



HOME FUNDERS

*INVESTING IN A NEW SOLUTION TO
FAMILY HOMELESSNESS*

Program Evaluation

Boston, Massachusetts

May, 2009

HOUSING PARTNERS, INC.

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Evaluation of the Home Funders Program 2009 May, 2009

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Evaluation of the Home Funders Program
Conducted and Prepared by Eleanor G. White
May, 2009

I. Executive Summary and II. Introduction/Methodology

At the request of Home Funders, Housing Partners, Inc. (HPI) has undertaken a comprehensive evaluation of its program to expand the supply of housing available for extremely low-income families, including homeless families, in greater Boston. This Executive Summary, with sections keyed to corresponding sections in the full report, highlights the findings, conclusions, and recommendations. The appendices, shown in Section X of the report, are listed, but not repeated in the Executive Summary. (The full report begins on page 9. End Notes follow the Appendices.)

This evaluation of the Home Funders program, conducted by Housing Partners, Inc. more than four years after our first evaluation of the then-new program, comes with the following charge from Home Funders:

- **Outline the current environment for housing, particularly for extremely low-income (ELI) families, and answer the following questions**
- **How do Home Funders production/financing results to date compare with the baseline data? How many other ELI units have been produced since the inception of Home Funders?**
- **Has Home Funders had any impact on the affordable housing finance or production system? If yes, what is it? What else can Home Funders still do to impact this system, either through direct advocacy or how our funds are used?**
- **Given the current environment for producing affordable housing and the challenges it presents, should Home Funders consider any changes to its model or consider other/new activities for the future?**

A Brief History of the Program (abstracted in part from the original HPI evaluation)

The Home Funders Collaborative and Program arose out of a series of discussions among locally-based foundations alarmed by the crisis of homelessness among extremely low-income families in the Boston area in 2002. Initial discussions were held among the Paul and Phyllis Fireman Charitable Foundation,

the Hyams Foundation, the Highland Street Foundation, the Boston Foundation, and the Mellon Charitable Giving Program/Peter E. Strauss Trust New England. Additional investors include the Annie E. Casey Foundation, Klarman Family Foundation, State Street Foundation, and, through the Boston Foundation, Baupost Group, Harold Brooks Foundation, Catherine and Paul Bittenweiser Foundation, Oak Foundation and Mabel Louise Riley Foundation. Funding partners since Home Funders' inception have included: Bank of America, Boston Private Bank, Butler Family Fund, City of Boston, Commonwealth of Massachusetts, F.B. Heron Foundation, Morris & Ester Horowitz Family Foundation, Lynch Foundation, BNYMellon Charitable Giving Program, Vincent Mulford Foundation, Nixon Peabody and Kenneth Novack.

In addition to the clear programmatic commitment to homeless and ELI families, several of the initial investors were also interested in testing the waters with so-called Program Related Investments (PRIs), rather than outright grants. PRIs are investments made by foundations to support a charitable project or activity, consistent with their mission. Most often structured as loans, PRIs are made at reduced rates of interest, but with the clear expectation that they will be repaid so that the funds can eventually be recycled for another charitable purpose.

The financing structure includes investments from the funders at very low rates of return, for terms of 5, 10 or 20 years, that can be used to provide favorably priced pre-development, acquisition, construction, and permanent financing, and small grants to cover needed reserves, administration, services and advocacy. Home Funders decided to administer the loan programs through intermediaries, and selected the Massachusetts Housing Partnership Fund (MHP) and the Community Economic Development Assistance Corporation (CEDAC) to carry out that function. Grants are administered through a donor-advised fund at the Boston Foundation.

The mission of the Home Funders Program is to:

- Create 4000 mixed-income housing units over 10 years, with 1000 of those units reserved for families in the lowest income bracket,
- Support those families with the services that they need,
- Encourage innovation in development strategies, leverage city and state resources, and streamline the development process,
- Promote and publicize the need for housing for this income group, and
- Raise an initial \$26 million fund in Program Related Investments and grants to achieve the above goals (with roughly \$23 million in PRIs and \$3 million in grants).

This report will not repeat the full history of Home Funders. Please refer to the Home Funders website¹ for an excellent recap of its history.

This current evaluation was carried out through extensive interviews (see Appendix IA and IB for list of interviewees and the questionnaire used) and a review of data both generally available and provided by Home Funders, with recommendations resulting from HPI analysis and experience in this field. Section II of the report explains the methodology in some detail.

The remainder of this Executive Summary is keyed to section numbers in the full report.

III. The Environment: a general description of the current environment for affordable housing, extremely low-income housing, and homelessness

Since Housing Partners, Inc.'s evaluation of Home Funders in late 2004, the environment for affordable housing in general and for extremely low-income (hereafter referred to as ELI) families in particular has changed significantly; until very recently those changes have generally not been in a positive direction. These changes are coming particularly fast in this dynamic and fluid time, due in part to the tremendous changes in the nation's economy and in part to the change to a new administration at the Federal level. This section of the report will be somewhat out-of-date immediately upon completion! Readers are advised to check with local, State and Federal officials as to the exact status of funding and programs since the time of issuance of this report.

In 2004, Greater Boston had experienced over the previous decade an "explosion" of home prices and rents due to inadequate housing production. Beginning in 2003, in order to cope with increasing home prices but stagnating incomes, families turned to "sub-prime" mortgage lending as a source of mortgage capital. When the Massachusetts and U.S. economies started to cool, incomes began to decline further, families relied more on credit for everyday expenses (driving up debt), and foreclosures increased. At the same time, rents increased, putting additional pressure on families of low income; in 2006 in Massachusetts, *more than 25 percent of all renters paid more than 50 percent of their income for rent*. And as of the beginning of 2008, there were approximately 5000 homeless families, including 10,000 children, being sheltered by the Department of Transitional Assistance in Massachusetts.

Because of the scale of the problem, even if Home Funders were to *double or triple* its funding available to support new housing units, it would be reaching only a small number of the entire universe of homeless and ELI families. However, its stimulation and facilitation of the production of housing for these families remains critically important.

Due to the recent passage of the American Recovery and Reinvestment Act (ARRA), and significant interest in homelessness and ELI concerns within the Governor Deval Patrick administration in Massachusetts and the Mayor Thomas

Menino administration in the City of Boston, there is opportunity for funding and programming at federal, state, and local levels for the first time in many years, as described in detail in the body of this report.

IV. Results of Interview Responses

The body of the report examines general trends evidenced by the respondents' answers to the interview questions. There was a surprising degree of consensus on the basics of the Home Funders program and its contribution to heightened awareness of the complex issues of housing ELI families. Respondents exhibited the most interest, concern and passion about:

- Efforts that Home Funders should consider for programmatic innovation to respond to changes in the environment (including, for example, the coordination of services for ELI residents of Home Funders projects)
- Recommendations for policy changes/advocacy at the state and local levels, particularly relating to Section 8 Project-Based subsidy
- The need for Home Funders to better communicate about its program with public sector decision makers and with the general public.

V. Questions to be addressed: How do Home Funders production/financing results to date compare with the baseline data? How many other ELI units have been produced since the inception of Home Funders?

Home Funders' original goal was to facilitate the production of 4000 units of mixed-income housing within 10 years, with 1000 units serving ELI households. Against that backdrop, the number of unduplicated, affordable units **committed and financed** under the Home Funders program as of December, 2008 totals 1466 (399 of which are for ELI households), according to Home Funders' analysis of the most recent reports from CEDAC and MHP. As of December, 2008, affordable units **completed** to date under the Home Funders program total 591, with 154 serving ELI households. Perhaps even more significant is the fact that **36 separate projects** have been produced containing ELI units.

Thus, at roughly the halfway point in that decade, or 50 percent along the way, based on commitments issued Home Funders has accomplished almost 37 percent of the total goal and 40 percent of the ELI goal—a **truly remarkable accomplishment** in light of the challenging external environment and severe lack of other resources during this period of time. Rather than being disappointed at this track record, this author feels that the overall goal is well in sight in view of new resources expected at the Federal and State levels in the years to come.

Other than Home Funders, there has been very little production of new housing units serving ELI families in Massachusetts over the last four years.

VI. Questions to be addressed: Has Home Funders had any impact on the affordable housing finance or production system? If yes, what is it? What else can Home Funders still do to impact this system, either through direct advocacy or how our funds are used?

Home Funders has had a positive impact on the system in Massachusetts that produces and finances affordable housing, primarily by providing an essential resource to support ELI units and by helping to raise awareness of this “product” type. However, it is important to understand that the Home Funders resource cannot by itself support the production of ELI units.

Another very positive factor has been what one respondent called the “patience” and flexibility of Home Funders money, as well as the leadership shown by the Boston and Hyams Foundations in stepping up with Program Related Investments for the Neighborhood Stabilization Loan Fund (NSLF) to assist with foreclosures. Without Home Funders as a precedent and without the demonstrated positive influence of PRIs, the financial structure for the NSLF fund would have been a much more difficult sell.

Almost to a person, respondents to our interviews felt that Home Funders should explore the potential of funding the provision of support services for ELI families in permanent housing. And many respondents also encouraged Home Funders to do more to enhance the public visibility of their efforts.

VII./VIII. Question to be addressed: Given the current environment for producing affordable housing and the challenges it presents, should Home Funders consider any changes to its model or consider other/new activities for the future?

The full report reviews in detail (Section VII) progress made on recommendations from our initial evaluation in 2004, and then (Section VIII) presents recommendations going forward, as follows:

**Programmatic Recommendations (presented in three categories)
Items marked with asterisks (**) represent those recommendations which we feel should be addressed in the short term.**

A. Coordination of Support Services for Families in Home Funders units

- ** 1. A major missing piece in the Home Funders programmatic model is funding for the coordination of services for ELI families in occupancy in Home Funders units.**
- ** 2. Home Funders should do a careful analysis of the real service needs of the occupants of Home Funders units.** (We are pleased to note that such an analysis is underway currently and is due to be completed soon.)
- 3. One respondent suggested that Home Funders consider reviewing the “Parent Academy” concept pioneered by Rudy Crew in the Miami-Dade public school system for possible implementation in conjunction with Home Funders’ projects.**

B. Program/Production Initiatives

**** 1. In the current economic environment, Home Funders should consider participating in a funding pool to provide guarantees on behalf of “shovel-ready” projects that are prepared to house ELI households and the homeless.**

2. Home Funders should consider having discussions with the City of Boston relative to expediting the City approval process for ELI projects and the need for a coordinated approach to homelessness at the City level.

3. In a related effort, Home Funders could choose to play a role with the City of Boston to evaluate their homelessness efforts and identify gaps in their program.

4. Home Funders should mount a renewed effort to generate more funding for the program for both long-term lending and for grants.

**** 5. Another missing piece: adequate predevelopment funding for project planning by nonprofits.**

**** 6. As in the original evaluation, the major need is for a reliable and ongoing source of rental assistance and service dollars.**

7. Home Funders could explore the possibility of a rent-to-own initiative so that families can begin to acquire some equity.

C. Advocacy

**** 1. Home Funders should advocate for DHCD’s plan to issue a Notification of Fund Availability for new housing proposals in the Fall of 2009 combining capital, rental assistance and service dollars AND should encourage prospective developers to apply for this funding.**

**** 2. Home Funders should continue its advocacy for an increase in the bond cap at the state level covering programs such as the Affordable Housing Trust Fund, the Housing Innovations Fund, and the Housing Stabilization Fund, all of which can be very valuable in reaching ELI households and assuring the feasibility of Home Funders projects.**

**** 3. Home Funders should consider advocating for bulk purchases of foreclosed properties and explore other initiatives with respect to the foreclosure crisis.**

**** 4. To leverage these advocacy initiatives, Home Funders should reach out to forge a more formal alliance with the MA Department of Housing and Community Development (DHCD).**

Outreach Recommendations

1. Home Funders should consider hosting periodic roundtables among the intermediaries, funders and borrowers both to brainstorm about

what's working and what isn't and to "build social capital" around the issue of ELI families and the homeless.

2. Home Funders should consider doing a routine annual mailing of an annual report, at least to the group of community development corporations (CDCs), other nonprofits, and potential investors/funders.

****3. We strongly encourage Home Funders again (repeating from 2004) to reach out to local public housing authorities.**

4. A lower priority, but not to be dismissed entirely, would be an outreach to for-profit developers and "new" nonprofit housing groups (also a repeat recommendation from 2004).

5. Thought should be given to assigning up-front responsibility to a member of the Home Funders board or donor community to be the public "face" of the organization.

6. We also recommend that continued attention be paid to updating the excellent website for Home Funders at www.homefunders.org.

Finance and Administrative Recommendations

- 1. We recommend that Home Funders consider hiring an Executive Director—perhaps initially part-time—to participate in public policy, advocacy, outreach, the fostering of collaborations (as with DHCD and local housing authorities), to manage and update the website, and to coordinate with funders and intermediaries on substantive issues.**
- 2. Home Funders should focus additional resources into raising additional capital, especially for long-term loan funds managed by MHP, but also for the short-term funds managed by CEDAC. Since this is such a critical need, we have included this recommendation under two categories: Programmatic and Finance/Administrative.**

IX. Summary and Conclusion

The Home Funders program, now almost five years old, has had a significant impact upon raising awareness of the housing needs of extremely low-income families and the homeless in the Boston area, and it has created a funding and delivery mechanism that has proven successful in beginning to meet this need.

At this writing, as we are in the midst of the worst worldwide economic crisis since the Great Depression of 1929, the needs of ELI families are increasing. Nonetheless, positive changes at the local, state and federal levels all present promising opportunities for Home Funders in the future. We have attempted to structure our recommendations in a way that makes it clear how Home Funders can take advantage of those opportunities.

Above all, we come away from this evaluation—as we did in 2004--impressed with the continuing commitment of the Home Funders investors and confident that they will in the coming years attract needed additional capital,

expand the reach and enhance the administration of their program, and successfully address the need for continuing rental subsidies and service funding to achieve their ambitious mission.

We want to again thank all of the interviewees and Home Funders participants for their willingness to share with us the successes and challenges they have faced over the last four years. Their candor has helped immeasurably in our work of understanding this program.

The full report begins on the next page and Appendices follow.

Appendices

- 1A: People Interviewed for this Report**
- 1B: Interview Questionnaire**
- II: Abstract: "A Lot to Lose"**
- III: Summary: MA Commission to End Homelessness**
- IV: Supportive Housing Bill**
- V: Governor's Press Release 12/16/08**
- VI: Boston Globe 3/28/09**
- VII: Executive Summary: The Parent Academy**
- VIII: Home Funders Projects as of 12/31/08**

II. Explanation of Methodology of Evaluation

Housing Partners, Inc. (HPI) responded to a request from Home Funders for a proposal to carry out an evaluation of the Home Funders program; this would be a follow-up to the evaluation that the HPI team, in collaboration with the Center for Urban and Regional Policy at Northeastern University, completed in the Winter of 2004-2005, approximately one year after the start of the program. We were delighted to respond and to have an opportunity to revisit Home Funders after an absence of over four years.

