

Creating Successful Supportive Housing

LIHTC Track – Session One



Arizona
Department
of Housing

Moderator:

Assistant Deputy Director Ruby Dhillon-Williams

Speakers:

Steve Capobres, *Catholic Charities*

Daniella Zepeda, *La Frontera*

Margaret Adams, *Corporation for Supportive Housing*

Steve Capobres

*Catholics Charities
Community Services*





Creating Successful Supportive Housing

Steve Capobres

VP Business Development, Catholic Charities

ED, Housing for Hope

August 2021

Who we are



- Established in 1933 to protect children and help people suffering through the Great Depression
- Our mission is to serve our community's most vulnerable with permanent solutions that change lives
- Service area is Central and Northern AZ, offices in Bullhead City, Cottonwood, Flagstaff, Mesa, Phoenix and Prescott.
- With 22 programs, we deliver services for foster care, adoption, unplanned pregnancy, early childhood education, teen development, homeless (shelter, permanent supportive, rapid re-housing), veterans, domestic abuse, sex trafficking and refugees.
- In 2011, the production of affordable apartments became a priority:
 - ✓ Affordable housing need
 - ✓ Place-based strategy of service delivery – wrap around services
 - ✓ Long-term asset building strategy



Interested?



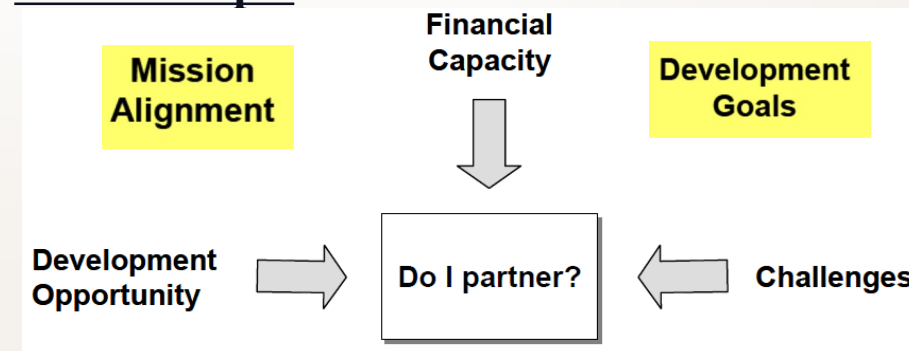
Non-Profit:

- Financial position?
- Development experience, or can you acquire it?
- Access to pre-development resources?
- Land? Own or find patient sellers?
- Tolerance for risk & prepared to manage?
- Committed to long-term sustainability, capacity in property/asset management
- Committed to quality services, beyond just compliance?

For-Profit:

- Understand the unique needs of these potential residents?
- Committed to help fund services?
- Committed to help sustain long-run?
- See the value of a non-profit partner and helping them keep affordable long-term?

Partnerships:



Our Housing Approach



Housing Plan:

- Vision of 1,000 apartment units

Characteristics:

- Affordable: 30% - 60% of median income, rent no more than 30% of income
- Permanent: Goal = 85% of residents remain in units after one year
- Supportive: On-site staff to help develop independent living skills

Finances:

- Focus on Low Income Housing Tax Credits (LIHTC)
- Projects pay for themselves (equity, gap, debt)
- Goal is long-term ownership, asset building

Investment Decisions:

- Minimize liability and risk:
 - ✓ Non-profit arm (Housing for Hope), each property in an LLC
 - ✓ Like co-developer role with development partner on larger projects

Affordable Housing Experience



Over the last nine years, 700 units:

- *Goodyear Homes* are 8 single family homes used for affordable housing (**NSP**)
- *Verde Villas* in Phoenix has 36 units for formerly homeless and veterans (**NSP/HOME**)
- *Ironwood Village* in Glendale has a total of 95 units serving families (**LIHTC**)
- *Desert Willow* in Tempe has 57 units families (**LIHTC**)
- *Rosewood Court* in Phoenix has 50 units for families/veterans; 35 units for elderly/disabled (**LIHTC**)
- *The Gerard House* in Phoenix is permanent supportive housing for 11 single mothers (**CDBG**)
- *St. Lawrence House* in Goodyear is transitional housing for 5 homeless youth (**County CDBG**)
- *Laurel Tree at Northern* in Phoenix will have 70 units for families, with 18 units for SMI (LIHTC)
- *St. Michael's Crossing* in Phoenix permanent supportive housing for 10 homeless veterans (AZ HOME)
- *St. Bernadette's Place* in Phoenix is transitional housing for 14 for veteran women (**CDBG/private**)
- *Mesquite Terrace* in Phoenix will be 297 units for families with preference for veterans (Bonds/LIHTC)



