

Housing First in Grand Forks

The Path to Permanent Supportive Housing



Final Report

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Part I: Assessing the Need for Permanent Supportive Housing

Homelessness in Grand Forks: A Growing Challenge

North Dakota's economic growth over the past decade has been the stuff of front page headlines. Driven by strength in the state's energy, agriculture, manufacturing and other core industries, the state has seen growing wages, low unemployment, and plentiful job openings over the past several years, drawing individuals from across the nation seeking a new start in the wake of the Great Recession.

Grand Forks has been no stranger to this newfound economic prosperity. The city has been one of the better-performing small metropolitan areas in the country.¹ Per capita income growth in the region is strong and the metropolitan area added 2,300 new jobs since September 2013, equating to 4.1% growth.² Job Service North Dakota reports several thousand job openings in the region.

With this economic growth has come a commensurate growth in population. While the rising economic tide has ushered in an era of relative prosperity for many citizens of Grand Forks and North Dakota, the side effects of rising costs, in-migration, and limited affordable housing options have created their share of challenges. Many individuals facing economic distress have flocked to the state seeking new opportunities in the region's relatively strong economic climate, enticed by stories of high pay and plentiful jobs. According to one housing official, "They're coming from all over because we have billboards everywhere saying 'come to North Dakota.'"³

While many individuals and families have been able to find a new start in North Dakota, many others have struggled upon arrival, creating new challenges for communities across the state including Grand Forks.

Between 2010 and 2014, U.S. Census estimates showed the city growing by approximately 6%. This growth has helped create a challenging housing market, driving up prices, and creating tight rental market conditions with vacancy rates as low as 2.3% in 2013. While the city has seen thousands of new apartment units brought online over the past several years in reaction to the region's growth, easing shortages and driving the vacancy rate to 6.6% in July 2015, rising rental prices for many of these units put them out of the reach of the community's more economically vulnerable members.⁴

"They're coming from all over because we have billboards everywhere saying 'come to North Dakota.'"

Poverty and Homelessness

According to the National Coalition for the Homeless, "Homelessness and poverty are inextricably linked. Poor people are frequently unable to pay for housing, food, childcare, healthcare, and education. Difficult choices must be made when limited resources cover only some of these necessities. Often it is housing, which absorbs a high proportion of income that must be dropped."

Grand Forks' 2014 poverty rate of 18.9% is at the national rate of 18.8% and it has increased over the past several years from a rate of 12.3% in 2010. This puts more individuals and families in an economically precarious position as housing prices rise in Grand Forks.

This increase in demand has placed stress on the Grand Forks housing market. The city's boom in multifamily development has occurred mostly on the city's growing south end and in higher-rent, multi-bedroom units. Combined with rising rents, this creates great challenges for individuals, including voucher holders, attempting to find affordable housing. The U.S. Census American Community Survey reports that just over 50% of renters in Grand Forks are paying 30% or more of their gross income on rent. According to the Census Bureau, "Housing expenditures that exceed 30 percent of household income have historically been viewed as an indicator of a housing affordability problem."⁵ Given this standard, a majority of the city's renters are living in unaffordable units.

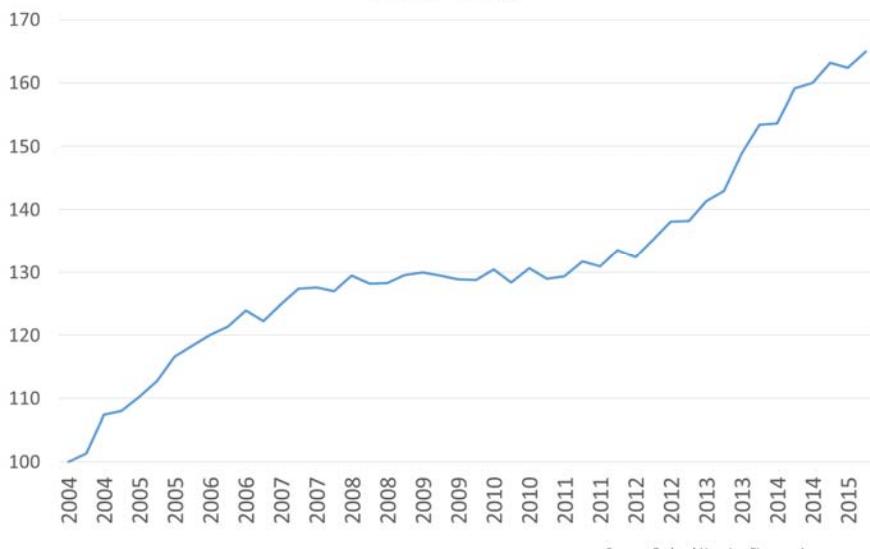
The unaffordable conditions faced in the Grand Forks market can also be seen in the limited number of affordable rental units available in the market.

According to the ACS, only 20.6% of rental units in the city are available at rents below \$500 per month, and only 4.5% are available at rents below \$300. Meanwhile, median gross rents have risen to \$682, a rate out of the reach of economically vulnerable individuals. Fair market rents in the county for a one bedroom apartment are currently set at \$620, making vouchers ineffective for the vast majority of apartments in Grand Forks.

Construction of single family homes in Grand Forks has remained flat for several years. Strong demand for single family homes has led to a steady increase in home prices, particularly in low-to-middle-market homes. In the months of May-October 2015, the median home price in Grand Forks hovered between \$187,000-244,000. The Federal Housing Finance Agency's housing price index for the Grand Forks Metropolitan Area (Grand Forks and Polk Counties) is up 24% since January 2012.

Grand Forks Single Family Housing Price Index

Q1 2004 - Q2 2015



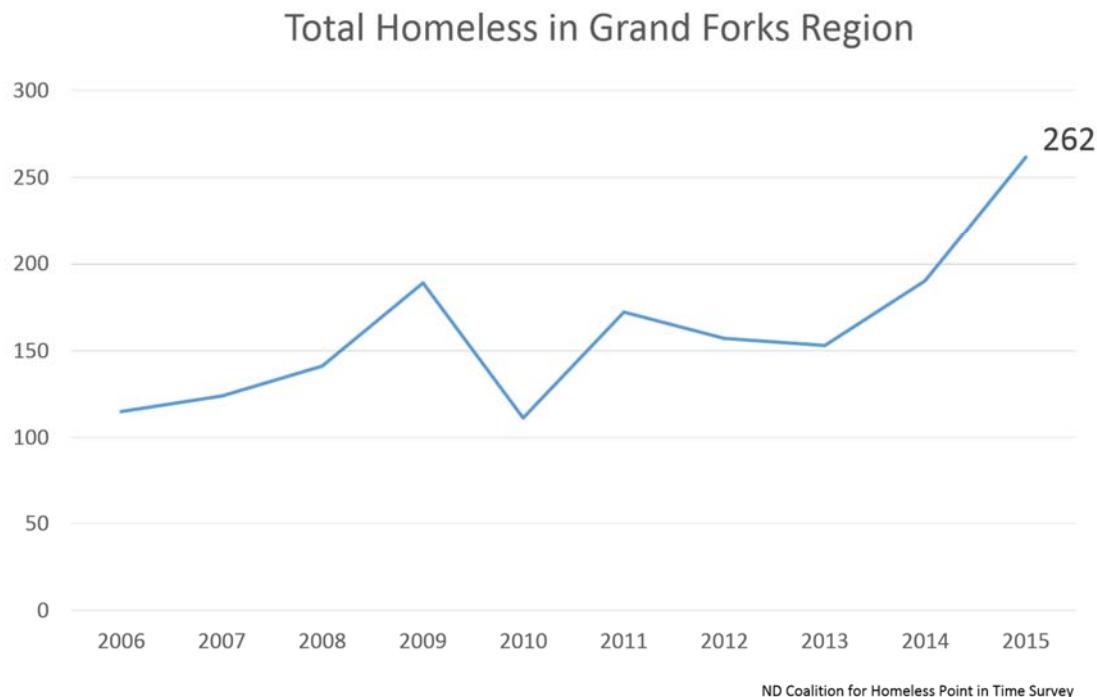
Source: Federal Housing Finance Agency

The Rise of Homelessness in the Region

The influx of individuals and families facing economic challenges has helped drive homelessness in the state to record levels as those unable to find work or housing and with limited resources have found themselves with no place to turn. Between 2013 and 2014, North Dakota saw a 200% increase in homelessness.⁶ This placed the state's homelessness rate at 28.6 homeless people per 10,000, well above the national average of 19.7. While increased rates of homelessness have been particularly pronounced on the west end of the state, communities in eastern North Dakota have not been immune. Data collected by the North Dakota Coalition for the Homeless shows that homelessness in the Grand Forks area increased by nearly 75% between 2013 and 2015. Anecdotal evidence from local service providers confirms the survey's findings of a marked increase in homelessness, and several downtown business owners noted a significant rise in homeless individuals present in downtown Grand Forks.

This rise in regional homelessness has only added to the existing challenges facing communities in North Dakota. Even before the boom years, Grand Forks had faced a local homeless population well over 100 individuals, with potentially many more going uncounted due to the methodology utilized. An influx of new homeless, combined with the existing regional homeless population, has led to a situation where "those agencies that do have service to provide are finding themselves greatly overtaxed" according to Michael Carbone of the North Dakota Coalition for Homeless People.⁸

While many of the region's homeless are only temporarily without shelter due to short term economic distress or housing challenges, there are those in the local homeless population that meet the definition of being chronically homeless. These are individuals with "a disabling condition who [have] been



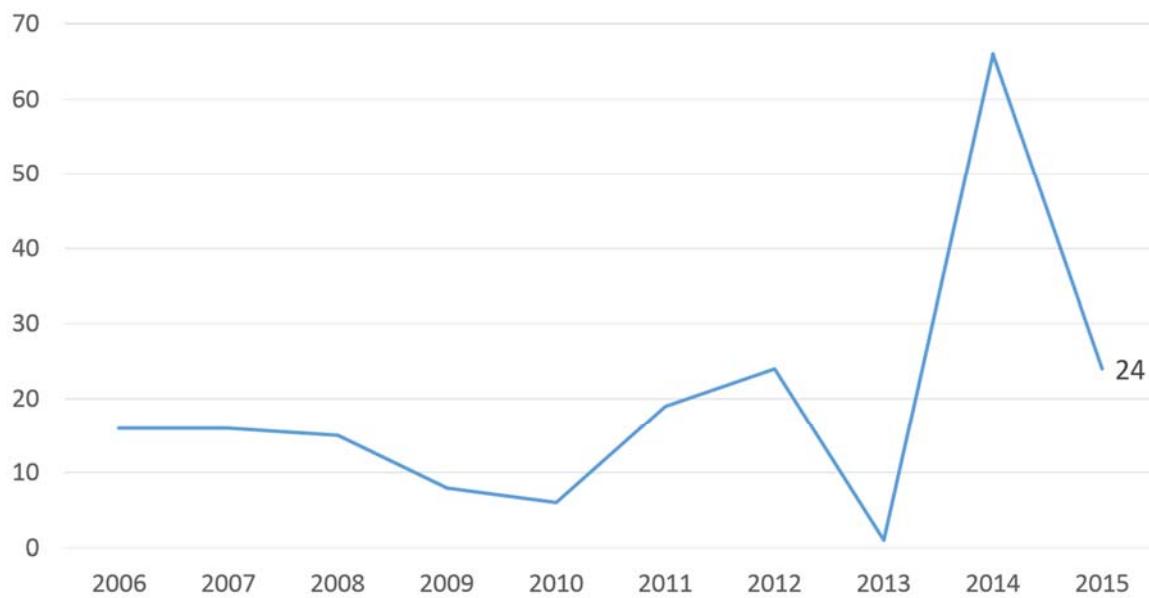
continuously homeless for a year or more or [have] had at least four episodes of homelessness in the past three years.”⁹ The chronically homeless make up about 15% of the homeless population nationwide.¹⁰ Many of these individuals face underlying mental health issues or addiction problems, particularly with alcohol.

In the Grand Forks region, counts of the homeless in 2014 found that approximately 1 in 6 homeless individuals had chronic substance abuse problems.¹¹ The challenges of living without stable housing while battling these conditions make it very difficult for such individuals to stabilize their lives, leaving many trapped in a spiral which they find nearly impossible to escape. While there have been some fluctuation in the chronically homeless population in the Grand Forks region over the past several years, potentially due to issues with the count data, it has been trending upwards. 2014 saw the highest number of chronically homeless in the Grand Forks region the past decade, and 2015 saw the second highest.

