SECTION 8: FUNDING & RESOURCES

A. Overview

Consistent with themes that have been emphasized thus far, concerning the lack of focus or programs that target homeless older adults, there is also within the public funding landscape a notable absence of specialized funding that can address the costs of building, operating, and servicing housing programs intended for this focal population. Nonetheless, the issue of financing the variety of housing and service models that have potential to be effective interventions in the lives of older adults, not to mention homeless older adults, is of paramount importance and presents profound public policy implications as we develop strategies to meet their evolving housing needs.

According to the report of the congressionally established Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century, decreased investment in affordable housing and a burgeoning elderly population (projected to grow from about 12 percent in 2002 to 20 percent by 2030) are likely to increase the number of elderly who must spend large portions of their incomes and housing. Moreover, according to the Commission, an estimated one-third of older tenants residing in government-subsidized housing require some level of assistance with activities of daily living.[i] As a result, there has been particularly high demand for affordable supportive housing for this population, a need that far outstrips the federal resources available to address that need, as evidenced by the fact that federal housing assistance reaches just over one-third of elderly households that need assistance.[ii] This burden has had an acute impact on the many public systems of care that assist low-income and/or homeless older adults and thus yearn for more innovative and cost-effective solutions, and certainly by the many project sponsors that face the onerous task of combining numerous public subsidies and private investments to meet the increasing demands of an aging residential population.

Therefore, without the luxury of specialized funding to address the unique needs of homeless older adults, this Section reviews some of the more central and viable funding resources that are currently assuming or in the future can assume the responsibility of financing the costs of housing and services for them. What follows is far from an exhaustive review of all potential public funding streams; there are too many that could relate indirectly to this plan's focus than for which there is space or interest. Similar to the challenges inherent in conducting the literature review or querying stakeholders about the population's characteristics and needs, this section inevitably must default mostly to discussing (sometimes alternating between) funding resources geared towards low-income seniors or the frail elderly, though at times we have tried to add context when possible where there is nexus or relationship with homeless programs.

Accordingly, this Section is organized by three general cost categories: capital financing, operating subsidies, and supportive services. These individual approaches to cost category discussions are further structured by the level of government at which the funding or resource is administered.

B. Capital Resources

There are a variety of public funding sources designed to meet or supplement the capital expenses associated with building multifamily rental housing for the elderly, perhaps none more notable than the HUD Section 202 Program (Supportive Housing for the Elderly). Yet, to this day, the Section 202 Program remains the only federally funded housing program designed specifically for older persons, though a range of federal resources, (e.g., HOME, Community Development Block Grants, etc.) provide housing and other services to them in different ways. Beyond the federal level, the State of California has utilized its Low-Income Housing Tax Credit (LIHTC) and Multifamily Housing Program (MHP) to create housing facilities for seniors, while more locally, the City of Los Angeles has done so primarily through its Affordable Housing Trust Fund program. But before launching into an overview of these other resources, let us first begin with a more focused discussion of the HUD Section 202 program.

1. Section 202 Program

a. Overview

As the only federal housing program that targets all of its rental units to very low-income elderly households, HUD's Section 202 program represents a vital housing resource for this population. Under this program, HUD provides capital advances—effectively grants—to private nonprofit organizations to expand the supply of housing for the elderly by constructing or rehabilitating buildings. In addition to its capital investment, HUD enters into contracts with nonprofit organizations to provide them with project-based rental assistance (i.e., PRAC). Given the tenant population, residents generally pay 30% of their income on rent, thus the insufficient rental income requires the PRAC payments to cover the difference between the property's operating expenses (as approved by HUD) and total rental receipts.[1] HUD also requires program sponsors to ensure that their residents have access to appropriate supportive services, such as subsidized meals programs or transportation to health care facilities. Since its inception in 1959 and modification in 2002, the program has financed the creation of approximately 6,200 housing facilities for the elderly, accounting for roughly 250,000 residential units.[2]

Tenant eligibility is limited to households that meet HUD's definition of very low-income (less than 50% area median income), where at least one member is 62 years or older. Yet recent research confirms that residents in 202 programs, at least nationally, are on average more advanced in age, frail or disabled, and poorer than the eligibility thresholds would suggest. The American Association of Retired Persons (AARP) reported in 2006 that the average resident age in Section 202 housing is 79, with an average annual income of $10,018. A remarkable 90% of its residents are women, who they note are unlikely to benefit from marriage and employment, two critical avenues out of poverty for younger persons.[iii]

---

[1] The PRAC term is three years, subject to renewal based on funding availability.

[2] The Housing Act of 1959 (P.L. 86-372) established the Section 202 program, which began as a direct loan program that provided below-market interest rate loans to private nonprofit developers, among others, to build rental housing for the elderly and people with disabilities. In 1990, the Cranston-Gonzalez National Affordable Housing Act (P.L. 101-625) modified Section 202 by converting it from a direct loan program with Section 8 rental assistance to a capital advance program with project rental assistance contract (PRAC) funds and restricted eligibility to the very low-income elderly.

b. Demand

But as the population applying for and using Section 202 housing continues to age (see Section 5, "Special Needs Developer And Senior Housing Provider Interviews"), there is a parallel and surging demand for these facilities. The program continues to experience high occupancy levels, low turnover, and lengthy waiting lists, all of which were confirmed in both the interviews with the senior housing providers and housing developers and in our subsequent follow-up group meeting. Unfortunately, despite the tremendous need for supportive housing among the elderly and the program serving as a significant source of new and affordable housing for them, Section 202 has only reached a small share of eligible households. The GAO reports that between 1985 and 2001 the program reached no more than about 8% of elderly households eligible for assistance under the program, although during that same period between 45-50% of elderly renter households with very low-incomes had housing affordability problems.[iv]

That a program with such an exclusive focus is still not reaching its potential is an outcome driven by several factors or constraints. For one, there is the formula upon which program funding is based. Congress specifically intended the Section 202 program to expand the supply of affordable housing for very low-income elderly households, who have difficulty affording market rents given they have few or no financial resources, such as cash savings or other investments, and rely primarily on fixed incomes that do not keep pace with market rents. Accordingly, HUD takes into account the need for this housing when allocating program funds to their field offices. The criteria for allocating funds to the field offices include, among others, the total number of very low-income elderly renters in a locality and the number in this group that pay no more than 30% of their incomes for rent. Based on data from the American Housing Survey in 2001, roughly half of the 3.3 million elderly renters in that income range met that housing cost burden benchmark.

c. Budget Constraints

The Section 202 program has also witnessed a decline in the construction of new units in recent times, another theme that resonated throughout the developer interviews. Quite simply, the program has not fared well during the federal budget appropriation process; the program has been funded repeatedly at the same appropriations level, which is still well below the levels Congress dedicated in the late 1970s. According to the AARP, between FY 1995 and FY 2004, the number of new units funded through the program declined by 29%, while production in FY 2004 was 58% of its level in the early 1980s. Given these trends, there can be little question that the gap between production and demand will widen as the number of persons age 65 and older increases.[v]

At the same time that the federal government has kept program funding stagnant, HUD continues to expect the program's financial assistance to be the only significant source of funds for the development of the project. In fact, it is HUD's policy, as embodied through the program's development cost limitations, to only provide for those costs that are "reasonable and necessary to develop a project of modest design that complies with HUD minimum property standards."[vi] The unfortunate reality is that Section 202 capital advances have not always been sufficient to cover these expenses. We heard this issue of insufficient funding in our interviews with senior housing providers and special needs developers and our follow-up meeting. On both occasions, participants likened the intended product to a "shell" of a facility, with absolutely no flexibility for amenities (e.g., balconies) or any unanticipated cost overruns (e.g., increase in materials costs). In high-cost areas such as California, especially in Los Angeles, the inadequacy of program funding is particularly acute. Our discussions with 202-funded agencies highlighted not only the examples cited above, but that the capital advances were unable to cover expenses beyond even the cost of land acquisition and designing a project that was compatible with local design preferences. Additional financial support therefore was required from the sponsors or in-kind contributions from local governments, such as zoning waivers or infrastructure improvements. It is little surprise then that we heard from providers about their interest in siting projects in the outlying areas of Los Angeles County, such as Pomona, or even in adjacent counties (e.g., San Bernardino) where land is cheaper and the local jurisdiction more willing to offer concessions to make the development feasible.

