

**Health and Housing Strategy for Virginians
with Serious Mental Illness:
*A Report to the General Assembly***

**Submitted by Department of Housing and
Community Development – January 2023**

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Executive Summary

In 2017, the General Assembly requested that the Department of Housing and Community Development (DHCD) work with state agencies and other stakeholders to develop and implement strategies to expand opportunities for Permanent Supportive Housing (PSH) for individuals with serious mental illness (SMI). PSH is an evidence-based practice where housing is provided in conjunction with wraparound support and health services including rental assistance, and it demonstrates positive outcomes such as reduced hospitalizations and homelessness, increased housing stability, and improved behavioral and physical health. PSH still allows for individual choice and preferences around where housing is located and which service providers are utilized.

This fifth report to the General Assembly provides the state's 2022 accomplishments as well as recommendations to continue to expand PSH to meet the long-term 5,000-unit need for PSH.

The PSH Steering Committee¹, which is composed of representatives from multiple state agencies, continues to meet regularly to guide this cross-agency collaborative work within the following five goals:

- Goal #1 - Increase Services and Supports to Assist Individuals with SMI to Gain Access to and Maintain Supportive Housing
- Goal #2 - Provide Capital Subsidies to Expand PSH
- Goal #3 - Increase Rental Assistance to make Units Affordable
- Goal #4 - Increase PSH through Preferential Access to Existing Affordable Housing Programs
- Goal #5 - Strategies to Increase PSH through Enhancing System Capacity

The Committee developed a three-year Action Plan with 57 specific strategies and action items to reach these goals. The Lead state agencies designated for the strategies provide regular updates that will be shared with the Housing Virginians with SMI Strategy Group.

Working collaboratively, the state agencies that comprise the PSH Steering Committee made significant progress towards meeting each of these goals. Highlights of the FY 22 accomplishments include:

Success Towards Overall Goal of 5,000 PSH Units: As of Fiscal Year 2022, the state has developed 1,746 or 31 percent of the approximately 5,000 PSH units needed. This includes

- 1,648 PSH SMI units funded by state general funds appropriated to DBHDS,
- 128 Auxiliary Grant in Supportive Housing (AGSH) units, and
- 69 leveraged HUD Mainstream vouchers.

¹ For a full list of the steering committee agencies, please see Appendix B.

DBHDS PSH SMI Program Outcomes: FY22 DBHDS PSH outcomes for the 1,578 individuals who were housed between February 6, 2016 and June 30, 2022 include:

- Ninety-one (91) percent of individuals served in PSH remained stably housed for at least one year.
- Nearly half (49.1 percent) of PSH participants were hospitalized in a state psychiatric facility at some point in their lifetimes.
- Two hundred seventy-two (272) individuals were discharged from a state psychiatric hospital into DBHDS PSH, and 359 individuals in PSH for at least twelve months had a state hospital admission in the year before move-in.
- Only nine percent of those served have been discharged to an institutional setting or higher level of care.
- State hospital utilization decreased 76 percent the year after PSH move-in, resulting in avoided costs of \$27.6 million.

VH Leasing Preference: In order to have a more significant impact, VH modified its CY22 Qualified Allocation Plan to require that every development awarded 9% LIHTC as well as 4% tax credit funding provide a PSH leasing preference for 10 percent of its units. In 2022, 30 deals/1,803 total units/191 target population units with 9% Low Income Housing Tax Credit (LIHTC) and 31 deals/4,260 total units/436 target population units using 4% LIHTC. A total of 3,058 total target population units have been funded with approximately 1,000 target population units placed in service to-date.

Virginia Housing Trust Fund (VHTF): In FY22, the DHCD-administered Virginia Housing Trust Fund (VHTF) was funded at \$55m. DHCD allocated \$44m towards the Competitive Loan Pool funding new construction or substantial renovations of affordable housing. The \$44m was awarded to a total of 76 projects which created or preserved 313 units of PSH and 4,626 units overall. Some of these projects received tax credit awards referenced above during or previous to CY22, and not all PSH units funded are specifically held for those with SMI.

The remaining \$11m was allocated to projects which aim to reduce homelessness, funding 100 targeted community efforts to reduce homelessness, including 14 rapid re-housing (RRH) projects, 18 permanent supportive housing (PSH) projects, and 14 underserved population innovation projects.

While not all of the homelessness reduction projects specifically target the creation of PSH for individuals with an SMI diagnosis, the homelessness data collected through Point In Time counts and other demographic surveys demonstrate some overlap between individuals experiencing chronic homelessness and individuals with SMI.

Mainstream Voucher Program: With the support of the state agencies, local Virginia Public Housing Agencies leveraged 1,071 federally-funded vouchers to serve non-elderly people with disabilities who are homeless, institutionalized, at risk of either condition, or who will move on from a PSH/Rapid Rehousing program

Building and Transforming Coverage, Services, and Supports for a Healthier Virginia Waiver: CMS approved Virginia's High Needs Support benefit, which DMAS now expects to implement on July 1, 2024, will provide critical housing and employment support services to the Commonwealth's high need Medicaid members, to address the social and environmental needs that impact health, wellbeing, and medical expenditures.

It is important to note that the state agencies that comprise the PSH Steering Committee were able to not only safely operate but continued to expand PSH programs for people with SMI and other vulnerable populations during the COVID-19 pandemic. This is a testament to the agencies' collaborative relationships as well as the deep commitment of the staff.

Meeting the long-term need for PSH will require the continued support of leadership and the commitment of state and local public and private entities to make rental units available and affordable, to target those units to individuals in the state's priority populations, and to provide readily accessible supportive services through the ongoing development of systems capacity and sustainable funding strategies.

Annual Report on Housing Strategies for the Seriously Mentally Ill

The following report complies with 2022 Budget Bill (Special Session I) language Item 114 H Commerce and Trade – Department of Housing and Community Development

"H. The Department of Housing and Community Development (DHCD) shall develop and implement strategies, that may include potential Medicaid financing, for housing individuals with serious mental illness. DHCD shall include other agencies in the development of such strategies including the Virginia Housing Development Authority, Department of Behavioral Health and Developmental Services, Department for Aging and Rehabilitative Services, Department of Medical Assistance Services, and Department of Social Services. The Department shall also include stakeholders whose constituents have an interest in expanding supportive housing for people with serious mental illness, including the National Alliance on Mental Illness Virginia, the Virginia Housing Alliance and the Virginia Sheriff's Association. An annual report on such strategies and the progress on implementation shall be provided to the Chairmen of the House Appropriations and Senate Finance Committees by the first day of each General Assembly Regular Session."

Background

Directive

Item 108 (H) of Chapter 836 of the 2017 Acts of Assembly (also known as the budget bill) charged the Department of Housing and Community Development (DHCD) with developing and implementing strategies to increase permanent supportive housing (PSH) for individuals with serious mental illness (SMI). The General Assembly budget language indicated that strategies could potentially include Medicaid financing and directed DHCD to include other agencies in the development of strategies, naming Virginia Housing (VH), Department of Behavioral Health and Developmental Services (DBHDS), Department for Aging and Rehabilitative Services (DARS), Department of Medical Assistance Services (DMAS), and Department of Social Services (DSS) (Item 108 H). Direction for this effort has been provided on two levels – through the Interagency Leadership Team (ILT), comprised of heads of the agencies described above and through the Permanent Supportive Housing (PSH) Steering Committee comprised of program directors and managers of the same agencies.

Further, the General Assembly required DHCD to include stakeholders whose constituents have an interest in expanding supportive housing for individuals with SMI, naming the National Alliance on Mental Illness Virginia, the Virginia Housing Alliance and the Virginia Sheriff's Association. Finally, the budget language required DHCD to provide an annual report on such strategies and the progress on implementation to the Chairmen of the House Appropriations and Senate Finance Committees. This report is the fourth DHCD report to the General Assembly in response to its charge to develop PSH strategies. The 2018-2022 reports can be found here:

- <https://rga.lis.virginia.gov/Published/2018/RD12>
- <https://rga.lis.virginia.gov/Published/2019/RD100>
- <https://rga.lis.virginia.gov/Published/2020/RD10>
- <https://rga.lis.virginia.gov/Published/2021/RD50/PDF>
- <https://rga.lis.virginia.gov/Published/2022/RD22/PDF>

Permanent Supportive Housing (PSH)

What is PSH?

The U.S. Substance Abuse and Mental Health Services Administration (SAMHSA) describes PSH as “decent, safe, and affordable community-based housing that provides tenants with the rights of tenancy under state and local landlord tenant laws and is linked to voluntary and flexible supports and services designed to meet tenants’ needs and preferences.”² PSH is affordable rental housing that may be scattered site or single site. Support services are available to tenants but not required and PSH is not a treatment setting. PSH is a cross-system approach that requires tactical use of resources.

Housing must be safe, decent and affordable. Housing affordability is a critical issue for states working to comply with Americans with Disabilities Act of 1990, as amended (ADA) requirements because most individuals with significant disabilities rely primarily on federal Supplemental Security Income (SSI) payments that average only 20 percent of median income nationally. Nowhere in the U.S. can a person with a disability on SSI afford housing at the Fair Market Rate³. Affordability is created with capital to write down the cost of acquisition, development or rehabilitation of housing and rental or operating assistance to ensure tenants pay only what they can afford for rent. The tenant’s limited income also means it is difficult to save for payment of a security deposit, utility hook-ups or furnishings and tenants often need assistance with these one-time costs as well.

Services are essential to assist individuals with SMI in gaining access to and transitioning to housing, and for successfully sustaining PSH. PSH programs generally provide tenancy supports to help individuals maintain successful tenancies and connect tenants with community-based organizations for health care, mental health, substance abuse (mental health and substance abuse hereafter collectively referred to as behavioral health) and other services. States have options for how to deliver and fund PSH services. It is critical to ensure services are readily available when needed and available for as long as the individual wants and needs them.

System Supports are essential, to serve as the “glue” that makes PSH work. The delivery of housing and services requires the collaboration of systems that use different language, rely on different funding sources and have different measures of accountability. Collaboration and strategic planning at multiple levels including the state, regional, and local are critical to the development and management of system supports. Each system’s roles and responsibilities

² SAMHSA (2010). Permanent Supportive Housing Evidence-Based Practices (EBP) Kit. PowerPoint Presentation. Retrieved from <https://store.samhsa.gov/sites/default/files/d7/priv/howtouseebpkits-psh.pdf>

³ Technical Assistance Collaborative. (nd) Priced Out. Retrieved from <http://www.tacinc.org/knowledge-resources/priced-out-v2/>

need to be clear and accountable at the planning stage to ensure the needed collaboration and communication is functional when programs are ready for implementation.

An Evidence-Based Practice

SAMHSA has identified PSH as an evidence-based practice (EBP) for individuals with SMI. Research has shown the cost-effectiveness of the PSH model, particularly for people with extensive or complex needs such as those with co-occurring mental health and substance use disorder conditions who often experience homelessness, or who are frequent users of costly institutional and emergency care⁴. Research has also demonstrated positive impacts of PSH on housing stability, health, and behavioral health⁵. In one review of existing research studies, a consistent finding emerged that the “provision of housing had a strong, positive effect in promoting housing stability and reducing homelessness.”⁶

Other federal agencies, including the Department of Housing and Urban Development (HUD), the Center for Medicare and Medicaid Services (CMS), the Department of Justice (DOJ), and the US Interagency Council on Homelessness (USICH) recognize PSH as a best practice. HUD and CMS for example, have programs or projects in place to promote PSH. HUD has provided funds annually to Continuums of Care serving chronically homeless individuals – the vast majority of whom have SMI - to expand PSH. As costs for institutional settings have grown, and alternative service approaches emerged, CMS recognized and promoted options for states to shift, when appropriate, the care of individuals in nursing facilities and intermediate care facilities for individuals with intellectual disabilities (ICF-IIDs) to more inclusive and less costly community-based alternatives. Initiatives such as Money Follows the Person and the Balancing Incentive Program, as well as Home and Community-Based Services (HCBS) Waivers became popular tools to assist states in reducing reliance on institutional settings. In January 2014, CMS put in place the HCBS Waiver “Settings Rule” that provided strong incentives for state Medicaid agencies and their Mental Health and Intellectual/Developmental Disabilities counterparts to develop and promote integrated community-based housing for individuals with disabilities. In June 2015, CMS issued an Informational Bulletin clarifying that while Medicaid cannot pay for

⁴ Culhane, D. P. et al. (2002). Public service reductions associated with placement of homeless persons with severe mental illness in supportive housing. *Housing Policy Debate*, 13(1):107–163

Larimer, M. E. (2009). Health care and public service use and costs before and after provision of housing for chronically homeless persons with severe alcohol problems. *The Journal of the American Medical Association* 301(13):1349

Chalmers McLaughlin, T. (2010). Using common themes: Cost-effectiveness of permanent supported housing for people with mental illness. *Research on Social Work Practice*, 21(4):404–411.