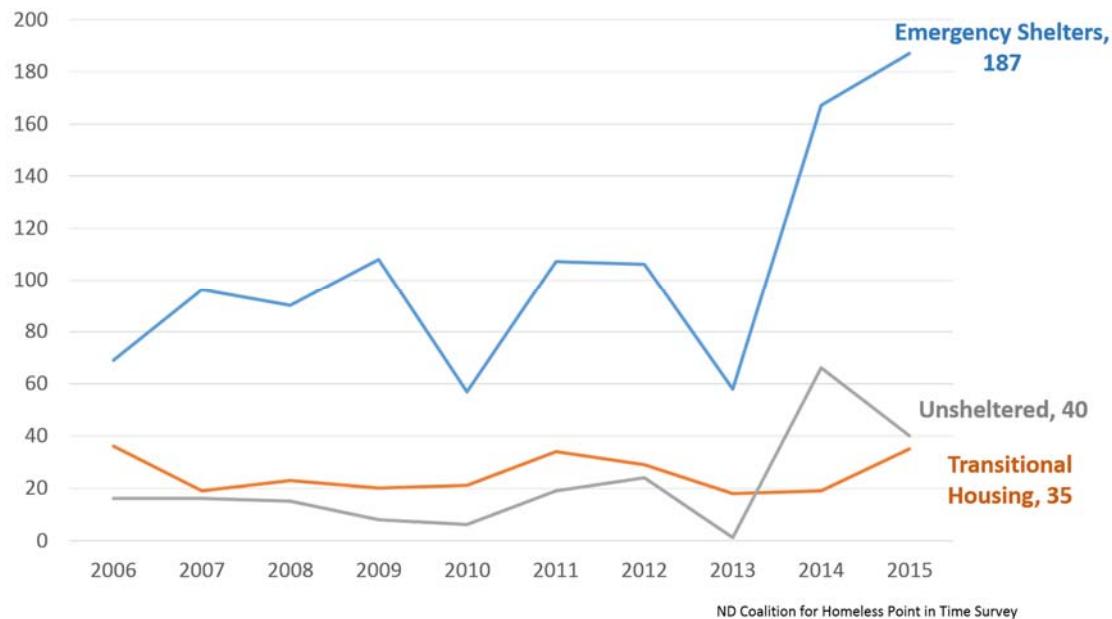
Chronically Homeless

Individuals or families with a disabling condition who have been continuously homeless for a year or more or have had at least four episodes of homelessness in the past three years.

Chronically Homeless in Grand Forks Region



Homeless by Subtype in Grand Forks Region



Homeless Subpopulations in the Grand Forks Region

Federal point in time count data from the 2013 and 2014 counts offers a snapshot of the subpopulations that make up the homeless population in Grand Forks. Of particular note is the number of chronic substance abusers in the population: 29 in 2013 and 30 in 2014. This subpopulation, including alcohol abusers, would likely make up the core of the vulnerable population most in need of the structured environment provided by permanent supportive housing.

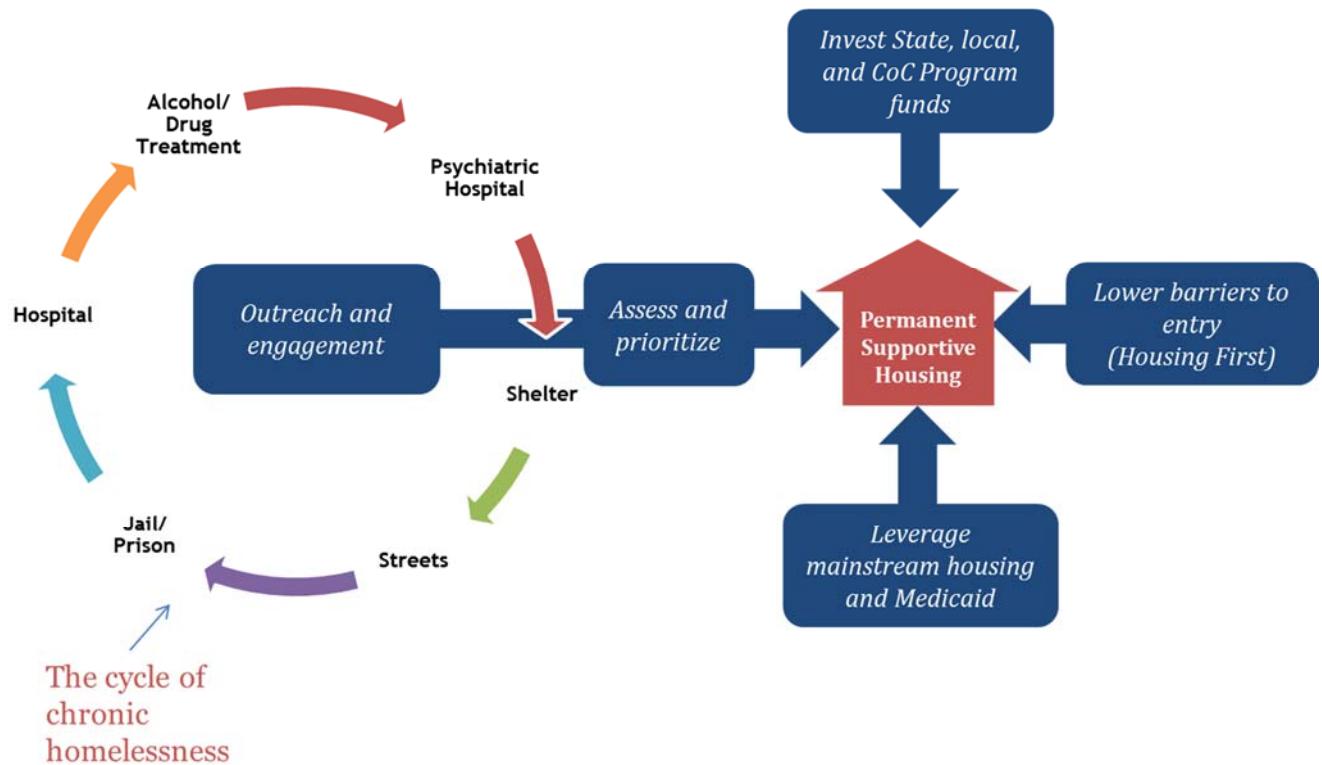
Homeless Subpopulations: GF Region	2013	2014
Veterans	33	31
Female Veterans	0	2
Severely Mentally Ill	6	12
Chronic Substance Abuse	29	30
HIV/AIDS	0	1
Domestic Violence	11	35

Stuck in this “cycle of chronic homelessness,” these long-term homeless tend to represent a high cost to the community. According to the U.S. Interagency Council on Homelessness, “studies have found that people experiencing chronic homelessness cost the public between \$30,000 and \$50,000 per person per year through their repeated use of emergency rooms, hospitals, jails, psychiatric centers, detox and other crisis services – the use of which make little improvements to their health and well-being.”¹²

Homeless Veterans in the Grand Forks Region

According to the point-in-time counts conducted on behalf of the North Dakota Homeless Coalition, the Grand Forks region had 33 homeless veterans in 2013, and 31 homeless veterans in 2014: **making up about 15-20% of the region’s homeless population.** This is higher than the national proportion of 8.6% counted in 2014.

The Cycle of Chronic Homelessness



Source: U.S. Interagency Council on Homelessness

The “Housing First” Approach to Homelessness

Housing first is a strategy aimed at providing individuals who are homeless with housing as a first action and then following up with the services needed to help them stabilize their lives. The model is built around evidence that “stable housing is the foundation for pursuing other health and social services goals.”¹³ This immediate housing is given without special requirements, offering those in a chronically homeless state an opportunity to enter an environment where services can be easily accessed. These

services “can be more effective when people are in their own home,”¹⁴ instead of dealing with the instability and uncertainty of wondering where they will be sleeping on a day-to-day basis.

According to the National Alliance to End Homelessness, evidence shows that “communities can significantly reduce the time people experience homelessness and prevent further episodes of homelessness” by adopting a housing first approach to dealing with the homeless. By reducing future homelessness, and improving the effectiveness of outreach services, an effective housing first program can reduce the costs incurred in dealing with homelessness in a community.

While this may seem somewhat counter-intuitive due to the cost of providing housing to individuals, that cost is outweighed by the cost savings accrued due to a reduction in demand for other services. Homeless individuals receiving services and housing through a “housing first” program are less likely to be incarcerated, present in emergency rooms, need hospitalization, or present in detox. There is also a reduction in shelter costs. As a result, providing supportive housing to the chronically homeless can provide cost savings to a community.

According to research examining housing first programs providing supportive housing around the country, communities embracing the model can expect savings of up to 40%.¹⁵ Emergency service related costs are one area where major savings can be attained. In Denver, Colorado, emergency related costs associated with chronically homeless individuals dropped by nearly 73% after those individuals entered a “housing first” program, from over \$43,000 per person to under \$12,000 per person annually.¹⁶ While much of these savings were associated with a reduction in shelter care costs, there were also considerable drops in need for detox, emergency room services, and inpatient medical care.

In some cases the overall cost savings reported have been even higher. According to research conducted in Central Florida, the “average cost per person” was approximately \$31,000, while the cost of providing permanent supportive housing for the same individuals was approximately \$10,000.¹⁷ A survey of cost savings associated with permanent supportive housing conducted for this Florida study found that “nationally the annual cost savings ranged from 79% in Los Angeles to 72% in Jacksonville, Florida, 55% in Tulsa, 53% in Seattle, and 49% in Louisville.”¹⁸

“The literature on the cost of single adult homelessness is extensive and in agreement. Homelessness results in increased use of emergency rooms, hospitals, police, and jails, in addition to costs associated with shelter and other homeless services. Healthcare is the largest component of costs from frequent and avoidable emergency room visits, inpatient hospitalization for medical or psychiatric care, sobering centers, and nursing homes... For people experiencing chronic homelessness, the research is clear that permanent supportive housing using a Housing First approach is the solution.”

While many of these cities are larger than Grand Forks, savings have also been reported in more-similar communities in our region that have adopted a housing first approach to chronic homelessness. In Fargo, ND, a study of the impact of Cooper House, a housing first supportive housing facility launched in 2011, found that total costs associated with the facility's 66 residents dropped by nearly 37%. This included major declines in incarceration costs, emergency shelter use, detox, clinic visits, and arrests.¹⁹ Discussions with supportive housing professionals in other peer communities in our region have echoed these findings, with reports of cost savings of between 30 and 40% after adoption of a supportive housing model.

How It Works: Understanding Housing First

The housing first approach embraces the idea of placing people who are homeless in their own housing unit/apartment as a first step towards stabilization and rehabilitation. The overall goal is to provide "immediate access to permanent affordable or supportive housing." While programs can be designed with different sub-populations of the homeless in mind, housing first-based supportive housing is "typically designed for individuals... who have complex service needs, who are often turned away from other affordable housing settings" or may not be capable of "proactively" seeking and obtaining their own housing.²⁰ This often includes a community's most vulnerable homeless individuals, who are often mired in a cycle of repeat or long-term homelessness due to mental illness and/or chemical dependency.

As a result of evidence collected since the first Housing First programs were launched in the late 1980s, the federal government has adopted the model as one of its key strategies to approach homelessness. This includes adopting "strategies that minimize barriers to housing access or pre-conditions of housing readiness, sobriety, or engagement in treatment" so that chronically homeless people can be brought off the streets and out of shelters and into an environment where they get intensive support services. By bringing together individuals that represent some of those most in need of support in one program or location, a housing first supportive housing program can ease barriers to and costs of offering service to individuals that might otherwise be difficult to reach. This intensive approach to supportive services is key to development of a successful program, offering people who are chronically homeless a chance to stabilize and improve their lives.

What makes a supportive housing program "Housing First"?

The U.S. Interagency Council on Homelessness has a basic three question review that can be used to determine if a permanent supportive housing development meets the definition of "Housing First."

- Are applicants required to have income prior to admission?
- Are applicants required to be "clean and sober" or "treatment compliant" prior to admission?
- Are tenants able to be evicted for not following through on their services and/or treatment plan?

If "the answer is 'Yes' to any of these questions, the program is not Housing First."

"Housing first is **not** housing only. It is housing **with support**."²¹

As part of the federal government's efforts to support the housing first model to communities throughout the nation, the United States Interagency Council on Homelessness has identified several core elements that provide a solid foundation for a successful supportive housing program or project. They include²²:

- Adoption of tenant selection processes that “promote acceptance” of applicants regardless of their sobriety or treatment participation status.
- Applicants are “seldom rejected” based on poor credit, spotty financial history, or a record of minor criminal offences that might indicate a “lack of ‘housing readiness’”
- A program will accept referrals from shelters, service providers, and “other parts of the crisis response system frequented by vulnerable people experiencing homelessness.”
- Supportive services are offered, and “emphasize engagement and problem-solving over therapeutic goals.” Participation in services is not a prerequisite for or requirement of living in a housing first facility, but it may be encouraged. Participation in case management services can be a requirement to receive rental assistance, however.
- “Use of alcohol or drugs in and of itself... is not required a reason for eviction.”