In a recent report on the Section 202 program, the GAO also confirmed reservations among providers and consultants that the capital advances provided by HUD were frequently inadequate to cover land, labor, construction costs, as well as fees imposed by local governments. As a result, insufficient capital advances lead to negative consequences, such as extending the project's processing time, or the need for sponsors to seek secondary financing from other federal, state, or local sources, or redesign projects, cut costs, or all of the above.[vii]

d. Construction Delays

Failure to meet HUD's processing time guidelines is important because it delays the overall production time for the development. The current guidelines state that within 18 months of the funding award date, field offices and project sponsors must complete various tasks before construction can commence. A 2003 GAO analysis of projects funded from fiscal years 1998 through 2000 revealed that 73% of the Section 202 projects funded did not meet this processing timeline. Apparently, this delay was more common among metropolitan areas, as 78% of projects in such areas were delayed during this period, compared to 61% of projects located in non-metropolitan areas.[viii]

The reasons for such delays in the processing time for HUD are equally varied and important. This same report from the GAO found multiple impediments, including some internal to HUD, such as insufficient capital advances, limited training and guidance for HUD field office staff on processing policies and procedures, and limitations on HUD's project monitoring system. Other external factors included limited development experience among project sponsors and requirements established by local government. The GAO found these impediments to be quite common, indicated as a frequently occurring problem among 40% of surveyed providers and consultants and 60% of HUD field offices, while a majority of those surveyed reported that local government permitting and zoning requirements prolonged project processing.

HUD has remained aware of the complexities associated with developing 202 projects and has responded to this concern of insufficient capital advances in covering project development costs by providing additional funding, outside of the annual SuperNOFA competition, for predevelopment expenses.[3]

e. Supportive Services

There may be other underlying concerns among senior housing providers about utilizing the Section 202 program, such as its requirements related to supportive service provision. These concerns may have to do with sufficient funding to ensure that residents have access to appropriate supportive services or simply having the linkages and relationships in place within the community. Section 202 developments allow elderly households to live independently longer by offering tenants a range of services that support independent living (e.g., meal services, transportation, housekeeping, etc.). When applying for a capital advance, sponsors must demonstrate how they will address tenants' needs for supportive services, though HUD only pays for supportive services under limited circumstances. In some cases, capital advance properties that principally serve frail elderly residents may use project-based rental assistance funds to hire service coordinators. Direct loan properties can apply for HUD's Service Coordinator grants program.[4]

In the GAO's review of eight Section 202 properties nationwide, they found that all ensured residents had access to supportive services, though the range and nature of the services depended on the amount of operating income that was available to pay for the services and/or the proximity of community-based services to the projects. Interestingly, seven of the eight projects included in this review expected an on-site manager to coordinate the provision of supportive services to elderly residents or relied on rent revenue to pay for a service coordinator. Where positive cash flow was scant, some providers relied on neighboring 202 projects (developed by the same sponsor) to meet the program's expectations.[ix] Yet resident managers cannot always provide supportive services since they may lack the resources to do so and/or the experience needed to provide such services. This disconnect was recognized by HUD, as Congress began funding the Services Coordinator Program in 1992 to help meet the increasing needs of elderly and disabled residents in HUD-assisted housing and to bridge the gap between these needs and resident managers' resources and experience.

---

[3] In 2004, 2006, and 2008, HUD announced additional program funding through its Section 202 Demonstration Planning (or Predevelopment) Grant Program with the specific intent of expediting the development processing of projects that had previously been selected for funding under the current year's program NOFA. According to HUD, this measure was intended to provide a source of funding for predevelopment costs that would otherwise not be reimbursable until Initial Closing or would be payable from eligible funding resources secured outside of the Section 202 Capital Advance funding (see *Fed. Reg.*, May 4, 2006 and January 23, 2008).

[4] The 1990 Cranston-Gonzalez National Affordable Housing Act authorized grants under the Service Coordinator Program to projects developed under HUD's Section 202 direct loan program. Projects receiving capital advances (after fiscal year 1991) are not eligible for these grants but can use a portion of PRAC funds (not to exceed $15 per unit/per month) to cover some of the cost of any supportive services for those frail elderly or those elderly determined to be at-risk of being institutionalized. The balance of the cost for services must be paid for from sources other than the capital advance or PRAC funds. HUD also allows the cost of employing a service coordinator for those projects serving principally the frail elderly (when at least 25% of the residents will be frail or determined to be at-risk of being institutionalized) as an eligible use of PRAC funds.

f. Lack of Access for Homeless Older Adults

While the Section 202 Program is effective at housing very low income older adults, it has not provided housing for many homeless older adults. As we heard from the Section 202 housing providers we interviewed (see Section 5, "Special Needs Developer And Senior Housing Provider Interviews") these highly desirable units are typically filled from long waiting lists. While HUD requires affirmative fair marketing in the outreach and applications process, long waiting lists, which are updated by mail, tend to exclude homeless applicants who do not have reliable mailing addresses. In addition, the application screening process, which relies on credit checks and landlord references, works against any homeless applicants who do reach the top of the waiting list.

With the exception of a planned Section 202 project in New York City and a recently completed project in San Francisco, HUD has consistently required these waiting list and screening procedures, so few homeless older adults are housed in Section 202 projects.

In December 2007, the U. S. House of Representatives approved HR 2930 to reauthorize the Section 202 Program. The bill now awaits action by the Senate Committee on Banking, Housing, and Urban Affairs. One provision of HR 2930 would permit Section 202 owners to establish a preference in tenant selection for the homeless elderly, if the owners provide supportive services to meet the needs of the homeless elderly. Should this provision become law, it would give homeless older adults a real opportunity to lease Section 202 units and receive the supportive services that many would need to live independently.

2. Other Capital Sources: Federal

There are a number of other federal funding programs that support the capital costs associated with housing developments that target the elderly and/or persons that are either low-income or homeless. The following offers less detail than the above description of the Section 202 program, opting instead for brief overviews to allow the reader a sense of the variety of funding sources that exist and have potential to play a role in addressing the needs of homeless older adults.

a. Assisted Living Conversion Program (ALCP)

As for those that target the elderly in addition to the Section 202 program, HUD provides certain grants to private nonprofit owners of eligible developments through its **Assisted Living Conversion Program (ALCP)** to convert some or all of the dwelling units in the project into an Assisted Living Facility for the frail elderly.[5] The properties must have been designated for the elderly and occupied for at least 5 years and must be funded with at least one of the following housing programs: Section 202, Section 515 properties receiving Section 8 rental assistance,

[5] Assisted living facilities are designed to accommodate the frail elderly and persons with disabilities who can live independently but need assistance with activities of daily living. Those assisted must also meet the admissions and discharge requirements for assisted-living in accordance with state and local requirements for assisted living in accordance with state and local requirements or HUD frailty requirements, whichever are more stringent. These facilities must provide supportive services such as personal care, transportation, meals, housekeeping, and laundry.

other properties receiving Section 8 project-based rental assistance, Section 221(d)(3) Below-Market Interest Rate, and Section 236. Grant funds are used to cover the physical costs of configuring units, creating common areas and space for supportive services, and making other changes that are consistent with HUD or the state's regulations for assisted living facilities. While HUD only funds the physical costs of conversion, property owners are required to provide funding for the supportive services, either through a third party, such as Medicaid, SSI payments, Area Agencies on Aging, etc. For units approved for ALCP conversion by HUD between fiscal years 2000 and 2003, the GAO reported that 63% of all units (1,891) originated through the Section 202 program, with another 10% through project-based rental assistance.[x]

b. HUD's Section 811 and SHP Programs

There are other federal funding streams that are not targeted to the elderly but can provide for capital costs for developments serving persons with disabilities. More notable examples of these programs include HUD's **Section 811 (Supportive Housing for Persons with Disabilities)** and **Supportive Housing Program for Persons with Disabilities (SHP)** programs. The latter is arguably a more likely fit for homeless older adults given the program's restriction to serving persons that are disabled and homeless through its permanent housing component. SHP funds are also relatively varied since they can address the costs of operating and supportive services expenses too. Unfortunately, within the Los Angeles Continuum of Care, SHP funds for new programs have been very scarce within the last few years; the program has been used increasingly to fund renewal projects from previous years' competitions. The Section 811 program is also a program with limited potential. Attendees at the developer roundtable described frustration with the longstanding trend towards reductions in project size limits as one notable disincentive.[6] And similar to the Section 202 program, HUD 811 funding has also been the subject of modest appropriations at the federal level, keeping in check the likelihood that the program will ever be a central source of affordable housing in a large metropolitan area like Los Angeles.

c. HUD's HOME, CDBG, and AHP Programs

Finally, there are three other federal funding sources worth mentioning where client eligibility is only limited in terms of income and geography, not by any criteria associated with housing status or disability type. Ironically and precisely because of their flexibility in that sense, the **HOME Investment Partnerships (HOME)**, **Community Development Block Grant (CDBG)**, and **Affordable Housing Programs (AHP)** remain common resources for nonprofit developers seeking to provide affordable housing for seniors. Both the HOME and CDBG programs are vastly popular funds among the several hundred localities throughout the country that receive them annually by HUD and are given responsibility for day-to-day program implementation.

