

Not a solo act

creating successful partnerships
to develop & operate
supportive housing



Written by Sue Reynolds for the
Corporation for Supportive Housing



CORPORATION *for* SUPPORTIVE HOUSING



CORPORATION *for* SUPPORTIVE HOUSING

April 2001

Dear Colleague,

We are pleased to make available *Not A Solo Act: Creating Successful Partnerships to Develop and Operate Supportive Housing* to our nonprofit colleagues embarking on the task of creating supportive housing. The manual was commissioned, edited and produced by the Corporation for Supportive Housing (CSH) with funding from Citibank, BankAmerica Foundation and the U.S. Department of Housing and Urban Development.

Not A Solo Act is part of CSH's effort to broadly disseminate information about lessons learned in providing housing and supports for vulnerable and disabled people. We have received generous support from Metropolitan Life Foundation for this documentation and dissemination initiative.

Since supportive housing requires expertise in so many disparate fields, it is rare that an organization can fill all three roles of developer, social service provider and tenant-sensitive property manager. This manual was created to facilitate successful collaborations between two or more lead organizations in order to efficiently and effectively fill these many roles. It is aimed at maximizing each "partner's" strength and minimizing problems that can arise in planning, development and operations.

All of the appendices included in this manual can be downloaded from our Web site at the Web address below.

We hope our colleagues in the nonprofit sector find this manual useful in helping to meet the critical housing and service needs of people who are homeless or at risk of homelessness.

Sincerely yours,

Carla I. Javits
President



Credits and Thanks

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We encourage nonprofit organizations to freely reproduce and share the information in this manual.

What is the Corporation for Supportive Housing?

Founded in 1991, the Corporation for Supportive Housing (CSH) is a national, nonprofit intermediary organization whose mission is to expand the quantity and quality of service supported permanent housing for individuals with special needs who are homeless or at risk of becoming homeless. CSH targets individuals with special needs because they are a significant percentage of the homeless or at risk population, as well as the most visibly and persistently underserved by government and community safety nets.

CSH was launched by three of the country's leading foundations: the Pew Charitable Trusts, the Robert Wood Johnson Foundation and the Ford Foundation. With the support of numerous local philanthropic and government funders, CSH currently carries out its program activities in eight states: New York, California, Illinois, Connecticut, Minnesota, New Jersey, Michigan and Ohio.

CSH does not directly build housing, but carries out its mission by strengthening and nurturing a national network of nonprofit housing and service providers who act as developers and operators of supportive housing in their local communities. By forging local public/private financing partnerships to underwrite the capital costs of supportive housing and create employment opportunities for people with special needs, CSH is helping to end homelessness in communities across the country.

For more information about CSH, please contact the national office at 50 Broadway, 17th Floor New York, New York 10004, (212) 986-2966. Or, visit our Web site at www.csh.org.



Introduction

What is supportive housing?

Supportive housing is permanent, independent housing that is affordable to people who are homeless or at risk of homelessness, especially those who have special needs including mental illness, HIV/AIDS and/or substance abuse histories. Supportive housing is linked to tenant-centered support services and property management.

Why this manual?

Supportive housing is not a solo act. It brings together three very different disciplines – housing development, supportive services, and property management – and therefore often requires a collaboration between two or more lead organizations, as well as coordination with tenant representatives and other parties. As resources and funding become more limited, collaborative relationships are becoming the most efficient way to match agency talents and the diverse needs of supportive housing tenants.

Why read this manual? The lead organizations in these partnerships, unlike music combos, don't get any rehearsal time or conductor leadership. The result, too often, is a series of "predictable crises," listed here in Chapter Five. This supportive housing manual is a how-to workbook for successful collaborations and a prevention guide for predictable crises. We want to show you how to save time, money, and hair-pulling by picking the right type of collaboration early in the process and by talking often. We'll also share some legal and operating models, and some lessons about what seems to work.

The Corporation for Supportive Housing (CSH) funnels technical assistance, funding and investment capital to the nonprofit organizations who form these collaborative relationships in eight localities around the country. We believe that successful collaboratives are essential to our shared mission: to expand the quantity and quality of service-supported permanent housing for tenants with special needs who are homeless or at risk of becoming homeless.

Who will find this manual useful?

- Staff and board members of nonprofit development and service agencies who are thinking about developing and operating supportive housing
- Potential development and operating team members such as development consultants and property managers
- Tenant advocates and tenant leaders
- Government agencies, lenders, and funders

While this manual will provide some guidelines on how to bring these various players together, it will not teach you how to develop supportive housing, how to design and deliver an array of services, how to fund services and housing, or how to manage the building after it's built.



Resource
Guide

See the listings in the **Resource Guide** for technical guidance on these topics.

How this manual is organized

- **Chapter One** introduces a new way of thinking about the development and operation of supportive housing by breaking the roles of developer and operator into more specific roles and tasks. Chapter One also reviews the housing development process and the manual's five step approach to putting together your ownership structure and team.
- **Chapter Two** introduces alternative ownership structures and discusses potential types of collaborators.
- **Chapter Three** provides Self-Assessment Worksheets for use in reviewing your project goals and organizational capabilities. A self-assessment is the first step in forming your development and operating team for supportive housing.
- **Chapter Four** completes the discussion of the five steps for selecting and forming your supportive housing team.
- **Chapter Five** offers principles and tools for successful management of these team relationships. This trouble-shooting chapter may be the first you read if your current collaboration is going awry, or if you are interested in concrete examples of what could go wrong.



Worksheets





Resource
Guide

- **The Resource Guide** is an annotated selection of references which can help you conduct the many technical tasks in developing and operating supportive housing.



Appendix

- **The Appendix** provides a few key tools and sample legal documents which you can use to assess, select and structure your collaborative.
- **The Corporation for Supportive Housing Publications List and Contact Information** providing a list of materials published by CSH and contacts for Program Offices.

A note about terminology

“Partnership” and “Partner.” We looked for a term that would describe the range of interdependent organizational relationships and actors that produce supportive housing. We reviewed numerous documents – memoranda of understanding with social service providers and tenant associations, contracts with management companies, and legal files on joint venture partnerships and jointly formed corporations between two nonprofits – and we couldn’t find the right terminology. The text therefore uses the words partnership, collaborator or “partner” in quotes to indicate the range of stakeholders who enter into partner-like and contractual relationships. The text also uses the word partner without quotes, in its legal meaning, as a partner in a legal partnership.



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Resource Guide



Resource
Guide

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Chapter 1

Who does what, when and how: An overview

Introduction

This chapter will answer the following questions about supportive housing development and operations:

- What needs to be done? The five roles which are part of the development and operation of every supportive housing project.
- Who will oversee the tasks? Two typical ownership structures.
- When does it happen? The typical development process.
- How? Pulling it all together.

What needs to be done: Five roles, five sets of tasks

A customary way of thinking about housing projects is to associate the period before the building opens with the developer (the development phase), and the period after the building opens with the property manager (the operating phase).

With supportive housing there are many more players and the lead agency may change as the project progresses from concept to occupancy. To aid clear thinking about these complicated relationships, this manual divides development and operating roles into five more detailed supportive housing roles.

Supportive housing providers can (and do!) combine these specific roles in numerous different ways. For instance, as a social service agency you might want to own the building and provide support services yourself, but contract out the development and property management roles. As the owner, you might also want the resident advocates to advise you on development decisions before the building

opens, rather than having them advise your contracted developer. You may also want to involve future tenants in your service planning.

Five roles

- Owning (also known as owner oversight during the development period and asset management after the building opens)
- Developing the building
- Coordinating and providing support services
- Managing the property
- Involving the residents



Table 1

Table 1 on page 9 lists the key tasks contained in each of these roles.

Distinctive roles and coordination challenges

Generally, an affordable housing project is initiated by the owner, who is also the developer. The developer supervises the collection of specialists, commonly called the “development team,” who play a part in development. The development team members report to the team leader, who usually works for the developer and is called a project manager.

However, in supportive housing the owner is often a social service agency who may not be the developer. The development team and the operating team involve additional players. For this reason, supportive housing presents unique coordination challenges:

- **Separation of developer and owner roles**

Because the initiating owner is often a social service agency without development experience, the owner may not be the developer. Instead, the initiating owner may contract with a developer, or seek a co-owner with development experience. In this situation, the owner’s tasks during development – selecting and overseeing the development team, making key decisions about acceptable liabilities, keeping the vision – are often de-emphasized.





Table 2

- **More complex teams**

Table 2 on page 11 lists the most typical key development and operating team members in supportive housing projects. Note that some team members such as service providers and tenant representatives or advocates are not commonly involved in other affordable housing developments. These additional players add challenges to the task of coordinating the teams. Also, the team leadership changes once the building is out of the development phase and into operations. It is therefore critical for the team leader(s) and decision-making process to be clearly defined.

- **Service planning**

Support services are an essential part of a supportive housing project. Therefore, the owner must ensure that the support service issues are integrated into the project's development planning. Critical service issues include the selection of necessary services, fundraising for services, determining any needed income supports (such as rent subsidies), identification of the space needs for services and community meetings, and coordination between services and property management.

Who will oversee the development and operating teams? Two typical ownership models

An explanation of possible ownership and coordination approaches for these teams can sound complicated. Yet the choice boils down to two relatively straightforward alternatives:

- Will your organization ultimately be solely responsible as owner, and perhaps hire assistance as needed? This is called the Single Owner Model.
- Or will your organization share ownership and ultimate responsibility? This is called the Shared Owner Model.

Note that the names of these models have been invented for this manual in order to make useful distinctions and descriptions. These models are not legal forms of ownership.

See Chapter Four for more information.

Single Owner Model: One organization is responsible for contracted assistance

Diana Myers, a housing consultant in Philadelphia describes the Single Owner Model this way, “One approach is to go headfirst deep into the water and say,



‘Well, we’re going to be a direct developer of housing.’ You make all of the decisions and all of the mistakes. One alternative is to hire an in-house staff person to do it. The other is to hire a development consultant. Either way, you need to make sure you have both a person on staff and a board and committee structure to provide good oversight. It’s not like you can say to a consultant, ‘Here, do this for us, and then when the building’s ready, let me know.’ You have to be involved in every step of the process.”

This is the most common model for developing and operating supportive housing. The sponsor may decide to become the owner, but may hire out major supportive housing roles – developing the project, providing support services or managing the property.

- Ultimately, the legal buck stops with the single owner as the responsible organization. Some owners may try to informally share this responsibility. For instance, if you hire another nonprofit to serve as the developer, property manager or service provider, concern for their reputation may lead them to act more like “partners” than “hired hands.” Even if this responsibility-sharing strategy is partially successful, both legal liability and overall responsibility always fall on the shoulders of the owner.

Shared Owner Model: Two or more organizations share responsibility

Jay Marcus of the Enterprise Foundation makes the following observation about the Shared Owner Model, “Be careful of one thing: know what’s a one-night stand and know what’s a marriage. When you’re in a marriage, you’re going to be there for the long term. And that makes things very complicated.”

In a Shared Owner Model, two organizations share business and legal responsibility during the development period, the operating period, or both. Because these actors are usually organizations, and not individuals, the experience may more closely resemble a house full of roommates than a marriage. You are actually sharing your project with the other organization’s accounting department, their board, their director for programs, etc.

Common examples of this model include turn-key projects with temporary shared owners or serial owners, and longer-term joint ventures.

In-house coordination of all responsibilities

Of course, there is an obvious third model: an in-house approach in which one organization performs all five of the major supportive housing roles. However,



departments or individuals within an organization can often act as if they are distinct organizations. Consequently, the coordination issues created by this in-house approach will often resemble the challenges of a Single Owner Model. For this reason, the in-house approach will not be discussed separately in this manual. If you are considering an in-house model, consult this manual's sections on the Single Owner Model for relevant advice.

What happens when? The typical development process and development decisions

If you are a beginner in supportive housing, you might be tempted to postpone some of the decisions that are necessary to carry out the roles of supportive housing. Why not develop the housing now and worry later about the long-term ownership structure or the support services plan?

There are many reasons to make big-picture decisions now. Most critically, lenders and government funders won't commit major funds to these capital projects until you have a credible plan for the ownership structure, support services and all of the major project elements. So a few words about the supportive housing development process are in order.

Three stages of development

Most providers of affordable rental housing divide the journey from project concept to operation into three broad stages: predevelopment, construction/rent-up, and operations.

The three stages also typically describe three different stages of financing:

- During the predevelopment stage, nonprofit developers try to obtain grants and forgivable loans to do the project planning and assemble most of the development team. During the earliest phase of a project, your development team is working on short-term contracts, or on the good faith promise of a contract.
- During the construction/rent-up period, larger projects may use private, short-term construction lender funds as well as government housing funds.
- And during operations, projects may have any combination of permanent, long-term private loans, government housing funds, annual or multi-year grants for services, and rent subsidies.



Table 3

Table 3 on page 12 describes the three stages.



Issues to keep in mind

- The development period begins with the predevelopment phase, when all sorts of “educated guesses” are made about the cost of the building construction, the kinds of tenants you will serve, the potential funding source you will obtain, the cost of operating the building and necessary services, etc. During the predevelopment process, you and your specialists use money, time and legal documents to turn each of these guesses into a feasible plan based upon facts.



Appendix 1

The predevelopment process is explained in more detail in Appendix 1.

- Until the start of construction, the predevelopment process is highly dynamic. Decisions become firmer as the process continues, and by the time construction starts, the project development decisions are fixed in stone. At that point, the ownership structure and development team, design, funding and service plan must all function smoothly together. After the building opens, the details of implementing property management and service delivery continue to fluctuate, based upon practical experience and tenant input.
- During each development stage, each of the five supportive housing roles entails distinct tasks. The slowest task will determine how quickly the project will be completed.



Table 1

See Table 1 on page 9.

- Many major sources of development funding require that you have an option or purchase agreement for a specific site before you apply for funds. Assembling a housing development funding application can therefore require more lead time and working funds than a typical application for program funding.
- You need to select a workable ownership structure and key members of your development and operating team very early in a project’s life. Why?
 - Signing a purchase agreement or buying a site before you have identified and consulted the team which will implement the project can be very painful. You could become the owner of a site that isn’t suitable or be forced to spend extra money to cancel the purchase agreement.
 - Government and private funders will expect you to answer questions about the entities that will be developing and operating the housing.
 - The neighbors will also want to know who will operate the property. Quality property management and support services are critical for community acceptance of supportive housing.



Page 6

- A developer’s early “educated guesses” about the project are all interconnected, and you need your team in order to make good guesses. If you move too far forward without knowing the implications of the choices you are making, you can close off some options permanently, apply for too little funding, or add lengthy delays to the development process.
- It’s extremely awkward to switch “partners” during this process. A mid-course change can cost you in public image, time, and community support. A substitution of a major team member can even threaten existing funding if the funder relied upon the exiting member’s experience.

How: Pulling it all together

Like other tasks in real estate development, selecting an ownership model and the development and operating team occurs in stages over the length of the process.

Preliminary description

To begin, you and your specialists must outline a preliminary description of the entire project:

- **the residents** – the rents they can pay, the services they need and their proposed legal relationship to the owner (tenant lease or service agreement);
- **the money** – feasible and compatible funding for development, operation and services;
- **the site** – the suitability, cost and condition of potential sites;
- **the community and the development team** – issues of political support and potential team members; and
- **a viable ownership model and legal form of ownership.**

As in other development tasks, you won’t know everything at the outset, so identify those questions you can answer and keep investigating the rest.



Selecting the ownership model and team

When you're ready to focus on selection of the ownership model, you can divide that process into five steps.

- Step 1** Conducting a self-assessment: your goals, expectations, and abilities
- Step 2** Gathering information and assessing your constraints: project issues, funder preferences and potential collaborators
- Step 3** Selecting the ownership model and structuring key team relationships
- Step 4** Selecting key team members
- Step 5** Setting up the relationship

Of course, everything is interdependent in these projects. As you assess your goals and constraints and interview and select team members, you should expect to amend the concept of your project.

Next, Chapter Two outlines the typical ownership structures. With this knowledge, you can utilize the remaining chapters in this manual to form and manage your chosen ownership structure.





Table 1

Roles in Supportive Housing

Role	Priority	Responsibilities: Before project opens	Responsibilities: After project opens
Owning the Project & Asset Management	Representing the long-term interests of the building during operation	<ul style="list-style-type: none"> • conduct a self-assessment and identify capacity gaps • select team leader • interview and assess potential “partners” • select property manager and service provider and develop tenant involvement strategy with team leader • establish stakeholder relationships and structure and negotiate all legal documents 	<ul style="list-style-type: none"> • oversee and approve management plan and service plan • oversee performance of property manager and, to lesser extent, service provider • oversee asset management, including compliance with project purpose, regulatory agreements, partnership documents, long-term planning for budgets, repairs, insurance, transition to different rents/populations, etc. • participate in organizing residents and processing grievances • mediate service provider/property manager disagreements
Developing the Building	Providing the services necessary to acquire and construct/rehabilitate the project	<ul style="list-style-type: none"> • serve as team leader • manage all the tasks during the predevelopment phase of the project • oversee process for identifying and hiring all development team members • oversee performance of development team members 	<ul style="list-style-type: none"> • perform construction/rehabilitation cost certification
Providing Support Services	Designing and implementing support services plan	<ul style="list-style-type: none"> • design support services plan • raise funds for service plan implementation • identify provider(s) and determine method of coordination between multiple providers • participate in process of developing project design, budget, house rules, etc. • participate in the hiring of on-site staff • participate in tenant screening and rent-up process 	<ul style="list-style-type: none"> • implement support services plan, service coordination and evaluation of services • coordinate the delivery of support services to individual tenants • raise funds for services and file reports to funders • participate in resident organizing and community building • participate in rent-up process on ongoing basis

Table 1 (continued)

Role	Priority	Responsibilities: Before project opens	Responsibilities: After project opens
Managing the Property	Managing the completed project	<ul style="list-style-type: none"> • manage rent-up process, including marketing, outreach, interviews and tenant selection • participate in process of developing project design, selecting materials, establishing an operating budget, etc. • establish relationship with service provider(s) 	<ul style="list-style-type: none"> • operate the rental housing business, including collecting rent, filling vacancies, evicting residents, making repairs, hiring/firing resident manager(s), and preparing financial and other reports • assist in resident organizing • assist in processing grievances
Involving the Residents	Ensuring the input of potential tenants in planning and the ongoing representation of the tenant community in operations	<ul style="list-style-type: none"> • participate in process of designing project, planning support services, developing house rules, and creating strategy to involve potential tenants • participate in community review of project issues • advocate on project issues before public bodies • work for owner or contractor to develop project • pay rent and follow house rules • participate in evaluation of budgets, repairs, rules, support services, building operation and security 	<ul style="list-style-type: none"> • work or volunteer for owner, property manager or service provider • participate in tenant selection, orientation, grievance processing or other management related activities • assist in organizing tenant council • assist in keeping other stakeholders accountable (these functions may be organized by project tenants, other tenant councils, advocates, owner, service provider or management company, although this is less common)

Table 2



Typical Members of the Development and Operating Team in Supportive Housing

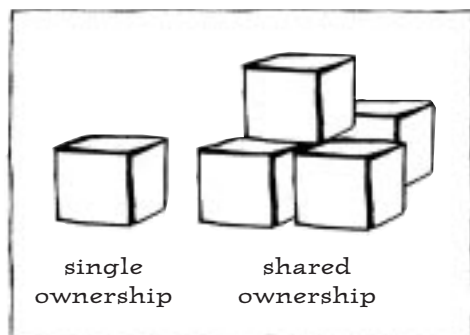
Before the project opens (the development team)	After the project opens (the operating team)
owner representative	team leader – owner representative or asset manager
team leader – developer or project manager	
architect	
builder or general contractor	
lawyers – corporate counsel and tax counsel	
consultants – financial, relocation, marketing, community support organizing, and others	
property manager	property manager, resident manager, security personnel, desk clerks, and maintenance staff
service provider(s) – program directors and managers	service provider(s) – program directors, case managers, and service coordinators
tenant representatives and advocates	tenants, tenant council, and tenant leaders



Table 3

Stages in the Development Process for Supportive Housing Projects

Before the Project Opens: Predevelopment	After the Project Opens: Construction and Rent-up	Operations
Begins with a dream or an opportunity and eventually includes a complete development team in place and all capital and first year services financing secured.	Begins with closing on construction financing and final approval of permanent financing.	Begins with closing on permanent financing or (if there is no separate permanent financing) with stabilized occupancy.
Includes all feasibility and planning activities for selecting type of tenants and determining site, support services, financing and organizational and community issues. Often includes early acquisition of site before construction closing.	Includes construction, hiring property management and service staff, and initial rent-up of the building until it achieves a targeted level of cash flow or occupancy.	Includes maintenance and operations, ongoing services fundraising, and evaluation of the project's management, services and tenant satisfaction. May include changes in partners or owners over time.



Chapter 2

The who: Typical ownership models and team structures

Introduction

Your final choice of an ownership model and team structure will be integrally connected to your assessment of your organizational goals and capacity, the characteristics of your intended project and the constraints of your environment. However, before you can consider those complications and proceed with the selection of your type of ownership, you'll want to understand the implications and ramifications of each model.

This chapter describes the typical ownership structures for supportive housing projects.

- How do Single Owner Models work?
 - Social service agency owner
 - Nonprofit housing developer owner
- How do Shared Owner Models work?
 - Turn-key owner
 - Joint venture partnership between existing organizations
 - New jointly controlled corporation
- What are the advantages and disadvantages of each model?
- What are typical legal forms of ownership?
- How can tenants participate?
- Who are other potential collaborators, and what motivates them?

How do Single Owner Models work?

In the Single Owner Model, the liabilities and benefits of development and ownership fall on a single organization. That organization hires any needed assistance for development, management and the provision of services, but retains full responsibility and liability.

The most common forms of the Single Owner Model are the social service agency as owner and the nonprofit housing developer as owner. The descriptions below assume that the social service agency has little or no experience in housing development.

Chapter Four provides more information on legal relationships.

In general, either Single Owner Model creates a single decision-making structure with a single mission. This can help in resolving the inevitable philosophical differences which arise when you try to manage the tensions of developing and operating supportive housing. This unity can also produce clearer leadership on two critical property management dilemmas: To what extent should you screen out potentially hard-to-serve tenants? And what strategies can you use to avoid evicting a tenant?



Single Owner Model: Owner is...

Social service agency

Nonprofit housing developer

Typical projects

- Transitional housing projects
- Projects which require little or no capital improvements
- Smaller buildings
- Buildings that target a specific disability group or provide a very high level of services

Typical projects

- Larger scale, permanent supportive housing projects
- Projects which emphasize independent living and a supplemental provision of support services
- Projects with diverse populations

Role: Owning

- Owner has ultimate responsibility and liability for coordinating development and operations.
- Owner is responsible for signing
 - all contracts with development/operating team members;
 - any environmental indemnities (protecting lenders from any lawsuits regarding site-related environmental problems); and
 - any required organizational guarantees.
- Ownership requires up to ten hours per week of owner's staff time to oversee development consultant and related activities.
- Ownership can require twenty hours per month or more to supervise management and services and do long-term management planning (also known as asset management).

Role: Owning

- Owner has ultimate responsibility for coordinating all supportive housing roles.
- Owner is responsible for signing
 - all contracts with development/operating team members;
 - any environmental indemnities (protecting lenders from any lawsuits regarding site-related environmental problems); and
 - any required organizational guarantees.
- Ownership can require twenty hours or more per month to supervise property management and services and do long-term management planning (also known as asset management).

Role: Developing the building

- Development is usually delegated to another entity through a contract with a development consultant.
- Common types of development consultants include a small for-profit development consulting firm, an independent consultant, or a local nonprofit housing developer.

Role: Developing the building

- Development activities are conducted by the owner's staff and oversight and accountability occurs through the ordinary supervision of those staff members.
- Owner commonly contracts with critical consultants such as the architect, attorney, general contractor and specialized financial consultant, if needed.

Single Owner Model (continued)

Social service agency	Nonprofit housing developer
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Developing the building (cont'd)

- The development consultant typically acts as project manager and coordinates the development team.
 - The consultant typically takes the lead in reviewing or recommending other development team members such as the architect or general contractor.
 - Each development team member's contract is typically signed by the owner.
-

Role: Providing support services

- The social service agency owner provides support services or coordinates the delivery of services by a variety of social service agencies, both on-site and off-site.
- The relationships with other service agencies may be formal or informal.
- Before the building opens, the social service agency owner writes a support services plan, which may also require review and approval by lenders and other funders.

Role: Providing support services

- Services may be coordinated by an outside lead service agency or by an in-house service coordinator employed by the owner.
- Services are usually provided by a single lead service agency. But providers may also include other support service organizations for specialized or intensive services.
- Before the building opens, the lead service agency writes the support service plan for review and approval by the owner, lenders and other funders.
- Relationship with outside service agencies may be formal or informal. For example:
 - **Formal.** Owner executes unfunded memorandum of understanding (MOU) with the lead social service agency. Lead social service agency may enter into individual MOUs with additional support service provider(s). Service agencies are usually funded directly by a separate contract with a government department, such as the county Department of Social Services, or a federal agency.
 - **Informal.** Owner and the support service provider(s) have a working relationship with no written document except the support services plan. This non-contractual relationship structure may mitigate potential need for licensing of service-intensive facilities by government agencies.

Single Owner Model (continued)

Social service agency

Nonprofit housing developer

Role: Managing the property

- In larger projects, lenders or funders often require an inexperienced owner to contract with a property management company.
- In smaller transitional or service-intensive projects, even inexperienced owners may be allowed to manage the property themselves.
- Over time, the owner may be trained by the property management agent and eventually assume the property management role.
- Before the building opens, the management staff writes a management plan for review and approval by the owner, lenders and other funders.

Role: Managing the property

- Less experienced owners are often required by lenders or funders to contract with a property management company.
- Owners of more than one hundred units, as well as rural owners, often manage all of their properties themselves.
- Before the building opens, management staff write a management plan for review and approval by the owner, lenders or other funders.

