2016 LIHTC Policies Promoting Supportive Housing

&

Recommendations for 2017- 2018

Acknowledgements

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About CSH

CSH transforms how communities use housing solutions to improve the lives of the most vulnerable people. We offer capital, expertise, information and innovation that allow our partners to use supportive housing to achieve stability, strength and success for the people in most need. CSH blends over 25 years of experience and dedication with a practical and entrepreneurial spirit. CSH is an industry leader with national influence and deep connections in a growing number of local communities. Visit csh.org to learn how CSH has and can make a difference where you live.

Inquiries

If interested in learning more about supportive housing, please visit csh.org for additional online resources and materials, including information regarding the communities in which we currently work. For inquiries about this report, please contact CSH at info@csh.org.

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2016 LIHTC Policies Promoting Supportive Housing

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EXECUTIVE SUMMARY

CSH is pleased to present *"2016 LIHTC Policies Promoting Supportive Housing & Recommendations for 2017 & 2018,"* available for free download at csh.org.

This new report builds on our assessment of 2015 Qualified Allocation Plan (QAP) policies and examines the strategies Housing Credit agencies adopted to foster and encourage supportive housing development within QAPs for the Low Income Housing Tax Credit (Housing Credit), highlighting significant changes made within QAPs. CSH examined 56 QAPs for this report.

Supportive housing ï combining affordable housing with services to help people who face complex challenges live with stability, autonomy and dignity ï is a proven, cost-effective way to end homelessness. By providing people who are chronically homeless or have other special needs with a way out of expensive emergency public services and back into their own homes and communities, supportive housing not only improves the lives of its residents but also generates significant public savings. Communities across the country have identified expanding availability of supportive housing as critical to their efforts to end homelessness. This report represents one element of CSHôs ongoing efforts to analyze and share information regarding the role of federal Housing Credits in financing supportive housing development.

In this report, CSH identifies a variety of innovative Housing Credit policy approaches to supportive housing, including examples in each of the following categories:

- **Threshold requirements** under which Housing Credit agencies obligate all developments to meet minimum standards. Two types of threshold requirements relate to supportive housing projects. First, some Housing Credit agencies have a threshold requirement that all projects dedicate a specific percentage of units for permanent supportive housing. Second, other Housing Credit agencies have general threshold requirements that obligate developers to include features such as units dedicated for households at or below 30% area median income or submission of a service plan. Supportive housing projects usually include these elements.

- **Credit set-asides** under which Housing Credit agencies allocate a certain portion of available Housing Credits during the year to supportive housing developments.

- **Scoring incentives** under which Housing Credit agencies encourage supportive housing development, either for targeting vulnerable populations, providing services, or a combination of the two, through awarding points in the competitive scoring process. Also, in this category, Housing Credit agencies may award additional credits or ôbasis boostô for developments that meet certain policy objectives.

- **Commitment of Housing Credit agency resources** is an umbrella category, new to the report last year, which covers a variety of strategies wherein permanent supportive housing gets early, or greater, access to limited agency resources.

- **Prioritizing and defining supportive housing** CSH defines quality supportive housing in our ñDimensions of Qualityò report, and offers a variety of other tools to supportive housing

developers and others to ensure that they are providing low-barrier housing with robust services that are tenant-centered. HFAs prioritize their funding in a variety of ways that relate to supportive housing, sometimes without using supportive housing terminology. We evaluate QAPs based on their prioritization of supportive housing or special needs populations, use of an appropriate definition of supportive housing, and offer suggestions for incorporating supportive housing best practices into Housing Credit funded developments.

Changes in these approaches since the publication of the 2015 assessment are identified within this report. Many Housing Credit agencies use two year QAPs that cover both 2015 and 2016. We found that:

- All states and territories (54 QAPs, up from 52 last year) now have some form of incentive for supportive housing.

- Fifty-two credit agencies provide general scoring incentives encouraging supportive housing, special needs housing, and/or housing for people with disabilities, the same as in 2015.

- Seventeen Housing Credit agencies promote supportive housing with set-asides of credit authority, the same number as in 2015. **Idaho** added a $570,000 set-aside. **Iowa** added an $80,000 set-aside. **Nevada** eliminated their $1 million veteransô supportive housing set-aside. **Mississippi** eliminated a $500,000 set-aside that could have been used for elderly, disabled, or veteransô projects.

- Nine Housing Credit agencies have a threshold requirement of dedicating 5% or more of units for persons with special needs, persons with disabilities, or incomes below 20% AMI. (Alaska, Delaware, Indiana, Iowa, Massachusetts, North Carolina, Nevada, Pennsylvania, and Washington, DC). While many QAPs mention a 5% threshold of accessible units serving people with disabilities, this is a federal mandate related to the Americans with Disabilities Act and the units created are not necessarily supportive housing units.

- At least eleven Housing Credit allocation plans promote policies to leverage and maximize rental subsidies, including the Section 811 Project Rental Assistance Program. Pennsylvania and Mississippi are two states that provide incentives for developers to capitalize rental subsidy reserves held by the housing project.

- Twenty states establish incentives or thresholds for developments serving households with incomes at or below 30% AMI. While establishing lower income limits is not sufficient by itself to meet the definition of supportive housing, it is encouraging when the state policies recognize the great need for affordability at these lower income levels, specifically incomes below 20% and 15% AMI.

- Thirty-one Housing Credit agencies provide early or additional access to agency resources to supportive housing projects in their QAPs. New York offers notable new resources for supportive housing as part of a coordinated statewide plan.

- Forty QAPs define supportive housing appropriately and 35 QAPs identify a selection priority, not necessarily tied to specific incentives, for supportive housing or special needs populations that go beyond the federal requirement to consider special needs populations.

- As federal attention shifts from ending veteran homelessness to ending family homelessness, a number of states are winding down veteran-focused priorities. However, conversations are ongoing about how to appropriately target supportive housing resources to families. Alabama, New Jersey and New Mexico award points for developments serving homeless families. HFAs and developers benefit by educating themselves about family supportive housing best practices to effectively utilize LIHTC to develop systems to end family homelessness. CSH provides resources on this topic at: http://www.csh.org/childwelfaresupportivehousingresourcecenter.

