

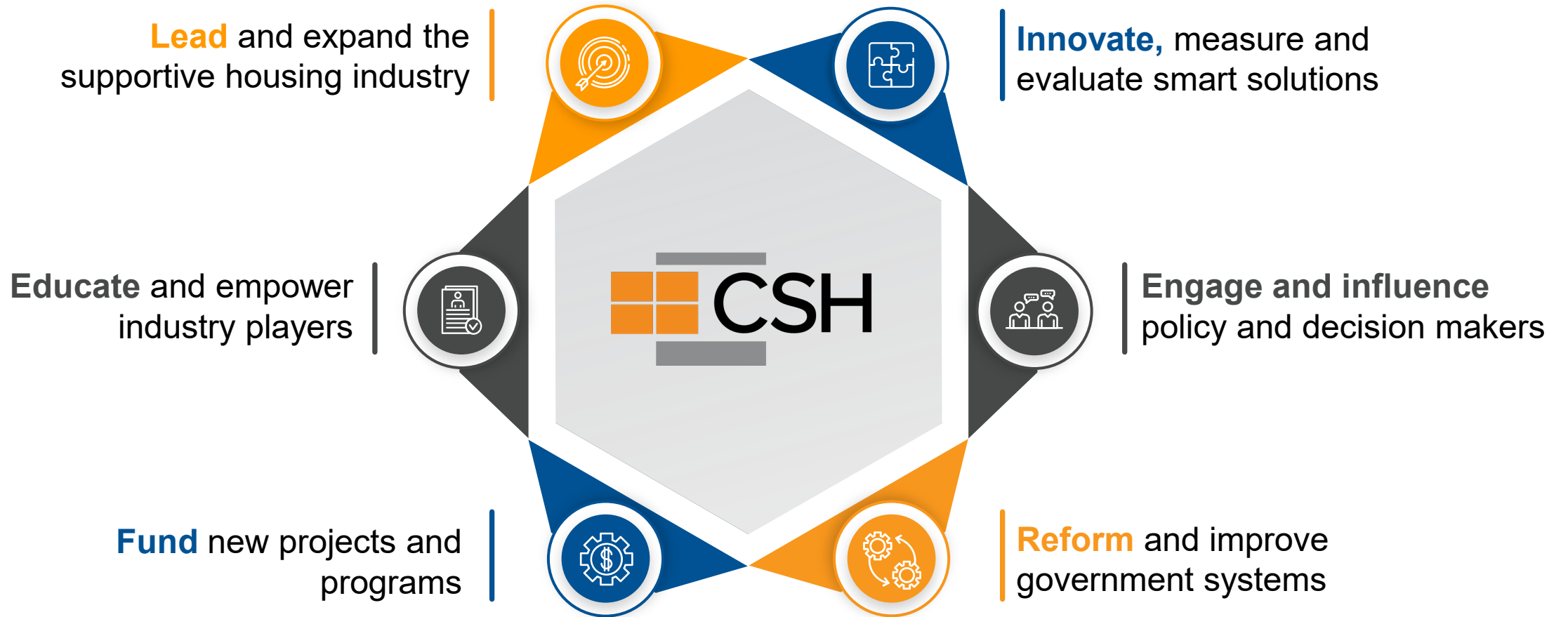
2023 BOSTON

Preservation of Housing for People with Special Needs

October 17, 2023



How We Drive Impact

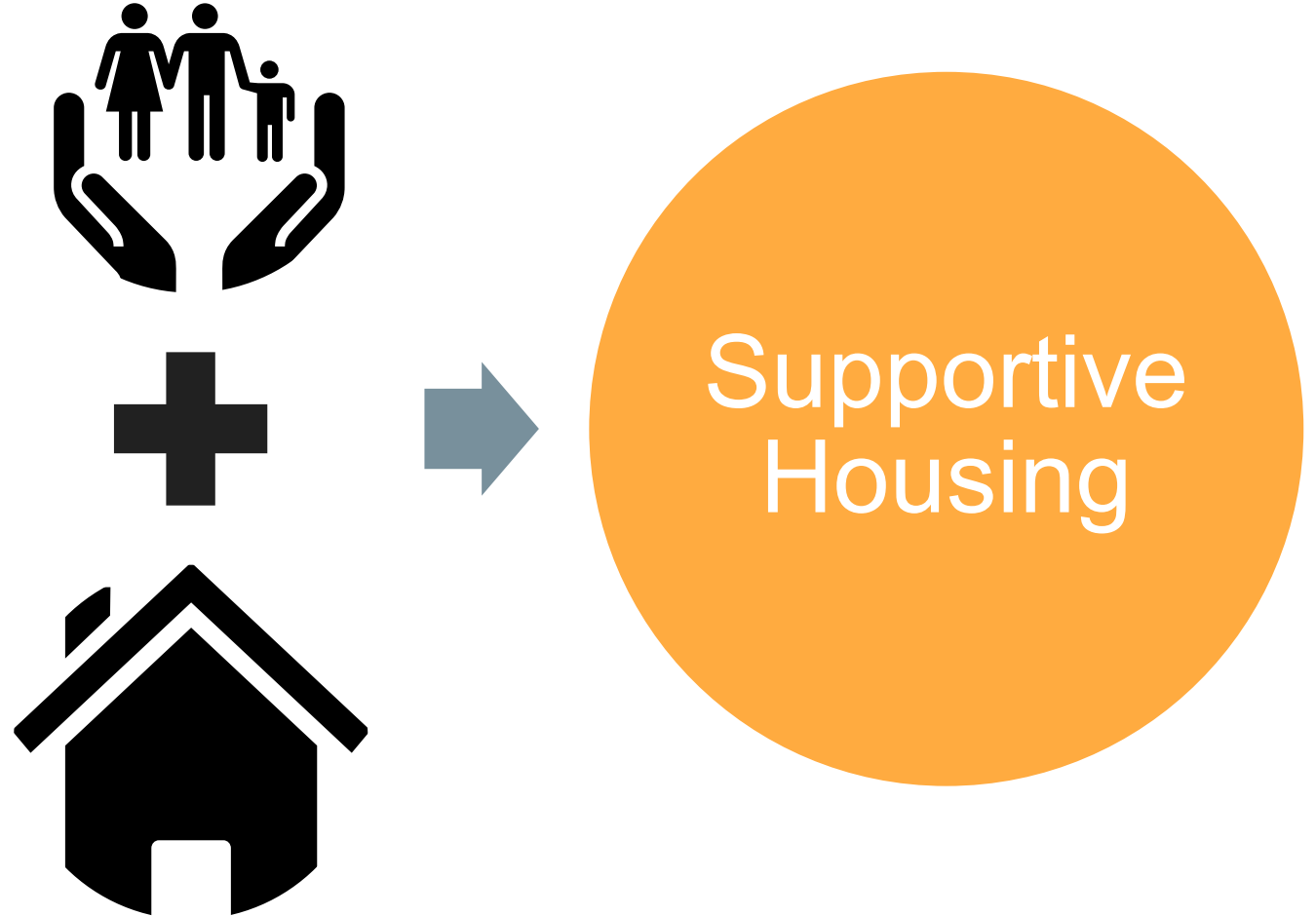


What is **Supportive** Housing?

Evidenced-Based Best Practice

Combines **permanent, affordable housing** with comprehensive and flexible **supportive services**

Can be a **cost-effective health intervention**



Supportive Housing Unit Composition & Attributes

- Multi-family Apartments
- Duplex/Triplex
- Single-family Houses
- Accessory Dwelling Units (ADUs)
- Scattered Site
- Project-Based

**Deeply Affordable
(0-50%AMI & below)**

Non-Time-Limited

**Independent –
Personal Choice**

Services to Tenants in SH are:



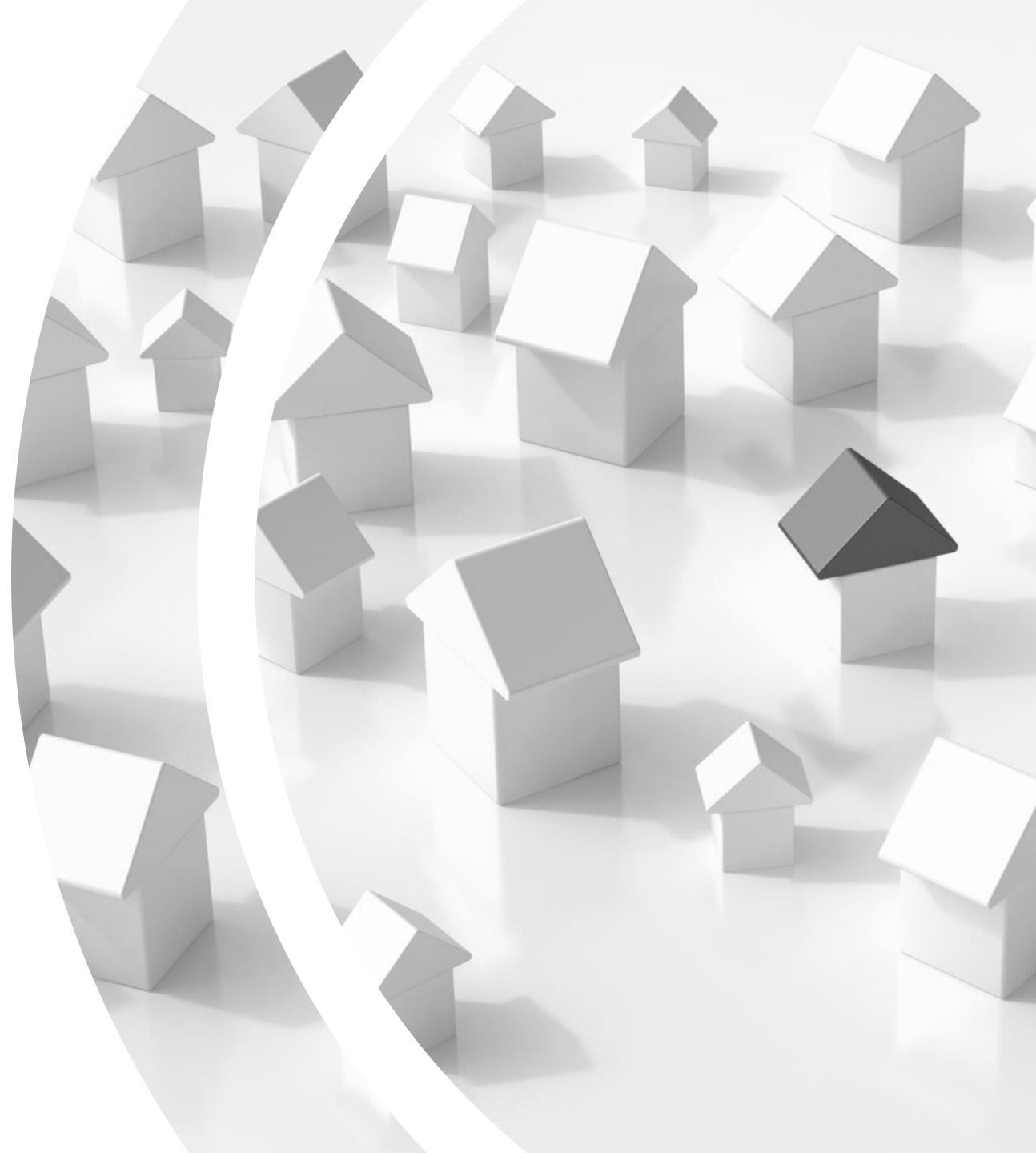
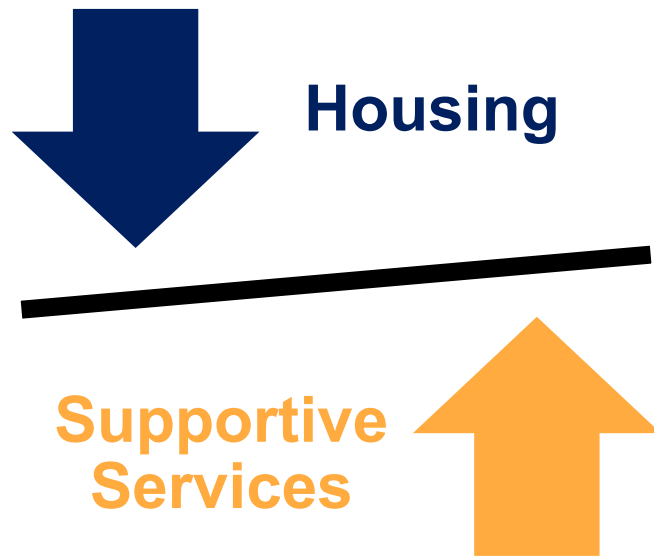
✓ **FLEXIBLE**

✓ **VOLUNTARY**

✓ **TENANT-CENTERED**

Who **Lives** In Supportive Housing?

Supportive housing is designed for individuals who **BUT FOR HOUSING** cannot access and make effective use of treatment and supportive services in the community, and **BUT FOR SUPPORTIVE SERVICES** cannot access and sustain stable housing in the community.



Supportive Housing is for people who are...