⁵ Rog, D. et al. (2014). Permanent supportive housing: Assessing the evidence. *Psychiatric Services* 65(3):287-294

Padgett, et al. (2011). Substance use outcomes among homeless clients with serious mental illness: Comparing Housing First with Treatment First programs. *Community Mental Health Journal* 47(2):227–232.

Wolitski et al. (2009). Randomized trial of the effects of housing assistance on the health and risk behaviors of homeless and unstably housed people living with HIV. *AIDS and Behavior* 14(3):493–503.

⁶ Rog, D. et al. (2013). Permanent supportive housing: Assessing the evidence. *Psychiatric Services* 65(3):290.

room and board, the program can assist states with coverage of certain housing-related activities and services.⁷ The bulletin was intended to assist states in designing Medicaid benefits, and to clarify the circumstances under which Medicaid reimburses for certain housing-related activities, with the goal of promoting community integration for individuals with disabilities, older adults needing long-term services and supports (LTSS), and those experiencing chronic homelessness.

Prioritizing the housing needs of individuals with disabilities who are institutionalized or homeless is not only the most cost-effective strategy for states and the federal government, it is also a requirement of the ADA. States are increasingly moving toward expansion of PSH within their housing and services continuums because of its alignment with the ADA's integration mandate, as well as with housing preferences and choices for many individuals with SMI in particular. This is especially true where lack of availability or lack of access to such options, due in part to a history of reliance on congregate or institutional settings, seriously limits the housing choices of individuals with disabilities.

Why is a PSH Housing and Services Strategy Important for Virginia?

PSH can be a valuable tool to help the Commonwealth of Virginia address a number of public policy challenges. First, Virginia has implemented Medicaid expansion, affording access to health care for up to 400,000 low-income qualifying Virginia residents. Based on other states' experiences, it is estimated that as many as 35 percent of these individuals will have significant chronic physical and behavioral health conditions that have previously been untreated or under-treated due to their lack of coverage. Many of these individuals are likely to be unstably housed, adding to the myriad of needs to be addressed to improve their health. In addition to the array of support services now available to them through Medicaid, PSH can help by improving housing stability, leading to more effective use of healthcare services for this newly covered population.

Development of a housing and services strategy for individuals with SMI is also important to the Commonwealth because it will facilitate the timely discharge of individuals from state psychiatric beds and prevent returns to inpatient care. Virginia is experiencing a census crisis in its state hospitals due to "bed of last resort" legislation, which has left those hospitals shouldering a disproportionate share of temporary detention order admissions. Lack of affordable housing with robust supportive services is a commonly cited barrier to discharge. PSH is widely recognized as a critical resource to assist states with ensuring individuals are supported in the least restrictive setting, as required by the Olmstead decision, and with reducing the use of costly inpatient care.

⁷ Center for Medicaid and CHIP Services. (June 2015). Coverage of Housing-Related Activities and Services for Individuals with Disabilities. Retrieved from <https://www.medicaid.gov/federal-policy-guidance/downloads/cib-06-26-2015.pdf>

PSH can help the subpopulation of people with SMI exit homelessness more quickly and successfully. As illustrated in Figure 1 below, between CY2010 and CY2021 overall homelessness in Virginia has decreased 28 percent. As illustrated in Figure 2 below, in the 2022 PIT count, there were 5,111 adults experiencing homelessness. Of these adults, 22% were chronically homeless, eight percent were veterans, 13% were survivors of domestic violence, 14% had a substance use disorder, and 26% has a serious mental illness.

Figure 1

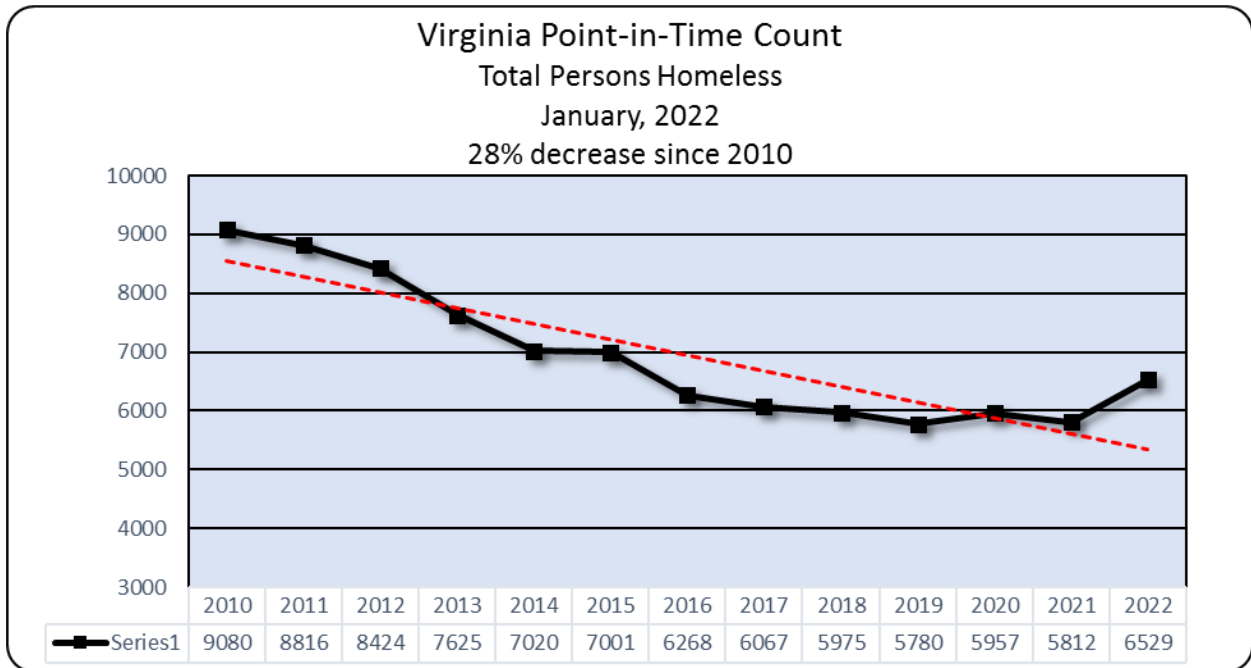
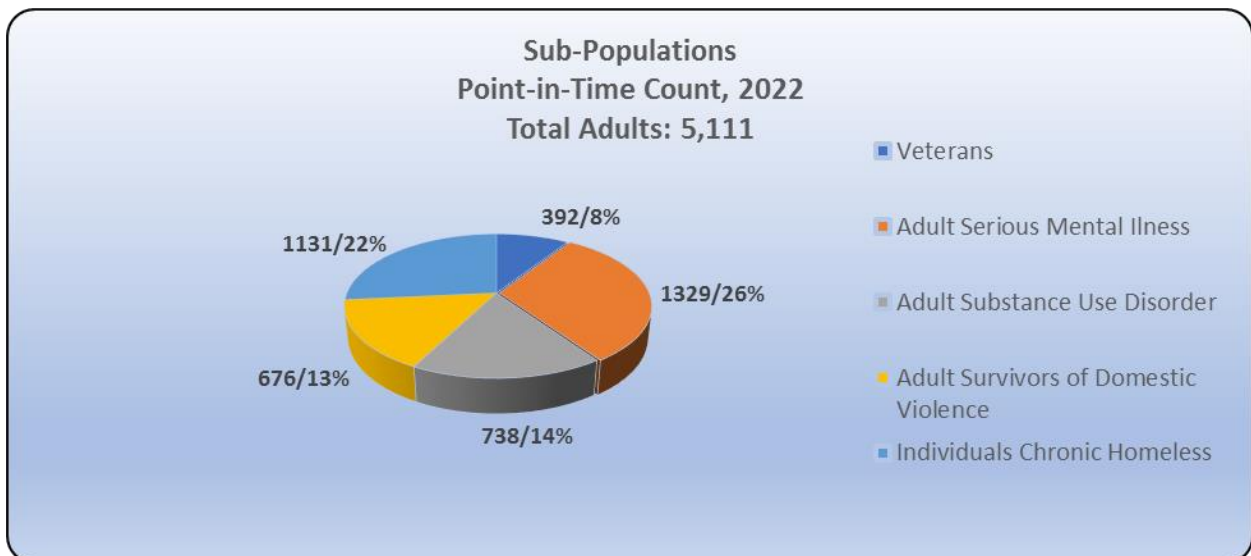


Figure 2



Virginia’s criminal justice system would also benefit considerably from additional PSH capacity. For justice system-involved individuals with SMI, and co-occurring substance use disorders (SUD), housing is critical for successful re-entry into the community and sustained recovery over time. Without safe, affordable housing and appropriate community supports, individuals with behavioral health disorders are less likely to remain in recovery and more likely to come back into contact with the criminal justice system, become re-incarcerated, or even hospitalized.

Item 394 (J), Chapter 854 of the 2019 Acts of Assembly continued funding for the Jail Mental Health Pilot Program. The Act required the pilot sites to report quarterly performance data, to include the provision of appropriate services to jail mental health pilot participants after release, and the number of inmates re-arrested or re-incarcerated within 90 days after release.

Initial recidivism findings were provided from five of the six participating jails in the FY20 report. The data, while significantly limited, revealed that 18% of the program inmates returned to jail within 90 days after release, and 82% did not return within that time frame. Some projects shared examples of successful re-entry by program participants, attributing these successes to individuals rebuilding support systems, obtaining housing and employment, getting needed medication and restoring benefits. Overall, provision of aftercare services improved. Notably, in contrast to FY2019, the number of inmates who were provided housing post release reportedly increased from the first quarter of FY2020 to the fourth quarter of FY2020. However, the FY20 Report indicated that “finding safe and affordable housing for program participants....was a major difficulty in FY2019, and continued to challenge staff throughout FY2020.”⁸ The report emphasized that obtaining housing, among other supports, is essential to successful re-entry and reducing recidivism.

Assessing Cost Avoidance

A housing and services strategy is also important because national and state data suggest that PSH results in some public cost avoidance.

Opportunities for Cost Avoidance for Virginia as a Result of Increased PSH Data Reflecting the National Experience

Studies demonstrate that providing PSH can help achieve significant savings by reducing avoidable emergency department (ED) visits, hospitalizations, readmissions, and other health care costs – particularly when the assistance is targeted to the most high-cost and highly vulnerable Medicaid beneficiaries experiencing homelessness.⁹ Combining affordable housing

⁸ Virginia Department of Criminal Justice Services. (January 2021). <https://rga.lis.virginia.gov/Published/2021/RD68/PDF>

⁹ See The Commonwealth Fund (2014) *In Focus: Using Housing to Improve Health and Reduce the Cost of Caring for the Homeless*. Retrieved from <http://www.commonwealthfund.org/publications/newsletters/quality-matters/2014/october-november/in-focus> and

with intensive services, including help finding housing, working with a landlord, accessing physical and behavioral health care, and finding employment, for a high-needs group saved an average of \$6,000 a year per person in health care: 23 percent fewer days in hospitals, 33 percent fewer ED visits, and 42 percent fewer days in nursing homes.¹⁰

Data Reflecting Virginia Experiences

Virginia has also conducted evaluations of its own PSH programs and generated findings consistent with national research. DBHDS has been operating PSH for adults with serious mental illness with targeted state general funds since 2016.

Before moving into DBHDS PSH, individuals have had long histories of homelessness as well as crisis contacts and institutional care resulting in multi-system involvement, poor outcomes, and failed interventions. After move-in into DBHDS PSH, individuals experienced dramatically improved housing stability and reduced utilization of inpatient care.

As noted earlier, outcomes for the 1,578 individuals who were housed between February 6, 2016 and June 30, 2022 include:

- Ninety-one (91) percent of individuals served in PSH remained stably housed for at least one year.
- Nearly half (49.1 percent) of PSH participants were hospitalized in a state psychiatric facility at some point in their lifetimes.
- Two hundred seventy-two (272) individuals were discharged from a state psychiatric hospital into DBHDS PSH, and 359 individuals in PSH for at least twelve months had a state hospital admission in the year before move-in.
- Only nine percent of those served have been discharged to an institutional setting or higher level of care.
- State hospital utilization decreased 76 percent the year after PSH move-in, resulting in avoided costs of \$27.6 million.

