

MIDD 2 Initiative RR-03: Housing Capital and Rental

How does the program advance the adopted MIDD policy goals?

This program primarily addresses the adopted MIDD policy goal of “divert individuals with behavioral health needs from costly interventions, such as jail, emergency rooms, and hospitals.”

The initiative will provide a dedicated source of capital funding for the creation of housing units specifically set aside for the behavioral health needs of populations struggling with mental health and substance use disorders (SUDs) who are homeless or being discharged from hospitals, jails, prison, crisis diversion facilities, or residential chemical dependency treatment. Dedicated housing for this population decreases homelessness, the need for medical care/hospital stays and jail time.

It also supports housing stability by investing in rental subsidies individuals living in existing supportive housing settings.

1. Program Description

◇ A. Service Components/Design (Brief)

Supportive housing with services targeted to people with behavioral health conditions will feature, as much as feasible, a Housing First approach. Housing First is a homeless best practice, designed to create a stable environment where households can address their health issues while receiving additional employment and stable housing services.

Capital funding to create housing is paired with service funding to ensure success of those being housed. While the level of service may vary, for most households facing behavioral health conditions, some level of services will be required for success.

Permanent supportive housing is the most service-enriched housing environment. Many individuals and households with persistent mental illness and/or chronic addiction need this high intensity level of services. Although costly, permanent supportive housing is still more cost effective when compared to homelessness and frequent hospitalization and/or incarceration.

A portion of funds under this initiative will also be used to continue rental subsidies in existing supportive housing projects. These were supported by MIDD 1.

◇ B. Goals

The primary focus of this initiative is the creation of housing – to be paired with services through companion MIDD 2 initiative Housing Supportive Services, Medicaid-supported housing funding, and/or other sources – to support extremely low-income households with

mental illness and/or substance abuse issues.¹⁰⁹ This initiative will serve extremely low-income populations below 30 percent of the area median income struggling with mental illness and/or SUDs who are likely to be predominantly homeless.

In addition to creating new housing, a portion of this initiative supports housing access by providing rental subsidies for individuals in existing supportive housing settings.

◇ *C. Preliminary Performance Measures (based on MIDD 2 Framework)*¹¹⁰

1. *How much? Service Capacity Measures*

The number of individuals to be served by capital investments from this initiative will vary depending on which projects are funded. The number of ongoing rental subsidies to be provided will be determined based on available funding for this purpose, as well as market factors.¹¹¹

2. *How well? Service Quality Measures*

- Improved wellness self-management
- Increased housing stability

3. *Is anyone better off? Individual Outcome Measures*

- Reduced unnecessary incarceration, hospital, and emergency department use

◇ *D. Provided by: Contractor*

Capital funding will be disbursed to housing developers via RFPs administered by King County. Capital funds from MIDD will be paired with capital investments from other funders, and will be linked to services appropriate to each project's target population.

Rental subsidies are contracted by BHRD to supportive housing provider(s).

2. Spending Plan

This spending plan shows estimated amounts and expected categories for MIDD 2's recommended contribution to housing capital and rental subsidies.

Estimated costs below are expected to be adjusted depending on market factors and/or as specific capital project opportunities arise.

¹⁰⁹ A key consideration for this initiative is the connection between housing capital and service funding. Neither service dollars nor capital funds alone can produce the amount of successful supportive housing required to reduce the incidence of homelessness. To be successful any housing dedicated to MIDD populations must include services.

¹¹⁰ Throughout 2017, review and refinement of Results-Based Accountability (RBA) performance measures for MIDD 2 initiatives will be conducted whenever applicable, in consultation with providers. Updates to performance measures that may result from this collaborative process will be reported in the next MIDD Annual Report in August 2018.

¹¹¹ During MIDD 1, 25 rental subsidies were provided for supportive housing.

Year	Activity	Amount
2017	Capital investments for new permanent supportive housing units for people with behavioral health conditions; and rental subsidies for people with behavioral health conditions	\$2,393,584
2017 Annual Expenditure		\$2,393,584
2018	Capital investments for new permanent supportive housing units for people with behavioral health conditions; and rental subsidies for people with behavioral health conditions	\$2,455,816
2018 Annual Expenditure		\$2,455,816
Biennial Expenditure		\$4,849,400

3. Implementation Schedule

◇ A. Procurement and Contracting of Services

Following existing processes for capital projects, MIDD funding under this initiative for capital projects will be allocated to the King County DCHS Housing Finance Program (HFP) immediately in January 2017, with RFPs for project developers to be released in third quarter 2017 and awarded in fourth quarter 2017, including specific housing set-aside commitments for funded projects.

The HFP and BHRD program staff will review all capital proposals received through the RFP to determine the capacity and experience of the housing developers and service providers, as well as the financial feasibility of each project. The number of proposals received each year will vary, so the number of projects awarded capital MIDD funding will also vary annually.

Awards will be made based on availability of all funding provided from King County as well as the developer's ability to secure any and all additional capital funding from all other sources, such as other state and local funding.

King County DCHS is moving toward a targeted capital affordable housing allocation process. Rather than publishing a general request for proposals (RFP), over several years DCHS will shift the RFP process to one that solicits proposals for specific projects. MIDD funds will be included in this process.

Contract negotiation timing for capital projects will depend on how quickly other funding is secured, including other capital funding and service funding via MIDD and/or other sources. In general, negotiated contracts are in place within six months of award.

Rental subsidy funding will continue to be disbursed by BHRD via contract to supportive housing provider(s).

◇ *B. Services Start date (s)*

Rental subsidies have continued without disruption beginning in January 2017.

Services for clients will begin when housing projects are built, and paired supportive services are in place.

This process will be completed at least annually in order to continue to fund additional units and projects in future years.

4. Community Engagement Efforts

The Housing and Community Development Program follows an existing stakeholder process to notify potential applicants of available funding. Typically, fund availability is announced in May of each year at a stakeholder meeting. Interested applicants are then required to meet with Housing Finance Program staff prior to submitting applications. For targeted fund sources such as MIDD, HFP and BHRD staff may do focused outreach to providers to ensure that competitive applications are received as part of the RFP process.