



# Minnesota Housing Finance Agency: Evaluation of Permanent Supportive Housing

Final Report, May 2020



## Acknowledgements

We would like to thank the Minnesota Housing Finance Agency PSH team for their support in carrying out this evaluation, especially John Patterson, Vicki Farden, Joel Salzer, and Sara Gomoll. Thank you to the Institute for Community Alliances for preparing the Homeless Management Information System (HMIS) data extract and for responding to our questions about the data. We would also like to thank the property management staff and service providers who took the time to complete our surveys. Most importantly, we would like to thank the tenants who shared their perspectives and feedback through the survey and focus groups. A special thanks to service provider staff who assisted us in distributing the surveys and other materials to the tenants.

# Contents

|   |           |
|---|-----------|
| <b>Executive Summary .....</b>  | <b>1</b>  |
| Data and Methods.....   | 1         |
| Key Findings and Conclusions.....   | 2         |
| Recommendations .....   | 10        |
| <b>Background and Approach.....</b>   | <b>13</b> |
| Background.....   | 13        |
| Data and Methods.....   | 15        |
| <b>Findings .....</b>   | <b>17</b> |
| Types and Characteristics of PSH properties .....   | 17        |
| Supportive Services.....  | 28        |
| PSH Tenants .....   | 45        |
| Outcomes.....   | 54        |
| Barriers to Providing Housing/Supportive Services .....   | 69        |
| Barriers PSH Tenants Face .....   | 75        |
| Strengths, Challenges, and Opportunities in Minnesota’s Permanent Supportive Housing Program .....                            | 78        |
| <b>Recommendations.....</b>   | <b>83</b> |
| Recommendation 1: Increase the availability of PSH and affordable housing .....   | 83        |
| Recommendation 2: Encourage enhanced choice of housing and services based on tenants needs and preferences .....              | 84        |
| Recommendation 3: Expand access to supportive services in the areas of education, employment, and transportation .....        | 84        |
| Recommendation 4: Improve collaboration with Continuums of Care/Coordinated Entry.....  | 85        |
| Recommendation 5: Enhance data collection systems to capture more standardized data on service availability and funding ..... | 85        |
| <b>Appendices.....</b>  | <b>86</b> |
| Appendix A: Additional Results .....  | 86        |
| Appendix B: Detailed Methodology and Limitations.....   | 93        |

# List of Exhibits

|   |    |
|---|----|
| Comparison of Demographics of PSH Tenants to People in the 2018 Wilder Study and HUD PIT Count.....                     | 3  |
| Race of PSH Tenants by Property Type .....  | 3  |
| Housing Choices Reported by PSH Tenants, by Property Type .....   | 4  |
| Housing Choices Reported by PSH Tenants, by Race/Ethnicity .....  | 5  |
| Housing Stability, by Race and Hispanic Origin .....  | 6  |
| Housing Stability By Property Type .....  | 7  |
| Tenants’ Self-Reported Improvements in Health Since Housed.....   | 8  |
| Tenants’ Self-Reported Improvements Since Becoming Housed .....   | 9  |
| Regional Distribution of Properties and PSH Units.....  | 18 |
| Percentage of PSH Units by Property Type and CoC Region .....   | 18 |
| Number of MN Housing-Funded PSH Units Per Person in Need of Supportive Housing.....                                     | 19 |
| Number PSH and Other Permanent Housing Beds Per Person in Need of Supportive Housing .....                              | 20 |
| Number of Properties and PSH Units Funded Using Housing Infrastructure Bonds, 2018-2019....                             | 21 |
| Net Operating Income for Properties With a First Mortgage or First Mortgage Oversight With MN Housing .....             | 22 |
| Percent of Properties Reporting Adequate Cash Flow.....   | 23 |
| How Often Vacant PSH Units Are Filled Within 60 Days.....   | 23 |
| Availability of Referrals from Coordinated Entry .....  | 24 |
| Characteristics of Tenant Survey Respondents Versus Entire PSH Population in HMIS.....                                  | 25 |
| Housing Choices Reported by PSH Tenants, by Property Type .....   | 26 |
| Housing Choices Reported by PSH Tenants, by Race/Ethnicity .....  | 27 |
| Percent of Service Providers Reporting Supportive Service Provided to Tenants by Own Organization and by Referral ..... | 29 |
| Location Where Services Are Provided.....   | 30 |
| Services Tenants Report They Received, by Race/Ethnicity .....  | 32 |
| Services Tenants Reported They Received, by Property Type .....   | 33 |
| Supportive Services Tenants Reported Needing But Not Receiving, by Race/Ethnicity .....                                 | 35 |
| Supportive Services Tenants Reported Needing But Not Receiving, by Property Type .....                                  | 36 |
| Supportive Services Needed by Tenants – Service Provider Responses.....   | 37 |
| Supports Tenants Reported Receiving to Keep Housing, by Property Type .....   | 39 |
| Supports Tenants Reported Receiving to Keep Housing, by Race/Ethnicity .....  | 40 |
| Supports Tenants Reported Needing But Not Receiving to Keep Housing, by Property Type .....                             | 41 |
| Supports Tenants Reported Needing But Not Receiving to Keep Housing, by Race/Ethnicity.....                             | 42 |
| Tenant Survey Respondents’ Response to Presence of a Service Plan.....  | 43 |
| Give Tenants a Choice in Who Provides Supportive Services – Reported by Service Providers .....                         | 44 |
| Report This Requirement For Tenants to Be Offered or Receive Supportive Services – Reported by Service Providers, ..... | 45 |
| Comparison of Gender of PSH Tenants to People in the 2018 Wilder Study and HUD PIT Count ...                            | 46 |
| Comparison of Race of PSH Tenants to People in the 2018 Wilder Study and HUD PIT Count .....                            | 46 |
| Comparison of Age of PSH Tenants to People in the 2018 Wilder Study .....   | 47 |
| Percent of PSH Tenants That Are Families and Singles by CoC.....  | 47 |
| Location of PSH Tenants by CoC and Property Type .....  | 48 |
| Race of PSH Tenants by Property Type .....  | 49 |
| Household Type of PSH Tenants by Property Type .....  | 49 |
| Percent of PSH Tenants by Extent of Homelessness as Defined by Minnesota .....  | 50 |
| Percent of PSH Tenants with a Disability of Long-Term Duration.....   | 50 |
| Percent by Housing Need as Measured by VI-SPDAT, by Property Type.....  | 51 |

|  |     |
|--|-----|
| Percent by Housing Need as Measured by VI-SPDAT, by CoC Region .....   | 51  |
| Percent Rated “In Crisis” or “Vulnerable” at Initial and Latest Assessment.....  | 52  |
| Primary Sources of Housing Rent Subsidy as Recorded in HMIS.....   | 53  |
| Housing Stability by Year Entered Housing.....   | 54  |
| Housing Stability for Those Who Entered Housing in 2015 or 2016, by Race and Hispanic Origin.....  | 55  |
| Housing Stability By Property Type .....   | 55  |
| Housing Stability By Household Type .....  | 55  |
| Reason for Leaving Among Tenants Who Exited Before One Year .....  | 56  |
| Multivariate Multilevel Model Predicting the Likelihood of One-Year Housing Continuity.....  | 59  |
| Tenants’ Self-Reported Improvements in Other Areas Since Housed.....   | 66  |
| Tenants’ Self-Reported Improvements Since Becoming Housed.....   | 67  |
| Tenants’ Self-Reported Improvement in Quality of Life Since Housed.....  | 68  |
| Percent of Applicants for PSH Units Denied in the Last Year .....  | 69  |
| Percent of Property Staff Reporting Reasons for Denying Referrals .....  | 70  |
| Screening Criteria for PSH Units – Reported by Property Staff.....   | 72  |
| Difficulty of the Activity/Task Associated With Applicant Engagement – Reported by Service<br>Providers .....                                    | 73  |
| Barriers Faced in Providing Adequate Types/Levels of Services to Tenants – Reported by Service<br>Providers .....                                | 74  |
| Barriers to Offering Supportive Services to Tenants – Reported by Service Providers .....  | 74  |
| Barriers Reported by PSH Tenants for Getting Housing.....  | 76  |
| Assistance Needed to Keep Housing – Reported by PSH Tenants .....  | 77  |
| Percent of Tenants Reporting Receiving Assistance When Looking for Housing .....   | 87  |
| Percent of Referrals That Come From Coordinated Entry .....  | 88  |
| Availability of Referrals From Coordinated Entry .....   | 89  |
| Percent of Referrals That Come From Coordinated Entry System.....  | 89  |
| Timeliness of Referrals From CE.....   | 89  |
| Percent of Property Management Staff Reporting Frequency of Meetings With Service Providers ..   | 90  |
| Percent of Service Provider Staff Reporting Frequency of Meetings With Property Management<br>Staff.....   | 90  |
| Percent Reporting Frequency of Contacting Service Providers Before Issuing a Citation or Eviction<br>Notice to Tenants for Lease Violation ..... | 91  |
| Percent Satisfactory and Stable or Improved of Those With At Least One Year Between<br>Assessments.....  | 92  |
| Distribution of Percent PSH Across Properties .....  | 97  |
| Mixed-Effects Model Predicting the Log-Odds of One-Year Housing Continuity.....  | 100 |

# List of Acronyms and Abbreviations

| <b>Acronym/Abbreviation</b> | <b>Definition</b>   |
|-----------------------------|---|
| ARMHS                       | Adult Rehab Mental Health Services                                  |
| CES/CE                      | Coordinated Entry System/Coordinated Entry                          |
| CMS                         | Center for Medicare and Medicaid Services                           |
| CoC                         | Continuum of Care   |
| COD                         | Co-occurring Disorders (mental health and substance use)            |
| DCR                         | Debt-Service Coverage Ratio   |
| DHS                         | Minnesota Department of Human Services                              |
| GRH                         | Group Residential Housing   |
| HIC                         | Housing Inventory Count   |
| HMIS                        | Homeless Management Information System                              |
| HOME                        | HOME Investment Partnerships Program                                |
| HOPWA                       | Housing Opportunities for Persons with AIDS                         |
| HPH                         | High Priority Homeless  |
| HSRI                        | Human Services Research Institute                                   |
| HUD                         | United States Department of Housing and Urban Development           |
| LIHTC                       | Low-Income Housing Tax Credits                                      |
| LTH                         | Long-Term Homelessness  |
| MN Housing                  | Minnesota Housing Finance Agency                                    |
| NOFA                        | Notice of Funding Availability                                      |
| NOI                         | Net Operating Income  |
| OPH                         | Other Permanent Housing   |
| PHA                         | Public Housing Authority  |
| PIT                         | Point-in-Time   |
| PRA                         | Project Rental Assistance   |
| PSA                         | Public Service Announcement   |
| PSH                         | Permanent Supportive Housing  |
| QAP                         | Qualified Allocation Plans  |
| RFP                         | Request for Proposals   |
| SHP                         | Supportive Housing Program  |
| SNAP                        | Supplemental Nutrition Assistance Program                           |
| SRO                         | Single Room Occupancy   |
| SSI                         | Supplemental Security Income  |
| SUD                         | Substance Use Disorder  |
| SWOT                        | Strengths Weaknesses Opportunities and Threats                      |
| TAC                         | Technical Assistance Collaborative                                  |
| TCM                         | Targeted Case Management  |
| VA                          | Veterans Affairs  |
| VI-SPDAT                    | Vulnerability Index-Service Prioritization Decision Assistance Tool |
| 2018 Wilder Study           | 2018 Wilder Research Minnesota Homeless Study                       |



# Executive Summary

The Minnesota Housing Finance Agency (MN Housing) commissioned an evaluation of the permanent supportive housing (PSH) properties it has financed as well as an investigation of best/promising practices to be used to refine the design and requirements of MN Housing's supportive housing program.

This report is focused on the evaluation of PSH. The Human Services Research Institute (HSRI) carried out the evaluation in partnership with the Technical Assistance Collaborative (TAC). It is hoped that the findings described here will provide MN Housing with a more detailed understanding of the current state of the PSH properties it has funded in the state.

The number of people experiencing homelessness in Minnesota is on the rise. A federal study indicated that on a single night in 2019 there were 7,977 people experiencing homelessness in Minnesota,<sup>1</sup> an increase of 10% from the prior year.<sup>2</sup> Additionally, a one-day statewide study conducted every three years reported 10,233 people experiencing homelessness in Minnesota in 2018, an increase of 10% from 2015.<sup>3</sup>

Across the United States, PSH has been developed to address the needs of people who experience chronic homelessness. It includes the provision of non-time-limited housing and an array of voluntary supportive services.<sup>4</sup> MN Housing is a primary funder of capital financing for PSH in Minnesota, and PSH has been a funding priority for MN Housing since 2005, with a focus on housing people experiencing long-term homelessness (LTH).<sup>5</sup>

## Data and Methods

The HSRI team utilized numerous primary and secondary data sources for this evaluation. The following are the main sources of data:

- The Homeless Management Information System (HMIS), which collects client-level data on homeless individuals, for all permanent housing episodes statewide during the timeframe 6/1/2015 - 12/31/2018.

---

<sup>1</sup> See [The 2019 Annual Homeless Assessment Report \(AHAR\) to Congress Part 1: Point-in-Time Estimates of Homelessness](#)

<sup>2</sup> [Minnesota Department of Human Services, Behavioral Health e-Memo #19-149](#), Date January 22, 2020.

<sup>3</sup> Pittman, B., Nelson-Dusek, S., Gerrand, M.D., & Shelton, E. (2020). [Homelessness in Minnesota: Detailed Findings from the 2018 Minnesota Homeless Study](#). Wilder Research. f

<sup>4</sup> National Academy of Sciences, Engineering and Medicine 2018. [Permanent Supportive Housing: Evaluating the Evidence for Improving Health Outcomes Among People Experiencing Chronic Homelessness](#). Washington, DC: The National Academic Press.

<sup>5</sup> [Minnesota Housing. March 2018. Supportive Housing Information and Resources](#)

- Quantitative property-level and award data from MN Housing for 260 properties funded to provide PSH and supportive services.
- Surveys distributed to staff from MN Housing-funded PSH properties and supportive services providers.
- Surveys distributed to tenants from a sample of PSH properties.
- Notes from focus groups conducted with PSH tenants by Management Analysis and Development.
- Interviews with stakeholders conducted by TAC.

A detailed description of each data source is provided in Appendix B.

## Analytic Methods

Descriptive analyses present findings to the central research questions guiding this study; whenever possible, descriptive analyses are broken out by property type (mixed use properties versus properties that are majority PSH) and tenants' race/ethnicity.

Multivariate analyses examine factors associated with stability in PSH housing.

TAC utilized a SWOT Analysis in the stakeholder interview to identify strengths, challenges and opportunities within the MN Housing PSH program.

Detailed information on the methods utilized for collecting and analyzing data included in this report are provided in Appendix B.

## Key Findings and Conclusions

The following are key findings and conclusions from this report.

- **MN Housing-funded PSH is successful in reaching the population most in need of supportive housing.** At entry to PSH, 91% of tenants met Minnesota's definition of long-term homeless (homeless for at least one year or at least four times in the past three years). The demographic characteristics of PSH tenants reflect the homeless population at large (ES Exhibit 1), as well as the long-term homeless population, suggesting PSH is successful in reaching those most in need.



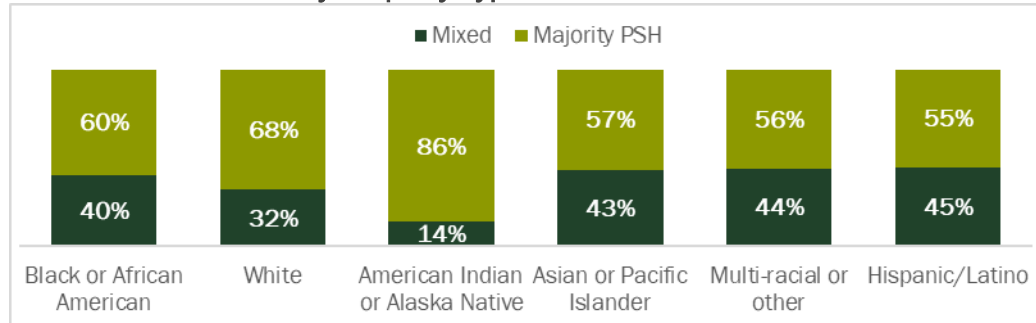
**Comparison of Demographics of PSH Tenants to People in the 2018 Wilder Study and HUD PIT Count**

| Tenant Characteristics                    | PSH Tenant | Homeless Population from 2018 Wilder Study | Homeless Population from 2018 HUD PIT Count |
|---|------------|--|---|
| <b>Gender</b>                             |            |  |   |
| Male                                      | 52%        | 53%  | 54%   |
| Female                                    | 48%        | 47%  | 45%   |
| Transgender or Non-Conforming             | 0%         | 1%   | 0%  |
| <b>Race</b>                               |            |  |   |
| Black or African American                 | 39%        | 36%  | 43%   |
| White                                     | 35%        | 38%  | 37%   |
| American Indian or Alaska Native          | 14%        | 14%  | 10%   |
| Asia or Pacific Islander                  | 2%         | 2%   | 2%  |
| Multi-racial or Other                     | 10%        | 11%  | 7%  |
| <b>Hispanic/Latino Origin</b>             | 6%         | 8%   | -   |
| <b>Age</b>                                |            |  |   |
| Children (age 17 or younger with parents) | 32%        | 32%  | -   |
| Youth (age 18-24) on their own            | 11%        | 15%  | -   |
| Adults (age 25-54)                        | 45%        | 43%  | -   |
| Older Adults (age 55 and older)           | 10%        | 10%  | -   |
| <b>Veterans</b>                           | 6%         | 7%   | -   |

Sources: MN HMIS Data; 2018 Wilder Study; 2018 HUD PIT

- Although of the 260 properties funded by MN Housing, 163 (63%) are mixed properties (properties where fewer than half the units are designated as PSH), **more than three-quarters (78%) of the 4,695 PSH units statewide are located in majority-PSH properties** (properties where more than half the units are designated as PSH). For the most part, racial and ethnic groups are evenly represented in the two property types. However, American Indian tenants are overrepresented in the majority-PSH properties (ES Exhibit 2), likely due to the fact that some majority-PSH properties were built on tribal land and others specifically target this population through the types of services they provide. A slightly smaller percentage of White tenants live in mixed properties (32%) compared with tenants who are Black/African American (40%) or Hispanic/Latino (45%).

**Race of PSH Tenants by Property Type**

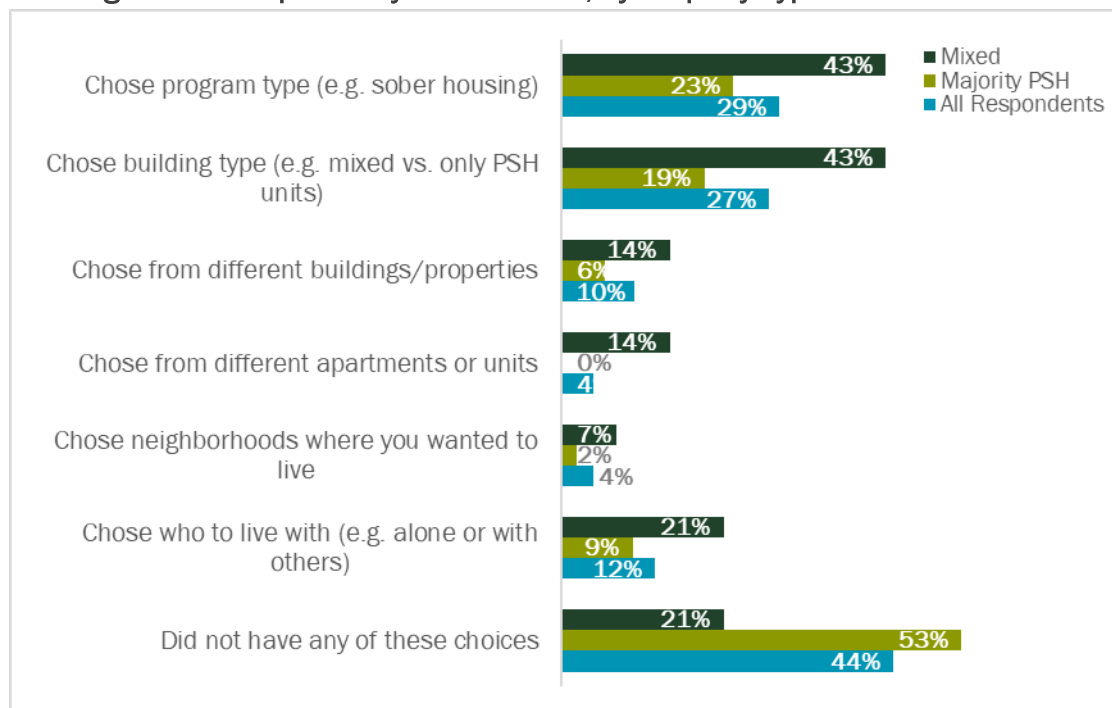


Sources: MN HMIS Data and MN Housing Property Data

- Providing tenants with choices with regard to housing is not only central to the PSH model, it is also important for housing retention. The findings from our surveys of service providers and a sample of tenants **suggest that tenants are not always provided choices with regard to housing services.** (Notably though, the sample size for our *Tenant Survey* was relatively small and the results should be considered informative, but not conclusive.) For example, 44% of tenants reported that they were provided with no choices when looking for their current home. As shown in the following graphic, this differed by property type, where greater percentages of tenants in mixed properties report having choices. The percentages reporting a complete lack of choice were similar across tenants of color and white tenants, though a greater percentage of white tenants reported having a choice of building type (31% compared to 17% among tenants of color, ES Exhibit 4). The apparent lack of choice in many of these areas may be due to the fact that people are given referrals from CES/CE to housing programs and if the housing program is site-based, there is no choice provided other than turning down the referral for the housing.

ES Exhibit 3

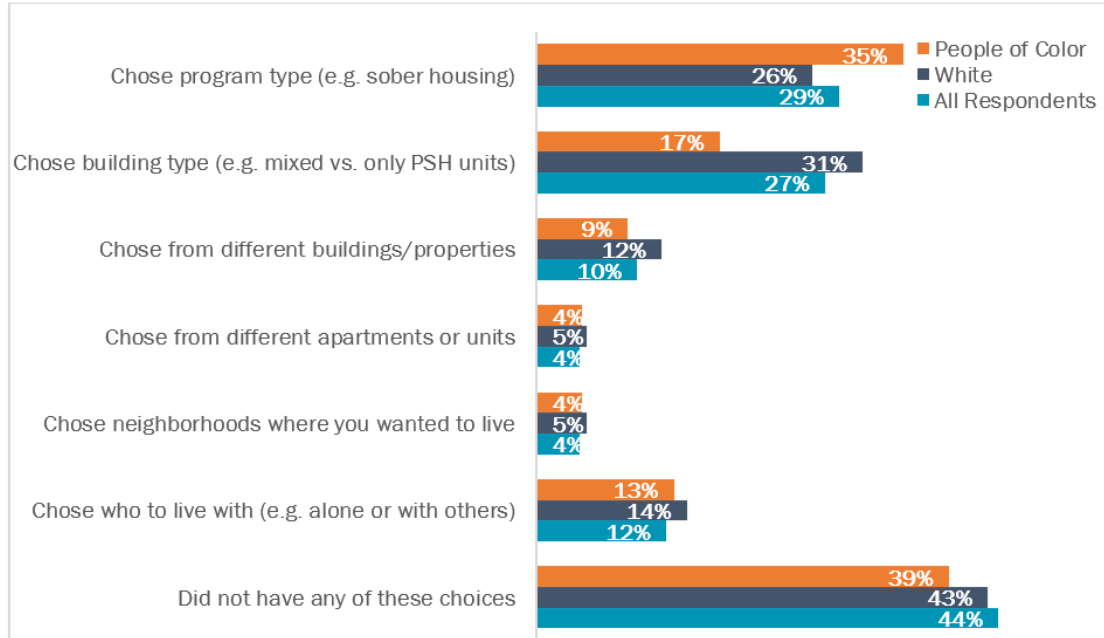
Housing Choices Reported by PSH Tenants, by Property Type



Source: Tenant Survey, Mixed properties N=14; Majority-PSH properties N=53; All Respondents N=73. The Ns by property type do not add to the total of all respondents because property type was unknown for some respondents.

Note: Respondents responded to the question “We want to know what choices you had when you were looking for your current home. Please pick any of the choices you had when looking for your current home. (Check all that apply).” Consequently, percentages do not add to 100%.

### Housing Choices Reported by PSH Tenants, by Race/Ethnicity



Source: Tenant Survey, People of Color N=23; White N=42; All Respondents N=73.

Note: The Ns by race/ethnicity do not add to the total of all respondents because race/ethnicity was unknown for some respondents. Respondents responded to the question “We want to know what choices you had when you were looking for your current home. Please pick any of the choices you had when looking for your current home. (Check all that apply).” Consequently, percentages do not add to 100%.

Notably though, the tenants who completed our survey were more likely to be white, female, and to reside in majority-PSH properties when compared to the group of PSH tenants as a whole. A more representative sample may demonstrate further differences in housing choices by race and ethnicity.

- Another principle of the PSH model is that tenants are given choices in the support services they receive. That is, **tenants should be allowed to choose from a range of services and should receive different types of services based on their needs and preferences.** These choices are typically documented in an individual service plan. Some tenants who completed the *Tenant Survey* reported not having (18%) or knowing if they had a service plan (19%). More white tenants (64%) than tenants of color (56%) reported having a service plan. The fact that not all tenants reported having or knowing if they had a service plan and whether their plan had key elements (e.g., goals and steps to accomplishing goals) is an important finding given the importance of this component for service planning.

Of the tenants who reported having a service plan, the majority were involved “quite a bit” or “a great deal” in developing the plan (tenants of color 93%, white tenants 89%), and the majority reported having their choices taken into account when the plan was developed (tenants of color 86%, white tenants 89%).

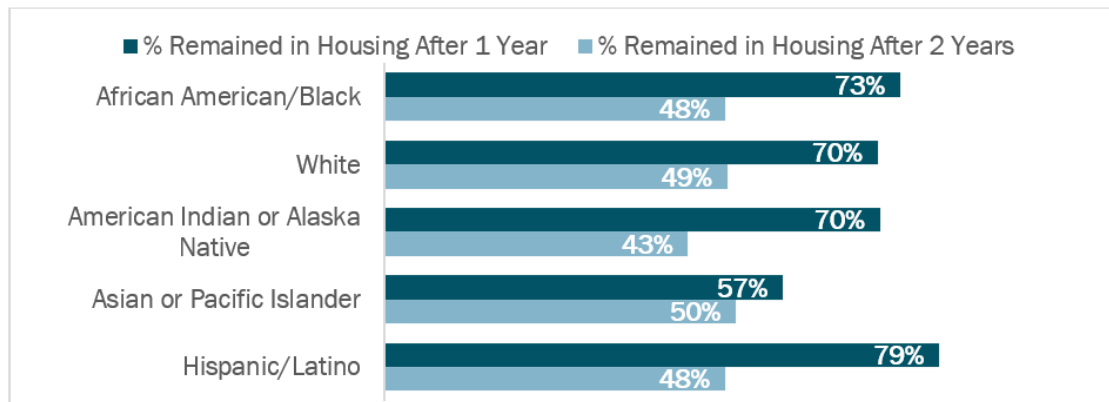
Regarding choice in services, 33% of service provider respondents said tenants are

“never” offered choice in who provides them with supportive services; only 35% said tenants are “always” offered choice.

- Tenants did not report high levels of service needs overall; however, some racial disparities emerged in this area. For example, a higher percentage of tenants of color who completed the *Tenant Survey* than white tenants reported **needing and not receiving services** in the areas of employment (24% versus 18%), case management (24% versus 11%), services for children (24% versus 8%), transportation (20% versus 11%), recreational activities (20% versus 11%), medication management (16% versus 3%), and physical health (12% versus 0%). In addition to service needs reported by tenants, 54% of service providers identified transportation as a barrier for providing supportive services to tenants. PSH tenants who participated in focus groups reported needing employment and educational (e.g., GED) resources.
- The majority of PSH tenants **remained in their housing after one year**; just under half remained in their housing after two years. Housing stability was similar across racial and ethnic groups (ES Exhibit 5) with one exception: we noted less stability among tenants who are Asian or Pacific Islander. That said, there was a low number (n=30) for this racial group. Housing stability differed by property type: a greater percentage of tenants in mixed properties remained housed after one and two years (84% and 64% for one- and two-year housing stability, respectively, ES Exhibit 6) compared to tenants in majority-PSH properties (65% and 39% for one- and two-year housing stability, respectively, ES Exhibit 6).

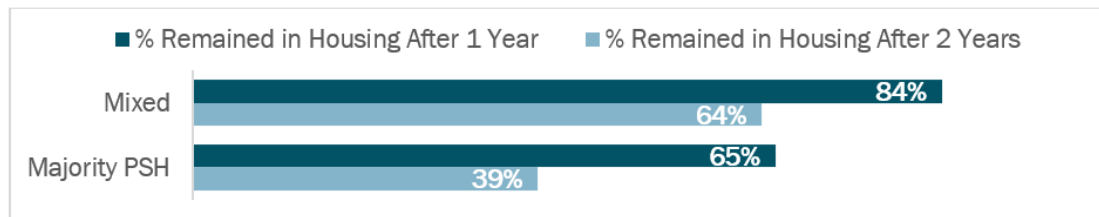
ES Exhibit 5

### Housing Stability, by Race and Hispanic Origin



Source: MN HMIS Data, African American/Black N=982; White N=810; American Indian or Alaska Native N=389; Asian or Pacific Islander N=30; Hispanic/Latino N=161. The sample includes housing episodes that started in 2015 or 2016 in order to have the possibility of 2 full years of data with which to measure stability.

## Housing Stability By Property Type



Source: MN HMIS Data, N=866 in mixed properties; N=1603 in 51-100% PSH

While stability and tenure in PSH are positive outcomes, many focus group participants identified leaving PSH and attaining homeownership as their ultimate goals for housing stability—or the only pathway to long-term housing stability. Many participants of the focus groups talked about wanting to transition to community-based rental housing with the support of a Section 8 Housing Choice Voucher, though they noted there were long Public Housing Authority (PHA) waiting lists, and some properties did not want to accept Section 8 vouchers. Some participants talked about needing a bridge out of supportive housing.

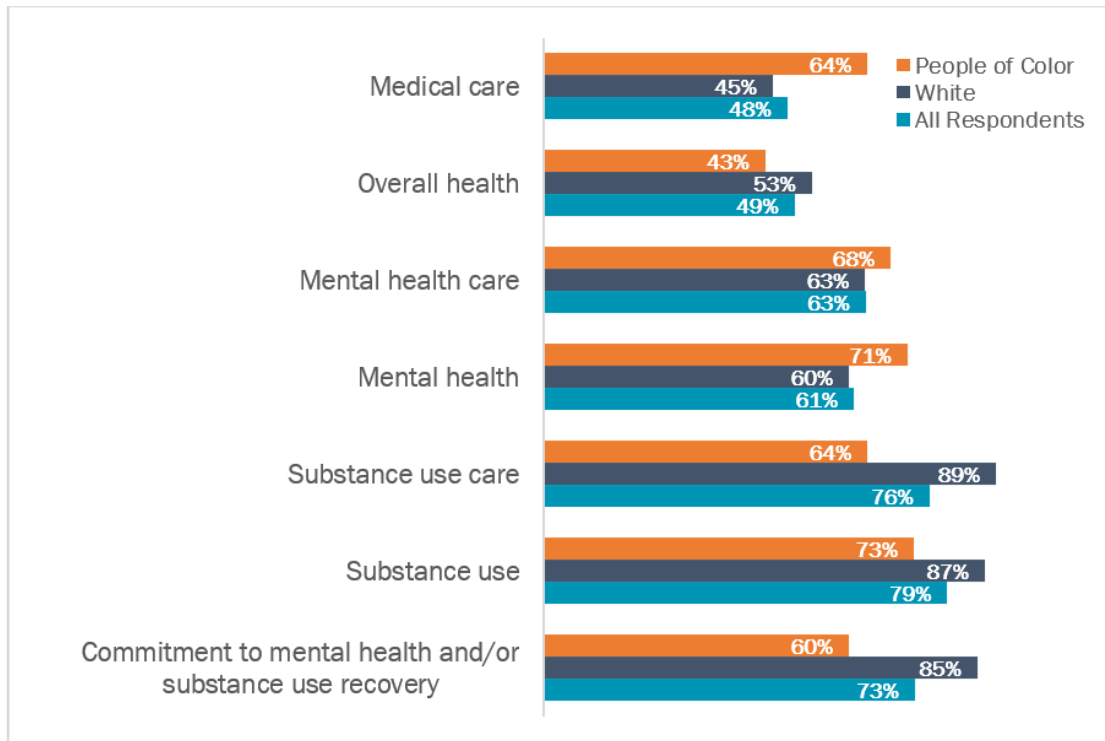
- Multivariate outcome analysis.** We estimated multivariate mixed-effects models to investigate the key factors associated with housing continuity (defined as one-year housing stability or exiting PSH to another permanent housing arrangement). Statistical analysis results showed that at the individual tenant level, being female, African American, or older (ages 55+) increased the likelihood of positive housing continuity, while having a long-term substance use disorder, criminal justice involvement, or long-term homelessness lowered this likelihood. Controlling for all predictors in the model (which are further described in the report), tenants living in mixed properties had 65% higher odds of one-year housing continuity compared to tenants in majority-PSH properties. This was a strong finding; that is, the property type effect remained consistently significant in all of the models we were able to estimate with the available data. However, there are plausible explanatory factors we were not able to control for. For example, it is possible that mixed properties are more likely to be located in neighborhoods with more resources compared to neighborhoods of majority-PSH properties, and thus the finding could reflect a community or neighborhood effect rather than a property effect. Differences in tenant screening criteria may also explain some of the outcome differences between property types: While the multivariate analysis used available data to control for differences between property types in tenant characteristics resulting from referral, screening, and selection differences, it may not have captured all nuances.
- PSH tenants reported many improvements in their lives since being housed.** Most tenants who completed the *Tenant Survey* reported improvements in the area of behavioral health. White tenants were more likely to report improvements in substance use care, substance use, and commitment to mental health and/or substance use recovery; tenants of color were more likely to

report improvements in medical care, mental health, and mental health care (ES Exhibit 7).

ES Exhibit 8 shows improvements reported by PSH tenants in the areas of employment, education income, and benefits and entitlements; with more tenants of color reporting improvements in the areas of employment, income, and benefits and entitlements than white tenants.

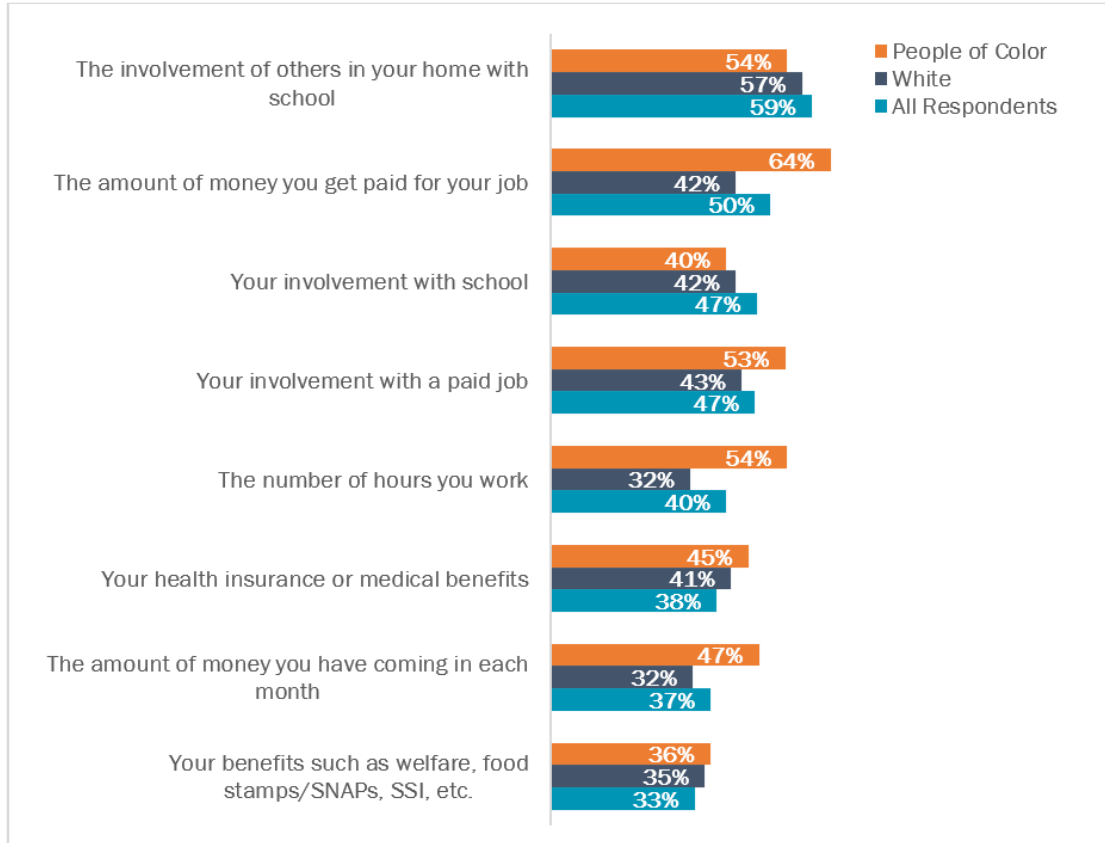
ES Exhibit 7

### Tenants' Self-Reported Improvements in Health Since Housed



Source: Tenant Survey. People of Color N=25; White N=44; All Respondents N=77. The Ns by race/ethnicity do not add to the total of all respondents because race/ethnicity was unknown for some respondents. Note: If a respondent selected "Not applicable or not relevant" for any of the categories, they are removed from the denominator for that category. In other words, the percentage is calculated only among those for whom the category is applicable. Therefore, the Ns vary by category. The question was worded as, "We want to know about things in your life that have changed since you moved into your current home? Please select only one response for each item or row. If the situation does not apply to you, select "Not applicable or not relevant." Since you moved into your home have you noticed that . . ."

