




Permanent Supportive Housing
HUD NAIHC Virtual Training


Wednesday, December 16, 2020
 12:00p.m. – 5:00p.m. EST



This virtual training is sponsored by the
 U.S. Department of Housing & Urban Development's Office of Native American Programs and the
 National American Indian Housing Council







TODAY'S AGENDA — Day 1

12:00pm - 2:00pm EST
Thinking about Permanent Supportive Housing? What is it Exactly?

- Overview of Permanent Supportive Housing
- Guiding Principles of Housing First and Harm Reduction
- Trauma-Informed Care and Design
- Examples of PSH in Indian Country
- Introduce Project Concept Document
- Break for 1 hour

3:00pm - 5:00pm EST
Development and Financing of Supportive Housing

- The Development Process in Supportive Housing
- Development Timeline
- Who is part of the Development Team?
- Finding the right partners
- Financing options (LIHTC, FHLB, IHBG)
- Questions and Answers

Introductions / Expectations / Hopes

HELLO
My name is

PLEASE TYPE INTO THE CHAT BOX:
1. Your name, role, and your Tribe or organization?
2. What are you hoping to gain from this 2-day training?



BeauxSimone Consulting: Who we are



- Over 40 years of collective experience working with Tribes, rural and urban communities
- Experience in direct homeless services and affordable housing
- TA providers for HUD and HAC
- Under contract with NAIHC

Overview of Permanent Supportive Housing

A cost-effective, outcome-driven and more humane solution to ending homelessness for families and individuals struggling with addiction, mental health and/or other disabilities who can benefit from and thrive in **subsidized housing with supportive services.**



Housing that is . . .

Permanent: Not time limited; not transitional

Affordable: Residents pay no more than 30% of their income for rent

Independent as possible: Resident holds lease with normal rights and responsibilities



Who Lives Here?

Families & Individuals who are:

- Homeless, including those living on the streets and in shelters
- Living in overcrowded conditions and/or couch-surfing
- Being discharged from prison or other systems of care
- Living in places not meant for human habitation, i.e., cars, garages, abandoned buildings, etc.



Who Lives Here?

Families & Individuals who have:

- Serious chemical dependency and/or mental health issues who need supportive services to maintain stable housing
- "Burned their bridges" in other housing or service programs b/c of behaviors associated with chemical dependency, mental health or other disabilities
- Frequently utilized emergency services in the community because they lack stable housing



Benefits of Supportive Housing

- Reduces stress caused by doubled-up and overcrowding
- Reduces use of crisis and institutional services
- Produces better outcomes than the more expensive crisis care system
- Significantly reduces recidivism rates
- Ends cycles of homelessness



Supportive Housing is NOT



Service Models and Guiding Principles

Housing First



Harm Reduction



Housing First



Housing First an approach that offers permanent, affordable housing as quickly as possible for individuals and families experiencing homelessness, then provides supportive services and connections to the community-based supports [that] people need to keep their housing.

Housing provides a **foundation** from which a person or family can access the services and supports they need to achieve stability, begin the recovery process, and pursue personal goals.

Basic Philosophy

Homeless is a really bad treatment plan



Housing is a basic human right



Housing First

- People do not need to be "housing ready"
- No one should be denied housing because they did not meet **pre-determined clinical goals** or did not choose to participate in services.
- Housing should never be used to coerce people into services they would otherwise not choose
- Housing and services are interconnected but with separate criteria for operation and evaluation.



Five Principles of Housing First

1. No pre-conditions (i.e. med compliant) for housing
2. Self-determination
3. Harm-reduction and recovery
4. Client-driven supports
5. Social integration and Community



Service Approach



- **Targeted** based on populations served
- **Flexible** in responding to comprehensive resident needs
- **Voluntary** with participation not being a condition of residency
- **Independent** focus specifically on housing stability

Key to Services Working

- Comprehensive
- Culturally Relevant
- Tenant-Driven Philosophy
- Focus on Housing Stability
- Effective Engagement Strategies
- Staffing and Supervision
- Service Partners and Linkages
- Collaborative Relationship with Property Management



Examples of Services

- Counseling
- Health & mental health services
- Alcohol & substance use services
- Independent living skills
- Money management
- Community-building activities
- Employment training & job placement
- Mentoring
- Benefits Acquisition
- Children/Family Services