While offering housing to individuals who are facing alcohol and drug abuse challenges or untreated mental illness may seem counterintuitive when compared to past approaches to working with people who are chronically homeless, it is actually a way to ensure that those in the most need are able to enter a program of support. The chronically homeless individuals are often some of the heaviest users of social and medical services in a community. By offering a program that helps stabilize their lives, engages in harm mitigation, and is open to those in most need regardless of condition, a housing first supportive housing program can “seek to ‘screen in’ rather than ‘screen out’” those individuals in most need of help.

Harm Reduction

One key strategy often embraced in housing first supportive housing programs is the idea of “harm reduction.” This philosophy seeks to meet individuals at their point of need to help them improve their quality of life while acknowledging that each individual’s challenges may place limits on the progress they can make towards recovery. As a result, the overall goal is to reduce the harm the individual’s

The High Cost of Homelessness

Multiple tracking studies have found that the cost of care for each homeless person left unhoused can be staggeringly high. Costs such as emergency room visits, jail stays, shelter nights, detox visits, arrests, and police time spent handling people who are unhoused and chronically homeless can add up quickly, leaving local governments and nonprofits holding the bill.

According to HUD and other estimates, the cost per homeless person can range between \$30,000 and \$150,000, depending on the services used. In Sioux Falls, SD, a study found that the annual average cost to the community per individual who was homeless was nearly \$31,000.

actions are causing in their lives and the community by setting goals and working to reduce harmful behaviors. According to the Corporation for Supportive Housing, “The Harm Reduction philosophy prioritizes housing stability among persons who have experienced homelessness and who may be facing disabilities. Although recovery from mental health and substance abuse disorders is always the goal, harm reduction acknowledges that persons may be at different places along the continuum of behavior change. Harm reduction focuses on meeting tenants where they are at and assisting them to set and achieve goals for themselves. In this process a trusting relationship is established with the provider.”²³

By building strong relationships with individuals in their program, service providers embracing the harm reduction philosophy are able to start working with the client to make small changes to improve their lives and work towards recovery. For some individuals caught in a cycle of alcohol addiction, these changes may be as limited as helping them move from drinking a bottle of whisky per day to drinking a handful of beers per day. By reducing their consumption, rather than setting strict requirements to eliminate it completely, a harm reduction program works at making small steps to address the person’s

Two Complimentary Tools

According to the U.S. Interagency Council on Homelessness, **Permanent Supportive Housing** and **Housing First** can be thought of as “two complementary tools for ending chronic homelessness.” Permanent supportive housing offers a successful “housing intervention” model, while housing first offers an approach for offering the homeless access to that housing in an efficient and effective manner. By tying the two together, and connecting them with the necessary services, a community can build a “framework for ending homelessness.”

Housing First and Social Detox

Housing first adopts an approach that does not require residents to quit drinking upon entry to the living environment. The goal is to meet the individual at their point of need, and help them access the services they need in their current state. Alcohol consumption may be limited, but the focus is on providing people experiencing homelessness with housing, and then providing services as needed.

Social detox is a service that offers “detoxification in an organized residential nonmedical setting delivered by appropriately trained staff who provide safe, twenty-four-hour monitoring, observation, and support in a supervised environment for a client to achieve initial recovery from the effects of alcohol.” While residents in a housing first environment may occasionally need social detox services, these are typically offered in another setting. Grand Forks is currently in the process of launching a new social detox facility which will offer another valuable way to help those with alcohol addiction begin accessing the treatment needed to stabilize their lives.

underlying challenge with addiction. The harm to the individual is reduced and in successful cases a first step is taken towards recovery.

The Permanent Supportive Housing Model

Breaking the cycle of chronic homelessness is the goal of the permanent supportive housing model. Permanent supportive housing (PSH) offers “an intervention for people who need housing assistance and supportive services to live with stability and independence in their communities.”²⁴ Permanent supportive housing for the homeless offers decent, safe, affordable housing with access to the services they need to begin stabilizing their lives. It is aimed at helping “people who need long-term housing assistance with supportive services in order to stay housed,” helping break the cycle of chronic homelessness.²⁵

Ongoing support is a key part of the permanent supportive housing model. By linking housing to voluntary support services, the PSH model helps chronically homeless individuals “stay housed and live a more productive life in the community.” Many of these individuals suffer from serious and persistent mental illness, substance abuse and dependency issues, or some combination of both. Services provided can include “case management, substance abuse or mental health counseling, advocacy, and assistance in locating and maintaining employment.”²⁶ By providing safe, secure housing tied to these services, permanent supportive housing provides a framework for helping take a communities most vulnerable members off of the streets and out of shelters, placing them in a more secure environment designed to help address their challenges and reduce harm to the individual and the community.

Supportive Housing, Not Free Housing

Supportive housing offered through a housing first program is typically not free to the recipient. Tenants in permanent supportive housing facilities hold leases and pay rents set to their income- typically no more than 30% to meet affordability standards. This is similar to other forms of affordable housing. While some residents experience mental health and addiction issues that make it difficult for them to work, many PSH programs charge them at least a minimal fee, and some offer programming designed to help residents acquire life and job skills to become more self-sustaining.

Permanent Supportive Housing: Examining Approaches

Several models exist to provide permanent supportive housing to homeless individuals. The model selected by a community will be dependent on available resources and the needs of the population being served. Each model carries its own set of pros and cons, including issues of cost and barriers to supportive service delivery.

According to the U.S. Department of Health and Human Services, “typical approaches” include the following models:²⁷

- Project-Based Rental Assistance. Under this model, “subsidies are tied to a particular unit,” and individuals receiving permanent supportive housing pay reduced rent based on their income and the level of subsidy tied to the unit. This model would include building new units for use by homeless individuals.
- Sponsor-Based Rental Assistance. In this model, the agency providing housing is given a subsidy or support to purchase or lease housing which can then be provided to qualified individuals.
- Tenant-Based Rental Assistance. Tenants in need of housing are given vouchers which they can use to rent a unit (at reduced cost) from landlords willing to accept the vouchers. This may involve having to negotiate terms of acceptance with local landlords.

Permanent Supportive Housing in Grand Forks

The use of permanent supportive housing to support at-risk and vulnerable populations is not a new model in the Grand Forks region. Multiple service providers already operate supportive housing facilities in Grand Forks, including Red River Valley Community Action, Prairie Harvest, St. Joseph’s Social Cares, and the Community Violence Intervention Center.

Considering the Approaches

Approach	Potential Advantages	Potential Disadvantages
Project-Based Rental Assistance	Increases supply of housing in the community as new units are built.	Cost to build or rehabilitate units may be prohibitive.
Sponsor-Based Rental Assistance	Offers flexibility to make use of existing housing or build new.	Relies on outside agency to pursue PSH provision, regardless of setting.
Tenant-Based Rental Assistance	May increase access to existing housing units in the community.	Doesn’t provide new units; landlords may be reluctant.

Housing Setting

The three models of permanent supportive housing assistance can be used, depending on local assets and infrastructure, to provide housing in a single-site setting, or in scattered sites throughout the community. Some communities make use of multiple approaches, with many choosing to utilize “both project-based and tenant-based approaches” to increase flexibility and unit availability, utilizing different options based on availability and the needs of the individual being housed.²⁸

Some communities also make use of a “mixed housing” approach to provide permanent supportive housing. Under this model, “tenants live in developments that contain a mixture of supportive housing tenants and other tenants not part of the supportive housing program.”²⁹

In the past several years, Grand Forks has experienced challenges with rental housing availability and rising costs. While there are some signs that new rental units coming online over the past two years have helped to mitigate these issues, continued high demand for units could create challenges in adopting a tenant-based approach. Such an approach would most likely involve utilization of a scattered site model, which could cause challenges in providing supportive services to individuals in need of housing and transitional support and could be reliant on the acceptance and involvement of local landlords.

Pros and Cons of Approaches to Housing Affordability		
	Pro	Con
Scattered-site	<p>Consumers are integrated into the community and are not identifiable as having a disability based on where they live.</p> <p>Tenants can have more choices with regard to neighborhoods, proximity to family, employment, or places of worship, etc.</p>	<p>Finding quality housing is difficult in many communities.</p> <p>It might be difficult to provide mobile services in a scattered-site setting.</p> <p>Tenants are more likely to be lonely.</p>
Single-site	<p>Services and housing can be co-located, which is convenient for many.</p> <p>A sense of community develops within site.</p>	<p>Not always integrated; location choices can be limited for tenants.</p> <p>Some programs restrict tenant choice and freedom.</p> <p>Neighborhood resistance might be encountered.</p> <p>Living in designated special-needs housing can be stigmatizing.</p>
Tenant-based	<p>Portable; tenants can move to locations that better meet their needs without losing their subsidies.</p> <p>Does not require the service organization to own or operate housing.</p> <p>Quick start-up time.</p>	<p>Not always a long-term solution; subsidies can have time limits.</p> <p>Finding landlords who will accept a voucher is difficult in some communities, and locations might be limited.</p> <p>Limited funding available for tenant-based rental assistance.</p>
Project-based	<p>Ensures long-term availability and affordability of 20, 30, 40 years or more.</p> <p>Landlord is already aware of service needs of tenants and may be more understanding and supportive if a crisis arises and less likely to enter eviction proceedings if something goes wrong.</p>	<p>Development is a lengthy and complicated process.</p> <p>Depending on market conditions, creating housing can be more expensive.</p>

US Department of Health and Human Services, 2010³⁰

Considering the Setting

Permanent supportive housing (PSH) can and is offered in a variety of physical settings. While site limitations and local needs will steer the choices made in Grand Forks, there are several different options that are available for initial consideration.³¹

- **Scattered Site Apartments.** This option makes use of single housing units in existing structures in the community to offer permanent supportive housing to clients. Individuals involved in the program may rent the units using vouchers or other support. Given the scattered nature of the units, mobile caseworkers may be required to offer support services to residents. This level of service may strain the capabilities of local social/human services providers. While there is flexibility in being able to work with multiple existing units in the community, cooperation from local landlords could prove a barrier to implementation. Isolation of residents can also be a challenge.
- **Single Family Homes.** Similar to the scattered site apartment model, but makes use of existing single family homes in the community to prove PSH services. Given the tight local housing market in Grand Forks, this would most likely be a challenging model to implement. This model may also require mobile caseworkers to provide services to clients, and can present issues with isolation for individuals receiving housing.
- **Multifamily Housing.** This type of facility “may take the form of duplexes, quadplexes, condominiums, townhomes, or a larger multi-unit building.”³² The use of this type of facility opens up the potential to site service providers within the structure, either on a permanent basis or on a regular schedule. Having one site with multiple units may also reduce the potential for community siting issues, as all residents will be located on one site, meaning only one site will need to be selected instead of dealing with multiple neighborhoods. There may, however, be some challenges in siting a multifamily structure in some neighborhoods: zoning of sites for such uses will have to be considered as part of the site identification process.
- **Group Homes.** Size can vary, but generally offers a residential facility with services on site. According to Collaborative Solutions, Inc., the “advantage, like multifamily housing, is the social support individuals get living with others who have similar disabilities” and challenges. As seen with multifamily options, keeping the facility in a single site could ease the siting process.
- **Manufactured or Mobile Housing.** A more temporary option that may fit into several of the above categories, depending on design. Given the limited lifespan of such housing, and the zoning and building code issues associated with such structures in a more urban environment, this option will likely be of limited utility for Grand Forks’s needs.

Services and Supportive Housing

A solid relationship between services providers and facility management is the keystone to a successful permanent supportive housing program. These services are designed “to help ensure housing stability and to maximize each tenant’s ability to live independently.”³³ By providing easy access to support services, permanent supportive housing helps tenants get the help they need to piece their lives back together and transition from the street or shelter into a more stable housing situation.

Many individuals who are chronically homeless have been in a destructive cycle of homelessness, addiction, and mental illness for years, if not decades, making the transition into a home of their own very challenging. Even with support, some will drop out of supportive housing, returning to homelessness.³⁴ For many, the vast change in circumstances can be very difficult to handle. As a result, a strong slate of support services is key to help tenants make the transition to a supportive housing environment. With the proper support, research shows that up to 83% of the chronically homeless will be in a permanent housing facility one year after entering,³⁵ receiving continuing help with harm reduction and life improvement and creating less reliance on government resources.

In most cases, support services offered at a permanent supportive housing facility are optional for the residents. Each individual is allowed the freedom to engage with the services that they choose. Residents are, however, encouraged to seek the help they need. Given the depth of the dependency and mental illness challenges facing some residents, a program focused on encouragement and outreach can work better than one involving requirements and strict rules. By utilizing a carrot, rather than a stick, the staff at a permanent supportive housing facility are able to build a trust-based relationship with the resident, helping ease the way to harm reduction and positive engagement with support services.

Case Management

Case management is one of the key services provided by any permanent supportive housing program. Some programs make it a required service, having residents meet with a case manager once per week. The case manager “helps broker relationships between the tenant and the service providers,”³⁶ offering a point of influence and access for the resident. As a result, good case management is the cornerstone of a strong permanent supportive housing program, helping residents access services, learn the norms of the facility, and take steps towards improving their lives.

