

# IMPLEMENTATION GUIDE



## CREATING A PUBLIC FUNDING STRATEGY TO MAXIMIZE HOUSING PRODUCTION

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**IMPLEMENTATION GUIDE**  
AFFORDABLE HOUSING SUPPLY TOOLKIT:  
COMMUNITY PLANNING AND DEVELOPMENT PROGRAMS

IMPLEMENTATION GUIDE

# CREATING A PUBLIC FUNDING STRATEGY TO MAXIMIZE HOUSING PRODUCTION

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This Implementation Guide outlines a six-step process to develop a coordinated public funding strategy for affordable housing. A coordinated strategy allows jurisdictions to prioritize resources to the greatest community need, increase the efficiency of resource allocation, and maximize production of affordable housing. This guide gives practical steps to bring together public resources and stakeholder perspectives to eliminate barriers to creating affordable housing and expand the pool of affordable housing developers.







**Pictured above:** Phoenix Flats, Portland. Property contains 45 units for seniors below 50 percent and 60 percent of AMI.

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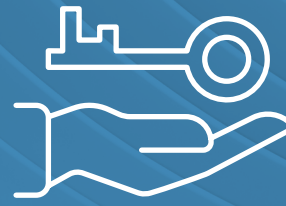


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# INTRODUCTION



This Implementation Guide details actions that a jurisdiction may take to develop a coordinated public funding strategy for housing production aligned with the greatest community need. A coordinated public funding strategy works across silos to efficiently deliver housing and increase support to low-income families. The guide discusses how the public sector can:

- Bring together diverse public funding resources.
- Help the development community access the full range of funding resources available.
- Guide the development community in addressing priority housing needs.

## Effective Use of Public Funds

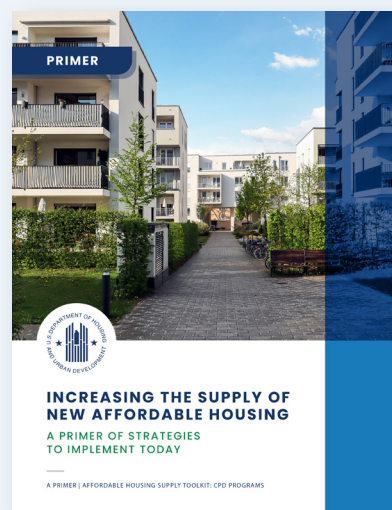
As described in the [Affordable Housing Supply Toolkit](#), one of the most effective tools available to local government in shaping affordable housing production is the ability to fund, directly or indirectly, development activity.



## INCREASING THE SUPPLY OF NEW AFFORDABLE HOUSING



In 2023, the U.S. Department of Housing and Urban Development (HUD) published a [primer](#) for state and local government officials and residents who are seeking pathways to create more affordable housing in their communities. The Primer encourages local and state governments to use their regulatory authority and public resources, including HUD's Community Planning and Development (CPD) funds, strategically and creatively to leverage other sources of funding for housing and community development activities. The **Implementation Guide series** was developed to expand on some of the concepts described in the Primer, providing readers with an actionable plan and step-by-step guide to implement each of the strategy components highlighted.





# ABOUT THE IMPLEMENTATION GUIDE



**Pictured above:** Phoenix Flats, Portland. This property was built to Passive House standards.

**T**he *Creating a Public Funding Strategy Implementation Guide* provides step-by-step instructions to guide HUD grantees and communities through the process of developing a coordinated public funding strategy. The guide provides a template that local governments can adapt and use in their own communities. It also addresses the benefits of this type of coordinated funding process: increasing the efficiency of housing production, effectively targeting resources toward the community's greatest housing priorities, and maximizing production over time. The goal is to create a package of funding, wraparound supportive services, and operating supports that will promote the success of long-term affordable housing.

## PUBLIC FUNDING STRATEGY GOALS



**Efficient, targeted capital funding package**



**Wraparound supportive services for residents**



**Operating supports to promote long-term affordable housing success**

## WHAT IS INCLUDED IN THE GUIDE?

This guide outlines six implementation steps for creating a coordinated public funding strategy for housing development. The steps described are as follows:

- 1 Identify Potential Funding Collaborators
- 2 Define Priority Housing Needs
- 3 Pinpoint Barriers to Priority Housing Development
- 4 Collaborate for Success
- 5 Grow the Pool of Priority Housing Developers
- 6 Evaluate and Adjust

The guide also suggests tips and resources for developing a coordinated funding strategy and key considerations for promoting the success of the funding strategy.



