

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

HEALTH AND HUMAN SERVICES
COORDINATION COUNCIL MEETING

Room 4501
Brown Heatly Building
4900 N. Lamar Boulevard
Austin, Texas

January 7, 2013
10:04 a.m.

COUNCIL MEMBERS PRESENT:

TIMOTHY IRVINE, Chair
PAULA MARGESON, Vice Chair
DAVID DANENFELZER
BECKY DEMPSEY
MARC GOLD
AMY GRANBERRY
DONI GREEN
JIM HANOPHY
JAMES HILL
JEAN LANGENDORF
JONAS SCHWARTZ

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PROCEEDINGS

MR. IRVINE: Well, good morning. I'm Tim Irvine. This is the meeting of the Housing and Health Services Coordination Council. It is 10:04 a.m. on January 7. We're here in the Brown Heatly Building in Austin, Texas, and we'll begin by calling the roll.

Becky Dempsey?

MS. DEMPSEY: Present.

MR. IRVINE: Jessica McKay?

(No response.)

MR. IRVINE: David Danenfelzer?

MR. DANENFELZER: Present.

MR. IRVINE: Jonas Schwartz?

MR. SCHWARTZ: Present.

MR. IRVINE: Jim Hanophy?

MR. HANOPHY: Present.

MR. IRVINE: Marc Gold?

MR. ASHMAN: Steve Ashman in his stead.

MR. IRVINE: Steve is here.

Laura Vanoni is not here.

Doni Green?

MS. GREEN: Present.

MR. IRVINE: Mike Goodwin, not here. The earth is going to stop spinning.

Amy Granberry?

MS. GRANBERRY: Present.

MR. IRVINE: Paula Margeson?

MS. MARGESON: Present.

MR. IRVINE: Felix Briones?

(No response.)

MR. IRVINE: Kenneth Darden not here.

Jean Langendorf?

MS. LANGENDORF: Here.

MR. IRVINE: James Hill?

MR. HILL: Here.

MR. IRVINE: I'd like to welcome James to our meeting, the new gubernatorial appointee, and so glad to have you with us.

MR. HILL: Thank you for having me.

MR. IRVINE: Look forward to working with you and having a sage banker in this group. As a former banker myself, I take delight in that. As you'll find out, I'm more of a traffic cop than anything else in these meetings.

We have a pretty good agenda today and we've got, I believe, some folks hooked in by teleconference. Would the folks online care to identify themselves?

MS. STEINBECK: My name is Shondra Steinbeck. This is my first time participating and calling in. I'm calling from the office of community development in the City of Huntsville.

MR. IRVINE: Well, welcome.

MS. STEINBECK: Thank you.

MR. IRVINE: And let's see, we've identified everybody at the table. Have we got anybody here from the general public?

MR. McGRAW: I'm Peter McGraw from the Hogg Foundation for Mental Health.

MR. IRVINE: Excellent. Great to have you here.

Well, the first thing we always do is we invite public comment, and if anybody from the public has comment, this is a time to make it, but you're always free to comment on any specific agenda item or discussion item that comes up.

James, I guess you're the only newbie here. We are subject to the Open Meetings Act which means a couple of things. One, obviously the members of the council are required to be here physically in attendance, we always have to have a quorum which is nine members, it's a simple majority, and we've got that today.

Also, under the Open Meetings Act we are limited to discussion of items that are specifically posted on the agenda. So that's also a minder to everyone that if you've ever got something that you would like to have discussed at the council, just let me or Ashley know. Ashley is our staff that is principally tasked with working with the council, and she'll make sure that we coordinate getting it on the agenda.

So if nobody has public comment at this time, then our first order of business will be to approve the meeting minutes from our last meeting, that was our May 15 meeting.

MS. SCHWEICKART: I'm sorry. That should say September 10.

MR. IRVINE: September 10, yes. Does anybody want the September 10 meeting minutes, to move approval or make corrections?

MS. DEMPSEY: Move to approve.

MR. IRVINE: Becky moves approval. Anybody second?

MR. HANOPHY: Second.

MR. IRVINE: Second by Jim. All in favor say aye.

(A chorus of ayes.)

MR. IRVINE: Any opposed?

(No response.)

MR. IRVINE: The motion carries, the minutes are adopted as presented.

Next is a pretty big presentation that we've got. We engaged a Comprehensive Analysis of Service-Enriched Housing Financing Practices. This is being performed by TAC, and they have gone and worked pretty tirelessly to interview a lot of people and especially to look at activities in other states, about five or six specific states that we found had some common attributes with the State of Texas, large urban centers, rural populations and so forth, and we were trying to identify what the rest of the world out there is doing to move ahead on supportive housing.

And I believe TAC is going to join us by telephone.

MS. SCHWEICKART: They're here.

MR. IRVINE: They're here.

MS. SCHWEICKART: Kevin and Jim, would you like to introduce yourselves?

MR. YATES: Hi. This is Jim Yates from the Texas Assistance Collaborative. I primarily focused the part of the study on the housing portion.

MR. MARTONE: Hi. Kevin martone with TAC. I focused mostly on the service-related side.

MR. IRVINE: And would you guys like to walk us through what you found?

MR. MARTONE: Sure. Very quickly at a very high level, we looked at six states, including Texas, and we spent a lot of our time, a little bit of October but mostly November and early December, traveling to each of the states for, depending on the travel schedule, a day, day and a half, sometimes it was two days, depending on how things worked out, interviewing key informants on both sides of the spectrum, from the housing world, in the housing finance agencies, community development agencies, and then on the services side in the Medicaid agencies, in the other departments or divisions that may have some oversight of services.

And that was a pretty exhaustive travel schedule through that month and a half period, but it also gave us a lot of good nuanced information that we may not have been able to glean from documents that were available. So that combination, generally, of the document reviews and interviews that we did in the states are really what informed this pretty large summary of findings for you.

I think when we looked at each of those states, we knew a little bit about each of those states from some of our previous work that we had done there, and I think probably what I'd like to do is go over some of the higher level themes that we pulled out from the states in general, and then we'll go a little bit state by state, just so you can get a general feel on what's going on in those specific states.

I think probably one thing to keep in mind is when we're trying to seek out best practices, there's probably not one gold standard out there that we could say that's the one that Texas needs to implement. But what we found, and I think what we'll talk to you about, is there are several better or best practice approaches in each of

those states that ultimately are worded into this report and will work themselves into the second report of recommendations for you then to work from.

So what I want to do is just kind of give you some of those high-level themes right now, and I think as we go along you could probably feel free to interject some questions if they come up too.

When we look at what are the catalysts for doing service-enriched housing in a state or really trying to improve models, there are some general reasons for that. In some of the states we saw really strong leadership, whether it was in a housing finance agency or a department of human services or an umbrella type agency, really saying: Hey, listen, service-enriched housing or supportive housing, we see that as in intervention, not necessarily just a boutique program, but we see it as an important intervention into our system and we want to build a program around that.

Another key catalyst in states was related to Olmstead, and more specifically, Olmstead litigation. So when you look at states like Illinois and Georgia and even North Carolina a little more recently, they have very significant Olmstead lawsuits and settlement agreements that are driving pretty aggressive changes, and we'll talk through that a little bit further.

And then there's another catalyst that is also woven in there in states sometimes is bad events. So when you look at Louisiana, Louisiana's catalyst largely was Hurricanes Katrina and Rita, which, obviously, we would all agree is a bad event, but then there was also a series of smaller events on the mental health side that also resulted in some additional infusion of dollars specifically for the mental health system.

So leadership, Olmstead lawsuits, Olmstead, in and of itself, and

sometimes bad events really tend to be some of the catalysts for kicking these things into gear.

We definitely found leadership overall was important, obviously, beforehand, maybe when going to develop an initiative, but also on an ongoing basis, making sure that there was leadership at high levels who were really buying into the need for service-enriched housing and really pushing it and keeping it at the forefront of their agenda.

We talked a little bit, I think, initially with folks, it was definitely in the RFP process too, about do you look at scattered site models or integrated models or single site models and where do folks fall on this. By and large, all of the states were really moving towards an integrated scattered site approach, and really not moving towards a single site approach. And it wasn't that they weren't going to continue to use that as part of their toolkit in the system, but all of the states were really focusing their directions towards an integrated model. You know, resources were going there, policy was going there, and when you look at it, if you look at New Mexico, for instance, everything they were doing was integrated scattered site model, whereas, in another state they may be doing, like in Pennsylvania, maybe a little bit more of a blended approach where they were trying to push the envelope on scattered site integrated housing but also doing some smaller scale single site projects.

Another key thing that we found in all the states -- I think it was all the states -- was each of those states was also putting state-funded money towards housing dollars, whether it was in some sort of tenant based or project based rental assistance or trying to work in ways to reduce operating and tax credit projects, all the states were putting in some relatively sizable chunk of state funds towards housing

assistance.

I think all the states, some of the better practices that we found had a more clear assignment of housing and service-related responsibilities. They paid a lot of attention to really trying to find out what are the appropriate boundaries there in order to make the programs most efficient.

When it comes to services, I think there was a move away from facility-based services. States were trying to design their service-related programs in a way that services can be delivered onsite to people in communities where they are, whether it was through assertive community treatment programs, flexible case management models, but it was less about having people go to a day program and more about the delivering services where people are at.