---

[6] As of FY 2003, HUD limited project sizes to 14 persons with disabilities in an independent living project with an opportunity to request an exception and 6 persons per group home with no exceptions. Contentions surrounding project sizes in Section 811 buildings continue to this day, though the downwards trend in project size most likely reflects sentiments among disability advocates who argue that persons with disabilities prefer, and are more independent, living in small developments that blend with the surrounding neighborhoods.

The HOME program provides numerous jurisdictions countywide with acquisition, construction, and rehabilitation funding to address the housing needs of low-income people. Its match provisions also foster public-private partnerships by providing incentives for state and local governments to work with private and nonprofit developers to produce affordable housing. Despite its role as a significant source of federal housing assistance, more research is needed to determine to what extent HOME funds are supporting elderly projects in Los Angeles. National findings indicate nonetheless that the program has not been a major source of funds for new multifamily housing designed primarily or exclusively to serve the low-income elderly.[xi]

The CDBG and AHP programs are also key tools for affordable housing financing. CDBG funds are perhaps the most prized public subsidies available to county or municipal units of government. They can play an array of roles, depending on a project's needs, but have been used in the past to help sponsors defray costs incurred in acquiring the land on which a Section 202 project was built. A recent commitment for instance from the Community Development Commission of the County of Los Angeles to support the Villa Gardenias Senior Apartments (125 units of affordable senior housing in unincorporated East Los Angeles) included a $5 million HOME loan for construction and permanent financing and a $200,000 predevelopment grant utilizing CDBG funds. AHP funds, on the other hand, are not at the discretion of local government, but function primarily as gap financing in affordable housing developments. The Federal Home Loan Bank of San Francisco administers these funds for developments in Los Angeles.

3. Other Capital Sources: State of California

The State of California administers the following three capital financing resources described herein: the **Multifamily Housing Program (MHP Supportive Housing Component)**, **Low-Income Housing Tax Credit,** and **Mental Health Services Act Housing Programs**. Though neither is specifically intended to address the needs of the low-income elderly or persons who are homeless as well, both programs remain viable sources to address development costs related to programs targeting homeless older adults.

a. Multifamily Housing Program

The State **Multifamily Housing Program** is a streamlined, omnibus financing program for affordable multifamily housing developments. It provides funds to cover development (capital) costs only and cannot be used for services and operating subsidies. Under the Supportive Housing Component, applicants may apply for funding for projects that fully contain Supportive Housing units or those that are mixed.[7] Southern California developers intending to serve homeless populations should be relieved with recent changes to the program that allow them to request higher loan amounts or the utilization of 9% tax credits if their project qualifies as supportive housing.[8]

---

[7] Supportive Housing Units are those offered as permanent housing linked to supportive services, where occupancy is restricted to households that both (1) are homeless or at-risk of homelessness and (2) include a disabled adult.

[8] At least 35% of the total project units must be reserved for homeless households to qualify for this advantage (see MHP Supportive Housing NOFA issued January 3, 2007 by the State Department of Housing and Community Development).

There is also encouragement for project sponsors that seek to serve homeless older adults that may be affected by chronic health conditions. A qualifying disability under the chronic health condition category could include one of three circumstances: (1) eligibility under either of the two Medicaid Waiver programs, the Multipurpose Senior Services Program or the Assisted Living Waiver Pilot Program (ALWPP); (2) eligibility for 20 or more personal care hours per week under the In-Home Supportive Services (IHSS) Program; or (3) eligibility for services under the Program of All Inclusive Care for the Elderly (PACE).[9]

Consistent with the goals of the program to foster independent living, MHP Supportive Housing projects are required to provide an array of supportive services. Accordingly, the program incorporates a strong supportive service component that may in fact be a disincentive for affordable housing sponsors seeking a less onerous application and perhaps more flexibility on services requirements. Primary service providers must demonstrate a minimum of 24 months experience in the provision of services to the targeted population, have a successful history of securing funds for similar activities, describe the service needs of each target population to be served and the expected sources of referrals, and provide commitments or letters of intent for 25% of the total services budget.

b. Low-Income Housing Tax Credit (LIHTC)

California's **Low-Income Housing Tax Credit (LIHTC)** program was authorized by the legislature in 1987 to augment the federal tax credit program and address the high cost of developing housing in the state. The program replaced traditional housing tax incentives, such as accelerated depreciation, with a tax credit that enables developers of affordable rental housing to raise project equity through the "sale" of tax benefits to investors. Private investors, such as banks and corporations, buy the tax credits (either 9% or 4%) from the affordable housing developer.[10] The developer uses these proceeds from the sale of tax credits, known as "equity," to construct or rehabilitate housing.

In California, the demand for housing tax credits has traditionally exceeded the supply by approximately 4 to 1, leaving the program as one of the most competitive of all development sources. As a result, the program's administrative body, the California Tax Credit Allocation Committee (TCAC), has established regulations determining specific apportionments of credits based on sponsor type and geography. For instance, state and federal law require that at least 10% of the annual credit be awarded to projects that materially involve nonprofits; that the nonprofit set-aside be made available as a first-priority to projects providing housing to homeless households at affordable rents; and an additional 2% set-aside for special needs or Single Room Occupancy projects.

[9] There is also good news for senior housing advocates from the recent California legislative session. The Governor signed AB 927 (Chapter 618, Statutes of 2007), in October, mandating that the MHP program fund senior developments in the same proportion that seniors represent in the overall population. AB 927 also gives California an opportunity to demonstrate compliance with the Olmstead Decision, which requires the state to provide the least restrictive place to live for seniors and persons with disabilities. The AARP, California Commission on Aging, Congress of California Seniors, and Housing California sponsored the bill.

[10] For instance, with 9% credits, the investor can claim up to approximately 9% of many of the costs of the development annually over a ten-year period.

Senior housing providers have used the tax credit program to great effect, in large part because the program spreads its investment across numerous project types. All applicants must select and compete in one of five project types: large family, SRO, "at-risk," special needs, and seniors. TCAC tries to ensure during each funding round that approximately 15% of awards fall within the senior housing category, with the balance going to large family projects (65%), SRO (10%), "at-risk" (15%), and special needs (5%). Also per the program's regulations related to geographic apportionments, Los Angeles County is expected to receive roughly one-third of the annual project awards made by TCAC.

c. Mental Health Services Act (MHSA) Housing Program

Finally, supportive housing stakeholders should also be relieved with the State's creation of the **Mental Health Services Act (MHSA) Housing Program**. The program was mandated by Executive Order S-07-06, signed by the Governor in May 2006, with the goal of creating 10,000 additional units of permanent supportive housing in California for individuals with mental illness and their families. Both California DMH and the California Housing Finance Agency (CalHFA) are jointly administering the program. They released the program application in August 2007, which stated that up to $75 million in MSHA funds will be allocated each year to finance the capital costs associated with development, acquisition, construction, and/or rehabilitation for this population, with particular focus on homeless individuals and households. The State is also making available $40 million per year in capitalized operating subsidies (see discussion under State Operating Resources).

Los Angeles County anticipates receiving roughly 30% of the total MHSA housing program funding from the State. The MHSA housing program represents a unique intergovernmental collaboration between CalHFA and State HCD, with their housing and financial expertise; DMH, with their oversight of the mental health system and consent to appropriate service delivery models for assisted tenants; and local county mental health departments who are charged with the design and delivery of mental health services and supports statewide. Proposals must have the joint support of housing sponsors and the local mental health department, LAC-DMH.

On November 19, 2007, LAC-DMH announced that it would accept Letters of Interest from developers seeking funding under the MHSA housing program. The announcement said that LAC-DMH would prioritize proposals that are at the highest degree of readiness, serve populations who are at or below 30% Area Median Income, have local funding commitments (e.g., from the Homeless Prevention Initiative, any of the 88 cities in Los Angeles County, local foundations, or business organizations), propose to serve people who are homeless over projects that propose to serve people who are at-risk of homelessness, encourage geographic dispersion throughout the County.