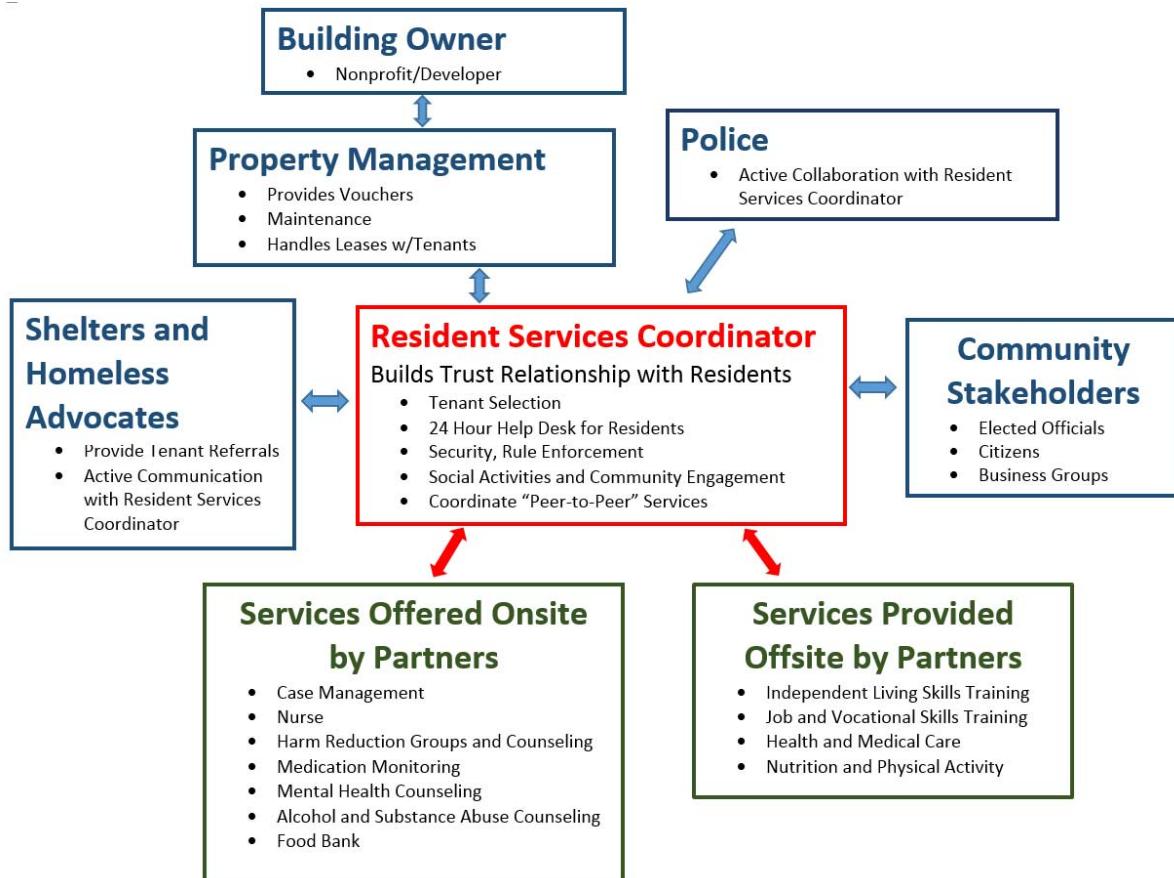
Part II: Defining a Solution for Grand Forks

Creating the Supportive Services Environment

One of the keys to building a successful supportive services network, is first building strong connections between the various stakeholders. As a result of this, perhaps the most important part of the entire permanent supportive housing model is the role of resident services coordinator. This person or persons is responsible for day-to-day interaction with the residents, building trust relationships with them, and connecting them to the services that are available. In the case of one regional program visited, this person filled a role akin to a “house mother,” looking out for her residents, keeping them safe, and having a constant finger on the pulse of the program.

In many cases, the individual or group filling this role (depending on the scale of the program) will be responsible for tenant screening and selection, interacting with building ownership and management, arranging security, managing building staff, enforcing resident rules of behavior, interacting and building relationships with local police, and working with partners to connect the residents to services. Based upon interviews with various Grand Forks area service providers, the mix of services needed for a supportive housing facility can be defined by the figure below.

Figure: Grand Forks Permanent Supportive Housing Service Delivery Model



Given their central role in the day-to-day lives of the residents, the resident services coordinator (or individual filling this role under another title) is the keystone of the entire supportive housing environment. As a result, it is important that this person be a “true believer” in the model of housing first-based permanent supportive housing, and have a skill set suited for working with individuals with substance abuse and/or mental health issues. Having a strong, engaged person or persons filling this role in the center of the system is what makes the system work.

Site Selection

Selection of a site for a permanent supportive housing facility in Grand Forks will require consideration of a variety of variables, including community and neighborhood concerns and input regarding any proposed facility site. Education and outreach will be key factors in addressing community concerns and informing citizens about the goals, scope, and purpose of the facility. Engaging residents and addressing their legitimate concerns and thoughts about the project will be of utmost importance in siting a facility.

In evaluating potential sites, multiple factors identified by community stakeholders, government leaders, and best practices developed in other communities will be part of the process. Some of the initial factors identified for site selection are as follows:

- **Availability of site.** Is the site available for development? If not, what steps will need to be taken to open the site to development? What costs will be associated with procuring the site? Consideration of zoning and government permits required will also play into the evaluation of a site's acceptability for development.
- **Size of site.** Is the site large enough to allow a facility tied to the community's needs?
- **Proximity to social service providers.** Availability of social and human service providers, within walking distance or by transit, will impact opportunities for residents to access services beyond those provided at the facility. This support can prove valuable in helping support residents as the transition from homelessness into a supportive housing environment.
- **Transit Availability.** Given the lack of personal transportation options available to most individuals who are homeless, having easy access to public transit (bus service) will be important, giving residents the ability to access services, shop, and travel around the community.
- **Proximity to Stores and Grocers.** Access, by foot or transit, to groceries, pharmacies, and other retail establishments will offer residents access to essential shopping needs.
- **Employment Opportunities.** While the number of residents capable of transitioning to employment may be limited, there may be value in having nearby employment opportunities available to allow easy access to employment to those residents able to work.
- **Proximity to Bars and Alcohol Retailers.** While some permanent supportive housing facilities limit alcohol consumption on-site, the proximity of alcohol retail (on and off sale) facilities to any proposed site should be taken under consideration.

- **Local Environmental Factors.**

- The proximity of other nearby establishments, government institutions, and neighborhood amenities: Nearby parks, schools, shops, infrastructure (rail, industrial facilities) and the neighborhood's built environment are all points that should be considered in selecting a suitable site. Ensuring the building type under consideration for the facility fits the built environment (density, style) and zoning of the surrounding neighborhood may ease any challenges siting a facility.
- Surrounding environment (industrial, residential, commercial): Depending on community input, there may be more acceptance of a facility if it is placed in an environment that is seen as minimizing potential impacts of a facility.

Identifying Potential Sites in Grand Forks

Upon review of the service needs, space, and construction considerations, several different site types in the city Grand Forks may meet the needs of a new permanent supportive housing facility. Sites which may be considered include:

- Downtown Infill Lots
- Northside Brownfield Redevelopment
- Southend Greenfield Development
- Greenfield Setting: West of I-29

Downtown Infill Development

Downtown Grand Forks is already home to a variety of services, agencies, and facilities aimed at supporting the regional homeless community. Chief among these is the Northlands Rescue Mission, which offers emergency shelter services to people who are homeless. Siting a new facility in the same vicinity would give residents ease of access to existing services, and would put the facility close to the city's public transit hub, allowing ease of access to bus service around the city. A downtown facility would also be close to local law enforcement infrastructure, allowing for a strong relationship between law enforcement, facility management, and residents, helping to assuage security concerns.

While space at existing empty lots, including one across S 5th Street from the Police Department, may be a constraint, redevelopment of underutilized buildings and lots surrounding open space could be considered to increase the available footprint. Adaptive reuse of government owned land in the central business district could also be explored.

Opportunities: central location, near existing service providers, in area with history of serving people who are homeless, access to public transit, nearby public safety infrastructure.

Challenges: Potentially limited open space may limit footprint of new development, potential challenges in acquiring available space, acquisition and reuse of existing structures may prove difficult, sites near rails may have regulatory challenges.

Northside Brownfield Redevelopment

The Northside Neighborhoods of Grand Forks are home to several areas of dated commercial and underutilized space which may lend themselves to redevelopment. These include areas along Gateway

Drive and near North 5th Street. These areas would lend themselves to development of a new structure after acquisition and removal of dated buildings. In addition to making use of existing infrastructure, a new development in this area would offer an opportunity to improve blight by placing a new structure in place of one in need of upgrade or removal. There are also several service agencies with a presence in the general vicinity, including Red River Valley Community Action and Prairie Harvest. A new structure in a more commercial setting would offer some setback from surrounding residential neighborhoods, while not being completely isolated. Residents would be near enough to downtown to easily access other health and social services needed to help stabilize their lives. A facility in this area would also be relatively close to the city's law enforcement infrastructure, allowing it to work in concert with law enforcement to ensure resident safety and assure the security of residents and businesses throughout the community.

Opportunities: Commercial brownfield sites in need of redevelopment, reasonably close to services, near law enforcement infrastructure, ease of access to downtown services and public transit, potential tool to fight blight and build new facility.

Challenges: Site size constraints based on areas available, potential brownfield remediation costs, sites near railroads may have regulatory challenges.

Southend Greenfield Development

Grand Forks' southend is the most rapidly growing part of the city, in large part due to the availability of land for new buildings. Land availability is one of the major benefits of siting a new permanent supportive housing facility in such a setting. Given the amount of currently undeveloped land, sites may be available. There may, however, be challenges in meeting zoning requirements, and cost of land properly zoned may be high given its high desirability for other development. The southend is also relatively isolated from many of the health and service providers in the community focused on low-income individuals such as the homeless. Public transit access may also be an issue, given the area's distance from the city's central public transit hub.

Opportunities: Open land, potential sites not limited by having to redevelop or remove existing buildings.

Challenges: Distance from services, public transit, potential costs and zoning issues.

Greenfield West of I-29

A greenfield setting west of I-29 offers some of the same benefits as a southend site, including land availability. The same challenges of distance and access remain, however, potentially creating challenges as residents attempt to access needed services to stabilize their lives and succeed in a housing setting. The area's more industrial setting could also cause challenges with isolation and make a permanent supportive housing facility a bad fit based on current and future uses, as industry shifts and expands in the area.

Opportunities: Open land, potential sites not limited by having to redevelop or remove existing buildings.

Challenges: Distance from services, public transit, potential costs and zoning issues, more industrial settings not conducive to housing.

Total Development Cost

Development cost for permanent supportive housing varies based on the population being served, services offered on site, building size, and materials selected, among other factors. The cost of a building goes beyond simple construction. Costs to bring a project to completion include construction, property acquisition, and soft costs. Soft costs is a broad category that can include “design fees, management fees, legal fees, taxes, insurance, owner’s administration costs, and a variety of financing costs.”³⁷ As a result, assessing regional building costs presents a challenge. Reported figures for “building cost” may leave a lack of clarity about what costs are included.

This report uses several methods to estimate building costs for a potential Grand Forks project:

- Comparing costs to construct similar projects in North Dakota and Minnesota
- Cost estimates from more than 70 publicly-supported multifamily housing projects in Minnesota, including those using and not using low income housing tax credits (LIHTC)
- Construction cost estimates from three recent market-rate multifamily projects in Grand Forks
- Total development costs for approved 2016 LIHTC projects in North Dakota

Combining information from these sources, total development costs for a permanent supportive housing facility in Grand Forks are estimated to be between \$175,000 and \$200,000 per unit.

A review of regional permanent supportive housing facility building costs shows per unit costs ranging from a low of approximately \$76,000 per unit to a high of \$192,000 per unit. The high-end facility appears to have included one full floor of office and other multi-use space for service agencies, which may have driven up build costs. Average per unit build cost for five regional facilities was \$123,223.

Other nationally active developers report that build costs per unit of permanent supportive housing can be expected to fall between \$125,000 and \$140,000 per unit as of 2014.³⁸ This figure was for units ranging from efficiencies to 2 bedrooms. Regional facilities examined during the study make use of efficiency or one bedroom units. While several of the facilities in our region had per unit costs below this level, they were built 4-8 years ago, and may have been able to take advantage of lower build costs during the recent recession. Local political and financial constraints also led to some limitation of onsite services and options at some facilities examined. With economic recovery and climbing demand for housing development in the region, costs may be expected to be higher than the average seen in existing regional facilities.

