CLEAR OBJECTIVES, REAL INCENTIVES:
A GUIDE FOR USING NSP TO CREATE SUPPORTIVE HOUSING
Acknowledgments

Enterprise Community Partners, Inc. developed this guide through the support of HUD’s Section 4 Capacity Building Program, with assistance from numerous groups and individuals. Special thanks go to the Neighborhood Stabilization Program (NSP) grantees and their team members, who lent invaluable time and insights during the research phase. Gigi Szabo researched NSP-related supportive housing efforts around the country and produced portions of this guide. Marc Tousignant of Enterprise’s Southern California Market and Phillip Bush of Enterprise’s National Community Revitalization Initiative also contributed significantly to the writing, editing and oversight of this project. Nicole Gudzowsky and Melina Mclean provided editorial and design services.

The work that provided the basis for this publication was supported by funding under an award with the U.S. Department of Housing and Urban Development. The substance and findings of the work are dedicated to the public. The author and publisher are solely responsible for the accuracy of the statements and interpretations contained in this publication. Such interpretations do not necessarily reflect the views of HUD.
Clear Objectives, Real Incentives:
A Guide for Using NSP to Create Supportive Housing

I Introduction

II Why Pursue Supportive Housing Through NSP?
- Comprehensive Neighborhood Stabilization and Supportive Housing
- Key Statutory and Regulatory Requirements
- Policy Incentives
- Resource Alignment and Leveraging
- Opportunities for Partnership

III Supportive Housing Types
- Single-Family Homes
- Small Multifamily Properties
- Large Multifamily Housing

IV Financing for Single and Multifamily NSP Supportive Housing

V Design and Rehabilitation

VI Property Management
- Operating Costs
- Staffing
- Other Scattered Site Property Management Challenges

VII Service Models for NSP Supportive Housing

VIII Appendix
- Property Profiles
- Operating Expenses Summary
- Sample Operating Budget
1. Introduction

Since the introduction of the Neighborhood Stabilization Program (NSP) in 2008, HUD has issued an increasing amount of technical resources and policy guidance on the program. HUD has catalogued these resources on the NSP Resource Exchange, a one-stop web portal that includes Frequently Asked Questions (FAQs) and toolkits on specific program components, e.g., homeownership and single-family rehab. (See hudnshelp.info)

Our field offers many useful resources on NSP as well as supportive housing development and operations. Therefore, this guide focuses on the intersection of these two vital areas. The guide also reviews some fundamentals and accompanying best practices, referencing related resources where appropriate.

To date, practitioners have had limited guidance on using NSP to create housing for homeless and/or special needs populations. This guide supplements current program resources by explaining how to use NSP resources to fulfill supportive housing objectives. A tailored focus is particularly important as communities across the nation struggle fiscally, while facing increasing pressure to reduce homelessness and expand housing options for the most vulnerable members of their community.

This guide for using NSP to create supportive housing is informed by research from around the country, including direct interviews in 2010-2011 with 34 NSP grantees and 26 of their nonprofit partners operating NSP properties as supportive housing. The guide is not designed solely for NSP grantees and subrecipients responsible for program administration or implementation. Because the very nature of supportive housing cuts across a series of disciplines, a range of supportive housing stakeholders, such as housing and community development departments, health and human service agencies, Continuums of Care, and nonprofit affordable housing developers or operators, can benefit from the information shared in this guide.

The guide begins by discussing the merits of integrating supportive housing into comprehensive neighborhood stabilization, followed by a review of the regulatory framework and policy incentives for integration. Examples illustrate the successful partnerships and housing types NSP grantees have used to create supportive housing. Most importantly, the guide highlights numerous examples of supportive housing strategies employed by NSP grantees across the country. The examples include web links and reference citations offering more in-depth information. Some sections include questions that practitioners should consider in pursuing NSP to meet supportive housing needs in their community.
II. Why Pursue Supportive Housing through NSP?

What to Consider

• Are there vacant or foreclosed properties in your NSP target areas more appropriate for supportive rental housing than homeownership because of a lack of demand or the type of housing stock?

• Have you considered permanent supportive housing (PSH) to address (in part or full) your 25 percent low-income requirement (LH-25 Set Aside)?

• Has your local Continuum of Care (CoC) Homeless Assistance Program engaged with NSP program administrators to explore how NSP properties can be another housing option for homeless individuals or families?

• Are PSH developers in your area aware of and/or participating in your NSP program?

• What agencies/organizations have financing available for acquisition, rehabilitation, long-term operating support or services that could be leveraged with NSP dollars?

Before reviewing specific strategies and best practices for creating PSH through NSP, it’s important to understand why it makes sense. Though hardly a definitive summation, we have distilled four principal incentives and opportunities that NSP presents for the creation of permanent affordable housing for individuals or families who are homeless and/or living with special needs:

• Supportive housing is an important facet of thriving communities and a viable component of comprehensive neighborhood stabilization.

• Program statutes and regulations, such as the 25 percent set-aside requirement, provide unique opportunities for PSH creation.

• Real incentives are available to communities that use NSP funds to address federal, state and local policy objectives to meet homelessness and special-needs housing challenges.

• NSP can effectively leverage other housing and market resources.

NSP grantees around the country are using their program resources effectively and innovatively to create supportive housing. Their experiences offer an important knowledge base, including lessons learned.

“Where housing markets are being damaged by foreclosure and market-crippling blight, neighborhood stabilization is about: 1) eliminating existing blight and converting it to beneficial use, e.g., renovation, demolition and vacant-lot reuse, and 2) stopping further housing abandonment through foreclosure prevention.”

— Frank Ford, Senior Vice President for Research and Development, Neighborhood Progress, Inc., Cleveland
Comprehensive Neighborhood Stabilization and Supportive Housing

The aim of neighborhood stabilization is to revive a normal, healthy housing market in neighborhoods damaged by the foreclosure crisis and at risk of falling into a downward spiral of disinvestment and decline. Attracting responsible private investment by persuading potential homeowners, renters and responsible investors to buy and live in the neighborhood can jump-start a healthy real estate market. The investment removes blight caused by vacancy and abandonment. It also generates non-distressed property sales that establish a fair market value, which appraisers and lenders can reference when extending mortgage credit for other homes in the community and spur additional private investment in the community. This virtuous cycle of investment and responsible ownership replaces the pattern of disinvestment and abandonment to help stabilize neighborhoods.

Returning real estate owned (REO) properties to the market as owner-occupied homes is critical to most neighborhood stabilization efforts, but supporting quality rental housing also remains essential. The vast majority of healthy neighborhoods included rental properties prior to the foreclosure crisis. With the tightening of mortgage credit, along with the post-recession credit worthiness of many potential homebuyers, quality rental housing promises to grow increasingly important. Neighborhood stabilization programs that only focus on for-sale disposition miss the opportunity to bring back the rental component of a healthy market. Moreover, programs that seek to stabilize neighborhoods by reducing vacancy and blight in the face of limited demand for homeownership or a housing stock ill-suited for homeownership are unlikely to succeed.

Reestablishing a healthy rental market is where supportive housing overlaps with neighborhood stabilization. An increasing number of neighborhood stabilization programs recognize that attracting private investment in their target communities requires making rental and supportive housing part of their profile. Rental housing is often the best and sometimes only way to return an REO property to the market as a productive asset. Established nonprofits serving special-needs populations typically represent motivated, responsible owners and operators who can ensure that the property is well-maintained while still serving individuals and families most in need of affordable rental housing.

Key Statutory and Regulatory Requirements

In responding to the foreclosure crisis with the introduction of NSP, Congress established clear legislative intentions: mitigate the negative impact of the nation’s economic decline and housing market collapse, and stabilize and revitalize communities hit hardest by the crisis. Congress ensured that most eligible activities under NSP correlate with the Community Development Block Grant (CDBG) program’s national objectives and eligible activities under 42 U.S.C. 5305(a). This was done to promote greater administrative efficiency and timeliness for expenditures.