**Pictured above:** Solterra Apartments, Portland. This property contains 10 units that are reserved for “long-term shelter stayers” exiting homelessness.

## WHY CREATE A FUNDING COLLABORATIVE?

A public funding collaborative can be an important tool for jurisdictions seeking to accomplish the following:

- Creating additional affordable housing.
- Targeting public funding toward the highest priority housing needs.
- Streamlining and coordinating funding processes.
- Systematizing collaboration among the funding sources.
- Guiding the housing development community toward housing production to meet the highest priority needs.



# IMPLEMENTATION STEPS



STEPS

1

*Identify Potential Funding Collaborators*

2

*Define Priority Housing Needs*

3

*Pinpoint Barriers to Priority Housing Development*

4

*Collaborate for Success*

5

*Grow the Pool of Priority Housing Developers*

6

*Evaluate and Adjust*

# 1

## IDENTIFY POTENTIAL FUNDING COLLABORATORS

**A** successful funding strategy that increases the production of priority affordable housing also increases the resources available for housing development and reduces the barriers to accessing them.

The first step is to identify potential funding collaborators. The ideal collaborator is a public sector entity that achieves the following:



**Serves a population in need** of affordable housing or has a mission linked to affordable housing.



**Has resources** that it would like to deploy with greater impact.



**Has leadership** who is willing to consider creative approaches.

Ultimately, the best collaborators are motivated to work together to advance **their** individual missions through the development of affordable housing and have resources they can make available. Collaboration requires each agency to invest time in planning and agree to some shared control of their own resources in order to accomplish a broader goal. It is important to approach collaborators with a shared vision. In a successful collaborative, every agency sees their participation as a “win” for their agency.







**Pictured above:** Solterra Apartments, Portland. Solterra is built to Passive House standards.

While the list below includes many possible collaborators, starting with a group of no more than four agencies will make initial coordination more manageable. As an initial step, identifying even one collaborator can be useful in creating momentum toward a broader collaborative funding mechanism.

Examples of potential municipal and county funding collaborators include the following:

- City and county housing authorities
- Departments serving households with physical, mental health, and developmental disabilities
- Economic development agencies or authorities
- Agencies that administer tax increment financing, payment in lieu of taxes, and other financial incentives
- Department(s) responsible for infrastructure investment
- Public transit authorities
- Public utilities and departments of energy



Under some circumstances, even a parking authority or a parks and recreation department can be a valuable collaborator, depending on the resources and creativity of the agency's leadership.

While there may be some circumstances under which it makes sense to include collaborators who are not public entities, this guide focuses on public sector collaborations. There are significant strategic benefits to aligning public sector resources and enhancing the working relationship among public entities. Also, decision makers in the public sector face similar process constraints and expectations. Such commonalities make it easier to work collaboratively.

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## DEFINE PRIORITY HOUSING NEEDS

**A**fter a small group of potential collaborators have been identified, the next step is to define the priority housing needs. The identification of priority needs should involve a broad set of stakeholders, including the following:

- Affordable housing developers
- Chambers of commerce
- Community residents and housing advocates
- Lenders who finance affordable housing locally, including banks and nonprofit lenders
- Local and regional philanthropic foundations
- Major employers in the area or region
- Municipal and/or county departments that might not collaborate as funders, such as planning and zoning
- Nonprofit service providers and housing advocates



### *Use Existing Planning Resources to Define Priority Needs*

Funding collaboratives should define priority needs by incorporating needs assessments and planning materials that have already been produced, such as the following:

- HOME Investment Partnerships Program-American Rescue Plan (HOME-ARP) Allocation Plan
- Consolidated Plan
- Annual Action Plan
- Resilience plans
- Neighborhood and area redevelopment plans
- Market analyses that identify the following:
  - Existing housing supply by price point and income level
  - Age and type of existing housing structures and their vacancy rates
  - Pipeline of projects that have received permits



## QUESTIONS TO CONSIDER WHEN DEFINING PRIORITY NEEDS INCLUDE THE FOLLOWING:



### *Which populations are experiencing the greatest need?*

#### **Examples**

Disabled individuals, families, homeless, low-income, senior, other rent-burdened special populations



### *What types of housing are most needed?*

#### **Examples**

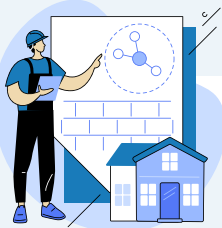
Bedroom mix, building type, mixed income, mixed use, project size, rental versus homeownership



### *What geographic distribution will best meet the need?*

#### **Examples**

- Where is the current need the greatest?
- Where are areas of opportunity for residents?
- Which locations will further fair housing goals through increased access to jobs, transit, and amenities?



