

risk neighborhoods, other organizations feel more confident purchasing properties around us, resulting in entire neighborhoods becoming stable again.

6. The provision of support services if the project entails permanent supportive housing: Over the years, HII's strategy for keeping our clients living independently is centered on providing support through our vital community partnerships with 17 community service providers such as Journey Mental Health, VA Supportive Housing Program and VASCP, Porchlight and the Road Home.

Many HII clients have little or no support services when they are referred to Housing Initiatives. Upon entering HII's housing, our Housing Services Coordinator (who has extensive experience in therapy and case management) takes the following steps to ensure clients' long-term success:

- learns about each client's unique needs
- works with them using stabilization techniques to ensure they are capable of beginning counseling and other therapy
- connects him/her with the long-term support services that will best suit his/her situation.

We continue an ongoing relationship with each client through the years to help them receive the support needed as their recovery changes and progresses. **The result of permanent housing, supportive services, and developing ongoing relationships with our clients is: 95% of our clients with severe mental illness live independently and never return to homelessness.**

Partnering with Tellurian, an expert in homeless outreach and case management, is a critical component of this project. Tellurian staff have years of experience in building trust and initiating a recovery process with vulnerable homeless persons with mental illness.

The clients of the Esperanza project will receive the highest quality case management and support services, in addition to having access to on-site staff.

4.3 Project Description

Currently in Dane County there are roughly 300 people who are chronically homeless with mental illness. Although many of these homeless persons have access to federal funding to cover their rent through programs such as VASH, HII's rent support, AIDS Network, etc., they often don't find support services and/or can't find a landlord to rent to them often due to behavior resulting from their mental health issues, prior evictions, etc. With Madison's apartment occupancy rate at 98%, landlords are getting multiple applications and can be selective in who they rent to. In addition, within the 2% vacancy, a very small proportion are affordable. Given these factors and the reality that housing providers like HII are at full capacity, chronically homeless neighbors simply do not have any housing to choose from, even if they have the subsidies to pay for the rent.

Housing Initiatives has a proven, strong model to end homelessness. We simply need support in acquiring more properties to help more people. Once we have the properties, we do not require ongoing operating support from the County. The County's investment today will benefit our community for decades to come without additional support.

The Esperanza project aims to end homelessness for 16 homeless neighbors without any hope of a better life. All current housing programs have some sort of barrier for qualification such as certain prior convictions. A true Housing First program accepts anyone, despite their history. The Esperanza project will be Dane County's first full Housing First program by offering all the elements of Housing First, including outreach, zero barrier entry, and support services (which includes harm reduction practices). HII will intentionally seek to house those who are most vulnerable and unable to find any kind of housing services due to their past history.

HII has brought together a dynamic partnership to strive for the greatest impact possible. We are proud to be working with Tellurian to provide outreach/case management, in addition to Briarpatch Youth Services and OutReach to provide outreach/case management tailored specifically to our four young adult clients.

Esperanza project goals include:

- 1. End homelessness for 16 chronically homeless adults with severe mental illness by creating 16 units of permanent, supportive, and affordable housing:** This project alone will decrease Dane County's chronic homeless population by 5%. At HII, we have decades of experience managing this vulnerable group.
- 2. Establish the County's first truly Housing First model with zero barrier entry:** The Esperanza project utilizes all elements of Housing First. Two of the important Housing First program components are being done for the first time in Dane County through this project - zero barrier entry and outreach workers continuing into supportive services. (see sec. 4.4)
- 3. Provide individuals capable of living independently but in need of more supervision, a housing option with on-site, supportive staff:** People who struggle with mental illness represent a wide range of ability to live independently. Some require very little support once we help them find a path to recovery, while others continue to struggle and require a higher level of support services. The Esperanza project will provide on-site staff, a first for HII properties. This project will enable HII to assist clients with more intensive support needs and keep them from falling back into homelessness or a mental institution.
- 4. Prioritize veterans to help maintain a "functional zero" once Dane County ends veteran homelessness at the end of this year:** With less than 40 homeless veterans on the street, our community is very close to ending veteran homelessness once and for all. However, this will not mean the need will cease. It will be critical for housing providers to continue to prioritize veterans to keep our community at a "functional zero." This means we will house vets as soon as they become homeless and maintain our permanent end to veteran homelessness.

- 5. Use 4 of the units to specifically house homeless young adults age 18-25**, striving to address a large gap in current service for this highly at-risk population: One unique aspect of this project is the four units we are dedicating to under-served young adults. Currently in Dane County, there are 94 homeless youth ages 15 – 18, many who have experienced severe childhood trauma and struggle with mental illness. Once they turn 18, most become ineligible for foster care and have no where to go but the streets, where they are at high risk for human trafficking, drug abuse, and other life-threatening problems. Shockingly, many of these youth and young adults are homeless because of being LGBT. They run away from home or their families put them out on the streets because of their LGBT status.

Homeless youth and young adults have recently been identified both nationally and locally in Dane County as highly at-risk and under-served by housing agencies. HII is developing a new program to identify homeless young adults with mental illness and we're using four of the units of Esperanza to begin housing them. HII is partnering with Briarpatch to provide outreach and supportive services tailored specifically to the needs of this age group.

HII's preferred development model for Esperanza is to secure and renovate an existing building to house all 16 units in one complex where service providers will have permanent offices. Utilizing an existing building rather than building new is a more cost-effective option that enables HII to more quickly house people.

HII has several leads on existing buildings for purchase. They are within the City of Madison because our clients need to be by bus lines and basic services. We are open to properties in Town of Madison, Blooming Grove or other areas outside the City that maintain close proximity to a bus line.