In each of the states that were doing a really good job, we also found that there was a key person or people at relatively high levels in the state who were focusing on service-enriched housing/supportive housing. So you look at Illinois, Illinois has a housing coordinator sitting right in the governor's office who is directing some of the housing activities and housing policy. In other states there's a high-level person who may be in a department of human services at the secretary or commissioner level really trying to coordinate that policy across disabilities and also across departments with the housing finance agency, et cetera, et cetera, but there was that high-level person who was focusing on this.

Some of the states who were doing a nice job were also trying to take as much of a cross-disability approach as possible, trying to put some equity into access to affordable housing, and that brought on a lot of other challenges in terms of trying to coordinate things but we saw that as a positive thing when states were really

trying to tackle it from a cross-disability approach. And not all states are there.

Medicaid, obviously -- and I think as in Texas you guys know this -- is a key funder of services. I think what states are trying to do is they're really trying to find ways, explore ways to maximize how Medicaid can be best used for supportive or service-enriched housing. So for instance, North Carolina right now is really looking at doing a crosswalk of services, and I believe Texas is too, in terms of trying to find out what housing-related services can be actually considered medically necessary services and covered by Medicaid, and states are really trying to push that envelope right now, and at the federal level, CMS is open to that conversation.

Certainly from an Olmstead perspective, in the states that have Olmstead litigation and settlement agreements, we definitely saw more significant dollars coming into the system and more aggressive changes, faster changes in their systems, and it was really a mechanism to not only align the service-related departments -- which is where the lawsuits tend to be filed -- but it really aligned, I think, the housing and services policy at the highest levels in government.

You guys have actually had a nice approach over the years because you were so early on in your Olmstead planning efforts that I do think that's gone a long way to help you all work together.

And I think another key thing, I think, is that programs and people change over time, so when we knew of state housing programs that were developed, maybe in the early 2000s, for instance, that were very innovative, you would consider best practices, and by and large have served a number of people in service-enriched housing over the years, as people change, as administrations change, the programs change, and sometimes for the better and sometimes not so much for the better. And

that's going to be something that you all will have to keep in mind as you go forward in terms of how to preserve what you're doing well so it doesn't get lost. But that was definitely something we saw in a couple of the states that we were working in.

So those are some of the high-level themes in a nutshell. I'm going to turn it over to Jim and have him talk a little bit maybe more about some of the nuts and bolts housing stuff, and then we'll get into some state-by-state discussion. But I guess first does anybody have any questions or comments on that initial rundown?

MR. IRVINE: All the heads are shaking side to side.

MR. MARTONE: Okay. We'll move on.

MR. YATES: I'm just going to go through the report and just follow the report to where in terms of the states we took a look at, just first starting with some of the initial kind of observations within the State of Texas, won't spend too much time, and we'll focus in more detail and depth on the other states.

Certainly the strength of the Money Follows the Person program is certainly a starting off point and a potential building block for any service-enriched housing initiatives or efforts for further development of it. It's considered a national model, highly regarded across the country, as well as approximately 30 percent of the placements come from the Texas nationally, so you are well advanced in terms of that capacity within that program.

In addition, to highlight on the TDHCA staff and experience, not all state HFAs, housing finance agencies, have a rental assistance capacity built in within its entity or agency. When an agency does have that experience or does have a public housing authority entity within the agency, it really does create that added capacity to use as kind of you don't have to actually build upon it. One state in particular,

Pennsylvania , didn't have a Section 8 program, didn't have rental assistance administration background. They did take on, because of some collaboratives with the state mental health agency, take on some project based rental assistance that did provide some capacity, but they had to build that. You don't have that, you have that experience, that's a great asset to have.

And then lastly, the state's efforts across the state agencies within developing your Section 811 project based rental assistance demonstration application this past summer, it really did provide a lot of good dialogue and a lot of good work on developing the roles and responsibilities, the specific interagency partnership agreement to really use that as a mechanism to work from in building upon a service-enriched housing initiative. Whether it's using Section 811 resources or using other resources, that work that was done this past summer can certainly be a real good foundation for future efforts to build upon.

On the challenges side, we did identify just on our initial review of Texas, from a rental assistance perspective there's no specific state dollars going to rental assistance. In all the states that we looked at there as some state financed rental assistance, not huge significant amounts of resources, typically, but they have given the states a lot of flexibility in targeting their rental assistance for specific target populations and providing some flexibility and some leverage to better leverage the Section 811 Housing Choice Voucher program.

And then secondly, from a permanent supportive housing development perspective, Texas has some strength within the top four cities, the top tier cities of Texas, but as you kind of get into the rural parts of your state, as well as some of the second tier cities, that capacity isn't as strong. If Texas wants to go in a

development perspective to do supportive housing as an intervention, some type of capacity-building efforts or kind of brainstorming with different communities around that would be maybe something you want to take a look at.

Next I'll transition to Pennsylvania if there aren't any questions on Texas. So Pennsylvania has an interesting variety of interventions that they've been doing on supportive housing and service-enriched housing since around the 2004-05-06 initiative. The first initiative that really kick started the state's efforts was around the Office of Mental Health and Substance Abuse Services within their county-based Medicaid program which was called Health Choices. The state allowed counties, and structured through a state housing plan and housing policy through OMHSAS, allowed any savings within their county-based health choices managed care systems to be able to be reinvested for housing purposes.

The state did provide some limits and some policy within how counties could actually use those dollars. Primarily, there were five interventions: the housing development fund, a subsidy program to leverage the local housing choice voucher program, a project based rental assistance program, housing support teams providing supportive services as a bridge to leverage existing Medicaid community-based services, as well as housing clearinghouse and housing stabilization services to provide both waiting list management for full resource capacity, as well as the housing stabilization services providing rent arrearage and first and last month rents to allow folks to get established within the housing.

Fourteen counties, in particular, a lot of the largest counties in Pennsylvania took advantage of this, and \$86 million of reinvestment funds were leveraged for housing. They were particularly successful in leveraging local dollars

form the HOME Program, CDBG, local housing trust fund dollars, as well as public housing authority dollars. I think the OMHSAS report looked at around six to one leveraging, six to one local and state dollars were leveraged for every one dollar of OMHSAS or reinvestment resources.

Next on the initiatives was really the collaboration between the Department of Health Welfare which is the state health and human services umbrella agency and PHFA, Pennsylvania Housing Finance Authority. PHFA's initial initiative around supportive housing or service-enriched housing was primarily around increasing and creating some incentives within their qualified allocation plan within the Low Income Housing Tax Credit Program around increasing the amount of accessible units within Low Income Housing Tax Credit financed properties, and that started in 2005.

Later on, they added an additional incentive in the 2010 time frame around mandating that each project had a 10 percent extremely low income targeting requirement, that 10 percent of the units had to be set aside for rents at 20 percent of AMI, or area median income, of which half of those extremely low income units have to be accessible. Without the accessibility piece, early on the incentive was just for the accessible, so there was a mismatch around the affordability and a lot of the referral entities, centers of independent living with the state had a real challenging time making those referrals for the accessible units at the 50 percent or 60 percent of AMI rent, so they were able to make those units a lot more accessible and available through the ELI requirement.

In addition to the ELI requirement, there was also a requirement for the developer to establish a referral relationship with a local entity. It didn't require a

relationship with a specific type of entity. At the same time, around the 2010-11 time frame, DPW established a local lead agency initiative based at the county level developing relationships for the local lead agency. It could be a mental health authority, it could be a center of independent living, it could be a homeless provider, as long as they agreed to market referrals on a cross-disability basis and provide the linkages to services, then the DPW would approve them as an LLA.

PHFA did not go the step of actually requiring developers to partner with an LLA. This LLA concept, which began in North Carolina, is fairly on in the development stages within Pennsylvania. Just in the last year, 2012, they came out with a manual and policies and procedures and a lot of the structure behind it. Pennsylvania, I think as it evolves, the real kind of challenge with Pennsylvania is it's a voluntary structure, DPW does not have any financing to support LLA activities now, so really the main incentive for an agency to raise their hand and get involved is the referrals in the housing and making the housing available, and that's the biggest challenge within the LLA structure in Pennsylvania now.

Pennsylvania is hoping to take advantage, as a number of states are, of the Section 811 PRA funds to help really provide a lot more capacity and funding support within this program.

Another PHFA initiative was starting in 2008 and continuing through 2013 they also have a pool of tax credits that they set aside for developers to develop permanent supportive housing, primarily single purpose supportive housing, but it can be a 50-50 split. In the last QAP they changed that to a two projects per year incentive pool, so they do kind of have a two-tiered approach strategy where they create incentives for integrated housing through their ELI and a soft linkage with the LLA

program, and then secondly, a pool of credits for supportive housing projects.

The last creative piece that PHFA has done, and they've done this in a number of years, although there isn't much incentive for developers, it's primarily attractive for mission-driven developers, but PHFA does offer within their QAP an increase of their developer fee up to a certain rate over the maximum allowed developer fee. That amount of money is allowed to be capitalized in a capitalized operating reserve to allow the developer over time to write down the rent from the 20 percent of AMI level from a rent-based program to an income-based program. So the owner or property manager could drop in those funds to make those units affordable to a 30 percent of a person's income rather than a rent-based approach that's set just at the 20 percent of AMI rent.

Those are the key highlights on the housing side of Pennsylvania. Kevin can touch a little bit on the services side.