Table: Supportive Housing Facility Build Costs: Regional Peers

City	Facility	Cost to Build	Units	Per Unit Cost	Notes
Sioux Falls (2011)	Safe Home	\$2,500,000	33	\$75,758	No kitchen, bare bones units
Fargo (2010)	Cooper House	\$3,800,000	42	\$90,476	
Duluth (2007)	New San Marco	\$9,245,264	70	\$132,075	30 GRH units, 40 small efficiency apartments
Moorhead (2010)	Gateway Gardens	\$4,000,000	24	\$166,667	Included some land remediation
St. Cloud (2010)	River Crest	\$3,300,000	40	\$82,500	
Moorhead (TBD)	New Churches United Shelter	\$8,250,000	43	\$191,860	Some larger family units
				Average/unit: \$123,223	

Assessing Regional Development Cost

The Minnesota Housing Finance Agency's model for assessing and tracking total development costs of multifamily projects throughout the state as part of its focus on "cost containment."³⁹ The MHFA has tracked the cost of multifamily housing in "Greater Minnesota," including a number of communities similar in size and setting to Grand Forks, giving a useful rough guide for development costs in our region.

According to the MHFA's 2015 Cost Containment Report, the average total development cost (TDC) per unit for new construction in Greater Minnesota between 2003 and 2014 (in 2015 inflation adjusted dollars) was \$172,565. When low income housing tax credits (LIHTC) are used to finance a project, per unit cost was higher: \$196,570. This is due to an increase in soft costs for such projects, "given the added complexity and cost of putting together and financing a tax credit deal."⁴⁰

MHFA Projects: 2003-2014 (2015 Inflation Adjusted Dollars)⁴¹

		% Share of Total Development Costs			
Type of Development	Average TDC/Unit	Construction	Acquisition	Soft Costs	# of Projects Assessed
New Construction with LIHTC	\$ 196,570	72%	6%	23%	52
New Construction w/o LIHTC	\$ 172,565	76%	7%	17%	22

These reported cost estimates are for traditional multi-family, affordable housing projects, and not necessarily focused on supportive housing facilities. The special development needs surrounding a permanent supportive housing facility focused on serving people who are homeless, such as security infrastructure, may lead to higher construction and soft costs, increasing total development costs per unit.

Cost estimates from recent multifamily housing projects in Grand Forks offer local context. A review of publicly available building costs reported in government documents and media for recent multifamily projects developed in Grand Forks presents a wide range of per unit costs. Each project had its own unique set of amenities and uses, making it difficult to draw specific conclusions about overall costs for development of permanent supportive housing. The numbers cited also give no indication of what costs have been included. As a result, they may simply represent approximate construction costs, meaning that per unit development costs are higher than the listed figures when land acquisition and soft costs are considered.

Construction Costs for Recent Grand Forks Market Rate Multifamily Housing Projects

Development	Units	Estimated Total Cost	Reported or Cost Per Unit	Notes
University Flats (2015)	70	\$6,024,600	\$86,066	Estimated Cost based on TIF Value
Northern Heights (2011)	53	\$6,200,000	\$116,981	Included Commercial Space
Aurora @ Griggs (2011)	40	\$5,500,000	\$137,500	Community Rooms, Rec Space

Total per unit development costs in North Dakota appear to fall in line with those observed in Minnesota over the past several years. A review of currently approved 2016 LIHTC projects in the state shows TDC ranging from \$155,000 to \$230,000. Projects on the east end of the state range between \$172,000 and \$191,000, which may give some guidance on the potential costs for a development in Grand Forks.

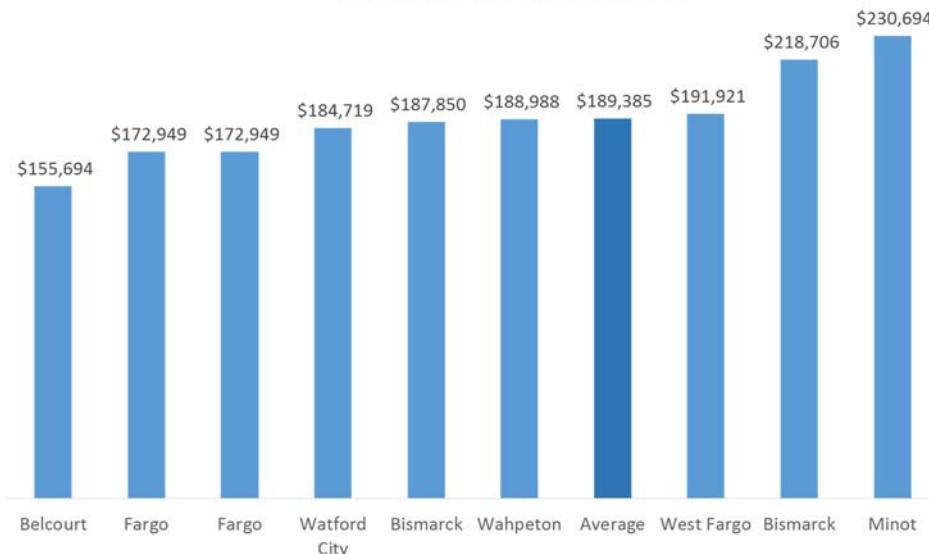
LIHTC projects do tend to run slightly more expensive than those built without tax credits, due to the time and work required to secure and utilize the credits. This extra administration and preparation tends to drive up soft costs

for a project. A well-managed project can seek to rein in soft costs, a key strategy for cost containment.

According to the Minnesota Housing Finance Authority, “While soft costs are a necessary component of a housing development, eliminating inefficiencies in these costs will not affect the quality of the housing.”

Total Development Costs per Unit

Currently Approved 2016 ND LIHTC Projects



Source: North Dakota Housing Finance Agency

Note: There are no projects in Grand Forks among the list of 2016 LIHTC projects

Operational Costs

As with build cost, per unit costs to operate permanent supportive housing vary based on the population being served and services offered. While locking down an exact figure is difficult, due to this uncertainty, national studies and developers have shed some light on an expected cost range.

In 2011, the Corporation for Supportive Housing (CSH) conducted a study of 20 permanent supportive housing projects throughout the country. While the figures are slightly dated, the study reported that the average expenses per unit at these facilities was \$6,180.⁴² These facilities were all financed, at least in part, by Low-Income Housing Tax Credits (LIHTC) which may have limited their debt load, and thus brought down per unit costs. This also does not include the costs of services to residents, only including expenses for management, security, maintenance, and other related operational costs.

Operational Cost Estimates

- \$6,180 per unit, not including services
 - 2011, National CSH Study
- \$7,300 per unit not including services, \$10,700 with services
 - 2016 projection, Ft. Worth, TX
- \$9,500 per unit including services
 - 2010 Austin, TX
- \$10,000 per unit
 - 2014 Florida Study, citing national research
- Sioux Falls Safe Home has a per unit operational budget of approximately \$19,700 per unit. (2013)

Location, services offered, and financial structures do have some impact on per unit costs. A 2010 report commissioned by CSH examining permanent supportive housing needs in Travis County, Texas, estimated operating costs of approximately \$9,500 per unit for proposed housing in Austin, Texas.⁴³ Another study, conducted in 2014 for permanent supportive housing proposed in Fort Worth, Texas, placed costs for projected in 2016 at approximately \$7,300 per unit for “operating financing” and \$3,400 for “services financing.”⁴⁴ Another recent study, examining permanent supportive housing in Florida reported that recent research has shown the “operating cost of supportive housing typically averaging around \$10,000 per unit per year,” which appears to fall in line with these numbers.⁴⁵

While costs will vary based on location and services, CSH did report that facilities in their 2011 study had a positive cash flow, with revenues outpacing operating expenses. According to their study, “cash flow after debt service and replacement reserve is higher for permanent supportive housing” than it is for traditional affordable housing units.⁴⁶ Operating costs are higher per unit for permanent supportive housing, however, with CSH reporting costs 11% higher than that for affordable housing. According to their research, this is largely explained by the costs of providing enhanced security at permanent supportive housing facilities.⁴⁷

Development Funding Sources

While the federal government has made adoption of housing first-focused permanent supportive housing one of its key strategies in fighting chronic homelessness, relying on federal funding for new projects can be an “insufficient (and often inefficient) means of financing PSH services.”⁴⁸ As a result of this dearth of federal resources, new supportive housing projects are often forced to rely on a wide variety of funding sources, including but not limited to corporate grants, state and local government funds, tax credit financing, foundation grants, and philanthropic donations. Permanent supportive housing projects in our region have been no exception to this trend towards varied development financing. Fargo’s Cooper House, for example, made use of seven separate funding sources to cover its project development and construction costs of \$3.7 million. The core of the project’s costs were covered by Low-Income Housing Tax Credits, with a variety of sources making up the remainder of the funding, including backing from local foundations and pots of federal funding. The City of Fargo also waived around \$50,000 of fees, helping cover some of the costs of development.

It is notable that Fargo’s Cooper House project received no direct state funding for development and construction. North Dakota’s “Ten Year Plan to End Long Term Homelessness” released in 2008 made the development of permanent supportive housing its number one strategy, and called on the state to explore an “expanded role

Cooper House Development Financing, Fargo, ND ⁴⁹		
Source	Amount	% of Total
Low-Income Housing Tax Credit Proceeds	\$ 2,624,460	70.9%
Affordable Housing Program (AHP)	\$ 493,500	13.3%
Federal HOME Funds (City of Fargo)	\$ 200,000	5.4%
Beyond Shelter: Deferred Loan	\$ 200,000	5.4%
Fargo Housing Authority: Deferred Loan	\$ 85,000	2.3%
Bremer Foundation Grant	\$ 50,000	1.4%
HUD COC Funds	\$ 48,258	1.3%
Total Funding	\$ 3,701,218	

Source: Beyond Shelter, Inc.

for the State of North Dakota in financing affordable housing projects.”⁵⁰ The state’s Housing Finance Agency offers no programs directly targeted at development of supportive housing, but does administer the state’s allocation of Low-Income Housing Tax Credits.⁵¹

Permanent supportive housing facilities in Minnesota, unlike those in North Dakota, have been able to draw upon a variety of state-based funding sources to finance development and construction of their facilities. While these state resources helped cover some costs, facilities in Minnesota have still had to look to a variety of funding sources, including tax credits, corporate grants, and federal home loan banks.

New San Marco in Duluth is a good example of this multi-faceted approach to funding. The state’s Minnesota Housing Trust Fund, Greater Minnesota Housing Fund, and Minnesota Housing all provided substantial funds, but the major source of funds for the project was sourced through Low-Income Housing Tax Credits. In the case of New San Marco, these tax credits were provided through National

Equity Fund, Inc. (NEF), a “national syndicator of low-income housing tax credits.”⁵² While facilities in North Dakota will not be able to draw on this wide variety of resources, Minnesota’s programs may serve as a model for future state-local-nonprofit collaboration to fund future supportive housing programs in the state.

Federal Resources

As seen in Fargo and Duluth, the federal Low-Income Housing Tax Credit can be a powerful tool for financing supportive housing projects. These credits can be issued by approved state and local allocating authorities “for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households.”⁵³ Once allocated to a qualified project, such as a permanent supportive housing complex, the credits can then be used to attract a capital contribution from an investor in exchange for use of the credits to offset tax liabilities. By utilizing these credits, permanent supportive housing projects can minimize their debt load, lowering debt service costs, and allowing more rental funds to be allocated to operational expenses.

Federal Affordable Housing Finance Programs also offer some options to communities seeking to build new supportive housing facilities for the homeless. Operated out of the nation’s network of Federal Home Loan Banks, the Affordable Housing Program provides grants to banks working with developers building units for lower-income households. These funds were utilized in financing Fargo’s Cooper House, representing the second largest source of project financing.

Federal HOME funds (HOME Investment Partnerships Program) can also be used to finance supportive housing projects. These funds, issued as formula grants to states and qualified local governments, are targeted at creating “affordable housing for low-income households.”⁵⁴ While Grand Forks is not a recipient of these funds, the state of North Dakota receives an annual allocation (slightly over \$3 million in 2015) which may be available to finance a project in Grand Forks. Fargo, which does receive an allocation, used such funds to help finance 5% of the Cooper House project.

While Grand Forks does not have an allocation of HOME funds, it does receive funds through the federal Community Development Block Grant program. (CDBG) These funds may be used to finance development of permanent supportive housing for the homeless, as such use benefits low and moderate income (LMI) members of the community. Grand Forks received an allocation of \$345,000 for



Project Financing

Minnesota Green Communities	\$150,000
LIHTC Equity—NEF	\$5,964,410
Minnesota Housing Ending Long-Term Homelessness	
Investment Fund	\$621,077
Minnesota Housing Trust Fund	\$529,522
Minnesota Housing HOME	\$500,000
Federal Home Loan Bank of Des Moines	\$500,000
HUD Supportive Housing Program	\$400,000
Greater Minnesota Housing Fund	\$300,000
City of Duluth, HOME	\$200,255
Duluth Housing Investment Fund	\$50,000
Owner Equity	\$20,000
Minnesota Power Grant	\$10,000
Total Project Financing	\$9,245,264

2015, and these and future CDBG funds may serve as a valuable tool to help finance any permanent supportive housing facility proposed for the community.

