

## HOMELESSNESS

For the purpose of this report, homelessness will represent the segment of the population not being served by the general housing market due to a variety of economic and non-economic barriers. This population includes those who are **unsheltered**, in emergency shelter (**sheltered**), in transitional housing or permanent supportive housing (**housed**) who are still at risk of becoming homeless. Traditionally this segment has been served by a system of non-profit service providers and local, state, and federal funding programs that work to help people up the ladder from unsheltered, to shelter, to transitional housing, and eventually to permanent housing either in the general housing market or in permanent supportive housing if additional social services are needed. Because of the high level of intervention, this system does not operate as a market where supply and demand get balanced out through prices and vacancy. Rather, this is a system where service providers and governments respond to demand by increasing supply at specific rungs of the ladder and for specific subgroups of families, individuals, or those in need of specialized services.

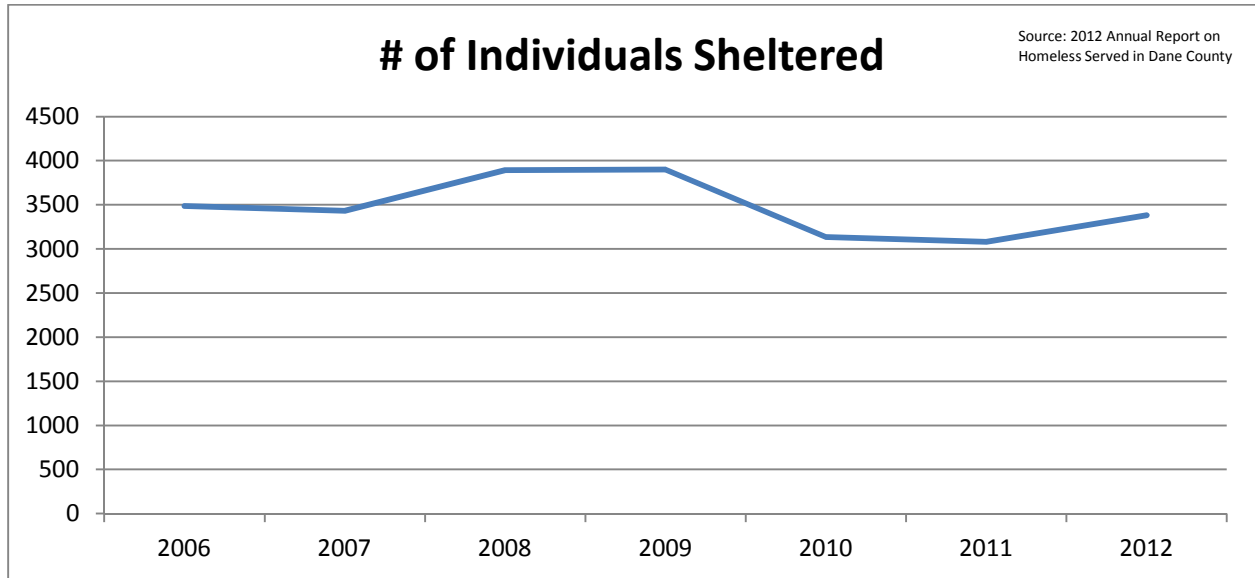
## DEMAND

Because of the inherently unstable nature of this population's housing status, measuring demand is difficult and not well captured by Census measures. Instead, primary demand for housing for the homeless can be measured in two ways, the **number of people served annually by our shelter, transitional and permanent supportive housing system** and the **number of people counted by a point in time survey of individuals in shelter or on the street in a single night**. Data from the shelter system have the advantage of providing a full year picture of demand, however it does not include individuals who remain unsheltered. Data from the point in time have the advantage of capturing both sheltered and unsheltered individuals as well as approximating "peak demand" for a single day of the year. Both sources rely on the work of volunteers and staff as well as the willingness of individuals to self-report their status. These measures do not capture individuals that are in temporary housing situations (self paid hotels, doubling up with others).