Tenant Centered Services



- Individualized – not “cookie cutter”
- Individuals involved in the design, development, and implementation of **their** plans – Empowerment
- Strengths-based approach to goal setting
- Assessments and service plans updated regularly

Examples of Staff

- Residential Counselors Day & Night
- Front Desk Manager & Staff
- Nurse Practitioners, RNs
- Psychiatrists
- Care Managers
- Therapists
- Mentors
- Peer Specialists
- Leasing Assistant
- Maintenance Technician
- Regional Property Manager
- Program Manager



Harm Reduction

Homelessness, poverty, mental health and drug and alcohol use and abuse have always been part of modern society and will not be eliminated. Therefore, it is better to work to minimize the harm than to ignore it or stigmatize the condition.

Accepts, for better and or worse, that licit and illicit chemical use is part of our world and chooses to work to minimize its harmful effects rather than simply ignore or condemn them.

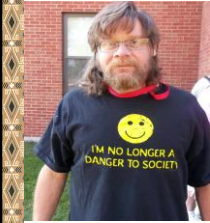


Examples of Harm Reduction

- Sunscreen
- Condoms
- Seat Belts
- Bicycle Helmets
- Designated Drivers
- Blood Alcohol Levels
- Nicotine Patches/Gum
- Needle Exchange
- Blood Pressure Medication
- Cholesterol Medication



Harm Reduction in Supportive Housing



- Use Motivational Interviewing
- Incorporate strengths-based programming – no one likes to be reminded of their challenges
- Don't try to catch people doing things unless it's an immediate safety issue – it will eliminate trust
- Keep asking yourself are we really allowing the tenant to make their own choices?
- Understand the impact of trauma and its relationship with harmful behaviors



How would you describe your level of understanding and feelings about PSH at this point?

- Great, I really understand it and love the model!
- Pretty good, I think it would work in our community.
- I'm not totally sold yet but perhaps can get there with more information.
- I have a lot of concerns about the model.

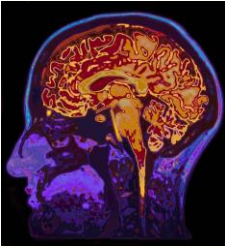
Trauma Informed Care



"I'm right there in the room, and no one even acknowledges me."

Trauma has no boundaries... [and] is an almost universal experience of people with mental and substance use disorders.

What Does Trauma Look Like?



Intense stress that overwhelms our biological psychological and social coping capacity.

- Activates survival responses
- Shuts down non-essential tasks
- Impedes rational thinking

What does it mean to be a Trauma-Informed Organization?

- According to SAMHSA, a program, organization, or system that is trauma-informed when it:
- **Realizes** the widespread impact of trauma and understands potential paths for recovery;
- **Recognizes** the signs and symptoms of trauma in clients, families, staff, and others involved with the system;
- **Responds** by fully integrating knowledge about trauma into policies, procedures, and practices; and
- **Seeks** to actively resist **re-traumatization**.

What is Trauma-Informed Design?

- We feel we have a responsibility to not just design housing, but to design housing that promotes healing and well-being.
- For as damaging as trauma can be, healing and recovery are possible.
- Through a holistic, culturally relevant and trauma-informed approach to design, we create buildings and communities that contribute to prevention of further trauma and healing from past traumas.
- We prioritize the physical and mental health and well-being of residents and the larger community.



Trauma Informed Design



- Welcome Desk/Lobby Area
- Open Stairwells
- Clear lines of sight
- Cutouts in bedroom walls
- No bars in showers/closets
- Safe Outdoor Sleeping Courtyard
- Glass windows in offices
- Warmer colors – Earth tones
- Bringing in elements from the outside

Arroyo Village Denver, CO

- Trauma Informed Courtyard
 - Includes patio, raised garden beds, privacy and security
 - Warm, welcoming colors
- Trauma Informed Lobby
 - Welcome Desk
 - Art
 - Seating Area







Sail River Longhouse

Makah Reservation,
Neah Bay, WA

- Safe and secure Front Door Entrance
- Lobby with open space for sitting, standing by fire, offices
- Trauma-Informed, secure courtyard
- Entrance into individual apartments from Courtyard, Balconies

