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Housing Resources Leveraged by the Special Homeless Initiative of the Massachusetts Department of Mental Health, 1992–2006

Evaluation of the Special Homeless Initiative,
Massachusetts Department of Mental Health

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June 1, 2007

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Housing Resources Leveraged by the Special Homeless Initiative of the Massachusetts Department of Mental Health, State Fiscal Years 1992–2006

INTRODUCTION

This and a companion report[1] are the first products of an evaluation of the Special Homeless Initiative, a funding stream that began in 1992 and has grown to become an essential tool available to the Department of Mental Health for preventing and ending homelessness among vulnerable people with serious mental illness.

Preventing homelessness or ending it quickly for Massachusetts residents with serious mental illness (SMI) has been a strong element of the Department of Mental Health's (DMH, or the Department) agenda for approximately two decades. DMH estimates that approximately 48,000 adults with SMI live in the Commonwealth of Massachusetts. Of these, the Department serves the most disabled and the poorest. Client incomes, mostly derived from Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI) benefits, hover around 15 percent of the area median income, and most clients are not employed. DMH homelessness efforts have been greatly strengthened since 1992, when the state passed its first Special Homeless Initiative (HI) legislation. HI provides resources to reduce the incidence of homelessness among people with SMI. Housing development, both specifically for homeless people and more generally for people with SMI, has been a strong component of the DMH effort and the major focus of HI investment. Related aspects of DMH policies and practices include protocols for discharge planning, staff training to focus on housing issues, outreach to people with SMI living on the streets or in shelters, development of specialized shelters, and other aspects of homelessness prevention and intervention.

In the spring of 2006, after 14 years of HI funding, DMH decided to take a formal look at what the HI has accomplished. It commissioned an evaluation to examine a range of issues and impacts. Some issues of interest focused on process questions such as how the HI has been run, how it fits into the larger context of departmental services and strategies, what types of projects it has supported, how those projects are distributed around the state, and how HI funds have been used to leverage other resources to help prevent or end homelessness for DMH clients or those who are eligible for DMH services by reason of the severity of their disability. These issues are addressed in a companion report.

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[1] Burt, M.R. 2007. *History, Principles, Context, and Approach: The Special Homeless Initiative of the Massachusetts Department of Mental Health*. Washington, DC: Urban Institute.

The present report focuses on the housing-related funding that DMH staff, nonprofit providers, and other key stakeholders have been able to attract to Massachusetts to create appropriate housing for department clients *because* the resources of HI were available to provide matching funding for resident services. It presents findings relevant to three areas of concern to the Department:

- DMH's resource leveraging policies and practices for the HI;
- The amount and nature of funding for housing leveraged from all sources; and
- The cumulative number and types of housing units created and/or accessed through the HI.

Other evaluation reports will focus on HI impacts on clients and public costs. They will describe the total number of people served through various HI and DMH mechanisms, now and in the past; service histories and outcomes for people served by projects with HI investment, and the cost of public services avoided because HI and associated resources were able to house people and reduce their use of costly crisis services.

HI'S RESOURCE LEVERAGING POLICIES

Fundamental to the DMH Homeless Initiative is the expectation that DMH will use HI funds to leverage other sources of funding. As DMH is aware that funding for supportive services to keep people in housing is relatively scarce and as a good part of DMH expertise lies in providing such services, early in HI history DMH decided to offer its HI resources as a match to housing developers who could contribute housing resources. These housing resources are of two types—capital resources to acquire, construct, or rehabilitate housing; and operating resources to maintain the buildings and keep the lights on, which are usually covered primarily by tenant rents and rent subsidies. This history is described at greater length in *History, Principles, Context, and Approach: The Special Homeless Initiative of the Massachusetts Department of Mental Health* (Burt 2007).

DMH began by using HI resources to fund supportive services that were matched by housing resources from non-DMH agencies, and continues to do so. For the most part these leveraged resources go to nonprofit providers of either transitional or permanent supportive housing, and are used either to create that housing (capital investment) or to pay for rent and operating expenses at such facilities (operating resources). We concentrate in this report on these two types of housing resources leveraged with HI funding because, although HI has occasionally been used to pay for services in projects devoted to employment or relapse prevention, these uses have not been able to leverage anything close to the housing resources that the HI has attracted.

As detailed in Burt (2007), HI funding began with $1 million in SFY 1992 and expanded significantly for the next eight state fiscal years. It reached $21.4 million by SFY 2000, just before the state budget crisis occurred. Annual appropriations held steady between SFY 2001 and 2006. While in itself a sign of the state's commitment to this program, as most other budget items received cuts, it also means that few *new* commitments could be made that would have supported the development of additional units. Rather, all HI resources had to be used to sustain existing commitments. State fiscal year 2007 saw the first significant increase in HI resources since 2001, of $2.75 million statewide, with support from both the administration and the legislature.

An important aspect of DMH policy to understand with respect to HI is that once a housing project opens, it continues to receive HI resources unless for some reason it closes or changes its natures sufficiently for local decision makers to shift the resources to a different project. The result is that in years when HI appropriations have increased, DMH has been able to support new projects that are added to the HI inventory. But in the years 2000–2006, flat levels of HI funding were used to maintain existing housing but left nothing over to support new projects because new service dollars for match were not available.

HI'S RESOURCE LEVERAGING PRACTICES

DMH policies were very clear about using the promise of HI funding for services to bring in capital and operating resources. But policy is one thing and making it happen is another. Therefore it is important to describe the many creative ways that DMH staff in the areas and the Central Office have managed to attract housing resources using HI services funding as an incentive and a support. We focus on activities in Metro Boston, to parallel the focus of our leveraging analysis.

Because two-thirds to three-quarters of the state's population of homeless people reside there, and because evidence suggested that people with serious mental illness were at very high risk for becoming homeless or were already among the people crowding into shelters or living on the streets of Boston, DMH's Metro Boston Area Office recognized the need to focus on this issue some years before the HI began. The Area Office pursued homeless housing and services projects as a strategic part of developing its overall community-based residential service system.

In conjunction with newly emerging federal mental health policies, in the late 1980s DMH embarked on an ambitious statewide process to create a community-based services system, as did mental health agencies in some other states. This progressive approach to the treatment of serious mental illness entailed placing clients in housing in the community and serving them in that housing, rather than keeping and treating them for inappropriately long periods of time in state hospitals or similar institutional settings. It coincided with the growing realization that thanks to modern treatment techniques including advances in medication, people with serious mental illness no longer needed to languish in state hospitals for years, sometimes for a lifetime, as happened in the not so distant past.

Beginning in the late 1980s and gaining momentum during the 1990s, increasing proportions of the community residential services funds appropriated by the state legislature to support administration policies and programs for the new DMH service system came from savings the state garnered by closing or downsizing old inpatient state mental health hospitals. Further, in the early stages of the closure or census reduction process, recommendations from formal study groups and other sources internal and external to DMH emphasized that the Department needed to ensure that clients leaving the state hospitals would not summarily end up homeless. The intent to prevent homelessness quickly developed into administration and legislative consensus that the Department should sponsor supported housing projects for persons who were either homeless or at risk of homelessness. DMH followed up with homeless projects in all regions of the state, but especially in the Boston area. In Boston, the Department's efforts accelerated after some former DMH clients were found in homeless shelters after the large DMH Boston State Hospital closed.