### Tenants' Self-Reported Improvements Since Becoming Housed



Source: Tenant Survey; People of Color N=25; White N=44; All Respondents N=77. The Ns by race/ethnicity do not add to the total of all respondents because race/ethnicity was unknown for some respondents. Note: The question was worded as, “We want to know about other things that may have changed, since you moved into your current home. Please select only one response for each item or row. If the situation does not apply to you, select “Not applicable or not relevant” Since you moved into your home . . . .” The response options included: “Is better,” “Is about the same,” “Is worse,” “I don’t know,” and “Not applicable or not relevant.” The chart displays the percentage that reported “Is better” after removing those that selected “Not applicable or not relevant” from the denominator. Therefore, Ns vary by category.

The majority of the PSH tenants rated their quality of life as much better since becoming housed; slightly more white tenants (77%) stated this as the case than tenants of color (71%). Overall, this is a strong testament to the positive impact of PSH on tenants’ lives.

Many participants of the focus groups discussed the benefits of being housed, including having a laundry room to wash clothes, having their own mailbox, being able to leave their belongings behind without them being taken, and having privacy to be alone and to do activities like reading and writing. The following are some direct quotes from tenants who participated in the focus groups.



*“I think it’s all for the better now. I don’t have to worry about things like I used to . . . It was always going downhill. Now it’s only going up.”*

*“I’m no longer on the street. When I get tired, I can put my key in the door and be at home and relax . . . That’s a big change.”*

*“It’s the first time I’ve ever had my own house, my own apartment.”*

*“You wake up in the morning and say, ‘What am I going to do today?’ And that’s a lot easier than waking up and saying, ‘Where am I going to live today?’*

*“Getting into [supportive housing where I live] was the best thing that could happen to me because it turned my life around. It’s perfect for me, even if my life isn’t perfect.”*

*“These places are a stepping stone. You use it as a stepping stone. I’ll use this place as a stepping [stone]. My life is so much better . . . than back six and a half years ago when I was homeless.”*

## Recommendations

### Recommendation 1: Increase the availability of PSH and affordable housing

- 1.1 Sustain efforts to increase the availability of PSH through MN Housing’s development efforts, to promote balance between mixed and majority-PSH housing in each region across the State
- 1.2 Sustain and work to increase the availability of Housing Infrastructure Bond resources in order to continue efforts to create additional PSH as part of MN Housing’s multi-family rental housing development and funding strategy
- 1.3 Continue to require—and support through active monitoring of—effective tenant selection screening policies at properties to reduce access barriers of criminal backgrounds, low incomes, no credit/bad credit and rental histories
- 1.4 Continue to provide informational materials, PSH policy guidance and periodic, sustained training opportunities on best practices related to tenant selection plans, fair housing and reasonable accommodation to property management and owners

## **Recommendation 2: Encourage enhanced choice of housing and services based on tenants' needs and preferences**

- 2.1 Promote a person-centered, trauma-informed, culturally competent and Housing First orientation in the provision of PSH
- 2.2 Encourage consistency in the service planning process and ensure the process is tenant-driven
- 2.3 Promote assessments to be conducted by properties and service providers to determine if they are operating PSH consistent with Housing First principles<sup>6</sup>
- 2.4 Implement additional training for property management and service provider staff on a range of topics that take into account tenants' needs and preferences, including Housing First orientation (e.g., Housing First 101: Overview), harm reduction strategies, and progressive engagement strategies
- 2.5 Ensure that PSH program models are being implemented/operated with fidelity through the development and implementation of PSH Service Fidelity Standards across Minnesota

## **Recommendation 3: Expand access to supportive services in the areas of education, employment, and transportation**

- 3.1 Support the implementation with Minnesota DHS of the Medicaid-financed benefit of Housing Stabilization Services to fully integrate these services as part of the tenancy supports offered to PSH tenants
- 3.2 Incentivize service providers to formally link to existing employment services including evidence-based employment services in the community (e.g., Individual Placement and Support, Customized Employment)
- 3.3 Continue to promote benefits counseling to help PSH tenants understand the various gains and losses associated with different scenarios<sup>7</sup>
- 3.4 Promote coordination with Vocational Rehabilitation in the areas of education and employment
- 3.5 Increase partnerships with education, employment and training systems
- 3.6 Encourage collaboration among service providers on offering transportation options to PSH tenants—including microtransit and sharing of vehicles and drivers in more rural areas or areas with less public transportation

---

<sup>6</sup> [Housing First checklist on the US Interagency Council on Homelessness website](#)

<sup>7</sup> Benefit counseling can be covered as a Medicaid service

## Recommendation 4: Improve collaboration with Continuums of Care/Coordinated Entry

- 4.1 Prioritize resources to fund housing navigation services within COC/CE to ensure that people referred to PSH are quickly engaged and connected to housing and supportive services
- 4.2 Coordinate with CoCs to track and assess the timeliness of referrals to PSH vacancies in an effort to improve the responsiveness of the CE system
- 4.3 Building on MN Housing's efforts with their *Step Down* pilot, collaborate with CoCs and local PHAs to expand this Moving On<sup>8,9</sup> preference strategy statewide with local Section 8 Housing Choice Voucher Programs in order to allow PSH tenants to transition to a tenant-based rent subsidy

## Recommendation 5: Enhance data collection systems to capture more standardized data on service availability and funding

- 5.1 Establish and collect standardized data requirements regarding properties and services provided across the PSH portfolio
- 5.2 Establish a set of common outcome measures and corresponding benchmarks in order to assess the success of PSH across Minnesota

---

<sup>8</sup> See description of [Moving On Preference Strategy at the HUD Exchange website](#).

<sup>9</sup> The metro PHAs and CoCs have started coordinating for Moving On; it should be expanded to Greater Minnesota

# Background and Approach

## Background

The Minnesota Housing Finance Agency (MN Housing) commissioned an evaluation of the permanent supportive housing (PSH) units that it finances. It also commissioned an investigation of best/promising practices that could be used to refine the design and requirements of MN Housing's supportive housing program. This report is focused on the evaluation of PSH. The Human Services Research Institute (HSRI) carried out the evaluation in partnership with the Technical Assistance Collaborative (TAC). We hope that the findings described in this report will provide MN Housing with a more detailed understanding of the current state of the PSH properties it has funded.

## Minnesota Context

### Homelessness in Minnesota

The United States (US) Department of Housing and Urban Development (HUD) submits an annual report to Congress with estimates of homelessness across the country. According to the report, on a single night in 2019 around 568,000 people were experiencing homelessness in the US; of these, 7,977 were residing in Minnesota<sup>10</sup> (an increase of 10% compared to 2018<sup>11</sup>). The Wilder Research Minnesota Homeless Study, a one-day statewide study conducted every three years, reported that 10,233 people were experiencing homelessness in Minnesota in 2018, a 10% increase from the prior study in 2015.

### Permanent Supportive Housing (PSH)/Long Term Homeless (LTH)

Across the US, PSH has been developed and implemented to address the needs of people who experience chronic homelessness. PSH is permanent housing with indefinite (non-time-limited) leasing or rental assistance and an array of voluntary supportive services.<sup>12</sup> HUD prioritizes individuals who are chronically homeless for PSH.<sup>13</sup> PSH typically follows the Housing First approach, meaning it does not require people to address all of their problems, including those related to behavioral health, or progress through various service programs before they can be housed—or as a condition of retaining housing.<sup>14</sup> However, there are some PSH properties across the US and in Minnesota that do not follow the Housing First model (e.g., sober/recovery

---

<sup>10</sup> See [The 2019 Annual Homeless Assessment Report \(AHAR\) to Congress Part 1: Point-in-Time Estimates of Homelessness](#)

<sup>11</sup> [Minnesota Department of Human Services. Behavioral Health e-Memo #19-149](#), Date January 22, 2020.

<sup>12</sup> National Academy of Sciences, Engineering and Medicine 2018. [Permanent Supportive Housing: Evaluating the Evidence for Improving Health Outcomes Among People Experiencing Chronic Homelessness](#). Washington, DC: The National Academic Press.

<sup>13</sup> Ibid.

<sup>14</sup> See National Alliance to End Homelessness [Fact Sheet: Housing First](#)

focused projects). Moreover, it has been noted in the literature that the rapid growth of the Housing First model has resulted in different versions of the model.<sup>15</sup> This has resulted in a call for greater model clarity and for a fidelity instrument that would allow for comparisons across programs.<sup>16</sup> Nevertheless, PSH has been shown to help people who experience chronic homelessness to maintain housing stability over a 1 to 2 year period.<sup>17</sup>

MN Housing is a primary funder of capital financing for PSH in Minnesota. MN Housing also funds rental assistance for PSH scattered sites. PSH has been a funding priority for MN Housing since 2005, with a focus on housing people experiencing Long-Term Homelessness (LTH),<sup>18</sup> which is defined in Minnesota as “lacking a permanent place to live continuously for a year or more or at least four times in the past three years.”<sup>19</sup> Minnesota does not require that a person have a disabling condition in order to meet the definition of LTH.<sup>20</sup> In 2018, MN Housing adopted the High Priority Homeless (HPH) eligibility criteria to align with the Continuum of Care efforts to assess and prioritize homeless households for housing opportunities within their community through the coordinated entry system (CES).

### **Role of Department of Human Services**

The Minnesota Department of Human Services (DHS) provides supports to help people maintain stable housing. These include income supports, services that help people access and maintain housing, one-time emergency payments, and grants that support agencies working to end homelessness.<sup>21</sup> DHS also provides residential and treatment services to people with mental illness, developmental disabilities, and chemical dependency.<sup>22</sup> They also provide home and community-based services to people with disabilities such as those with developmental disabilities, chronic medical conditions, acquired or traumatic brain injuries, and physical disabilities.<sup>23</sup> DHS services are delivered through a county and tribal system. Starting in July 2020, Housing Stabilization Services will be a new state Medicaid benefit for people with disabilities and seniors, to help them find and keep housing.<sup>24</sup>

There are other funding sources for rental assistance and supportive services in Minnesota that are not discussed in this report.

### **Role of Continuum of Care and Coordinated Entry**

---

<sup>15</sup> See Chen, P.M. (2019). Housing first and single-site housing. *Social Sciences* 8, 129; doi:10.3390/socsci8040129

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> [Minnesota Housing. March 2018. Supportive Housing Information and Resources](#)

<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

<sup>21</sup> [Minnesota Department of Human Services. February 2019. Homelessness in Minnesota: helping to connect people to the services they need](#)

<sup>22</sup> [Direct Care and Treatment webpage, Minnesota Department of Human Services website](#)

<sup>23</sup> [Home and community services, Minnesota Department of Human Services website](#)

<sup>24</sup> [Minnesota Department of Human Services. Housing Stabilization Services](#)

Within Minnesota, there are 10 Continuums of Care (CoCs)—local planning bodies that coordinate housing, service planning, and funding for families and individuals experiencing homelessness.<sup>25</sup> CoCs are required to implement a coordinated entry system (CES or CE): a centralized or coordinated process for intake, assessment, and referrals.<sup>26</sup> Minnesota uses the Vulnerability Index – Service Prioritization Decision Assistance Tool (VI-SPDAT) for coordinated assessments and to triage people into three housing types/services:

- PSH (permanent housing subsidies with housing support services) for people who have the greatest vulnerability;
- Rapid rehousing (short-term housing subsidies or other financial support and temporary support services) for people scoring in the moderate range; and
- Mainstream affordable housing for those people scoring in the minimally vulnerable range.<sup>27</sup>

## Data and Methods

### Evaluation Questions

The following six evaluation questions guided this study:

1. What types of properties provide PSH (fully supportive, mixed use)? What are the characteristics of these properties? Are there any differences between the two types?
2. What supportive services are provided to tenants in PSH units? Are services meeting tenants' needs?
3. What are the characteristics of PSH tenants? Are target populations being effectively reached?
4. What outcomes or changes have PSH tenants experienced? Are certain types of properties and services associated with better outcomes?
5. What are barriers to providing housing and supportive services to tenants in PSH units?
6. What barriers do PSH tenants face in getting and keeping housing?

---

<sup>25</sup> [Minnesota Housing. March 2018. Supportive Housing Information and Resources](#)

<sup>26</sup> [Coordinated Entry \(CE\) System webpage, Minnesota Housing website](#)

<sup>27</sup> [New Research on the Reliability and Validity of the VI-SPDAT: Implications for Coordinated Assessment, Homeless Hub website](#)

## Data Sources

The HSRI team utilized primary and secondary data sources for the evaluation. The following are the main sources of data:

- Existing quantitative data from available data and reports identified by MN Housing and the team, including tenant-level data from the Homeless Management Information System (HMIS).
- Quantitative property-level and award data from MN Housing.
- Surveys distributed to staff from MN Housing-funded PSH properties and supportive services providers.
- Surveys distributed to a sample of tenants at PSH properties.
- Notes from focus groups conducted by Management Analysis and Development with PSH tenants.
- Interviews with stakeholders conducted by TAC.

A detailed description of each data source is provided in Appendix B.

## Analytic Methods

Descriptive analyses are used to present findings to the research questions; whenever possible, descriptive analyses are broken out by key characteristics such as property type and tenant demographics.

Multivariate analyses examine factors associated with stability in PSH housing.

TAC utilized a SWOT Analysis in the stakeholder interview to identify strengths, challenges and opportunities within the MN Housing PSH program.

For more detailed information on the methods used for entering, cleaning, and analyzing the data in this report, please refer to Appendix B.



# Findings

The study findings presented in this section are organized around the six evaluation questions that guided this study, each of which is described here.

## Types and Characteristics of PSH properties

**Research Question 1:** *What types of properties provide PSH (fully supportive, mixed use)? What are the characteristics of these properties? Are there any differences between the two types?*

### Characteristics of PSH Properties

We examined data from 260 properties funded by MN Housing. These properties have a total of 4,695 PSH units. In this report, we distinguish between “mixed” properties (those with less than 50% of their units designated as PSH) and “majority-PSH” properties (those with between 51% and 100% of their units designated as PSH). Of the 260 properties, 163 (63%) are mixed properties. In terms of the total number of units, however, most (78% of the 4,695 units) are located in majority-PSH properties. Characteristics of the 260 properties include:

- 97 (37%) are majority-PSH properties with a total of 3,654 PSH units
- 163 (63%) are mixed properties with a total of 1,041 PSH units
- 59% are new construction
- 39% are properties that were rehabilitated
- 9% are conversions to housing/adaptive-reuse
- 8% are in scattered sites (i.e., housing in private market rental units that are spread throughout the community)<sup>28</sup>
- 34% (roughly one third) were built in the past 10 years; 38% were built between 11 and 50 years ago; and 28% were built over 50 years ago
- 28% have been used for PSH for less than 5 years; 44% have been used for PSH for 5 to 10 years; 23% have been used for PSH for 11 to 15 years; and 5% have been used for PSH for between 16 and 25 years.

Exhibit 1 shows the regional distribution of the PSH properties. Close to 60% of the PSH properties are in the 7-County Metro Region. One third (33%) of the PSH

---

<sup>28</sup> National Academies of Sciences, Engineering, and Medicine 2018. [Permanent Supportive Housing: Evaluating the Evidence for Improving Health Outcomes Among People Experiencing Chronic Homelessness](#). Washington, DC: The National Academies Press

properties and 37% of the PSH units are located in Hennepin. Ramsey has the second highest proportion of PSH properties and PSH units—with 17% and 30%, respectively.

Exhibit 1

### Regional Distribution of Properties and PSH Units

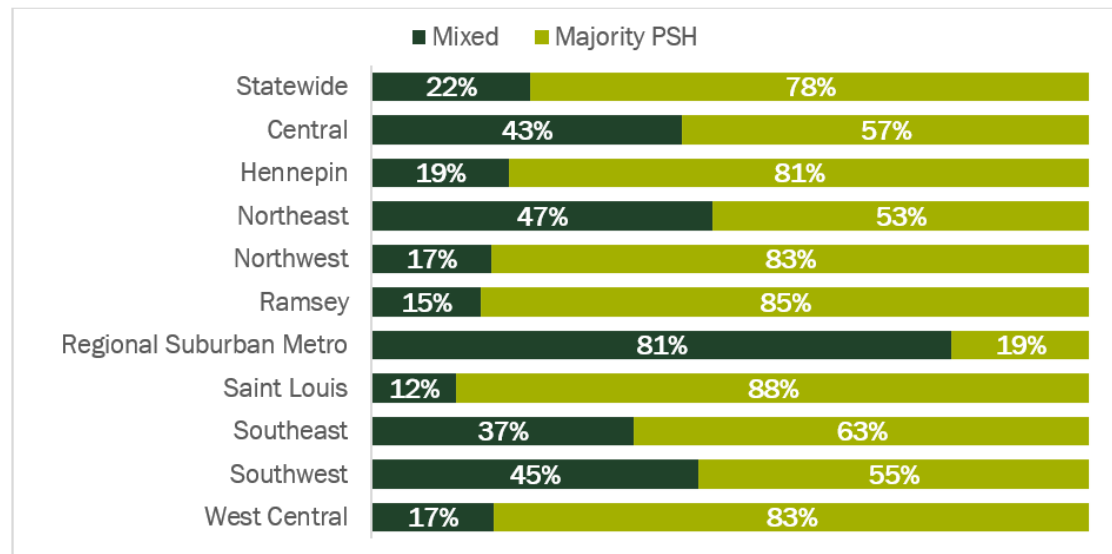
| Region                       | Total Properties     |                 | Total PSH Units   |  |
|------------------------------|----------------------|-----------------|-------------------|--|
|                              | Number v. Percentage | N %             | N %               |  |
| <b>TOTAL</b>                 |                      | <b>260 100%</b> | <b>4,695 100%</b> |  |
| <b>7-County Metro Region</b> |                      | <b>149 57%</b>  | <b>3,281 70%</b>  |  |
| <b>Greater Minnesota</b>     |                      | <b>111 43%</b>  | <b>1,414 30%</b>  |  |
| Central                      |                      | 23 9%           | 201 4%            |  |
| Hennepin                     |                      | 85 33%          | 1,758 37%         |  |
| Northeast                    |                      | 10 4%           | 99 2%             |  |
| Northwest                    |                      | 8 3%            | 120 3%            |  |
| Ramsey                       |                      | 45 17%          | 1,398 30%         |  |
| Regional Suburban Metro      |                      | 19 7%           | 125 3%            |  |
| Saint Louis                  |                      | 19 7%           | 423 9%            |  |
| Southeast                    |                      | 34 13%          | 364 8%            |  |
| Southwest                    |                      | 8 3%            | 66 1%             |  |
| West Central                 |                      | 9 4%            | 141 3%            |  |

Source: MN Housing property data.

Exhibit 2 shows the percentage of units by property type. Statewide, only 22% of PSH units are in mixed properties. The percentages vary by CoC; Saint Louis has the smallest proportion of its PSH units in mixed properties (12%) whereas the Regional Suburban Metro CoC has the largest proportion (81%).

Exhibit 2

### Percentage of PSH Units by Property Type and CoC Region

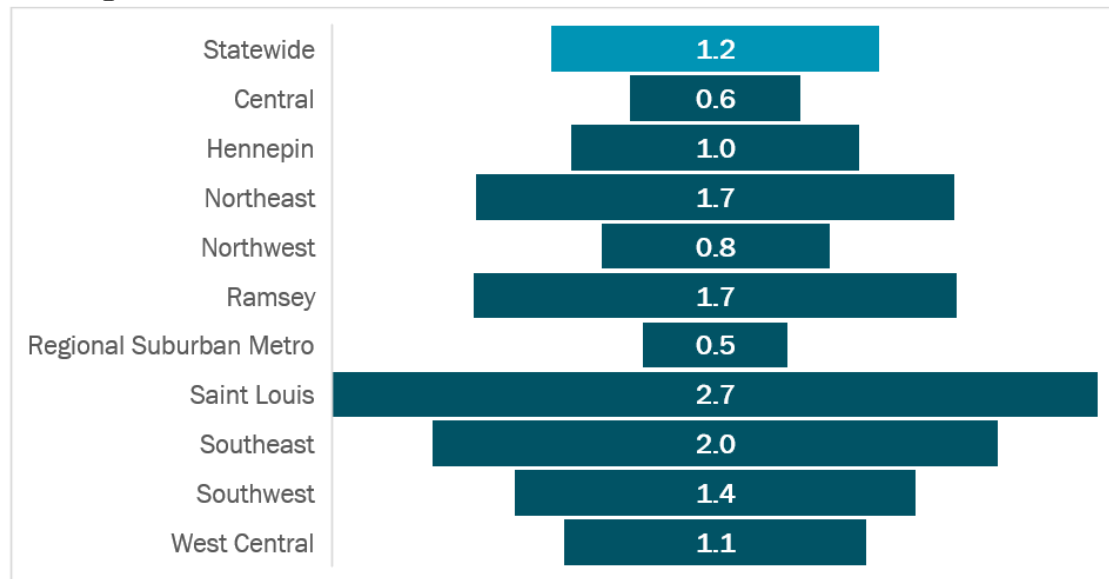


Source: MN Housing property data, N=260 properties and N=4,695 PSH Units

Exhibit 3 gives a rough sense of the need for PSH in relation to MN Housing’s PSH inventory by region. It shows the number of MN Housing-funded PSH units per person experiencing long-term homelessness. Statewide, there is slightly more than one (1.2) unit per person in need. In the Central, Northwest, and Regional Suburban Metro regions there is less than one unit per person in need, while the Saint Louis region has nearly three (2.7) PSH units per person in need. This analysis provides only a proxy measure for supply because it does not account for occupancy rates. That is, some of the available units will undoubtedly be occupied at any given time; therefore, the number of PSH units displayed in the chart does not reflect true availability or access to PSH. Instead, it gives a rough sense of how the distribution of people in need of supportive housing compares to MN Housing’s PSH portfolio across the state. In that sense, it could be viewed as a representation of “relative pressure” on the existing PSH inventory—and the regional variation can help MN Housing identify those areas most in need of additional units.

Exhibit 3

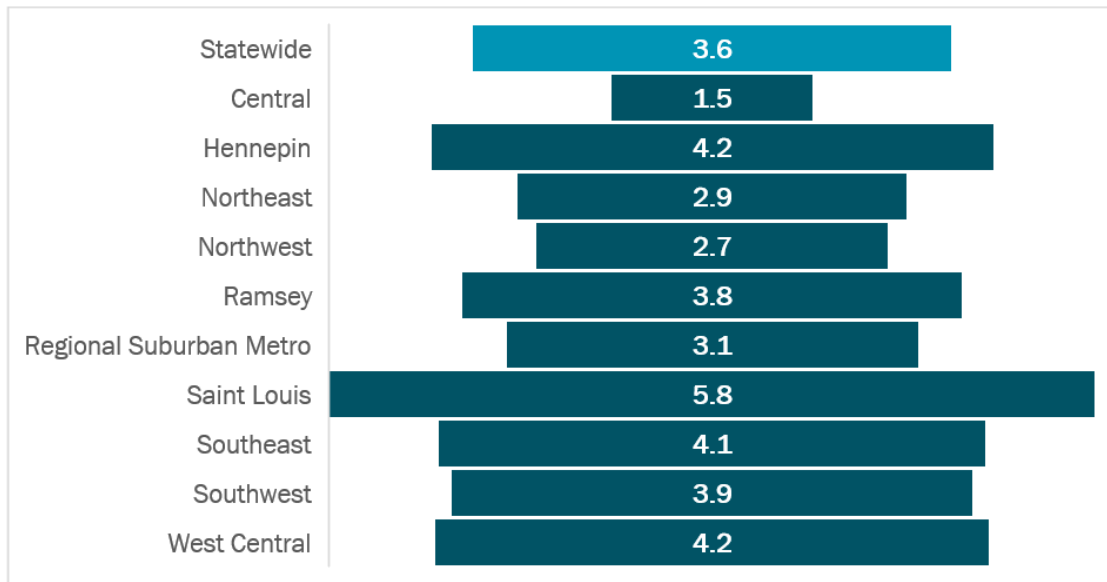
**Number of MN Housing-Funded PSH Units Per Person in Need of Supportive Housing**



Sources: The number of MN Housing-funded PSH units is from property data provided by MN Housing. The number of people in need of supportive housing is the number meeting the state’s criteria for long-term homeless from the [2018 Wilder Study detailed data tables](#).

A similar analysis in Exhibit 4 examines the supply of PSH and other permanent housing beds (not only those funded by MN Housing). These numbers are based on HUD’s Housing Inventory Count (HIC) data. When taking the additional permanent housing options into account, the Central region still has comparatively lower housing inventory in relation to its population in need of supportive housing. MN Housing should further explore with the Central region CoC if the supply of PSH is sufficient to meet the need for supportive housing, and if not, prioritize development of PSH in this region.

## Number PSH and Other Permanent Housing Beds Per Person in Need of Supportive Housing



Sources: The number of PSH and other permanent housing beds is from HUD's 2018 Housing Inventory Count (HIC) data: U.S. Department of Housing and Urban Development, [Point-in-time counts by CoC, 2007-2018](#). Accessed November 21, 2019. The number of people in need of supportive housing is the number meeting the state's criteria for long-term homeless from the [2018 Wilder Study detailed data tables](#).

## Property Financing and Financial Stability

### Low-Income Housing Tax Credits (LIHTC)

In the US, Low-Income Housing Tax Credits (LIHTC) are an important resource for creating affordable housing and PSH.<sup>29,30</sup> Through LIHTC, investors are provided federal income tax credits for the construction, acquisition, or substantial rehabilitation of eligible rental housing.<sup>31</sup> MN Housing has been designated by the Minnesota Legislature as the primary allocating agency of LIHTC in Minnesota, and qualifying local cities and counties are sub-allocators.<sup>32</sup> Sixty-eight percent of the PSH properties received 9% LIHTC, while 11% of the PSH properties received 4% LIHTC.

### Housing Infrastructure Bonds

MN Housing has also used other sources to finance PSH properties—including Housing Trust Fund and Housing Infrastructure Bonds (HIB). HIB are limited obligation tax-exempt bonds issued by MN Housing and authorized by the State Legislature, with the debt service paid by appropriations from the General Fund of the

<sup>29</sup> [Low-Income Housing Tax Credits webpage, HUD User website](#)

<sup>30</sup> National Academies of Sciences, Engineering, and Medicine 2018. [Permanent Supportive Housing: Evaluating the Evidence for Improving Health Outcomes Among People Experiencing Chronic Homelessness](#). Washington, DC: The National Academies Press.

<sup>31</sup> See [Minnesota Housing 2020-2021 Affordable Housing Plan Appendix B- Program Description](#)

<sup>32</sup> Ibid.

State.<sup>33</sup> The proceeds of HIBs may be used to fund loans that finance specific multifamily housing developments. Shown in Exhibit 5 are the number of properties (N=15) and PSH units (N=647) funded by HIB set-asides for PSH for individuals and families experiencing or at risk of homelessness (HIB PSH), for people with behavioral health needs (HIB Behavioral Health), and for seniors (HIB Seniors). Of these, the properties funded using HIB PSH and HIB Behavioral Health are majority-PSH properties; the properties with HIB Seniors funding are mixed. MN Housing has successfully utilized the HIB capital source in conjunction with 4% LIHTC financing to further the development of majority-PSH properties.

Exhibit 5

**Number of Properties and PSH Units Funded Using Housing Infrastructure Bonds, 2018-2019**

| HIB Type              | Number of Properties | Number of PSH Units |
|-----------------------|----------------------|---------------------|
| HIB PSH               | 8                    | 417                 |
| HIB Behavioral Health | 4                    | 207                 |
| HIB Seniors           | 3                    | 23                  |
| <b>TOTAL</b>          | <b>15</b>            | <b>647</b>          |

Source: MN Housing data on services funding, 2017-2019. Properties funded using HIB are in 2018 and 2019 only.

**Financial Stability**

The financial stability of properties with PSH units is vital. Studies have found that PSH projects tend to have lower revenues and higher operating expenses compared to other housing such as affordable housing.<sup>34</sup> Below, we describe financial information for properties that have a first mortgage or first mortgage oversight with MN Housing.

**Net Operating Income.** The Net Operating Income (NOI) for the 80 properties that have a first mortgage or first mortgage oversight with MN Housing ranges widely, from a loss of \$41,137 to income of \$1,122,137, with an average NOI of \$216,146 (Exhibit 6). The average NOI per unit in mixed properties (which includes units that are not PSH) is \$4,428 compared to \$541 in majority-PSH properties. Of the 22 majority-PSH properties with data on NOI, 18 are generally assessed as having good financial health because they had positive NOI for each year for which data were available or a net operating loss for only one year among two or more years of data; the other 4 had net operating losses for two or all three years for which data were available. This finding suggests that a small but not significant percentage of majority-PSH properties may struggle to produce adequate operating income. MN Housing’s Asset Management staff continues to proactively work with these property ownership and management teams to implement specific strategies designed to improve and stabilize their cash flow and overall health.

<sup>33</sup> [Housing Infrastructure Bonds webpage, MN Housing website](#)

<sup>34</sup> Corporation for Supportive Housing and the Enterprise Community Partners. 2011. [Permanent Supportive Housing: An Operating Cost Analysis](#).

## Net Operating Income for Properties With a First Mortgage or First Mortgage Oversight With MN Housing

### Overall

|                            | Number of Properties | Mean      | Median    | Min        | Max         | Std. Deviation |
|----------------------------|----------------------|-----------|-----------|------------|-------------|----------------|
| Net Operating Income (NOI) | 80                   | \$216,146 | \$183,180 | \$(41,137) | \$1,122,137 | \$206,145      |
| NOI per Unit               | 80                   | \$3,359   | \$3,702   | \$(4,114)  | \$9,180     | \$2,519        |

### Mixed Properties

|              | Number of Properties | Mean      | Median    | Min     | Max         | Std. Deviation |
|--------------|----------------------|-----------|-----------|---------|-------------|----------------|
| NOI          | 58                   | \$282,401 | \$237,988 | \$6,132 | \$1,122,137 | \$201,419      |
| NOI per Unit | 58                   | \$4,428   | \$4,507   | \$133   | \$9,180     | \$1,782        |

### Majority-PSH Properties

|              | Number of Properties | Mean     | Median   | Min        | Max       | Std. Deviation |
|--------------|----------------------|----------|----------|------------|-----------|----------------|
| NOI          | 22                   | \$41,474 | \$34,626 | \$(41,137) | \$304,740 | \$75,239       |
| NOI per Unit | 22                   | \$541    | \$524    | \$(4,114)  | \$6,349   | \$1,942        |

Source: MN Housing Property Data. This analysis includes the latest year for which NOI data were available, which varied by property between 2017 and 2018. The average NOI per unit is for all units in the property, not only PSH units.

**Debt Service Coverage Ratio.** The Debt Service Coverage Ratio (DCR) for properties shows how much cash flow is available to pay current debt obligations.<sup>35</sup> The median DCR for the 53 mixed properties for which data were available and that have a first mortgage or first mortgage oversight with MN Housing is 2.07. The DCR ranged from 1.10 to 10.52, with an average DCR of 2.61.

For MN Housing underwriting and across the affordable housing industry, a DCR between 1.15 and 1.20 is considered a sign of strong health of the property. This finding across the mixed PSH portfolio (for properties that receive a first mortgage or first mortgage oversight from MN Housing) represents a strong indicator that these properties are in overall good financial health. The Expense Coverage Ratio, which is the comparable ratio for properties without a first mortgage or first mortgage oversight, was not available for reporting.

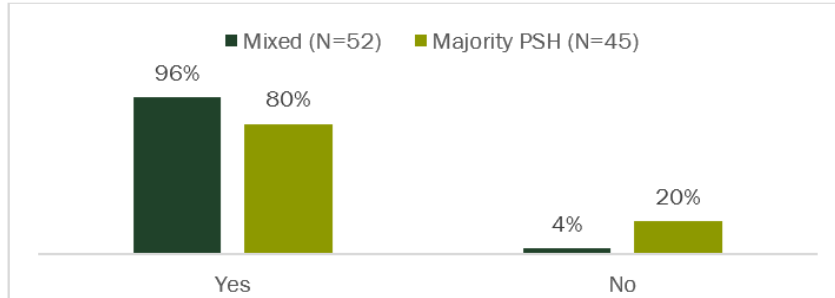
**Cash Flow.** Almost all of the respondents (96%) to the *Property Management Survey* who were from mixed properties reported that they had adequate cash flow to pay operating costs, provide necessary maintenance, pay financing costs, and fund reserves; this compares to 80% among respondents from majority-PSH properties (Exhibit 7).

<sup>35</sup> As defined in [MN Housing Multifamily Underwriting Standards, described on the MN Housing website](#)

Respondents from 11 properties reported that they did not have adequate cash flow. These properties are geographically diverse. The locations are not presented here in order to protect the privacy of the properties.

Exhibit 7

### Percent of Properties Reporting Adequate Cash Flow



Source: Property Management Survey

Note: Respondents responded to the question “Does this property have adequate cash flow to pay operating costs, provide necessary maintenance, pay financing costs and fund reserves?”

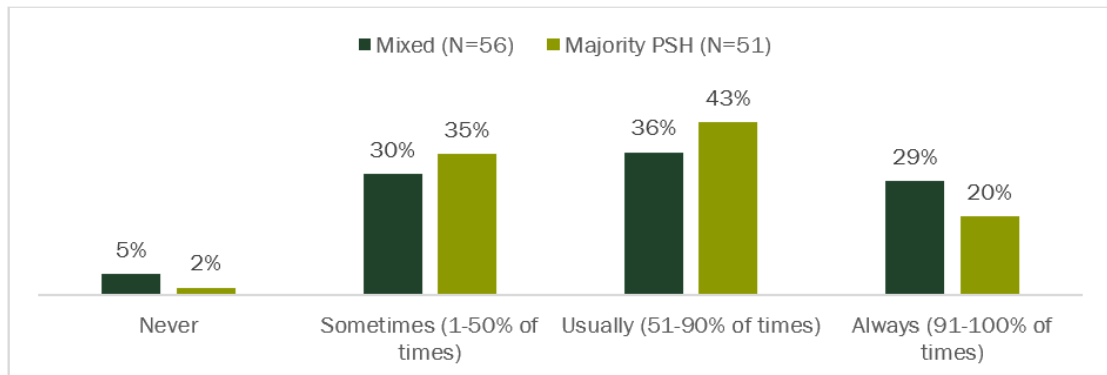
### Occupancy Rates & Vacancies

The average occupancy rate for the 78 properties for which data were available was 97% (data not shown)—which is another positive indicator of overall property health and marketability for the MN Housing PSH portfolio. It is possible that differences exist among different types of developments (e.g., youth PSH developments or developments with a high number of Housing Support units); however, this was not examined in our analysis.

The majority of the respondents to the *Property Management Survey* from both types of properties (mixed and majority-PSH) reported that vacant PSH units are usually or always filled within 60 days (Exhibit 8).

Exhibit 8

### How Often Vacant PSH Units Are Filled Within 60 Days



Source: Property Management Survey

Note: Respondents responded to the question “How often are vacant PSH/LTH units in this property occupied within 60 days of being vacant?”



## Availability of Front Desk Staff

Nearly two-thirds of respondents from majority-PSH properties (65%) reported there is at least part-time front desk staff at the property, while 64% of respondents reported that front desk staff are available at the property 24 hours a day, 7 days a week (data not shown).

The majority of the respondents to the *Property Management Survey* reported that the presence of front desk staff has a positive impact on property safety and tenant outcomes. The majority also report that this presence has a positive impact on the safety and wellbeing of the overall community.

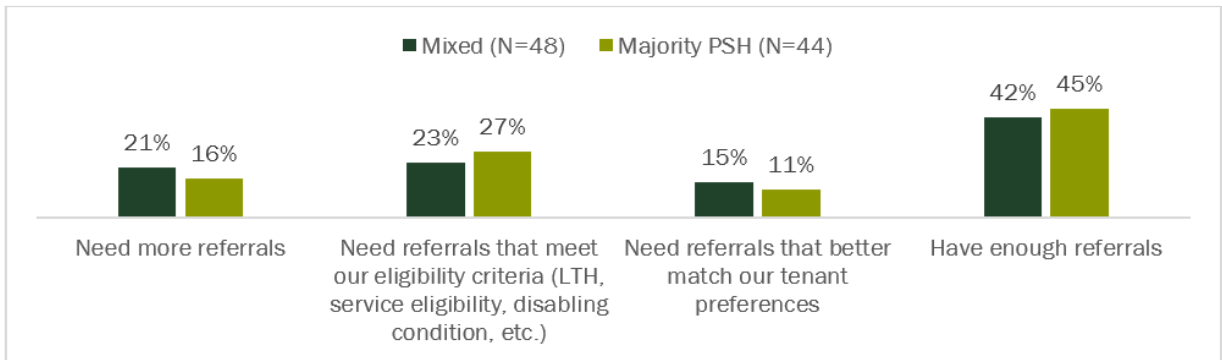
Additionally, some of the focus group participants noted that having security at the front desk contributed to the safety of the property. Other focus group participants noted that there was not enough security in some properties and that some properties are not as safe after hours due to some issues with drug use and other behaviors that make tenants feel unsafe.

## Referrals from Coordinated Entry

Coordinated entry (CE) plays an important role in PSH since they refer individuals and families who are homeless to the PSH units. Slightly less than half of respondents to the *Property Management Survey* reported receiving enough referrals; the rate was similar for mixed and majority-PSH properties (42% and 45%). The responses in Exhibit 9 indicate a need to strengthen the referral process from CE to ensure eligible individuals are being referred to PSH. Appendix A provides more detail on referrals from CE to properties and service providers.