Although HPI has had no direct involvement with Home Funders since the completion of the first evaluation, we have carried out quite a lot of work relating to homelessness, housing and services, and the needs of Extremely Low Income (ELI) households. As development consultant to a wide range of clients, HPI experienced first-hand the frustrations and pressures of trying to aggregate resources to serve ELI households. (As it happened, many of those projects focused on elders and frail elders, so that Home Funders itself was not an appropriate resource.) As co-chair of the Commonwealth Housing Task Force and a founding member of the Coalition for Senior Housing, Eleanor White participated in much policy discussion and advocacy at the state level for enhanced funding for ELI families and the elderly. And as a member of several policy groups advising candidate and then President-Elect and President Barack Obama, Eleanor focused a great deal of attention on the subject of successfully combining housing and services.

Our charge from Home Funders was to first briefly outline the **current environment for housing**, with particular focus on ELI families and the homeless. Then, we were asked to develop findings relating to several questions:

- **How do Home Funders production/financing results to date compare with the baseline data? How many other ELI units have been produced since the inception of Home Funders?**
- **Has Home Funders had any impact on the affordable housing finance or production system? If yes, what is it? What else can Home Funders still do to impact this system, either through direct advocacy or how our funds are used?**
- **Given the current environment for producing affordable housing and the challenges it presents, should Home Funders consider any changes to its model or consider other/new activities for the future?**

We were asked to go back to many of the respondents who had been interviewed for the first evaluation in 2004 to conduct thorough interviews with them again, and to add several new interviewees, primarily new incumbents of

public and quasi-public sector positions. (We were delighted that many of the original group were still working in the field and still working with Home Funders.) The list of respondents is included in Appendix IA to this report, and the questionnaire instrument is included in Appendix IB.

Home Funders asked us to keep to a minimum the amount of time and effort expended at collecting data. Accordingly, we have referenced several recent reports and documents that represent impressive data collection efforts, and we are particularly grateful to Angela Brown of the Hyams Foundation, along with staff of CEDAC and MHP, who provided us with most of the data concerning the Home Funders program itself.

We will take a moment here to comment on the issue of using data in evaluations of what are at heart social service programs. Although Home Funders was established with quantitative goals for the production of housing units (and has done remarkably well under difficult circumstances in attaining those goals, as we will see), we will also see that the benefits of the Home Funders program go far beyond the creation of housing units for ELI families. This report will spend considerable time on examining those other accomplishments and impacts. A very interesting recent paper by Lisbeth Schorr and Katya Fels Smyth² discusses this issue in detail.

HPI developed a questionnaire instrument, which was reviewed and approved by the Home Funders investors and donors and is included in Appendix IB to this report. We all felt that it was important that all of those interviewed had the opportunity to weigh in on all facets of the program, although as expected, many had familiarity with only a subset of the topics. In order to generate as much candor as possible, respondents were assured that their answers would be aggregated and that the final report would not attribute comments to any individual. Each respondent was interviewed by Eleanor White of Housing Partners, Inc., either in person or by conference call. Separate interviews were conducted with the representatives of the intermediaries, CEDAC and MHP, with each of the staff members participating in their agency's group interview.

The interviews were candid, very helpful, and generated many good ideas. However, many of the recommendations in this report combine thoughts of many respondents along with the experience, thoughts and conclusions of the author. Many, many thanks go to the long list of respondents who gave so generously of their time, expertise and wisdom. However, since much interpretation has gone into the conclusions and recommendations of this report, the author alone should be held responsible for the final product.

III. The Environment: a general description of the current environment for affordable housing, extremely low-income housing, and homelessness

Since Housing Partners, Inc.'s evaluation of Home Funders in late 2004, the environment for affordable housing in general and for extremely low-income (hereafter referred to as ELI) families in particular has changed significantly; until very recently those changes have generally not been in a positive direction. These changes are coming particularly fast in this dynamic and fluid time, due in part to the tremendous changes in the nation's economy and in part to the change to a new administration at the Federal level. This section of the report will be somewhat out-of-date immediately upon completion! Readers are advised to check with local, State and Federal officials as to the exact status of funding and programs since the time of issuance of this report.

The context for the environment is covered impressively in the *Greater Boston Housing Report Card 2008*, prepared for the Boston Foundation and Citizens Housing and Planning Association by the Dukakis Center for Urban and Regional Policy at Northeastern University (led by Professor Barry Bluestone), and much of the general data for the early part of this section is informed by that report.³ Please refer to the *Report Card* also for an excellent summary of the general economic update for Massachusetts for the past several years (general economic trends, employment rates, etc.).

In 2004, Greater Boston had experienced over the previous decade an “explosion” of home prices and rents due to inadequate housing production. With virtually no zoning permissive of multifamily housing and single-family housing on small lots, the barrier to entering the housing development business was extraordinarily high, in spite of high demand for housing that might have otherwise been produced at all income levels. With vacancy rates at historic lows, rents escalated rapidly, pricing many families out of the market for suitable housing, particularly for those households with children. As the Report Card states: “If family incomes had kept pace with the explosion in housing costs, affordability would not have been as great a moral or economic challenge, but this was not the case. While home prices escalated, incomes rose slowly at best or stagnated. The result was that housing became increasingly unaffordable for an increasing number of households in greater Boston.”⁴

Beginning in 2003, in order to cope with increasing home prices but stagnating incomes, families turned to “sub-prime” mortgage lending as a source of mortgage capital. Under this scenario, mortgage lenders provide mortgage capital to borrowers who would otherwise not be able to pass normal underwriting guidelines, and often offer lower down payment requirements, at the price of much higher interest rates—often “adjusting” over time based on market forces or predetermined

schedules—along with high transaction costs. This enabled many families to enter the homeownership market but subjected them to significant risks if interest rates rose rapidly or if house prices started to fall. The dynamic of predatory lending practices of uncaring and unscrupulous lenders, combined with families' intense desire for homeownership, created a recipe for disaster. Adding to the complications, lenders sold many of these mortgages in packages to Wall St. firms, thus "securitizing" the loans; the historically close relationship between homebuyer and mortgage lender was lost.

When the Massachusetts and U.S. economies started to cool, incomes began to decline further, families relied more on credit for everyday expenses (driving up debt), and foreclosures increased. A detailed discussion of the foreclosure problem is beyond the scope of this evaluation, but the reader is referred to the *Greater Boston Housing Report Card of 2008* for a comprehensive presentation of foreclosure issues.⁵

Since 2005, although prices for single-family housing have declined, due in part to the subprime mortgage and foreclosure crises, rents rose substantially until a very recent (and site specific) softening of the market in some locations. The decrease in vacancy rates and increase in rents is partially a result of displacement of tenants from foreclosed properties putting pressure on the rental market (from both owners who have lost their homes and former tenants of multifamily properties that have been foreclosed upon). Additionally, the worldwide economic meltdown has eroded consumer confidence so that even middle-income households are fearful of making the commitment to homeownership when they fear that values could drop still more. They are remaining in rental units, adding to the upward pressure on rents.

The demographic trends underscore the challenges for families of low income. According to the *Report Card*, median household income across all income groups in 2006 was unchanged from that in 2000, more than half of all renters paid 30 percent or more of their income in rent (the highest ever), and *more than 25 percent of all renters paid more than 50 percent of their income for rent.*⁶

According to the Report of the Special Commission Relative to Ending Homelessness in the Commonwealth⁷, as of the beginning of 2008, there were approximately 5000 homeless families, including 10,000 children, being sheltered by the Department of Transitional Assistance in Massachusetts. (In addition, there were 24,000 homeless individuals.) This compares to estimates in 2004 of 1800 homeless families, including 2600 children—half of them under 6—being housed in state shelters.⁸ While these numbers are important in understanding the increase in homelessness in Massachusetts over recent years, and thus understanding the environment in which Home Funders operates, they are of only incidental importance in evaluating the Home Funders program itself. Even if Home Funders were to *double or triple* its funding available to support new housing units, it would

be reaching only a small number of the entire universe of homeless and ELI families. Thus, the exact number in that universe is not critical to our current evaluation. It is, however, important to note that the number of homeless families is not decreasing, and the problem is certainly not going away. Home Funders' efforts are more important than ever.

The picture relating to available public sector housing programs and subsidy has not been any better, but at this writing some opportunities are in sight. Over the last year, as the worldwide economic meltdown has become apparent, private capital markets—especially with respect to former investors in low-income housing tax credits—have all but dried up. Since most public programs rely on the power of leveraging private capital, this has had a very serious impact on the ability to produce new subsidized housing. With few investors in low-income housing tax credits, producers of low-income and mixed-income housing have no ready source of equity. Zoning is obtained, plans are approved, all other sources of financing are secured, but these projects are “stuck” in a very long line of projects ready to close and begin construction (“shovel-ready” in current parlance), but unable to close for want of equity.

Some relief is expected in the wake of the passage in February 2009 of the Federal American Recovery and Reinvestment Act (ARRA). Under this legislation, significant funds are being made available for addressing the foreclosure crisis (the Neighborhood Stabilization Fund), for capital investments in Federally-assisted low-income public housing, for the HOME program, homelessness prevention funds, and funds to fill financing gaps in low income housing tax credit projects that received allocations but do not have investors. Some of this funding is being provided under a formula calculation, while other money will be distributed by competition, and the focus is on assisting projects that are backed-up and “shovel-ready”. At this writing, HUD has already announced approximately \$340 million in formula-based funding for Massachusetts. We anticipate that HUD will be releasing additional guidance on these programs throughout the Spring of 2009. Funding is also provided for the Section 8 voucher program, although that is expected to enable only full funding of commitments already made under that program, rather than providing any net expansion in the number of available Section 8 vouchers.

One program initiative already underway is a foreclosed properties clearinghouse, announced by Governor Deval Patrick in March, 2009 to be administered by CHAPA (Citizens Housing and Planning Association) on behalf of the state. The clearinghouse will work to expedite transfer of foreclosed properties from lenders and servicers into the hands of local nonprofit entities for rehabilitation into low- and moderate-income housing units. The foreclosures, much as they represent tragic outcomes for the previous owners, also represent an opportunity for Home Funders to participate in the revitalization of neighborhoods and the creation of more ELI units.⁹

Other changes on the federal level are coming almost more quickly than most observers can keep up with—a good thing! The National Housing Trust Fund is expected to become operational very soon, with a requirement that 75 percent of the funds serve ELI households. And in April, 2009, bills entitled “Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Acts” were introduced into both the U.S. House of Representatives and Senate. Among the bills’ numerous provisions are:

- Consolidation of the separate McKinney-Vento homeless assistance programs (the Supportive Housing Program, Shelter Plus Care, Moderate Rehabilitation/Single Room Occupancy) into a single Continuum of Care Program and codifying the continuum of care planning process.
- Creation of Emergency Solutions Grants (formerly Emergency Shelter Grants) with new emphasis on prevention and rehousing similar to the Homelessness Prevention and Rapid Re-housing Program (HPRP) just enacted as part of the economic recovery package.
- Expansion of the definition of homelessness to include unaccompanied youth and homeless families with children who: have experienced a long-term period without living independently in permanent housing; have experienced persistent instability measured by frequent moves over a period of time; can be expected to continue in such a status for an extended period of time because of chronic disabilities, chronic physical health, or mental health conditions, substance addiction, histories of domestic violence or childhood abuse, the presence of a child or youth with a disability, or multiple barriers to employment.
- Requirement that HUD provide incentives for strategies that are known to reduce homelessness.
- Establishment of specific criteria for programs in rural states that respond to the unique nature of rural homelessness.
- Establishment of a nationwide goal of ensuring that individuals and families who become homeless return to permanent housing within 30 days.
- Authorization of increased appropriations, calling for an additional \$2.2 billion in funding for the programs over the next two years.¹⁰

Even more promising, we believe, is the fact that the new Obama administration represents the first Federal administration in a very long time that seems to be open to the expansion of programs for what they have called the “hard to house”, particularly the homeless, families of extremely low income, and those in need of services. The author of this Home Funders evaluation was privileged to serve both on several policy committees for the Obama for President campaign and later on a committee specifically targeted to the “hard to house” during the transition period. The discussions in those committees demonstrated a new focus on this population and recognition that housing is a basic need for ELI families. The new HUD Secretary, Shaun Donovan, is an experienced housing professional with expertise

across the board and with specific experience with the homeless and ELI families in New York City. Although it is too soon to tell, there is great optimism in the professional housing community for greater focus and funding for housing programs in the months and years to come.

On the state level, there is also increased interest in ELI families. In 2006-2007, the Special Commission Relative to Ending Homelessness in the Commonwealth, Co-Chaired by Rep. Bryon Rushing and UnderSecretary of Housing and Community Development Tina Brooks, studied the issues of homelessness and issued its report in December of 2007. The Commission's report¹¹, the summary of which is provided herein as Appendix III, included data about the current status of homelessness in Massachusetts, and we have used that data in this evaluation. In its report, the Commission called on the Interagency Council on Homelessness and Housing (ICHH), Chaired by Lt. Governor Tim Murray, to implement its recommendations. The sessions and recommendations of the ICHH focused new attention at the state level on the causes of homelessness and the situation faced by ELI families, and examined approaches for both prevention and "cure".

Median family income in Boston for 2008, as determined by the U. S. Department of Housing and Urban Development, was \$85,800¹² and in Massachusetts was \$62,383. Using 30 percent of median income as the standard for Extremely Low Income (ELI), ELI families in Boston are those with incomes of \$25,740 or below (as compared to \$18,714 statewide).

Updated figures by HUD for 2009 define Extremely Low Income for a family of 3 in Massachusetts as \$22,150 and below.¹³ According to the Report of the Homelessness Commission, 8 percent of all families in Massachusetts are living below the federal poverty level of \$17,170 for a family of 3. The U. S. Census Bureau put that figure at 10 percent of all persons, or roughly equivalent. Clearly, the work of Home Funders is not done!