In addition to promoting new community services initiatives, then-Governor Michael Dukakis, with significant legislative support, initiated several efforts to ensure that DMH would have a supply of housing for community placement that DMH's very-low-income clients could afford, including especially those leaving the state hospitals scheduled for closure or down-sizing in the coming years. Much of the new housing was to be developed by the state's mainstream housing agencies including the Department of Housing and Community Development (DHCD) and the Massachusetts Housing Finance Agency (MassHousing). Parallel with new state housing development resources appropriated particularly to DHCD for such purposes, the legislature and administration provided DMH with new appropriations for services that would be delivered in the community through a growing network of DMH residential service providers (usually nonprofits). The federal government spurred such changes to state mental systems through new rules covering how states could use Medicaid and Medicare funds to help pay for mental health care. These new rules clearly favored community rather than hospital based treatment.

Starting in the late 1980s, DMH received appropriations of several types to support the Metro Boston Area Office's work to promote supported housing for DMH clients. The Department's strategy for creating a viable community care system quickly encompassed a strong reliance on obtaining housing, both units and rental assistance, from the mainstream housing development community rather than building and owning the housing itself or using precious services funds to pay for it. Formal DMH plans from the 1980s and early 1990s outlined policies and practices for securing housing for clients. Group homes were the primary model, as the then prevailing wisdom dictated, but placements were also made whenever possible into public housing and apartments in the open rental housing market.

As DMH pursued its new system of housing and care across the state, it quickly established a six-person housing staff in Central Office and ultimately developed a system of area Housing Coordinators in each DMH Area (regional) Office of the state. It developed formal agreements with its sister housing and health insurance agencies at the state level. It also sought to duplicate these cooperative linkages locally, with the Department's six Area Offices in the vanguard of implementing the new strategy.

DMH Metro Boston Area

In line with the Departmental priorities and policies just described, the Metro Boston Area Office embarked upon the largest and most ambitious plan for developing a community care system, hiring its first staff person with an explicitly "housing" job in 1988. It was quick to take advantage of the fact that the greater Boston area had a significant affordable housing development infrastructure, which was less true for other less populous regions of the state. Under challenging circumstances including strong not-in-my-back-yard (NIMBY) sentiments coming from both the general public and even public sector agencies, the DMH Metro Boston Area Office proactively and creatively made quick progress in setting up a housing production "pipeline" that operates productively to this day. At the outset, this pipeline included projects to deal with homeless persons as well as persons at very high risk of becoming homeless.

The timing of these early efforts at DMH and especially in the Metro Boston Area Office coincided with passage of the first federal homeless-specific legislation, the Stewart B. McKinney Homeless Assistance Act of 1987. Funding under the act was available for transitional and permanent supportive housing. More so than other DMH Area Offices, Metro Boston appreciated the fact that to get HI dollars if and when they became available, an Area had to have a "pipeline" of housing in development, because if housing was not open and available when the HI dollars opened up, they would be given to a project that did have available units. With support from a variety of sources including the administration, the DMH commissioner, advocates, shelter operators, and legislative leaders, DMH Boston Area staff not only saw the potential of McKinney funding for starting a pipeline, they wrote several proposals for early McKinney grants. With several of their nonprofit service providers, they wrote proposals for early McKinney grants. The proposed projects were written with the assumption that the applicant agencies would develop and run them if funded, with DMH providing the services funding including for purposes of meeting HUD matching requirements. Most of the proposals in this first round of applications were successful, and funding flowed to the Boston DMH community through these nonprofits.

The success of these first proposals convinced providers to continue to apply for these resources, with the Area Office planning and coordinating the overall effort. In addition, providers in collaboration with Area housing staff developed experience implementing the projects, which involved many new approaches and housing strategies. In retrospect, Boston was one of two communities in the country (along with Seattle) that garnered the largest number of McKinney supportive housing projects in those early years, and the projects continue today. Boston was also the site of one of five permanent supportive housing federal demonstration grants designed to show the effectiveness of providing housing on reducing homelessness and mental health symptomatology among street people with serious mental illness.

Several current examples of how the Metro Boston Area Office housing development pipeline operates for both homeless and non-homeless DMH clients, using a largely nonprofit network of housing development partners, are the following:

> A new Community Development Corporation in Dorchester applied to the Department of Housing and Community Development for funding to develop 40 1-bedroom and studio apartments. DHCD suggested that the CDC talk with the Metro Boston Area Office because, if the CDC would set aside several units for DMH clients, the Area Office could facilitate access to Facilities Consolidation Fund (FCF) capital dollars for those units. DHCD administers the statewide DMH FCF program for DMH. The CDC director called the Metro Boston Area Office, negotiations ensued, and those units are now in the pipeline.
>
> As part of the disposition sale agreement for the former Boston State Hospital campus, which closed in the late 1980s, state plans for developing the property and any buildings not demolished called for affordable housing development

> on the site, with 15 percent of all such housing set aside for DMH clients. However, no state money was attached that could turn the set-aside objective into reality. In recent years negotiations with the property's developers have helped to deliver on that goal, which is being achieved. DMH has been able to bring FCF capital funding and DMH supportive services dollars to the table, which facilitated the process.[2] Of the first 44 units to open, DMH has 10 for its clients. Ultimately 160 units of housing on this site will be for DMH clients.
>
> A new development, Adams Court, involves a gut rehabilitation of three buildings. Metro Boston facilitated access to FCF and sponsor-based Shelter Plus Care vouchers for eight of the units, to be occupied by DMH clients.

At this time, DMH Metro Boston staff continue their efforts as coordinators and facilitators of housing development for DMH clients, regularly calling on their networks to leverage not just HI funds but other DMH-controlled resources to keep the housing pipeline open and active. In addition to HI's service resources and the FCF's capital resources, Metro Boston DMH together with DHCD manages over 150 Shelter Plus Care vouchers and over 170 more in collaboration with the City of Boston's Department of Neighborhood Development. In addition, there are several other pools of rental subsidy funding controlled by DMH. Housing development for DMH clients proceeds along many avenues. DMH's Metro Boston office is available to help ensure that whatever the deal, it honors its service commitments to the nonprofits that ultimately benefit DMH clients to help prevent or end their homelessness.

DMH Housing Staff

Area Housing Coordinators in the remaining five DMH service areas or regions work in similar ways with local stakeholders to find projects that qualify for funding under the HI. All six DMH Area Housing Coordinators meet monthly with Central Office Housing staff; in fact these "First Tuesday of the Month" meetings, chaired by the DMH Director of Community Systems, have been going on for well over 16 years. One or another aspect of pursuing mainstream housing resources, both within and external to the HI, is a topic at each meeting.

DMH does not apply directly for external funds to be used for housing expenses in HI projects, but provides letters of support detailing matching commitments should a project being proposed by a nonprofit provider be funded. If the providers who file the application for external funds receive the grant, DMH provides the matching services money promised in the grant application. This DMH match continues in subsequent years, usually as long as the project lasts.

Types of Funding Leveraged by HI Resources

The collective success of Metro Boston's, DMH Central Office's, and other DMH Area Offices' strategies in using HI resources to stimulate housing development can be seen in the very broad array of housing resources they have worked with over the years. Many HI projects use a

[2] The development process, which continues today, has been under the control of the state's property disposition agency, not DMH; it has been long and difficult, but is now moving toward achievement of the original goals for DMH clients.,

combination of funding sources. For example, a project in which Shelter Plus Care (federal dollars) pays the rents may have gotten its capital funding from FCF (state dollars) and uses HI and possibly other sources to provide supportive services. It is also highly probable that the agencies offering permanent supportive housing do considerable private fundraising to ensure that their budgets balance by the end of each year; unfortunately the HI does not capture these efforts or the amount of these resources.