NSP Income Targeting: LH 25 Requirement

The most important provision to NSP’s potential for permanent supportive housing is the 25 percent Low-Income Set-Aside requirement (LH 25). Part of the everyday lexicon for NSP grantees, LH25 is a statutory requirement established by Congress and incorporated into all three rounds of NSP funding.
Important regulatory aspects of NSP provide both opportunities and limitations for creating and maintaining PSH. For example:

- NSP funds must generally benefit households whose incomes do not exceed 120 percent of the area median income (AMI).

- NSP funds may only assist properties meeting HUD’s definition of foreclosed, vacant or abandoned (http://goo.gl/Gsaru).

- NSP grantees may only use funds in designated geographic target areas most severely affected by foreclosures (defined during the application stage).

- NSP grantees must purchase foreclosed properties at a minimum discount of 1 percent.

As illustrated below, NSP includes five eligible uses.

<table>
<thead>
<tr>
<th>NSP Eligible Uses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Use A</strong></td>
</tr>
<tr>
<td>Establish financing mechanisms for purchase and redevelopment of foreclosed homes or residential properties, including such mechanisms as soft-seconds, loan loss reserves and shared-equity loans for low- and moderate-income buyers</td>
</tr>
<tr>
<td><strong>Use B</strong></td>
</tr>
<tr>
<td>Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed and make them available to be sold, rented or redeveloped</td>
</tr>
<tr>
<td><strong>Use C</strong></td>
</tr>
<tr>
<td>Establish and operate land banks for foreclosed single- and multifamily properties</td>
</tr>
<tr>
<td><strong>Use D</strong></td>
</tr>
<tr>
<td>Demolish blighted structures</td>
</tr>
<tr>
<td><strong>Use E</strong></td>
</tr>
<tr>
<td>Redevelop demolished or vacant properties as housing (under Use E, NSP1 funds may be used for nonresidential purposes; NSP2 and NSP3 funds must be used for housing)</td>
</tr>
</tbody>
</table>

These five eligible uses provide different means through which NSP grantees can create PSH. Here are a few examples:

- Under Eligible Use B, residential properties meeting HUD’s definition of foreclosed or abandoned could be acquired and rehabilitated for use as supportive or special-needs housing.

- Vacant or demolished properties can be redeveloped into PSH under Eligible Use E.

- Also under Use E, blighted structures can be demolished and replaced with newly constructed housing.
It’s important to note that no part of NSP funds can be spent on reimbursement for land acquired prior to NSP (i.e., prior to the date of submitting the NSP application). See FAQ 290 for further discussion on using NSP funding for properties purchased before NSP. Visit http://goo.gl/qFtwS for more information.

**LH 25 Requirement**

In authorizing the 2008 Housing and Economic Recovery Act (HERA) that created NSP, Congress included a 25 percent Low-Income Set-Aside, requiring at least 25 percent of NSP funds to be used to create housing for very low-income people earning no more than 50 percent of AMI. According to HUD, LH 25 pertains to the original grant amount, plus any available program income.

LH 25 represents an important tool for homeless delivery systems to expand their affordable housing stock. At the same time, NSP grantees can meet the LH 25 requirement by partnering with nonprofits to use NSP single- and small multifamily (2-4 unit) properties as rental housing for people with special needs, whose incomes are typically far below 50 percent of AMI. (Homeownership is typically out of reach for households below 50 percent AMI.) HUD program regulations clarify that any housing intended to meet this requirement must be permanent housing. As permanent housing, occupancy cannot be time-limited and all renters should have a lease agreement.

The enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act in July 2010 (Public Law 111-203), which authorized the third round of program funding (NSP3), made meeting the LH 25 requirement slightly easier and more conducive to PSH efforts. The act allows vacant properties, including properties not abandoned or foreclosed, to qualify as eligible to meet the LH 25. Commercial properties reused to house individuals or families at or below 50 percent of AMI also meet the LH 25 requirement. This statutory revision applies only to unexpended balances or non-obligated remaining balances as of July 21, 2010. For more information on this policy, refer to http://goo.gl/92mQE.

Additional resources offer guidance on LH 25 strategies, including creating permanent housing for persons who have special needs and/or are homeless. In 2009, the Technical Assistance Collaborative and the Consortium for Citizens with Disabilities published a valuable 8-page report, “Using the Neighborhood Stabilization Program to Help Create Permanent Supportive Housing” (http://goo.gl/lfs8R).

In-depth examples of how NSP grantees nationwide are meeting the LH 25 requirement are available in the National Housing Law Project’s 2010 study, “Neighborhood Stabilization Program: Innovative Development Strategies for Very Low-Income Housing” (http://goo.gl/xk7Ye).

The study highlights four NSP grantees incorporating innovative strategies to produce affordable housing for very low-income residents. It offers important insights into project financing, design, public resistance, service amenities and collaborations, and other regulatory or technical challenges grantees faced while implementing their programs. Here are some notable examples:

- **Knoxville, Tenn.**, is using its NSP funding to develop 105 units of PSH. One project, Minvilla Manor, is restoring and redeveloping a vacant condemned hotel into 57 units of PSH for formerly homeless persons. The Flenniken Project is redeveloping a vacant school site plagued by vandalism and water damage into 48 affordable apartments for chronically homeless individuals. Both efforts represent vital pursuits that grew out of the city’s 10-year plan to end chronic homelessness.
Phoenix is using nearly half ($3.9 million) of its LH 25 amount to redevelop the Royal Suites apartments to create 80 units (13 1-bedroom and 67 efficiencies) of PSH for formerly homeless men and women, with at least eight units available to individuals with physical disabilities. This project is utilizing CoC funding and seeking to leverage Section 8 and United Way funding.

Also, on May 18, 2010, HUD and its technical assistance providers presented a webinar on meeting the 25 percent set-aside for low-income people. The presentation and transcript, like all HUD NSP webinars, are available at the NSP Resource Exchange, [http://goo.gl/38FpX](http://goo.gl/38FpX).

**Using NSP for Homeless Shelters or Transitional Housing**

Though this guide focuses on PSH, there are limited options to use NSP to build short-term housing for the homeless. Both the federal Community Development Block Grant (CDBG) program and NSP refer to shelters or transitional housing as “public facilities.”

Grantees or communities interested in creating homeless shelters or transitional housing should pursue Use E (redevelop demolished or vacant properties as housing) because time-limited temporary living facilities do not qualify as “housing” under NSP. Similarly, such programs would not be considered housing for very low-income households and would not address the LH 25 requirement. Additionally, only NSP1 funds can be used for shelters or transitional housing because NSP2 and NSP3 funding used for redevelopment is limited to permanent housing.

<table>
<thead>
<tr>
<th>Intended Use</th>
<th>NSP Scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homeless Shelter or Transitional Housing</td>
<td>Under Eligible Use E, redevelopment, you could construct new transitional or temporary residential facilities. This would be considered creating “public facilities” and would not be counted toward the LH 25 requirement. Only NSP1 funds can be used for such redevelopment.</td>
</tr>
<tr>
<td>Permanent Supportive Housing</td>
<td>You can acquire foreclosed or vacant residential property under Eligible Use B. Residential or non-residential property (vacant land or structures) can be acquired under Eligible Use E.</td>
</tr>
</tbody>
</table>

**Policy Incentives**

In establishing NSP, Congress and HUD intended for grantees to use the program to address federal, state and local policy objectives to revitalize communities impacted by the foreclosure crisis. That’s partly why the program has been patterned after CDBG and why planning is treated as an update to a grantee’s Consolidated Plan, which captures housing needs and goals related to HUD’s four major grant programs: CDBG, HOME, Emergency Shelter Grants and Housing Opportunities for Persons Living with AIDS (HOPWA).

Indeed, from the program’s inception, HUD has acknowledged that NSP presents a rare infusion of one-time funds to supplement and help communities address unmet housing needs for homeless and special-needs popu-
lations. During the rollout of the program in 2008, HUD encouraged HOPWA and CoC providers to participate in area-wide planning conversations relative to NSP planning. See HUD’s program presentation from that year, including “Part II: Using NSP Funds to Serve Persons with HIV/AIDS or Other Special Needs,” [http://goo.gl/hY03s](http://goo.gl/hY03s).