The 2018 Mental Illness in Jails Report analyzed data on the 27,044 individuals incarcerated in Virginia's jails in June 2018. Nearly twenty percent were known or suspected to have a mental illness. Further, 10.42 percent of inmates had an SMI. The reported percentage of inmates with SMI has increased nearly 74 percent since 2011. Jails also identified 875 inmates who were homeless, 377 of whom had a mental illness and 277 of whom had a mental illness and co-occurring substance use disorder. Fiscal Year 2018 jail behavioral health costs were reported at \$23.2 million for the jails that responded to the Compensation Board's survey.

<http://aspe.hhs.gov/daltcp/reports/2011/ChrHomlr.pdf>

¹⁰ Parekh, A & Krustick, C. (November 2017) Building the Case: Low-Income Housing Tax Credits and Health, Bipartisan Policy Center.

Estimates of PSH Need for Virginians with SMI

In November 2018, Executive Order 25 was issued recognizing Virginia’s unmet housing needs and highlighting the need for PSH as one of his three top priorities. At the request of the Deeds Commission, DBHDS assessed the number of adults with serious mental illness who need PSH to address extreme crises such as long-term homelessness, institutionalization, and frequent use of emergency services and criminal justice interventions. DBHDS’s assessment established a need for 5,000 PSH units. This is consistent with Executive Order 25 and is supported by the Administration’s Housing and Supportive Services Interagency Leadership Team (ILT).

Table 1 illustrates how DBHDS arrived at the need for an estimated 5,000 additional PSH units for Virginians with SMI. It is important to note that while many individuals with SMI would benefit from PSH, DBHDS’ estimate of need below includes only those who need PSH to address extreme crises such as long-term homelessness, institutionalization, and frequent use of emergency services and criminal justice interventions.

Table 1: DBHDS Estimates of Need for PSH for Persons with SMI

| Current Status of Individual | Number of Persons with SMI | Data Source |
|--|---|---|
| Homeless | 516 ¹¹ | The State of PSH in Virginia, 2015 (Virginia Housing Alliance) |
| Jail | 1,056 | Mental Illness in Jails Report (Virginia Compensation Board, 2015) |
| Assisted Living Facility | 824 | Auxiliary Grant payments to localities (2016 Estimate of SMI based on AG recipients in one month as provided by DARS) |
| Unstably Housed - Top 20 percent highest utilizers of crisis and emergency services | 2,684 (including 464 individuals with a state psychiatric facility stay) | Community Services Board (CSB) CCS_3 data submissions (DBHDS, 2016) |

Progress and Accomplishments

As described above, since the submission of the 2021 report to the General Assembly, DHCD has been working with its state partners and the Housing People with SMI Strategy Group comprised of stakeholders to implement the report recommendations. PSH expansion requires the identification of new or redirected resources for supports and housing as well as systemic

¹¹ The 2017 PIT for the State of Virginia (combined data from all Virginia Continua of Care) is 611 persons in shelters and 251 unsheltered persons for a total of 862 homeless individuals with SMI.

infrastructure such as staffing, policies and procedures. Together, these all must align for successful expansion.

PSH Services and Supports - Accomplishments

Services are essential to assist individuals with SMI in gaining access to and transitioning to housing, and for successfully sustaining PSH. PSH programs generally provide tenancy supports to help individuals maintain successful tenancies and connect tenants with community-based organizations for health care, mental health, substance abuse (mental health and substance abuse hereafter collectively referred to as behavioral health) and other services. Like many other states, Virginia has historically covered housing acquisition and tenancy supports for individuals with behavioral health disorders using state funds, more specifically through continued investment of state general funds in DBHDS' PSH program.

While most of the DBHDS PSH program funds are directed to long-term rental assistance, more than thirty percent of these funds have been used for housing stabilization services, one-time client assistance, or staff time to administer the rental assistance. Following CMS Guidance to explore the use of Medicaid Authority to cover certain housing related-services and supports, Virginia determined it was in the state's interest to seek Medicaid coverage for many of these state-funded services, freeing up state dollars to fund additional rental assistance.

On June 7, 2018, Governor Northam signed Chapter 2 of the 2018 Acts of Assembly (2018 Appropriations Act) directing DMAS to submit a Medicaid Section 1115 Demonstration Waiver seeking federal approval for new Medicaid program features "designed to empower individuals to improve their health and well-being..." including a housing supports benefit.

Housing Support Benefit in the Medicaid 1115 Demonstration Waiver

On July 9, 2019, CMS approved Virginia's High Needs Support benefit. The High Needs Supports (HNS) program, which DMAS now expects to implement on July 1, 2024, will provide critical housing and employment support services to the Commonwealth's high need Medicaid members, to address the social and environmental needs that impact health, wellbeing, and medical expenditures.

DMAS has continued to work with CMS to finalize the standard terms and conditions and continues to engage Managed Care Organizations (MCOs), sister agencies and other stakeholders to operationalize aspects of the benefit. DMAS utilized input from a Town Hall meeting to inform the initial implementation and operational planning, stakeholder workgroups, and provider trainings for the year.

In January 2021, CMS issued guidance to state health officials on addressing social determinants of health including housing. The guidance acknowledged that an understanding of the social, economic, and environmental factors that affect the health outcomes of Medicaid populations can be an integral component of states' efforts to realign incentives, reduce costs,

and advance value-based care in their health systems. Several of the principles outlined in the letter were incorporated by DMAS in to this year's activities to advance the HNS program's design:

1. Services must be provided to Medicaid beneficiaries based on individual assessments of need, rather than take a one size-fits-all approach
2. Medicaid is the payer of last resort that aligns with other programs and fills gaps where appropriate. Accordingly, states must assess all available public and private funding streams, including Medicaid, to cover assistance with unmet social needs.
3. States should ensure that services provided to address SDOH are limited to those expected to meet the beneficiary's needs in the most economic and efficient manner possible and are of high-quality.

DMAS held several state-to-state meetings to learn more about Medicaid-funded supportive housing programs. Washington State's Health Care Authority launched the Foundational Community Supports program, which is also funded through a Medicaid 1115 Demonstration program. Their initial evaluation report found that the program's supportive housing services helped people transition or begin to transition out of homelessness or housing instability. In addition, the program showed promising reductions in emergency room visits and hospitalizations for people enrolled in supportive housing. Finally, the people who enrolled in their supportive employment services, which is also part of Virginia's program, found employment at a higher rate, earned more money, and worked more hours.¹² To continue the state-to-state engagement, Virginia applied and was awarded two technical assistance grants that included state-to-state peer learning opportunities.

State Medicaid Learning Collaborative

In November 2020, CMS selected Virginia to participate in the State Medicaid Learning Collaborative Advancing housing-related supports for individuals with a Substance Use Disorder (SUD). This project included several selected Medicaid agencies interested in advancing housing-related supports for individuals with a Substance Use Disorder (SUD) to advance the goals of the Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act (SUPPORT Act). The program goals included developing and expanding the knowledge base and capacity of state Medicaid agencies to implement and strengthen strategies for providing housing-related supports and care coordination under Medicaid for individuals with substance use disorders (SUD), facilitating peer-to-peer learning across states, and strengthening critical partnerships between state Medicaid, behavioral

¹² Washington State Health Care Authority. (February 2020). Primary Evaluation Report Findings Are In: Foundational Community Supports Program Work. Retrieved from <https://www.hca.wa.gov/assets/program/fcs-preliminary-report-one-pager.pdf>.

health, and housing agencies through shared learning and the opportunity for action planning and/or strategy implementation.

Virginia's interagency team developed and implemented several project goals, which continue to enhance both housing services and the partnership needed to coordinate across state agencies to advance SDOH in accordance with the CMS-issued guidance:

- Determine opportunities to add diverse and inclusive perspectives and imbed racial equity into governance structures.
- Begin an analysis of housing programs, both housing-related services and affordable housing, to identify the array of housing programs available in Virginia
- Create a draft plan to increase housing options for individuals with a SUD

The Collaborative team included individuals with lived experience to help further the state's efforts to address the housing needs of individuals with substance use disorders. Training for and outreach to providers of SUD was identified as two opportunities and led to the development of a housing training. DMAS in partnership with DHCD held two training sessions with SUD providers on accessing housing resources and how to work with Continuums of Care to address the needs of individuals at risk of or experiencing homelessness.

The team also held a listening session with stakeholders from the various stakeholders working with individuals with SUD including two local hospitals, the CSB, the Greater Richmond CoC, private behavioral health providers, and representatives from the state agencies on the team and the Department of Corrections. The session identified points of intersection that require further stakeholder listening sessions including hospital discharges, coordination between behavioral health providers and the CoCs, and crisis intervention teams at the CSBs. The housing training has been provided to the crisis intervention teams at the CSBs and further engagement is anticipated. In addition, a webinar was held in July to enhance the connection between the MCOs and CoCs to partner

By the end of the project in August 2021, the Collaborative team determined that Virginia's ability to increase housing options for individuals with a SUD is largely driven by two factors: funding available in Virginia and understanding how individuals access programs through the service delivery system that will administer the funding. With the infusion of the American Rescue Plan's (ARA) investment in housing for individuals experiencing homelessness, Virginia can plan longer term to ensure the service delivery system is able to make best use of available funds that are administered with a common goal and consistent strategy across our agencies. Given the complexity of the funding and service delivery system, the team recommended that the Governor's Coordinating Council on Housing and Homelessness expand to include vulnerable populations, which would allow for more holistic focus on health outcomes. In addition, the team provided a roadmap for a housing and health strategy that barriers and opportunities braided funding at the state level in order to streamline operations and reduce the time individuals and providers spend searching for available housing resources and ensuring services are available.

Interim Strategies Using Existing Medicaid Services and Authorities

In FY21, DBHDS increased the number of individuals served by existing providers and established additional PSH providers in Horizon Behavioral Health, Highlands, and New River Valley CSB catchments. In addition, DBHDS Office of Community Housing partnered with Region Ten CSB to contract with national experts on PSH fidelity to provide training and technical assistance (TA) to DBHDS PSH providers across the state to ensure implementation of high fidelity PSH that demonstrates positive outcomes and maximizes the use of resources. Focus areas for TA will include an examination of best practices in ensuring racial equity, state hospital care transition planning, ending homelessness and reducing incarcerations.

Continued Work on Behavioral Health Enhancement

Behavioral Health Enhancement (also known as Project BRAVO: Behavioral Health Redesign for Access, Value and Outcomes) is an interagency implementation between the Department of Medical Assistance Services (DMAS) and DBHDS that strives for systems alignment in developing an evidence-based, trauma-informed, person-centered and prevention-oriented array of services for the Medicaid-funded behavioral health system. Project BRAVO's preliminary goal is to address the Commonwealth's psychiatric bed crisis by implementing new, enhanced services that provide effective diversion and step-down options for emergency room visits and admission into inpatient psychiatric hospitals and offers both diversion and step-down resources.. The services selected for implementation have demonstrated success towards these goals in other states and include partial hospitalization programs (PHP), intensive outpatient services(IOP), Assertive Community Treatment (ACT), Multisystemic Therapy (MST), Functional Family Therapy (FFT) and a set of crisis services consistent with the Crisis NOW model (mobile crisis response, community based stabilization, 23 hour observation, residential crisis stabilization units). While the funding for Project BRAVO was initially on hold due to the Coronavirus pandemic, funding in the amount of \$24,343,875 was re-allotted in the 2021 special session of the General Assembly. The above referenced services have been in effect since 2021.

Non-Medicaid Supportive Housing Services

Medicaid Expansion has afforded many more individuals with behavioral health disorders access to healthcare coverage, however there will continue to be some Virginians who may not qualify for the Building and Transforming Coverage, Services, and Supports for a Healthier Virginia (previously referred to as "COMPASS") Waiver Housing Support benefit. The PSH Steering Committee continued to identify and focus on increasing other key resources that can be used to support individuals with SMI in accessing and sustaining successful independent living.

Expansion of PSH Supports through DBHDS PSH Program

Almost all of the growth in individuals with SMI served in PSH has been made possible through continued investment of state general funds in DBHDS' PSH program.

Almost all of the growth in individuals with SMI served in PSH has been made possible through continued investment of state general funds in DBHDS' PSH program. To date, individuals use state-funded rental assistance to secure rental housing available on the private market.