Role: Involving the residents

- Before the building opens, potential tenants or tenant advocates may advise the owner on service needs, design, and other issues.
- After the building opens, tenants often participate in project-wide meetings, select a floor representative, and elect a tenant council. Tenants can also be employees in property management or become a member of the owner's board of directors.

Role: Involving the residents

- Before the building opens, potential tenants or tenant advocates may advise owner on service needs, design and other issues.
- After the building opens, tenants often participate in project-wide meetings, select a floor representative, and/or elect a tenant council. Tenants can also become property management employees or serve as members of the owner's board of directors.

Distinctive legal documents

- A contract with a development consultant.
- A memorandum of understanding (MOU) or a letter of intent for services with one lead social service agency or several social service agencies.

Distinctive legal documents

- A memorandum of understanding (MOU) or a letter of intent for services, with or without compensation, with one lead social service agency or several social service agencies.

How do Shared Owner Models work?

In this model, two organizations share legal responsibility during the development phase, the operations phase, or both.

There are three common Shared Owner Models:

- turn-key ownership
- a joint venture partnership of existing organizations
- a new, jointly controlled corporation

Typically, owners choose the Shared Owner Model for one of two reasons:

- project financing sources, such as a tax credit investor or HUD's Section 811 program, require the initiating owner to adopt this model; or
- the initiating owner lacks experience in some aspect of the project and wants to share the responsibility and liabilities associated with that role.

The two owners must allocate responsibility for the five major supportive housing roles: owning (during development and operations), developing, providing support services, managing the property, and involving the residents. Chapter Four provides more information on legal relationships.

The resulting division of labor tends to be quite situation-specific, and the possible combinations vary too widely to be summarized here. However, some common assignments of roles are mentioned in the description of each model below.

Turn-key ownership

In this Shared Owner Model, the housing developer owns or co-owns the project during the development process, and develops it under contract with the ultimate owner, the social service agency. The developer owner is typically the party who is responsible and legally liable for development-related actions. Shortly after the project is constructed, the developer “turns the keys over” to the social service agency, who becomes the long-term owner. The specific timing of the transfer to the service agency owner varies.

Turn-key projects commonly use one of two legal documents:

- **General Partnership Agreement.** The general partnership calls for two corporate general partners, and the developer partner exits after construction; or



- **Development and Purchase Agreement.** The developer corporation owns the property prior to the opening of the project and contracts to develop and sell the property to the service agency owner.

Joint venture partnership

In a joint venture partnership, two organizations co-own the project as general partners over the long term. Each agency retains its individual identity. They sign a partnership agreement which sets out the various ownership roles and the way in which assets and liabilities will be shared. For instance, one partner could take the lead responsibility during development, and the other during operations.

In a joint venture partnership, each organization can still be separately liable for the joint venture activities. However, there is neither a separate board nor a formal structure to maintain.

New, jointly controlled corporation

In this Shared Owner Model, the two collaborating agencies form a new nonprofit corporation to own the property. Commonly, the new corporation is established solely to own this property. The new corporation usually contracts with its parent corporations for development, ownership oversight, support services, assistance in resident involvement, and property management as appropriate. The new corporation can also hire its own staff as needed.

The initial members of the new corporation's board of directors are typically appointed by the collaborating agencies. Many creative schemes have been established to decide the balance of control by each agency, including the following examples.

- The new corporation's board of directors could be formed initially by equal appointments from each agency, and thereafter become self-electing and self-perpetuating.
- The new corporation could provide for more board control by the nonprofit housing developer before the building opens, and more board control by the social service agency after the building opens.

This model requires creation of a new corporation, with articles of incorporation, by-laws, and federal tax-exempt status. If the new entity is truly operated as a separate corporation, with regular board meetings and distinct financial records,



then the founding corporations may be shielded from the liability associated with owning the property. The creation of a project-specific corporation also makes it relatively easy to add tenants to a board of directors, should that be a desirable form of tenant involvement.

What are the advantages and disadvantages of each model?



Table 4

An analysis of advantages and disadvantages is highly influenced by your point of view, as well as by your organization's current capacity and future goals. Table 4 on page 28 highlights the general issues which each model presents to the nonprofit developer and the social service agency. Chapters Three and Four will provide practical tools to analyze an agency's capacity, with the aim of assessing which owner model best fits a particular situation.

What are typical legal forms of ownership?

Nonprofits typically hold affordable rental housing in one of three legal forms of ownership:

- a nonprofit corporation;
- a limited partnership with a nonprofit corporation as general partner (the managing partner), and a for-profit, tax-motivated limited partner (the tax credit investor); or
- a general partnership.

Nonprofit corporation

The nonprofit corporation is the most common ownership form and can be structured in two ways:

- The sponsoring nonprofit (developer or service agency) may decide to own the project in its own name as part of its general activities.
- Or, the sponsoring nonprofit may decide to spin off a separate nonprofit corporation, known as a single asset corporation, which will own only this property. Single asset corporations are required by certain HUD-funded programs. They may also be recommended by your lawyer as part of a risk management strategy.





Limited partnership

A nonprofit forms a limited partnership in order to obtain cash investments in exchange for the low income housing tax credit.

See the Resource Guide for sources which explain the tax credit program.

The low income housing tax credit provides years of federal income tax benefits which are sold by the nonprofit general partner to for-profit limited partners in exchange for their investment in eligible rental projects.

In a typical nonprofit-sponsored tax credit limited partnership, the nonprofit general partner bears most of the responsibilities and liabilities of ownership. The limited partner provides substantial equity and holds a 98% or 99% ownership interest, but has very limited liability and no operational responsibility. The exact arrangements are specified in a lengthy partnership agreement.

The investor limited partner generally makes its investment in the limited partnership when the construction or permanent financing closes. The limited partner's tax credit benefits and liabilities end after fifteen years. In nonprofit-sponsored projects, the limited partner typically agrees to leave the partnership at the end of the fifteen years and to sell the project for a minimal payment to the nonprofit general partner.

Note that a limited partnership is not the only structure which can be used in tax credit or shared risk projects. In some states, a limited liability corporation (LLC) may be used instead of a limited partnership for tax credit projects or instead of a general partnership in a joint venture. Consult your attorney for additional information.

General partnership

In a general partnership, the benefits and liabilities flow directly to the general partners, as described in a partnership agreement.

General partnerships are fairly rare in nonprofit housing development. They may sometimes be used as a temporary ownership structure during the development phase of a turn-key project.



Legal forms of ownership and the two ownership models

The three legal forms described above are remarkably flexible. These legal forms can be used to create either a Single Owner Model or a Shared Owner Model. Note that because of its controlling responsibility and liability, a nonprofit general partner is discussed throughout this chapter as if it were effectively the “owner” of a limited partnership project.

- Alternative legal structures: Single Owner Models
 - existing nonprofit corporation
 - new nonprofit corporation controlled by a single nonprofit
 - limited partnership, with a single nonprofit corporation as general partner (tax credit project only)
- Alternative legal structures: Shared Owner Models
 - new nonprofit corporation founded or controlled by two nonprofits
 - limited partnership with two nonprofit corporations as co-general partners (tax credit project only)
 - general partnership with one nonprofit as the owning general partner and another entity as the turn-key developing general partner

For additional information on these legal subjects, please consult your attorney.



Appendix 2

Also see Appendix 2 which summarizes forms of ownership and funder preferences.

How can tenants participate?

“Those of us who create supportive housing have an obligation to ensure that it creates its own sense of community,” says Diane Glauber, Director of Supportive Housing for the Enterprise Foundation. Many supportive housing owners seek ways to build community and tenant involvement within their projects because paid services alone seldom meet the tenants’ need for support and because the owners are committed to the personal development of the residents.

This section provides a quick sampling of tenant participation approaches.

Before the building opens

Even before the building opens, future residents and consumer representatives can be a valuable resource. Owners have drawn upon these representatives for advice on a range of issues, such as site selection issues, design decisions and trade-offs,



and supportive service needs and priorities. Methods for obtaining consumer input at this stage have included facilitated focus groups such as those used in private market research, client surveys, and formal advisory groups.

Potential residents can also assist in building community support for a project by participating in community outreach and providing testimony at public hearings in support of a project.

After the building opens

While tenants can be very involved as individuals, the most common tool for resident involvement is a tenant association or tenant council. A typical mission statement of a tenant association is “to improve the quality of life for building residents by involving and empowering them to participate in management, social, recreational and political issues which affect the tenants of the building.”

As a group or individually, tenants typically play four types of roles in building operations: an advisory role, a role in implementing programs, a role as a property management employee, or a role on the governing board of directors.

- **Advisory Role.** Tenant councils have played an advisory role on the following types of issues:
 - **Tenant screening-** Some believe that there’s no better way to convey to applicants the character and quality of a building than to involve tenants in the screening process. To comply with fair housing laws prohibiting discrimination, tenants typically decide on a few questions they want to ask all building applicants, and propose these questions to management and management lawyers for approval or amendments. Once approved, tenant representatives should ask these questions of all new applicants. As Wanda Remmers of the California Coalition for Special Needs Housing states, “Sometimes tenants can help prospective tenants feel more at ease during the interview process and can help identify the ‘red flag’ issues to follow up on.”
 - **Staff selection-** Residents can participate in a similar way in the selection of key management or service staff members.
 - **House rules-** Because house rules are typically part of the rental agreement, any changes must be approved and initialed by each resident. Accordingly, some tenants’ associations find it is most practical to review house rules once a year, at most, so as to develop consensus around which recommendations should be made to management. Issues regarding security, guests, noise, alcohol and use of community space are often of interest.



- **Service program or spending priorities**– Residents can have input on such priorities as on-site classes or special presentations, new services, maintenance investments, and other activities.
 - **Periodic meetings**– Regular association meetings with service or management staff can increase communication and allow problems to be attended to quickly.
 - **Evaluation**– Tenant councils and individual tenants can complete tenant satisfaction surveys concerning both management and service practices to identify strengths and areas for improvement.
- **Implementing Programs.** Tenant associations often organize holiday parties, pot-luck dinners, and other social activities such as Halloween haunted houses, summer barbecues and field trips. Some tenant associations organize a “welcome committee” to meet and greet new tenants. Tenants may participate in building or community clean-up days, neighborhood efforts to address gang activity, or other area voluntary activity. Associations have designed and implemented programs from food cooperatives to movie nights, drama clubs to support groups, yoga classes to open studio time. Sports teams and walking or exercise clubs are also popular activities. Some tenant associations become involved in community political activities such as voter registration, education, and public testimony on neighborhood issues.
 - **Tenant Employment.** Tenant employees can be a powerful force, particularly in buildings with a 24-hour front desk staff. In New York City, the Committee for the Heights Inwood Homeless (CHIH) hires only tenants to staff the front desks at its five single room occupancy hotel sites. Over fifty tenants work on a part-time basis, which allows these individuals to move away from dependence on entitlements, maintain eligibility for Medicaid, and juggle educational and rehabilitation pursuits. Because nearly one-quarter of the tenancy works in management, they help to shape a constructive culture in these buildings. Their insights and sophistication concerning common tenant issues is augmented by training in conflict resolution and emergency procedures by CHIH and the services staff. As a CHIH staff member observes, “Widespread participation by tenants in the managerial structure of the building enhances staff and tenant relations and serves to equalize common interests. Over time, mutual confidence is engendered.”
 - **Tenant Board Participation.** One or more tenants can serve on the governing board for the project, or on the committee of the board which supervises operations. A tenant representative can be a volunteer or can be elected by the tenant council or tenant body as a formal representative. To avoid tokenism, this strategy requires a parallel commitment to provide the resident representatives with the information and skills needed to play a full role on the board.



Issues to keep in mind

Tenant involvement will only be successful for the residents and for the project if it meets a few basic criteria:

- Participation must meet real needs and create real results. Tenants will not participate in a tenant council to make the owner's team members feel good about themselves. Tenants will only be willing to commit their time if an activity is rewarding, effective, fun, or all three.
- Don't ask for resident input if you aren't willing to take it seriously and devote time to addressing resident concerns.
- To be true "partners" in the building's success, residents need to understand the financial and other constraints of the project, and they need to participate in setting the building's goals.
- Try to ensure that some resources are available to meet resident requests or implement resident ideas, some developments set aside a source of income such as laundry or vending machine revenues for control by the tenant association for resident activities. Others ask residents to program and set priorities for community space or provide resources for a periodic newsletter. Control of a tangible resource increases resident interest. A convenient on-site meeting space increases participation enormously.
- Democratic leadership skills are not widely taught in our culture. Try to make organizing and training resources available to residents to give them the skills to conduct good meetings and create an accountable organization.
- Use the range of tools discussed in Chapter Five to integrate respect for these specified tenant roles into the jobs of management and service staff.

Who are other potential collaborators and what motivates them?



Table 5

It's much more difficult to work with other people if you don't know why they do what they do. Table 5 on page 29 offers a brief cross-cultural explanation of nonprofit housing developers and social service agencies, followed by a few observations on for-profit developers and management companies.



Other collaborators: for-profit developers

Most supportive housing collaborations include nonprofit developers rather than for-profit developers. Generally speaking, this happens because supportive housing projects are very difficult and require the greatest effort and political risk with the smallest financial return. A project with that profile doesn't interest a typical for-profit developer.

However, if you do have an opportunity to work with a sympathetic for-profit developer, here are a few things to keep in mind.

- **Motivation.** For a for-profit developer, the primary financial returns from supportive housing include development fees and/or potential construction profits from using a related construction company. So a for-profit developer will be happiest as a turn-key developer in a Shared Owner Model or as a development consultant in a Single Owner Model.
- **Relevant experience and work style.** Accessing funding for supportive housing requires specialized knowledge. Supportive housing funding streams are unlike ordinary real estate finance and can be somewhat different than affordable housing finance. Find out if the private developer has the necessary financing experience or will be interested in working with an experienced financial consultant.
- **Minimum Expectations.** You must be able to trust that the for-profit developer will keep his/her word, and that the developer will produce a quality product that fits your specifications. In turn, the developer must respect what you bring to the partnership – usually, at minimum, unique access to public and foundation funding. The developer must also be willing to spend more than the usual amount of time in planning and meetings. And the developer must be able to rely upon your ability to make decisions quickly.

Other collaborators: management companies

In most areas, the principal alternative to self-management is a for-profit management company. As you consider your alternatives, it's helpful to understand this type of business.

- **Motivation.** Management companies make their money by managing as many buildings and units as possible, thereby spreading out their indirect costs. The quality of their services is also integrally connected to changes in personnel. Because of expansion pressures and personnel changes, even reputable companies commonly have periods of “good service” and “bad service.” Do your homework in selecting a company.



- **Relevant experience and work style.** You will want to work with management companies that have some experience in supportive housing, and with your major government financing sources. Complying with the regulations which come with government funds is a specialty, and so is working with service providers and tenant leaders in supportive housing. If there's no available company with supportive housing management experience, you may need to train a management company with affordable housing experience.

See Chapter Five for more information about working with property managers.

- **Minimum Expectations.** Philosophically, most providers agree that working in property management turns many practitioners either into cynics or “control freaks.” Also, property management companies rarely have experience with tenant councils or real resident participation. Be sure to assess the management company for their philosophy and their staff's philosophy. Look for a commitment to a true partnership with tenant leaders and service providers. For instance, is the company willing to include the service provider on the interview panel for selecting the on-site property manager? Will the management company work cooperatively with the service staff to select new tenants or to prevent potential evictions? Also, make sure the company will allow time for its staff to obtain the necessary training on your project's special needs.





Table 4

Advantages and Disadvantages of Single Ownership and Shared Ownership

Single Owner Model

Shared Owner Model

Advantages for all owners

- Requires fewer inter-organizational compromises.
- Increases control.
- Maximizes administrative or developer fee income (if any).

Disadvantages for the service agency owner

- Requires major time investment to learn enough about housing development and operations to oversee outside contractors.
- Inexperience increases the chance of problems and delays during development, and problems during operations.
- If the owner provides services and management, there is less likely to be an appropriate balance and creative tension between the service provider and management company. It may be more difficult to maintain appropriate confidentiality and keep roles distinguished for tenants.

Disadvantages for the nonprofit developer owner

- Requires major time investment to learn enough about support service issues to oversee outside contractors.
- Inexperience increases possibility of poorer services coordination.
- Less likely to obtain service provider input into key decisions before the building opens, such as selection of management company.
- Less likely to give service providers equal authority with management, and therefore more likely to screen out or evict hard-to-serve tenants.

Advantages

- Allows you to do projects which you couldn't do by yourself.
- Allows specialization in your area of expertise, and reliance on other professionals for their expertise.
- Shares liabilities and risks with another organization.
- If services and management are provided by separate entities, there is more likely to be an appropriate balance and creative tension between the service provider and management company.
- If a new organization is formed, the resulting single mission and philosophical personality can provide clearer leadership in the face of typical supportive housing dilemmas.

Disadvantages

- Requires major time investment to establish and manage collaborative relationship.
- Increases complexity.
- Decreases individual organizational control.
- Ties your reputation to another organization's actions.
- If services and management are provided by same or shared entity, there is less likely to be an appropriate balance and creative tension between the service provider and management company.
- Requires more compromises and consultation on project decisions.
- If one party is not performing, requires a complicated dissolution or involuntary departure of a co-owner.



Table 5

Cross-Cultural Comparisons: Nonprofit Housing Developers and Social Service Agencies

	Nonprofit Housing Developers	Social Service Agencies
Source of administrative and overhead funds	<p>Fee-for-service income, especially developer fees and management fees (for larger organizations).</p> <p>Year-to-year government contracts, foundation and corporate grants, and funds raised through special events.</p> <p>The balance between fees and these sources varies greatly among organizations.</p>	<p>Primarily government contracts and occasionally other fee-for-service income such as Medicaid.</p> <p>Foundation and corporate grants and funds raised through special events, individual donations and the United Way.</p>
Mission focus	<p>Mission is often driven by service to a community such as a neighborhood, an ethnic group or a constituent group.</p> <p>Concerns may focus more on impact of developments on the neighborhood or city.</p>	<p>Mission is often driven by service to individuals or families. Sometimes it is historically based in service to an ethnic group, a specific neighborhood, or a constituent group.</p> <p>Concerns may focus more on impact on target population.</p>
Attitude toward real estate decisions	<p>Part of their everyday routine. Board delegates many real estate decisions to staff, with some guidance and committee review.</p>	<p>Varies. If housing is a new venture, may require much more board review, extra meetings, and new board expertise. Board may be somewhat risk averse.</p>

Table 5 (continued)

	Nonprofit Housing Developers	Social Service Agencies
Attitude toward support services	Usually clear that services are not their job and that they don't understand them. They often minimize the importance of on-site services, even in serving high-need tenants. May see services primarily as way to mitigate risk of frequent evictions. Often don't take responsibility for services fundraising. May be more willing to make compromises that result in housing fewer or no high-need tenants due to the perceived business risks.	Services are their mission. High-need clients are an everyday reality not a risk to be avoided.
Multi-year obligations	Each real estate project must be projected to support itself for at least 15 years, based only on rental income and committed subsidies. Promises to raise money in the future are not acceptable sources of income for the operating costs of the project. Projects typically have rent restrictions and tenant income requirements lasting 15 to 55 years.	Uncertainty of ongoing service funding commitment is standard operating procedure. Supportive services linked to housing are funded year-to-year, or at best for two to three years, even if services are necessary to keep residents stable in their housing for the foreseeable future.
External relationships	Housing developers sign multiple major contracts with vendors and development team members each year. Staff often sign contracts without separate board action.	Varies, but outside contracts are less common in the everyday work of a service agency, and smaller contracts may require board review. Collaborative relationships are often informally arranged without legal contracts.

Table 5 (continued)

	Nonprofit Housing Developers	Social Service Agencies
Attitude toward time, decision-making, and “process”	Developers talk about units and projects. Their work has a beginning, middle, and an end. Their survival and success depends in part upon timely completion of projects because fees come at completion. They are deadline driven. They are often impatient with meetings and “process.”	Service providers talk about programs and the number of people served. Their work is often without a clear middle or end. “Process” is a major professional tool. Successful outcomes are difficult to quantify.
Staff responsibilities	A single staff person is typically the project manager for the period between conception and initial occupancy of a project, usually at least 12 to 24 months.	Multiple staff members are more commonly involved in delivering services to a project.
Consumer relations	Consumers are tenants and are protected by landlord-tenant laws. Confidentiality is not a highly regulated issue.	Consumers are clients and are protected by professional confidentiality and ethics policies.



Chapter 3

Step 1: Self-assessment

Introduction

The first two chapters of this manual have provided an overview of the development process and your options for various roles in the project. With these options in mind, you can begin to take stock of your organization's capabilities and project goals. This chapter provides three worksheets for assessing your organizational needs and wishes.



Worksheets

- Why do a formal self-assessment?
- Self-Assessment Worksheets
- Issues to keep in mind

Why do a formal self-assessment?

It takes leadership and vision to undertake the development and operation of supportive housing. Leaders and visionaries are typically overcommitted and are therefore tempted to skip a formal self-assessment. They often reason, "I've been selected as the executive director because I can do this kind of thinking on my feet. Why bother with the formality of a self-assessment? We know what we want and what we can do."

Why? Supportive housing is different

You're right. On-the-spot performance often succeeds when you are working solo, or when you're working on a short-term project. However, structuring a long-term collaboration or undertaking a supportive housing development with another organization is a horse of a different color. Without a conscious clarification of your goals and capacities at the beginning of the development process, you may only discover that you're not meeting those needs in the middle of the game. And by that point in time, the accumulated constraints of funders, collaborators, and decisions that you've already made may render your newly desired changes impossible.

Believe the battle-scarred veterans. Early, conscious articulation of the issues will make your success much more likely.

Why? You need clarity and feedback

Clarity is more likely to occur when you write or discuss answers to the questions in the following worksheets than when you have conversations in your head. You need to understand your motives for collaboration on any given role clearly enough to negotiate any necessary compromises.

If you've completed a self-assessment, you can share the results with your potential "partners" or with a technical assistance provider. You can also test your conclusions in your interviews with experts during the team member exploration process. It's much harder to get the feedback you need without a clear set of questions and answers.

The self-assessment is also an important tool for your collaborators to complete in order to give you a better understanding of their capabilities and organizational goals.

Self-Assessment Worksheets

The Self-Assessment Worksheets offer an organized format to consider your project and organizational goals and interests. The worksheets identify issues which affect the overall feasibility of a supportive housing project for your organization and issues which may affect your choice of ownership model.



Worksheets

- Worksheet 1 Self-Assessment: Goals
- Worksheet 2 Self-Assessment: Organizational Abilities
- Worksheet 3 Self-Assessment: Project Fit with Strategic Plan, Mission and Structure

The Self-Assessment Worksheets can also serve as an agenda for a committee or staff review of your organization's expectations, abilities and requirements. Even if you don't feel that you have enough information today to fully answer these questions, completing the worksheets will help you to articulate your assumptions and preconceptions. These assumptions can then be tested against facts as you continue your research.



Issues to keep in mind

The Self-Assessment Worksheets cover a range of organizational issues. When you combine these answers with the answers on the Constraints Worksheets in the next chapter, you can begin to focus on the appropriate owner model and team relationships for your project. Before you leave these organizational issues, consider these facts and bits of advice.

- Supportive housing projects are people-intensive in development and operations. They are unlikely to fully support their own administrative oversight costs and they are likely to require more board attention than other housing projects.
- Supportive housing is service-enriched housing. To do it well as a nonprofit housing provider, you must believe in the critical importance of housing tenants with service needs. You must also respect your service providers as essential “partners” and colleagues with skills that are critical to your success. If these two statements don’t match your organization’s culture, stop and think twice about owning this type of project.
- Supportive housing owners must be prepared to acknowledge the “double bottom line” of services and property management. Maintaining the physical and financial viability of the project over time is just as important as providing quality support services. Property management issues are not secondary to service concerns, nor vice versa: the two go hand-in-hand. Service providers and property managers must be willing to live with that tension, and owners must be prepared to resolve any resulting disagreements.
- An ownership role in rental housing, if it is a new activity, will require substantial time at board meetings. Affordable housing is generally complicated and surprisingly time-consuming and real estate of any kind involves financial risks. The first-time owner must usually recruit new board members, create a new board committee, and consider new internal accounting structures and legal liabilities. The level of interest in taking on these responsibilities is a critical factor in selecting an ownership structure. A low level of interest may even lead you away from ownership at this time.
- Supportive housing will also bring the scrutiny of new stakeholders, and will often draw even more controversy than other affordable housing projects. Neighborhood and other opponents may try to dig up “dirt” to throw at your organization. Housing funders and tax credit investors will examine your financial statements for net worth, financial stability, professional presentation, and timeliness. Service funders will look for evidence of competence and commitment to needed tenant services. Your staff and board must be prepared and willing to devote time to these issues.



- Finally, supportive housing must be considered within the context of your organization's larger strategic plan. If your organization is going through a major transition – losing your founding executive director or replacing a major funding source, for instance – this may not be the time to add real estate ownership or service-intensive housing to your plate.





Worksheet 1

Self-Assessment: Goals

Describe your proposed project

Notes

Type of residents served

- our clients only, or community based residents, including clients

Who are

- homeless
 mentally ill
 abusers of substances
 persons with AIDS
 HIV positive
 multiply diagnosed with _____
 other

Type of housing

- permanent housing with tenant/landlord relationships
 transitional housing with required service participation
 a treatment facility
 other _____

Number of

units ____ or beds ____

Set project goals for the residents

Describe one or two critically important concrete outcomes of the proposed project for the residents, such as:

- family preservation
 improved resident health
 successful transition to stable residence in permanent housing
 more effective service delivery through integration with stable housing
 increased resident control of housing
 reduced rents and resulting financial benefits to residents
 other goals such as _____

Worksheet 1 (continued)

Define organizational goals and acceptable consequences

Implications for ownership model and your roles

Administrative Income/Development Period. During the development period of your project, you will incur significant administrative costs. Pick one of the following statements:

- We can afford it if we don't break even during the development period of this project.
- Project development income must allow us to break even.
- We need to make a "profit" to support other related activities.