  In addition, The CSH One Roof Campaign seeks to expand efforts to engage communities in strengthening supports for high risk vulnerable families. 1RoofFamilies.org

In addition to highlighting the changes in current housing credit allocation plans, this report provides recommendations for 2017 and 2018 to advance policies to create quality supportive housing developments and to highlight potential resources ï capital, operating and services ï to assure that quality supportive housing is created and sustained.

CSH urges readers to use this report to promote policies that dedicate financial resources to the development of supportive housing. We trust the report will serve as a useful resource for those seeking to ensure that the Housing Credit program effectively addresses the needs of the communities served. We welcome the opportunity to work with you and your community to adopt Housing Credit policies that will promote the creation of quality supportive housing.

An Important Notation for 2017: The potential for corporate tax rate changes under the new administration has impacted investment rates for affordable and supportive housing developments financed with Housing Tax Credits. Housing Credit agencies are exploring a range of strategies – basis boosts and increased allocations, extensions to timelines for project closings, and awards of flexible capital to fill gaps – in order to keep 2016 and future Housing Credit developments viable. Looking forward, expansion of creative QAP policies that promote and incentivize quality supportive housing development will be essential to overcome and offset the changes in the investment markets that impact supportive housing developments directly.

INTRODUCTION

The Low Income Housing Tax Credit (Housing Credit) is one of the most important and successful federal housing programs in existence, responsible for the development of over two million affordable homes for low-income families, seniors, and special needs populations since its enactment in 1986. Among the programôs signature strengths is its administration by Housing Credit agencies of policies included in their Qualified Allocation Plan (QAP).

The QAP is a statutorily mandated plan adopted by each Housing Credit agency that establishes the criteria and preferences for allocating Housing Credits during the year. Federal regulations require QAPs to give preference to developments serving the lowest income tenants, with the longest periods of affordability, and located in qualified census tracts that contribute to a concerted community revitalization plan.

Agencies have authority to establish other QAP selection criteria including development location, housing needs of a local community, development and sponsor characteristics, for tenant populations with special housing needs, and tenant populations with children and public housing waiting lists. Housing Credit agencies can promote policy objectives in a variety of ways using the QAP. The most common methods are through threshold requirements, set-asides and scoring.

As of this writing, virtually every Housing Credit agency fosters some form of supportive housing development through its Housing Credit program. Seventeen jurisdictions (Alabama, Alaska, California, Connecticut, the District of Columbia, Idaho, Indiana, Iowa, Kentucky, Maryland, Massachusetts, Minnesota, Mississippi, Nevada, New York, North Carolina, and Ohio) implemented notable new policies or substantially revised policies (both positively and negatively) related to supportive housing development, since the comprehensive analysis of state policies last year.

For purposes of this report, ñsupportive housingò refers to permanent housing with attached intensive services targeted to populations with special needs who otherwise struggle to retain stable housing. Special needs populations may include people who are currently or formerly homeless; people with serious, chronic mental health issues; people affected by substance use; people with HIV/AIDS; people with physical or developmental disabilities; ex-offenders; frail elderly; homeless or emancipated youth; victims of domestic violence and other groups that would not be able to live independently and maintain housing without intensive support. Supportive housing households typically include individuals and families with significant histories of homelessness or other long-term health or social issues. Supportive housing populations typically have incomes below 30% of area median income, and often much lower. Supportive housing is most effective when it features a close coordination of property management activities with the supportive services, which can be delivered through a combination of on-site services and linkages to available community services.

The policies described in this report are designed to enhance the connection between affordable housing development and appropriate supportive services, thereby helping low-income residents maintain independent living, achieve greater social and economic self-sufficiency, and improve

their quality of life. The report also offers some suggestions for addressing common challenges related to services and operating funding. CSH hopes by drawing attention to strong Housing Credit agency practices related to supportive housing quality will lead to the continued strengthening of Housing Credit allocation plans to meet local needs.

METHODOLOGY

In 30 years of allocating the Housing Credit, the authorized housing agencies have designed and implemented an array of innovative QAP policies to advance permanent supportive housing. The primary research for this report involved a comprehensive review of each Housing Credit agencyôs 2016 QAP to identify policies specifically encouraging supportive housing.[1] In the course of this review, several relevant policies were identified as universal or nearly universal:

- Statutory requirements to consider special needs populations in allocating the Housing Credits
- Statutory priorities for serving the lowest income tenants
- Market study requirements to document need for targeted populations
- Incentives for development proximity to community services
- Incentives for development amenities such as common space

Although there is variation in the degree to which QAPs emphasize such policies, this report focuses on policies that go beyond these criteria and employ approaches that specifically promote supportive housing.

One goal of this research is to identify changes in supportive housing policies among the Housing Credit agencies. Following an analysis of all available documents, CSH compiled a summary chart of relevant Housing Credit agency policies and definitions that begins on page 17.

This report does not quantify the relative weight of any particular policy in the scope of overall agency scoring ï a substantially similar policy provision in several QAP plans may have significantly different weighting in each plan. The intricacy of QAP scoring criteria, the selection procedures and the broad discretion in decision making under the Housing Credit program makes such quantification difficult. Policies that are on the surface appear unrelated to supportive housing, may have substantial effects on supportive housing projects, are likewise hard to quantify but may be worthy of further consideration. Examples include requirements related to local political support for the project, location in areas of opportunity, and cost caps.

In addition, this report does not attempt to measure the extent to which the highlighted policies generated supportive housing developments using the Housing Credit. While such an outcome analysis is beyond the scope of this report, it is an area for further research and a priority of CSH to develop a model template that agencies can use to convey this information in a concise

[1] Nearly all QAPs are available on Housing Credit agency websites. See page 22 of this report for links to all Housing Credit agency websites, and for additional program information see the website of the National Council of State Housing Agencies at www.ncsha.org.

manner. The goal is a mechanism that would make it easier to measure the development impact of QAP policies using common metrics for each housing credit agency, including the target populations and categories where points are awarded, and then make such information available when the results of Housing Credit competitions are published. Another benefit could be the facilitation of standardized definitions of supportive housing across many of the state QAP documents. CSH also is hoping to compare data on the need in every state to the supportive housing generated by the Housing Credit. In 2017 and 2018, CSH will prioritize the development of a template to help guide agencies to accomplish the aforementioned reporting and analysis.