While most DBHDS PSH funds are directed to long-term rental assistance, more than thirty percent of these funds continue to be used for housing stabilization services, one-time client assistance, or staff time to administer the rental assistance. Given that the 1115 demonstration waiver has been approved, as the Medicaid High Needs Support benefits are phased in, many of these currently state-funded supports may be reimbursable under the waiver. According to Table 2, 1, 557 slots are available for individuals with SMI.

Table 2: PSH SMI Slots by Region FY21

| PROVIDER | DBHDS PSH | AGSH | Leveraged Vouchers | Total Units |
|--------------------------|--------------|------------|--------------------|--------------|
| ARLINGTON | 70 | | | 70 |
| BLUE RIDGE | 115 | 40 | | 155 |
| CHESAPEAKE | 15 | | 10 | 25 |
| DANVILLE | 42 | | | 42 |
| HAMPTON | 134 | | | 134 |
| HENRICO | 45 | | | 45 |
| HORIZON | 30 | | | 30 |
| HARRISONBURG -ROCKINGHAM | 45 | | 25 | 70 |
| HIGHLANDS | 15 | 15 | | 30 |
| MT ROGERS | 60 | 45 | 4 | 109 |
| NEW RIVER | 25 | 5 | | 30 |
| NORFOLK | 161 | | 10 | 171 |
| NORTHWESTERN | 67 | | | 67 |
| PATHWAY HOMES | 138 | | | 138 |
| PIEDMONT* | 3 | 8 | | 11 |
| DISTRICT 19 | 60 | | | 60 |
| RAPP AREA | 50 | | | 50 |
| RAPP-RAP | 40 | | 20 | 60 |
| REGION TEN | 95 | | | 95 |
| RICHMOND | 152 | | | 152 |
| SOUTHSIDE* | 13 | 7 | | 20 |
| VA BEACH | 122 | | | 122 |
| VALLEY | 60 | | | 60 |
| TOTAL | 1,557 | 120 | 69 | 1,746 |

DBHDS PSH Funds Ensure Safety of People with SMI Who Are Homeless or in State Hospitals During COVID-19

DBHDS provided guidance to community service boards (CSBs) about the use of PSH funds to implement short-term housing interventions for individuals with SMI who were homeless or in state hospitals during COVID-19. Between March 2020 and October 2021, ten CSBs assisted 455 individuals with SMI with securing non-congregate shelter while they worked on a permanent housing plan. By October 2021, 216 individuals had moved from shelter into homes of their own. These CSBs were required to coordinate with their local CoC and state hospitals to ensure that COVID-19 housing activities were coordinated and responsive to these vulnerable community members.

Expansion of PSH Supports through State Housing Trust Fund

The code of Virginia indicates that up to 20 percent of the Virginia Housing Trust Fund (VHTF) may be used for competitive grants to help reduce homelessness through Homeless Reduction Grants. For FY21 this percent was increased to up to 40 percent to allow for flexibility in responding to the COVID-19 pandemic. These grants were used to provide temporary rental assistance not to exceed one year, housing stabilization services in supportive housing for chronically homeless households, and predevelopment assistance to support long-term housing opportunities for individuals experiencing homelessness and those populations overrepresented in homelessness including individuals with serious mental illness and individuals with intellectual or developmental disabilities. Because these grants rely on annual state appropriations, there is some concern that providers are reluctant to request funding for on-going services.

With increased VHTF funding in the FY20 and FY21 budgets, DHCD was able to expand the number of PSH projects awarded funds in 2020 and 2021. DHCD received over \$6.4 million in requests for the Homeless Reduction grants which was nearly twice the amount requested in the year prior. DHCD awarded \$6.4 million through 37 projects for Homeless Reduction grants. The selected projects resulted in 102 targeted community efforts to reduce homelessness, including 15 rapid re-housing (RRH) projects, 12 permanent supportive housing (PSH) projects, nine innovative and pilot projects to serve older adults and unaccompanied youth ages 18-24 and two projects for the pre-development of permanent supportive housing. These projects are currently being implemented. DHCD developed and issued an FY22 Request for Proposals in August 2021, and selected grantees with the goal of at least 50 persons to be served, with a percentage of the households presenting with SMI. In CY 21, DHCD's homeless reduction grants served 644 households in the rapid rehousing programs, 288 households in permanent supportive housing programs and 266 households through youth and older adults innovation projects.

Virginia Department of Veterans Services

Virginia has long made it a priority to reduce the number of Veterans' experiencing homelessness, targeting resources to reduce chronic homelessness since 2013. These efforts

have proven successful, reducing Veterans' homelessness by 63 percent from 2010 to 2021¹³, with a similar reduction in chronic homelessness; there was a 12 percent reduction from 2020 to 2021.

The Virginia Department of Veterans Services (DVS) attributes its success to aligning services and housing resources, both internal to the department as well as external partners:

- DVS, through the Virginia Veteran and Family Support (VVFS) Program, employs approximately 43 Resources Specialists statewide that serve as navigators to assist Veterans in need of services. These include those with SMI in connecting to Continuum of Care (CoCs), PSH programs, and BH services in addition to connecting to Support Services for Veterans and their Families (SSVF) program and HUD-VA Supportive Housing (SH) programs. Some Resource Specialists coordinate regularly with Community Service Boards, strengthening their ability to connect veterans with needed services and supports.
- DVS also administers the DVS Homeless Veterans Fund through donations provided by the Veteran Service Foundation. These funds assist in covering “gap” expenses such as security deposits for homeless veterans and prevention resources (rent arrears, utility assistance, etc.) for previously chronically homeless veterans.
- Fifteen PHAs and the VH have a total of 1,600 Veterans Affairs Supportive Housing (VASH) vouchers.

Capital Investment in PSH - Accomplishments

Given low vacancy rates and strong demand for rental housing across much of the state, it will be difficult to scale up PSH without new production of PSH units. At the state level, there are two capital programs that are primarily responsible for new affordable rental production that benefit people with SMI - the Affordable and Special Needs Housing (ASNH) and the Low Income Housing Tax Credit (LIHTC) programs.

Expansion of PSH through DHCD's Affordable and Special Needs Housing Program

With the Affordable and Special Needs Housing (ASNH) program, developers can apply to access any of the five funding sources through a single competitive application process: the federal HOME Investment Partnerships Program (HOME), the federal National Housing Trust Fund (NHTF), the Virginia Housing Trust Fund (VHTF), Housing Innovations in Energy Efficiency (HIEE), and the state funded PSH program. Combining the funds into one proposal process makes requesting funds significantly easier for developers, especially smaller, nonprofit developers who are more likely to be seeking these sources.

¹³ Unofficial HUD data as of November 2021 and some CoCs did not collect veteran status in the 2021 Point in Time count.

The Biennium Budget for 2020-2022 allocated \$70,000,000 in the first year and \$55,000,000 in the second year to fund activities through the Virginia Housing Trust Fund (VHTF). This is an increase from the 2018-2020 Biennium Budget, which allocated \$11,000,000 for the first year and \$14,000,000 for the second year to support the activities of the VHTF. Of note, approximately \$28.2 million of the 2020-2021 allocation was appropriated to the Virginia Rent and Mortgage Relief Program, now known as the Virginia Rent Relief Program (RRP).

During FY 21, at least 60 percent of the VHTF was used for short, medium, and long-term loans to reduce the cost of homeownership and rental housing; and up to 40 percent of the VHTF may be used to provide grants for targeted efforts to reduce homelessness. Historic investments to the trust fund resulted in over a 60% increase in the number of PSH units that will be created in 2020-2021 compared to 2019-2020.

Table 3: PSH Funded by Virginia Housing Trust Fund 2013-2022

| Year | Number PSH Projects | Number PSH Units |
|--------------|---------------------|------------------|
| 2013-2014 | 6 | 203 |
| 2015-2016 | 8 | 373 |
| 2016-2017 | 6 | 346 |
| 2017-2018 | 4 | 75 |
| 2018-2019 | 10 | 347 |
| 2019-2020 | 9 | 140 |
| 2020-2021 | 25 | 383 |
| 2021-2022 | 8 | 313 |
| Total | 76 | 2180 |

Expansion of PSH through VH’s Low Income Housing Tax Credit Program

The LIHTC program is considered the driver of affordable rental housing production (as well as rehabilitation) across the country. This is also the case in Virginia. Since VH’s inception in 1972, the organization has financed nearly 160,000 rental units.

Since 2015, VH has committed to assisting DBHDS in meeting its housing goals for people with intellectual and/or developmental disabilities under the state’s settlement agreement with the U.S. Department of Justice (DOJ). This commitment has resulted in LIHTC allocations to projects in which owners committed a marketing preference for the Settlement Agreement population.

As discussed in previous reports to the General Assembly, VH reviewed the need for PSH for people with SMI and other populations. In order to have a more significant impact, VH modified its CY19 Qualified Allocation Plan to require that every development awarded 9% LIHTC as well as 4% tax credit funding provide a PSH leasing preference for 10 percent of its units. In 2021, this resulted in tax credit awards for 173 preference units; 1,730 total units through the 9% and 251 preference units; 2,501 total units through the 4% program.

The 29 properties funded in the 2021 competitive tax credit round will produce approximately 173 units required to provide the leasing preference.^{[[2]} The 29 funded properties include forward funded deals from innovation, new construction and ASNH.^{2]}; this is close to the estimated annual 200 units anticipated in the last report to the General Assembly. Another 18 properties receiving 4 percent credits will be producing an additional 251 anticipated units.

In CY22, VH estimates 200 units with a leasing preference will be created through the 9% tax credit program, and estimate another 250 will be created through the 4 percent tax credit program.

Rental Assistance for PSH - Accomplishments

Rental assistance is critical to ensure PSH can serve people with disabilities who are extremely low-income (ELI), including people with disabilities whose sole source of income might be SSI. Beginning in January 2022, an individual whose sole income is SSI will receive \$841 per month. The FY22 HUD Fair Market Rents for an efficiency unit range from \$530 per month in Martinsville and other rural areas to \$1,539 in Arlington and Alexandria. Whether the individual lives in rural Virginia or in the metropolitan area, these rents are unaffordable without state or federal rental assistance.

Expansion of PSH through DBHDS PSH Program

As described above, almost all of the new PSH units for individuals with SMI have been created through continued investment of state general funds in DBHDS' PSH through its rental assistance component. The \$20 million invested in FY20 is expected to serve approximately 1,400 individuals in PSH. An additional \$5 million in State and Local Fiscal Recovery Funds from the American Rescue Plan Act was appropriated to DBHDS in the recent Special Session. As directed from Chapter 1 of the 2021 Acts of Assembly, Special Session II Appropriations Act language, these funds will be used for a range of strategies to expand PSH to address the state hospital census crisis in Northern Virginia.

Expansion of PSH Supports through the Auxiliary Grant Program

Virginia's Auxiliary Grant (AG) Program is an income supplement for recipients of Supplemental Security Income (SSI) and certain other aged, blind, or disabled individuals residing in an assisted living facility (ALF), in an adult foster care (AFC) home, or in a supportive housing (SH) setting through a licensed service provider that is approved by DBHDS and certified by DARS.

Supportive housing was added as an approved setting to the AG Program in 2016 and emergency regulations for the new setting were issued in 2017, followed by final regulations in 2019. In the AG Program, SH is defined as “a residential setting with access to supportive services for an AG recipient in which tenancy ... is provided or facilitated by a provider licensed to provide mental health community support services, intensive community treatment, programs of assertive community treatment, supportive in-home services, or supervised living residential services...” In July 2019¹⁴, the General Assembly made modifications to the AG program intended to enhance use of the AG Program for PSH. As a result of the legislative change, eligibility for AGSH no longer requires the individual to first be an ALF resident. The legislation also increased the number of allowable PSH participants from 60 to 90 effective July 1, 2019, and since there were 30 persons on the AGSH waiting list as of October 1, 2020, the AGSH program cap increased again, from 90 to 120 persons.

DBHDS is identified in Virginia Code as the agency responsible for monitoring AGSH providers. DBHDS has entered into AGSH provider agreements with Mt. Rogers CSB, Blue Ridge Behavioral Healthcare, Southside CSB, Piedmont CSB, Highlands CSB, and New River Valley CSB. Seventy-four (74) individuals were housed through AGSH during this reporting period.