Administrative Income/Operating Period. During the operating period of your project, you will also incur administrative oversight costs. Pick one of the following statements:

- We can afford it if we don't break even during the operating period of this project.
- Project development income must allow us to break even.
- We need to make a "profit" to support other related activities.

Existing Staff Workload. Pick one of the following statements and fill in the blank:

We will not need to increase workload, if we _____.

We could manage some increase in workload, if we _____.

Organizational Visibility. Pick one of the following:

- It is important that we gain a reputation for providing this type of community benefit.
- It is unimportant that we gain a reputation for providing this type of community benefit.

Worksheet 1 (continued)

Check acceptable organizational risks

If not acceptable, why not? Note how it can be made acceptable.

- We are willing to use some political influence and risk some political and media controversy.
- If required by funding sources, and with appropriate buffers in the project budgets, we are willing to guarantee completion and operation of the project within project budgets. (This is commonly required by tax credit investors).
- We accept the risk that obtaining future funding for services or rent subsidies may require special efforts, and we are ready to devote extra effort to obtaining this type of funding on an ongoing basis.
- If service funds or rent subsidy funds become unavailable in future years, and if there is no feasible alternative, we are willing to serve less needy residents.

Organizational control issues: Prioritize each ownership control issue by the level of direct control which you now believe that your organization needs to meet your organizational and resident goals, within an acceptable risk level.

Issues before the building opens

Must Control	Prefer to Control	Willing to Delegate	Don't Know
-----------------	----------------------	------------------------	---------------

- Quality of building construction
- Selection of site
- Selection of property management company
- Selection of service provider(s)
- Selection of lenders and/or investor
- Creation of the support services plan
- Development of strategy for obtaining community and political support
- Determination of forms of resident involvement

Worksheet 1 (continued)

Issues before the building opens (continued)

Must Control Prefer to Control Willing to Delegate Don't Know

- Determining characteristics of proposed tenants (income, service needs, etc.)
- Making decisions on budgeting and financial matters
- Design of the building
- Selection of development team
- Other issues (fill in) _____

Issues after the building opens

Must Control Prefer to Control Willing to Delegate Don't Know

- Tenant selection
- Eviction guidelines
- Carrying out strategy for resident involvement
- Social services delivery and philosophy
- Carrying out strategy for obtaining community and political support
- Making decisions on property operating budget and related spending issues
- Selection of on-site staff
- Making decisions on services budget and related spending issues
- Balancing tradeoffs between property management (needs of the community and the building) and social services (needs of the individual)
- Other issues (fill in) _____

Time periods for control and ownership

Implications for ownership model and your roles?

In order for you to control the issues that are most important to you (those that you checked as “must control”), when would you need to have a stronger voice in ownership decisions?

- before the project opens
- after the project opens
- both



Worksheet 2

Self-Assessment: Organizational Abilities

Owning before the building opens: developing the building

yes/no

Implications of ownership model on your roles

Social Service Agencies

Staff Capacity. Do we have a staff person with the interest, funding support, time, business and real estate skills to:

- directly coordinate the development process, as a single owner's project manager?
- oversee a development consultant as a single owner?
- actively participate in a shared owner structure in which the other owner takes much of the responsibility during development?

Future Plans

- Are we likely to do multiple housing development projects?
- If yes, is it feasible and consistent with our strategic plan to raise funds and hire a new staff person to oversee or develop this and other supportive housing projects?

Nonprofit Housing Developers

Staff Capacity. Do we have the time, organizational commitment and staff interest to:

- actively collaborate with a service provider during development planning and funding, as single owner with contracted services?
- actively participate in a shared owner structure in which we are primarily responsible for development but consult extensively with a social service agency co-owner?

Future Plans

- Are we likely to do multiple supportive housing projects?
- If yes, is it feasible and consistent with our strategic plan to raise funds and hire a new staff person to plan support services for projects?

Worksheet 2 (continued)

Owning after the building opens: asset management	yes/no	Implications of ownership model decisions on your roles
--	---------------	--

Social Service Agencies

Ownership Supervision. Do we have a staff person with the interest, funding support, time and related skills to serve as the owner's representative, oversee property management and services, and provide asset management services?

Housing Developers

Ownership Supervision. Do we have the experience or the commitment to learn to:

- understand the role of supportive services in building operations?
- ensure that social service providers are seen as peers of management staff?
- work with social service providers to find continuing funding for services?

Time. Are we prepared to invest more time in management and services oversight in this project than in other types of projects?

Providing support services	yes/no	Implications of ownership model decisions on your roles
-----------------------------------	---------------	--

All Owners

Staff Capacity. Do we have a staff person or can the project financially support a new appropriate staff person to:

- plan for needed services during the development process?
- coordinate needed support services?
- directly provide needed support services?

Worksheet 2 (continued)

Managing the property	yes/no	Implications of ownership model decisions on your roles
------------------------------	---------------	--

All Owners

Staff Capacity. Do we already have the staff with the interest, funding support, time and related skills to directly perform property management functions ourselves, including rent collection, evictions, rule enforcement, accounting, maintenance, janitorial services etc.?

If no, are we prepared to carefully evaluate the organizational and financial feasibility of self-management, convince lenders that this is the optimal solution, and implement the necessary training and staff support to be successful self-managers?

Involving the residents	yes/no	Implications of ownership model decisions on your roles
--------------------------------	---------------	--

All Owners

Staff Capacity. Do we have the organizational systems, values, and staff with the skills and knowledge to appropriately involve the residents?



Worksheet 3

Self-Assessment: Project Fit with Strategic Plan, Mission and Structure

Strategic plan, mission and structure issues

yes/no

Implications of ownership model decisions on your roles

All Owners

- Is this project and any proposed new roles that it entails consistent with our strategic plan and any major new commitments over the next two years?
- Are there aspects of our corporate philosophy, values, or operational style which would make shared ownership difficult?
- Is the board prepared to play an increased role, if that is required by a proposed form of shared ownership?

Organizations planning their first housing project

- Are the finances and leadership of our organization expected to be fairly stable over the next several years?
- Are we bankable on our own? Do we have annual audited financial statements, timely and professional monthly statements and a sufficient fund balance? Can we risk cash?
- Is our board willing to adopt any necessary changes to our mission, articles of incorporation or by-laws?
- Are the accounting staff (and legal department, if any) prepared to make changes to accommodate real estate development, ownership or operation?
- Is our board willing to recruit new members with real estate development or operations experience?

Worksheet 3 (continued)

Strategic plan, mission and structure issues

yes/no

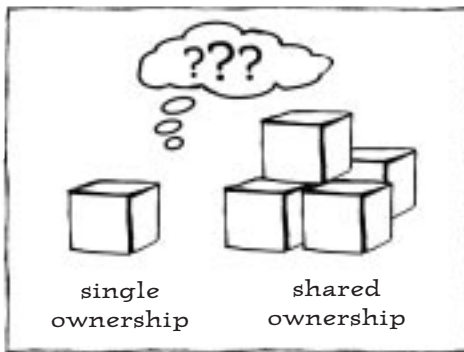
Implications of ownership model decisions on your roles

Organizations planning their first housing project (cont'd)

- Is our board willing to delegate authority for significant business decisions to the executive director or board committee in order to make timely real estate decisions?
- Will the board commit to calling special meetings, if necessary, in order to make real estate decisions in a timely manner?
- Does the board understand the potential business risks, political risks and real estate liabilities associated with this project, and have they adopted appropriate oversight policies?

Organizations planning their first housing project with supportive services

- Has the board agreed to acknowledge and support the additional staff time required for this project, relative to other projects?
- Has the board agreed to seek new services funding and subsidies when project commitments expire?
- If appropriate, is the board willing to recruit new members with support services experience?
- Does the board understand the special business risks, political risks or liabilities associated with this type of project, and have they adopted appropriate oversight policies?



Chapter 4

Picking and forming the ownership structure

Introduction

At this point, you've reviewed your options for ownership models in Chapter Two and completed the Self-Assessment Worksheets in Chapter Three.

This chapter details the remainder of the step-by-step process for implementing your chosen ownership model by evaluating its structure and picking several of the central development team and operating team members – the developer, the lead social service provider(s), and the property management agent.

Step 2. Gathering information and assessing your constraints

Step 3. Selecting the ownership model and structuring key team relationships

Step 4. Selecting key team members

Step 5. Setting up the relationship

In the real world, these steps are not distinct but deeply intertwined, not only with the other steps, but with all of the other development decisions for the project. Isolated decisions can create financial disasters, or can result in operating protocols and designs that are detrimental to achieving the project residents' goals. Therefore, it will be helpful to review both this chapter and the next chapter on managing relationships before you take action.

Remember, the timing of the initiation of any of these relationships speaks volumes about your real intent. Nobody wants to be an afterthought.

- **Single Owner.** If you decide on a Single Owner Model, you'll probably be using a development consultant or contracting with an outside social service agency or agencies. You should select those organizations as early as possible. The development consultant will be very involved in selecting your other major team members such as the architect and the management company. The social services agency will be providing critical input into your service, site and design needs.
- **Shared Owner.** If you select a Shared Owner Model, you should select the co-owner organization first. Together you can then decide on the lead responsibility and your respective roles in selecting the major development team members: the architect, management company, financial consultant (if needed) and other service agencies.
- **All Ownership Models.** In either model, these early moments are also the preferred time to identify methods for tenant involvement during development and operations.

Step 2. Gathering information and assessing your constraints



Worksheets

Answering questions about constraints and possible collaborators will require interviews with support service and housing experts, potential funders and potential collaborators. These interviews can help you to refine your project concept as well as consider your ownership structure and answer the questions in the Constraints Worksheets. These question and answer sessions may also be your first contact with potential funders or collaborators.

Resource people

How do you find the people who can answer your questions?

- A local community foundation, a homeless coalition, or local government funders may be able to identify experts in your areas of interest.
- To locate people who have developed similar projects, you can contact the nearest Corporation for Supportive Housing office.

See the list on the last page of this manual.

- To identify nearby housing developers, you can also contact the Local Initiatives Support Corporation in New York at (212) 455-9800, the



Enterprise Foundation in Columbia, Maryland at (410) 964-1230, or in rural areas, the Housing Assistance Council in Washington, D.C. at (202) 842-8600. One of these organizations will be able to refer you to a local contact or to nonprofit developers in your area.

Interview tips

In all of these early interviews, remember the following:

- You are making a first impression, too. You are simultaneously “selling” your organization and this project and “buying” advice and future goodwill.
- Be prepared to outline your “educated guesses” about the project and to answer other likely questions. When you don’t know an answer, be ready to specify how and when you expect to figure it out.
- Let your board know that you are doing these interviews. If you are assessing potential collaborators, even in an exploratory way, remember to review the organizations with your board first.
- Assume that this other “world” (support services, housing development) is just as small and even more chatty than the world in which you work. Next week, an interviewee may be sitting as a member of a funding advisory committee or as the board member of a rejected collaborator. Assume that much of your conversation may be repeated, and monitor accordingly.
- Every resource person has biases. Lack of full information about your development or service problems or political or personal agendas may also produce skewed answers to some of your questions. Use multiple interviews and sources to check key facts and perceptions.

Constraints: project issues, funder preferences and potential collaborators

Just as important as your dreams are the earthly constraints. You don’t want to spend much time inventing intricate shared ownership structures if there’s no local organization that wants to participate.

The three Constraints Worksheets will help you to identify the constraints imposed by the project itself, the funding sources, and the available collaborators.



Worksheet 4

- **Project issue constraints.** Your project’s expected characteristics will constrain many of your choices. For instance, funders will be more willing to support an organization in a new activity if the project is less complex or less difficult. These are, of course, judgment calls. By a private developer’s standards, any supportive housing project is very difficult!





Worksheet 5

Your interviews with potential “partners” and funders can help you evaluate their perception of your proposed project’s relative difficulty.

- **Funder preference constraints.** The funders of the project obviously have the power to accept or reject a potential owner or ownership structure. Most funders are happy to meet with you early in your project planning process and tell you their concerns so that you don’t waste everyone’s time with a proposal that is far off the mark.



Appendix 2

A chart of major funding sources and their preferred legal forms of ownership can be found in Appendix 2.

- Funders prefer honesty. If you are unsure of an answer to a question, just say so. Being open to and considerate of funder suggestions can buy a lot of goodwill.
- Also use funder interviews (or other sources) to verify the maximum permitted level of administrative cost reimbursement or developer fee income. This constraint will affect your attractiveness to potential co-owners or development consultants. Some funding sources, such as tax credit investors, traditionally allow developer fees during development and partnership management fees during operation. Other funding sources, such as the HUD Section 202 and 811 programs, severely restrict fees to the developer or the development consultant, and do not, as of this writing, allow any financial return to a nonprofit owner during operations, except to pay for management or support service contracts.



Worksheet 6

- **Available collaborator constraints.** Use your interviews and Worksheet 6 to seek recommendations for potential collaborators and development team members. Some of the interviewees may themselves be potential members of your team. These conversations may then also be used to discover if the interviewee would be interested in this project and the role (consultant, provider, co-owner) for which you are seeking advice. If your process is moving quickly, you may be able to combine the questions in this worksheet with some of the partner selection questions detailed in Step 3.

Step 3. Selecting the ownership model and structuring key team relationships



Worksheet 7

The tasks of selecting your ownership model and your potential collaborators are closely connected. For the purposes of presentation we divide them here: Step 3 discusses selection of the model, Step 4 discusses selection of the actual collaborator and the team members, and Step 5 reviews legal issues and agreements. Your goal in this section is to complete Worksheet 7: Ownership and Team Relationships, which details the proposed relationships and potential players.



At this point, the manual has provided the following:

- Advantages and disadvantages of Single Ownership and Shared Ownership (Chapter Two)
- Self-assessment: Project goals, organizational abilities, and project fit with strategic plan (Worksheets 1-3, Chapter Three)
- Constraints: Project issues, funder preferences and potential collaborators (Worksheets 4-6, Chapter Four)

This section of the manual therefore assumes that you have already conducted preliminary conversations with your board and lead staff. You have also presumably conducted exploratory meetings with experts in the field, possible funders, possible collaborators, and other professionals.



Worksheet 7

Worksheet 7: Ownership and Team Relationships provides an easy format to record your decisions on the proposed model, relationship and structure for each supportive housing role. It also provides room for you to articulate your rationale in order to answer questions your board of directors, funders, and future development team members are likely to ask.

Issues to keep in mind

Owning. Identify your proposed ownership model, legal form of ownership, and (if shared ownership) potential co-owners.



Table 4

- Return to Chapter 2 and Table 4 for the advantages and disadvantages of each type of ownership structure. Revise these lists to fit your own project situation and clarify and research any issue that is not resolved.
- For instance, you might greatly prefer the Single Owner Model, but you may be unsure whether funders will support a single owner with your level of experience. To protect yourself against this eventuality, you could then identify a potential development and operating team. Experts or key funders could provide feedback on the feasibility of this combination of owner structure and development team.
- Review your motives for collaboration once again:
 - Does the project require expertise which you do not have, may never need again, or don't choose to exercise?
 - Does the project require special knowledge about licensing or safety codes which is outside your experience?
 - Do you want to share the financial risk and benefits?



- Do you need the broader base of political and community support available through collaboration?
- Will lenders, government agencies, investors or other subsidy providers require or encourage a collaboration as a condition of funding?

This last factor, funder criteria, will often be a very compelling force in deciding to collaborate. But if funder pressure is the only reason for collaborating, and the collaborating parties don't share values, mission, or other reasons to work together, you should reconsider the whole idea of working together. Shotgun marriages rarely result in happily-ever-after scenarios.

Property management alternatives

Should you contract out the property management? Generally, in real estate and affordable housing, property management is the most commonly contracted task of all of the supportive housing roles. In most urbanized areas, there is more than one management agent with some affordable housing experience. Supportive housing experience is less common.

It often seems that your property management approach is pre-determined by project realities and by funders.

- If the project is a large, permanent housing rental project, your funders and investors will probably require use of a management company that has experience with your funding sources. They may be willing to allow you to phase into self-management a couple of years after the project is opened.
- If the project is small or is a transitional housing project which closely integrates services into residency, self-management may be the most appropriate solution.
- If you have selected a co-owner nonprofit developer with an in-house management company, the developer will almost always require use of that company as a condition of participation in the project.
- Even if your project is large and beyond your experience, self-management might appear attractive because it generates annual fees and seems to call for nothing more than common sense.
 - Be aware that property management of rental projects of any size is a specialized area of expertise requiring particular skills and knowledge.
 - Be sure to cost out true staff expenses before you decide that you can make money on management fees.



- Consider the potential conflicts that are created when the same agency, and perhaps the same person, is the landlord, the rent collector and the service provider.



Resource
Guide

For more information on the self-management decision for nonprofit housing in general, see the Local Initiatives Support Corporation's *Guide to Comprehensive Property Management*, in the Resource Guide.

It cannot be said too often: pick your property management professional early and involve them in your development planning! Postponing the property manager's involvement is one of the most common mistakes made by novice developers.

Step 4. Selecting key team members

As Lisa Hamburger, Senior Program Officer of the Corporation for Supportive Housing says, "Select carefully, then trust mightily."



Appendix 3

- **Clearly define roles and responsibilities.** Describe in writing exactly what you are seeking. You will eventually need a scope of services for a written agreement. If you are uncertain about an issue, pose a clear question to which potential team members can respond. Consider sharing the results of your own self-assessment process.
- **Set selection criteria and questions.** Appendix 3 contains a selection of issues and interview questions for co-owners and key team members: the development consultant, social service agency, and property management company.
- **Set a selection process.** For each member of your team, you will need to set an appropriate selection process from the usual three possibilities.



Appendix 4

- **Sole source.** Send a Request for Proposal to an interested, highly recommended unique provider.
- **Request for Proposals.** Send a Request for Proposals to a short, prescreened list of qualified and interested providers which you have identified through interviews and recommendations. Appendix 4 contains a sample Request for Proposals from a nonprofit developer owner seeking a social services provider.
- **Request for Qualifications/Request for Proposals.** Widely circulate a Request for Qualifications to formally spread a wide net and identify possibilities. Then, send a Request for Proposals to the most qualified applicants. Note that this formal approach for pre-qualifying providers is seldom used, except for selection of general contractors and architects.

In addition to setting a selection process for each team member, you will need to designate the person responsible for making the selection.



- Will the review and decisions be made by the owner, by both co-owners, or by the development consultant?
- Does staff have authority to make this decision, or is it made by a board committee and/or the board?
- Is the staff person who will be responsible for overseeing the team member involved in the selection process?

Issues to keep in mind

In setting your process and criteria, in addition to using your good sense, remember a few other constraints.

- Investigate any funding source requirements for specific selection processes for major contracts.
- Does this process look fair to the outside world? Does it pass the “newspaper headline” test?
- Will this process meet the concerns of political leaders with influence over your project?

If you’re picking a co-owner, think about the earlier analogy of picking “roommates in a group house.” Remember that this is more than a short-term business relationship – you will be living together. Ideally, you would like to find a way to explore organizational culture, management approaches, and decision-making styles before the final commitment has been made. You also want to be certain that the leadership in the organization, as well as the responsible staff person, is committed to the joint ownership idea. Consider some additional, less formal ways to finalize your assessment of each other.

- Ask your potential co-owner to complete the Self-Assessment Worksheets in order to better understand each other’s organizational biases. Discuss the responses.
- Other assessment ideas include:
 - a joint staff retreat
 - project visioning session(s)
 - visits to each other’s offices and projects
 - interviews with each other’s clients and current tenants
- Working on a preliminary shared task for the project will teach you a great deal about each other. Developing the project goal statement, creating a project-specific organizational chart, or planning for a funding proposal are typical early tasks.
- You are beginning a process of building trust: setting expectations and seeing if the other party delivers on those expectations. Be thorough and give the process adequate time.



Step 5. Setting up the relationship

The structure of the various relationships described in this manual varies a great deal, but the structuring process is fairly similar. You usually begin with a verbal or written summary of contract issues and proceed to a legally enforceable contract.

Process overview



Table 6

You begin by identifying the critical issues and business points for each role and relationship. For each issue, you then negotiate a mutually agreeable position, or identify your separate positions and agree to keep talking. A list of the basic issues in most consultant contracts or shared ownership documents is found in Table 6.

The contract process varies according to the type of relationship and its articulation through a standardized agreement. Some project development team roles involve standardized agreements such as a property management contract or contract with an architect. In contrast, shared ownership structures, development consultant contracts, and support service agreements often require individualized and lengthy contracts.

Standardized contracts

For architects and property management agents, you can usually proceed directly to a legal agreement from this point. Project-specific issues can easily be captured in amendments to the standard documents used in those fields. For instance, an addendum to a management contract should be used to detail the expectations of how property management is to coordinate with support services. Management contracts may be requested as part of funding applications, and can of course be contingent on your successful development of the property. For architect contracts, the scopes of work and payment are commonly divided into phases which are tied to phases in the development process.

Individualized contracts

For these agreements, you may first want to put the early, basic understanding in writing through a letter of intent. Some people also call this early document a memorandum of understanding (MOU), but others reserve that name for a longer, formal legal contract.

- For shared ownership structures, a letter of intent will usually be sufficient for one collaborator to apply for funds. A letter of intent can also give you



and your team the necessary confidence in the relationship to get started on the project. The lead “partner” during the development period will often have to assume the risk of signing a purchase agreement and spending money on early site assessments in order to submit these applications. When the project has received its key, high-risk funding commitment or passed some other critical test that makes it “real,” the parties can invest the time and money to complete the necessary legal documents.

- If you are using a development consultant, that person will be assisting you with the early applications and will probably request a contract at that time. It is common for the contracts to be written with scopes of work and payment in phases which are tied to the development process.

Letter of intent

A letter of intent typically outlines the roles and responsibilities of each party.

- This document is the written equivalent of a handshake, and can use bullet points liberally.

See sample in Appendix 5.

- In a letter of intent, you are not taking the time to define every term with legal precision. Instead, you are trying to summarize your working understandings. The details will be negotiated in the binding contract later.
- If a letter of intent is much longer than a few pages, you’re probably beginning to write a binding legal contract and not a letter of intent. Think twice if you find the document growing in length and becoming legally precise. Don’t spend the time and money to write two legal documents unless your funders or your situation require it.



Appendix 5

Contracts and memoranda of understanding

After the project details become clearer, it becomes appropriate to negotiate a legally binding contract or memorandum of understanding (MOU). This document will solidify each party’s commitment and will clarify the risks, benefits, and responsibilities assumed by each side. Differing situations will produce varying types of agreements.



Appendix 6

Appendix 6 is a sample MOU among three parties: a nonprofit housing developer that will own the property as a single owner, the lead provider of social services, and a property management company. This legally binding memorandum of under-



standing coordinates the roles of these three parties and is also cross-referenced in the primary contracts between the owner and each party.



Appendix 7

Appendix 7 is a sample MOU for a shared ownership model. Here, the nonprofit housing developer and the social service agency intend to form a new, shared nonprofit corporation to develop and own the property but aren't ready to finalize the board structure at this time. The legally binding MOU clarifies their respective responsibilities until the new board is established.



Appendix 8

Appendix 8 provides a sample development services contract between a social service agency that will own the property as a single owner and a development consultant firm.



Appendix 9

Appendix 9 provides a sample support services planning contract between a nonprofit housing developer who will own the property as a single owner and a social service agency.





Table 6

Basic Issues of Any Legal Agreement

Any legal agreement between “partners” in a supportive housing project should cover the following areas.

Introduction	<ul style="list-style-type: none">• recitals and intent of collaboration• description of project, goals, values and guiding principles
Responsibilities, roles and decision-making process	<ul style="list-style-type: none">• description of each party; nature of each agency• scope of services• establishment of parameters; values regarding confidentiality procedures• description of decision-making structure, authority and venue
Timeline for project and collaboration	<ul style="list-style-type: none">• schedule for development, rent-up and all related financing• schedule for services planning, funding, personnel hiring and implementation• effective date of collaboration and its termination
Fees	<ul style="list-style-type: none">• schedule and source of payments• incentives and penalties, if any• adjustment mechanism for changes in scope of services
Evaluation	<ul style="list-style-type: none">• establishment of a schedule of periodic evaluations, who is to be involved, process
Conflict resolution, mediation and arbitration	<ul style="list-style-type: none">• plan for conflict and how it will be dealt with• designate a third party who may be asked to mediate a conflict
Termination	<ul style="list-style-type: none">• determine under which conditions a party can terminate• decide whether mediation will be required beforehand• establish plan for untimely/non-mutual termination
“Partner” contacts	<ul style="list-style-type: none">• for each “partner,” designate a principal representative for day-to-day project decisions; specify limits of authority• designate a decision-maker for further negotiations• list address, phone number, and fax number for notices



Worksheet 4

Project Issue Constraints

Note: A "yes" answer suggests a higher need for an owner, co-owner or team member who has experience with the area of expertise in question.

yes/no

- Residents** Does the project expect to house residents with
- very high service needs?
 - very specialized service needs (such as domestic violence survivors)?
 - multiple service needs (for instance, both mentally ill and recovering from substance abuse)?

yes/no

- Experience** Does the project involve a type of housing (such as transitional housing or permanent rental housing) with which your organization has little or no past experience?

yes/no

- Development Risks** Does the project appear to have high development risks? For instance,
- does the site have extensive environmental problems or other difficult-to-develop characteristics?
 - is the proposed financing structure complicated or unusual?
 - is the project only marginally financially feasible?

yes/no

- Operating Risks** Does the project have potentially high operating risks? For instance,
- are you housing a large number of hard-to-house residents?
 - is the building in a community with high security problems which interfere with management?

