



OUR NEIGHBORS, OUR NEIGHBORHOODS

THE IMPACT OF PERMANENT SUPPORTIVE HOUSING ON NEIGHBORHOODS IN FORT WORTH, TEXAS

Introduction

Across America, permanent supportive housing is helping to end chronic homelessness by pairing attractive, well-managed housing with professional, on-site services. This paper reports data from a study of the impact of permanent supportive housing on neighborhood property values in Fort Worth, Texas between 2000 and 2008 and discusses design considerations, property management and strategies for neighborhood involvement. The evidence that the value of properties closest to permanent supportive housing have grown robustly and consistently with the neighborhoods in which they are situated is encouraging news for property owners who may be concerned by a proposed development.

Background

With broad public support, in the summer of 2008 the City Council of Fort Worth, Texas adopted a ten-year plan to end chronic homelessness. The vision of the *Directions Home* plan is to make all homelessness rare, short-term and non-recurring in Fort Worth, Texas by the year 2018.

| <i>Directions Home: Making Homelessness Rare, Short-term and Non-recurring in Fort Worth, Texas within Ten Years</i> | |
|---|---|
| Vision | Homelessness will be a rare, short-term and non-recurring experience in Fort Worth, Texas by the year 2018 |
| Goals | <ol style="list-style-type: none">1. Homelessness will be <u>rare</u>: <i>every year fewer households will fall out of housing and into homelessness.</i>2. Homelessness will be <u>short-term</u>: <i>no one will be homeless more than 12 months—ending chronic homelessness in our community.</i>3. Homelessness will be <u>non-recurring</u>: <i>homelessness will be a once-in-a-lifetime experience.</i> |
| Strategies | <ol style="list-style-type: none">1. Increase the supply of permanent supportive housing2. Expand opportunities and services linked with accountability3. Develop and operate a central resource facility4. Coordinate and expand homelessness prevention initiatives5. Support and strengthen existing public, private and faith-based efforts6. Mitigate the negative community impacts of homelessness7. Lead, educate and advocate for change |

Based on positive, local experience and national best practices, a cornerstone of the *Directions Home* plan is increasing the supply of permanent supportive housing for chronic and vulnerable homeless people. Supportive housing is defined by the Corporation for Supportive Housing as, “a successful, cost-effective combination of affordable housing with services that helps people live more stable, productive lives.”

Quality Affordable Housing

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Supportive Services

(Tenants typically pay 30% of their income for rent.)

(Medical, social and psychiatric services, housekeeping, money management, peer support, counseling, job training, etc.)

Permanent Supportive Housing

Across the country, permanent supportive housing (PSH) is proving¹ to be more cost effective than leaving chronically homeless people on the streets. Coupled with impressive retention rates and therapeutic outcomes, this—perhaps counterintuitive—fact has led to its increasing acceptance by policy makers and advocates alike. Although it is called permanent, the majority of supportive housing tenants in Tarrant County stay less than four years—similar to the average length of time people own a home.

A Production Program Model was developed for Tarrant County to guide efforts to bring an additional 1,088 units of permanent supportive housing online in the coming decade. The model calls for both expanding the use of existing housing units by providing rental vouchers and creating new units through rehabilitation and new construction.

The majority of existing units of PSH in Tarrant County are scattered site—typically a small number of units (<7) dispersed in multifamily developments throughout the county. Larger, congregate facilities and clusters of units exist, however, and this study is an effort to explore what, if any, impact they have had on surrounding property values.

In November 2008, the Furman Center for Real Estate and Urban Policy at New York University published a policy brief on *The Impact of Supportive Housing on Surrounding Neighborhoods: Evidence from New York City*. This analysis employed a complex statistical model to study property values that fell within one of three zones around a permanent supportive housing development. The zones they employed examined properties that fell within a 500-foot radius of a PSH development, a 1,000-foot radius of a PSH site or within the same census tract.

