Continuum of Housing Options

HOUSING OPTIONS

Overview of Housing Typologies

TEMPORARY HOUSING | **PERMANENT HOUSING**

Emergency Housing & Safe Haven

Halfway Houses

Supportive Housing

Scattered Congregate

Market-Rate Housing (Rental Subsidy)

Transitional Housing

Scattered Congregate

Public Housing (NYCHA)

Conventional Affordable Housing

Enterprise 3
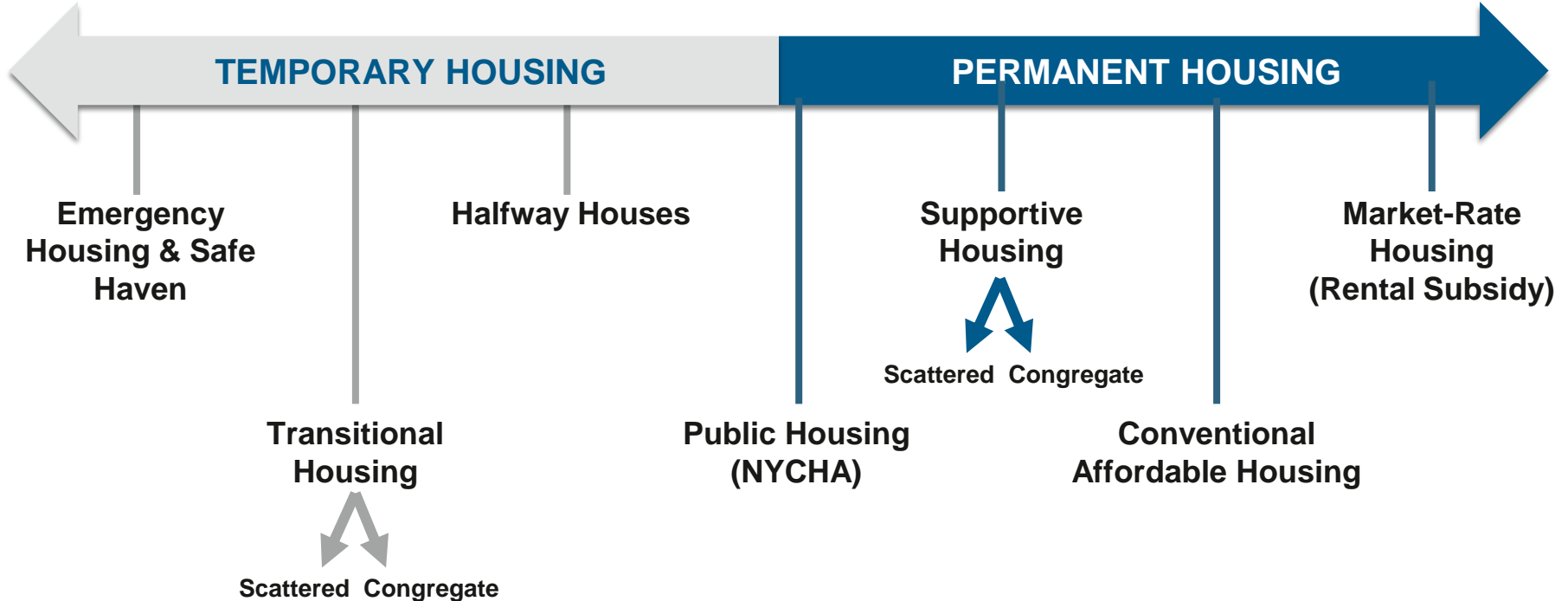
HOUSING OPTIONS

Temporary Housing

➢ **Safe Haven**

- ○ Low-threshold housing option designed to accommodate homeless individuals who do not make use of traditional shelter.

➢ **Traditional Shelter/Transitional Housing**

- ○ Short-term living arrangements for individuals or families. Typically, NYC will contract with nonprofits to operate and provide case management.