Once we have the site identified, we will move very quickly to implement the Esperanza project. We anticipate having the site and development model determined by the end of 2016, with renovations completed and tenants moving in by mid-2017. While we are confident that we'll find an existing building to match our criteria, we are open to the idea of developing a new building should our current leads fall through. HII Executive Director, Dean Loumos, has extensive experience in creating affordable housing through renovation and new development.

New clients will all be under 50% AMI, with most being below 30% AMI or will have no income at all. All will pay no more than 30% of their income toward rent, whatever that income may be.

County Project Funding

HII has based our current pro forma (see attached) on the assumption that we will purchase and renovate one existing building to house all 16 units plus office space, given this is our preferred model and we have several site options we are currently considering. We can't move forward on a site until we have the majority of the funding secured.

HII invites the County to become a partner in our innovative, meaningful project by providing \$750,000 in funding support. HII has already secured \$387,000 in seed funding from HUD. Through this same federal HUD grant, HII will begin permanently receiving \$92,000 annually to cover supportive on-site staff.

HII staff is prepared to condo-ize the project, making it possible for the County to purchase individual units within the project. Once our Esperanza project is up and running, we will be able to manage operating expenses on our own for years to come thanks to our permanent, stable federal rent assistance funding.

4.4 Housing First

Another unique element of the Esperanza project, is that it demonstrates what a true Housing First model is, going beyond what any housing programs currently provide. A true Housing First program (and the Esperanza project) includes:

- Outreach - Specialized outreach for this highly vulnerable, untrusting group
- No barrier entry – The Esperanza project will take anyone who qualifies as chronically homeless with a mental illness, despite any history they may have
- Permanent housing – Once they enter our program, the home is guaranteed for their lifetime
- Services on site to keep housing – For the first time in HII's history, we are launching a project to provide on-site staff. An on-site team will enable us to maintain our excellence in property management and provide additional support needed for this highly vulnerable group's success.

Tellurian will be providing both outreach and case management for our 16 clients. This element of the project is key to our success and highly unique in Dane County. Often, chronically homeless individuals with severe mental illness are difficult to bring in off the streets. They are full of despair and have learned to trust no one. They don't believe a home is truly possible. Outreach staff have to work especially hard with this vulnerable group to create a relationship and build the trust needed to bring them into a home. Currently, once someone is housed, their relationship with the outreach worker ends and they begin a new relationship with a case manager. This transition can be difficult for the client and sometimes lead to a return to homelessness.

For the first time in Dane County homeless services, HII's project will utilize Tellurian outreach workers *and* keep them as supervisors through the case management process, ensuring the outreach workers continue their direct relationship with their clients even after they are brought in to housing. This will give our clients' better support for a smoother transition into permanent housing.

As already mentioned, the Esperanza project will be Dane County's first true Housing First project. Several of the elements of this project are a first for Dance County (zero barrier entry, outreach workers continuing into supportive services, and the young adult pilot project). We believe that innovation and true Housing First is the path to ending homelessness for our community.

4.5 Targeted Population

Our project meets nearly all of the target population listed in this RFP which include:

- chronically homeless
- disabling condition (mental illness)
- homeless veterans
- prior arrests and convictions
- very low income

In addition to these populations, our project also includes two highly under-served populations: homeless young adults and homeless LGBT persons.

All of our tenants will have a mental illness, be chronically homeless as defined by HUD and have income at or below 50% of AMI (most will be well below 30% or have no income at all). All of our tenants will be in the highest need area of the VI-SPDAT, a ranking system put in place per HUD guidelines last year.

4.6 Supportive Services Plan

As already mentioned, HII has three supportive service partners to provide outreach and case management. HII's other 17 supportive services partners will also be available to work with our clients.

Tellurian case workers will create a supportive service plan tailored for each client's specific needs, utilizing a wide range of services from drug abuse counseling to therapy to veteran assistance. Each Esperanza client will have the unique advantage of a supportive service team comprised of their outreach worker, case manager, and other supportive service providers. In addition, on-site staff will be available daily to oversee clients and ensure they continue on their path to recovery. On-site staff will work closely with the community partnership team to create a housing environment that empowers our clients to be the best they can be.

4.7 Tenant Screening Policies

HII and all other homeless service providers are required to use the Coordinated Intake system mandated by HUD which incorporates a Vulnerability Index, ranking the most vulnerable and needy of the chronically homeless. People designated the most needy by the Intake System will be housed first in keeping with Housing First principles. The veterans we house will come primarily from the VASH program which also targets chronically homeless veterans. The VASH program has a vetting process that is coordinated with the Vulnerability Index and VASH staffers will direct their most needy to HII. HII already has a long working relationship with the VASH program as we currently house 37 VASH clients. Because of our reputation and history of success in housing very difficult to house clients, HII is designated as the first organization where referrals of those scoring high on the Coordinated Intake / VI list will be referred to. **We know how to successfully house the highest priority, often most challenging referrals, but we MUST have units available to get them off the streets.**

4.8 Funding Leverage

In addition to the County's \$750,000 funding and HUD's \$387,000 funding, Housing Initiatives will raise \$100,000 in private support. Half of this support will come from private lending and the other half will be raised through private donations. Housing Initiatives has a strong relationship with both WHEDA and Forward Community Investments. Acquiring a 30 year, fixed mortgage for this project will be simple. Within the last year, HII has been raising private donations toward our *A Place To Call Home* project to house 60 people and help end veteran homelessness. Given our experience through that capital campaign, we are confident in our ability to raise \$50,000 in private donations to support the Esperanza project.

The attached pro forma outlines our sources and operating budget. Because we haven't narrowed down our site options, the pro forma is based on our recent purchase of 16 units downtown. The County's \$750,000 investment will guarantee this project, even if the final site's purchase price is higher than what we anticipate and reflect in the pro forma.