The Furman study examined over 7,500 units in 123 developments. Their research indicated:

the values of properties within 500 feet of supportive housing show steady growth relative to other properties in the neighborhood in the years after supportive housing opens. Properties somewhat further away (between 500 and 1,000 feet) show a decline in value when supportive housing first opens, but prices then increase steadily, perhaps as the market realizes that fears about the supportive housing turned out to be wrong.
(p. 8)

It is not possible in Tarrant County to reasonably approximate the sample size and longitudinal depth of the dataset employed in the Furman study. However, this spatial framework could be employed to conduct a more cursory survey of available data.

¹ "Supportive Housing is Cost Effective", January 2007, Literature Review by the National Alliance to End Homelessness.

Methodology

Subject Properties

1. In 1996, the Cornerstone Assistance Network opened the New Life Center on Fort Worth's Near Southside. A remodeled nursing home, the New Life Center is an 18-unit SRO (Single Room Occupancy) supportive housing development situated in an established residential neighborhood in the Fairmount Historic District.

David

"My struggle began on December 25, 2000. Christmas morning, I went to wake my wife but unfortunately, she had suffered a massive heart-attack sometime during the night and had passed away. Not wanting to deal with the pain and grief, I turned to alcohol and began drinking daily for the next four years. I ended up losing everything; house, car, family. You name it, I lost it. I was homeless and without hope. I went into treatment twice and still had no hope."

David found his way to the Cornerstone New Life Center in 2006. This permanent housing program charges \$50.00 per month in rent and supports him while he is working on his education.

"One of my biggest problems finding a job in my former field was that I had no work history for six years. However, at Cornerstone New Life Center, I have been able to go back to college and get my recertification in CNC Machine and Robotics. I will graduate in December 2008. Life is hard, but with hope and determination I will make it."



2. Samaritan House operates two programs on their Near Southside campus that provide permanent supportive housing opportunities for homeless people with HIV: Samaritan House, a 60-unit SRO that opened in 2001, and; The Villages at Samaritan House, a 66-unit Low-income Housing Tax Credit development that opened in 2006.

Demetra

After Demetra was diagnosed as HIV-positive in 1988, she just gave up, going into a period full of bad relationships, drugs and finally prison. Ironically, it was in prison that she recovered her will to live. When she arrived at Samaritan House, she was able to get serious about rebuilding her life. Not only did she find a job helping train people with disabilities, but she also met her future husband, a fellow resident at Samaritan House. Five years later, she is happily married, still loves her job,

has achieved 17 years of sobriety, and serves on the Samaritan House Board of Directors.



- Pennsylvania Place Apartments were developed by Mental Health Housing in partnership with the Enterprise Foundation. The 152-unit multifamily includes 25 set aside units of permanent supportive housing for persons with severe and persistent mental illness. On-site supportive services are provided by professionals from Mental Health and Mental Retardation of Tarrant County (MHMRTC).

Data

- Property values for 2000, 2004 and 2008 were obtained from the Tarrant Appraisal District. For 2004 and 2008, "Appraised Value[s]" were summed and averaged on a per square foot of improvements basis for the geography under inspection. For 2000, "Land Value" and "Improvement Value" were combined to derive a stand-in for appraised value.
- ArcGIS geographic information system (GIS) software was employed to generate two, roughly radial buffers around the subject parcels. If more than 50% of the area of a parcel was inside the circle, the parcel was included in the calculations of property values for the zone.
- A United States Census Bureau GIS layer was employed to identify census tracts from the 2000 Census. Where 500 foot and 1,000 foot zones were not wholly contained within a single census tract, data from both contiguous census tracts were used.
- From year-to-year the continuity of GIS parcel coding is sometimes lost due to subdivision and/or re-platting—a function of changing property tax identification numbers. Parcel identities that could not be maintained for the duration of the study period, 2000 – 2008, were excluded from analysis.
- Park land and unimproved land in the 100-year floodplain were excluded from tabulations of value.

