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How Public Leaders Change Multiple Systems

Reducing Costs and Improving Outcomes
Through Supportive Housing

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Corporation for Supportive Housing

Three Stories of System Change

1. Connecticut Supportive Housing PILOTS Initiative Leadership for a Statewide Strategy

Introduction

Ten years ago, Connecticut's mental health system was beset by pressures from all sides. As in many states, advocates, providers, and government leaders were frustrated with the system's limited ability to serve its citizens with severe mental illness and disability effectively. The system itself was faltering and approaching gridlock.

The early 1990s were also a time of increased attention to homelessness in communities throughout the state, as well as a growing understanding that many of the most frequent users of homeless services—from shelters to emergency room care—also suffered from severe mental illness and addictions to drugs, alcohol, or both. The mental health and homeless “systems” were spending enormous amounts of money on an expensive population that neither was serving well.

Leadership Sparks Demonstration Program and Data Collection

Connecticut's policy and nonprofit leaders knew that a better, more cost-effective approach was needed, particularly to address the high expense and limited impact of current programs serving chronically homeless people who also suffer from mental illness and addictions. In time, the goal became even more ambitious: end homelessness as we know it in 10 years. The path to that goal began, in part, with three key policy leaders: the head of the state mental health agency, director of state social services, and a deputy in the state budget office.

The director of the mental health agency had particular leverage since Connecticut's mental health and addiction services reside in a single state agency that essentially drives policy, funding, and services in local communities throughout the state. The agency thus had not only an interest in improving outcomes for its clients, but also the flexibility to allocate discretionary dollars to test the waters for supportive housing. In consultation with CSH, he and his partners together championed two key initiatives: a modest demonstration project (with a credible evaluation) in six communities to roll out 280 units of supportive housing, and a series of training sessions for nonprofit providers on the development and delivery of supportive housing.

The five-year demonstration project (1993-1998) led to two key findings. First, supportive housing was cost-effective and saved money in many existing systems of care (especially inpatient hospital care). Second, supportive housing tangibly improved the well being of the high-cost, repeat users of the mental health system. The mental health, social service, and budget policy leaders, now more convinced that supportive housing could work in Connecticut and armed with data to prove it, won support for service dollars and bond funds in the governor's budget to take the demonstration project to the next level: 650 units over five years of affordable, service-supported rental housing in cities and towns throughout the state.

Bringing Allies to the Table and Cultivating Provider Capacity

These leaders' belief in the model was instrumental in finding money to ramp up supportive housing in Connecticut. They also knew that responsibility and accountability for success had to

be shared more widely. As part of the planning effort for the demonstration, they gathered a small group of key agency leaders who controlled most of the policy and funding streams affecting the target population: chronically homeless individuals with mental illness and/or addiction and repeatedly homeless families with similar, but additional, barriers (particularly involvement with the child protective services system). This core working group (which has expanded as target populations for these efforts have broadened) included agency directors or deputies from mental health, budget, planning, human and family services, housing, and finance agencies, as well as CSH. Bringing these leaders to the table early to design and execute the expansion of supportive housing has been critical to nurturing and sustaining the idea beyond its initial champions.

This group's ongoing leadership of the initiative and the cultivation of the provider community to develop and operate the housing and services resulted in more than \$40 million of investment in supportive housing in 25 communities since 2000.

Coordinating the Money

Connecticut's supportive housing initiative is financed by a mixture of state and private money, including two special appropriations, one of housing capital funds and another for services.

Capital funds:

- State general obligation bonds (\$20 million)
- Existing state housing agency trust funds for low-interest loans (\$9 million)
- Special state community mental health funds (\$3 million)
- Federal HOME funds (\$3 million)
- Priority position for low-income housing tax credits
- CSH predevelopment loans (\$3.3 million)

Operating funds:

- Federal project-based Section 8 rental subsidy vouchers (200)
- Federal HUD McKinney-Vento Shelter Plus Care (allocated to specific projects)
- Federal HUD McKinney-Vento Supportive Housing Program (allocated to specific projects)

Service dollars:

- General fund legislative appropriation (\$5 million annually)

An interagency working group appointed by the participating policy leaders—and governed by a formal memorandum of understanding signed by all participants—conducts a single RFP process to finance the development and operations of individual supportive housing projects.