In December, 2008, Governor Deval Patrick announced the allocation of \$8 million to eight regional networks around the state to develop new coordinated strategies for providing permanent housing for the homeless and those at risk of homelessness. The eight regional networks include the Department of Neighborhood Development to cover the City of Boston and the Metropolitan Boston Housing Partnership to cover Metropolitan Boston. The North Shore and Merrimack Valley will be covered by the North Shore Housing Action Group (North Shore Community Action Programs/Lynn Housing Authority) and Community Teamwork (Lowell). The United Way of Greater Plymouth County will cover the South Shore, while the Housing Assistance Corp (Barnstable) will handle the Cape and Islands. The City of Worcester will cover all of Worcester County, and Western Massachusetts will follow the lead of the Pioneer Valley Planning Commission (Northampton).¹⁴ The full text of the Governor's press release is contained in Appendix V of this Report.

In January, 2009, responding in part to the call from the Commission and in part to advocacy by Citizens Housing and Planning Association (CHAPA), legislation was introduced in the Massachusetts legislature to encourage the provision of supportive housing and close coordination of housing and services at the state level, and assure the allocation of capital funding, service funding and rental assistance for housing in a coordinated fashion for those of very low income and the disabled. Supportive housing is usually defined as subsidized housing which includes a significant component of social services to enhance residents' ability to live independently and successfully carry out the responsibilities of tenancy. The bill (House 1222) was filed in January, 2009 by Rep. Kevin Honan and Sen. Pat Jehlen, and is included in this Report as Appendix IV. The importance of this piece of legislation to ELI or homeless families—and to Home Funders—cannot be overstated. This would assure that when capital funding is allocated, that rental assistance and funding for support services is allocated **at the same time and to the same projects**. This would eliminate the time- and labor-intensive process that sponsors of these housing developments must go through now to aggregate sources of funding, often resulting in extraordinary costs and time delays in getting ELI units online.

Then in March of 2009, the Massachusetts Legislature approved an administration proposal to shift responsibility for homeless shelters from the Department of Transitional Assistance (DTA) to the Department of Housing and Community Development (DHCD). There is some concern about this splitting of shelters and services into two different Secretariats (formerly all of these functions were under the Executive Office of Health and Human Services—EOHHS—and will now be split between EOHHS and DHCD in the Executive Office of Housing and Economic Development). But there is also hope that this will result in greater attention to finding permanent housing for the homeless and those in danger of becoming homeless, virtually all of whom are of extremely low income, whether families or individuals. In a separate move, eligibility requirements for shelters have been tightened, making it more difficult for homeless families to get into shelters, and making the provision of permanent housing for these families even more important.

One observer commented that the state's efforts up until now have focused on homelessness prevention, the provision of services, and the provision of short-term rental assistance. Relatively little focus has been on the creation of new permanent housing units for the homeless, although that is expected to change after the shift of shelters to DHCD. And although there has been some attention to the three legs of the permanent housing "stool": long-term capital, ongoing rental assistance, and a reliable source of ongoing social service funding, no program has pulled these together. One very promising development—along with the legislation described above—was DHCD's recent announcement of its intention to issue a Notification of Fund Availability in the Fall of 2009 that would, for the first time on the state level, offer commitments of capital, rental assistance and social service funding all at the

same time and tied to the same proposed projects. One of the recommendations of this evaluation is that Home Funders endorse the idea behind this NOFA, advocate for its issuance, and encourage prospective developers to apply for the funding. Home Funders PRI money would be a natural complement to these projects.

Early in 2009, the state issued draft regulations that, according to a *Boston Globe* report¹⁵, “would have denied shelter to families who in the past three years had been evicted from or had abandoned public or subsidized housing without good cause, and to those who failed to meet a new 30-hour per week work requirement or save 30 percent of their income. They also would have reduced from six months to three months the period that families can remain in shelters after their incomes rise above state limits; forced out families absent from shelters for at least two consecutive nights as well as those who rejected one offer of housing without good reason; and denied benefits for families whose members have outstanding default or arrest warrants as well as those whose only child is between ages 18 and 21, unless the child had a disability or was in high school.”

Following an outcry from advocates, who called the draft regulations “harsh” and “open to interpretation”¹⁶, the state revised some of the more onerous provisions. However, even the revised regulations will, according to the *Globe* and confirmed by the Administration, “still cut the budget for homeless families by \$400,000 this fiscal year and more than \$10 million next fiscal year, raising advocates' concerns that many of the families will still be left without shelter.”¹⁷ (The full text of the *Globe* story is included in this Report as Appendix VI.)

Also in March of 2009, Mayor Menino of the City of Boston unveiled his administration's newest report on housing: *Leading the Way 3*. In that report, the Mayor announces two new goals: reducing homelessness by half, and requiring that 20 percent (up from the previous 10 percent) of units benefiting from City funding is targeted to ELI households and the homeless. The City has committed the availability of up to 200 project-based Section 8 vouchers through the Boston Housing Authority to cover the incremental (new) 10 percent. The City of Boston should be recognized for having taken a leadership role with respect to homelessness.

As commitment and engagement in the public sector is increasing, we note also that attitudes of the public in general are becoming much more “friendly” to these issues. In a very recent poll carried out for CHAPA by the Donahue Institute for Economic and Public Policy Research at the University of Massachusetts, “72 percent [of the respondents] support increasing the amount the State spends on rental assistance for families at risk of homelessness” and “87.5 percent of respondents would support policies that would protect renters in good standing from being evicted from foreclosed properties”.¹⁸

So as this report is written in the Spring of 2009, we find the state providing shelter for 2,546 families--one-quarter of them in motels—including 4,446 children.¹⁹ The problem of homeless families in Massachusetts has not gone away, and the product that Home Funders seeks to deliver, permanent housing for formerly homeless families, is more important and more needed than ever.

IV. Results of Interview Responses

In this section of the report, we will reflect the general thrust of responses to the interview questions. This will not be a strict quantitative compilation, but rather a list of the trends revealed. This discussion will be shorter than one might think, however, since there was a surprising degree of consensus on many of the issues. We will also not treat specific comments here, since many of them show up in the answers to the questions in the next section below and in the recommendations section.

First, we will identify those issues on which there was **general agreement and generally positive response**.

-Virtually all the respondents had a good understanding of the Home Funders mission and objective of facilitating the creation of housing units for families of extremely low income (30 percent of median income or below) in Massachusetts, providing some level of support services, and advocating for the goals of the program.

-All the respondents believed that family homelessness had increased in Massachusetts since 2002.

-All agreed that Home Funders should stick with its basic original mission and goals to serve those of extremely low income (except for several suggestions relating to the foreclosure crisis).

-None believed that the Home Funders mission had expanded or changed over time, but most commented on the greater need for suitable housing among ELI families.

-Most believed that Home Funders would not be able to achieve its numeric goals (4000 units total with 1000 serving ELI families) by the end of the first decade, 5 years from now. But several also volunteered that they thought the goal was unrealistic, especially in light of the worldwide economic crisis since the Fall of 2008. [*Note:* this author is more optimistic that the goal can be accomplished, as discussed later.]

-All felt that the method of using Program Related Investments to generate capital was a good one, and almost all had no idea whether other methods had been tried over the years. No respondent presented ideas for other types of financing mechanisms.

-All but one respondent believed that the use of intermediaries (and specifically MHP and CEDAC) had been a good decision with positive outcomes.

One respondent, a borrower, was also positive about the use of intermediaries but would prefer that the short-term funding for acquisitions be moved to MHP so that there is “one point of entry” for borrowers using both acquisition and long-term funding. Others did not raise that as an issue.

-All respondents felt that Home Funders has had an impact on nonprofit developers and public sector entities by raising awareness about the need for ELI housing and providing an incentive for the production of this product. None felt that Home Funders had had any demonstrable effect (positive or negative) on the efficiency of the development process although, as we reported four years ago, none felt that it had made a complicated process any more complex or difficult to use. All felt that Home Funders has had the effect of mainstreaming ELI families into mixed-income housing communities and offered no alternative methods of achieving this goal.

-All agreed that the current housing and funding environment presents both challenges and opportunities and all cited Section 8 Project Based Vouchers and/or the Massachusetts Rental Voucher Program as being essential to Home Funders long-term financial feasibility and programmatic success.

-All of those who had an opinion agreed that there had been little outreach to either local housing authorities or to for-profit developers to collaborate on Home Funders projects, with most such respondents also agreeing that partnerships with housing authorities would make sense.

-Finally, all respondents shared a belief that Home Funders could do a better job of communicating its message, goals, and achievements, and that the program would benefit from attention to that.

Next, we will look at those questions where large numbers of respondents indicated that they **had no knowledge of the subject or had no opinion**. This category includes:

-Methods of financing considered by Home Funders over the years

-Suggestions of financing methods other than the current Program Related Investments and grants

-Whether there had been outreach to local housing authorities or to for-profit developers (about half had no idea and half said there had been little outreach)

Finally, we look at those questions that **generated a great deal of interest and often passionate concern**, showed special awareness of the situation, and/or generated comments and suggestions. These responses have informed our

presentation about the current environment in Section III, and have stimulated the substantive discussion in the remainder of this report.

-Efforts that Home Funders should consider for programmatic innovation to respond to changes in the environment (including, for example, the coordination of services for ELI residents of Home Funders projects)

-Recommendations for policy changes/advocacy at the state and local levels, particularly relating to Section 8 Project-Based subsidy

-The need for Home Funders to better communicate with the public and with public sector decision makers.

We are very grateful for the time spent by respondents in answering our questions, and for their thoughtful and comprehensive responses. All indicated that they have appreciated the opportunity to work with Home Funders and wished to continue their collaboration with this successful program. Home Funders is indeed fortunate to have such committed partners in the attempt to meet the housing needs of ELI families.

V. Questions to be addressed: How do Home Funders production/financing results to date compare with the baseline data? How many other ELI units have been produced since the inception of Home Funders?

When we completed the first evaluation of the Home Funders program, after a little over one year in operation (the Winter of 2004), available data estimated a total of 348,000 extremely low income households in Massachusetts, of which 65,000 were families. Also at that time, more than 1800 homeless families were housed in shelters or motels, including over 2600 children. As mentioned at the end of Section III, the number of homeless families has increased substantially, to 2546 families living in shelters or motels. Some estimates put the number of homeless children in Massachusetts at 15,000²⁰ Based on information available for 2007, 602,798 adults in Massachusetts were living in poverty, 153,692 of them in households with children.²¹ Based on this somewhat imperfect comparison, it would appear that the number of ELI households that are families with children has come close to doubling over the past 5 years. That does track with the results of our interviews, in which **every** respondent indicated their belief that the number of ELI households had increased significantly since the inception of the Home Funders program.

Further, at the time of our original evaluation of the program, MHP and CEDAC had reported that an average of 49 units per year had been produced for ELI families in Massachusetts prior to the initiation of the Home Funders program.²²

Against that backdrop, the number of unduplicated, affordable units **committed and financed** under the Home Funders program as of December, 2008 totals 1466 (399 of which are for ELI households), according to Home Funders' analysis of the most recent reports from CEDAC and MHP. As of December, 2008, affordable units **completed** to date under the Home Funders program total 591, with 154 serving ELI households.

Home Funders original mission statement established a goal of creating 4000 housing units over 10 years, with 1000 serving ELI families. We believe that the "count" should not begin until 2004 at the earliest, since that is the time at which PRI funds really became available for use. In addition, a major commitment by the Klarman Family Foundation, matching additional funding from the Fireman Fund and the Highland Street Foundation, was only received in 2008. Thus, at roughly the halfway point in that decade (or 50 percent along the way), and looking at commitments outstanding, Home Funders has accomplished almost 37 percent of the total goal and 40 percent of the ELI goal — a **truly remarkable accomplishment** in light of the challenging external environment and severe lack

of other resources during this period of time. Perhaps even more significant is the fact that **36 separate projects** have been produced containing ELI units.

Rather than being disappointed at this track record, this author feels that the goal is well in sight in view of new resources expected at the Federal and State levels in the years to come.

When we look at the five-year achievements in terms of Home Funders funding, as of December, 2008, of the \$22.4 million raised by Home Funders in Program Related Investments (PRIs), CEDAC has committed \$16.5 million (with \$8.5 million repaid and recycled²³) and MHP has committed \$6.5 million, representing the commitment of all funds at least once during the five-year period. This is also a noteworthy accomplishment.

Further, there has been very little production of housing for ELI households during the last four years **except** through Home Funders. The primary driver of ELI units is through the Federal and State public housing programs and through project-based Section 8. Based on a discussion with the Director of Public Housing and Rental Assistance for the Massachusetts Department of Housing and Community Development and a program manager in the HUD Region I office in Boston, there has been *no* production of new ELI family units under state public housing programs in Massachusetts during this time, and –except for the 10 percent set-aside for ELI units in tax credit funded projects much of the project-based Section 8 issued by DHCD has supported units for families between 50 and 80 percent of median income. As an illustration, based on information provided by the City of Boston Department of Neighborhood Development, of 283 ELI units permitted in the City of Boston between 2005 and 2009 to date, only 67 units were in projects that were *not* assisted by the Home Funders program.²⁴

VI. Question to be addressed: Has Home Funders had any impact on the affordable housing finance or production system? If yes, what is it? What else can Home Funders still do to impact this system, either through direct advocacy or how our funds are used?

Home Funders has had a positive impact on the system in Massachusetts that produces and finances affordable housing, primarily by providing an essential resource to support ELI units and by helping to raise awareness of this “product” type. However, it is important to understand that the Home Funders resource cannot by itself support the production of ELI units.

Home Funders is typically a very small part of the financing of any development. Using the most recent MHP report²⁵ as the base data, a total of \$6,626,245 in Home Funders 20-year PRI investment has been channeled into projects with total funding commitments from all sources (state, local and tax credit equity) of just under \$150 million (rounded). Thus, Home Funders loans provided about 4.4 percent of the capital in these projects. The real point here, however, is that in order to benefit from this small but critical infusion of capital—since the production of ELI units is required in order to get Home Funders money—developers were willing to produce ELI units that would have potentially *not been produced otherwise*. The primary impact that Home Funders has had on the housing finance and production system has been to provide a source of very low-interest capital that can help to support the economics of a project overall, and to encourage nonprofit developers to include more ELI units in their projects in order to access Home Funders support.

Another very positive factor has been what one respondent called the “patience” and flexibility of Home Funders money. The low interest rates are important, but the 20-year term of the MHP-managed funds and the ability of CEDAC to extend repayment of short-term loans in the face of serious economic downturn and concomitant development delays have proven to be critically important to nonprofit borrowers.

One very interesting comment commended the Hyams and Boston Foundations on stepping up with Program Related Investments for the Neighborhood Stabilization Loan Fund to assist with foreclosures. This commenter noted that without the Home Funders program as a precedent, and without the demonstrated positive influence of PRIs, the financial structure for the NSLF would have been a much more difficult sell to other investors.