RESULTS

This Results section includes highlights and emerging policy trends represented in the Housing Credit QAPs. This section also provides several recommendations for thinking ahead to the 2017 and 201 that could strengthen further Housing Credit Agenciesô efforts to create quality supportive housing.

2016 QAP POLICY CHANGE HIGHLIGHTS

QAP policies underwent a number of changes in 2016 that will impact the funding and structure of tax credit developments across the country. In states listed below, Housing Credit Agencies implemented new or significantly changed their policies in 2016, specifically as they relate to supportive housing developments. A number of these changes will increase access to Housing Credits by supportive housing developments, while others will diminish the prioritization of the housing credit resources to support special needs populations. We believe that some of these changes were driven by developer concerns regarding their inability to meet the standards, while others reflect the general increase in demand for affordable housing across the country.

Threshold Requirements:

- Indiana included a mandate that all developments include 10% units for special needs. In order to better address the accessibility needs of persons with disabilities and the elderly, Indiana also made inclusion of various Universal Design[2] features mandatory.
- Massachusetts implemented a threshold requirement of providing supportive services, in lieu of incentivizing services through points. In addition, services are described as attached to tenants rather than units.

Credit Set-asides:

- Idaho established a 15% set-aside of its housing credits for supportive housing in the Boise area, and specified that points for serving households with disabilities had to be accomplished through supportive housing.
- Indiana set aside 10% of its housing credits for supportive housing for developments that are 100% supportive housing. This change increased the percentage of supportive housing units from 25% to 100%. Developments seeking awards under this set-aside are required to document training on supportive housing through CSHôs Supportive Housing Institute. In addition to the set-aside, new points (in Indiana) are offered for developments integrating supportive housing of up to 25% of the units.
- Iowa has a 10% set-aside of its housing credits for a Homeless Housing Demonstration. It also broadened points for veteran projects to include other rental assistance, changed point values for unit accessibility, and added points and a basis boost (higher award of housing credits) for deep affordability.

[2] Accessible, adaptable, and universal are terms now used to refer to housing or features in housing intended for use by people with disabilities and others. Each has different meanings and purposes. The differences are subtle but important. They are frequently used interchangeable and often are misunderstood. For clarification, consult the website for the Center for Universal Design: https://www.ncsu.edu/ncsu/design/cud/

- Mississippi eliminated a set-aside of 7% of credits for supportive housing, but added points for providing a private owner-funded rental subsidy for 10% of the units targeted to an Olmstead eligible population.
- Nevada eliminated its Veterans set-aside.

Scoring Incentives:

- Alabama added points for dedicating at least 5% of units to homeless or disabled households.
- Alaska replaced points for a veterans' preference with points for offering a job training program.
- California eliminated points for single room occupancy (SRO) or special needs projects, and reduced the number of points for providing services.
- Connecticut removed points for veterans and added points for family supportive housing.
- DC added points for providing supportive housing or targeted affordable housing beyond the 5% threshold requirement.
- Kentucky reduced the number of points available for offering services, and specified a lower cap on units targeted at Olmstead or Money Follows the Person participants.
- Maryland reduced the number of points available for projects dedicating units to people with disabilities or special needs. They also expanded the eligible uses of the basis boost beyond serving special needs households.
- Minnesota offered a number of additional point incentives related to supportive housing, including points for Universal Design, SRO projects, special populations, and ELI households.
- North Carolina eliminated points related to serving extremely low income (ELI) households, but implemented a basis boost for two local programs that create ELI housing.
- Ohio changed the point structure within their supportive housing set-aside, adding points for leverage and minimizing points for innovation.

Commitment of Other Resources

- New York is in the process of securing commitments of over $2 billion in local resources for 20,000 new units of supportive housing, much of which will be leveraged with LIHTC.

RECOMMENDATIONS FOR 2017 & 2018

In a continuing effort to advance supportive housing that meets the needs of highly vulnerable populations, Housing Credit Agencies would benefit from incorporating additional policies in their Housing Credit QAP that 1) improve the *quality of supportive housing* created and 2) *leverage resource*s to fund service costs to strengthen financial feasibility of supportive housing developments for high need residents.

Improving Quality Supportive Housing

- Defining Supportive Housing

Supportive housing effectively links elements of development, management, and services to address the needs of vulnerable populations; those who are costing the most to the public systems. A clear understanding of what supportive housing is will be absolutely essential to addressing issues of quality, and build the evidence to attract new resources. One potential definition adopted by CSH and others is:

> ñSupportive housing combines and links permanent, affordable housing with flexible, voluntary support services designed to help the tenants stay housed and build the necessary skills to live as independently as possible.ò[3]

Forty of the 2016 QAPs include a definition of supportive housing, either explicitly or by inference. While this is a large majority, 100% of the states and jurisdictions would benefit by clearly defining supportive housing; and recognizing it as an evidence best practice for serving high-need homeless households.[4]

There are a number of housing credit agencies that may avoid defining supportive housing due concern that a single definition would conflict with ongoing policies and housing credit allocations to support transitional housing for vulnerable populations. While transitional housing (time limited housing with services) can be funded by both the Housing Credits and Continuum of Care (CoC) programs, HUD has for several years strongly encouraged communities, including HFAs, to consider whether permanent supportive housing would be a more effective strategy for vulnerable populations. CSH and the National Alliance to End Homelessness published ñTransitional Housing Conversion: A Building Ownerôs Toolkit[5]ò to help housing agencies convert LIHTC funded transitional housing to permanent housing.

