

Entry Name: Silver Star Apartments
Category Name: Special Needs Housing
Subcategory: Combating Homelessness
HFA: Michigan State Housing Development Authority (MSHDA)

OVERVIEW

Located on the east side of the campus of the Veterans Affairs Hospital in Battle Creek, Michigan, the Silver Star Apartment complex is a first-of-its-kind project that will provide permanent supportive housing targeted exclusively to homeless veterans. It is estimated that there are approximately 1,800 homeless people living in Calhoun County on any given day and, of those, 356 are recorded as veterans. These apartments will take homeless veterans who have participated in community-based transitional housing programs – and other residential or homeless services currently provided by the Veterans Administration and other nonprofit service providers working with this population – to the next level in housing. The project will combine on-site and off-site supportive services with existing Veterans Administration services and nonprofit services for the homeless.

Silver Star is the first Low Income Housing Tax Credit (LIHTC) development in Michigan to provide permanent supportive housing to 75 homeless veterans. It was developed by the Michigan State Housing Development Authority (MSHDA) in partnership with a for-profit developer, the Veteran's Administration, the Veteran's Hospital, and local service agencies. Through these partnerships, MSHDA hopes to create local development and supportive service models of permanent supportive housing for homeless veterans. Many challenges were overcome to complete the financing of a LIHTC development, which included a long-term lease with the federal government. In spite of the challenges involved, a program of this nature is certainly replicable. In fact, Silver Star can serve as a model for other regions and states to address the problem of homeless veterans.

PROGRAM INNOVATION

This homeless veterans development is an innovative program that combines the experience of a for-profit-developer together with the experience of nonprofit service agencies and the Veterans Administration to accomplish a common goal of providing decent affordable housing for the homeless veterans who have served our country. U.S. Senator Debbie Stabenow, who has been an advocate for this project, said during a recent tour, "I can't think of a more important project than one for people who have no home but have fought for our homes."

This is a unique project in many respects. Given its nature (housing for the homeless), the sizes of the units are larger than at other successful national model projects, which have included SRO units. The one-bedroom units will be approximately 699 square feet. The two-bedroom manager unit is approximately 978 square feet. All will include private balconies or patios, individual heating and cooling systems, cable, refrigerator, dishwasher, range, energy efficient windows and doors, mini-blinds, and common laundry facilities. In addition, there is a common area which includes: a theatre, separate rooms for job training, a music room, green house, an area for arts and crafts, a fitness center, a computer training room, offices, and an outdoor patio.

Due to the target population's lack of furnishings and household supplies, the following items will be provided for each unit: wood frame twin size bed, twin size box frame and mattress, 4-drawer dresser, night stand, kitchen table with two chairs, couch, coffee table, and a care package including bed linens, bathroom accessories, dishes, pots and pans, and utensils. The furniture provided is built for durability and quality, similar to dormitory and hotel furniture.

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RESPONDING TO STATE HOUSING NEED

According to data from the Michigan State Homeless Management Information System (HMIS), Michigan has a homeless population of approximately 86,000, of which 3 percent are veterans. But thousands more residents are overburdened by the costs of housing and struggling on the verge of homelessness. Silver Star is responding to this statewide need by providing an affordable home to veterans that have incomes at or below 30 percent of the area median income, with supports in place from the beginning to keep the veterans successfully housed.

MEASURABLE BENEFITS TO HFA TARGETED CUSTOMERS

As a result of the successes of the Silver Star project, two similar developments are under construction. These two projects will bring an additional 225 permanent supportive housing units for homeless veterans online. Developers are exploring additional sites to expand the model further. As a result of this innovative work, the length of time homeless veterans entering the emergency shelter system remain there will be reduced. Community services, including job training and access to entitlement benefits and opportunities for veterans to increase their income, will be available to veterans in these communities even if they do not reside in the new developments.

PROVEN TRACK RECORD OF SUCCESS

Although the financing of this project is complete, all obstacles have been overcome, and occupancy is underway, it is difficult to cite a “track record” just yet. The fact that other HFAs are already planning to duplicate the model forged here in Michigan is proof enough that the concept is solid and destined for success. Add to that the fact that the developer, Medallion Management, has 32 years of success providing rental housing to approximately 5,300 families and individuals in 81 communities throughout Michigan. Medallion’s experience and skill in the supportive housing arena is what motivated them to expand their efforts to include the Silver Star project. Solid partnerships make for solid results.

BENEFITS OUTWEIGH COSTS

The most compelling case for supportive housing is presented by a recently released University of Pennsylvania Center for Mental Health Policy and Services study. It concluded that supportive and transitional housing created an average annual savings of \$16,282 by reducing the use of public services. This savings is a result of a decline in the use of public health services, shelter use, and the avoidance of confinement of the mentally ill homeless population. The anticipated success of this development over the years will virtually guarantee repayment of the loans that are financing the project. In the meantime, MSHDA is not only fulfilling its mission but also serving a population that is particularly deserving of our support. Senator Stabenow’s words summed it up best when she said she couldn’t think of a more important project than one for people who have no home but have fought for ours. These and other benefits not only outweigh the cost, they make the investment imperative.

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DEMONSTRATE EFFECTIVE USE OF RESOURCES

Silver Star Apartments will be financed under the Supportive Housing program with an Authority first mortgage HOME Loan of \$1,611,330 as a fully amortizing 35-year fixed rate loan. In addition, a second Authority HOME Loan of \$2,475,000 will be provided and deferred at 1 percent, simple interest due and payable at the end of 35 years. Equity support comes from the sale of 9 percent tax credits in the amount of \$4,726,326 and a \$134,404 deferred developer fee. MSHDA has chosen to use project based Housing Choice Vouchers for supportive housing tenants and has received approval from HUD to give preference to veterans. All of the units will have an associated voucher to keep them affordable. In addition, the sponsor will establish a service fund account. Annual contributions to this account will be equal to 25 percent of any surplus cash available for distribution. These funds can be withdrawn for job training or placement, substance abuse services, crisis intervention, family skills training, benefits counseling, outpatient counseling, legal services, nutritional education, or other services included in their service plan.

EFFECTIVELY EMPLOY PARTNERSHIPS

The Silver Star development has brought about a series of unique partnerships that would never have typically occurred. Silver Star LDHA LP, through Medallion Management, has entered into a Memorandum of Understanding with Family Home Health Services (which will serve as Supportive Housing Services Coordinator) and Summit Pointe (to provide and coordinate supportive services between the Battle Creek Veterans Administration Medical Center and other services within the community). Family Home Health Services is a Community Health Accreditation Program and Medicare certified agency, which can provide both services on site along with the ability to refer tenants to other community-based services. Summit Pointe will provide resources to link the tenant with health care programs and social services in the community. The services available include, but are not limited to: case management, psychiatric services, therapeutic services, nursing/health services, substance abuse treatment, rehabilitation services, skilled training, continuing education, and gaining access to entitlement programs.

ACHIEVE STRATEGIC OBJECTIVES

Homelessness is recognized in Michigan as a serious social problem that must be addressed in order to advance the recovery of the state's economy. Michigan is the only state that is meeting this challenge on a statewide basis. MSHDA has taken the lead, together with other state agencies, nonprofits, and statewide organizations to adopt a 10-year plan to end homeless in Michigan. All 83 counties in Michigan are represented by 60 local plans that work in conjunction with the overarching state plan. More than 40 initiatives are included in the 10-year plan, including a Homeless Veterans Initiative. Silver Star Apartments is the first project under that initiative. It stands as an inspiration to those dedicated to serving our homeless veterans, as well as the inspiration for submitting this entry for consideration.

(Please see attachments)