

Housing Homeless Individuals Through HUD's Section 8 Moderate Rehabilitation Single Room Occupancy (SRO) Program

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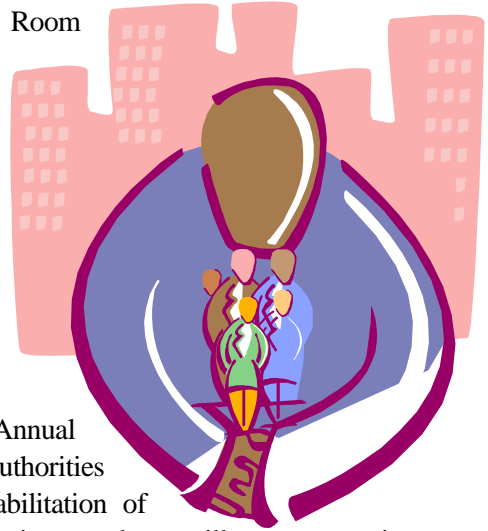
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Introduction

The Section 8 Moderate Rehabilitation Single Room Occupancy Program for Homeless Individuals (commonly known as the Section 8 SRO program) is authorized by the McKinney-Vento Homeless Assistance Act and administered by the U.S. Department of Housing and Urban Development (HUD). The program was created in 1987 to provide rental assistance to homeless individuals in rehabilitated single room occupancy (SRO) housing.



Under this program, HUD enters into Annual Contributions Contracts with public housing authorities (PHAs) in connection with the moderate rehabilitation of residential properties that, when rehabilitation is complete, will contain multiple single room units. Participating PHAs make Section 8 rental assistance payments to participating owners on behalf of homeless individuals who rent the rehabilitated units. The rental assistance payments cover the difference between a portion of the tenant's income (normally 30 percent) and the unit's rent, which must be no more than the fair market rent established by HUD.

The Section 8 SRO Program provides rental assistance for a period of 10 years, with the possibility of renewal. The rental assistance payments compensate owners for the cost of some of the rehabilitation, as well as the other costs of owning and maintaining the property. The McKinney-Vento Act requires that homeless individuals receive first priority for occupancy of SRO units.

There is considerable variety in the types of properties that may be eligible for rental assistance through the Section 8 SRO Program. Examples include former hotels, YMCA buildings, schools, or even abandoned homes. Similarly, although the rental assistance flows through the PHA, different types of organizations may be eligible to rehabilitate buildings through the program, such as nonprofit housing organizations, community development corporations, or qualified community and faith-based organizations. Typically, the sponsors of Section 8 SRO projects fall into one of two groups: program-based supportive housing providers, who see social service delivery as their primary mission; and housing-based supportive housing providers, for whom the emphasis is on property management, supported by social services. Within this diversity of building and project types, the overall goal of the program is to bring more standard SRO units into the local housing supply to expand the housing options of homeless individuals.

What Can this Brochure Tell Me?

The goal of this brochure is to share information on the basic elements of the Section 8 SRO program (and how it differs from other rental and homeless assistance programs), present the challenges involved in developing and operating Section 8 SRO projects, and offer strategies to address these challenges.

The brochure is designed to be useful for both current and prospective recipients of Section 8 SRO funding, and particularly for organizations that contemplate adding an SRO project to their local continuum of care.

How is the Brochure Organized?

This brochure is organized into three main sections:

- Program Basics;
- Successful Project Development; and
- Effective Management Practices.

The first section highlights the key elements of the Section 8 SRO program that set it apart from HUD's other Section 8 programs and homeless assistance programs authorized by the McKinney-Vento Act. This section does not provide detailed information on all aspects of the program – for program regulations, you will need to refer to one of the HUD publications cited at the end of the brochure.

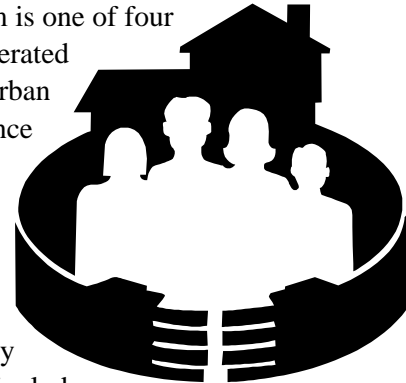
The second and third sections of the brochure explore the challenges involved in developing and managing a Section 8 SRO project and provide suggestions as to how to implement both aspects of the program effectively. Wherever possible, the brochure provides examples of strategies and tools used by existing Section 8 SRO projects across the country. These examples are designed to illustrate a range of models of how to administer essential aspects of the program and effectively deliver housing and services to a diverse population of formerly homeless individuals.

