

May 9, 2016

Audra Hamernik  
Executive Director  
Illinois Housing Development Authority  
401 N. Michigan Avenue, 7<sup>th</sup> Floor  
Chicago, IL 60611

Dear Ms. Hamernik:

We are writing in advance of IHDA's release of the National Housing Trust Fund (NHTF) State Allocation Plan. As a collaboration of organizations that believe in the power of supportive housing, we are excited to work with you to create housing opportunities for extremely low-income people using the National Housing Trust Fund (NHTF).

CSH, Housing Action Illinois, Chicago Coalition for the Homeless, All Chicago, and the Alliance to End Homelessness in Suburban Cook County work across the housing spectrum to ensure that people with extremely low incomes have access to safe, decent, and affordable housing. An important component of affordable housing is to support people with service needs to access and maintain housing who otherwise will experience homelessness or institutional settings.

As you know, NHTF funds are targeted at creating rental housing for extremely low-income households, including homeless households and people with disabilities. We recommend that Illinois target NHTF resources to people who are experiencing homelessness and in need of supportive housing so that it may prevent people from entering institutional care or continued involvement with public systems such as corrections and child welfare.

NHTF funding provides an opportunity to ensure there are resources going to people who are not yet involved in a court-mandated consent decree, but are impacted by the same issues as class members. This would complement existing IHDA policy priorities and operating resources that are court-mandated to serve people directly exiting institutional care into community-based housing. For example, the IHDA QAP has points for locating a project in Communities of Preference that are based on the Illinois consent decree data, and a point is awarded if a project is willing to take state-administered rental assistance, such as HUD 811 that is only for Olmstead-related consent decree class members.

As you know, people experiencing homelessness, particularly chronic homelessness, often engage with institutional settings like nursing homes, psychiatric hospitals and jails. While generally not covered by existing Illinois *Olmstead*-related consent decrees, people currently experiencing chronic homelessness are also protected by *Olmstead v. L.C.*, which requires states to eliminate unnecessary segregation of persons with disabilities and to ensure that persons with disabilities receive services in the most integrated setting appropriate to their needs.

IHDA can create housing for people currently experiencing homelessness and in need of supportive housing through the following required components of the 2016 NHTF Allocation Plan.

## **Priority Housing Needs of the State**

Prioritize NHTF resources towards projects that will provide supportive housing to individuals and families who are homeless. The universe of people who are experiencing homelessness disproportionately includes, but is not limited to: people with disabilities; people cycling in and out of public crisis systems like jail and substance abuse treatment; and/or or families with long histories of housing instability and child welfare involvement.

We recommend that NHTF-funded projects should demonstrate evidence of the appropriate partnerships to identify people experiencing homelessness through their local Continuum of Care. Because people who are experiencing homelessness generally have very minimal income, we also ask that the NHTF allocation plan should prioritize projects that will serve and set rents affordable for those under 15 percent AMFI.

The NHTF statute requires states to give priority in awarding funds to projects that have “merit”. The interim rule gives several relevant examples of “merit”, including the extent to which rents are affordable, especially for ELI households, and the extent to which they serve people with special needs.<sup>1</sup> States like Florida and New York have indicated commitments to use their NHTF dollars in supportive housing projects.

The 2015 HUD-mandated Point In Time counts conducted by Continuums of Care revealed that there are nearly 10,000 households in Illinois experiencing homelessness at any time—individuals, families, and youth, including those who may be Veterans and/or living with a disability.

Substantial bodies of research have shown that access to housing is essential for the effectiveness of other homeless services such as substance abuse treatment or job training and education. Supportive housing provides people with histories of homelessness, incarceration, and/or institutionalization with the services and supports they need to live successfully in the community. Prioritizing scarce housing resources towards those who are at risk of or experiencing homelessness is the best return on investment because of the savings to taxpayers within the health care, criminal justice, child welfare, and other public systems.

It should be noted that HUD clarified during its interim rulemaking process that a limitation or preference does not violate nondiscrimination requirements if the housing also receives funding from a federal program that limits eligibility to a particular segment of the population, and the limit or preference is tailored to serve that segment of the population. While most housing units that use NHTF will also use other federal housing resources, it should be noted that this language also applies to federal funding for services.

## **Leveraging**

1. We recommend prioritizing NHTF funding for projects that have commitments of services funding from other sources such as Medicaid (including health and hospital system partnerships), Continua of Care or VASH. Prioritization should also be given to projects that partner with other state agencies that serve supportive housing populations, such as State Medicaid agencies and departments of disability, mental and behavioral health, child welfare, and criminal justice, to ensure that the supportive services required to maintain housing stability are provided to residents.

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<sup>1</sup> See the changes to the ConPlan rule, 24 CFR 91.320(5)(i) for states and 220(l)(5)(A) for localities.

Of course, the limited amount of NHTF funding available means that NHTF funding will have to be used in conjunction with other funding sources to create units. Therefore, we also ask that IHDA:

- Ensure that supportive housing projects are competitive for Low Income Housing Tax Credits (LIHTC) based on incentives in the relevant Qualified Allocation Plan (QAP).
- Pair NHTF resources with operating assistance, including IHDA's Long Term Operating Support Program and NHTF money used as operating assistance, which allows residents to pay a fluctuating rent that represents no more than 30% of their income, and underwrite rents to a standard based on 30% of Area Median Income or lower.