- ○ May be scattered or congregate; wide range of ownership and operating models.

➢ **Halfway Houses**

- ○ Residential facility where people leaving prison or jail are required to live before fully re-entering community.

HOUSING OPTIONS

Temporary Housing Resources

➢ **HHS Accelerator Procurements:** For NYC, access to open housing RFPs. **https://www1.nyc.gov/site/mocs/systems/hhs-accelerator-procurements.page**

➢ **NYC Mayors Office of Criminal Justice (MOCJ) Contracting:** May offer opportunities for post-incarceration service funding and transitional housing. **https://criminaljustice.cityofnewyork.us/contract-with-mocj/**

➢ **Requirements and Terms for DHS Long-Term Contract:** Sample from Kingsboro RFP that provides information on shelter operator requirements. **https://esd.ny.gov/sites/default/files/rfp/Appendix%20F_DHS%20Contract%20Terms%20for%20Kingsboro%20RFP.pdf**

Permanent Housing

➢ **Public Housing**

- o Housing which is constructed, owned, and operated by a public agency. Generally, has long wait lists and eligibility process.

➢ **Supportive Housing**

- o Affordable housing with supportive social services in place for individuals and families who are homeless or at risk of homelessness.

➢ **Conventional Affordable**

- o Privately-owned, regulated housing with units set aside for low-income households. In NYC, typically at least 15% of units available for homeless households.

➢ **Market Rate**

- o Market housing that can be accessed through vouchers like CityFHEPs or Section 8.

Permanent Housing Resources

> **Overview of State Housing Programs:** Overview of NYS resources to support housing and services.
> **https://otda.ny.gov/programs/housing/programs.asp**

> **NYSAFAH Affordable Housing 101:** Quick overview of acronyms and concepts.
> **https://www.nysafah.org/ah101.php**

> **Furman Center Directory of NYC Housing Programs:** Searchable database of all NYC housing programs.
> **https://furmancenter.org/coredata/directory**

> **Overview of Federal Funding Resources:** To support development and operation of supportive and homeless housing.
> **https://www1.nyc.gov/site/nycccoc/funding/funding.page**

HOUSING OPTIONS

A Note on The Definition of Chronic Homelessness

➤ Many supportive housing and homeless housing resources prioritize clients meeting the definition of **"chronic homelessness"** which requires that person is:

   ○ Homeless for at least one out of the past two years OR

   ○ Homeless for two of the past four years

➤ This **DOES NOT** include time spent in City or State correctional facilities. Thus, it may not capture high-need individuals who have been cycling between homelessness and incarceration.

HOUSING OPTIONS

Scattered v. Congregate | Lease v. Own

Scattered Site

Apartments scattered throughout the city in different buildings owned by private landlords. Non-profits contract with government agencies to operate and provide services.

Lease

Nonprofit provider leases building or units from a private landlord under a long-term master lease contract. Lease terms dictate responsibilities for operations and maintenance.

Congregate

Units are all in one building where each tenant has his/her own individual room or apartment. Social services staff are on-site and provide personalized support plans to each household.

Own

Nonprofit provider or joint venture owns and operates the building. Provider has responsibility for all costs related to operations, maintenance, taxes, and financing.

HOUSING OPTIONS

No One Size Fits All!

Every organization, every client, and every building or piece of land will have its own needs!

If you want to talk about general information or ask specific financing questions:

Organizing Resources

DEVELOPMENT PHASES FOR AFFORDABLE/SUPPORTIVE HOUSING FOR PEOPLE WITH CRIMINAL JUSTICE INVOLVEMENT

- Land/Property Acquisition

- Pre-Development Costs

- Construction Financing

- Permanent Financing

- Rent Subsidies

- Supportive Housing Funding

Land/Property Acquisition – Funding Resources

- Once a piece of land or property for the project has been located, the organization must move to gain site-control by entering into a purchase contract, lease agreement or completion of an actual purchase.
- If land is being acquired through the City of New York or requires a zoning designation change, the project will be subject to the ULURP (Uniform Land Use Review Procedure). ULURP typically takes a year to complete.
- There exists funding sources which can assist with land/property acquisition costs.
- For projects located in New York City, one such funding source is the New York City Acquisition Fund which is a partnership between Enterprise Community Partners, Inc. and Local Initiatives Support Corporation (LISC) provides funding for land/property acquisition as well as pre-development costs– www.nycacquisitionfund.com