Even with NSP implementation well underway, stakeholders still have the opportunity to access or help shape the program. For supportive housing stakeholders and advocates, this means NSP offers the core program benefit of arresting neighborhood decline and revitalizing neighborhoods, in addition to a host of other beneficial outcomes attractive to policymakers and program administrators. These include:

- Fully or partially meeting each grantee’s LH 25 requirement

- Achieving homeless assistance objectives outlined in strategic plans, such as:
  - “Opening New Doors: Federal Strategic Plan to Prevent and End Homelessness” ([http://goo.gl/KGv2y](http://goo.gl/KGv2y))
  - Annual CoC applications
  - Consolidated Plans, including HOPWA plans
  - Local 10-year plans to end homelessness (see the National Alliance to End Homelessness catalog, [http://goo.gl/0p0SR](http://goo.gl/0p0SR))

- Freeing up space in service-enriched transitional housing programs by moving people who ready for independent living into permanent housing

- Housing homeless persons and/or people with special needs to reduce the burden on other publicly funded systems (emergency rooms, jails, shelters, etc.) and reducing net cost to those systems over time

- Stabilizing neighborhoods by transferring property to nonprofit affordable rental housing operators that offer supportive services and promote resident stability

CoC and special-needs systems of care administrators, e.g., mental health, substance abuse, HIV/AIDS, provide compelling advocates and partners because they are equipped with data from ongoing planning and system utilization efforts. They understand the needs of specific subpopulations such as persons living with HIV/AIDS or homeless veterans, and how NSP housing inventory could be used or reconfigured to address those needs.

HUD has made it clear that recipients of federal homeless assistance grants, such as those provided through the CoC process, should coordinate with other HUD-managed programs. The annual CoC application, for instance, specifically asks applicants to indicate how they coordinate with NSP. Extra points may be available to a CoC coordinating with NSP and any HUD-managed American Recovery and Reinvestment Act (ARRA) programs. See FY 2010 CoC NOFA, [http://goo.gl/bzyGr](http://goo.gl/bzyGr).

With scoring and potential funding at stake, CoC administrators should demonstrate their engagement with NSP grantees and vice-versa. The federal government’s increasing emphasis on intergovernmental coordination, addressing chronic and veteran homelessness and protecting low-income renters can all be addressed through thoughtful coordination and NSP implementation. State and local priorities related to homelessness and housing options for other underserved populations represent important opportunities for administrators to think comprehensively about the usage and disposition of NSP properties.
Resource Alignment and Leveraging

Federal grantees understand the constant pressure to maximize the impact of public resources, while attracting other public or private investment in the process. The same is true of NSP. According to HUD, one of the program’s principles is to “augment neighborhood stabilization programs with other Federal, public and private resources.”

Several grantees have sought to maximize their program resources by forming consortiums to apply for and administer NSP. These consortiums have included several jurisdictions, community lending institutions and for-profit and nonprofit developers, some serving special-needs populations. Other grantees have sought to pursue competitive bids to secure nonprofit affordable housing developers, building on local capacity to develop affordable housing.

The city of Phoenix took a unique approach in requiring developers to supply 10 percent of their own equity into their project. It’s important to remember, however, that not all PSH developers may be aware of NSP or even interested in the program if the proposed properties are not aligned with their goals and needs, e.g., too small in size, clustered sites, etc.

As noted above, NSP is patterned heavily after CDBG, and similarly allows grantees to use HOME as a safe harbor for the program’s affordability provisions. Grantees seeking to pursue rental housing, especially for households at 50 percent of AMI, will find this targeting comparable with the Low-Income Housing Tax Credit (LIHTC) program.

Across our research we observed the following leveraging sources in use by NSP grantees:

<table>
<thead>
<tr>
<th>Capital Resources</th>
<th>Operating/Rent Subsidies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historic Tax Credits</td>
<td>Project-Based Section 8</td>
</tr>
<tr>
<td>Low-Income Housing Tax Credits</td>
<td>HOME Tenant-Based Rental Assistance</td>
</tr>
<tr>
<td>Community Development Block Grants (CDBG)</td>
<td>Shelter Plus Care</td>
</tr>
<tr>
<td>HOME</td>
<td>VA Grant and Per Diem Program</td>
</tr>
<tr>
<td>Affordable Housing Program (AHP)</td>
<td>Mental Health Services Act (California)</td>
</tr>
<tr>
<td>Mental Health Services Act (California)</td>
<td>Violence Against Women Act (VAWA)</td>
</tr>
<tr>
<td>HUD Supportive Housing Program</td>
<td></td>
</tr>
<tr>
<td>Section 202 Program</td>
<td></td>
</tr>
<tr>
<td>Local Redevelopment Funds</td>
<td></td>
</tr>
<tr>
<td>Local Housing Trust Funds</td>
<td></td>
</tr>
</tbody>
</table>

Not surprisingly, many cities are attempting to align resources to maximize the impact of NSP and foster greater investment from other funders or systems of care. Some communities have recognized the unique opportunity afforded by NSP to augment their existing homeless assistance resources and pursue broader strategies around creating housing for homeless individuals and families.
**State of Oregon: NSP2 Permanent Supportive Housing Initiative**

Oregon used its NSP2 award to form a consortium to create PSH in seven counties, citing the need to create housing opportunities for the state’s 19,000 homeless people. In 2011, the state’s Housing and Community Services Department (OHCS) released $1.3 million in NSP2 funding, along with an additional $2.1 million in state housing funding to finance capital development, operating expenses and case management services for PSH. The funding notice limits eligible projects to those serving households at or below 50 percent AMI, allowing them to meet the LH 25 requirement.

Oregon is also leveraging its Housing Development Grant Program (Trust Fund) and General Housing Account Program (document recording fee) to assist with capital, development and operating expenses. The latter allows developers to receive a maximum annual operating subsidy of $6,500 per unit for up to four years of operation. Sponsors are expected to supplement those funds with other local, state or private resources.

The initiative also allows the state to address other key policy issues, such as:

- Advancing its 10-year plan to end homelessness (A Home for HOPE)
- Creating housing opportunities for priority populations, which include the chronically homeless (with disabling conditions and/or victims of domestic violence)

Readers considering procuring developers for PSH should consider Oregon’s model. The state’s request for proposals (RFP) features a useful description of chronic homelessness, permanent housing guidelines, supportive services, and anticipated housing and service outcomes.

**Pasco County, Fla.: Investment Leveraging Partnership**

Pasco County, Fla., created an investment-leveraging partnership with Neighborhood Lending Partners of West Florida that enabled the county to leverage other financing to compete for and purchase properties quickly. As a member of the Pasco County Coalition on Homelessness, it was important for Neighborhood Lending Partners to include a supportive housing component in its neighborhood stabilization strategy. Special-needs housing was one component of the county’s NSP2 plan, which also included:

- Funds for nonprofits to purchase, rehabilitate and re-sell homes to low- and moderate-income buyers with homebuyer financial assistance
- Demolition and redevelopment of blighted housing into residential and non-residential uses
- New construction of homes on vacant properties contributing to blight

**Los Angeles: Permanent Supportive Housing for Homeless Persons with Mental Illness**

In California, passage of Proposition 63 (Mental Health Services Act, or MHSA) signified a tremendous boost for mental health systems across the state. Los Angeles County is aligning resources to end homelessness by leveraging MHSA funding, administered by county mental health agencies, with NSP to create supportive housing for homeless adults living with mental illness.

MHSA has played an integral role in advancing supportive housing goals for persons and families living with mental illness. Each county received an allocation of program funding that allowed for capital development costs and capitalized operating subsidies. Under the MHSA “shared housing” program component, MHSA funds can be used to fund a portion of acquisition and rehabilitation, and a long-term operating subsidy. Several
counties (including Alameda, San Bernardino and Los Angeles) have opted to leverage MHSA resources with their respective NSP programs.

Building on its experience of securing developers for its MHSA Housing Program (representing $115 million in capital funds and $45 million in operating subsidies), the Los Angeles County Department of Mental Health opted to set aside $1.2 million in MHSA Housing funding to assist developers in accessing NSP properties and/or developing properties that were foreclosed, abandoned or vacant. Furthermore, the department is using the program to create shared housing, an eligible program type under the MHSA Housing Program and a model that appears well-suited for homeless subpopulations (transition-age youth, persons with HIV/AIDS, veterans, etc.)

