



Examples of Effective Title V Projects Declined, Delayed or Denied Due to HHS Refusal or Resistance to Traditional Affordable Housing Financing Proposals

Wellness Center and Housing in Alameda, CA

The Alameda Point Collaborative (APC) has submitted a proposed Title V application and a financial plan for the Alameda Wellness Campus, which is currently pending.

Proposed Project:

Medical Respite Center and Senior Supportive Housing. Wellness Building (Medical Respite Center) APC proposes the demolition of Building One to construct the Medical Respite Center. The **50-bed Medical Respite Program** will provide recuperative care stays for an estimated **400 unhoused Alameda County residents** yearly to resolve acute medical conditions and stabilize chronic conditions. Medical respite patients will be referred primarily from local hospitals and street medicine teams. These individuals are too sick or fragile to recover from an illness or injury on the streets or in a shelter. The program will provide medical respite care stays, with intensive medical and behavioral health care, to improve their health and well-being.

Permanent Supportive Housing for Seniors. Alameda Point Collaborative and Mercy Housing are developing **100 studio apartments for homeless seniors**, connected with services and on-site healthcare, to enable homeless residents to successfully age in a supportive community environment. The project has achieved major milestones and is slated to break ground in Spring 2022. The Alameda Wellness Campus will co-locate medical respite, permanent supportive housing, a health clinic, and a homelessness prevention program. These resources for health care, housing and supportive services will benefit approximately **700 unhoused Alameda County residents annually, reaching nearly 10% of the unhoused population in Alameda County.**

Challenges:

Refusal to provide site control necessary for Low Income Tax Credit Financing. HHS has refused to execute an option for site control—documentation that is necessary for a LIHTC application if the property has not yet been transferred to APC. HHS has also refused to allow APC to subdivide the property prior to transfer via deed to enable the above-referenced components, a necessary precursor to executing the financing for each component. This much-needed project is thus caught in a circular problem, in which it cannot take steps to finalize the level of funding commitment and legal documentation HHS requires it to submit in order to obtain the deed, but HHS will not exhibit any flexibility to assist with the foregoing so that the property can be transferred to APC.

Federal Reserve Bank Building, Seattle, WA

In April 2014, a Title V application was submitted by Compass Housing Alliance (lead applicant), an experienced developer and homeless services provider, together with Catholic Community Services and the Downtown Emergency Services Center **to create a homeless services hub and drop-in center, including a primary health clinic.** Though extensive, HHS determined the application was incomplete and requested

additional information, including regarding the financing structure. The financing aspect of the proposal discussed an intention to use New Markets Tax Credit (NMTC) and Historic Rehabilitation Tax Credit (HRTC) financing, including a master leasing structure. Extensive information regarding the financing plan was provided. HHS denied the application in June 2014.

Appraisers' Building, Baltimore, MD

In 2010, the Appraisers' Building on S. Gay Street in Baltimore was listed as suitable under the Title V process. An experienced homeless services provider and permanent supportive housing developer, Marian House, Inc., formally expressed interest in the property to provide **permanent supportive housing, job training and other services to unhoused women**. Marian House planned to seek Low-Income Housing Tax Credits and/or New Markets Tax Credits for the redevelopment, but would have been required to set up a for-profit entity to utilize the credits (and possibly utilize the structures proposed in Seattle, WA). Due to restrictions of the Title V program and its lack of coordination with Tax Credit financing, among other issues, Marian House decided to proceed with property acquisition at another site.

Due to the challenges with the Appraisers' Building site, when a Social Security Administration building became available under Title V a few years later, no homeless services organizations submitted proposals despite a significant need for permanent supportive housing in Baltimore.

Federal Center Station, Lakewood, CO

In 2017, the Colorado Coalition for the Homeless, an experienced homeless services provider and permanent supportive housing developer, applied to use a 59-acre vacant parcel known as the Federal Center Station in Lakewood, CO. In March 2018, the Coalition submitted the portion of its application concerning ability to finance. The overall financial plan included a total development cost of \$12.9 million, including \$8.9 million for "human-habitable structures" and \$3.7 million for a solar farm. Of the \$8.9 million for "human-habitable structures," \$1 million would come from a CO Coalition development subsidiary, \$3.05 million from Coalition general funds, and \$5 million from a profit expected from the sale of an apartment complex. This portion of the financing was denied for 3 reasons:

- 1) The Coalition attached a version of the Purchase and Sale Agreement signed only by the seller, instead of the version signed by both parties (by mistake);
- 2) HHS stated that the Coalition should have indicated what debts, if any, needed to be paid from the building sale profit in order to show that it would have enough revenue left after the sale and paying off debts; and
- 3) HHS also said that the Coalition failed to clarify yearly operating costs for water in the budget (another typo) and the installation of a fire alarm system (which the CO planned to pay for out of its general revenues).

Of the solar wind farm, the Coalition indicated it would obtain a tax credit investor. HHS denied this portion of the application for failing to provide proof of bank loan or interest or documentation showing that any utility company programs would purchase the excess solar power.

HHS denied the application outright and did not treat it as "incomplete," as was the case in Seattle, thereby denying the CO Coalition the opportunity to supplement its financing package. The CO Coalition filed suit to stop the planned auction of the property following its denial, and claimed arbitrary and capricious action on the part of HHS, including the refusal to allow the CO Coalition to supplement the application. The Coalition lost.