Almost to a person, respondents to our interviews felt that Home Funders should explore the potential of funding the provision of support services for ELI families in permanent housing. Many respondents were passionate about the need for day care, job-training, continuing education, English as a second language, and

budget counseling as well as for more intensive services relating to alcoholism and substance abuse, domestic violence, physical and mental disabilities, etc. Although all were clear that not all ELI families need such services, most respondents felt that most ELI families did need some level of services in order to successfully carry out the responsibilities of tenancy and to achieve long-term self-sufficiency.

One senior public official encouraged Home Funders to look strategically at where its support could make the most difference and leverage the most other money. In this context, mention was made of the fact that substantial funding was being made available in ARRA stimulus funding for emergency solutions (formerly shelter) grants and tax credit exchange/HOME funding. The question: is Home Funders support needed more now on the capital side, or could it be better spent to leverage community resources on the side of services? Further, if Home Funders chose to become active in the services business, the official felt that this would focus light on the inconsistent eligibility requirements for human services programs at the state and federal levels. In practice this may mean, for example, that a single mother who takes advantage of job training and finds a job may then be cut off from critically-important day care resources (the only way she can continue to work) because she now makes too much to qualify for day care! With Home Funders in the mix, this respondent felt, its advocacy could help to bring about needed changes in the system and create a more rational allocation of resources.

We will treat the “how” to provide funding for this purpose later in this report.

Many respondents also encouraged Home Funders to do more to enhance the public visibility of its efforts. Many remembered a “breakfast meeting” within the past couple of years where Home Funders ELI residents shared their stories. This author believes that they were referring to an event at Mellon Bank sponsored by Home Funders and featuring the program and its effects on homelessness, primarily focused on attracting potential investors. None of the respondents had a clear recollection of the specifics of the event, and all of those respondents indicated that they could not recall any follow up by Home Funders since then. But all who mentioned it remembered the moving stories presented by at least one ELI family who had been helped by being able to live in a Home Funders-assisted housing development. (There was, in fact, a special follow-up event in May, 2008 to celebrate the Klarman Family Foundation’s investment in Home Funders. Although none of the respondents mentioned that event, this author and Home Funders believe that it was meaningful and successful.) Many respondents felt that enhanced visibility would generate more interest in ELI family housing both within government and among housing developers and potential funders/investors.

As a result of the interviews, this author believes that the state, and particularly DHCD, would welcome a more formal alliance with Home Funders. This could include a collaboration on programmatic structure (such as institutionalizing the allocation of Section 8 or MRVP vouchers to Home Funders projects) and a policy

alliance that would assist DHCD as it migrates to its new responsibility for homeless shelters and the provision of permanent housing for more homeless families.

VII. Question to be addressed: Given the current environment for producing affordable housing and the challenges it presents, should Home Funders consider any changes to its model or consider other/new activities for the future?

Before beginning to answer this question directly (in Section VIII, below), we thought it would be instructive to revisit the recommendations from our initial evaluation of the Home Funders program in 2004 and identify work relating to those recommendations over the last four years. At that time, Housing Partners, Inc. recommended the following (in **bold**); brief descriptions of work related to them over the past four years is shown in *italics*.²⁶ It will become clear that much work has been done, and some of it has positioned Home Funders well to remain (and become increasingly) relevant in solving the problems of housing ELI families and the homeless in the years to come.

Recommendations from the 2004 Evaluation (*work since then in italics*)

1. Program and Development Strategies:

- a. **Focus more on existing “C” property and/or preservation of existing subsidized housing to reduce the amount of capital cost to be supported and maximize the number of families served.** *In 2004, the issue was that housing was extremely expensive to produce, particularly as new construction; the thrust of this recommendation was to encourage Home Funders to explore the use of existing property (and especially property requiring less than major rehab) to reduce capital costs. With actual average Total Development Costs for Home Funders projects ranging from \$242,000-\$266,000 per affordable unit²⁷, this goal is even more important in 2009. We understand that MHP carried out a market study to identify such opportunities, and held focus groups with community development corporations and other nonprofits to determine their interest in such a product. Apparently, the level of interest by potential nonprofit developers was not high (probably due in part to experience with a moderate rehabilitation project carried out in the early-1980’s in Boston²⁸) and the attempt was abandoned. The investigation that was carried out, however, has positioned Home Funders well to participate in the new Neighborhood Stabilization Loan Fund, discussed later in this report.*
- b. **Consider a broader geographic reach to take advantage of less expensive property.** *In part due to the fact that two of the primary drivers of Home Funders—the Boston Foundation and the Hyams Foundation—are focused heavily on the Boston metropolitan area and Boston/Chelsea respectively, this recommendation was not*

implemented. As discussed later, there may be opportunities related to this now in 2009.

- c. Consider approval of MHP's proposal for pre-predevelopment technical assistance funding.** *Apparently, this was considered, but as with item a, potential nonprofit developers were not interested in such a product. We believe that there is even more need for this product than in 2004, and will recommend reconsideration of this concept now.*
- d. Look to other foundations for both additional Program Related Investments and additional grant funds to assure that the original production goals for the program can be met.** *There has been some effort made in this regard, particularly with the Klarman Family Foundation in 2008, resulting in a significant investment in Home Funders since 2004. Four additional funders provided a total of \$650,000 in grants for lending purposes since that time.*
- e. Monitor and document families' needs for services after occupancy.** *Home Funders recently commissioned a study to evaluate the effectiveness of the pilot program of small grants (\$1500 per unit) for social services for families. Because that study is in process now, its results are not available to us at this time, but we are very pleased to see that Home Funders is in the process of implementing this recommendation.*
- f. Establish a program of face-to-face advocacy about the need to address issues of homelessness and extremely low-income families.** *Although there has been some discussion with city and state officials about the Home Funders program, there is much to be gained by a sustained effort in this regard, as will be discussed later. Home Funders did provide two years of funding to CHAPA to support its advocacy efforts, and consultant Charleen Regan continued to represent Home Funders on various policy initiatives. Individual Home Funders' investors also developed positive working relationships with individuals at DHCD and Boston's Department of Neighborhood Development.*

2. Financing:

- a. Make long-term funds available beginning during construction.** *This recommendation was adopted and is part of the program.*
- b. Establish a reserve fund or guarantee as credit enhancement for bank financing or subordinated loans.** *This has not been done to date, but the current economic situation creates a perfect opportunity*

for Home Funders to take another look at this, particularly as it may enable “stuck” low-income housing tax credit projects to proceed to construction.

- c. Establish a loan loss reserve to protect existing investments and give some comfort to mortgage lenders on prospective projects.** *There has been some movement toward this concept by requiring that borrowers establish loan loss reserves within their projects. Home Funders and MHP also created a special fund at MHP to be used to cover unanticipated project costs; that fund currently contains \$64,000 and is funded with .5% of the interest from each Home Funders loan.²⁹*
- d. Expand funding available for acquisition, especially for nonprofit developers, to allow them to acquire property efficiently in Massachusetts’ overheated real estate market.** *This recommendation was acted upon, and CEDAC Home Funders funding has been used quite effectively in this way. Unfortunately, with the current economic situation, several projects are “stuck” and unable to close, slowing payback of the revolving loan funds. However, there should be both an increasing need and an increasing opportunity to use Home Funders for acquisition, particularly in the context of the foreclosure crisis, and we will discuss that later.*
- e. Create a response to the Section 8 problem by working with the State on an MRVP Back-Up Program. Such an “insurance policy”, even if costing the State very little, would provide significant comfort to lenders and underwriters of Home Funders proposals.** *Concentrated work has been done on this recommendation, leading to a written commitment from the state’s Director of Public Housing. Unfortunately, funding for the MRVP program has been essentially frozen and, without increasing resources for the program the written commitment cannot be implemented. On a more positive note, Section 8 Project Based Vouchers have recently been made available by the Boston Housing Authority, including a commitment of 200 such vouchers for City of Boston Department of Neighborhood Development projects to assist in honoring the City’s new requirement of 20 percent ELI units in each project.*

3. Administration:

- a. Consider hiring a staff person to provide ongoing comprehensive focus and coordination for the program.** *This recommendation was implemented in part through the hiring of Dovetail Associates to provide extensive administrative support and “back room” assistance with accounting, reporting, and grant writing*

as well as some support with program activities. This was an excellent first step and has reportedly been a huge help in administering the program.

- b. Explore the need to have an attorney on retainer or on-call on an hourly basis.** *This recommendation was implemented by retaining Attorney Jack Fainberg for this role at a discounted rate of 10 percent below his normal fee structure .*
- c. Address the need to increase public visibility of the program.** *Both interview respondents and members of Home Funders recognize the need for more visibility of the program in order to advance the mission. Over the last four years, there has been an increased effort for Home Funders representatives to attend groundbreakings of projects using the Home Funders program, there is an annual report issued, and there were apparently successful events held for potential investors and others in May of 2007, and then in 2008 to celebrate the Klarman Family Fund investment. However, there is still a significant need to increase visibility among those not familiar with Home Funders, as will be discussed later. One very positive step was the hiring of Citizens Housing and Planning Association (CHAPA) to advocate for programs benefiting the homeless, including programs of rental assistance.*

4. Future Directions for Consideration by Home Funders:

- a. Maintain the dream of homeownership for some families: establish a rent-to-own program so that families can begin to accumulate some equity.** *This has not been implemented, but could be a feature of the Home Funders response to the foreclosure crisis, particularly as it relates to current tenants in good standing in multifamily (usually 3-4 family properties) foreclosed upon due to no fault of the tenants. This would probably require Home Funders to expand its income limits for the program, as will be discussed below. It is unrealistic to expect that families at 30 percent of median income can successfully become homeowners without enormous strain and high risk.*
- b. Investigate a program of emergency subsidy for families in place who are at risk of homelessness.** *Although Home Funders itself has not implemented this recommendation, foundations that are part of Home Funders (One Family in the Fireman Fund, and the Highland Street Foundation) have taken this on.*
- c. Explore the development of a Home Funders program focused on**

elderly households (62 years and over) of extremely low income, especially Home Funders residents who will be aging in place over time, and the homeless. *This recommendation has not been implemented, due to Home Funders' understandable desire to continue to focus on ELI families with children. We believe that inevitably the "aging in place" issue will affect Home Funders families, just like it affects everyone else, and that this issue—while perhaps still far into the future—should not be taken off the table entirely.*

- d. **Consider up-front funding of programs for training and the coordination of services for families, if needed.** *This has not been implemented and will be discussed later. The results of the current evaluation of the social services pilot program should be very instructive in this context.*
- e. **Coordinate with local housing authorities (LHAs) to facilitate the rehabilitation of existing public housing stock and explore the possible development of new units on LHA-owned excess land.** *This recommendation has not been implemented in any major way, although there is a Home Funders project being planned now with the Weymouth Housing Authority and its nonprofit subsidiary. With substantial Federal stimulus funds targeted to local housing authorities, and the fact that their constituency is largely ELI families, there will be new opportunities in the coming years to reconsider this recommendation.*
- f. **Reach out to for-profit developers for inclusion of units for extremely low-income families in their developments.** *Although MHP has done excellent work in trying to bring Home Funders to the attention of all their borrowers, both nonprofit and for-profit, there are few examples of the latter taking advantage of the program.*
- g. **Explore collaboration with a social service delivery organization.** *This recommendation has not been implemented but should be revisited upon completion of the social services evaluation currently underway.*

VIII. Analysis and recommendations as a result of interviews/examination of data

Having detoured to examine progress over the last four years on previous recommendations, we return to the question posed in the last section: **Given the current environment for producing affordable housing and the challenges it presents, should Home Funders consider any changes to its model or consider other/new activities for the future?**

We have grouped our recommendations into **Programmatic Recommendations** (referring to the specific program activities of Home Funders), **Outreach Recommendations** (referring to the effort at greater visibility for the program), and **Finance and Administrative Recommendations** (referring to the internal operations of the program). Programmatic Recommendations are further grouped into Coordination of Services, Program/Production Improvements, and Advocacy. Items marked with asterisks (**) represent those recommendations which we feel should be addressed in the short term.

Programmatic Recommendations

A. Coordination of Support Services for Families in Home Funders Units

****1. A major missing piece in the Home Funders programmatic model is funding for the coordination of services for ELI families in occupancy in Home Funders units.** As mentioned earlier in this evaluation, many interview respondents cited the need for service coordination for most of the families benefiting from the Home Funders program—both the ELI families directly “counted” as part of Home Funders and the other somewhat higher-income families (usually up to 60% of area median income) in the developments. Let us be clear: we are talking about the *coordination* of services available in the community rather than the direct provision of services, which could become prohibitively costly.

Home Funders might want to explore the creation of sinking fund or annuity accounts³⁰ at the project level to provide reliable service coordination money for up to 5 years, instead of the Home Funders investment solely going into capital costs. The interest rate to the investor could be paid out of the sinking fund. As an example, the establishment of a sinking fund of \$75,000 over 5 years would generate +/- \$15,000 a year to provide service coordination for up to 10 families, with any investment proceeds (i.e. interest earned) being returned to the investor, if desired, or reinvested in the fund. This would also highlight a use for short-term funds (rather than the current long-term money), which should be helpful in raising additional capital from investors who are not interested in 20-year PRI investments.

Even better would be the ability to include a line item for service coordination in the long-term operating budget for the development. This is closely linked to the ability to obtain project-based rental subsidy to make that line item affordable to the project, and is also linked to the need for Home Funders to achieve a closer partnership with DHCD at the state level to facilitate the provision of project-based subsidy in the first place.

Home Funders has recently agreed to provide MHP with \$1,500/unit for 100 ELI units in new projects it funds to provide a reliable resource for supportive services at the time the project development is underwritten. MHP loan officers will discuss the transitional services piece with each developer and will approve of how these funds would be spent. Home Funders will then sign off on the plan and release the funds when the projects close. While this is still only \$1,500/unit (as in the pilot program through CEDAC), Home Funders hopes that this will streamline the whole process. It will also focus more light on the need for planning for services at the front end of a project, and is a step in the right direction.

****2. Home Funders should do a careful analysis of the real service needs of the occupants of Home Funders units.** Although beyond the scope of this evaluation, and a repeat recommendation from 2004, we did hear from many interview respondents that the ELI families were generally in great need of a wide range of services, and that the Home Funders projects were required *in practice* to invest resources at least in programs of service coordination to connect families to available services in the community. We were very pleased to learn that such an analysis is underway by a consultant to Home Funders at the present time and will be completed by late Spring, 2009. As part of this analysis, attention should be paid to the actual cost of providing services to the ELI families, and whether the \$1500 per unit provided for in the pilot program of service provision is adequate to maintain stable occupancy and an enhanced quality of life.

