

Innovations in Creating More Affordable Housing



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Many communities have successfully used newly acquired funds to create housing units for people experiencing homelessness. In this session, hear from stakeholders who have implemented successful projects using local, state, and federal funding to create more housing for people in need.



Bringing People Home.



The Homekey Program: An innovative approach to creating housing quickly in California

National Alliance to End Homelessness Conference – February 2025

Presented by Angela Marin - Homekey Section Chief

California Department of Housing and Community Development (HCD)



California's Homekey program was created as an opportunity for local governments to quickly acquire, rehabilitate or master lease motels and other housing types, to increase their communities' capacity to respond to the pandemic.

The program has accelerated the production of housing including services for people experiencing homelessness and has catalyzed the transformation of underutilized properties and blighted areas.



What does Homekey fund? Housing for....

- Acquisition and rehabilitation of motels, hotels, multifamily apartments, single family homes
- New construction, modular
- Other buildings that can be converted to housing (churches, office space, etc.)
- Master leasing
- Buying down affordability to preserve affordable housing
- Relocation costs for residents of proposed Homekey Projects
- Subsidies to pay for operating costs



Impact to-date: Homekey Rounds 1, 2 and 3

**\$3.6 billion
granted**

80% from one-
time COVID
Federal
sources

15,850

Homes
funded

**80 jurisdictions
awarded**

Diverse
Geographic
Distribution Of
Funds

**Over 172,000
households
served**

Estimated
over the life
of the project

Homekey Rounds 1-3 Program Highlights

Non-Congregate Housing: Interim shelter and Permanent housing, depending on local need

Equity: Allocations to CA Regions based on need and carve outs for key subpopulations: Tribes, youth, and chronic homeless

Land Use Streamlining: Clear path to occupancy with exemptions to land use requirements

Supportive Services: Required service rich environment matching population vulnerability



**Cost efficiency &
Expediency**

Homekey+ NOFA, released November 2024

- Funded by Prop 1: \$6 billion bond voter approved in March 2024
 - \$2 B for PSH and \$4 B for behavioral health transformation
- Reflects mandate to integrate behavioral health intentionally statewide
 - Targets people experiencing or at risk of homelessness + Bx challenge
- Incentives to use healthcare funds to achieve sustainable operations
- More robust services requirements to serve target population
- Features increased supportive services funding
 - More Homekey subsidies; services cap increase impacting many programs in CA
- Gap funding for stalled projects
- Emphasizes cost containment: Can we do it for less?

Summary of Innovative Program Features

- Grant disbursed up front: capital and operating funds
- May fund full acquisition and rehab or a big portion of it
- Scalable: per unit awards and funds diverse housing stock
- Encourages capacity building and state/local partnerships
- Flexibility leads to creativity
- Regional allocations for equity. Rural & Tribal set asides
- Sense of urgency: aggressive timelines to meet crisis
- Evidence that PSH can be developed efficiently but its still hard



HOUSING AND HEALTH
TO END HOMELESSNESS

Low-Income Tax Credits for Permanent Supportive Housing Developments

National Alliance to End Homelessness
**2025 Innovations and Solutions for
Ending Unsheltered Homelessness
Conference**

Daniel Malone
February 28, 2025

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DESC client population (n=~3000)

Common experiences/conditions

- Long-term homelessness
- Highly vulnerable
- Serious mental illness
- Substance use disorder
- Other complex medical problems
- Criminal legal system involvement
- Heavy use of crisis services
- Repeated addiction and psychiatric treatment events

DESC provides an array of services for adults experiencing homelessness in Seattle/King County