Worksheet 4 (continued)

yes/no

**Operating
Risks
(cont'd)**

- are you competing in the market for a large number of tenants?
- are you “selling” an unusual or a potentially hard-to-market housing product (for instance, single room occupancy hotels with shared bathrooms, or shared housing)?

yes/no

**Transition
Plan**

Have you identified a feasible transition plan in the event that short-term funding for either services or rent subsidies ends? Does the transition plan for the project affect your choice of team and collaborator?

yes/no

**Political
Risks**

Does the project involve high political risks and will you need “partners” with political influence in order to build community support or overcome neighborhood opposition? For instance,

- does the project require concessions from the local jurisdiction such as parking reductions, as well as local public approvals of funding?
- are you housing a particularly controversial type of resident?
- will the local government project approvals occur just before an election?

yes/no

**Licensing
Risks**

Will the project house vulnerable tenants or tenants with potential need for medical services? Could it therefore require state licensing and compliance with special codes and regulations? In some states, regulated populations can include frail elderly residents, people with symptomatic AIDS, residents in substance abuse treatment facilities, or people with severe mental illness or developmental disabilities.



Worksheet 5

Funder Preference Constraints

Minimum Experience

Notes

-
- For your expected funding sources, what has been the apparent standard for minimum acceptable level of relevant experience in an owner?
 - Do you need an even higher level to be competitive? If your project involves a bank loan or tax credit investment, these sources may have much higher standards for minimum experience level in an owner.

Shared Ownership

-
- Do your expected funding sources have any experience with shared ownership models?
 - Are these funders supportive of shared ownership models?
 - Are these funders willing to adapt standard program documents, as might be required by some shared ownership models?

Required Ownership Form

-
- Which legal form of ownership does your major funding source require? Most legal forms of ownership can accommodate either a Single Ownership Model or Shared Ownership model. However, with this answer, you can focus your board's discussion on the appropriate legal form of ownership for your particular project, such as a nonprofit corporation, a limited partnership, or a general partnership.

Worksheet 5 (continued)

Owner Compensation. Does your funding source allow:

Notes

- developer fees or administrative cost reimbursements? with what limits?
- development consultant fees? with what limits?
- owner oversight fees or partnership management fees during operation? with what limits?

These answers will tell you how much money potentially exists to be divided among shared owners, or to be paid to a development consultant.

Support Service Funding

Notes

- If your project were to have a separate owner and service provider, does your source of support services funding provide project-specific funds to the service organization directly, or to the service organization via the project owner?
- Does the service funding or the licensing risk have implications for your ownership structure or for your legal relationship with the service provider?



Worksheet 6

Available Collaborator Constraints

Developing the building

Notes

Finding Nonprofit Housing Developers

- Who are your potential nonprofit developer collaborators?
- Are they potentially available and interested in this type of project? Do you know why or why not?
- Do they have experience with your expected funding source(s) and this project type?
- Are they interested in exploring the possibility of shared ownership?
- If they are a co-owner, will they insist on managing the project as well? Is that acceptable?
- Are they interested in a development consultant relationship?

Finding Development Consultants

- Who are the potential development consultants with experience in affordable or supportive housing?
- Do they have experience with your expected funding source(s) and this project type?
- Are they potentially available and interested in this type of project? Do you know why or why not?

Providing support services

Notes

- Who are your potential support service collaborators?
- Are they potentially available and interested in this type of project? Do you know why or why not?
- Are they interested in exploring the possibility of shared ownership? Are they only interested in a contractual relationship?
- Are they experienced in serving your target population?
- Are they experienced in providing the proposed services?

Worksheet 6 (continued)

Managing the Property

Notes

- Who are the potential property management companies?
- Do they have experience with your expected funding source(s) and this project type?
- Do they have experience in serving your intended target population?
- Do they have experience in working with service providers?
- Do they have experience in cooperating with tenant councils and tenant participation?
- Are they potentially available and interested in this type of project? Do you know why or why not?

Involving the Residents

Notes

- Who are potential representatives of your future residents who could help represent the residents' interests during the development period?
- Who can help you develop resident leadership or facilitate organization of a resident association?



Worksheet 7

Ownership and Team Relationships

Owning

Rationale

Which ownership model?

- Single Owner
- Shared Owner
 - turn-key
 - joint venture partnership
 - or new joint corporation

Which legal form?

- Same nonprofit
- New single asset nonprofit
- Limited partnership

Potential Collaborators (if applicable)

Developing the building

Rationale

Which option?

- Single Owner's project manager on staff
- Single Owner's development consultant
- Shared Owner: housing developer
co-owner's project manager on staff

Which legal documents?

- Development contract or development memorandum of understanding (MOU)
- Partnership agreement

Potential Collaborators (if applicable)

Providing support services

Rationale

Which option?

- Single Owner staff as lead coordinator
or provider
- Co-Owner as lead coordinator
or provider
- Outside agency as lead coordinator
or provider

Worksheet 7 (continued)

Providing support services (cont'd)

Rationale

Which legal documents?

- Services contract or binding MOU with owner
- Services contract with government agency for services to this project
- No legal relationship but an informal letter of agreement

The owner may have a direct relationship with each agency, or may only have a relationship with a lead agency that coordinates relationships with individual providers.

Potential collaborators (if applicable)

Managing the property

Rationale

Which option?

- Single Owner manages directly
- Co-Owner manages directly
- Outside company manages
- Outside company manages for limited period of time while we learn to do it ourselves

Which legal documents?

- Management contract (if Co-Owner or outside company manages)
- Interagency memorandum of understanding (if Co-Owner manages)
- No contract (if Single Owner manages)

Potential collaborators (if applicable)

Worksheet 7 (continued)

Involving the residents

Rationale

Which options for involvement?

- Resident representatives as advisors during development
- Resident council with input into the following issues (fill in) _____

- Jobs for potential residents during construction
- Resident employees during operations
- Resident(s) on nonprofit board of directors

Which options for supporting involvement?

- Resident council control of an income source such as vending machine or laundry income
- Resident council leadership training and development by
 - owner or co-owner staff
 - management company staff
 - services agency staff
 - outside organization
- Resident job training by
 - owner or co-owner staff
 - services agency staff
 - outside organization with job training experience

Which legal documents for supporting involvement of residents?

- Inclusion of appropriate job descriptions for property management or services staff in relevant contracts
- Inclusion of resident employment requirement in related contracts
- Contracts or informal agreements between owner and outside agencies for provision of tenant organizing or leadership development
- Agreement between owner and tenant council, concerning council rights and responsibilities

Potential collaborators (if applicable)? _____



Chapter 5

Building and managing your relationships

Introduction

To be successful in the collaborative world of supportive housing, you will need to employ careful communication and management methods. The involvement of additional actors and roles simply requires more attention to the management of relationships and decision-making processes, more meetings, and more written documents.

Because additional meetings and other similar communication strategies cost precious time, you may be very tempted to use a more casual approach. This chapter begins with an antidote to that temptation: a discussion of common operating disasters that must be either prevented or successfully managed.

- What are the “predictable crises” in operating supportive housing? Because these operating crises are often rooted in decisions made before the building opens, this chapter reviews tools for collaborative management at all stages of supportive housing development and operation.
- What are the key issues which require shared decision making?
- What are the tools for managing the collaborative during the development process?
- What are the tools for managing the collaborative after the building opens?

What are the “predictable crises” in operating supportive housing?

In hindsight, crises during operations often seem predictable because they were born in quiet acts of omission and commission during the development process. This section lists some of the common predictable crises and the various troublesome processes that can create them.

Operating budget

Situation:

Your actual operating costs are substantially higher than your projected operating budget.

Reflections:

- Perhaps you estimated the operating budget early in the process and never gave the management company an opportunity to revise the figures.
- Perhaps the management company wasn't told enough about the characteristics of the expected tenants and underestimated the number of move-outs and related costs.
- Perhaps the management company did not receive enough information from the architect and engineer to accurately guess the usage of utilities.
- Or, everyone did their best professional work but guessed wrong. Perhaps utility rates went up twice as fast as usual after the building opened.

Construction compromises

Situation:

The inevitable compromises about building design and construction have produced costly and unforeseen results.

Reflections:

- Perhaps the individual counseling space was eliminated without prior discussion with the service provider. As a result, the counselors find it nearly impossible to do their jobs well and there is high staff turnover.
- Perhaps you changed the heating system or reduced the amount of building rehabilitation in order to save money in the development budget. However, you didn't consult the management company or increase the related utility or repair items in your operating budget and you consequently have an operating shortfall.



- Perhaps you changed the design of the rooms without consulting tenant representatives or a management company that has an understanding of tenant preferences. The result is that tenants are dissatisfied and there is an unpredicted increase in turnovers and vacancies.

Reserves

Situation:

Your reserves are too small to pay for construction compromises or other problems.

Reflections:

- Perhaps you didn't make sufficient allowances in your budget for unforeseen problems such as the need to replace the heating system five years after you opened.
- Perhaps your shared ownership agreement did not clearly specify which joint venture partner is responsible for coping with this shortfall.

Service planning

Situation:

Some of your tenants with mental illness are experiencing mental health crises; others are becoming less self-sufficient. You realize that you don't have appropriate services in place or a shared approach between services and management to handle the problem.

Reflections:

As the owner, you may not have collaborated with your service providers on a formal service plan that would have anticipated these problems.

Coordinated commitment to the building mission

Situation:

A lack of a coordinated approach and shared mission can cause problems, even when a single agency owns and manages a project and coordinates the support services. Consider this story about a nonprofit owner's first housing development for formerly homeless tenants. "When a tenant didn't pay rent, we'd negotiate a payment plan to try to re-establish the rent-paying pattern, and we could go on for 3 or 4 months with that kind of strategy. In some cases the person wouldn't comply, would get worse, and would become a behavioral problem. At this point, the service side would be upset. They'd say, 'Okay, we're washing our hands of this guy – he's a pain to the max.' Social service staff and tenants would now want the person out yesterday, but property management wouldn't have done a thing to



position themselves to even start eviction procedures. This kind of thing is a train wreck – it’s just awful. Suddenly we are providing housing to a person who is acting out, doesn’t trust the service provider, and doesn’t pay rent – AND we are still three months away from an eviction.”

Reflections:

“Because social services and management were all just ‘sort of’ working together without a coordinated mission or procedures, we didn’t have any of the steps in place to evict someone if we needed to.”

Owner/service provider conflicts

Situation:

The owner and a separate social service provider publicly disagree about a controversial eviction. Consider this actual incident. A nonprofit owner/developer hired an AIDS services agency as a service provider. The service agency did not change its usual mode of operations. When an individual tenant became a behavioral problem, service staff advocated for that individual without paying much attention to the impact on the larger apartment community. The owner eventually decided to evict the tenant despite the service organization’s advocacy, but the service provider was pressured by its constituency to go public with its concerns. The service provider sided with the individual tenant in a highly publicized dispute over “evicting a dying man.”

Reflections:

When the owner and the provider decided to work together, the service provider agreed only vaguely to make the success of the overall building community their primary goal. However, the two agencies never discussed the implications of this goal, and never formally agreed on a method for resolving conflicts if individual tenant needs and community needs conflicted. Bruised by this incident, the owner in this situation hired its own service coordinator.

Services funding

Situation:

Your three year grant for tenant services in a project for formerly homeless tenants is not renewed. You are the service provider and the joint venture owner with a nonprofit developer. The project can’t house the same tenants effectively without these services. As the service provider, you assume that the nonprofit developer will work with you to find alternate services funding. However, the nonprofit developer



assumes that services funding is your job and that if you can't find the money, the project will simply have to serve other tenants with less need for services.

Reflections:

The discussions at the beginning of the project apparently did not set clear expectations for this situation.

Confidentiality

Situation:

Tenant mistrust of management and service providers becomes a problem. For instance, perhaps a service staffer made the following offhand remark in the staff coffee corner: "103 won't take her meds." The property manager overheard this confidential information, inspected the room, pressured the tenant to leave, and eventually brought an eviction action against the tenant because "services says she can't live independently." Or, at the other extreme, perhaps property management falsely believed that confidentiality prevented the manager from talking to the services staff about a tenant's failure to pay rent. Consequently, the service staff discovered the payment problem after the eviction was initiated, when it was too late to help. Tenants began perceiving services staff as useless in critical situations.

Reflections:

The owner, management and service staff apparently didn't enforce a shared and consistent policy on confidentiality. Tenants need to understand this policy and be able to rely on it.

Tenant trust of staff

Situation:

Property management calls the police to investigate suspected drug dealing in the building. Without consulting the owner, property management also provides a list of tenant names to the police, who arrest a number of tenants for parole violations. This causes extreme tenant distrust of both services and management staff, and tenant use of services plummets.

Reflections:

There was no policy requiring owner clearance before providing non-emergency information to the police or any outside enforcement agency. Such decisions about release of information need to be made with an eye toward the potential consequences of negative tenant reactions to the overall health of the project.



Customer dissatisfaction

Situation:

Service staff begin their work in a building by initiating self-help recovery meetings and substance abuse services. The tenants consistently request employment services, but they are not offered. Use of services drops off and service staff can't identify the cause.

Reflections:

The owner and service provider failed to respond to tenants' perception of their own needs. Involving tenant representatives in service design and conducting periodic customer satisfaction surveys concerning management and service issues can help to identify these issues.

Trust between services and management staff

Situation:

Tenants complain to the service provider about property management rules regulating guests. The service provider calls outside legal assistance and requests a review of the guest rules. As a result, the tenants enlist these legal advocates to sue the management company and the owner. Trust and communication between the management and service staff deteriorates.

Reflections:

The service provider staff apparently didn't realize that they were part of the owner's "team" and therefore should avoid involvement in potential legal actions against their own members. It would have been more appropriate for the service provider to have called a problem-solving meeting with property management and the owner or to have referred tenants to legal services without direct involvement.

What are key issues which require shared decision-making?

There are many reasons for the kinds of common "disasters" described in the previous section. In most cases, however, they can be avoided by consulting with the appropriate team member.

In the early stages of a project, an idea that has been "brainstormed" can be unknowingly transformed into a fixed project characteristic and a series of related decisions. Before you know it, momentum has built around ideas that evolved



casually and were never reviewed by the relevant team members. The need for early participation by the owner, developer, support service providers and other core development team members cannot be stressed enough.

Obviously, a clear division of responsibility for decisions is also essential. The development process and daily operations would grind to a halt if every team member needed to be fully involved at the same level in every decision.



Table 7

Most key issues for collaborative decisions must be addressed both before and after the building opens. Table 7 on page 84 lists the major areas where consultation may be appropriate, depending on the type of project.

What are the tools for managing the collaborative during the development process?

“Collaborative decisions” occur within many kinds of relationships. Clearly, there are differences between a joint venture relationship with a co-owner and a contractual relationship between an owner and development consultant or management company. Some of the tools and examples below will fit one type of relationship better than another. Despite these differences, it appears that there are at least six commonsense principles underlying successful supportive housing collaborations:

- Commit to a shared statement of project goals.
- Learn about and build trust in your partner’s expertise.
- State expectations and assumptions explicitly.
- Communicate regularly along clearly understood lines of authority.
- Plan for shared decision-making, compromise and conflict resolution.
- Plan for emergencies and an end to the relationship.

Sample practical tools and ideas are listed here under each principle. These principles apply throughout the life of the project. However, the tools in this section tend to emphasize ideas for the period before the building opens. Additional tools for the operating period can be found in the final section of this chapter.



Commit to a shared statement of project goals.

- Write down and agree upon concrete project goals which explicitly balance some of the tradeoffs between the interests of the parties. Involve board members and front line staff in this process.
- Ensure that your ownership structure gives the owner the ability to hold the service coordinator and property manager accountable for meeting these goals.
- Provide opportunities for tenant advocates and tenant representatives to amend, adopt and support the building goals.
- Return to these goals when you are establishing key policies or sorting out disagreements throughout the life of the project.
- Build trust in and learn about your “partner’s” expertise.
- Before choosing your consultant or “partner,” fully assess their abilities and motives. Also develop or review shared project goals. Once you’ve chosen your “partner,” commit to trusting them.
- If your “partner” is a nonprofit, consider hosting events or joint meetings for the board members of both organizations.
- Jointly work on preliminary project tasks such as writing goals or submitting the first funding application to build trust.
- Don’t believe the worst about your collaborator without hearing the other side.
- Learn a bit about your “partner’s” expertise and ask a lot of questions. Invest in some mutual cross-training of staff.
- Exchange written materials and other forms of information about your “partner’s” work and visit each other’s offices, facilities or housing projects.

State expectations and assumptions explicitly.



Worksheets 1-3

- Complete the Self-Assessment Worksheets in Chapter Three and ask any co-owners to do so as well. As appropriate, share the results with your co-owner, development consultant or service provider.
- Put important agreements in writing. Sign letters of intent, memoranda of understanding and formal agreements and contracts.
- Develop a project-specific organization chart which shows reporting relationships of all the organizational representatives and team members. You may need different organizational charts during development and operations.



Communicate regularly along clearly understood lines of authority.

- Hold regularly scheduled project meetings and practice good meeting management. Have a chair, an agenda that follows up on previous meeting commitments, and take and distribute minutes.
- Include “changes since the last meeting” as a standard agenda topic. This way you will hopefully remember to share changes in assumptions or other organizational realities. This agenda item is particularly important during development, when long periods of inactivity may dim everyone’s memory.
- Identify one central person in the ownership entity who keeps track of the big picture, gets copied on everything, is informed of everything, and will read and take action on things that don’t fit neatly into someone’s role.
- For each collaborative organization, identify the key contact with primary responsibility for ongoing communication.
- Set a project timeline and workplan. Include periodic evaluations of the collaboration.
- For co-owners or owners and development consultants, set up a common project filing system with the same file categories. Specify the person responsible for keeping originals of key documents.

Plan for shared decision-making, compromise and conflict resolution.



Table 7

- List the major issues, contracts and tasks which require agreement by both parties as well as those which can be completed separately.

Refer to Table 7 on page 84 for more information on this topic.

- List typical issues which might create conflict or the need for compromise for this particular project. Accept the necessity of compromise in these areas in order to meet the project goals.
- Identify “bottom-line” issues upon which your agency will not compromise, and ask your “partner” to do the same.

Refer to the Self-Assessment Worksheet 1 questions on project control issues in Chapter Three.

- Explain your organization’s internal decision-making process to your “partner.” For example, try to identify the kinds of decisions which would require board approval and the types of decisions which can be made by those “at the table.”



Worksheet 1



- Agree upon a method of conflict resolution, such as a third-party mediator, if your internal compromises fail.
- Agree upon a policy on how to handle public criticism of your collaborator during the relationship.

Plan for crises and an end to the relationship.

- Discuss and identify your project’s “predictable crises” using the examples earlier in this chapter. Where appropriate, sketch out in advance the strategy for handling that crisis.
- Try to ensure that the project budget, your agency, and your “partner” have adequate reserves to cover these crises.
- Plan for the possibility that services or rental subsidies will be terminated in the future. Agree upon a preliminary transition plan and transition roles.
- Create clear agreements which distribute financial and operational responsibility for these crises.
- Agree upon a method for changing or ending the relationship, including the transfer of documents.

What are the tools for managing the collaborative after the building opens?

A supportive housing project must balance among competing forces – the financial demands of the building, the security of the larger tenant community, and the needs of individual tenants.

The owner of a supportive housing project must also balance the distinct perspectives of the various supportive housing roles introduced in Chapter One – the support services staff, property management staff, and tenant leadership.

- Property management’s first priority is to protect the building (physically and financially) and to ensure the safety of the larger tenant community.
- The service provider’s first priority is to facilitate the immediate and long-term well-being of individual tenants.
- Tenant leadership may at varying times prioritize either individual or community benefits.
- Meanwhile, the owner is watching over the long-term health of the building asset, the resident community, and the relationships among the team members.
- In balancing these perspectives, supportive housing owners have developed successful tools that arise from two specific principles:



- Respect and use the tension between the support service and property management roles.
- Have clear roles and responsibilities and commit to continually re-negotiating them.

This section lists tools to implement each of these two principles and concludes with the Coordinated Responsibilities List.

Respect and use the tension between the support service and property management roles.

If they are moderated by a common objective, the distinct priorities of management, support services and tenant leaders are healthy and essential to supportive housing. As Tony Hannigan of Center for Urban Community Services in New York says, “Both social services and property management have to have as a principal objective the effective operation of that building. This must be a common goal.”

A commitment to resident independence does not always need to clash with effective property management. At San Francisco’s Community Housing Partnership, which provides management and services to buildings with formerly homeless tenants, staff members observe: “Property management finally realized that we’ve got to do our particular job, and it is consistent with our overall mission. After all, our organization is in this work to help tenants break their cycles and achieve maximum independence. Independence comes with your rights, and your rights come from paying your rent, respecting your lease agreement, and respecting house rules.”

Even with a shared goal, specific circumstances will often cause the priorities to clash. Conflicts of opinion should not be buried or ignored. Instead, these conflicts need to be acknowledged, discussed openly within the context of the shared building goals, and resolved.

The following practices can help you to channel these distinct perspectives into a successful team:

- Provide status and authority to support service staff at a level that is roughly equal to that of property management staff. These two sides should report to the same level of management within the owner’s organization and should have similar access to information and authority.
- Select, train and supervise support service staff to ensure constructive individual advocacy and appropriate compromises within the overall



purpose of the building. In some situations, owners have moved the services coordinator position from an outside organization to their own staff to ensure accountability to the building goals.

- Monitor the performance of property management and services staff on meeting their mutual goals and stay informed on how well mutual trust and respect are being maintained.

In any organizational location, support services staff and management staff will need to create a track record of follow-through in order to win trust as equals. As Tony Hannigan notes, “Service staff must have authority, but they also have to deserve that authority. They need to win enough trust on the property management side so that what they say they’re going to do can be counted on.”

- Select, train and supervise property management to ensure knowledge of special needs issues.
- Provide opportunities for training, mutual education, clear communication and mutual responsibility among the service providers, property manager, and the tenant council.
- Ensure that the decision-making and consultative roles of the tenant council are clear to all parties.
- Provide a clear procedure for resolving disagreements between the management and support services perspectives, and foster team building among on-site staff.

The most successful dispute procedures move an unresolved disagreement through the organizational hierarchy of the owner and the other parties until consensus or a veto is reached. In most successful cases, this procedure has worked informally. The decision-making process can also be put in writing, however.

Practitioners advise against using this decision-making process to debate or change the “other side.” Instead, try to approach a disagreement with the belief that each distinct perspective is valuable, but that the shared mission of the project is the most important outcome.

Have clear roles and responsibilities and commit to continually re-negotiating them.

Supportive housing functions on the horns of a dilemma: providers desperately need clear roles for management, support services and tenant councils, but clear roles are constantly being challenged by the demands of everyday situations.



The only resolution to this dilemma is to begin with clear theoretical roles, and then to re-negotiate them in order to make real life decisions. Remember that the tenants must also be able to rely upon a consistent set of expectations about who does what and who decides what.

Practitioners have found these tools helpful:

- Develop written job descriptions for all on-site staff.
- Work with the tenant council to develop a written description of its role and responsibilities.
- Incorporate consultation with the tenant council into staff job descriptions and use performance evaluations of support service and management staff to further ensure that the tenant council roles are respected.
- Schedule periodic meetings with the owner representative, the front line management and support service staff. Regular meetings will allow you to solve problems early before they become crises.
- Use periodic meetings with tenants to communicate changing roles.
- Periodically administer tenant satisfaction surveys concerning the performance of services and management.
- Agree upon procedures for resolving frequent types of inter-disciplinary disputes, such as those suggested in the next section, and revise them periodically.

Develop a Coordinated Responsibilities List and use it as an operating tool.

As discussed earlier, the basic roles and responsibilities of the various parties should be set before the building opens, and should be made part of written management and service plans. However, these written documents are often created for lenders' needs, and may not provide detailed policies and procedures for daily use. You can use the management and service plans as a starting point to create a Coordinated Responsibilities List which focuses on the critical issues that may call for coordination.

1. Identify the key operational issues and establish a realistic Coordinated Responsibility List for those situations.

Before the building opens, the owner, support services, and property management



should sit down to identify a limited number of critical situations in which coordinated action is crucial. The three parties and the tenant council should then outline realistic coordinated duties.

First, define the critical situations which require this level of coordination. Typical criteria for a critical issue could include:

- potential for legal liability or legal action;
- potential risk to the health and safety of the tenants;
- potential for roles by multiple parties; and
- potential high impact on tenant satisfaction or project financial performance.

One provider used this process and identified these critical situations for a senior housing project:

- apartment sliding into disrepair;
- hospitalization or temporary convalescence;
- death of resident;
- possible eviction;
- maintenance problems;
- need for conflict resolution process; and
- resident with deteriorating mental health.



Appendix 10

You can also review a list of sample “critical situations” in Appendix 10. One provider uses a similar list of situations in meetings between property managers and service providers to practice problem-solving together and develop coordinated procedures.



Table 8

For each critical issue, a Coordinated Responsibilities List can detail the role of all on-site staff and the procedure for handling the situation. Table 8 on page 86 is a sample Coordinated Responsibilities List for a typical problem: inappropriate behavior by a tenant.

Note the short, outline format and the realism of the duties. The duties outlined in the Coordinated Responsibilities List should be easily achievable by existing staff. They should not be goals that can never be attained.



If there are multiple service providers, it is important to get their input. After the creation of a tenant council, that body should also review these roles and responsibilities. Some decisions, such as those about confidentiality or tenant screening, may need legal review.

2. Encourage the implementation of these procedures.

A few simple steps will make it more likely that these Coordinated Responsibilities Lists will actually be implemented:

- Involve current staff and residents in developing and periodically revising the procedures.
- Post key Coordinated Responsibilities Lists in management and service staff work areas.
- Distribute the lists to tenants as part of orientation.
- Use the Coordinated Responsibilities Lists in orientation and training of staff.
- Discuss sample or real situations periodically in joint meetings to test whether the procedures are understood, are being implemented, and remain useful.
- Incorporate the Coordinated Responsibilities List information into staff job descriptions. Include the implementation of these procedures as a point of review in the annual evaluation of staff.
- Assess and revise procedures. In an ideal world, the line staff would meet annually to review, amend and revise these procedures. In any case, it is important for someone, usually the owner representative, to keep a master book of operating procedures. This book should also track the procedural changes that are made during the life of the project. For issues which are legally sensitive, written procedures and procedural changes may be of special importance.