We will await the results of this study with interest, as it should provide extremely valuable information for the Home Funders program going forward.

3. One respondent suggested that Home Funders consider reviewing the “Parent Academy” concept pioneered by Rudy Crew in the Miami-Dade public school system for possible implementation in conjunction with Home Funders’ projects. Under this program, parents take classes in parenting, family budgeting, literacy, etc, with a focus on their assisting in their children’s education. Reportedly a success in Miami, this is under review by the Boston School Department but could seemingly be a component onsite at Home Funders housing developments. The program was evaluated in January of 2008, and the Executive Summary³¹ of that evaluation can be found in Appendix VII to this report.

B. Program/Production Initiatives

****1. In the current economic environment, Home Funders should consider participating in a funding pool to provide guarantees on behalf of “shovel-ready” projects that are prepared to house ELI households and the homeless.** Federal stimulus funds through the ARRA Act will soon be available to allow projects currently not able to close and begin construction to get through the pipeline. Many of those projects are “stuck” for want of being able to attract low-income housing tax credit equity investors and their necessary capital. The investors, in turn, have indulged in a “flight to quality”, so-called, in which they are choosing to invest only in standard mixed-income developments (i.e. projects with tax-credit units serving households at 60 percent of median income and the rest serving even higher-income tenants), usually in suburban locations. In addition, the investors are requiring very high levels of financial guarantees, reserves, and net worth, usually impossible for nonprofit developers to satisfy.

A critical need is for a source of funds to nonprofit developers to serve as guarantees over the tax credit compliance period of 15 years. This funding could be structured as very low-interest loans, payable upon sale or refinancing of the project, thus playing to the strength of the Program Related Investment model, and could be made available only to developers who included ELI family units in their projects. Depending on the specific economic environment at the time, this can be a very large amount of funds required.

Alternatively, the funds could be part of a pool set up with other entities to serve as a substitute for the net worth that the nonprofits cannot demonstrate. This fund could play an important role in attracting and retaining tax credit investors for Home Funders projects.

2. Home Funders should consider having discussions with the City of Boston relative to expediting the City approval process for ELI projects and the need for a coordinated approach to homelessness at the City level. More than one respondent in our interviews, while generally pleased with the City of Boston’s support for the production of ELI housing, raised concerns about the level of coordination between the BRA and DND and expressing hope that Home Funders could help to expedite City reviews of projects. Further, more than one respondent identified a lack of coordination of homelessness efforts at the City level. Reportedly, there are *118 organizations*—both public and private—in Boston working, at least in part, on homelessness issues.

As a condition of the City’s receipt of state homelessness resources, Mayor Menino has appointed a Regional Coordinating Council Leadership Council co-chaired by Michael Durkin of the United Way and Bob Smyth of Citizens Bank, with members representing nonprofit service agencies, nonprofit and for-profit housing developers, and the business community.

Nonetheless, it appears that more attention is needed at coordination, and Home Funders could play a major role in this effort. As of this writing, Home Funders will be participating via the Interagency Council on Housing and Homelessness.

3. In a related effort, Home Funders could choose to play a role with the City of Boston to evaluate their homelessness efforts and identify gaps in their program. The Department of Neighborhood Development receives \$20 million from HUD across many programs dealing with homelessness, and is scheduled to get an increase this year of \$8.6 million. Although the commitment of DND to the issue of homelessness and ELI families is not in question (after all, the City has just increased the required number of ELI units to 20 percent in any project where sufficient subsidy is attainable), there was some concern expressed that there is no mechanism or resources for evaluation and analysis of how (and how effectively) this funding is utilized. A study like this carried out by a researcher with strong credentials in this field would be extremely useful for Home Funders planning going forward.

4. Home Funders should mount a renewed effort to generate more funding for the program for both long-term lending and for grants. As discussed above, Home Funders funding by itself is not sufficient to create new units for ELI families or the homeless; it represents only a small fraction of the capital cost of the developments it assists. Virtually every respondent to our interviews identified “more funding” as the most critical ingredient of success for Home Funders projects, and the most critical element in attracting developers to the table to provide units serving ELI families.

More than one respondent recommended that Home Funders circle back to large national funders to generate funding, citing examples of the MacArthur Foundation, the Calvert Foundation, and the Prudential Foundation, as well as the Barr Foundation and more local community foundations in Massachusetts.

Raising funds in the current economic climate would be a difficult undertaking, but it is important that Home Funders keep this activity on the radar screen as a long-term objective in order to maximize the effectiveness and relevance of the program over time.

****5. Another missing piece: adequate predevelopment funding for project planning by nonprofits.** Another major gap in the current array of resources for affordable housing development is a source of very early funding for predevelopment activities, sometimes in advance of a nonprofit developer achieving site control. This is funding that could help support front-end advocacy at the community level, “prospecting” for suitable development sites, the often intensely laborious attempt to change zoning, etc. This funding could be structured as “recoverable grants” that are grants made at the early front-end but which would be repaid to Home Funders if and when the project successfully closed. Although this is of course a riskier

investment, it can often make the difference between a project being successfully developed or not, especially in suburban communities that are not currently particularly welcoming to ELI families. If Home Funders had any interest in this, we would recommend that it be considered and booked as a grant, so that any repayment would be considered a bonus, instead of a loss.

Although we were advised that MHP had previously analyzed this product and found no interest among the nonprofit developers, we believe that today's economic environment might produce a different response, and would encourage Home Funders to reconsider this approach.

****6. As in the original evaluation, the major need is for a reliable and ongoing source of rental assistance and service dollars.** *Many* respondents repeatedly emphasized the need for both types of funding. The best answer (but most likely not politically feasible): reinstate Federal appropriations for new production under the Section 8 New Construction and Substantial Rehabilitation programs with project-based Section 8, AND include in the Fair Market Rents an allowance for service coordination money when the units serve ELI families and individuals. Almost as effective would be to get a commitment of project-based Section 8 units from DHCD that can be allocated by the intermediaries as projects get underwritten.

One positive and very recent development is the filing of a piece of legislation that would encourage the close coordination of housing and services at the state level, and assure the allocation of capital funding, service funding and rental assistance in a coordinated fashion for supportive housing for those of very low income and the disabled. Supportive housing is usually defined as subsidized housing which includes a significant component of social services (i.e. more than just service coordination) to enhance residents' ability to live independently and to successfully carry out the responsibilities of tenancy. The bill was filed in January, 2009 by Rep. Kevin Honan and Sen. Pat Jehlen, and is included in Appendix IV to this Report. We recommend that Home Funders support this legislation for passage in the current legislative session.

7. As discussed earlier, in our last report we suggested that Home Funders explore the possibility of a rent-to-own initiative so that families can begin to acquire some equity. We believe that this could be a feature of the Home Funders response to the foreclosure crisis, particularly as it relates to current tenants in good standing in multifamily (usually 3-4 family properties) foreclosed upon due to no fault of the tenants. This would probably require Home Funders to expand its income limits for the program, perhaps up to 60 percent of median income, so that the units can still qualify for low-income housing tax credits. (It is unrealistic to expect that families at 30 percent of median income can successfully become homeowners without enormous strain and high risk.) Under this type of program, Home Funders grants could match contributions from families over and above rent required,

with the funding held in an escrow account earning interest during the families' tenure as renters. Over time, the account could serve as the downpayment for homeownership, either in a condo conversion scenario at the end of the 15-year tax credit period, or for a move to a new homeownership unit. A variant of this would have Home Funders support not in the form of a grant, but as a "recoverable grant" or loan, payable upon sale or refinancing of the homeownership unit. In either case, this would have to be long-term "patient" capital.

C. Advocacy

****1. Home Funders should advocate for DHCD's plan to issue a Notification of Fund Availability in the Fall of 2009 combining capital, rental assistance and service dollars for new housing proposals AND should encourage prospective developers to apply for this funding.** Home Funders investments would be a natural complement to this combined funding and could be the critical piece to assure long-term feasibility. Home Funders might want to consider, with its intermediaries, giving (1) predevelopment funding grants to sponsors specifically for the planning of projects to be submitted to DHCD for this funding, and (2) pre-commitments of PRI funding subject to the projects' being selected in a DHCD competition. The latter would give these projects a considerable competitive advantage, since one piece of committed funding would be already in place. This would require outreach to developers well in advance of any DHCD NOFA, anticipated for the Fall of 2009.

2. Home Funders should continue its advocacy for an increase in the bond cap at the state level covering programs such as the Affordable Housing Trust Fund, the Housing Innovations Fund, and the Housing Stabilization Fund, all of which can be very valuable in reaching ELI households and assuring the feasibility of Home Funders projects. As mentioned above, and well-known to Home Funders, the Home Funders program by itself cannot result in economic feasibility for housing for ELI families; Home Funders relies on the availability of other sources of subsidy. Some of the most flexible has been that coming out of the state bond cap allocation.

****3. Home Funders should consider advocating for bulk purchases of foreclosed properties and explore other initiatives with respect to the foreclosure crisis.** One of the only bright spots in the worldwide financial meltdown and the collapse of the housing market (with the concomitant dramatic rise in foreclosures) is the opportunity to acquire property at prices not seen for decades. Although the loss of a home to foreclosure is a tragic outcome for any homeowner, the spillover effects in the marketplace, generating low acquisition prices, make it more likely that a Home Funders

project could be financially feasible. Many community development corporations and nonprofit sponsors would be interested in acquiring packages (or “bundles”) of foreclosed properties in close proximity to each other, and would be interested in making 10-20 percent of the units available to ELI households. Although the acquisition process with respect to foreclosures has proven to be extremely challenging so far, Home Funders should be in the mix of entities supporting this goal, and we are very pleased to note that the Hyams Foundation and Boston Foundation have come forward with \$1 million and \$2 million PRI investments respectively in the Neighborhood Stabilization Program Loan Fund to be administered by the Massachusetts Housing Investment Corporation (MHIC).

Home Funders could also be actively involved in outreach to communities to identify situations that would lend themselves to this packaging/bundling approach. By consolidating properties, the overall transaction costs would be minimized and the efficiency of the redevelopment process greatly enhanced.

As mentioned earlier, attention should also be paid to low-income tenants in good standing, who are often the most innocent victims of their multifamily housing being foreclosed, leading to their eviction. According to the City of Boston, 77 percent of those evicted from foreclosed properties are tenants.³² Although these families are often in a somewhat higher income bracket than 30 percent of median income, creating a program that would fund counseling or even a rent-to-own program could have major effects upon the stabilization of marginal neighborhoods that would otherwise fall victim to widespread foreclosures, evictions, and abandonment.

****4. To leverage these advocacy initiatives, Home Funders should reach out to forge a more formal alliance with the MA Department of Housing and Community Development (DHCD).** This could take the form of a guarantee by DHCD of a certain number of Section 8 or MRVP vouchers for Home Funders projects, as well as a closer policy relationship between DHCD and Home Funders. As DHCD takes over responsibility for the state’s network of homeless shelters and is focused even more closely on finding permanent housing placements for the homeless—virtually all of which are families who fit the ELI definition—we believe that the Department would be very interested in forging a closer collaboration with Home Funders.

Outreach Recommendations

1. Home Funders should consider hosting periodic roundtables among the intermediaries, funders and borrowers both to brainstorm about what’s working and what isn’t and to “build social capital” around the issue of ELI families and the homeless. Most respondents felt that Home Funders was not getting the word out as effectively as it could about its efforts and successes. A series of roundtables would be a very low-cost method of

keeping the Home Funders “brand” alive in the public eye, as well as an excellent method of constantly improving the program.

2. Home Funders should consider doing a routine annual mailing of an annual report, at least to the group of community development corporations (CDCs), other nonprofits, and potential investors/funders.

Although Home Funders has been issuing an annual report, even CDCs and others committed to housing the homeless know very little about Home Funders. It would be particularly helpful to include vignettes featuring ELI families living in Home Funders units with their before and after stories. This is another low-cost effort, and could also be a valuable vehicle for raising additional capital for the program. In order to further save resources, the annual “mailing” could be done via e-mail. The point is to keep the Home Funders name in front of those who can help to generate capital and who are the delivery mechanism (i.e. nonprofit developers) for Home Funders units.

****3. We strongly encourage Home Funders again (repeating from 2004) to reach out to local public housing authorities.** Housing authorities for the most part know nothing about Home Funders. Since housing authorities deal almost exclusively with ELI households, control much of the allocation of project-based Section 8, and will be receiving major funding from the American Recovery and Reinvestment (ARRA, aka Stimulus) bill recently passed by the Congress, they are an important potential partner for Home Funders. Further, since there is a local housing authority in every town of any size in Massachusetts, collaborating with housing authorities would be an easy way to expand Home Funders’ geographic reach into lower-cost areas of the state. (Note: the Hyams Foundation reports that fully 71.6 percent of the ELI units produced by the Home Funders program to date is within Greater Boston, with 28.4 percent in other areas of the state. The most recent report of all projects produced is found in Appendix VIII.)

The easiest and most efficient way to connect with local housing authorities is through their trade association, the National Association of Housing and Renewal Officials (NAHRO). Their Massachusetts chapter is based in Boston and is headed by a long-term housing professional, Tom Connelly.

We were very pleased to note that a Home Funders project is being planned with the Weymouth Housing Authority and its nonprofit subsidiary. This is the first example of collaboration with a housing authority as a developer of a Home Funders project, and could lead the way to others.

4. A lower priority, but not to be dismissed entirely, would be an outreach to for-profit developers and “new” nonprofit housing groups (also a repeat recommendation from 2004). For-profit developers and non-CDC nonprofit housing agencies also seem to have little familiarity with Home Funders. Although as discussed in this evaluation, the funding

provided by Home Funders is not sufficient to incent developers not already committed to housing ELI households, many developers—and especially those involved with Preservation/Expiring Use projects—find themselves housing ELI families without any resources to provide services or other assistance. Once familiar with Home Funders, we believe that those housing owners could be persuaded to maintain some percentage of their units for ELI/homeless families.

5. Thought should be given to assigning up-front responsibility to a member of the Home Funders board or donor community to be the public “face” of the organization. Even among those who have participated directly in Home Funders, there is confusion as to “who” Home Funders is. In the Boston area, as in many communities, it is very helpful to have efforts such as this represented by a specific personality who can rally others to the cause. Having a more recognizable brand with a recognizable “champion” would also be very helpful with raising additional funding over time.

We believe that it would be helpful to include in the Home Funders Chairman’s job description that he/she play this public role during his/her tenure. That said, we should also note that the collaborative model has been very successful in maintaining engagement of the group of funders over the life of the program, and we would expect that collegial and collaborative model to continue into the future.