Exhibit 9

### Availability of Referrals from Coordinated Entry



Source: Property Management Survey

Note: Respondents responded to the question "Which of the following best describes the availability of referrals from coordinated entry for your PSH/LTH units in this property?"

## Characteristics of Tenant Survey Respondents

The *Tenant Survey* was completed by 78 tenants from 12 properties. Because of the relatively small sample size, the results from the survey should be considered informative, but not conclusive. Exhibit 10 shows the demographic characteristics of

the respondents compared to the characteristics of the entire PSH population from HMIS data. Compared to all PSH tenants, the survey respondents were more likely to be white, female, and to reside in majority-PSH properties.

Exhibit 10

### Characteristics of Tenant Survey Respondents Versus Entire PSH Population in HMIS

|                               | Survey Respondents |     | HMIS |
|-------------------------------|--------------------|-----|------|
|                               | N                  | %   | %    |
| <b>Property Type</b>          |                    |     |      |
| Mixed                         | 14                 | 19% | 34%  |
| Majority-PSH                  | 59                 | 81% | 66%  |
| <b>Gender</b>                 |                    |     |      |
| Male                          | 28                 | 40% | 52%  |
| Female                        | 41                 | 59% | 48%  |
| Transgender                   | 1                  | 1%  | <1%  |
| <b>Ethnicity</b>              |                    |     |      |
| Hispanic/Latino               | 3                  | 4%  | 6%   |
| <b>Race</b>                   |                    |     |      |
| African American/Black        | 16                 | 22% | 39%  |
| American Indian/Alaska Native | 7                  | 10% | 14%  |
| Asian or Pacific Islander     | 0                  | 0%  | 2%   |
| White                         | 46                 | 64% | 35%  |
| Mixed race                    | 3                  | 4%  | 10%  |

Sources: Tenant Survey and HMIS data. Note: demographic information was missing for some survey respondents and property type was unknown for several respondents.

## Housing Choices

Providing choices to tenants regarding housing or property type (e.g., sober living, mixed housing), unit type, and the composition of the household (e.g., live alone, or share a bedroom or apartment) is central to the PSH model and important for the retention of housing.<sup>36, 37</sup>

PSH tenants in the *Tenant Survey* were asked about the choices they had when selecting housing. Exhibits 11 and 12 show tenants' responses first by property type, then by race. As shown in Exhibit 11, 44% of the respondents reported not having any choices when selecting their housing. More tenants in majority-PSH properties (53%) than tenants in mixed properties (21%) reported not having any choices in selecting their housing. More tenants who identified as white (43%) than tenants of color (39%) reported not having any choices in selecting their housing (Exhibit 12).

Close to 30% of tenants reported having a choice of type of housing program (e.g., sober living) and type of property (i.e., mixed versus only PSH units). A greater

<sup>36</sup> See Substance Abuse and Mental Health Services Administration. [Permanent Supportive Housing: Building Your Program](#). HHS Pub. No. SMA-10-4509, Rockville, MD: Center for Mental Health Services, Substance Abuse and Mental Health Services Administration, U.S. Department of Health and Human Services, 2010.

<sup>37</sup> See National Alliance to End Homelessness [Fact Sheet: Housing First](#)

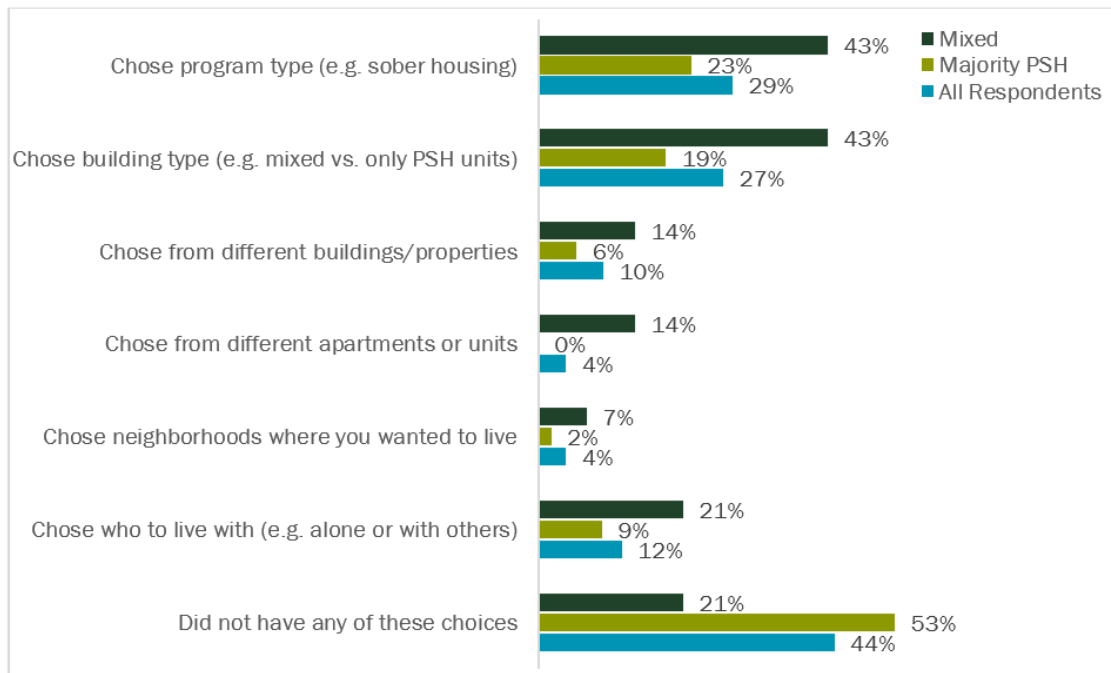
proportion of tenants in mixed properties reported having these choices compared to those in majority-PSH properties. A greater proportion of tenants of color (35%) than tenants who identified as white (26%) reported having choice in the type of housing programs (e.g., sober living), while a greater percentage of tenants who identified as white reported having choices in the type of property (i.e., mixed versus only PSH units) compared to tenants of color (31% vs. 17%, respectively).

Only a few tenants reported having been given a choice between different buildings/properties (10%), apartments/units (4%), who they could live with (e.g., alone or with others) (12%), and what neighborhoods they wanted to live in (12%). A greater proportion of tenants in mixed properties reported having these choices compared to those in majority-PSH properties. A greater proportion of tenants who identified as white reported having these choices compared to tenants of color.

The apparent lack of choice in many of these areas may be due to the fact that people are given referrals from CES/CE to housing programs; if the housing program is site-based, no choice is provided other than the option for turning down the referral for the housing. Because of a relatively small sample size, the results from the *Tenant Survey* should be considered informative, but not conclusive.

Exhibit 11

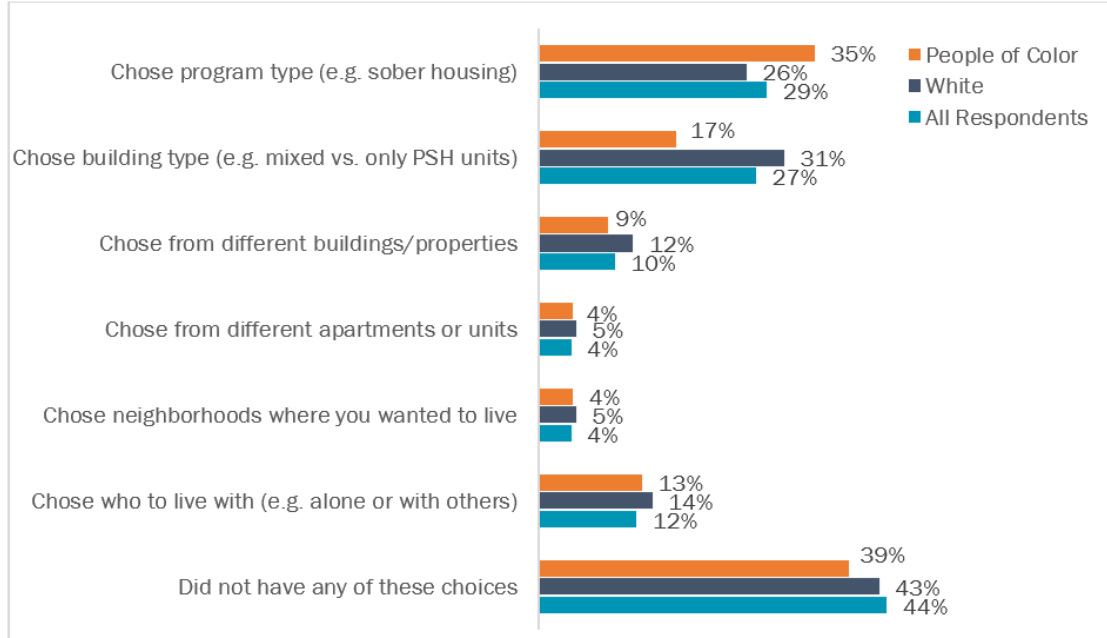
### Housing Choices Reported by PSH Tenants, by Property Type



Source: Tenant Survey, Mixed properties N=14; Majority-PSH properties N=53; All Respondents N=73. The Ns by property type do not add to the total of all respondents because property type was unknown for some respondents.

Note: Respondents could check all that apply so percentages do not add to 100%. Respondents responded to the question “We want to know what choices you had when you were looking for your current home. Please pick any of the choices you had when looking for your current home. (Check all that apply).”

**Housing Choices Reported by PSH Tenants, by Race/Ethnicity**



Source: Tenant Survey, People of Color N=23; White N=42; All Respondents N=73.

Note: Respondents could check all that apply so percentages do not add to 100%. The Ns by race/ethnicity do not add to the total of all respondents because race/ethnicity was unknown for some respondents. Respondents responded to the question “We want to know what choices you had when you were looking for your current home. Please pick any of the choices you had when looking for your current home. (Check all that apply).”

The availability of choices in housing varied among the focus group participants. Some PSH tenants reported being given a choice in properties; one tenant who had a drinking problem ruled out a particular property because it was close to a liquor store, and another noted that a place was not seen as desirable. Some reported not knowing that they were moving into sober living when moving into their current housing. Living in sober housing was challenging for those PSH tenants who reported that they did not have a substance use issue but still had to abide by the no-substance-use policy. These tenants noted that they are adults and should be allowed to have a drink with dinner or in the comfort of their homes.

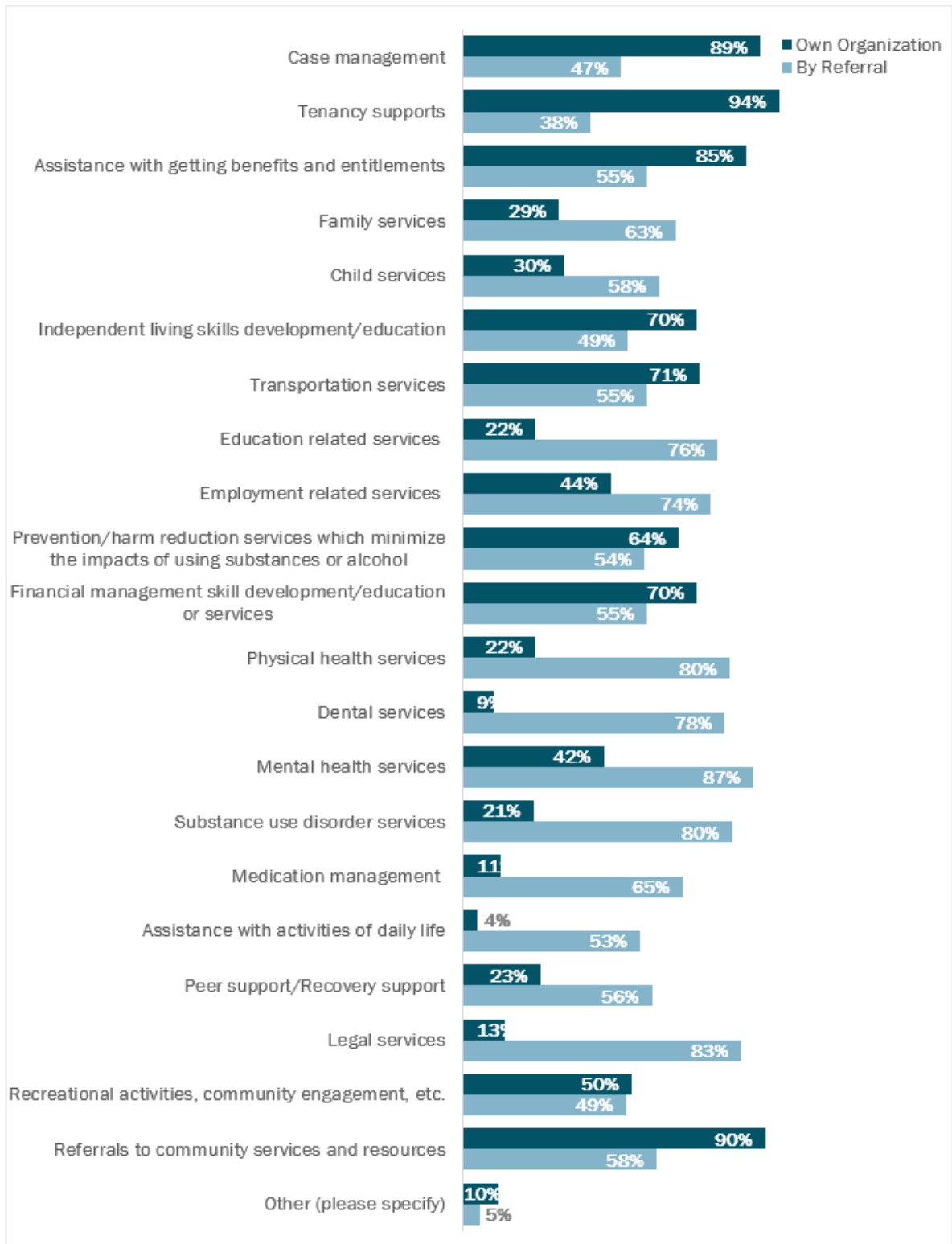
Some tenants also reported preferring housing in individual homes instead of multi-family apartment buildings.

## Supportive Services

**Research Question 2:** *What supportive services are provided to tenants in PSH units? Are services meeting tenants' needs?*

Supportive services are available to PSH tenants either directly from properties' service providers or through referral. Exhibit 13 shows the services provided either directly by the properties' service providers ('own organization') or by referral as reported in the *Service Provider Survey*. Most service providers reported that they provide tenancy supports (94%), referrals to community services and resources (90%), case management services (89%), and assistance with getting benefits and entitlements (85%) to the PSH tenants. In contrast, services provided primarily through referral to a community partner/provider include those related to behavioral health (mental health and substance use), physical and dental health, and education and employment, as well as legal services.

**Percent of Service Providers Reporting Supportive Service Provided to Tenants by Own Organization and by Referral**



Source: Service Provider Survey; Own Organization (N=143); and By Referral (N=142)

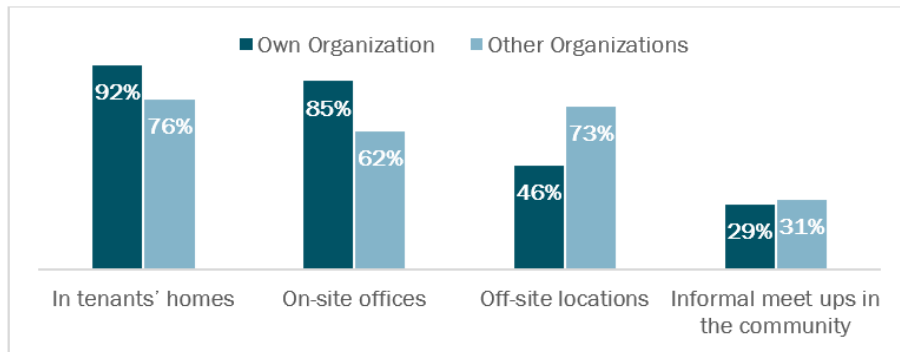
Note: Respondents could check all that apply so percentages do not add to 100%. Respondents responded to the questions “What supportive services are provided to PSH/LTH tenants at this property by your organization? (Check all that apply)” and “What supportive services are provided to PSH/LTH tenants at this property by a referral to a community partner/provider? (Check all that apply)”

## Location of Services

Exhibit 14 displays the locations where case management or tenant services are provided by service providers (own organization) or by referral (other organizations). Most service providers reported that they provide case management or tenant services in the tenants' homes (92%) and in on-site offices (85%); though they also meet with tenants in off-site locations (46%) and in the community (29%). Most of the services provided by other organizations are provided in the tenants' homes (76%) as well as in off-site locations (73%) and on-site locations (62%).

Exhibit 14

### Location Where Services Are Provided



Source: Service Provider Survey (n=142)

Note: The N shown includes those that said Don't Know and Other, even though not displayed. Respondents could check all that apply so percentages do not add to 100%. Respondents responded to the questions "Where are case management/tenant services provided to PSH/LTH tenants at this property by your organization? (Check all that apply)" and "Where are services from other organizations provided to PSH/LTH tenants at this property? (Check all that apply)"

## Supportive Services Received and Needed

There is no centralized data system to track the services that PSH tenants receive. For this evaluation, we relied on self-reports about services received and needed from the sample of tenants who responded to the *Tenant Survey*. It is important to note this may not represent the service needs of all PSH tenants, as discussed further under Limitations in Appendix B. We also asked service providers in the *Service Provider Survey* to report on services needed by tenants.

### Supportive Services Received and Needed as Reported by Tenants

Exhibit 15 shows the services that the sample of tenants who completed the *Tenant Survey* reported they currently receive, by race. Most reported receiving case management or service coordination (75%), help getting benefits (61%), mental health services (55%), help to keep their housing such as dealing with landlords and paying rent (53%), and transportation services (51%).

There are racial differences in the services tenants reported receiving. For most services, a greater percentage of tenants who identified as white reported receiving the service compared to tenants who identified as people of color.



The greatest disparities were in the following services:

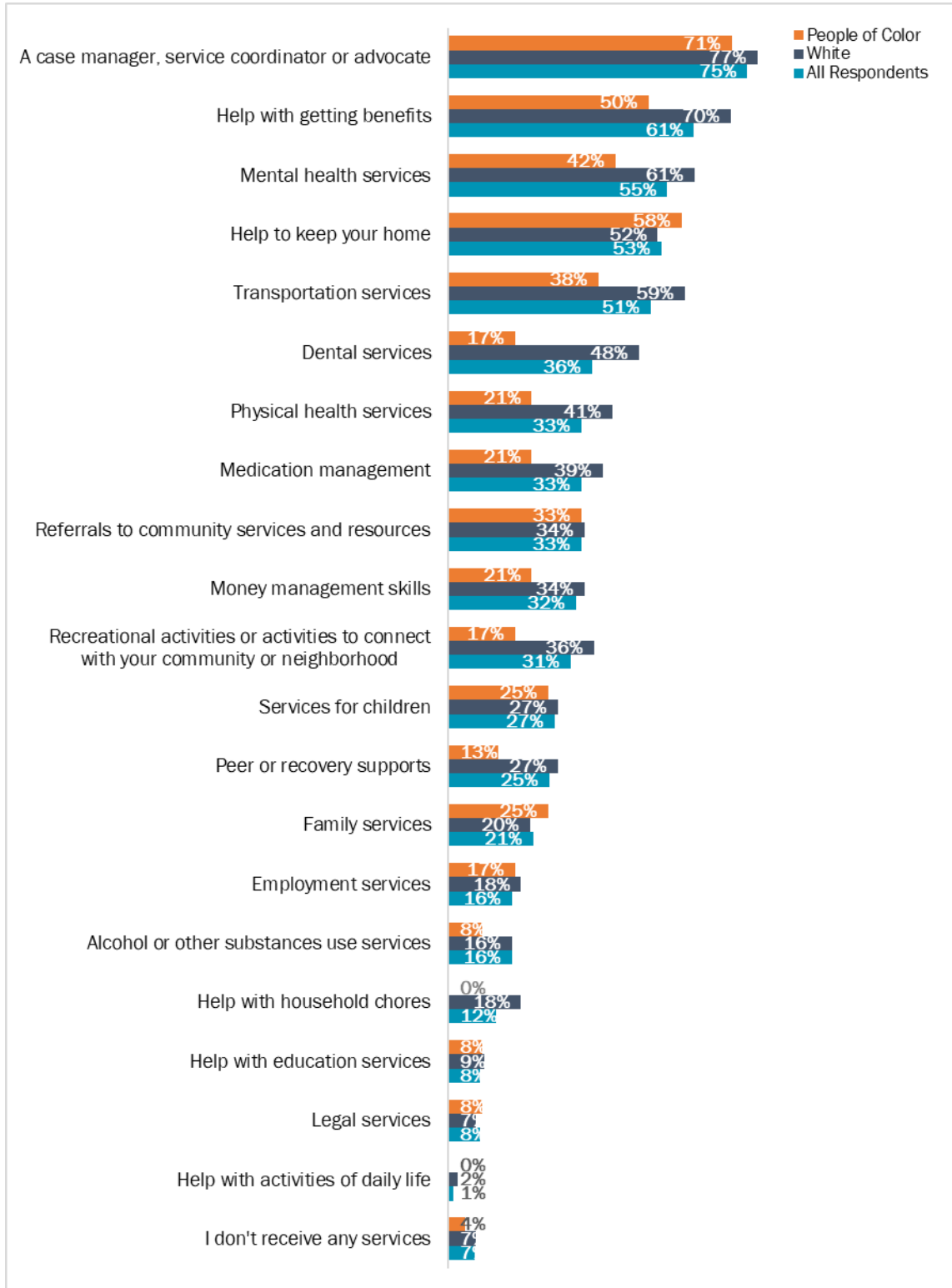
- Help getting benefits: 70% white; 50% people of color
- Mental health services: 61% white; 42% people of color
- Transportation services: 59% white; 38% people of color
- Dental services: 48% white; 17% people of color
- Physical health services: 41% white; 21% people of color
- Medication management: 39% white; 21% people of color
- Recreational activities: 36% white; 17% people of color
- Peer recovery supports: 27% white; 13% people of color
- Help with household chores: 18% white; 0% people of color

Exhibit 16 shows the services that the sample of tenants who completed the *Tenant Survey* reported receiving, by property type. Several major disparities jump out:

- 79% of tenants in mixed properties reported receiving mental health services compared to 47% in majority-PSH properties.
- 71% of tenants in mixed properties reported receiving medication management compared to 27% in majority-PSH properties.
- 43% of tenants in mixed properties reported receiving employment services compared to only 11% in majority-PSH properties.

These findings are self-reported by tenants and may not be representative of service use across PSH tenants. However, they suggest that tenants in mixed properties may have greater access to key services.

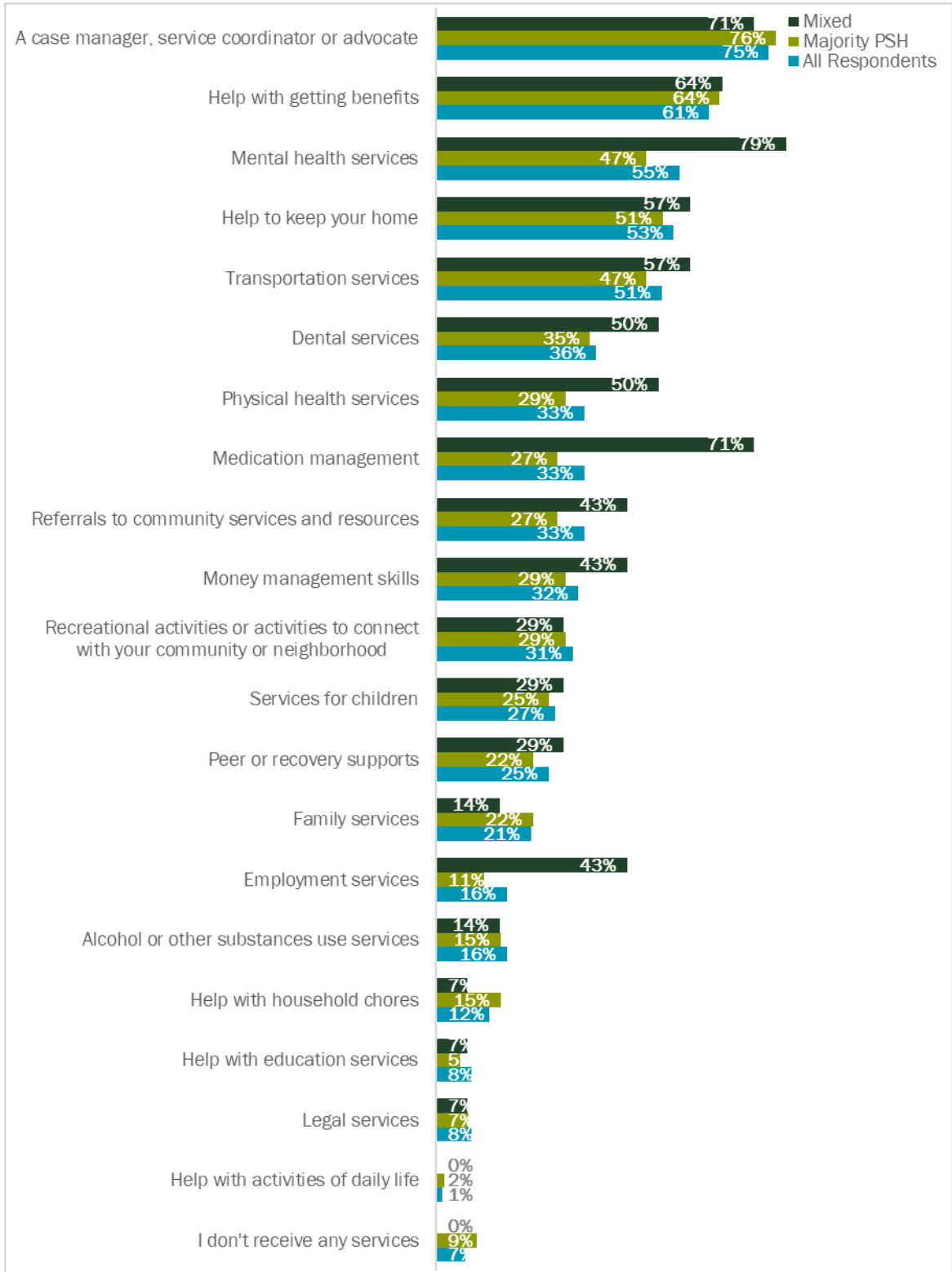
### Services Tenants Report They Received, by Race/Ethnicity



Source: Tenant Survey, People of Color N=24; White N=44; All Respondents N=75, The Ns by race/ethnicity do not add to the total of all respondents because race/ethnicity was unknown for some respondents.

Note: Respondents could check all that apply so percentages do not add to 100%. For services currently received respondents responded to the question “What services or help do you currently get or receive either through your housing, or from somewhere else? (Check all that apply; please indicate all services received, not just those provided with your housing)”

Services Tenants Reported They Received, by Property Type



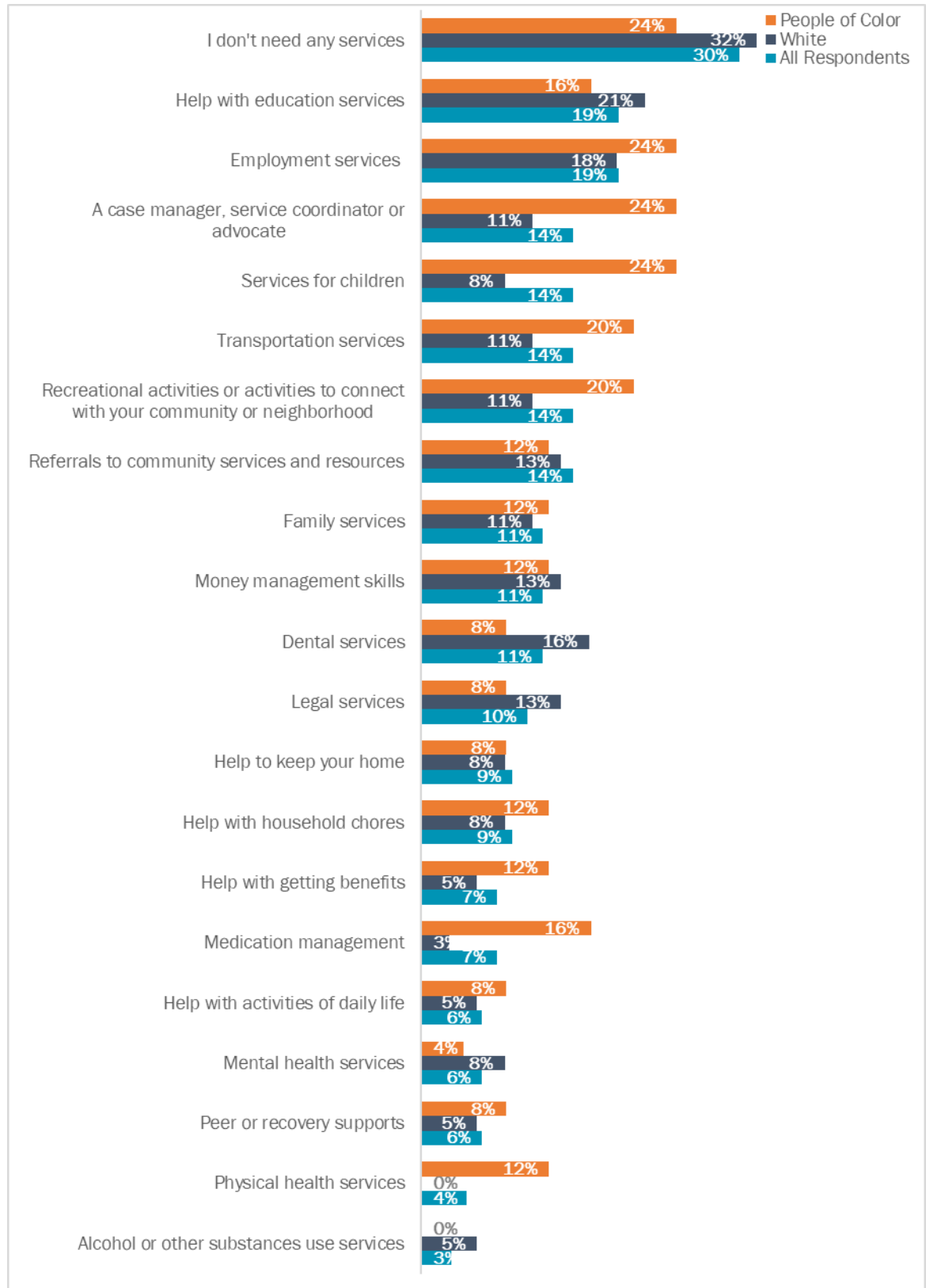
Source: Tenant Survey, mixed properties N=14; majority PSH N=55; all respondents N=75. The Ns by property type do not add to the total of all respondents because property type was unknown for some respondents. Note: Respondents could check all that apply so percentages do not add to 100%. For services currently received respondents responded to the question “What services or help do you currently get or receive either through your housing, or from somewhere else? (Check all that apply; please indicate all services received, not just those provided with your housing)”

In addition to services they currently receive, the *Tenant Survey* asked tenants what services they need but do not currently receive.

Exhibits 17 and 18 show the results by race and property type. Tenants who identified as people of color were more likely than tenants who identified as white to report needing certain services—in particular employment, case management, services for children, transportation, recreational activities, medication management, and physical health services. These findings of services lacking largely mirror the racial disparities found in the services that tenants reported receiving.

Exhibit 17

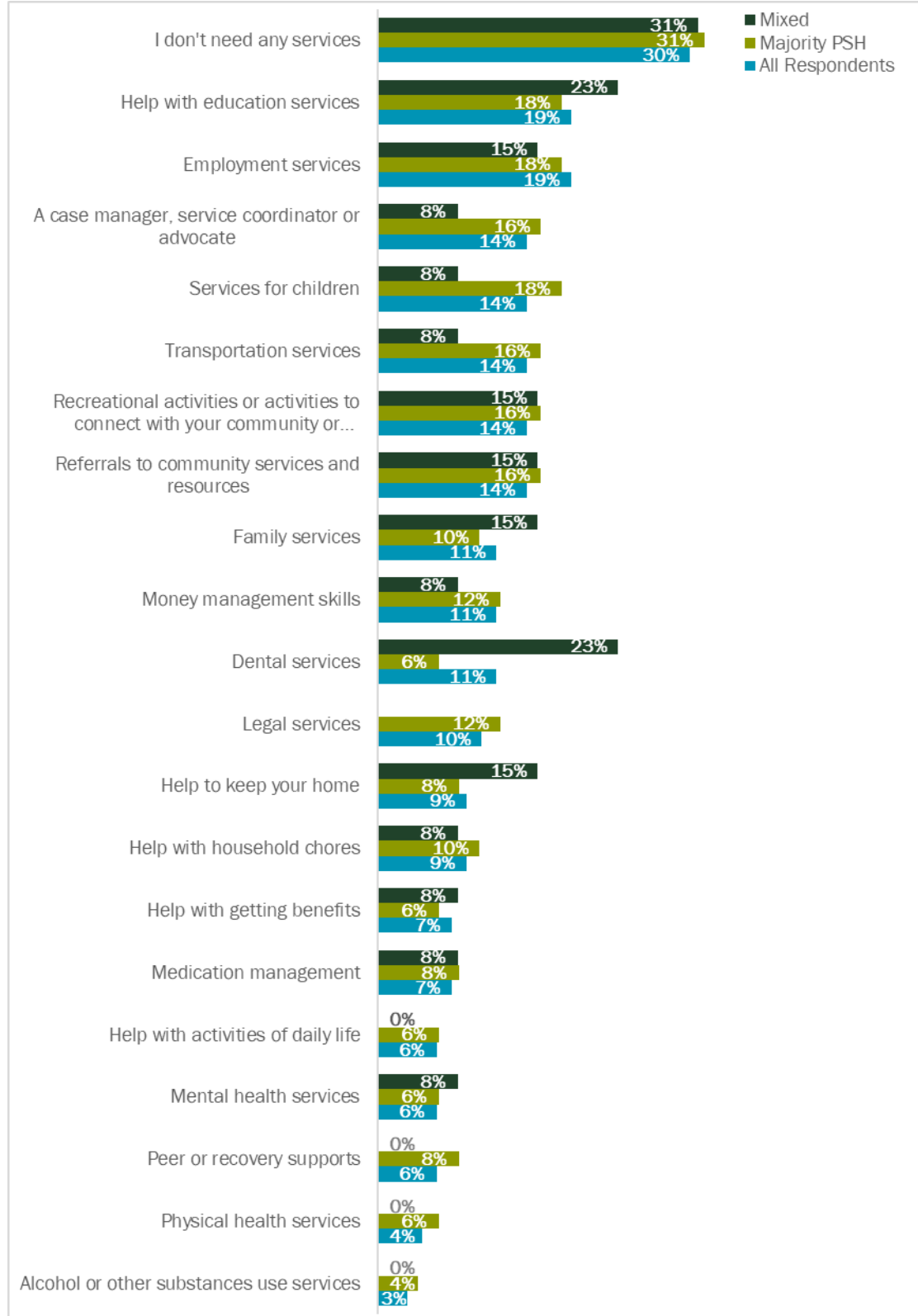
**Supportive Services Tenants Reported Needing But Not Receiving, by Race/Ethnicity**



Source: Tenant Survey, People of Color N=25; White N=38; All Respondents N=70

Note: Respondents could check all that apply so percentages do not add to 100%. For services needed the question was “What services would be helpful for you to get, that you do not currently get or receive, either through your housing, or from somewhere else? (Check all that apply).”

Supportive Services Tenants Reported Needing But Not Receiving, by Property Type



Source: Tenant Survey, mixed properties N=13; majority PSH N=51; all respondents N=70. The Ns by property type do not add to the total of all respondents because property type was unknown for some respondents. Note: Respondents could check all that apply so percentages do not add to 100%. For services needed the question was “What services would be helpful for you to get, that you do not currently get or receive, either through your housing, or from somewhere else? (Check all that apply).”

We also asked service providers about tenants' service needs (Exhibit 19). Almost all reported that tenants need case management/tenant service coordination and tenancy support services. And more than half indicated a need among tenants for the majority of the services listed.

There is a discrepancy between what service providers perceive to be tenant needs and what the tenants themselves feel they need. For example, more than half of providers indicated that tenants need physical health services, mental health services, and substance use services, whereas fewer than 10% of respondents to the tenant survey report needing these services. This divergence might be due to the fact that tenants have greater need for services upon entering housing and less need over time, as mentioned by the focus group participants and discussed below. It is also important to point out that tenants reported on their individual service needs, while service providers reported on the service needs of all tenants.

Exhibit 19

### Supportive Services Needed by Tenants – Service Provider Responses



Source: Service Provider Survey. Numbers vary for each activity/task.

Note: Percent is for those that indicated need or major need. Respondents responded to the question "In your opinion, how much are supportive services needed by the tenants in the PSH/LTH units at this property? Please rate each of the items a - v, on a scale from 1 (Not a Need) to 5 (Major Need)."



Focus group participants reported receiving case management services, financial literacy classes, financial assistance with paying rent and bills, assistance with getting benefits such as SNAP, assistance with going grocery shopping, and assistance with transportation (e.g., bus passes). One focus group participant noted that there was a savings program where participants' savings are matched (e.g., if they saved \$20 they would be matched another \$20), and the savings can be used to go to school, start a business, own a home, or some other goal. That participant noted that they stuck with the program and were surprised that they were able to save \$652. They noted that the program works. A participant in another focus group noted that they had heard about a savings program but did not report using the program.

Focus group participants also reported receiving substance use and mental health services; one noted that "They didn't just put me in an apartment and say, 'Good luck.' It wasn't like that at all." That person talked about receiving the support and help that they needed.

The amount of supports received varied; some focus group participants discussed having and needing more supports when they first moved into the housing and needing less once they had been housed for a period of time. Therefore, some focus group participants reported only using the support services staff when they need them.