Table 7

Potential Collaborative Decisions in Supportive Housing

Potential decisions	when decisions should be made:	
	before the building opens	after the building opens
Building		
<ul style="list-style-type: none"> ▪ site selection and terms of purchase agreement. X ▪ design (units, support service areas, community space, layouts that satisfy tenant preferences) X 		
Other Decisions		
<ul style="list-style-type: none"> ▪ proposed tenants (income, service needs, other characteristics, mixing) X X ▪ development budget. X ▪ funding proposals and approval of legal agreements and restrictions with lenders and investors X X ▪ selection of lenders and/or investors, and reporting to lenders and investors X X ▪ selection of team members <ul style="list-style-type: none"> • property management company X X • service provider(s) X X • other development team members. X ▪ strategy for community and political support. X X ▪ selection of forms of resident involvement X X ▪ rights and duties of tenant council planning X ▪ planned adjustments to tenant mix and services if any rental subsidies or service subsidies expire and are not renewed in future planning X 		

Table 7 (continued)

Potential decisions	when decisions should be made:	
	before the building opens	after the building opens
Support Services and Property Management		
▪ operating subsidies, rent subsidies and related restrictions	X	.X
▪ operating budget and spending decisions (annual budget, repair priorities, rent increases)	X	.X
▪ social services annual budget and spending decisions	X	
▪ services plan (needed services, philosophy, providers, coordination, method for referrals or requirements)	planning	.X
▪ services delivery		
• coordination and staffing levels	planning	.X
• service engagement protocols (on-site or off-site, voluntary or mandatory, formal or informal)	planning	.X
• medication and money management	planning	.X
• tenant participation	planning	.X
▪ selection of on-site staff	X	.X
▪ property management plan	planning	.X
▪ tenant selection and initial rent-up	planning	.X
▪ tenant evictions	planning	.X
▪ policies on confidentiality, information sharing and information inquiries	planning	.X
▪ tenant employment opportunities	X	.X
▪ operating policies		
• policies for dealing with critical situations: deteriorated tenant health, deteriorated mental capacity, or behaviors that threaten tenant or community safety	planning	.X
• house rules (clean and sober; pets)	planning	.X
• common area use and maintenance (noise, smoking)	planning	.X
• visitor and guest policies	planning	.X
• emergency procedures	planning	.X
• tenant grievance procedure	planning	.X
• tenant participation	planning	.X
▪ balancing tradeoffs between property management (needs of the community and the building) and social services (needs of the individual)	X	.X



Table 8

Sample Coordinated Responsibilities List for Inappropriate Behavior by a Tenant

Sample case: A frail, mentally ill man is beginning to decompensate and has been screaming in the night. Service staff have been working with his doctors to adjust his medications and his behavior does not warrant hospitalization. But his neighbors are complaining and angry at both management and services for not doing anything about their complaints.

Who Does What? Plan A: Initial Response

All on-site staff

Problem Identification: Tenant is disturbing the quiet enjoyment of the building by other tenants, which is a lease/house rule violation; other tenants may be ready to withhold rent payment because they feel their complaints are going unaddressed; continued decompensation could lead to hospitalization and destabilized housing.

Property Management

- Issue "Notice of House Rule Violation" to tenant.
- Discuss and come to agreement with service staff about how much time may be needed to stabilize tenant (i.e. for screaming to stop).
- Inform other tenants that their complaints are being addressed and let them know when they will receive an update; offer to meet individually with tenants who have complaints.
- Alert desk clerk/resident manager to situation and make sure that he/she understands the established protocols for such situations.

Support Services

- Let tenant know that screaming in the middle of the night is unacceptable behavior and explain "Notice of House Rule Violation."
- Establish whether tenant wants to continue to live independently.
- Continue to work with tenant and doctors and establish a plan for stabilization or potential hospitalization.
- Work with tenant and property management to mitigate noise disturbance (for instance, find another unit – perhaps a corner unit – in the building or install sound absorbing materials such as cork in current unit).
- Train desk clerk/resident manager to assess a screaming incident and respond appropriately when service staff are not on-site.

Desk Clerk or Resident Manager

If an incident occurs,

- respond to incident as outlined by support services.
- file "Incident Report" with property management and send copy to support services.

Table 8 (continued)

Who Does What?	Plan B: Response if screaming persists beyond agreed time-frame...
Property Management	<ul style="list-style-type: none"> ▪ Discuss and come to an agreement with service staff about how much time may be needed to help tenant find alternative housing. ▪ Issue “Thirty Day Notice to Vacate” to tenant and send copy to service staff.
Support Services	<ul style="list-style-type: none"> ▪ If screaming persists beyond agreed upon stabilization time, work with tenant to find a more appropriate living environment. ▪ If tenant refuses to move or meet with the doctor to admit to treatment, refer to protective services or other services, as warranted.
Who Does What?	Ongoing Responses...
Property Management	<ul style="list-style-type: none"> ▪ Participate in/host educational forum for all tenants to learn about fair housing law.
Support Services	<ul style="list-style-type: none"> ▪ Participate in/host educational forum for all tenants to learn about mental health issues.
Tenant Council	<ul style="list-style-type: none"> ▪ Host educational forum for all tenants to learn about the purpose of their supportive housing project and about the variety of issues neighbors face.
All of the Above	<ul style="list-style-type: none"> ▪ Involve the tenant community in the development of house rules.



Supportive Housing Resource Guide

The following resources provide additional information about many of the subject areas which are covered in this manual. Where possible, contact information is provided so that you can order the publication. Some of these resources may be obtainable through your local library or the HomeBase Library at 870 Market Street, Suite 1228, San Francisco, CA 94102, (415) 788-7961.

***AIDS Resource Center's Guide to Developing Supportive Housing Programs:
The Scatter-Site Model***

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Contact: ARC, 275 Seventh Avenue, 12th Floor, New York, NY 10001, (212) 633-2500.

The document codifies the ARC scatter-site model of delivering supportive housing. It discusses the program's design and policies, and the roles, responsibilities and training of staff. It also describes a wide range of supportive services that can be provided in the context of permanent housing.

Bankability: A Practical Guide to Real Estate Financing for Nonprofit Developers

© 1996 (revised) Community Development Research Center, New School for Social Research

Contact: CDRC, New School for Social Research, 66 Fifth Avenue, New York, NY 10011, (212) 229-5414.

This guide provides technical assistance to nonprofit organizations seeking to obtain financing resources from private sector lending institutions. It focuses primarily on housing development and discusses the current private sector lending environment, some recent community development lending initiatives, the different types of financial institutions and their roles in lending to nonprofits, key factors lenders consider in reviewing loan applications and a set of guidelines to assist readers in preparing real estate loan applications. It also contains an appendix which includes a glossary of relevant terms, sample case studies of successful loan applications and sample documents.

Beyond Housing: Profiles of Low-Income, Service-Enriched Housing for Special Needs Populations

© 1995 by the Enterprise Foundation

Contact: The Enterprise Foundation, Communications Department, 10227 Wincopin Circle, Suite 500, Columbia, MD 21044, (410) 964-1230.

This report profiles 29 service-enriched housing programs throughout the United States. The case studies are organized so that you can cross reference various project features to your own proposed project. The report also provides several examples of sound property management programs that are sensitive to the needs of low-income people.

Beyond the Buzzwords: Key Principles in Effective Frontline Practice

© 1994 by the National Center for Service Integration

Contact: NCSI Information Clearinghouse, 511 Leesburg Pike, Suite 702, Falls Church, VA 22041, (703) 824-7447.

This publication describes effective methods of social service engagement, intervention and termination with clients. Chapter 4 is dedicated to effectively engaging the recipient of support services in decision-making.

Breaking New Ground: Developing Innovative AIDS Care Residences

© 1993 by AIDS Housing of Washington

Contact: AHW, 2025 First Avenue, Suite 420, Seattle, WA 98121, (206) 448-5242.

This book provides an instructive account of the lessons nonprofit providers from across the nation have learned about developing and operating housing for people living with HIV/AIDS. In particular, it describes the development of Bailey-Boushay House and Rosehedge, two 24-hour skilled nursing facilities for people with AIDS. Most of the techniques and strategies contained in the book can be applied to a broad cross-section of supportive housing projects for special needs populations.

Building Capacity: Nonprofit/For-Profit Development Ventures

© 1993 by the American Affordable Housing Institute

Contact: American Affordable Housing Institute, Rutgers University, P.O. Box 118, New Brunswick, NJ 08903, (908) 932-6812 Ext.3.

This report presents survey and case study findings on collaborative relationships between nonprofit housing developers and for-profit builders/developers. It contains information on how to strategically plan, perform organizational assessments and determine alternative strategies for developing housing. The analysis differs some



what from the CSH manual in that it generally assumes that for-profit organizations are more experienced than nonprofit housing developers.

Building Inclusive Community: Tools to Create Support for Affordable Housing

© 1996 by HomeBase/The Center for Common Concerns

Contact: HomeBase, 870 Market Street, Suite 1228, San Francisco, CA 94102, (415) 788-7961.

This toolkit is intended to “assist developers/sponsors, housing rights advocates and local governments to site well-designed affordable housing with fewer costs and delays caused by local opposition.” It is designed to help the reader develop a proactive strategy for overcoming local opposition and responding to concerns commonly raised by local neighborhoods. It is aimed at creating support for specific projects rather than implementing a community-wide approach to advocacy or education around affordable housing. An annotated bibliography regarding NIMBY (“not in my back yard”) issues is also included.

Case Studies on Housing for People with Special Needs

© 1995 by the Community Information Exchange

Contact: CIE, 1029 Vermont Ave., NW, Suite 710, Washington DC 20005, (202) 628-2981.

This document is a series of case study profiles on 20 nonprofit-sponsored projects for people with special needs. It illustrates a cross-section of initiatives from around the country and includes a description of the financing of each project. The case studies are a companion piece to CIE’s special newsletter issue on *Would You Live There? Housing for People with Special Needs* (see *Strategy Alert*, described below).

Collaboration Handbook: Creating, Sustaining, and Enjoying the Journey

© 1994 by the Amherst H. Wilder Foundation

Contact: Publishing Center, Amherst H. Wilder Foundation, 919 Lafond Avenue, St. Paul, MN 55104, (612) 659-6024.

This workbook provides a framework for understanding the stages of the collaborative process. It includes worksheets and exercises for the challenges that may emerge at each stage.

Collaboration: What Makes it Work

© 1992 by the Amherst H. Wilder Foundation

Contact: Publishing Center, Amherst H. Wilder Foundation, 919 Lafond Avenue, St. Paul, MN 55104, (612) 659-6024.

This report offers a detailed review of 19 factors that influence successful collaborations and discusses their implications for new and existing collaborative relationships.



Confidentiality in Supportive Housing: Materials from a Conference Presented by the Supportive Housing Network

© 1994 by the Supportive Housing Network

Contact: SHN, c/o Mental Health Association of San Francisco, 965 Mission Street, Suite 405, San Francisco, CA 94103, (415) 882-6230.

This manual describes a process for establishing a set of comprehensive guidelines on maintaining the confidentiality of tenant information. It offers tips on when and how information should be shared among the various supportive housing stakeholders, including service providers, building management, owner/sponsor staff and residents.

Confronting the Management Challenge: Affordable Housing in the Nonprofit Sector

© 1994 by the Community Development Research Center, New School for Social Research

Contact: CDRC, New School for Social Research, 66 Fifth Avenue, Suite 812, New York, NY 10011, (212) 229-5414.

This report is drawn from field research on 17 nonprofit housing development organizations and 34 different developments that represent a wide range of experiences. It explores alternative approaches employed by nonprofit operators in managing a “dual bottom line” of social concern and financial reality, and discusses indicators of management quality, the factors influencing management performance, and the institutional and financial support needed for asset management.

Counseling Organizations in Community Economic Development (Chapter Six: Real Estate Development)

© 1992 (revised) by the National Economic Development and Law Center

Contact: NEDLC, 2201 Broadway, Suite 815, Oakland, CA 94612, (510) 251-2600.

This chapter of NEDLC's manual focuses on the real estate development process, the situations in which tax law and other considerations make it desirable to form a separate corporation to engage in real estate activities, and the form which the separate corporation should take.

Creating a Caring Community: Developing Housing for Persons with Mental Illness

© 1987 (3rd printing) by the National Alliance for the Mentally Ill

Contact: NAMI, 1901 North Fort Meyer Drive, Suite 500, Arlington, Virginia 22209-1609, (703) 524-7600.



This manual illustrates many important and often subtle issues related to the provision of housing for persons with mental illness. While a little outdated, it is a good first step in the search for information on housing and service funding and alternative housing models.

Design Manual for Service Enriched Single Room Occupancy Residences

© 1994 by Gran Sultan Associates in collaboration with the Corporation for Supportive Housing.

Contact: CSH, 50 Broadway, 17th Floor, New York, NY 10004, (212) 986-2966.
Or visit our website at www.csh.org.

This manual was developed by the architectural firm Gran Sultan Associates in collaboration with CSH and the New York State Office of Mental Health to illustrate an adaptable prototype for single room occupancy (SRO) residences for people with chronic mental illness. Included are eight prototype building designs, a standard layout for a central kitchen, recommendations on materials, finishes and building systems of high quality and durability, and other information of interest to supportive housing providers, architects and funding agencies.

Developing Affordable Housing: A Practical Guide for Nonprofit Organizations

© 1994 by John Wiley & Sons, Inc.

Contact: John Wiley & Sons, Inc., 605 Third Avenue, New York, NY 10157-0228,
(212) 850-8660.

This textbook provides a basic explanation of how nonprofit affordable housing development is different, and so much more difficult to develop, than other types of housing. It offers step-by-step strategies and tools for developing affordable housing.

Focus Groups

© 1994 by SAGE Publications, Inc.

Contact: SAGE Publications, Inc., 2455 Teller Road, Thousand Oaks, CA 91320,
(805) 499-0721.

This book reviews the essential steps for conducting a focus group, describes a collaborative approach for participants, and provides tips on retaining a focus group consultant.

A Guide to Comprehensive Property Management

© by the Local Initiatives Support Corporation

Contact: LISC, 733 Third Avenue, 8th Floor, New York, NY 10017, (212) 455-9800.

This guide reviews the procedures and practice of “basic” management services which are aimed at maintaining the long-term viability of real estate assets, as



well as “enhanced” management services which make basic property management more responsive to residents needs. The guide describes one alternative approach: the coordination of resident services through a service staff person hired by the property management agent. It also includes sample forms and methods for establishing performance standards and choosing and evaluating property management agents.

Housing for People with Mental Illness: A Guide for Development

© 1988 by the Robert Wood Johnson Foundation

Contact: The National Resource Center on Homelessness and Mental Illness,
262 Delaware Avenue, Delmar, NY 12054, (800) 444-7415. Ask for order No. 00227.

This guide offers practical information on developing housing for people with mental illness, including criteria for site selection, financial feasibility analysis, information on housing management, selecting a developer, identifying financing resources, working with state housing agencies, and using low income housing tax credits. It contains sections on developing a database and housing plan, establishing a housing development corporation, rehabilitating and building housing units, acquiring housing for immediate occupancy, and producing effective financial plans.

Housing for Persons with Psychiatric Disabilities: Best Practices for a Changing Environment

© 1996 by the National Technical Assistance Center for State Mental Health Planning

Contact: NTAC, 66 Canal Center Plaza, Suite 302, Alexandria, VA 22314, (703) 739-9333

This technical assistance tool kit is aimed at state mental health agencies, state housing finance agencies, and nonprofit and private housing developers. It examines eight topic areas related to housing for persons with psychiatric disabilities: planning; finance; development; management and ownership; rental assistance strategies; consumer preferences; managed care; services and supports; and rights and roles of tenants and landlords. It also includes a useful appendix with sample documents, agreements and surveys.

The Jossey-Bass Handbook of Nonprofit Leadership and Management

© 1994 by Jossey-Bass, Inc.

Contact: Jossey-Bass, Inc., 350 Sansome Street, San Francisco, CA 94104, (415) 433-1470.

This book brings together leading experts in the nonprofit and management fields to describe effective practices in nonprofit leadership and management. It covers board development, strategic planning, lobbying, marketing, government contracting, volunteer programs, fundraising, financial management and accounting. This is a useful handbook for any nonprofit manager, but might be particularly helpful to managers engaged in creating a new organization or reorganizing an existing agency.



Management and Leadership Resources for Non-Profits

© 1995 by the Applied Research and Development Institute (prepared as a special insert of the Chronicle of Philanthropy)

Contact: available on America-on-Line.

This is a comprehensive reference listing of resources throughout the country aimed at assisting nonprofit organizations to strengthen their leadership and management capacity. The 1995 issue had approximately 1,500 entries. In addition to providing a listing of publications, the guide also provides a listing of consulting and technical assistance services for nonprofit organizations and includes a section with information on the design of organizational structures, affiliations, mergers, and relationships between organizations or organizational units.

Management without Precedent: Readings to Strengthen Community-based Organizations

© 1995 by the Community Resource Exchange

Contact: CRE, 90 Washington Street, 27th Floor, New York, NY 10006, (212) 344-0195.

This book is a compilation of writings on nonprofit management. It is targeted to the management leadership of community-based organizations and addresses governance, financial management, resource development, human resource management and strategic planning. It also includes a useful listing of additional readings.

Managing Affordable Housing, Volumes I-IV

© 1996 by the Association for Neighborhood and Housing Development

Contact: ANHD, 305 Seventh Avenue, Suite 2001, New York, NY 10001-6008, (212) 463-9600.

In partnership with the New York City Technical College, ANHD offers a series of training workshops for staff of New York nonprofit housing organizations. To complement the training, ANHD has created a series of textbooks. While some of the material is specific to New York City agencies, much has general applicability and could be of value to supportive housing providers in other parts of the country. The course and texts cover the basics of managing affordable housing, building maintenance, financial management, compliance, tenant relations and social services. The written materials include useful sample plans and job descriptions.

Managing Housing for Low-Income Persons with AIDS

© 1994 by the West Hollywood Community Housing Corporation

Contact: WHCHC, 8285 Sunset Boulevard, Suite 3, West Hollywood, CA 90046, (213) 650-8771.



This guide documents the experiences of a nonprofit housing developer and operator, WHCHC, in providing safe, decent, and affordable housing to people living with HIV/AIDS. WHCHC's approach responds to the challenge of providing traditional property management that is "enhanced" and "service enriched" without abandoning the basic principles that make housing production and management feasible. This guide includes a description of legal issues.

Partnerships and Joint Ventures Involving Tax-Exempt Organizations

© 1994 by John Wiley & Sons, Inc.

Contact: John Wiley & Sons, Inc., 605 Third Avenue, New York, NY 10157-0228,
(212) 850-8660.

This guide explores the laws governing partnerships and joint ventures that involve nonprofits. It provides definitions, sample forms, Internal Revenue Code sections, case law and other relevant rulings.

Public and Assisted Housing Occupancy Task Force: Report to Congress and HUD

© 1994 U.S. Department of Housing and Urban Development

Contact: Fair Housing Information Clearinghouse, P.O. Box 9146, McLean, VA 22102,
(800) 343-3442.

This report reviews the issues and practices in managing public and assisted housing. While it was never finalized or presented to Congress, it provides useful guidance on policies and practices for retaining housing units when tenants are hospitalized or must receive residential treatment, alternatives before and after eviction (distinguishing between former and current reasonable accommodations), and the use of service coordinators and housing/service collaborations in the provision of support services.

Strategy Alert: Would You Live There? Housing for People with Special Needs

© 1995 (Fall/Winter, 1995: Issue #45) by the Community Information Exchange

Contact: CIE, 1029 Vermont Avenue, NW, Suite 710, Washington DC 20005,
(202) 628-2981.

This report synthesizes a round table discussion among national experts on how to increase the quantity and quality of affordable housing for persons with special needs. It draws conclusions from case studies, literature and interviews (see *Case Studies on Housing for People with Special Needs*, described above).



Succeeding with Consultants

© 1992 by The David and Lucille Packard Foundation

Contact: The Foundation Center, 79 Fifth Avenue, New York, NY 10003-3076,
(212) 620-4230.

Developed under the David and Lucille Packard Foundation's Management Assistance Program, this how-to workbook provides practical advice on how to select and manage any consulting relationship. It offers a set of self-assessment tools to identify your organizational strengths and weaknesses in six different areas: governance, planning, fund development, financial management, public relations and marketing, and quality assurance.

Supportive Housing Technical Assistance Manual

© 1996 by the Community Housing Partnership

Contact: CHP, 1010 Market Street, San Francisco, CA 94102, (415) 241-9015.

Written primarily by tenants living in two of CHP's supportive housing buildings, this manual provides a tenant's perspective on the successful elements of a support service program. It discusses philosophical issues, program design (including policies and procedures which impact upon the service and property management plan), vocational/employment service delivery, and communication strategies between the various interest groups.

Voices from Experience! Development and Management of AIDS Services

© 1995 by the Fiscal Infrastructure and Technical Assistance Initiative of the Medical Health and Research Association of New York City

Contact: FITA, 99 Hudson Street, 11th Floor, New York, NY 10013, (212) 343-8820.

This book is based on a ten session workshop series sponsored by FITA. Veteran AIDS services professionals provide advice to community-based organizations who are providing or hoping to provide services to people with HIV/AIDS. The manual covers fundraising for AIDS services, planning HIV/AIDS programs, client tracking and computerization in AIDS care, staff orientation, managing change and applying employment laws to AIDS programs. It also includes a resource list. It is most useful to organizations with no prior experience in developing AIDS service programs.

What Does Fair Housing Mean to People with Disabilities?

© 1994 (Revised) by the Bazelon Center for Mental Health Law

Contact: Bazelon Center, Publications Desk, 1101-15th Street, NW, Suite 1212,
Washington DC, 20005-5002, (202) 467-5730.

This booklet is written for people with disabilities who want to rent or buy housing. It reviews the Fair Housing Act and the Fair Housing Amendments Act and their implications for disabled people living in or seeking housing.



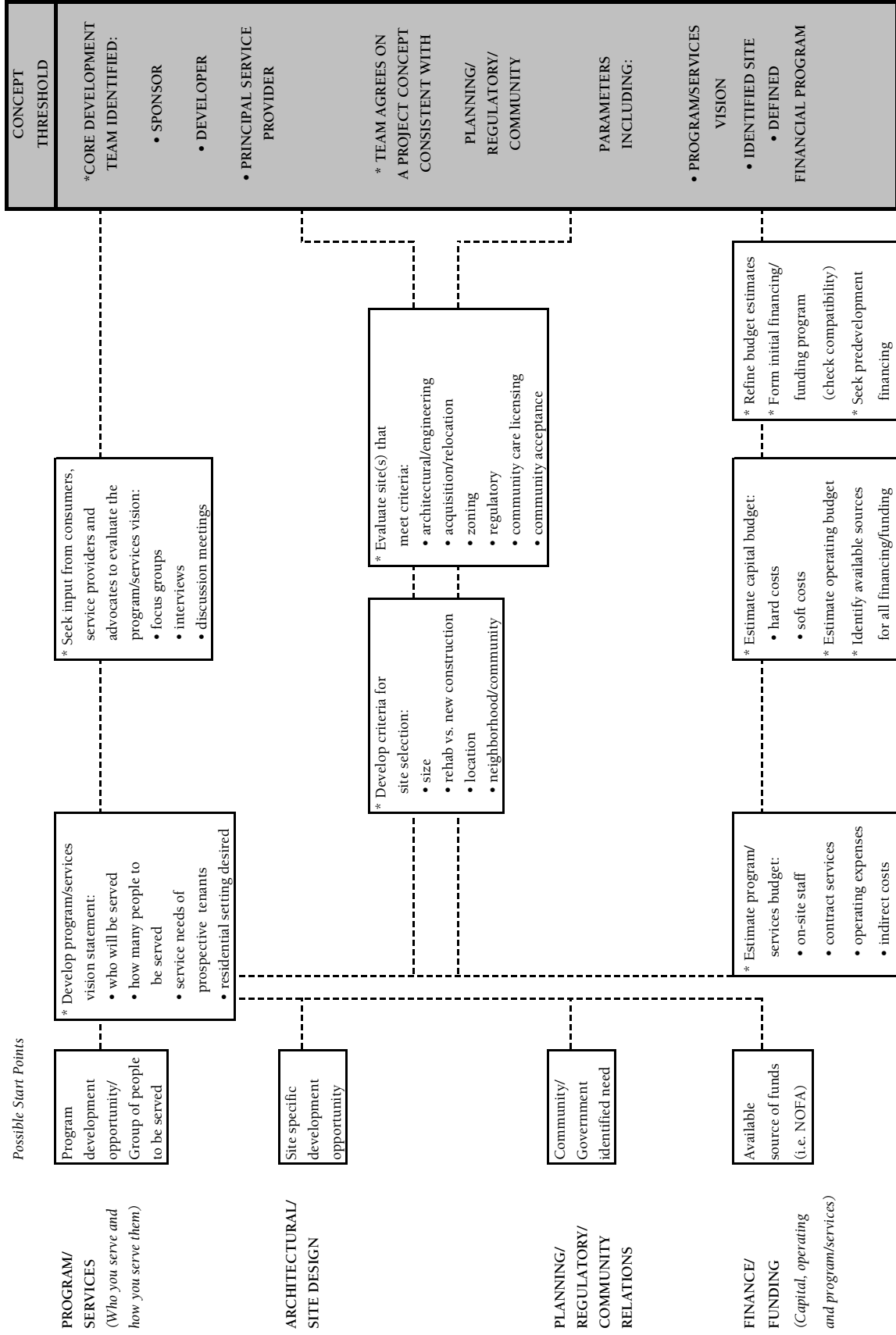


Appendix

APPENDIX I SUPPORTIVE HOUSING DEVELOPMENT CHART

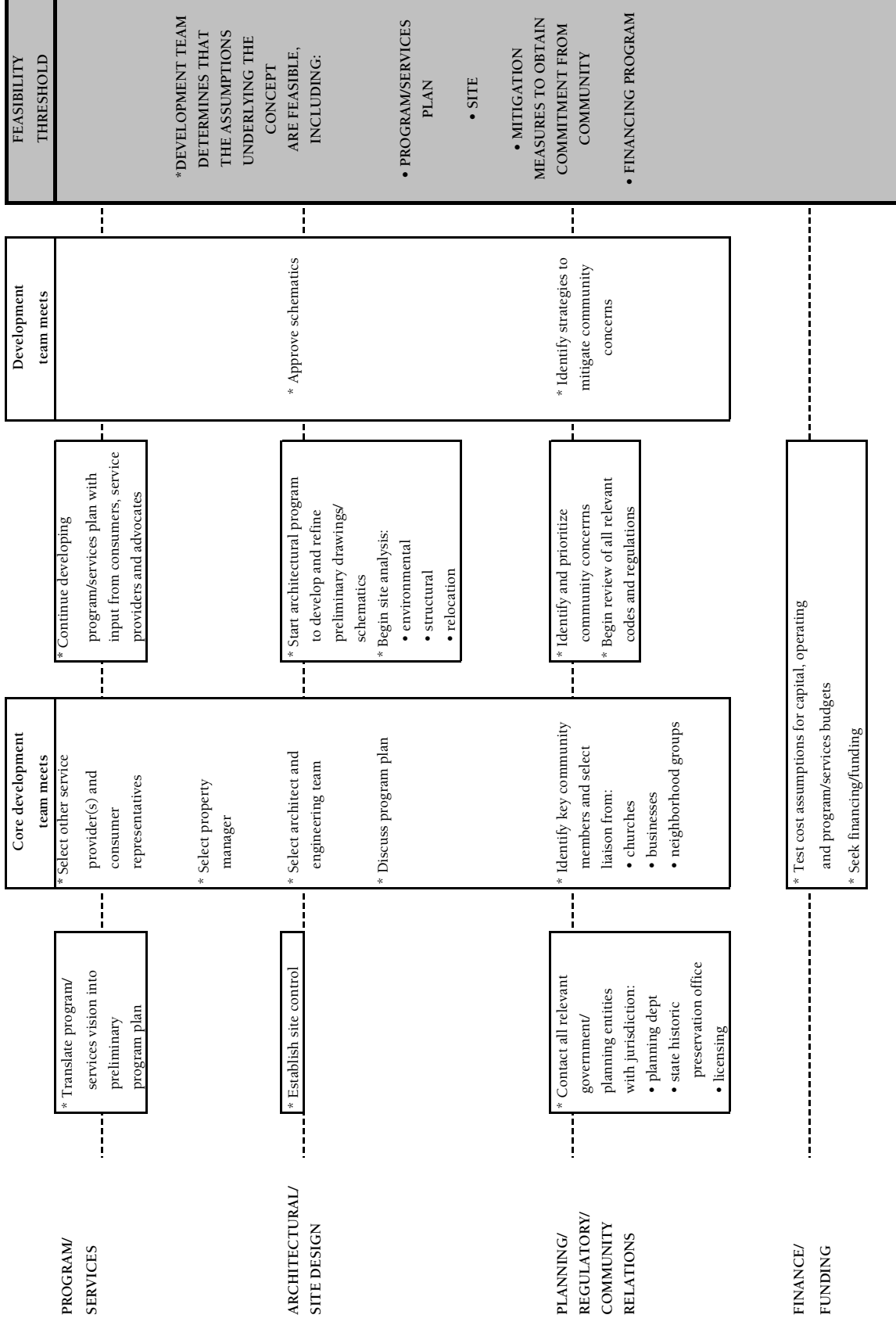
This chart only details the predevelopment phases of the development process: concept development, feasibility analysis and dealmaking. Construction, rent-up and operation are not included.