Chronically
homeless



At risk of being
unsheltered



Cycling through
systems



Exiting
institutions



Supportive Services Make the Difference!



Counseling



Health and mental health services



Childcare



Employment services and support



Substance use recovery and support



Independent living skills



Budgeting and financial management support



Community building activities

Supportive Housing is the Solution...

- 85-90% of supportive housing tenants **maintain housing** for at least a year
- Use of the costliest services in homeless, health care and justice systems **declines** when living in supportive housing
- Supportive housing tenants **choose to participate in services** even when they are not a requirement for tenancy



Integrated Community-Based Systems Yields Quality Housing Opportunities for All

Supportive Housing Leverages Affordable Housing Subsidies



Fuller Avenue Senior Housing



Menorah Housing Foundation Section 202 89 Apartments 7-Story Building

- On-site manager
- Service coordinator for connection to comprehensive community resources
- Monthly scheduled events
- Educational presentations
- Exercise/Art classes
- Holiday celebrations



Section 202 Spotlights



Cedar Oaks — 44 Units

- HUD 202 PRAC
- Built in 1993
- 10 studios, 33 one-bedroom units, 1 manager unit
- 2020 Received 9% LIHTC Award
- 30-year-old building never renovated before now
- 1st PRAC Conversion in Florida and 2nd PRAC Conversion in the country
- National Church Residences made approximately \$2.9M in post-closing improvements to the property, including parking lot repair and ADA/ Accessibility improvements, exterior building repairs (new siding) comprehensive common area improvements with upgrades to laundry facility to include proper ADA/FHA/UFAS/504 compliant equipment and significant unit interior



Highlands Manor — 62 Units

- HUD 202 PRAC
- Built in 1986
- 62 one-bedroom units, 1 manager unit
- 27-year-old building never renovated before now
- 2022 Received 9% LIHTC Award
- Estimated March, 2023 closing
- National Church Residences will make approximately \$5.2M in post-closing improvements to the property including parking lot repair and ADA/ Accessibility improvements, exterior building repairs, elevator modernization, comprehensive common area improvements with upgrades to laundry facility to include proper ADA/FHA/UFAS/504 compliant equipment and significant unit interior improvements

Arbor Ridge – Canton, OH

100% SH



Project Details:

- 14 One-bedroom units
- Target Pop: Homeless and referrals from MH board
- Integrated into residential neighborhood
- Community and service space
- Testa – for profit development partner

Ownership

- ICAN, nonprofit supportive housing developer, owner, property manager, and service provider

Financing

- Total Development Costs: \$2.5 million
- HDAP, AHP, HOME, OMHAS Capital
- Project Based Rental Assistance through Housing Authority
- Private foundations and donations for furnishings including welcome home kits

B-First- Alliance, Ohio

100% SH



Project Details:

- 10 units | 8 2BRs & 2 3BRs
- Target Pop: Families
- Durable materials – units & furniture that can withstand impact of kids
- Community room and service space
- Integrated into residential neighborhood
- Partnered with a development consultant

Ownership

- Alliance for Children and Families – NP service provider, property manager & developer

Financing

- Total Development Costs: \$ 2.5M
- OHFA Homeless Grant
- City and County HOME funds
- Private Funds
- CSH Pre-Development Loan
- Vouchers from PHA

Colonial Arms- Bellefontaine, Ohio

Project Details:

- 12 units Rehabilitation
- Target Pop: Families

Ownership

- Residential Administrators, Inc – MH Developer & PM, local service provider

Financing

- Total Development Costs: \$ 1.29 Million
- Housing Development Gap Financing (HFA-HOME, Affordable Housing Trust Fund)
- Capital Funds from Ohio Department of Mental Health & Addiction Services (forgivable mortgage)
 - Federal Home Loan Bank of Cincinnati
 - Vouchers from PHA & Local MH Board Supports



Thank you!

Learn more at www.csh.org



Stay in Touch!



Deirdre.Bolden@csh.org



@cshinfo



[@facebook.com/cshorg](https://www.facebook.com/cshorg)



@csh_innovate

csh.org

2023 BOSTON

Preservation of Housing for Persons with Special Needs

Althea Arnold

Senior Vice President, Policy

Stewards of Affordable Housing for the Future



Preserving Housing for Seniors

Why Section 202 Housing for the Elderly?