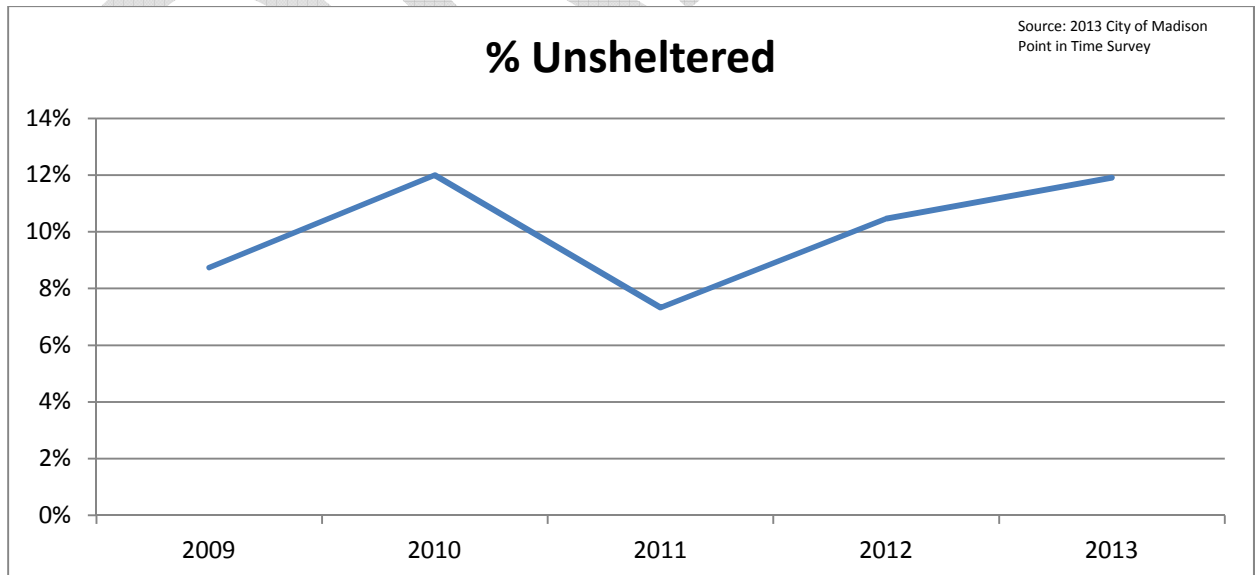
The demand factors explaining reasons for homelessness are complex, the most obvious being insufficient income to afford housing. Beyond economic factors, addictions, mental illness, threat of violence and poor physical health often contribute to a person's inability to maintain housing. For this reason, the homeless population must be analyzed as subgroups of singles and families as well as economically disadvantaged and those with mental health, addiction, or disabilities, each with their own unique demand factors. For this reason, there are no simple solutions for helping those served by shelter programs to obtain and maintain permanent housing.

POPULATION GROWTH

In 2012, 1,661 individuals were housed in Dane County transitional or permanent supportive housing. At the same time, 3,382 individuals stayed at least one night in a Dane County shelter or motel rooms paid for by vouchers from the shelter programs. **Over the last seven years, this number has held relatively steady between 3,000 and 4,000.** This number does not capture how many individuals moved out of shelter to more permanent housing or did not enter the shelter system and instead went unsheltered or directly to transitional or permanent supportive housing.

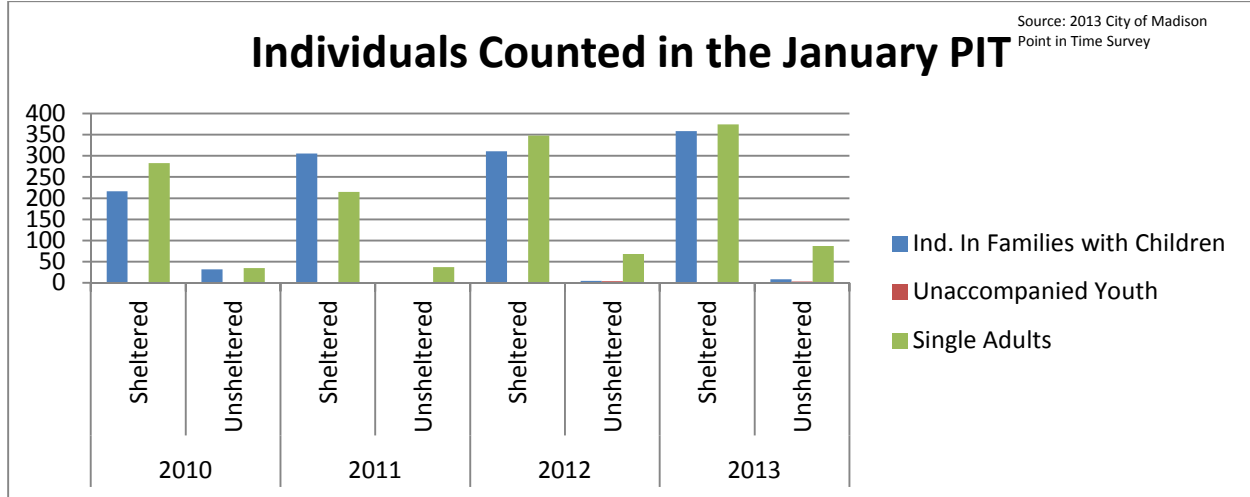


While we do not have reliable annual data on the number of unsheltered individuals, from a point in time (PIT) surveys taken annually on a single night in January to 2013 that **on average the unsheltered population is 10% of the sheltered population.**