CONCEPT DEVELOPMENT PHASE



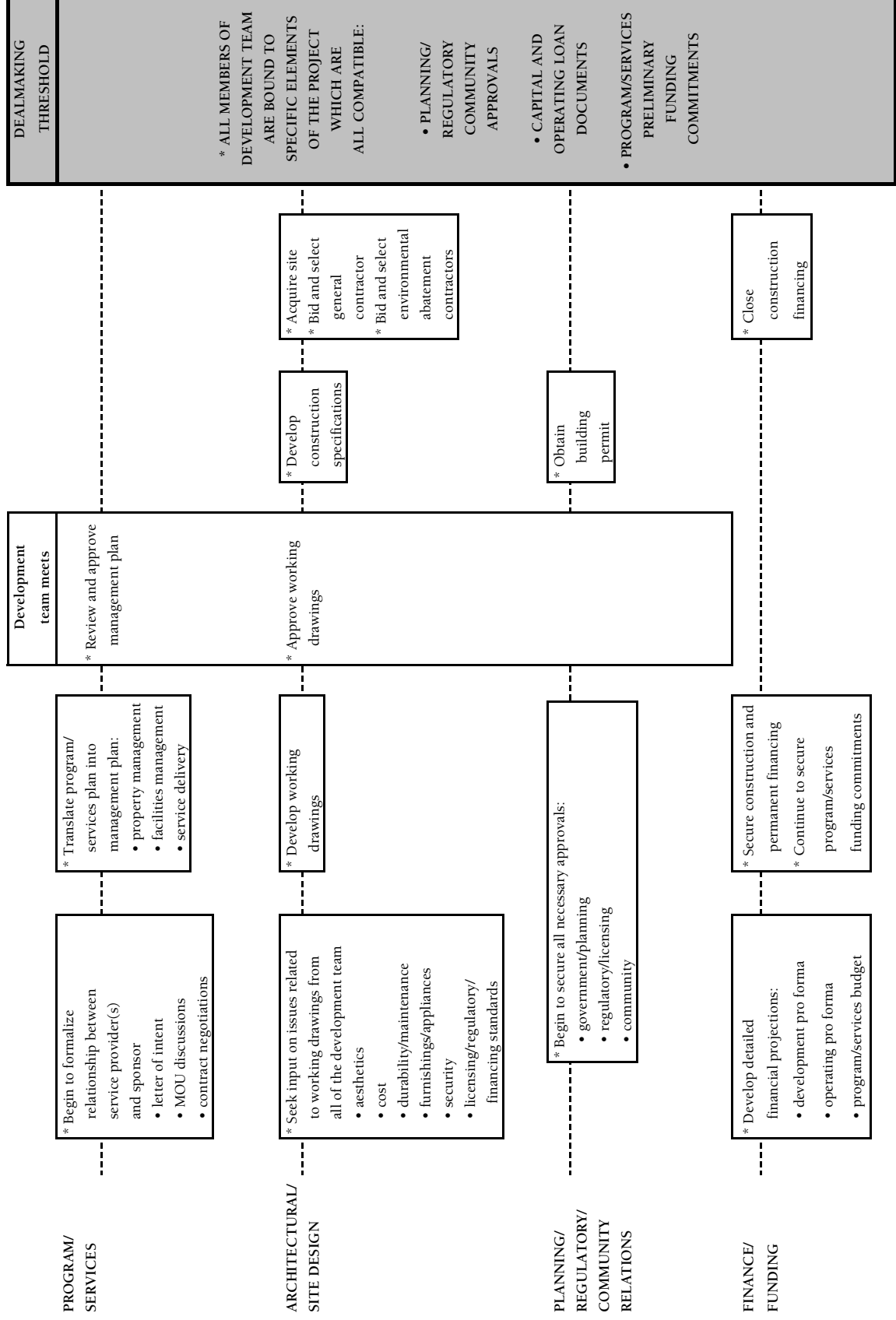
APPENDIX 1 (CONTINUED)

FEASIBILITY ANALYSIS PHASE



APPENDIX 1 (CONTINUED)

DEALMAKING PHASE



APPENDIX 2
FUNDER PREFERENCES
(FOR USE WHEN COMPLETING CONSTRAINTS WORKSHEET)

Major Capital Funding Source	Usual Legal Model	Structure Options
HUD Section 202/811:	Nonprofit Corporation: New, single asset tax exempt	Single Owner Model: Sponsor creates separate related nonprofit and uses development consultant (commonly acceptable to HUD) Shared Owner Model: Joint nonprofit created by two collaborating nonprofits, one with development experience and the other with support service experience
Low Income Housing Tax Credit Program: Often combined with HUD McKinney SRO Moderate Rehabilitation or Shelter Plus Care funds	Limited Partners: Nonprofit general partner(s) plus investing limited partner	Single Owner Model: Sponsor (or spin-off nonprofit) is sole general partner and uses development consultant and social services agency “partner” Shared Owner Model: Two nonprofit general partners, including one with development/ownership experience (frequently required by limited partner) and the other with support services experience
Other funding combinations: Often HUD McKinney Supportive Housing Program funds, local funds, and federal HOME or CDBG funds	Nonprofit Corporation: Property can be held by sponsor or spun off into separate nonprofit. HOME funds may require special board structure with participation by low income tenants or area residents	Single Owner Model: Sponsor (or spin-off nonprofit) is sole general partner, and uses development consultant or turn-key developer and social services agency “partner” Shared Owner Model: Joint nonprofit created by two collaborating nonprofits, one with development experience and the other with support services experience

APPENDIX 3

“PARTNER” SELECTION CRITERIA

The following issues are presented here for your use in interviewing and assessing prospective development, support services, and property management “partners.” While all the issues may not apply to your specific project, use them as things to keep in mind when choosing a “partner.” Also, refer to Chapters 3 and 4 for additional information about completing your own self-assessment and asking a “partner” to do the same, and for suggestions regarding picking a “partner.”

DEVELOPER

1. Describe your agency’s experience in developing projects that are similar to the proposed project in terms of housing type, number of units, target tenancy, integration of support services, and sources of financing. Describe any unique areas of expertise. What development related activities will you contract out?
2. Describe your agency’s experience in working with a social service provider during the development of permanent supportive housing. How have you involved potential tenants or consumers in this process?
3. What, specifically, will you expect from your social service agency “partner” during the development, construction, marketing and rent-up phases of the project? Which decisions do you believe should be made jointly and which by you exclusively? How do you think joint decisions should be made? How do you propose to communicate about project progress and challenges?
4. Who will be the person or persons from your agency responsible for “project management” and who will be responsible for supervision of the project manager? What kinds of specific skills does each have? What other responsibilities do these individuals have? How is the agency’s administrative structure organized with regard to oversight by the executive director and board of directors?

SUPPORT SERVICES

1. Describe your agency’s philosophy and model for serving the target population for this project. How would you adapt this model in a permanent supportive housing environment in a (#) unit project located in the (neighborhood of proposed project)? What will you expect from the residents and what should they expect from your services team?
2. Describe your agency’s basic and unique areas of expertise in serving the target population for this project. Describe your agency’s history in serving this population, including how long you have been serving this population and in what capacity. What successes have you had and what problems do you think your services team may encounter in serving this population in the proposed supportive housing environment?

3. Describe the services team members who will be deployed to the project in terms of their skills, qualifications, and scheduled hours. Who will be the person or persons from your agency in charge of directing the program and providing daily supervision of your staff?
4. What other services do you consider necessary for this population that your agency may not be able to provide?
5. How do you propose to handle client information sharing between your agency and staff from other social/vocational service agencies?
6. What kind of training will your agency provide for your service team members? How can you include staff from other service agencies in this training?

PROPERTY MANAGEMENT

1. Describe your company's philosophy of property management in a permanent supportive housing environment. What specifically will you expect from the tenants and what should they expect from you? How have you involved tenants in management activities?
2. Describe your company's experience in working with a social service provider to manage permanent supportive housing. What specifically will you expect from your social service agency "partner" during rent-up, screening, house rules enforcement, eviction, and hiring of on-site staff? Which decisions do you believe should be made jointly and which by you exclusively? How do you think joint decisions should be made? How will you communicate with the owner and the support services providers about building issues and specific tenant issues?
3. Describe your company's experience in managing projects that are similar to the proposed project in terms of housing type, number of units, target tenancy, integration of support services, and sources of financing. Describe any unique areas of expertise.
4. How do you propose to handle client information sharing between your company and the social service agency staff?
5. What kind of training will your company provide for your staff and what kind of training will you support your staff in attending? How can you include social service agency staff in this training?

APPENDIX 4
REQUEST FOR PROPOSALS
FOR SUPPORT SERVICE “PARTNERS”

1234 “R” Street, Williams, IL
Permanent Supportive Housing

ABC Housing Corporation (ABC) is inviting supportive service providers who may be interested in providing support services in a permanent supportive housing project to be owned by ABC at 1234 “R” in Williams, to submit proposals. Interested agencies are asked to submit the information requested in Section II. The information in Section I is provided solely for the convenience of interested agencies. If ABC proceeds with the proposals submitted, interested agencies will be given the opportunity to conduct their own due diligence. It will be the responsibility of any agencies responding to this Request for Proposals to include the assumptions made in their submissions. This Request for Proposals does not represent any offer or commitment by ABC to provide any program funding.

I. PROGRAM PROFILE

Program Location: 1234 “R” Street
Williams, IL
Satisfere County

Property Description: Built in 1950, purchase to be finalized by ABC in September 1997
1 story, 4 bedroom, 2 bathroom home
Floor area: 1,436 square feet
Site area: 9,120 square feet
Zoning: R1-5000 (Single-family Residential, minimum lot size of 5,000 sq. feet)
Moderate rehabilitation to be completed by ABC includes the conversion of the garage to a fourth bedroom, significant remodeling of the kitchen, new linoleum in the kitchen and bathrooms, and interior and exterior modifications and painting.

Property Funding: Funding secured for acquisition and moderate rehabilitation of the property includes:

\$93,156	HUD McKinney Supportive Housing Program (Permanent Housing for People with Disabilities)
\$44,280	Federal Home Loan Bank Affordable Housing Program Grant
\$33,306	City of Williams CDBG Grant
\$10,000	County of Satisfere CDBG Grant

Program Funding: This property will receive funding through the HUD McKinney Supportive Housing Program (Permanent Housing for People with Disabilities) for a three year period commencing with occupancy. These funds are provided to partially pay for operating costs and the provision of supportive services. In accordance with the SHP guidelines for the proposed grant, HUD will pay for a maximum of 75% of the combined operating and supportive services expenses incurred during the first and second years of the grant and 50% of the combined operating and supportive services expenses incurred during the last year of the grant. In addition to that amount, a 5% administrative expense allowance is added.

During the first three years, the support service provider will need to demonstrate other funding sources for the balance of funds needed to provide support services. Thereafter, the support service provider will work with the local jurisdiction to include this program in the HUD Continuum of Care funding applications so as to access renewal grants under the Supportive Housing Program, and to apply for other sources of funds.

The funding provided by HUD during for the first year of operations is as follows:

Supportive Services	\$13,487
Operating Expenses	\$16,025
Employment Assistance	\$2,215
Child Care Services	\$2,359
Administrative Expenses	\$2,798
<hr/>	
Funding provided by HUD for Year 1	\$36,884

Target Population: Homeless, mentally ill women with children. Maximum number of participants: 8 (4 families)

Supportive Services: Under the McKinney Supportive Housing Program (Permanent Housing for People with Disabilities) grant application, ABC indicated that a comprehensive case manager who was responsible for coordinating access to additional local services and resources would be available half-time to tenants. The grant application also provided minimum funding for employment assistance and child care services. This is a preliminary support services plan that can be amended as appropriate to best serve the target population.

II. STATEMENT OF INTEREST

Agencies interested in providing support services to 1234 “R” Street are requested to submit a program narrative which includes the following:

1. The reason your agency is interested in delivering support services to the target population at 1234 “R” Street.
2. Your agency’s experience in serving the target population.
3. A supportive service plan which includes the following:
 - a) Specific information about the target population to be served (e.g. level of diagnosis, independent living skills required).

- b) Description of services to be provided, including a staffing plan and whether staff is employed by you or another provider, other agencies which may provide services to tenants, other programs your agency operates which may compliment this program, and the location of services.
- c) Program budget including all sources and uses. Indicate the use of the HUD McKinney Supportive Housing Program funds, as well as all other sources which are secured or for which applications will be submitted.
- d) For services provided by other agencies, describe the provider and your relationship with this provider.
- e) Describe the sustainability of support services funding beyond the initial three years of funding by HUD and other sources identified above.

4. Please attach the following items:

- a) Articles of Incorporation
- b) By-laws
- c) Most recent financial statements and previous fiscal year audit
- d) 501(c)3 determination letter
- e) List of board of directors with affiliations and a description of staff identified to work on 1234 "R" Street

III. ADDITIONAL INFORMATION

If you have questions regarding this Request for Proposals please contact, Linda Perez at ABC Housing Corporation at (888) 444-5555.

Proposals should be submitted as soon as possible, but must be received no later than _____, 19____.

Completed statements should be sent to:

Linda Perez
ABC Housing Corporation
99 Dale Street
Williams, IL 69069

IV. NEXT STEPS

Upon review of the materials submitted, ABC Housing Corporation will contact you regarding next steps. This Request for Proposals does not represent any offer or commitment by ABC Housing Corporation to transfer part or all of the program or to provide any program funding.

APPENDIX 5

SAMPLE LETTER OF INTENT

**ABC Housing Corporation
and
Ecumenical Services, Inc.**

ABC Housing Corporation (ABC) and Ecumenical Services, Inc. (ESI) intend to work together in concert with their respective missions in order to develop affordable housing which will specifically serve mentally ill clients in San Francisco. This Letter of Intent (LOI) dated _____, 19____, outlines the agreement between the ABC and ESI (the “Parties”) at a preliminary stage of the development process. When it becomes appropriate, the Parties intend to enter into a more formal agreement, such as a development agreement. The LOI will constitute the agreement between the Parties until such a document is executed.

I. THE PROJECT

ABC and ESI will work together to develop approximately 40 to 60 units of permanent housing (the “Project”) affordable to individuals whose income is below 60% of San Francisco’s median income. The tenants of the Project will be clients of ESI’s program that serves mentally ill adults who are currently homeless or at risk of homelessness.

It is intended that the Project will be developed in or near San Francisco’s _____ neighborhood, although the location of the Project will not be limited to this area. Whether the Project will involve new construction or the acquisition and rehabilitation of an existing building will be determined by the availability of appropriate sites and financing sources.

II. PROJECT OWNERSHIP

It is intended that ESI will own the Project. As such, ESI will, with the input of ABC, make all major decisions relating to the development of the Project. However, it may be necessary to create a joint entity in order to obtain Project funding from certain sources. If this becomes necessary, the Parties will enter into an agreement outlining the parameters of the relationship.

III. PROJECT DEVELOPER

In order to facilitate the development of the Project, the Corporation for Supportive Housing (CSH) has agreed to provide a recoverable grant to ESI of \$21,000. These funds are intended to pay for the salary, benefits and administrative expenses of a yet-to-be-hired .50 FTE Project Developer who will be an ABC employee.

It is understood that ABC will hire a full-time Project Developer who will work half-time to develop the Project and half-time on a separate development.

ABC will solicit and review resumes and develop a pool of applicants to be interviewed for the position. The interviews will be conducted by a committee of ABC staff. ESI and CSH may participate in the interview process

by joining the committee. The final selection of the Project Developer will be made by ABC.

As an ABC employee, the Project Developer will be supervised, trained, and evaluated by ABC. In addition to ESI's input into the hiring of the Project Developer, ESI will be involved in an evaluation process which will be developed in conjunction with CSH.

IV. ROLES OF ABC AND ESI

Throughout the life of the development of the Project, ESI and ABC will meet regularly to discuss the Project's progress and take action as appropriate. It is intended that these regular meetings will occur every two weeks. However, the frequency and nature of the meetings will be determined by the phase of the Project's development and the extent of coordination needed. In general terms, the division of responsibilities will be as follows:

ABC

As Project Manager, ABC will be responsible for all day-to-day activities related to the development of the Project. In general, this will include the following tasks:

- Research, analyze, and select Project site (final selection must be agreed to by ESI);
- Research and develop financing sources;
- Prepare financing applications and other requirements of both private and government lenders;
- Solicit, negotiate, and coordinate the work of all project consultants including: architect, environmental, legal, finance/development, and property management consultants. If ABC's property management staff is chosen as the property management consultant for the Project, ABC will be eligible for the same compensation that an independent property management consultant would receive for similar services;
- Coordinate all activities related to acquisition; and
- Manage construction.

ESI

As the Social Service Provider and the proposed single owner of the Project, ESI will be responsible for making all major decisions and financial commitments related to the development of the Project. These responsibilities include the following tasks:

- Execute contracts and agreements with consultants and contractors based on consultation with ABC;
- Mobilize political support for the Project as necessary;
- Develop and implement the support services plan for the Project, which includes vocational services, money management, income advocacy, and service referral;
- Provide input on all aspects of the development which will affect the Support Services plan;
- Make all major financing and design decisions;
- Pursue support services funding to ensure, to the extent reasonable, that the support services will be adequately funded for a period of not less than 5 years; and

- Assist ABC in all aspects of the development of the Project as it relates to the Support Services Plan. This may involve such activities as assisting in preparing financing applications and obtaining certain Project approvals.

V. COSTS

As Project owner, ESI will be responsible for all costs associated with the Project. However, it is intended that all costs related to the Project will be covered by loans and grants. ABC expects that certain incidental reimbursable expenses will be incurred. Any costs in excess of \$500 should be paid directly by ESI. However, if ABC advances more than \$500, it will receive 10% annual simple interest upon reimbursement from ESI or Project funds. ABC will not carry development related costs for more than one month without reimbursement from ESI.

It is understood that the aforementioned \$21,000 will not be sufficient to cover all of ABC's direct or indirect costs that will result from the development of the Project. ABC intends to recoup these costs through financing sources for the Project. In addition, it is understood that to the extent that the Project produces any development fees, ABC will receive all of these fees. If ABC is unable to recoup its costs through Project financing, CSH, ESI, or other sources, it will not be feasible for ABC to continue project management of the Project.

VI. PROJECT TIMELINE

Once the Project Developer has been hired, a preliminary schedule will be developed outlining Project milestones for the first year. This schedule will be periodically reviewed and updated at the regularly scheduled meetings. One year from the date the Project Developer begins work, it is intended that a site will be identified (although not necessarily controlled) and financing sources determined (although not necessarily committed). At the end of the year, the progress of the Project will be evaluated to determine the feasibility of continuing with its development.

VII. MEDIATION

In the event that a dispute between the parties arises that cannot be settled without mediation, CSH will be consulted in an effort to resolve the dispute. Each Party will have 14 days to submit a written notification of dispute to CSH and the other Party. If CSH's mediation does not produce a resolution satisfactory to both Parties, both Parties maintain the right to pursue other means of resolution.

VIII. PROPERTY MANAGEMENT

Although ESI will manage all aspects of the Support Services, it is not known who will be hired as property manager for the Project once construction is complete and the Project is occupied. If ABC is chosen as the Property Manager, it will execute a separate property management agreement and be eligible for fees consistent with industry standards.

IX. TERMINATION

Either ABC or ESI may terminate the LOI if the Project is permanently abandoned or if either Party fails substantially to perform in accordance with the LOI. Notice of termination must be sent via certified mail at least 30 days prior to the actual date of termination. If the LOI is terminated within one year of the date of the LOI, ABC will pay ESI an amount calculated by dividing the number of calendar days between date of termination and the end of the year commencing on the date hereof by 365, then multiplying this number by \$21,000.

Accepted:

ABC Housing Corporation
a California nonprofit corporation

Ecumenical Services, Inc.
a California nonprofit corporation

by: _____

by: _____

Title: _____

Title: _____

Dated: _____

Dated: _____

cc: Corporation for Supportive Housing

APPENDICES 6-9

SAMPLE MEMORANDA OF UNDERSTANDING AND CONTRACTS

There are many different memoranda of understanding (MOUs) which may be developed in order to clarify the roles, responsibilities and relationships between parties that develop, manage and provide support services for a supportive housing project. MOUs do not replace or substitute for contracts between parties.

The development and execution of an MOU follows from an iterative process among the various stakeholders. Before a building is rented, stakeholders often meet regularly to discuss and come to agreement on their independent and interdependent roles and responsibilities for developing, managing and providing support services to a project. When these discussions occur early in the development process, the project benefits because all the stakeholders have had input during the development, support services and building management planning phases.

Contracts are very specific and include a scope of work to be performed for a fee. The development and execution of a contract comes after stakeholders have agreed on the type of services needed and after the contractor is selected using established criteria and an agreed upon selection process. While the criteria and selection process includes input from stakeholders, the final contract is typically only executed between two parties, usually the building owner and contracting agent.

Appendices 6-9 are sample memoranda of understanding and contracts. These samples have not been reviewed by legal counsel. If your agency decides to use all or part of the appendices, please have the documents reviewed by your counsel.

- Appendix 6 is a sample memorandum of understanding between a housing developer, support service provider and property manager for a 13-unit, HUD Section 811 project that houses people with disabilities, including people with HIV/AIDS. In this particular example, a separate agreement would be developed to clarify the roles and responsibilities of the tenant council with respect to the management of the project.
- Appendix 7 is a sample memorandum of understanding between a housing developer and support service provider who intend to share ownership. The shared ownership form will be a new, nonprofit corporation.
- Appendix 8 is a sample development services contract between a social service agency, which will own the property as a single owner, and a for-profit development consultant firm.
- Appendix 9 is a sample support services planning contract between a nonprofit housing developer, which will own the property as a single owner, and a social service agency.

APPENDIX 6
SAMPLE MEMORANDUM OF UNDERSTANDING
BETWEEN A NONPROFIT HOUSING DEVELOPER,
SOCIAL SERVICE AGENCY AND PROPERTY MANAGER

ABC Housing Corporation,
Ecumenical Services Incorporated and
People's Management Company

I. BACKGROUND AND INTENT

This agreement for services entered into January 1, 1996, is between ABC Housing Corporation, a nonprofit corporation, Ecumenical Services Incorporated, a nonprofit corporation and People's Management Company, a for-profit corporation.

