

Virginia Housing Development Authority South Hampton Roads Regional SRO Partnership

“Without the capital provided by VHDA’s low-interest financing and Low-Income Housing Tax Credit program, these developments would never have been built and more than 200 homeless Virginians would still be without a place to call home.”

Alice Tousignant
Executive Director, Virginia Supportive Housing

Brief Description

When seven jurisdictions in South Hampton Roads (the cities of Norfolk, Portsmouth, Chesapeake, Virginia Beach and Suffolk and the counties of Isle of Wight and Surry) met to discuss increasing homelessness in the region, they discovered that the bulk of chronically homeless people were located in the four core cities of the region: Norfolk, Virginia Beach, Portsmouth and Chesapeake. To be considered chronically homeless, an individual must have been either homeless for three consecutive years or have experienced four episodes of homelessness over the past three years. The vast majority of the chronically homeless have a dual diagnosis of mental illness as well as substance abuse. Each of these four cities agreed to facilitate the construction of a 60-unit single room occupancy (SRO) development within their boundaries. Each jurisdiction also provided 15 Housing Choice Vouchers to each development. Therefore, all of the partner cities had a stake in the ultimate success of each development.

The cities partnered with the state’s foremost developer of SRO projects, Virginia Supportive Housing, to handle all four developments. VHDA’s role was to provide substantial financial resources to make these developments a reality. Of the \$28,300,000 cost of these four projects, funding raised from the VHDA-administered Low-Income Housing Tax Credit (LIHTC) allocations and special VHDA-funded direct loans covered 59% of the total cost. VHDA’s LIHTC program and this specialized loan program both place a high priority on developments serving homeless populations. It is clear that without VHDA’s support, 240 people in the South Hampton Roads region would still be without a home.

Why it was Undertaken

According to HUD’s most recent Homeless Assessment Report, Virginia ranks 19th in the nation in terms of homeless individuals living in the state. Dealing with the chronically homeless drains public services, from the police who arrest and jail them due to a lack of psychiatric beds; to hospitals that treat them in emergency rooms; to shelters that house them sporadically. Providing permanent housing and targeted social aid gives these individuals a chance at a better life, and lessens the heavy toll that homelessness takes on public resources.

Because homelessness continues to be a largely urban phenomenon, with 71 percent of those who are chronically homeless living in central cities, infill SROs are part of a growing strategy in Hampton Roads to reduce homelessness by building permanent housing for single adults, which make up the bulk of the region’s homeless population.

In addition, the chronically homeless are the most challenging subpopulation of homeless individuals. Due to their mental health and substance abuse issues, which result in an extraordinary number of visits to emergency rooms, the chronically homeless are the most costly to the safety net system. Their situation demands housing stability in order to address the underlying issues involved. Because of the transient nature of this population, the leaders of Norfolk, Virginia Beach, Portsmouth and Chesapeake recognized that it would take a regional effort to adequately address this issue.

What It Has Accomplished

With VHDA’s participation by providing loans and allocating LIHTCs, 180 permanent supportive housing units have been constructed with another 60 to be completed by the end of 2013. The first development, Gosnold Apartments, is located in Norfolk. To combat any NIMBY issues, the property was located in an industrial zoned area and involved the adaptive reuse of a former commercial structure. However, the complex was near transportation and jobs, and adjacent to established residential areas.

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The second development, Cloverleaf Apartments, is located in Virginia Beach and again involved the adaptive reuse of a commercial structure—a former roller skating rink—into a 60-unit apartment complex. So, in addition to addressing the needs of the homeless, this development was an opportunity to combat blight along a tired and neglected commercial corridor. The third project, South Bay Apartments in Portsmouth, is a very attractive new construction building. The final complex, Heron's Landing in Chesapeake, was awarded an allocation of tax credits by VHDA and is expected to be completed in 2013. When all four developments are completed, 240 formerly homeless individuals will no longer be living on the streets of the cities of South Hampton Roads.

Why It Is Meritorious and Meets NCSHA Judging Criteria

Innovative

The regional SRO concept in South Hampton Roads is the first SRO development of this type in the nation.

The leaders of these four cities showed a tremendous amount of courage and innovation to structure a plan where all of the jurisdictions affected by common circumstances collaborated to implement a solution in which each would commit the necessary resources to ensure the successes in which they all share.