DMH Homeless Initiative dollars have attracted capital and operating funds from the following federal and state sources, summarized in table 1:

Federal Funding Sources

- *HUD McKinney Supportive Housing Grants*: Able to cover capital, operating, and services expenditures for transitional and permanent supportive housing projects for homeless people (transitional housing) and formerly homeless people with disabilities (permanent supportive housing).
- *HUD McKinney Safe Havens*: Can provide capital, operating, and services resources for chronically homeless people with serious mental illness who will not use regular shelters or other programs.
- *HUD McKinney Shelter Plus Care* for homeless disabled populations provides only rental subsidies, and requires matching service dollars.
- *HUD McKinney Single Room Occupancy MOD REHAB*: Provides capital and rental subsidies for homeless single individuals, and requires matching service dollars.
- *HUD McKinney Emergency Shelter Grants*: Supply some funds for DMH shelters—specialty shelters for homeless single adults with serious mental illness.[3]
- *HUD Section 8 vouchers for rental assistance*: Provide rental subsidies that cover operating costs. Sponsor and project-based vouchers are attached to housing units and used by any tenant occupying the unit; tenant-based vouchers are attached to households, and move with the household if it changes residence.
- *Community Development Block Grant (CDBG):* Provides grants to larger cities and urban counties to develop viable communities by providing decent housing, a suitable living environment, and opportunities to expand economic opportunities, principally for low- and moderate-income persons. Use of CDBG for supportive housing is rare in Massachusetts, but not uncommon in some other communities.
- *HOME:* HOME funds can be used for rental subsidies or capital for development, in the form of direct loans, loan guarantees, or other forms of credit enhancement.
- *Section 202 Supportive Housing for the Elderly:* Capital and operating funds to nonprofit organizations that develop and operate senior housing.
- *HUD Section 811*: Cash advances and rental assistance to disabled populations with access to services.

[3] Not shown in table 1 because emergency shelter is not considered “housing” and therefore not tracked by DMH’s Housing Inventory.

- *Low Income Housing Tax Credits (LIHTC)*: Provide tax relief to businesses and capital resources to affordable housing developers, including to those that develop permanent supportive housing.
- *Federal Home Loan Bank* (FHLB): Provides loans for capital costs to affordable and supportive housing developers.

State Funding Sources

- *MassHousing (formerly MHFA)* - Rental housing developments have received financing through MassHousing in return for allocating a percentage of units for low or moderate-income persons, as well as persons with disabilities. Financing (usually) covers both capital and operating.
- *DHCD Facilities Consolidation Fund (FCF)*: Provides capital resources to develop housing for DMH/Department of Mental Retardation clients in the community.
- *DHCD Chapters 689 and 167*: Provided capital resources to develop units and enable reduced rents for people with special needs (no new units).
- *DHCD Housing Innovation Fund (HIF)*: Provides capital funding for innovative and supportive housing.
- *DMH Rental Subsidy* for DMH clients.
- *Massachusetts Rental Voucher Program* (MRVP).
- *DMH Contract Subsidy:* DMH funds are contracted to a vendor.

METHODS

In conjunction with developing its community-based system of residential care, DMH has sponsored a "Housing Inventory" data collection process and with its own dedicated data base. We used this Housing Inventory for the analyses in this report. The Housing Inventory is based in the Area Offices and coordinated by the Central Office. That is, the Central Office's Housing Inventory simply combines the information that each Area Office maintains into a single statewide database; the data therein are only as good as the data that come from the Area Offices.

The Housing Inventory's original purpose was to help the Department track and manage housing units for DMH clients as they were being developed or otherwise made available in the different Areas. In its earliest stages, DMH Area and Site Offices used the Housing Inventory to count housing units and their capacity, record information on unit and building characteristics, and identify if any types of rent affordability subsidies were connected to the housing. In its oversight of each Area's local housing activities and Housing Inventory process, DMH Central Office would periodically aggregate the local data into statewide analyses and summary reports for policy and program management purposes.

> During its earliest history the Housing Inventory was compiled by hand, and later computerized using software that was primitive by today's standards. The software was functional for the much smaller housing capacity that existed in the early years of DMH's community residential capacity buildup, but became much less viable as that capacity doubled and tripled over the years (see Burt 2006) and more information was needed than the original system could provide.

The Housing Inventory process had always entailed each of the six DMH Area Offices submitting their housing data on both homeless and non-homeless units to Central Office several times a year. Presently each DMH Area Office maintains its own Housing Inventory component, which is connected to and supports the Central Office statewide Inventory. As Department and provider efforts to secure external housing resources for clients generated increasing numbers of affordable housing development grants and rental subsidies, the Department realized that it needed to be able to track all such information, which was available from local staff and providers. Better tracking would let the Department manage its housing inventory better, as well as managing its collaborative DMH-provider grant administration and renewal responsibilities. The Housing Inventory began to record this more extensive information on external housing resource leveraging in the late 1990s.

The newest and current DMH Housing Inventory process was created between 2000 and 2001. This newest incarnation was designed to capture comprehensive and detailed information on all leveraged external housing resources at both the Area and Central Office level. Reflecting on their many years of experience and frustration with the original limited version, Central Office and Area Office housing staff devised new data definitions and procedural instructions. Area staff training accompanied the rollout. In summary, the new Housing Inventory has been expected to keep track of all housing-related funds other than DMH’s own resources that have been used to house its clients. Housing-related resources include capital resources for acquisition, construction, renovation, and rehabilitation and annual operating expenses in a variety of DMH programs, including those for which HI provides the service dollars. In addition to information on the amounts and types of grant or other resources, the Inventory has been pursuing such grant management-related information as grant amounts, grantees, and expiration dates.

Table 1: Sources of the capital and operating housing resources that HI funds have leveraged	
Funding source	**Type (operating / capital / both)**
Federal sources	
Homeless-specific (McKinney-Vento)	
SHP: Permanent Supportive Housing (PSH)	Both
SHP: Safe Haven	Both
SHP: Transitional Housing	Both
SHP: SRO Moderate Rehab	Both
Shelter Plus Care	Operating
Emergency Shelter Grant (for DMH shelters)	Operating
Section 8 Rental Assistance Vouchers	
Section 8 Sponsor-Based	Operating
Section 8 Project-Based	Operating
Section 8 Tenant-based	Operating
Other federal	
Low Income Housing Tax Credits (LIHTC)	Capital
Federal Home Loan Bank (FHLB)	Capital
202 (public housing for seniors	Both
811 (public housing for disabled people)	Both
Community Development Block Grant (CDBG)	Both
HOME	Both
State sources	
Facilities Consolidation Fund	Capital
689/167 (early source of capital funding, no longer used)	Capital
Housing Innovation Fund (HIF)	Capital
Massachusetts Rental Voucher Program (MRVP)	Operating
MassHousing	Both
DMH-DHCD Rent Subsidy Program (through local housing authorities)	Operating
DMH Services Contract Funding (used for short or long-term rental assistance)	Operating

FOCUS ON THE METRO BOSTON AREA

This Homeless Initiative analysis focuses on the Metro Boston service area, for a number of reasons. Metro Boston is the most populous of DMH's six service areas, and is also home to most of Massachusetts' homeless people. Not surprisingly, Metro Boston was the first place to see substantial activity arising from the Department's emerging policy on housing its clients who were homeless or at risk of homelessness and homeless people with serious mental illness who were eligible to become DMH clients. Efforts in Metro Boston began some years before the HI was formally created, as described above. Metro Boston receives 79 percent of HI funding, compared to 3 to 6 percent going to each of the remaining five regions. Finally, Metro Boston maintains several of its own databases for HI-related housing and clients who have been placed in HI-related housing, so it seemed likely that if the DMH Housing Inventory lacked some information, the Metro Boston Area Office would be able to fill in some of the blanks from other data sources, including historical files. All of these circumstances made Metro Boston the logical choice for this evaluation's leveraging analysis.