MR. MARTONE: Just briefly. Pennsylvania is a very different state than Texas. It's large but it's very much administered at the county level on the mental health side, and so each county really runs its own mental health system. Obviously, DPW establishes the guidelines and establishes how the funding and Medicaid funding is used, but the counties play a very significantly role in administering their systems locally. There's good and there's bad in that.

Just on the positive side, one of the things that we hear in all the states, and you hear this there probably, as well, is when it comes to housing property managers want to make sure that the services are available to folks who are living in their units. And in a system like Pennsylvania, very localized system, the county folks respond pretty immediately to developer/property manager concerns when there's

housing issues. They felt very strongly that that went a long way in really preserving permanence for a person, brokering those landlord relationships for folks.

And definitely, Pennsylvania has the very nice benefit of being able to reinvest the Medicaid savings, and that has really gone a long way in providing a pretty rich service delivery system. And we mentioned this in the report, and one of the things we want to be careful about is we didn't want to try to bias anything either way, we know every state is different. I mean, if you look at Pennsylvania, Pennsylvania's mental health system is probably funded in the top one or two in the country in terms of dollars available for mental health services, and Texas is fiftieth. So Pennsylvania has that advantage of being able to provide a wealth of services for folks in the community, but it is a county-based system.

And one thing I would say, and this is through all the programs, mental health tended to take a higher level focus in all the service-enriched housing, so in some states like Pennsylvania or New Mexico where there was some managed care involvement, the more coordinated approaches resulted in a greater likelihood of people with mental illnesses getting access to the service-enriched housing. In Pennsylvania, for instance, the mental health system is largely administered at the local level, but in the developmental disability system, more of it is controlled at the state level, similarly with like a state like New Mexico.

So that's something to keep in mind, even though Pennsylvania is trying to address it from a cross-disability approach, people with mental illnesses still may have a greater likelihood of getting access to this housing.

That's it, that's all on Pennsylvania.

MR. IRVINE: Can I ask one question? On the deferred developer

fee, what's the Pennsylvania cap that they're allowed to exceed?

MR. YATES: I'd have to look it up. I believe it was 5 percent over the cap that they were allowed to capitalize.

MR. IRVINE: And they're actually seeing that get utilized?

MR. YATES: It's three or four projects a year. The other issue was that it was only for the 15-year initial affordability term, it wasn't for the extended 30-year term of affordability, so it really was less attractive to private developers, more attractive to mission-driven developers or places where you had relationships between the local county-based mental health system and a project developer, they might have a link to that incentive. It's added flexibility for the developer to use, there's no incentive within the QAP in terms of points for them to utilize it.

MR. IRVINE: Thanks.

MR. MARTONE: The other thing I just want to mention on Pennsylvania, and again, it sort of carries throughout, whereas there's a tremendous reliance on the Medicaid dollars, the states that are probably doing a little bit better job also have state funds available to fill the gaps. So when there's either a person who's ineligible for Medicaid but is in service-enriched housing and needs coverage, or there are services that are necessary for them to stay in their living situation that aren't covered by Medicaid, there's state funding to fill those gaps.

And that's an important concept, I think, because one of the things, going back to that point of making sure property managers' perspective in making sure that services are available, services don't just need to be available, they need to be available on a pretty flexible and responsive basis up to 24 hours a day, seven days a week. So Saturday night at eleven o'clock if someone is in their apartment and

struggling, they need to have that availability of services onsite, and I think program models that are more effective have that flexibility and availability built into the program model.

So do you want to go on to the next state?

MR. YATES: Sure. Louisiana is next. And as Kevin mentioned, the big catalyst around the Louisiana initiative specifically was the Hurricanes Katrina and Rita and the redevelopment and rebuilding effort after those disasters. And specifically, it was really key leadership at the highest level of both the housing finance agency, as well as the state health and human services agencies around integrating supportive housing within the Road Home Plan. Using a combination of GO Zone tax credits and CDBG piggyback dollars, CDBG resources that were both used on the capital side, as well as supportive services side, that initiative created approximately 1,200 integrated supportive housing units within the GO Zone tax credit portfolio that was created post-Katrina.

The way they did it was a 5 percent requirement across all GO Zone applications that 5 percent of the units had to be set aside for persons with disabilities or mental health, and we'll talk a little bit more about the target population, the cross-disability population that they worked to develop.

Louisiana also did, as part of the effort, develop a local lead agency structure that was based off North Carolina. North Carolina staff from both the housing finance agency, as well as the health and human services department came to Louisiana and worked with staff on the structuring of policies and procedures post-Katrina.

In addition, as part of the GO Zone QAP there was the 5 percent

requirement, there was also incentive to go up to 15 percent, so you had a good deal of developers that did just accept the 5 percent but also some that did go for the added incentive points for 15 percent.

The target population is notable that really both the disability and homeless advocacy communities really worked closely with the HFA and the state around designing that definition. It does include both disabled homeless, as well as frail elders. It also talks about the need of PSH to really get at whether or not the disability is long-term in duration and the individual or the household really does need supportive housing in order to be successful within the community over the long-term.

The advocacy piece was important from both the policy development and implementation side, as well as the resource development, very important on lobbying efforts, and really having both the homeless advocacy community and the disability community speaking in one voice was really powerful, and that's not always the case in a number of states. That advocacy, as well as state advocacy, in the initial development the set-aside within the tax credit program was set at 20 percent of AMI rent, really early on folks felt the need for a dedicated rental assistance stream of dollars.

The state was successful in lobbying efforts through the Congress to identify in the 2008 time frame, probably two years after the initial GO Zone and tax credit programs were implemented, an appropriate for 2,000 Section 8 Project-Based Vouchers, as well as 1,000 Shelter Plus Care Vouchers to support the supportive housing initiative. Initially managed and overseen by the Office of Community Development and Disaster Recovery Unit, it's been transitioned now over to the Louisiana Housing Corporation, which was LHFA, Louisiana Housing Finance

Agency. Louisiana just sent through a consolidation of all housing programs within the Louisiana Housing Corporation.

LHC/OCD identified and brought in professional management to administer the vouchers since they didn't have the staff expertise in-house to do that, such a specialized and large effort in the implementation, they brought in Quadel Consulting to manage the Section 8 PBV program and then they worked with the local community Continuums of Care within the five areas of the state to identify local administrators to manager the Shelter Plus Care resources.

Just a piece on the tax credit requirement and the implementation. There was a significant amount of opposition initially within the supportive housing initiative in the requirement from the development community, primarily from the private development community. There was a number of public meetings and discussions and dialogue around getting folks a little bit more comfortable with the North Carolina model. There was also engagements where owners/developers that had had experience in North Carolina talking to folks in Louisiana. There were also other developers, national developers or developers that have done work in other states that had come down to Louisiana to do work around the GO Zone that had experience with these targeting unit types of programs and these tiered levels of finance, and that helped, as well. But really, it took implementation to really gain converts.

The LLA structure has been overall very well accepted. In particular of note, probably the largest New Orleans based private developer and one of the loudest opponents of the supportive housing initiative is now probably the largest cheerleader and the loudest cheerleader. They're very supportive of the program, it makes sense in a lot of ways, it makes sense from a business perspective. They're

actually now starting to partner with nonprofit developers to provide property managers at supportive housing Housing First developments, as well. So there's been a lot of learning and lot of capacity-building throughout the development community as a result.

That's kind of the key points from Louisiana that I have. Oh, just one last piece on Louisiana. Post-Katrina the LHFA transitioned their supportive housing initiative from a requirement-based program to an incentive-based program, providing tiers of points to do 10 and 20 percent of the units set aside for persons with disabilities or homeless. They're seeing about a third to 40 percent of the applications taking those points and integrating supportive housing within their tax credit applications.

The last piece on the LLA and the service structure, as I mentioned, the services were funded within the first six or seven years through CDBG Disaster Relief dollars. Very early on, Louisiana really focused in on the importance of a sustainability strategy to transition the funding to Medicaid-based funding and finance. That is in place or is transitioning now. They've just identified a managed care organization statewide to manage the program. Magellan is responsible also and it's going to incorporate most of the LLA activities. The waiting list management is being transitioned to the subsidy administrators.

MR. MARTONE: I would just say one thing, you can look at Louisiana and say, well, great, they had this large infusion of federal disaster relief aid, and you or other states may not have that opportunity, but it's one of those lessons learned and hopefully you never have to make that request, but you're also in one of those states where you could have a disaster like that happen, and did really.

But if at some point you need to make an ask of federal dollars -- New Jersey actually right now is trying to assemble the same type of thing following Hurricane Sandy -- when you're asking for federal relief aid, keep in mind that obviously a large number of Texas citizens with disabilities are also affected by that disaster and the work that's going to go ahead to provide affordable housing or just general economic redevelopment, you should factor people with disabilities into that conversation. And that's exactly what Louisiana did.

MR. HANOPHY: I had a quick question regarding the lessons learned and challenges, because I hadn't ever thought of this until I read that. You had mentioned something about the unforeseen issue of the large development of the two- and three-bedroom units and that most of the population really needed one-bedroom units and sort of failing to take that into account. That's an issue I hadn't thought of as you look at the scope of supported or service-enriched housing, and is there sort of a standard or a breakdown at a state-by-state level as to what percentage needs to be one-bedroom, what percentage needs to be two- and three- and such, because I hadn't thought of that till I saw that.