4. Other Sources: Local

a. Los Angeles Housing Department Programs

There are additional local sources of public financing that, together with the state and federal subsidies, comprise the remainder of suitable public resources for developing permanent housing for homeless older adults. Both the Permanent Supportive Housing Program (PSHP) and the Affordable Housing Trust Fund are administered by the Los Angeles Housing Department, and though relatively new on the funding scene, these programs have become welcome alternatives for Los Angeles developers seeking additional local investment in affordable housing. They also are unique in that they are designed precisely to leverage other capital resources provided through the federal and state government.

The establishment of the City's Affordable Housing Trust Fund in 2000 followed the recommendations of the Housing Crisis Task Force to set-aside annual funds for the creation of housing affordable to low-income households. The guidelines call for program expenditures to be directed primarily for multifamily rental housing for households at or below 60% AMI, to keep the program in line with projects utilizing funding from the State's MHP and LIHTC programs. The program provides up to $9 million in capital financing (acquisition and predevelopment and rehabilitation or construction-related costs) and traditionally offers three funding rounds per year, with the third limited to projects intending to pursue State MHP funding. From 2003, when projects first began receiving AHTF commitments, through 2005, the program has awarded nearly $20 million for nine developments serving seniors.

Though projects serving the homeless and other populations that would likely warrant intensive services are directed to apply to the PSHP, eligible AHTF proposers are allowed to serve disabled households, survivors of physical abuse and chronically ill persons, including those living with HIV. Unlike the PSHP, which has a strong supportive service component, proposers are encouraged to provide at least service coordination. LAHD allows no more than $400 per unit per year for this function, at least for "special needs" populations, while projects serving seniors are allowed no more than $100 per unit annually.

Originating in 2006 as an outgrowth of the AHTF, the PSHP is currently in its second funding cycle. The program has three purposes: (1) increase the supply of supportive housing for L.A.'s homeless population; (2) move toward a "production-based" system through inter-governmental partnerships and coordinated funding; and (3) leverage new and underutilized funding available at the state and county levels for housing individuals and families that are homeless. With the PSHP, the LAHD has embraced the supportive housing model, purporting that the combination of permanent housing with on-site social services is the most effective solution to homelessness.

Inherent in the PSHP and consistent with the AHTF are requirements that developers pursue other capital financing, such as the LIHTC, MHP Supportive Housing Program, tax-exempt bonds, Section 811, and County-administered resources, like the City of Industry Fund Special Needs Housing Program and the Homeless and Housing Program Fund. Other incentives include operators and service providers that are funded through the Mental Health Services Act or Medi-Cal.[11] Perhaps the most rewarding aspect for developers is the program's linkage with federal Section 8 project-based subsidies controlled by the Housing Authority of the City of Los Angeles. All bidders are eligible to apply for Section 8 project-based vouchers for up to 100% of the supportive housing units, and as an alternative, are also encouraged to seek MHSA rental subsidies or HUD Shelter Plus Care.

For developers interested in serving homeless older adults, there are a couple of PSHP criteria that are worth noting. For one, there is a 40-unit minimum for both families and single adult developments, although exceptions are permitted for smaller projects with adequate security. Moreover, projects are required to set-aside a minimum of 50% of a development's units for formerly homeless households. In cases where sponsors wish to develop projects for single adult populations, as would be likely with a development targeting homeless older adults, a minimum of 35% and a maximum of 60% of the units in a development must serve people with special needs who are chronically homeless. Project sponsors are also required to provide a strong supportive service component, including a number of on-site services and identified service funding.

To date, LAHD has committed financing to nine projects representing a total of 503 units. Two of these projects are in the construction phase: one Single Room Occupancy (SRO) project (53 units) and one for emancipated youth with disabilities and large families (49 units). One of the projects is a 92-unit senior project that will house 45 homeless older adults with mental illness or substance abuse issues upon project completion.

b. City of Industry Fund Program

The City of Industry Fund Program is another source of funding for affordable housing development. Industry funds are comprised of tax increment set-aside monies administered by the County's Housing Authority (HACoLA). Developments in jurisdictions within a 15-mile radius of the City of Industry are eligible to apply for these funds. Developers may submit proposals for affordable rental housing developments or special needs developments. An affordable rental housing development must set aside a minimum of 20% of units for households earning 50% or less of AMI. Populations targeted through the special needs funding include frequent users of DMH and DHS emergency facilities and mentally ill persons. Over $165 million in Industry Funds have leveraged approximately $914 million from other funding sources to help create over 5,300 affordable housing units in L.A. County.

c. Other Los Angeles County Programs

In addition to these existing sources, both the City and County of Los Angeles have also been busy in 2007 preparing for the establishment of new funding investments in both supportive housing and affordable housing. In 2006, the County Board of Supervisors (BOS) approved a historic $100 million Homeless Prevention Initiative (HPI), an allocation of one-time General Fund monies to support new and existing programs that have proven successful in addressing the

[11] Applicants are given priority when their development team includes a homeless service provider that has been designated by Los Angeles County Department of Mental Health as a "Full Service Partnership" contractor and/or one that has been designated through Medi-Cal as a Federally Qualified Health Center (FQHC).

homeless crisis. The **Homeless & Housing Program Fund** represented within this allocation, at an amount of $80 million, includes two specific funding programs that are indirectly relevant to housing for homeless older adults. Both funds are being awarded through competitive bid processes administered by the Community Development Commission.

Based on an approved spending plan in September 2006, the BOS set aside $32 million for **City/Community Programs (CCP)**. This one-time commitment from the County General Fund, which was made available to the public through an RFP released in July 2007, promotes the development of new and innovative programs to address the homeless crisis as well as maintaining current programs that have shown success in moving people out of and preventing homelessness. Through this funding, the County of Los Angeles seeks to enhance the capacity of the health and human services system to positively impact the lives of homeless people and those at risk of homelessness. Applicants were able to apply for funds for capital, operating, and supportive services needs for new housing developments (permanent, transitional, and emergency housing, as well as Safe Havens) and services only programs. Additionally, the CCP RFP included MHSA funding for service and operational subsidies related to Safe Havens and projects serving Transition Age Youth (TAY), a positive demonstration of interdepartmental collaboration within the County that, if successful, hopefully leads to future funding opportunities that combine integral resources for homeless programs.

The Board of Supervisors earmarked another $20 million for a **Revolving Loan Fund (RLF)** for predevelopment costs to assist developers of low-income housing targeting homeless or at-risk households. In January 2008, the Board selected the Los Angeles County Housing Innovation Fund, LLC, a consortium of the Low Income Investment Fund, the Century Housing Corporation, and the Corporation for Supportive Housing, to assume responsibility for capital project selection, debt retirement, record keeping, monitoring and reporting to the County about the use of its funds. The Los Angeles County Housing Innovation Fund, LLC will leverage the County's commitment with other funds and provide low-cost loan products to the development community for predevelopment and acquisition activities of affordable housing, transitional housing, emergency shelters, Safe Havens, and other physical structures for low-income and homeless individuals and families or for individuals and families who are at risk of homelessness.

d. Other City of Los Angeles Programs

Within the City of Los Angeles, the Los Angeles Housing Department is nearing completion on two new housing development funds that would provide predevelopment and acquisition loans for affordable and supportive housing: the **Supportive Housing Loan Fund (SHLF)** and the **New Generation Fund (NGF)**. Both sources are being touted as important mechanisms to expand the pool of predevelopment resources available to developers of such projects, specifically to address escalating land and development costs.

Yet these funds also serve to encourage growth in these sectors while promoting further project readiness and competitiveness when sponsors seek capital financing from State programs, such as the LIHTC and MHP programs.[12]

The SHLF, developed mutually with the consultation of the Corporation for Supportive Housing (fund administrator), would initially draw upon a LAHD commitment for $5 million to a $30 million fund for supportive housing projects that include on-site social services and set-aside units for homeless individuals. LAHD estimates that the $30 million in initial capital will revolve over 1.5 times, for an estimated $50 million in loan totals and more than 2,000 rental housing units over the course of the seven-year loan term. Aside from commitments from CSH and LAHD, other current or proposed funding commitments to the SHLF include Fannie Mae, U.S. Trust, U.S. Bank, HSBC, Hilton Foundation, and CalHFA. Eligible projects must be located within the City and set aside a 25% minimum of total project units for homeless individuals or families that have special needs (e.g., mental health) or are otherwise considered at-risk of becoming homeless.