### *How many units are needed by type?*

Housing needs will exceed the resources available, so it is crucial that the collaborative funding strategy identify **priority** needs. Identification of priority needs allows the collaborative to focus resources strategically, sends a clear message to the housing development community, and targets funding toward

developments that meet the most pressing needs of the community. A clear definition of the priorities also helps determine which entities are the best fit for participating in the collaborative. For example, a division focused on older adults may not be the best fit for the funding collaborative if the priority need is housing for families.

# 3 PINPOINT BARRIERS TO PRIORITY HOUSING DEVELOPMENT



**Pictured above:** Phoenix Flats, Portland. Property contains 11 units reserved for “long-term shelter stayers” exiting homelessness.

The third step is understanding the critical barriers to meeting priority housing needs. Compare the priority needs of the community with housing recently developed or planned. Does the housing include units that address the priority community needs? If so, those developers are important allies and their experience will inform the funding strategy. Do the planned units sufficiently address the priority needs? If so, the funding strategy may focus on a different priority.

If the housing pipeline is not sufficient to meet critical needs, it is important to understand the critical barriers that developers face. If possible, interview developers individually to facilitate open and honest feedback. A forum with multiple developers may generate more guarded comments. To ground the conversations in firsthand experience, first meet with those developers who have brought priority units

online, if possible, or who are in the process of planning such developments.

Listen carefully for erroneous assumptions that could be changed with additional information. Make note of these perceptions so that they can be addressed later.

These conversations can be challenging for staff because developers may have opinions about the public sector that can seem unfair, dismissive, or even hostile. However, the purpose of these conversations is to understand the mindset of the development community, not to challenge it or change it. Honest feedback about perceived hurdles can help inform a funding strategy that will produce priority units. Frank feedback also will inform the choice of educational resources for the development community and guide the description of the new collaborative’s funding strategy so that developers receive it positively.

## Developers Can Help Identify Financial Gaps in Developing Local Housing Types

Ask local developers of priority units the following:

- Why did they choose to develop priority units?
- What (or who) were the key supporters that made developing priority units feasible?
- What were the biggest hurdles to developing priority units?
- What would have helped them create more priority units in a development?
- Do they plan on developing more priority units?
- For developers who have an overall positive evaluation of their experience in developing priority units, would they be willing to participate in a forum or other event for the housing development community and talk about their lessons learned? Would they be willing to host a property tour for the development community?

Questions for developers who have not created or planned priority units include the following:

- Have they considered creating units that address the priority need?
- What hurdles have kept them from developing priority need units?
- What support do they need to reduce these hurdles?

The following are some typical hurdles that the development community may identify.

## CAPITAL SOURCES

The development community will almost certainly want more capital. Ask for details about the type of capital that is most needed in order to expand the supply of housing:



What types of funding are most needed to expand the supply of priority units?



What amount is needed per unit?



What kind of timeline is necessary?



What terms are helpful (e.g., length of loan, interest rate, repayment type)?



What terms would make the funding difficult or impossible to use?



What single change in the availability of funding would be most helpful?

While the collaborative funding strategy will not be able to fill every need identified by the development community, it may be able to identify new resources that could fill some of the needs or existing resources that are available but underutilized.



## OPERATING SUPPORT

Developers may identify the need for operating support, such as the following:

- Ongoing rental subsidies, including project-based vouchers and any state or local rental subsidies
- Real estate tax abatements, such as payments in lieu of taxes or tax increment financing
- An additional repair reserve to cover damages in units serving households that developers associate with a higher risk of property damage
- Facility funding to co-locate other uses within new developments
- Supportive services for residents or supportive services funding

Listen for misunderstandings and missing information about the resources available, especially those needed to provide supportive services to residents. Does the developer have any properties where services are provided? If so, what types of services are they and who provides them? Does the developer have any formal or informal partnerships with organizations that support residents?

Most housing developers are not specialists in supportive services and will need education around those services and their funding sources. These projects require an operating subsidy, which is typically term limited, and a partner to administer the services. Developers also may need education on why supportive services are beneficial for both the residents AND the property owners. If the priority housing needs include housing for chronically homeless or extremely low-income families with children, developers may need assurance that the appropriate services will help build housing stability and reduce conflict between residents and property managers. Identifying the information gaps is the best way to begin to fill them.