MR. MARTONE: Yes, great question. I think the simple answer is no. There's a couple of ways to look at it. You know, if you talk to people with disabilities, I think they generally want to live alone, and then at the same time, some people want to live in a shared residence, two or three people, but a lot of people want to live alone, they want to have their own place that they can call home. And so that's something that we tend to see more and more in the country and I think the states are developing their programs around tend to be more one- and two-bedroom type places.

When you look at Olmstead settlement agreements where U.S.

Department of Justice has weighed in or protection and advocacy groups in states, they're sort of using, obviously, this definition of most integrated setting, and again, how you define that is one thing, but there are standards -- not standards, but you know, there's a lot out there written on trying to get at what most integrated setting is, and I think those are things for you to take a look at.

The Department of Justice, in some of its actual settlement agreements, like in Georgia in particular, go so far as setting the specific number of bedrooms a place can have and the specific number of people who can live together in a setting or in a building, and so they really pushed the envelope there and there's a lot of debate about that. Other settlement agreements may be a little more vague when they generally describe integrated settings.

So it's something for you to really probably struggle with as you go forward, I think always keeping in mind what's the most integrated setting, but there's no gold standard as to 50 percent of units need to be one-bedroom, et cetera, et cetera.

I don't know, Jim, if you have anything to add.

MR. YATES: I think in looking at it, one state has actually developed their waiting list structure and have gotten a little bit more understanding about what types of households they're working to serve. That's influenced some of the leaning, but certainly it's more towards the one-bedroom than the two-bedrooms, although some of the two-bedrooms are used for either caregivers or equipment, things like that.

MR. MARTONE: In developmental disabilities, the standard that people are moving to is four people living together or less, and that's more of a shared setting. It could still be considered a PSH type setting if you really strive for it. We've gone in an DD community that there was not a lot of talk about classically moving a

person into a permanent supportive housing, one-bedroom or two-bedroom. I think the field is more so at the four people or less model, although in some of the states they really are trying to incorporate people with developmental disabilities who may have a little higher level functioning as moving into the one- and two-bedrooms, but most of that conversation still tends to be on four people or less, and frankly, a lot of states are still at over eight people living together, so there's a lot of work on that model.

MR. GOLD: I was going to say that it probably would be skewed towards the age of the individual and the type of disability. I agree with you about intellectual and developmental disabilities, you can't talk about that as a monolith population, there's different characteristics.

Also, I just want to remind you that Centers for Medicare and Medicaid Services has -- and it's been out there for a couple of years now -- a notice of public rulemaking regarding the definition of housing when receiving Medicaid dollars.

MR. MARTONE: That's Marc. Right.

MR. GOLD: Yes, this is Marc Gold.

MR. MARTONE: Yes. The initial rule several years ago became very specific when talking about specific number of people, and their last rule worded it down a little bit, but exactly what you said, it does really try to model integrated housing.

The other thing I would say, too, we didn't see a lot of best practice stuff on transition age youth or aging out youth, but New Mexico had a really good program for transition age youth and they built in state rental assistance. We can talk

about that a little more in a minute. But again, in that model, at least in New Mexico, there were several kids who did go out in one-bedroom type places but they're also really thinking that they need something that is a little bit more of a shared living experience, just given where those kids are at.

MR. GOLD: I was going to say our experience in Texas, and obviously we've moved out almost 35,000 people into a variety of different settings, but what we have found, certainly for the IDD population, is that when they leave an institutional setting, for the most part they're choosing our three- to four-bed residential model. And it makes sense, they're going from an institutional setting to a lower level sort of housing choice -- and again, it's all about choice -- model. So that's been our experience with that.

And even on the nursing facility side, we have found, approximately, when they're leaving an institutional setting, 23 percent choose assisted living.

MS. SCHWEICKART: So Jim and Kevin, if we could get through the other four states in about, I don't know, ten minutes or so, we could maybe open it up to broader questions about the entire report.

MR. YATES: Okay. So North Carolina has the most established integrated program. They've been doing a targeting requirement as part of their tax credit program since 2002. It's created over 2,700 units.

Key changes over time were they created a rental assistance program on a project-based side using state dollars in 2007. The average subsidy has been around \$225 to \$230 a person, so it's a very affordable subsidy. It writes it down from the 50 percent AMI level down to an income-based level for the individual household.

It has a local lead agency structure. It also, in terms of local lead

agency support, it has a regionally based DHH housing specialist staff of three persons plus a supervisor that oversee the capacity of the LLA. They made a big transition in terms of sustainability in around the 2008 time frame and brought in the waiting list function in-house on the DHH staff because the LLA didn't have any funding mechanisms to support that activity so it was really just getting overwhelmed.

Other key pieces of targeting programs on the North Carolina side was the rental assistance we talked about. They really have the most well developed policies and procedures, they really focus in on doing everything they can to be disability-neutral in the face of the program with property managers and the like. They also create a lot of flexibility within the program, both the key program allowing individuals and developers to request a two-bedroom rather than a one-bedroom unit for a person as a reasonable accommodation.

They also created a term "dormant" where in the rural areas, because it was a requirement, there may not be a need for referrals on a timely basis, developers or owners could actually apply for the project to be dormant or a unit to be dormant if there's no referrals on a certain amount of time to it. DHH would approve that and it does create a little bit of good will with the development community.

And the last was in 2012, as Kevin mentioned, North Carolina did agree to an Olmstead settlement with the Department of Justice around supportive care homes. That has brought in their supportive housing initiative primarily around the tenant-based rental assistance effort through their local mental health agencies and a system of transition coordinators, but really focusing on tenant-based rental assistance being funded because of the need to hit certain benchmarks.

MR. MARTONE: The quick thing about that is you can look at a

state like North Carolina that had the model down, right, and we would say it was a best practice model, and how could they at the same time get slapped with such a large settlement agreement. Well, then it becomes largely a resources issue, and now when you look at it, now that they have this settlement agreement, it's going to be a fairly large infusion of service dollars and housing dollars over this next several years to address the terms of the settlement agreement.

MR. YATES: Moving to Georgia, a couple of key highlights. Primarily, Georgia focused in on pre-settlement. The settlement was, I think, in around the 2010 time frame and was a pretty significant settlement, probably the largest to date, approximately 9,000 units of supportive housing need to be created by the state in order to meet the requirements of the settlement.

But really their supportive housing efforts were around general purpose supportive housing. We talk a little bit about the program there, primarily non-tax credit with private, nonprofit, mission-driven developers. They had a pretty significant Shelter Plus Care program statewide, approximately 1,600 units, and then some Section 8 Housing Choice Voucher dedication.

Really, the 2010 settlement agreement created a lot of policy shift and changes within the department of community affairs which is the HFA for the state; they also have a state housing authority under their umbrella. But as part of that they looked at a couple of things. They've perceived from 2010 on to date some Low Income Housing Tax Credit incentives within the QAP. Currently they have three points for developers to agree to allow project-based assistance up to 15 percent of the units, and then an additional three points if a developer is able to enter into a Section 8 PBD commitment with a local housing authority or administrator. Those targeting

were around the settlement class, as well as the MFP program.

Another pretty important piece in the DCA was on the state's public housing authority, they created a preference allowing targeting for the settlement class, as well as the MFP program, and then they really focused in on a significant amount of that turnover, so every other voucher made available by turnover was dedicated, up to 700 targeted units each year until 2015 are going towards the settlement class or the MFP program.

The last important thing on Georgia was DCA was able to get a pretty significant ruling from HUD allowing and authorizing specifically DCA but I think they're going to try to work to have all housing authorities, local based housing authorities to have the same allowance. They're allowed to actually establish a Section 8 Housing Choice Voucher preference, specifically for the settlement class. So that was a pretty significant national decision by HUD to support the DOJ settlement and allow a more disability-specific preference.

Moving on to Illinois. Since the 2007 time frame the Illinois Housing Development Authority has done a significant amount of targeting. They adopted a targeting-like program modeled after North Carolina. It wasn't a requirement, it was incentive-based. Currently they have tiered incentives, up to 20 percent of the units in a project can be identified as targeted units for referral to the local lead agencies.

There's also a pretty significant amount of state dollars that they have brought to the table through Illinois where the state housing trust fund, permanent supportive housing development fund, they have a state tax credit program, as well as a long-term operating support demonstration, basically a project-based operating program. They fixed that piece of it and that's going to be allowed to be used in

conjunction with the targeting program in 2012.

The key kind of differences in the targeting program with Illinois, the LRAs, which are the LLA equivalent, the coordination of waiting lists and services entities are regionally based as opposed to locally based or county based, and they are funded either through the department of mental health or through -- mostly through the department of mental health only. As a result, a lot of the referrals are mental health focused.

And one piece of innovation to highlight, within the kind of greater Chicago area, through the metropolitan planning commission, as well as, I think, around eight or nine or ten local housing authorities in the suburban area ring around Chicago have developed a regional housing initiative. As part of that, they have pooled Section 8 resources for project-based and that has really allowed a number of the targeted -- the Low Income Housing Tax Credit units that elected the targeting incentive to leverage project-based voucher resources.

Generally speaking, we've seen a number of states challenged with using Section 8 project-based vouchers because of a lot of the administrative and structural barriers to set up the program in a way that really works in conjunction with supportive housing. You really have to do a site-based waiting list and you have to structure the preference in way that works well with placing the folks within the target population that you want to serve to have access to the services with the units themselves.

