

**2022-2023 REPORT OF FINDINGS AND RECOMMENDATIONS OF THE
HOUSING AND HEALTH SERVICES COORDINATION COUNCIL
(HHSCC OR COUNCIL)**

TEX. GOV'T CODE §2306.1096 has three subsections: (a), which lists the Council's duties, (b), which requires creation of a biennial plan, and (c), which requires by August 1 of each even numbered year a report to the Governor and the Legislative Budget Board (LBB) of findings and recommendations. Before 2016, the Council had combined the Plan required by (b) and the Report required by (c) into a single document. Since the 2016-2017 biennium, the Council has separated these documents. This document addresses (c), findings and recommendations to the Governor and the Legislative Budget Board. As the Plan is prepared and finalized, copies will be available from the Council by contacting Jeremy Stremmer at jeremy.stremmer@tdhca.state.tx.us or at 512.936.7803.

FINDINGS

1. Housing Needs for Populations Served by Service-Enriched Housing

The Housing and Health Services Coordination Council (HHSCC or Council) finds that Texas, like the rest of the country, continues to experience an insufficient supply of safe, decent, affordable housing to meet existing need. Currently, there are approximately 590,339 units of subsidized housing throughout the state¹. Competing for those units are approximately 720,052 Texas families living below 100 percent of the federal poverty level (in 2022, the income for a family of four living in poverty is \$27,750 or less)². Of the 2,044,948 individuals in those households, approximately 394,675 (19.3%) also experience one or more disabilities³. The number of Texas renter households with incomes at or below 50% of the Area Median Family Income (AMFI) that are rent burdened, *i.e.*, paying more than thirty percent of their income on rent and utilities, is roughly 1,313,105⁴.

Significant subpopulations within the larger population of low- and moderate-income Texans experience specific conditions that are more likely to have improved outcomes when they connect with specific services in addition to accessing stable housing. This combination of housing and services has been defined by HHSCC as Service-Enriched Housing (SEH).

¹ TDHCA, 2022 State of Texas Low Income Housing Plan and Annual Report

² Annual Update of the HHS Poverty Guidelines, 85 FR 3060.

³ Census Bureau, ACS 5-year 2015-2019, Table S1811

⁴ 2014-2018 Comprehensive Housing Affordability Strategy (CHAS)

<https://www.huduser.gov/portal/datasets/cp.html>

For the purpose of directing the work of HHSCC and its work products, including the biennial plan, SEH is defined in 10 TAC Chapter 1, §1.11 as integrated, affordable, and accessible housing that provides residents with the opportunity to receive assistance in coordination of on-site and/or off-site health-related and other services and supports that foster independence in living and decision-making for individuals with disabilities and persons who are elderly.

These subpopulations (which are not mutually exclusive) include:

- Elderly Texans, many of whom have disabilities;
- People with disabilities in general, many of whom live on limited means such as Supplemental Security Income (SSI);
- Veterans, including veterans experiencing homelessness and veterans who have service-related injury or trauma;
- Individuals and families experiencing homelessness;
- Individuals living with behavioral health challenges, including those with substance use disorders (SUD),
- Individuals living with intellectual and developmental disabilities (IDD), and serious mental illness (SMI).

The range of supportive services with which these subpopulations need to connect includes but is not limited to:

- Assistance with essential daily life activities such as eating, bathing, and dressing;
- Assistance with household management skills such as cleaning and cooking;
- Treatment for chronic diseases such as diabetes and hypertension;
- Treatment for alcohol or substance use disorders;
- Treatment for serious mental illness;
- Assistance in adapting to prostheses and other physical changes as a result of injury;
- Habilitation services to enhance independent living skills; and
- Tenancy support services to help people find housing and remain in housing.

2. Challenge: Community and Landlord Opposition

HHSCC has identified stigma surrounding target populations and local opposition to SEH as a significant barrier to expanding the availability of SEH in Texas. This opposition comes often from landlords and from communities targeted for SEH expansion.

