

HOUSING HEALTH

Innovations in the Field

Using Health Care Savings
to Construct Supportive
Housing in New York

By Janet Viveiros
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Type of Development

66-unit multifamily supportive and affordable housing development

Partners

Volunteers of America - Greater New York and The Housing Collaborative, LLC

Major Funding Sources

\$12.1 million from Equity Capital

\$4.7 million grant from the Homeless Housing Assistance Program

\$2.9 million Medicaid Redesign Team capital loan

\$2.7 million of tax-exempt bond loans

Development Costs

\$24.2 million total

Cover photo: The Creston Avenue Residence.

In 2012, New York State began reforming the way the state delivers and pays for health care for Medicaid beneficiaries in order to offer high-quality health care to low-income individuals at lower cost. The state is using a Section 1115 Medicaid demonstration waiver to adapt its Medicaid system in a way that will increase focus on community-level collaboration and care coordination. This shift is expected to both improve the health of Medicaid beneficiaries and reduce the use of hospitals to deliver basic care. These reforms are estimated to result in a \$17.1 billion reduction in Medicaid expenditures over five years. The state is using \$8 billion of the anticipated savings to invest in several initiatives that support the health and wellbeing of Medicaid beneficiaries. One of these is the Supportive Housing Initiative implemented by the Medicaid Redesign Team (MRT), a group of stakeholders and experts guiding the state Medicaid reform process. The Initiative, through capital funds and operating subsidies, constructs or rehabilitates supportive housing designed for high Medicaid utilizers.

Creston Avenue Residence

The Creston Avenue Residence is the first supportive housing project to open using MRT capital funds. Volunteers of America - Greater New York (VOA-GNY) and The Housing Collaborative, a non-profit service-enriched affordable housing developer, are co-developers and co-owners of the Creston Avenue Residence, with management and services provided to residents by VOA-GNY.

The project is a 66-unit multifamily building that includes:

- ▶ **21 units** of permanent supportive housing for formerly homeless single adults with a mental illness, subsidized by MRT funds.
- ▶ **21 units** of permanent supportive housing for formerly homeless families headed by an adult with a mental illness, subsidized by New York State Office of Mental Health funds.
- ▶ **Eight units** of permanent supportive housing for formerly homeless veterans, subsidized by Veterans Affairs Supportive Housing (VASH) project-based vouchers.
- ▶ **16 units** for households with income at or below 60 percent of area median income, subsidized by the Low Income Housing Tax Credit (LIHTC).

The Creston Avenue Residence has 24-hour staffing and security and offers on-site supportive services, including case management, substance abuse counseling, and recreational activities for residents of the permanent supportive housing units.

◀ A unit in the Creston Avenue Residence.



Opportunities

While historically there has been consistent political support to expand supportive housing in New York State, the addition of MRT funds as a source of capital makes it more feasible for developers to include supportive housing units in new projects, since supportive housing units serving extremely low-income households require extensive subsidies.

Supportive housing advocates made the case for inclusion in Medicaid reform planning.

In the initial conversations in New York State about Medicaid reform, advocates at the Supportive Housing Network of New York (SHNNY) “pushed themselves to the table and convinced social service practitioners that it would be beneficial to peel off MRT money for capital funds for supportive housing,” according to Robert Sanborn, principal of The Housing Collaborative. Many of the Medicaid reform stakeholders were open to experimenting with new ways of thinking about health care for low-income individuals, but the involvement of supportive housing in thinking about health care was still a major “paradigm shift,” in Sanborn’s words. Advocates at SHNNY effectively educated other stakeholders about the role that supportive housing plays in promoting healthy lifestyles among low-income individuals and families and improving the wellbeing of homeless individuals.

Data collection and analysis to evaluate impact. As part of the MRT program, New York State will evaluate health service utilization and the costs of residents living in units subsidized by MRT funds to determine the cost effectiveness of the state’s investment in housing and evaluate any improvements in resident health. Data on the effectiveness of investment in supportive housing in reducing Medicaid costs will help to expand political support for funding supportive housing construction and operation, and lead to additional resources being made available for supportive housing. It is too soon to report on outcomes for



Family returning home to the Creston Avenue Residence.

residents of Creston Avenue; however, Brian Bardell, Assistant Vice President of NYC Specialized Housing and Veterans Initiatives at VOA-GNY, notes that anecdotally, the impact has been “remarkable.” According to Bardell, there have been almost no reported episodes of police contact or emergency health service requests at Creston Avenue since the building leased up in December 2014. In comparison, other supportive housing buildings operated by VOA-GNY typically see about 5-20 incidents a month. Bardell believes this difference is due in part to “the dynamic of the mixed-income buildings. There is stability and normalcy in the living environment because there’s a mix of residents in the building, and well-trained staff facilitate positive, stable relationships.”

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Outdoor space for residents.

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Challenges

Layering financing and grants to make the project feasible.

In securing MRT funds for the Creston Avenue Residence, the developers were able to make the mixed supportive housing and affordable housing project financially viable. The MRT funds allowed the developers to dedicate space in the building for community purposes and for offices where social workers can provide on-site supportive services to residents. Without the gap financing provided by the MRT funds, the Creston Avenue Residence project with supportive housing units would not have been feasible. However, even with the MRT funds, the project took several years to plan and required multiple grants along with other sources of funding in order to make units affordable to homeless individuals and families.

Complying with the regulations of various state and federal agencies to utilize several government funding sources.

Several different state and federal agencies issue grants and funding for supportive housing construction and operating subsidies, and this creates a large administrative burden for supportive housing providers when applying for funds and also in complying with the various regulations attached to those funds. Agencies often have diverse aims and objectives, and supportive housing providers must align their work with the various funder goals. Different agencies can require different tenant eligibility forms and require different levels and amounts of property inspection. Accordingly, Creston Avenue is accountable to HUD and the VA for compliance with their regulation of HUD-VASH vouchers, the state Homeless Housing and Assistance Program for MRT Funds, and the state housing finance agency for the LIHTC.

PHOTOS: Ari Burling, courtesy of Magnusson Architecture & Planning



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