The NGF represents a proposed $200 million revolving loan fund that provides acquisition and pre-development capital for either rental or homeownership affordable housing projects that are affordable to households earning at or below 150% AMI. The NGF is still under negotiation by LAHD, but they estimate that 20,000 affordable units will be financed over the next ten years. LAHD is proposing to appropriate $10 million in AHTF funds and spur investment from CRA and other foundations. The program involves a partnership with Enterprise Community Partners, one of the leading affordable housing lenders in the nation, and is modeled after similar programs they have created in Washington D.C. and New York (e.g., New York Acquisition Fund).

C. Operating and/or Long-term Rental Assistance Resources

In contrast to the litany of capital resources available to affordable housing and supportive housing providers interested in targeting homeless older adults, there is a relative scarcity of operating subsidies to support these programs. They range from widely utilized federal programs, such as the Section 8 program or annual Continuum of Care funding, to the State-funded Mental Health Services Act.

1. Operating Sources: Federal

a. Overview of Section 8

Established by the Housing and Community Development Act of 1974, the Section 8 program has since become the single largest source of rental assistance in the nation. This HUD-administered resource is unique in that it offers both tenant-based and project-based rental assistance. Both programs are designed to bridge the gap between the cost of operating and maintaining housing units and what low-income individuals and families can afford to pay in

[12] LAHD considers the two proposed funds to, in a sense, begin to level the playing field for affordable and supportive housing sponsors that must compete with market-rate developers that have a competitive advantage in gaining site control over suitable development sites due to their ability to readily access large pools of capital.

rent. Fortunately for sponsors seeking to serve homeless older adults, who have little if not fixed incomes, HUD has mandated that at least 75% of families admitted to the Section 8 program must be extremely low-income (i.e., less than 30% AMI). The following reviews some key provisions of both programs.

b. Housing Choice Voucher Program

The tenant-based rental assistance (TRA) component is formally known as the Housing Choice Voucher (HCV) Program. It allows eligible families to rent privately owned units that they would otherwise not be able to afford; they pay a portion of their income on rent (generally 30-40% of their adjusted income) and the local housing authority pays the remainder directly to property owners. While property owners are responsible for screening and selecting tenants, collecting tenants' share of the rent, and maintaining the property, housing authorities determine eligibility, maintain waiting lists, select families for admission, ensure that assisted units comply with housing quality standards, and make housing assistance payments (HAPs) to property owners. In determining adjusted income and rent, elderly families are able to receive the following deductions from their annual income: $400 and certain medical expenses.

Though HUD has granted housing authorities the flexibility to establish priorities (i.e., preferences) when providing housing choice vouchers, local housing authorities in Los Angeles County have not chosen to establish set-asides for vouchers for the elderly. Despite this lack of targeting, there are indications that the elderly are participating in the program, at least across the country. The GAO found that as of June 2004, some 16% of households participating in the HCV program had an elderly head, co-head, or spouse.[xii] Notwithstanding, the two primary housing authorities in the region, HACLA and HACoLA have opted to create, respectively, "boutique" HCV programs to target homeless individuals and families. Both set-asides rely on engagement and referrals from homeless service providers, who in exchange for having access to HCVs for their clients, are required to provide housing placement and other support services to promote housing stability. These **Section 8 Homeless Programs** are key components within the homeless Continuum of Care since they provide a more expeditious alternative to expanding the supply of affordable, supportive housing that exists through the lengthier process of rehabilitating or constructing new housing developments. To implement their Section 8 Homeless Program, HACLA has secured the participation of thirteen nonprofit organizations to provide over 3,000 vouchers for homeless individuals and families.

c. Project-Based Rental Assistance Program

The Section 8 Project-Based Rental Assistance Program has a similar objective to its TRA counterpart: to provide decent, safe, and sanitary housing to families, including the elderly and disabled, that have extremely low to low incomes. The difference between the two however rests with the nature of the housing assistance. The PBA subsidies are linked to specific multifamily properties, so unlike the TRA program, if tenants in PBA-assisted buildings opt to move from the property, they lose the subsidy. Under the project-basing option, a local housing authority may allocate up to 20% of its tenant-based vouchers to specific housing projects. Moreover, no more than 25% of the units in a building may receive project-based assistance, unless the assisted units are made available to elderly or disabled households or households receiving supportive services. This criterion could prove advantageous for affordable housing sponsors seeking to serve our focal population, who undoubtedly could meet the elderly and supportive service requirements.

Section 8 remains a well-debated topic within the broader conversation of the federal government's role in addressing the issue of housing affordability across the nation. Congressional appropriations for Section 8 funding have been relatively static for the past 10-15 years, offering local housing authorities little flexibility to expand the supply of vouchers. With a Democratic Congress now in place, there appears less likelihood that the federal government will follow through on earlier proposals to "block grant" the program or appropriate the program at levels that would essentially result in fewer families being served annually. In Los Angeles, the program has been under heightened scrutiny from HUD, most recently because of misrepresented income reporting from currently assisted households, a phenomenon that results in overpayments on the part of local housing authorities. On a positive note, however, the HACLA has agreed to use its project-based vouchers to serve as operating subsidies for projects receiving capital funding commitments through LAHD's Permanent Supportive Housing Program. The long-term impact of this unprecedented collaboration between these two city agencies has yet to be realized, though it certainly bodes well for sustaining a supportive housing pipeline throughout the city.

d. Access to Housing for Health (AHH) Pilot Project

The Section 8 program is also being used in creative ways to address the issue of homelessness at the local level. Los Angeles County, as part of its $100 million Homeless Prevention Initiative approved by the Board of Supervisors in April 2006, has dedicated $1.5 million for the Access to Housing for Health (AHH) Pilot Project, a partnership between the County of Los Angeles, City of Los Angeles, and community service providers.[13] The ultimate goal of the program is to provide permanent, affordable housing linked to case management and other appropriate services for homeless individuals who are frequent users of the Los Angeles County hospital system and have a chronic medical illness or disability.[14] Homeless Health Care Los Angeles provides the in-home case management and Del Richardson and Associates provides the housing locator services. The AHH pilot will help to improve participant's access to permanent housing, medical care, mental health care, substance abuse treatment, and other supportive services.

Upon leaving County hospitals, homeless clients are referred to Homeless Health Care for case management services. Clients receive temporary housing (e.g., vouchered hotel/motel or transitional housing), and either a Section 8 housing voucher or a public housing unit, and then are linked to supportive services designed to help them successfully remain in housing. The pilot program is designed to place up to 115 homeless clients into permanent housing. The HACLA and HACoLA have each set aside 50 of their Section 8 vouchers for the program, with Del Richardson and Associates contracted to assist AHH clients with finding suitable housing. The

[13] The AHH pilot is funded by the Los Angeles County Department of Health Services and includes services provided by Homeless Health Care Los Angeles, the HACLA and HACoLA, and Del Richardson and Associates.
[14] AHH eligible clients must: (1) be homeless; (2) have two admissions (inpatient, ER) at a county hospital in the last 12 months; (3) be a U.S. citizen or have legal immigration status: (4) be able to live independently (i.e., not require ongoing nursing care); and (5) be able to pass a housing authority criminal background check.

HACoLA has also dedicated 15 public housing units for this program. The project is funded through December 2008, with the anticipation that program data will be analyzed at the pilot's completion to determine its efficacy.

e. Continuum of Care Funding

The **Shelter Plus Care** program is one of three sources collectively known as the Continuum of Care (CoC) funding (the others are the **Supportive Housing Program** and the **Section 8 SRO Moderate Rehabilitation Program**), which is made available annually by HUD as part of their SuperNOFA competition.[15] The program provides rental assistance so long as the project sponsor can match those funds with supportive services from sources outside of the program. Similarly to the Section 8 program, tenants pay 30% of their adjusted income for rent, and the assistance can be provided in a tenant-based, project-based, or sponsor-based format. The program is a very popular mechanism to deliver supportive housing to homeless, disabled households, and in some respects is a bit more flexible than the Section 8 program. For instance, S+C allows grantees to exceed HUD's Fair Market Rents if the rent is reasonable and the grantee has sufficient funds to pay the higher rent.[16] In addition, tenants do not have to be selected from the local housing authority's waiting list and are not subject to the same criminal background screening requirements associated with the Section 8 program.