Finally, New Mexico. New Mexico's initiative started in 2007. An initiative came out of a supportive housing long-term plan that they were able to put together. The state has a strong integration tradition and policy. They have not

supported any single purpose or even any 50-50 supportive housing types of projects, it's all been 25 percent or 20 percent and below.

The targeting or the incentive program that the department of human services and the New Mexico Mortgage Finance Agency developed in the 2008 time frame was a little bit different. It was incentive-driven. Again, it wasn't a requirement. It was two tiers: one tier at 5 percent of the targeted units and then the other at 20 percent of the units, and both had a tiered amount of points associated with it. Of the set-aside, half of the units had to be written down to 30 percent of AMI rents, the other half stayed at tax credit eligible rents, either 50 percent of AMI rents or 60 percent of AMI rents.

That created some challenges on the back side in terms of referrals. The state and the local lead agencies that were established really had to take a look at how to come up with housing choice vouchers or rent subsidies or identify households with persons with disabilities that had a little bit higher income, so they primarily focused some of their targeting around veterans to fill some of those 50 percent of AMI rents.

Again, it was cross-disability focused. They developed a local lead agency model modeled after North Carolina. A couple of key differences in the evolution of the implementation, the state human services agency was able to cobble up small amounts of subsidies for the LLAs to provide some operating subsidies for them to do the work, certainly not enough to actually completely compensate them for the activities they're doing but there is some baseline state dollars support.

In addition, they decided to implement the LLAs by where the developed units were created, not a statewide initiative reaching out to all the different

counties or all the different regions of the state. They really did it kind of incrementally based on where the development was awarded and where it was moving forward, so that created a little bit more manageable kind of process; rather than the DPW Pennsylvania approach, they really went across the state.

And generally speaking, the incentives are 100 percent accepted within the QAP so each applicant either takes the 5 percent or the 20 percent level, so it is generally accepted across the development community. And those are the main key points out of New Mexico.

MR. MARTONE: That's it, Ashley.

MS. SCHWEICKART: Great. I wanted to have some time to open it up to everyone to ask questions about the entire report, and we can continue to have a dialogue online, but I wanted to provide this opportunity right now if you have any general questions.

MR. HANOPHY: So in terms of next steps, this is sort of a lay of the land report, and then based on this, we would expect to see kind of a series of recommendations or steps that we could take.

MS. SCHWEICKART: Right. So the way that we set up the RFP, that the council set up the RFP and then as TAC responded to the RFP was that there were three main deliverables, and this is the first. And then the second will be, based on the findings of this report, as well as some more research done by TAC, and as well as communication with each of you, they're going to develop recommendations that will be part of the comprehensive analysis report which will be the, I guess, bigger deliverable when it comes to providing the council with kind of the steps forward, the way to move forward, and so that's the second deliverable.

In terms of immediate next steps, as this is a draft, this is not in final form, this report, providing all of you an opportunity if you want to do edits and changes, if you just want to give me general comments or general feedback, I'm going to be compiling all of your edits and all of your feedback and we would like to set a deadline of January 24 to receive that, and that way I can then compile everything that you've all given to me and give it to TAC in one single document or packet, if you will. And once that's all in, they can make those changes, and then we can start on setting up some type of conference calls to make sure that you all get to then provide your input on the recommendations based on the findings.

MR. HANOPHY: So just from hearing and what I read in the report, it seems like from distilling down the best of the best, it seems as though -- and there's a followup question to this -- it seems as though that the key is in the states, one is that there is some sort of gap funding, that there's a capacity to keep people consistent as they move in and out of various entitlements or eligibility programs, that there's good local coordination, and it seems, at least I picked up that it was independent in the states where it worked of being a major city versus a rural area, and that there were dedicated staff, that there were folks whose job it was to do this, it wasn't sort of picked up.

The question I have -- in my experience or in Texas is that we're still fairly fragmented as far as an adult service delivery system -- did you find better coordination in other states, or did you find that as far as supportive housing goes that these states made best use of a fragmented system and were somehow able to pull it together. I don't know if that question makes sense, but I'm just curious.

MR. MARTONE: You know, it's a good question. You know, if you

looked at like Pennsylvania which was county-based for mental health and IDD was really administered at the county level too and the state sort of pulling back on that and pulling it into more of a state-administered system, and as a result, when you look at the housing initiative, mental health tends to benefit from it more greatly. So even where you have cross-disability approaches, it has been, I think, an ongoing struggle for states to really try to get through that fragmentation, just because you still have different approaches intrinsic to the disability, the way Medicaid finances the services from a waiver perspective through a state plan approach, it's really hard. And so to the extent that the states that are doing a good job really having a centralized focus to this, really trying to work through those activities are the states that do better.

It will be interesting to see, I think, as part of the 811 application process -- hopefully you guys get it -- all the states that have submitted those 811 applications are really trying to coordinate their approach to housing and services, and I think time will tell if that's going to really reduce fragmentation in states going forward.

MR. YATES: And when there was a dedicated supportive housing coordinators at the regional level, I know Illinois in particular, the first three or four years they were doing it, it was kind of like as second half within the regional office of the state mental health agency that they were kind of appointed the supportive housing coordinator, and that really didn't work, and a lot of things kind of slipped through the cracks.

When you look at North Carolina and their staffing, their regional staffing approach, that really did work. Louisiana, the success and kind of positive feedback about the responsiveness of that system to make it responsive for the owner

and for the individual with disabilities, as well, that there's someone there to troubleshoot, to re-knit those services if it kind of gets offline. Whether it's at the project level, at the individual household level, that's critical, and I think every state has kind of had little bumps in the road on that.

MR. MARTONE: Just quickly, on one hand, the states that have the big Olmstead lawsuits, like Georgia, Illinois, North Carolina, you could say: Well, great, that triggers an infusion of dollars and attention and resources. But at the same time, in those states those are mostly mental health focused cases, the pressure then gets put on trying to comply with the terms of the settlement agreement. That's coming out of the governor's office and the secretary level, and so a lot of the emphasis occurs there and there's a big concern in those states that focus is going to be pulled away from other populations, developmental disabilities, older adults, those who are in homeless situations, and that's something to really look out for.

MR. GOLD: In the State of Texas too, I think -- at least with the Medicaid population, I can't speak about those with resources and income above Medicaid eligibility -- we've had an expansive managed care system for individuals with physical disabilities but there are two pieces of legislation that have already been pre-filed, Senate Bill 57 and 58, that would move all the Medicaid programs under a managed care environment. So it will be interesting to see once you have all the programs under the managed care organizations, see what sort of leverage they have in terms of wanting to work with the housing issue because their focus really will be keeping people in a community-based system.

MR. MARTONE: Yes. You know, in New Mexico, on the behavioral health side, New Mexico had essentially one managed care group

overseeing behavioral health services and they had a direct role in the supportive housing initiative in terms of identifying the local lead agencies and things like that. Now New Mexico is moving, they just rebid their managed care, and now they're looking at having four or more managed care groups throughout the state oversee the behavioral health piece, and so there is concern about how well that will work as it relates to supportive housing, and now you have multiple players involved, new players involved.

In Louisiana they're just at that point now where they're really trying to bring the managed care component in for the behavioral health piece and trying to weave the supportive housing role in there, and from the state level down, the state is really trying to make a cognizant effort to incorporate that into the managed care responsibilities, but yes, you've got to see how it plays out.

MS. LANGENDORF: Is my understanding now you all's next step will be to shoot some potential recommendations, draft recommendations. Am I correct?

MR. MARTONE: Yes, exactly that. I think what we're going to do, you'll probably look at a series of recommendations that address some of those themes that we've been talking about, as well as some of the nuts and bolts things that we've seen work well in the states.

MS. LANGENDORF: Well, that being said, being that we're just being our legislative session, and it sounds like I guess we're looking at an April deadline, or thereabouts, for your recommendations, I would hope -- because we're not going to be able to impact too much for this legislative session -- that some of the recommendations, if we could, focus on things we can do with our current resources,

that is, Low Income Housing Tax Credits.

I notice in Pennsylvania you all highlighted -- and I didn't see it in the other, but if there's other states, that would be great to know more about -- utilizing HOME tenant-based rental assistance. I know it's more of a bridge subsidy because you can't say it's there forever, but refocusing or focusing some of those resources, particularly for getting people out of institutions, how that might be utilized in conjunction with Low Income Housing Tax Credits.

I guess I'm looking for -- I would love for you all to give us some recommendations that we could take to the legislature. And everybody here that works for a state agency can put their hands over their ears or whatever, I know we're not supposed to be talking about legislative stuff, necessarily. I'm not real hopeful, I guess, that the impact of this report or these findings are going to help us in the current legislative session to have a particular impact, based on reading this.

MR. IRVINE: Well, I believe that the draft report certainly gives us all some very, very useful information, and there are people who are on this council who are state employees, and obviously state resources can't be used to influence legislation, but people that learn about other things, if you think it's useful in carrying your message, then use it to carry your message.

I guess my request to the folks at TAC, and also to the members of the council, would be let's really try to keep it focused and manageable. I think that I look at all of these recommendations or all of these findings, all of these observations, and I see one or two nuggets that might be used to tweak the way that we currently administer things.

