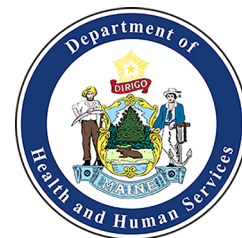


Legislative Report

Pursuant to 22 M.R.S. § 20A(7) regarding
the Housing First Program

Maine Department of Health & Human Services
Maine State Housing Authority



February 1, 2025

REPORT TO THE LEGISLATURE

TO: Joint Standing Committee on Housing and Economic Development
FROM: Maine Department of Health and Human Services
Maine State Housing Authority
DATE: February 1, 2025
RE: Legislative Report pursuant to 22 M.R.S. § 20A(7) regarding the Housing First Program

The Maine Department of Health and Human Services (DHHS) and Maine State Housing Authority (MaineHousing) are jointly submitting this report, pursuant to 22 M.R.S. § 20A(7). The statute requires the DHHS and MaineHousing to submit a report annually to the Joint Standing Committee on Housing and Economic Development to provide the committee with necessary data and information to evaluate the effectiveness of the Housing First Program. This initial report submitted to the Committee on February 1, 2025 must provide an assessment of the number of housing units and the scope of services needed to serve persons who are experiencing chronic homelessness to serve as a baseline against which the effectiveness of the program and other services will be measured. In subsequent years, annual reports will provide additional information as set forth by statute.

The Need for Housing First

The Legislature and the Mills Administration developed the statutory framework for Housing First to effectively end chronic homelessness in Maine. Therefore, the number of individuals experiencing chronic homelessness was the basis for the funding provided. This number also informed the initial steps taken by DHHS and MaineHousing in planning the future programming of Housing First. The main sources of data are the U.S. Department of Housing and Urban Development (HUD)-mandated Point-In-Time count, and Coordinated Entry Assessment data, both of which are reported to MaineHousing by the nine Homeless Service Hubs around the State. The 2023 data revealed a total of 370 individuals experiencing chronic homelessness in the State of Maine. Knowing that the data is imperfect, the initial goal of the Housing First program was to create 350 to 400 units of permanent supportive housing with on-site, 24-hour services. The additional \$1,000,000 in funding, as described in the section below, would provide services for additional individuals in “scattered site” programs.

DHHS and MaineHousing recently reviewed the same data points as of November 30, 2024 and found that closer to five-hundred (500) individuals were reported as experiencing chronic homelessness. Part of this increase can be attributed to the lack of available housing, which in turn results in individuals remaining in shelter longer. A longer shelter stay can transition an individual from the “experiencing homelessness” classification, to the “experiencing chronic homelessness” classification. This is because the reporting must follow the HUD definition of chronic homelessness, which includes individuals with a self-reported disability living in a place not meant for human habitation, a safe haven, or in an emergency shelter that have been homeless and living as described for at least twelve (12) months, or on at least four (4) separate occasions in the last three (3) years, as long as the combined occasions equal at least twelve (12) months. While not all

of these individuals are the target population for homes in the new Housing First properties, many of them are, and the goal of 350 to 400 permanent supportive housing units is as important now as ever.

With the increase in chronic homelessness, DHHS and MaineHousing feel the urgency and are pleased to provide the Committee with the background and accomplishments to date.

Legal and Regulatory Background of the Housing First Program

1. Statutory Background – 22 M.R.S. § 20A

On October 24, 2023, the Housing First statute, found at [22 M.R.S. § 20A](#), became effective. The statute outlines the overall structure of the program.

Regarding eligibility for the program, the statute defines chronic homelessness as “a situation in which a person is living in a place not meant for human habitation, including emergency shelters, for at least 12 months and for whom homelessness is correlated with a condition that makes accessing services and maintaining housing a significant challenge such as substance use disorder or a behavioral health condition.” Additionally, chronic homelessness” includes a situation in which a person has been living intermittently in an institutional care facility, including but not limited to jail or a health treatment facility, but is otherwise living in a place not meant for human habitation.”

The statute establishes two models of Housing First Services for DHHS and MaineHousing to implement. First, the statute establishes an On-Site model, in which services are available to chronically homeless tenants 24 hours per day and are designed to build independent living skills and connect individuals with community-based services. Second, the statute establishes a Scattered Site model referred to in the statute as Housing Stability Services, of which services are available to tenants at properties under the program at least twenty (20) hours per week, but not necessarily provided on site or 24 hours per day.