6. We also recommend that continuing attention be paid to updating the excellent website for Home Funders at www.homefunders.org. The website is well-designed and full of useful information. During the writing of this report the website has been updated comprehensively for the first time in quite a while, dramatically improving its usefulness both as a conveyer of information and as a method for highlighting the accomplishments of Home Funders. This should be an ongoing priority activity.

Finance and Administrative Recommendations

1. We recommend that Home Funders consider hiring an Executive Director—perhaps initially part-time—to participate in public policy, advocacy, outreach, the fostering of collaborations (as with DHCD and local housing authorities), to manage and update the website, and to coordinate with funders and intermediaries on substantive issues. Although, as mentioned earlier, the retaining of Dovetail Associates has been very effective in making sure that administrative tasks are dealt with professionally and on time, we believe that there is still too much burden on Hyams Foundation staff to provide administrative and staff support, even with the addition of Dovetail to the team.

Further, with substantial funding coming out of the Federal ARRA (stimulus) statute for homelessness prevention and for re-housing of the

homeless and those at risk of homelessness, there should be significant opportunities for Home Funders to become a much bigger player at the state level in Massachusetts. That does require having someone to represent the program on an ongoing basis and to identify and seize opportunities quickly. As only one example, HUD has issued a Notification of Fund Availability for the Homelessness Prevention and Rapid Re-housing Program (HPRP), with \$1.5 billion nationwide and decisions to be made by no later than September 1, 2009. It is likely that DHCD and an array of cities and towns in Massachusetts will be applying; they should know about Home Funders and vice versa. Without an ongoing Executive Director, it is unlikely that Home Funders will be able to be at this table.

2. Home Funders should focus additional resources into raising additional capital, especially for long-term loan funds managed by MHP, but also for the short-term funds managed by CEDAC. (Since this is such a critical need, we have included this recommendation under two categories: Programmatic and Finance/Administrative.) Continuing challenges remain around fundraising for more long-term PRI funding. Although the short-term funding raised by Home Funders and administered by CEDAC operates as a revolving loan and (in normal economic times) is paid back and re-lent many times over, the long-term funds remain “out” for 20 years. Until very recently, MHP had had no new long-term funding to loan out for quite some time. A recent infusion of \$4 million to MHP represents a major “shot in the arm” for the program, but more is needed. It should also be noted that since these are not normal economic times, CEDAC is also handicapped by the fact that with so many projects “stuck” in the queue for closing (and unable to repay even their short-term Home Funders loans), it is also running very low on funds to lend out. An expected allocation of an additional \$650,000 to CEDAC in the near future will allow continued underwriting of transactions.

In order for Home Funders to meet its goals and to meet the increasing needs of ELI families, more long-term funds are needed. Home Funders should put more resources into an intensive sales job on this issue, particularly—as mentioned earlier—with foundations such as MacArthur, the Calvert Foundation, and the Prudential Foundation, as well as the Barr Foundation and more local community foundations in Massachusetts.

In addition, Home Funders should consider adopting some of the recommendations in this report that emphasize the use of short-term (5-year) funding for service coordination to reduce the dependence upon long-term PRI funds.

IX. Summary and Conclusion

The Home Funders program, now almost five years old, has had a significant impact upon raising awareness of the housing needs of extremely low-income families and the homeless in the Boston area, and it has created a funding and delivery mechanism that has proven successful in beginning to meet this need.

At this writing, as we are in the midst of the worst worldwide economic crisis since the Great Depression of 1929, the needs of ELI families are increasing and the challenges of the capital markets are getting worse. That said, we are also witnessing the most aggressive intervention in the economy by the U. S. Government in recent memory. The passage of the American Recovery and Reinvestment Act of 2009 at the federal level, the work of the Homelessness Commission in Massachusetts, and the unveiling of the *Leading the Way 3* report by the City of Boston, all present promising opportunities for Home Funders in the future. We have attempted to structure our recommendations in a way that makes it clear how Home Funders can take advantage of those opportunities.

Above all, we come away from this evaluation—as we did in 2004--impressed with the continuing commitment of the Home Funders investors and confident that they will in the coming years attract needed additional capital, expand the reach and enhance the administration of their program, and successfully address the need for continuing rental subsidies and service funding to achieve their ambitious mission.

We want to again thank all of the interviewees and Home Funders participants for their willingness to share with us the successes and challenges they have faced over the last four years. Their candor has helped immeasurably in our work of understanding this program.

X. Appendices

- 1A: People Interviewed for this Report**
- 1B: Interview Questionnaire**
- II: Abstract: "A Lot to Lose"**
- III: Summary: MA Commission to End Homelessness**
- IV: Supportive Housing Bill**
- V: Governor's Press Release 12/16/08**
- VI: *Boston Globe* 3/28/09**
- VII: Executive Summary: The Parent Academy**
- VIII: Home Funders Projects as of 12/31/08**

Appendix IA
People Interviewed for this Evaluation

Charleen Regan, consultant to Home Funders

Intermediaries

Roger Herzog, Executive Director, Community Economic Development Assistance Corporation (CEDAC)

Karen Kelley, Director of Finance and Operations, CEDAC

Judy Jacobson, Deputy Director, Massachusetts Housing Partnership (MHP)

David Rockwell, Director of Lending, MHP

Meghan Magrane, Loan Officer, MHP

Government

Tina Brooks, UnderSecretary of Housing, Department of Housing and Community Development

Evelyn Friedman, Director, City of Boston Department of Neighborhood Development

Borrowers

Ann Houston, Executive Director, Chelsea Neighborhood Developers

Mossik Hacobian, Executive Director, Urban Edge Community Development Corporation

Bob VanMeter, Director, Local Initiatives Support Corporation (LISC) Boston and former Executive Director, Allston-Brighton Community Development Corporation

Lisa Alberghini, Executive Director, Planning Office of Urban Affairs, Archdiocese of Boston

Others

Aaron Gornstein, Executive Director, Citizens Housing and Planning Association (CHAPA)

Chris Norris, Executive Director, Metropolitan Boston Housing Partnership (MBHP)

Appendix IB

Questionnaire Used with all Respondents

The following questionnaire instrument was used with all respondents, and all the questions were asked of all respondents, although not every respondent felt capable of responding to all questions. As stated in the body of the report, all respondents were assured that their answers would be aggregated and not attributed to them personally.

2/13/09

Questions for Home Funders Evaluation Interviews (Eleanor White, Interviewer)

Name of Interviewee: _____

Organization: _____

Role in Home Funders: _____

Phone: _____ Email: _____

Date of Interview(s): _____

Note: This represents the full range of questions to be asked. Depending on their role, interviewees may be asked a subset of these questions, as appropriate.

Introduction

1. What has been your involvement with the Home Funders program?
2. What is your current understanding about the mission and objectives of the Home Funders program?

I. The Environment in which Home Funders Operates

1. Since Home Funders began in 2002/03, the public sector has focused quite significantly on the issue of homelessness, and particularly homeless families. Can you describe what has taken place at the city/state level in that regard?
2. Do you believe that homelessness has increased or decreased in Massachusetts since 2002?
3. Given the new programs focusing on the homeless, how can Home Funders best complement those efforts?
4. In what other ways is the current environment (especially relating to the economy, affordable housing finance, and the foreclosure situation) impacting the Home Funders program?
5. Are there particular efforts that Home Funders should be pursuing now, given the significant change in the environment in recent months?

6. Are there specific policy changes or enhancements that you would recommend to the City, State or Federal governments that would be beneficial to Home Funders and the cause of producing housing for extremely low income (ELI) households?

II. Mission and Goals

1. The original mission of Home Funders has been described as raising an initial \$26 million fund in Program Related Investments to house the homeless; create 4000 units over 10 years, with 1000 reserved for the lowest-income families; support families with services they need; and promote the need for housing for this income group. Now, at the half-way point in the 10-year timeframe, Home Funders has accomplished the following:

-Raised a total of \$22.4 million in PRIs and grants for both lending and program/administrative purposes, with \$21.2 million targeted for lending.

-A total of 1185 affordable units have been financed, of which 342 will be affordable to households of ELI families.

In your experience, has this mission changed over time?

2. Has the mission expanded over time?

3. In your *opinion*, at the half-way point, is Home Funders on target to achieving its 10-year mission?

4. If you had the power to do so, what would you change about the focus of the program and/or the way the program is managed or implemented?

III. Method of Financing

1. The Home Funders collaborative decided on utilizing Program Related Investments with a 1% return to the investor as the method of raising funds. In your opinion, has that method (PRIs) been successful?

2. Over the years, have other methods of raising funds been suggested or been attempted?

3. Home Funders decided at the outset of the program that they would operate through intermediaries (CEDAC and MHP). What are the pros and cons of operating through intermediaries in general and these two entities in particular?

4. Can you think of other methods of financing that would be as, or more, effective?

5. Should Home Funders grants be used differently than as currently allowed?

6. In view of the current economic climate, are there other activities/programs that Home Funders should be considering? If so, and given the scarcity of resources for administration and program management, what among its current activities should Home Funders eliminate or “downsize” in order to accommodate this new activity and still accomplish its goals?.

IV. Wider Impact of Home Funders (Has Home Funders changed the way the foundation world and developers think about housing for extremely low-income households, the homeless, and PRIs?)

1. What impact has Home Funders had on nonprofit developers: has it made them focus more on extremely low-income households?
2. What impact has Home Funders had on the public sector: has it created more of a focus on the extremely low-income/homeless?
3. Has Home Funders had any effect on the efficiency of the development process?
4. What effect has the Section 8 or MRVP programs had on the effectiveness of Home Funders?
5. Is Home Funders helping to mainstream extremely low-income families into mixed-income housing?
6. Are there other models of mainstreaming that you would recommend or endorse?
7. Who are the families that Home Funders actually serves and what are their needs for services (for projects in occupancy)?
8. What connections, if any, have been created to the public housing world and local housing authorities?
9. What connections, if any, have been made to for-profit developers?
10. How well is Home Funders communicating its message and goals? What do you think is the most effective way of reaching the various constituencies—other foundation funders, public funders, members of the public?

V. Closing

Any closing thoughts you'd like to share? To return to an earlier question, are there specific policy changes or enhancements that you would recommend to the City, State or Federal governments that would be beneficial to Home Funders and the cause of producing housing for extremely low income (ELI) households?

Appendix II

Abstract

A Lot to Lose: A Call to Rethink What Constitutes “Evidence” in Finding Social Interventions That Work

by Katya Fels Smyth and Lisbeth B. Schorr, January 2009

A growing emphasis on accountability has led policy makers, funders, practitioners and researchers to demand greater evidence that program models “work” and that public and private dollars invested are generating relevant results that can be directly attributed to the given intervention. The gold standard for making these judgments is presumed to be the experimental–design study. In this paper, the authors suggest that the underlying assumption that everything that “works” can be judged with the same methodology has dramatic negative consequences for the field, for funders, and for those that desperately need high quality programs. The authors describe the characteristics of *What It Takes* organizations, which their work suggests support lasting change in the lives of highly marginalized and vulnerable people. They describe the ways that experimental methodology is a poor fit for judging the impact of these program models, while they find insufficient use of more appropriate ways of assessing their impact. They identify the risks inherent in the continued privileging of experimental designs over all others, and suggest that the risks are heightened in periods of great economic stress, when the pressure for accountability is increased. The authors suggest a set of starting points for rethinking evaluation to ensure greater accountability without reducing the chances that those who need help the most will have access to programs that support meaningful, lasting change.

The full paper can be accessed at the website of the Malcolm Weiner Center at Harvard University, www.hks.harvard.edu/socpol/publications_main.html .

Appendix III

Summary of the Report of the Massachusetts Commission to End Homelessness

Ending and preventing homelessness is possible. The Massachusetts Commission to End Homelessness has developed a 5-year plan that, if implemented and funded appropriately, will succeed in ending homelessness in the Commonwealth by 2013. The Commission believes that ending the pervasive social and economic problem of homelessness is possible and is a moral imperative. Permanent housing is critical for families and individuals. Persons who lack a permanent address have difficulties applying for jobs, their children are not provided with a stable educational environment, and they utilize a disproportionate amount of emergency room care, law enforcement resources and public health intervention. The social costs of homelessness are huge, both for society and for homeless individuals and families.

The Commission believes that everyone can be successful in securing and maintaining housing, as long as the right economic and social supports are in place. Putting such supports in place will not cost the Commonwealth more money, in the long term, than it does to provide for the people currently in shelters and on the street. Ending homelessness, therefore, is a rare opportunity where doing the right thing is also the most cost-effective solution.

Ending homelessness will not be easy and will require a dramatic transformation of the Commonwealth's system for responding to homeless individuals and families. The Commission generated a broadly-accepted vision for a new system, where shelters are used only for emergency transitions and every family and individual has a permanent place to live. Today, the system starts with placement in shelter for those presenting as homeless; tomorrow, we envision a system that starts with stabilizing existing tenancies to prevent homelessness, re-housing people before they enter shelter, and linking people to the appropriate community supports to find and keep stable housing situations and improve their economic position. It also means using housing opportunities as a vehicle to link families and individuals with workforce development and income maximization programs.

This transformation from a shelter-based system to one focused on permanent housing will require investment and patience. But the payoff will be huge—the thousands of currently- or imminently-homeless people will have a chance to be part of, and contribute to, their communities.

This report describes the process and findings of the Commission. It includes:

- Definition of homelessness;
- Characteristics of current homeless population;
- Elements of new system (recommendations);
- Implementation steps

Definition

It is always tempting, when facing a problem like homelessness, to want to solve the related and underlying causes of homelessness. Early on, the Commission developed clarity that it would not presume to solve poverty, but rather would devise a strategy specifically to address homelessness by asking that if shelter is not the ideal response, how do we empty the shelters and keep them from filling up again. In doing so, the Commission adopted the following definitions:

Homeless: All families or individuals who both lack a fixed, regular and adequate nighttime residence and who reside in emergency or transitional shelter programs, or who live in places not designed for human habitation such as cars, abandoned buildings, the woods or the street. Persons residing in institutional or recovery programs that were homeless upon entry and are without housing upon release are considered homeless.

'At Risk' of Homelessness: All families or individuals who lack a fixed, regular and adequate nighttime residence including those who are temporarily sharing occupancy of housing not intended for multiple families or other individuals. Persons residing in institutional or recovery programs without housing available upon release are also considered at-risk of homelessness.

Characteristics of Homeless Population

Homelessness is a significant and increasing problem in the Commonwealth. The Department of Transitional Assistance (DTA) supports over 2900 beds for individuals and nearly 1900 units for families at an annual cost to the Commonwealth exceeding \$120 million. In these shelters, some families and individuals stay for a long time, using it as a de facto housing system. Others come in and out of the shelter system repeatedly, since their exit has not been coordinated to promote long term housing stability. For still others, the shelters work as they are intended—for a transitional, short-term stay only.