The HUD Supportive Housing Program (SHP) is another CoC program and a widely popular supportive housing resource in that it funds a range of activities (from rehabilitation to supportive services) and project types (permanent housing, transitional housing, Safe Havens, etc.). SHP permanent housing projects, which are required to serve only disabled households, are eligible to receive operating funds, considered by HUD to represent the costs associated with the day-to-day functioning of supportive housing and for which cash is needed. Eligible activities include maintenance and repair, operations staff, utilities, equipment, supplies, insurance, food, relocation, and furnishings. Project sponsors requesting funding for operations expenses must match HUD's commitment with 25% of the total operating budget. Regrettably for Los Angeles supportive housing sponsors, the program has been over-subscribed for several years, leaving local CoCs in the unenviable situation of having to revisit their funding priorities and little discretion to utilize SHP funding as a major supportive housing development vehicle in the future.[17]

[15] Each year, typically in the spring, HUD issues a NOFA announcing the availability of Continuum of Care funding. Only a locally constituted Continuum of Care may apply to HUD for CoC funding. CoCs are required to conduct annual community-based planning to determine the goals and strategies for using available resources to address homelessness within its continuum area.

[16] FMRs are used to calculate maximum unit rents and are based upon a survey of existing market rents in the metropolitan area in which the unit is located.

[17] The program is in fact so sought after that local CoCs in Los Angeles are now facing the challenge of possibly "defunding" renewal grants that originated a decade ago to free up program funding to support new projects and housing developments.

2. Operating Sources: State and Local

a. Mental Health Services Act

Aside from these more common federal operating subsidy programs, the State's Mental Health Services Act has also been a welcome addition on the supportive housing funding scene. Through a highly deliberative, multi-year community planning process Los Angeles County stakeholders were successful in carving out $10.5 million in one-time funds to support a **MHSA Housing Trust Fund**. This fund will support the operating and supportive services expenses of new permanent supportive housing projects for people with psychiatric disabilities, including those with substance abuse and other co-occurring disorders. A local Housing Trust Fund Advisory Board has been established to advise LAC-DMH on the funding criteria for the HTF. The program is designed to help address the gap in operating and supportive subsidies for permanent supportive housing programs and to compliment existing capital financing sources. In January 2008, LAC-DMH released a Request for Proposals (RFP) requiring that the assistance be project-specific and that allocations for operating expenses be no more than 25% of the overall distribution of program funds. Projects serving homeless individuals and families and/or those with incomes below 30% AMI receive bonus points in the scoring process.

The MHSA Housing Program, discussed earlier under State capital resources, also provides for project operating support in the form of capitalized operating subsidies. Projects that request these subsidies must require them to cover their operating costs, receive funds for capital costs from the MHSA Housing Program, and have applied for but have been denied rental or operating subsidies from all other available and appropriate sources (for at least one application cycle), including Section 8 PBV, S+C, and SHP. The tenant portion of the rent must be limited to 30% of the current SSI/SSP amount for a single individual living independently or 30% of total household income, whichever is higher. Based on the initial planning estimates released by the State DMH as part of the 2007 Housing Program application, Los Angeles County is positioned to receive approximately $115 million in program funding, including $38 million for capitalized operating subsidies.

b. City of Santa Monica

The City of Santa Monica, California, uses City Redevelopment Agency (RDA) set-aside funds for their **Senior Homeless Prevention and Rental Assistance Program**, which targets Santa Monica residents aged 55 and older who are homeless or at risk of homelessness.[xiii] These populations were selected because City of Santa Monica staff believe that seniors are the most vulnerable of the homeless population and have a higher incidence of disease and safety risks. Santa Monica City staff also noted that there are no federally funded rental assistance programs targeted to the older homeless population.

The program began operating in 2007 and has two components: 1) homeless prevention activities for senior households at imminent risk of homelessness; and, 2) housing subsidies for homeless seniors who have received Santa Monica-funded services for at least one year.

In both components, participants must be aged 55 and up, have incomes below the federal very-low income limit, be residents of Santa Monica, and receive case management services from a community-based agency working with the City of Santa Monica.

For the homeless prevention component, participants must also show proof of being at risk of being evicted for non-payment of rent and have exhausted all other private and public resources. One-time grants of up to $2,000 are available to 80 individuals or households headed by a senior aged 55 and up and accessed through OPCC and St. Joseph's Center. As of March 2008, 14 homeless prevention grants have been issued.

Under the rental assistance component, very low-income adults 55 and over who have received Santa Monica-funded homeless services for at least one year receive rental assistance, calculated using the Section 8 Voucher formula, to enable them to lease units in Santa Monica. Applicants must be referred by a community-based agency that is willing to provide case management for a minimum of a year. The referring agency also helps the applicant locate a unit with a willing landlord within the city of Santa Monica. The program also funds security deposits. Sixty-five eligible applicants will receive this assistance and as of March 2008, there were 20 seniors living in Santa Monica apartments and 7 seniors who had received a voucher and were currently looking for an apartment.

The City also recently received approval to use $100,000 of RDA senior funds to create a landlord incentive program to compensate owners for vacancy loss and damage claims for the first year of a lease that the owner/manager enters into with a homeless participant of any of their rental assistance homeless programs. They are currently in the process of designing the program.

D. Supportive Services Resources

The federal government has established a number of supportive services programs that can address the various physical and mental needs of the elderly, though none are intended solely to serve homeless older adults. There are other promising resources available at the State and local levels, though the following narrative just focuses on some key if not less publicized programs.

1. Supportive Services Resources: Federal

Of the four service-related programs that HUD administers that can be used to serve homeless older adults and that can be used in conjunction with subsidized housing programs, their **Service Coordinator Program** has been used widely in the past to assist properties that serve the elderly. The program provides funding for managers of multifamily housing designated to the elderly and disabled to hire coordinators to assist residents in obtaining supportive services from community agencies. Service coordinators typically orient their services to help the elderly live independently and prevent premature and inappropriate institutionalization. Such services include personal assistance, transportation, counseling, meal delivery, and health care. Coordinators are usually funded through competitive grant funds, residual receipts (excess income from a property), or rent increases. Recent grant recipients have included Baptist Service Corporation in Alhambra, and Telacu's three senior properties on Olympic Boulevard in Los Angeles.

Elderly residents of subsidized housing can also receive supportive services through partnerships between property owners and local organizations and through programs provided through other federal agencies, such as Health and Human Services (HHS). HHS administers two programs in particular that warrant some attention: the **Medicaid Home and Community-Based Services Waiver Program (HCBS)** and the **Program of All-Inclusive Care for the Elderly (PACE)**, both of which are overseen by HHS's Centers for Medicare and Medicaid Services (CMS).

Through the HCBS Waiver Program, Medicaid eligible individuals can receive needed health care without having to live in an institutional setting. Such a waiver allows a convenient opportunity for administrators or sponsors of HUD-funded housing, as HUD considers the HCBS approach to be an innovative model for assisting the frail elderly in public housing. In California, this waiver authority has been used to establish the Assisted Living Waiver Pilot Project (ALWPP), a three-year demonstration project designed to test whether assisted living as a Medi-Cal benefit could serve as an effective alternative to long-term placement in a nursing home in California. This program is discussed further under the State supportive services sources section.

In addition, eligible elderly residents of federally subsidized housing may receive health care through the PACE program, which like the HCBS Waiver Program, enables eligible elderly individuals to obtain needed services in less restrictive residential settings. PACE is unique in that it is an optional benefit under both Medicare and Medicaid that focuses entirely on older people who are frail enough to meet State's standards for nursing home care. Among other criteria, PACE eligibility is limited to individuals that are at least 55 years old and at the time of enrollment, are able to live safely in a community setting. The program features a comprehensive medical and social service delivery system using an interdisciplinary team approach in an adult day health center that is supplemented by in-home and referral services in accordance with participants' needs.[18] Services are available 24 hours a day, 7 days a week, 365 days a year. Upon further review of approved PACE organizations within Los Angeles at the time of writing, it appears that only AltaMed has executed an agreement with CMS.

2. Supportive Services Resources: State

While there are a host of State-funded resources that provide supportive services to needy and vulnerable populations in California, the following highlights just a few that serve as opportunities through which to engage homeless or transitioning older adults and address their unique needs. These programs include the **ALWPP** and the **Multipurpose Senior Services Program**, both of which are Medicaid Waiver programs, as well as the **In-Home Supportive Services**, **Adult Day Health Care**, **Mental Health Services Act, and Adult Protective Services** programs.

a. Assisted Living Waiver Pilot Project

We noted earlier that the ALWPP represents a departure from traditional Medicaid service models that delivered care and oversight to individuals in long-term placement in nursing homes. The California Legislature established the program in 2000 (AB 499) as essentially a demonstration project in San Joaquin, Sacramento, and Los Angeles counties. The program embraces the assisted living model, a residential long-term care setting where personal care, oversight, and other supportive services are provided to or coordinated for residents. The initiative is consistent with the federal Olmstead decision to provide options to the disabled and elderly to maximize their choices in determining their living arrangements, including the choices to remain in the least restrictive and most homelike environment as they age or grow frail. Services are provided to Medi-Cal eligible individuals who are over the age of 21, have been determined to need the level of care provided in a nursing home, and are willing to reside in a participating assisted living provider setting.