WHAT IS MISSING FROM THE HOUSING INVENTORY?

DMH Area and Central Office staff readily acknowledged that due to technological and workload issues as well as turnover among data collection and entry staff, it has been difficult to keep the Housing Inventory up to date and complete. Receipt of Housing Inventory data depends heavily on local DMH staff, who in turn depend on providers to supply the relevant information. Further, the funding information really should be fully updated at least annually for it to be truly complete; that level of commitment and detailed attention to the Inventory is hard to sustain, although DMH Central Office requests it annually. Data on some types of funding are systematically missing, including capital sources that go directly to developers. These sources could easily double the amount of leveraged housing resources identified in the Housing Inventory.

Capital Sources Going Directly to Developers. Some permanent supportive housing (PSH) projects are created from a partnership of different agencies. One agency specializing in housing creation may develop the project, another agency specializing in property management may operate the physical plant aspects of it once it is occupied, and one or more service providers may offer supportive services to retain housing once DMH clients move in as tenants. Therefore knowledge about some types of funding may not be directly available to the service providers who ultimately know the most about the project's occupants. Therefore these types of funding are most likely to be missing from the Inventory. Low Income Housing Tax Credits (LIHTC) are a case in point—these credits go directly to housing developers for use in acquisition, construction, rehabilitation, or renovation of structures that will be offered as affordable housing. As the developers often do not remain involved with a project after they have created the housing, service providers are not privy to their financial arrangements, and thus do not report them.

Omitting LIHTC funding can be pretty serious for anyone wanting to get the full leveraging story, as in other research on capital investment in permanent supportive housing, the LIHTC was the biggest source by far, at 33 percent of all capital resources. Other capital funding types not accounted for in the Inventory but that are important sources for permanent supportive housing projects include redevelopment authorities, affordable housing trust funds, and commercial banks. Together these sources could account for as much as 60 percent of capital resources.[4]

Grant and Contract Amounts Superceded by Renewals. The Housing Inventory was set up to show the date that a funding source began and the date it ended, if it did. But many funding streams require periodic renewals, and the HI Inventory does not show the dates when these

[4] Burt, M.R. 2005. Taking Health Care Home: Baseline Report On PSH Tenants, Programs, Policies, and Funding. Oakland, CA: Corporation for Supportive Housing.

occurred. Further, the Inventory shows the total amount of resources received by each provider from each funding source, but not the amounts of individual grants received over the years. If a certain type of money first received in 1995 had a five-year life, was renewed for another five years in 2000, and for another five years in 2005, the Inventory will contain the following: the start date of the first grant in 1995, and the total amount of money receive from all grants to date. It will not contain an end date; although two of the three grants received have ended, the Inventory treats this funding source to this provider as ongoing. Grants covering operating costs (i.e., rent subsidies) such as McKinney Shelter Plus Care and Supportive Housing Program grants and Section 8 vouchers are renewable and usually renewed, and thus subject to this approach to record keeping. This approach may yield accurate totals, but it does not provide the detail for each grant renewal, making it essentially impossible to check the accuracy of the totals without relying on a paper trail that is often missing important pieces, especially from the early days of the HI.

Data Inconsistencies. The HI Inventory also contains data inconsistencies, meaning that we have certain types of data for some but not all projects. These inconsistencies may be due to improvements made to the inventory over time. The definition of a particular data field may have changed, or new data fields may have been added with the result that the data are only available for more recent projects. Staff differences in data entry also produce inconsistencies in the data. Whether these inconsistencies occur among existing staff or result from staff turnover (i.e., new staff doing things differently from staff who have been around longer), they suggest the need for better training to ensure that all staff use the data fields consistently and correctly.

PRELIMINARY DATA WORK

To create the analytic file for these analyses, evaluation staff worked with Metro Boston Area Office staff to bring the Housing Inventory records up to date with information on previously unreported funding sources obtained by local programs during the last five years (SFY 2002–2006). The resulting database accounts for 10–12 percent more funding than appeared in the Housing Inventory for Metro Boston. Our analyses rely on this updated Housing Inventory information. These data are as complete as available information has made possible.

FINDINGS

Within the Metro Boston Area context, our analyses are divided into two parts—those that cover all the HI years (SFY 1992–2006) and those that cover only the last five years (SFY 2002–2006). For the whole HI period, we sought to determine (1) the total amount of housing resources the HI has leveraged, by source (table 2); and (2) the total capacity it has created (number of people that can be housed at one time) and the leveraged housing resources associated with them (table 3).

The final analyses focused only on SFY 2002–2006, because the greater accuracy and completeness of the Housing Inventory data for those years allowed us to do some different types of analysis. We examined HI leveraging in two ways. First, we looked at *new housing* resources leveraged by *new* HI resources—that is, the increment in HI resources from one state fiscal year to the next. This is the way that HI leveraging has traditionally been reported. Second, we examined the ratio of total HI investment to the total of leveraged housing resources identified in the Housing Inventory. We explain more about this second approach below, when we present its results.

HOUSING RESOURCES OBTAINED FOR HI PROJECTS, ALL HI YEARS (SFY 1992–2006)

Over all the years of the HI, the Housing Inventory shows that DMH's Metro Boston Area Office and local providers working collaboratively brought in close to $138 million in resources to develop and run housing for DMH clients and eligibles who were either homeless already or at high risk of becoming homeless. Table 2 shows the distribution of these funds over the many

Table 2: Housing-related funding obtained for projects with HI service dollars in the Metro Boston Area, by funding source, 1992-2006

	Number of projects	Total per specific source (in millions)	Total per funding type and government level[a] (in millions)
Federal sources			
Homeless-specific (McKinney-Vento)			
SHP: Permanent Supportive Housing	6	$11.26	
SHP: SRO Moderate Rehab	19	20.67	
Shelter Plus Care	29	27.00	
Total homeless-specific (McKinney-Vento)	**54**		**58.93**
Section 8 Rental Assistance Vouchers			
Section 8 Sponsor-Based	4	9.19	
Section 8 Project-Based	5	4.70	
Section 8 Tenant-Based	6	3.23	
Total Section 8 Rental Assistance Vouchers	**15**		**17.12**
Other federal			
Low Income Housing Tax Credits (LIHTC)	6	2.94	
Federal Home Loan Bank (FHLB)	2	0.59	
202 (public housing for seniors)	1	0.61	
811 (public housing for disabled people)	15	30.72	
Community Development Block Grant (CDBG)	2	1.52	
HOME	1	0.34	
Total other federal	**27**		**$36.72**
TOTAL, ALL FEDERAL			**$112.77**
State sources			
Facilities Consolidation Fund	14	5.42	
689/167 (early source of capital funding)	1	0.84	
Hoiusing Innovation Fund (HIF)	11	7.17	
Mass. Rental Voucher Program (MRVP)	3	0.78	
MassHousing (MHFA)	1	2.88	
DMH-DHCD Rent Subsidy Program (through local housing authorities)	8	5.31	
DMH Services Contract Funding (used for short or long-term rental assistance	6	2.81	
TOTAL, ALL STATE	**44**		**$25.21**
GRAND TOTAL			**$137.98**

Note: Housing-related funding in this table includes all capital and operating resources received by the project, including support for a capacity of 204 tenants who do not receive HI-supported services as well as the 929 tenants who are covered by HI services.