Resident Services

- Services and engagement at each housing community
- Partnership with property management
- **Goal:** Housing stability

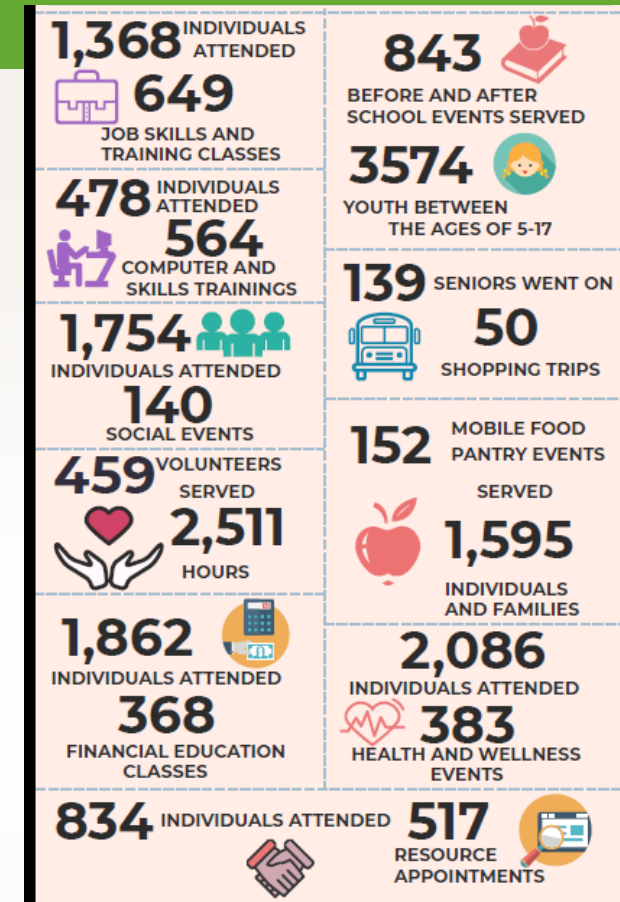
Philosophy:

- We identify existing *community assets* in order to cultivate safe environments where positive change is encouraged.
- We aim to establish strong communities that build upon *existing programs through partnerships*.
- We bridge our residents to *information, experiences and resources* that promote wellbeing.

Standards:



In 2015 we received reaccreditation. Reviewers noted our connectedness to the community and *ability to advocate* strongly on our client's behalf.



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Permanent Supportive Experience



- Smaller projects with no debt (lower rents)
 - ✓ Verde Villas and St. Michael's Crossing (formerly homeless)
 - ✓ Master leases with other non-profits: Maggie's Place, Homeless Youth Connection
 - Individuals with a Disability (SMI):
 - ✓ Laurel Tree: AHCCCS and Mercy Care support (18/70 units)
 - ✓ 122 master leases with private landlords working with ADOH and RBHA
 - Veterans: VA resources - rapid re-housing
 - ✓ Veteran preference (VASH) with LIHTC projects (Rosewood, Mesquite Terrace)
-
- **Direct assistance:**
 - ✓ Connect to government assistance
 - ✓ *Committed to philanthropy* (operating reserve), faith community partnerships
 - ✓ Pantry: food, hygiene products, household items, gift cards
 - ✓ Eviction prevention, relationship building to identify problems, payment plans

Future – MAG Regional Strategy



- Homelessness has increased in Maricopa County by 32% since 2017
- Metro Phx top five areas in country for a shortage of *extremely low-income rentals*
- MAG regional strategy - five main categories:

1. Homelessness diversion and prevention

2. *Increased housing options*

Incentives

Services

**Dedicated
units in
projects**

- Reduce the time to go through city planning and development processes
- Create a landlord incentive program
- Create a database of landlords willing to rent to people with housing vouchers.