The statute established a Housing First Fund for administration of the program that is funded by a percentage of the Real Estate Transfer Tax (RETT). The statute establishes funding for the Housing First Program from the Fund in the following categories:

- \$1,000,000 annually to support the Scattered Site model.
- Funding to support two permanent, full-time positions at DHHS to administer the Housing First Program
- All additional funding, which is projected to be the majority of the Fund annually, is allocated to support the On-Site model.

The statute establishes that, on an annual basis, DHHS is to reserve the amount needed to fund the On-Site housing and support services for Housing First programs in the next fiscal year. All dollars in excess of that amount are then transferred to MaineHousing at the end of the fiscal year, so that MaineHousing can support the physical construction of Housing First Properties that will provide On-Site, 24 hour per day services.

This statutory distribution formula means that most Housing First Fund expenditures in the early years will be used to build new properties. As these new properties begin to open, an increasing proportion will then be allocated to help pay for the supportive services that are so critical to the model's success. The Fund is expected to be able to help finance about 400 new units of permanent supportive housing by the time all of the projects are built out, putting Maine on a path to becoming the first state in the nation to end chronic homelessness.

The statute required DHHS and MaineHousing to enact Joint Rules to administer the Housing First Program and to specify which elements of the Program are administered by DHHS and MaineHousing individually and which elements are administered jointly. Finally, the statute requires that DHHS and MaineHousing file annual reports with the Maine Legislature.

2. Joint Rulemaking

In the Summer of 2024, DHHS and MaineHousing began the Rule drafting process. Additionally, DHHS and MaineHousing received extensive support and technical assistance from the Office of the Attorney General (OAG), as joint rulemaking between DHHS and MaineHousing was required by the authorizing statute. Since DHHS and MaineHousing have different administrative processes regarding Rules, the OAG provided invaluable advice and recommendations on how DHHS and MaineHousing should proceed.

The Rules were published for notification on the Maine Secretary of State's website on October 30, 2024. Pursuant to MaineHousing's administrative procedure requirements, DHHS and MaineHousing held a Joint Public Hearing on the proposed Rules before the MaineHousing Board of Commissioners on November 19, 2024 at 10:00 a.m. The written public comment period closed on December 2, 2024. No public comment was received at either the Public Hearing or in writing.

Following submission of the Joint Rules to the Maine Secretary of State, the Joint Rules became effective on December 25, 2024. It should be noted that DHHS and MaineHousing were each required to publish their own set of Rules. Both Rules mirror each other, except the headers, any references to each other's Rules, the statutory authority, and in §5(1), where each Rule references the other Joint Rule. MaineHousing's Rule can be found at [99-346 C.M.R. ch. 36](#). DHHS's Rule can be found at [14-118 C.M.R. ch. 20](#).

Program Design and Stakeholder Engagement

1. Program Design Approach

Following passage of the Housing First law, DHHS and MaineHousing have worked in close partnership on all aspects of developing the Housing First Program. DHHS and MaineHousing underwent extensive stakeholder engagement to understand the Housing First landscape both nationally and in Maine. Additionally, DHHS and MaineHousing have worked closely with the

Governor's Office of Policy, Innovation and the Future (GOPIF) in formulating the design of the Program.

It should be noted that the Housing First law passed with an aim to duplicate and scale up the Housing First programming that has proven successful in serving chronically homeless individuals in the City of Portland. There are three on-site Housing First properties in Maine, all in Portland and with an aggregate total of eighty-five (85) apartments, serving individuals who are struggling through enormous challenges such as severe mental illness, substance use disorder and acute health problems. Those challenges have, in most cases, been greatly exacerbated over the many years that people experienced chronic homelessness. Once housed, however, and with the benefit of daily, on-site supports, tenants in Maine's Housing First properties have shown remarkable success in stabilizing their lives. This experience reinforces the notion – central to the concept of Housing First - that every human being must be able to meet their basic needs before they can be expected to address other important concerns such as actively working towards mental and physical health, securing and retaining a job, or reconnecting with loved ones.