I mean, one of the things that just jumped off the page at me was

we've got some very large and capable mission-driven providers in urban settings and we have less of that capacity in rural settings, and I think it would be very, very helpful if the logical flow of this was to develop some small work groups that could come up with some models and say to rural folks and second tier urban folks: Hey, this is an important challenge, and if you want to be successful in it, here's some models that you might consider.

I think it also just jumps off the page that the identification of other things to fill the gaps, to make these things financially viable on a 30-year pro forma, those are critical. And if you're really going to have success on a meaningful scale, you, frankly, need to develop a model that will attract not just mission-driven investors but private sector investors that are doing it, frankly, as a business model.

So I think that we really need to look at quantifying in the Texas setting, if everything were optimized, what is still needed, and to me, that's the information that probably ultimately needs to go in our report. I really think that keeping it simple, what are the top one, two or three things that we can accomplish within current resources, what are the top one or two things that would really be transformative at the state level if things could be marshaled to achieve it.

The one thing that I will just editorialize a little bit about, I hear people talking about set-asides. We have a Qualified Allocation Plan and Low Income Housing Tax Credit, it's already been sliced and diced thirteen ways regionally, then two more ways to make it twenty-six ways regionally, then we've got the nonprofit set-aside, the rural set-aside, the at-risk set-aside, and various set-asides, and it's certainly been cut up many, many ways statutorily, and at some point the pie gets so small you can't taste it. So I'm not really sure that pursuit of additional set-asides is

ultimately going to be as effective as really just finding ways to build models that work both in urban settings and rural settings, and a program that's attractive to private capital.

MS. SCHWEICKART: Any other questions for Jim and Kevin?

MS. GREEN: I have a quick question about the LLAs. Are they the only source of referrals?

MS. SCHWEICKART: Doni Green, one of our council members, asked if the LLAs are the only source of referrals for those states that use that model, or if there can be other organizations, as well.

MR. YATES: The LLA is kind of a clearinghouse for referrals, it can manage those referrals. Also, the developer can accept referrals themselves, they just have to notify the LLA, that's typically the model. So it's not necessarily a completely closed door referral process, but the LLAs really are the -- if they are managing the waiting list, and not all LLAs, as we noted, have the waiting list management function, some of the states have really taken that under their kind of responsibilities because of the challenge capacity-wise to do that.

MR. MARTONE: Pennsylvania, when they were doing a training for their LLAs, they were essentially really encouraging them to go out and develop relationships with many groups as possible in their local area so that they can get referrals from as many different groups as possible. So ultimately it sort of gets funneled through there, but they're really looking at a very broad referral base since people can touch so many different systems.

MS. GREEN: And I think you said that in Pennsylvania the LLAs are not funded for that function. Can you summarize the approaches that the six states

took in terms of funding the LLA for those screening responsibilities and if that had any impact on the effectiveness of the programs.

MR. MARTONE: Was New Mexico the only group that funded the LLAs?

MR. YATES: Well, yes, New Mexico funds the LLAs. The LLAs in Illinois are regional and are state employees and state employees are funded by the state. The funding mechanisms for Louisiana, they were funded under CDBG so they were funded pretty robustly. And then the transition or the sustainability has forced Louisiana to put the MPO to accomplish most of the activities around the LLAs, other than the wait list functions, the wait list functions are going to be done by the subsidy administrators.

North Carolina, their LLAs do not receive funding, however, they did take the waiting list function back with their regionally based housing coordinators so they manage that function which tends to be the most staff-intensive piece of the responsibilities. And I'm trying to think, Pennsylvania, they're not funded at the local lead agency level, however, because of the local-based community housing plans through the Office of Mental Health, there's a number of locally county-based housing coordinators as a result that really have tapped into that resource.

But it's essential piece. Everyone has kind of done it a little differently in terms of structuring it, but having that capacity, at least at the minimum on a regional basis, is pretty critical.

MS. SCHWEICKART: Anything else? David.

MR. DANENFELZER: I was going to ask if it was possible to either take the information from Appendix D which are the pro forma and put that into the

body of each of the sections, or bring some sort of summary about the financing structure and unique aspects of the individual developments into Appendix D.

One of the hard parts of reading that appendix is that you don't really understand what the funding sources are, and so figuring out how -- many of them have unique structures as far as some of them don't have any debt service, others have debt service which actually -- I don't know for sure, but in one in particular it looks like the debt service is actually at a fixed debt service ratio, so it would be interesting to know more about how those debt structures are created and how they're arranged. I mean, I even noticed one property had about 43 percent -- their expense to income ratio was only 43 percent which is extremely low, especially for I think that project had only like 28 or 32 units.

There was a number of small errors on that Appendix D, as well, but some of them are kind of incredibly low. The Louisiana model actually only had like 43 percent expense to income ratio, and I'm just trying to figure out like how that was possible on 144-unit property. As an underwriter, I just rarely see anything with tax credits in extremely low income that's lower than, say, 70 percent or 65 percent expense to income ratio.

So if we could tie those two sets of information a little closer together, that would be helpful.

MR. YATES: Okay.

MS. SCHWEICKART: All right. Well, I think we are at the point where we need to move on in our agenda.

MR. IRVINE: We've go the next couple of weeks one-on-one to work out any details, questions, edits, comments.

MS. SCHWEICKART: Yes. Like I said, if it's possible to receive any of your feedback by the 24th, that would be extremely helpful for me to then turn that around to TAC, and like I said, we are going to try to set up opportunities for the council members to be able to communicate on the next phase, early on in the next phase of TAC crafting the recommendations, to provide your input and to provide your Texas-influenced input, especially. Knowing how you each are experts in this state and what's going on in this state I think will be really helpful for them as they craft the recommendations.

So I'll be getting with each of you in terms of your schedules in February to see if you have time for a conference call, things like that.

And thank you so much, Jim and Kevin.

MR. IRVINE: Thanks.

MR. MARTONE: Thank you, folks.

MR. IRVINE: If I might exercise a chair's prerogative, I was wondering if Marc could update us next on the Balancing Incentives.

MS. SCHWEICKART: I can do a quick update on something that doesn't have an update, as you're looking for things. I was going to say the Section 811 update is that there is no update. We have yet to hear back from HUD on their awards, and I can safely say that they haven't told anyone about their awards because there are several organizations that are keeping tabs on that, including New Additions, and TAC themselves, are keeping a close watch on when that announcement is going to come, but it hasn't come yet.

MR. GOLD: And true, we haven't heard from the CMS, other than it's business as usual in Washington.

MS. SCHWEICKART: Yes.

MR. GOLD: Well, wish all of you a very healthy 2013, first of all. That's the only thing that's important, other than the fact that Susan Combs just announced that we have \$101 billion to spend, so it will be an interesting legislative session.

My point here is to give you an update about the Balancing Incentives Program. I won't go into a long -- I'll take about five minutes here because I know it's getting late in the day -- so please check the DADS website for the Balancing Incentives Program, it will give you a lot of good information about what it is. It was part of the Affordable Care Act that allowed states with less expenditures in fiscal year in 2009 who didn't spend more than 50 percent of their resources on community-based systems to be available for an additional 2 percent enhanced FMAP -- which is Federal Medical Assistance Percentages, how we calculate how much money we can bring down from the federal government -- on all of our community-based Medicaid long-term services and supports. This is a Medicaid program, it's based on Medicaid dollars.

We in Texas submitted a successful application on June 29, 2012, it was approved September 4, 2012, but on June 29 when we submitted the application it began a countdown clock to get in a very extensive work plan into CMS. We actually got it in one week early, given the holiday season, so we submitted it on December 21, 2012. It is, again, on the website, it's about 236 pages, a lot of appendices, and you can look at the detail of what that report is.

But primarily, the big part of the work plan I think that most people are going to be interested in -- and we are going to have a very extensive meeting on

January 18 at two o'clock, which is a Friday, in the Winters Building, Public Hearing Room, but we'll have telephone conference access to that, to really go over all the various different projects -- so there are three main categories. And the important news, of course, is that this is worth \$301.5 million to the State of Texas, so we're all very proud of all of the very hard work that's gone into this activity.

The point of the BIP is to improve access, communication, and for individuals to get into community services faster, easier, and to have a no wrong door, single point of entry sort of system so you can go to one place, one time, provide your information once, instead of going to State Health Services, HHSC, DADS to fill in all this information both on the financial and functional side. It really is the idea that we have an interoperable system here where you can find out where an individual is in the application process, give them real-time information, get that going, get them in services faster. The other part is providing additional services to get your community services in a right-sided perspective.

They had a couple of significant measures for how the spending, and they have specific categories that you had to do called structural changes, which, again, we'll get into a lot more detail on the 18th.

The key factor as we were deciding these issues is not only do we need to meet these structural issues in the work plan when you look at it will reveal to you what those are, an 800 number, URL, statewide ADRC system, that sort of thing, but each of the initiatives had to pass that this for a Medicaid community-based system, it's for a Medicaid population, it's for traditional Medicaid services, and they gave a real clear example: housing was not one of them. And I think for this committee is that, so even though we're going to get people more in services, it's

really not addressing the housing side of the coin, and certainly many states have done that.

I'm going to go very quickly over the ten or eleven major projects that we are going forward with, but again, there will be a lot more detail on the 18th. And again, even though I am the principal investigator and DADS is the lead agency, this is an HHSC project that was delegated to DADS and it includes the Health and Human Services Commission, Department of State Health Services and DADS.