As the program administrator, the California Department of Health Services (CDHS) was asked to implement the ALWPP in two different types of settings: Residential Care Facilities for the Elderly (RCFEs) and publicly funded affordable housing projects that would include public housing for senior and disabled persons. Participants who reside in RCFEs receive services from the RCFE, while those in public housing sites access services from a Medi-Cal Licensed Home Health Agency.[19] Each ALWPP client is initially assessed by a Care Coordinator, responsible for identifying, organizing, coordinating, and monitoring services needed by participants. Based on the assessment from a Registered Nurse and the participant's corresponding level of need, participants are placed into one of four "tiers" of care. The Care Coordinator further uses the assessment results to develop an individualized service plan, which may include the following services: personal care; homemaker and chores; medication administration, transportation,

[18] PACE teams include primary care physicians and nurses; physical, occupational, and recreational therapists; social workers, personal care attendants, dietitians, and drivers.
[19] The Home Health Agency is responsible for providing personal care and assistance with ADLs, housekeeping, coordinating transportation or recreational activities, etc.

intermittent skilled nursing care, recreational and social activities, support to transition from a nursing home to an assisted living facility, environmental accessibility adaptations, consumer education, and interpretation and translation services.[20]

There have been a number of discussions among service providers, advocates, and government entities within the last two years regarding the most effective and viable means to implement the program in Los Angeles County. Needless to say, it has required a tremendous amount of coordination to launch the program locally. To date, both the City and County housing authorities have opted to test this program, respectively, in one of their senior disabled buildings (HACLA's Owensmouth Gardens and HACoLA's South Bay Gardens properties). With approximately 1000 waivers available for the three pilot counties, Los Angeles County could conceivably serve up to 400 persons, and possibly more, according to information provided by Community Development Commission staff. As of the time of this report, HACoLA has entered into a Space Use Agreement to allow the Home Health Agency to operate in South Bay Gardens. Tenants are being screened and the Care Coordination Agencies are being engaged to begin the enrollment process for eligible tenants who qualify for assisted living. If this process continues and the program can be successfully operated in South Bay Gardens, it will serve as a template that could be duplicated in other public housing and subsidized affordable senior housing projects, such as HUD 202 senior housing. Further, there are existing vacancies in South Bay Gardens as of this writing, and there are possibilities that other County departments or approved agencies could refer qualified, eligible seniors who are facing homelessness and need both affordable housing and assisted living in-home services.

Although Medicaid waivers for assisted living services in Skilled Nursing Facilities are common across the nation, the ability to deliver these services within public housing and publicly subsidized housing is unique to the California waiver, and provides an important link in the continuum of care for the lowest income seniors. The lesson learned to this point, as relayed by the Community Development Commission and HACoLA staff, is that the state DHS did not fully anticipate the complexity of combining affordable public housing with the Medi-Cal system. Further examination of financial, regulatory and procedural impediments is merited, and continued advocacy of the value of this type of affordable in-home assisted living benefits would be helpful.

b. Multipurpose Senior Services Program

The State has also established another federal Medicaid waiver program, the Multipurpose Senior Services Program, with a similar intent as the ALWPP: to provide frail elderly clients who are certifiable for nursing home placement with an opportunity to live in the community. According to the California Department of Aging, the goal of the program is to arrange for and monitor the use of community services to prevent or delay premature institutional placement of

---

[20] ALWPP makes Medi-Cal funding available to purchase goods and services that support people who wish to move from nursing homes into an ALWPP facility, especially a public housing site. The following one-time only expenses are allowed through the program: security deposits to obtain a lease on an apartment or home (only for public housing); essential furnishings; moving expenses required to occupy and use the new home; set-up fees or deposits for utility or service access (e.g., telephone, electricity, heating); and health and safety assurances, such as pest eradication, allergen control, or one-time cleaning prior to occupancy.

these frail clients. The program began in 1977, and has witnessed an increase in sites from eight at that time to 41, serving up to nearly 12,000 clients a month. Los Angeles County currently has six sites: Jewish Family Services of Los Angeles, SCAN Independence at Home, AltaMed, Huntington Hospital, Human Services Association, and Partners in Care Foundation.

Eligible clients must be 65 years of age or older, live within a site's service area, be able to served within the program's cost limitations, demonstrate current eligibility for Medi-Cal, be appropriate for care management services, and be certified or certifiable for placement in a nursing home facility. The services that may be provided with MSSP funds include: adult day care/support centers, housing assistance (e.g., physical adaptation devices, temporary lodging expenses, etc.), chore and personal care assistance, protective supervision, care management, respite, transportation, meals, social services (e.g., counseling or money management), and communication service (translation, interpretation, emergency response systems).

c. In-Home Supportive Services Program

The State In-Home Supportive Services Program is another alternative to placement in out-of-home care, such as nursing homes or board and care facilities. County welfare departments (DPSS in Los Angeles County) throughout California administer this program, which essentially pays for services so that vulnerable seniors can remain safely in their own home. Eligible clients must be U.S. citizens, residents of California, live in their own home or abode of choice (excluding nursing homes or other out-of-home care facilities), and either receive or be eligible to receive SSI/SSP payments; or meet at all SSI/SSP eligibility criteria except for income or citizenship/immigration status.[21] Personal property (does not include the home one owns and lives in or automobiles needed for transportation) may not exceed $2,000.

IHSS recipients are automatically eligible for Medi-Cal for their medical/health care. Most who qualify for IHSS are able to receive in-home care benefits paid for under the Personal Care Services Program, which is a Medi-Cal benefit. Housecleaning, meal preparation, laundry, grocery shopping, personal care services (e.g., assistance with ADLs), accompaniment to medical appointments, and protective supervision for the mentally ill are all services authorized through IHSS.

d. Adult Day Health Care (ADHC)

The California Department of Aging (DOA) also oversees the Adult Day Health Care (ADHC) program, which represents yet another alternative for frail elders to nursing home placement. The program's primary objectives are to restore or maintain optimal capacity for self-care to frail elderly persons and other adults with physical or mental disabilities; and delay or prevent inappropriate or personally undesirable institutionalization. Over 300 centers exist statewide, all licensed by the State DHS. The State DOA is also responsible for certifying each center for Medi-Cal reimbursement.

---

[21] Individuals with incomes above the SSI/SSP limits may be required to pay for a portion of their IHSS benefits through a so-called "share of cost."

The AHDC program stresses partnership with the participant, the family, the physician, and the community in working towards maintaining personal independence. Each ADHC location has a multidisciplinary team of health professionals who conduct a comprehensive assessment of each potential participant to determine and plan the ADHC services needed to meet the individual's specific health and social needs. Services provided at the center include: medical services; nursing services; physical, occupational and speech therapy; psychiatric and psychological services; social services; planned recreational and social activities; hot meal and nutritional counseling; and transportation to and from the center.

e. Adult Protective Services

The Adult Protective Services is a State-mandated intervention that investigates situations involving elders (age 65 or older) and dependent adults (physically or mentally impaired 18-64 year olds) who are reported to be endangered by physical, sexual or financial abuse, abandonment, isolation, abduction, neglect, or self-neglect.[22] The program disregards client income so long as the adult is endangered or dependent. The program is overseen locally by the County CSS. Upon receipt of a report, an APS Social Worker is sent to assess the situation in person. If willing (all services are voluntary with the exception of alleged criminal abuse, neglect or exploitation), the client can access other intervention services, such as emergency shelter, and longer-term follow-up and monitoring. The CSS utilizes State General Fund allocations, County Services Block Grants, federal Title XIX, and their own County General Fund to support the APS program.

f. GENESIS

In 1995, the County of Los Angeles Mental Health Department established a partnership with the Department of Community and Senior Services to create the Geriatric Evaluation Networks Encompassing Services, Information, and Support (GENESIS) program. Little did DMH know then that it was embarking on an endeavor that would only years later receive an award for excellence in program innovation from the American Public Health Association's Gerontological Health Section. Indeed, Los Angeles County is very fortunate to have this resource available to frail, homebound seniors, as the program's success is built as much on its unique service delivery model and cost-effectiveness as its impressive interdepartmental collaboration with other systems of care.