ULURP

If the land is being transferred from the City of New York or the property requires a zoning designation change in order to build a residential building, this will require completion of the ULURP Process (Uniform Land Use Review Procedure) which involves the following:

1. Application to the NYC Department of City Planning (DCP) which may also involve the submission of an Environmental Impact Statement.
2. Once a proposal is submitted to DCP, the local community board in which the property is located has 60 days to review the project before it votes on the project.
3. After the community board votes on the project, if it is passed, the Borough President has a 30 day period to review the project and offer recommendations.
4. The project is also considered by the City Planning Commission (CPC) – if CPC votes to disapprove, the process stops. However, if approval is granted by the CPC, the project moves to the City Council.
5. If the City Council approves, the Mayor has 5 days to veto the City Council's decision – however if the Mayor does veto the project, the City Council can override.

Pre-Development Costs – Funding Resources

- Once a piece of land or property is identified and site control is established, the project must undertake pre-development actions.
- Pre-Development will include:

    Project Design and Engineering
    Project Approvals – City Agency Approvals (Building, Zoning, Community Approval etc.) – as discussed previously, project may require submission to ULURP process.
    Financing Applications

- Pre-Development costs include engagement of necessary professionals: Architects, Engineers, Environmental Experts, Land Use Attorneys and consultants.
- Organizations can apply for funding of pre-development costs from lenders including Enterprise Community Partners, Inc. (www.enterprisecommunity.org) and Leviticus Fund (www.leviticusfund.org)

Construction/Permanent Financing

- Once the pre-development process is completed, the project will transition into construction (either new construction or rehabilitation of an existing property).
- At this point the organization will be closing on construction financing which will fund the construction/rehabilitation of the property.
- Financing for construction may include:

  Private Bank Lending
  NYS or NYC Funding
  Federal/State Tax Credits
  Philanthropy
  Foundation Support

- Important to engage experts to determine the right financing mix for the project.

Construction/Permanent Financing

- Once construction is completed, the project will need to shift to permanent financing and will become the debt service that the project will need to carry going forward.

- If the project involves the use of tax credits, there will be Year 15 issues with the building. You will need to consult with tax credit experts to understand Year 15 and its effect on the building.

Government Resources

- There are a number of government resources available in connection with the development of affordable and supportive housing:

In New York – Low Income Housing Tax Credits – https://www.lisc.org

New York State Low Income Housing Tax Credit Program – www.hcr.ny.gov

New York City Tax Credit Program – www1.nyc.gov/site/hpd/services-and-information/lihtc

Homeless Housing Assistance Program (HHAP) – https://otda.ny.gov/programs/housing/hhap.asp

Government Resources

- Government funding for operation of supportive housing programs

New York City – 15/15 program – www1.nyc.gov/site/hra/help/15-15-initiative.page
New York State – Empire State Supportive Housing Initiative (ESSHI) –
www.omh.ny.gov/omhweb/rfp/2020/esshi/index.html
New York City Justice-involved Supportive Housing Program (JISH) –
https://www1.nyc.gov/site/doh/about/press/pr2017/justice-involved-supportive-housing.page

- Government funding for rent subsidies

Section 8 Vouchers – https://www1.nyc.gov/site/nycha/section-8/about-section-8.page

Philanthropy

- Raising money from private contributions can fill in gaps around funding for the project.

- Can also provide support for supportive housing programs available to the residents of the building as well as services for the community at large.

- Can create closer ties to the community.