So we're going to be expanding the number of ADRCs to make it a statewide system in the state. We spent a lot of money in IT changes, so we're going to enhance our IT system so the eligibility system and the functional system speak to each other, so again, somebody in Muleshoe can draw down information on a person in Brownwood for that information. We're going to make changes to the local mental health system and the provider system so those systems talk to each other.

We're developing secure systems so people going to a managed care system -- right now we're actually doing stuff on a manual basis, which is hard to believe in the State of Texas and especially with the extensive managed care system -- that those systems are automated, and again, some other issues for Star+Plus.

We're going to develop a level one screening tool so people can sort of self-screen themselves, kind of where they're at, whether it's really a behavioral health issue or is it an old-time DADS issue, or is it a managed care type of activity. Incorporation of the basic mental health and substance abuse screening to the level one. Texas has a really great portal right now called Your Texas Benefits which gives you a lot of information, so changes there for children with special needs. Changes to that system, again, about earned benefits and work incentives in order to encourage

people with disabilities for employment purposes.

Then just changes to that whole Your Texas Benefits system to increase efficiency in the program, so upgrades to the system to allow ADRCs, people in rural areas, people who are homebound to have better access, so people can make real-time changes in that system, and other enhancements for that portal.

Implement various reforms for individuals with intellectual and developmental disabilities. We're going to develop a new comprehensive assessment for individuals with IDD. We have an assessment now that we've had for decades but it's deficit-ridden and we've had a lot of issues from advocacy groups and providers where for a more real-time issue.

And when we talk about mental health, ten behavioral health intervention teams to provide crisis response intervention services with people with intellectual and developmental disabilities who have challenging behaviors and set up up to four pilot programs to test managed care strategies for long-term service supports for the IDD population. And that is in Senate Bill 57.

And again, Senate Bill 57, we did scrutinize that and used a number of the funding systems to do that. And just FYI, 57 expands managed care for IDD and is proposing to put nursing facilities in Star+Plus. Senate Bill 58 is talking about putting behavioral health Medicaid into the managed care system.

There's a program also under the Affordable Care Act called Community First Choice, and that will provide basic attendant services like our primary home care through the Attendant Services Program, but also for individuals with intellectual and developmental disabilities which would be a new thing to Texas. There you get an additional 6 percent enhanced funding, but it's going to take, even

though once we did all the cost analysis, getting the 6 percent on the activities we're currently doing and then the new activities, there's still a little bit of a fiscal liability so we're going to use some of the Balancing Incentives Program to kick start that program in the next biennium.

There's also in DADS LAR there's a couple of exceptional items to fund and support traditional promoting independence slots but also increase those promoting independence slots which will include a new one which would be 300 slots for individuals with IDD residing in nursing facilities to get to HDS. We're talking about funding all those various different slots.

Developing what's known as an electronic life record for individuals with intellectual and developmental disabilities. This is different than a health record, it's more extensive and really has their whole service plan and their functional needs on this electronic system.

Establishing a nursing facility diversion program with an options counselor at each Aging and Disability Resource Center, hopefully to divert individuals from the nursing facility.

Develop health information networks to facilitate information exchange between state health services programs, between state health services and the federal -- and this should be of interest to this group and to TDHCA, actually -- between state health services and the federal homeless prevention and assistance programs, the HMIS system, so we're looking for expansion there. And I would think the people from your shop, Tim, need to talk with us about doing that.

MR. IRVINE: You bet, sure.

MR. GOLD: I made some outreach, and it was over the holiday

season, to see if there's any sort of monies that you may have that we can leverage with this. And again, we're going to go back and see what we can leverage so we can free up more dollars to expend on that, so I appreciate your assistance, Tim, on that area.

And then provide seed money to establish recovery support centers in six areas of the state, develop and administer RSCs to individuals with substance abuse, including older individuals and individuals with disabilities.

So you can see this has been an extraordinary effort -- even though I had to work long late nights and weekends for ten months of my life -- but with the help of a lot, lot of people, this is certainly not one person's effort, this was a lot of people's effort, the end result for the State of Texas is tremendous and significant and it goes across disabilities, across ages for that assistance, and for the homeless population, too, which is interesting.

CMS now has to approve all these projects and see if they'll be able to do that. They may have some questions, because, again, it has to be for a Medicaid population. For example, for the homeless population, we're arguing if we don't provide them the services or this tracking, they're all obviously going to be on our Medicaid system and service and supports are going to have to be provided for them there.

So the initial review from CMS has been very positive and we expect final comment by next week, I'm thinking. They have 30 days so they really have till January 20 to either approve or to request for additional information. No state, not even the fabulous State of Maryland, got away with not -- their work plan was like 800 pages long, and Maryland really has phenomenal housing efforts going on, they're

doing a lot of very interesting work in housing in the State of Maryland -- didn't get away without having some. I expect some clarifications, some questions, but our liaison from CMS said they didn't see anything that gives them any heartburn or any significant problems in our work plan.

So tomorrow we are having a kickoff meeting to get -- and all these really result in maybe 20-22 projects -- to get them all done. The hard part is it has to be done by September 30, 2015, and for those of you who know our contracting issues and IT issues and LBB issues, and God knows who else in coordination these days, that truly will be the challenge. But the opportunities are phenomenal and it really is sort of a once in a lifetime opportunity.

Do you guys have any questions for me?

MS. GREEN: Has the LBB given its blessing, or are you waiting to hear back from CMS before getting LBB authorization?

MR. GOLD: No. We've had extensive conversations, as you can well imagine, with the Governor's Office, Lieutenant Governor's Office, Speaker's Office, Senator Nelson's office. We've also had conversations with the LBB. Now, once we get approved, anything over \$100,000 must go to LBB and go to the committee, even though it's freed up federal money, it's all federal money, we still have to notify them and then have to go through that approval. And if it's an IT project, they have to go through a quality assurance thing, DIR and LBB, that part is extensive.

But everyone has looked at all the recommendations and I don't know if I want to give the word approval, but they told us to submit it. So we did submit it and now it's -- like I say, we'll probably have to respond for some requests for

additional information.

I want to start immediately to start everybody off, get going because it's going to take time just getting all these RFPs -- what we call RFPs, you call them NOFAs -- out there and get all that worked on.

So if you can make it, again, we will have a phone-in for the January 18 meeting for more extensive information, this is kind of basic what we're talking about here, but for more extensive conversation, and it is on the web right now. And as tedious as it is, and even the application, it's interesting reading, you really will get a knowledge of the long-term services support system in the State of Texas from those two documents. And so the work plan has a lot of appendices, a lot of in the weeds, policy nerdy information, but it's all there.

MS. SCHWEICKART: Any other questions for Marc?

(No response.)

MS. SCHWEICKART: Great.

MR. IRVINE: I'd just like to say it sounds wonderful. I mean, starting it off with No Wrong Door, that just sets the right tone, and I love it.

MR. GOLD: And what we hope to do, and this is where I'm going to have to finesse because it's supposed to be for the community basis on this and that and you can't do housing, how can we leverage all these dollars so we can increase the housing. And I think Steve and I have talked about putting housing navigators in all of our ADRCs or expanding that. But where there are other opportunities with housing, then we can make that type of case because you can have the greatest community access system in the world but if you don't have housing, affordable, accessible, integrated housing, it doesn't matter.

MR. IRVINE: And it's you and Kate.

MS. SCHWEICKART: I'll ask Kate Moore to come up.

MR. DANENFELZER: And Ashley, I apologize, I have to head out.

MS. SCHWEICKART: Okay. Thanks, David.

Kate is going to do just a quick ten-minute update on where we are with our CMS Real Choice Grant, which, as the council knows, you all are an advisory body to that grant as we want to receive your input on the activities going forward. And as you know, one of the main activities was applying for Section 811 funds, and we did that, as you know. The other two activities that are ongoing have to do with our housing and services for persons with disabilities online clearinghouse, as well as our housing and services partnership academies. And the handouts are provided in your packets and were provided to you electronically that she's going to go through.

MS. MOORE: So we received the Real Choice Systems Grant as the State of Texas -- actually, DADS was the recipient of those funds and we applied for them in partnership with them and we're administering the grant, and we have, also, a couple of contracts with others that are helping us administer the grant, University of Texas, and HHSC is actually one of our contractors, as well.

And so the two activities I want to talk to you about -- and I will go quickly because I know you guys are running out of time, but I want to make sure we have the opportunity to get your feedback -- so one of them was modeled after a successful project that we did with the Department of State Health Services. Those were called Housing Policy Academies, and they brought together local teams that put together local permanent supportive housing plans and the produced hundreds of units in local communities across the state and it was a real capacity-building opportunity,

and when we saw this Real Choice Systems Grant, we thought it was a perfect opportunity to expand those academies across disability populations.

And so we're now getting really quickly into the weeds of planning for these, and we wanted to come to you and make sure you had an opportunity to provide feedback. The timeline, though, is speeding up, so I would ask that if you could get feedback within the week, that would be really helpful. If you give it later than that, we can incorporate what we can.

So we said in our application to CMS that we would have -- we actually expanded it to two academies. You have to have a local team, so local communities may already have a group that's sort of a loose coalition of folks that are trying to put together service-enriched or permanent supportive housing type of activities for people with disabilities in their community. They can expand on that, they could use that coalition, they could create a new coalition, but it has to have a consumer of services, it has to have a housing developer/funder, or it can be nonprofit, it can be private, it could be a public housing authority, for instance. We're pretty flexible but it has to have a housing person and it has to have a service provider.