Focus group participants identified:

- Needing employment and educational (e.g., GED) resources.
- Wanting on-site supports for mental health and substance use issues.
- Wanting to have more navigators, support coaches and support systems—such as family coaches and support groups focused on:
  - Mental health (e.g., coping skills to deal with mental health issues) and
  - Improving credit history.
- Needing peer support.
- Having staff who have gone through a similar experience and that could relate to them. One participant noted that they need people who walked the walk of being homeless and could feel their pain.

Regarding children, focus group participants reported needing day care, tutoring help, family coaches, activities for children and more resources for teenagers. Several participants also identified needing better transportation (e.g., more tokens) and a car ownership program.

### Supports Needed to Keep Housing

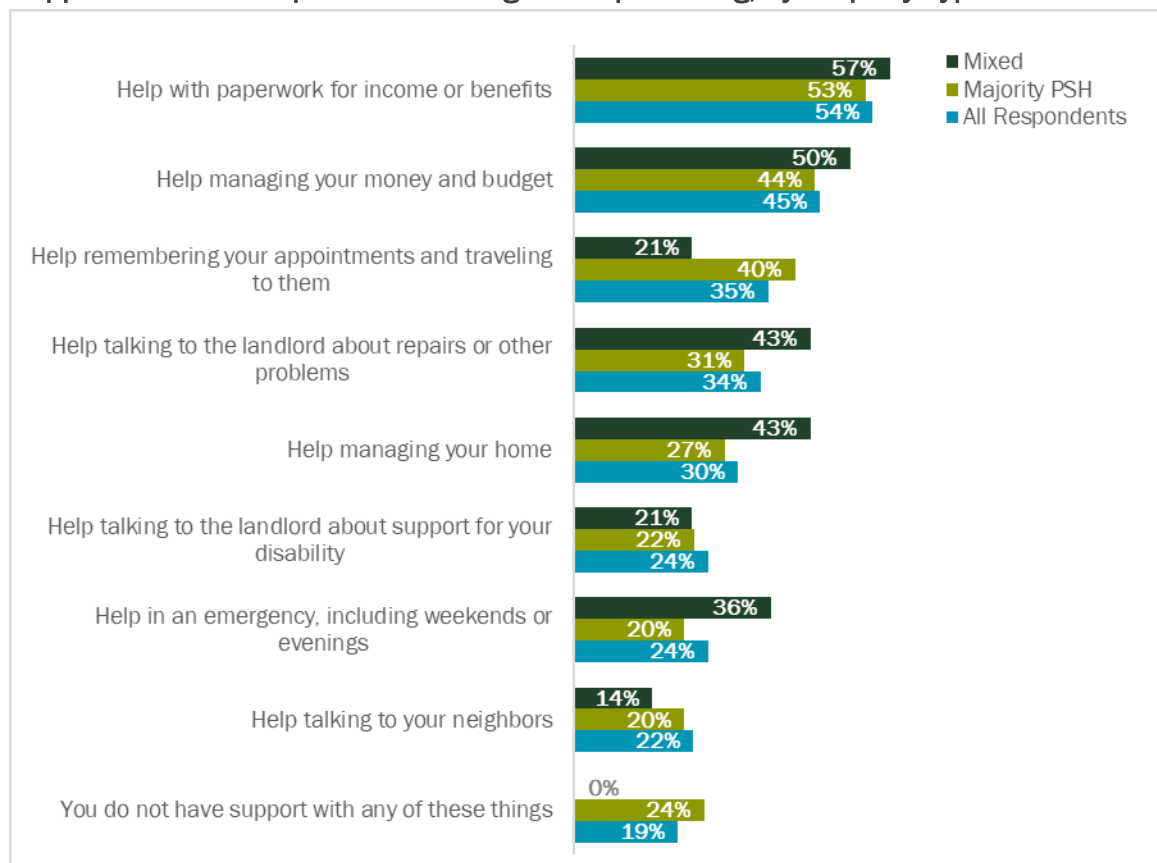
Most of the tenants (81%) who completed the *Tenant Survey* reported that they had a case manager or service coordinator or advocate associated with their housing. The rate was similar among tenants of mixed properties (79%) and majority-PSH

properties (81%), as well as among tenants who identified as people of color (80%) vs. white (82%) (data not shown). However, the finding that roughly one out of five tenants (20%) either did not know if they had a case manager or service coordinator or felt they did not have one is important since it suggests some tenants may not know who to connect to should the need for support arise.

The next set of graphs shows the supports that respondents to the *Tenant Survey* reported receiving and needing to keep their current housing. In general, tenants of mixed properties were more likely to report receiving the supportive services than tenants of majority-PSH properties (Exhibit 20). Similarly, white tenants were more likely than tenants of color to report receiving most of the supportive services; notably, 65% of white tenants reported receiving help with paperwork to keep or get income or benefits compared to 43% of tenants of color; and 47% of white tenants reported receiving help remembering appointments and travelling to them compared to only 13% of tenants of color (Exhibit 21).

Exhibit 20

### Supports Tenants Reported Receiving to Keep Housing, by Property Type

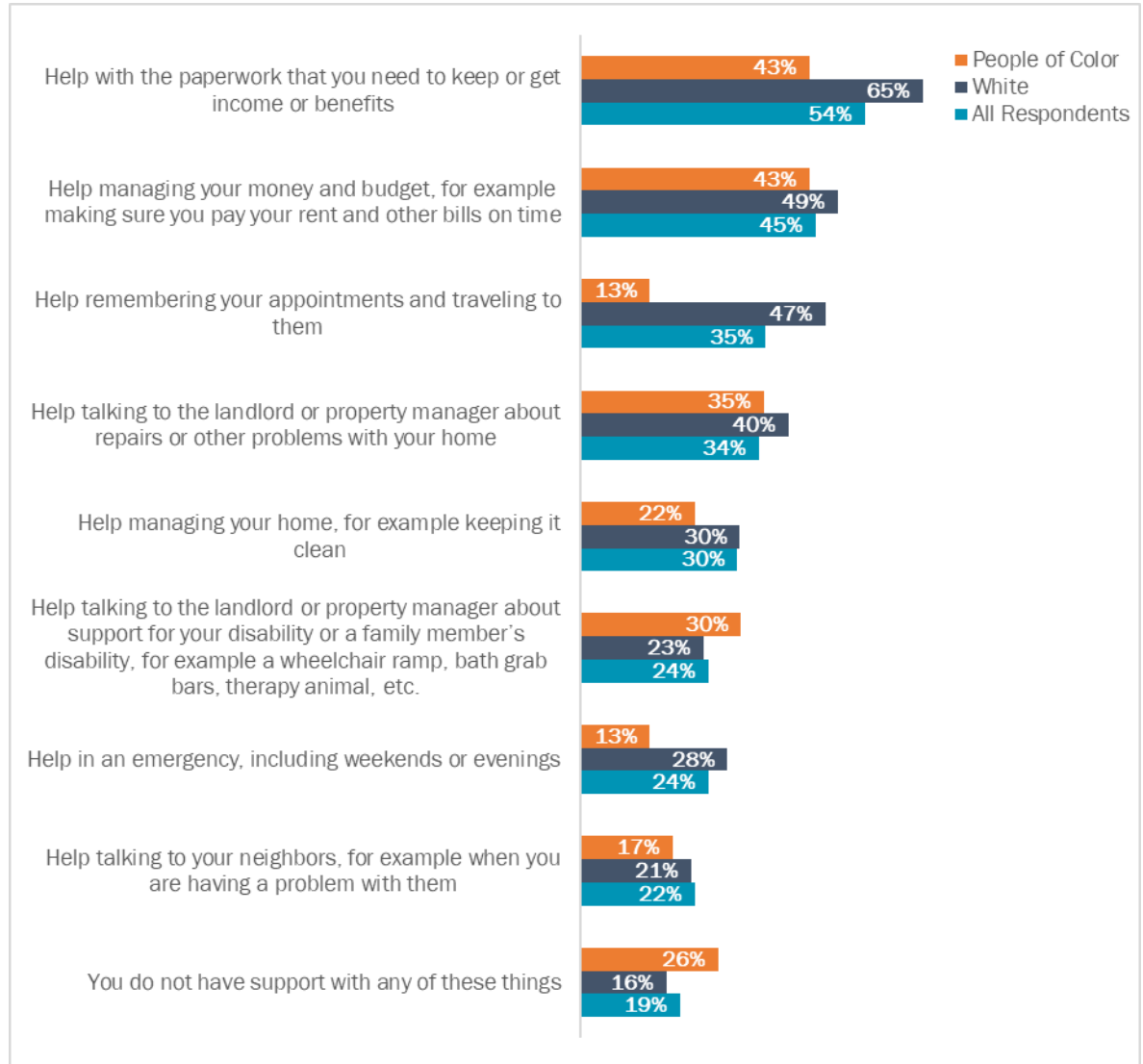


Source: Tenant Survey, Mixed properties N=14; Majority PSH N=55; All Respondents N=74. The Ns by property type do not add to the total of all respondents because property type was unknown for some respondents.

Note: Respondents could check all that apply so percentages do not add to 100%. The question was phrased as, "What types of support do you receive to help you keep your current home? (Check all that apply)."

Exhibit 21

### Supports Tenants Reported Receiving to Keep Housing, by Race/Ethnicity



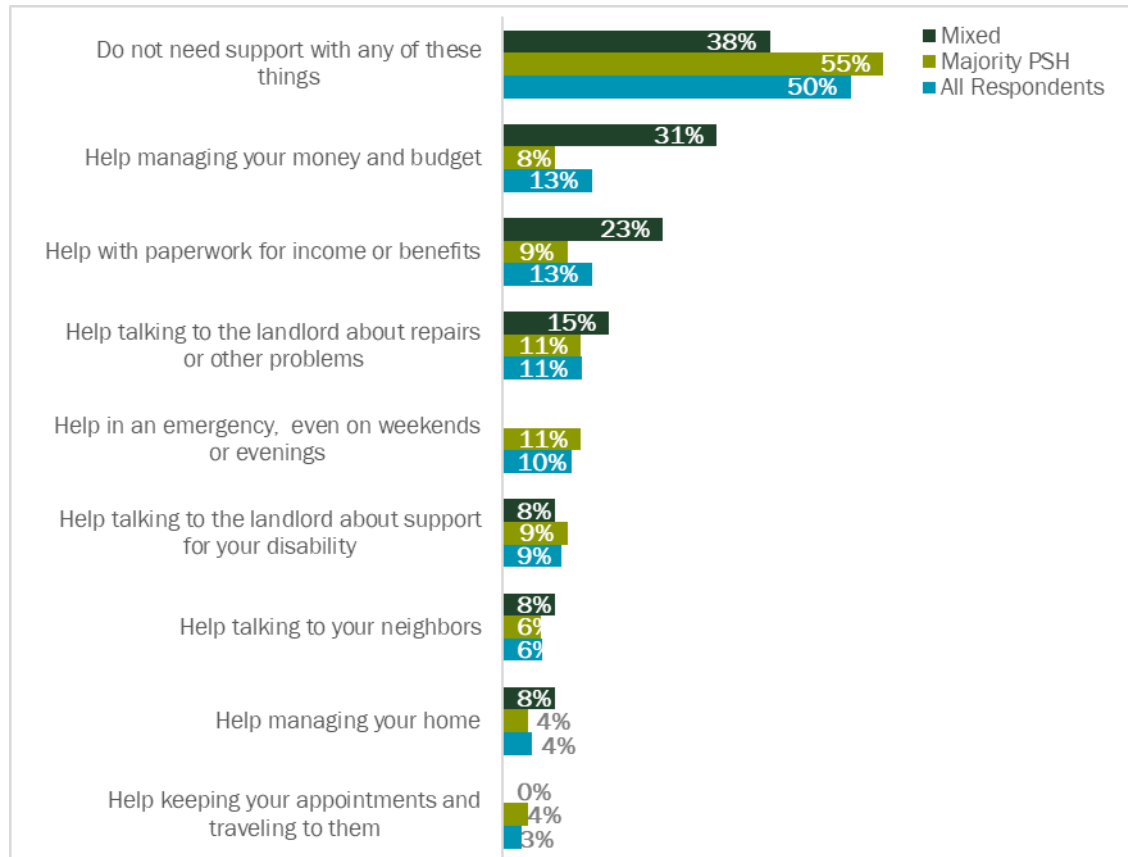
Source: Tenant Survey, People of Color N=23; White N=43; all respondents N=74

Note: Respondents could check all that apply so percentages do not add to 100%. The Ns by race/ethnicity do not add to the total of all respondents because race/ethnicity was unknown for some respondents. The question was phrased as, "What types of support do you receive to help you keep your current home? (Check all that apply)."

As shown in Exhibit 22, a greater percentage of tenants in majority-PSH properties (55%) than in mixed properties (38%) reported not needing any of the supports to keep housing identified in the exhibit. In contrast, more tenants in mixed properties reported needing supports to help them manage their money and budget and with paperwork for income or benefits. Eleven percent of the tenants in majority-PSH reported needing but not receiving help in an emergency, even on weekends or evenings; none of the tenants in mixed housing reported having this need.

Exhibit 22

### Supports Tenants Reported Needing But Not Receiving to Keep Housing, by Property Type

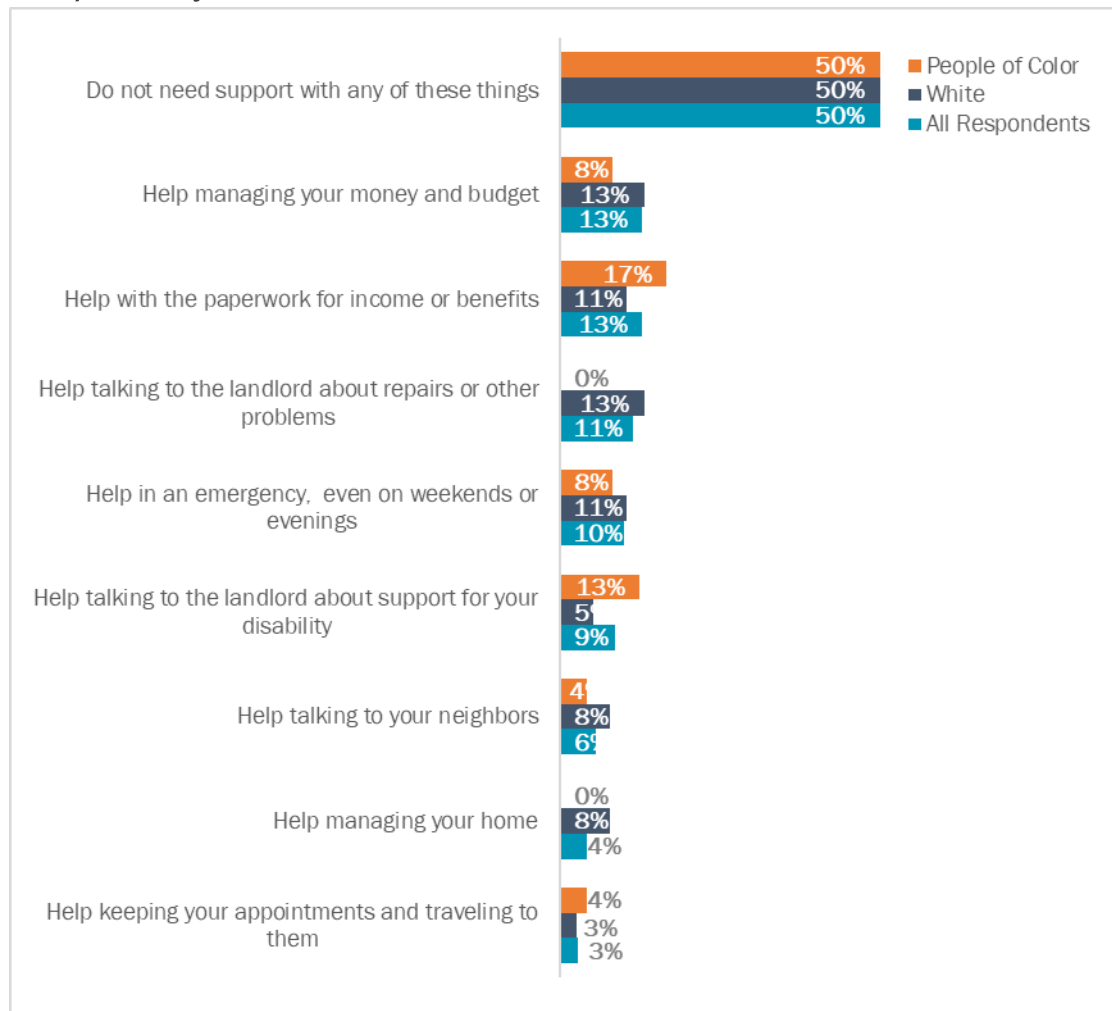


Source: Tenant Survey, Mixed properties N=13; Majority PSH N=53; all respondents N=70. The Ns by property type do not add to the total of all respondents because property type was unknown for some respondents.

Note: Respondents could check all that apply so percentages do not add to 100%. The question was phrased as, “What types of support do you NOT receive that would be helpful for you to keep your current home? (Check all that apply).”

Exhibit 23 shows that there was no difference by race and ethnicity in the reporting of tenants not needing any of the supports identified in the exhibit in order to keep their housing. More tenants of color (17%) than tenants who identified as white (11%) reported not having but needing help with paperwork for income and benefits; more tenants of color (13%) also reported not having but needing help with talking to their landlords about supports for their disabilities.

### Supports Tenants Reported Needing But Not Receiving to Keep Housing, by Race/Ethnicity



Source: Tenant Survey, People of Color N=24; White N=38; All Respondents N=70

Note: Respondents could check all that apply so percentages do not add to 100%. The Ns by race/ethnicity do not add to the total of all respondents because race/ethnicity was unknown for some respondents. The question was phrased as, “What types of support do you NOT receive that would be helpful for you to keep your current home? (Check all that apply).”

**Focus group participants identified the following services as most helpful to keeping their housing: case management services including case managers taking tenants to appointments, being able to use equipment within the properties such as computers and faxes, and support groups such as Alcoholics and Narcotics Anonymous available within the properties. They also noted outside services including those from the US Department of Veteran Affairs and from organizations that provide assistance with food and transportation.**

## Service Planning and Choices in Services

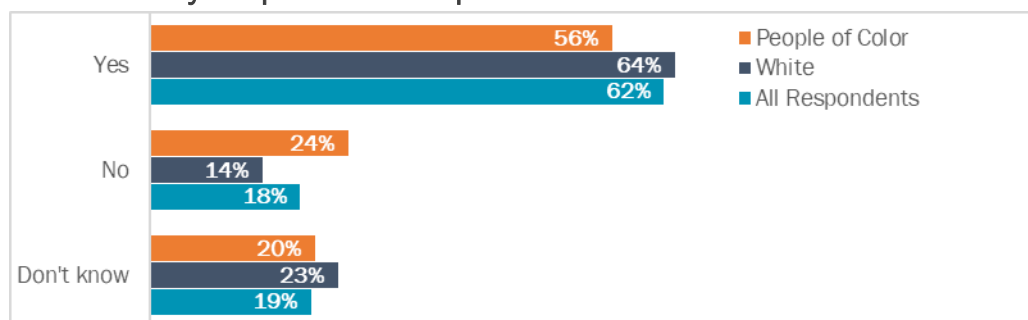
One of the principles of the PSH model is that tenants are given choices in the support services they receive.<sup>38</sup> Tenants should be asked their choices, be allowed to choose from a range of services, and receive different types of services based on their needs and preferences.<sup>39</sup>

### Service Planning and Choice in Services as Reported by Tenants

Exhibit 24 shows tenants' responses to whether they had a service plan developed. Of the 77 respondents, 62% said yes, 18% said no, and 19% reported not knowing; with a greater percentage of white tenants reporting a service plan (64%) compared to tenants of color (56%). The fact that not all tenants reported having or knowing if they had a service plan and if their plan had key elements (e.g., goals and steps to accomplishing goals) is an important finding given that the importance of this component for service planning.

Exhibit 24

#### Tenant Survey Respondents' Response to Presence of a Service Plan



Source: Tenant Survey. People of Color N=25; White N=44; All Respondents N=77.

Note: The Ns by race/ethnicity do not add to the total of all respondents because race/ethnicity was unknown for some respondents. The question was worded as, "Do you have a service plan that was developed".

Among those that reported having a service plan, nearly all (98%) reported the service plan included goals and things to accomplish and 90% reported the service plan included steps to accomplish these goals. Responses were similar for people of color and white respondents. Tenants also reported involvement in developing the service plan and having their choices taken into account when the plan was developed. Of those that reported having a service plan:

- 89% said they were involved "quite a bit" or "a great deal" in developing the plan (people of color 93%, white 89%)
- 87% reported their choices were taken into account when the plan was developed (people of color 86%, white 89%)

<sup>38</sup> See Substance Abuse and Mental Health Services Administration. [Permanent Supportive Housing: Building Your Program](#). HHS Pub. No. SMA-10-4509, Rockville, MD: Center for Mental Health Services, Substance Abuse and Mental Health Services Administration, U.S. Department of Health and Human Services, 2010.

<sup>39</sup> Ibid.

Again we must point out that because of a relatively small sample size, the results from the *Tenant Survey* should be considered informative, but not conclusive.

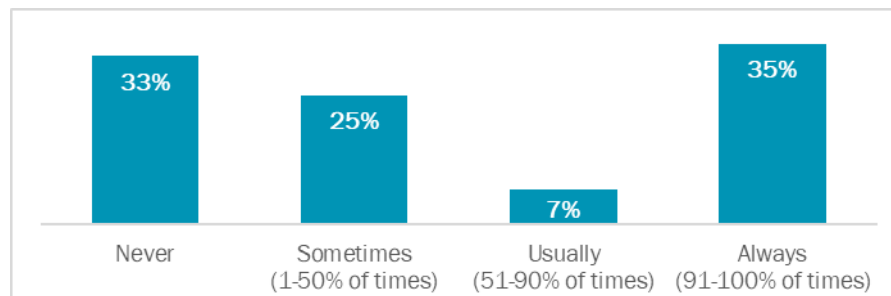
Focus group participants reported that there were ongoing assessments taking place where the case managers reviewed goals and how things were going in the person's life. However, some focus group participants reported not having ongoing assessments and wanting to work with their case worker on figuring out the needed steps to achieve the goals they had previously identified in their "paperwork."

### Choices in Services as Reported by Service Providers

Service providers were asked if they give tenants the choice whether to receive services at all and, if they do receive services, a choice of providers. Over 70% reported that they always provide choices to tenants regarding supportive services; however, 10% reported they never provide choices of supportive services, which is contrary to both PSH and Housing First principles. Over one third reported that tenants are always (91-100% of the time) given choice regarding who provides them supportive services (Exhibit 25). However, one third reported that tenants are never given choice regarding who provides them supportive services. Due to data limitations we were unable to further explore the characteristics of the service providers that reported they never give choices. It is possible these service providers have limited staff members for certain services and are therefore unable to offer tenants a choice among providers. It is also possible that smaller sites may have only one assigned staff member for the property or limited choices in who can provide tenant service coordination services, while there may be more choices for some of the services provided by community providers (e.g., mental health, employment, etc.).

Exhibit 25

### Give Tenants a Choice in Who Provides Supportive Services – Reported by Service Providers



Source: Service Provider Survey (n=131)

Note: Respondents responded to the question "How often are the PSH/LTH unit tenants at this property offered choice in who provides them with supportive services?"

Choice in service provider is very important, especially for people who survived domestic violence or experienced other trauma. As expressed by one focus group participant who noted an issue with the gender of their case manager: "We have a man on staff who is a case manager—it is intimidating for some of us who have been in domestic situations. He might be great but it's not a good fit for here. It's almost all women who live here."

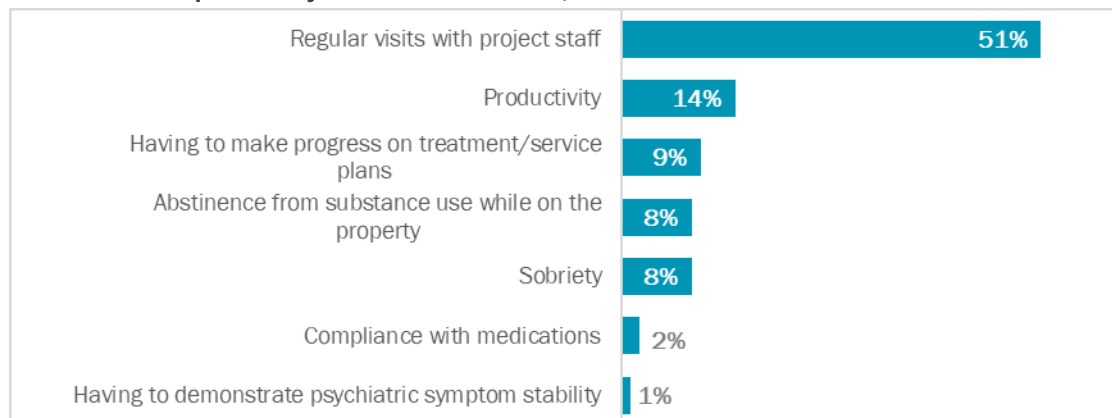


## Requirement to Receive Services

Over half of the service providers (51%) reported that in order for tenants to be offered or receive supportive services they were required to have regular visits with project staff (Exhibit 26). Few reported other requirements; however, 14% reported that tenants were required to be productive, meaning they were required to spend a certain number of hours actively engaged in job seeking, training, education, health care, etc. Close to 10% reported that tenants were required to make progress on their treatment/service plans, abstain from substance use while on the property, and be sober. It should be noted that these requirements go against the Housing First principles. However, MN Housing has funded several recovery-focused PSH projects in the past in order to provide a range of PSH options to communities. It is likely that the tenant responses around abstinence and sobriety were isolated within these specialized PSH models.

Exhibit 26

### Report This Requirement For Tenants to Be Offered or Receive Supportive Services – Reported by Service Providers,



Source: Service Provider Survey (N=95)

Note: Respondents responded to the question “Are any of the following required in order for someone to be offered or receive supportive services by your organization at this property?” (Check all that apply)”

## PSH Tenants

**Research Question 3:** *What are the characteristics of PSH tenants? Are target populations being effectively reached?*

### Tenant Demographics

To determine if MN Housing-funded PSH tenants reflect the homeless population at large in Minnesota, we compared tenant characteristics to two statewide studies of the homeless population: the 2018 HUD Point-In-Time (PIT) Count<sup>40</sup> and the 2018 Wilder Study<sup>41</sup>. As shown in Exhibit 27 and 28, the gender and race of PSH tenants is comparable to the overall population experiencing homelessness identified in these

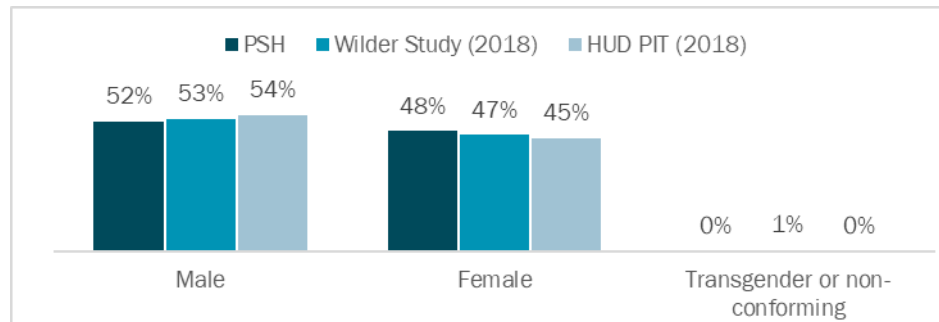
<sup>40</sup> [HUD 2018 Continuum of Care Homeless Assistance Programs Homeless Populations and Subpopulations report on Minnesota](#) at the HUD Exchange website

<sup>41</sup> Wilder Research, [2018 Minnesota Homeless Study: Statewide Survey Data](#)

two studies. The percent of people in PSH who are of Hispanic origin or Latino (6%) is also comparable to the percent reported in the 2018 Wilder Study (8%) and the 2018 HUD PIT Count (8%). The demographic characteristics of PSH tenants are also reflective of Minnesota’s long-term homeless population as described in a 2016 report<sup>42</sup>, suggesting PSH is successful in reaching the population most in need of permanent housing.

Exhibit 27

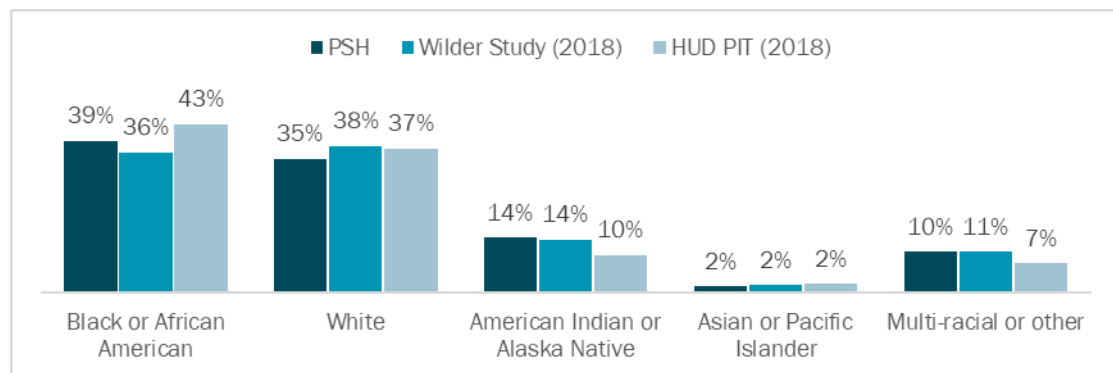
**Comparison of Gender of PSH Tenants to People in the 2018 Wilder Study and HUD PIT Count**



Sources: MN HMIS Data; 2018 Wilder Study; and 2018 HUD PIT

Exhibit 28

**Comparison of Race of PSH Tenants to People in the 2018 Wilder Study and HUD PIT Count**



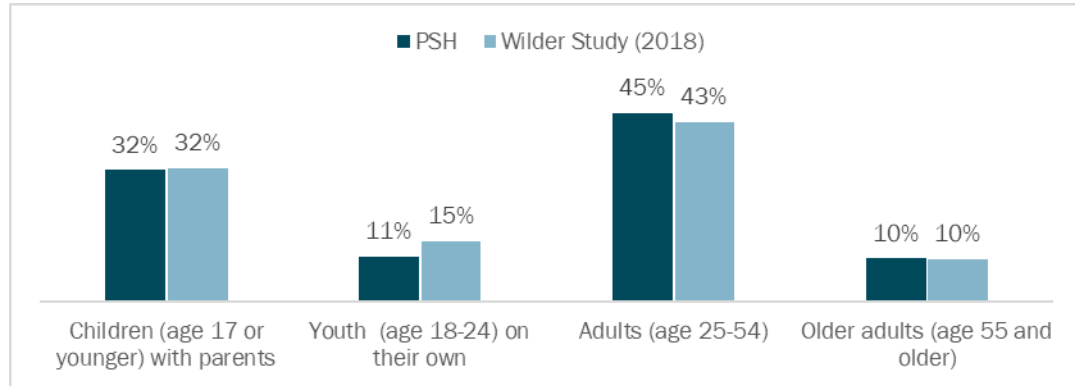
Sources: MN HMIS Data; 2018 Wilder Study; and 2018 HUD PIT

As shown in Exhibit 29, PSH tenants are comparable in age to the population identified in the 2018 Wilder Study. (We did not compare against the 2018 HUD PIT Count due to differences in the way that age categories are reported.)

<sup>42</sup> Wilder Research, 2016. [Long-term Homelessness Among Individuals and Families: 2015 Minnesota Homeless Study](#)

Exhibit 29

### Comparison of Age of PSH Tenants to People in the 2018 Wilder Study

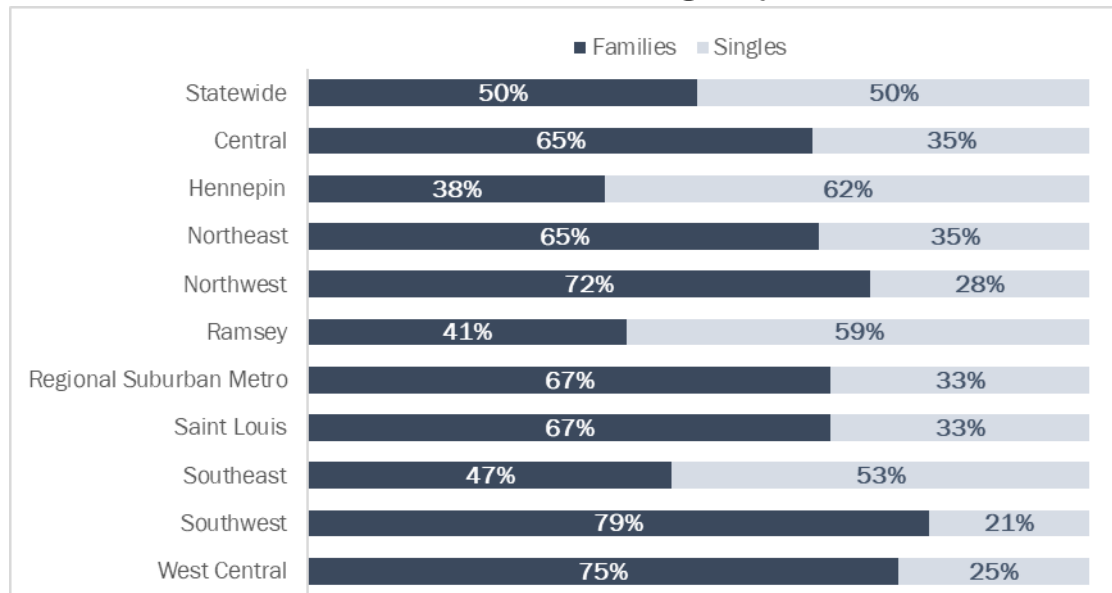


Sources: MN HMIS Data; 2018 Wilder Study

As shown in Exhibit 30, statewide exactly half of PSH tenants are living in families and half are single person households. The proportion of tenants living in families is higher in some regions, with roughly three quarters of PSH tenants living in families in the Southwest (79%), West Central (75%), and Northwest (72%) regions. Conversely, the Hennepin, Ramsey and Southeast regions have a greater percentage of PSH tenants living as singles (62%, 59%, and 53%, respectively).

Exhibit 30

### Percent of PSH Tenants That Are Families and Singles by CoC



Sources: MN HMIS Data (Families N=3,662; Singles N=3,704)

### Veteran Status

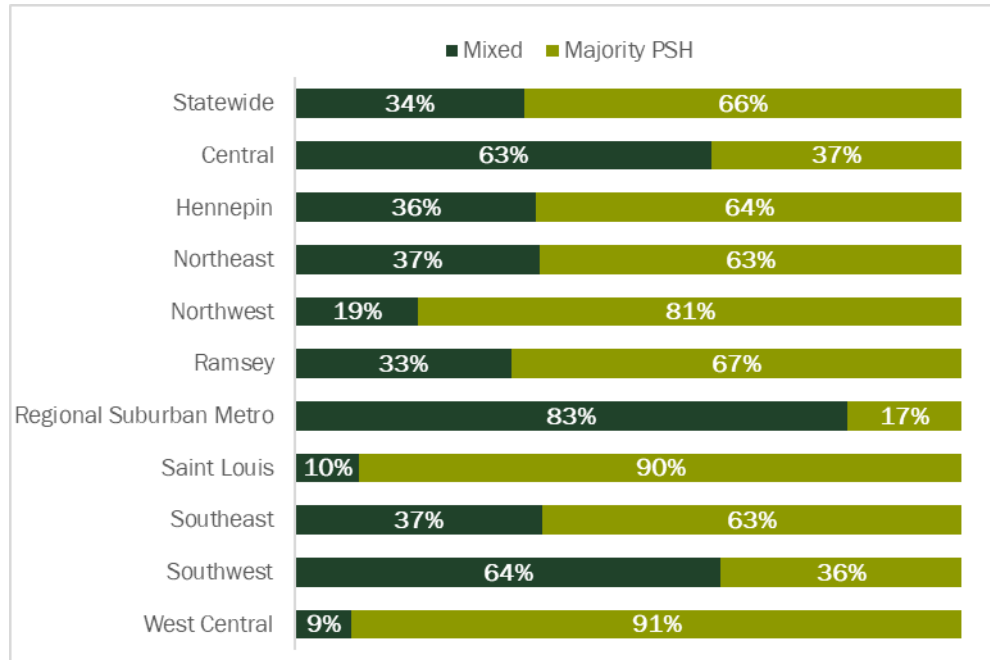
Only a small percentage (6%) of the PSH tenants are veterans; this is comparable to the percentage reported in the 2018 Wilder Study (7%) but slightly higher than the percentage identified in the 2018 HUD PIT Count (4%). Among Minnesota’s long-term homeless, 8% are veterans.

## Property Type

Statewide, two thirds (66%) of PSH tenants are housed in properties in which over half the units are PSH; only one third (34%) reside in mixed properties. The Central, Regional Suburban Metro, and Southwest regions have a greater proportion of tenants in mixed properties (63%, 83%, 64%, respectively), while only 9% of tenants in West Central and 10% in Saint Louis reside in mixed properties (Exhibit 31).