- Assessing Quality in Supportive Housing

Over its 20-year history, CSH has worked to promote and build capacity of supportive housing industry throughout the country at the highest levels of quality. CSHôs ***Dimensions of Quality Supportive Housing***[6] publication is a comprehensive set of resources describing quality supportive housing across four components: project design and administration, property and housing management, supportive services, and connections to the community. Each of the following attributes has an important role to play in ensuring quality supportive housing:

- **Tenant-Centered**ð Every aspect of housing focuses on meeting tenantsô needs
- **Accessible**ð Tenants of all backgrounds and abilities enter housing quickly and easily
- **Coordinated**ð All supportive housing partners work to achieve shared goals
- **Integrated**ð Housing provides tenants with choices and community connections

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[3] csh.org

[4] http://store.samhsa.gov/product/Permanent-Supportive-Housing-Evidence-Based-Practices-EBP-KIT/SMA10-4510

[5] http://www.endhomelessness.org/page/-/files/2016-06-18_NAEH_BuildingOwnersToolkit.pdf

[6] http://www.csh.org/qualitytoolkit

- **Sustainable**ð Housing operates successfully for the long term

In conjunction with the Dimensions of Quality, CSH created a ***Quality Supportive Housing Certification***.[7]

The enforcement mechanisms built into the Housing Credit program can effectively support this effort to improve quality in supportive housing. Based on a rigorous and competitive review process the QAP policies prioritize developers who bring a record of quality projects. Taking this further, the DOQ offers a valuable set of national standards that can be added to the required Housing Credit compliance monitoring by housing credit agencies and investors. While, some housing credit agencies and investors are cautious when asked to track and assess services for residents in supportive housing following housing credit awards, several paths have been successful 1) building partnerships with peer agencies experienced in service provision 2) relying on external evaluation or 3) building capacity internally.

- Services to Meet Resident Needs

The definition of supportive housing does not indicate a specific population, or a specific set of challenges, or even homeless status. The field continues to move away from specific service packages at a property in favor of alliances with a number of providers to build a service package that is tailored to an individualôs needs. This movement provides the flexibility to adapt services for different populations, broadening the resident mix, and creating opportunity to modify services to meet resident needs over time. Studies show that resident service needs vary in intensity over time. CSHôs ***Moving On*** work [8] documents after building independent living skills, people have been able to successfully transition from supportive housing to affordable housing with very few or no services. Moving On reinforces tenant independence and choice by enabling residents who are capable and interested in doing so to leave supportive housing. The challenges of being a capital funder having to predict the service needs of an unknown cohort are very real. However, ideally supportive housing is being targeted at households who would have difficulty remaining housed without services, so it is in the best interest of investors to make sure that high quality services are available when residents need them.

Leveraging Resources

- Coordinated Funding

Supportive housing development relies on three streams of funding - capital, operating assistance, and services. Clearly, QAPs deal exclusively with capital funding, and have less control over the availability or quality of the other components. As highlighted in this report there are many creative mechanisms for HFAs to leverage the housing create resources to support services in supportive housing.

The chart on page XX outlines the many creative structures deployed by HFAs. For example, both Maine and Pennsylvania incorporate threshold requirements that all awarded developments deliver and report on service coordination. Pennsylvania also uses the 30% credit boost to

[7] http://www.csh.org/certification

incentivize developers to create a financial reserve for operating subsidies and service funding. Delaware, District of Columbia and Nebraska (among others) offer points for developments that incorporate services in the development plan. Almost all of the housing credit agencies provide points for developments that bring operating or rent subsidies.

CSH continues to advocate that HFAs support and take on a convener role with other funders to create consolidated RFPs where capital, operating, and service funding can be pre-committed. Clearly the incentive points for developments that leverage operating subsidies and service funding in a supportive housing development are effective at getting developers to include those features in their projects. Increased integration of these resources at the initial funding stage creates greater efficiency and promotes higher quality supportive housing.

- Resource Opportunities

One of the major goals of the DOQ is to encourage the investment of adequate resources, especially from public systems, to support the industryôs capacity to grow quality affordable and supportive housing opportunities. Investors and investment opportunities can be brought to the table when data-driven, evidence based practices for which outcomes can be measured and public savings calculated can be demonstrated. CSH is working with more than 10 communities to develop ***Pay for Success*** programs, where impact investors pay upfront for a portion of the operating and services budgets of supportive housing, and are then repaid as public systems capture savings from reduced use of emergency systems. In order for Pay for Success to work, all partners must communicate and robust outcome tracking measures must be in place. By allocating capital resources with an emphasis on supportive housing quality HFAs can pave the way for social investment in supportive housing at a greater scale.

The recently enacted ***Housing Opportunity through Modernization Act***[9] contains language that may make it easier to create project-based voluntary service packages and give preference to households that qualify for those services; including disability-specific services. For example, housing for people with intellectual or developmental disabilities has generally been limited to group homes or institutional care where economies of scale to cover the expensive service and staffing costs can be achieved. (These models also provide access to other medical focused streams of funding.) The new bill may make it possible to create community-integrated settings that are able to fund the high level of services needed for people with certain disabilities to live independently.

Over the past several years progress has been made connecting *Medicaid Resources* as a potential source for service funding in supportive housing. CSH has created several training tools for states and providers interested in leveraging Medicaid including a Medicaid Crosswalk analysis of individual state policies, and an online Medicaid Academy.[10] While Medicaid can be a promising resource for coverage of certain tenancy supports services[11], a major underwriting

[9] https://www.federalregister.gov/documents/2016/10/24/2016-25147/housing-opportunity-through-modernization-act-of-2016-initial-guidance
[10] https://csh.csod.com/LMS/LoDetails/DetailsLo.aspx?loid=b3767edc-bb44-4686-a507-f7651779e743#t=1
[11] https://www.medicaid.gov/federal-policy-guidance/downloads/cib-06-26-2015.pdf

challenge under the Housing Credit Program remains as tenant need, eligibility and coverage is not known at the time of housing credit award. Engagement and understanding between Housing Credit agencies and State Medicaid Office and managed care organizations can be constructive to identify structures and opportunities to leverage Medicaid in supportive housing.