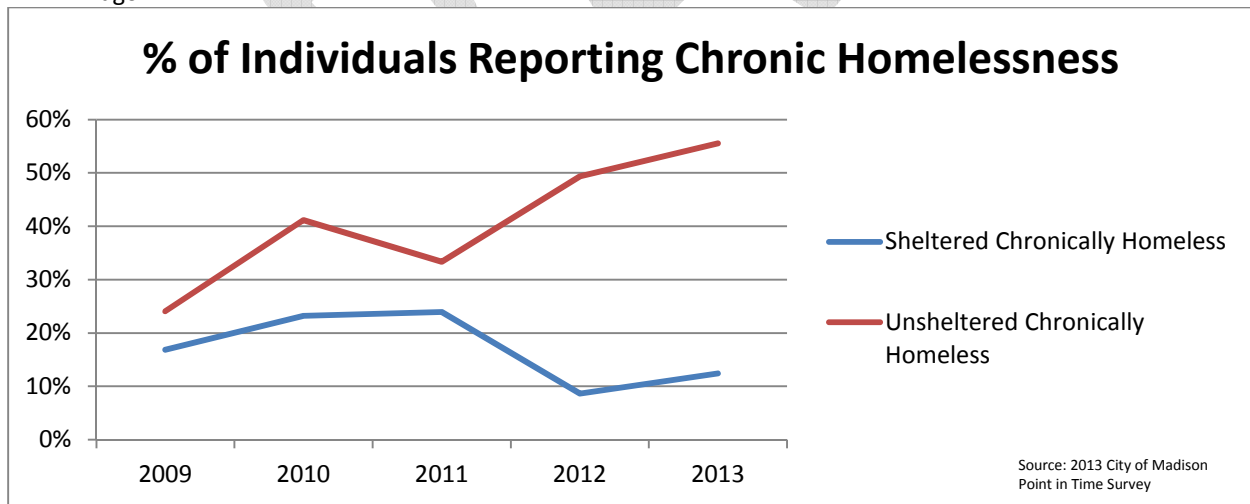
We know that in the January 2013 PIT that 99 homeless individuals were unsheltered including:

- 3 families (9 individuals in families)
- 3 unaccompanied youth
- 87 single adults
- 55 adults are considered chronically homeless



While it is difficult to derive growth trends from PIT surveys because it is a snapshot of the market and factors such as the weather can have a large effect, three growth trends emerge:

- Overall peak demand has seen relatively steady growth
- The unsheltered population has seen sustained growth in adults and a reduction in families
- The unsheltered population is twice as likely to report being chronically homeless compared to five years ago



Additionally, **prior to seeking shelter**, the following reported being unsheltered (sleeping on the street or in a vehicle):

- 476 (35%) single men
- 54 (10%) single women
- 47 (11%) families

**The number of single men who slept in uninhabitable places (476) increased from 397 men in 2011, the highest reported number since data started being collected in 2000.**

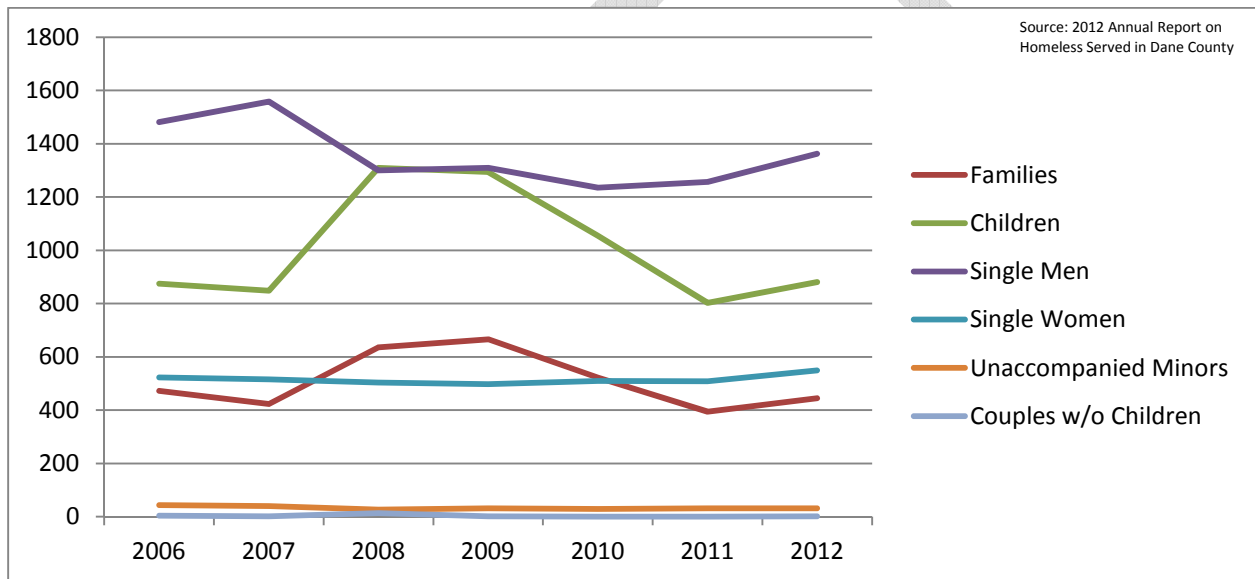
HOUSEHOLD SIZE

The homeless population consists of a variety of household sizes and types, each with a different housing need and demand. As a result of these differences, housing for some groups does not mix well with others and cannot serve as a substitution for one another. For example, housing for single adults may not mix well with children and while single room occupancy units can serve individuals, they cannot serve families.

In 2012, our shelter system served:

- 1,436 people in families (445 families with 881 children under 18 years of age) (42%)
- 1,362 single men (40%)
- 549 single women (16%)
- 31 unaccompanied youth under the age of 18 (1%)
- 2 couples without children (<1%)

While single men have consistently made up the largest group, there was a clear surge in shelter usage by children and families during the recession of 2008-2009, which has since ebbed to pre-recession levels.