DESC's core services

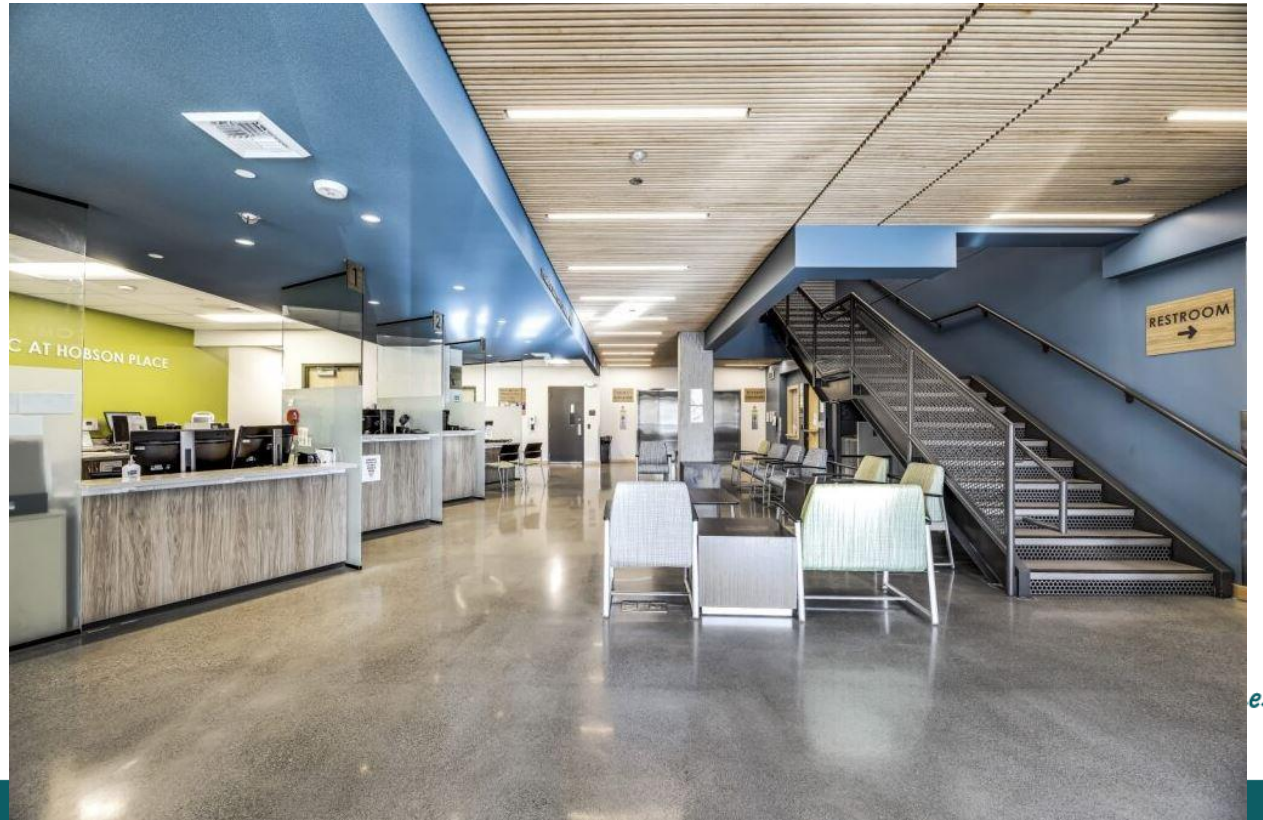
- Shelter and emergency housing – low-barrier survival services



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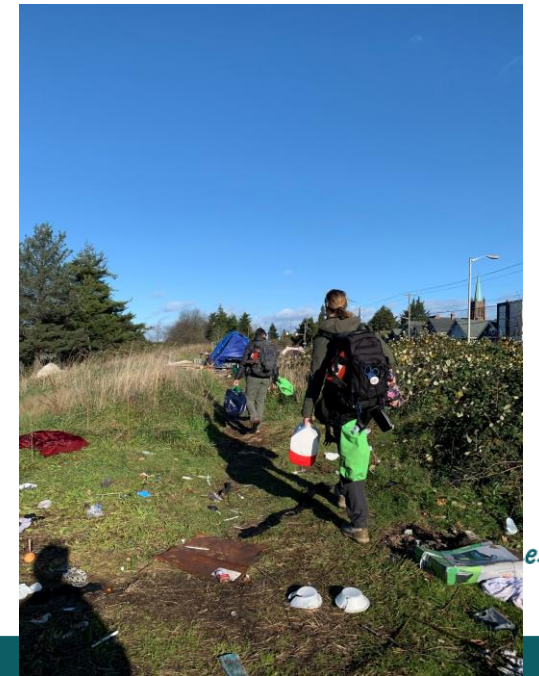
DESC's core services

- Shelter and emergency housing – low-barrier survival services
- Outpatient behavioral health treatment