The *National Housing Trust Fund (NHTF)* is a new federal funding source targeted at rental housing affordable to extremely low income households. Supportive housing is clearly a natural use of the funds, and the role of housing finance agencies administering both the Housing Credits and the NHTF creates an excellent opportunity to leverage the resources to create quality supportive housing.

The National Housing Trust Fund is a permanent program with dedicated source of funding based on business volume at Fannie Mae and Freddie Mac, not subject to the annual appropriations process. At least 90% of the funds must be used for the production, preservation, rehabilitation, or operation of rental housing and at least 75% of the funds for rental housing must benefit extremely low income households at or below 30% of area median income, and up to 25% can benefit very low income households. HUDôs interim regulation establishes increased requirements to target resources for the lowest income households when resources are limited. Importantly for supportive housing developers, up to one third of NHTF funds may be used for operating assistance, making this a valuable resource in stateôs efforts to coordinated funding to assure financially feasible developments that meet the needs of tenants.

A coordinated or consolidated RFP linking NHTF, Housing Credits, rent subsidies and service funding creates opportunities to incentivize stronger financially feasible developments. The state HFA, bringing capital resources, could be an effective organization to make direct partnerships with other statewide funders and drive more funding towards supportive or service enriched housing. NHTF dollars may not be used for services so links with other state agencies is still necessary.

The Housing Credit, as the nationôs largest source of capital for subsidized housing, continues to play a critical role in our nationôs efforts to end homelessness. Wide recognition of its far-reaching and positive social and economic impacts has

An Important Notation for 2017: The potential for corporate tax rate changes under the new administration has impacted investment rates for affordable and supportive housing developments financed with Housing Tax Credits. Housing Credit agencies are exploring a range of strategies – basis boosts and increased allocations, extensions to timelines for project closings, and awards of flexible capital to fill gaps – in order to keep 2016 and future Housing Credit developments viable. Looking forward, expansion of creative QAP policies that promote and incentivize quality supportive housing development will be essential to overcome and offset the changes in the investment markets that impact supportive housing developments directly.

spurred a bipartisan effort in Congress early in 2017, spearheaded by U.S. Senators Maria Cantwell and Orrin Hatch, to expand the Housing Credit by 50% and create a 50% basis boost for projects serving those with extremely low incomes (ELI) including people experiencing homelessness.

The Housing Credit can clearly be the linchpin in efforts to align and leverage new and existing capital, operating and service resources for affordable housing development.

As Housing Credit agencies increase and leverage the Housing Credit to fund supportive housing, there is also value in efforts to assess and understand the effectiveness of credit policies to promote supportive housing through the development and implementation of a template that Housing Credit agencies can use to measure and report the development impact of QAP policies using common metrics, including the target populations and categories where points are awarded.

SUMMARY OF 2016 QAP POLICIES AND FUNDING					
Housing Credit Agency	**Estimated Allocation by Population (min $2,690,000)**	**Threshold**	**Supportive Housing Set-Asides**	**Supportive Housing Focused Scoring Incentives**	**Other Resources**
Alabama	$11,418,601			1 point for serving 15% low income families with 3 BR units. 1 point for dedicating at least 5% of units to disabled.	
Alaska	$2,690,000	Projects with 20 or more units must set aside 5% of total units for a special needs population.		3 points for service enriched housing for tenants with physical and/or mental disabilities, or homeless persons. 8 points to projects that designate up to 50% of units to special needs populations. 1 point to projects that give preference to homeless families/individuals. 6 points to projects that operate a job-training program for low/moderate-income families during construction. 2 points to projects that give preference to veteran households.	30% basis boost to projects that serve Extremely Low Income households without rental assistance. Increased equity is used to cover rent affordability gap. All incentives are "beyond most restrictive funding source"
Arizona	$ 16,045,953		Set-aside for 60 units in 1-2 projects, with preference for veterans. "Rents shall be designated at 30% AMI and supported with Rental Assistance. "	5 points for serving special populations with 20%-25% of units; 15 points for specific documentation of supportive services.	
Arkansas	$6,998,779			3 points for supportive services 8 points for projects reserving at least 30% of tax credit units for disabled tenants. Universal design part of 10 points for amenities.	
California	$91,990,322		First Priority of non-profit set- aside is for projects with federal homeless funding (50% of units). State also offers a 4% set- aside of annual authority for special needs/SRO	Up to 10 points for supportive services	SHP funds exempt from "committed" requirement. 30% basis boost
Colorado	$ 12,822,949			Up to 15 points for up to 30% of units targeted to ELI, with services. 8 points to developments reserving at least 25% of units for the homeless.	5% developer fee increase earmarked for services if at least 15% of units dedicated to special needs populations.
Connecticut	$ 8,438,582			Up to 7 points for reserving up to 25% of units for households making 25% AMI. 1 point for reserving at least 2 units for family supportive housing. 6 points for projects that reserve 20% of units for general supportive housing. 2 points for projects that reserve 10%-20% of units for supportive housing.	Quality assurance monitoring added
Delaware	$2,690,000	5% of total units or 3 units must be set aside for special populations.		3 points for the provision of social services. 5 points for setting aside 10% or 6 units for special populations. Up to 5 points for making up to 20% of the units fully ADA accessible.	
District of Columbia	$2,690,000	5% of new construction units must be reserved for Permanent Supportive Housing		Up to 5 points for aspects of supportive services plan. Up to 5 points for weighted average AMI below 40% (incl. 30% and below units). Up to 10 points for 15% more PSH than threshold or 5% more Targeted Affordable Housing (long term subsidy for population that does not need services) AND 20% fully accessible.	Special needs projects not subject to debt service coverage minimums. Production Trust Fund • Local Rent Supplement Program • Housing Choice Voucher Program • Public Housing Revitalization Replacement Units • Department of Behavioral Health Grants • Department of Health Services Supportive
Florida	$47,637,489				Consolidated RFPs. 130% basis boost for projects serving homeless
Georgia	$24,004,921			2 points for new PBRA contract + 1 point if in a Stable Communities location.	
Hawaii	$3,364,267	Market to PHA waiting list/homeless services		2 points to developments that commit to serve tenant populations with special needs.	
Idaho	$3,889,086		15% set-aside for PSH for chronically homeless in Boise area.	1 points to developments that offer a preference to disabled. 2 points for SH.	
Illinois	$30,220,988			Up to 10 points for serving Olmstead-eligible people exiting nursing homes through the Statewide Referral Network. 6 points to developments that target more than 20% of units for extremely low-income (30% AMI or below). Up to 7 points for Universal Design. Up to 10 points for use of federal rental assistance. Up to 5 points for veteran 's supportive housing.	
Indiana	$15,556,248	All developments must set aside 10% of units for special populations. Must incorporate Universal Design. SH applicants must have participated in SH Institute & have TA MOU w/ CSH.	10% set-aside for Housing First Developments (100% of units).	5 points for <25% of units but more than 7 units as Integrates SH – separate from set-aside. Up to 8 points for providing services to PSH. 3 levels of intensity, must provide services in all levels to get competitive points. Maximum 6 points + 2 bonus points.	Made participation in recent supportive housing institutes mandatory for all SH/ integrated SH applicants. 30% basis boost to determine max basis but credit amt capped @ 20% boost. Allowed to use smaller standard for square footage.