### *Grow the Funding (and the Flexibility)*

Affordable housing production is directly linked to the amount and type of capital available to support it. One of the most important ways to increase affordable housing production, and to address priority housing needs, is to increase the total pool of capital funding available for distribution. Creating local sources of capital for investment in affordable housing also can increase the flexibility of the funds and allow developers to access capital for activities and projects that may not be feasible or eligible for federal resources.

Potential sources of capital to consider include the following:

- A dedicated stream of funding for affordable housing, such as real estate transfer taxes or condominium conversion taxes
- Tax increment financing, if available in your state
- Inclusionary zoning opt-out payments if your locality has inclusionary zoning requirements

Careful program design maximizes the benefit from the new capital streams. More information about these options can be found in [Increasing the Supply of New Affordable Housing: A Primer](#).



## OTHER HURDLES

The development community may identify other hurdles over which the funding collaborative will have no control, such as compliance with federal funding requirements, construction inspection delays, lengthy zoning processes, or the high cost of impact fees. It is important for developers to know that their

concerns have been heard. Know in advance what to do with such concerns and be careful not to overcommit. For example, if a concern can be passed along to an appropriate division head, commit to doing so. Do not commit other agencies to a course of action. Although they are often out of the control of the jurisdiction's housing staff, easing regulatory bottlenecks helps increase housing production.

### *Collaborative Conversion: From Offices to Residences*

In order to prioritize the creation of permanent supportive housing (PSH) for chronically homeless individuals, Montgomery County, Maryland, convened three public agencies with critical resources to support the development and operation of PSH units. In one project funded by the collaborative, a nonprofit organization converted an underutilized office building into 32 PSH units, with funding from the three agency partners:

1. The **Department of Housing and Community Affairs (DHCA)** combined HOME funds with other county

resources, including its local Housing Trust Fund (which receives a dedicated 2.5 percent allocation of county real estate tax proceeds). DHCA provided a construction loan and subordinated permanent financing.

2. The **Montgomery County Department of Health and Human Services** provided 24 site-based Housing Choice Vouchers.
3. The public housing authority—the **Housing Opportunities Commission of Montgomery County**—provided an additional eight site-based vouchers.

The voucher rents, combined with the substantial county soft debt, allowed the operating budget to cover the cost of supportive services for the residents.



**Pictured above:** Cordell Place, Bethesda. This property is an office conversion into 32 units of PSH.

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# 4 COLLABORATE FOR SUCCESS



**A**fter the identification of collaborative partners, the identification of priorities, and engagement with developers, the groundwork is laid to establish a successful funding mechanism. This step is to create the collaborative funding structure, its funding mechanisms, and its tools for implementation.

## RESOURCES AND DECISION MAKING

The scale and impact of the funding mechanism depends on the level of resources that the collaborators can bring to it. At the highest level of each agency, leadership must commit to the level of resources they can provide to the collaborative. These commitments must be documented in writing, in the form of commitment letters or intergovernmental agreements. Such clarity is essential so that the development community can fully understand (and prepare to utilize) the resources.

Housing development is a complex, multiyear process. It is important that the collaborative commit to funding a multiyear pool if permitted by the program requirements of the different funding sources. The collaborative also should clearly identify multiyear priorities. A multiyear funding commitment shows the development community that the public sector is serious about allocating resources to the priority housing needs, and the development community should not simply plan to “sit out” the funding round in the hopes of alternate priorities next year. If the resources and priority commitments can only be made for a single year, then the commitments should be announced for the *next* funding cycle as far in advance as allowed. An extended lead time helps the development community respond more effectively to the resources offered through the funding collaborative.

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Organizational leadership also needs to agree to a broad outline of how the collaborative will make decisions. Leadership should consider (1) a formula or (2) a project-level review. There are pros and cons to each approach.

### Formula

The collaborative develops a formula that adheres to regulations and program requirements and generates a predefined response. An example of a formula-based approach would be, “When the Department of Housing provides a capital grant to a rental project, the Housing Authority will provide project-based vouchers for x percent of units serving the priority population, and the Department of Human Services will refer residents and provide them with long-term supportive services.”

### Project-Level Review

The collaborative makes decisions on a project-by-project basis.



**Pictured above:** Phoenix Flats, Portland. These affordable senior housing units preserve economic diversity in a walkable neighborhood experiencing intense gentrification pressures.