Exhibit 31

### Location of PSH Tenants by CoC and Property Type

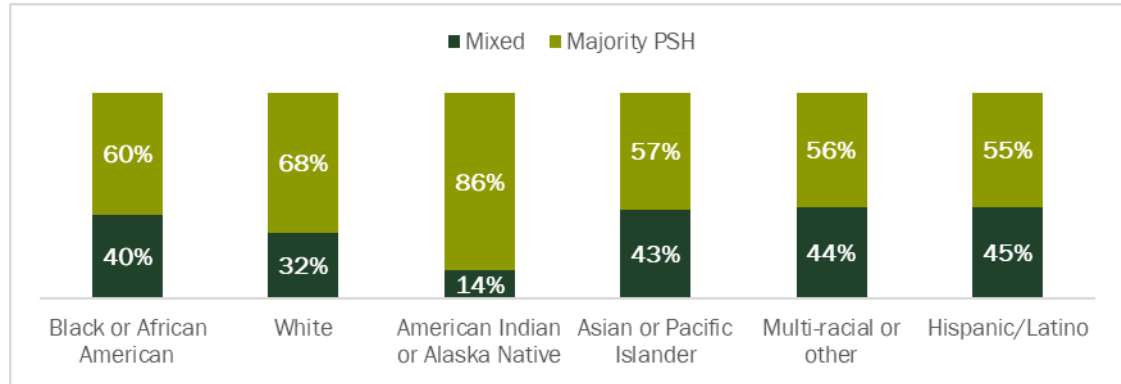


Sources: MN HMIS Data and MN Housing Property Data

To assess potential racial disparities in the types of units where PSH tenants reside, we examined the racial and ethnic composition of PSH tenants by property type (mixed units or 'majority-PSH'). As shown in Exhibit 32, people who are American Indian or Alaska Native are overrepresented (86%) in majority-PSH properties (those with 51-100% PSH units) compared to other racial and ethnic groups. This may be due to the fact that some majority-PSH properties were built on tribal lands and some specifically target American Indians through the types of services they provide. Other racial and ethnic groups are relatively evenly distributed across property types.

Exhibit 32

### Race of PSH Tenants by Property Type

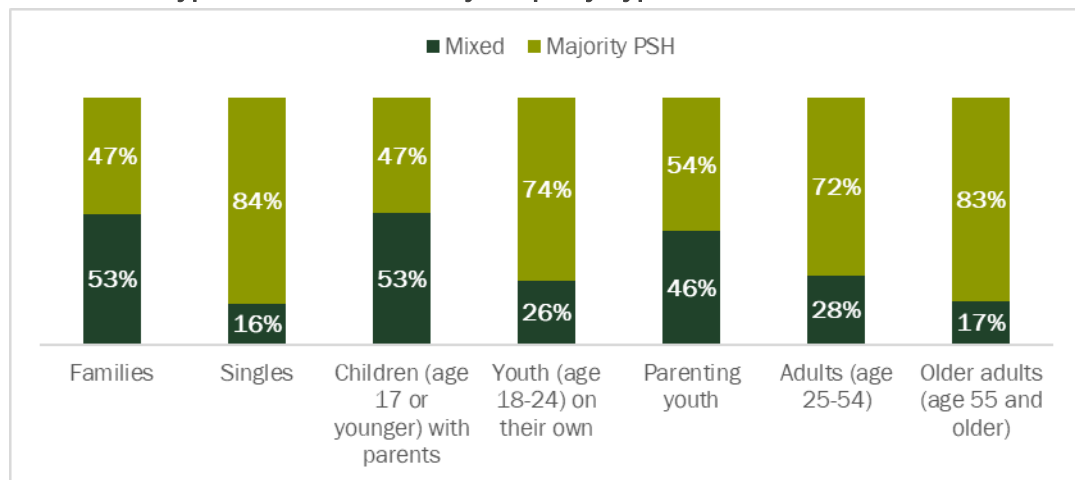


Sources: MN HMIS Data and MN Housing Property Data

Exhibit 33 shows the age/household type of PSH tenants by property type. While 53% of tenants in families reside in mixed properties, only 16% of singles are housed in mixed properties. Older adults ages 55 and older are also overrepresented in majority-PSH properties.

Exhibit 33

### Household Type of PSH Tenants by Property Type



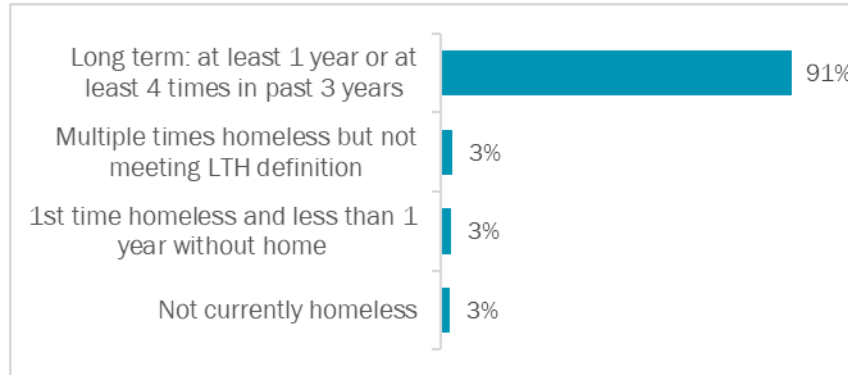
Sources: MN HMIS Data; MN Housing Property Data

## Extent of Homelessness

At entry to PSH, almost all of the PSH tenants (91%) met Minnesota’s definition of long-term homeless (homeless for at least one year or having been homeless at least four times in the past three years). This is further indication that PSH is successful in reaching individuals most in need of permanent supportive housing.

Exhibit 34

### Percent of PSH Tenants by Extent of Homelessness as Defined by Minnesota



Source: MN HMIS Data

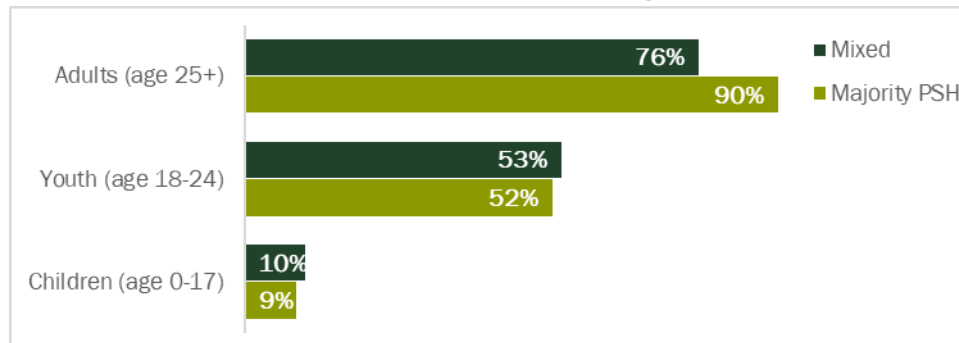
Note: N=4,929 PSH episodes. A person is counted more than once if they entered PSH more than once during the timeframe. See Appendix B for more details.

### Disability of Long-Term Duration

The HMIS system collects information on disability status for individuals of all ages. Disability is used in combination with other information to determine whether a client meets HUD’s criteria for chronic homelessness, but a disabling condition is not an eligibility criterion for PSH in Minnesota. As shown in Exhibit 35, 76% of adults in mixed properties have a disability of long-term duration compared to 90% of adults in majority-PSH properties. The percent of youth and children with a disability of long-term duration is comparable across mixed and majority-PSH properties.

Exhibit 35

### Percent of PSH Tenants with a Disability of Long-Term Duration



Source: MN HMIS Data. Mixed properties: Adults N=995, Youth N=218, Children N=1,050; Majority-PSH properties: Adults N=2,795, Youth N=594, Children N=1,024. These numbers are unduplicated individuals.

### Housing Need and Self-Sufficiency

#### VI-SPDAT

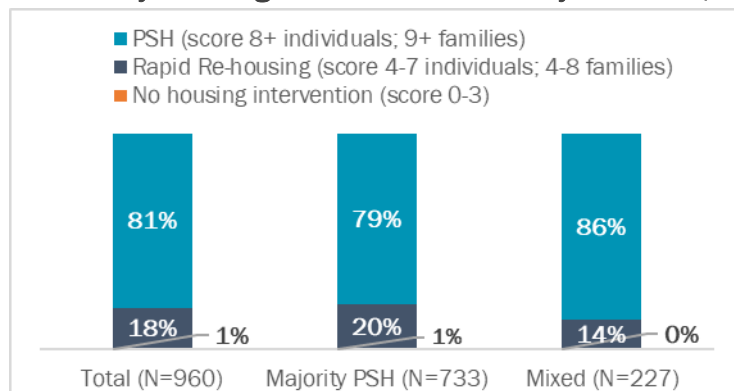
The VI-SPDAT is an assessment tool used to triage people who are homeless into different types of housing based on need. In Minnesota, the CoCs use the VI-SPDAT as an assessment tool to assist in the assessment and prioritization of referral to PSH units. As shown in Exhibit 36, 81% of PSH tenants were scored on the VI-SPDAT as having the greatest vulnerability and needing PSH (a score of 8+ for individuals or 9+

for families). The percentage in this category was higher in mixed properties compared to majority-PSH (86% vs. 79%) and varied by CoC region (Exhibit 37). However, the quality of these data may be inconsistent because CoCs did not routinely enter VI-SPDAT scores until January 2018. (Additionally, the efficacy of the VI-SPDAT has been questioned in Minnesota and the State is currently considering other tools.) It is clear, however, that the vast majority of individuals scored in the range of needing PSH and were appropriately referred.

Exhibit 37 shows the regional variation in tenants' VI-SPDAT scores. For example, 89% of PSH tenants in the Saint Louis region and 88% in Hennepin were scored as having the greatest vulnerability (a score of 8+ for individuals or 9+ for families). The percentage in this category was lowest in the Southwest (40% of PSH tenants).

Exhibit 36

### Percent by Housing Need as Measured by VI-SPDAT, by Property Type

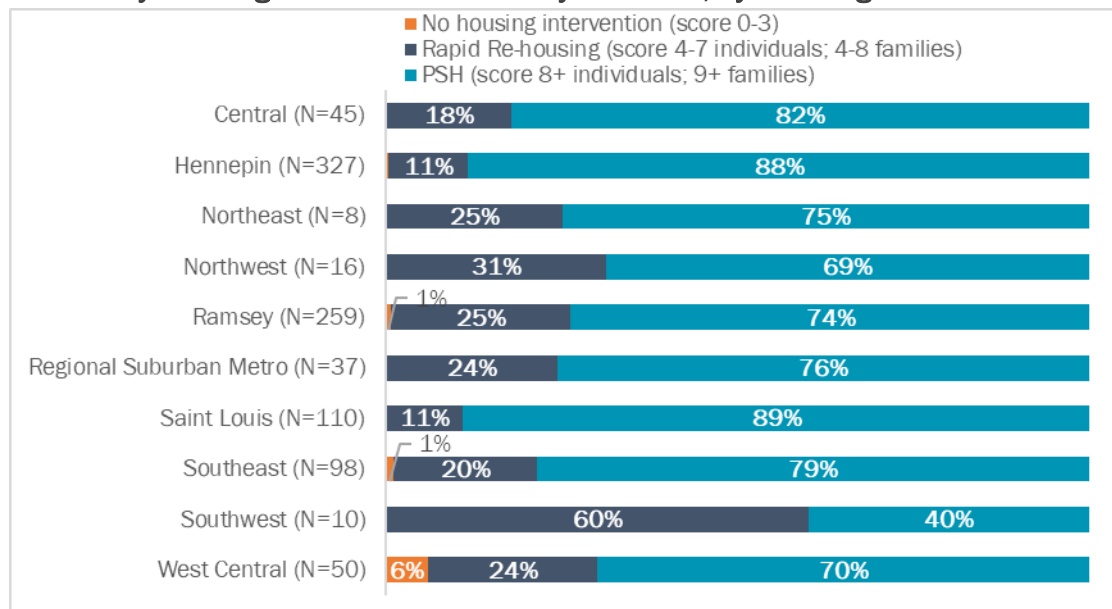


Source: MN HMIS.

Note: If a person was assessed multiple times during the time frame, we took the highest score. See Appendix B for further details on scoring.

Exhibit 37

### Percent by Housing Need as Measured by VI-SPDAT, by CoC Region



Source: MN HMIS. If a person was assessed multiple times during the time frame, we took the highest score. See Appendix B for further details on scoring.

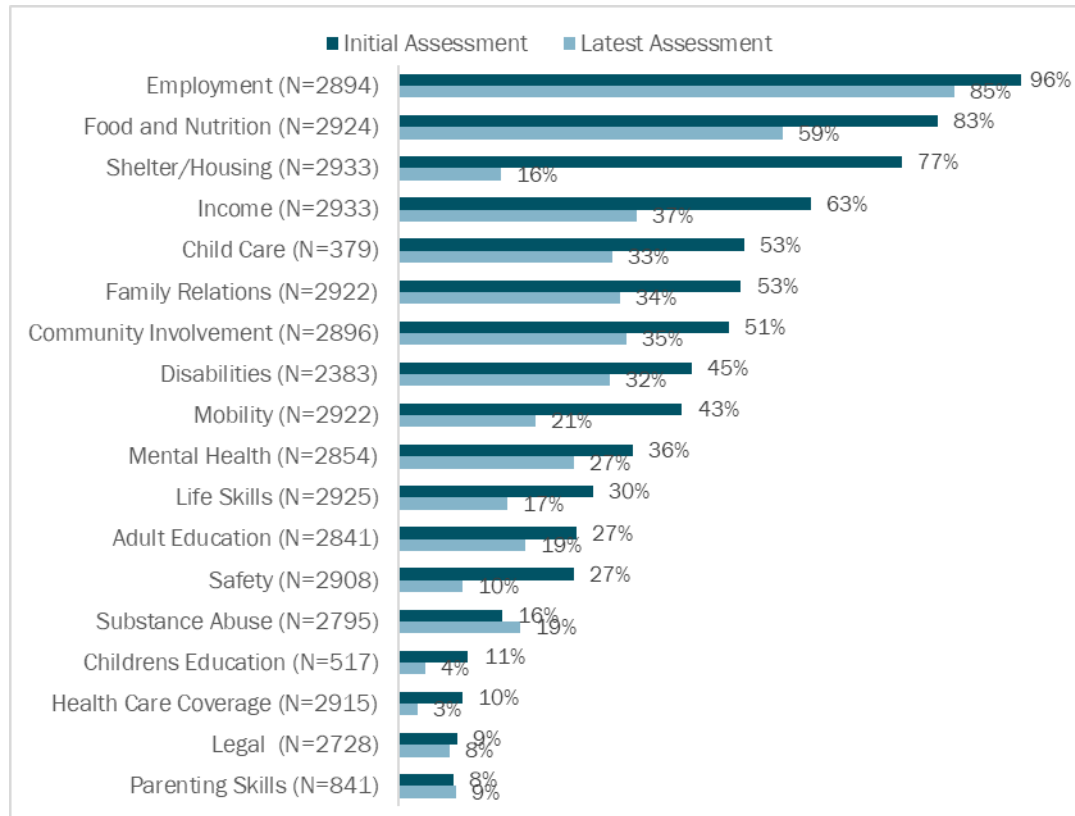
### Self-Sufficiency

The Arizona Self-Sufficiency Matrix measures clients' status on a 5-point scale ranging from "in crisis" to "empowered" across 18 domains. Exhibit 38 shows the percentage of PSH tenants who scored a 1 ("in crisis") or 2 ("vulnerable") on their initial assessment across the various domains, revealing the extent to which tenants are in need of supportive services at the time they entered PSH. The domains in which the greatest percentage of tenants were rated "in crisis" or "vulnerable" (and therefore most in need of supportive services) at initial assessment were employment (96%), food and nutrition (83%), shelter/housing (77%), and income (63%).

Exhibit 38 also shows the percentage of tenants who were rated "in crisis" or "vulnerable" at their latest assessment, and it demonstrates the positive impact of PSH on self-sufficiency. Of note, the percentage of tenants in crisis or vulnerable in the income domain decreased from 63% to 37%. There was little improvement in the employment domain, which highlights the critical need for employment supports for PSH tenants. Also of note, the percentage of tenants rated as in crisis or vulnerable with regard to substance use increased slightly—from 16% to 19%. This is not surprising given the challenges of addiction and the fact that providers can more accurately assess these issues once they have an established relationship with the tenant. The finding reinforces the need for high quality substance use disorder treatment services to be available to PSH tenants in need of treatment.

Exhibit 38

#### Percent Rated "In Crisis" or "Vulnerable" at Initial and Latest Assessment



Source: MN HMIS Data. Note: Only individuals with data for initial and a subsequent assessment with at least 6 months between timepoints are included. N=2,952. Of those, 1,701 (58%) are initial and interim assessment and 1,251 (42%) are initial and final assessments.



## Types of Housing Rent Subsidies

Exhibit 39 shows the primary sources of housing rent subsidies for PSH tenants (note, people may be counted more than once if they have multiple entries into PSH). Housing Support (previously ‘Group Residential Housing’ or GRH) was the primary source for 38%. Housing Support is a state-funded income supplement that pays up to \$904 per month for housing and food costs.<sup>43</sup> On July 1, 2020 the amount for Housing Support will increase to \$934 per month.

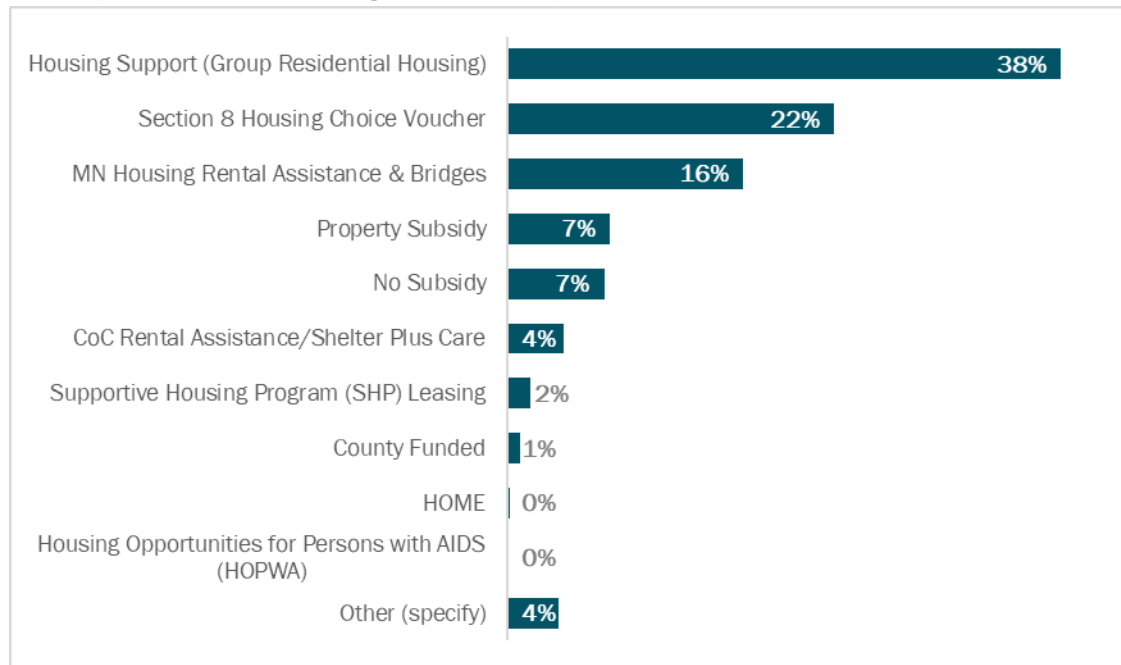
Almost one quarter (22%) of PSH tenants had a Section 8 Housing Choice Voucher Program (Section 8) as their primary housing rent subsidy. With Section 8, tenants pay between 30% to 40% of their income toward housing and the rest of the rent is paid to the property by the local Public Housing Authority that administers the voucher.<sup>44</sup>

Sixteen percent had a rental assistance subsidy from MN Housing as the primary housing subsidy. With a rental assistance subsidy, tenants commonly pay 30% of their income for their share of the rent.<sup>45</sup>

These data are as reported in HMIS and may not be updated over time as subsidies change.

Exhibit 39

### Primary Sources of Housing Rent Subsidy as Recorded in HMIS



Source: MN HMIS data. N=5098 episodes with data on primary subsidy type.

<sup>43</sup> [Housing programs and services, Minnesota Department of Human Services website](#)

<sup>44</sup> [Housing Terms, Housing Link website](#)

<sup>45</sup> [Minnesota Housing, March 2018, Supportive Housing Information and Resources](#)

## Outcomes

**Research Question 4:** *What outcomes or changes have PSH tenants experienced? Are certain types of properties and services associated with better outcomes?*

### Housing Stability

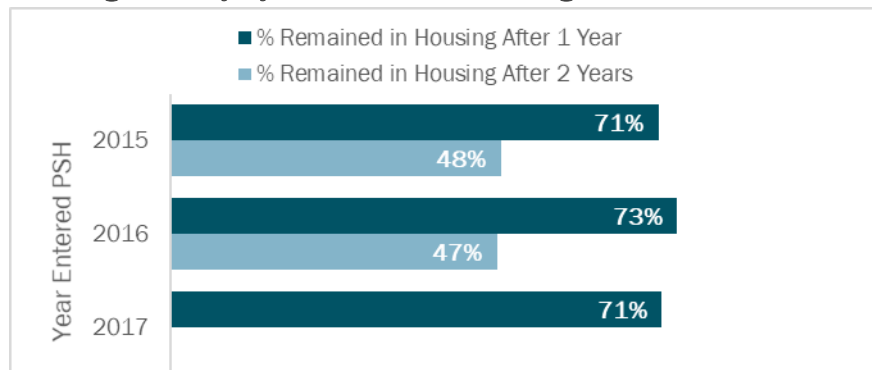
To assess housing stability, we examined the length of time that tenants remained in their housing. Overall, roughly 70% of tenants remained in their housing after one year and just under half remained in their housing after two years (Exhibit 40 shows these figures by the year that tenants entered housing). Housing stability was similar across racial and ethnic groups (Exhibit 41) with the one exception of less stability among tenants who are Asian or Pacific Islander, though it is important to note the low number (n=30) in this racial group.

Tenants in mixed properties showed greater one- and two-year stability than those in majority-PSH properties: 84% of tenants who resided in mixed properties remained in their housing after one year compared to 64% of tenants in majority-PSH properties; 65% of those in mixed properties remained in their housing after two years compared to 39% of those in majority-PSH properties (Exhibit 42). Although all PSH is permanent housing, tenants in majority-PSH properties may be more likely to “move on” to other community-based affordable housing as their lives and health become more stable. Therefore, the shorter average lengths of stay in majority-PSH properties may be an indication that residents in those settings are able to stabilize and transition to more independent housing settings fairly consistently.

Households composed of families were more likely to remain in their housing compared to households composed of single individuals (Exhibit 43).

Exhibit 40

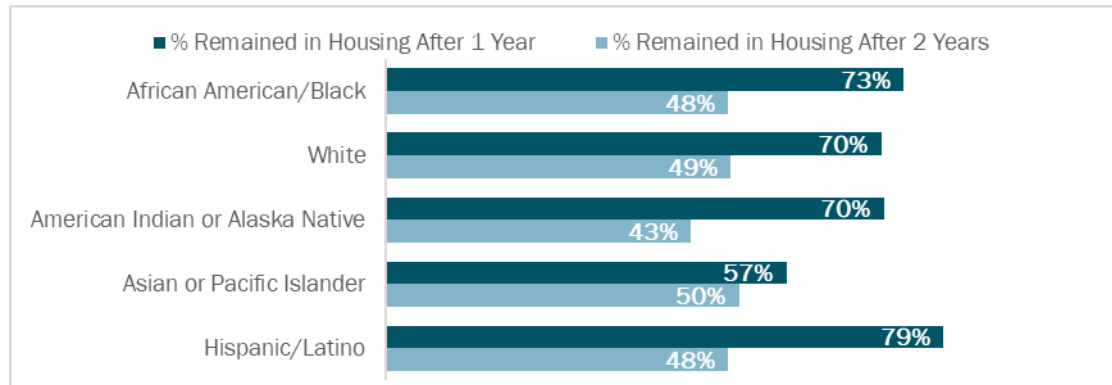
#### Housing Stability by Year Entered Housing



Source: MN HMIS Data; N=1,239 for 2015; N=1,231 for 2016; N=1,369 for 2017

Exhibit 41

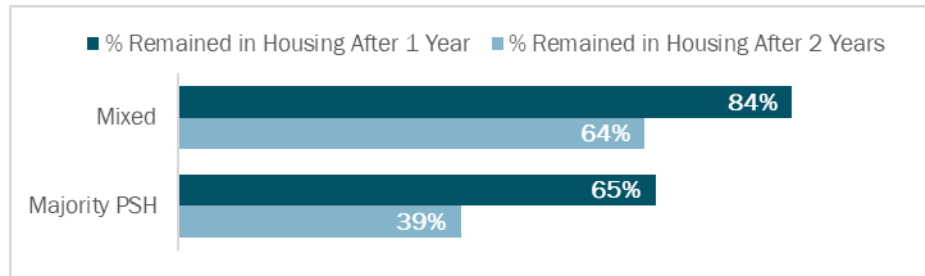
### Housing Stability for Those Who Entered Housing in 2015 or 2016, by Race and Hispanic Origin



Source: MN HMIS Data, African American/Black N=982; White N=810; American Indian or Alaska Native N=389; Asian or Pacific Islander N=30; Hispanic/Latino N=161.

Exhibit 42

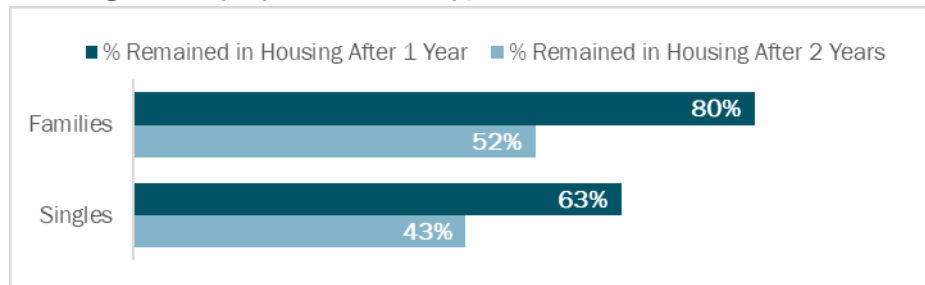
### Housing Stability By Property Type



Source: MN HMIS Data, N=866 in mixed properties; N=1603 in 51-100% PSH

Exhibit 43

### Housing Stability By Household Type



Source: MN HMIS Data, N=1,327 people in families; N=1,143 singles

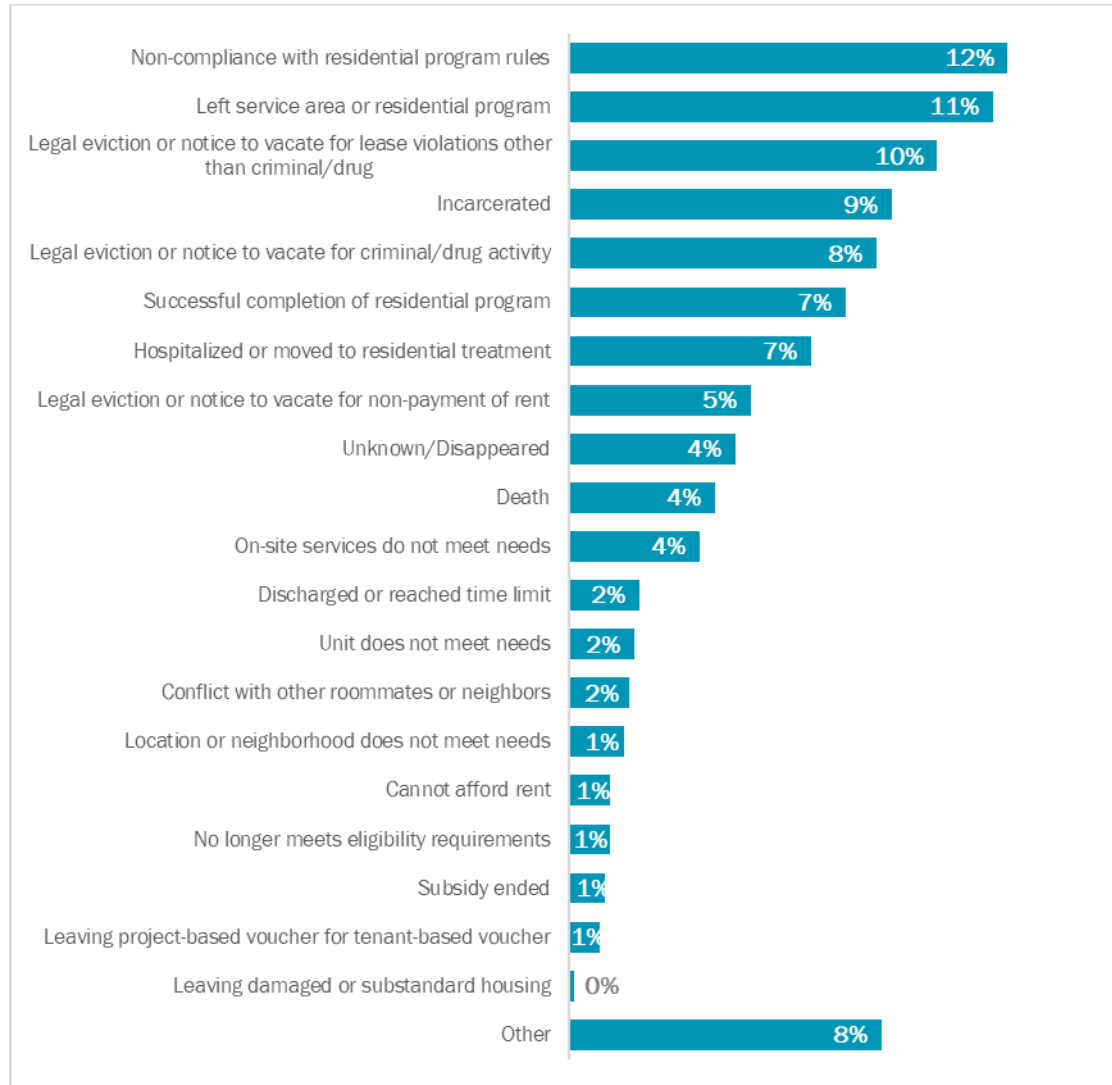
### Reasons for Leaving PSH Among Those Who Exited Before One Year

For the 1,411 tenants who entered PSH in 2015 or later and exited before one year, data on the reason for leaving was available for only roughly half (N=738). Among those for whom the data were available, 12% left due to noncompliance with residential program rules, 11% due to leaving the service area or residential program, 10% due to legal eviction or non-renewal of lease due to criminal or drug activity, and 7% due to successful completion of the residential program. (The numbers were too small to present these results by race and ethnicity.) In addition to the large amount

of missing data, 8% of reasons were classified as “Other”, suggesting a need for training on classifying reasons or revisiting the response options to improve data quality for this data element.

Exhibit 44

### Reason for Leaving Among Tenants Who Exited Before One Year



Source: MN HMIS Data, N=738 . Included in this analysis are all persons who entered PSH in 2015 or later and did not remain in their housing after one year.

Many focus group participants discussed rules they must follow in order to retain the housing. Rules include not having overnight visitors and not using substances or having guests who are under the influence if living in sober living. Some participants noted that they needed to leave sober living because of substance use.

While stability and tenure in PSH are positive outcomes, many focus group participants identified leaving PSH and attaining homeownership as ultimate goals for housing stability—or the only pathway to long-term housing stability. Many of the focus group participants talked about wanting to transition to community-based rental housing with the support of a Section 8 Housing Choice Voucher—though they noted there were long PHA waiting lists and some properties did not want to accept

Section 8 vouchers. Some participants talked about needing a bridge out of supportive housing.

With regard to homeownership, some focus groups participants who were veterans noted that there was assistance or programs in place to help veterans pursue homeownership (e.g., low down payments, match funds for down payments, no interest for first \$130,000 in loans). It is important that tenants who want to leave PSH be assisted with meeting that goal.

Using HUD's definitions of housing types (see Appendix A for more details), we coded the exit destinations of people who started housing in 2015 or later and exited before one year. We found that 47% (n=490) exited to permanent housing, 40% (n=413) exited to temporary housing, and 13% (n=130) were incarcerated or exited to a place not meant for habitation.

### Multivariate Analysis: Factors Associated with Tenant Outcomes

We estimated multivariate mixed-effects models to investigate the key factors associated with successful outcomes. For this purpose, we constructed a composite outcome measure for tenants who entered the program during the 2015-2017 period. This measure combines housing stability and destination at program exit. Like the "one-year housing stability" measure discussed earlier, a tenant is defined as having a successful outcome if they were still in their housing as of the first anniversary of their entry. However, unlike "one-year housing stability," this outcome measure additionally factors in the exit destination of those who left within a year. If that destination was a permanent housing arrangement, the outcome is defined as successful. In the rest of this section, we refer to this outcome measure as "one-year housing *continuity*," to distinguish it from the one-year *stability* measure.

Multivariate analysis was conducted among adult tenants and those ages 16-18 living on their own. Within this subsample, 72% met the definition of a successful outcome. The rest had exited the program within a year for a non-permanent housing arrangement.

The analysis was hypothesis-driven—we initially identified factors that were likely to predict a successful outcome, based on the published literature and our qualitative findings, and then tested their association with the outcome measure controlling for likely confounders. Our hypotheses included both property- and individual-level characteristics as potential factors that may predict a successful outcome. The hypotheses were tested through multivariate analysis. Multivariate models were estimated for each hypothesized predictor, controlling for other factors that are likely to be associated with that predictor and the outcome measure. A full list of the hypothesized factors and their operational definitions are provided in Appendix B.

## Results of the Multivariate Analysis

Exhibit 45 summarizes the final model that was found to fit the data best. (See Appendix B for the complete model.) It includes the factors found to have meaningful associations with one-year housing continuity (the outcome measure for this analysis) and, in some cases, with each other.

In interpreting the numbers in this table, it may be helpful to keep in mind the following:

- All but two of the predictors represent population subgroups (the sole exceptions are the number of units and the percentage of single-room occupancy units, or SROs, at the property level).
- The odds ratio is the odds of a successful outcome (housing continuity) by a member of the indicated subgroup divided by the odds of an individual in the reference group. It represents the strength of the association between the predictor and the outcome measure.
- The property-level predictors represent the subgroup of tenants who live in a property with the indicated characteristic.
- The odds ratios of all predictors are net of (control for) all of the other predictors in the model.
- The asterisks (\*) indicate the strength of the evidence; more asterisks indicate a stronger likelihood that the factor is associated with the outcome.
- Odds ratios without an asterisk are not statistically significant effects once the other predictors in the model are controlled for. The three such predictors—property size, MH disorders, and belonging to a family unit—were kept in the model due to their associations with one or several of the significant predictors. Their exclusion was found to change the effects of the significant predictors and to negatively affect the predictive power of the model.

### Multivariate Multilevel Model Predicting the Likelihood of One-Year Housing Continuity

| Predictor   | Adjusted Odds Ratio |
|---|---------------------|
| Mixed property<br>(reference category: majority-PSH)  | 1.645**             |
| Number of units in the property   | 0.999               |
| Percent of units in the property that are Single Room Occupancy (SRO)                             | 0.995*              |
| Female<br>(reference category: male)  | 1.365**             |
| African American<br>(reference category: not African American)                                    | 1.259*              |
| 55 or older<br>(reference category: 54 or younger)  | 1.801***            |
| Long-term homeless (LTH)<br>(reference category: not LTH)   | 0.525***            |
| Substance use disorder (SUD)<br>(reference category: no SUD)                                      | 0.780*              |
| Mental health (MH) disorder<br>(reference category: no MH disorder)                               | 1.217               |
| Criminal justice involvement<br>(reference category: no crim. just. inv.)                         | 0.664***            |
| Belongs to a family unit (MN definition)<br>(reference category: Doesn't belong to a family unit) | 1.096               |

\* p<0.10 \*\* p<0.05 \*\*\* p<0.01

Note: Adjusted odds ratios represent the effects of the predictors after adjusting (controlling) for the other predictors in the model. Odds ratios greater than 1 indicate positive effects and those less than 1 indicate negative effects. An odds ratio of 1 means the predictor has no effect. The model is based on data from a total of 1,710 individual cases from 173 properties.

The rest of this section discusses the effects of the key predictors of one-year housing continuity identified by the multivariate analysis and summarized in the model displayed in Exhibit 45.

#### Demographic Characteristics

We investigated the effects of age, gender, race, and Hispanic origin on the likelihood of one-year housing continuity, **controlling for other factors that may be associated with this outcome and, at the same time, vary across demographic subgroups.**

**Age:** In general, age had a positive effect on one-year continuity. The largest difference was between tenants ages 55 or older and those ages 54 or younger at program entry. We tested whether this effect was due to better health coverage or having a source of income; after controlling for these factors, the 55+ effect remained significantly positive. Controlling for the other predictors in the model, tenants 55 years or older have approximately 80% higher odds of one-year continuity compared to younger tenants.

**Race/Ethnicity:** Multivariate analysis was conducted on all racial/ethnic groups with sufficient sample size. We tested the outcome difference between white tenants and tenants of color and found no significant differences. The only racial/ethnic characteristic that was found to make a difference in the outcome measure was

African American/Black race: this group had 26% higher odds of one-year housing continuity compared to the rest, after controlling for other relevant characteristics.

**Gender:** Female tenants were more likely to have housing continuity compared to males. This was a consistently strong result, even after controlling for relevant factors such as age, race/ethnicity, household type, presence of children in the household, income, health coverage, domestic violence history, substance use, mental health status, criminal justice involvement, LTH status, and property characteristics. Controlling for all of the predictors in the model (Exhibit 45), female tenants have 37% higher odds of housing continuity compared to males.

**Household structure:** We tested the effects of living alone versus in a group, living in a family group versus other household types, and having children in the household versus childless households. Multivariate analysis results revealed that family groups versus other household types is the comparison with the largest outcome difference: Tenants living in a family group are more likely than others to show one-year housing continuity. Analysis results also indicated that family groups are more likely to live in mixed properties (compared to majority-PSH properties). Controlling for property type, individuals in family groups no longer have a significantly higher likelihood of housing continuity; however, the “mixed property” effect remains significant when controlling for household structure (see Exhibit 45). This suggests that property type, and not household structure, is the driving factor in predicting housing continuity.

