundation or the recently-created non-profit is a decision made by the non-profit Crusade for the Homeless. The Enterprise Foundation made an initial proposal but the proposal from the newly-formed Utah-based non-profit is the one that was accepted by the Crusade for the Homeless. There is some possibility that the Enterprise Foundation may be involved in another aspect of this project. There were two down sides to their initial proposal – a \$100,000 fee and a plan to dedicate any excess revenue to projects in their national portfolio, rather than here in Utah. The advocates for the Enterprise Foundation approach point out that national expertise and perspective on housing issues would be very helpful. Again, this is not a Council decision but the background information may be helpful as this proposal is discussed.

Concentration of previously homeless single individuals in one location may be an issue raised by the community.

1. Proponents of the project argue that the homeless are already concentrated in a particular area of the City, and that the provision of housing will reduce their impact on the community.
2. Proponents argue that on-site management and case work will help residents remain stable and enable them to move to other housing locations in the future.

This approach of providing housing for the homeless is referred to as a 'housing first' strategy. There has been a great deal of national discussion on whether this approach is more cost effective than the approach of continuing to establish homeless shelters and other support services. Proponents argue that the current societal cost and direct cost to taxpayers of homelessness exceed the cost of actually housing the homeless.

- A. A study by the University of Pennsylvania's Center for Mental Health Policy and Services Research found that homeless mentally ill individuals utilize on average \$40,500 worth of publicly-funded services annually (hospitalization, shelter use, and incarceration). Supportive housing (independent housing linked to comprehensive health support and employment services) provided a reduction in cost of services by \$16,281 per person (in a housing unit) per year.

The researchers found that the annual net cost of supportive housing is only \$995 per person in a housing unit. In other words, reductions in incarcerations, hospitalizations and shelter use, pay for 95% of the cost of the housing. These figures may actually underestimate the savings from housing homeless mentally ill individuals. For instance, the study did NOT account for many of the direct costs associated with homelessness, such as the economic impact on local business and tourism, costs to police and fire departments, soup kitchens, or homeless outreach.

- B. Some argue that the transitional housing projects of this nature increase employment, improve neighborhoods and increase the sense of dignity and social inclusion for former homeless individuals and help to break the cycle of homelessness.
- C. According to a report in the New England Journal of Medicine, homeless people spent an average of four days longer per hospital visit than did comparable non-homeless people. This extra cost, approximately \$2,414 per hospitalization, is attributable to homelessness.
- D. A University of Texas two-year survey of homeless individuals claims that each person costs the taxpayers \$14,480 per year, primarily for overnight jail.
- E. A typical cost of a prison bed in a state or federal prison is \$20,000 per year.
- F. The cost of an emergency shelter bed funded by HUD's ESG (Emergency Shelter Grants) program is approximately \$8,067 more than the average annual cost of a federal housing subsidy (Section 8 Housing Voucher).

Because this project has the potential to impact other housing projects due to the possibility of dedicating Section 8 vouchers to the project, it has been suggested by other housing providers that the housing providers and advocacy community have the opportunity to meet with the Housing Authority non-profit to get a better understanding of this project as it evolves, and make recommendations. It is Council staff's understanding that this is not a typical approach taken for any of the organizations as they develop their proposals, but it has been suggested. Salt Lake City Housing Authority Director Rosemary Kappes indicates that she will be starting the process of checking in individually with housing providers and advocates soon.