Most of the information in this brochure comes from interviews with developers and managers of Section 8 SRO projects, as well as experts in the supportive housing field. There is also a rich and accessible literature available on many aspects of supportive housing, of which the Section 8 SRO Program is a part. Some of the most useful sources are cited at the end of this brochure.



Chapter 1: Program Basics

The Section 8 Moderate Rehabilitation SRO Program is one of four McKinney-Vento homeless assistance programs operated under the Department of Housing and Urban Development's Office of Special Needs Assistance Programs (SNAPs). The other three are the Supportive Housing Program (SHP), the Shelter Plus Care Program (S+C), and the Emergency Shelter Grants Program (ESG). The Section 8 SRO Program provides rental assistance to homeless persons to lease rehabilitated single room occupancy units. SRO housing is residential property that includes single room dwelling units that may contain food preparation and/or sanitary facilities. Alternatively, these facilities may be shared. Each SRO unit is intended to house only one eligible individual.



The Section 8 SRO Program differs from regular tenant- and project-based Section 8 in that the rental assistance is targeted solely to SRO units and gives priority to homeless individuals. HUD also administers a number of other programs that serve persons who are poorly housed or need supportive housing, but are not homeless. These programs include HOME, public housing, Community Development Block Grants, and Supportive Housing for Persons with Disabilities.

1.1 Eligibility

To be eligible for assistance under the Section 8 SRO Program, a unit must require a minimum of \$3,000 worth of rehabilitation to meet HUD's Physical Condition Standards (PCS). This per unit minimum includes the cost of materials and labor to complete the required rehabilitation. The rehabilitation estimate may also include a prorated share of the work intended for common areas.

Housing developers may target a variety of buildings for SRO rehabilitation – including old hotels, schools, or single-family homes – as long as they meet the definition of SRO housing when the rehabilitation is complete. Efficiency units are also eligible, but there are specific rent guidelines that must be followed. Housing that is receiving federal funding for rental assistance or operating costs

under other HUD programs is not eligible for Section 8 SRO funding. Regardless of the structure, at least one-quarter of the units proposed for assistance must be vacant at the time of the application so that a significant proportion of the units are immediately available for homeless individuals.

Public housing authorities and private non-profit organizations are eligible applicants for Section 8 SRO funding. However, private non-profit organizations must contract with a public housing authority for the administration of the SRO rental assistance.

1.2 The Role of the Housing Authority

Under the Section 8 SRO Program, HUD enters into Annual Contributions Contracts with public housing authorities (PHAs), whereby HUD agrees to provide annual support to cover housing assistance payments made by the PHA to participating owners. The term of the contract is 11 years, including one year to complete the rehabilitation of the project. At the end of the rehabilitation period, PHAs enter into ten-year Housing Assistance Payment (HAP) contracts with property owners to provide payments on behalf of eligible individuals leasing SRO units.

Public housing authorities are also responsible for verifying tenant eligibility and for conducting pre-occupancy inspections and annual inspections on all units to ensure compliance with HUD's Physical Condition Standards (PCS). Physical Condition Standards set acceptable conditions for interior living space, building exterior, heating and plumbing systems, and general health and safety. The minimum SRO unit size is determined by local building codes and by program regulations.

1.3 Funding Use and Terms

Through the rental assistance payments, property owners are compensated for the costs of owning and maintaining the property, as well as for a portion of the cost of the rehabilitation work. Eligible expenses include rehabilitation items required to upgrade units to decent, safe, and sanitary condition to comply with PCS. Section 8 SRO funds *may not* be used to reimburse new construction costs. Other ineligible expenses include luxury items such as swimming pools, contingency fees, and costs associated with the ongoing operation of a project (e.g., hiring a security guard). Furthermore, the Section 8 SRO Program does not provide funding to support the social services that are frequently offered with this type of housing. Rather, other federal programs, public or private health or social



service agencies, or other project sponsor funding may fund supportive services. Rental assistance is applied to an SRO building for 10 years, with the possibility of renewal.

1.4 Rent Levels

Under the Housing Assistance Payments (HAP) contract, an owner is entitled to a specific rent for assisted units, called the contract rent. The actual contract rent is equal to the base rent plus the monthly debt service for eligible rehabilitation costs. The monthly base rent covers costs such as acquisition debt service, owner-paid utilities, insurance, taxes, routine maintenance, and a reserve for replacement, and must be reasonable in relation to the rents charged for comparable unassisted units. In the Section 8 SRO program, this base rent must be equal to or below 75 percent of HUD's Fair Market Rent (FMR) for 0-bedroom units, minus an allowance for tenant-paid utilities. The contract rent (base rent plus monthly debt service) cannot exceed 120 percent of the SRO FMR minus the allowance for tenant-paid utilities.