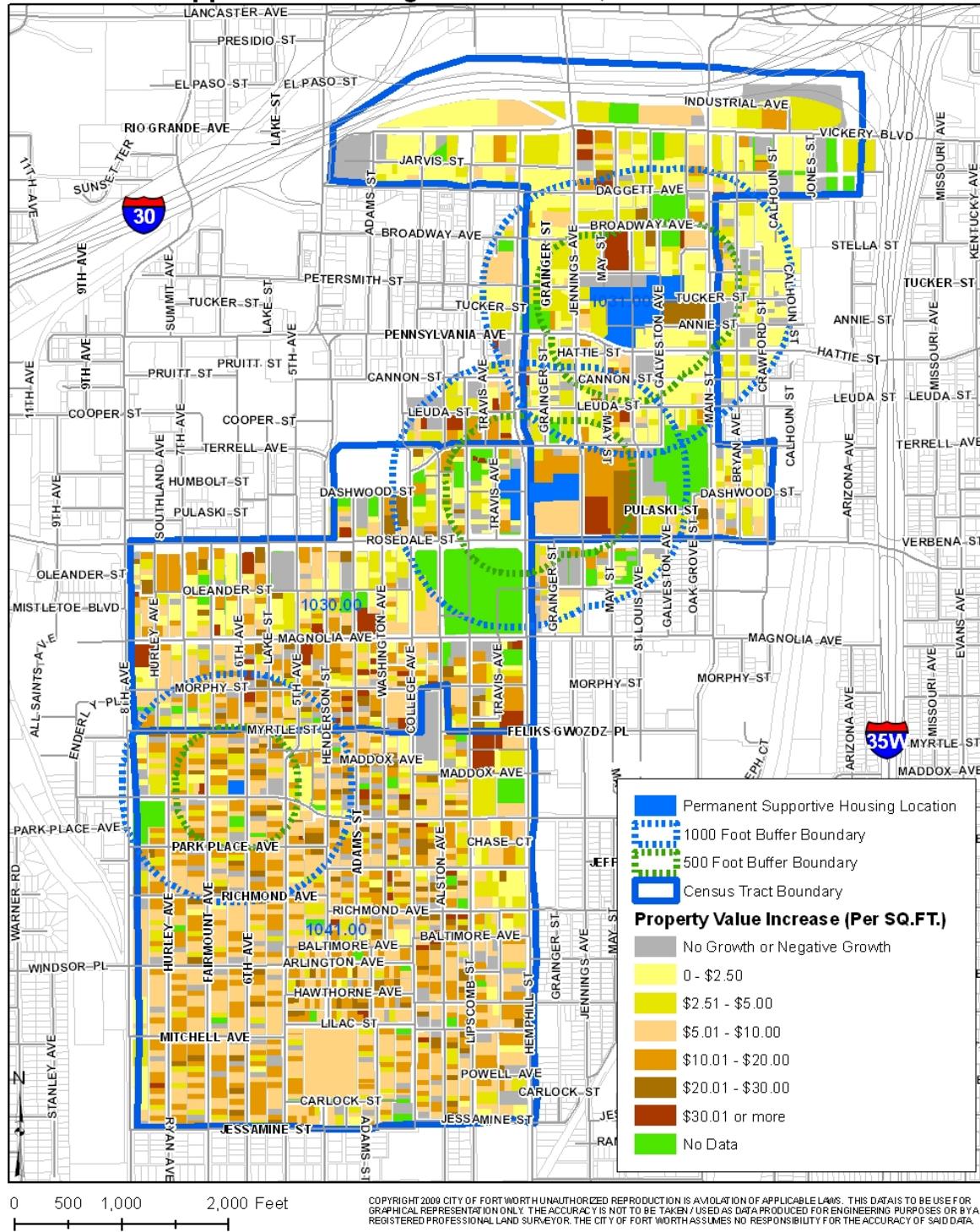
Results

Proximity to Permanent Supportive Housing and Annual Property Value Appreciation per sq ft

| | Cornerstone New Life Center | | Samaritan House and The Villages at Samaritan House | | Pennsylvania Place Apartments | |
|---------------------|--------------------------------|-------------|---|-------------|----------------------------------|-------------|
| | 2000 - 2004 | 2004 - 2008 | 2000 - 2004 | 2004 - 2008 | 2000 - 2004 | 2004 - 2008 |
| 500' Zone | 29.17% | 23.57% | 23.30% | 15.75% | 35.91% | 20.48% |
| 1,000' Zone | 22.99% | 19.79% | 15.54% | 13.06% | 20.83% | 15.08% |
| Census Tract | 23.07% | 19.22% | 14.88% | 12.86% | 18.09% | 12.84% |

Each of the three permanent supportive housing developments examined appreciated in value between 2000 and 2004 as well as between 2000 and 2008. The largest property value increases for neighboring properties were for those parcels within 500-feet of a permanent supportive housing development.

