



# Novogradac Journal of Tax Credits

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## Debt-Free Model Puts Ohio Homeless First

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**W**hen the 66-unit, \$11.5 million Emerald Alliance VIII development breaks ground in Cleveland in fall 2014, the Cuyahoga County Housing First Initiative (Housing First) will be one step closer to its goal of building 1,271 units of permanent supportive housing for the county's chronically homeless — defined as disabled individuals who have been continuously homeless for more than a year or homeless four times or more in three years. Housing First partners say that for the daily cost of \$39 per resident, the initiative's debt-free model has helped reduce chronic homelessness in Cuyahoga County by 65 percent since the program's first property opened in 2006.

Other Housing First developments in Cleveland include Emerald Commons, one of the city's first newly constructed permanent supportive housing developments; Greenbridge Commons, which helped revitalize the

Euclid Corridor between downtown and the medical district; and Winton on Lorain, an adaptive reuse of a historic commercial building.

### The Housing First Model

Based on models used in New York City and Chicago, Cuyahoga County's Housing First plan was developed in 2001 by a working group with representatives from Enterprise Community Partners, the Sisters of Charity Foundation of Cleveland, the Cleveland Housing Network, Emerald Development & Economic Network (EDEN) Inc., Cleveland-Cuyahoga County Office of Homeless Services and the city of Cleveland's community development department.

Housing First partners say their model is simple, but effective: End chronic homelessness by providing individuals with permanent housing first, and then

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*Photo: Courtesy of Scott Pease Photography*

**Edgewood Park offers 63 units of permanent supportive housing in Cleveland under the Cuyahoga County Housing First Initiative.**





*Photo: Courtesy of Scott Pease Photography*

**The 52-unit, \$8.6 million Emerald Commons development in Cleveland was fully leased within two months of opening in January 2007.**

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with any supportive services they may need afterward. Providing housing first is crucial because people need security and stability before they can address any other personal challenges, said Eric Morse, chief operating officer (COO) of Housing First's lead service provider, FrontLine Service.

Elaine Gimmel, EDEN Inc.'s COO, said Housing First's success is evident from its track record. Its portfolio of more than 575 supportive housing units consistently maintains occupancy levels between 95 and 100 percent, and only 2 percent of the program's residents return to homelessness.

All Housing First units are fully furnished and subsidized, with residents paying no more than 30 percent of their income for rent and those without income paying nothing at all. However, Morse said FrontLine works quickly to help those without income secure food stamps, Social Security, employment and other resources. Housing First clients arrive with an average monthly income of \$294, but job training and placement programs have increased the resident average income by 36 percent and the employment rate by 15 percent. "We're really focused on the belief that people have their own ideas of what they want in life and all they need is someone to help them achieve those goals," said Morse.

Others agreed. "As a faith-based organization, the Sisters of Charity Foundation is focused on serving the most vulnerable citizens and on giving people dignity. What better dignity is there than to give someone a home?" said Leslie Strnisha, senior program director at the Sisters of Charity Foundation.

To provide services, FrontLine places independently licensed clinicians and case workers at each property. Alcohol and drug addiction counselors, supportive employment workers and life skill workers are also available on-site. Other service providers include the AIDS Task Force of Greater Cleveland, Care Alliance, Connections Inc., the Famicos Foundation and the Louis Stokes Cleveland Veterans Affairs Medical Center.

Unlike other supportive housing programs, Housing First doesn't require tenant sobriety or program participation. About 78 percent of Housing First residents have severe and persistent mental illness, 50 percent have chronic physical health issues and 36 percent have severe alcohol or other drug dependency issues. "A large part of the population we serve is addicted, so why exclude them? We focus on harm reduction and personal choice," said Morse. Still, he said nearly 100 percent of residents are involved in at least one of the programs offered.

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Another characteristic of the Housing First model is that potential residents are selected primarily based on need. “Housing First targets the most vulnerable and hardest to house,” said Jenny Eppich, senior program director at Enterprise Community Partners. She said selection factors include length of homelessness; housing vulnerability factors, such as disabilities or addictions; and frequency using public systems, such as the emergency room, jails or inpatient psychiatric clinics. To help residents address their personal needs, Eppich said Housing First recently formed a partnership with Care Alliance Health Center, a medical and dental services provider for Cleveland’s homeless and low-income individuals. Care Alliance will build a mobile health clinic this year that will service Housing First developments and other locations.

### Financing Housing First Developments

Housing First has leveraged \$70 million for housing developments to date, with the low-income housing tax credit (LIHTC) as the primary funding tool for seven of its eight properties. “It’s safe to say that without the 9 percent credit, we wouldn’t have the Housing First Initiative,” said Kate Monter Durban, Cleveland Housing Network’s assistant director. She said Housing First partners helped successfully lobby for the Ohio Housing Finance Agency to create a set-aside pool for permanent supportive housing beginning with its 2005 qualified allocation plan for the federal LIHTC.

“We have a no-debt model, so we have to work very hard to attract subsidy capital,” said Monter Durban. She said the city of Cleveland and the county often contribute HOME funds to Housing First developments. Other contributors include the Federal Home Loan Bank of Cincinnati, the Ohio Development Services Agency and the state department of mental health.

With the program’s reliance on government resources, such as the U.S. Department of Housing and Urban Development (HUD), Housing First partners must prepare for the potential effects of sequestration on their operations and the number of project-based vouchers they will receive. Gimmel said, “HUD dollars are decreasing; Housing First is trying to think and plan thoughtfully as we go forward to evaluate what dollars can be reallocated and if other sources can supplement operations and services so we can continue to develop projects.”

Eppich said a large part of the plan is to continue building the relationships that made Housing First successful in the first place. “[Housing First] is a solution to chronic homelessness,” she said. “Our job is to move these projects forward, to continue bringing more folks under the tent and to bring more resources into the fold so we can end chronic homelessness in Cuyahoga County.” ◆

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