**Opportunities for Partnership**

Creating and sustaining supportive housing is by nature a collaborative effort. To effectively serve the populations best suited for PSH—homeless persons or families often with disabling conditions and significant barriers to housing stability—requires coordinating with different public systems and their nonprofit housing and service providers. Integrating supportive housing into a comprehensive neighborhood stabilization plan creates opportunities for partnerships between stakeholders, grantee agencies and other agencies with resources available for PSH. Successful partnerships require strategic alignment among agencies to maximize supportive housing possibilities through NSP.

The challenge related to NSP and supportive housing is that a lot of these relationships may not be in place at the time of program planning or implementation. Typically, stakeholders most interested in expanding housing options for supportive housing candidates are the least likely to be knowledgeable about NSP rules and regulations, target areas and the various program administrative staff required for its implementation. Unless these relationships are in place, or policymakers possess the appetite and foresight for leveraging NSP for supportive housing before submitting their plans, supportive housing stakeholders will scramble to align their goals with the core NSP objectives to arrest neighborhood decline and stabilize properties and communities.

Based on the degree to which communities are structured and coordinated around PSH development, there is wide potential for many stakeholder groups to actively participate in shaping the program. Briefly, these include:

- State and local housing finance agencies
- State and local housing and community development departments
- Public housing authorities (PHAs)
- Local community action agencies
- CoC programs
- Mental health departments
- Substance abuse/drug and alcohol services departments
- HOPWA or Ryan White CARE Act programs
- Youth dependency and/or delinquency systems
- Jail diversion or community re-entry programs
- Veterans Administration and/or veterans service organizations
- Domestic violence prevention programs
- Nonprofit affordable and/or PSH developers
- Homeless coalitions
III. Supportive Housing Types

“In this economy, there’s going to be very little new building of large multi-family properties. We need to recycle the housing we’ve got. Scattered-site housing is the new development model.”

– Jennifer Duffy, Program Director, Hello Housing, San Francisco Bay Area

Around the country, NSP grantees are utilizing a range of housing types as supportive housing for vulnerable populations. This section offers some specific examples and briefly discusses three different housing types:

- Single-family homes
- Small multifamily properties (2 to 4 units)
- Larger multifamily properties

What to Consider

- What is the housing stock within the NSP target area? What is the best use of those properties in my community?
- Are there responsible nonprofits or for-profits already operating scattered-site properties?
- Where are the properties located in relation to the services and agencies that will support residents’ efforts to achieve stability?

Single-Family Homes

While single-family homes may not fit the image of what many of us have come to know as supportive housing, they can work well for many homeless populations. Single-family properties can be ideal for formerly homeless families, for example. Single parents in recovery and families who slipped into homelessness after a parent lost his or her job in the recession currently make up some of the families living in NSP single-family properties nationwide. This housing stock provides an important choice for tenants who may prefer a single-family house or duplex with a yard to a more concentrated multifamily community. In some cases, a more private space can inspire a greater sense of pride and ownership among tenants.

For examples, see the profiles on Solutions for Change and Hispanic Housing Development, pp. 25 and 27 of the Appendix.

Shared housing, in which unrelated adults share a household, is another option for NSP single-family properties. Homeless veterans, often accustomed to living in a communal setting, can live successfully in shared housing, especially individuals who tend to isolate when living alone. Emancipated foster youth can also benefit from a shared housing environment, where they can have the privacy of their own room but share household responsibilities as they learn to live independently. Most adults with developmental disabilities also fare best in shared-housing models.

For shared housing examples, see profiles on Columbia Basin and Hallmark on pp. 28 and # of the Appendix.
Small Multifamily Properties (2 to 4 Units)

Addressing distressed small multifamily properties is a key component of neighborhood stabilization. These properties tend to be less rigorously underwritten and when poorly managed can blight a neighborhood and drive away private investment. Unfortunately, they are often inappropriate for homeownership and may not be an important priority for many NSP grantees, limiting the degree to which comprehensive neighborhood stabilization can be achieved. Supportive rental housing can be an ideal use for small multifamily properties.

Two-to-4-unit properties (duplexes, triplexes, fourplexes, “two flats” or other attached apartments) are also a good fit for families or individuals in a shared housing setting. Because they are less attractive to homebuyers and mostly used as rental/income properties, continuing to utilize them as rentals is a sensible disposition strategy. They offer the option of private units for individuals in a congregate setting, or can be rented to small families or shared by unrelated adults.

For examples, see profiles on Community Housing Resources and Urban Homeworks on pp. 27 and 24 of the Appendix.

Through its “NSP Single-Family Rental Toolkit,” HUD has catalogued a variety of resources on small multifamily properties, including information on acquisition, underwriting, construction and rehab management, property management and program administration. For more guidance, visit http://goo.gl/fpYjN.

Considering single-family homes and small multifamily properties offers some unique advantages. These include:

- De-concentration: NSP properties are often located in suburbs, away from city centers where many affordable and supportive housing projects tend to be located, allowing the neighborhoods to supply their “fair share” of housing for the homeless and disperse housing and services outside of inner cities.

- Less opposition: A few single-family homes scattered throughout a neighborhood can draw less opposition than a 50-unit apartment building for formerly homeless people. Often a formal public approval process is not required for so few units, and tenants are able to blend into the neighborhood just as any other family or individuals renting a house.

- Appropriate for rental housing: Most small multifamily properties were not designed to be owner-occupied and are more appropriate for rental use. This makes them ideal candidates for supportive housing programs that already possess a scattered-site portfolio.

- Good scale for nonprofit service providers: Many of the nonprofits utilizing single-family homes acquired with NSP funds are smaller organizations whose focus is on services, not housing development. They may lack the experience required to develop a large multifamily supportive housing project, but can effectively manage scattered-site homes in the communities they serve.

Large Multifamily Housing

In addition to single-family and small multifamily units, many NSP grantees are also acquiring larger multifamily properties. Some have switched their focus to acquiring multifamily properties as a way to spend down NSP funds more quickly. Because it takes just as much work to acquire a 4-unit property as a 40-unit property, this can be a good way to maximize staff time and meet HUD commitment and expenditure deadlines.
In other cases, single-family or small multifamily properties acquired with NSP funds are being demolished to make way for new multifamily construction.

In multifamily properties, all or a portion of the units can be dedicated to supportive housing for special needs tenants. The clear advantage to this strategy is that other affordable and supportive housing funds can be leveraged, including HOME, CDBG, redevelopment funds, tax credits and Section 8 rental subsidies.

For large multifamily housing examples, see the profiles on New Moms and Affordable Housing Associates/East Bay Community Recovery Project on pp. 26 and 29 of the Appendix. For more NSP multifamily rental housing resources, review the “NSP Multifamily Rental Toolkit,” http://goo.gl/JPXJD.

IV. Financing for Single-family and Multifamily NSP Supportive Housing

What to Consider

• What is the greatest financing need among the nonprofit housing providers in your CoC? Capital for acquisition? Rent subsidies to cover operating expenses? Funding for services?

• What local agencies or philanthropic foundations in your region may have funding available for the purposes identified above?

• How can NSP subsidy address financing gaps (e.g., construction, acquisition, operation)?

• What is an accurate operating pro-forma for scattered-site rental properties in your community?

NSP was the sole funding source for the acquisition and rehabilitation of most of the single-family and small multifamily NSP supportive rental housing surveyed for this guide. In some states, like California, NSP was combined with state mental health funding designated for the purchase and/or rehabilitation of small properties for supportive housing. However, for single-family and 2-4 unit properties that will be rented to very low-income families and individuals, a long-term source of operating subsidy was the most important funding component in addition to NSP.

Some grantees are utilizing larger multifamily buildings as supportive rental housing. In some cases they are demolishing existing properties to build large multifamily buildings. In other cases, they are purchasing mid-size multifamily properties (15–40 units) and bundling them for financing purposes. Like traditional affordable housing developments, these projects are utilizing Low-Income Housing Tax Credits, CDBG, HOME, local redevelopment funds and project-based Section 8. These projects are typically mixed developments, meaning a portion of the units are set aside as supportive housing for people with special needs, while the other units serve low-income individuals and families.