Makah PSH







Other PSH Projects in Indian Country



Conifer Estates









Gimaajii-Mino-Bimaadizimin

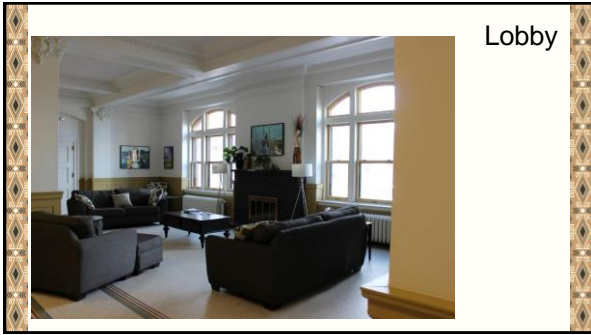


29 units of supportive housing for families, an American Indian Center, offices for tribal partners, rooftop gardens, art galleries

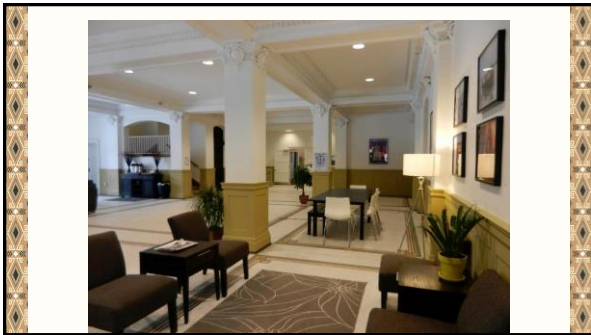


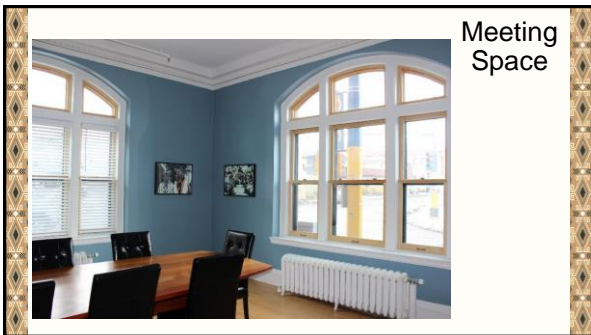
24-hour staffed Front Desk





Lobby





Meeting Space



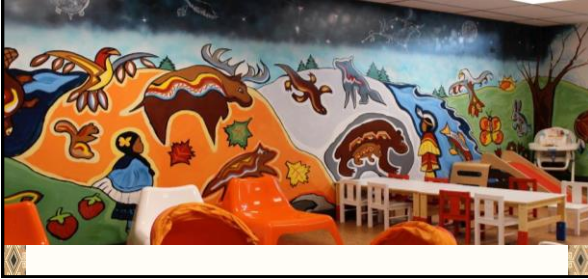
Gym



Engaging the kids in creating art



Children's Space



Rooftop Gardens/Community space









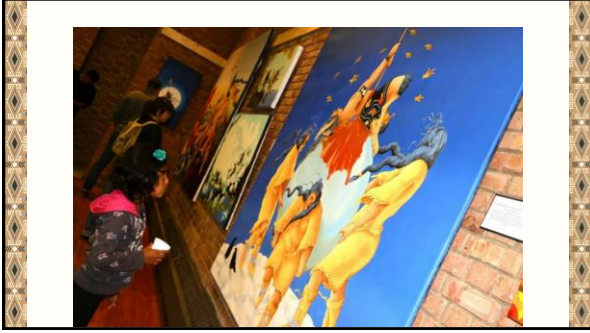


Gimaajii Gallery











Music





Engaging Families



Elders



Children

































Famous Shoppers

Tatanka Means



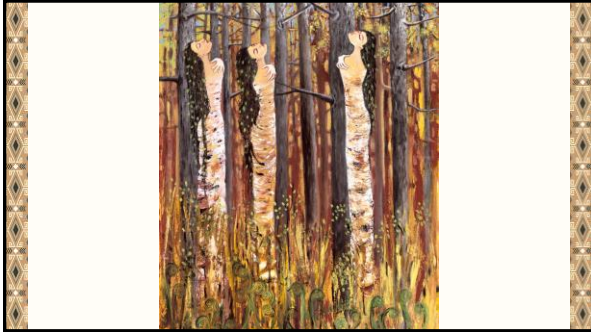
Indigenous Foods

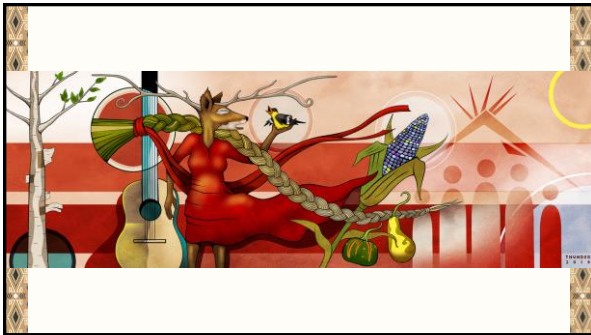




















Other Examples of PSH Projects

- Ute Mountain Ute- 11 units
- Red Cliff - 24 unit
- Boise Forte - 28 units
- Fond du Lac- 2x project 10 units veteran - 24 units family
- White Earth-2x projects - 44 units
- Conifer Estates Bemidji (partnership with Leech Lake and Red Lake)- 20 units
- Park Place Apartments Bemidji(partnership with Red Lake and Leach Lake) - 40 units
- St. Regis Mohawk - 2x projects -18 units
- Gmaajii -29 units
- Anishinabe Wakiagun - 45 units
- Ho-Chunk -15 units

Lunch Break!

See you back here in ONE (1) Hour

- 3:00pm EST

Development and Financing of Supportive Housing

- The Development Process in Supportive Housing
- Development Timeline
- Who is part of the Development Team?
- Finding the right partners
- Financing options (LIHTC, FHLB, IHBG)
- Questions and Answers

The Development Process

- Supportive Housing takes a long time to develop!
- This is a complex process involving multiple partners across disciplines
- Three separate budgets are involved
- Funding sources are complicated

The Development Process

- No Standard Model or Terminology
- Tasks are Interdependent
- Timing is Critical
- Multiple Players



Five Phases of Development

1. Enthusiasm
2. Disaster
3. Blame and Recrimination, including:
 - Hand Wringing
 - Hair Pulling
 - Begging
1. Punishment of the Innocent
2. Credit Taking by the Uninvolved

Five Real Phases of Development

1. Concept
2. Feasibility
3. Deal making
4. Construction
5. Operations

Development Timeline (handout)

ACTIVITY	SCHEDULE DATE: Month/Year	PERSON/ENTITY RESPONSIBLE
A. PRE-DEVELOPMENT		
Owner/Developer Selection		