Table 4: AGSH Program and PSH SMI Program Providers

| Provider | AGSH | PSH | Date Est. | Provider | AGSH | PSH | Date Est. |
|-----------------------------|------|-----|-----------|---|------|-----|-----------|
| Arlington | | ✓ | FY 2016 | Norfolk | | ✓ | FY 2016 |
| Blue Ridge | ✓ | ✓ | FY 2018 | Northwestern | | ✓ | FY 2020 |
| Chesapeake | | ✓ | FY 2020 | Pathway Homes (Alexandria, Fairfax, Prince William) | | ✓ | FY 2016 |
| Danville- Pittsylvania | ✓ | ✓ | FY 2018 | Piedmont | ✓ | ✓ | FY 2020 |
| District 19 | | ✓ | FY 2018 | Rappahannock - Rapidan | | ✓ | FY 2018 |
| Hampton-Newport News | | ✓ | FY 2016 | Rappahannock Area | | ✓ | FY 2020 |
| Harrisonburg- Rockingham | | ✓ | | Region Ten | | ✓ | FY 2018 |
| Henrico | | ✓ | FY 2018 | Richmond BHA | | ✓ | FY 2017 |
| Highlands | ✓ | ✓ | FY 2021 | Southside | ✓ | ✓ | FY 2020 |
| Horizon | | ✓ | FY 2021 | Valley | | ✓ | FY 2019 |
| Mt. Rogers | ✓ | ✓ | FY 2018 | Virginia Beach | | ✓ | FY 2017 |
| New River Valley | ✓ | ✓ | FY 2021 | | | | |

¹⁴ C.657 and C.658 of the 2019 Acts of the Assembly.

Expansion of PSH through the Mainstream Program and Building Relationships with PHAs

The Steering Committee has used the Mainstream Voucher program as an opportunity to both bring new rental assistance resources into the Commonwealth and also build relationships with Public Housing Agencies (PHAs) to expand PSH and access to affordable housing resources in other ways.

The Mainstream Voucher program is a subset of the federal Housing Choice Voucher (HCV) program in which eligible participants must be very low-income households that include as least one person with a disability ages 18-62. On the last few Consolidated Appropriations Bills, Congress provided a total of \$500 million for Mainstream Vouchers. When HUD issued the first NOFA, not only were these vouchers specifically for non-elderly people with disabilities, but they were targeted to some of the specific populations the state agencies were targeting for PSH, people with disabilities living in institutional settings, at risk of institutionalization, homeless or at risk of homelessness. The second HUD Mainstream NOFA added a fifth target population: people with disabilities ready to “move-on” from rapid rehousing or permanent supportive housing (thus freeing up those units for people with more intensive support needs).

In order to encourage Virginia PHAs to respond to HUD NOFAs for these funds, the PSH Steering Committee held a number of outreach and engagement events over the last two years, including an in-person event pre-COVID. This event was attended by over 70 PHAs, cities, nonprofit housing and CSBs. The ILT offered a support letter to those PHAs that would commit to serving the state’s target populations; nine PHAs requested and were provided with such a letter.

These outreach efforts were successful. As indicated in Table 5 below, 14 housing agencies were awarded 1,071 Mainstream Vouchers in the first two NOFAs.

In September, HUD issued a Notice providing an opportunity for PHAs to apply noncompetitively for additional funds. Awards were made on a rolling basis; as of this report, four VA PHAs had been awarded an additional \$1.8 million for this program including Virginia Housing.

In December 2019, the PSH Steering Committee held an in-person meeting to support PHAs as they begin to implement their programs. The feedback on the program was positive, but this activity was interrupted by the rise of COVID-19. In June, the PSH Steering Committee formed a PHA Outreach Subcommittee to continue to build relationships with the local PHAs and to encourage these vouchers to be targeted to the Commonwealth’s priority populations. The Subcommittee invited all PHAs with Mainstream vouchers to a focus group meeting to identify ways the state agencies could support the PHAs. Based on those results, the Subcommittee have formed a collaboration with several PHAs. One of the items identified for this collaboration post-COVID is landlord engagement.

Table 5 Mainstream Awards

| PHA Name | 2017/2018 Awards | 2019 Awards | Total Awards | 30 % Boost | Combined Total |
|--|------------------|-------------|--------------|------------|----------------|
| Danville Redevelopment & Housing Authority | 41 | 100 | 141 | 42 | 183 |
| Roanoke Redevelopment & Housing Authority | 40 | 30 | 70 | 21 | 91 |
| Chesapeake Redevelopment & Housing Authority | 40 | 0 | 40 | 12 | 52 |
| Lynchburg Redevelopment & Housing Authority | 0 | 30 | 30 | 9 | 39 |
| Harrisonburg Redevelopment & Housing Authority | 25 | 50 | 75 | 23 | 98 |
| Hampton Redevelopment & Housing Authority | 0 | 50 | 50 | 15 | 65 |
| Fairfax County Redevelopment & Hsg Authority | 55 | 41 | 96 | 29 | 125 |
| Arlington County Dept of Human Services | 40 | 0 | 40 | 12 | 52 |
| County of Albemarle/Office of Housing | 0 | 15 | 15 | 5 | 20 |
| Va. Beach Dept. of Hsg & Neighborhood Pres. | 0 | 60 | 60 | 18 | 78 |
| James City County Office of Hsg & Comm Dev | 0 | 20 | 20 | 6 | 26 |
| People Inc. of Southwest Virginia | 24 | 24 | 48 | 14 | 62 |
| Prince William County Office of HCD | 0 | 60 | 60 | 18 | 78 |
| Virginia Housing Development Authority | 79 | 0 | 79 | 24 | 103 |
| Total | 344 | 480 | 824 | 247 | 1071 |

Enhancing System Capacity - Accomplishments

While affordable housing, tenancy supports and community-based services are critical to expanding PSH for individuals with SMI, even these resources are not sufficient to ensure an expanded PSH system will be successful. State and local/regional structural systems supports are key to ensuring an effective PSH system, one that provides a fidelity-based service, targets the state's priority populations, fills units in a timely manner and maintains owner confidence by addressing tenant issues that arise.

PSH Tracking and Metrics

During 2021, the PSH Steering Committee put into place several frameworks to track activities and outcomes related to the steering committee work.

Action Plan

In 2019, the PSH Steering Committee developed a detailed, 19-page Action Plan with goals, strategies and action steps to achieve the goals, agency responsibilities and timeframes. The Action Plan is provided in Appendix A. In 2020 and 2021, the PSH Steering Committee continued to focus on the following five goals identified in the plan:

- Goal #1 - Increase Services and Supports to Assist Individuals with SMI to Gain Access to and Maintain Supportive Housing
- Goal #2 - Provide Capital Subsidies to Expand PSH
- Goal #3 - Increase Rental Assistance to make Units Affordable
- Goal #4 - Increase PSH through Preferential Access to Existing Affordable Housing Programs
- Goal #5 - Strategies to Increase PSH through Enhancing System Capacity

The PSH Steering Committee is actively developing an action plan for CY22-CY24.

Executive Order 25 Metrics

As described above, in November 2018, Executive Order 25 was issued, identifying the need for PSH as one of three top housing priorities. DBHDS's conducted an assessment of need for PSH; the assessment established a need for 5,000 PSH units. The PSH Steering Committee developed a comprehensive plan to put as many PSH units in place as efficiently as possible. This thoughtful, realistic plan relies on a combination of new federal and state funding for both capital and rental assistance as well as strategies to redirect or prioritize existing resources for the target population. The ILT voted its support for the plan, and state agency budget requests have aligned with plan goals.

State Level Systems

DHCD continued to work with its partners made a number of enhancements to strengthen PSH systems at the state level.

The state agencies and VH continued to revise an existing MOU to reflect new activities of the PSH Steering Committee including the leasing preference in tax credit units. DBHDS and VH also designed and began to implement a referral protocol for the units with leasing preferences that became available in 2020.

To further the shared vision, Virginia applied and was accepted for the 2021-2023 Housing & Health Institute led by the National Academy for State Health Policy, which supports a cohort of states to break down silos and strengthen services and supports to help low-income and vulnerable populations become and remain successfully housed. Virginia launched an interagency team and project to address three core areas: financial modeling for supportive housing, data sharing, and capacity building.

The two-year project will ensure the interagency state efforts maximize Medicaid funding and create sustainable financial models for supportive housing. Financial modeling will ensure the agencies can maximize the use of federal funding available at the state and local level. Financial modeling across several programs and agencies will allow for long-term planning to ensure the housing needs of vulnerable Virginians can be addressed.

The team is leveraging the Homeless Data Integration Project (HDIP) to match Medicaid and CSB data with HMIS to identify individuals accessing multiple systems and support operations that will reduce the cost of accessing support services and housing resources. The data will support an analysis to measure the return on investment to further incentivize investments in housing from managed care organizations and philanthropic entities.

Virginia HHI's capacity building goal aims to align outcomes across the partnering state agencies to ensure consistency for providers and allow for training initiatives to support the needs of homeless service providers, CSBs and private behavioral health providers. The team will work with local and regional stakeholders throughout the project to identify and support targeted capacity building needs.

Local/Regional Level Systems

The PSH Steering Committee conducted a housing system crosswalk analysis to identify the federal, state and local funding streams and operations that are critical to supportive housing. The team identified 18 housing-related programs, seven rental assistance programs, seven rental unit production programs, nine critical behavioral health services, and four points of entry that make up the housing and service delivery systems in Virginia. This analysis was critical to identifying opportunities to partner with local and regional systems and align with the funding made available through ARPA. The committee is actively working to support partnerships between CoCs, PHAs, CSBs, and MCOs.

Notably, the Emergency Housing Voucher (EHV) program has been made available through the American Rescue Plan Act (ARPA). Through EHV, HUD is providing over 1000 housing choice vouchers to local Public Housing Authorities (PHAs) in Virginia, in order to assist individuals and

families who are homeless, at-risk of homelessness, fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or were recently homeless or have a high risk of housing instability. While the EHV are not specifically targeted to individuals with SMI, a great percentage of persons experiencing homelessness experience a co-occurring SMI.

National best practice webinars for the Emergency Housing Vouchers (EHVs) identified the role of MCOs as a critical component for ensuring individuals who are in Medicaid are supported in their own homes. To further this in Virginia, DMAS hosted a webinar for the CoCs and their PHA partners to meet the six MCOs and learn more about the model of care and robust network of behavioral health providers available to support the application for EHVs as well as the utilization of the vouchers that are targeted to vulnerable individuals. Several MCOs have developed and maintained partnerships with both the CoCs and PHAs to support Members' path to housing stability.

DBHDS's PSH program has demonstrated the importance of local/regional housing specialists in developing and maintaining tenant-landlord relationships and ensuring their region has an effective system in place to identify interested, eligible applicants and to assist these individuals to locate and apply for housing, including making requests as needed for reasonable accommodations. Currently, all regions have some housing specialist capacity – however limited. DBHDS has continued to expand local PSH Program Housing Specialists to ensure all consumers in DBHDS PSH-funded programs have access to this service.

In March of 2021, DHCD held four virtual input sessions to secure community input into the VHTF as well as HUD's Consolidated Plan's Annual Action Plan, which covers the Community Development Block Grant, HOME and the National Housing Trust Fund.

[Alignment with other State Activity](#)

During CY19, the PSH Steering Committee continued working to align PSH funding, policies and systems across partner agencies.

[Evictions](#)

While the issue of evictions is not included in the scope of this effort, some of those individuals who get evicted are people with serious mental illness. During the 2020 Special Session, \$3.3 million was allocated for DHCD to design and implement the Virginia Eviction Reduction Pilot (VERP) which began implementation in the spring of 2021. DHCD conducted a competitive application process in winter 2021 and awarded more than \$2.6 million in grants to four grantees serving the counties of Lee, Scott, Wise, Gloucester, James City, Matthews, and York, as well as the cities of Norton, Richmond, Norfolk, Hampton, Newport News, Poquoson, and Williamsburg. Notably, a portion of the 2021 allocations were set aside for planning grants for priority localities not selected as an awardee of the pilot. The planning grants were designed to

aid localities and nonprofits to better understand eviction prevention needs and to build local capacity to mitigate evictions. In spring 2021, DHCD conducted another competitive process for the planning grants and ultimately awarded six grantees who serve 17 localities across Virginia. A second year of funding for the pilot was awarded the following year. At the time of this.