- ✓ Allow seniors to age in their community/ avoid unnecessary institutionalization by providing housing and supportive services
- ✓ Serves people over 62 with very low incomes (below 50% AMI)
- ✓ Avg. annual household income = \$14,272
- ✓ Funding to nonprofit organizations to develop and operate senior housing
- ✓ Residents pay 30% of adj. income; PBRA or PRAC makes up difference
- ✓ Of the country's 6,957 Section 202 communities, 4,074 receive their operating subsidy from PBRA and 2,993 receive their operating subsidy from PRAC



Preserving Housing for Seniors

Why RAD for PRAC?

Congress authorized budget-neutral RAD conversions:

- Public Housing, legacy programs
→FY 2012
- 202 PRACs
→FY 2018
- 811 PRACs
→FY 2022

- 202/PRACs unable to take on debt, leaving aging PRAC communities financially unprepared for capital needs
- Recognizing the preservation threat looming, Congress expanded RAD conversions to Section 202/PRACs
- Rental Assistance Demonstration (RAD) was designed to preserve and recapitalize an aging stock of HUD-assisted housing by allowing properties to convert to long-term, Section 8 rental assistance contracts, and access to debt and equity to finance capital needs
- Critical components of RAD for PRAC
 - Getting the right rent levels upon conversion
 - Ensuring service coordination is robust
 - Retaining nonprofit ownership over the long haul



RAD for PRAC then

Some conversions closed; some underway and some don't pencil

- RAD rents are set based on the PRAC budget-based rent, which is often too low to support a recapitalization transaction
- Unlike PBRA rents (capped at 120% of FMR), PRACs have uncapped budget-based rents (in part because service coordinator funding is included in the rent)



RAD for PRAC now

- In FY 2022 and 2023 Congress approved \$12 million total to support higher contract rents for properties at time of conversion
- HUD published RAD Supplemental Notice 4B on July 27, 2024

➤ Describes how to access supplemental funding

➤ Allows contract rents to increase by 75% of the utility savings where improvements result in a reduction in tenant paid utilities

➤ Allows Section 8 contract rents to exceed 120% of FMR when the existing budget-based PRAC rents are already above 120% of FMR

➤ DOES NOT IMPLEMENT SECTION 811 PRAC EXPANSION; guidance still forthcoming



Up to \$250
PUPM
Increase

Hard construction costs must exceed 60% of the Housing Construction Costs

Up to \$100
PUPM
Increase

Hard construction costs must exceed 30% of the Housing Construction Costs

Project Owner must demonstrate that the construction or substantial rehabilitation will enhance climate resilience, energy and water efficiency, and/or appropriate design for the elderly residents to age-in-place and is financially necessary.





Preserving Section 811 Capital Advance Projects

Ayana Gonzalez, Senior Consultant, TAC

10/17/2023

811 Capital Advance Overview

- **The Section 811 Supportive Housing for Persons with Disabilities Program** aims to expand the supply of integrated affordable housing by providing Capital Advance funding for the development of permanent supportive rental housing for very-low-income persons with disabilities age 18 years or older.
- These units provide persons with disabilities the opportunity to live with dignity and independence within the community in an integrated environment that provides access to appropriate and voluntary supportive services.
- There are more than 2,750 Section 811 Capital Advance PRAC projects across the country with 31,000 units.

Key Features of 811 Capital Advance

- **Housing with services for people with disabilities:** HUD provides funding to develop and subsidize rental housing with the availability of supportive services for very low- and extremely low-income adults with disabilities.
- **Capital Advance:** interest-free capital advances help nonprofit sponsors finance the development of rental housing finance construction, reconstruction, moderate or substantial rehabilitation, or acquisition.
- **Project Rental Assistance Contracts:** Funds are used to cover the difference between the tenants' contributions toward rent and the difference between the HUD-approved operating cost of the project.

Who lives in 811 Capital Advance projects?

- 31,000 households are currently served by 811 Capital Advance properties
- 100% of households include an adult with a disability
- Tenants' average gross annual income is \$12,948
- 42% of 811 Capital Advance residents are BIPOC
- 92% of tenants live in single-person households

811 Capital Advance at Risk

- In 2020, HUD's Real Estate Assessment Center (REAC) system identified **5% of these properties as troubled** and **another 20% as potentially troubled**.
- It is important to preserve access to this and other affordable, accessible, housing with supports for continued use by the intended population.

Why are 811 Capital Advance Properties Struggling?

- Aging properties
- High vacancies
- Loss of services
- Increased access to other housing options

Preservation Strategies

- 210 transfer authority
- RAD for PRAC
- Targeted technical assistance

Thank you!