• RFP out for bid		
• Applicant interviews		
• Contract with developer finalized		
Pre-Development Funding Applied for and awarded:		
• ICDBG		
• IHBG		
Architect:		
• RFP developed		
• RFP out to bid (30 days)		
• Architect interviews		
• Architect selected and under contract		
B. SERVICES		
• Service provider/team lead identified		
• Services training		
• Initial service plan complete		
• Final service plan complete		

The Development Team

Supportive housing brings together 3 very different disciplines:

- Development
- Support Services
- Property Management

Variety of partners needed to make project a success

Who is on the Team?

Long-term interests

- Owner
- Property manager
- Service provider
- Neighbors
- Building residents
- Funders/lenders
- Licensing/regulatory agencies

Short-term interests

- Developer
- Development consultant
- Architect/engineer(s)
- Attorney(s)
- Contractor
- Surveyor
- Environmental investigator
- Marketing consultant

Responsibilities

- **Owner and/or Sponsor:** legally responsible for project, driving force behind the project
- **Developer:** delivery of complete, functional project ready for occupancy
 - **Architect:** part of development team, brought on to design property
- **Property Manager:** real estate management and operations for completed project
- **Service Provider(s):** design and implementation of the supportive services plan and evaluation

Developer

- Typically a company or firm not an individual person
- Can usually provide services such as guarantees for LIHTC and/or play the role of an owner/owner partner
- Can do a "turn-key" project



Partnering with a Developer



Key Questions

- What is your experience in developing projects that are similar (e.g. housing type, scale, target population, integration of services, funding)?
- How will you work with the property manager and service provider during development, construction, marketing and rent-up?

Partnering with a Developer

Key Questions

- How do you think joint decisions should be made
- How do you propose to communicate?
- Who will be the project manager?
- Who will be the supervisor?

Development Consultant

- Typically a small firm or individual
- Can be your "work horse": grant writing, putting together budgets, closing documents
- Typically do not play a role as owner or guarantor of the LIHTC
- Many times will be involved in smaller projects or work for experienced non-profits who have developers on staff.