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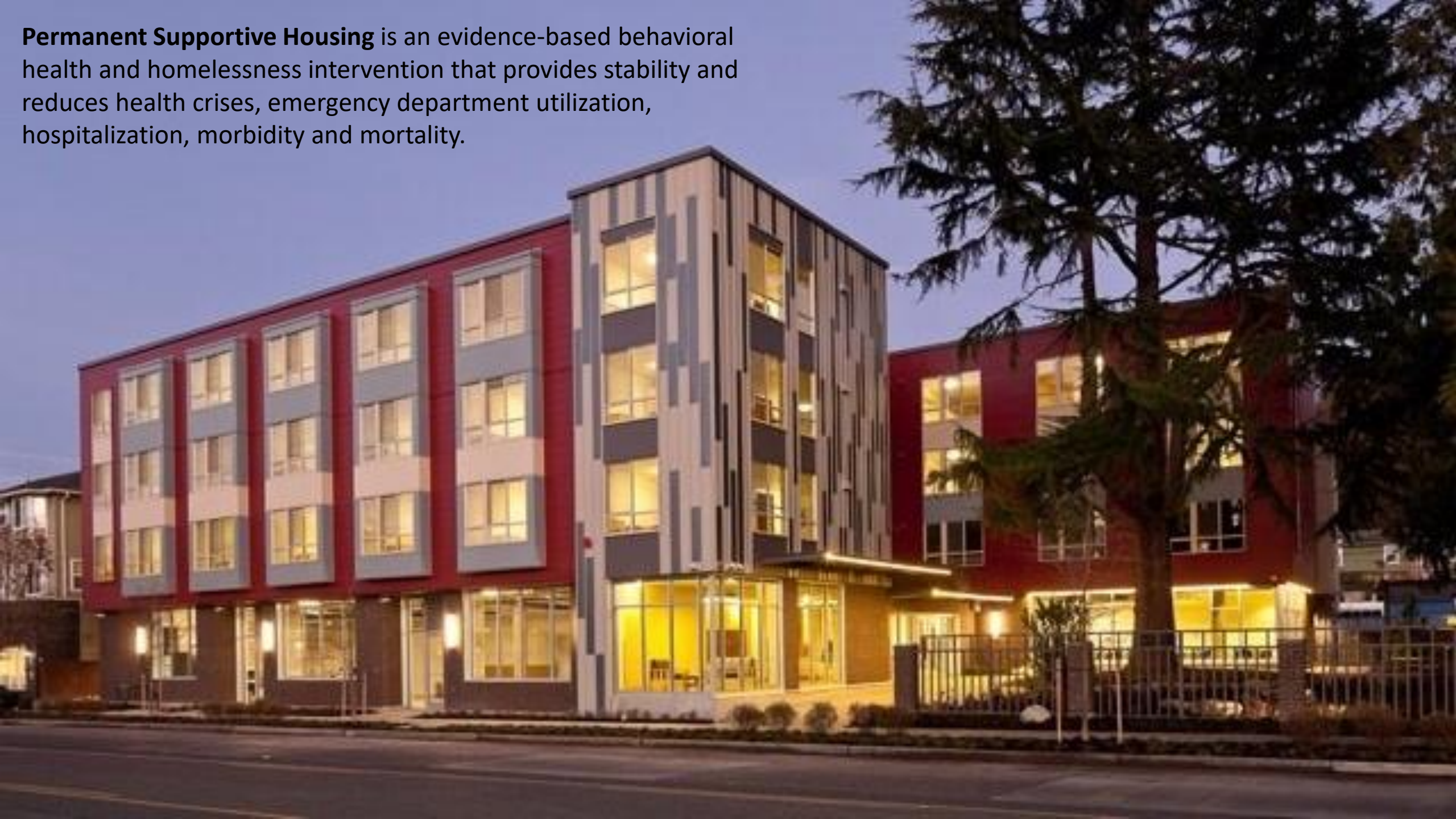
- Shelter and emergency housing – low-barrier survival services
- Outpatient behavioral health treatment
- Crisis response services: outreach, psychiatric and substance addiction treatment, and follow-up care