Currently, federal regulations set a maximum rent for NHTF assisted units at 30% of the income of a household that makes 30% of the area median income or 30% of the federal poverty line, whichever is greater. Without deeper rental assistance, many residents of NHTF assisted units will be housing cost burdened, unable to afford key non-housing expenses such as food, child care, transportation, or health care. Nationally, in 87% of counties, the federal poverty line is higher than 30% AMI, sometimes as much as 50% AMI, weakening the deep income targeting provisions that makes the Trust Fund such a unique housing resource.

2. Regarding services funding, ELI households from all populations will benefit from access to high quality supportive services focused on staying housed, improving physical and mental health, increasing income and employment, and developing social and community connections. NHTF funding should be tied to identifying funding for services that are appropriate to the population to be served. Medicare and Medicaid, health and hospital systems, Veterans Affairs Supportive Housing vouchers, Continuum of Care resources, or state agencies like Human Services or Aging.

Cross-agency collaboration is particularly important when serving an ELI population because they may be frequent users of other public services, and providing affordable, service enriched housing may represent cost savings that could be reinvested in services funding. In addition, services help ensure that ELI households can thrive. Finally, many ELI populations want to work but have experienced barriers related to health, disability, criminal justice background, access to child care, or lack of skills that could put them on a path to family-sustaining work. Where appropriate, NHTF developers should be encouraged to show evidence of partnerships with workforce development agencies.

Roles, responsibilities and communication strategies should be clearly established among the supportive housing partners, codified in written agreements and revisited regularly. Evidence based and promising practices for supportive services should be utilized, and partners should engage in continuous quality assurance processes.

We also want to use this letter to make two additional recommendations we believe are integral to successful permanent supportive housing projects.

### **Community Integration**

Integrating ELI units into the community is a very important consideration for NHTF implementation. A number of federal directives, including HUD's guidance on Affirmatively Furthering Fair Housing and state Olmstead mandates, provide guidance for housing organizations. However, it is important to ensure that NHTF funded units define integration with respect to the population to be served. Project-level

integration, such as targeting 25% of the units in a LIHTC development to ELI households, is one way. Community integration, such as a 100% supportive housing building with intentional connections to the community, is another method that has been used successfully. In all cases, the housing units should meet tenant needs for privacy, and facilitate community interaction.

Housing should be located near public transportation, including options for night and weekend availability, or assist tenants with transportation alternatives. The housing should be located in neighborhoods that facilitate access to amenities that are appropriate to the population being served. For example, schools are an appropriate amenity when serving families, but may create cost and transportation barriers for projects that propose to serve single adults.

Since the NHTF focuses on creating new units of ELI housing, plans should ensure that physical accessibility concerns are accommodated in common rooms and public spaces, and that the housing meets or exceeds the minimum number of accessible units required by federal, state, and local laws.

### **Eliminate Barriers**

While this letter has discussed many ways of eliminating typical barriers to housing for our most vulnerable neighbors, such as rental assistance and services, it is essential that developers and allocating agencies remain flexible and address barriers to housing as they arise. Currently, HUD's interim rule states that a tenant can only be evicted for "good cause;" however, in serving homeless populations, more protections are frequently needed. HUD has provided relevant guidance for multifamily landlords implementing a homeless preference.<sup>2</sup> Providers should keep in mind that ELI households may have criminal records related to ongoing struggles of poverty, addiction and/or mental illness, and ensure that their policies do not exclude people except in extreme circumstances. NHTF funded units should take a "housing first" approach and not require residents to meet any standards for tenancy that non-supportive housing units do not require. Case managers are there to help if issues arise. Finally, in cases where eviction is necessary to preserve the health and safety of other residents, providers should be required to document that measures were taken to avoid this final step and that service providers were consulted.

### **Conclusion**

We are excited to work with you to create housing opportunities that provide the best possible opportunity for the most vulnerable Americans to use housing as a platform for stability in other areas of their lives. While this requires strong interagency partnerships, the NHTF can boost the effectiveness of existing interagency work by bringing it to scale.

CSH has produced additional resources on all of these points that are available at [www.csh.org](http://www.csh.org) and they are happy to discuss additional work to develop the necessary partnerships and capacities in your state. CSH also offer predevelopment and other loans to help supportive housing projects through the development process.

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<sup>2</sup> <https://www.hudexchange.info/resources/documents/Opening-Doors-Through-Multifamily-Housing-Toolkit-for-Implementing-a-Homeless-Preference.pdf>

Sincerely,

  
Betsy Benito, Director, Illinois  
CSH

On behalf of

Bob Palmer, Policy Director  
Housing Action Illinois

Jennifer Hill, Executive Director  
Alliance to End Homelessness in Suburban Cook County

Doug Schenkelberg, Executive Director  
Chicago Coalition for the Homeless

Consuella Brown, Vice President of Programs  
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