The program is designed to address the unique needs of frail homebound adults age 60 and older experiencing mental health problems or behavioral problems perceived as mental illness. Its hallmark is the combination of multidisciplinary teams that combine professionals from community mental health, social work, law enforcement, public health, nursing, medicine and gerontology. These teams work together, structured under multi-interagency agreements, to conduct a range of services, such as mental health assessment, crisis stabilization, and short-term

---

[22] The following are examples of situations that are handled by APS: physical abuse, sexual abuse, neglect, or self-neglect; severe malnourishment, dehydration or lack of food; physical restraint or confinement; immediate, serious threat to the client or others due to severe mental/emotional impairment; threat of imminent eviction or serious financial loss, due to inability to protect or manage finances or assets; inability to perform daily living activities and lack of assistive resources; living conditions which constitute a serious health or safety hazard.

treatment; health screenings and medication support to identify and mediate mental health problems; care coordination and linkages; education, training, and consultation on mental health and related health issues to professionals and caregivers; and outreach to senior housing, senior and community centers, and other community agencies. Funds are provided through Medicare, Medi-Cal, private insurance and a mixture of County funds.

The program has done a remarkable job of reaching a target population that seldom engaged in mental health services prior to GENESIS. In a 2002 program study reviewing data over three prior years, the authors noted that over half of consumers served (60%) were age 75 or older, lived alone (69%), and had no prior history of mental illness (60%). Administrators are quick to point out that this paradigm has led to establishing a best practices guideline for field screening and developing the Geriatric Field Screening Protocol for First Responders.[23]

g. Mental Health Services Act

The passage of Proposition 63 (Mental Health Services Act) in November 2004 provided counties with a rare opportunity to use taxpayer monies to essentially transform their mental health systems. Nearly three years later, LAC-DMH is still wrestling with the intricacies of implementing their Community Services and Supports (CSS) Plan, the embodiment of two years of planning on the part of advocates, experts, and other stakeholders in the field that was adopted by the State DMH in 2006. While these strategies take root incrementally, there is solace in knowing that older adults (ages 60+) with serious mental illness are among one of four focal populations addressed in the CSS plan. The following just offers a brief sketch of some of the primary mechanisms by which older adults can benefit from MHSA services.

Most notable in the CSS Plan is the concept of **Full Service Partnerships**, a component that transcends each of the four focal populations. Full Service Partnerships (FSPs) represent innovative ways in which contracted agencies can offer a single point of responsibility to address the varying and individualized needs of older adults with serious mental illness, co-occurring substance abuse disorders and/or other health conditions. There is within the CSS Plan a strategic emphasis on ensuring that FSPs further target unserved or underserved subpopulations, including individuals who are homeless or at-risk of homelessness or institutionalization (e.g., skilled nursing facility), referred by Adult Protective Services because of self-neglect or abuse, have intensive service histories (i.e., 6 or more hospitalizations in the past year), and/or are "aging in the system."

The goals of all FSPs serving older adults are consistent with what has been described among other resource synopses in this chapter to date: provide an affordable, safe, and nurturing service environment in the least restrictive setting, reduce the sense of isolation that characterizes many older adults by providing a sense of connectedness, and deliver a full array of culturally sensitive and age-appropriate services (from mental health to housing) across the region. At this writing, DMH has secured seven service providers to serve some 266 older adults through Full Service Partnerships. A significant portion (20%) of the total older adult slots is dedicated to individuals that qualify as homeless, though there is good reason to believe that a greater number of older

---

[23] Since the tool's creation, more than 500 police officers and emergency personnel have been trained to use a field protocol for first responders.

adult consumers will be served through FSPs than originally projected.[24] DMH has also been receptive to MHSA stakeholder interest in utilizing FSPs to address the needs of older adults that are "at risk of homelessness" (see Table 8-1).[25]

Table 8-1. Los Angeles County MHSA Full Service Partnership Slots for Older Adults

Full Service Partnership	Number of FSP Slots by Focal Population				
	Multiple Hospitalizations	**Homeless**	**Jail**	**Identification by Provider**	**Total Persons**
Center for Aging Resources (CFAR)	7	12	11	27	**57**
Didi Hirsch	3	3	2	9	**17**
Pacific Clinics	10	10	5	25	**50**
Portals	10	10	5	25	**50**
San Fernando Valley MHC	8	8	4	20	**40**
Special Services for Groups – API Alliance	7	6	4	13	**30**
Telecare	5	5	1	11	**22**
Total	**50**	**54**	**32**	**130**	**266**

There are a host of other specialized MHSA-funded strategies that LAC-DMH has embraced in its CSS plan to transform mental health care for older adults. These strategies are intended to benefit two subgroups identified within the older adult group: individuals 60-64 years of age, and those who are 65 and older. In addition, proposed strategies will focus on the unique needs of individuals over the age of 75, considered by DMH to be a "group that is growing dramatically."[xiv]

On an overall level, the County is interested in expanding the older adult system of care to ensure specialized treatment providers in all eight county SPAs.[26] The CSS Plan also calls for other specific interventions to better respond to older adult needs, as follows: (1) **field-capable clinical services** delivered by interdisciplinary teams of professionals trained to work with older adults; (2) **service extenders** to reach older adults in homes, residential facilities, and other community locations; and (3) **trainings** on selected topics to educate professionals, peers, family members and community partners (e.g., first responders, senior center staff, primary health care providers) regarding values-driven and promising clinical services that support client-selected goals.

---

[24] As of October 25, 2007 DMH reported that they had enrolled some 56% of all FSP slots but 92% of the original slots earmarked for homeless older adults. They therefore feel that if this trend continues the department will far exceed the number of slots originally identified in the CSS Plan as the benchmark for this focal population.

[25] Los Angeles County MHSA stakeholders did not identify a specific FSP benchmark in the CSS plan for individuals at risk of homelessness. Yet DMH reported that, as of October 25, 2007, 11% of enrollees met this criterion, which has been defined only in a working sense. For instance, individuals must: (1) show that losing housing is imminent without FSP intervention (e.g., movement on the part of the landlord or board and care operator to evict due to issues related to hoarding or other psychosocially disruptive symptoms of inadequately treated mental illness); (2) be in a situation in which they are unable or have neglected to pay bills due to symptoms of chronic and persistent mental illness and this has resulted in a 3- or 30-day notice to pay or quit; and/or (3) have a history of homelessness due to untreated symptoms of mental illness.

[26] Specialized treatment services for older adults and their families currently exist in only three of eight Service Planning Areas (SPAs), with general services provided in another two service areas. See Appendix G for a map of the SPAs.

Throughout these focused efforts there resonates the universal MHSA theme of promoting recovery and wellness, and also a sensitivity to integrating mental health services across other disciplines, such as substance abuse treatment.

Endnotes

[i] Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century, *A Quiet Crisis in America* (Washington, D.C.: June 30, 2002). Available at http://www.seniorscommission.gov.

[ii] United States General Accounting Office. *Housing for the Elderly: Information on HUD's Section 202 and HOME Investment Partnerships Programs*, Report to the Chairman, Subcommittee on Housing Opportunity and Community Development, Committee on Banking, Housing, and Urban Affairs, U.S. Senate, (November 14, 1997).

[iii] Kochera, Andrew. *Developing Appropriate Rental Housing for Low-Income Older Persons: A Survey of Section 202 and LIHTC Property Managers*. AARP Public Policy Institute, (December 2006). Available at http://www.aarp.org.

[iv] United States General Accounting Office. *Elderly Housing: Project Funding and Other Factors Delay Assistance to Needy Households*. Testimony before the Special Committee on Aging, U.S. Senate by David G. Wood, Director of Financial Markets and Community Investment, (June 17, 2003).

[v] Bright, Kim. Section 202 Supportive Housing for the Elderly Research Report. AARP Public Policy Institute, (March 2006).

[vi] See 66 *Fed. Reg.* 6647 (Jan. 22, 2001).

[vii] See GAO, 2003.

[viii] Ibid. : p.7.

[ix] Ibid. : 14.

[x] United States General Accounting Office. *Elderly Housing: Federal Programs That Offer Assistance for the Elderly*. Report to Congressional Requesters, February 2005.

[xi] Ibid., GAO 1997 : 12.

[xii] See GAO, 2005 : 57.

[xiii] City of Santa Monica, City Council Report, *Senior Homeless Prevention and Rental Assistance Program Eligibility Criteria*, January 10, 2007.

[xiv] Los Angeles County Department of Mental Health. Mental Health Services Act: Community Services and Supports Plan, (October 2005) : 149.