## The Pros and Cons between Decision Outlines

### Formula



#### Advantages:

There are reduced time demands on department leadership and staff and increased predictability for developers and other stakeholders.



#### Disadvantages:

A formula is less responsive to individual project needs and changing conditions, and less likely to generate creative ongoing collaborative efforts.

### Project-Level



#### Advantages:

The collaborative can respond with nuance to both project-specific requests and changing circumstances over time.



#### Disadvantages:

There are increased time demands on leadership and staff, and reduced predictability for developers and other stakeholders.



**Pictured above:** Solterra Apartments, Portland. Solterra’s ground floor office space houses Cultivating Community, a nonprofit that addresses food insecurity and promotes community gardens.

With a **project-level review** approach, crucial questions for leadership to address include the following:

- **Who will participate in the decision-making process, and how will that process be staffed?** Agree in advance whether leadership will participate directly or send an empowered representative to decision-making meetings.
- **Will the funding be provided in an open-window, single annual cycle, or more frequent cycles?** This decision will affect the nature and timing of staffing demands.
- **How much of the review does each agency need to staff separately and which parts can be entrusted to a single, unified review entity?** For example, does each collaborator need to review an organization’s financial statements or can one entity’s staff review that piece for the entire collaborative?
- **How much time after submission of an application does each collaborator need in order to prepare to make a decision?** Each collaborator should consider staff availability and how application review

aligns or conflicts with other agency responsibilities in order to give a realistic assessment of the time needed.

- **Broadly, what is the leadership’s vision of how the funding resources will be used?** A discussion of hypothetical scenarios can help ensure that there is a similar vision for how the collaborative’s resources will be used collectively. Hypothetical scenarios can build a crucial common vision about the concentration of resources and the likely impact of collaborative funding on project design.
- **Do the leaders envision an incentive-driven system, a competitive scoring system, a mandate-based system, or a combination of these?** If a mandate is viewed as necessary to achieving the desired outcomes, consider implementing the mandate via a two-stage process—one cycle where the future requirement is incentivized and a second cycle where the requirement is implemented. This will allow the development community time to adapt.

Agency staff can fill in the details and implement the plan once their leaders agree to a broad outline.

## TIMELINES

The leadership of each agency should collaboratively develop a timeline for the funding cycle. Many of the priority housing developers seeking funding from the collaborative also will rely on state funding cycles for Low-Income Housing Tax Credits (LIHTCs) and other subsidies. It is important that the collaborative's funding cycle aligns with the state's funding cycles. Agencies that manage priorities other than housing development may not be aware of these funding cycles and their importance to successful housing development. Ensure that the collaborators understand the state funding cycle, the application process, funding criteria, and any limitations on funding so that each one has realistic expectations of what the state can provide and what developers should be expected to request from other sources.

Conversely, non-housing agencies' funding also may have cycles that impose constraints on the group, or which may need to be adjusted. For example, an agency that typically fully commits its resources before the collaborative's funding cycle may need to defer committing some of those resources until later in the year.



### *Align Local Priorities with the State's Qualified Allocation Plan (QAP)*

Each state has its own QAP for the distribution of Low-Income Housing Tax Credits (LIHTCs). The QAP lays out the state's funding priorities and process for allocating tax credits. It is revised periodically (annually or every other year in most states) through a process that includes public comment. Housing department staff, funding collaborative members, developers, and other stakeholders should be encouraged to participate.

If the state's QAP priorities align with the local priority housing needs, local LIHTC benefits will be maximized. The engagement of many diverse voices in the state's QAP revision process can help shape the state's priorities. And while the state's QAP should not dictate the local housing priority, in order to maximize production, it is important that the local priorities and the state's priorities are not contradictory. For example, if the state's QAP strongly prioritizes funding for large family units, the local collaborative should not prioritize micro units unless a "both/and" project will score well in the competitive allocation process. When selecting local priorities, it is important to ensure that developers will not be penalized at the state level.



## IMPLEMENTATION PLAN

Once the collaborative's leadership has agreed to the broad outlines of the implementation plan, staff can flesh out the details. This should include creation of the following:

- **Specific underwriting and selection criteria**, with particular attention paid to changes to any collaborator's selection criteria that need to be modified to target funding toward the priority housing needs.
  - [Affordable Housing Implementation Guide: Developing Strong Underwriting Processes to Ensure Financial Feasibility](#).
- A **staffing plan** that addresses each step in the process, including the preparation of materials, training of staff, and education of the development community. The plan should clearly describe the authority for implementation decisions within each agency so that decisions can be made without ambiguity regarding the approvals.
- A **timeline** for implementation, including the following:
  - Finalization of all application materials
  - Public announcement of the collaborative
  - Developer education about collaborative funding and priorities
  - Staff education, including on new application forms and the selection criteria
  - The opening of the funding cycle
  - Target dates for the decision meetings
  - Target dates for the award announcements

It is helpful to “beta test” the proposed incentives and the selection process on some hypothetical projects to determine whether the resources make these projects feasible. It also can help to evaluate the new selection



criteria by using a few prior projects to get a sense of how they would have fared under the proposed system.