To devise a strategy to promote housing stability for all who touch the state's homeless system, it is necessary to understand the needs of the populations involved. For both families and individuals, while we want the new system to treat each case as unique and devise a situation-specific response, we have adopted a nomenclature of "tiers" to characterize the subpopulations so that we can frame categories of responses.

Family Tiered Approach Estimation

	Approximate # of current homeless families
(Families w/minimal needs other than affordable housing)	750 families
Tier 2 (Short-term support required)	500 families
Tier 3 (Families facing economic challenges)	2,500 families
(Families facing social & economic challenges)	1,250 families
	5,000 total families

These roughly 5000 families include approximately 10,000 children. The length of stay in shelters is not determined by the level of need. Because the system does not provide flexible, need-driven responses, often families in Tier 1 are forced to remain in shelter because the resources which could help them simply aren't accessible. Counter-intuitively, sometimes these very families end up with long shelter stays, while the Tier 4 families may leave shelter more quickly, without appropriate supports, and find themselves back in shelter later.

Individual Tiered Approach Estimation

	Approximate # of current homeless individuals
(Short stays)	9,600 individuals
Tier 2 (Institutional Discharge)	9,600 individuals
Tier 3 (Chronic Shelter Stayers)	1,900 individuals
(Shelter Avoiders)	2,900 individuals
	24,000 individuals

The number of homeless individuals is difficult to determine, due to lack of data collection systems and the fact that many homeless individuals live on the street or in marginal situations, and many bounce from one shelter to another to the street. Our estimates suggest that approximately 3,000 of the individuals served in the shelters are youth ages 18-24. The estimates further show that a very large number of people become homeless following their release from institutions, such as prisons, substance abuse and mental health facilities. Such institutions often fail in creating effective discharge plans that include housing options. The Tier 3 population, while representing a relatively small percentage of homeless individuals,

accounts for about 50% of the nightly shelter bed utilization and consume a disproportionate share of the system's resources.

Recommendations

The Commission maintained a three-pronged focus:

- Prevention strategies to keep as many people housed as possible;
- Housing placement, subsidy and production responses that result in stable, permanent housing options; and
- Asset development supports that enhance the economic stability of individuals and families—perhaps the most meaningful protection against future homelessness.

Within each of these categories, the Commission identified and reviewed many programs with demonstrated effectiveness and these should be continued and expanded. A key defining principle for the new system is **targeting the right resources to the right people at the right time**. That doesn't happen today, where statutory and regulatory restrictions of the limited programs available to address and prevent homelessness unduly constrain our ability to fix the problem in the particular case.

To be effective, these programs and tactics must be employed within a system that allows for maximum flexibility at the ground level—the case worker must be able to assess that individual or family's needs and respond in precisely the way that will address that case the best. Obviously, that requires good information and the foundation of the new system is uniform assessment. It also requires being able to tap into existing programs and services that are in the community: coordination of resources is key. Coordination among all community providers will offer another key benefit—early warning systems to help identify the problems before they grow.

The new system builds upon a foundation of uniform assessment, true coordination and early warning that can happen at new, regional service coordinating entities—not via a new bureaucracy, but rather through existing networks of service providers bolstered to effectively become this focal point. These networks will access a flexible array of prevention, production and asset-building tools including:

- Linkages to income maximization, entitlement, workforce development and service programs;
- Flexible cash assistance to stabilize a housing situation;
- Case management resources;
- Housing search, vouchers and access teams;
- Specialized supportive housing;
- Emergency shelters for temporary, transitional stays when necessary.

Effectiveness also requires that families and individuals will be able to find appropriate housing. This certainly means we need to produce more affordable housing—both through actual production of physical units, and by adding considerably more housing vouchers to fill the often-wide gap between market rents and a household's ability to pay. DHCD conducted an evaluation of the system's capacity to produce more affordable housing assuming new capital investments were available. DHCD determined that, with additional resources, new production could happen at the following pace:

- On the individual side, we envisioned new Single Person Occupancy (SPO) housing. By adding roughly 200 new units/year for five consecutive years, we can add 1000 new SPO units across the Commonwealth.
- On the family side, we could mobilize both the public and private housing communities to produce a total of 800 new family units over the same 5-year period—500 in private developments and 300 in new public housing.

Producing housing is not enough. We also must break down the barriers that prevent homeless people from accessing the units that do exist or will be produced. Such actions would include improved tracking of vacancies in currently-affordable units, tenant selection processes that recognize the challenges faced by homeless people, reform to the way vouchers are administered and vigilance about protecting and aggressively seeking all possible federal housing resources. We must ensure that all housing resources are appropriately utilized, and that homeless people have fair access to them. We must further link the utilization of these resources to participation in economic opportunity programs, where individual and family goals are set, escrow accounts set up and supports mobilized to help every family member or individual reach their education, job skills and employment targets.

Next Steps

The Commission has set out a vision for a radically-transformed system. The Commission recommends that the Interagency Council on Housing and Homelessness (ICHH) oversee the execution of this plan and that it take these broad directions and determine specific budget and program guidelines. A critical component of this task is the development of a Memorandum of Understanding between state agencies responsible for system components. Another important task for the ICHH is to establish a vehicle to capture the reduced shelter expenditures (when they materialize over time) for further housing resources, so that we can continue to focus on housing people rather than simply placing them in shelters.

The first phase of this process will involve testing and experimenting with flexible tools to learn the most cost-effective, lasting way to get families and individuals out of shelter for good and to help them secure stable housing situations. By piloting different, situation-specific approaches, we will learn about the best practices for avoiding long-term homelessness for the people we serve. An important element of these pilots will be figuring out how to reduce barriers to housing that many homeless families and individuals face, and to maximize the use of existing affordable housing resources.

This phase can begin immediately with Fiscal Year 2009, if the ICHH will use January-June 2008 to prepare for the first phase of the transformation.

There is broad consensus that such a housing-based approach will use resources far more cost-effectively than a shelter-as-de-facto-housing system. However, before we can abandon the old system of shelters, we need to invest new resources into building the infrastructure to stabilize, divert and re-house families and individuals who would otherwise be in or enter the shelter system.

In order to begin to dramatically reduce reliance on the costly system of shelters, during the first phase, the Commission recommends adoption of the goal of reducing the number of family shelter units and individual beds by 20%. It is important to remember that the target for reducing shelter units must take into account forces in the economy and society that determine the need for the beds. For instance, this year we have seen an increased demand for shelter beds due to the foreclosure crisis. The appropriate response may be to keep the current number of shelter units available and not add any new beds. A key task for the ICHH will be to develop effective measuring tools to assess progress.

In order to achieve the desired level of reduction in shelter usage, the Commission also recommends an initial investment of \$10 million to establish a pool of flexible resources to:

- Develop and test a Uniform Assessment Tool to ensure resources can be targeted to precisely fill the need for each individual and family;
- Develop pilot Regional Coordinating Entities to develop early warning systems and coordinate access to the broad array of income supports and services necessary to stabilize housing situations;
- Provide a flexible array of tools for stabilizing, diverting and rehousing families and individuals who present as homeless or at imminent risk;
- Begin the planning for repurposing shelter facilities and service providers to play a key role in the new system, including outreach to current shelter providers in planning for the reprogramming and capturing their service expertise.

This \$10 million will launch the transformation, but additional resources may be needed to complete it. As the Commonwealth reduces its reliance on shelter units and beds, we will need to capture the reduced shelter expenditures and invest them additional housing resources.

During the first phase we will learn how to proceed most cost-effectively. We will identify the time table by which shelter beds can be transformed to permanent housing or abandoned and resources which were used to support them redirected to housing and ancillary service. Finally, we will develop a better understanding of the resources that must be invested to achieve the desired level of shelter reduction. Naturally, once shelter beds are able to come off line when the housing system infrastructure is in place, the avoided costs from those shelter operations will be invested in further housing resources so that we do not re-create the homelessness situation. At the mid-point in this transformation, we expect that the avoided costs will equal the need for housing resources, and the investment will have paid off as the system will serve more people, more effectively without requiring additional state resources.

Appendix IV: Supportive Housing Bill

HOUSE DOCKET, NO. 3596 FILED ON: 1/15/2009
HOUSE No. 1222
The Commonwealth of Massachusetts

PRESENTED BY:
Kevin G. Honan

*To the Honorable Senate and House of Representatives of the Commonwealth of
Massachusetts in General
Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the passage of
the accompanying bill:

An Act relative to community housing and services.

PETITION OF:
NAME: DISTRICT/ADDRESS:
Kevin G. Honan 17th Suffolk
Kay Khan 11th Middlesex
Matthew C. Patrick 3rd Barnstable
Cleon H. Turner 1st Barnstable
The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

AN ACT RELATIVE TO COMMUNITY HOUSING AND SERVICES.

*Be it enacted by the Senate and House of Representatives in General Court
assembled, and by the authority of the same, as follows:*

SECTION 1. The Executive Office of Health and Human Services, Executive Office
of Housing
and Economic Development, the Executive Office of Elder Affairs, the Executive
Office of Veterans Services, the Department of Housing and Community
Development, the Department of Transitional Assistance, the Department of
Developmental Services, the Department of Mental Health, the Department of
Children and Families, the Department of Public Health, the Massachusetts
Rehabilitation Commission, Massachusetts Commission for the Blind,
Massachusetts Commission for the Deaf and Hard of Hearing, the Massachusetts
Housing Finance Agency, the Massachusetts Housing Partnership and the
Community Economic Development Assistance Corporation shall develop and
execute a memorandum of understanding which shall include an action plan to
coordinate the procurement and availability of community based supportive services,
capital subsidies, and operating subsidies for new and existing housing available to
low and extremely low income residents to be known as the community housing and
services memorandum of understanding. The memorandum of understanding shall
identify

and resolve barriers and reduce fragmentation for the provision of community based supportive services and affordable housing.

The community housing and services memorandum of understanding shall be filed with the Governor, Lieutenant Governor, the Joint Committee on Housing, the Joint Committee on Elder Affairs, the Joint Committee on Children, Families and Persons with Disabilities, the Senate Committee on Ways and Means and the House Committee on Ways and Means no later than March 15, 2010. Said memorandum shall facilitate the creation of a demonstration program that creates no less than one thousand units of permanent supported housing that includes coordinated operating, capital subsidies and voluntary community based supportive services within three years of enactment of this act, provided that the aforementioned agencies shall assess the need for permanent supportive housing to serve the Commonwealth's homeless or at-risk of homelessness, people with disabilities, and elders and shall establish a long range target to produce new supportive housing opportunities to meet the Commonwealth's need.

Community based supportive services shall include, but need not be limited to: resident service coordinators, housing support teams and other models to link low and extremely low income tenants with any services necessary to maintain their tenancy, or direct community-based social services or other services necessary to maintain a successful tenancy, provided that a tenant's receipt of services shall not be an eligibility requirement or a requirement of maintaining a tenancy under the plan. The plan shall establish benchmarks to assess financial savings to the Commonwealth resulting from the avoidance of institutionalization, shelter, or nursing care due to the availability of community based housing support services.

SECTION 2. For a grant program to be known as the community housing supportive services action grant, to be administered by the Interagency Council on Housing and Homelessness to support new and existing low and extremely low income housing that is developed or provided with service coordination in accordance with the community housing and services memorandum of understanding; provided that applicants seeking to use said funds in conjunction with a new housing development receiving funds authorized under chapter 119 of the acts of 2008, the Massachusetts Rental Voucher Program or section 8 of the United States Housing Act of 1937, as amended, shall do so by submitting a simultaneous application for said funds; provided that housing that requires a tenant to receive social services to maintain the housing shall not be eligible; provided further that no greater than four per cent of the funds may be used to administer said program.....\$2,040,000

Appendix V
Governor's Press Release December 16, 2008

\$8 Million in Funding to Help Agencies Coordinate, Streamline Services, and Find Permanent Housing for Homeless

BOSTON— Tuesday, December 16, 2008 – The Patrick-Murray Administration today continued to restructure support systems that serve the homeless by awarding \$8 million to eight regional pilot networks around the state. The networks will help better coordinate, integrate and implement innovative services focused on securing permanent housing options for homeless individuals and families, and ultimately lessen the need for emergency assistance shelters.

Lt. Governor Timothy Murray announced the funding today at the State House, following a meeting of the Massachusetts Interagency Council of Housing and Homelessness.

“This award is part of our ongoing commitment to decrease the need for emergency shelters by helping families and individuals to find permanent housing,” said Lt. Governor Murray, who serves as chairman of the ICHH. “This regional network system will help identify best practices through flexible housing resources and innovative services to help us achieve our ultimate goal of permanently ending homelessness in Massachusetts”

Governor Deval Patrick convened the ICHH to implement the recommendations issued in January 2008 by the Massachusetts Commission to End Homelessness. The commission proposed to re-design the current system, which requires a significant restructuring of the way services reach the homeless. The commission's vision for individual and family systems included supportive housing, stabilization, prevention, rapid re-housing, linkages to appropriate community supports, and improved economic stability.

“These eight new Networks align Massachusetts with the Federal focus on local strategies framed by a public-private sector collaboration on prevention and intervention using innovative initiatives that will be better for the community, better for the homeless person, and better for the taxpayer,” said United States Interagency Council on Homelessness Executive Director Philip Mangano. “Governor Patrick and Lt. Governor Murray are to be commended for moving the Massachusetts model to the forefront of state responses in ending the long misery of homelessness for our poorest neighbors.”

The eight regional networks include: the Department of Neighborhood Development to cover the City of Boston and the Metropolitan Boston Housing Partnership to cover Metropolitan Boston. The North Shore and Merrimack Valley will cover the North Shore Housing Action Group (North Shore Community Action Programs/Lynn Housing Authority) and Community

Teamwork (Lowell). The United Way of Greater Plymouth County will cover the South Shore, while the Housing Assistance Corp (Barnstable) will handle the Cape and Islands. The City of Worcester will cover all of Worcester County and Western Massachusetts will follow the lead of the Pioneer Valley Planning Commission (Northampton).

“Today’s announcement is another important step forward by the Patrick-Murray Administration to put an effective, long-lasting infrastructure in place to ensure that we get the right resources to the right people at the right time,” said ICHH executive director Bob Pulster. “In doing so, we will eventually see a dramatic decrease in our homeless population and the need for emergency assistance sheltering.”