The Result

The effort to move a demonstration project to a statewide scale was launched in July 2002. Nineteen projects encompassing 380 new supportive housing units are on line or in the pipeline. The key state agencies—the ones bringing money to the table—are committed to the strategy, understand its value to their own agency interests, and know how to collaboratively build and invest in the execution of a sustained idea. The developers, service providers, and officials in the 25 towns and cities where projects now exist are an important new constituency for legislators

and advocates. This momentum, coupled with documented results and CSH’s ongoing presence, has enabled the effort to last through changes in administration, budget shortfalls, and competing priorities.

None of this would have occurred without the tenacity of a handful of key policy leaders. Their commitment to the long-term goal of ending homelessness in their state, the vision to move incrementally toward that goal, and their willingness to promote new behavior and allocate funds differently within their own agencies were key to catalyzing the creation of a new system of supportive housing that continues to grow.

2. Minnesota’s Hearth Connection Creating a New Leader to Address Homelessness

Introduction

In 1996, there were dozens of supportive housing projects completed or under way in Minnesota. Local foundations, corporations, developers, and local governments were increasingly interested in supportive housing and were making more investments in individual projects. Yet each project had to create its own strategy, piecing together different sources of financing and establishing relationships with funders each time. With each supportive housing project reinventing the wheel, it was impossible to envision how an effective strategy could go to scale to address the 3,000 households making up Minnesota’s long-term homeless population. It was clear to CSH’s Minnesota office that stronger ties with a broader range of providers and state and local policymakers were required to make significant headway.

Collective Leadership—Including an Unlikely Player—Creates Demonstration Program

In the fall of 1996 CSH helped initiate a planning process to find common strategies to address the consequences of long-term homelessness. Created deliberately to yield a prescription, not merely an assessment of the challenges, this planning group included human service and housing staff in state and county government, providers, consumers, advocates and—because of the importance managed care played in Minnesota, and CSH’s conviction that health care bore much of the financial burden of homelessness—private health plans. The group did not come together at the call of a single policy leader, but saw itself as a collection of equals focused on a problem that affected all of them in different ways. Their collective charge was to design a model of housing and services that could break the cycle of homelessness for participants and be cost-effective for government. This goal was sufficient to attract and retain their involvement.

The pilot project they devised was a new blueprint for solving chronic homelessness through a combination of integrated service delivery and straightforward financing with a long-term goal of systems change. A highly disciplined evaluation was envisioned. Local and national foundations were interested. Most important, an independent nonprofit organization was created in 1999 to act as a “holding company” for the effort, providing everything from lobbying to financial integration to managing the service network. This body, **Hearth Connection**, was a deliberate effort to maintain the balance of competing interests at the table and be a central

source of expertise and accountability—to the supportive housing community, consumers, government, and philanthropy.

The Necessity of Collaborative Planning and Leveraging Money: An Illustration

Hearth Connection serves two key purposes. It brings together the right players in an independent, neutral collaboration that allows each constituent group to contribute its specific pieces to a larger, well-defined package. And it acts as a primary point of accountability for program performance.

Hearth Connection leveraged private funding and the public-private planning process to make a successful case for a legislative appropriation. With this state money for the demonstration project, the state human services agency contracted with two counties that had been enthusiastic through the design process, which in turn contracted with Hearth Connection to conduct the work and manage the evaluation. This contractual chain ensured that both state and county government were firmly connected to the project.