Partnering with a Developer Consultant



Key Questions

- What is your experience in projects similar in scale and nature to your project?
- What is your experience working with any potential funding sources you have identified?
- Have you been involved in any projects that were not completed – what was the cause?
- Do you have the capacity to take on the proposed project on the timeline needed?
- How are your fees and contract terms structured?

Considerations when selecting consultants

- Experience
 - Have they done similar projects?
 - Have they used the same funding sources?
- Track record
- Time/cost/communication
- Style/approach
- Do your work styles match or compliment each-other?
- Funder Requirements



Process for Selection



Alphabet Soup!

IHBG – Indian Housing Block Grant

FHLB - Federal Home Loan Bank

LIHTC – Low-Income Housing Tax Credit

Section 184

- The Section 184 Indian Home Loan Guarantee Program is a home mortgage specifically designed for American Indian and Alaska Native families, Alaska Villages, Tribes, or Tribally Designated Housing Entities. Section 184 loans can be used, both on and off native lands, for new construction, rehabilitation, purchase of an existing home, or refinance.
- Section 184 is synonymous with home ownership in Indian Country. As of March 2017, the Section 184 program has guaranteed over 37,000 loans (almost \$6 billion dollars in guaranteed funds) to individuals, Tribes, and TDHES.
- <https://www.1tribal.com>

Title VI

Title VI is an effective public investment tool that HUD offers to federally recognized tribes and Tribally Designated Housing Entities (TDHES). It provides an additional source of financing for affordable tribal housing activities. It may be used to:

- Create new housing
- Rehabilitate housing
- Build infrastructure
- Construct community facilities
- Acquire land to be used for housing
- Prepare architectural & engineering plans
- Fund financing costs

Title VI – Purpose

- The purpose of the Title VI loan guarantee is to assist [IHBC](#) recipients (borrowers) who want to finance additional grant-eligible construction or development at today's costs. Tribes can use a variety of funding sources in combination with Title VI financing, such as low-income housing tax credits. Title VI loans may also be used to pay development costs.
- Due to the flexibility of the Title VI program, tribes can structure their loans to meet the requirements of their project and negotiate a variety of repayment terms with the lender. Loan terms can range up to 20 years, and payments may be made monthly, quarterly, or annually. Additionally, interest rates can be fixed, adjustable or floating, and are based on an index.

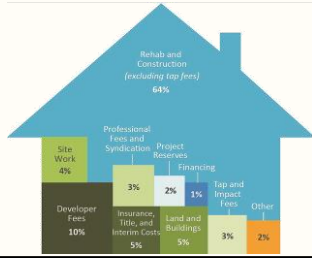
Low Income Housing Tax Credit (LIHTC) Program Overview

- Dollar-for-dollar tax credit for affordable housing investments.
- Created under the Tax Reform Act of 1986
- Gives incentives for the utilization of private equity in the development of affordable housing.
- Each state has a specific number of tax credits allotted to it based on population. A state housing finance agency controls the distribution of these credits.
- LIHTC provides funding for the development costs of low-income housing by allowing an investor to take a federal tax credit equal to a percentage of the cost incurred for development of the low-income units in a rental housing project.
- State Housing Finance Agencies (HFA) allocate credits through a competitive process to projects that best meet HFA priorities.
- Development capital is raised by "syndicating" the credit to an investor or, more commonly, a group of investors.

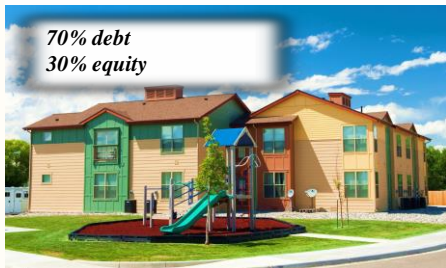
Low Income Housing Tax Credit

Handwritten mathematical notes and diagrams for the Low Income Housing Tax Credit. The notes include formulas for calculating the credit, such as $C = (10\%)(A)(1 - B)$ and $C = (9\%)(A)(1 - B)$, where A is the cost of the building and B is the percentage of units reserved for low-income households. There are also diagrams showing the flow of funds and the relationship between the credit and the cost of the building.