Governor's Coordinating Council on Homelessness

The Governor's Coordinating Council on Homelessness (GCCH), co-chaired by the Secretary of Commerce and Trade and the Secretary of Health and Human Resources, is focused on ending homelessness in the Commonwealth of Virginia. Due to COVID-19, the GCCH delayed meeting during the 2020 calendar year. In October of 2021, the GCCH held its first meeting since the pandemic during which the council agreed to expand the scope of the council to include housing for vulnerable populations. The expansion of the scope, which involves the restructuring of the existing committee structure, will allow the council to further identify housing solutions for those individuals at risk of or experiencing homelessness. Appendix D includes additional information regarding these committees and their coordination. As previously noted, individuals with serious mental illness are at higher risks of housing instability and homelessness. Recent Point-in-Time count data revealed that individuals with SMI comprise Virginia's largest homeless subpopulation. According to Point-in-Time count data, the number of adults experiencing homelessness with a serious mental illness in 2021 increased by ~15% between 2020 and 2021. The Governor's Coordinating Council on Homelessness and Housing Vulnerable Populations will coordinate with the PSH Steering Committee to improve access to housing solutions, including permanent supportive housing, for vulnerable populations.

Olmstead Strategic Plan

The Olmstead Strategic Plan has been updated to support partner requests to HUD for preferences in HCV or public housing (PH) for persons with SMI as part of voluntary affirmative Olmstead planning and implementation efforts. In 2020, one Executive Order (E.O.) and one Executive Directive (E.D.) -- E.O. 47 and E.D. 6 -- were signed, re-committing the Commonwealth to community integration as envisioned by the Olmstead v. L.C. decision.

Discharge Planning for Successful Reentry

The General Assembly continues to fund a number of different initiatives whose goals are to facilitate reentry of people with psychiatric disabilities from jail including the Department of Criminal Justice Service's Jail Mental Health pilot program and the DBHDS grant funded Forensic Discharge Planning (FDP) programs. FDP programs focus on the early identification of individuals with SMI, and provide a range of case management services to individuals being released to the community - FDPs provide services during an individual's period of incarceration, and for a minimum of 30 days post-release. Currently, there are nine programs in local and regional jails across the state. These programs are providing FDP services in fourteen facilities by fifteen CSBs. Since program inception in FY19, FDP programs have enrolled a total of 1,666 individuals for services. DBHDS funded five additional FDP programs in FY22 in

Richmond, Virginia Beach, Prince William, Staunton, and Henrico. Annual Reports with additional information regarding program services and outcomes are available for FY19 and FY20, and FY21 is expected to be completed in January 2022.

CARES Act Energy Assistance

In 2020, the Virginia Department of Social Services (VDSS) received CARES Act funds to supplement the Low-Income Home Energy Assistance Program (LIHEAP) to ensure households impacted by COVID-19 could address their immediate energy costs include energy debt accumulated during the pandemic. VDSS issued a one-time supplemental payment of \$100 to households who received assistance during the FY20 r heating season . The VDSS also established a new standalone program, Virginia COVID19 Energy Assistance Program, to provide heating/cooling utility payment assistance to households who did not qualify for Energy Assistance in 2020 and have a heating or cooling expense.

Strategies for Continued Progress

Even with the significant accomplishments in recent years, people with SMI continue to live on the streets, in shelters and in jails and other institutions for lack of PSH. In order to scale up the housing component of PSH, the following three elements are key:

- **Effective, reliable housing supports:** When dependable services are made available to aid in ensuring lease compliance, many providers of affordable housing are eager to consider the potential for PSH preferences or initiatives. Although it was already mentioned above, it is crucial to stress the significance of support services as the state's top incentive to attract housing agencies.
- **Increased capital funding:** Both rural areas of Virginia and high cost cities like Northern Virginia have experienced difficulties utilizing vouchers due to a lack of rental housing stock and/or competitive marketplaces. Significant capital investment in the supply of affordable housing generally and PSH especially is just as important as rental assistance, if not more so.
- **Increased rental assistance:** Project-based rental assistance is important to ensure new place-based PSH is affordable to people with SMI who are extremely low-income (ELI) and that there are available units to go with the vouchers.

Outlined below are the strategies the PSH Steering Committee members will utilize in the coming year to continue to secure the necessary capital and rental assistance from a variety of existing and new state and local resources.

Strategies to Continue to Expand PSH Housing Supports

Strengthen Provider Capacity to Deliver the Housing Supports Benefit

With implementation of the HNS benefit MCOs will be required to contract with a network of housing and employment supports provider entities, and will need to leverage existing

providers in the community that are experienced and qualified to address the health-related needs of the population. Many of these providers may be new to the Medicaid program. In preparation for implementation, DMAS will focus on engagement with potential providers and training efforts to strengthen their ability to not only provide high quality supportive housing services but also to successfully enroll and bill as Medicaid providers. The HNS benefit also includes employment supports, which can be leveraged along with the supportive housing services to ensure individuals in need of housing also have employment opportunities.

DMAS will continue to provide training and engagement with current and potential providers to strengthen the provider network's capacity to deliver housing services. DMAS developed a tool to identify interested providers along with specific training needs. A provider input session on the HNS benefit identified additional interested providers as well training needs. Additional trainings will occur in collaboration with the state agency partners through the development of a supportive housing training curriculum and certification program that the agencies will all utilize to align outcome measures for housing related programs.

Realizing the optimal impact of the HNS housing benefit

The agency members of the PSH Steering Committee have spent the past several years working together to increase availability of affordable housing options with support services for individuals with disabilities in Virginia. However, a number of challenges exist and will need to be overcome to realize the *optimal* impact of the HNS supportive housing benefit.

Differences in Priority Populations

DBHDS, DMAS, DVS and DHCD share common goals across similar target populations, including individuals with SMI and/or SUD who are homeless or unstably housed. Yet, there are differences within each agency for who truly "rises to the top" of the priority list and is matched with housing-related and other supports. DMAS and the MCOs may be more likely to prioritize individuals for the HNS benefit who are high utilizers of costly Medicaid services such as emergency Department visits or community inpatient bed days, while DBHDS and the local CSBs may prioritize individuals who are leaving state hospitals or are highly visible in their communities but who do not use costly Medicaid services for rental assistance.

Multiple pathways to accessing housing

Each system has designated staff/points of responsibility to assist their target populations with identifying the need for and accessing housing and support services. MCOs conduct Health Risk Assessments, CSBs conduct discharge planning and housing assessments and CoCs apply a vulnerability assessment and use Coordinated Entry for federal and state homeless resources. Each of these processes may result in identification of individuals in need of the HNS benefit and RA, yet they may be disconnected and can result in inefficient use of resources and duplication of efforts across agencies. The agencies should review program administration functions to determine opportunities to further align and share costs in order to serve more individuals.

Roles of local housing and services agencies

While the state agencies have provided considerable leadership in creating a vision for affordable housing for individuals with disabilities in Virginia, that vision must be shared in every region to achieve intended outcomes. Individuals with disabilities may have difficulty accessing rental housing through Public Housing Authorities, local developers and private landlords, regardless of the HNS benefit. Continued outreach and partnership with these key local and regional actors is critical to success.

Lack of sufficient affordable housing

In many areas of Virginia, especially in areas with the greatest concentration of Medicaid members, there is an inadequate supply of affordable housing units or rental assistance. The HNS benefit will only be helpful to individuals who are able to access affordable housing resources in communities where they choose to live.

Limitations of Rental Assistance

Availability of the HNS benefit must align with affordable housing resources to be most impactful. Currently, most long-term rental assistance is targeted to individuals with SMI and/or SUD through the DBHDS PSH program's network of local administrators. Individuals who do not meet the eligibility criteria or prioritization for that program have little access to long-term rental assistance other than the Housing Choice Voucher Program. Individuals in most communities in Virginia experience lengthy wait times for access to Housing Choice vouchers, which limits this funding source as a solution.

While it's important to recognize these challenges, it is also important to acknowledge that there are opportunities to address them.

Develop a strategy for "braiding" various housing support and housing resources

DMAS, DBHDS, DVS and DHCD as well as other agencies and system partners, will need to establish agreed-upon strategies to intentionally align the HNS supportive housing benefit with non-Medicaid housing resources and vice versa. As discussed previously, the agencies share target populations, but may have different priorities for their program's limited resources. Braiding the HNS benefit with rental assistance and other needed services and supports will help even the most vulnerable populations to be more stably housed and ensure a cost effective approach that makes the best use of public funding.

Encourage and Incent MCOs to Invest in Housing

Virginia has a number of Managed Care Organizations (MCOs) that are known nationally for their interest and investment in supporting high risk/high need individuals in stable housing including United Healthcare, Magellan and Anthem. The MCOs will likely want to prioritize the HNS benefit to high risk/hi cost members and may be more willing to invest in affordable housing that will meet the needs of this population. DMAS regularly engages with the MCOs who are already contractually required to "develop programs and establish partnerships to

address social factors that affect health outcomes, also called social determinants of health (SDOH), which contribute significantly to the cost of care and the Member’s health care experience.” DMAS provides technical assistance to encourage the MCOs to build or enhance partnerships with the regional homeless systems as well as the CSBs. DMAS will continue to continue the HNS training series as well as identify pilot projects to house high-cost members by partnering with the regional homeless systems across the state.

Tie Resources to Outcomes

Identifying agreed upon outcome measures across the agencies will help to assure that both the HNS benefit and housing resources are being utilized most efficiently and effectively. While the agencies may have different measures used to assess the desired outcomes for their programs and populations served, the following measures could serve as a beginning point and be expanded to include others as well:

- Reduced Homelessness
- Cost savings
- Increased Efficiencies across state agencies

The agencies will need to continue efforts to resolve issues related to data sharing in order to assess these outcomes. DMAS is working with DHCD on a data matching project to connect Medicaid data with HMIS data, which will allow the state to better understand the individuals that are prioritized and eligible for the HNS supportive housing benefit.

Behavioral Health Enhancements

Since Behavioral Health Enhancement funding was reallocated, DMAS continues to convene stakeholder workgroups to continue the planning and implementation of behavioral health services. Ongoing planning focuses on Systems changes; a state plan amendment, revised regulations and Medicaid manual updates; and providing education and training opportunities for stakeholders. Once a plan to move forward is established, DMAS will engage with CMS to pave the way for an 1115 SMI demonstration waiver application.

Strategies to Expand Capital and Rental Assistance for PSH

Outlined below are the strategies the PSH Steering Committee members will utilize in the coming year to continue to secure the necessary capital and rental assistance from a variety of existing and new state and local resources.

Strategies to Increase Capital Investment in PSH

VH Low Income Housing Tax Credit Program

As discussed earlier in this report, low vacancy rates and strong demand for rental housing across much of the state make it challenging to scale up PSH and reach the 5,000 goal without

production of new PSH units. VH's 9 percent and 4 percent tax credit programs are some of the primary tools developers rely on for the production of new affordable rental housing.

As described above, beginning with the FY19 Qualified Allocation Plan (QAP), VH has committed that all 9 percent and 4 percent tax credit projects will be required to provide a leasing preference for PSH in 10 percent of units. No specific target population is named. Rather, VH has linked the leasing preference to populations covered by the Memorandum of Understanding (MOU) entered into by the state agencies represented on the PSH Steering Committee. Such an arrangement will allow the state to modify its target populations as needs may change over the project's compliance period. This also means the state agencies and departments serving each target population must collaborate to develop a protocol for referral to these housing units; the development of a referral protocol is discussed further below.

In CY22, VH estimates 200 units with a leasing preference will be created through the 9% tax credit program.

Virginia Housing Trust Fund

The VHTF impacts PSH growth in two ways. First, services and pre-development costs for PSH targeted to persons at risk of or experiencing chronic homelessness are funded through a competition for no more than 20 percent of the VHTF allocation. Second, the majority of the remaining funds are combined with federal HOME, National Housing Trust Fund, and Housing Innovations in Energy Efficiency funds to make up the Affordable and Special Needs Housing (ASNH) program competition. The limited allocation of funds is shared between homebuyer and rental projects, with rental projects making up approximately 90 percent of the allocated funds. Of the 40 projects awarded VHTF in FY 2020-21, twenty-five projects set aside an estimated 383 permanent supportive housing units. The PSH units are specifically targeted for individuals with disabilities, serious mental illness, and/or chronically homeless. Notably, a growing amount of research has revealed the bi-directional relationship between the prevalence of severe mental illness and homelessness. According to a recent study published in 2020, studies have shown that between 25-30% of persons experiencing homelessness have a severe mental illness such as schizophrenia.¹⁵

Historical investment in the VHTF has allowed for increased development in both affordable and permanent supportive housing units. However, there remains great need for additional PSH and affordable housing units.