Replicable

Regional cooperation can be a difficult endeavor under the best of circumstances. However, the structure of local governments in Virginia makes inter-jurisdictional cooperation especially challenging. Thus, if cooperation can happen in this environment, it can be replicated elsewhere. The level of resource commitment provided by each locality is within the means of metropolitan localities elsewhere in the nation. Once the local decision was made, the search for resources began and VHDA was able to provide permanent funding and/or an allocation of LIHTCs to ensure these developments were built and properly funded. The commitments made by VHDA are ones that other HFAs are capable making with the federal resources they administer.

Respond to an important state housing need

During the January 2012 *Point in Time Count*, Virginia had 8,392 homeless individuals, with South Hampton Roads accounting for 1,424, or approximately 17% of the total. The Virginia Homeless Outcomes Advisory Subcommittee of the State Housing Policy Taskforce has identified increasing supportive housing as a significant goal in ending homelessness in Virginia. The Regional SRO developments of South Hampton Roads are leading the way in that effort. In addition, VHDA's allocation of LIHTCs was made pursuant to a Qualified Allocation Plan (QAP) that uses a competitive scoring system based on the housing needs of the state. Each of the Regional SRO developments that were awarded credits placed first or second in the nonprofit allocation pool in which they competed.

Demonstrate measurable benefits to HFA targeted customers

The 240 individuals who will no longer be homeless as a result of the South Hampton Roads SRO developments have benefited immeasurably from this initiative. The stability of housing has given these people the opportunity to address serious mental health and substance abuse issues in a compassionate and caring environment. A national study has determined that only five percent of those who leave supportive housing became homeless – i.e., went to an emergency shelter, transitional housing or the streets. Additionally, in the South Hampton Roads area 98 percent of those served by these SRO developments have not returned to homelessness.

Have a proven track record of success in the marketplace

Permanent supportive housing has proved to be a successful model in reducing homelessness and addressing the underlying issues of the people served. A recent study by Virginia Supportive Housing revealed a 61 percent decline in emergency room visits from the population served under its "*A Place To Start*" (APTS) program.

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Provide benefits that outweigh costs

Permanent supportive housing is a national model aimed at ending homelessness among the chronically homeless. The stability of housing combined with wraparound services allows individuals to become more productive citizens. The cost benefit in human capital is immeasurable – as it always is when people consider the quality of human life.

Demonstrate effective use of resources

According to data from Virginia Supportive Housing's "A Place to Start" model, the daily cost of permanent supportive housing is \$49, compared to \$70 for a jail bed and \$598 for an adult psychiatric state hospital. Thus, there are real tangible benefits to the providers of the housing and services, and ultimately the taxpayers benefit as well. Moreover, by employing Virginia Supportive Housing to develop all four projects, efficiencies were created in not having to "reinvent the wheel" with each new structure.

Effectively employ partnerships

The collaborative effort of the cities of Norfolk, Virginia Beach, Portsmouth and Chesapeake is significant and unprecedented. Through their combined efforts, they have been able to substantially reduce the number of chronically homeless people in the South Hampton Roads region. But perhaps even more importantly, these often competitive localities have come together with the resources of VHDA to build trust and confidence in working cooperatively to address a regional need. They have worked together in an atmosphere of compromise to create regional synergy and accomplish something that they could not have been achieved alone.

Achieve strategic objectives

VHDA has structured its LIHTC QAP and special multifamily lending programs to target "challenging to serve populations and needs," including chronic homelessness. However, this strategic objective has been difficult to achieve despite the dedication of lending capital and equity subsidies because potential users are often unable to structure effective partnerships to put these resources to use. The South Hampton Roads regional SRO partnership has enabled VHDA to support four permanent supportive housing facilities located throughout South Hampton Roads serving 240 chronically homeless persons. This impact on homeless needs in South Hampton Roads far exceeds the strategic outcome that would otherwise have been achieved.

Conclusion

Four localities in South Hampton Roads came together in an extraordinary way to address the issue of chronic homelessness in their region. VHDA facilitated the means to obtain the resources necessary to build these projects, and Virginia Supportive Housing served as the developer of these unique SRO developments. **Of the \$28,300,000 cost of these four projects, funding raised from VHDA-administered LIHTC allocations and VHDA-funded direct loans covered 59% of the total cost.** It is clear that without VHDA's support, 240 people in the South Hampton Roads region would still be homeless. **In addition, the daily cost of permanent supportive housing is \$49, compared to \$70 for a jail bed and \$598 for an adult psychiatric state hospital. Thus, there are true financial benefits to the providers of the housing and services, as well as Virginia's taxpayers.**

Note: a DVD about this initiative will be mailed to judges.