Foundations

- Numerous foundations, both national and community, fund healthy housing and community development efforts, from a healthcare, affordable housing, or sustainable, smart growth perspective. Funding cycles may vary, as may focus areas, from one year to the next. Check out websites of The Foundation Center and Council on Federations for community foundations. Several funder collaborative, or "affinity" groups, have formed to share information, build awareness, and in some cases pool funding to support healthy housing and community efforts. Although not all of the organizations listed provide funding, they may provide information on the foundations and corporate giving programs working in the healthy housing and community arena. Can check out range at Nat'l Center for Healthy Housing, Housing Toolbox, etc.
- Can also support with pre-development costs.

Corporate Entities

- A range of corporations mostly provide capital to affordable housing projects. In 2019, Microsoft: the affordable housing fund is the largest philanthropic pledge in Microsoft history. Providing $475 million in loans to affordable housing developers over three years and donating another $25 million in grants for homeless service providers. Also Amazon, CVS, Aetna, provide capital funding.

APPENDIX:
Lending Considerations

Enterprise®

Housing Development Funding Needs

Get it Built!

CAPITAL

Acquisition/ Predevelopment, Construction, and Permanent Financing

Point in Time

Keep it Running!

SERVICES

Contract or other resources to provide on-site services

OPERATING

Rental assistance or other ongoing source of funding for building income

Ongoing (Typically Annal) Funding

Lending & The Development Lifecycle

Initial Concept   Site Control   Predevelopment   Construction   **Long-Term Operations**

LOAN TYPES

Acquisition/ Predevelopment	Construction	Permanent

RISK

HIGH   LOW

Lender Risk Analysis: Due Diligence

Organizational Capacity

- Organizational/ leadership experience
- Organizational financials (3 years)
- Team profile

Financing Info

- Development + operating budget
- Estimated development timeline
- Soft financing commitments

Building Program

- Area map
- Community outreach strategy
- Target population and affordability
- Service plan
- Management plan

Land Condition

- Appraisal
- Phase 1 Environmental Study
- Zoning analysis
- Site Plan
- Survey

Spotlight on Financial Capacity

LIQUIDITY
- Cash Balance (≥$1 million?)
- Months of operating cash

ASSETS
- Leverage (Total Liabilities / Net Assets)
- Accounts Receivable to Total Assets

INCOME AND EXPENSES
- Net Income (Total Revenue - Total Expenses)
- Income Source Diversification

Spotlight on Financing Info

BIG PICTURE QUESTIONS

- How much money can I afford to borrow?
- **Do I have enough other sources to fill the gap?**