While Maine's on-site Housing First properties [have demonstrated great success](#) in stabilizing lives and reducing public costs, the lack of an ongoing source of funds to pay for the critical on-site services resulted in a very slow pace of program growth. The first such project, Logan Place, was built in 2005, followed by Florence House in 2010 and Huston Commons in 2017. Having visited Huston Commons and seen the results first-hand, however, Governor Mills sought to expeditiously bring the approach to scale. In her January 2023 State of the State Address, she called for legislation that would “create a path to ending chronic homelessness in Maine by expanding the Housing First model statewide.” Such legislation, she continued, “would provide permanent supportive housing for hundreds of Maine's citizens, providing communities across Maine with a desperately needed resource to address chronic homelessness and reduce health care and public safety costs. The time for this legislation has come. Tonight, I call on the Legislature to send that bill to my desk. I will sign it.” About six months later, with strong bipartisan support from the State Legislature, Governor Mills signed the Housing First bill into law.

2. Stakeholder Engagement

DHHS and MaineHousing have undergone extensive stakeholder engagement efforts to inform Housing First Program development. Both DHHS and MaineHousing have received extensive information from the existing Housing First Programs, in particular the Huston Commons program in Portland. DHHS and MaineHousing took a tour of the Huston Commons facility and met with staff, administrators, and tenants to understand how the On-Site Housing First model has improved their lives and how we can incorporate elements of their model into the program design. Additionally, DHHS and MaineHousing have met with Community Housing of Maine (CHOM) to inform the development of the Scattered Site model. MaineHousing also receives support on program design from the Genesis Community Loan Fund.

In addition to all required communications and public hearings related to rulemaking, DHHS and MaineHousing have also hosted stakeholder engagement sessions to receive input from interested

providers and developers. In October 2024, DHHS hosted two well-attended Provider Forums in which DHHS provided an overview of its initial vision for program design and solicited comments, feedback, and ideas from service providers. Also in October 2024, MaineHousing hosted an Interested Parties conference for prospective developers and property managers.

3. Program Elements

The following are key elements of the Housing First Program design that will be implemented:

a. Housing First Teams

MaineHousing will initiate and oversee the Request for Qualifications (RFQ) process for Housing First Teams and property development. Proposals for Housing First Teams will be submitted to MaineHousing for identified locations. Through this process, bidders will seek to have their team and project approved by the State as the first step toward construction of a Housing First property.

After significant partnership and discussion, including with DAFS procurement, DHHS and MaineHousing determined that a “parallel processes” for procurement are the best and most efficient way forward to establish the Housing First program for On-Site providers. Maine Housing’s RFQ requires that all Housing First Teams presenting their qualifications to MaineHousing for review and approval have a Service Provider that is (or will be) on DHHS’s Pre-Qualified Vendor List.

The reason that Housing First development projects must come in as a unified team is due to the nature of low-income housing development: in order for a low-income housing development to attract an equity investor and be financially viable, the owner and investors must ensure that all members of the Housing First Team are unified and vetted not just by MaineHousing, but also by the investors themselves.

As a result, the parallel processes allow for the Housing First Team to be assembled by the owner and investors and presented to MaineHousing for approval, while ensuring that the Service Provider on the Team has already been pre-approved as qualified by DHHS to provide supportive services on that Team.

Proposals must include teams that consist of the following members:

- *Owner* – the party that owns the Housing First property and development.
- *Developer* – the party responsible for physically constructing the property.
- *Property Manager* – the party that will manage the property once construction is completed.
- *Service Provider* – The party that will provide 24/7/365 housing stability and supportive services to tenants in the property.

Proposals in response to MaineHousing’s RFQ will include the location of the project, details about the construction process, and competencies of the owner, developer, and property manager. Because DHHS has the responsibility (and the expertise) to oversee the Service Provider, DHHS will

review and approve the behavioral health Service Provider that was selected to join a Housing First Team.

b. Pre-Qualified Vendor List for Service Providers

DHHS will establish and manage a Pre-Qualified Vendor List (PQVL) of eligible behavioral health Service Providers that will provide Housing First services at an On-Site property as part of a Housing First Team. DHHS is currently administering a Request for Proposals to establish the initial PQVL. A successful proposal from a qualified provider grants the provider a five (5) year period for remaining on the list.