For information on supportive housing financing, including capital, operating and supportive service sources, see the Corporation for Supportive Housing’s website, www.csh.org.

V. Design and Rehabilitation

In planning for the rehabilitation of single-family homes to be used as supportive housing, it’s important to
explore upgrades to increase the livability of the home for future tenants. Several of the supportive housing providers interviewed for this guide made changes during rehabilitation to better serve residents, including:

• A half-bathroom in shared housing for unrelated adults
• A small office area (the size of a large walk-in closet) for private meetings with case managers
• Additional lockable personal storage space
• Fire sprinkler systems to satisfy specific funding source requirements (VA Per Diem Grant Program)

What to Consider

• Which green features decrease operating costs or improve residents’ quality of life?
• What minimum federal construction requirement under the corresponding NSP allocation is applicable to your project? What is the local NSP rehab standard?
• What level of rehab do you expect to undertake (gut or moderate)? How does it affect your construction budget, timeline and scope of work?

<table>
<thead>
<tr>
<th>Design Considerations</th>
</tr>
</thead>
</table>
| **Space and Livability** | • Each tenant should have a separate, lockable bedroom.  
  • Storage areas or closets should have sufficient space to accommodate residents’ needs, including storage in the hall, bedrooms, bathrooms, kitchen and utility areas.  
  • The bathroom should be large enough to meet resident demands. Shared housing with three or more bedrooms should contain at least two bathrooms. |
| **Finishes** | • New finishes should be durable, easy to clean and low maintenance.  
  • New kitchen appliances should be Energy Star and self-defrosting/cleaning. Countertops should have durable, easy-to-clean surfaces.  
  • When replacing flooring, use linoleum, porcelain tile, wood, or commercial-grade carpet and carpet tiles. |
| **Safety** | • An adequate number of electrical outlets should be available throughout the house.  
  • Install GFI outlets where required by current code.  
  • Provide hardwired smoke detectors with battery backups in all sleeping rooms and at the corridor or entry area to each separate sleeping area.  
  • Provide fire extinguishers. (Check with funding sources; sprinkler systems may be required.)  
  • Provide hardwired carbon monoxide detectors with battery back-ups on all floors of the individual housing unit. |
| **Yard and Landscaping** | • All replacement landscaping should be attractive and low maintenance.  
  • Address privacy and security needs through fencing and landscaping.  
  • When possible provide private outdoor space for each resident bedroom. |
According to NSP Regulations, all programs pursuing single-family rehabilitation should have a programmatic rehabilitation standard. A rehabilitation standard is a document that the NSP grantee or developer produces to help define whether and how items or systems in the project should be replaced or repaired. HUD provides sample Rehabilitation Standards, Rehabilitation Specifications, and an On-Site Checklist for NSP grantees. Visit [http://goo.gl/UVcfB](http://goo.gl/UVcfB) for these customizable standards, specifications and checklist.

These documents provide the opportunity to build an efficient construction program that incorporates green building methods, materials and systems. Despite certain initial and incremental costs of incorporating a holistic green initiative, the payback can be swift and the benefits long lasting. Local factors, such as taxes, contractor knowledge and skills, and material costs, can greatly affect the costs and benefits of any green initiative. Enterprise’s national study of green building ([www.EnterpriseCommunity.org/greenresources](http://www.EnterpriseCommunity.org/greenresources)) found that water conservation, followed by energy efficiency, achieved the most significant payback. For more on local incentives, see: [http://dsireusa.org/](http://dsireusa.org/).

### VI. Property Management

The following section reviews some key property management considerations and challenges. Effective supportive housing property management, especially where housing sites are scattered, requires careful planning and attention. Promoting NSP’s objectives to stabilize distressed neighborhoods and provide low- and moderate-income households with safe, affordable housing cannot be accomplished without sound property management. In supportive housing, there is the added need to address the “double bottom line,” whereby housing operators must ensure the financial health of the property and deliver on the mission to meet residents’ needs and assist them in meeting individual health and well-being goals.

#### What to Consider

- What are typical rents and operating expenses in the areas where you consider using NSP sites as affordable/supportive rental housing? Will your program be able to charge market rents?

- Who in your area has experience in scattered-site property management? Can they be a training or information-sharing resource for nonprofits that acquire and operate NSP properties?

- On a per-unit basis, monthly costs for a single-family home typically run higher than that of a large multifamily apartment building.

- Is it possible to cluster but not over-concentrate properties that will be used as supportive rental housing to ease property management?

- Can you organize a forum or other venues for nonprofit housing providers to share best practices on property management?

- If housing owners/operators are not equipped to self-manage, are there opportunities to contract with a property management agent or partner with a more experienced organization?

- How will you educate property management staff on maintaining the building’s systems and operations?
Operating Costs

Budgeting adequately for monthly operating expenses is critical to successful property management. Operating costs include all monthly expenses such as gas and electricity, water, sewage and trash, insurance, property taxes, maintenance/repairs, payroll expenses for paid staff, landscaping/gardening, and painting and cleaning when a unit turns over.

Most of the scattered-site supportive housing providers interviewed estimated their operating expenses at $415 to $585 per month, or $5,000 to $7,000 per unit/property annually, not including case management staff.

See p. 30 in the Appendix for a chart with the property type, population and estimated operating costs for the NSP providers interviewed for this toolkit. A sample operating budget appears on p. 31 in the Appendix.

In addition to monthly operating costs, it’s important to plan for long-term replacement costs. This is critical to the long-term sustainability of each property. Within the first year of operation, a replacement schedule should be created that shows when major replacements are due, with estimated costs that account for inflation. A reserve account should be established to deposit funds from program income for covering future replacement needs.

To help mitigate some of the costs associated with lack of proper maintenance of the buildings systems and management of the building as a whole, use an Operations and Maintenance manual. The manual should include:

- Operations and maintenance guides for all appliances
- HVAC operations and maintenance schedule
- Location of water-system turnoffs
- Information on lighting equipment (specifying type of bulb/lamp used)
- Upkeep of paving materials and landscaping
- Identification of green cleaning products and schedule(s)
- Information on integrative pest management
- Information on any other systems within the project, including renewable energy systems
- An occupancy turnover plan that describes the turnover process, including frequently replaced materials at turnover and the process of educating residents about proper use and maintenance of all project systems

Also consider staff training to introduce the manual to the new property management staff. It may be helpful to walk through the property with staff and use the manual as a guide for the on-site training. A comprehensive operations and maintenance program that combines the use of a manual, as well as training for each property management staff member will result in long term building efficiencies that will result in financial efficiencies, as well as long term durability of the building, its systems and interiors.

For more recommendations on building a comprehensive operations and maintenance program visit: www.EnterpriseCommunity.org/greenresources
Using NSP Funds for Operating Reserves

NSP funds can be used for operating reserves only under certain circumstances, such as a condition of the lender approving a mortgage. For a multifamily housing project, NSP funds can be used for up-front deposits to operating reserves at the time of acquisition. The NSP grantee must demonstrate that such a requirement is consistent with industry practices and the dollar amount is within local industry standards. Note that this flexibility only relates to up-front deposits to operating reserves required by the lender. The grantee may not use NSP funds to pay for an ongoing operating subsidy (or any ongoing project-based rental assistance).

Staffing

Identifying the right staffing model is critical. NSP supportive housing providers across the country employ several different models for property management and ongoing operations of their scattered-site housing.

- On-site resident managers: Some NSP providers of shared-housing (for unrelated adults) have a staff person who lives in the home and occupies one room. This resident manager is responsible for all day-to-day operations of that property and others that may be located in the vicinity.

- Off-site staff: Many providers allocate a percentage of an existing staff person’s time to handling maintenance issues, collecting rents and coordinating resident councils/house meetings. These groups contract with vendors (plumbers, handymen, gardeners) to take care of maintenance needs. Depending on how many housing sites the provider operates, this may be a full-time position.