It is beneficial to train staff at the different agencies together. This is especially important if these staff members have not worked closely together in the past. Staff need to form working relationships, recognize who is responsible for which aspects of the process, and understand “who to call if ...” Again, talking through some hypotheticals will help staff understand how the collaborative will help their agency achieve its core goals and how the process will be similar to, and different from, their standard practices.

## APPLICATION MATERIALS

For a developer, one of the greatest advantages of a collaborative funding strategy is a streamlined, “one-stop shop” application process. For a project review collaborative, to the greatest extent feasible, consolidate the application forms and application materials. A seamless application form, with sections reviewed by the different agencies, which provides only the unique information each collaborator needs, will ease developers into the process. If most applicants also will apply to the state for LIHTC funding, consider using that LIHTC application as the base. Consistency with the state's materials, especially with the budget and financial attachments, will generate significant time savings for the developer, as well as more consistent information for the local and state reviewers.



## ANNOUNCE THE COLLABORATIVE AND EDUCATE STAKEHOLDERS

During the first funding round, it is important to have a public rollout process. If possible, include the most senior elected and appointed leaders in a public announcement that celebrates the new collaborative, trumpets the community benefits from the strategic use of funds, and lays the groundwork for broad public support from stakeholders. This announcement can include the development community, housing advocates, and other stakeholders who participated in establishing the priority focus.

After the public rollout, detailed education for the development community will ease implementation. This should include the following:

- An orientation on revised underwriting and selection processes
- Review of the revised application materials
- An overview of the timeline for the funding process

- Education for developers on priority housing needs. Address the missing information and the misinformation identified in conversations with the development community during the stage where hurdles are managed. Consider the following:
  - **Highlight existing successful developments** that address the priority housing needs, possibly with property tours (could be incorporated into a kickoff event).
  - **Conduct Q&A sessions** focused on the additional resources provided through the collaborative, such as the funding of supportive services.
  - **Provide opportunities to meet service partners** who are relevant to meeting the service needs of priority housing groups. This is especially important if services will be required or incentivized and need to be documented with a memorandum of understanding or a letter of intent. Relationships between the developers and the service providers will need to be built or strengthened, and then documented, so this event needs to take place soon after the announcement of the funding cycle.

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## GROW THE POOL OF PRIORITY HOUSING DEVELOPERS

**T**he stakeholders are engaged, the priorities have been identified, the collaborative has been built, the pool of funding is expanded with streamlined access to resources, and the development community has learned about the new funding process. The process is in place; however, the collaborative should not just wait for applications from priority housing projects. A funding strategy, on its own, does not generate priority housing units; there must be priority housing applications. Jurisdictions can strengthen their production of priority housing units by expanding the pool of potential applicants.



**Pictured above:** Cordell Place, Bethesda. The small efficiency units include a small refrigerator and a microwave, with a complete kitchen and dining room shared on each floor.

### *A One-Stop Shop for Permanent Supportive Housing*

A four-agency funding collaborative in Washington, D.C., included the Department of Housing and Community Development, the Housing Authority, the Department of Human Services (serving individuals with physical and developmental disabilities), and the Department of Behavioral Health (DBH, serving individuals with severe and persistent mental illness).

Developers seeking city capital and operational funding for their affordable housing projects submitted a “one-stop shop” application for resources from some or all of these sources. A minimum requirement for funding was that 5 percent of the units in each new construction project had to be permanent supportive housing (PSH) units.

One project included 190 affordable units funded with 4 percent bond funding and a substantial second mortgage from the Department of Housing and Community Development. DBH provided grant funds for additional capital subsidy for 10 units serving their clients, as well as ongoing services for residents of the DBH units.

The Housing Authority provided Housing Choice Vouchers for each of the DBH units. During that funding round, 174 PSH units were created and distributed across nine properties. The new requirement for PSH units was manageable due to the one-stop shop application and additional capital and operating subsidies, even for developers with no prior PSH experience.