Providers on the list will have agreed to a standard contract for these services, as well as standard rates established by DHHS. The PQVL will be opened annually to allow for providers wishing to be added to the PQVL. The annual enrollment will identify current Housing First Property locations as well as those planned within the next year. The annual enrollment will require providers already on the list to confirm they are still interested in remaining on the list. Providers must reapply once the five (5) year period for being on the list has ended. At its discretion, DHHS may remove a provider from the list that is no longer in good standing.

c. Revisions to Targeted Case Management, the HOME Program, and MaineCare Maximization

The Housing First law mandated that DHHS amend two sections of the MaineCare Benefits Manual to support tenants at Housing First Programs: Section 13 – Targeted Case Management, and Section 91 – HOME Program:

Targeted Case Management (TCM): Case Management Services are those covered services provided by a social services or health professional, or other qualified staff, to identify the medical, social, educational and other needs (including housing and transportation) of the eligible member, identify the services necessary to meet those needs, and facilitate access to those services. Case management consists of intake/assessment, plan of care development, coordination/advocacy, monitoring, and evaluation. The key policy changes for TCM include removing the 90-day limitation for TCM after someone is housed and instead expanding eligibility by using a clinical risk assessment to determine eligibility for TCM.

Housing Outreach and Member Engagement (HOME Program): The HOME program is a specialized Community Care Team approved by MaineCare to provide housing outreach and Member engagement services for eligible Members experiencing long-term homelessness. DHHS is removing the gate keeping function by not requiring people to enter through the intensive tier. That would allow people to be housed at a Housing First program and still potentially benefit from the HOME Program. Previously, a member would have to be experiencing literal homelessness to be in the HOME program.

A State Plan Amendment for changes to TCM was approved by CMS on July 23, 2024. The Office of MaineCare Services is currently undertaking the rulemaking progress for both TCM and HOME, and DHHS anticipates that revisions to those Sections will be completed and effective by the end of Summer 2025.

Additionally, the Housing First law requires that the Housing First Program and providers maximize MaineCare reimbursement to the greatest extent possible. At the same time, DHHS and MaineHousing are aware that many of the services that are needed by Housing First tenants are not MaineCare-reimbursable, which is why the Housing First Fund exists to support Housing First Stability and Support Services. In order to meet the goal of maximizing MaineCare reimbursement while fully supporting Housing First service providers, DHHS developed the following protocol that it will implement once service providers begin supporting Housing First Tenants.

DHHS will implement a phased-in approach for MaineCare maximization. The Housing First Fund will fully cover staffing costs for up to two (2) FTE staff for 24/7 on-site housing support and stabilization services in the first one to two years of the program and **require** all HF providers to enroll in MaineCare or have a partnership model to provide TCM or HOME services.

During these first one to two years, DHHS will evaluate to determine what percentage of on-site housing support and stabilization services can be realistically reimbursed by MaineCare. DHHS will then develop benchmarking in subsequent years to develop a percentage of housing support and stabilization services that the Housing First Fund will cover and what will be required of the providers to bill to MaineCare.

Housing First Stability and Support Services:

The Housing First Support and Stabilization Services (HFSSS) being developed by DHHS will be strength-based services tailored to each tenant's individual needs with the goal of eliminating or mitigating previous barriers to successfully maintaining housing. Services also include linking tenants with desired medical, behavioral health, social, educational and/or vocational providers, including any other programs that can provide services to address the needs and goals identified by the tenant.

HFSSS are core to the Housing First model to keep chronically homeless tenants housed in Housing First properties. The key components of HFSSS are:

Relationship Building: The relationship established between tenants and HFSSS staff is vital. The goal is to connect and establish a trusting relationship between HFSSS staff and tenants by creating conditions in which a tenant can feel accepted, safe, and able to express their point of view, as well as their needs and goals.

Harm Reduction: HFSSS are informed by a harm-reduction philosophy that recognizes that substance use may affect current part of tenants' lives; providers are engaged with tenants in non-judgmental communication regarding substance use. Harm reduction incorporates a spectrum of

strategies that can include safer use, managed use, abstinence, and meeting people “where they’re at,” along with the use itself.

Life Skill Support: HFSSS are targeted towards supporting tenant goals related to personal wellness and integration into communities the tenant seeks to become part of, including the other tenants, the neighborhood, and personal relationships with family and friends.

General Housing Support. HFSSS are tailored to each tenant’s individual situation and can include elements such as understanding and honoring lease agreement and are geared towards elimination or mitigation of previous barriers to successfully maintaining housing.

Care Coordination. HFSSS providers implement a team-based approach to stabilization and support service delivery that includes maximizing utilization of MaineCare services and coordinated linkage to other services, whether provided on-site or within the community.