

Permanent Supportive Housing (PSH) Services Gap Financing Application

The City and County of Denver, Denver Economic Development and Opportunity (DEDO), has launched a coordinated effort with the Colorado Department of Local Affairs (DOLA) – Division of Housing (DOH), Colorado Housing and Finance Authority (CHFA), Denver’s Road Home (DRH) and Denver Housing Authority (DHA) with the goal of increasing Permanent Supportive Housing (PSH) with quality supportive services for people formerly experiencing homelessness. Projects based in the City and County of Denver that are applying for low income housing tax credits, project-based vouchers from DHA or DOLA, and DEDO housing development gap financing starting in 2019 may apply for DEDO funding to resolve gaps in services budgets. If a prospective applicant isn’t applying to these partner agencies and going through their processes, we request that the project contact us directly to discuss how we can get the materials necessary for underwriting. In order to be eligible for services funding gap financing, projects must meet the following definition of PSH.

Permanent Supportive Housing Definition

Permanent Supportive Housing is a subset of affordable housing that combines non-time-limited affordable housing assistance with wrap-around supportive services for people experiencing homelessness. DEDO will use the PSH definition below when evaluating applications.

The City defines PSH as decent, safe, affordable, community-based housing that provides tenants with the rights of tenancy and links to intensive supportive services using the Housing First model. PSH projects are unique and may differ based on the target population, location, and design but despite project differences, all must meet the following PSH definition criteria to be competitive for a DEDO funding award:

- A minimum of 25 units or 40% of a building’s total units must be PSH utilizing a Housing First and Harm Reduction approach
- Targets households whose heads of household are experiencing homelessness, chronic homelessness ([as defined by HUD](#)), or are exiting institutions. They may be facing multiple barriers to employment and housing stability, including mental illness, substance use, and/or other disabling or chronic health conditions.
- The majority to 100% of a building’s PSH units utilize Metro Denver Homeless Initiative’s (MDHI) OneHome, coordinated entry system, process and tools for referrals and enters all tenant data into the Homeless Management Information System (HMIS).
- Comprehensive services that should be offered on a voluntary basis include outreach, engagement, medical care, behavioral health care, case management, and life skills training
- Is affordable, meaning the tenant household ideally pays no more than 30% of its income toward rent
- Provides tenant households with a lease or sublease identical to non-supportive housing — with no limits on length of tenancy, as long as lease terms and conditions are met
- Proactively engages members of the tenant household in a flexible and comprehensive array of supportive services, without requiring participation in services as a condition of tenancy
- Effectively coordinates with key partners to address issues resulting from substance use, mental health and other crises, with a focus on fostering housing stability
- Supports tenants in connecting with community-based resources and activities, interacting with diverse individuals including those without disabilities, and building strong social support networks

To ensure that new and existing resources designated for PSH supportive services in Denver are used effectively, efficiently, and target the most vulnerable households, PSH units must be developed to a common set of quality standards.

The Corporation for Supportive Housing (CSH) Dimensions of Quality establish five key indicators of quality for PSH projects. All successful supportive housing projects include the following dimensions and are:

- **Tenant-centered** – tenants play an active role in planning the supportive housing project, and all partners share a common commitment to helping tenants thrive
- **Accessible** - housing is affordable, in a location that meets tenants’ needs, and accommodates persons with special needs
- **Coordinated** - roles, responsibilities and communication strategies are clearly established among the supportive housing partners, codified in written agreements and revisited regularly
- **Integrated** – the project meets or exceeds community standards, and the partners actively engage in community dialogue
- **Sustainable** – the project has funding that is adequate for its ongoing operations and allows it to target its intended tenants

More information on CSH’s Dimensions of Quality can be found [here](#).

Gap Financing Available

DEDO estimates that the cost to serve an individual according to the above PSH model is approximately \$7,200 per unit per year based on analysis from the Corporation for Supportive Housing. DEDO will evaluate gaps in a project’s submitted DOLA application (Section H) to determine an appropriate amount of investment to fund services gaps for the 15-year period. DEDO will prioritize applications for supportive services based on 1) how the proposed city investment is leveraged with other funding sources, 2) the proportion of PSH units that are using OneHome as a referral source, and 3) otherwise meet the other terms of this PSH definition. Funding will be allocated in the form of a one-time supportive services reserve, to be drawn on to address annual services gaps as a supplement to other service funding. Annual reporting of drawn funds, expenses, outcomes, and commitment to quality will be required in exchange for funds. All funding requests are subject to approval by DEDO’s Loan Review Committee, and all requests greater than \$500,000 are subject to City Council approval.

Application

To be eligible for funding, applicants must submit the following:

1. Application to DOLA in response to RFA. DEDO will obtain copies of this application from DOLA.
2. Application to CHFA for LIHTC. DEDO will obtain access to application materials from CHFA.
3. Application to DEDO for gap housing development financing.

If a prospective applicant isn’t applying to the above partner agencies and going through their processes, we request that the project contact us directly to discuss how we can get the materials necessary for underwriting.

In addition to the above, please answer the following questions:

1. How many PSH units will you serve in your development according to the above definition? How many total units are in the development?
2. Please describe the process by which your project will source PSH units from OneHome. Specify what percentage of your units you will source from OneHome. Please note that DEDO’s desire is for a majority to 100% of a building’s PSH units be sourced from OneHome over the 15-year period.

3. Please describe how your project property management team will utilize a Housing First and Harm Reduction approach.
4. How much total services gap financing are you requesting from DEDO? This request must be supported by detail in Section H of your submitted DOLA RFA application.

Your DEDO application submission authorizes DEDO to review your project's submissions to CHFA, DOH, and DHA.

Please submit your application to Megan Yonke at Megan.Yonke@denvergov.org