Change In Appraised Value Of Parcels By Proximity To Permanent Supportive Housing In Fort Worth, Texas 2000-2008



On a per square foot basis, the appraised value of all properties inside I-820 and within the City of Fort Worth grew at an average annual rate of 10.6% between 2000 and 2008. Properties in all geographic zones near permanent supportive housing that were studied appreciated 49 – 122% more than the City at large.

Discussion

This study did not account for many variables that impinge on neighborhood values such as transportation access, school quality and proximity to jobs. Thus, it would probably be inappropriate to read this data as supporting a causal relationship between handsome appreciation rates and the presence of a permanent supportive housing development within 500 feet. However, it does seem reasonable to conclude that **the presence of permanent supportive housing neither detracts from nor flat lines the growth in value of parcels in closest proximity.**

Financial considerations, of course, are not the only reason we care about or derive pleasure from our businesses and homes. The look and feel of a neighborhood and our relationships with our neighbors also add value to our ownership; thus, it is important to understand how neighborhoods can influence design considerations and the management of permanent supportive housing developments.

Design Considerations

Concerns about the design of supportive housing typically fall into the categories of compatibility, location, size and aesthetics. Modern codes, zoning and architectural standards insure that new multi-family housing developments will not be the over-crowded, monolithic eye-sores of the 1940s.

Permanent supportive housing is a subset of quality, affordable, accessible housing. As such, the expectation of the City of Fort Worth is that additional units of permanent supportive housing be strategically located and dispersed throughout the community. Permanent supportive housing site selection is governed by Fort Worth's Zoning Ordinance and is subject to development standards and all applicable building and fire codes. The operation of multiple units of permanent supportive housing is also subject to rental registration and inspection.

As a practical matter, developers of permanent supportive housing will choose locations most likely to contribute to the success of their clients; thus, proximity to public transportation, groceries, medical services and employment will be preferred. Dispersing quality, affordable housing also provides more choices to renters who want to live close to family, friends and other supports.

Permanent supportive housing can take many forms: Single Site, Set Aside or Scattered Site. Each of the forms is described in brief below.

Single site

A multi-unit apartment building of any size where formerly homeless individuals or families occupy all of the units. Typically, services to support the tenants' recovery, employment activities and reintegration into the community are available on site. Larger buildings usually include a 24-hour front desk. The Villages at Samaritan House (Fort Worth South) and the Cornerstone New Life Center (Fairmount) are examples of single site, permanent supportive housing developments. While it is conceivable to build very large projects, newly constructed, single site permanent supportive housing developments will typically be fewer than 150 units and generally 80 units or less.

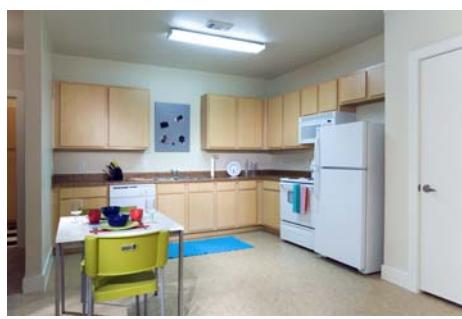
Set aside rental units

Multiple units “set aside” for formerly homeless tenants within a larger building—usually quality, affordable, accessible housing owned and managed by a nonprofit or private market landlord. The supportive housing sponsor may hold a master lease for the units and sub-let to the tenants or the tenants may rent directly from the landlord in an arrangement facilitated by the supportive housing sponsor. Service strategies can vary and may include the provision of some services on-site. Often an extra apartment for services/program space is either leased or provided free by the landlord. Cambridge Court (West Fort Worth) is an example of a quality, affordable housing development that includes units set aside for formerly homeless tenants. Set aside units are typically the lesser of 50% of the overall units or 80 units total.