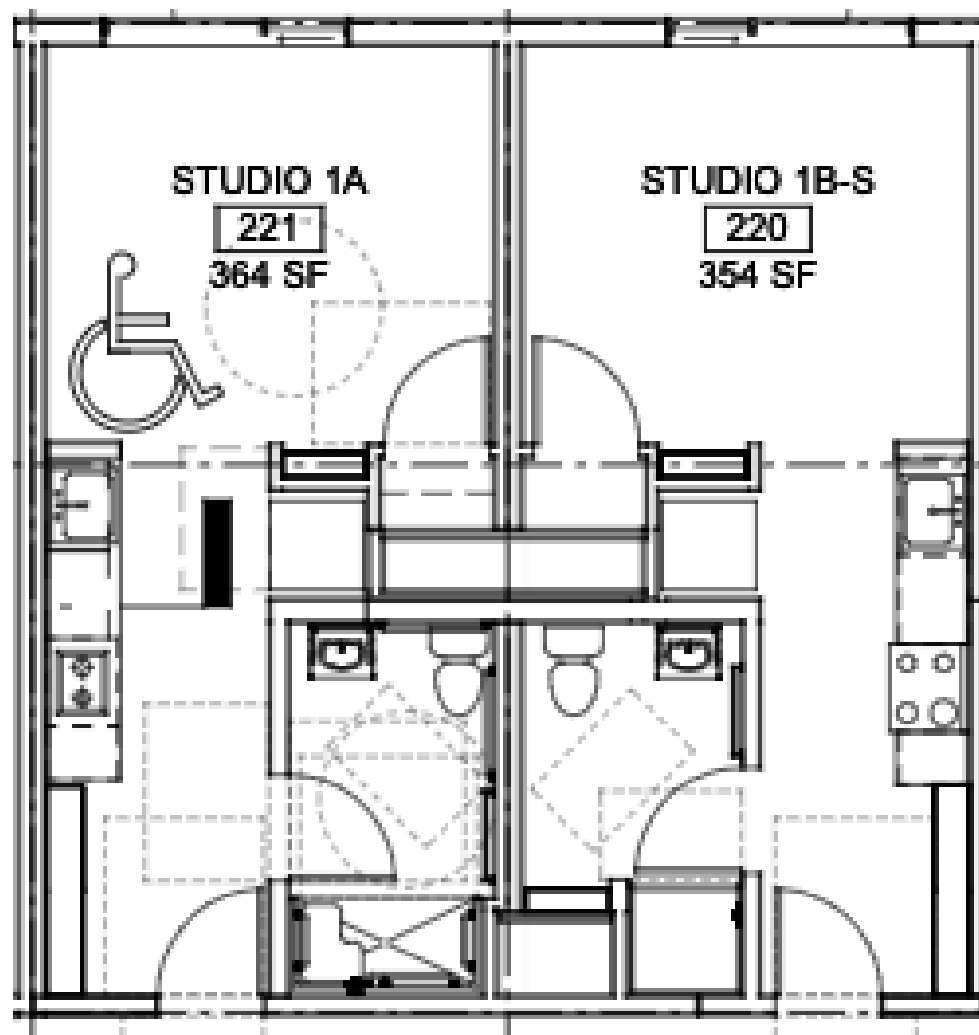


DESC's core services

- Shelter and emergency housing – low-barrier survival services
- Outpatient behavioral health treatment
- Crisis response services: outreach, psychiatric and substance addiction treatment, and follow-up care
- Permanent supportive housing – over 1800 units (single site and scattered site) – all Housing First for people with highest needs

Permanent Supportive Housing is an evidence-based behavioral health and homelessness intervention that provides stability and reduces health crises, emergency department utilization, hospitalization, morbidity and mortality.





Home.





Housing First principles

- Everybody needs housing; it should be a right, not held out as a reward
- Eliminating the chaos of homelessness from a person's life allows stabilization and other good things to occur





Housing First key characteristics

- Provides housing without preconditions found in many “programs”
- Is not “housing only”; provider brings robust support services to tenants
- Services are voluntary
- Tenants have leases and autonomy over their daily lives



Housing First key evidence

- Works for people who refuse or are refused from other interventions
- High housing retention rates
- Reduces crisis systems costs
- Improves health status
- Reduces substance use and related problems
- Decreases criminal legal system involvement
- Begins to reconnect people with the life of the community

For summaries and links to published journal studies, go to:

<https://www.desc.org/category/research/>

HF policy priority

slate.com/business/2013/08/housing-first-give-the-homeless-a-place-to-live.html

MONEYBOX

Help Homeless People by Giving Them a Place to Live

BY MATTHEW YGLESIAS

AUG 21, 2013 • 2:48 PM



This guy's JavaScript code is a mess.