## ENCOURAGE PROPERTY OWNERS TO BECOME HOUSING DEVELOPERS

Every community has underutilized sites owned by entities that do not consider themselves to be housing developers. These owners may be open to converting their assets to housing but simply have never considered that possibility.



### Target Your Outreach

**Conduct targeted outreach and education** for owners in the community with high-potential properties. For example, if the community has a significant number of churches with developable land, reach out to specific churches with land resources, contact all others through local networks, and conduct a session with clergy and staff to introduce the topic of housing development.

To grow the application pool, consider which types of underutilized properties are prevalent in the community and determine who owns them. Look for the following:

- Distressed, vacant, or abandoned private commercial properties that could be converted to housing
- Underutilized office buildings that could be converted to housing
- Low-height structures in high-height locations, where taller structures could make better use of height allowances, potentially incorporating both the existing use and new housing
- Potential mission-driven property owners/entities that might have buildings that could be converted to housing or vacant land for housing development, including the following:
  - Churches
  - Private schools and universities
  - Hospitals
  - Major employers
- Expiring Use projects, which might be redeveloped to include priority housing units
- Publicly owned or community amenity structures, including land owned by transit agencies, which might benefit from redevelopment with co-located housing
  - [\*\*Affordable Housing Implementation Guide: Co-Locating Housing with Community Facilities\*\*](#)
- Publicly owned lands that might be made available through a request for proposal (RFP) process, with priority housing preferences built into the RFP
  - [\*\*Affordable Housing Implementation Guide: Creating an Inventory of Public Lands\*\*](#)



## Develop a Process Guide

**Develop a simple, step-by-step process guide** for property owners to evaluate the feasibility of using their property for housing development. The guide can include practical information on zoning and resources to consult for additional information at each stage. Consider small grants to help non-housing entities evaluate the feasibility of converting to or adding housing. A pool of small grant funding would be especially helpful for non-housing-focused nonprofit organizations and small businesses.

## GROWING DIVERSITY WITHIN THE APPLICANT POOL

The jurisdiction also can take intentional steps to expand representation within the applicant pool to include developers of color and place-based organizations. Developers of color may have less access to traditional capital and/or be unaware of the collaborative's funding opportunities. Community development corporations may want to develop and operate in their communities and be aware of the collaborative's goals; however, they may need increased capacity to apply, develop, and operate a project. In both cases, targeted outreach can help.

Consider training and educational activities for newer or less experienced Black, Indigenous, and people of color developers to pursue projects or partner with more experienced developers. Promote the collaborative's funding at regional trainings and networking events that serve these organizations.



**Pictured above:** Deering Place, Portland. Property contains 75 units, a mix of new construction and historic renovation.

# 6 EVALUATE AND ADJUST



**E**very program can improve through regular evaluation and adjustment. A collaborative funding strategy needs two types of evaluation:

- An **annual implementation evaluation** to fine-tune the processes
- A **periodic priority needs evaluation**, which may shift funding priorities and even lead to the substitution of collaborators

## ANNUAL IMPLEMENTATION EVALUATION

**DO** provide collaborators, developers, and other stakeholders, such as service providers, the opportunity to provide feedback at the end of the first funding cycle. They will have useful recommendations for you to consider. Consider conducting a survey to collect

feedback from the development community and other stakeholders and supplement it with interviews with developers. Implementation staff from the various collaborators might meet in order to evaluate and brainstorm solutions for any identified “rough spots.”

**DO NOT** evaluate the effectiveness of the collaborative on the basis of the first funding cycle. Due to the multiyear lead time required to develop affordable housing, the development community will not be able to respond as thoroughly and creatively in the first year as it will in subsequent application rounds. This is particularly important if there was limited lead time for the development community to learn about the new funding opportunities before the cycle opened. If a multiyear funding commitment has been announced, it is important to maintain it over the multiyear period.

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## PERIODIC PRIORITY NEEDS EVALUATION

At least every 3 years, the collaborative should reevaluate funding priorities with community partners and stakeholders. Priorities should be adjusted to reflect changing community needs and lessons learned from prior rounds. This might involve a shift in collaborative partners or the addition of new agencies in order to bring in other resources related to newly identified needs. The original partners might reduce or eliminate funding distributed through the collaborative as priorities shift or they may shift their resources to reflect the new priority. For example, if the original focus was on older adults and the priority shifts to households living with mental illness, an agency serving older households might remain active but on a more limited basis, providing funding for older households living with mental illness.