3. Enhanced coordination

- Stronger partnerships between the homelessness and *behavioral health sectors*
- Work w/behavioral health facilities & prisons - people leaving have place to go

4. More service options

- Update survey used to *prioritize individuals for housing* and other services

5. More temporary housing solutions

Future

- Social Impact Investment
 - ✓ Pay for performance
- Housing and Health
 - ✓ Home Matters AZ
 - ✓ CCUSA Healthy Housing Initiative
- Closing the Gap pilot in Flagstaff:
 - ✓ Men experiencing homelessness with extreme substance use (up to 7)
 - ✓ Participants who achieved stability had an average stay of 411 days
- Prison Re-entry:
 - ✓ Five homes in Northern AZ



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Center of Hope Apartments



By:

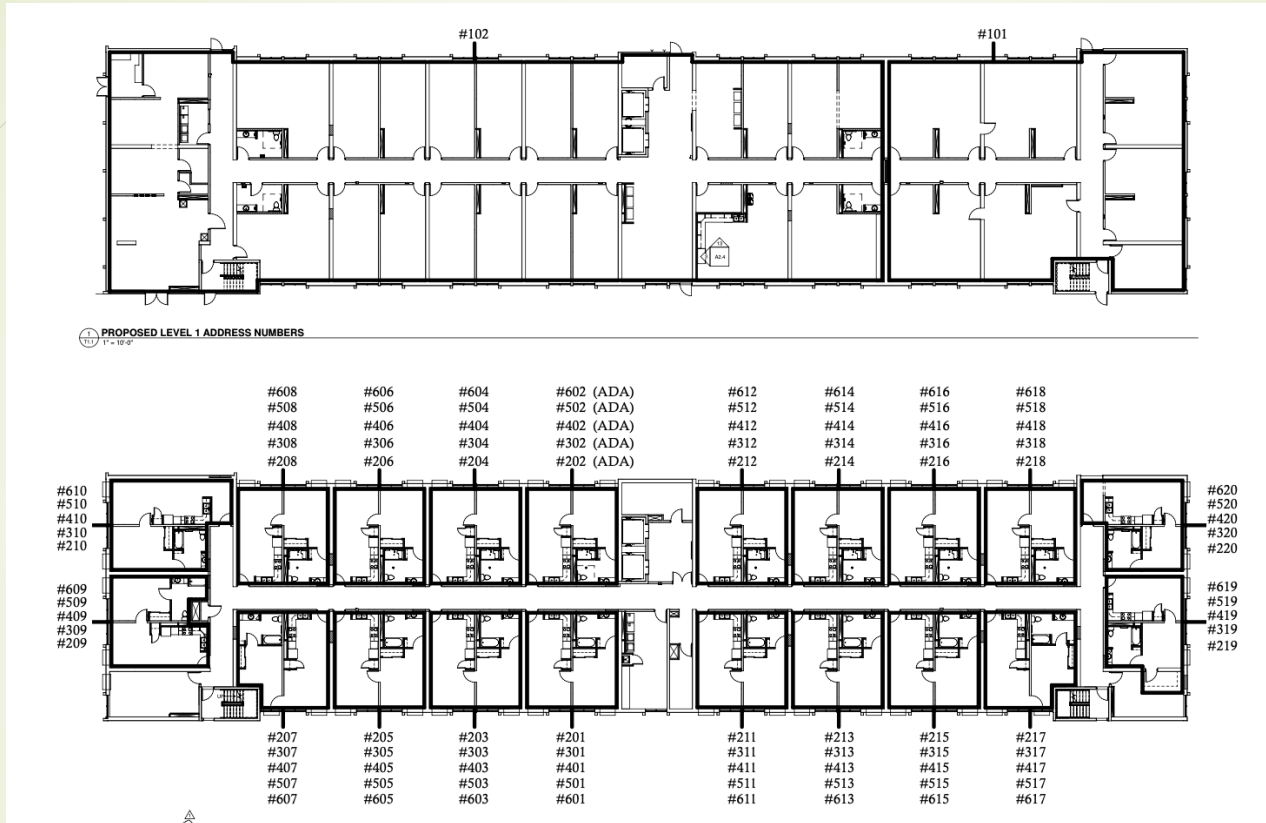
LA FRONTERA PARTNERS, INC.