We're asking to give priority to the populations that we prioritized in the 811 application, so as a reminder, those are persons exiting out of institutions, youth aging out of foster care with disabilities, and persons with serious mental illness. And so we're getting the word out now.

Some of you, hopefully, have received this flyer by email. We are trying to get the word out as much as possible and we're going to lots of different groups to get feedback, our Disability Advisory Workgroup, the Promoting Independence Advisory Committee, and different groups to try and talk about these

and make sure we get the word out.

So I know Doni has given us some feedback on this.

MS. GREEN: I got it six times.

MS. MOORE: You got this six times? That's good.

MS. SCHWEICKART: We are blanketing North Texas.

(General laughter.)

MS. MOORE: So if you also know people that you think would be interested, we would appreciate you forwarding this flyer around.

We anticipate the application to come out in the next two or three weeks, the application process. We'll also have a webinar where folks can participate in the webinar to find out more specific information about questions about the application process and what to expect at the academy.

Essentially, we're trying to create something that is about a half day in the afternoon and then maybe a half day the next day to try and tighten our travel timelines, because we're going to have two throughout the state. One is going to be here in Austin but one is going to be somewhere else. And we're going to bring these local communities together and teach them about not only housing resources but service resources, not just TDHCA but all the housing resources that should be available to a community.

We're going to give them local community guides so they're going to know specifically for their community if they participate what all their consolidated planning resources are, what their public housing resources are, what their TDHCA resources are, what their USDA resources are, and then what all their service resources are, as well. We're going to provide a lot of funding information and a lot of TA for

communities that participate.

So we're real excited about this opportunity and we hope it's going to be real successful, but we definitely need everybody's help to get the word out and to get communities to participate. So just a real quick tell you what you have to give feedback on, we have a draft agenda and we also have a draft application, and so if you want to give feedback on one of those, I was going to walk you through that, but considering time constraints, I don't think I will.

So if you could look through these, you have them electronically, and if you want to just give me comments or provide edits, that would be really helpful. But also, if you had any comments you wanted to provide me now, I could take those, as well, before I move on to the clearinghouse.

(No response.)

MS. MOORE: All right. So the next thing I wanted to make sure you were updated on is another activity of the Real Choice Grant is the housing and services online clearinghouse for people with disabilities. And so we're partnering with HHSC to put this on the 2-1-1 Texas website, and we're real excited about that partnership. They have a team of IT folks that are putting together a draft clearinghouse that we anticipate being ready in the next few weeks also, so it's on a very tight timeline.

We've been to be receiving feedback from our 811 team and others on what should be on this draft clearinghouse, and we've also developed a survey, so what you'll see, you have two handouts, one is the type of categories that are going to be on the clearinghouse itself. And so we are not, in TDHCA, any way experts, especially on the service language, and so Doni gave us some really great feedback on

some of the service language, but if others, especially from the service side and also from the housing side, we appreciate any feedback you have.

We're trying to find a way that will describe resources, essentially, that people, might be searching for, so it's going to be an online clearinghouse where people with disabilities can go and find community-based services and community-based housing options by area. And so it's going to be pulling from existing 2-1-1 resources, but it's only going to be pulling those specific items.

So we're pretty excited about it, but what we're having to do is find the best way to describe the resources that people might be looking for and then in the back-end, we're hoping to make sure that it's pulling the correct resources, as well. And so the draft clearinghouse that will be released will be an opportunity for people to test it and then to give us specific feedback, hopefully through this survey, so that we can make tweaks. So we definitely want this council to be one of those groups that looks at it, takes the survey, and then also provides any other feedback on that draft clearinghouse, as well.

So if you have any feedback, we really appreciate it, on this categories list, and then also if you could look at the survey and see if you had any thoughts about how we've drafted the survey, as well, that would be really helpful too.

And those are the two activities for the Real Choice Grant.

I also wanted to quickly introduce Spencer Duran; I'm going to have him come up here. So we received funding from DADS for the Money Follows the Person Demonstration Administration Funds, and that's a grant that we will have through the end of 2016, and it funded us for essentially two FTEs, one of which is Spencer. And I've been to this group and talked about it before, Spencer's job is to

help us get the word out about our programs that provide affordable housing, and he's specifically targeting people with disabilities.

I want to quickly talk about the other position and I'm going to let Spencer talk a little bit about his. So the other position was actually divided into two half-time positions, one of which is helping fund our Project Access Program which is helping us administer that program. It's become administratively bigger as the program has grown. That's our program that provides housing vouchers for people transitioning out of institutions. And the other half of an FTE will go into the HOME Division and it will help provide technical assistance to new administrators of our programs that serve people with disabilities.

And so the way I think about it is Spencer is the front-end, he's getting in the administrators, and this HOME half-time person is going to be actually a full-time person because they're pulling in some HOME dollars to help make it a full-time person, they're providing the back-end, or technical program expertise as they go up and running.

So I'm going to turn it over to Spencer to kind of tell you a little bit about what he's doing and why he's here.

MR. DURAN: Thanks, Kate.

So my position title is the Housing Program Coordinator for Persons with Disabilities, and I'm in the Housing Resource Center of TDHCA, and my position is funded by the Money Follows the Person program, so I'm essentially a health and human services type person that has been inserted into the state housing agency to basically focus on getting more program administrators of our menu of programs that actually serve people with disabilities.

So kind of my first phase of work is investigating the need that exists out there for people with disabilities to then basically look at the need, look at the current provider landscape, and then craft a marketing plan for TDHCA programs. Kind of focusing initially on the HOME TBRA program, because it's a reservation system, it kind of has the lowest bar to participate as a new administrator. And to kind of build capacity within current providers so they can have more output and to look at maybe some of our TDHCA partners that are running Housing Trust Fund and kind of bring them over to run HOME programs, to kind of diversify our current provider network.

And all of this is basically designed to walk away with a net increase in affordable housing for people with disabilities that is not only integrated but also takes into account consumer choice as basically consumer-driven, so I want to all start with investigating the need and kind of start from there.

So I'm pretty excited. I've been here about a month, which included the Christmas holiday, so I've been here really just a couple of days. It's been interesting.

So if anybody has any feedback or anything, I'll be getting to know everyone here as I move forward, and my first action item is that marketing plan so I'll be gathering feedback on that as I move forward.

MS. MOORE: One of the things we thought this council might be helpful for for Spencer is the outreach into especially the health and human service world where you guys are great partners for us and can help us get him to know who he should talk to as far as his outreach and marketing plan, so he might be contacting some of you in the future.

MS. SCHWEICKART: And also, with our governor appointees being individuals who are in those local communities that we're trying to build capacity in, I think people who have connections with the ADRCs, with the local center for independent living, with the AAA, with the local mental health authority, I mean, you guys that are in areas outside of Austin are really helpful to us too because we're trying to figure out that network. So if you can be open to Spencer giving you a call or shooting you an email to make sure that we have the most robust, comprehensive information possible, that's really what we're looking for.

MR. DURAN: Yes. We're looking for high performance organizations that aren't current providers of our program. You know, if you're a disability-oriented organization and you're doing great things, we would love to talk to you about becoming a vendor.

MS. MARGESON: Are you going to be a presence at the State Independent Living Conference in March, do you know?

MR. SPENCER: We just talked about that.

MS. SCHWEICKART: Yes, we were just talking about that. One thing, I'm the TDHCA liaison to the SILC and our upcoming quarterly meeting is at the end of January, and I have Spencer, I wiggled him into the agenda so that he can address the SILC because I think that centers for independent living are definitely a network that we really want to coordinate with very closely, and so he's going to speaking to the SILC board about ways that we can tap into that resource and start basically utilizing those high-performing CILs that are already our providers to perhaps partner with CILs that are not our providers yet but are interested in getting into the housing world. So that's something we're looking forward to is the SILC, so

I'm talking to Regina about how that all can work.

Thank you, guys.

MR. IRVINE: Anything else for the good of the cause?

MS. SCHWEICKART: The only other thing I wanted to address was our next meeting and just setting a date, since I know it's in the middle of session and everyone is busy, but I wanted to try to get it set before things get too crazy.

So typically we do the first Monday of the month, sometimes it's the second Monday, so in terms of meeting quarterly, the first Monday of April is April 1, the second Monday is April 8, so just seeing how people's feelings are, or maybe conflicts.

(General discussion.)

MS. SCHWEICKART: So it looks like we have more of a consensus on the 8th than we do on the 1st. Is that right? All right. So let's do that, let's do Monday, April 8.

And of course, I'll keep you guys up to date on TAC's progress as I email out all progress reports on what they're doing. Any other questions?

(No response.)

MS. SCHWEICKART: Thank you, guys. Thanks for staying over the two-hour mark, appreciate it.

MR. IRVINE: Motion to adjourn?

MS. DEMPSEY: So moved.

MR. HILL: Second.

MR. IRVINE: We're adjourned. The time is 12:08.

(Whereupon, at 12:08 p.m., the meeting was concluded.)

CERTIFICATE

MEETING OF: Health & Human Services Coordination
Council

LOCATION: Austin, Texas

DATE: January 7, 2013

I do hereby certify that the foregoing pages, numbers 1 through 61, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Health & Human Services Coordination Council.

01/11/2013
(Transcriber) (Date)

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