- Third-party property management companies: If an organization has a substantial portfolio of NSP and other rental housing, it can be economical to contract with a third-party property management company experienced in affordable housing compliance. This is especially advantageous if other funding sources, such as HOME or Low-Income Housing Tax Credits, are used.

- Volunteers or tenant employees: Some small providers with only one or two single-family homes utilize community volunteers or board members to handle most minor repairs and yard work. For more serious maintenance issues, they contract with vendors (plumbers, electricians, etc.)

- Mobile handymen: Some providers are considering using a mobile handyman who carries his/her equipment and materials on a truck to handle landscaping and maintenance needs at their single-family properties. This approach could create a good job opportunity for a resident or community member.

Of course, property management needs and staffing may change over time. A provider with just one or two NSP single-family homes may be able to rely on volunteers, board members or tenants for maintenance needs at first because the homes have been newly rehabilitated and have few if any maintenance issues. As a group acquires more housing units, and as these units begin to age, it will be necessary to hire new staff, contract with a third party or dedicate a portion of an existing staff person’s time to property management.
Other Scattered-Site Property Management Challenges
The providers interviewed for this guide cited the following challenges and solutions at their NSP properties.

- **Monitoring geographically dispersed properties:**
  - Ensure property management staff regularly visit and inspect properties at least monthly.
  - Create a monthly inspection report so inspections are consistent and conditions easily noted.
  - Ensure property managers get to know tenants with the intention of working together to keep up the property and troubleshoot maintenance issues before they become major repairs.
  - Ensure property managers communicate regularly with service staff to understand each tenant’s challenges and the possible impact on property maintenance.

- **Controlling replacement costs when each property is unique:**
  - Specify the same types of equipment and fixtures as you rehab units, including big-ticket items like appliances, furnaces and water heaters, as well as finishes such as flooring, countertops, faucets and door hardware.
  - If it’s not possible to use like materials at the time of rehab, like materials should be used as replacements are made over time.

- **Lack of on-site storage space for tools and supplies:**
  - Consider using the garage at one property as a property-management base to store tools and supplies for several area properties, meaning residents may not have access to the garage.
  - Contract with a mobile handyman who carries most tools and supplies on a truck and can service multiple properties in an area.

- **Tenant behavioral challenges:**
  - Communicate with case manager/services staff about the issue to ensure appropriate supportive services are provided. For example, if a tenant is consistently late in paying rent, ensure money management classes are provided, or set up a payment plan agreed to by the tenant and property manager.
  - If problems persist, be sure services and property management staff communicate clear expectations about what behaviors need to change for tenants to maintain compliance with their lease agreement.

**Resources**
The following resources offer in-depth guidance on effective property management:

- NSP Multifamily Rental and Single-family Rental Toolkits ([http://hudnshelp.info/](http://hudnshelp.info/))
- NSP Webinar: Successful Scattered-Site Rental Programs ([http://goo.gl/RaLP8](http://goo.gl/RaLP8))
- Consortium for Housing and Asset Management (sample forms) ([http://cham.org/forms.html](http://cham.org/forms.html))
- “Toolkit for Developing and Operating Supportive Housing,” Corporation for Supportive Housing, ([http://goo.gl/VB3wu](http://goo.gl/VB3wu))
- “Developing and Managing Scattered-Site Rental Housing,” Enterprise Community Partners, 1999, ([http://goo.gl/5Wao0](http://goo.gl/5Wao0))
VII. Service Models for NSP Supportive Housing

What to Consider

- What are the service needs of the individuals and/or families who will occupy NSP rental housing?
- What are the right models and sources of funding to address residents’ service needs?
- Who in your community provides the needed services?

The typical service model used by providers of scattered-site supportive housing interviewed for this guide includes a blend of home visits and linkages to off-site services. Regular home visits by a case manager are essential to assessing residents’ ongoing needs and helping them remain stable. In the case of shared housing, home visits can also be used to address issues or problems among housemates before they escalate. One case manager can serve several NSP sites. A typical ratio is 15 clients per case manager, depending on the distance between the scattered sites.

Other services such as employment counseling, computer classes, AA meetings, and money management and life skills classes are offered via linkages to other providers. More specialized services, like mental health counseling, and medical and dental care, are typically provided at outpatient clinics throughout the community.

For some populations, such as the chronically homeless with dual diagnosis (mental illness and substance abuse), more intensive services may be necessary. One way service providers creatively address this need in scattered-site housing is to form “mobile service teams” that can serve clients on an as-needed basis. Comprised of a case manager, mental health clinician and sometimes a nurse or psychiatric nurse (able to prescribe medication), a mobile team can intervene in the case of crisis, relapse or decompensation to provide needed care until the resident is stabilized.

Financing for Services

Service budgets must include ancillary expenses in addition to the salary and benefits of the case manager or service coordinator. Other expenses include transportation, cell phones, laptop computers (to facilitate note-taking in the field), training, community building, and insurance. Revenue sources for services typically include a mix of the following:

- Rental income may be sufficient to cover both operating expenses and a portion of a case manager’s salary, although this is usually limited to larger multifamily buildings (20 or more units), where tenants have earned income and can pay the full rent. In programs serving homeless or other special-needs populations, tenants typically pay 30 percent of their income (or nothing if they have no source of income).

- Government programs provide funding for case management and other services for specific populations. Grant terms range from one to three years for most programs.

- Grants from foundations, revenue from fundraising events or individual donations often fund services or augment the sources listed above. As state and local governments scale back programs due to budget deficits, most nonprofit housing providers rely more heavily on private fundraising.
APPENDIX
Urban Homeworks
Minneapolis
A faith-based housing organization that has rehabilitated and constructed scattered, small, multi-unit and single-family housing in the Twin Cities since 1995

NSP Properties: 30 units in 2/4/6-plexes – affordable rental

Population: Rental – Low to very low income – mostly families, some homeless and highly mobile (20-50%AMI)

Other Funding: State and County loans and grants, private foundation grants, private investor loan pool, some tenants have Section 8 vouchers (approx 33%)

Rents: $515 - $715 per month, depending on unit size

Operating expenses: Approximately $525 per unit per month

Property Management: In-house property management is key to their housing model. They have committed staff who create relationships with tenants.

Services: Urban Homeworks networks with social service agencies for services. One staff person spends part of their time linking tenants to social services in the community.

http://urbanhomeworks.com
North County Solutions for Change

San Diego

Operates Solutions University, a sustainable, replicable model that provides permanent solutions to homeless families.

NSP Properties: 9 single-family homes and 1 duplex

Population: Formerly homeless families who are graduates of Solutions University’s transitional housing program.

Other Funding: Fundraising from local companies and community members for operating expenses, plan to apply for Shelter Plus Care rental subsidy.

Rents: Tenants will pay 30% of income. Rents will be set at 30-50% of area median income.

Operating Expenses: Approximately $500-$700 per month. Rents cover about 70% of operating costs, the rest is covered by foundation grants and private fundraising.

Property Management: Solutions for Change provides in-house property management for all their properties.

Services: Case managers visit families in their homes. The families also continue to participate in programs at Solutions University.

www.solutionsforchange.org
New Moms, Inc.
Chicago
Seeks to enable, empower, and equip at-risk adolescent parents and their children through services and mentoring based on Christian values

NSP Properties: Demolition of foreclosed property and new construction of 40 units; LEED Silver certified

Population: Homeless pregnant and parenting women ages 18-24

Other Funding: HOME, CDBG, State tax credits, Project-based Section 8, private fundraising, land donated

Rents: Tenants will pay 30% of income

Operating Expenses: $546 per unit per month

Property Management: Contract with third-party property management company

Services: The building will have a licensed daycare center on the ground floor. Case management, parent support groups and life skills classes provided on-site in ground floor office space. The project will also have a green social enterprise/transitional jobs component.

http://www.newmomsinc.org/
Hispanic Housing Development
Chicago
Creates new housing, employment, and business opportunities that help communities flourish

15 single-family NSP Properties: 15 single-family homes and 2 flats

Population: Homeless families

Other Funding: Tenants get help with rent and utilities from Casa Norte, a local service provider

Rents: Tenants will pay 30% of income. Rents will be set at 30-50% of area median income.