[a]It was not possible to associate all entries in the HI Housing Inventory with a funding source, so totals may not match totals in other tables.

federal and state sources that have been tapped over the years. The table shows funding in millions; thus the "$11.26" that appears in the first row of the third column as coming from the federal Supportive Housing Program for permanent supportive housing is $11.26 million.

As table 2 shows, at about $113 million, federal sources contributed the bulk of housing-related leveraged funds, with state sources making up the rest (about $25 million). The largest single federal source (about $31 million) is HUD's 811 program, which provides resources to local housing authorities to develop and run housing for people with disabilities. While the 811 program has been good news for HI in the past, in recent years it has not fared so well. The current federal administration has not requested significant new resources, and the 2008 budget proposes to *cut* 47 percent of federal funding for the 811 program, which would threaten the continued tenancy of existing residents.

Another of HUD's programs runs a close second to 811. The homeless-specific Shelter Plus Care program provides rental assistance vouchers for homeless people with disabilities and must be matched by local dollars for supportive services. To date HI funding has helped bring in $27 million in Shelter Plus Care resources. Other homeless-specific funding sources under the McKinney-Vento Homeless Assistance Act are SRO Moderate Rehabilitation and the permanent supportive housing component of the Supportive Housing Program. SRO Mod Rehab has contributed almost $20.7 million in capital funding for housing renovation and rehabilitation and operating funds through a special part of the Section 8 rental assistance program. With Supportive Housing Program funds contributing $11.3 million, the total for HUD's homeless-specific sources is $59 million. Section 8 rental assistance of various types has contributed about $17 million over the years.

Among state sources, the largest is the Housing Innovation Fund at $7.2 million. The Facilities Consolidation Fund has contributed $5.4 million for capital outlays, and several DMH rental assistance sources have contributed more than $8 million.

HOUSING CAPACITY IN THE METRO BOSTON AREA AND LEVERAGED FUNDS PER PERSON HOUSED

Starting in 1992, HI funding has helped the Metro Boston Area Office and its nonprofit partners create 79 housing projects for homeless and at-risk DMH clients and homeless persons eligible to be DMH clients (table 3). Some of these projects house only people with an HI service match, while others have some tenants that do not get services supported by HI. The HI portions of these projects have the capacity to serve 929 tenants; 204 additional tenants also live in these projects but do not receive services supported by HI. Over the years, five projects have closed, leaving 74 active projects.

Thirteen agencies in the Metro Boston area are involved in providing supportive housing to DMH clients with support from the HI. Agencies vary in the scope of their involvement. Vinfen is the largest provider, with 26 projects and a capacity for 306 HI tenants. BayCove, North Suffolk MHA, and the Justice Research Institute are also large, with slightly more than 100 tenants apiece. At the other extreme are agencies offering only one small project, such as the Veterans Benefits Clearing House with one 14-bed project or Residential Support Services, Inc. with one 20-bed project.

Altogether, the updated Housing Inventory shows about $116 million in housing resources that can be tied directly to a specific provider for HI tenants. Using this information and the capacity of each provider under HI allows us to calculate an average per-person cost. As can be seen in table 3, these per-person costs average $131,000, ranging from a low of $52,000 (HEARTH) to highs of around $250,000 (Residential Support Services, Inc.) or $260,000 (CASCAP).

Table 3: Capacity of HI-affiliated units in the Metro Boston Area, and leveraged housing funds associated with them, by vendor, 1992-2006

Vendor	Number of projects[a]	Capacity under HI[b]	Total leveraged funds for HI units[c] (in millions)	Housing funds leveraged for each person that HI units can accommodate at one time
Vinfen	25	306	$44.38	$145,039
BayCove	17	147	16.60	$112,959
N Suffolk MHA	11	115	11.11	$96,644
CASCAP	4	35	9.13	$260,961
BAMSI	2	40	6.19	$154,827
Justice Research Institute (JRI)	2	109	7.72	$70,868
Pine Street Inn	4	42	4.99	$118,819
Residential Support Services, Inc.	1	20	4.96	$247,925
North Charles MH RT	4	40	4.30	$107,426
Beacon Hill Multicultural Psych. Assn.	5	31	2.48	$79,917
Veterans Benefits Clearing House	1	14	1.69	$120,367
YMCA	1	10	1.34	$134,233
HEARTH	2	20	1.06	$52,909
TOTAL	**79**	**929**	**$115.95**	$130,992.00

Note: Eight agencies shown in this table have some projects that house both HI-affiliated and non-HI-affiliated tenants. The funding in the fourth column has been adjusted to reflect only costs of the HI-affiliated units. If total capacity were included, it would add 204 tenants and about $23.4 million of leveraged funding.

[a] Includes 5 projects that have closed

[b] "Capacity" = the number of people that the units/projects can accommodate at a point in time

[c] Over the duration of the grants, for all grants recorded in the HI Housing Inventory

In interpreting these per-person costs, the reader should keep a number of things in mind. First, the leveraged funds include capital resources, where these are known. Capital resources needed to create each unit of housing could vary considerably for a number of reasons, the two biggest of which are the value of real estate in the area where the housing is located and the type of development undertaken (from new construction to purchase plus gut rehabilitation to purchase with relatively minor renovation). In addition, agencies that operate scattered-site programs, finding existing units for their clients on the rental market do not have any capital costs. Some agencies are better than others at reporting the sources and amounts of their capital funding; if they underreport, their per-person costs will appear low when perhaps the low value is an artifact of missing data. For instance, the Housing Inventory does not contain any capital costs attributable to the two agencies with the lowest per-unit costs in Table 3, HEARTH and Justice

Research Institute (JRI). We were able to get capital costs for JRI from another source, but could not do the same for HEARTH, so its per-person costs are inappropriately low.

Second, the leveraged funds include operating expenses, which recur every year. HI projects have been open and occupied for varying lengths of time—some for longer than a decade, others for just a few years. The longer a project has been open, the higher should be the operating funds appearing in the Housing Inventory for that project. In the next section, we are able to discount the effects of project longevity on operating expenses by dealing only with annual operating expenses during the past five years.

CALCULATING THE HI'S SUCCESS IN LEVERAGING HOUSING RESOURCES

Over the years since the beginning of HI, different approaches have been used to describe the relationship between HI resources and the resources that HI has helped to leverage. For most of its history, up until the last five years or so, leveraging analyses focused on what was *new* each year. Area offices and providers worked continuously to acquire resources for new community-based housing. When the HI appropriation became available in July of each year, DMH took the *increase* in HI resources and allocated it to *new* commitments for *new* units.