Housing Credit Agency	Estimated Allocation by Population (min $2,690,000)	Threshold	Supportive Housing Set-Asides	Supportive Housing Focused Scoring Incentives	Other Resources
Iowa	$7,341,163	Must target 10% of units to people w/ disabilities (fully accessible) and demonstrate plan to serve @ ELI rent level. Services not required.	Homeless housing demonstration (10% of units).	Up to 14 points for making 30% additional units fully accessible for living & all others accessible for visiting + 5 points for family size accessible units. 1 point per 1% of units affordable to 30% AMI, 5 points maximum. Does not include units with federal vouchers. Up to 35 points for either 75% of units having PBRA, 25% of units having VASH, or 25% of units having local rental assistance. 3 points for every 1% of TDC provided by local government, 21 points maximum.	basis boost, per unit cost exception for 1 project homeless demonstration only. Any project can be required to accept Section 811. 15% basis boost for serving 30% AMI tenants in at least 10% of units
Kansas	$6,842,356			20 points to developments targeting 100 percent of units to tenants with special needs. Up to 35 points for up to 20% ELI households. 5 points for at least 1 unit of transitional housing.	
Kentucky	$10,398,966	Minimum universal design requirements.	$750,000 for Recovery Kentucky project in Somerset $500,000 for supportive housing (at least 50% of units) $720,000 for Newport HA project (forward commitment to 2017)	Up to 25 points for a preference for Olmstead (in IA, specified as serious mental illness leaving institution) eligible households in up to 15% of units (unassisted, 50% AMI). Up to 25 points for a preference for Olmstead or Money Follows the Person eligible households in up to 15% of ASSISTED units. Within SH pool, up to 15 points for funding committed to services plan.	
Louisiana	$10,976,201	Universal design.		5 points for 20% of units or 3 points for 10% of units for Special Needs Households (must have services). Up to 6 points for deeper affordability: 5%-10% of units at 20% AMI, PSH household. 5 points for 10%-15% of units serving non-PSH HH at 30% AMI. Up to 3 points for up to 15% accessible units.	SROs are exempt from cost limits.
Maine	$3,123,921	Resident Services Coordinator	$400,000 set-aside for a rental-assisted project with at least 75% of units dedicated to PSH populations. Housing stabilization services must not be funded from operating budget.	2 points to developments that give preference to persons who are homeless, have mental/developmental disabilities, or persons with special needs for at least 20% of units.	
Maryland	$14,115,042	PSH is one of the five allowed categories.		Up to 6 points to projects dedicating between 6% and 25% of units to people with disabilities or with special needs. Up to 14 points for projects dedicating units to households at or below 30% AMI. 1 point for universal design. Up to 8 points for additional supportive services. 4 points for accepting Section 811 Units or offering PBRA.	Basis boost expanded to more uses
Massachusetts	$15,966,892	Service plan, including evidence of services that tenants bring with them (i.e. MFP). 10% ELI units. Universal design.		8 points for up to 15% of units for persons with disabilities.	Consolidated RFP, higher per unit cap, rolling review, connect developers to project based rental assistance
Michigan	$23,318,054		25% of State's total credit ceiling will be set aside for PSH projects (which require 35% PSH tenants).	Within set-aside: 5 points to projects that that serve the chronically homeless. 5 points for supportive service funding commitment. 4 point for supportive housing projects that integrate a Housing First approach. 2 points for providing extra space for services 4 points for engaging Continuum of Care 2 points for being in a high need area Up to 9 points for developer experience 2 points for successful outcome track record Outside of set aside: 6 points for service coordinator	30% basis boost. PBVs available, minimum 5 per project.
Minnesota	$12,900,546	PSH is 2 of 7 allowed categories: SROs (75% of units); Persons with serious mental illness, etc.	100 points for reserving 5 to 10% of units for households experiencing long-term homelessness. (Points will be awarded until $1,975,000 is allocated, about 12.5% of total)	10 points for reserving at least 50% of units for SRO housing for households under 30% AMI 5 points for dedicating 10-25% of units to special populations (including services) 5-10 non-bonus points for serving 5-100% long term homeless 3 points for reserving 30% of units to 30% AMI 3 points for Universal Design or up to 5 points if it meets thresholds related to affordability or preservation	
Mississippi	$ 7,031,983	Must provide a minimum of two community services in at least two unrelated areas.	Eliminated set-aside	5 points for targeting 15% of units to 30% AMI or less 10 points for targeting 10-20% of units to Olmstead target population. 7 bonus points for additional 10% of units and rents limited to 30% AMI. Not compatible with private owner deeper income targeting below. 5 points for providing Private Owner funded rental assistance to at least 10% of units, to be rented to Olmstead target population (exiting institutions, chronically homeless, or homeless)	Basis boost. Higher developer fees allowed.
Missouri	$14,296,629		33% of Federal and State credits set aside for projects with 10-100% of building set aside for disabled, homeless, mental illness, youth aging out of foster care. Cannot specify a type of disability. Must include appropriate services. Units must be Universal Design compatible.		Applicants must put $1,000 per unit into Special Needs Housing Reserve Fund, which will be used to fund reserves for winning projects. 30% basis boost.