Operating Expenses: Approximately $500 per month

Property Management: Hispanic Housing Development provides in-house property management for all their properties.

Services: They are partnering with Casa Norte and several other local service providers to provide off-site services.

http://www.hispanichousingdevelopment.com
Community Housing Resources, Inc.
Orange County, Calif.
Provides housing options for the county’s developmentally disabled population

**NSP Properties:** 1 fourplex

**Population:** Developmentally disabled adults (shared housing)

**Other Funding:** None

**Rents:** 30% of tenant income

**Property Management:** In-house property management

**Services:** The local Regional Center is the service provider. Each client has a service plan and the regional center contracts with various agencies and vendors to provide services. In addition, a Resident Services Coordinator, included in the operating budget, acts as a liaison between CHRI, the Regional Center and property management staff.

[http://www.chrioc.org](http://www.chrioc.org)
Columbia Basin Vets Coalition

**Pasco, Wash.**

Provides services to aid transitional veterans in assimilating back into the civilian environment.

**NSP Properties:** 1 single-family home (5 bdrm with 7 tenants)

**Population:** Homeless Veterans (shared housing)

**Other Funding:** Benton County Human Services funding for rehab and first year operating, VA Per Diem Grant for on-going operating

**Rents:** 20% of tenant’s income

**Operating Expenses:** $930 per bed/month including services staff and resident manager

**Property Management:** An on-site resident manager occupies one room

**Services:** This is a 2-year transitional housing program. The case manager will link vets to VA benefits, services and healthcare.

Affordable Housing Associates and East Bay Community Recovery Project

Oakland, Calif.

**NSP Properties:** 20-unit SRO

**Population:** Very low-income pregnant and parenting women with substance abuse issues and mental illness

**Other Funding:** Local redevelopment funds, AHP, EHAP and State Perinatal Program Funds

**Rents:** $165 per month

**Operating Expenses:** $533 per month

**Property Management:** Affordable Housing Associates will do property management (in house)

**Services:** EBRP will provide services. They have an office across the street and there is common space for meetings in the building.

## Operating Expenses Summary

<table>
<thead>
<tr>
<th>NSP Housing Provider</th>
<th>Property Type</th>
<th>Population</th>
<th>Operating Expenses p/u</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable Housing Associates and East Bay Community Recovery Project (Northern California)</td>
<td>Multifamily 26 units</td>
<td>Women w/ children, substance abuse/mental illness</td>
<td>$6400/year</td>
</tr>
<tr>
<td>Clifford Beers Housing (Southern California)</td>
<td>Multifamily 29 units</td>
<td>Mixed- mentally ill and low income</td>
<td>$5050/year</td>
</tr>
<tr>
<td>Columbia Basin Vets Coalition (Washington State)</td>
<td>Single family</td>
<td>Veterans</td>
<td>$11,000 per bed/year</td>
</tr>
<tr>
<td>Community Housing Resources Inc. (Orange County, Calif.)</td>
<td>Fourplex</td>
<td>Developmentally disabled adults</td>
<td>NA</td>
</tr>
<tr>
<td>Famicos Foundation (Cleveland)</td>
<td>Multifamily 45 units</td>
<td>Low income and disabled seniors</td>
<td>$7500 year</td>
</tr>
<tr>
<td>Gulf Coast Housing Partnership (NOLA)</td>
<td>Multifamily 70 units</td>
<td>Seniors and special needs seniors</td>
<td>$5500/year</td>
</tr>
<tr>
<td>Hallmark Community Solutions (Northern California)</td>
<td>Single family</td>
<td>Mentally ill and at risk of homelessness</td>
<td>$8,418/year including services</td>
</tr>
<tr>
<td>House of Ruth (Southern California)</td>
<td>Condominiums</td>
<td>Domestic violence victims</td>
<td>$8,400/year</td>
</tr>
<tr>
<td>Mercy House (Southern California)</td>
<td>Single family</td>
<td>Homeless mentally ill adults and single parents</td>
<td>$5000/year</td>
</tr>
<tr>
<td>New Moms Inc. (Chicago)</td>
<td>Multifamily 40 units</td>
<td>Homeless pregnant and parenting women 18-14</td>
<td>$6563/year</td>
</tr>
<tr>
<td>RPM Development (Newark, N.J.)</td>
<td>Multifamily 70 units</td>
<td>Seniors and special needs seniors</td>
<td>$6172/year</td>
</tr>
<tr>
<td>Stanislaus Community Assistance Project (Central California)</td>
<td>Single family and multi-family 37 units</td>
<td>Mixed: HIV, low income, single parents, other special needs</td>
<td>for sf- 25% of rent, for mf units $3600/year</td>
</tr>
<tr>
<td>Steps to Recovery (Pasco County, Fla.)</td>
<td>Single family</td>
<td>Homeless veterans</td>
<td>$12,000/yr</td>
</tr>
<tr>
<td>Urban Homeworks (Minneapolis)</td>
<td>Single family and 2-4 unit properties</td>
<td>Low-income, homeless, some mentally ill</td>
<td>$5500-$6500/year</td>
</tr>
</tbody>
</table>
## Neighborhood Stabilization Program / MHSA