Other federal tools available to help finance a permanent supportive housing facility in Grand Forks include Housing and Urban Development's Continuum of Care (COC) grants (used in Fargo) and the Emergency Solutions Grant (ESG) grant program. Both will most likely make up a more minor portion of overall funding (North Dakota only received approximately \$450,000 in ESG funding in 2015), but may be valuable pieces of the finance puzzle.

Other Resources

Tax exempt bonds issued by local governments and agencies with debt issuing authority offer another tool to help finance permanent supportive housing. According to CSH, many developers have shied away from such financing for permanent supportive housing due to concerns that "projects cannot support debt service on the bonds."⁵⁵ While finance using such bonds can be complex, CSH argues that use of bonds "can expand the funding sources available for supportive housing, especially in those states and localities lacking dedicated capital programs for supportive housing."⁵⁶ Given North Dakota's limited dedicated resources, bond financing through a local taxing authority in Grand Forks may have some utility when used in conjunction with low-income housing tax credits and other financing resources.⁵⁷

Foundation funding and philanthropic gifts may also be useful sources of funding, albeit in limited amounts. As noted, the Otto Bremer Foundation did make a contribution to the development of Cooper House in Fargo. They, and other regional foundations, should be targets to raise fund to offset the amount of debt needed to finance any project.

Operational Finance

A piecemeal approach to funding is also found in the operational finance of permanent supportive housing facilities. As CSH puts it, "permanent supportive housing programs rely on multiple sources of funding to keep their doors open."⁵⁸ There are a variety of federal resources that are available, depending on population served and availability of funds. These include HUD's Homeless assistance programming funds, which represent "the largest source of funding for supportive housing operating costs."⁵⁹ Other federally directed resources include the Supportive Housing Program, and HUD's Shelter Care Plus program.

One potentially very valuable tool to finance ongoing operations of a permanent supportive housing facility is the use of HUD project based vouchers. Public housing authorities can assign these to units in a facility, helping cover rent costs for residents. According to Beyond Shelter, Inc., the 42 vouchers assigned to Cooper House by the Fargo HRA have represented nearly 80% of rental revenue for the project, making them a "critical" part of the operational finance structure for the facility.⁶⁰

Cities in North Dakota can also step to the plate to help offset the costs of operation, through the use of payments in lieu of taxes (PILOT). PILOTs can be used to reduce the cost of property taxes, replacing them with a lower payment in compensation. By lowering the tax burden on the facility, the city can free

up funds to be used for other operational expenses. Fargo has provided Cooper House a 15-year PILOT for this purpose.

Ongoing state funding, while currently very limited, may present an opportunity for funding operational costs of new permanent supportive housing facilities in Grand Forks and elsewhere in North Dakota. Currently, facilities in Minnesota have access to funds such as that state's Minnesota Group Housing Program funding, which North Dakota does not provide. The North Dakota state legislature has, however, explored providing funding for staff at Cooper House in Fargo, and future sessions of the legislature may be open to funding such projects. This, however, will most likely require a concerted effort involving stakeholders from throughout the state to make the case for funding permanent supportive housing activities.

Operational Structures for Single Site, Permanent Supportive Housing

According to the U.S. Department of Health and Human Services, "organizational aspects of the project are often the last to be addressed, yet they are the most essential to steering the process."

Development of a successful permanent supportive housing option for the homeless in Grand Forks will most likely involve a wide array of partners, including social service providers, local nonprofits, and governmental agencies. Organizing the development, management, and ownership of the project will be key to creating a framework to develop the relationships and partnerships necessary to successfully implement the community's chosen supportive housing option.

Models for Consideration: Examples from the Region

Project	Developer	Property Management	Operations Funding	Case Management, Service Providers	Other Notes
Fargo: Cooper House	Beyond Shelter, Inc., in partnership with City of Fargo, Fargo Housing Authority	Fargo Housing Authority	Rental Assistance is used for units: residents pay at least \$50/month	SE Human Services, Cass County Social Services, Homeless Health Services, Great Plains Food Bank	Dacotah Foundation provides 24/7 staff
Rochester: Silver Creek Corner	Center City Housing Corp.	Center City Housing	Residents, MN GRH program, MN Depart. of HHS, United Way, HUD	Has service contracts with county and a nonprofit mental healthcare provider	Serves Chronic Inebriates
Duluth: New San Marco	Center City Housing Corp.	Center City Housing	30 units receive state GRH supplements, 40 are Project-based Sec. 8	Services from two nonprofits: Center for Alcohol & Drug Treatment, Human Development Center	One wing (30 units) is for chemically dependent. Other is more traditional PSH
St. Cloud: River Crest	Center City Housing Corp.	Center City Housing	"All funding comes from the state." GRH program dollars.	Services provided by Recovery Plus (CentraCare Health)	Serves chronic inebriates. Case management by Recovery Plus

Sioux Falls: Safe Home	Minnehaha County	Minnehaha County Human Services Dept.	County supported	Minnehaha County Human Services	Financed by tax credits. “Only one in the country. Worked pretty well.”
Moorhead: Gateway Gardens	Clay County HRA	Clay County HRA	MN GRH funds, 5 units with Housing Choice Vouchers	Case management by CCRI, other providers “invited” to provide onsite services.	Staffed by CCRI, an independent living support nonprofit.

Models in Regional Communities

Rochester, MN: Silver Creek Corner

Opened in 2011, Silver Creek Corner provides 40 single occupancy units designed to provide permanent supportive housing to “public inebriates” in the Rochester, MN region. Modeled after New San Marco in Duluth, MN, the housing is operated by Center City Housing Corporation.

Silver Creek Corner is targeted at providing housing “single, adult men and women dealing with chronic homelessness and substance dependency,” and provides 24-hour staffing to support residents. The residents are also offered easy access to voluntary supportive services aimed at helping them deal with their addiction challenges and succeed in the transition off the streets and into housing.⁶¹ The housing units were built in collaboration between several community organizations, including Olmsted County Community Services and Olmsted County Housing and Redevelopment Authority.

According to a study conducted by Olmstead County, the “costs for ER, detox, law enforcement and other services averaged \$2,000/month per person in the past, while housing at Silver Creek Corner would cost about \$1,500/month,” saving taxpayer dollars while also providing “better outcomes for residents” who are no longer living on the streets or in temporary shelters.⁶² While the facility does promote and support sobriety by residents, its overall goal is to provide “harm reduction” while “minimizing the impact on taxpayers because of trips to the emergency room, detox and the police.”⁶³



While the vast majority of the residents admitted to the facility (82%) in its first seven months of operation were able to make the initial transition to permanent supportive housing successfully, there were some challenges with several individuals who had to be evicted for continued use of drugs and/or violence issues. According to the management, this sort of eviction rate falls in line with other new

facilities, and is a common issue faced by permanent supportive housing facilities, dealing with individuals who are often facing their last chance to find new structure in their lives.⁶⁴

Fargo, ND: Cooper House

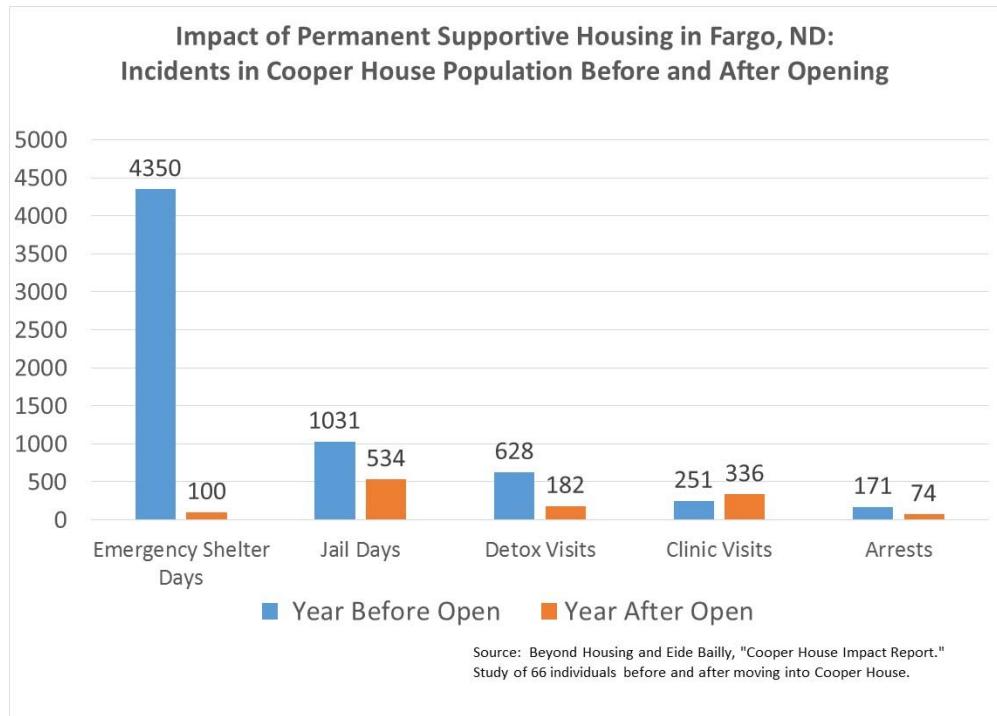
Cooper House is a 42 unit permanent supportive housing facility located north of downtown Fargo, ND. The facility was developed by the Fargo Housing and Redevelopment Authority in partnership with Beyond Shelter, Inc., a Fargo-based nonprofit development corporation. The Fargo Housing and Redevelopment Authority also manages the facility, which opened in May 2010.

Cooper House is a housing first “hybrid model” based permanent supportive housing facility, aimed at providing a “stabilizing next step” for individuals coming out of shelters and other transitional housing programs.⁶⁵

Services at the facility are offered by North Dakota’s Southeast Human Services Center, Cass County Social Services, Homeless Health Services, and the Great Plains Food Bank.

The facility also offers residents access to “a nurse works on site part time, and case workers, a social worker and an addiction counselor are available.”⁶⁶ Mental health technicians and staff from the Dacotah Foundation are onsite 24 hours a day, 7 days a week, and a part time “Licensed Addiction Counselor and a full time Case Manager are in the building daily” to ensure that residents are able to access support for their mental health and addiction issues. The facility also gives a preference to individuals who are experiencing chronic or long-term homelessness, veterans, and those with disabilities.⁶⁷

The 42 apartments in the building are income-based, with residents paying at least \$50 per month in rent. 32 of the units are efficiencies, and ten are one-bedroom



units. In addition to the mental health and addiction treatment services available onsite, residents can access case management, medication monitoring, life skills training, and job skills training.⁶⁸

In 2012, an impact analysis conducted by Eide Bailly found that costs incurred caring for the program's 66 residents dropped by nearly 37% overall, and "Fargo police officers saw a 72 percent decrease in costs associated with arrests and a 48 percent decrease in jail day costs related" to Cooper House tenants.⁶⁹

Moorhead, MN: Gateway Gardens

Developed and managed by the Clay County Housing and Redevelopment Authority, Gateway Gardens is a 24-unit permanent supportive housing facility with "on-site case management and 24 hour per day on-site staff."⁷⁰ The facility is located next to a homeless shelter operated by Churches United for the Homeless.

Gateway Gardens' goal is to provide housing to individuals "who have been unsuccessful in traditional housing."⁷¹ The facility receives support from Minnesota's Group Residential Housing program, with 19 units being set aside for such funding. The remaining five units receive funding through Clay County's Housing Choice Voucher program.

The first floor of the facility is devoted to service providers and office space, allowing affiliated service providers to interact with tenants onsite. Case management is provided by CCRI, a local nonprofit with experience in providing independent-living services to people with disabilities. The case manager is onsite at least 20 hours per week. CCRI also has a tenant services coordinator onsite from 8 am to 8 pm daily. The front desk at the facility is staffed 24 hours a day, and from 8pm to 8 am there is an on-site "private security guard" to assist with facility security and safety issues.⁷²

Residents living in the Group Residential Housing units receive support through Clay County Social Services, and are provided with access to basic furnishings, cookware, cleaning supplies, transportation support, and other basic services and supplies. All residents must be classified as "long-term" homeless. The facility's 19 group residential units give priority to individuals referred by the adjoining homeless shelter, easing identification



of potential residents and aligning the facility's work with that being conducted by other homeless service providers in the community.

Duluth, MN: New San Marco

Launched in 2007, Duluth's New San Marco provides 70 units of permanent supportive housing in downtown Duluth. The facility is divided into two parts, each serving a different population. One 30-unit wing of "single room occupancy" housing is devoted to residents with chemical dependency issues, including alcohol abuse. The second, 40 unit wing is devoted to individuals with a history of chronic homelessness, and is based around a more traditional permanent supportive housing model.