Housing Credit Agency	Estimated Allocation by Population (min $2,690,000)	Threshold	Supportive Housing Set-Asides	Supportive Housing Focused Scoring Incentives	Other Resources
Montana	$2,690,000			10 points for each 5% of units targeting special needs tenants, up to maximum 100 points	Exception to reserve requirements
Nebraska	$4,456,047		33% set aside for CRANE (job creation/enhancement, economic growth, joint housing and community development strategies) PSH is eligible use. Must be @ least 25% of units.	5 points for serving a minimum of 20% special needs 3 points to development with a services plan	All CRANE developments eligible for 15% Basis Boost. Rolling application review
Nevada	$6,793,486		Eliminated veterans set-aside.	6 points to developments based on the number of supportive services available. 1 pt for 10% targeted to veterans in any category. Applicants grouped by project type by geographic sub unit. Highest scoring get 10 pts, second highest 5, rest 0. For special needs, ranking based on time spent working on SH and # units.	
New Hampshire	$3,126,929	Service coordination		5 points for projects dedicating 10% of units to persons with disabilities under Olmstead settlement agreement Up to 10 points for dedicating up to 31 units in existing properties to Community Based Supported Housing for people with disabilities (doubled if they accept Section 811) 15 points for supportive housing projects serving homeless households (no minimum number of units listed)	
New Jersey	$21,051,331		12.5% of annual authority for projects with 10 units or 25% of units for special needs housing.	In Supportive Housing cycle: 5 points to developments that require social service plans, 2 points for providing education or job training, 2 points for dedicating 100% of the units to permanent supportive housing, 2 points for evidence of rental assistance funding commitments for all special needs units, 2 points for nonprofit sponsor, 2 points for integrated living opportunities, 5 points for exceeding the living standards of an SRO. In regular cycle: 3 points to projects that rent 5 units or 5% to homeless individuals or families. 2 points to projects that rent 5 units or 5% to individuals or families who are disabled and leaving institutions under the Olmstead Decision.	5% increase in developer fee for supportive housing cycle projects.
New Mexico	$4,900,006			15 points to developments with at least 20% of units for special needs households. 5 points to developments with at least 5% of units for special needs households (bond only) Up to 15 points for service enriched housing dedicated to seniors or families	30% basis boost
New York	$46,520,109		HPD: 30% of annual allocation set aside for PSH projects where 60% of units set-aside for homeless households referred by city agencies.	DHCR: 5 points for preference in tenant selection to 15% or more of units dedicated to special needs. Preference for veterans. 5 points for 10% of units fully accessible HFA: 15 points to developments with a significant amount of units serving tenant populations with special housing needs. HPD: 1. Up to 23 points for projects offering PSH for homeless households for 10% or more of units. 2. Up to 23 points for dedicating 35% or more of units for special needs populations.	New York City and State have committed $1.2 billion in resources, including LIHTC, to a major expansion of supportive housing called the NY/NY III Agreement
North Carolina	$ 23,600,585	10% of units for persons with disabilities or homeless populations.			Key program, basis boost/RPP loan (eligible in High Income county if at least 20% of units are affordable to 30% AMI).
North Dakota	$ 2,690,000			Up to 11 points for up to 15% of units dedicated to persons with special needs, plus up to 3 more points for each percentage of 2+BR special needs units	30% basis boost
Northern Mariana Islands	$ 2,690,000			3 points to projects that dedicate at least 20% of units to tenants with special housing needs.	
Ohio	$ 27,291,544	Must include services.	About 15% of annual authority set-aside for projects with at least 50% PSH ($4 million).	All within PSH set-aside: Up to 25 points for local partnerships providing services Up to 25 points for projects identified as a priority of the applicable CoC Up to 20 points for leverage; up to 20 points for land uses	Permanent Supportive Housing Tie-Breakers: 1. Developments that serve at least 50% chronically homeless. 2. Developments evidencing partnership with a service provider who will provide Medicaid-funded or reimbursable services.
Oklahoma	$ 9,191,644			5 points to developments dedicating at least 10% of the total residential units to special needs households.	
Oregon	$9,468,096			Up to 40 points for impact of project. Projects receive points for impact based on a number of categories, including dedicating units to special needs populations, providing supportive housing, including deliberate mechanisms to support resident health and stability, or being part of 10 year plan to end homelessness. Up to 20 points projects receive points for need based on a number of categories, including data showing demand for housing dedicated to special needs populations.	30% basis boost for projects serving homeless
Pennsylvania	$30,085,882	10% of units affordable to persons at or below 20% AMI.	Up to four projects (2 urban, 2 rural, or 1 each if very high scoring and needing lots of Credit). At least 25% of units for small projects or 15-25% of units for large projects (Roughly $2,400,00).	10 points for providing service-enriched housing for special needs	30% basis boost for special needs projects. 5% increase in developer fee to fund internal rent subsidy or supportive services.