#### Housing Readiness and Intensity of Support Needs

In multi-level analyses of this kind, the level at which a factor influences the outcome is hard to determine because it is not always possible to eliminate all alternative explanations. For example, it is hard to distinguish between the direct effect of property type on the outcome because some properties may screen tenants based on certain characteristics, and those characteristics—rather than the property type itself—might affect the outcome. To reduce this ambiguity, we controlled for the types of characteristics that some properties may screen for or against. Screening factors may relate to the type and intensity of the individual’s service needs, such as disabilities that the property is not equipped to support, or factors that affect housing readiness, such as homelessness history and criminal justice involvement. Properties would likely screen for some of these characteristics based on perceived safety risks (e.g., criminal background, addiction).

**Long-term homelessness (LTH):** The majority (89.5%) of the tenants in the multivariate analysis sample met the state’s definition of LTH. Analysis results indicate that the small minority that did not meet the definition had about 48% higher odds of housing continuity compared to the LTH subsample, controlling for relevant individual- and property-level factors. For example, the LTH effect in the model is net of the other model predictors that measure the intensity of support needs, such as SUD/MH disabilities and criminal justice involvement. We further investigated the possibility that the LTH factor is a proxy for the intensity of support needs by comparing the distribution of VI-SPDAT scores between those who meet the LTH definition and those who do not. This analysis revealed similar distributions—a



chi-square test comparing the two distributions found no significant differences (chi-square=12.62, d.f.=19, p=0.858, N=579). In other words, the LTH and non-LTH tenants had similar VI-SPDAT scores, indicating that the LTH factor does not appear to be a proxy for the intensity of support needs.

**Substance use and mental health disabilities:** Having a long-term disability may affect housing outcomes. The multivariate analysis found that the effect of having any such disability on the outcome measure was not statistically significant (result not shown). However, when we looked at disability types separately, we found that mental health (MH) and/or substance use disorders (SUD) both had significant negative effects on housing continuity. Further analysis revealed that the proportion of tenants with one or the other of these two disability types is significantly higher in majority-PSH properties than in mixed properties. These two types of disorders are highly correlated due to their co-occurring nature; when both are included in the model, they partially mask each other's effects due to their overlap. Exhibit 45 shows that when both are controlled for each other, SUD masks the MH effect more strongly than the other way around. The negative effect of SUD approaches significance but the MH effect becomes non-significant. Controlling for MH and the rest of the predictors in the model, individuals with long-term SUD have 22% lower odds of housing continuity compared to those without SUD. This suggests that both MH and SUD services will help tenants with housing continuity. If forced to make a choice between MH and SUD services, prioritizing SUD services will likely facilitate housing continuity to a larger extent than providing MH services at the expense of SUD services.

**VI-SPDAT Score:** We tested the association between the tenants' likelihood of one-year housing continuity and their scores on the *Vulnerability Index – Service Prioritization Decision Assistance Tool* and found no significant effect. However, the models that included this factor had limited power to detect significant effects because only a small fraction of the sample (303 tenants) had VI-SPDAT data. The same models based on a larger sample may be able to detect a significant effect. For the purposes of this report, this result should be considered inconclusive.

**Criminal justice involvement:** We compared the outcomes of the group that either had some criminal justice involvement during the year preceding program entry or had ever been convicted of a felony crime with the group that did not have either of these types of involvement. Controlling for the other predictors in the model, individuals with criminal justice involvement were found to have about 37% lower odds of housing continuity compared to the non-involved group. In interpreting this result, it is important to keep in mind that the measure we used to indicate criminal justice involvement does not fully represent the levels of criminal involvement. This effect should therefore be regarded as a rough estimate.

## Property Characteristics

To address the question, “Which property types are associated with better housing outcomes?,” we tested the effects of the following property characteristics on one-year housing continuity:

- Property size – number of units in the property
- Percent of units that are single-room occupancy
- Property type – less than half of the units PSH (mixed) vs. majority PSH
- CoC Region
- Located in the seven-county metro region vs. located elsewhere in the state
- Sober-living facility

Of these six property-level factors, only three were significantly associated with the outcome measure and/or with any of the other predictors in the final model and were therefore included in the model.

**Property type:** Controlling for all of the other predictors in the model, tenants living in mixed properties have 65% higher odds of one-year housing continuity compared to tenants in majority-PSH properties. One additional screening criterion that we controlled for was the tenant’s score on the *Vulnerability Index – Service Prioritization Decision Assistance Tool*. Although this model had limited power to detect significant effects, as discussed above, it did detect a significant mixed-property effect, controlling for VI-SPDAT scores.

In summary, the multivariate analysis was able to control for many of the screening criteria that mixed properties are more likely to use and found that none of them accounted for the mixed-property effect. However, there are some important factors that we were not able to control for. For example, it is possible that mixed properties are generally located in neighborhoods with more resources compared to neighborhoods of majority-PSH properties. We were not able to control for community/neighborhood level factors in this analysis. Future analysis incorporating community-level data could help MN Housing determine whether or not neighborhood and community factors contribute to the variation in retention outcomes.

Additionally, as discussed earlier, the multivariate models controlled for some common tenant screening criteria for which data were available. However, we were unable to fully control for all possible screening criteria that may differ between the two property types and constitute explanatory factors for the property type effect on housing continuity, such as poor rental history. Furthermore, some of the screening factors we included in our model were not perfect measures. For example, we were able to partially control for criminal justice involvement by including a measure indicating a history of felony crime and any past-year involvement in the criminal justice system. Mixed properties were found to have a significantly lower proportion of tenants with criminal justice involvement measured this way, suggesting that the inclusion of this factor in the model partially controlled for this screening criterion. Although we were able to identify tenants with *felony* crime history from others,

available data did not allow the construction of a more comprehensive measure that takes into consideration the *level* and *type* of the felony crime. In other words, the two types of properties may have tenants with different types or levels of criminal histories that are not fully captured in this analysis.

The results of the *Tenant Survey*, discussed earlier, may shed some light on the higher housing continuity rates of mixed properties. For example, tenants living in mixed properties reported having more choices (e.g., choice of program, property, or unit within a property) compared to tenants of majority-PSH properties (Exhibit 11). They were also more likely to report receiving crucial services such as mental health supports (Exhibit 16) or help in retaining their housing status (Exhibit 20). These are all factors likely to affect housing continuity. We did not have this level of detail in the multivariate analysis dataset; therefore, we could not test the extent to which the positive outcomes of mixed properties can be explained by these factors.

**Single- versus multiple-room occupancy:** We hypothesized that tenants living in single-room-occupancy (SRO) units would be less likely to have one-year housing continuity compared to tenants of multi-room apartments. This factor is highly correlated with other predictors in the model, such as household structure and property type: Family groups are less likely to live in SRO units and mixed properties are less likely to offer SRO units compared to majority-PSH properties. Exhibit 45 shows that, controlling for other predictors including household structure and property type, the prevalence of SRO units in a property has a small negative effect on housing continuity that approaches statistical significance. The model predicts that reducing the percentage of SRO units in a property would increase the likelihood of housing continuity by one-half of a percent. An analysis that treats single-room occupancy as a tenant-level factor (i.e., whether or not the tenant's unit is an SRO or not) would provide a more valid test of this hypothesis and may reveal a stronger effect on tenants' outcomes. For the current study, the only available information about SROs were at the property level, providing an imperfect proxy for this factor.

#### **POLICY IMPLICATIONS OF THE PROPERTY-TYPE EFFECT**

The mixed vs. majority-PSH property distinction is closely related to the distinction between single vs. scattered housing strategies that has been a topic for research and policy discussions during the past two decades. The literature points to mixed evidence about the effects of mixed housing on individual tenants' housing outcomes. On the one hand, settling formerly homeless individuals and tenants in mixed developments and neighborhoods may facilitate community integration, providing them with a safer living environment and better educational and employment resources. There is also some evidence of improved mental health outcomes in mixed environments.<sup>46</sup>

On the other hand, concentrating PSH units in a single property has the advantage of facilitating blended property management and service provision functions, making

---

<sup>46</sup> Levy, D.K., McDade, Z., & Dumlao, K. (2010). [\*Effects from Living in Mixed-Income Communities for Low-income Families: A Review of the Literature\*](#). Report from the Urban Institute with support from the Annie E. Casey Foundation.

service provision more efficient and consistent, compared to negotiating service functions with private property owners. Another advantage of concentrated PSH housing is the enhanced ability of housing providers to maintain fidelity to “Housing First” principles.<sup>47</sup> A third advantage is that they are likely to implement lower-barrier screening criteria (see Exhibit 53 below).

Although there is consensus among researchers that community integration is an important factor for housing retention, Levy, McDade, & Dumlao (2010)<sup>48</sup> provide examples of successful community integration for both single- and scattered-site strategies, depending on the type of community, zoning regulations, and other socioeconomic factors. For example, some cities were able to achieve community integration for majority-PSH properties by engaging the community, soliciting design suggestions from community stakeholders, and making an effort to blend the property into existing community norms. They also provide examples of situations where majority-PSH developments were rejected by the community for reasons that the authors characterize as “not in my backyard” attitudes of community members.

The overall conclusions from the existing literature are that (a) there are some advantages and disadvantages to both mixed and majority-PSH properties; (b) community integration is a desirable outcome that may be achieved through a variety of strategies depending on the specific context; and (c) the overall effectiveness of single vs. scattered housing strategies depends on the location, community characteristics, and characteristics of the specific population being served.

Finally, the results of the *Tenant Survey* provide evidence of differences in service mix between mixed and majority-PSH properties. It is possible that increasing the availability of certain services (e.g., help with paperwork in applying for benefits, mental health and medication management services, help communicating with landlords) in majority-PSH properties may narrow the outcome differences by property type.

## Improvements Reported by PSH Tenants

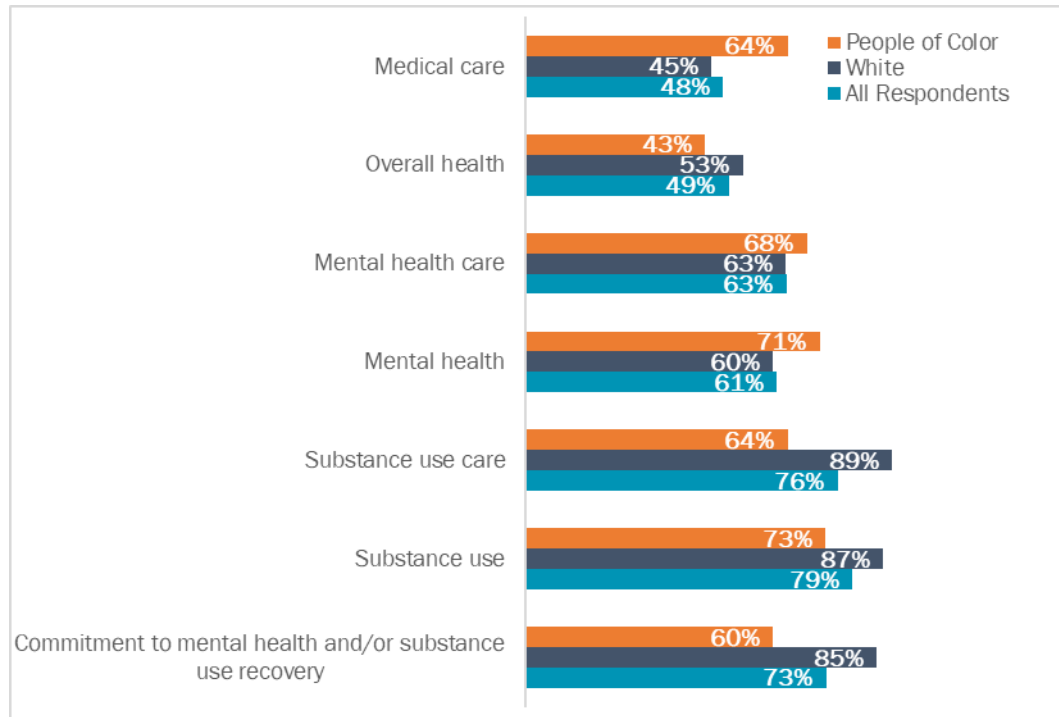
Tenants who completed the *Tenant Survey* reported areas that have changed since they became housed. Shown in Exhibit 46 is that over 60% of all tenants reported that their mental health care (63%) and mental health (61%) had improved; with people of color reporting more improvements in these areas than white tenants. Over three-quarters of the tenants reported improvements in substance use (79%) and substance use care (76%); with more white tenants reporting more improvements in these areas than tenants of color. In addition, 73% of all tenants who completed the *Tenant Survey* reported that their commitment to mental health or substance use recovery had improved; with more white tenants (85%) than tenants of color (60%) reporting improvements in their commitment to mental health or substance use recovery.

---

<sup>47</sup> Chen, P.M. (2019). [Housing first and single-site housing](#). *Social Sciences*, 8(4), 129-139.

<sup>48</sup> *Op. cit.*

### Tenants' Self-Reported Improvements in Health Since Housed

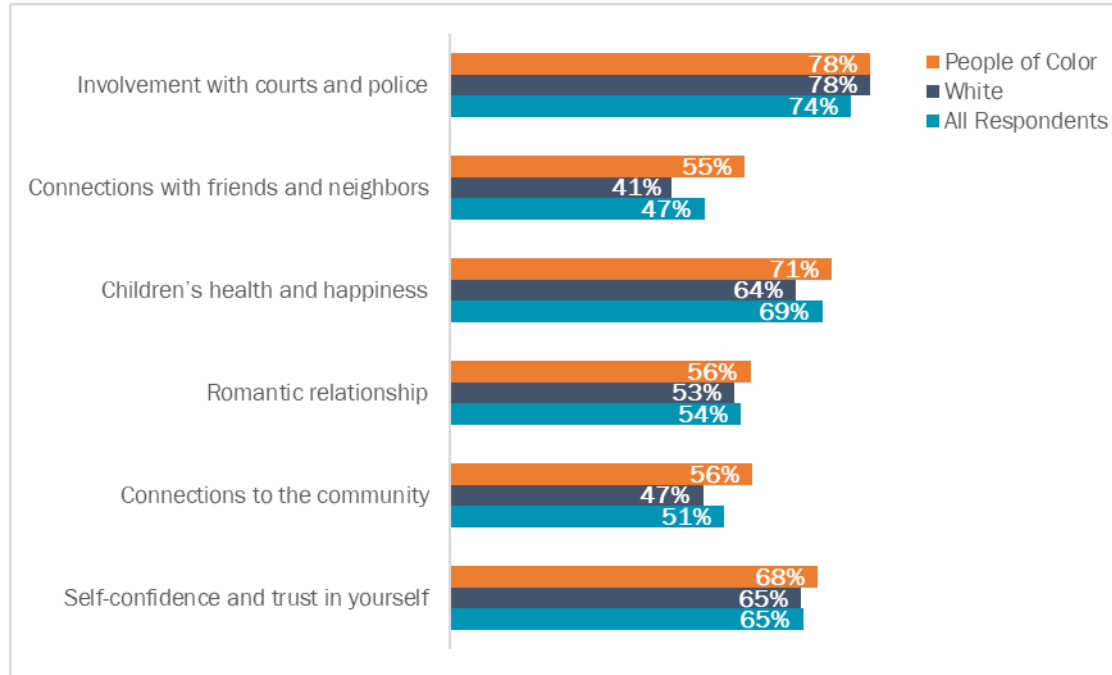


Source: Tenant Survey. People of Color N=25; White N=44; All Respondents N=77.

Note: If a respondent selected “Not applicable or not relevant” for any of the categories, they are removed from the denominator for that category. In other words, the percentage is calculated only among those for whom the category is applicable. Therefore, the Ns vary by category. The question was worded as, “We want to know about things in your life that have changed since you moved into your current home? Please select only one response for each item or row. If the situation does not apply to you, select ‘Not applicable or not relevant.’ Since you moved into your home have you noticed that . . .”

Shown in Exhibit 47 is that 74% of tenants reported improvements in their involvement with courts and police; there were no differences found among tenants of color and tenants who identified as white. Close to 70% of the tenants reported that there were improvements in their children’s health and happiness; with more tenants of color (71%) than tenants who identified as white (64%) reporting this improvement. Overall, 65% of the tenants reported improvements in their self-confidence and trust in themselves; slightly higher percentage of tenants of color (68%) than tenants who identified as white (65%) reported improvements in this area.

### Tenants' Self-Reported Improvements in Other Areas Since Housed

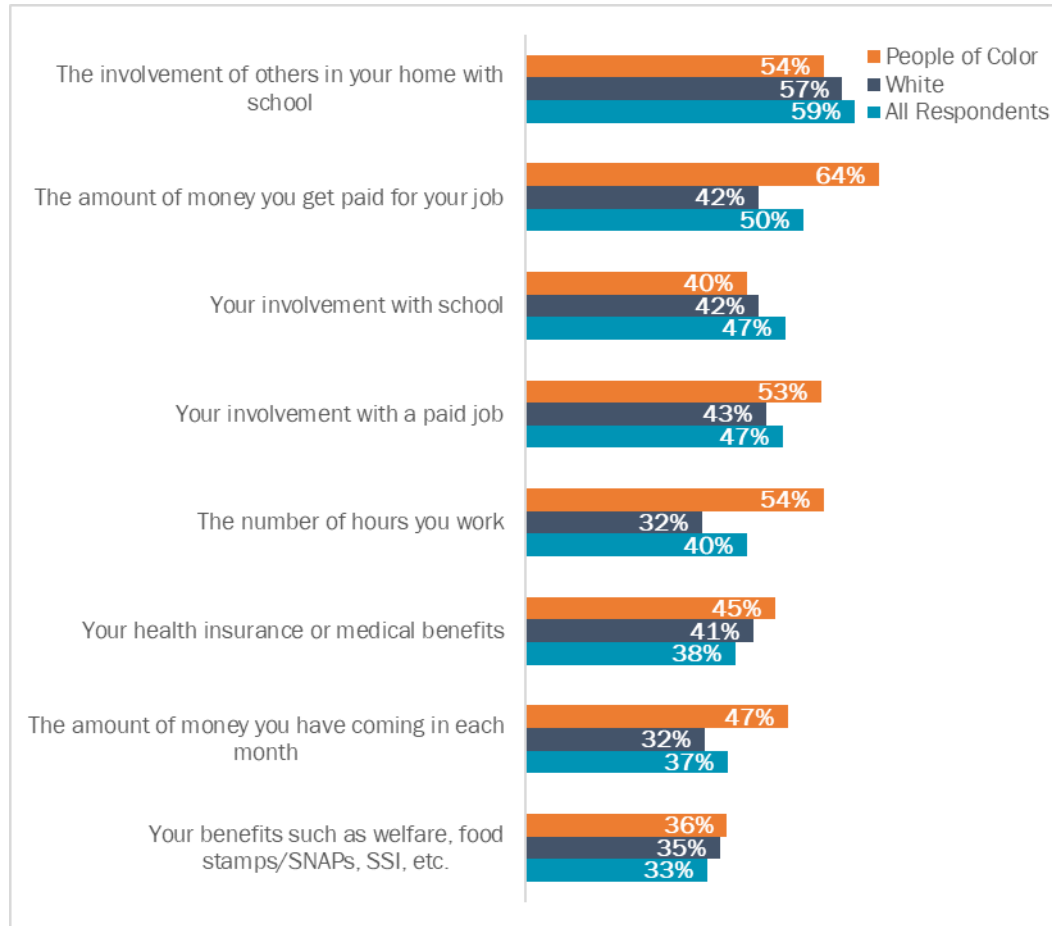


Source: Tenant Survey. People of Color N=25; White N=44; All Respondents N=77.

Note: If a respondent selected "Not applicable or not relevant" for any of the categories, they are removed from the denominator for that category. In other words, the percentage is calculated only among those for whom the category is applicable. Therefore, the Ns vary by category. The question was worded as, "We want to know about things in your life that have changed since you moved into your current home? Please select only one response for each item or row. If the situation does not apply to you, select 'Not applicable or not relevant.' Since you moved into your home have you noticed that . . ."

Shown in Exhibit 48 is that tenants of color reported more improvements than tenants who identified as white in the amount of money they got paid for their job, their involvement with a paid job, the number of hours they worked, the amount of money they had coming in each month and with their health insurance or medical benefits. In contrast, more tenants who identified as white than tenants of color reported improvements in their household's involvement with school and their own involvement with school. Overall, a small percentage of tenants who completed the *Tenant Survey* reported improvements in educational and employment involvement, income, and benefits. This is not surprising since increases in some of these areas may impact the amount of rent they have to pay toward their housing. Indeed, focus group participants noted that increases in pay or income result in increases in rents or losing other benefits such as medical assistance.

### Tenants' Self-Reported Improvements Since Becoming Housed

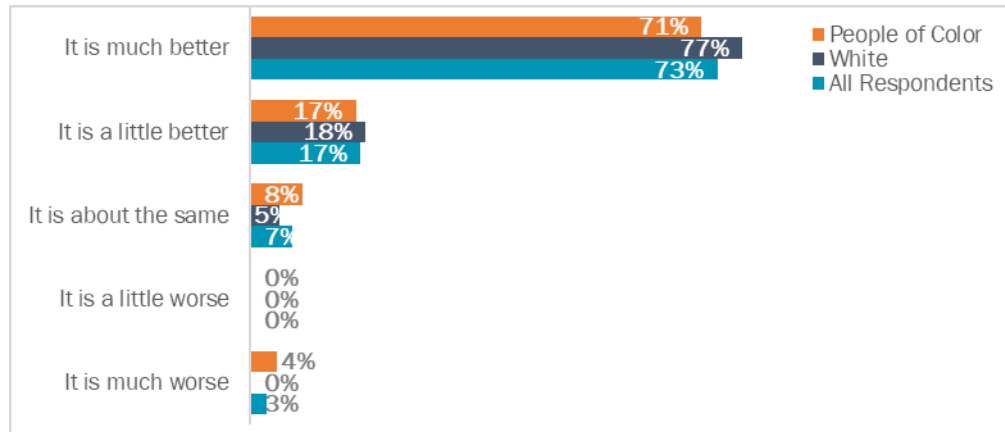


Source: Tenant Survey; People of Color N=25; White N=44; All Respondents N=77. The Ns by race/ethnicity do not add to the total of all respondents because race/ethnicity was unknown for some respondents. Note: The question was worded as, “We want to know about other things that may have changed, since you moved into your current home. Please select only one response for each item or row. If the situation does not apply to you, select ‘Not applicable or not relevant’ Since you moved into your home . . . ” The response options included: “Is better,” “Is about the same,” “Is worse,” “I don’t know,” and “Not applicable or not relevant.” The chart displays the percentage that reported “Is better” after removing those that selected “Not applicable or not relevant” from the denominator. Therefore, Ns vary by category.

As shown in Exhibit 49, close to three quarters (73%) of the tenants who completed the *Tenant Survey* reported that their quality of life is much better since they became housed; the percentage was slightly higher among tenants who identified as white (77%) than tenants of color (71%). Overall, this is a strong testament to the positive impact of PSH on tenants’ lives.



### Tenants' Self-Reported Improvement in Quality of Life Since Housed



Source: Tenant Survey. People of Color N=24; White N=44; All Respondents N=70.

Note: The Ns by race/ethnicity do not add to the total of all respondents because race/ethnicity was unknown for some respondents.

Many of the focus group participants discussed the benefits of being housed, including having a laundry room to wash clothes, having their own mailboxes, being able to leave their belongings behind without them being taken, and having privacy to be alone and to do activities like reading and writing. Below are some direct quotes from tenants who participated in the focus groups:

- “I think it’s all for the better now. I don’t have to worry about things like I used to . . . It was always going downhill. Now it’s only going up.”
- “I’m no longer on the street. When I get tired, I can put my key in the door and be at home and relax . . . That’s a big change.”
- “It’s the first time I’ve ever had my own house, my own apartment.”
- “You wake up in the morning and say, ‘What am I going to do today?’ And that’s a lot easier than waking up and saying, ‘Where am I going to live today?’
- “Getting into [supportive housing where I live] was the best thing that could happen to me because it turned my life around. It’s perfect for me, even if my life isn’t perfect.”
- “These places are a stepping stone. You use it as a stepping stone. I’ll use this place as a stepping [stone]. My life is so much better . . . than back six and a half years ago when I was homeless.”



# Barriers to Providing Housing/Supportive Services

**Research Question 5:** What are barriers to providing housing and supportive services to tenants in PSH units?

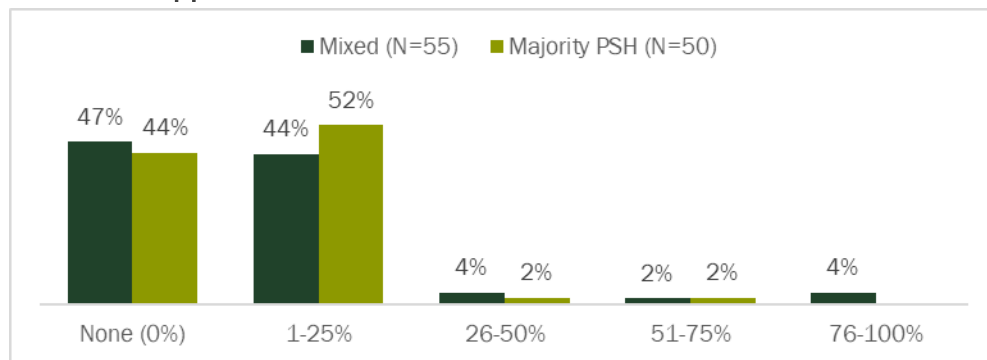
## Barriers to Providing Housing to PSH tenants

### Application for PSH

The only data available on application denials was self-reported by property managers through our *Property Management Survey*. Exhibit 50 displays the percentages of applicants for PSH who were denied in the last year according to survey respondents. Some respondents reported that no applicants had been denied, but others (44% from mixed properties and 52% from majority-PSH properties) reported that between 1% to 25% were denied. When asked to identify the number of applicants/referrals denied, most respondents from both types of properties reported that between 1 to 5 applicants were denied in the last year. For the small percentage of property managers who reported greater than 25% of applications were denied, we were not able to further examine these properties or the reasons in this report.

Exhibit 50

### Percent of Applicants for PSH Units Denied in the Last Year



Source: Property Management Survey

Note: Respondents responded to the question “For the last year, approximately what percentage of applicants for PSH/LTH units at this property have been denied?”

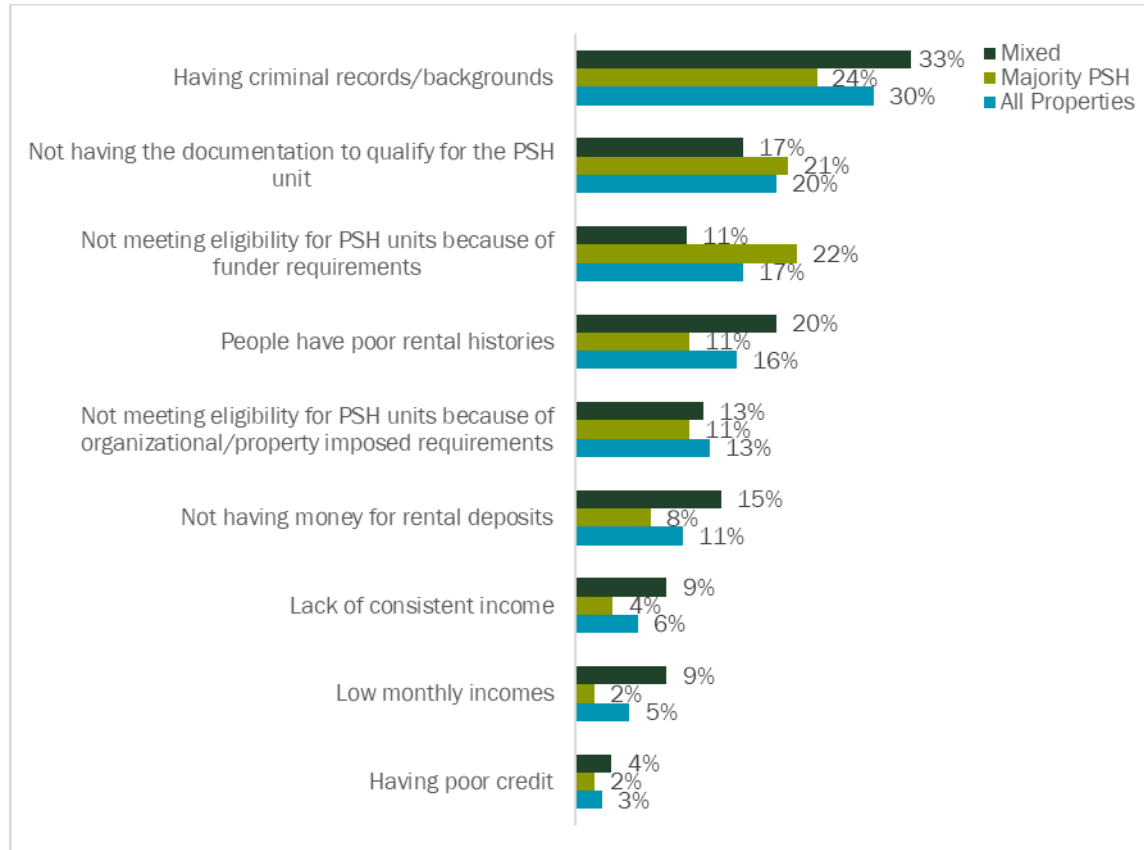
Exhibit 51 shows the reasons given for denying referrals of individuals for PSH units, as reported in the *Property Management Survey*. Overall, the largest percentage of respondents (30%) reported that people having criminal records or backgrounds was a barrier or major barrier for denying referrals for a PSH unit; more respondents from mixed properties (33%) than majority-PSH properties (24%) identified this as a barrier. The next most frequently cited barrier (reported by 20% of the respondents) was people not having the documentation they need to qualify them for the PSH unit; more respondents from majority-PSH properties (22%) than from mixed properties (17%) identified this as a barrier.

A total of 17% of the respondents also identified people not meeting the eligibility for PSH units because of funder requirements; more respondents from majority-PSH properties (22%) than from mixed properties (11%) identified this as a barrier. While

16% of the respondents also identified people having poor rental histories as a barrier, more respondents from mixed properties (20%) than from majority-PSH properties (11%) identified this as a barrier.

Exhibit 51

### Percent of Property Staff Reporting Reasons for Denying Referrals



Source: Property Management Survey. Mixed properties N=56; Majority PSH N=53; All properties N=114. Numbers vary slightly by item. The question was worded as, “What are the reasons that referrals for PSH/LTH at this property are typically denied?” Percent is for those that indicated a barrier or a major barrier.

### Eligibility and Screening Criteria for PSH

#### ELIGIBILITY CRITERIA

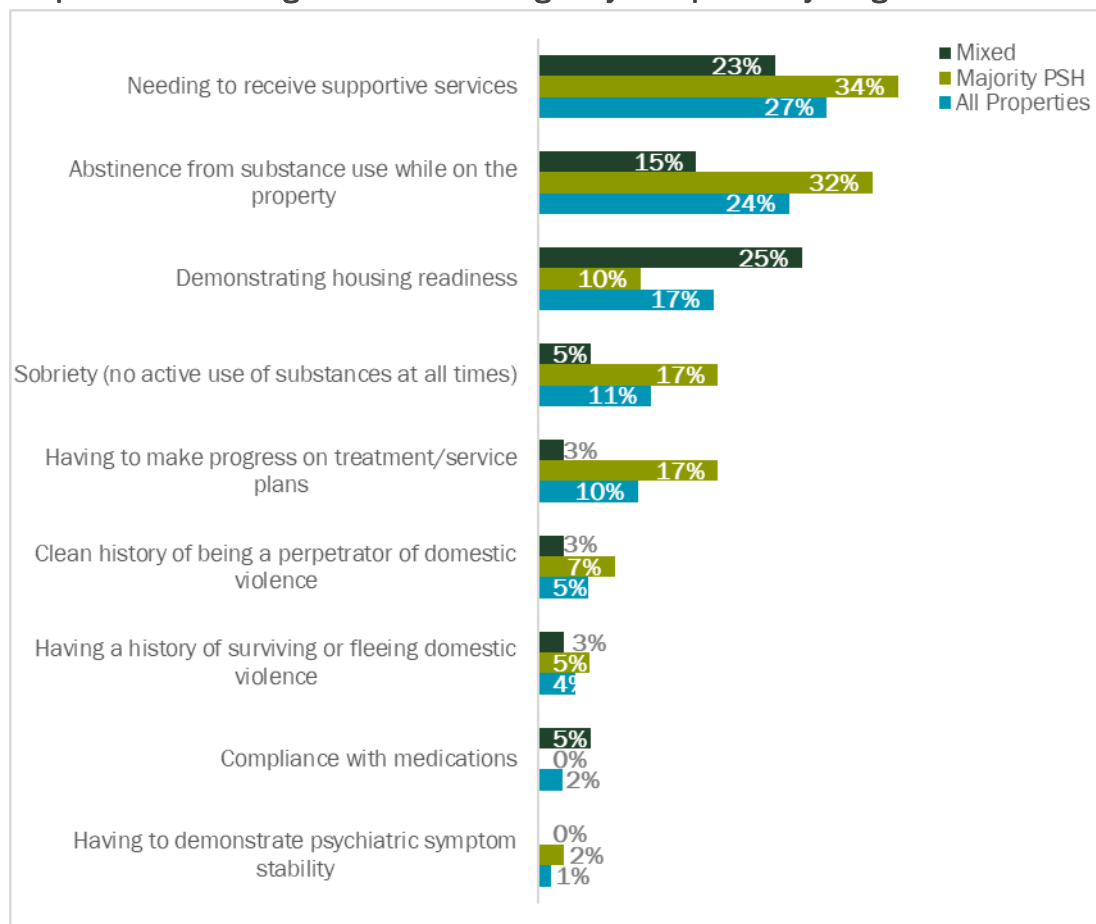
Exhibit 52 displays the requirements for individuals to be eligible for PSH units, as reported in the *Property Management Survey*. The most frequently cited eligibility criteria overall were needing to receive supportive services (27%) and abstinence from substance use while on the property (24%); both of these were more frequently cited by respondents from majority-PSH properties (34% and 32%, respectively) than by respondents from mixed properties. In addition, a greater percentage of respondents from majority-PSH properties reported sobriety and having to make progress on treatment/service plan as eligibility criteria compared to respondents from mixed properties. This is to be expected in light of state regulations that only allow properties with 100% PSH units implementing a sobriety/recovery model to impose sobriety requirements. Mixed properties, by definition, do not meet the state’s requirements for imposing sobriety criteria on their tenants. In contrast, a quarter of

respondents (25%) from mixed properties reported that tenants must demonstrate housing readiness; this compares to just 10% of respondents from majority-PSH properties.

During the focus groups, some participants identified that they needed to be sober in order to move into housing. One participant noted, “My process was long, it took a long time, have to sober up to get into housing, took a long time to move, then just at the breaking point, I finally got the housing, it seemed that they prolonged it to see if I would stay sober, on my final drug test I was clean and able to move in.” This participant makes the point that she needed to be “housing ready” in order to be moved into housing. This requirement, as well as many of the requirements identified by the property management staff, are not consistent with the principles of PSH or the Housing First model, which emphasizes meeting people’s basic needs—like getting a place to live—*before* attending to substance use issues. The model also emphasizes that individuals should have a choice in their participation of supportive services.<sup>49</sup>

Exhibit 52

### Requirement for Program or Service Eligibility – Reported by Program Staff



Source: Property Management Survey. Mixed properties N=40; Majority PSH N=41; All Properties N=84. Note: Respondents could check all that apply so percentages do not add to 100%. Respondents responded to question “Are any of the following required for program or service eligibility in your PSH/LTH units in this property? (Check all that apply)”

<sup>49</sup> See National Alliance to End Homelessness [Fact Sheet: Housing First](#)

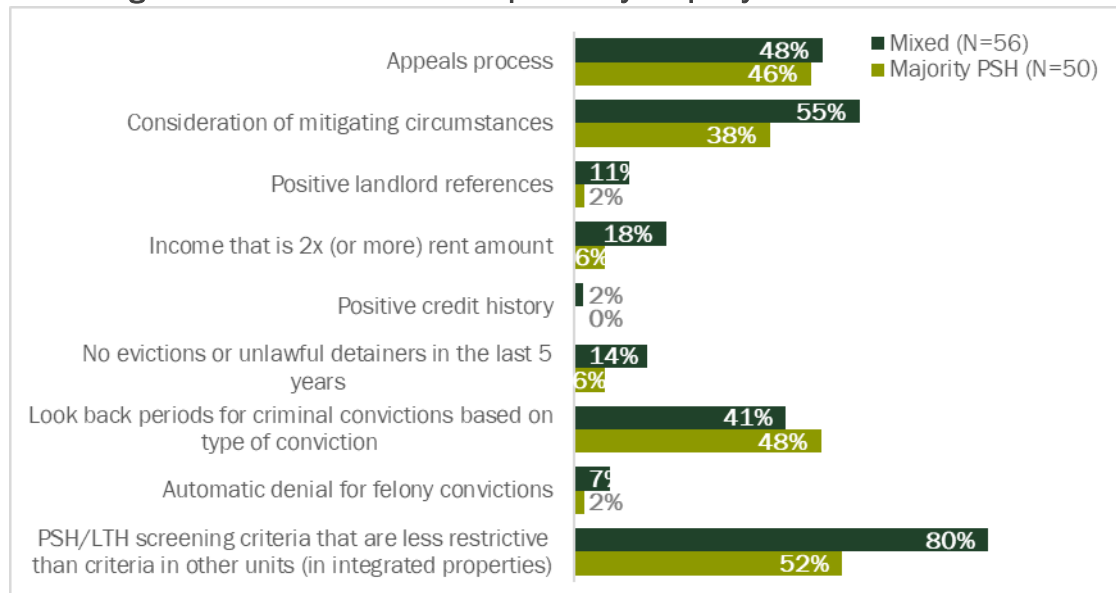
## SCREENING CRITERIA

As shown in Exhibit 53, when asked about the screening criteria for the PSH units, more of the property managers from mixed properties (80%) than from majority-PSH properties (52%) reported that the criteria for the PSH units was less restrictive than for other units in the property. This difference can be explained by the fact that many PSH properties having only PSH units would not have selected this option. Over 40% of the respondents from both property types reported that the screening criteria includes a lookback period for criminal convictions that was based on the type of conviction. This is positive since it suggests that tenant screening policies are being adjusted for criminal background. HUD recommends that the tenant screening policy take into account the amount of time that has passed since the criminal conduct occurred as well as the type of conviction.<sup>50</sup>

More respondents from mixed properties than from majority-PSH properties reported that the screening criteria for the PSH units included having income that was two times or more the amount of the rent, having no evictions or unlawful detainers in the last 5 years, and having positive landlord references. This may be evidence that mixed properties are more likely to have screening criteria that favor tenants with higher socioeconomic status; though we were not able to control for this factor in the multivariate outcome analysis, our analysis did include an indicator of having at least one source of income and found that it was not significantly associated with either housing continuity or property type. Close to half of the respondents from both types of properties reported that there was an appeals process related to the screening for PSH units.