### SAMPLE OPERATING BUDGET

<table>
<thead>
<tr>
<th></th>
<th>Per Bedroom Per Year</th>
<th>Annual (Full Program)</th>
<th>Annual (San Leandro)</th>
<th>Annual (San Lorenzo)</th>
<th>Annual (Property C)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental Income - Tenant</td>
<td>$3,042</td>
<td>$33,462</td>
<td>$9,126</td>
<td>$12,168</td>
<td>$12,168</td>
</tr>
<tr>
<td>MHSA Capitalized Operating Reserve</td>
<td>$5,767</td>
<td>$63,442</td>
<td>$17,279</td>
<td>$23,081</td>
<td>$23,081</td>
</tr>
<tr>
<td>Vacancies - 20%</td>
<td>$(617)</td>
<td>$(6,790)</td>
<td>$(1,858)</td>
<td>$(2,466)</td>
<td>$(2,466)</td>
</tr>
<tr>
<td>Interest Income - Operating</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Interest Revenue - Security</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Laundry Income</td>
<td>$44</td>
<td>$486</td>
<td>$162</td>
<td>$162</td>
<td>$162</td>
</tr>
<tr>
<td>NSF and Late Charges</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Clean/Damage/Maintenance</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Credit Report Fees</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Gross Revenue</strong></td>
<td>$8,236</td>
<td>$90,600</td>
<td>$24,709</td>
<td>$32,945</td>
<td>$32,945</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Per Bedroom Per Year</th>
<th>Annual (Full Program)</th>
<th>Annual (San Leandro)</th>
<th>Annual (San Lorenzo)</th>
<th>Annual (Property C)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing</td>
<td>$38</td>
<td>$420</td>
<td>$115</td>
<td>$153</td>
<td>$153</td>
</tr>
<tr>
<td><strong>Total Marketing Expenses</strong></td>
<td>$38</td>
<td>$420</td>
<td>$115</td>
<td>$153</td>
<td>$153</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Per Bedroom Per Year</th>
<th>Annual (Full Program)</th>
<th>Annual (San Leandro)</th>
<th>Annual (San Lorenzo)</th>
<th>Annual (Property C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager's Unit</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Payroll - HCEB Mgmt and Admin Staff</td>
<td>$327</td>
<td>$3,600</td>
<td>$982</td>
<td>$1,309</td>
<td>$1,309</td>
</tr>
<tr>
<td>Payroll - HCEB Maintenance</td>
<td>$273</td>
<td>$3,000</td>
<td>$818</td>
<td>$1,091</td>
<td>$1,091</td>
</tr>
<tr>
<td>Health Insurance/Benefits/Payroll Taxes</td>
<td>$205</td>
<td>$2,250</td>
<td>$614</td>
<td>$818</td>
<td>$818</td>
</tr>
<tr>
<td>Workers Comp</td>
<td>$55</td>
<td>$600</td>
<td>$164</td>
<td>$218</td>
<td>$218</td>
</tr>
<tr>
<td>Housing Service Coordinator Contract</td>
<td>$1,909</td>
<td>$21,000</td>
<td>$5,727</td>
<td>$7,636</td>
<td>$7,636</td>
</tr>
<tr>
<td><strong>Total Site Staff Expenses</strong></td>
<td>$2,768</td>
<td>$30,450</td>
<td>$8,305</td>
<td>$11,073</td>
<td>$11,073</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Per Bedroom Per Year</th>
<th>Annual (Full Program)</th>
<th>Annual (San Leandro)</th>
<th>Annual (San Lorenzo)</th>
<th>Annual (Property C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Expenses</td>
<td>$109</td>
<td>$1,200</td>
<td>$327</td>
<td>$436</td>
<td>$436</td>
</tr>
<tr>
<td>Management Fees: Gen. Mgm't, Admin, Prop Mgm't</td>
<td>$456</td>
<td>$5,018</td>
<td>$1,200</td>
<td>$1,909</td>
<td>$1,909</td>
</tr>
<tr>
<td>Legal/mediation Expenses</td>
<td>$205</td>
<td>$2,250</td>
<td>$614</td>
<td>$818</td>
<td>$818</td>
</tr>
<tr>
<td>CPA/Audit</td>
<td>$136</td>
<td>$1,500</td>
<td>$409</td>
<td>$545</td>
<td>$545</td>
</tr>
<tr>
<td>Bookkeeping Services</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Telephone, DSL, Fax</td>
<td>$55</td>
<td>$600</td>
<td>$164</td>
<td>$218</td>
<td>$218</td>
</tr>
<tr>
<td>Mileage/Travel</td>
<td>$109</td>
<td>$1,200</td>
<td>$327</td>
<td>$436</td>
<td>$436</td>
</tr>
<tr>
<td>Misc. Admin Expenses</td>
<td>$27</td>
<td>$300</td>
<td>$82</td>
<td>$109</td>
<td>$109</td>
</tr>
<tr>
<td>Seminars/Training</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Computer Charges</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Administrative Expenses</strong></td>
<td>$1,097</td>
<td>$12,068</td>
<td>$3,123</td>
<td>$4,473</td>
<td>$4,473</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Per Bedroom Per Year</th>
<th>Annual (Full Program)</th>
<th>Annual (San Leandro)</th>
<th>Annual (San Lorenzo)</th>
<th>Annual (Property C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>$453</td>
<td>$4,980</td>
<td>$1,358</td>
<td>$1,811</td>
<td>$1,811</td>
</tr>
<tr>
<td>Water</td>
<td>$245</td>
<td>$2,700</td>
<td>$736</td>
<td>$982</td>
<td>$982</td>
</tr>
<tr>
<td>Gas</td>
<td>$362</td>
<td>$3,985</td>
<td>$1,087</td>
<td>$1,449</td>
<td>$1,449</td>
</tr>
<tr>
<td>Sewer</td>
<td>$109</td>
<td>$1,200</td>
<td>$327</td>
<td>$436</td>
<td>$436</td>
</tr>
<tr>
<td>Garbage Removal</td>
<td>$191</td>
<td>$2,100</td>
<td>$573</td>
<td>$764</td>
<td>$764</td>
</tr>
<tr>
<td><strong>Total Utilities Expense</strong></td>
<td>$1,360</td>
<td>$14,965</td>
<td>$4,081</td>
<td>$5,442</td>
<td>$5,442</td>
</tr>
</tbody>
</table>
Resources

HUD NSP Resources

NSP Resource Exchange
HUD has created a comprehensive online portal to catalog resources related to Neighborhood Stabilization Program planning and implementation. This site includes both HUD NSP official notices, regulations and guidance documents, as well as materials developed through HUD NSP technical assistance providers. Other useful aspects of this site include compilations of Frequently Asked Questions and a search feature that allows you to access information and data related to specific NSP grantees. www.hudnsphelp.info

NSP Policy Alerts
There have been numerous updates to the program in the form of HUD-issued policy briefs (see the entire listing at http://goo.gl/Qxspn). All of these are posted on the NSP Resource Exchange but those cited in this guide are also referenced below:


HUD NSP Webinars/Presentations
Since the program’s inception, HUD has been very active in promoting web-based learning opportunities for grantees, subrecipients, developers and the general public. These are also archived on the NSP Resource Exchange. Specific webinars cited in this guide are referenced below:

- Meeting the LH 25 Requirement: http://goo.gl/MwW3i
- Successful Scattered-Site Rental Programs: http://goo.gl/Oa2To
- Neighborhood Stabilization Program: Serving Persons with Special Needs: http://goo.gl/hY03s

NSP Toolkits
On the NSP Resource Exchange portal, HUD has catalogued a series of toolkits related to NSP implementation. We have cited the single-family rental and the multifamily toolkits in the Supportive Housing Types section of this guide. There are also useful resources for rehab and construction management under the Homeownership toolkit. All three are referenced below:

- Single Family Rental: http://goo.gl/eSVPQ
- Multifamily Rental: http://goo.gl/IS94p
- NSP Rehab Standards, Checklists (under Homeownership Toolkit, see Rehab and Construction Management section): http://goo.gl/G3Gah

Other Federal Resources on Homelessness

Homelessness Resource Exchange
Similar to the NSP Resource Exchange created to catalog all resources related to NSP, HUD has also established the Homelessness Resource Exchange as a one-stop shop for information related to federal homeless assistance programs. www.hudhre.info
Opening Doors
This is a first-ever national strategic plan to prevent and end homelessness, developed and released by the U.S. Interagency Council on Homelessness in association with 19 federal agencies. Increasing access to affordable housing through the creation of permanent supportive housing is a principal tenet in this visionary document. http://www.usich.gov/opening_doors/

Research Publications and Technical Assistance Resources

Using NSP to Help Create Permanent Supportive Housing
This brief published jointly by the Technical Assistance Collaborative and the Consortium for Citizens with Disabilities in 2009 is a nice primer on NSP basics and review of opportunities to use NSP for supportive housing. http://goo.gl/lsf8R

Neighborhood Stabilization Program: Innovative Development Strategies for Very Low-Income Housing
This publication from the National Housing Law Project reviews how different NSP grantees are utilizing their program funding to provide affordable housing for very low-income households. This well-researched and organized study should appeal to readers interested in case studies and specific development strategies and challenges associated with meeting the LH 25 requirement. http://goo.gl/JYIb6

National Alliance to End Homelessness (NAEH)
As one of the leading national voices on homeless research, policy and advocacy, NAEH has been instrumental in helping local communities to adopt strategic plans to end homelessness. These “10-year plans” are in various stages of implementation and development. Some NSP supportive housing developments we learned of during the research grew directly out of 10-year planning implementation. http://goo.gl/y4wpZ

Enterprise Community Partners & Enterprise Green Communities
Aside from our role as an NSP technical assistance provider, Enterprise has developed a variety of resources for the affordable housing industry that are applicable to NSP grantees and partners. A few specific publications are cited in the report and are referenced below:

- Property Management: Long-Term Thinking and Short-Term Action http://goo.gl/75LSH
- Developing and Managing Scattered-Site Rental Housing: A Complete Overview of the Skills and Finances Needed to Run a Successful Program http://goo.gl/75LSH
- Incremental Cost, Measurable Savings: http://goo.gl/HIQsD
- Green Operations and Maintenance Resources http://goo.gl/01IET

Corporation for Supportive Housing
The Corporation for Supportive Housing has published a wide collection of briefs and reports related to homelessness and supportive housing. Readers interested in understanding more of the nuts and bolts associated with financing, developing and operating permanent supportive housing should find their publications accessible and informative.

- Supportive Housing Finance Guide http://goo.gl/HdmDu
- Toolkit for Developing and Operating Supportive Housing: http://goo.gl/AQO1D
NSP Grantee References

City of Knoxville, Tennessee Neighborhood Stabilization Program
http://www.cityofknoxville.org/development/

City of Phoenix, Arizona Neighborhood Stabilization Program
http://goo.gl/2SGOA

State of Oregon Neighborhood Stabilization Program
http://goo.gl/VVi4k

Pasco County, Florida Neighborhood Stabilization Program
http://goo.gl/zzM36