Housing Credit Agency	Estimated Allocation by Population (min $2,690,000)	Threshold	Supportive Housing Set-Asides	Supportive Housing Focused Scoring Incentives	Other Resources
Puerto Rico	$ 8,164,328			3 points for dedicating at least 75% of units to homeless Up to 5 points for services based on percent of operating budget committed, not tied to special need population	
Rhode Island	$ 2,690,000			State does not use point system, but under comparative review, state gives priority to projects responsive to housing needs, including special needs.	Statewide goal of 10% affordable housing in each community. Concentrating current resources in urban/revitalization areas
South Carolina	$11,505,943			5 points given to developments that dedicate a minimum of 10% of total units for disabled and special needs tenants.	Basis boost for 100% special needs
South Dakota	$2,690,000			40 points for using Section 811 rent assistance Up to 20 points for including more than federal minimum accessible units, up to 20% 25 points to developments providing verifiable services.	30% basis boost for special needs projects.
Tennessee	$15,510,703			6 points for serving special needs; must have services.	
Texas	$64,552,418			10 points to developments and 11 points to Houston PSH developments that provide a combination of appropriate supportive services for proposed tenants. 13 points if at least 20% of units are affordable to 30% AMI if applying under nonprofit set-aside or Houston 's PSH program. 2 points to developments in which at least 5% of the units or 10 units are set aside for persons with special needs, or for accepting Section 811 rental assistance.	30% basis boost for special needs projects. Incentives for projects aligned with Houston's PSH initiative.
Utah	$7,040,410			PSH exempt from AMI targeting system. 5000 pts for 100% chronically homeless, incl. services. 2 points per unit, up to 5 units, for homeless, mobility limited, and special needs. Multiplied by 20. Maximum Tenant Populations with Special Needs score = 700	Second tiebreaker is # of special needs units.
Vermont	$2,690,000			Top tier priority for at least 25% of units at the project or within the sponsor's existing portfolio of new supportive housing 2nd tier priority for universal design 2nd tier priority for units affordable to ELI (30% AMI) or that target clients of agencies that serve homeless	Basis boost for dedicating at least 10% of units to special needs.
Virgin Islands	$2,690,000			15 points for serving people experiencing homelessness; must include services. 5 pts for either 10% of units targeted to people with disabilities or 10-25% targeted for non-elderly disabled, youth aging out of foster care, exiting correctional facilities, homeless veterans, frail elderly, etc	
Virginia	$ 19,700,034		6% of current year's allocation. At least 25% of units must serve disabled or ELI (40% AMI).	15 points for universal design 50 points to developments in which the greater of 5 units or 10% of units provide rental subsidies to extremely low-income persons and are actively marketed to people with special needs. 25 further points if these developments are targeted to ID/DD	30% basis boost
Washington	$16,850,325			35 points to developments that reserve a minimum of 75% of units for housing for the homeless. 10 points to developments that provide 20% of units for housing persons with disabilities 10 points for developments committing to set aside 20% of total units for homeless (either permanent or transitional)	Capacity review and preapproval process. Projects with over 75% of units dedicated to supportive housing may use higher urban total development cost limits regardless of location.
West Virginia	$4,333,701			25 points to developments that commit to target for occupancy at least 25% of the rental units for tenant populations with special housing needs.	
Wisconsin	$13,562,642		10 percent of State housing per-capita credit will be reserved for supportive housing, which requires 50% of units to serve homeless (including at-risk) and persons with disabilities (approx.: $1,280,000).	20 points for supportive housing outside of set-aside (0.6 pts/unit, up to 15 pts, less than 25% of units. +5 pts for serving veterans)	
Wyoming	$ 2,690,000			Up to 36 pts for restricting 100% to ELI (underwritten, not with vouchers) 2 points for restricting 4% of units to transitioning homeless households ($200 rent, utility assistance/not federal)	

HOUSING CREDIT AGENCY WEBSITES

Nearly all qualified allocation plans are available on the website for the Housing Credit allocating agency. For additional Housing Credit program information, see the National Council of State Housing Agencies website at http://www.ncsha.org/.

Alabama:	http://www.ahfa.com/
Alaska:	http://www.ahfc.state.ak.us/
Arizona:	http://www.azhousing.gov
Arkansas:	http://www.state.ar.us/adfa/
California:	http://www.treasurer.ca.gov/CTCAC
Colorado:	http://www.chfainfo.com/
Connecticut:	http://www.chfa.org/
Delaware:	http://www.destatehousing.com/
District of Columbia:	http://www.dhcd.dc.gov/
Florida:	http://www.floridahousing.org/
Georgia:	http://www.dca.state.ga.us/
Hawaii:	http://dbedt.hawaii.gov/hhfdc/
Idaho:	http://www.idahohousing.com/
Illinois:	https://www.ihda.org/
Indiana:	http://www.in.gov/ihcda/
Iowa:	http://www.iowafinanceauthority.gov
Kansas:	http://www.kshousingcorp.org/
Kentucky:	http://www.kyhousing.org/
Louisiana:	http://www.lhfa.state.la.us/
Maine:	http://www.mainehousing.org/
Maryland:	http://dhcd.maryland.gov/Pages/
Massachusetts:	http://www.mass.gov/dhcd/
Michigan:	http://www.michigan.gov/mshda
Minnesota:	http://www.mnhousing.gov
Mississippi:	http://www.mshomecorp.com/
Missouri:	http://www.mhdc.com/
Montana:	http://housing.mt.gov/ http://www.nifa.org/
Nebraska:	http://www.housing.nv.gov
Nevada:	http://www.nhhfa.org/
New Hampshire:	http://www.state.nj.us/dca/hmfa/
New Jersey:	http://www.housingnm.org/
New Mexico:	http://www.nyc.gov/hpd &
New York:	http://www.nyshcr.org/Agencies/HFA/

North Carolina:	http://www.nchfa.com/
North Dakota:	http://www.ndhfa.org/
Northern Mariana Islands	http://www.nmhcgov.net/
Ohio:	http://www.ohiohome.org/
Oklahoma:	http://www.ohfa.org/
Oregon:	http://www.ohcs.oregon.gov/
Pennsylvania:	http://www.phfa.org/
Puerto Rico:	http://www.gdb-pur.com/
Rhode Island:	http://www.rihousing.com/
South Carolina:	http://www.sha.state.sc.us/
South Dakota:	http://www.sdhda.org/
Tennessee:	http://www.state.tn.us/thda/
Texas:	http://www.tdhca.state.tx.us/
Utah:	http://www.utahhousingcorp.org/
Vermont:	http://www.vhfa.org/
Virgin Islands:	http://www.vihfa.gov/
Virginia:	http://www.vhda.com/
Washington:	http://www.wshfc.org/
West Virginia:	http://www.wvhdf.com/
Wisconsin:	http://www.wheda.com/
Wyoming:	http://www.wyomingcda.com/