## BACKGROUND

- Most individuals who stayed in a shelter reported that they have **lived in Dane County for more than one year** including:
  - 67% of the individuals in families
  - 64% of single women
  - 69% of single men
- Few individuals who stayed in shelter reported **living in Dane County for less than one month** including:
  - 3% of families
  - 1% of single women
  - 1% of single men
- 80% of people in shelter described themselves as **non-white** including:
  - 79% of families
  - 49% of single women
  - 48% of single men
  - 68% of unaccompanied youth
  - African Americans made up the largest group
- 7% of households in shelter indicated that a member was a **veteran**
  - 1% of families
  - 1% of single women
  - 11% of single men
- Few individuals who stayed in shelter reported **probation or parole** including:
  - 2% of families
  - 2% of single women
  - 11% of single men

## INCOME

While the majority of homeless individuals lack the income necessary to afford permanent housing, many do have a source of income. Individuals housed in transitional and permanent supportive housing have access to case management services to connect them with employment and social service funding. Sheltered individuals have a greater challenge with this but still report:

- For **families**
  - 22% reported earning wages at the time of entering shelter
  - 26% received SS/SSI/SSDI
  - 26% received income from W-2 or TANF from another state
  - 14% reported no income
  - 12% reported other sources
- For **single women**
  - 18% receive income from wages
  - 37% received SS/SSI/SSDI
  - 33% reported no income
  - 12% reported other sources
- For **single men**
  - 19% of reported earning wages at the time they entered shelter
  - 23% received SS/SSI/SSDI
  - 38% reported no income
  - 20% reported other sources

## IMPEDIMENTS TO HOUSING

While a majority of homeless individuals do report a source of income, it is often insufficient to obtain adequate housing. **The low vacancy rate and relatively high cost of housing in the City of Madison presents a particularly high hurdle to securing permanent housing.** Service providers report that even individuals who have secured steady employment or housing assistance are unable to find rental housing due to the competition from other potential renters with higher incomes and stronger rental histories. This trend has been exacerbated by recent changes to state law including:

- Landlords can require tenants to make three times the amount of their rent in income, or apply other minimum income standards
- Landlords may deny people housing based on an arrest or conviction record, no matter how old and even if it has nothing to do with housing
- Landlords can require tenants to provide their social security number
- Security deposits will no longer be limited to one month's rent

While a lack of income is certainly a major impediment to housing for the homeless population, individuals seeking shelter report a wide variety of explicit non-income factors for seeking shelters and non-income underlying factors.

Explicit factors include:

- 36% of families reported the reason for seeking shelter was the **“threat or fear of violence”**
- 20% of single women reported that the **“little or no income”** as the reason for seeking shelter with the next highest percentage (16%) reporting **“conflicts with family or roommates”**
- 94% of unaccompanied youth reported **“conflicts with family or roommates”** as the reason
- In 2012, 24% of single men, 27% of families and 43% of single women served by shelter reported **mental health issues** and 23% of single men, 5% of families and 14% of single women and reported **alcohol and other drug abuse issues (AODA)**

Individuals reporting AODA, mental health, and chronic medical conditions consistently make up a significant portion of the population being served by shelter. However, at the same time there has been a general increase in the unsheltered population reporting AODA and mental health issues as reported through point in time surveys. These trends are also reflected in interviews with service providers who note that **there has been a growing population of unsheltered single adults with higher rates of AODA, mental health, and chronic health issues that are not transitioning through the shelter, transitional, and permanent supportive housing system and instead become chronically homeless.**

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## TRENDS

Based on the data provided by the shelter, transitional and permanent supportive housing system, the point in time surveys, and interviews with service providers, three general demand trends emerge:

- Overall demand and volume of individuals entering the system has stayed relatively consistent over the last seven years, with a high point during the 2008-2009 recession
- Those whose housing status is largely a result of income, abuse, or conflict with family/roommates face increasing barriers to reenter the general housing market due to:
  - High cost of housing in Madison
  - Low vacancy rate
  - Tightening of landlord-tenant law
- There has been an increase in the unsheltered population composed of
  - Single adults
  - Those with underlying AODA, Mental Health, or Chronic Illness

## SUPPLY

Housing for the homeless is provided through:

- Shelters
  - Overnight sleeping accommodations for homeless to provide temporary shelter
  - Characterized by shared sleeping, dining, and bathroom facilities
  - 60 night limit for single adult night-time only shelter use per person, per year (no provision for daytime storage). A cold weather exemption goes into effect for nights that are 20 degrees or less, with wind chill.
  - Individuals clearly exhibiting negative behavior as a result of being under the influence of alcohol or other drugs are not be allowed into the shelter
- Transitional Housing
  - Housing and supportive services to facilitate movement to independent living within 24 months
  - Often characterized by shared or private sleeping facilities and shared dining and bathroom facilities
- Permanent Supportive Housing
  - Long-term housing with supportive services for homeless persons with disabilities or for housing individuals and families in rapid re-housing programs
  - This type of supportive housing enables special needs populations to live as independently as possible in a permanent setting
  - Often characterized by private sleeping and shared or private dining and bathroom facilities