Behavioral Health and Developmental Services (BHDS) Trust Fund

Virginia has a special non-reverting fund called the Behavioral Health and Developmental Services Trust Fund. This Trust Fund consists of the net proceeds from the sale of vacant

¹⁵ Padgett, D. (October 2020). "Homelessness, Housing Instability and Mental Health: Making the Connections." *BJPsych Bulletin* 44(5), 197-201.

buildings and land held by DBHDS and any General Assembly appropriations to the fund. The DBHDS Commissioner administers this Trust Fund. Among other approved uses, current Virginia code allows for these funds to be used for financing of "appropriate community housing, for the purpose of transitioning individuals with intellectual disability from state training centers to community-based care." Trust Fund monies have been used for a range of community-based services, primarily for individuals in the DOJ Settlement Agreement population. DBHDS is pursuing a code change to expand the populations eligible to be served in community housing financed by the Trust Fund.

Enhance Housing Development Capacity

Increased resources alone may not be sufficient, however, to scale up PSH. DHCD staff indicated that competition for affordable housing resources is highly competitive and that some of the mission-driven developers who might consider PSH development do not have the capacity to produce projects that are always competitive.

Developed by VH, the "Fundamentals of Affordable Housing Development" class is a two-day workshop designed to walk housing and community development professionals through the development process and best practices. These best practices include but are not limited to organizational and developer capacity, asset mapping, intervention strategies, plan development, key partnerships, homeownership financing and qualifications, rental financing and compliance, and evaluation. The class includes hands-on activities including community design activities and development pro-forma work. This course is intended for beginner and mid-level professionals in the field of housing planning and/or development.

Strategies to Secure Local Capital for PSH

Thirty localities in Virginia receive an allocation of CDBG and/or HOME funds directly from HUD; some of these communities also provide local general funds for affordable housing development. Many PSH projects require multiple sources of grants or deferred payment loans to make a project affordable. Local HOME or CDBG funding is often one of these sources. Piecing together funding for projects can be challenging. If DBHDS is able to make additional capital, rental assistance and/or supports available¹⁶ for projects under consideration, the developer and local funders are likely to be much more receptive to creating projects.

DBHDS is working with a statewide CSB PSH Capacity Development Team to increase CSB activity on the Action Plan items involving local partners. Rappahannock Area CSB has contracted with Technical Assistance Collaborative (TAC) to support CSBs to pursue local strategies to increase PSH. DBHDS will also continue to work with individual communities where there is the possibility of leveraging local funding for PSH for individuals with SMI.

¹⁶ Either directly or through CSBs or another local entity.

DBHDS also continues to participate in DHCD's statewide input sessions to provide education to local governments on the need for PSH and the PSH resources available through the state for communities interested in PSH development.

Strategies to Increase Rental Assistance for PSH

DBHDS PSH SMI Program

Continuing to grow this demonstrated successful program will be an essential component to meeting the need for 5,000 PSH units and receiving all the benefits that accrue to PSH programs including moving people from institutionalization and homelessness into housing and avoiding associated costs. TA continued increase in the PSH SMI program will be especially important as the VH LIHTC units come on-line every year; the majority of these units will not have project-based funding and will need rental assistance to be affordable to clients.

DBHDS will also continue to explore project-basing some portion of the PSH program. Project-basing has a number of advantages including long term access to high cost area such as Northern Virginia and better access to housing for persons with criminal backgrounds or poor tenancy histories.

Mainstream Housing Choice Voucher (HCV) Program

As described above, in the first round, the state was successful in securing over 1,000 Mainstream vouchers for people with any disability including people with SMI. In September, HUD issued PIH Notice 2020-22 providing PHAs with an opportunity to apply for the remaining Mainstream Voucher funds through a non-competitive process provided by the CARES Act. PHAs can apply for funds through the end of the calendar year. In November, a first round of awards was announced and included \$1.8 million for four PHAs in Virginia including VH. These are likely results of the extensive outreach and engagement by the PSH Steering Committee. It is hoped additional awards will be announced for VA PHAs.

Auxiliary Grant Supportive Housing (AGSH) Program

As described above, the state has expanded the number of AGSH providers. Seventy-four individuals were served through AGSH in FY21.

At the beginning of SFY 2022, a 10% rate increase took effect. This increase should provide much needed financial support to AG providers, and is offset by balances in the AG program. An increase to the AG rate benefits individuals in the AGSH program by improving housing affordability and potentially increasing the number of communities that can use the AGSH.

Continuums of Care Rental Assistance

There are 16 Continuums of Care (CoCs) across the state, including 15 independent CoCs and 12 local planning groups (LPGs) of the Balance of State CoC. CoCs and LPGs are tasked with creating effective community-wide emergency crisis response systems that will ensure

homelessness is rare, brief, and one time. This requires the coordination of federal, state, local, and private funding. CoCs will be encouraged to apply for specialized resources for PSH when available from HUD. Many CoCs in Virginia have developed PSH programs available to people who are experiencing homelessness – generally chronic homelessness – through their CoC Coordinated Entry System.

Strategies to Increase PSH through Existing Affordable Housing Programs

The production of new units and bringing new rental assistance resources into the state are the preferred strategies for expanding PSH for Virginians with SMI. However, given limitations on state and federal budgets, and the length of time for new production, increasing access to existing affordable housing resources is also an important strategy to meet the state’s need for 5,000 PSH units for individuals with SMI.

Public Housing Agency Resources

There are 41 PHAs in Virginia. Of these, two administer only public housing units, 13 administer only vouchers, and 26 administer both the HCV and public housing programs. The PHAs in Virginia administer over 52,200 HCVs¹⁷ and own and operate a total of 17,897 units of federally funded public housing¹⁸. PHA resources are generally made available to eligible applicants on a first-come, first-served basis but are allowed to use preferences or priorities to serve local needs or public policy priorities, as long as these are nondiscriminatory. For example, PHAs are allowed to offer preferences for people who are homeless, people with disabilities (broadly defined) and people who are institutionalized. According to the Center for Budget and Policy Priorities, 17 percent of federal rental assistance (largely housing choice vouchers but also public housing and HUD-Assisted developments) goes to single adults in Virginia who have disabilities, compared to the national average of 19 percent.

Per federal regulation (24 CFR Part 982), PHAs may not direct their resources towards people with specific disabilities, such as ID/DD and SMI, except in accordance with HUD guidance and as a HUD approved remedial preference.¹⁹ However, with sufficient marketing and outreach by CSBs, people with SMI can be well represented in any applicant pool that targets people who are homeless or who are coming from institutions, both general preferences acceptable to HUD.

Project-basing HCV offers DBHDS a unique opportunity to target federal funding for PSH for people with SMI. The regulations covering the project-based component of the HCV program

¹⁷ This estimate does not include the newly awarded Mainstream Vouchers.

¹⁸ Data from the state’s IAP Housing Assessment (March 2018).

¹⁹ HUD currently limits disability-specific preferences to HUD-approved remedial actions. According to HUD, such remedial actions must be provided in response to” Olmstead-related litigation or enforcement, including a settlement agreement, court order or consent decree, or in response to a public entity’s documented, voluntary affirmative Olmstead planning and implementation efforts.” <https://www.hud.gov/sites/documents/PIH2012-31.PDF>

(24 CFR Part 983), allow PHAs to target resources to persons needing certain services including disability-specific services. DBHDS should consider identifying PHAs already project-basing or interested in project-basing this resource and reach out to these agencies to determine whether there are opportunities to develop PSH for people with SMI. For PHAs with low leasing rates, project-basing vouchers can offer a way to improve leasing rates.

Strategies to Increase PSH through Enhancing System Capacity

As described above, state and local/regional structural systems supports are key to ensuring an effective PSH system, one that provides a fidelity-based service, targets the state's priority populations, fills units in a timely manner and maintains owner confidence by addressing tenant issues that arise.

PSH Inventory

The PSH Steering Committee has identified a strategy for developing a comprehensive PSH inventory. An inventory would list existing properties that operate as supportive housing, their owners, number of units, special populations served, and other key features. Such an inventory would better permit the state to assess provider capacity and to identify existing PSH resources that might assist with meeting the state's priorities.

Finalize Shared Referral Protocol

Under the DOJ Settlement Agreement, referrals of persons with Intellectual/Developmental Disabilities (I/DD) to PSH resources are made through the DBHDS Central Office, but referrals of people with SMI are made at the local level through CSBs. The expanded target population for units developed through DHCD or VH's tax credit programs will require additional coordination on referrals. The PSH Steering Committee continues to work on finalizing a referral protocol.

Continue PSH Alignment with Related Activities

The state has a number of initiatives that have some overlapping goals and strategies. The PSH Steering Committee will continue to align efforts to house people with SMI with efforts to house people with I/DD and people who are experiencing chronic homelessness. Each of these populations has an advisory or coordinating body overseeing or guiding the work. The PSH Steering Committee will also seek to coordinate with eviction prevention efforts and general affordable housing development activities.

Leadership Key to PSH Strategy

As described above, there are many opportunities to leverage supports, capital, and rental assistance resources to expand PSH for Virginians with SMI. No single state or federal resource will help Virginia meet the need for 5,000 PSH units. Scaling up PSH will require coordinating multiple housing and service funding mechanisms at both the state and local levels. Continued leadership is necessary to ensure state agencies collaborate effectively. Leadership will be

necessary at key points such as calling for owners to step up to serve the state's most vulnerable populations while guaranteeing that the state will provide supports to tenants and be available to owners when issues arise. Since the start of this process, the ILT as well as the PSH Steering Committee have provided such leadership.

Appendices

Appendix A Action Plan

| Goal #1 - Increase Services and Supports to Assist Individuals with SMI to Gain Access to and Maintain Supportive Housing | | | | |
|---|----------------|---|--|--|
| <u>Strategy 1.1: Obtain CMS approval of a supportive housing benefit as part of the renewal of Virginia's 1115 Demonstration Waiver</u> | | | | |
| Action | Lead Agency(s) | Others Involved | CY22 Goal | CY23 Goal |
| 1.1.2 Engage stakeholders in the design and development of the Supportive Housing (SH) benefit | DMAS | DMAS DBHDS VH VDH DSS DVS DARS Providers | Begin to identify key stakeholders Convene stakeholder meetings to gain input on benefit implementation | Continue stakeholder sessions to gain input on benefits implementation |
| 1.1.3 Issue service definitions, Member eligibility criteria, provider eligibility criteria, rates | DMAS | DMAS/MCOs | | MCOs, providers receive necessary guidance for service provision/payment |

| | | | | |
|--|-------------|---------------------------------------|--|---|
| <p>1.1.4 Align housing outcome measures across agencies funding supportive housing</p> | <p>DMAS</p> | <p>DBHDS DVS DHCD</p> | <p>Begin identification of outcome measures possibly including: State hospital bed days Local inpatient bed days Returns to homelessness # days incarcerated Medicaid costs CSB data: community services, PSH-SMI service costs CoC data</p> | |
| <p>1.1.5 DMAS works with partners to establish implementation schedule.</p> | <p>DMAS</p> | <p>DBHDS VH DHCD MCOs</p> | <p>Review alignment of housing and services resources</p> | <p>If applicable, region(s) identified for initial phase-in where SH expansion is anticipated and/or there are strong service providers</p> |

| | | | | |
|---|------------------------------|------------------------|--|-----------------------------------|
| 1.1.6 Develop credentialing process for HNS providers | DMAS | MCOs | Determine credentialing requirements | Credentialing process established |
| 1.1.7 Enhance provider capacity to deliver SH benefit services | DMAS | MCOs | Develop and Deliver training Provide training to MCO staff, existing BH providers, and non-Medicaid providers | Continue training |
| <u>Strategy 1.2: Ensure Managed Care Organizations maximize housing options for Medicaid members in CCC Plus</u> | | | | |
| Action | Lead Agency(s) | Others Involved | CY 22 | CY 23 |
| 1.2.1 Provide training to providers in MCO network to deliver housing support services | DMAS DBHDS DVS DHCD | MCOs | Develop universal supportive housing/PSH training curriculum | Training provided |

| | | | | |
|--|-----------------------|------------------------|---|--|
| 1.2.2 Engage housing providers to become Medicaid providers with experience delivering housing support services | DMAS | MCO | Identify organizations and training needs | Training provided |
| 1.2.3 MCOs provide Care Coordination to support individuals with behavioral health needs in CCC Plus program | DMAS | MCOs | Care Coordination provided to individuals in CCC Plus | Care Coordination provided to individuals in CCC Plus |
| <u>Strategy 1.3: Explore non-Medicaid options for funding housing transition and housing sustaining services</u> | | | | |
| Action | Lead Agency(s) | Others Involved | CY22 Goal | CY23 Goal |
| 1.3.1 Continue to include support services in PSH as an eligible activity for the Homeless Reduction Grants portion of the Housing Trust Fund (HTF) (up to 20%). | DHCD | | Develop and issue a Request for Proposal Select grantees. At least 50 persons served, some of whom will have SMI. Explore SMI data collection as part of required reporting | Develop and issue FY22 Request for Proposal Select grantees At least 50 persons served, some whom will have SMI. Projects implemented |