The goal of Hearth Connection is to make the case that its supportive housing model can end homelessness and be financed largely by cost savings from crisis and institutional care. For policy leaders in the legislature, state agencies, and county governments, Hearth Connection is the credible actor for the project. Its authority derives from the confidence of its stakeholders and its own performance. Its leadership rests on a combination of broad support, a consensus-based plan of action, commitment to data-driven results, industry knowledge, and proven lobbying successes. As Hearth Connection’s director says, “Our job is to make it easy for legislators to like the work.”

Leveraging Public and Private Support

The group’s political savvy, coupled with relentless relationship building, has paid off for the project. Launched with foundation money and a legislative appropriation in 2000, Hearth Connection now serves 300 people in 140 households in the two counties where it is being piloted (500 participants from 200 households since inception). Hearth Connection leads and manages the partnerships, the service model, and systems change work; handles administration of rental assistance for participants; and conducts billing and reimbursement activities from the multiple revenue sources it has attracted.

Funding over the anticipated seven-year life of the demonstration project is from a variety of sources:

- \$7 million of state legislative appropriations to date (initially including TANF surplus dollars, but now a specific general fund authorization)
- Almost \$4 million in private and foundation investments, including \$275,000 from CSH during the planning process
- Over \$500,000 annually of federal Medicaid Targeted Case Management funds
- \$1.3 million of federal HUD Shelter Plus Care and Section 8 rental assistance, with more pending
- Almost \$1 million to date in additional rent subsidy from the state housing finance agency, with more pending

Clearly, legislative support is key to the project's success. Hearth Connection's nonprofit independence, continued education of and accountability to state legislators, and deep connections to senior managers in county and state human service agencies have proven instrumental in making a case for continued support, even during periods of state budget shortfalls.

The Result

This path-breaking effort integrates multiple sources of financing for the needs of a population that is expensive to serve and receives little public attention or political support. With 3,000 long-term homeless households in the state, the project's success in dealing cost-effectively today with nearly 5 percent of that total is a significant accomplishment.

Hearth Connection continues to prove itself as it prepares the evidence, infrastructure, and momentum to make the case for expansion in 2007. In the meantime, the legislature continues to authorize appropriations, government agencies are finding ways to work together to serve this population more effectively, and researchers and forecasters in key government decision-making positions value the data. Even at the midpoint of the demonstration period, the project is getting attention from other counties and the state as the latter looks for ways to step up existing supportive housing efforts and implement a plan to end long-term homelessness in Minnesota by 2010.

3. San Francisco's Health, Housing and Integrated Services Network Using Data to Build Leadership

Introduction

For the past two decades San Francisco has struggled with a homeless crisis many call the worst in the country. A 2002 census counted 8,640 homeless people in the city, over half of whom lived on the streets. An elaborate array of programs has long existed in the city to respond to the needs of this population, and many advocates, providers, and policy makers have championed solutions to it. But the fragmented nature of these programs, particularly for chronically homeless people (many of whom suffer from additional disabilities), has generally been recognized as inefficient and cumbersome. Then came new pressures in the 1980s and '90s: the rise of HMOs, including enactment of state policies to begin converting California's Medicaid program to managed care—all part of a broader alarm over soaring health-care costs. Public hospitals and health agencies began documenting the high cost of treating repeat users of their emergency departments and psychiatric inpatient care. In the process, some began to notice a correlation among high utilization, high cost, and a relatively small population of homeless clients.

Making an Impact by Working Together

In the mid-1990s the supportive housing industry was in its infancy in California. While CSH's expertise in financing, program development, and policy was instrumental to the modest number of supportive housing projects and policy improvements under way, it was increasingly clear that a project-by-project approach was hard to sustain and even harder to build up to the scale

necessary to contain costs and improve results for the small proportion of homeless people consuming a disproportionate amount of the resources.