Exhibit 53

### Screening Criteria for PSH Units – Reported by Property Staff



Source: Property Management Survey

Note: Respondents could check all that apply so percentages do not add to 100%. Respondents responded to the question “Which of the following are part of your tenant screening criteria for PSH/LTH units in this property? (Check all that apply)”

<sup>50</sup> Minnesota Housing, July 2016. [Tenant Selection Plans](#)

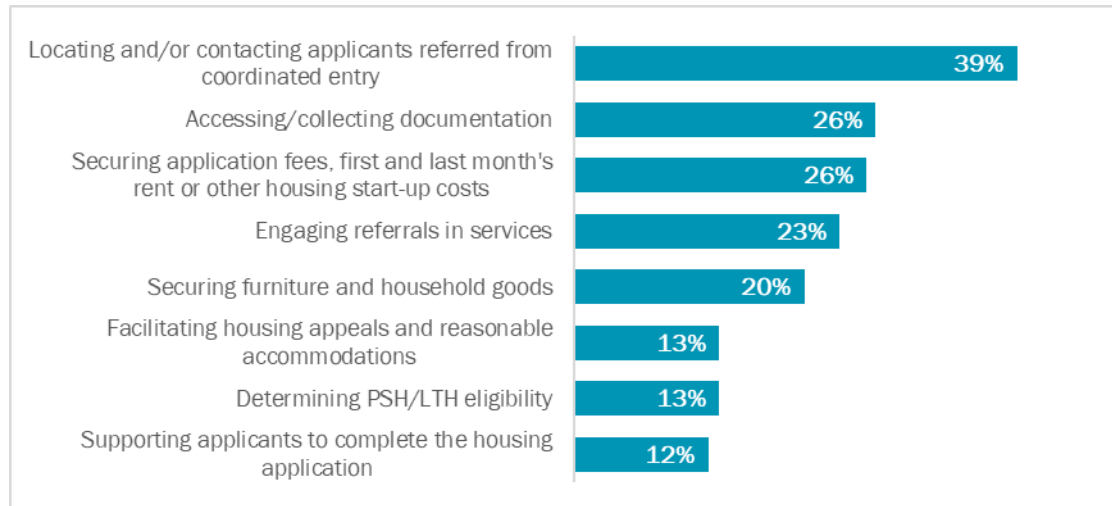
## Barriers to Providing Services

### Engagement of Applicants in Services

As shown in Exhibit 54, 39% of the service providers indicated that locating and/or contacting applicants referred from CE was difficult or very difficult. Over a quarter of the respondents identified accessing/collecting documentation as a difficult or very difficult activity.

Exhibit 54

### Difficulty of the Activity/Task Associated With Applicant Engagement – Reported by Service Providers



Source: Service Provider Survey. Numbers vary for each activity/task.

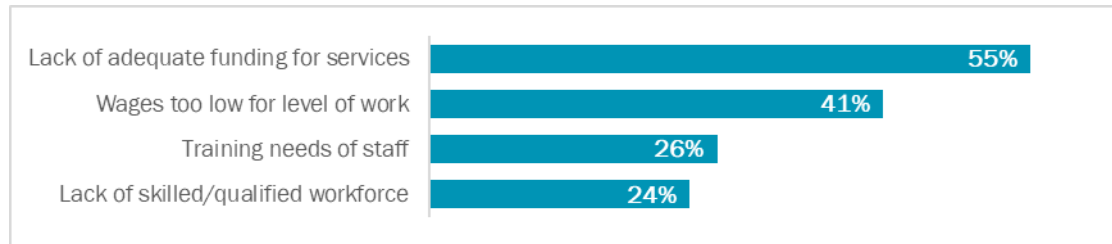
Note: Percent is for those that indicated the activity as difficult or very difficult. Respondents responded to the question “In your opinion, how difficult is it to complete the following activities and tasks associated with applicant engagement and housing application at this property? Please rate each of the items a – h, on a scale from 1 (Not Difficult) to 5 (Very Difficult)”

### Funding and Staffing Issues

Over half of the service providers reported that the lack of adequate funding for services was often or always a barrier for providing adequate types or levels of services to PSH tenants (Exhibit 55), and over 40% reported that wages were often or always too low for the level of work that was needed to provide adequate services. Less than a third indicated staff training needs or a lack of a skilled/qualified workforce as often or always a barrier to providing adequate services. Minnesota’s implementation of Medicaid-financed Housing Stabilization Services in 2020 will help address this lack of adequate funding for services to PSH tenants.

Exhibit 55

### Barriers Faced in Providing Adequate Types/Levels of Services to Tenants – Reported by Service Providers



Source: Service Provider Survey (n=134). Numbers vary for each item.

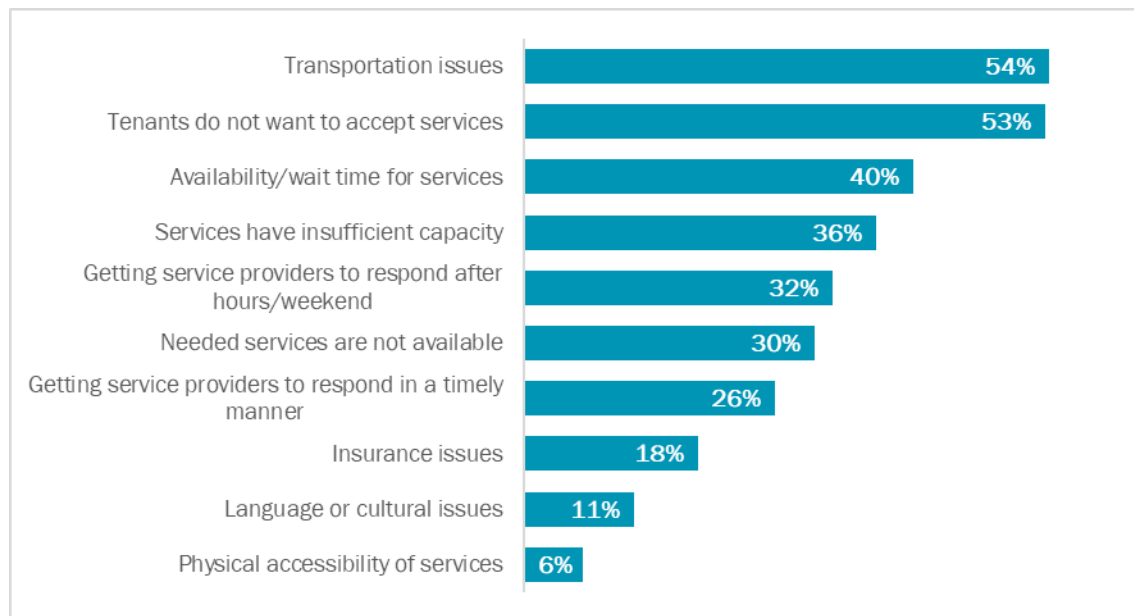
Note: Percent is for those that indicated as often or always. Respondents responded to the question “In your opinion, what are the types of barriers that your organization faces in providing adequate types or levels of services to the tenants in PSH/LTH units at this property? Please rate how frequently each of the items a – d occurs, on a scale from 1 (Never) to 5 (Always)”

### Other Barriers to Service Provision

Over half of the service provider respondents reported that transportation issues and tenants not wanting to accept services were barriers or major barriers to providing supportive services to PSH tenants (Exhibit 56). Over one third indicated the availability or wait times for services and insufficient capacity as major barriers.

Exhibit 56

### Barriers to Offering Supportive Services to Tenants – Reported by Service Providers



Source: Service Provider Survey. Numbers vary for each item.

Note: Percent is for those that indicated as barrier or major barrier. Respondents responded to the question “In your opinion, what are the primary challenges impacting the lives of the tenants in PSH/LTH units at this property? Please rate each of the items a – i, on a scale from 1 (Not a Challenge) to 5 (Major Challenge)”

Some focus group participants stated that they want to see their providers more regularly but that there were not enough support staff and some staff were not being very effective.

## Barriers PSH Tenants Face

**Research Question 6:** *What barriers do PSH tenants face in getting and keeping housing?*

### Barriers to Getting Housing

Exhibit 57 displays barriers that PSH tenants faced when looking for housing, as reported in the *Tenant Survey*. The greatest disparities were in the following services:

- Rents were too high/unaffordable: 54% people of color; 44% white
- Mental health symptoms: 47% white; 33% people of color
- Criminal background screening: 38% people of color; 24% white
- Lack of available housing support services: 33% people of color; 16% white
- Substance use by the tenant or someone else in the house: 28% white; 8% people of color
- Race/ethnicity of tenant or other family members: 21% people of color; 5% white
- Family size: 21% people of color; 9% white
- Age: 21% people of color; 7% white
- Physical disabilities: 15% people of color; 9% white

Focus group participants who had been housed for some time noted that they did not face many barriers in accessing housing; however, they thought that people faced more barriers today—and that these barriers included properties doing more criminal background checks. Focus group participants with criminal backgrounds or felony records noted that after being denied for PSH, appeals were filed and they were successful in getting into housing.

Focus group participants also noted a number of other barriers, including:

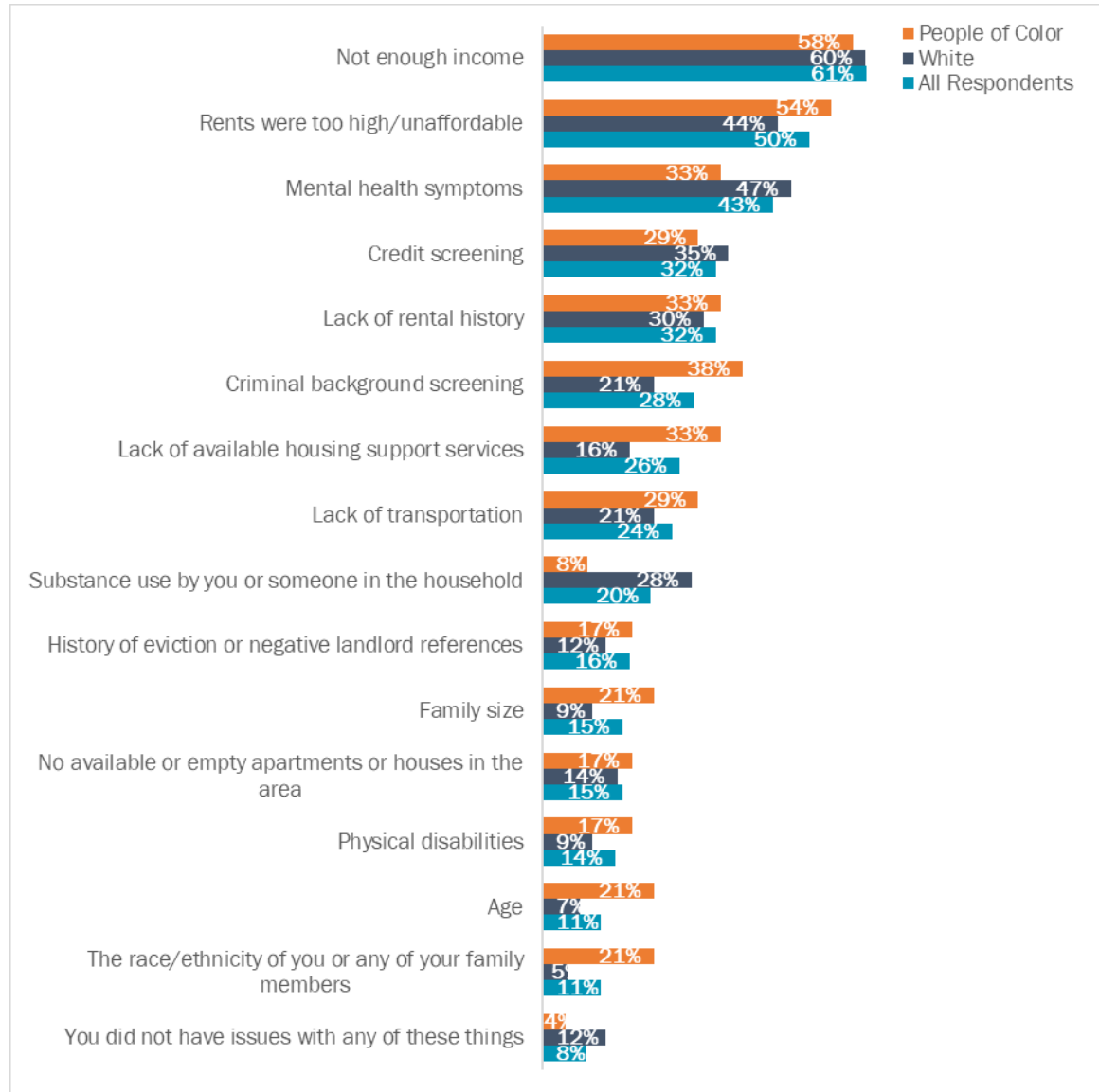
- Not knowing where to go and what resources were available to get housing
- Difficulty obtaining references (especially for those who had been homeless for a significant amount of time)
- Credit histories (including the lack of a history)
- Having to put down a large portion of their income for the housing

Another barrier noted by focus group participants was the lack of affordable housing. Participants indicated that because of the lack of affordable housing and high cost of rents in cities in general, more people have to move to the suburbs, but that some property owners in the suburbs do not want to rent to people in PSH. One participant noted that they could not get into housing while still in high school full time; they had three weeks left of school but dropped out in order to get a housing unit in a property that was being built. It was also noted that youth cannot get a Section 8 Housing Choice Voucher.

In the 2018 Wilder Study, 7% of the respondents (N=457 out of 6,277 people) reported that they had received a housing voucher during the past two years that they could not use because they could not find a place that would accept the voucher.<sup>51</sup> This suggests that for some people there are barriers that impact access to rental housing in the community even when they have housing vouchers or subsidies.

Exhibit 57

### Barriers Reported by PSH Tenants for Getting Housing



Source: Tenant Survey. People of Color N=24; White N=43; All Respondents N=74.

Note: The Ns by race/ethnicity do not add to the total of all respondents because race/ethnicity was unknown for some respondents. Respondents could check all that apply so percentages do not add to 100%. The question was worded as “Please choose any of the things below that have gotten in the way of you finding a home when you were looking for one. (Check all that apply)”.

<sup>51</sup> Wilder Research. (2018). [2018 Minnesota Homeless Study Statewide survey data](#)



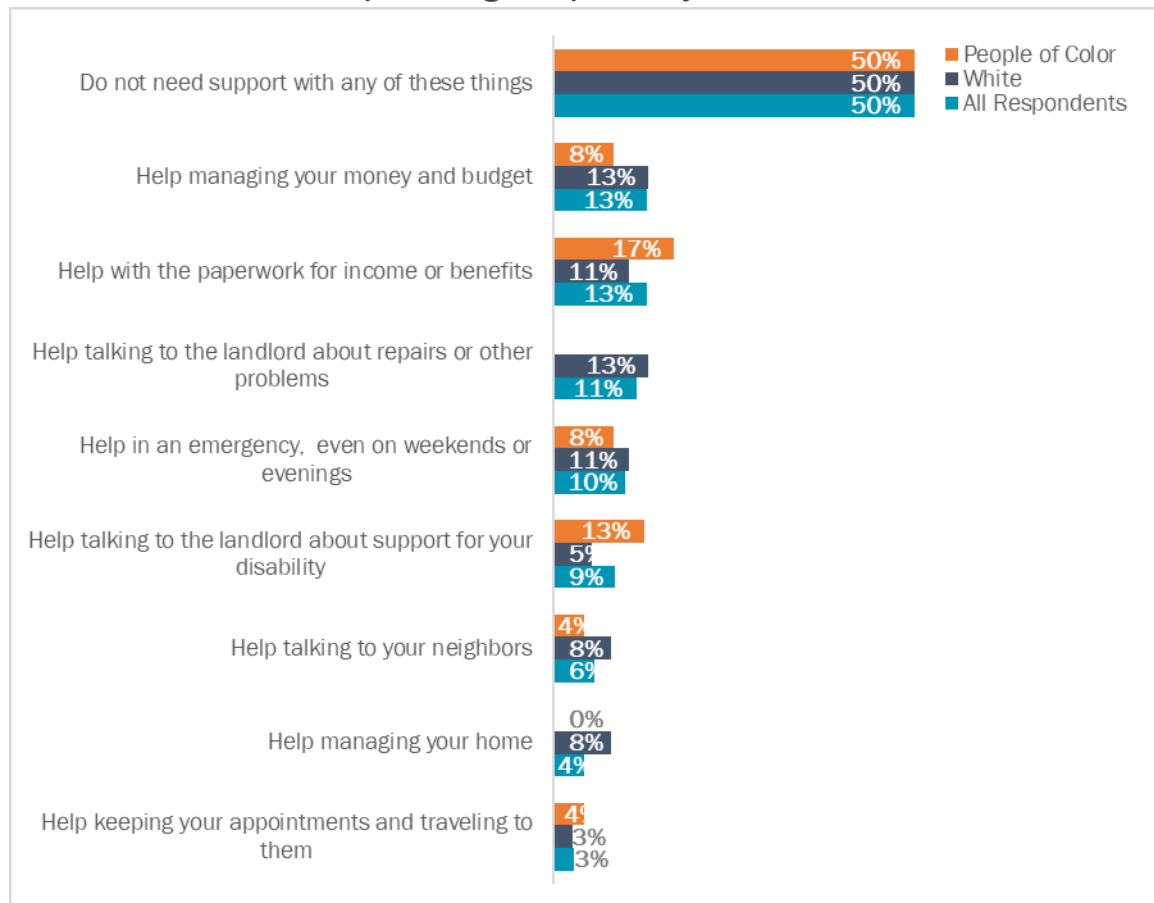
## Barriers to Keeping Housing

Of the tenants who responded to the *Tenant Survey*, 50% reported that they did not need any of the supports noted in Exhibit 58 order to keep their housing; there were no differences in reporting between white tenants and tenants of color. Only a small percentage of the tenants identified needing any of the supports identified in the exhibit below. More tenants of color than white tenants reported needing assistance with paperwork for income and budget and talking to their landlords for about supports for their disability.

The focus group participants also discussed that more supports are needed by tenants when they first move into the housing since it takes a period to transition or adjust to being housed, especially for those who had been homeless for some time.

Exhibit 58

### Assistance Needed to Keep Housing – Reported by PSH Tenants



Source: Tenant Survey. People of Color N=24; White N=38; All Respondents N=70.

Note: The Ns by race/ethnicity do not add to the total of all respondents because race/ethnicity was unknown for some respondents. Respondents could check all that apply so percentages do not add to 100%.

Respondents responded to the question “What types of support do you NOT receive that would be helpful for you to have in order to keep your current home. (Check all that apply).”

# Strengths, Challenges, and Opportunities in Minnesota's Permanent Supportive Housing Program

As mentioned above, TAC worked with Minnesota Housing leadership to select three states with robust state-funded PSH programs/portfolios for comparison with the PSH program in Minnesota. Those states were Connecticut, Massachusetts, and Michigan. TAC conducted an environmental scan and literature review of Minnesota as well as researching each state's local processes for selecting and funding supportive housing, including Qualified Allocation Plans (QAPs) and procurement/incentive processes. We conducted interviews with key policymakers from Minnesota Housing as well as from the three identified states, including Housing Finance Agency or State Community Development Office administrators, supportive housing directors, contract monitors, and compliance staff. TAC designed interview questions to uncover best practices and lessons learned in areas such as: procurement and project selection; financing models; tenant selection; management; evaluation; and monitoring. We also requested and reviewed examples of RFPs, pro-formas, contracts, and monitoring tools from states that were willing to share them.

Overall, TAC found that Minnesota Housing's PSH program is highly effective and has produced a stable portfolio of PSH units for homeless households across the state. In order to maximize this investment, and support future enhancements to the production, oversight, and assessment of PSH, we have analyzed strengths, challenges, and opportunities within the Minnesota Housing PSH system. The findings and analysis below have informed our recommendations for Minnesota Housing to guide its internal program development over the next five years, supporting continued growth, stability, and longevity within the PSH program.

## Strengths

Since 2005, Minnesota has fostered an enduring commitment to ending long-term homelessness, and in service to this commitment, the state recognizes the important role of developing, supporting, and evaluating PSH for homeless families and individuals across the state. High-level political and systems support for PSH development is guided by a specific goal of ending homelessness, evidenced by public commitments from Governor Walz and Commissioner Ho, and codified in documents like the Minnesota Interagency Council on Homelessness Action Plan and the Minnesota Housing Strategic Plan. Such support provides a solid foundation for continued development, and a platform from which to begin evaluation of the portfolio and continuous quality improvement. The state's commitment to developing and sustaining PSH models has been maintained continuously for 15 years, through the administrations of several governors, the evolution of the state legislature, various combination of political party control, and leadership changes within Minnesota Housing as well.

Another strength in Minnesota is the state's highly effective system of incentivizing PSH development through the state's LIHTC policy, which offers incentive points within its QAP and RFP for all capital funding sources, resulting in broad participation and buy-in among affordable housing developers statewide. Minnesota Housing awards points on a sliding scale, based on the percentage of PSH units committed by the developer, with a required minimum of 5 percent or four units. This strategy has proved to be very successful in producing a predictable pipeline of high-quality PSH units across the state, including both mixed properties with PSH set-asides in multifamily affordable rental housing, and specialized 100% PSH properties linked to supportive services. Minnesota Housing's menu of PSH incentives has resulted in PSH units in approximately 90 percent of funded projects in the state.

Minnesota Housing also issues Housing Infrastructure Bonds (HIB), limited obligation tax-exempt bonds used to provide capital funds for the acquisition, rehabilitation and construction of low- and moderate-income housing. HIB is an important tool for developers of majority PSH projects in Minnesota. To be eligible for consideration for funding, PSH projects supported by HIB must serve individuals who are homeless, and starting in 2018 funds, units serving individuals with behavioral health needs, including mental illness and substance use disorders, are eligible. In order to be eligible for HIB financing, 100 percent of the units in the project must be an eligible use of HIB resources. Since 2012 when the state legislature authorized the program, Minnesota Housing has effectively utilized HIB capital resources often in conjunction with 4% LIHTC financing to spur the development of majority PSH across the State. HIB resources have played a critical role in MN Housing successful efforts to both create new majority-PSH projects statewide and to leverage the 4% LIHTC resources available to Minnesota. Many state Housing Finance Agencies nationally have struggled to fully utilize their 4% LIHTC resources due in large part to a lack of State funded capital financing sources needed to ensure project feasibility.

Minnesota Housing has successfully established meaningful and collaborative partnership with the CoCs throughout Minnesota, particularly in the areas of project prioritization, project selection, tenant selection, and data collection. Minnesota makes effective use of CoC point-in-time count data, CES data, and CoC Needs Assessment data to determine QAP scoring priorities for PSH projects, ensuring that the PSH projects selected will be responsive to the needs of homeless people in their communities.

Minnesota also requires property managers to utilize the CoC's CES as the referral mechanism for all state-funded PSH units, and to report on all PSH participants in the CoC's Homeless Management Information System (HMIS). CES referrals help to ensure that all people experiencing homelessness have fair access to the housing resources available, and that tenants served in the PSH units are prioritized by the local homeless networks as the most vulnerable and in greatest need of a PSH opportunity. HMIS participation ensures that a standard set of data is tracked by all properties, and provides an important tool for monitoring and evaluation.

Through the efforts of the Minnesota Department of Human Services in partnership with county human services offices, the state has developed and sustained an innovative use of its State SSI Supplement resource. In the Housing Support Program (formerly the Group Residential Housing Program), county human services offices provide operating assistance and supportive service funding for permanent supportive housing. By contrast, most other states with this resource have used it to support and sustain operations and services at approved residential facilities or group home programs (commonly referred to as Adult Care Homes or Group Residential Housing) for SSI recipients at risk of institutionalization. Additionally, Housing Support Community Living Infrastructure grants provide funding for housing navigators, who are vital in moving applicants from homelessness to housing quickly.

## Challenges

Despite Minnesota's strong PSH housing delivery system and innovative use of resources to provide services to PSH tenants, Minnesota struggles with some limited-capacity service providers, and with a lack of adequate service funding in some programs across the state. This is a challenge faced by many states that target PSH specifically to homeless populations.

Minnesota Housing staff report that partly due to a misalignment in service and capital funding timelines, comprehensive service budgets and service contract documentation are often difficult to secure at the time of PSH project application, and that what is submitted may be incomplete, or otherwise difficult to use to effectively assess the efficacy of the overall service program.

Additionally, in 2018 Minnesota's modified its PSH target population from Long-Term Homeless (LTH) to High Priority Homeless (HPH), defined as households prioritized for PSH through the coordinated entry system, in order to facilitate a programmatic change requiring properties to take PSH referrals from coordinated entry. Since this change, property owners and managers report that tenants with considerably higher service needs have been referred to their PSH units, creating challenges onsite. Service providers struggle to provide the level and quality of services necessary to meet the needs of higher vulnerability HPH tenants and to enable them to remain successfully housed. Shifting to coordinated entry as a primary referral mechanism may pose particular challenges in rural communities across the state, where people experiencing homelessness may be less likely to engage with the CES system, or may be couch surfing, doubled up, or living in other situations that make them ineligible for many mainstream homeless services.

Similarly, Minnesota's PSH property owners, both in 100% and mixed PSH projects, often struggle with effective implementation of CES as the primary referral mechanism for their PSH units. Some housing providers, especially those with mixed properties, and CoC stakeholders across the state, report difficulties with locating, engaging, and collecting documents from CES referrals. This may be due, in part, to a lack of resources for the CES to support navigation services to assist applicants secure housing documentation in a timely manner. Such challenges create extended property

vacancies and cost property owners money. In response, some owners and managers report reluctance to use CES as a referral mechanism, preferring to utilize established systems of direct-provider referral. Minnesota's 2019 Supportive Housing Annual Survey indicated an increase in respondents' positive views of coordinated entry from 2018 to 2019, suggesting that more time and familiarity with the system may alleviate some or all of these challenges, and ease of implementation may continue to increase.

Some service providers report that funding streams available to them are not sufficient to offer the consistent, high-quality case management that is required to ensure that tenants remain healthy and stably housed. This finding was echoed in the tenant survey, which found that 12 percent of tenants surveyed reported not knowing whether there was a case manager, service coordinator, or advocate associated with their housing at all. Often in PSH programs, low staff wages, limited training opportunities to develop and build skills, and high turnover among support service staff contribute to inconsistency in the quality and quantity of services provided. This challenge may be more acute in rural communities, where there are fewer service providers and limited service funding resources.

A final challenge identified in the current Minnesota Housing PSH landscape, and highlighted as an area of growth by Minnesota Housing leadership, is that current PSH monitoring and evaluation procedures measure tenant stability and the financial and physical health of the real estate investment, but do not evaluate a more comprehensive and standardized set of tenant outcomes. Current practices do not solicit direct tenant responses or measure how a tenant perceives their quality of life. In addition, they do not assess the quality, quantity, or effectiveness of supportive services provided and they do not measure fidelity to industry best practices. This challenge, faced by all the states we researched that have steady growth in their PSH portfolios, is important to address, as it has an important impact on the stability and fidelity of the states' PSH portfolios.

## Opportunities

In August 2019, Minnesota received federal approval from the Center for Medicare and Medicaid Services (CMS) to add housing stabilization services to Minnesota's Medicaid Plan. Expected to go into effect in July 2020, these services will include community supports that help people plan for, find, and move to homes of their own in the community, as well as services that help people maintain their own housing in the community. The benefit will be targeted to Medicaid-eligible seniors and non-elderly people with disabilities who are homeless, living in institutions, or at risk of homelessness or institutionalization. The new Medicaid benefit will include an assessment and transition services that will help build capacity to assist people to move more quickly through CES and get connected to housing. Housing stabilization services offers an important opportunity to Minnesota, but also presents a significant challenge, as Minnesota Housing will need to closely partner with the Department of Human Services (DHS) to align the new services with existing resources (i.e. services

funding through housing supports), and with plans for programmatic and service monitoring and evaluation.

The Minnesota Stewardship Council has historically convened a range of key PSH system stakeholders<sup>52</sup> in order to provide technical assistance and sometimes financial resources to PSH projects funded by Minnesota Housing. There has been recent work to reestablish the Stewardship Council to provide leadership and a statewide supportive housing policy body. Specifically, there is interest and an opportunity for such a planning body to develop and oversee a set of statewide PSH design and supportive service policy standards, which housing developers would follow in order to propose a PSH application for consideration by Minnesota Housing for housing development funding. The timing may be opportune for such an informal PSH policy body to offer value, as implementation of DHS's housing stabilization services within the State Medicaid Program requires minimum expectations for developers who intend to leverage and utilize these newly available supportive services — which are person-centered and based on Medicaid eligibility rather than a contract-based supportive services resource.

---

<sup>52</sup> Council stakeholders historically have included: HUD, MN Housing, MN DHS, Counties, Cities, Philanthropy leaders, Corporation for Supportive Housing staff and LISC staff.

# Recommendations

Minnesota Housing's PSH Program is widely considered a national leader in the provision of permanent supportive housing integrated as part of its LIHTC-financed multi-family affordable rental housing portfolio. In this section, we identify recommendations for further improving and building on the established, successful design and requirements of the program. The recommendations are based on what we learned from our analysis, PSH best practices from around the country, and expert advice from our project partner, the Technical Assistance Collaborative (TAC). Some of the recommendations are consistent with areas identified in *Heading Home Together: Minnesota's 2018-2020 Action Plan to Prevent and End Homelessness*.<sup>53</sup>

To implement these recommendations, we encourage Minnesota Housing to adopt a multipronged approach—an approach that increases the availability of mixed and affordable housing and that provides choice in services based on people's preferences and needs in order to help them get and maintain housing.

## Recommendation 1: Increase the availability of PSH and affordable housing

- 1.1 Sustain efforts to increase the availability of PSH through Minnesota Housing's development efforts, to promote balance between mixed and majority-PSH housing in each region across the State.
- 1.2 Sustain and work to increase the availability of Housing Infrastructure Bond resources in order to continue efforts to create additional PSH as part of MN Housing's multi-family rental housing development and funding strategy.
- 1.3 Continue to require and support through active monitoring, effective tenant selection screening policies at properties to reduce access barriers related to criminal backgrounds, low incomes, no credit/bad credit and rental histories.
- 1.4 Continue to provide informational materials, PSH policy guidance, and periodic, sustained training opportunities on best practices related to tenant selection plans, fair housing and reasonable accommodation to property management and owners.

---

<sup>53</sup> Available on the [MN Housing website](#)



## Recommendation 2: Encourage enhanced choice of housing and services based on tenants needs and preferences

- 2.1 Promote a person-centered, trauma-informed, culturally competent and Housing First orientation in the provision of PSH.
- 2.2 Encourage consistency in the service planning process and ensure that the process is tenant-driven.
- 2.3 Promote assessments to be conducted by properties and service providers to determine if they are operating PSH consistent with Housing First principles.<sup>54</sup>
- 2.4 Implement additional training for property management and service provider staff on a range of topics that take into account tenants' needs and preferences, including Housing First orientation (e.g., Housing First 101: Overview), Harm Reduction strategies, and Progressive Engagement strategies.
- 2.5 Ensure that PSH program models are being implemented/operated with fidelity through the development and implementation of PSH Service Fidelity Standards across Minnesota.

## Recommendation 3: Expand access to supportive services in the areas of education, employment, and transportation

- 3.1 Support the implementation with Minnesota DHS of the Medicaid-financed benefit of Housing Stabilization Services to fully integrate these services as part of the tenancy supports offered to PSH tenants.
- 3.2 Incentivize service providers to formally link to existing employment services including evidence-based employment services in the community (e.g., Individual Placement and Support, Customized Employment).
- 3.3 Continue to promote benefits counseling to help PSH tenants understand the various gains and losses associated with different scenarios.<sup>55</sup>
- 3.4 Promote coordination with Vocational Rehabilitation in the areas of education and employment.
- 3.5 Increase partnerships with education, employment and training systems.

---

<sup>54</sup> See the [Housing First checklist on the US Interagency Council on Homelessness website](#) for an example of a quick assessment

<sup>55</sup> Benefit counseling can be covered as a Medicaid service



- 3.6 Encourage collaboration among service providers on offering transportation options to PSH tenants including the use of microtransit and sharing of vehicles and drivers in more rural areas or areas with less public transportation.

## Recommendation 4: Improve collaboration with Continuums of Care/Coordinated Entry

- 4.1 Prioritize resources to fund housing navigation services within COC/CE to ensure that people referred to PSH are quickly engaged and connected to housing and supportive services.
- 4.2 Coordinate with CoCs to track and assess the timeliness of referrals to PSH vacancies in an effort to improve the responsiveness of the CE system.
- 4.3 Building on MN Housing's efforts with their *Step Down* pilot, collaborate with CoCs and local PHAs to expand this Moving On<sup>56,57</sup> preference strategy statewide with local Section 8 Housing Choice Voucher Programs in order to allow PSH tenants to transition to a tenant-based rent subsidy.

## Recommendation 5: Enhance data collection systems to capture more standardized data on service availability and funding

- 5.1 Establish and collect standardized data requirements regarding properties and services provided across the PSH portfolio.
- 5.2 Establish a set of common outcome measures and corresponding benchmarks in order to assess the success of PSH across Minnesota.

---

<sup>56</sup> See description of [Moving On Preference Strategy on the HUD Exchange website](#)

<sup>57</sup> The metro PHAs and CoCs have started coordinating for Moving On; it should be expanded to Greater Minnesota

# Appendices

## Appendix A: Additional Results

Presented in this section are additional evaluation results.

### Service Funding

Supportive services provided through PSH typically come from different funding sources. For this evaluation we examined service funding for 74 properties funded in 2017 through 2019. Nearly three quarters (72%, 53 properties) receive funding from Housing Support for PSH units, which is typically \$482/head of household/month. Thirty-one percent receive funding from Adult Rehab Mental Health Services (ARMHS), TCM, or other Medicaid funding. Twenty-three percent receive funding from both Housing Support and ARMHS, TCM, or other Medicaid funding (data not shown).

Only 21 properties funded services from the operating budget. These 21 properties were mixed properties. The range funded from operating budgets ranged from \$385 per PSH unit to \$5,636 per PSH unit, with an average of \$1,622 per PSH unit (data not shown).

### Assistance Provided to Get Housing

Supports to help secure housing are a key support provided to people who are homeless. Of the PSH Tenants who completed the *Tenant Survey*:

- 61% reported receiving assistance to get or apply for income or benefits such as welfare, SNAP, SSI, etc.
- 59% reported receiving assistance to find housing
- 54% reported receiving assistance to apply for or get on a housing waitlist
- 49% reported receiving assistance to complete housing applications
- 49% reported receiving assistance to apply for rental assistance
- 47% reported receiving assistance to pay for security deposits, application fees and first and/or last month's rents

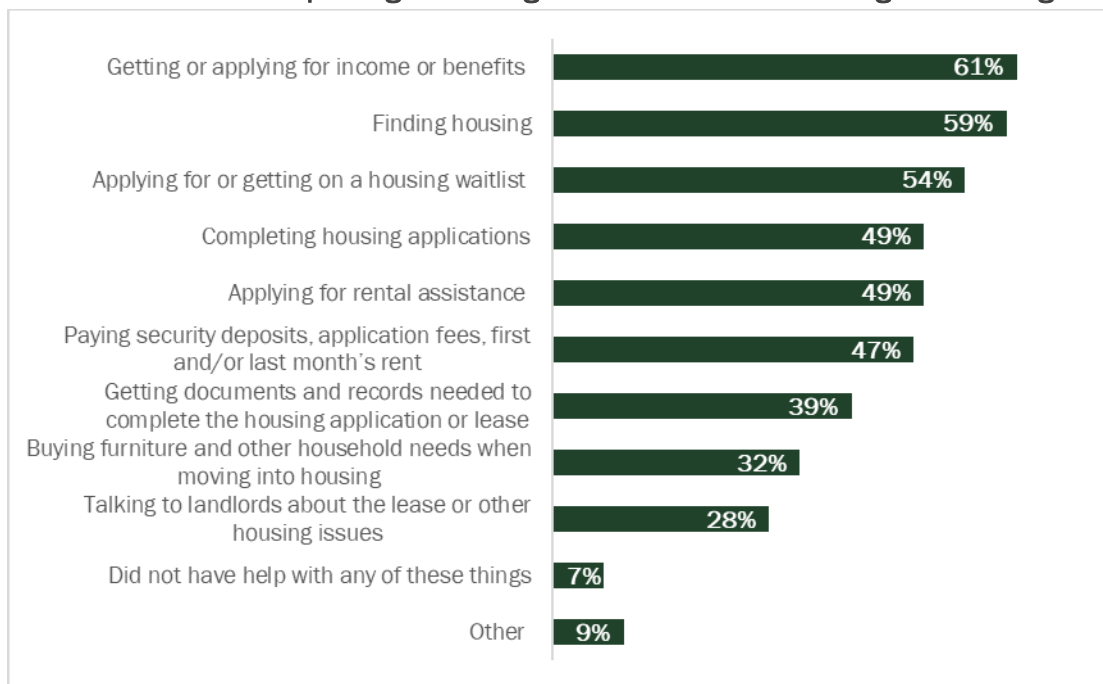
Only 28% of the tenants reported that they received assistance to talk to the landlord about the lease or other housing issues. This is an important area to provide support to tenants since discussed in this report are the barriers people face when apply for and getting into PSH.