However, starting about five years ago, DMH began asking Area Offices to track a broader range of leveraged funding, adding the focus of ongoing operating expenses, mostly the types of rental assistance that recur every year. So a second way of looking at HI leveraging would be to compare the *total annual* HI resource commitment to the *total annual* leveraged resources. Thanks to improved record keeping during the past five years, we were able to conduct this type of leveraging analysis for SFY 2002-2006 as well as analyses using the traditional approach of comparing *new* HI resources to *new* leveraged commitments.

The Traditional Leverage Calculation: New Housing Commitments vs. New HI Commitments for Services

As noted above, since the beginning of HI its leveraging capability has been calculated as the *increment* in HI commitments from year X to year Y divided into the total initial non-HI funding commitments obtained for the new projects to which the additional HI funding was being allocated. New non-HI funding commitments included capital resources, rent subsidy/operating resources, and sometimes even services funding if it was incorporated into a grant from a source such as HUD's Supportive Housing Program. For example, in SFY 1999 the HI appropriation was $19.1 million, an amount that was $3.1 million more than it had been the year before. The $16 million from SFY 1998 was already allocated to existing projects, so only the $3.1 million required new decisions. That $3.1 million was allocated to new projects just coming on line, and other funding raised for those projects was compared to the $3.1 million of HI commitment.

For permanent supportive housing projects over the years of HI, this formula yielded ratios of 3 to 1, 4 to 1, or even, in two years, 6 to 1. From the start of SFY 1993 through the end of SFY 2001 (nine years), every new HI dollar leveraged $3.66 in new permanent housing resource commitments, as shown in the first row of the box below. Leveraging ratios for permanent supportive housing for specific years were: 1993, 6.1 to 1; 1994, 1.5 to 1; 1995, 5.3 to 1; 1996, 3.7 to 1; 1997, 4.9 to 1; 1998, 4.4 to 1; 1999, 3.2 to 1; 2000, 6.1 to 1; and 2001, 5.2 to 1. Taking 1993 as an example, each $1.00 from the HI leveraged $6.10 of other permanent housing resources. Data for 16 permanent supportive housing projects, most from the very earliest years of HI, did not include information on non-HI funding. In all likelihood these projects did receive housing-related funding, but the information was never recorded. If we restrict the analysis to the 78 new permanent supportive housing projects for which we have definite information on new non-HI housing resource commitments, the ratio would become $4.64 leveraged for each new HI dollar committed.

Comparing Initial Commitments of HI and Non-HI Resources

SFY 1993–2001:	**HI**	**Non-HI**
Permanent Housing Projects Only:	$1.00	$3.66
All Projects Receiving HI:	$1.00	$3.43
SFY 2007:	**$1.00**	**$5.26**

Although the large majority of HI funds have been used to provide services in permanent supportive housing programs, they have also been used to provide supportive services in shelter, transitional housing, case management, clinical services, employment, and outreach programs. We focused our analysis on permanent supportive housing, but if we include all HI-funding projects rather than restricting ourselves to permanent supportive housing, the ratio of HI to leveraged funding would be $3.43—not much different from the results based on permanent supportive housing only.

From SFY 2002 through SFY 2006, HI resources increased by only $400,000, all of which were used for inflation adjustments. The first significant commitment of new HI resources came in SFY 2007, and were used to support 22 new projects. As shown in the box above, each of these new NI dollars leveraged $5.26 of non-HI housing-related resources.

An Alternative Leveraging Calculation: Annualized Housing Commitments vs. Annualized HI Commitments

As noted earlier, an alternative approach to calculating the HI's leveraging power compares the *total annualized* HI resource commitment to the *total annualized* leveraged resources. There are a number of compelling reasons for looking at leveraging this way as well as in the traditional year-to-year approach. Such a leveraging ratio will be considerably smaller than the ratio obtained through the "new commitments" approach, but it is still an important way to look at the HI's leveraging power.

First, HI resources are renewed each year. Once DMH commits HI funding to a project for supportive services, the expectation is that the project will continue to receive equivalent HI resources each year. This is why the traditional approach to calculating HI leveraging looked only at the *incremental additions* to HI resources every year—because all other HI resources were already committed to continuing support for the projects that began in previous years. So the older a project is, the more HI resources it has received. Given two projects with identical annual HI allocations, one of which is three years old and the other of which is nine years old, the second project will have received three times the amount of HI funding as the first project. Since HI has now been going on for more than 15 years, it is reasonable to think about accounting for the leveraging capacity of *all* HI resources over the years, not just the new ones.

Second, in many accounting applications, capital funding is amortized over the number of years of useful life a project is expected to have, even though it all comes in during or before the first year the project is occupied. In the analyses to follow, we have used 20 years as the amortization period, because that seems to be the time frame after which PSH operators assume they will have to undertake major renovations.

Third, funding for rent subsidies and other operational expenses usually comes in the form of grants, and those grants cover periods ranging from 1 to 10 years. Obviously a grant covering rents for 10 years will be considerably larger than one covering rents for 3 years. To compare them to each other and to HI resources, one needs to change the grant amounts to annual figures, dividing the grant with a 10-year term by 10, the grant with a 3-year term by 3, and so on. This also lets us make appropriate comparisons to each year's HI allocations.

The last five years, SFY 2002–2006, represent a stable period in the life of HI, and also one in which DMH was asking Area Offices to provide information on more types of leveraged funding and being more consistent in keeping funding information updated. For these reasons we focus on these five years for our annualized analysis. State funding was virtually flat, being used only for inflation adjustments, and easily tracked. No new units were created under HI because few HI dollars were available for the service match. Most leveraged funding came in as operating resources for already existing units. The Housing Inventory database provides information on annual operating amounts and total grant amounts per source and per vendor, and total capital resources received from capital-only funding sources, again per source and per vendor. After some preliminary data manipulation that involved first turning the available data into annualized figures and then multiplying by five to represent the five-year period (see appendix B), we arrived at the results displayed in table 4.

Table 4: Housing funds raised by Metro Boston permanent housing agencies, compared to HI resources used for supportive services to help clients maintain housing, SFY 2002-2006 (all funding shown in millions of dollars)

Vendor	Operating funds leveraged FY 2002-2006	Capital funds leveraged FY 2002-2006[a]	Total leveraged funds FY 2002-2006	Total HI resources FY 2002-2006	Funding leveraged for every $1 of HI resources, FY 2002-2006
Vinfen	$14.65	$3.09	$17.74	$31.50	0.56
BayCove	9.78	0.66	10.44	17.23	0.61
North Suffolk MHA	3.81	0.13	3.94	8.25	0.48
CASCAP	0.70	2.07	2.77	4.98	0.56
Justice Research Institute (JRI)	2.78	0.30	3.08	2.92	1.05
North Charles MH RT	2.62	0.19	2.81	3.22	0.87
BAMSI	2.04	all scattered-site, no capital involved	2.04	2.51	0.81
Pine Street Inn	0.92	0.58	1.50	7.48	0.20
Beacon Hill Multicultural Psychological Association	1.12	0.07	1.19	0.71	1.68
Residential Support Services, Inc.	0.83	0.04	0.87	2.14	0.41
Veterans Benefits Clearing House	0.42	0.21	0.63	0.11	5.73
HEARTH	0.56	unreported capital for one project	0.56	0.54	1.04
TOTAL	**$40.23**	**$7.34**	**$47.57**	**$81.59**	**0.58**

[a] assumed a 20-year useful life, so attributed 25% of total capital investment to this 5-year period

Table 4 first shows the capital and operating resources leveraged by HI during SFY 2002–2006. The 12 Metro Boston agencies in the analysis received $40 million in operating funds, or about $8 million a year. Capital resources committed to these projects when they began, long before SFY 2002–2006, and amortized over 20 years, totaled about $7.3 million for the five years in question. Total leveraged housing resources thus totaled $47.6 million during the five-year period SFY 2002–2006. Comparing this five-year HI amount to the total of $47.6 million for five years of housing-related investment shows that on average, Metro Boston providers receive 58¢ for every $1 of HI investment.