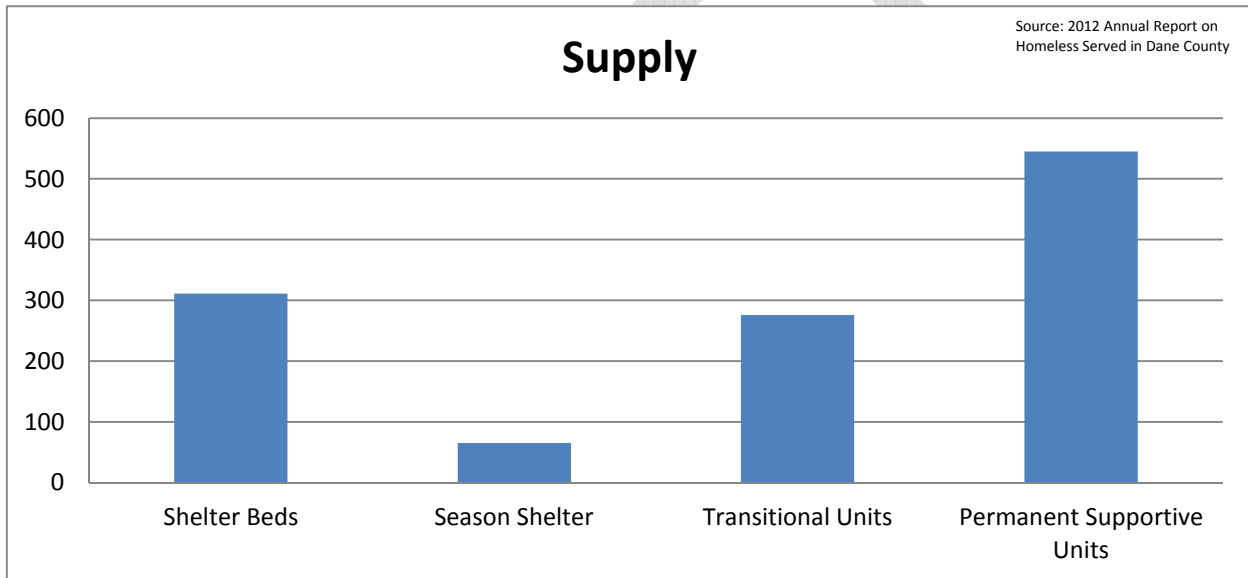
In the City of Madison, housing for the homeless is primarily provided by not for profit entities that serve as the landlord as well as supportive services provider in some cases.



**SUPPLY GROWTH**

According to the Community Development Division’s 2013 Housing Inventory, the market consists of:

- Shelter
  - 311 Shelter beds in 9 programs
  - 65 seasonal and overflow shelter beds
- Transitional Housing
  - 155 units of transitional housing for homeless families
  - 121 units of transitional housing for homeless single adults
- Permanent Supportive Housing
  - 125 units of permanent supportive housing for homeless families only
  - 420 units of permanent supportive housing for homeless single adults only
  - 783 total units of permanent supportive housing