In 1994 CSH convened a group of supportive housing agencies and local public health officials in San Francisco to look for solutions to chronic homelessness and its crushing effect on public health costs. The resulting effort, dubbed the **Health, Housing and Integrated Services Network (HHISN)** wove together providers and funders of medical, mental health, substance abuse, and other supportive services into a single network for addressing the people most likely to be chronically homeless and placing the greatest demands on emergency and inpatient hospital care. HHISN set out to provide services in 750 units of supportive housing in San Francisco and adjacent Alameda County, negotiating new funding arrangements among public agencies and establishing a standard, coordinated model of integrated services and housing that long-term homeless people with multiple disabilities could access with relative ease.

By 1999, the model had attracted sufficient interest for The California Endowment to award CSH an additional \$6 million to expand San Francisco's experience to nine counties. Both CSH and the foundation knew that sustaining supportive housing would depend on getting the effort to sufficient scale to win the necessary political support from the state and individual counties. To do that, state and local policy leaders had to be convinced that the approach worked and saved money. The cooperation of the San Francisco policy leaders in furnishing reliable data on utilization of services was a crucial step in building credibility and a sense of ownership over the evaluation's results.

Evaluation and Good Data Open the Door for Legislative Commitment

HHISN partners in San Francisco included county agencies and nonprofit providers working in the medical, mental health, and addiction treatment systems. To move their model to scale, these partners recognized they would have to demonstrate to state policy leaders that they could save money and achieve better results by integrating their services rather than by adhering to their separate systems. The evaluation of HHISN was designed to do that in two central ways. First, it established a solid link between supportive housing and dramatic reductions in the utilization of expensive public services (in the end, the evaluation documented a 58 percent decrease in emergency room visits; 57 percent drop in inpatient days; and virtually a 100 percent elimination of the use of residential mental health facilities). Second, and just as important, it fueled an advocacy strategy to win the attention and support of the governor's office and key legislative leaders to expand the program.

The demonstrated cost-effectiveness of the San Francisco experience gave three key policy leaders in Sacramento (the state directors of mental health and housing finance, and a supportive legislator) the data to eventually win support from the governor and legislature. CSH and its partners bolstered confidence in the accuracy of the findings with endorsements from key academic experts and San Francisco's director of public health (whose department also runs the public hospitals). The news release about the evaluation was timed to coincide with a decisive period in state budget negotiations. The media strategy, quiet advocacy with state policy leaders during the course of the evaluation, and the data's demonstration of results, paid off. The governor included in his revised budget, and the legislature subsequently passed, a \$25 million appropriation for supportive housing.

Private Funding Promotes Public Investment

HHISN was set up with significant private funding that was meant to leverage even more public funding. The private investments gave local public partners a sizable incentive to redirect their own funds for the sake of the demonstration, and it provided a flexible source of money with which to carry out a credible evaluation early in the process.

About 20 percent of the initial HHISN project in San Francisco was funded by foundation money raised by CSH, almost half came from a series of HUD grants, and the remainder from public sources to which local agency partners had access, including county mental health, Medicaid, and county general fund dollars that could be used flexibly. As more and more funders came to see the HHISN model as a clear improvement in both quality and cost savings, the state's \$25 million investment in 2000 leveraged tens of millions of additional capital and service dollars for supportive housing throughout California. While a deep budget crisis in later years witnessed a decline in the line item appropriation for the state's supportive housing program, the state has encouraged counties to use funding from another mental health program and a recently enacted state housing bond.

The Result

HHISN and its various iterations around the state are now successfully serving what would otherwise be a far more difficult and expensive population of formerly homeless people with multiple disabilities. State and local government continue to invest in the efforts. An ever growing number of stakeholders in the health care and mental health systems now recognize the relationship between homelessness and high rates of costly—and often ineffective—use of emergency and inpatient medical and psychiatric care. In its first five years more than 2,000 chronically homeless people have been served by HHISN and the expansions it sparked. The strategy of integrating approaches to health care, mental health, and substance abuse with housing for chronically homeless people most frequently using expensive emergency and inpatient services is accepted by policy leaders, private funders, public agencies, and health care providers—a strategy that would likely never have gotten to scale but for the fuel of credible data to make the case.