Focus group participants reported that advocates or other staff associated with shelters and other organizations assisted them to get into PSH. The participants also reported that assessments were done with them to help qualify them for certain types of housing and that access to housing was coordinated with the counties. Prior to moving into the housing, focus group participants reported getting furniture and

other household necessities, though some properties came with furnished apartments.

Exhibit 59

### Percent of Tenants Reporting Receiving Assistance When Looking for Housing



Source: Tenant Survey, n=74

Note: Respondents could check all that apply so percentages do not add to 100%. Respondents responded to the question “Please select any help that you received when you were looking for your current home (Check all that apply).”

### Description of Service Providers

We explored the types of service providers that provide support services to PSH tenants. For the 74 properties funded in 2017 through 2019 for which we received service funding data, we found that a quarter of the service providers (24%) are mental health provider organizations; 3% are substance use disorder provider organizations (data not shown). This is consistent with the results of our *Service Provider Survey*, which showed that the majority of behavioral health services (mental health and substance use) were provided primarily through referral to a community partner/provider (Exhibit 13). Having more direct access to mental health services is important since 36% of the tenants were rated as “in crisis” or “vulnerable” in the mental health domain and 16% in the substance abuse domain at their initial assessment using the Arizona Self-Sufficiency Matrix (Exhibit 38).

Most service provider organizations do not have ownership or management roles in the PSH properties where they provide supportive services. Only 35% of the service providers who completed the *Service Provider Survey* reported that their organizations had ownership or management roles in the PSH properties where they provide supportive services (data not shown). This is a good practice since the PSH model emphasizes that property management and support service should be either

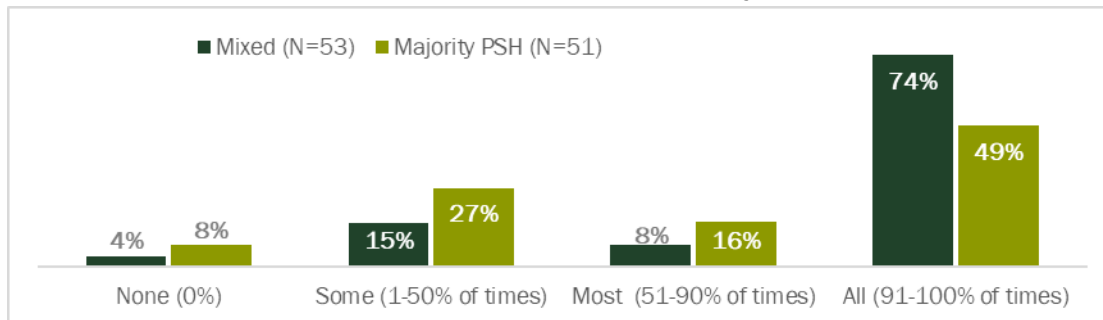
provided by separate legal entities or by staff members whose roles don't overlap.<sup>58</sup> This ensures a clear separation of housing management and service providers and that tenants are not required to participate in support services in order to get or keep housing.<sup>59, 60</sup>

## Referrals from Coordinated Entry

As previously noted, coordinated entry (CE) plays an important role in PSH since they refer individuals and families who are homeless to the PSH units. Shown in Exhibit 60 is that 74% of the respondents from mixed properties reported that all of their referrals for the PSH units come from the CE; this compares to 49% of the respondents from the majority-PSH properties. It is important to note that some of the majority-PSH units are not required to go through CE and that CE is a recent requirement.

Exhibit 60

### Percent of Referrals That Come From Coordinated Entry



Source: Property Management Survey

Note: Respondents responded to the question "How many referrals for your PSH/LTH units at this property come from the coordinated entry system?"

We also collected information from service providers on referrals from coordinated entry. Close to half of the service providers who completed the *Service Provider Survey* reported that they had enough referrals from the CE for PSH tenants to receive supportive services (Exhibit 61); 36% reported that they needed referrals that met the eligibility criteria; and 10% reported that they needed referrals that better matched the tenant preferences/screening criteria.

<sup>58</sup> See Substance Abuse and Mental Health Services Administration. [Permanent Supportive Housing: Building Your Program](#). HHS Pub. No. SMA-10-4509, Rockville, MD: Center for Mental Health Services, Substance Abuse and Mental Health Services Administration, U.S. Department of Health and Human Services, 2010.

<sup>59</sup> Ibid.

<sup>60</sup> See Minnesota, Department of Human Services. [Permanent Supportive Housing: An Evidence-Based Practice and a Framework for Systems Change](#)

Exhibit 61

### Availability of Referrals From Coordinated Entry



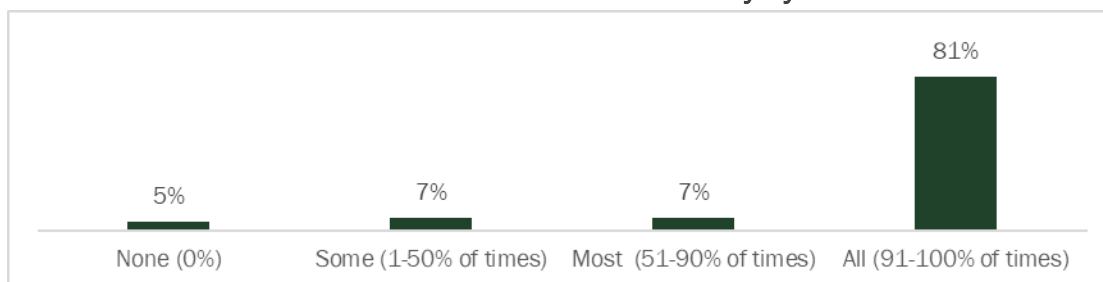
Source: Service Provider Survey (n=138)

Note: Respondents responded to the question “Which of the following best describes the availability of referrals from coordinated entry for PSH/LTH tenants that receive your supportive services at this property?”

Shown in Exhibit 62 is that 81% of the service provider respondents reported that all of the referrals for PSH tenants come from the CE.

Exhibit 62

### Percent of Referrals That Come From Coordinated Entry System



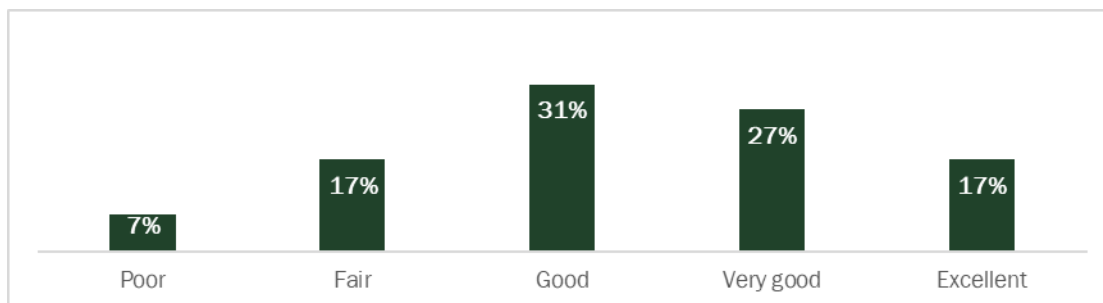
Source: Service Provider Survey (n=144)

Note: Respondents responded to the question “What percent of referrals for the PSH/LTH tenants at this property come from the coordinated entry system?”

While 75% of the service providers reported the timeliness of referrals that come from CE as good, very good or excellent, 17% reported it as fair and 7% reported it as poor (Exhibit 63).

Exhibit 63

### Timeliness of Referrals From CE



Source: Service Provider Survey (n=127)

Note: Respondents responded to the question “How would you rate the timeliness of the referrals that come from the coordinated entry system?”

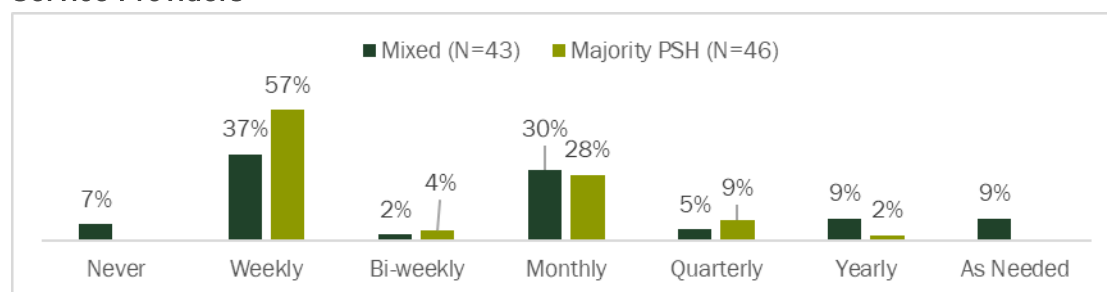
## Coordination Between Properties and Service Providers

The coordination between property management and service providers is important for helping people sustain their housing.<sup>61</sup>

Shown in Exhibit 64 is that 57% of the property management staff from majority-PSH properties and 37% of property management staff from mixed properties report that they meet weekly with service providers. The percentage that reported meeting monthly was comparable across the two property types (30% in mixed properties and 28% in majority-PSH properties). Only 7% of the property management staff in mixed properties reported that they never meet with service providers.

Exhibit 64

### Percent of Property Management Staff Reporting Frequency of Meetings With Service Providers



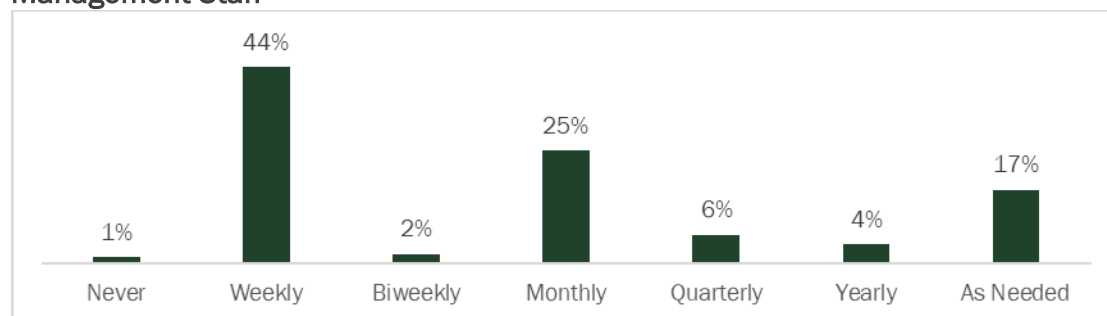
Source: Property Management Survey

Note: Respondents responded to the question “How often does property management staff at this property have regularly scheduled meetings with the supportive services providers?”

The frequency of meetings reported by service providers is comparable to that of property management (Exhibit 65). Forty-four percent of the service providers reported that they meet weekly with property management staff, while 25% reported meeting monthly with property management staff.

Exhibit 65

### Percent of Service Provider Staff Reporting Frequency of Meetings With Property Management Staff



Source: Service Provider Survey (n=139)

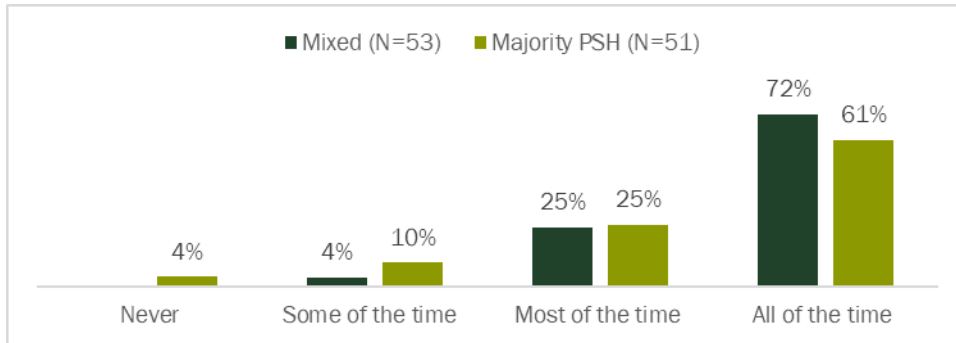
Note: Respondents responded to the question “How often do your service staff have regularly scheduled meetings with property management staff from this property?”

<sup>61</sup> See CSH. 2013. [Dimensions of Quality Supportive Housing](#)

Most of the respondents from both types of properties reported that they contact service providers most or all of the time before issuing a tenant a citation or eviction notice for a lease violation (Exhibit 66).

Exhibit 66

### Percent Reporting Frequency of Contacting Service Providers Before Issuing a Citation or Eviction Notice to Tenants for Lease Violation



Source: Property Management Survey

Note: Respondents responded to the question “How often do you or someone else contact the service provider before issuing a citation or eviction notice to a tenant at this property for a lease violation?”

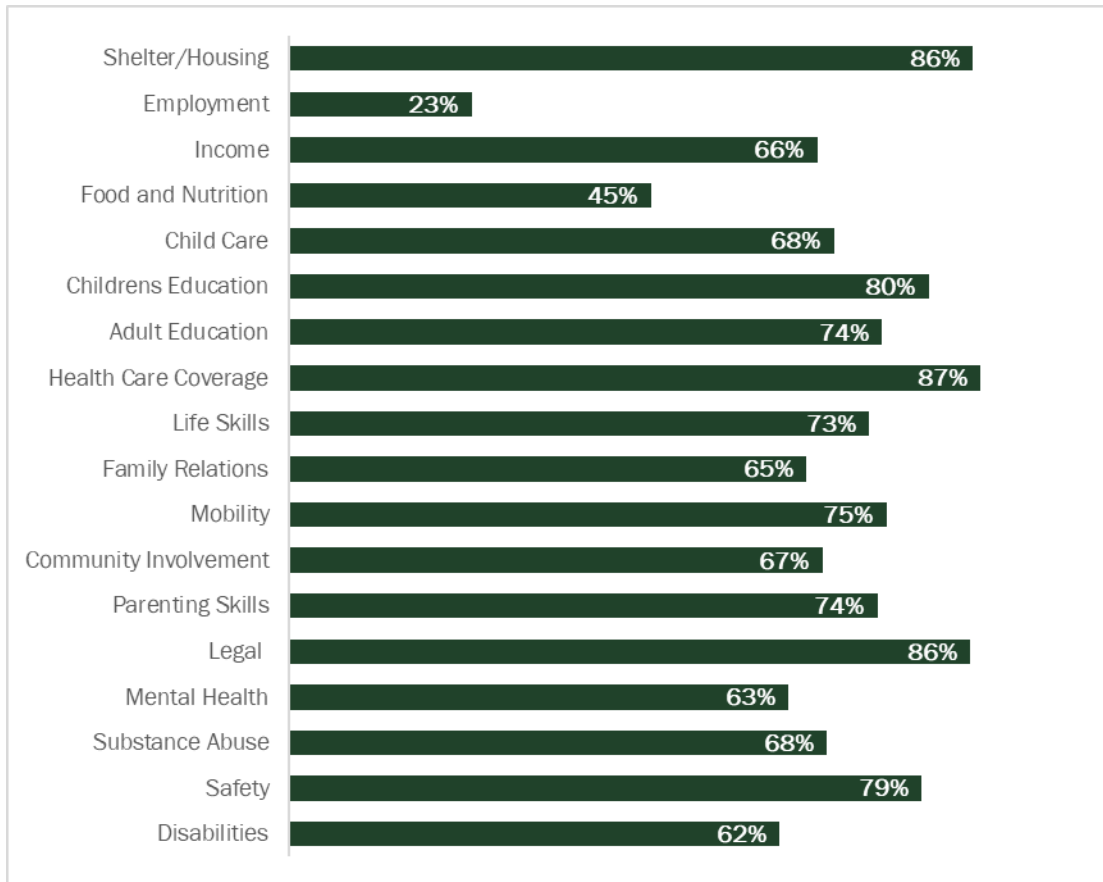
Some of the focus group participants did not think that their property managers and service providers were very connected or collaborative with each other. Some noted that the coordination prior to moving into housing did not go well in terms of getting housing inspections and setting a move-in date. Focus group participants recommended that there be more coordination between staff members of all parties that help people get housing so that people can have timely access to resources; yet others noted that getting into supportive housing was not difficult because of the collaboration between organizations.

### Self-Sufficiency Matrix Assessment of Need

Exhibit 67 displays the percentage of tenants who rated as satisfactory or stable or improved in the different areas measured by the Self-Sufficiency Matrix; the data represent those tenants with at least one year between assessments. The two areas not rated by most individuals as satisfactory and stable or improved were food and nutrition (45%) and employment (23%).

Exhibit 67

### Percent Satisfactory and Stable or Improved of Those With At Least One Year Between Assessments



Source: MN HMIS Data; Note: N=2,952 people with at least one year between assessments. The Valid N varies by domain.



## Appendix B: Detailed Methodology and Limitations

This evaluation utilized existing (secondary) data from numerous sources as well as primary data collected through surveys of property managers, service providers, and a sample of PSH tenants. These data sources are described below, followed by a description of the methods used to analyze data and a discussion of data quality considerations.

### Data Sources

#### Secondary Data Sources

- **Homeless Management Information System (HMIS).** Minnesota's HMIS system is used to collect client-level data on homeless individuals and families in accordance with HUD's data collection, management, and reporting standards. For this study, the Evaluation Team obtained HMIS data for all current and historical LTH projects open during the timeframe of 6/1/2015 – 12/31/2018 for all permanent housing types.
- **Property-level data provided by MN Housing.** The MN Housing Finance Agency tracks information on funded properties for ongoing monitoring and evaluation. The property-level database included 261 properties. In addition to the property-level database, MN Housing provided a crosswalk to link properties with the provider identifier in HMIS (ProviderID) in order to merge property-level data with client-level HMIS data.
- **Existing reports/data on homelessness in Minnesota.** The Evaluation Team reviewed and utilized data from existing reports and data collection efforts on homelessness and housing in Minnesota. Data from the 2018 Wilder Study<sup>62</sup> and HUD's 2018 PIT<sup>63</sup> were used to compare the characteristics of PSH tenants with the homeless population in Minnesota. Data from HUD's 2018 Housing Inventory Count (HIC)<sup>64</sup> was used to estimate the number of people experiencing homelessness per available permanent housing bed in 2018.
- **Services funding data provided by MN Housing.** Some information on services funding was available for 74 properties.

---

<sup>62</sup> [2018 Minnesota Homeless Study: Statewide Survey Data](#)

<sup>63</sup> [HUD 2018 Continuum of Care Homeless Assistance Programs Homeless Populations and Subpopulations, Minnesota report](#)

<sup>64</sup> [HUD 2018 Continuum of Care Homeless Assistance Programs Housing Inventory Count Report](#), HUD Exchange website

## Primary Data Sources

The Evaluation Team developed three surveys in collaboration with MN Housing to collect information from property managers, supportive services providers, and a sample of PSH tenants. Each of the surveys described the purpose of the evaluation and explained that participation in the survey was voluntary.

- ***Property Management Survey.*** The survey of property managers was developed in SurveyMonkey and distributed online to 89 property managers whose contact information was provided by MN Housing. Property managers were asked to complete a separate survey for each MN Housing-funded property they managed. The survey was distributed in August-September 2019; 116 surveys were completed.
- ***Supportive Services Provider Survey.*** The survey of service providers was developed in SurveyMonkey and distributed online to 97 service providers whose contact information was provided by MN Housing. Service providers were asked to complete a separate survey for each MN-Housing funded property for which they are the service provider. The survey was distributed in August-September 2019; 148 surveys were completed.
- ***Tenant Survey.*** The methods used to obtain a sample of tenants and distribute the surveys are described in the following section. Tenants could choose to complete the survey online or on paper; most chose the paper version. Tenants received \$10 for their participation. Service providers distributed the survey to PSH tenants of 14 geographically diverse properties. The survey was distributed in November-December 2019; 78 surveys were completed.

The evaluation team incorporated within this report data that was collected by Management Analysis and Development and our partner TAC.

- ***Focus groups with tenants.*** The Evaluation Team reviewed qualitative notes from eight focus groups conducted throughout Minnesota by consultants from Management Analysis and Development, a fee-for-service management consulting group within Minnesota state government that works with MN Housing. Focus groups were conducted with tenants living in mixed properties and in majority-PSH properties. Included were properties for families, single adults, sober living facilities and American Indian housing. The tenants participating in the focus groups were diverse and included males and females, veterans, people living with HIV, people surviving domestic violence, and people who identified as White, African American/Black, American Indian, Asian, and Latinos/Latinas.
- ***Interviews with stakeholders.*** HSRI and TAC developed an outreach list and Interview Guide to direct the efforts and strategy around engaging key stakeholders/informants in Minnesota. HSRI and TAC worked collaboratively with MN Housing to identify stakeholders representing the breadth of

information and experience required to inform this assessment, and to include appropriate geographic coverage as well as a mix of policy, practitioner, and advocate representation. TAC provided stakeholders with a written request from Commissioner Jennifer Ho requesting their participation in the PSH Evaluation Project. TAC scheduled and conducted 28 telephone interviews with Minnesota stakeholders in June and July of 2019. TAC also reviewed a series of documents relevant to the project. MN stakeholders included:

- Owners/Managers of majority-PSH properties
- Owners/Managers of mixed properties
- Developers of mixed properties
- Service Providers in majority-PSH properties
- Service Providers in mixed PSH properties
- PSH Funders/Lenders
- Representatives of local Continuums of Care
- Other Key Housing Advocates

#### SAMPLING METHODOLOGY FOR TENANT SURVEY

We implemented a property-level sampling strategy to select a representative sample of tenants. First, we conducted power analysis to estimate the minimum number of respondents needed to detect an inter-group difference of 10 percentage points with a power of 0.8 and alpha level of 0.05. The targeted number of respondents was 200. Anticipating a response rate of 30%, we aimed to select 667 PSH units into the sample. The *Tenant Survey* was completed by 78 individuals. Exhibit 10 shows the demographic characteristics of the survey respondents compared to the characteristics of the entire PSH population from HMIS data. Because of a relatively small sample size, the results from the survey should be considered informative, but not conclusive.

Properties were sampled using a stratified probability sampling technique that stratified the 261 properties by Continuum of Care region in order to obtain a geographically diverse sample. Within each stratum, properties were weighted by the number of PSH units (corrected for 2018 vacancy rates where available) and then randomly sampled with the overall sampling ratio of 0.1457. The resulting sample was examined to ensure sufficient representation from mixed properties (those with 50% or less of its units PSH) and majority-PSH properties (those with 51-100% of its units PSH). When the proportion of mixed vs. majority-PSH properties was substantially different from the overall population of units, we replaced properties by randomly selecting from the remaining properties of the desired status (mixed or majority-PSH) within the same geographic stratum. Eighteen properties were selected into the final sample. The selected properties whose service providers had not participated in the *Supportive Services Survey* were replaced by another property of similar size within the same stratum with a service provider who had responded to the survey in an effort maximize participation.

For the 18 final properties, we contacted the properties' service providers and asked them to distribute one survey to each PSH unit at the property; 14 of the 18 properties agreed to participate. We mailed the service providers a packet that included a flyer introducing the project, an introductory letter to tenants explaining the purpose and voluntary nature of the survey, a paper version of the survey with a pre-paid return envelope, and a contact form to receive the \$10 reimbursement. Returned surveys and contact forms were separated upon receipt to maintain the anonymity of survey respondents. A member of the Evaluation Team entered the paper survey responses into SurveyMonkey for analysis.

## Analytic Methods

### Data Linkage

The property-level database was merged with HMIS data using the HMIS ProviderID field in order to analyze tenant characteristics and outcomes by property-level characteristics. Some adjustments to the crosswalk were necessary to link the data; these are described in the Data Quality Considerations section.

After the initial data merge, there were 35 providers in the HMIS extract without a corresponding property from the crosswalk. Of these, MN Housing identified six Rental Assistance providers and one from the DHS LTH Service Fund that were removed from all analyses. Two additional properties were identified in HMIS data that were not in the property database but were included in analyses of HMIS data. The final client-level dataset included 209 properties and 6,976 unique individuals.

Analyses of property characteristics were conducted on the full property-level database after removal of one property that is still in progress and does not contain any PSH units. The final number of properties in the property-level database was 260.

### Analytic File Structure

The HMIS data system creates a record for an individual each time he or she enters housing (in MN's system these are referred to as Entry Exit data). Therefore, an individual can have more than one episode of PSH housing. When analyzing tenant demographic characteristics, we deduplicated the file so each unique individual is counted only once. For analyses of housing stability, reason for leaving housing and multivariate analysis of outcomes, the unit of analysis is PSH episode. We cleaned the file to account for clients with overlapping episodes which could result from projects using multiple funding streams to cover a single stay. We implemented the following cleaning steps:

- If a client had multiple episodes with the same start date, we retained only the record with a non-missing exit date or with the least number of missing variables if the exit date was missing on both records.
- For single day episodes in which a client entered and exited on the same date, we removed the episode if the client had other episodes in the file and retained the record for clients without other PSH episodes.

The final HMIS file used for analysis contained 7,356 PSH episodes.

Analysis of Self-Sufficiency Matrix data compared an individual's initial and latest assessment, no matter whether the latest assessment was an interim or final assessment. Disability types were aggregated to the individual level so if an individual had a record indicating a type of disability (e.g., mental health or substance use) at any point during the timeframe they were flagged as having that disability type.

For scoring from the VI-SPDAT, if a person had multiple assessments during the timeframe, we took the highest score. Assessments are scored based on the type of assessment (e.g., Family or Individual). The cutoff for PSH is 8+ for individuals and 9+ for families. We grouped Transition Age Youth assessments with individuals for scoring. Some assessments were coded "backlog"; for those cases, we coded the assessment type (family or individual) based on other assessment types for the client during the timeframe. If the client had no other assessments, we set the case to missing if the score was 8 and could not be categorized without knowing the assessment type (N=3).

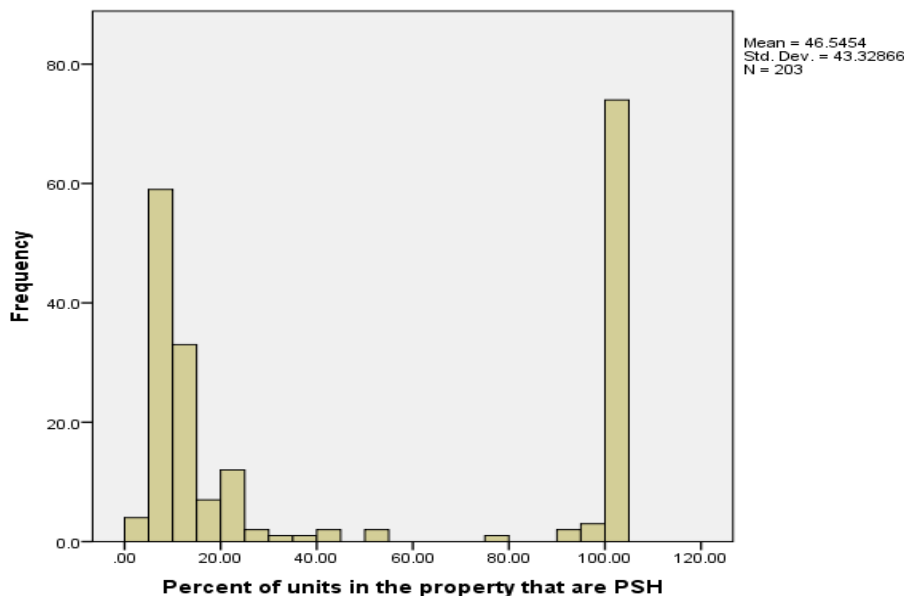
#### Analytic Variable Creation

The following describes the main variables created for this analysis.

- **Property type:** all properties were coded as "mixed" or "majority-PSH" based on the percentage of their total units that are PSH. The formula for percent of units that are PSH is  $(\text{Number of PSH Units} / \text{Total Units}) * 100$ . Properties with 50% or fewer of their units designated as PSH were coded as "mixed." Shown in Exhibit 68 is the distribution of properties by share of units that are PSH. It shows that it is largely bi-modal; this is a reason why we dichotomized property type for the outcome analysis.

Exhibit 68

#### Distribution of Percent PSH Across Properties



- Household type (e.g., Families, Singles): We coded all individuals as families or singles according to HUD’s definitions. Families are defined as groups with at least one adult and one child (age 17 or younger). Groups with one member of the group missing age were counted as families. Individuals were coded as singles if not in a group with at least one adult and one child; groups of persons in the same age category (e.g., two adults) are coded as singles.
- Housing stability/tenure: Housing stability and tenure were coded based on the length of time housed as determined from the program start date and exit date. Episodes with missing exit date are assumed to be still housed. We identified individuals with consecutive PSH episodes, which we defined as exiting one episode and entering another on the same day or the following day, and we added consecutive episodes together when calculating length of time housed. We identified episodes housed for at least one year among episodes that began in 2015, 2016, or 2017, and episodes housed for at least two years among those that began in 2015 or 2016.
- One-Year Housing “continuity”: we created a composite variable that combined one-year housing stability with information from the ‘exit destination’ and ‘reason for leaving housing’ fields for individuals who exited housing. A PSH episode was counted as “housing continuity” if the individual remained housed (as indicated by absence of an exit date) one year after program entry or exited the program to permanent housing as their exit destination. If exit destination was missing and their reason for leaving housing was recorded as “successful completion of the program,” the outcome was also coded as housing “continuity.” This variable was assigned a valid value only for PSH episodes that began in 2015, 2016, or 2017 as indicated by the program start date.

### Descriptive Analyses

Descriptive analyses are used to present results in response to the research questions. Whenever possible, descriptive data are stratified by property type in order to examine differences between the two property types. Tenant-level analyses are also stratified by race/ethnicity, household type, and CoC region.

### Multivariate Analyses

We estimated multilevel mixed-effects models to investigate the factors associated with the composite “Housing Continuity” outcome measure described in the *Analytic Variable Creation* section above. This outcome measure is assigned valid values only for episodes with entry dates during 2015 – 2017, restricting the analysis to this subsample. We further restricted the sample by eliminating children (ages 0-17) living with adults, because their outcomes would be expected to be shaped by the decisions of the adults in the household.

Taking into consideration that multiple homelessness episodes of the same individual may have different outcomes, the analysis was conducted at the episode level. To account for clustering by property, the models specified episode as Level 1 and

property as Level 2. It would have been reasonable to specify individual clients as a separate level between these two; however, there were relatively few clients with multiple episodes and the number of episodes of these clients was too small for a three-level analysis.

The candidate predictors were entered into the models as fixed effects. The variance of the residuals were partitioned to isolate the random component due to the unexplained variation across properties.

The analysis was hypothesis-driven—we initially identified factors that were likely to predict a successful outcome, based on the published literature and our qualitative findings. We then tested their association with the outcome measure, taking into consideration possible intercorrelations among the candidate predictors and controlling for likely confounders. The following factors were identified as candidate predictors for testing through multivariate analysis:

**Property size:** Property-level scale variable calculated as the total number of housing units in the property.

**Percent single-room occupancy:** Property-level scale variable calculated as the percentage of total housing units in the property that are single-room-occupancy (SRO) units.

**Level of PSH presence:** Property-level scale variable calculated as the percentage of housing units that are PSH.

**Type of property:** Property-level variable coded as 1 if half or fewer units were designated as PSH (mixed property) and 0 otherwise (majority-PSH property).

**CoC region:** Property-level variable indicating the continuum-of-care region where the property is located.

**Seven-county flag:** Property-level variable coded as 1 if the property is located within the seven-county metro region and 0 otherwise.

**Sober-living flag:** Property-level variable coded as 1 if the property is a sober-living facility and 0 otherwise.

**Age at program entry:** Measured in years during distributional analyses and initial modeling. Given its distribution and the nature of its association with the outcome measure, the final models used a dichotomized version coded 1 if the individual was 55 or older and 0 otherwise. Compared to models with age measured in years, the dichotomized variable produced models with better fit.

**Gender:** Coded as 1 if female and 0 if male.

**Race:** Initial analysis revealed that the largest racial difference in outcomes was between African Americans (coded as 1) and all others (coded as 0). This coding was used in the final models after trying other ways of representing race.

**Hispanic Origin:** Coded as 1 if the client was Hispanic and 0 otherwise.

**Living alone versus living in a group:** Clients who lived by themselves were coded as 1 and those who shared living quarters with others were coded as 0.

**Belonging to a family group:** Those who lived in a group that met the state’s definition of “family” were coded as 1 and all others were coded 0.

**Living in a group that includes children:** Those who shared living quarters with at least one child (age 0-17) were coded as 1, all others were assigned a value of 0.

**Income:** Those earning income from at least one source were coded as 1, those without any income source were coded as 0.

**Health insurance:** Coded as 1 if the client has health insurance and 0 otherwise.

**Domestic violence history:** Coded as 1 if the client reported ever having been a victim of domestic violence and 0 otherwise.

**Substance use disorder:** Clients reported to have a long-term substance use disorder were coded as 1, all others were coded as 0.

**Mental health disorder:** Clients reported to have a long-term mental health disorder were coded as 1, all others were coded as 0.

**VI-SPDAT Score:** The individual’s score on the *Vulnerability Index – Service Prioritization Decision Assistance Tool*—ranges between 1 and 22 with higher scores indicating higher vulnerability.

**Long-term homelessness:** Clients who met the state’s definition of long-term homeless were coded as 1, all others were coded as 0.

**Reentry or prior unfit residence:** Coded 1 for clients whose residence prior to program entry was jail, prison, or a place unfit for habitation, and 0 otherwise.

**Criminal Justice Involvement:** Constructed based on the individual’s score on the *Self-Sufficiency Matrix/Legal Domain*. Coded as 0 if the individual was rated the highest (e.g., most empowered) score at program entry, defined as “no active criminal justice involvement in more than 12 months and/or no felony criminal history”; otherwise coded as 1.

After estimating multiple models to examine the associations among the candidate predictors and among combinations of predictors and the outcome measure, the model described below was found to fit the data best.

Exhibit 6968

#### Mixed-Effects Model Predicting the Log-Odds of One-Year Housing Continuity

| Predictor  | Adjusted Odds Ratio | p-value |
|--|---------------------|---------|
| Intercept  | 4.518               | 0.000   |
| Mixed property<br>(reference category: majority PSH) | 1.645               | 0.037   |
| Number of units in the property                      | 0.999               | 0.304   |
| Percent of units that are SRO in the property        | 0.995               | 0.064   |



| Predictor   | Adjusted Odds Ratio | p-value |
|---|---------------------|---------|
| Female<br>(reference category: male)  | 1.365               | 0.021   |
| African American<br>(reference category: not African American)                                | 1.259               | 0.063   |
| 55 or older<br>(reference category: 54 or younger)  | 1.801               | 0.001   |
| Long-term homeless (LTH)<br>(reference category: not LTH)                                     | 0.525               | 0.006   |
| Substance use disorder (SUD)<br>(reference category: no SUD)                                  | 0.780               | 0.059   |
| Criminal justice involvement<br>(reference category: no crim. just. inv.)                     | 0.664               | 0.001   |
| Belongs to a family unit (MN definition)<br>(reference category: Doesn't belong to fam. unit) | 1.096               | 0.676   |
| Mental health (MH) disorder<br>(reference category: no MH disorder)                           | 1.217               | 0.144   |

Model N = 1,710

Random variance component (p-value) = 0.327 (0.006)

Akaike Information Criterion = 7,799.774

The model correctly predicts the outcome for 73.4% of the sample. The Akaike Criterion of the null model (intercept only) was 15,247.267, reduced by half with the inclusion of the predictors in the model; that is, the predictors substantially improve the goodness-of-fit of the model.

## Data Quality Considerations

The following are some data quality considerations and limitations, by data source.

### Property-Level Data

- Financial information such as net operating income and debt coverage ratio was available for only 80 of the 260 properties with a first mortgage or first mortgage oversight with MN Housing. Average vacancy was available for 78 properties.
- In the crosswalk linking properties to HMIS providers, several HMIS ProviderIDs were associated with more than one property. In those cases, we set property information to missing for analyses since we could not know which of the multiple properties an individual was associated with.
- Services funding information was available for only 74 properties. Much of the funding information was in text format and not easily quantifiable.

### HMIS Data

- Minnesota's HMIS system did not have open data sharing practices until 10/1/2016. Prior to that date, individuals served by multiple agencies were given a different client identifier by each agency (unless the agencies had a

data sharing agreement). Therefore, some individuals included in this evaluation may be counted as more than one person.

- We constructed an outcome variable that relied on exit destination for individuals who exited PHS, counting those who exited to permanent housing as a successful outcome. However, we could not verify if individuals obtained or maintained permanent housing. Since this evaluation was focused on PSH we did obtain HMIS data for other housing types that could have been used to identify individuals who exited PSH and later entered another housing type (e.g., Emergency Shelter).

#### Survey Data

- For the *Property Manager* and *Services Provider* surveys, respondents were asked to fill out a separate survey for each property they were responsible for. However, some respondents filled out only one survey and noted it was for multiple properties. In addition, some properties have more than one service provider that responded to the survey for a single property. For these reasons, we could not merge survey responses with the property-level data for analysis.
- For the *Tenant Survey*, we were not able to determine a response rate because we relied on service providers to distribute the survey and could not verify how many tenants received it. The 78 responses were lower than the anticipated 200, which already factored in a 30% response rate.
- Although we implemented a strategy to obtain a representative sample of properties for the tenant survey, survey respondents might not be representative of the state's entire PSH tenant population.