Funding for the 30 units for chemically dependent individuals comes from the state of Minnesota's Group Residential Housing program. The remaining 40 units "have Project Based Section 8 rental assistance" available.⁷³

New San Marco's development was spearheaded by Center City Housing Corporation, a nonprofit affordable housing developer based in Duluth.⁷⁴ Center City also manages the property. Services are housed onsite, and are provided by two nonprofit organizations: the Center for Alcohol and Drug Treatment (CADT), and the Human Development Center.

In addition to providing residents with addiction treatment services, CADT "provides one case manager, as well as a nurse, to assist with health and security issues and offer connects to social services on a 24-hour basis."⁷⁵ The Human Development Center also has a case manager onsite, connecting residents to "psychiatric nursing services and medication management."⁷⁶



According to the director of CADT, New San Marco's mission is "about keeping people alive, primarily," given the challenging drug and alcohol dependency issues of some of the residents.⁷⁷ The facility works with residents to embrace a healthier lifestyle and reduce alcohol abuse, with a focus on harm reduction. By taking some of the most vulnerable members of Duluth's population off the street and putting them in a safe, secure facility with access to support, the facility has helped mitigate the street-level impacts of homelessness in the community. In the words of a local judge, the facility has been a "win-win-win-win-win-win-win."⁷⁸

Sioux Falls, SD: Safe Home

Spurred by a 2005 study that showed that the average cost of dealing with a chronically homeless individual, including “police costs, emergency room visits, jail and detoxification facilities” was \$31,000 per person per year, Minnehaha County launched a pilot program to test the Housing First concept in action. In 2008, 25 individuals who were homeless were given housing and access to case management once per week. This simple, scattered-site approach showed great promise, with costs per individual dropping to \$22,000 per individual with limited effort by the county.

The success of this pilot project led to the eventual creation of Sioux Falls’ Safe Home. Launched in 2012, Safe House offers 33 basic apartments providing permanent supportive housing to individuals who are



chronically homeless. The project was financed utilizing low income housing tax credits in partnership with CITIBank and Lloyd Properties, a local apartment developer and property management firm. By the end of 2012, the facility was operating with an annual budget of \$650,000 and a waiting list of 40.

According to Jeff Yarbrough, director of the Safe Home project, this financing has created a situation where the county will take ownership of the property in 25 years, without making any direct payment for the building. The county only pays to staff the building and provide services to residents. This has “worked very well,” for the county, according to Yarbrough.⁷⁹ The finance model can be somewhat complex, however, and requires a good set of private sector partners to implement successfully.

Safe Home has been designed with features aimed at enhancing resident security and easing operation. Cameras cover most public areas, allowing staff to ensure residents are safe, and an overhead paging system allows managers to communicate instantly with residents in case of an incident. In the three and half years the facility has been in operation, there have been very few assaults or emergencies requiring police involvement. The facility does have to make “one or two” calls to 911 a month, but most are related to medical emergencies, not violence or disorderly conduct.

Safe Home is staffed by two case workers, one program assistant, and several part time staffers. Casework is handled by the county, and the facility allows local social service agencies access to provide services as needed. The facility has two staff on duty at all times, to enhance security and ensure resident safety. Safe Home has made efforts to pay these part time staff good wages, to ensure they “get good talent” with the ability to work with individuals with mental illness and chemical dependency.

issues. The staff includes individuals who have experience as law enforcement, emergency medical technicians, and social workers.

Alcohol is allowed, but there are limits on the amount a resident can bring into the building on a daily basis. The staff provides residents with access to “Harm Reduction Groups” aimed at helping them reduce alcohol and drug use, and has helped some residents get sober. Individuals living at Safe Home are also assigned a few chores, and help clean and care for the building, adding structure to their lives as the transition into housing. Residents are held to a system of infractions and violations, and are evicted for violent behavior. Evicted residents can receive a second chance, but only after a period of 6 months to a year has passed.

According to Yarbrough, Safe Home has shown a cost savings, per person served, of about 35 to 40% over the old way of doing things. Downtown business leaders and local politicians, who were skeptical about the project, have become major supporters, impressed by the savings and positive impact the facility has had on addressing downtown homelessness. One county commissioner, who had opposed the project, later stated that he had to “eat his words” on his initial opposition to the facility. According to the commissioner, Dick Kelly, two years of operation showed that Safe Home “has been a good investment. It has kept a lot of people off the streets, and some are in recovery.”⁸⁰

St. Cloud: River Crest

St. Cloud’s River Crest offers permanent supportive housing to chronic alcoholics who are homeless. The facility, modeled after San Marco in Duluth, is developed and managed by Center City Housing Corporation. Funding for residents housing expenses comes through the state of Minnesota’s Group Residential Housing program. The facility offers onsite services and case management from Recovery Plus, a chemical dependency treatment center operated by CentraCare Health of St. Cloud.

In addition to case management, Recovery Plus provides the 40 unit facility with an onsite nurse, providing medical care to tenants. The building has 24/7 staffing, and has been open since 2010. Funders for the project were varied, including Minnesota Housing, the Greater Minnesota Housing Fund, the Corporation for Supportive Housing, the Otto Bremer Foundation, the Minnesota Department of Human Services, Housing and Urban Development (HUD), and the National Bank of Commerce.⁸¹



Part III: A Path Forward: Key Findings and Best Practices

A Path Forward

Number and Types of Units: Matching Supply to Regional Needs

Research released by the Corporation for Supportive Housing (CSH) in 2015 estimates that 75 to 100% of adults who are chronically homeless and 10 to 40% of those who are non-chronically homeless make up the “target populations in need of supportive housing.”⁸² These estimates offer a rough guide for estimating the need in our region. Taking the lower bounds (75% of chronically homeless and 10% of non-chronically homeless) as a conservative guide, and making use of the Point-in-Time (PIT) numbers from 2015, this research projects that the Grand Forks region in **need of at least 41 permanent supportive housing units.**

This rough projection falls in line with input gathered from local service providers, including the Northlands Rescue Mission. According to leaders at the Mission, approximately 30% of their residents (approximately 50 individuals) would be a good fit for a permanent supportive housing environment. In addition to those living at the Mission, local officials estimate approximately 20-25 local residents were living on the Grand Forks Greenway riverbank in late summer 2015.

The Grand Forks region has seen a generally upward trend in chronic homelessness over the past several years, with counts as high as 66 chronically homeless being reported in 2014. Making use of the CSH model, this would translate to approximately **50 units being needed just to serve the chronically homeless in the Grand Forks region.**

Undercount of the chronically homeless can also be an issue. According to the United States Interagency Council on Homelessness, “the estimated average national inflow and undercount factor” of the chronically homeless is 30%.⁸³ Adjusting for this undercount, based on the CSH unit need research and 2015 PIT counts, **would project a supportive housing need in the Grand Forks region of 47 units.**

Given existing research on conservative levels of need, input from local service providers and emergency shelters, and data from regional counts of the homeless, Grand Forks could reasonably make use of a permanent supportive housing facility for the homeless with 40 to 50 units.

Given the lack of state funding for ongoing operations for permanent supportive housing in North Dakota, use of set aside section 8 vouchers to fund housing costs is a promising solution to cover the costs of housing in any new permanent supportive housing facility. As “very-low” income individuals, nearly all homeless people are able to make use of such benefits, helping cover the cost of housing them in a permanent supportive housing facility. According to input gathered from existing permanent supportive housing facilities in our region, approximately 40 to 50 units are needed in order to ensure a “good cash flow” capable of sustaining the operations of a housing facility.

Unit Mix

Permanent supportive housing facilities in our region make use of a variety of unit types, ranging from bare-bones efficiency units with very limited cooking space to one-bedroom apartments with full kitchens. Many facilities in Minnesota make use of a more “group residential” setting, due to state financial support through the state’s Group Residential Housing (GRH) Program. Under the terms of the program, individuals (including homeless individuals) receive a monthly income supplement from the state to pay for housing and food. Individuals receiving the support must live in an approved facility, such as a permanent supportive housing facility. The funding is paid directly to the housing provider on the individual’s behalf, covering the costs of housing and food. The state also offers a “Supplemental Service Rate” that provides funds to help cover the cost of services provided to individuals living in approved group residential settings. These programs, unavailable in North Dakota, help cover many of the costs associated with operating permanent supportive housing for the homeless in Minnesota.

Lacking state funding, federal housing vouchers will likely make up a much larger piece of the funding solution for a permanent supportive housing facility in North Dakota. Given their importance as a source of funds, an existing facility⁸⁴ in the region has chosen to make use of one-bedroom apartments exclusively, which has allowed it to use section 8 vouchers for one-bedroom apartments which cover a higher rental rate, providing more cash flow for the facility. The increased rent income gives the facility more operational funding, and the slightly increased size of the apartments has allowed for each unit to have a kitchen, allowing residents to handle their own food needs, and mitigating the need for a potentially expensive commercial kitchen. This model may make sense for a facility in Grand Forks, which may not have the benefit of direct state rental supports in the immediate future.

Accessible Units

Among the chronically homeless, those with disabilities are some of the most vulnerable, facing “much greater risk of physical harm, and even death” due to their condition.⁸⁵ Under the terms of the Americans with Disabilities Act, all “Federally assisted new construction housing developments with 5 or more units must design and construct 5 percent of the dwelling units, or at least one unit, whichever is greater, to be accessible for persons with mobility disabilities.”^{86,87} An “additional 2 percent of the dwelling units, or at least one unit, whichever is greater, must be accessible for persons with hearing or visual disabilities.”

According to the U.S. Census 2013 ACS, approximately 9% of Grand Forks residents have some form of disability.

Disability rates in the homeless population tend to be higher than those in the overall population. According to research published by the National Health Care for the Homeless Coalition (NHCHC) in 2011, “Nearly 16 percent of the non-institutionalized U.S. population is disabled, yet people with disabilities constitute over 40% of people who are homeless in America.”

Fargo’s Cooper House offers 7 handicapped accessible units out of a total of 43 (16%). Given the propensity of the homeless population to have disabilities, this higher percentages seems a reasonable guide for a permanent supportive housing facility in Grand Forks.

Key Finding #1: Target a 40-50 unit facility to balance demand with fiscal sustainability

Based on a conservative assessment of the need for units (75% of the total community survey counts for chronic homeless, 10% for non-chronic) and the reported homeless population in our region, Grand Forks would be in need of a 40-50 unit building to offer permanent supportive housing. Information received from other facilities reports that a 40 unit building is a minimum reasonable size to ensure a workable operating cash flow when making use of housing vouchers.

While the mix of units will vary based on the final site selected and construction considerations, a mix of one bedroom and efficiency units appears to be reasonable solution to meet the needs of the chronic homeless. While other regional facilities offering permanent supportive housing to the chronically homeless have chosen to provide either mainly efficiencies (Cooper House in Fargo- 3:1 ratio of efficiencies to one-bedrooms) or all one bedrooms (Moorhead Gateway Gardens) one-bedrooms may support a higher section-8 voucher rate, potentially easing challenges in providing operational cash flow for the facility. As a result, a building with more one-bedroom units than efficiencies seems a wise choice for future sustainability.

Key Finding #2: Include Group Residential Housing Units and a Commercial Kitchen if Revenue is Available

Group residential facilities in Minnesota – serving the most highly vulnerable residents with enhanced oversight and daily meals – are funded using a combination of resident incomes and state-appropriated operating funds.

Given the lack of dedicated state funding for group residential housing in North Dakota, establishment of a true GRH facility in Grand Forks may be difficult, operationally and fiscally. A hybrid model strikes a balance between a more independent-living model built around one-bedrooms and a more group-oriented model built around basically-equipped efficiencies. When combined with an onsite kitchen to serve those living in the efficiencies and offer supplementary food service to the more independent residents living in the one-bedroom units, this hybrid model bringing together group residential and independent living options, coupled with more intensive support services offered onsite, would allow a Grand Forks facility to meet residents at their point of need, depending on their level of vulnerability and ability to live more independently in a supportive setting.

A commercial kitchen on site can provide a way to provide both food and work experience to residents or to clients of other local social service providers. It may also offer a way to supplement operational funding, providing meals to other programs in need of food service around the community. One peer facility in the region did not include a commercial kitchen in its original plan and is now struggling to provide needed meals using improvised food preparation solutions.

Key Finding #3: Estimated total development cost of \$175,000 to \$200,000 per unit

Based on information gathered from regional multifamily and permanent supportive housing projects in North Dakota and Minnesota, a total development cost per unit of \$175,000 to \$200,000 seems a reasonable estimate. This includes land acquisition, construction costs, contingencies, and soft costs including design. Build costs (construction alone) will make up 50 to 60 which may explain the lower per unit cost seen in several local facilities (average of approximately \$123,000). According to research from

several states including Minnesota, construction costs will typically make up approximately 50 to 70% of the total development costs for a project, varying based on the soft costs and land acquisition costs related to a project.⁸⁸

Key Finding #4: Estimated annual operational costs of \$6,000 to \$12,000 per unit

Studies looking at the operational cost per unit for permanent supportive housing have reported a range of figures from approximately \$6000 to \$12,000 per unit. This includes the cost of administration, security, repairs and maintenance, property management, utilities, insurance, and other fees. Services, provided by outside providers, will carry their own cost. Given the fact that many of the studies published on operational costs were published between 2009-2012, operational costs towards the higher end of the range may be reasonably expected.