During prior HHSCC-led technical assistance and training opportunities, communities have uniformly reported insufficient affordable housing, which contributes to difficulty finding landlords willing and able to rent to SEH target populations. In all communities, not just larger cities, community members have noted the challenge of increasingly steep rental prices and low

vacancy rates for affordable housing units. In the private market, landlords often seek rental rates higher than HUD's Fair Market Rents, which many landlords argue are too low to compete with local current market conditions. Landlords also find required compliance paperwork and inspection processes burdensome. Additionally, many landlords lack an understanding of SEH target populations, and avoid potential tenants who have been homeless or institutionalized or who experience SMI, SUD, IDD, or chronic health issues. Some property owners select leasing criteria that pose obstacles to many tenants in need of SEH, including leasing criteria that treat certain criminal history matters as disqualifying factors, ignoring widely recommended lookback periods, and suggested background-screening guidelines. This makes identifying units for individuals with a history of justice system involvement particularly difficult. Policies prohibiting pets may also pose a barrier.

Local attitudes such as "Not in My Back Yard" (NIMBYism) can present challenges to moving forward with housing development. Communities have noted opposition from immediate neighbors, businesses, and in some instances, local governments responding to the concerns of constituents. This sentiment may be exacerbated when properties seek to ease leasing criteria, such as lowering the standards for certain criminal history.

3. Challenge: Limited Funding for Service-Enriched Housing

The insufficiency of available affordable housing stems from both a limit on capital dollars – for funding new developments or for rehabilitation of existing substandard affordable housing units – as well as a shortage of available rental subsidies or vouchers. Even when there is a supply of vouchers available, landlords' reluctance to accept vouchers can negatively impact a household's ability to find affordable units. Over the last several years, an increased number of higher income renters has further limited the percentage of rental housing stock that is affordable and available to low-income renters and has increased stress on housing navigators and relocation specialists trying to connect clients in SEH target populations with housing. In addition, some affordable housing programs on the state and local level may not have sufficient incentives to encourage the development of SEH, which requires greater effort and higher operating costs to implement.

SEH funding is limited not only for capital dollars, but for services and operational funding as well. The development and maintenance of SEH is costly and funds are limited. Current programs work to fully utilize funds that are available, but current and projected funding levels for programs that support SEH pose a challenge in increasing SEH availability to match the need.

4. Challenge: Time and Capacity Required for Systems Change

One of the greatest barriers identified by HHSCC was ineffective and limited-service coordination. Housing developers fully understand the intricacies of operating affordable housing, but

according to several Council members, few understand the intricacies of social service programs. Education for housing management or greater access by management to service providers, particularly focused on behavioral health services, will improve service coordination for tenants with disabilities and elderly tenants. HHSCC has suggested that TDHCA consider developing training for management of affordable housing in the TDHCA portfolio on referral and service coordination, and help make on-site affordable housing managers aware of the local resources they may access should the need arise.

A system change required to bring SEH to scale would take time and enormous capacity and may compete with other priority populations and initiatives. Making measurable progress on any single goal – developing resources, strengthening partnerships, raising awareness, garnering buy-in among stakeholders, demonstrating value, and making policy changes – will require continued investment of time and resources. Through increased coordination of care, housing tenancy support services can help reduce homelessness and decrease use of costly emergency services by providing timely intervention when a tenant is experiencing a health or behavioral health crisis and is at risk of losing their housing. Local healthcare and social service agencies, housing developers, owners, and property managers all have important roles to play in service coordination.

RECOMMENDATIONS

As part of a technical assistance opportunity during the 2016-2017 biennium, the Corporation for Supportive Housing (CSH) was hired to generate recommendations for Council and its member agencies. Several of the recommendations below have been carried over from those suggestions made by CSH.

1. Response to Community and Landlord Opposition

To increase the quantity of landlords in a community willing to take rent subsidies and provide Service-Enriched Housing, CSH recommended that local communities work towards the following:

- Creating Risk Mitigation funds to address landlord concerns by providing financial resources to offset supportive housing tenants' damage to units and reduce the need for eviction⁵,

⁵ TDHCA implemented Risk Mitigation funds in the Section 811 program. TDHCA also utilized Emergency Rental Assistance funding from the Treasury for a Housing Stability Services Program, which can be utilized by subrecipients to provide assistance in local communities.