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Appendix VI
Boston Globe story, March 28, 2009

State revises regulations on homeless

Aim is to keep families from losing shelter

By David Abel, Globe Staff | March 28, 2009

After an uproar by homeless advocates over proposed regulations that would have forced hundreds of families out of emergency housing and back on the street, state welfare officials yesterday released revised rules that may make it less likely that many of those families will lose their shelter.

But the officials said the regulations, scheduled to take effect Wednesday, will still cut the budget for homeless families by \$400,000 this fiscal year and more than \$10 million next fiscal year, raising advocates' concerns that many of the families will still be left without shelter.

State officials insisted that the regulation changes are necessary to plug a \$3.4 million deficit in the fiscal 2009 budget for homeless families and an otherwise larger deficit next fiscal year.

"While we are required to make difficult decisions to address the deficiency, these changes are sensible and designed to meet these goals," said Julia E. Kehoe, the commissioner of the Department of Transitional Assistance, which oversees state shelters, in a statement. "It is absolutely critical during such difficult times that everyone involved in the housing and homeless system does business differently."

The cuts come at a time when more homeless families are seeking beds in state shelters and remaining longer. This week, the state is providing shelter for 2,546 families - one-quarter of them cramming for weeks at a time in expensive, small, and unsuitable motel rooms that usually lack kitchens. There are 4,446 children living in state shelters and motels.

Advocates urged the state to use money from the federal stimulus package rather than cut the budget for homeless families. They noted that Massachusetts has received \$17 million for families with dependent children for fiscal 2009 and \$24 million for next fiscal year, more than enough to cover the deficit.

"We're really grateful that the administration did make significant changes in these rules, but we're still worried that a number of children will still be denied shelter with the remaining rules, especially when there's federal stimulus money available," said Leslie Lawrence, associate director of the Massachusetts Coalition for the Homeless. "We feel that no child should be left without a safe place to stay while there's federal money available to assure their protection."

Jennifer Kritz, a spokeswoman for the Executive Office of Health and Human Services, declined to respond to questions about why the agency is not using the stimulus money to cover the homeless families.

The proposed regulations released earlier this year would have denied shelter to families who in the past three years had been evicted from or had abandoned public or subsidized housing

without good cause, and to those who failed to meet a new 30-hour per week work requirement or save 30 percent of their income.

They also would have reduced from six months to three months the period that families can remain in shelters after their incomes rise above state limits; forced out families absent from shelters for at least two consecutive nights as well as those who rejected one offer of housing without good reason; and denied benefits for families whose members have outstanding default or arrest warrants as well as those whose only child is between ages 18 and 21, unless the child had a disability or was in high school.

Advocates called the rules harsh and argued that it would only make it harder for the homeless to find a way out of poverty.

They also said many of the regulations were open to interpretation, failed to take into account some family's unique circumstances, and risked being applied unfairly if shelter directors didn't consider an explanation reasonable.

To allay those concerns, the welfare agency defined "good cause" for exceptions to why families could decline a housing offer, avoid working 30 hours a week, or skip saving 30 percent of their income. Such exceptions include a job that would make it difficult for them to move to a distant location; medical issues that would prevent them from working, which they redefined as "work-related activities that lead to self sufficiency;" and debts they are repaying instead of saving.

Among the other changes, the agency dropped provisions lowering the age requirements - meaning children 21 and younger will be able to stay with their families - and those that would have reduced the number of months families exceeding income guidelines could stay in shelters. Those with an arrest warrant or default warning will also be given a month to clear their record before being removed from a shelter.

Ruth Bourquin, a lawyer at the Massachusetts Law Reform Institute, said that while she appreciates the changes, she thinks the regulations remain unfair, tilted against the state's most needy.

"Even with these changes, hundreds of additional homeless children will be rendered ineligible for shelter over the coming year," she said. "We think this is unacceptable, because after all, where will the children go?" *David Abel can be reached at dabel@globe.com.* ■

Appendix VII

THE PARENT ACADEMY IN MIAMI-DADE COUNTY PUBLIC SCHOOLS SECOND INTERIM REPORT: 2006-2007 January 2008 Primary Evaluator/Author: Dr. Tarek Chebbi

EXECUTIVE SUMMARY

Recognizing that support at home contributes substantially to students' success at school, the Miami-Dade County Public Schools has traditionally encouraged parents to be involved in their children's educational experiences. Dr. Rudolph F. Crew believes that: "...By simply turning the lens slightly away from the regular parent resource centers to a new angle, it is possible to shift the roles of both the parents and the schools. Parents are no longer simply a supplier of children, and the schools are no longer simply a supplier of materials. Now, schools and parents are partners and the roles are clearly defined, so much so that each partner demands something from the other. It is a dramatic shift from having parents visit the school just to see new materials that they can hopefully use at home with their children." (www.beyond-the-book.com, retrieved September 10, 2007)

To materialize this vision, the District created the Parent Academy to empower parents to play an active role in their children's education through resources garnered from public and private entities. A planning report, *The Parent Academy: A Report of Partnership, Process and Progress*, was approved by the School Board in May 2005 and described the components of the Academy in detail. The report calls for an evaluation of the Academy in its first three years of operation.

This interim report presents the findings from the evaluation of the program in its second year of operation: 2006-2007. The evaluation of the Parent Academy included several stakeholders: Parents, Principals, Assistant Principals, and Administrators who were surveyed or interviewed. The number of respondents was large enough to be representative of the parent population in terms of number and also in terms of other demographic variables.

Overall, the surveys revealed that stakeholders had very favorable opinions of the Parent Academy and indicated that they valued the efforts and activities that were offered. They also indicated that they want to see an expansion of the Parent Academy in terms of activities offered and population served.

The new and additional funding that The Parent Academy is receiving for the 2007-2008 school year, particularly the Knight Foundation Grant will be used to scale-up and expand the role of the Parent Academy. Specifically, it is anticipated that there will be an increase in the number of schools as well as the number of parents who will be participating in the Parent Academy activities and programs.

In summary, there is enough evidence, at least from stakeholders testimonies, that The Parent Academy had and continues to have an impact on parent's attitudes, expectations, and behaviors that make a difference in their child(ren)'s education.

Appendix VIII
Home Funders Projects Committed or Closed, 6/30/83 through 12/31/08³³

	Project	Location	Total units	ELI units
Allston Brighton Community Dev. Corporation	Brian J. Honan Apts	Allston	50	11
Allston Brighton Community Dev. Corporation	Long Glen (Ray Dooley Apts)	Allston	59	13
Beverly Affordable Housing	Mill St (Holcroft Overlook)	Beverly	47	10
Cape Anne Housing Opportunity (Wellspring House)	Essex St.	Gloucester	43	10
CDC of South Berkshire	Hillside Avenue	Great Barrington	10	4
Chelsea Neighborhood Developers	Scattered site	Chelsea	86	17
Chelsea Neighborhood Developers	113 Spencer Street (Amory site)	Chelsea	37	11
Coalition for a Better Acre	St. Joseph's school	Lowell	15	3
Domus	Prospect St. School	Westfield	21	5
Dorchester Bay EDC	Dudley Village <i>North</i>	Roxbury	24	8
Dorchester Bay EDC	Dudley Village <i>South</i>	Roxbury	26	9
Harbor COV	63 Washington St.	Chelsea	24	18
Harwich Ecumenical Council for the Homeless (HECH)	Sisson Road	Harwich	7	3
Housing Assistance Corporation	West Barnstable rental	W. Barnstable	40	15
Housing Assistance Corporation (HAC)	Southside Homes	Hyannis	14	3
Housing Assistance Program (HAP)	Cady Brooks Apts	Charlton	38	38
Housing Assistance Program, Inc	West St. Family Housing	Northampton	12	5
Lawrence Community Works	East Island Sq.	Lawrence	70	14
Lawrence YWCA	Haverhill St.	Lawrence	24	6
Lena Park	LBB Housing	Boston	103	21

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Lower Cape Cod CDC	Main St Extension	Harwich	12	3
Madison Park Development Corporation	Ruggles Preservation	Roxbury	43	9
New Boston Development LLC	Olmstead	Mattapan	51	21
Nuestra Comunidad	Adams Court Phase B	Mattapan	45	10
Nuestra Comunidad	Edgewood St.	Dorchester	54	9
Planning Office of Urban Affairs	St. Aidan's	Brookline	20	6
Preservation of Affordable Housing (POAH)	United Front Homes	New Bedford	178	36
Rural Development	Ashfield House	Ashfield	18	6
Sojourner house	Humphrey St	Boston	11	4
Somerville Community Corporation	St. Polycarps	Somerville	24	6
South Suburban Affordable Housing	Pond Street	Weymouth	24	5
Urban Edge Housing Development Corporation	Egleston Crossing	Roxbury	64	15
Urban Edge Housing Development Corporation	Amory Street	Jamaica Plain	64	16
Viet AID	460 Geneva Avenue; Bloomfield Gardens	Boston	27	6
Women's Institute	Ingraham School	New Bedford	19	8
Women's Institute for Housing & Econ. Development	Acushnet Commons	New Bedford	12	5
YWCA North Shore	Powder house	Ipswich	50	10
Total			1466	399

¹ The Home Funders website can be accessed at www.homefunders.org .

² Katya Fels Smyth and Lisbeth B. Schorr, “A Lot to Lose: A Call to Rethink what Constitutes “Evidence” in Finding Social Interventions that Work”, January, 2009. The full paper can be found at the website of the Malcolm Weiner Center at Harvard University, www.hks.harvard.edu/socpol/publications_main.html . An abstract prepared by the authors can be found in Appendix II to this report.

³ Barry Bluestone, Center for Urban and Regional Policy, Northeastern University: *The Greater Boston Housing Report Card 2008: From Paradigm to Paradox: Understanding Greater Boston’s New Housing Market*. October 2008. This report can also be accessed at www.curp.neu.edu .

⁴ Ibid. Page 11

⁵ Ibid. Pages 16-18

⁶ Ibid. Page 34

⁷ *Report of the Special Commission Relative to Ending Homelessness in the Commonwealth (under Chapter 2 of the Resolves of 1966 and Chapter 1 of the Resolves of 2007)*, December 28, 2007, released January 9, 2008

⁸ *Massachusetts Continuum of Care Report and Massachusetts Homeless Management Information System, 2003*.

⁹ Jenifer McKim, *Boston Globe*: “Foreclosed Buildings to Get New Lease on Life”, March 17, 2009 and Ian B. Murphy, *Banker & Tradesman*: “State Gives Community Groups First Dibs on REO Properties”, March 16, 2009

¹⁰ “Memo to Members” Vol. 14, No. 13, April 3, 2009, National Low Income Housing Coalition

¹¹ *Report of the Special Commission*, December 28, 2007

¹² HUD Website: www.HUD.gov

¹³ Ibid. <http://www.huduser.org/datasets/il/il2009/2009summary>

¹⁴ Office of the Governor, Deval L. Patrick and Lt. Governor, Timothy Murray: Press Release December 16, 2008: *Patrick-Murray Administration Announces Regional Pilot Networks to Lessen Shelter Needs for the Homeless*

¹⁵ *Boston Globe*, “State Revises Regulations on Homeless”, March 29, 2009. See also Appendix V.

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ “The 2009 UMass Donahue Institute/CHAPA Housing Poll, April, 2009, which can be accessed at www.chapa.org .

¹⁹ Ibid.

²⁰ Crittenton Women’s Union website, March 13, 2009, www.liveworkthriveblog.org

²¹ Urban Institute and Kaiser Commission on Medicaid and the Uninsured-- estimates based on the Census Bureau’s March 2007 and 2008 Current Population Survey (CPS: Annual Social and Economic Supplements) found at www.statehealthfact.org .

²² Patricia J. Brady: Summary of Home Funders Program Evaluation, updated 2006, accessed at www.homefunders.org .

²³ In the current worldwide economic meltdown, it is not surprising that requests are not currently pouring into CEDAC for this recycled funding. As expressed in several of the interviews with respondents, developers are very nervous about the future, there is a shortage of project-based Section 8 subsidy (especially in the City of Boston), and money for services is very scarce.

²⁴ From a list provided by DND of ELI units in projects permitted from 2005-2009 (to date), we eliminated all projects which had received Home Funders funding through either MHP or CEDAC. Only 67 units in 8 projects had received neither.

²⁵ Massachusetts Housing Partnership report to Home Funders, February 13, 2009

²⁶ Many thanks to: Charleen Regan; Judy Jacobson, David Rockwell, and Megan Magrane at MHP; Roger Herzog and Karen Kelley at CEDAC; and Beth Smith and Angela Brown at the Hyams Foundation for assistance with this retrospective over the last four years.

²⁷ Report from Angela Brown, Hyams Foundation, dated March 9, 2009 with data as of December, 2008.

²⁸ References were made to the so-called “BHP I” effort carried out by the then-new Boston Housing Partnership with CDCs in Boston with the strong support of city and state agencies. The effort was ambitious and trail-blazing, but did underscore the degree to which it is imperative to assure that sufficient rehabilitation work is done to distressed properties at the front end. Many of the BHP I projects ended up in financial difficulty due to deferred maintenance and an inadequate income stream. Although it is now 25 years since that effort, memories of the challenges involved in this effort in Boston are very long!

²⁹ Additional steps to form a specific type of loan loss reserve have been taken through an agreement between Home Funders and MHP. MHP was authorized to establish a mechanism where interest payments of one half of one percent (0.5%) per annum on its Home Funders loans to project sponsors accumulate into a Special Fund established at MHP. The funds derived from the resulting interest rate “spread” are then set aside to: cover loan losses anticipated on the Home Funders-financed loans, enable MHP to make interest or principal repayments to Home Funders, and/or to effectuate “work-outs” of problems or defaults with respect to Home Funders-financed projects, including repairs or capital improvements to the affected properties. The proceeds of the Special Fund cannot be utilized by MHP to offset its costs for associated staff time to work out loans that encounter difficulty during the repayment period. It was felt that this is really a small spread on discounted financing and that it should not adversely affect the Home Funders-financed projects..

³⁰ In this context, we are referring to the establishment of a fund or account at the project level and would earn interest (which could either be paid to the investor or kept to enhance the principal of the fund). Withdrawals from the fund would be used to pay for service coordination for residents of the project.

³¹ Dr. Tarek Chebbi, Interim Evaluation of the Parent Academy program of the Miami-Dade County schools, January, 2008. The Executive Summary is included in this report as Appendix VII and the full interim evaluation can be accessed on the Miami-Dade County Public Schools website at <http://theparentacademy.dadeschools.net/evaluations.htm>.

³² Evelyn Friedman, Director, City of Boston Department of Neighborhood Development: interview with Eleanor White on March 19, 2009

³³ Table provided by the Hyams Foundation based on reports from MHP and CEDAC as of 12/31/08.