| 1.3.2 Explore a statewide pilot that would secure funding for housing supportive services | DBHDS DMAS DARS DVS DHCD | | Develop ad hoc pilot design committee with a potential of including in Fall 2022 ASNH or HRG NOFA Implement pilot | Continue pilot |
|---|--------------------------------------|------------------------|--|-------------------|
| Goal #2 - Provide Capital Subsidies to Expand PSH | | | | |
| <u>Strategy 2.1: Expand PSH through the VH Low Income Housing Tax Credit Program</u> | | | | |
| Estimated 200 units with leasing preferences annually beginning in FY20; leasing preference for SMI and other populations targeted under state partner MOU | | | | |
| Action | Lead Agency(s) | Others Involved | CY22 Goal | CY23 Goal |
| 2.1.1 Develop MOU on PSH collaboration with appendix related to SMI population | VH | DBHDS DHCD DMAS | MOU executed Annual MOU review | Annual MOU review |

| | | | | |
|--|------------------------------------|------------------------------|---|---|
| 2.1.2 Finalize referral process for individuals referred to new or existing LIHTC units | VH | DBHDS DHCD DVS DMAS | Develop guidance; Release final referral process Pilot referral process in one community | Review and update existing process as needed |
| 2.1.3 Determine roles and outreach needs for stakeholders | DBHDS VH DHCD DMAS DVS | Stakeholders | Roles and outreach activities identified in MOU | |
| 2.1.4 Establish referral system process and outcome measures and develop infrastructure for implementation | DBHDS VH DHCD DMAS DVS | Stakeholders | Launch Coordinated Referral Network Monitor and report utilization of LIHTC units Conduct outreach when utilization falls below 60% | Manage CRN Monitor and report utilization of LIHTC units Conduct outreach as needed |

Strategy 2.2: Expand PSH through the Affordable and Special Needs Housing Program

Estimated 56 total PSH projects produced in FY19 and FY20; number of units per project provided after projects are selected.

| Action | Lead Agency(s) | Others Involved | CY22 Goal | CY23 Goal |
|--|-----------------------|------------------------|---|---|
| 2.2.1 Host input sessions to secure local input into Consolidated Plan and Annual Action Plan. Request input related to PSH development and possible new state resources | DHCD | DBHDS VH | Host five regional input sessions - Stakeholder education and input re: PSH | Host five regional input sessions - Stakeholder education and input re: PSH |

| | | | | |
|--|-------------|--------------|--|--|
| <p>2.2.2 Secure additional PSH through Affordable and Special Needs Housing (ASNH) Program</p> | <p>DHCD</p> | | <p>Issue Request for Applications Spring and Fall 2022.</p> <p>Estimated 52 affordable housing construction projects selected for CY22 and 52 projects for CY23; over 60% of the projects estimated to contribute between 5 to 80 affordable units for supportive housing with various target populations</p> <p>Projects constructed/ rehabilitated</p> | <p>To be determined once projects selected in CY22</p> |
| <p>2.2.3 Identify targeted capacity development that may assist in increased PSH through ASNH program and/or identify developers well positioned to create PSH</p> | <p>DHCD</p> | <p>DBHDS</p> | <p>Identify developers and determine interest in capacity development</p> | <p>Development support</p> |

| | | | | |
|---|-----------------------|------------------------|--|--|
| 2.2.4 Explore developing a system to track non-LIHTC developments with a special populations leasing preference | DHCD | | Internal DHCD ASNH and HSNH teams will work with policy team to determine feasibility of creating a process | If determined feasible, begin tracking non-LHITC developments |
| Strategy 2.3: Expand PSH through Investment of DBHDS funds in capital subsidies | | | | |
| Action | Lead Agency(s) | Others Involved | CY22 Goal | CY23 Goal |
| 2.3.1 Examine the use of the DBHDS Trust Fund for investment in PSH should funds become available | DBHDS | | If legislation is approved in the 2022 GA, develop strategies for housing investment should funds become available. | If approved, implement selected strategies |
| 2.3.2 Invest DBHDS funds in housing development activities | DBHDS DHCD | | Fund at least one project through DHCD's pre-development competition Identify at least one community where DBHDS funding can be leveraged with other funds to develop PSH | Continue to make investments, if possible Assess the outcomes and modify strategies |

Strategy 2.4: Strategies to Collaborate with Local Communities to expand PSH

| Action | Lead Agency(s) | Others Involved | CY20 Goal | CY21 Goal |
|--|----------------|-------------------------------------|--|--|
| <p>2.4.1 Collaborate with Northern Virginia stakeholders to implement ARPA funding to launch a Supportive Housing Institute in Northern VA</p> | <p>DBHDS</p> | <p>VH DHCD DMAS DVS</p> | <p>Plan and conduct the Institute</p> <p>Identify development and services activities to be supported by ARPA funds</p> <p>At least 4 teams (developer, property management, and services) will complete the Spring 2022 Institute.</p> <p>Evaluate outcomes</p> | <p>2-4 projects secure development funding</p> <p>Based on outcomes, modify approach and consider replicating in other communities</p> |

Goal #3 - Increase Rental Assistance to make Units Affordable

Strategy 3.1: Expand PSH through the DBHDS PSH SMI Program

FY23 – 150 household expansion (funds dependent on final budget)

| Action | Lead Agency(s) | Others Involved | CY22 Goal | CY23 Goal |
|---|-----------------------|------------------------|---|--|
| <p>3.1.1 Expand the PSH-SMI program and improve fidelity and outcomes</p> | <p>DBHDS</p> | | <p>Request additional funds through budget development.</p> <p>Allocate and administer funds</p> <p>Complete PSH training and technical assistance initiative. Use results to improve racial equity in access, outcomes, and services.</p> <p>Increase PSH referrals from state hospitals</p> | <p>Request additional funds through budget development.</p> <p>Allocate and administer funds</p> <p>Complete PSH training and technical assistance initiative. Use results to improve racial equity in access, outcomes, and services.</p> <p>Increase PSH referrals from state hospitals and local/regional jails</p> |

| Strategy 3.2 Identify available rental assistance option and gaps to meet need statewide | | | | |
|---|------------|--------------------------------------|---|--|
| 3.2.1 Document rental assistance resources available in Virginia and barriers to accessing resource | DHCD VH | DBHDS DMAS DVS | Document existing resources and known barriers | |
| 3.2.2 Review best practices and federal policy goals to determine opportunities to leverage federally funded vouchers | DHCD VH | DBHDS DMAS DVS Stakeholders | Review best practices and develop primer Determine opportunities to align state priority populations with existing federally funded vouchers | |
| 3.2.3 Develop outreach plan to leverage federally funded vouchers | DHCD VH | DBHDS VH DMAS DVS | Build outreach plan around best practices and identified opportunities Conduct outreach | Determine ongoing outreach needs Conduct ongoing outreach |

Goal #4 - Increase PSH through Preferential Access to Existing Affordable Housing Programs

Strategy 4.1: Expand PSH through access to public housing agency resources

| Action | Lead Agency(s) | Others Involved | CY22 Goal | CY23 Goal |
|--|-----------------------|-------------------------------------|---|------------------|
| 4.1.1 Work with VAHCDO to develop a plan for how public housing authorities can assist in meeting state goals of expanding PSH | DHCD VH | DBHDS DMAS DVS DARS DSS | Create a plan with implementation time frames | Implement plan |

Goal #5 - Strategies to Enhancing System Capacity to deliver PSH

Strategy 5.1: Utilize data to inform implementation plans

| Action | Lead Agency(s) | Others Involved | CY22 Goal | CY23 Goal |
|--|-----------------------------|------------------------|---------------------|------------------|
| 5.1.1 Identify data needs (including but not limited to program evaluation and documentation of program success and cost avoidance), how information will be collected, shared, reported | DBHDS DMAS DHCD VH | DARS | Finalize data plan. | |

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|--|--------------------------------|-------------------|--|---|
| <p>5.1.2 Examine trends in homelessness for individuals with SMI to measure use of multiple systems and develop data-driven strategies to reduce the number of individuals with SMI identified in the Homeless Point in Time (PIT) Count</p> | <p>DHCD DBHDS DMAS</p> | <p>VH DVS</p> | <p>Create data sharing agreement linking HDIP, Medicaid and DBHDS data to examine inflow, housing outcomes, and returns to homelessness for individuals with SMI in HMIS.</p> <p>Data sharing agreement executed including DHCD/HDIP, DMAS, DBHDS</p> <p>Utilize HDIP data on addressing the needs of individuals experiencing homelessness with SMI</p> <p>DBHDS will secure technical assistance to support PATH providers.</p> <p>Develop a scope and methodology to examine inflow, housing outcomes, and returns to homelessness for individuals with SMI in HMIS. (Consider piloting in a couple of communities)</p> | <p>ILT release data in GA annual report</p> |
|--|--------------------------------|-------------------|--|---|

Strategy 5.2: Enhance PSH housing development capacity

| Action | Lead Agency(s) | Others Involved | CY22 Goal | CY23 Goal |
|---|---------------------|-----------------|--|--------------------------------------|
| 5.2.1 Assess the need for additional capacity within CSBs, nonprofit mission-driven developers and other organizations to develop PSH | DBHDS | DMAS | Determine scope of capacity building effort and funding to support | Implement capacity building strategy |
| 5.2.1a Explore strategies to address the need identified in 5.4.1 | DHCD VH | DVS | Support CSBs to participate in the PSH Capacity- building Initiative with TAC. | |
| 5.2.2 Identify funds for needs assessment and strategy development and implement as soon as possible. | DBHDS DHCD VH | DMAS DVS | Identify funding source(s) | |

Strategy 5.3: PSH Steering Committee continues PSH alignment with related activities

| Action | Lead Agency(s) | Others Involved | CY22 Goal | CY23 Goal |
|--|----------------|---|-------------------------|--|
| <p>5.3.1 PSH Steering Committee continue to meet regularly to ensure plan is implemented on schedule</p> | <p>DHCD</p> | <p>VH DBHDS DMAS DARS VDH</p> | <p>Monthly meetings</p> | <p>Monthly meetings</p> |
| <p>5.3.2 PSH Steering Committee reviews how plans and projects address racial equity as well as other historically marginalized populations in decision-making, process development, and action planning</p> | <p>DHCD</p> | <p>VH DBHDS DMAS DARS VDH</p> | | <p>Analyze group composition and approaches to decision-making</p> <p>Determine opportunities to advance racial equity as well as other historically marginalized populations and begin implementing</p> |

| | | | | |
|--|-------------|---|---|---|
| <p>5.3.3 PSH Steering Committee obtains input on related activities that align with needs identified by stakeholder groups including Governor's Coordinating Council, SMI Strategy Group, Integrated Housing Advisory Council (IHAC), Inter-agency Leadership Team (ILT), Health and Housing Initiative (HHI), and other relevant groups</p> | <p>DHCD</p> | <p>VH DBHDS DMAS DARS VDH</p> | <p>Document activities occurring across groups</p> | <p>Document activities occurring across groups Obtain input on priorities Begin Coordination between committees</p> |
| <p>5.3.4 PSH Steering Committee to continue to include state agencies as appropriate</p> | <p>DHCD</p> | <p>VH DBHDS DMAS DARS VDH</p> | <p>PSH Steering Committee expanded as appropriate</p> | <p>PSH Steering Committee expanded as appropriate</p> |

Acronyms

SH = DMAS Supportive Housing benefit

PSH = permanent supportive housing

LIHTC = Low Income Housing Tax Credit program

SE = DMAS Supported Employment benefit

MH = mental health

VBH = behavioral health

TCM = target case management

MHSS = mental health skill building

CC = care coordinators (DMAS)

HH = Health Homes

Appendix B PSH Steering Committee

| State Agency |
|---|
| Virginia Department of Housing and Community Development (DHCD) |
| Virginia Housing (VH) |
| Virginia Department of Behavioral Health and Developmental Services (DBHDS) |
| Virginia Department of Medical Assistance Services (DMAS) |
| Virginia Department for Aging and Rehabilitative Services (DARS) |
| Virginia Department of Health (VDH) |
| Virginia Department of Social Services (DSS) |
| Virginia Department of Veterans Services (DVS) |

Appendix C Governor's Coordinating Council on Homelessness and Housing Vulnerable Populations - Committee Relationship Graphic