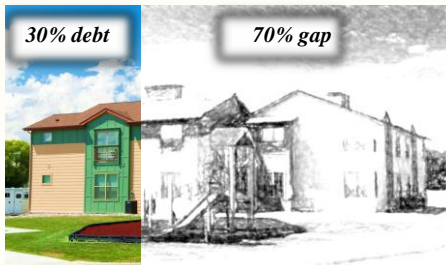
The Cost of Housing



Financing Multi-Family Housing



Financing Affordable Housing



Financing Affordable Housing: Why is it so Hard?

- Lower rents results in lower revenue
- Lower revenue results in lower cash flow
- Lower cash flow results in lower debt

Types of LIHTCs

- **9% (70%) LIHTC**
 - Low level of 'hard' debt - Highest level of equity
 - Often has limits for amounts as set by State
 - Often has the lowest AMI structures
 - Very competitive
- **4% (30%) LIHTC**
 - Requires use of tax-exempt Private Activity Bonds (PAB) – Lower level of equity than 9%
 - May not have State mandated limits on amount
 - Often has higher AMI structures than 9% deals

Applying for Credits

- Housing Finance Authority (HFA) sets priorities for allocations of LIHTC in the Qualified Allocation Plan (QAP)
- Owner submits application to HFA under one of two set-asides
 - At least 20% of units at or below 50% of AMI
 - At least 40% of units at or below 60% of AMI
 - Income Average in which 100% of units average at or below 60% of AMI with no units higher than 80% of AMI
- Typically, the project owner will agree to a higher percentage of low-income usage than these minimums, up to 100%.
- Low income tenants can be charged a maximum rent of 30% of the maximum eligible income, which is 60% of the area's median income adjusted for household size as determined by HUD.

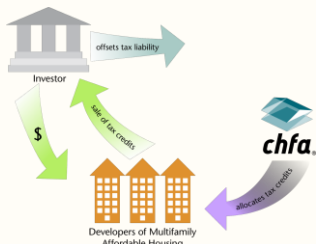
Applying for Credits

- Project owner agrees to maintain initial 15-year compliance period and 15-year extended use period.
- Affordability period is enforced through a Land Use Restrictive Agreement (LURA) recorded against the property.
- Annual tax credit amount is determined by eligible costs in the project against which credits can be claimed (eligible basis).
- The credits are not provided in a lump sum but instead are claimed in equal amounts over a 10-year credit period.

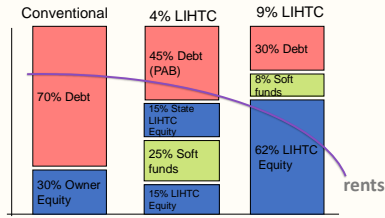
Selling the Credits

- Tax Credit syndicators connect investors who need tax liability reduction with developers who have LIHTC allocations
- Tax Credit investors purchase 99.99% of a single asset partnership in order to claim credits, depreciation and losses.
- General Partner (GP) retains 0.01% ownership and claims majority of cash flow in the project.
- Investors stay in partnership for 15-year initial compliance period and are then bought out.
- If GP is non-profit buy-out price is set at amount of outstanding debt and exit taxes.

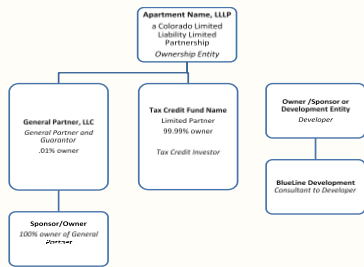
How does it work?



Conventional vs. 4% vs. 9%



Tax Credit Apartments Ownership Structure





Project Concepts (handout)


- **Concept**
 - Land
 - Zoning
 - Density
 - Parking
 - Intangibles
- **Target Population**
 - Often driven by partners
- **Financial Feasibility**
 - Primary Sources
 - Construction costs
 - Costs of financing (4%/9%)
 - Market fluctuation and budget resilience
- **Intangibles**
 - Neighboring competition
 - Public process
 - Funders' appetite

Temperature Check

- That was a LOT of information
- How is your temperature now?



See you tomorrow morning for Day 2 12:00p.m. EST



Contact Information

Zoe LeBeau, CEO
BeauxSimone Consulting
zoe@beauxsimone.com
218.491.4018

Katie Symons, CFO
BeauxSimone Consulting
Katie@beauxsimone.com
303.883.4326