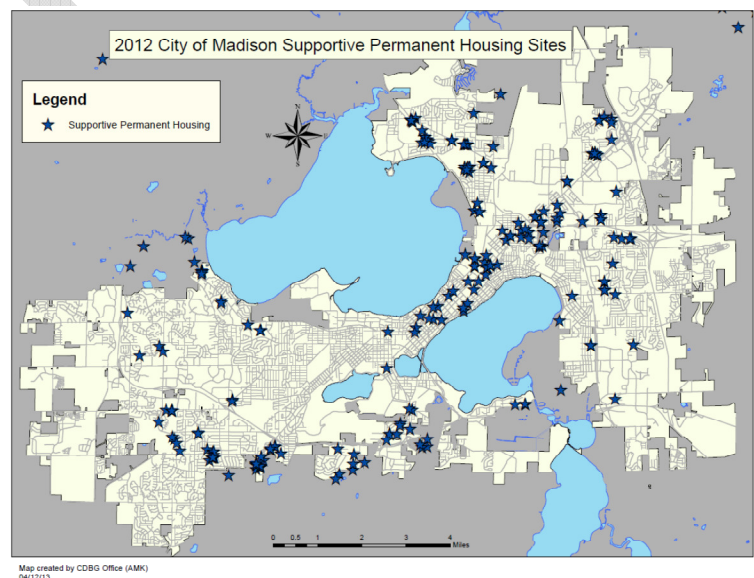
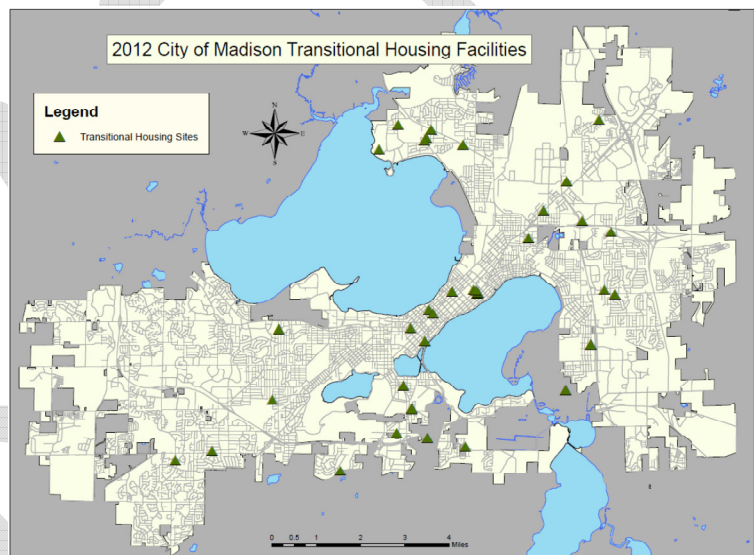
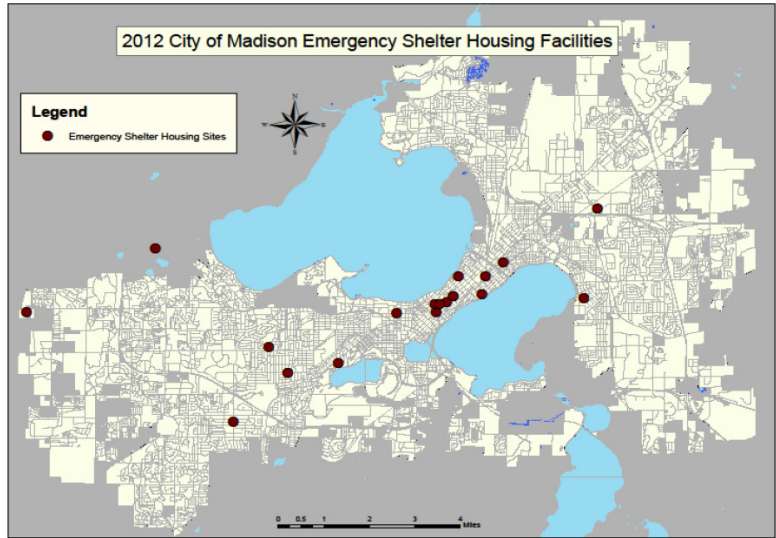


- No units of shelter were added in 2012
- 2 units of transitional housing for homeless single adults were removed in 2012
- 82 units of permanent supportive housing for homeless single adults were created in 2012
- 30 seasonal shelter beds for families added in 2013
- 15 seasonal shelter beds for single adults added in 2013

The Madison Consortium of Care has focused heavily on increasing the supply of permanent supportive housing with a goal of adding 15 units per year on average. The significant increase in supply in 2012 was the result of 5 years of planning, negotiations with the City, and a significant capital campaign. A low priority has been put on expanding the number of shelter beds with the exception of replacing Porchlight’s Safe Haven units.

## LOCATION

- Emergency Shelter locations are concentrated downtown and on the near east side
- Transitional housing locations are generally well dispersed with locations downtown and on the north, south and east sides
- Permanent housing locations are generally well dispersed with throughout the city with the exception of the near west side



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## RECENT ADDITIONS

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### PORCHLIGHT NAKOOSA TRAIL



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#### DEVELOPMENT

- Porchlight served as developer and operator
- Total cost of \$3,800,000 ~ \$80,000/unit
  - \$420,000 in land from the City of Madison
  - \$330,000 in federal HOME funds
  - \$120,000 in Continuum of Care funds
  - Private fundraising campaign

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#### DESIGN

- New Construction on greenfield site
- 14 SRO units with shared bathrooms or kitchens (SafeHaven Shelter)
- 34 Efficiency apartments with bathrooms and kitchens
- Located near public transportation
- Limited parking
- Energy efficient construction and onsite solar photovoltaic energy

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#### OPERATIONS

- Operations are subsidized through HUD funds for programs operating on site - Safe Haven, Partnership for Transitional Opportunities and Housing First
- Tenant pays 30% of income
- Targets homeless single adults with mental illness and AODA issues

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## THE ROAD HOME HOUSING AND HOPE



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### DEVELOPMENT

- The Road Home served as owner and operator
- Total cost of \$1,000,000 ~ \$66,666/unit
  - \$308,000 in federal HOME funds
  - Private fundraising campaign

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### DESIGN

- Rehab on infill site
- 12 2-bed, 2 3-bed, and 1 1-bed apartments
- Features office for on-site manager

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### OPERATIONS

- Operations are subsidized through an endowment
- Targets homeless families

## FINANCE/FUNDING

### NATIONAL

The majority of funds to house the homeless comes from the US Department of Housing and Urban Development (HUD) and flows through the City of Madison.