**DO** time the evaluation process so that the identification of priority needs can be included as feedback in the state’s Qualified Allocation Plan (QAP) process. Changes to local priorities need to be shared during the state’s planning process.

**DO NOT** announce detailed collaborative implementation strategies until the revised QAP is released. New implementation strategies will need to be sufficiently flexible to work with, not against, the resulting revised QAP.



**Pictured above:** Solterra Apartments, Portland. This property contains 55 units of mixed-income housing, with 20 percent market-rate units, 15 percent of units serving households below 60 percent AMI, and 65 percent serving households below 50 percent AMI.

NEXT STEPS:

# COMMUNICATE YOUR SUCCESS!



Just as evaluation and adjustment are ongoing processes, so are the measurement and communication of outcomes. Ensure that the funding collaborative's successes are tracked and communicated to public sector leadership, stakeholders, and the broader community. Funding announcements and groundbreaking and opening ceremonies can celebrate the success of the collaborative and share data on positive impacts.



Measure **quantitative** outcomes such as the following:



Number of affordable housing units created



Total investment across all partners



Number of projects receiving funding from multiple funders

Do not forget to collect **qualitative** outcomes as well. Document and share the following:



Stories highlighting the residents who benefit from the diverse funding streams



Positive feedback from developers about the funding collaborative



Reports from property managers and service providers about project successes

Widely sharing positive outcomes builds support for additional affordable housing in the community.



## Creating Homes for Shelter Stayers

The City of Portland, Maine, population 68,000, engaged in a year-long planning process to identify strategies to address homelessness. This process included leaders in government, nonprofit organizations, major employers, builders, higher education, and healthcare systems. The group prioritized an increase in the availability of affordable rental housing for households exiting the shelter system. In response, the city brought together the resources of the Housing and Community Development team, the Planning and Urban Development Department, and the Health and Human Services Department:

- The “Shelter Stayers” policy provides capital subsidy and/or tax increment financing for rental housing when

10 percent of the units created serve individuals exiting the city’s homeless shelters.

- The Health and Human Services Department refers residents to available units and secures income supports and/or vouchers for them.
- The Health and Human Services Department also provides ongoing supportive services for the residents.

Portland approved its first projects in 2018. The 14 participating projects have generated 90 units of geographically dispersed, fully integrated housing for formerly homeless households. The Shelter Stayers policy creates new units for those exiting the shelter system each year.



**Pictured above:** Phoenix Flats, Portland. This city-owned, former surface-level parking lot is leased for 99 years to the building owner for the development of affordable housing.



# RESOURCES



These resources provide guidance to collaboratives with regard to building a financing strategy:

## Defining Priority Housing Needs

[Fundamentals 201: Groundwork & Positioning](#) focuses on how and why to conduct a local housing needs assessment. It is helpful for all jurisdictions, although it was created for local governments in Colorado, so there also is some Colorado-specific content.

## Using Existing Planning Resources

Created in partnership with PolicyMap, the [Housing Needs Assessment](#) will generate an overview report of housing needs for every city, county, and metropolitan statistical area in the country. The report includes downloadable data visualizations that measure housing affordability and housing stock characteristics, and it is a good starting point for defining priority needs.

## Growing the Funding

[Funding a Local Housing Strategy](#) highlights multiple options for growing your funding pool, with links to explore each option in detail.

These resources highlight innovative opportunities for affordable housing development on non-traditional sites or with non-traditional development partners:

- [Partnering with Health Systems on Affordable Housing Investments](#)
- [Colleges Can Take Steps to Address the Affordable Housing Crisis](#)
- [Use of Publicly Owned Property for Affordable Housing](#)
- [Transforming Empty Churches Into Affordable Housing Takes More Than a Leap of Faith](#)
- [Commercial-to-Residential Conversion: Addressing Office Vacancies](#)
- [Leveraging Underused Transit Properties Could Produce More Affordable Housing](#)
- [Repurposing Underutilized Strip Malls to Create Multifamily Housing](#)

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## PHOTO ATTRIBUTIONS

**Phoenix Flats:** Credit: Community Housing of Maine, Photo Credit: CWS Architects

**Solterra Apartments:** Credit: Portland Housing Development Corporation, Photo Credit: CWS Architects

**Deering Place:** Credit: Avesta, Photo Credit: Jeffery Stevenson Photography

**Cordell Place:** Credit: Coalition Homes, Photo Credit: Urban Ventures

**Montgomery County:** Credit: Susie Sinclair-Smith, Montgomery County Coalition for the Homeless



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