The fourth column of table 4 gives the amount of HI resources each permanent supportive housing vendor in Metro Boston received for housing-related services during SFY 2002–2006. Together, these vendors received $81.6 million in HI resources during this period.[5] HI funding varies considerably across agencies, even when one considers it on a per-person basis. Different agencies have different service mixes, and HI may pay for very enriched program services in some projects for specialized populations, while other programs have a leaner mix of services supported by HI. Not surprisingly, given the variation in leveraged operating resources and HI funding going to each agency on a per-person basis, considerable variation exists in the ratios of leveraged to HI funds for the different vendors, ranging from a low of 20¢ to the dollar (Pine Street Inn) to a high of $5.73 to the dollar (Veterans Benefits Clearing House).

Looking at leveraging from an annualized perspective reveals a different picture of the HI, as 58¢ for every $1.00 is considerably different from the $3.00 or $4.00 for every HI $1.00 that one has perhaps come to expect. Both are equally valid ways of looking at HI leveraging. At least three factors contribute to this difference, although in different ways:

1. **Significant amounts of capital funding are missing.** We know that this is true in a number of ways. First, the Housing Inventory records only a trivial amount of capital investment from Low Income Housing Tax Credits, which we have already noted account for about one-third of capital funding in other research. In the two Metro Boston permanent supportive housing projects for which we *do* know LIHTC investment, it accounted for 44 percent of the capital in one and 67 percent of the capital in the other. Second, we know we are missing capital resources completely for one project. Third, the Housing Inventory covers only resources leveraged from government sources, ignoring any contributions from businesses, foundations, and individuals obtained through general agency fundraising or capital campaigns. We have no way of knowing how much the second and third sources of "missing" capital may represent. The effect of filling in the missing information on capital investment would be seen in *both* approaches to leveraging. The ratio of 58¢ for every $1 from the annualized analysis would probably increase closer to $1 to $1, but the ratio of $3.66 to $1.00 from the new projects analysis would also increase.

2. **As the years go by, the impact of capital funding dwindles while the HI investment keeps growing.** Capital funding happens only once, but HI service resources have to be renewed every year. Thus as the years go on, more HI resources are added to the account

[5] This is the sum of resources received under program codes 3039, 3049, and 3059.

while the capital resources remain constant. In the early years of HI, when HI resources were small and lots of investment was being made as capital for project development, the capital received in one year tended to be compared to the HI resources expended in that year, making the "leveraged-to-HI" ratio very high. To make a fair comparison, the capital resources should have been spread out over the expected life of the project, as we have done in table 4, and only a single year used to compare to one year of HI resources. This factor will affect the ratio calculated by the annualized analysis but not the ratio identified in the new projects analysis.

3. **Annually, operating resources may be less than HI resources.** Operating resources keep coming in, and are usually routinely renewed. But they tend to be fairly constant, while agencies may get changing amounts of HI and other service resources to pursue more enriched or targeted services. So operating resources may come in, but may not be as much as the HI resources. As with the second factor, this one will affect the ratio calculated by the annualized analysis but not the ratio identified in the new projects analysis.

Vendor-to-Vendor Variation in Per-Person Expenditures

When discussing the findings in table 3, we noted wide variation in the amount of housing-related resources raised *per person*. While the average was $131,000 across the total HI capacity, per-person resources ranged from $261,000 down to $53,000—a ratio of almost 5 to 1. One possible explanation for the great differences observed was that the lower per-person figure did not include capital resources; another possible explanation was that the higher figures included more years of operating expenses. Now, with the data from table 4 showing capital and operating resources separately and annualized for a standard time period, we can make some calculations to see whether less variation is found when we look only at operating resources *for a single year*.

We first divided the operating funds in the first column of table 4 by five to get a one-year figure, and then by the HI capacity offered by each vendor (from table 3) to get a *one-year per-person* amount. *Per-unit* operating resources averaged $8,400 a year for the 894 HI-supported units open during 2002–2006, ranging from a high of about $13,300 to a low of about $4,000—a ratio of only about 3.3 to 1. So the substantial variation observed in table 3 is reduced somewhat by looking at annual per-person figures.

Also of interest is the fact that the agencies with high per-person amounts of total leveraged housing resources in table 3 are not consistently the ones with high per-person annual costs in table 4, and vice versa. In fact, the agency with the highest per-person total leveraged housing resources brought in *the lowest* annual operating resources per person. The correlation of per-person total leveraged housing resources and per-person annual operating resources is -.067, indicating essentially no relationship between the two sets of figures.

SUMMARY

The Homeless Initiative has given DMH the resources to promote many housing opportunities for homeless people with SMI, by committing HI service dollars to residential projects as a match for external housing-related funding. As the analyses Metro Boston, the largest of the

DMH service areas, illustrates, 74 projects with a capacity to serve 894 people at a time have been stimulated by HI investment over the years.

Since the inception of HI, operating and capital funds leveraged by DMH service dollars for Metro Boston come to about $ 138 million. These funds were mostly provided by federal sources such as homeless-specific funds (McKinney-Vento), housing vouchers, or an array of other federal funding founding sources. HUD Section 811 funds to house disabled populations provided the most resources from a single source ($31 million), with Shelter Plus Care coming in a close second ($27 million). In the future, this order will probably change as Shelter Plus Care continues to invest while the Section 811 program is being cut back.

We compared DMH HI funds to the funds leveraged for housing-related purposes in two ways. In the traditional “new projects” approach, we found a leveraging ratio of $3.66 of leveraged resources to each $1.00 of HI resources. In the second, annualized, approach to the leveraging analysis we found that each DMH dollar leveraged 58¢, on average. Due to underreporting of capital expenses in the Housing Inventory, the true ratio of leveraged to HI funds is likely to be closer to $1 leveraged for each $1 of HI funding, and the missing data would also increase the “outside-to-HI” funding ratio when calculated in the traditional new projects manner.

LESSONS LEARNED AND RECOMMENDATIONS FOR THE FUTURE

Our analyses indicate that the HI has been a powerful tool for generating permanent supportive housing. We have looked at leveraging in two ways, both of which show HI resources bringing in considerable additional funding to provide permanent supportive housing for DMH clients. The original approach to leveraging, showing new HI resources against new housing resources, yields consistently higher ratios than the second, annualized, approach we used, but both have their uses. As it is necessary to renew funding for operating and services expenditures each year, these funds will eventually overtake the capital costs. Thus it is important to add the annualized leveraging approach to the original approach to get an overview of HI leveraging as the Initiative continues through its second decade.

PRACTICAL ISSUES

It is not easy to keep track of leveraged resources, or of *any* program funding, over many years, but it *is* possible. Further, the information should be of great value to the Department, as it gives DMH and other stakeholders a reasonably accurate picture of *what it actually takes* to house DMH clients in the community and prevent or end their homelessness. This information, combined with the analyses of health and behavioral health care costs avoided thanks to housing placement that we plan for Phase 3 of this study, will allow DMH to make informed choices about the best use of its resources.