### CONSTRUCTION/REHAB

Because shelter, transitional, and permanent supportive housing inherently has no or reduced income streams, they are typically financed with high levels of equity rather than debt, if any traditional debt at all. Sources of financing include:

- HOME Funds
  - Nationally, \$950 million proposed for FY2014 budget, a \$48 million cut
  - The City of Madison received \$991,841 in FY2013
  - HUD funds awarded to state and cities for the creation of affordable housing
  - Deferred loan product
  - Administered by the City of Madison Community Development Division
  - Can be used in new construction and acquisition/renovation
  - Requires 90% of benefiting families have incomes under 60% AMI and in rental projects with five or more assisted units, at least 20% of the units must be under 50% AMI
  - Requires a match every dollar of HOME funds used (except for administrative costs) with 25 percent from nonfederal sources, which may include donated materials or labor, the value of donated property, proceeds from bond financing, and other resources
  - Requires units stay affordable for 20 years for new construction of rental housing
- Affordable Housing Tax Credits
  - The maximum award per development \$8,500,000 in credit, with no limit on the maximum number of units
  - In Wisconsin credits are awarded by WHEDA and converted to cash equity by a syndicating partner
  - After syndication, funds typically cover 80% of building cost
  - Expensive and difficult to use in small scale projects
  - Can be used for permanent or transitional housing, not shelter
  - Typically requires kitchens and bathrooms in units except in the case of SRO housing, which may share facilities
  - Can be used in new construction and acquisition/renovation
  - Requires occupants to earn less than 50% or 60% AMI
  - Requires property to stay affordable for 30 years
  - Requires property to pay property taxes
- Federal Home Loan Bank AHP
  - Typically \$6,000 per unit
  - Competitively awarded forgivable loan
  - Can be used for apartments, SROs, and transitional housing
  - Requires at least 20% of building occupants to earn less than 50% AMI

## OPERATIONS & RENT SUBSIDY

Because tenants have little or no income and require additional social services, operational costs and rents often need to be subsidized.

- Continuum of Care Funding
  - Nationally, \$40 million is proposed for FY 2014 budget for new projects
  - Competitively award HUD funding
  - ShelterPlus Care can be used for rental assistance for supportive housing for homeless people with disabilities and their families. The program allows for a variety of housing choices such as group homes or individual units, coupled with a range of supportive services (funded by other sources)
  - Can be used for new construction, acquisition, and renovation of existing housing
  - Dane County Homeless Services Consortium applied for and received over \$3 million in 2012
- Housing Choice and Project Based Vouchers
  - HUD rental assistance vouchers for tenants in permanent housing with incomes no greater than 50 percent of the area median income (AMI) and 75% of the authority's vouchers must go to residents under 30% AMI
  - Tenants pay rent equal to 30% of adjusted household income with the remainder paid by HUD
  - Can be used for housing of the recipient's choice or attached to the unit (project based) Administered by city and county housing authorities
  - Number of project based vouchers is limited to 20% of the housing authorities voucher allocation
  - Must be used for permanent rather than transitional housing
  - Must come from the housing authority's existing voucher allocation
- HUD - VASH
  - Locally 110 vouchers authorized for 2014
  - HUD-Veterans Affairs Supportive Housing (HUD-VASH) program combines Housing Choice Voucher (HCV) rental assistance for homeless Veterans with case management and clinical services provided by the Department of Veterans Affairs
  - Can be project based with HUD approval
  - Administered by city and county housing authorities with services provided by veteran organizations
- Section 811
  - Nationally, \$126 million proposed for FY2014 budget, a \$39 million cut
  - HUD rental assistance or capital advances for construction/renovation of units for persons with disabilities
  - Residents must be extremely low-income (within 30 percent of the median income for the area) with at least one adult member with a disability
  - Provides rental assistance for new or existing affordable housing developments funded by LIHTC, HOME, or other sources of funds
  - Under the state health care/housing agency partnership, the health care agency must develop a policy for referrals, tenant selection, and service delivery to ensure that this housing is targeted to a population most in need of deeply affordable supportive housing.
- Section 202
  - Nationally, \$400 million proposed for FY2014 budget, a \$26 million increase
  - HUD capital advances to finance the construction, rehabilitation or acquisition of structures that will serve as supportive housing for very low-income elderly persons
  - Provides rent subsidies for the projects to help make them affordable
  - Development must be operated by a private nonprofit and is not receiving a majority of its operational funding from the public body

## LOCAL

- Affordable Housing Trust Fund
  - City of Madison funded endowment for the creation of affordable rental and owner-occupied housing administered by the Community Development Division
  - Balance of over \$3 million with disbursements limited to 25% of the balance
  - Provides installment loans and grants to for-profit and non-profit housing developers for acquisition/rehab, new construction, and up to 15% for soft costs
  - Requires at least 60% of the funds eligible for disbursement annually be used to create units for occupants who earn less than 60% AMI
  - Requires occupants to pay no more than 30% of gross household income at 60% AMI in rent
  - Requires units stay affordable for 30 years
- Tax Incremental Financing (TIF)
  - City of Madison funded program that uses projected future increases in the property taxes from a defined area (TID) to subsidize redevelopment in that TID
  - Project must be located in a TID with a “generator” property that is sufficiently increasing the tax base
  - Project must prove that “but for” the subsidy the development would not occur
  - Affordable housing for renters under 80% AMI is an allowable use of funds
  - Can be used for capital costs but not for operating expenses
  - Project must pay property taxes
- Dane County
  - The Dane County Housing Authority has the ability as a PHA to partner and operate with the City of Madison to develop housing within city limits, a joint venture between the City of Madison and Dane County could share the development costs to create additional units
  - For 2013, Dane County added \$1.1 million in new funding to be used to acquire and open a day shelter on East Washington Avenue and address the need for SRO and cooperative housing