Center of Hope Apartments

- Conversion of six story tower of a former hotel in Tucson (Palo Verde Road south of Ajo Way)
- 262 hotel rooms into 100 one-bedroom units and office space
- Supportive services by La Frontera Center, Inc.
- Homeless housing
- Rental assistance



Center of Hope Apartments



Floor 1 – Office Use

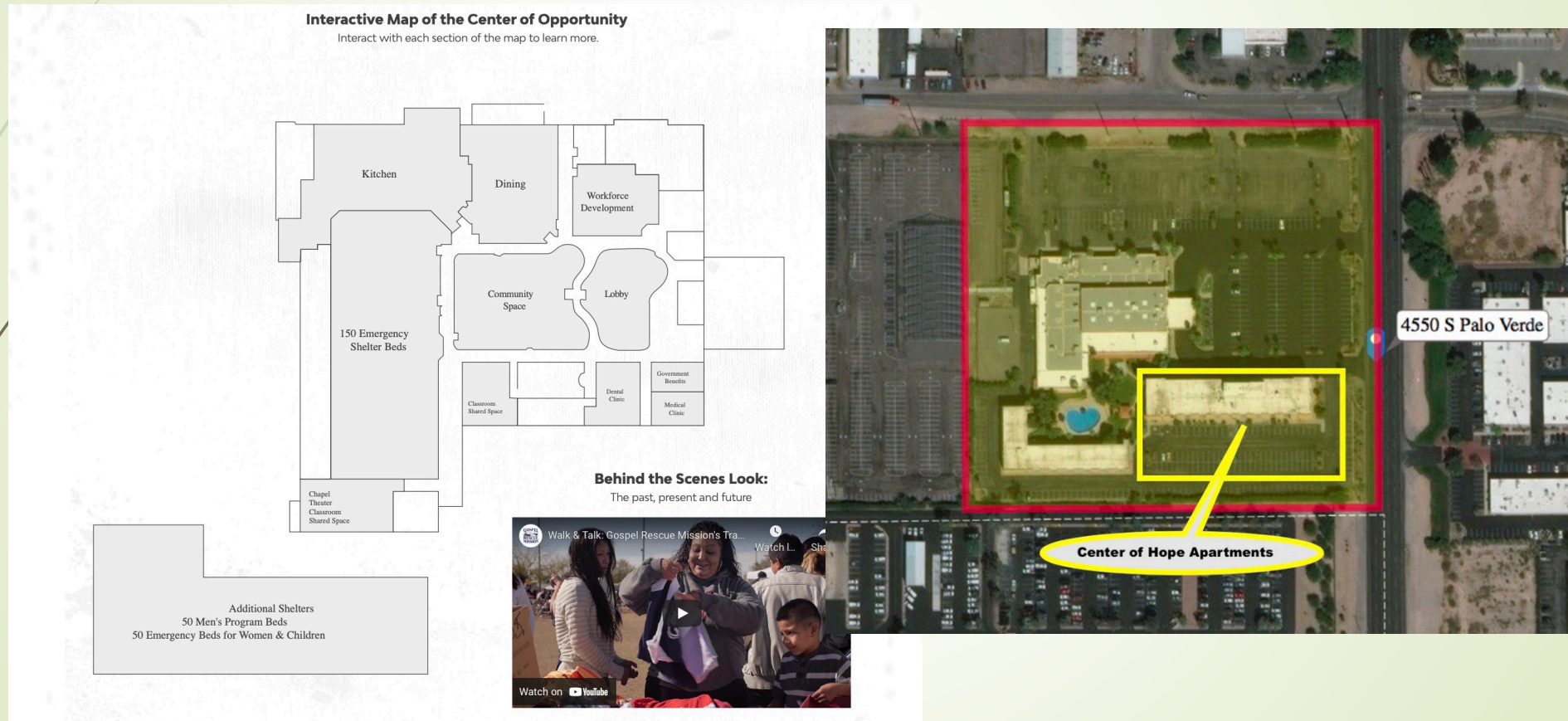
Group rooms, activity space, gym, property management & specialized services office

Floors 2 through 6 – Residential Use

20 one-bedroom units per floor

The HSL Family Foundation Center of Opportunity Campus

<https://centerofopportunity.org>



Center of Hope Apartments

Financing Sources

1. ADOH - 4% LIHTC -Boston Financial/Boston Capital
2. Pima County IDA - Bond Issuer
3. BMO Harris - Construction/Permanent Debt
4. ADOH Housing Trust Funds
5. Pima County HOME funds
6. Arizona SMI Housing Trust Funds
7. Federal Home Loan Bank of Chicago - AHP
8. Arizona Home Matters Funds
9. Deferred Developer Fee
10. 80 Project Based Section 8





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