WHEREAS, the sole purpose of this Memorandum of Understanding is to encourage cooperation between ABC Housing Corporation (ABC), Ecumenical Service Incorporated (ESI), and People's Management Company (PMC) and to further detail the separate and distinct roles and responsibilities of each party;

WHEREAS, ABC owns a 13-unit apartment building at 100 Jackson Street, Anytown, CA, also known as Jackson Street Apartments, which provides housing for very low-income individuals who are physically disabled;

WHEREAS, ABC will be providing federally subsidized housing, under HUD Section 811, for a disabled population, namely persons with any physical disability, and/or persons who have been diagnosed with "acquired immunodeficiency syndrome (AIDS) or with symptomatic HIV disease (formerly classified as AIDS-related complex or ARC)";

WHEREAS, ABC will make available twelve (12) units of affordable housing to those persons described above who are able to live independently with home care services, but do not require skilled nursing care and are unable to maintain their incomes and homes any longer;

WHEREAS, ABC understands that persons with the disabilities acquired from the HIV infection require a set of services which are unique and specialized; and that residents of Jackson Street Apartments will be responsible for the provision of their own service needs, i.e. meals, personal care in hygiene and health, etc.; and the coordination of supportive services is critical to helping the residents of Jackson Street Apartments to live successfully;

WHEREAS, ESI agrees to provide supportive services as defined in Section II -- Definitions to twelve (12) very low-income disabled persons residing at Jackson Street Apartments and has trained and experienced staff who work with persons who are disabled, including persons with AIDS/HIV (PWAs);

WHEREAS, it is understood that ESI does not plan to offer full-service case management (i.e., psycho-social, nursing, and/or social services), they will assist those tenants in need of these services in linking with appropriate providers;

WHEREAS, tenants voluntarily participate in the services provided by ESI;

WHEREAS, People's Management Company (PMC) provides property and asset management services and ABC will contract with PMC to manage and maintain the property;

Therefore, ABC Housing Corporation and Ecumenical Services Incorporated and People's Management Company agree that it is in the best interests of all concerned to enter into this Memorandum of Understanding.

II. DEFINITIONS

For the purposes of this Memorandum of Understanding, "supportive services" means services provided to residents for the purpose of enhancing the residents' ability to maintain independent living. Supportive services must address the special needs of the residents to be served. These services may include: (a) medical and psychological case management; (b) benefits advocacy and income support assistance such as SSI, AFDC, GA, food stamps, Social Security; (c) money management/payee services; (d) nutritional counseling; and (e) assistance in obtaining other resources and support for residents such as child care, transportation, job training and job placement. These services may be provided directly or by arrangement with other service providers.

For the purposes of this Memorandum of Understanding, a "disabled person" is defined as a person with a physical, mental or emotional impairment which is expected to be of long, continued and indefinite duration, which substantially impedes the person's ability to live independently, and which is of a nature that such ability could be improved by more suitable housing conditions. It is intended that this definition be consistent with HUD's definition of a person with a disability.

For the purposes of this Memorandum of Understanding, "persons with disabling HIV and/or AIDS" means any person who has been diagnosed with "acquired immunodeficiency syndrome (AIDS) or with symptomatic HIV disease (formerly classified as AIDS-related complex, or ARC)" and meets the definition of the above-mentioned "disabled person."

For the purposes of this Memorandum of Understanding, "very low income" is defined as households with incomes 50% or below the median income for Anywhere County. It is intended that this definition be consistent with HUD's definition of very low income.

III. ELIGIBILITY DETERMINATIONS

Eligibility for this project will be based on both disability status and income level as described in Section II - Definitions. Residents of the Jackson Street Apartments will need to have written verification from a physician that their condition or illness is disabling and they can live independently. During the process of tenant screening, the potential tenant will need to complete a standardized form that authorizes his/her physician to release such information.

Tenants will be selected by the management agent, People's Management Company (PMC), based on criteria developed by ABC, ESI and PMC. Selection of tenants for the Jackson Street Apartments will not rely solely on traditional property management standards; standards will be established that reflect a commitment to housing very low-income people with disabilities. Potential tenants will undergo a two-stage screening process:

the prospective tenant will be evaluated by PMC to determine if s/he meets the HUD income eligibility and disability requirements. PMC will also run a standard credit and eviction check. ESI will determine whether or not the tenant is able to live independently and whether or not s/he is appropriate for Jackson Street Apartments. While all parties will respect and seek input from each other, in the case of disagreement over tenant selection, ABC will make the final determination.

IV. GUIDING PRINCIPLES

WHEREAS, all parties under this Memorandum of Understanding jointly recognize that tenants with low incomes and/or disabilities are diverse in terms of their strengths, motivation, goals, backgrounds, needs and disabilities;

- tenants with low incomes and/or disabilities are members of the community with all the rights, privileges, opportunities accorded to the greater community;
- tenants with low incomes and/or disabilities have the right to meaningful choices in matters affecting their lives;
- in designing and implementing services, the input of the tenant should be sought; and,
- not all persons living at Jackson Street Apartments will need to be clients of ESI or linked to support services in order to live successfully.

V. ROLES AND RESPONSIBILITIES

Roles of ESI, ABC and PMC

It is understood that ESI, ABC and PMC staff must work together as a team to effectively meet the needs of the tenants. This level of collaboration will require exceptional, thorough and timely communication between all parties. However, the parties to this agreement understand their separate and distinct responsibilities. ESI agrees in the performance of services, and ABC agrees in the owner of housing, that tenant and client rights are respected and complied with not only as a matter of principle, but as a matter of practice.

It is understood that ESI's roles will be that of advocate and PMC's role will be that of landlord dealing with tenant issues.

ABC and ESI agree to advise one another of highly pertinent matters in the referral and placement process and understand that each is bound by confidentiality standards regarding the exchange of client information. Appropriate releases will be secured when confidential client information needs to be shared.

Role of Ecumenical Services Incorporated (ESI)

ESI agrees to assign a minimum of one (1) staff member to Jackson Street Apartments. This person will work 3/4 full-time employment (FTE) and will be called the coordinating case manager. The coordinating case manager will be responsible for coordinating the provision of direct services to the physically disabled residents of Jackson Street Apartments. In addition, where necessary and appropriate, each resident will be strongly urged to obtain his/her own individual case manager through the Case Management Program at the Central Health Center (Anywhere County Health Care Services Agency) of the AIDS Minority Health Initiative (Black

Consortium for Quality Health Care). Similarly, each tenant, if appropriate, will be strongly urged to obtain home health care services through the Visiting Nurse Association and Hospice of Northern California (VNA).

Role of People's Management Company (PMC)

PMC will be responsible for the overall operations of Jackson Street Apartments, including janitorial, maintenance, repairs and other related services. Such activities and responsibilities will be carried out by an on-site resident manager employed by PMC.

VI. SCOPE OF SERVICES

Ecumenical Services Incorporated (ESI)

In accordance with the Support Services Plan and the Property Management Plan, a single coordinating case manager, employed by ESI, will be responsible for coordinating the delivery of services for both the ESI programs and other providers. The coordinating case manager, employed 3/4 FTE, will ensure that the ESI individual case managers:

- A. Provide community and social service linkage to residents upon request or as needed;
- B. Assist in developing the tenant screening criteria;
- C. Assist in identifying and referring low-income disabled persons in need of housing to the property manager, PMC;
- D. Assist PMC in screening all potential tenants, specifically, assessing tenants' ability to live independently;
- E. Perform the following program support services functions:
 1. Provide case management services, which may include,
 - a) rehabilitation, vocational and employment assistance
 - b) general health and dental services
 - c) income support and benefits
 - d) substance abuse (alcohol, drugs) treatment
 - e) consumer and family involvement

It is understood that ESI does not plan to offer full-service case management (i.e. psycho-social, nursing, and/or social services). Those in need of these services will be linked with appropriate providers, where such resources exist.

2. Conduct an initial needs assessment and develop an individual self-sufficiency plan for each client, including a periodic evaluation and update of the service plan as the needs of the client change.
3. Refer residents, when needed or upon request, to treatment services or other needed social services. This might include services provided by the Center for AIDS Services, the VNA, General Hospital Medical Center and/or the Bay Area AIDS Clinic. The VNA has agreed to offer their services to the tenants of Jackson Street Apartments, provided they meet VNA's admission criteria. ESI agrees to take responsibility for referring and ensuring that tenants gain access to VNA services

(upon agreement with the tenant). The VNA offers a variety of programs, including home health care services, a Comprehensive AIDS Program (CAP), and Hospice services. CAP services include infusion therapy, nutritional counseling, psychiatric nursing, psycho-social support and spiritual counseling. It is intended that VNA will offer complementary services to ESI so that the tenant can receive full-service case management, if needed.

4. Provide crisis intervention as needed and when requested by PMC or provide consultation in the management of disputes or differences between residents and property management.
5. Assist PMC in household disputes and in conflict resolution.
6. Assist clients in understanding their rights and responsibilities under a tenant lease. This includes explaining the eviction and appeal process.

Consistent with client rights principles, it is understood that referrals and other services will be made available to all Jackson Street Apartments residents. ESI will take no action in making referrals or providing services without the agreement of the individual except when it appears, in their judgment, necessary to do so to protect the individual or others from serious harm.

F. Provide the following administrative services:

1. Keep all records regarding program supportive services as required by HUD regulations and those of other funding sources.
2. Cooperate with ABC in monitoring and/or conducting audits or other reporting requirements with respect to project funders.
3. Assist in the development of House Rules with PMC.

G. ESI agrees to additionally provide the following services to individuals covered under this agreement:

1. Encourage supportive activities which will help clients develop the skills, information and abilities needed to utilize the resources of the Jackson Street Apartments community as well as the larger community, including family, friends, job and school.
2. Facilitate access to treatment services for AIDS health services, social services and physical health needs. This might include referral and advocacy to either the Case Management Program at the Central Health Center (Anywhere County Health Care Services Agency) or the AIDS Minority Health Initiative for any client not in a “full-service” case management program.
3. Help clients learn to use public transportation.

4. Help clients access pre-vocational and vocation/employment assistance, peer counseling, substance abuse counseling, special needs skills training, safe sex education and tenants' rights education.

ABC HOUSING CORPORATION (ABC)

ABC is strictly the developer and owner of Jackson Street Apartments and will be responsible for asset management and overseeing the ongoing duties of repair, maintenance, management and operation of Jackson Street Apartments. Many of these duties will be contracted by the management company, People's Management Company.

ABC will directly:

- A. Ensure that all regulatory and funding requirements are met;
- B. Prepare all budgets and cost estimates related to Jackson Street Apartments, excluding budgets related to the provision of social services;
- C. Arrange for liability and property insurance for Jackson Street Apartments;
- D. Pay all taxes associated with Jackson Street Apartments; and
- E. Oversee the contract and duties of the management company.

PEOPLE'S MANAGEMENT COMPANY (PMC)

In accordance with the Support Services and Property Management Plan, PMC will provide the following property management activities:

- A. Determine income eligibility of tenants;
- B. Pay project bills;
- C. Provide monthly financial reports and any other required information to ABC for regulatory and funding agencies;
- D. Maintain a fully leased building with the assistance of ESI;
- E. Carry out rent collection and administration;

- F. Oversee tenant relations with management with respect to:
 - Notices
 - Evictions
 - Enforcement of house rules, policies and procedures;
- G. Provide building and equipment maintenance and repair;
- H. Provide security;
- I. Provide janitorial services (common areas only); and,
- J. Provide capital improvements including acquisition and maintenance of furnishings for common areas such as the lounge or dining room.

ABC and PMC will enter into a property management agreement which further details these activities.

VII. FUNDING

ESI currently has the funds to provide the supportive services identified in this Memorandum of Understanding and anticipates continuation of this funding. ESI is committed to providing appropriate and exceptional services to the tenants of Jackson Street Apartments and is committed to providing these services over the long-term, pending available resources. Where necessary, ABC and ESI will co-apply for service funds.

It is understood that ESI's responsibilities as defined in this Memorandum of Understanding are contingent upon continued and expanded funding. While it is impossible to guarantee continued funding or secure such guarantees from ESI's funding sources, it is expected that the Coordinated Housing Program's operating budget will be stable and may increase over the next five years. The objective of ESI's Coordinated Housing Program (CHP) is to ensure that all persons living with AIDS/HIV in Anywhere County have a decent, affordable, permanent place to live which supports their ability to access medical care and support services. CHP currently operates at an annual budget of \$425,000 and is funded through a series of contracts administered through the county's AIDS programs. More specifically, this money comes from contracts with the HIV/AIDS Services Division of Anywhere County's Health Care Services Agency, the Anywhere County component of the Ryan White Title I C.A.R.E. Planning Council, Anywhere County's Housing and Community Development Program (Housing Opportunities for People with AIDS and Emergency Shelter Program) and private donations. The coordinating case manager and supportive services identified in this Memorandum of Understanding will be funded under existing contracts and continue so long as the same contract level is renewed.

IX. GENERAL TERMS

Terms. This Agreement will begin effective the date of January 1, 1996 and will continue through December 31, 1996. While lease up is anticipated to begin in July, 1996, ESI's and PMI's responsibilities begin on January 1, 1996 so as to begin coordinating the start-up of Jackson Street Apartments. This Agreement will be automatically renewed with the same terms and conditions annually thereafter except where either party provides written notice of non-renewal three (3) months before the annual termination date. Otherwise, this Agreement may be terminated in accordance with the section on Termination below.

Termination. Either party may terminate this Agreement by giving the other party ninety (90) days prior written notice. The party wishing to terminate this agreement for cause must provide a written intent to terminate notice to the party in breach or default. The notice will provide thirty (30) days for the party in breach or default to respond to said notice with an acceptable plan to cure cause for termination.

Confidentiality. ABC, PMC and ESI agree that by virtue of entering into this Agreement they will have access to certain confidential information regarding the other party's operations related to this project. ABC, PMC and ESI agree that they will not at any time disclose confidential information and/or material without the consent of that party unless such disclosure is authorized by this Agreement or required by law. Unauthorized disclosure of confidential information shall be considered a material breach of this agreement. Where appropriate, client releases will be secured before confidential client information is exchanged. Confidential client information will be handled with the utmost discretion and judgment.

Arbitration. Should either party wish to commence an action for damages under this Agreement, it shall be required to adjudicate the dispute through binding arbitration under the rules of the American Arbitration Association or under such rules to which the parties may agree. Any award rendered by the arbitrator shall be final and binding upon each of the parties, and judgment there upon shall be borne equally by both parties. During the course of the arbitration and until a final settlement has been reached, this Agreement shall remain in full force and effect unless otherwise terminated as provided in this Agreement.

Nondiscrimination. There shall be no discrimination of any person or group of persons on account of race, color, creed, religion, sex, marital status, sexual orientation, age, handicap, ancestry or national origin in the operation of the project of program at Jackson Street Apartments by ABC, PMC or ESI.

Severability. In the event any provision of this Agreement shall be found to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the validity, legality and enforceability of the remainder of the Agreement.

Amendments. This Agreement may be amended only in writing and authorized by the designated representative of ABC, PMC and ESI.

Signed: _____ Date: _____
Executive Director, ABC Housing Corporation

Signed: _____ Date: _____
Executive Director, Ecumenical Services Incorporated

Signed: _____ Date: _____
Executive Director, People's Management Company

APPENDIX 7
SAMPLE MEMORANDUM OF UNDERSTANDING
BETWEEN TWO SHARED OWNERS

ABC Housing Corporation
and
Ecumenical Services Incorporated

This MEMORANDUM OF UNDERSTANDING (“MOU”) is recorded in writing to reflect the understanding and agreement between ABC Housing Corporation (hereafter referred to as “ABC”) and Ecumenical Services, Inc. (hereafter referred to as “ESI”) in connection with the sponsorship, development, ownership, and operation of a proposed 21-unit rental housing project, including specified services related thereto, for the chronically mentally ill to be located in Boise, GA and to be financed primarily from a capital advance provided by the U.S. Department of Housing and Urban Development (hereafter referred to as “HUD”) pursuant to Section 811 of the National Affordable Housing Act (“Section 811”).

BACKGROUND

- A. On September 30, 1995, ABC submitted to the Regional Office of HUD an application for financing and rental assistance under Section 811 for twenty (20) one-bedroom housing units for the chronically mentally ill and one (1) resident staff unit to be located in Boise, GA (the “Project”). On April 10, 1996, ABC received HUD’s written notice approving ABC’s application subject, however, to HUD’s approval of the Boise location. Capital advance authority was reserved in the amount of \$1,316,700 and annual project rental assistance contract and budget authority were approved for twenty (20) assisted units in the amount of \$76,000 and \$1,520,000, respectively. HUD’s notice invited ABC to submit an application for a Conditional Commitment within (60) days.
- B. The Purchase Agreement establishes a purchase price for the site of \$535,000 and among other conditions in the Purchase Agreement, as amended, the Sellers were responsible to pay for all costs necessary to remove or relocate certain electric, telephone, and sewer easements to a location acceptable to ABC and that was to be no further than 15 feet from the adjacent property.
- C. To assist in predevelopment costs related to the Project, ABC obtained from the Corporation for Supportive Housing (“CSH”) an unsecured predevelopment loan in the amount of \$75,000 (the “CSH Loan”) which is repayable from proceeds of the Section 811 capital advance but in no event later than December 31, 1997, unless extended in writing by CSH.
- D. In anticipation of proceeding with either the Conditional Commitment or Firm Commitment phase of the HUD Section 811 process, on November 15, 1996, ABC organized a single asset Section 501 (c)(3) nonprofit corporation under the name Path Way, Inc. (the “Corporation”) to act as mortgagor under the Section 811 capital advance. The Corporation continues to exist and, currently, all of its officers and directors are controlled by ABC.

- E. ABC has always desired to see the Project proceed with a mental health services agency serving as a co-sponsor. Consequently, ABC approached ESI, which provides housing and related services to chronically mentally ill people throughout Southern Georgia, to see whether it would be interested in co-sponsoring the Project. ESI's and ABC's verbal agreement to having ESI act as co-sponsor of the Project was conditioned on certain understandings which are the primary purpose of the Memorandum and which are set out hereafter.
- F. Pursuant to the verbal agreement reached between ABC and ESI to act as co-sponsors of the development, ABC should request and obtain HUD's and the Agency's written consent for ESI to act as co-sponsor of the project with ABC.

UNDERSTANDING OF THE PARTIES

Based on the information as recited herein under the title, "BACKGROUND," ABC and ESI have agreed to be responsible for and to take the following action upon:

A. ORGANIZATIONAL STRUCTURE

1. The organization documents of the Corporation (i.e., articles of incorporation and by-laws) shall be reviewed by the Project's counsel, ("Project Counsel") and amended as recommended by the Project Counsel to include ESI as a co-sponsor and the right of ESI to have its officers and/or directors and other designees elected as officers and/or directors of the Corporation.

Included in the amendment to the organization documents shall be a provision to change the composition of the board of directors. Of the seven (7) directors appointed, three (3) directors shall be appointed by ESI and three (3) directors shall be appointed by ABC. The 7th director shall be appointed by the board of directors.

2. ESI shall manage the affairs of the Corporation. Henceforth, and until the Corporation's organization documents can be amended or new documents prepared, all decisions required to be made by the Corporation shall be made by the Corporation's board of directors or officers, as the case may be, as provided in the organization documents only with the concurrence by ESI. As soon as practicable, the Corporation's board of directors and officers shall resign and be replaced in accordance with the amendments to the Corporation's organization documents which will be prepared by the Project Counsel.
3. Neither ABC nor ESI shall seek to obtain additional financing for the Project that will in any way create liability against either the Corporation or the Project, whether it be recourse or non-recourse obligations, without the prior written consent of the other party.
4. The Minimum Capital Investment and any other HUD escrow requirement for closing the Section 811 capital advance shall be provided by the Corporation.

B. DEVELOPMENT ACTIVITIES

1. Of the two co-sponsors, ABC, and not ESI, shall be responsible for acting as the development sponsor of the project. ABC shall agree to provide to ESI with all information related to the Boise site and the proposed development, but otherwise ESI shall not be required to take an active role in the development

process. ABC shall also be responsible for the preparation of the application(s) to HUD and for any other new, additional funds necessary from other sources to meet the financial requirements for the capital development. ESI shall cooperate in the execution of all HUD applications. Obligations to repay any additional funding shall be that of the Corporation.

2. ABC shall serve as project developer. The exact scope of such duties shall be set forth in an agreement between ABC and the Corporation. The scope of work shall specify that ABC:

- a) Prepare a new development budget.
- b) Identify and assist in the award of additional funds to cover development and other costs related to the project.
- c) Negotiate with the Seller.
- d) Close on capital funding.
- e) Prepare for Project construction and provide construction management.
- f) Prepare the Project operating budget.
- g) Negotiate and oversee the duties of each development team member, including but not limited to the architect, engineers, the contractor, special project consultants, the attorney and the title company.

For providing such services, ABC shall be entitled to receive a fee acceptable to both ESI and the Corporation, which shall be paid from capital sources.

3. ABC shall assign the right to purchase the Boise site to the Corporation. ABC shall not agree with the Sellers to amend, transfer, cancel or terminate the Purchase Agreement or other agreement for purchase of real property without the advice and consent of ESI. ABC shall also assign all rights and responsibilities of capital funding to the Corporation, subject to review by ESI.

C. SUPPORT SERVICES PLANNING ACTIVITIES

1. Of the two co-sponsors, ESI shall be responsible for planning and serving as lead provider of the support services. ESI shall provide ABC with updates related to support services planning at the Boise site and shall receive ABC's concurrence with the support service plan, budget and funding strategy required. ESI shall also be responsible for the preparation of the application(s) to HUD and for any other funding source as necessary to meet the financial requirements for the services plan. Any obligations with regard to the services funding shall be that of the Corporation.

2. The exact scope of the duties of ESI shall be set forth in an agreement between ESI and the Corporation. The scope of work shall specify that ESI:

- a) Prepare a schedule for support services planning, funding applications and other critical milestones.
- b) Prepare a support services plan and budget, including identification of the support and vocational service needs of the target tenancy, the support services to be delivered, the social and vocational service agencies who may be the direct providers, location of services, and staffing requirements.
- c) Prepare a start-up plan and budget for implementing support and vocational services.
- d) Assist and advise the Corporation regarding any potential licensing issues, fundraising needed, and other concerns in the delivery of the support services.

For providing such services, ESI shall be entitled to receive a fee acceptable to both ABC and the Corporation, which shall be paid from capital sources. In addition, there shall be a separate contract related to the implementation of the support services plan and the delivery of support services to the Project.

D. PROPERTY MANAGEMENT ACTIVITIES

ABC and ESI shall work jointly to select an appropriate property management agent for the Project. Furthermore, ABC and ESI agree that given the nature of the Project, it will be very important that ESI be involved in the hiring of on-site tenant staff, and in rent-up and screening of tenants. The property management agent selected will also be responsible for developing a management plan that will be reviewed and approved by the Corporation. A separate Management Agreement will be executed by the property management agent and the Corporation.

E. GENERAL TERMS

- 1. ABC and ESI shall always operate in good faith in carrying out the intent and purpose of the understandings of this MOU.
- 2. All other previous agreements and understandings between ABC and ESI, whether verbal or in writing, are merged, consolidated, and superseded by this MOU.
- 3. ABC and ESI have executed and dated this MOU to evidence their agreement and concurrence with the matters contained herein.
- 4. This Agreement may be amended only in writing and authorized by the designated representative of both ABC and ESI.

Signed: _____ Date: _____
Executive Director, ABC Housing Corporation

Signed: _____ Date: _____
Executive Director, Ecumenical Services Incorporated

APPENDIX 8
SAMPLE CONSULTING AGREEMENT FOR
DEVELOPMENT SERVICES

This consulting agreement is made and entered into this ____ day of _____, 19__ by and between _____ (owner) and _____ (consultant). The parties hereto agree as follows:

ARTICLE I: STATEMENT OF WORK

As Development Consultant, Consultant hereby agrees to perform and accept the following tasks and responsibilities in the development of a (#)-unit efficiency apartment in (location) (the "Project"), as permanent housing for low-income individuals who are homeless or at risk of homelessness and have a variety of special needs.

1. As necessary, develop site/building criteria, evaluate and recommend alternate sites/buildings.
2. Assist Owner in preparation of a Project development scheme and a program/services vision statement and plan.
3. Coordinate the acquisition of the property site.
4. Prepare preliminary feasibility analysis.
5. Structure debt financing, subsidies and grants, and prepare and update development capital and management/operating budgets in accordance with current Project information to meet affordable housing goals.
6. Prepare financing packages/applications, prepare progress/final reports, prepare and coordinate documents and conduct other tasks as required by local, federal, state, and private lenders (including the Corporation for Supportive Housing) and other sources in connection with the Project's financing, including predevelopment, land acquisition, construction, permanent and rental subsidies.
7. Apply for and obtain required government permits and approvals, including, without limitation, planning department approval of use, zoning variances, and building department approvals. Owner acknowledges building permits shall be the primary responsibility of the general contractor.
8. Identify the need for Project consultants, oversee the selection of consultants, make selection recommendations to owner, and negotiate contracts, at owner's direction, with all needed consultants. Consultants are likely to include but are not limited to appraisers, soil and boundary surveyors, architects, engineers, attorneys, construction/manager administrator, and others whose services are necessary to complete the Project ("Project Consultants").
9. Coordinate and supervise the work of all Project Consultants. Owner acknowledges that a construction manager/administrator, not Consultant, will be directly responsible for representing Owner before the general contractor.
10. Promptly inform the owner of any problems observed on any aspect of the Project covered by the services to be performed hereunder.

11. Assist in developing an accounting and monitoring system for all expenditures relating to the Project.
12. Attend capital campaign meetings as appropriate.
13. Assist Owner in the selection of a property management agent and in the negotiation of a property management plan.
14. Coordinate management and marketing requirements with property management agent.

ARTICLE II: CONSULTANT RESPONSIBILITIES AS INDEPENDENT CONTRACTOR

A. INDEPENDENT CONTRACTOR

Consultant affirms that it is an independent contractor and is solely responsible for the compensation of its employees and subcontractors. Consultant will retain or assign, without Owner's approval, the necessary technical staff to fulfill its contract with Owner. All approval decisions, including hiring, terminations and other employee matters, are the sole responsibility of Consultant.