## CHALLENGES

- Demand for shelter exceeds the number of shelter beds
  - Limit on the number of stays per year
  - 1,035 individuals in families and 977 single adults were turned away from shelter in 2012
- Creation of permanent supportive housing supply does not keep pace with demand
  - ~15 units added per year
- Financing additional supply is difficult because it cannot support debt
  - Shelter is particularly difficult to finance and may not qualify for tax credits
- Shelter, transitional, and permanent supportive housing require ongoing subsidy as they do not generate significant cash flow from rent
- Siting is difficult
  - Neighborhood opposition
  - Concentrations of poverty
  - Need access to services
- With limited funds, shelter and permanent housing compete for resources

## SOLUTIONS

### LOCAL INITIATIVES

- Homeless Services Consortium Community Plan to Prevent and End Homelessness goals
  - Effective support services to homeless persons and those at risk of homelessness enabling them to access and maintain stable housing
  - A short-term safety net with a move to permanent housing as quickly as possible
  - Adequate inventory of affordable housing by developing new housing and making existing housing more affordable
- City of Madison “SRO” Project
  - The City of Madison in partnership with Dane County has issued an RFQ to identify a developer to create 100+ units of permanent supportive housing for homeless single adults
  - Capital budget authority for 2014
  - Relies on layering subsidy from local government, Section 42 tax credits, and Section 8 vouchers
  - Fund basic services through rents
  - Utilize high quality architecture and property management to integrate into neighborhoods
- Occupy Madison Tiny Houses
  - Volunteer built tiny houses on wheels that do not comply with building code but are allowed as temporary shelter
  - City ordinance to allow tents or other temporary shelters at religious institutions
- Dane County Cooperative Housing Project
  - Mad Community Coop 8-10 bedrooms for homeless youth (18-24)
  - RFP process



## NATIONAL MODELS

### PURPOSE-BUILT SHELTER



Whereas most emergency shelter in Madison is provided at facilities not designed as shelter (places of worship, gymnasiums) purpose-built shelter is designed to maximize safety and efficiency while reducing common points of conflict.

Common features include:

- Abundant showers and laundry
- Bedbug machines
- Covered and controlled entry and check in
- Custom bunk beds with built in electricity for phone and laptop charging
- Dedicated space for social service providers
- High quality HVAC, natural light,
- Separate “pay to stay” areas
  - More privacy
  - Beds reserved on a weekly basis
  - Early or late entry
  - Private lockers for daytime storage

Can be located in facilities combining day shelter, transitional, or permanent supportive housing.

## TARGET LARGEST USERS OF SERVICE/MOST CHALLENGED POPULATION

Whereas traditionally individuals move from shelter towards permanent housing based on a waiting list system or the achievement of stability, this model focuses on individuals with the greatest impediments to housing and would otherwise be the least likely to move towards permanent housing. Strategies include:

- “Wet” Housing
  - Shelter, transitional or permanent housing
  - Focus on harm reduction rather than sobriety
  - Often has a dedicated area for alcohol consumption
    - Alcohol is may or may not be allowed in rooms
    - Bags are checked and alcohol is stored at the front desk
- Prioritizing Frequent Users
  - Focus on moving top users of detox, emergency room, police, shelter, and other social services into supportive housing
  - Actively track users of service through combined reporting
  - Goal of reducing costs and strain on the overall system of services
- “Housing First”
  - Moves the homeless individual or family immediately from the streets or homeless shelters into their own units with rent subsidy.
  - Goal of meeting the primary need of stable housing before addressing other needs with services

## RAPID REHOUSING

Similar to Housing First, Rapid Rehousing aims to move individuals directly into stable housing. While the a number of area service providers currently employ this model, they have primarily targeted families rather than single adults.

- Target episodically homeless with moderate needs
- Focus on moving individuals into housing (shortening length of time in shelter), then deliver service
- Time limited, focus on increasing income or permanent subsidy

## PUBLIC PRIVATE PARTNERSHIPS

Traditionally providers have sought to develop or acquire housing units by owning entire buildings dedicated to housing homeless individuals. This model aims to integrate units for homeless individuals into larger private developments with market rate or lightly subsidized rents.

- Layer subsidy for new developments
- Fund basic services through rents
- Utilize high quality architecture and property management to integrate into neighborhoods

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## NEXT STEPS

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### SHORT-TERM

- Increase City and County Coordination
  - Link services to housing supply
  - Layer subsidy
- Secure additional cold weather emergency shelter
  - Backup to the backup for extreme weather events
- Move people out of shelter more quickly
  - Make shelter beds available for newly homeless

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### MEDIUM-TERM

- Research XXX national model for applicability in Madison
- Research XXX national model for applicability in Madison

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### LONG-TERM

- Set higher production goals
  - XXX units per year
- Develop broader set of housing options in the homeless system
  - Ex – Pay to stay, wet/harm reduction for chronic AODA
  - Increase coordination across providers for placement