Scattered site rental units

Single units that can be houses, a unit in a duplex, or one or more units in small apartment buildings, rented from a nonprofit or private market landlord. Wherever possible, scattered site units are grouped geographically to achieve management and service economies of scale. The supportive housing project may hold a master lease for the units and sub-let to the tenants or the tenants may rent directly from the landlord in an arrangement facilitated by the supportive housing sponsor. Services usually include some home visits, but most service provision occurs outside the tenant’s home. There are over 1,100 formerly homeless people living in scattered site permanent supportive housing units dispersed throughout Tarrant County.



Whether a project is an adaptive reuse of an existing building—as in the example of the neighborhood nursing home that became the Cornerstone New Life Center—or new construction—like the Villages at Samaritan House—aesthetics matter. Classic designs that incorporate accessibility and energy efficiency are generally preferred by both neighborhoods and the lenders who underwrite the projects. Adequate parking and lighting along with appropriate landscaping help to harmonize the building with the surrounding neighborhood.

Property Management

A legally enforceable rental contract or lease governs the relationship between the landlord and tenants who live in permanent supportive housing. This document spells out the rights and responsibilities of both the landlord and the tenant. In this regard, PSH is no different from any other multifamily development.

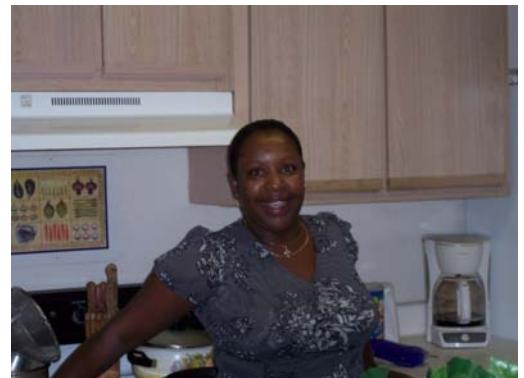
Where permanent supportive housing is different from other apartments is in the services that always accompany the unit. As noted above, tenants in PSH are provided an array of supports that are focused on helping them to keep their housing and live more stable and productive lives.

The core staffing for permanent supportive housing is made up of degreed Social Workers who broker and deliver customized supportive services for tenants. Permanent supportive housing is not a destination for services for non-residents; rather, on-site services are coordinated and delivered by professionals (case managers, RNs, job specialists, counselors and the like) for lease-holding tenants.

Staff to tenant ratios generally range from 1:10 – 1:30. The number and qualifications of on-site staff will depend on the characteristics of the tenants. For example, although a program that serves disabled veterans will need fewer on-site staff than a program that serves young women who are “aging out” of foster care, the veterans may need more specialized medical care.

Because the focus of the supportive services offered to tenants are on housing retention, the operators of permanent supportive housing have a vested interest in insuring that tenants are safe and well-cared for. 24-hour staffing is typical and security is appropriate in some neighborhoods to insure the safety of tenants.

Many landlords appreciate the opportunity to rent scattered site or set aside units to tenants who have a service provider checking in on their well-being. The case manager becomes an ally to the landlord, looking out for the property and available to help address concerns if they arise.



How Neighborhoods Can Get Involved

Neighborhoods and permanent supportive housing sponsors are encouraged to collaborate on design considerations and property management issues before units are built or leased. The use of a Good Neighbor Agreement can encourage dialogue and facilitate good relations between neighborhoods and PSH sponsors by describing mutual expectations in writing.

Clear and timely communication is certainly a key to establishing and maintaining good relationships among neighbors. Regular meetings and the identification of points of contact for both sponsors and neighborhoods can help to keep channels of communication open.

Samaritan House and the Cornerstone New Life Center welcome the opportunity to host tours and volunteers. Moreover, tenants in new neighborhoods are often eager to make new friends and live up to the expectations of their new neighbors. Permanent supportive housing works in Fort Worth, Texas, when and because people care about their neighbors and their neighborhoods.