Current practices in maintaining the Housing Inventory will need some modification to ensure that it captures at least 90 percent of leveraged resources—90 percent will probably be the best possible accountability with a reasonable amount of effort. Two obvious recommendations are:

1. Preserve the historical record, and

2. Develop easy recording mechanisms and a regular schedule for collecting information on leveraged resources.

Preserve the Historical Record

Because the Housing Inventory permits only one set of fields per funding source, old data are overwritten when grants or contracts are renewed. As virtually every funding source that provides rent subsidies and operating resources makes grants for set periods and then (usually) renews them, the Housing Inventory regularly updates information about past funding from the same source. Because the original year of receipt of each funding source is preserved in the Inventory, we have been able to estimate the annual funding levels for past grants, but it would be better if that had not been necessary. There is a simple and a not-so-simple solution to this dilemma.

The simple solution is to make archive copies of the Inventory at regular intervals such as once a quarter, but no less than once a year. Files are dated and saved, including a "readme" file containing a codebook that preserves the field definitions in use when the archive is made, in case those change. As the years go by, these archives preserve the historical record for analysts who want to go back and determine funding levels and perhaps trends in funding sources and amounts. This archiving can be done with no changes to current data fields.

The not-so-simple solution is to change the file into one that preserves the historical record. Doing this usually means employing a relational database such as Access, which can use different "tables" to record each new instance of a particular funding source to a particular provider when it happens, without losing previous data.

Develop Easy Recording Mechanisms

Create a reporting template that lists funding types, funding sources, and, once known, last year's amount. Make it the responsibility of DMH area housing coordinators to get agencies to complete this template for all projects offering housing and housing supports to DMH clients in DMH-affiliated housing. DMH could limit this to HI-related projects or try to get them all.

Make it a condition of contract renewal that agencies complete and return this funding template for their most recently completed fiscal year before DMH signs off on their current year contacts.

Do separate templates for capital, operating, and services funding. Development/capital investment happens rarely—at project beginning and at times of major renovation. The capital sources template should be completed as the development phase of a project is completed and units first open for occupancy. Use the template to probe for sources such as LIHTC. As the agencies operating a project may not be the one that developed it, agency staff will have to ask the developer for capital information. Any developer of affordable housing should be able to just hand an agency their "pro forma" for a project, which should have all the information needed for capital funding sources, and often for initial operating and services sources and amounts as well, if the project type calls for them. It would not be too surprising if developers who have created a lot of affordable or permanent supportive housing could locate their *pro formas* for long-completed projects as well as new ones. It would be useful information to get, and would not hurt to ask.

Operating and services funding templates should be completed every year. DMH has never tried to track non-HI funding for services that agencies generate to serve HI clients. This would be a good time to start doing so by using a services funding template, because while non-HI service funding is not “leveraged” in the strictest sense, it *is* being used to serve the same clients as HI funding, and any program outcomes would have to be attributed to the entire service package that HI clients receive.

APPENDIX A: ALL METRO BOSTON PROGRAMS THAT HAVE HAD HI FUNDING	
VENDOR:	**PROGRAM**
BAMSI	Chelsea House STI Scattered Sites
Bay Cove Human Services	American Legion Highway ATARP Scattered Sites Bay Cove HOP (closed)
	Bellevue Street Apartments (closed)
	Bellingham Street Residence
	Boylston Street
	Fenway Lodge
	Fuller Street Residence
	Hamilton Street Residence
	Harrishof Street Apartments
	HASH
	Lyon Street Residence
	MBSHP
	Oakman Street
	Orchardfield
	Residencia Betances
	Walnut House
Beacon Hill Multicultural Psychological Assn.	Burt Street Apartments (closed)
	Daly House Residence
	Daly House SRO
	Gaylord Street Apartment
	Marcy Road. Supportive Housing
CASCAP	Broadway
	Green Street Lodge
	Pearl Street Apartments
	Somerville Place
CEEH	Anna Bissonnette House
	Bishop Street
Justice Research Institute (JRI)	JRI Residential Services Program
	Symphony Shared Living Apts.
North Suffolk MHA	ASH
	Boston Outreach
	Bowdoin BCLT S+C (closed)
	Cortes Street
	Essex Street Residence
	Hancock Street Residence
	Harborview House
	Mainstay
	Noble House
	W. Newton Supportive Housing
	Watt Street Residence
North Charles MH RT	Hunting Street Apartments
	North Charles Scattered Sites

APPENDIX A: ALL METRO BOSTON PROGRAMS THAT HAVE HAD HI FUNDING	
VENDOR:	**PROGRAM**
	YMCA Group Residence Cambridge
	YWCA Supp Housing Cambridge
Pine Street Inn	Park Street Residence I
	Park Street Residence II
	Richard E Ring House
	Warren Street Residence
Residential Support Services, Inc.	Bellingham Hill Apartments
Veterans Benefits Clearing House	Highland House SRO
Vinfen	Ashford Street
	Bennett Street Residence
	Berkeley Residence YWCA
	Brookline Village Residence
	Connelly House Apartments
	Crawford Street
	Dual Diagnosis SHS
	Fessenden Street Apartments
	Fessenden Street Residence
	Harbor Inn
	Harris Street Residence
	Hyde Park Avenue Residence
	Larchmont Street Residence
	Market Street Apartments
	Mass. Avenue.Apartments
	Robinwood Road Residence
	School Street Residence
	St. Alphonsus Street
	Tremont Street Apartments
	VF-Huntington/Symphony Apartments
	VF-MMHC
	VF-SCFMHC Scattered Sites
	Westminster House
	Winston Road Residence
	Young Adults SHS
YWCA	YWCA (closed)

APPENDIX B

Data Preparation for Annualized Leveraging Analysis

We took the following steps to prepare the Housing Inventory data for the annualized leveraging analysis reported in table 4.

1. We multiplied annual operating amounts by five to account for the five-year period.
2. For capital only funding sources, we divided capital funding by 20 (to account for the typical time frame of 20 years before housing of this nature require major investment in renovation/restoration) and multiplied the annual amounts by five for the five-year period. One agency operates only scattered-site projects, and thus did not need or receive any capital resources. The other three agencies without a record of capital resources in the Housing Inventory operate both facility-based and scattered-site projects; their records should include capital resources, but do not. We were able to get capital investment for two of these agencies from the Metro Boston Area Office.
3. For sources that provide funding for both capital and operating expenses,
    a. To get the amount devoted to capital we multiplied the annual operating amount by the duration of the grant (based on start and current or end date), and deducted the product from the total funding from that source to get the amount devoted to capital expenditures.
    b. The capital amount was then divided by 20 and multiplied by 5 to get the capital attributed to the five-year study period. One outcome of this preliminary analysis was the recognition that performing step 3a left little or nothing to be attributed to capital. It is possible that these sources gave only operating funds even though they had the authority to offer capital resources as well. It is also possible that the capital component was not recorded accurately, in which case the Housing Inventory may underestimate the amount of capital funding leveraged by HI.
4. We added these amounts to determine the total leveraged amount per vendor for the five-year period under study.
5. We obtained data on HI resources going to each vendor annually for services in support of housing, and multiplied these amounts by five to match the five-year period.
6. If necessary, we adjusted the capacity offered by a vendor to reflect only the capacity (number of people) receiving HI-supported services, and reduced capital and/or operating funding accordingly.