KEY METRICS TO KNOW

- **Appraised value** (or estimate) of property
- **Income:** Rents and misc. income net of vacancy
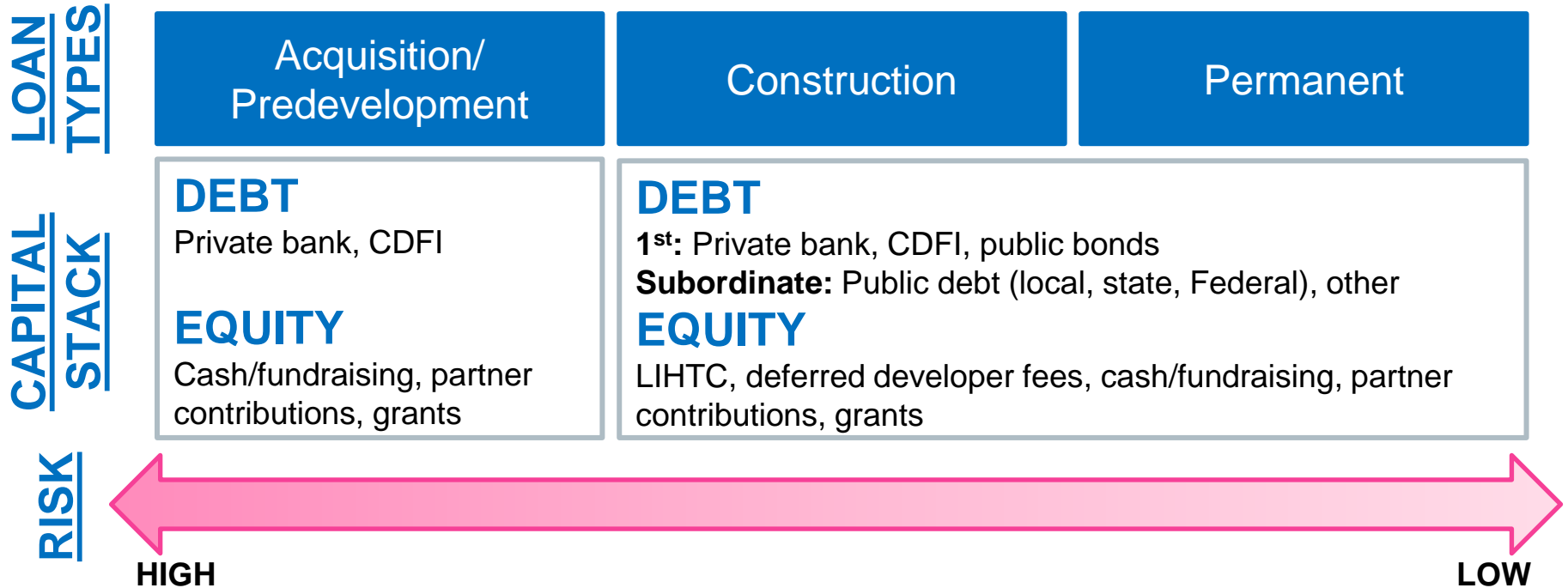- **Expenses:** Annual costs to maintain and operate building. *Services are usually excluded from calculation.*

You will need other resources outside of loan proceeds to make a project pencil

Feasibility Checks: Sizing Debt

Metric	Calculation	Typical Limit*
Loan-to-Value (LTV) Ratio	Loan Amount / Appraised Value of Property	60-80%
Debt Service Coverage Ratio (DSCR)	Net Operating Income (NOI = income – expenses before debt service) / Debt Service for the Loan	1.15 – 1.25
Income-to-Expense (I/E) Ratio	Income / (Expenses + Debt Service)	1.05 – 1.10

*Depends on type of loan, lender, and financial strength of borrower

Sample Capital Stacks: Filling the Gap

LOAN TYPES

Acquisition/ Predevelopment	Construction	Permanent

CAPITAL STACK

DEBT Private bank, CDFI **EQUITY** Cash/fundraising, partner contributions, grants	**DEBT** **1st:** Private bank, CDFI, public bonds **Subordinate:** Public debt (local, state, Federal), other **EQUITY** LIHTC, deferred developer fees, cash/fundraising, partner contributions, grants

RISK

HIGH ⟵⟶ LOW

Key Risk Considerations

1 **Current financial strength** – liquidity needs, guarantees

2 **Technical capacity** – pre-development and acquisition capabilities, design and construction experience, long-term property management

3 **Industry knowledge and lender connections**

4 **Ongoing project sustainability** – planning for 30+ years of operations

Pros and Cons of Partnerships

Solo Development	Partnership/Joint Venture
PROS	
▪ Control over development, construction, and management decisions ▪ Control over long-term building operations and service delivery ▪ Ability to maximize financial benefits of the project	▪ Risk spread across partners ▪ Guarantees shared with partners ▪ Access to additional development capacity ▪ Ability to develop larger or more complex projects
CONS	
▪ All or most of the development and operating risk borne by sponsor ▪ Sponsor must raise all required guarantees ▪ Sponsor must assemble and manage development team through all phases of development	▪ Shared control over development, construction, and management decisions ▪ Requires upfront negotiations on shared decision-making ▪ Shared financial benefits of the project