- Developing communication and talking points to inform landlords of the value and cost benefit of the services and rent subsidies that are often available for SEH target populations, and
- Providing examples of marketing materials and activities to engage landlords as part of building and owner associations.

To combat possible opposition (or even lack of active support) to affordable housing and SEH, CSH has recommended that local communities work towards:

- Expanding opportunities to educate and present data on potential cost savings and positive outcomes; and
- Becoming part of neighborhood block groups and safety efforts, highlighting potential security expansion that can benefit the community.

2. Response to Limited Funding for Service-Enriched Housing

To combat the lack of affordable housing and rental subsidies, CSH has recommended that local communities work towards:

- Understanding how to engage foundations, banks, local/state housing agencies and other potential funders to increase funding for the development of affordable housing in their communities; and
- Building partnerships with public housing authorities or other local businesses which can expand landlord networks, possibly increasing the availability of vouchers or rent subsidies, and possibly establishing lawful preferences for target populations. Possibilities may include exploring the use of hotels and the incorporation of service coordination.

HHSC staff involved in the HHSCC suggested that legislative incentives should be added for the development of service-enriched housing under the Housing Tax Credit program.

Additionally, HHSC is encouraged to continue exploring ways in which Medicaid can cover housing tenancy support services.

3. Response to Time and Capacity Required for Systems Change

HHSCC should continue supporting work to address the identified gaps and strategies stated in the 2017-2021 Statewide Behavioral Health Strategic Plan and to support the Statewide Behavioral Health Coordinating Committee's (SBHCC) efforts as they work to ensure the coordination of housing and supportive services for Texas' behavioral health population.

Over the next biennium, HHSCC member agencies should begin compiling and reporting performance data to track progress toward:

- The reduction or elimination of barriers in creating Service-Enriched Housing;
- Increasing the coordination between state housing and health services agencies;
- Increasing the use of services in SEH settings;
- Increasing the number of state housing and health services staff who are cross-educated or who have expertise in both housing and health services programs; and
- The provision of technical assistance to local communities by state housing and health services staff to increase the number of service-enriched housing projects.

Additionally, Council and its member agencies should:

- Coordinate relevant staff activities of state housing and health services agencies by continuing to support interagency coordination on workgroups and councils including but not limited to:
 - SBHCC
 - State Community Resource Coordination Groups Workgroup
 - Re-Entry Task Force
 - Veterans Coordinating Council for Veterans Services

TDHCA regularly conducts training sessions for participants in the Housing Tax Credit Program (HTC), the Bond Program (BOND), and the HOME Investment Partnerships Program (HOME) to ensure compliance with all program requirements. These training sessions teach program regulations and will help ensure compliance when implementing TDHCA funded programs. TDHCA should consider incorporating training on referral and service coordination at these trainings, commonly referred to as First Thursday Trainings. Trainings could include the benefits of service coordination to tenants and should encourage management to have readily available community resources for tenants, particularly for behavioral health services.

Additionally, TDHCA should continue outreach to HHSCC and the public through the “HHSCC Notifications and Funding Opportunities” listserv.

The Council recommends that HHSCC:

- Consider partnering with TDHCA to provide health (including mental health) services training for developers’ property managers similar to TDHCA’s “First Thursday” trainings;

- Review current resources dedicated to coordinating housing efforts within HHSC and evaluate if a Housing Coordinator position should be created; and
- Assess how managed care organizations are assisting members with obtaining and sustaining integrated, accessible, and affordable housing.

The state and local parties that oversee the creation and provision of service coordination should continue exploring ways to promote broad geographic coverage and awareness, so that local housing providers can readily identify and link with the appropriate coordinators. For example, Aging and Disability Resource Centers (ADRCs) help people with disabilities identify and access long-term services and supports (LTSS). They also have responsibilities to provide housing navigation services. ADRCs should be encouraged to conduct training for public housing authorities and other housing providers to better educate them about LTSS and facilitate cross-referrals.