Photo by Mike Simons/Getty Images



TWEET



SHARE



COMMENT

There's a much-mocked piece on *Medium* by a guy [who wants to teach a homeless man to code](#). Or, rather, he wants to give a homeless person a choice between \$100 and a tutoring scenario in which "I will come back tomorrow and give you three JavaScript books, (beginner-advanced-expert) and a super cheap basic laptop. I will then come an hour early from work each day—when he feels prepared—and teach him to code."

It turns out that one of the George W. Bush administration's adventures in compassionate conservatism was to pioneer a much better approach to homelessness than this. Under the stewardship of Philip Mangano, the administration pushed a policy approach called Housing First, which aimed to help homeless people by giving them a place to live. This does not solve all



Housing First on Last Week Tonight

...

Build more!

Posted on: July 30, 2024



2024 READERS' CHOICE AWARDS: PERMANENT SUPPORTIVE HOUSING FINALIST

DESC Burbridge Place Supports Seattle's Most Vulnerable

The development offers on-site staffing and innovative design to aid chronically homeless residents.

By [Christine Serlin](#)



Ed Sozinhos

Nonprofit DESC is continuing its work serving the most vulnerable in Seattle with the



Mural by Angelina Villalobos, photo courtesy of barry johnson, overall creative

Bloomside (former working name Burien Supportive Housing) is DESC's first building developed outside of the city of Seattle.

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Using the Low-Income Housing Tax Credit program (LIHTC)

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LIHTC basics*

Federal resources to build affordable housing

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*Simplified! May have technical errors.

LIHTC basics

Federal **resources** to build affordable housing

A tax credit is issued to for a specific housing development proposal

The developer needs cash to pay for building construction (and/or acquisition)

The developer sells the awarded tax credits to an investor

The investor provides the cash the developer needs

The investor then uses the credit to offset federal income taxes



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LIHTC basics

Federal resources to **build** affordable housing

- LIHTC is a capital funding program, not a rent subsidy program
- New construction or acquisition of existing units

LIHTC basics

Federal resources to build **affordable** housing

- Units must be occupied by people with incomes below a certain level
- Rent charges must be set below market rates, to a level people in the targeted income level should be able to pay (but may still be too high for people with extremely low incomes)

LIHTC basics

Federal resources to build affordable housing

- Rental housing with leases
- Developments with multiple units
- Most commonly multifamily apartment buildings
- Can be multiple buildings

LIHTC basics

Federal role

- Establish overall program rules: Section 42 US Code
- Allocate credits to each state based on population
- Administered by the Treasury Department (IRS), not the Housing Department (HUD)

State role

- Award the credits to eligible projects
- Establish guidelines and priorities for how tax credits will be awarded (QAP)
- Compliance monitoring

LIHTC basics

“9 percent”

- More valuable: covers bulk of development cost
- More limited: each state receives a fixed amount to allocate based on state population
- Awarded to developments competitively
- Combined with state and local public funds, can create PSH for high-needs populations

“4 percent”

- Covers less of development cost
- Paired with bonds; requires debt service payments
- Rent revenue is used to pay debt, straining operating budgets

LIHTC for PSH

Who to talk to

- State HFA for policy priority
- Other gov't housing development finance programs (no debt service)
- Investors

Considerations

- Can cover most of the capital development costs
- Projects for people with lowest incomes should be priority for LIHTC awards
- Operating costs higher than rent payments will cover
- Need sources for operations, maintenance, and services costs

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LIHTC federal priority requirements

Section 42 US Code

- **(B) Qualified allocation plan** For purposes of this paragraph, the term “[qualified allocation plan](#)” means any plan—**(i)**which sets forth selection criteria to be used to determine housing priorities of the [housing credit agency](#) which are appropriate to local conditions,
- **(ii)**which also gives preference in allocating housing credit dollar amounts among selected projects to—**(I)**projects serving the lowest income tenants,

LIHTC federal priority requirements

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New times, new challenges

Aging population

- Medical complications
- Need for in-home care
- Conventional system not oriented to this population group

Drug poisonings crisis

- Huge rise in overdoses
- Public drug use more prevalent

HF backlash

Political opportunity

- Sophisticated messaging
- Local and national



Two main fronts

- HF became policy priority but homelessness kept rising, therefore HF bad
- Anecdotes about negative incidents used as evidence that it “doesn’t work”

Thank You