B. ASSIGNMENT OF PRINCIPAL

Consultant agrees to assign for the conduct of the contract one Principal, _____. Consultant shall vary the proportion of time or number of other staff members as is necessary and adequate to fulfill its obligations under this agreement with Owner.

ARTICLE III: EXCLUSIONS AND REIMBURSEMENTS

A. DIRECT PROJECT EXPENSES

Direct Project expenses related to the development of the Project are Project costs and are not included within the scope of this contract, but in no event shall such expenses include any allocation of Consultant's office overhead. Owner will reimburse Consultant for all extraordinary costs that are above and beyond those costs normally associated with services provided under contracts of this type.

B. SPECIAL PROJECT CONSULTING SERVICES

Project Consultant services, such as legal, auditing, design, construction manager/administrator and special development costs, which are required by the Project, are Project costs and are not included within the scope of this contract.

C. INDEPENDENT AUDITS

The cost of periodic audits of Owner's books and records by an independent CPA firm will be borne by Owner and is not included within the scope of this contract.

ARTICLE IV: LIAISON

The Owner Executive Director is liaison to Consultant and will act as Consultant contact.

ARTICLE V: TERM OF CONTRACT

The services herein described are to be performed during the period _____, 19__ through the point when the Project has attained 90% occupancy, which is estimated to be no more than one year after property acquisition. The term of this contract can be extended through mutual consent by Consultant and Owner.

ARTICLE VI: CANCELLATION

This contract may be unilaterally canceled by either party upon sixty day's written notice. Upon cancellation, Owner agrees to pay Consultant for all fees earned pursuant to Article VII hereof performed to termination date. In such event, Owner shall have the option to require Consultant to continue to render services until the effective date of cancellation.

ARTICLE VII: PAYMENT OF FEES

For performance of the services specified in Article I above, and within the time period described in Article V, Owner agrees to pay Consultant as more fully described in the Schedule of Fees on Attachment A.

ARTICLE VIII: NONDISCRIMINATION

Consultant agrees that it will not discriminate in hiring and employment practices against any person regardless of race, creed, color, gender, sexual orientation, national origin, age, or physical or mental handicap for any position for which the applicant or employee is qualified. In hiring employees and contracting for services, Consultant will, when possible, utilize Owner referrals.

ARTICLE IX: ASSIGNMENT

The rights and obligations under this contract are based upon the special skills and abilities of Consultant and there shall be no assignment of such rigors and obligations without prior written consent of Owner.

ARTICLE X: ARBITRATION

If a claim or dispute is not resolved after exhausting applicable administrative reviews, the parties agree to use private arbitration by a mutually agreed upon arbitrator. If the parties are unable to agree upon an arbitrator, each party shall choose a selector, and the selectors shall select an arbitrator. The selectors' decision will be binding on both parties.

ARTICLE XI: IDENTITY OF INTEREST

Consultant agrees that it will identify ownership, employment, public and private affiliations and any other relationship held by it, its subcontractors or assigns, which may involve any contract, sale, purchase or service involving Owner. Consultant further agrees that should any interests change, it will notify Owner of the change in a timely fashion.

IN WITNESS WHEREOF, the parties have executed their contract intending it to be effective as of the _____ day of _____, 19___. It is understood that the signatures bind both parties to this contract, and that without both signatures, this contract shall be void.

Owner
By: _____

(Name)

(Title)

Consultant
By _____

(Name)

(Title)

**ATTACHMENT A
SCHEDULE OF FEES**

In consideration of the services being provided to Owner by Consultant as specified in Article I and within the time period described in Article V, Consultant shall be compensated as follows:

Time shall be billed at the following rate:

Principal _____ at \$ _____ per hour.

Project Manager _____ at \$ _____ per hour.

Notwithstanding the above, the maximum fee paid to Consultant for services shall not exceed the following:

Preconstruction services until close of escrow	60%	\$ _____
Close of escrow through close of construction	30%	\$ _____
Permanent loan closing or 90% occupancy	10%	\$ _____
<hr/>		
Total	100%	\$ _____

Consultant will submit monthly invoice which will be due and payable within thirty days of receipt by Owner. Late payments will be billed at 1.00% per month. Reimbursables shall be billed at 1.05% of costs.

Any modifications to this attachment shall require the written approval of both parties.

APPENDIX 9
SAMPLE CONSULTING AGREEMENT FOR
SUPPORT SERVICES PLANNING

This consulting agreement is made and entered into this ____ day of _____, 19__ by and between _____ (owner) and _____ (consultant). The parties hereto agree as follows:

ARTICLE I: STATEMENT OF WORK

As Support Services Planning Consultant, Consultant hereby agrees to perform and accept the following tasks and responsibilities in the development of a (#)-unit efficiency apartment in (location) (the "Project"), as permanent housing for low-income individuals who are homeless or at risk of homelessness and have a variety of special needs.

1. Prepare schedule for support services planning, funding applications and other critical milestones.
2. Prepare support services plan and budget, including identification of the support and vocational services needs for the target tenancy, the support services to be delivered, the social and vocational service agencies who may be the direct providers, location of services, and staffing requirements.
3. Prepare start-up plan and budget for implementing support and vocational services.
4. Assist Owner in identifying and securing commitments and, possibly, memoranda of understanding and/or contracts with social and vocational service providers who will implement the support services plan.
5. Advise Owner regarding any potential licensing issues.
6. Prepare funding applications and provide additional information to funders as needed to secure funding.
7. Attend capital campaign meetings, as appropriate.
8. Develop outreach plan to existing tenants, if any, and serve as liaison to tenants regarding development of the Project.
9. Assist in the development of a relocation strategy, if needed.
10. Assist Owner in establishing criteria for the selection of a property management agent.
11. In association with management agent, establish outreach, referral, screening, rent-up and waiting list protocols.
12. Advise Owner regarding tenant involvement during development, Project design, support services planning and rent-up.

ARTICLE II: CONSULTANT RESPONSIBILITIES AS INDEPENDENT CONTRACTOR

A. INDEPENDENT CONTRACTOR

Consultant affirms that it is an independent contractor and is solely responsible for the compensation of its employees and subcontractors. Consultant will retain or assign, without Owner's approval, the necessary technical staff to fulfill its contract with Owner. All approval decisions, including hiring, terminations, and other employee matters are the sole responsibility of Consultant.

B. ASSIGNMENT OF PRINCIPAL

Consultant agrees to assign for the term of the contract one Principal, _____. Consultant shall vary the proportion of time or number of other staff members as is necessary and adequate to fulfill its obligations under this agreement with Owner.

ARTICLE III: EXCLUSIONS AND REIMBURSEMENTS

A. DIRECT PROJECT EXPENSES

Direct Project expenses related to the development of the Project are Project costs and are not included within the scope of this contract, but in no event shall such expenses include any allocation of Consultant's office overhead. Owner will reimburse Consultant for all extraordinary costs that are above and beyond those costs normally associated with services provided under contracts of this type.

B. SPECIAL PROJECT CONSULTING SERVICES

Special Project consultant services, such as relocation specialist, specialized reimbursement forecasting for outpatient Medicaid billing or direct services to tenants or potential applicants for tenancy, which may be recommended by the Consultant and agreed to by the Owner, are not included within the scope of this contract.

ARTICLE IV: LIAISON

The Owner's Project Manager is liaison to Consultant and will act as Consultant contact.

ARTICLE V: TERM OF CONTRACT

The services herein described are to be performed during the period _____, 19__ through the point when the Project has attained 90% occupancy, which is estimated to be no more than one and one-half years after property acquisition, or until such time as the direct support and vocational services providers have begun to deliver services, whichever comes first. The term of this contract can be extended through mutual consent by Consultant and Owner.

ARTICLE VI: CANCELLATION

This contract may be unilaterally canceled by either party upon sixty day's written notice. Upon cancellation, Owner agrees to pay Consultant for all fees earned pursuant to Article VII hereof performed to termination date. In such event, Owner shall have the option to require Consultant to continue to render services until the effective date of cancellation.

ARTICLE VII: PAYMENT OF FEES

For performance of the services specified in Article I above, and within the time period described in Article V Owner agrees to pay Consultant as more fully described in the Schedule of Fees on Attachment A.

ARTICLE VIII: NONDISCRIMINATION

Consultant agrees that it will not discriminate in hiring and employment practices against any person regardless of race, creed, color, gender, sexual orientation, national origin, age, or physical or mental handicap for any position for which the applicant or employee is qualified. In hiring employees and contracting for services, Consultant will, when possible, utilize Owner referrals.

ARTICLE IX: ASSIGNMENT

The rights and obligations under this contract are based upon the special skills and abilities of Consultant and there shall be no assignment of such rigors and obligations without prior written consent of Owner.

ARTICLE X: ARBITRATION

If a claim or dispute is not resolved after exhausting applicable administrative reviews, the parties agree to use private arbitration by a mutually agreed upon arbitrator. If the parties are unable to agree upon an arbitrator, each party shall choose a selector, and the selectors shall select an arbitrator. The selectors' decision will be binding on both parties.

ARTICLE XI: IDENTITY OF INTEREST

Consultant agrees that it will identify ownership, employment, public and private affiliations and any other relationship held by it, its subcontractors or assigns which may involve any contract, sale, purchase or service involving Owner. Consultant further agrees that should any interests change, it will notify Owner of the change in a timely fashion.

IN WITNESS WHEREOF, the parties have executed their contract intending it to be effective as of the _____ day of _____, 19___. It is understood that the signatures bind both parties to this contract, and that without both signatures this contract shall be void.

Owner

Consultant

By: _____

By: _____

(Name)

(Name)

(Title)

(Title)

ATTACHMENT A
SCHEDULE OF FEES

In consideration of the services being provided to Owner by Consultant as specified in Article I and within the time period described in Article V, Consultant shall be compensated as follows:

Time shall be billed at the following rate:

Principal _____ at \$_____ per hour.

Support Services Program Developer _____ at \$_____ per hour.

Notwithstanding the above, the maximum fee paid to Consultant for services shall not exceed the following:

Retainer	20%	\$_____
Funding Applications submitted for 80% of funds needed	30%	\$_____
Commitments from direct service providers negotiated	30%	\$_____
90% occupancy or providers delivering services	20%	\$_____
<hr/>		
Total	100%	\$_____

Consultant will submit monthly invoice which will be due and payable within thirty days of receipt by Owner. Late payments will be billed at 1.00% per month. Reimbursables shall be billed at 1.05% of costs.

Any modifications to this attachment shall require the written approval of both parties.

APPENDIX 10
SAMPLE CRITICAL SITUATIONS
DURING BUILDING OPERATIONS

This Appendix was prepared by
The Center for Urban Community Services

1. A caseworker visits a tenant in her room. She has been difficult to engage and the caseworker is pleased to be invited. The worker finds a room that is piled with stuff leaving only a narrow path to her bed. The tenant tells the worker that she is working on a project that will make her very rich and asks the worker not to tell management about all the stuff in her room.
2. A tenant has been the source of numerous complaints from his neighbors, mostly for noise. He is behind on his rent and frequently intoxicated. The service team has been trying to work with him but he has refused all assistance. The tenant receives an eviction notice and he goes in to talk to the management team. He states that he got mugged and then missed his entitlement appointment, which is why he is behind on his rent. He tells the manager that he wants to pay his rent and remain a tenant but he just has bad luck. He says he has tried discussing these things with services, but they are not helpful.
3. A tenant with AIDS has dementia. He has been leaving the stove on and leaving his room. The resident manager comes to social services and tells them this situation is an emergency and something must be done immediately.
4. A mentally ill woman finally moves into a building after a year of outreach by the service team. She is now compliant with medication and has a good relationship with her case manager. The only problem is that she spends most of her day standing outside the front of the building smoking cigarettes and drinking coffee. Management has received numerous complaints from neighbors.
5. A frail, mentally ill man is beginning to decompensate and has been screaming in the night. Social services has been working with his doctors to adjust his medications and his behavior does not yet warrant hospitalization. His neighbors are complaining and they are angry at both management and services for not doing anything about their complaints.
6. As winter approaches a tenant with a long history of homelessness begins bringing his buddies into the building. He often has two or more people sleeping on his floor. The guests are not disruptive but they make other tenants uneasy.
7. Smoking at the front desk is against the house rules. However, the night shift security person smokes and often lets tenants smoke with him.
8. A tenant accidentally cuts himself and leaves blood in the hallway. While social services is dealing with the tenant, the maintenance worker cleans the blood. Later, another tenant tells the maintenance worker "that was probably AIDS blood." The maintenance worker goes to social services demanding to know whether or not the tenant has AIDS.

9. In the middle of the night one of the tenants comes downstairs and tells security that he's "had it" and won't be seen after tonight.
10. The management staff intake worker notices that a percentage of the working applicants are withdrawing from the interview process. The latest applicant explained that she did not want to live in a building for "drug addicts and crazy people." The worker is concerned that the concept of the building will be compromised if this continues to occur.
11. The building is in the process of certification of Section 8 and all the rooms need to be inspected. One of the tenants, who used to be very cooperative, now refuses to let anyone in his room. The management staff asks social services to intervene.
12. One of the tenants has just died.
13. One of the male tenants signs in a male visitor as an overnight guest. The security staff begins to smirk at them. The tenant complains to social services staff.
14. A tenant with AIDS has become noticeably more frail over the past few weeks. You observe that the other tenants seem to be avoiding him. Now, at a holiday meal, he is sitting at a table by himself.



CSH Publications

In advancing our mission, the Corporation for Supportive Housing publishes reports, studies and manuals aimed at helping nonprofits and government develop new and better ways to meet the health, housing and employment needs of those at the fringes of society.

Family Matters: A Guide to Developing Family Supportive Housing

Written by Ellen Hart Shegos. 2001; 346 pages.

Price: \$15 or download PDF files for FREE at www.csh.org.

This manual is designed for service providers and housing developers who want to tackle the challenge of developing permanent supportive housing for chronically homeless families. The manual will provide information on the development process from project conception through construction and rent-up. It also discusses alternatives to new construction such as leased housing. It contains practical tools to guide decision making about housing models, picking partners and service strategies.

A Description and History of The New York/New York Agreement to House Homeless Mentally Ill Individuals

Written by Ted Houghton. 2001

Price: \$5 or download PDF file for FREE at www.csh.org.

This document provides a description and history of the New York/ New York Agreement to House Homeless Mentally Ill Individuals, signed in 1990 by the City and State of New York.

The New York/New York Agreement Cost Study: The Impact of Supportive Housing on Services Use for Homeless Mentally Ill Individuals

Written by Kay E. Sherwood. 2001

Price: \$5 or download PDF file for FREE at www.csh.org.

A Summary of: *The Impact of Supportive Housing for Homeless Persons with Severe Mental Illness on the Utilization of the Public Health, Corrections and Emergency Shelter Systems: The New York/New York Initiative.* Written by Dennis P. Culhane, Stephen Metraux and Trevor Hadley Center for Mental Health Policy and Services Research, University of Pennsylvania. This document summarizes the cost analysis of the New York/New York Agreement.

Between the Lines: A Question and Answer Guide on Legal Issues in Supportive Housing – National Edition

Commissioned by CSH. Prepared by the Law Offices of Goldfarb & Lipman. 2001; 226 pages.

Price: \$15 or download PDF files for FREE at www.csh.org.

This manual offers some basic information about the laws that pertain to supportive housing and sets out ways to identify and think through issues so as to make better use of professional counsel. It also offers reasonable approaches to resolving common dilemmas.

Keeping the Door Open to People with Drug Problems — Volumes I, II and III

Written by Wendy Fleischer, Juliane Dressner, Nina Herzog and Alison Hong. 2001; 180 pages.

Price: \$5 Each or download PDF files for FREE at www.csh.org.

This three-part guide offers employment program managers and staff encouragement, strategies and tips for serving people with drug problems. The guide is divided into three volumes to make it easy to read for busy practitioners. Volume I is written with managers in mind. It focuses on the systems needed to train, manage and support staff in a program serving people with drug problems. Volume II is targeted to employment program staff. It covers basic information about drug addiction and treatment, and offers tips for working with people, including sample dialogues and forms. Volume III is focused on employment programs operating in public housing. It discusses the related housing policies and regulations, and some of the challenges and opportunities provided by the public housing context.

The Network: Health, Housing and Integrated Services Best Practices and Lessons Learned

Written by Gerald Lenoir. 2000; 191 pages.

Price: \$5 or download PDF file for FREE at www.csh.org

This report summarizes the principles, policies, procedures and practices used by housing and service providers that have proven to be effective in serving health, housing and integrated services tenants where they live.

Closer to Home: Interim Housing for Long-Term Shelter Residents: A Study of the Kelly Hotel

Written by Susan M. Barrow, Ph.D. and Gloria Soto Rodriguez. 2000; 65 pages.

Price: \$5 or download PDF file for FREE at www.csh.org

Evidence that a subgroup of homeless individuals have become long-term residents of NYC shelters has spurred a search for new approaches to engaging them in services and providing appropriate housing alternatives. The Kelly Hotel Transitional Living Community, developed by the Center for Urban Community Services with first year funding from the Corporation for Supportive Housing, is one pioneering effort to help mentally ill long-term shelter residents obtain housing.

Forming an Effective Supportive Housing Consortia; Providing Services in Supportive Housing; and Developing and Managing Supportive Housing

Written by Tony Proscio. 2000; 136 pages.

Price: \$5 Each or download PDF files for FREE at www.csh.org.

These three manuals are designed to assist local communities and service and housing organizations to better understand the local planning consortium, service delivery and funding, and supportive housing development and financing.

Landlord, Service Provider...and Employer: Hiring and Promoting Tenants at Lakefront SRO

Written by Tony Proscio and Ted Houghton. 2000; 59 pages.

Price: \$5 or download PDF file for FREE at www.csh.org

This essay provides a close look at Lakefront SRO's program of in-house tenant employment, as a guide for other supportive housing programs that either hire their own tenants or might want to do so. The lessons of **Landlord, Service Provider...and Employer** are also of potential interest to affordable housing programs whose tenants could become valuable employees given sufficient encouragement, training and clear policies.

The Next Wave: Employing People with Multiple Barriers to Work: Policy Lessons from the Next Step: Jobs Initiative

Written by Wendy Fleischer and Kay E. Sherwood. 2000; 73 pages.

Price: \$5 or download PDF file for FREE at www.csh.org

The *Next Step: Jobs* initiative tested the premise that a range of employment services targeted to supportive housing tenants can help them access employment. It used supportive housing as the focal point for deploying a range of services to address the multiple barriers to employment that tenants face. It also capitalizes on the residential stability and sense of community that supportive housing offers.

Between the Lines: A Question and Answer Guide on Legal Issues in Supportive Housing – California Edition

Commissioned by CSH. Prepared by the Law Offices of Goldfarb & Lipman. 2000; 217 pages.

Price: \$15 or download PDF files for FREE at www.csh.org

This manual offers some basic information about the laws that pertain to supportive housing and sets out ways to identify and think through issues so as to make better use of professional counsel. It also offers reasonable approaches to resolving common dilemmas.

Supportive Housing and Its Impact on the Public Health Crisis of Homelessness

Written by Tony Proscio. 2000; 40 pages.

Price: \$5 or download PDF file for FREE at www.csh.org

This publication announces the results of research done between 1996 and 2000 on more than 200 people who have lived at the Canon Kip Community House and the Lyric Hotel in California. It also looks at pre-occupancy and post-occupancy use of emergency rooms and inpatient care.

Vocationalizing the Home Front: Promising Practices in Place-Based Employment

Written by Paul Parkhill. 2000; 79 pages.

Price: \$5 or download PDF file for FREE at www.csh.org

Accessibility; inclusiveness; flexibility; coordinated, integrated approach to

services; high-quality, long-term employment; and linkages to private and public sectors are hallmarks of a new place-based strategy to help people with multiple barriers to work find and keep employment. The 21 place-based employment programs featured in this report represent some of the most comprehensive and innovative approaches to employing persons who are homeless, former and current substance abusers, individuals with HIV-AIDS, those with physical and psychiatric disabilities and other challenges.

Connecticut Supportive Housing Demonstration Program — Program Evaluation Report

Commissioned by CSH. Prepared by Arthur Andersen LLP, University of Pennsylvania Health System, Department of Psychiatry, Center for Mental Health Policy and Services Research, Kay E. Sherwood, TWR Consulting. 1999; Executive Summary, 32 pages. Complete Report, 208 pages.

Executive Summary Price: \$5 Complete Report Price: \$15

This report evaluates the Statewide Connecticut Demonstration Program which created nearly 300 units of supportive housing in nine developments across the state in terms of tenant satisfaction and community impact—both economic and aesthetic—property values and use of services once tenants were stably housed.

The Next Step: Jobs Initiative Cost-Effectiveness Analysis

Written by David A. Long with Heather Doyle and Jean M. Amendolia. 1999; 62 pages. Price: \$5

The report constitutes early findings from a cost-effectiveness evaluation by Abt Associates of the *Next Step: Jobs* initiative, which provided targeted services aimed at increasing supportive housing tenants' employment opportunities.

Under One Roof: Lessons Learned from Co-locating Overnight, Transitional and Permanent Housing at Deborah's Place II

Commissioned by CSH, written by Tony Proscio. 1998; 19 pages. Price: \$5

This case study examines Deborah's Place II in Chicago, which combines three levels of care and service at one site with the aim of allowing homeless single women with mental illness and other disabilities to move towards the greatest independence possible, without losing the support they need to remain stable.

Work in Progress 2: An Interim Report on Next Step: Jobs

Commissioned by CSH, written by Tony Proscio. 1998; 22 pages. Price: \$5

Work in Progress 2 describes the early progress of the *Next Step: Jobs* initiative in helping supportive housing providers "vocalize" their residences—that is, to make working and the opportunity to work part of the daily routine and normal expectation of many, even most, residents.

A Time to Build Up

Commissioned by CSH, written by Kitty Barnes. 1998; 44 pages. Price: \$5

A Time to Build Up is a narrative account of the lessons learned from the first two years of the three-year CSH New York Capacity Building Program. Developed as a demonstration project, the Program's immediate aim is to help participating agencies build their organizational infrastructure so that they are better able to plan, develop and maintain housing, with services for people with special needs.

Next Door: A Concept Paper for Place-Based Employment Initiatives

Written by Juliane Dressner, Wendy Fleischer and Kay E. Sherwood. 1998; 61 pages. Price: \$5

This report explores the applicability of place-based employment strategies tested in supportive housing to other buildings and neighborhoods in need of enhanced employment opportunities for local residents. Funded by the Rockefeller Foundation, the report explores transferring the lessons learned from a three-year supportive housing employment program to the neighborhoods "next door."

Not a Solo Act: Creating Successful Partnerships to Develop and Operate Supportive Housing

Written by Sue Reynolds in collaboration with Lisa Hamburger of CSH. 1997; 146 pages. Price: \$15

Since the development and operation of supportive housing requires expertise in housing development, support service delivery and tenant-sensitive property management, nonprofit sponsors are rarely able to "go it alone." This how-to manual is a guide to creating successful collabora-

tions between two or more organizations in order to effectively and efficiently fill these disparate roles.

Work in Progress...An Interim Report from the Next Step: Jobs Initiative 1997; 54 pages. Price: \$5

This report provides interim findings from CSH's *Next Step: Jobs* initiative, a three-city Rockefeller Foundation-funded demonstration program aimed at increasing tenant employment in supportive housing. It reflects insights offered by tenants and staff from 20 organizations based in Chicago, New York City and the San Francisco Bay Area who participated in a mid-program conference in October, 1996.

Closer to Home: An Evaluation of Interim Housing for Homeless Adults

Commissioned by CSH, written by Susan M. Barrow, Ph.D. and Gloria Soto Rodriguez of the New York State Psychiatric Institute. 1996; 103 pages. Price: \$15

This evaluation examines low-demand interim housing programs, which were developed by nonprofits concerned about how to help homeless people living on the streets who are not yet ready to live in permanent housing. Funded by the Conrad N. Hilton Foundation, this report is a 15-month study of six New York interim housing programs.

In Our Back Yard

Commissioned by CSH, directed and produced by Lucas Platt. 1996; 18 minutes. Price: \$10 nonprofits/\$15 all others.

This educational video is aimed at helping nonprofit sponsors explain supportive housing to members of the community, government representatives, funders and the media. It features projects and tenants in New York, Chicago and San Francisco and interviews a broad spectrum of supporters, including police, neighbors, merchants, politicians, tenants and nonprofit providers.

Design Manual for Service Enriched Single Room Occupancy Residences

Produced by Gran Sultan Associates in collaboration with CSH. 1994; 66 pages. Price: \$20

This manual was developed by the architectural firm Gran Sultan Associates in collaboration with CSH and the New York State office of Mental Health to illustrate an adaptable prototype for single room occupancy residences for people with chronic mental illnesses. Included are eight prototype building designs, a layout for a central kitchen, recommendations on materials, finishes and building systems, and other information of interest to supportive housing providers, architects and funding agencies.

Employing the Formerly Homeless: Adding Employment to the Mix of Housing and Services

Commissioned by CSH, written by Basil Whiting 1994; 73 pages. Price: \$5

Funded by the Rockefeller Foundation, this report explores the advisability of implementing a national employment demonstration program for the tenants of supportive housing. The paper is based on a series of interviews with organizations engaged in housing, social service and employment projects in New York City, the San Francisco Bay Area, Washington, DC, Chicago and Minneapolis/St. Paul, as well as a body of literature on programs aimed at alleviating the plight of homelessness.

Miracle on 43rd Street

August 3, 1997 and December 26, 1999. 60 Minutes feature on supportive housing as embodied in the Times Square and the Prince George in New York City. To purchase VHS copies, call 1-800-848-3256; for transcripts, call 1-800-777-8398.

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Mission Statement...

CSH supports the expansion of permanent housing opportunities linked to comprehensive services for persons who face persistent mental health, substance use, and other chronic health challenges, and are at risk of homelessness, so that they are able to live with stability, autonomy and dignity, and reach for their full potential.

We work through collaborations with private, nonprofit and government partners, and strive to address the needs of, and hold ourselves accountable to, the tenants of supportive housing.