While costs will vary based on the mix of services provided by building management, CSH did report that facilities in their 2011 study had a positive cash flow, with revenues outpacing operating expenses. According to their study, “cash flow after debt service and replacement reserve is higher for permanent supportive housing” than it is for traditional affordable housing units.

Lessons Learned: Technical Best Practices

Interviews with regional service providers, permanent supportive housing managers, homelessness advocates, and review of regional and national case studies and reports have unearthed a variety of technical recommendations and best practices that will be of use moving forward with any project pursued in Grand Forks. While these recommendations and practices vary in scope and cost, they offer guidance on helping put a new permanent supportive housing program on a solid foundation for success.

Key Practice #1: Leadership by a “True Believer”

Key among all the technical recommendations received was the importance of having a “true believer” with relevant experience in the role of resident services coordinator at a facility. In order to make the housing first model work, this individual must have a strong belief in the philosophy, and the ability to creatively and flexibly draw on their skillset to help give structure to the lives of individuals that have lived, in some cases for years, without structure. There are various backgrounds that may prepare a person to fulfill this role (mental health services, law enforcement, disabilities support providers, etc.), but identifying a person with the skills, patience, and temperament suited to work with a potentially challenging population will be key to the success of any facility in the community.

Key Practice #2: 24/7 Staffing on Site

Safety and security are key to operation of a permanent supportive housing facility managed under the housing first model. This requires staffing 24 hours a day, 7 days a week, to check residents in and out of the building, monitor activity in common areas, oversee alcohol brought into the building, and ensure resident safety. Staff should check in with each resident at least every 24 hours, to ensure their safety, and to build a strong relationship. The challenges many individuals who are chronically homeless face with alcohol dependency and mental illness make it crucial to have staff on hand to deal with any safety

or health incidents. Many facilities ensure that two staff are working at all times, allowing one staff member to always be at the entrance while another deals with issues in other parts of the building, and ensuring resident and staff safety when difficult situations arise by having multiple individuals available to respond.

On a day to day basis, the resident services staff will be the key point of contact for residents, helping them make healthy choices, and connecting them with support services when needed. When managed properly and built around a culture of respect for the building, staff, and residents, this environment can minimize the need for law enforcement involvement, and provide the foundation residents need to stabilize their lives. At its core, the safety and security of residents is focused on harm reduction and mutual respect.

Key Practice #3: Strong Relationship with Service Providers, Advocates

Building strong relationships with regional social and health service providers, homeless advocates, and law enforcement is key to the success of any housing first permanent supportive housing facility. By having open lines of communication to service providers, the housing first facility is able to ensure that residents have access to the services they need to improve their lives and find stability. Good connections with homeless advocates, including local shelters such as the Northlands Rescue Mission, help with referrals of potential residents, thus connecting individuals who are homeless who could benefit from permanent supportive housing to the program.

Key Practice #4: “Lock Down” Staff and Service Agreements Up Front

Before a facility is built, contracts with the needed service providers and resident services staff should be completed. By having the proper relationships aligned ahead of time, a new facility is ready to hit the ground running on day one. Ensuring there is no services vacuum (where the facility opens without the proper services available to support residents) will help residents transition into the environment more successfully, as they have ready access to the services needed to stabilize their lives.

Key Practice #5: Strong, Open Relationship with Law Enforcement

Regular meetings with law enforcement are key, ensuring that security issues are addressed. Law enforcement officers are often the first responders to issues involving individuals who are chronically homeless, and become familiar with the “frequent flyers” that may be in need of support. A strong and open relationship between law enforcement and facility managers also gives law enforcement a quick contact when residents of the facility find themselves in situations in need of response. Staff at the facility may be able to step in at the request of police to assist with such issues, averting the need for expensive jail time or other interventions, freeing law enforcement officers to deal with other tasks throughout the community.

Key Practice #6: On Site Security and Strong Internal Security Infrastructure

In addition to having resident services staff on site, many regional facilities have dedicated security staff on site, trained to handle issues relevant to the population living at the facility. This security staff may be 24/7, or 12 hours per day (typically at night). These assigned security staff can also double as desk staff

if needed. Other options include contracting with an outside, contract security firm to provide security services, particularly during night hours, freeing staff to handle resident services.

Internal security measures and infrastructure are key to ensure resident safety and enable staff to do their jobs effectively. This infrastructure can be expensive, but should not be skimped on. Cameras should cover all common areas, and an elevator camera is very useful. Intercom systems, enabling the staff to communicate with residents in common areas and hallways instantly can help diffuse situations that are caught on camera, reducing the need for security intervention. Practices such as painting the hall on each floor a different color to allow staff to quickly recognize where issues are occurring can be valuable.

Key Practice #7: Resident Selection and Retention Activities

Resident selection is a key part of ensuring the successful operation of a permanent supportive housing facility for the homeless. As part of this process, a facility should create a “vulnerability index” to ensure that those in most need or most capable of benefiting from a PSH setting are identified and offered housing. The development of a resident retention plan when a new resident moves into the building is key, outlining the steps staff and the resident will take to help them transition into their new environment. Any potential challenges that might cause future eviction can be identified up front. For example, a resident with a history of domestic violence may have restrictions placed on their ability to bring individuals into the building, thus reducing the risk of incidents. Facilities often run background checks and reference checks on new residents, to get a sense of challenges that might be encountered if an individual is accepted into the facility and head off problems before they occur.

Key Practice #8: Separate Case Management and Building Management Functions

Unlike residential treatment facilities, permanent supportive housing facilities should separate the provision of housing and the provision of support services. According to the US Department of Health and Human Services, the “dual relationships typical of residential treatment can create an atmosphere of coercion that is not characteristic of Permanent Supportive Housing.” As a result, “property management and support service functions should be provided either by separate legal entities or by staff members whose roles do not overlap.”⁸⁹

Key Practice #9: Purposeful Building Design to Enhance Durability and Safety

Many regional housing first permanent supportive housing facilities have embraced the use of highly durable materials for interior finish, and recommend that new facilities do the same. By spending more up front, a facility can ensure that it has a durable environment, reducing wear and tear over time. Given the challenges faced by the population served, this enhanced durability is beneficial. This can include making use of higher grades of sheetrock to improve wall strength, use of solid doors, and installation of commercial grade flooring and trims. Facilities should also be designed purposefully, with an aim to remove items that may be used to cause damage. This can include ensuring that landscaping does not include rocks that can be used to damage the facility, and locking down garbage cans around the building. The goal is to ensure that residents who may experience challenges related to their mental illness or substance abuse are unable to cause harm to themselves or the building.

Key Practice #10: Alcohol Policies Focused on Harm Reduction

Facilities have adopted various policies towards alcohol, with some limiting volume per 24 hours, and other setting no limits on individual use but monitoring consumption levels. The housing first model does not ban alcohol use, but embraces meeting the resident at their point of need, giving them access to the tools they need to reduce alcohol consumption. The overall goal is to embrace harm reduction, helping the resident live a healthier life as a result of reduced consumption. In order to do this, housing first facilities typically set restrictions on where a resident can consume alcohol, restricting consumption to the apartments, and may ban group drinking, eliminating any sort of party atmosphere, and removing one environmental factor that may lead an individual resident to consume alcohol more than they otherwise would.

Key Practice #11: Second Chances... and Maybe a Third

The process of transitioning into permanent housing can be a challenging one for people who are chronically homeless. Issues of chemical dependency and mental illness may make the transition to a more stable environment difficult. In addition, many individuals who have been homeless for long periods of time may have become habituated to a life on the street, and find the experience of having a home a hard adaptation to make. As a result, there will be cases where individuals break the rules, leading to the need for expulsion. Many facilities are willing to give some leeway before removing a resident, but will expel them for violent behavior that endangers other residents and staff, and have zero tolerance for use of illegal drugs.

Resident service coordinators and facility management must, however, be willing to give second chances- and potentially third chances- to individuals as they see fit. According to facility managers interviewed, the experience of being placed back on the streets or in emergency shelters after the relative stability of living in a permanent supportive housing facility is often enough to make the a resident “straighten up and fly right” in the future. Each individual must be dealt with on case by case basis, however, at the discretion of the resident services coordinator.

Key Practice #12: Be Open with the Public and Engage with Neighbors

The siting of a permanent supportive housing facility for the homeless in a community may cause neighbors and citizens to raise a variety of reasonable concerns and questions. Openness is key, in order to keep the community informed and build an environment of trust and respect. Facility leadership should build lines of communication to local elected officials, business leaders, and neighborhood associations, to share information and answer questions. Once a facility is sited and operating, community feedback about challenges should be engaged proactively, ensuring that residents and neighbors are able to forge a safe, secure environment for all.

Key Practice #13: Involve Residents in Facility Operations and Caretaking as Appropriate

Involve Residents in daily upkeep work (cleaning, cooking) based on their abilities and interest. Some facilities give residents who are willing to help a list of weekly “chores” to help give them structure and build a culture of respect for the building. This work is voluntary, and no resident is required to take part. This has enabled the facility to eliminate the need for a contract with an outside janitorial service, saving funds for other uses.

Key Practice #14: Advocate for State Operating Funds for Permanent Supportive Housing

A lack of dedicated state funding to support group residential housing represents a major challenge to successfully developing and operating permanent supportive housing options in North Dakota. There are, however, other options, including the use of federally backed section 8 vouchers to help pay for rent in such facilities and offer a stream of operational funding. The use of these funds, coupled with low income housing tax credits, federal grants, foundational grants, HUD funding, and other locally sourced resources will be key to help finance any new project. Regional Federal Home Loan Banks may also offer a creative means to finance a portion of the project costs.

While limited state funding for permanent supportive housing has been pursued in the past, results were mixed. Given the pressing need for new options, local homelessness advocates, business leaders, and elected officials should look to partner with their associates in other cities throughout the state to advocate for additional state support for PSH-based solutions to address the needs of some of our state's most vulnerable citizens.

Glossary of Key Terms

Case Management

Case management is a collaborative process that assesses, plans, implements, coordinates, monitors, and evaluates the options and services required to meet the client's health and human service needs. It is characterized by advocacy, communication, and resource management and promotes quality and cost-effective interventions and outcomes.⁹⁰

Chronic Homelessness

Individuals or families with a disabling condition who have been continuously homeless for a year or more or have had at least four episodes of homelessness in the past three years.

Group Residential Housing

Group Residential Housing (GRH) is a Minnesota state program that helps to pay for housing and food costs for low-income adults who are elderly, blind or disabled, who live in licensed or registered settings. In some settings, GRH may pay for services when other funding is not available (such as a through a waiver program). These payments are made directly to the housing provider.⁹¹

Harm Reduction

Harm reduction can be described as a strategy directed toward individuals or groups that aims to reduce the harms associated with certain behaviors. When applied to alcohol abuse, harm reduction accepts that a continuing level of substance or alcohol use may be inevitable and defines objectives as reducing adverse consequences. It emphasizes the measurement of health, social and economic outcomes, as opposed to the measurement of alcohol consumption.⁹²

Housing First

Housing First is an approach to ending homelessness that centers on providing people experiencing homelessness with housing as quickly as possible – and then providing services as needed. This approach has the benefit of being consistent with what most people experiencing homelessness want and seek help to achieve.⁹³

The U.S. Interagency Council on Homelessness has a basic, three question review that can be used to determine if a permanent supportive housing development meets the definition of "Housing First."

- Are applicants required to have income prior to admission?
- Are applicants required to be "clean and sober" or "treatment compliant" prior to admission?
- Are tenants able to be evicted for not following through on their services and/or treatment plan?

If the answer is 'Yes' to any of these questions, the program is not Housing First.

Permanent Supportive Housing

Permanent supportive housing is decent, safe, affordable, community-based housing that provides tenants with the rights of tenancy and links to voluntary and flexible supports and services for people

with disabilities who are experiencing homelessness. Permanent supportive housing is a proven, effective means of reintegrating chronically homeless and other highly vulnerable homeless families and individuals with psychiatric disabilities or chronic health challenges into the community by addressing their basic needs for housing and providing ongoing support.⁹⁴

Social Detox

"Social detoxification" means detoxification in an organized residential nonmedical setting delivered by appropriately trained staff who provide safe, twenty-four-hour monitoring, observation, and support in a supervised environment for a client to achieve initial recovery from the effects of alcohol or another drug. Social detoxification is characterized by its emphasis on peer and social support and it provides care for clients whose intoxication or withdrawal signs and symptoms are sufficiently severe to require twenty-four-hour structure and support but the full resources of a medically monitored inpatient detoxification are not necessary.⁹⁵

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