In general, Section 8 SRO tenants are required to contribute 30 percent of their adjusted income to rent. The difference between this tenant contribution and the unit's actual contract rent is provided as a subsidy through the HAP contract. The PHA may require a minimum rent of up to \$50 per month; however, this minimum rent may also be waived at the PHA's discretion.

1.5 Lease Terms

Tenants who occupy rehabilitated units supported by the Section 8 SRO Program are subject to the same lease requirements as other Section 8 program participants. The initial lease between a tenant and participating owner must be for at least one year, and may not be extended or renewed beyond the remaining term of the HAP contract. According to program regulations, property owners may terminate or refuse to renew an individual's lease for: serious and repeated violation of the terms and conditions of the lease; violation of applicable Federal, state or local law; or other good cause. However, because the Section 8 SRO program serves a homeless population, owners are urged to be as lenient as possible and terminate only for the most serious violations. Furthermore, termination of assistance to a participant requires a formal process that recognizes the rights of the individual to due process of law. All evictions must be carried out through the judicial process recognized under state and local law.



Chapter 2: Successful Project Development

This section discusses some of the most important aspects of the first phase of a Section 8 SRO project – its planning and development. While many providers of Section 8 SRO housing contend that they face the biggest challenges in management and operations rather than development, all agree that sound project planning and development are indispensable to future project success. This section is not intended to provide a detailed guide to financing and developing a Section 8 SRO project, but rather to highlight what current SRO operators have identified as critical steps in the development process. These steps are: defining the project's mission; assembling a strong development team; identifying and selecting an appropriate site; determining project feasibility and funding; and garnering community support.



2.1 Defining the Project's Mission

Before beginning to explore possible sites or development options, prospective sponsors of Section 8 SRO housing must define a mission for the project that is consistent with the population they wish to target, the kind of building—both location and amenities—they wish to rehabilitate, and the level of supportive services they wish to offer to residents. Currently, the organizations that develop and operate Section 8 SRO projects exhibit a wide variety of missions, each with a different implication for the kind of housing and services that they provide. The following three examples demonstrate this diversity:



Maryland Center for Veterans Education and Training (MCVET) operates an 80-unit SRO in Baltimore City for male and female veterans. MCVET's mission is to enable homeless veterans to rejoin their communities as productive citizens, and it believes that a military model of housing and service delivery offers the best chance to its clients of achieving that goal. As a result, the residents of MCVET's SRO must agree to adhere to a strict set of house rules that emphasize sobriety, self-discipline, and a commitment to employment or job training. In addition, residents are encouraged to view the

SRO as a stepping stone to further self-sufficiency and more conventional forms of housing.



Century Place Development Corporation is an affordable housing developer that is a subsidiary to Heartland Alliance, a large social service agency. Century Place owns and operates two Section 8 SRO projects in Chicago. The organization develops housing with the goal of ending the social and economic isolation of homeless individuals, and therefore looks for sites in gentrifying neighborhoods and in commercial areas with ready access to shops, transportation, and services. Century Place also has a firm policy of maintaining mixed populations in each of its developments. This means that its SROs are open to both men and women and, unlike many other projects, do not target a particular population of homeless persons, such as veterans, substance abusers, or persons with mental illness.



Located in downtown Seattle, the Union Hotel provides 52 units of Section 8 SRO housing for mentally ill, chemically dependent men and women. Because this project's mission centers on encouraging housing stability among a hard-to-serve population, the project's developers knew that they would have to provide intensive supportive services. As a result, early on in the project they secured additional funding to hire a clinical support coordinator and entered into a partnership with a local catering service to provide residents with free meals. They also made it a priority to provide generously-sized units with private bathrooms and kitchens to encourage residents to stay as long as possible. Housing longevity is the project's primary measure of success.

These examples provide a sense of how a project's mission can shape many different aspects of development and operations. Some of the key questions to ask in developing the SRO project's mission are presented in the box below. Answering these questions early in the development process will help inform basic decisions on project location, physical design, funding, and financial feasibility, as well as the approach to staffing and property management.

How Your Mission Shapes the Project

- ◆ What is your target population?
- ◆ What physical features and supportive services are needed to meet the needs of this population?
- ◆ Do you anticipate that your residents will stay in the SRO more or less permanently, or that they will move on to other forms of housing?

2.2 Assembling a Strong Development Team

A key factor in the success of many Section 8 SRO projects is the ability of the sponsor organization to assemble a strong team of professionals to carry out the project. The development team generally consists of project sponsor staff, an

Keys to Assembling a Strong Development Team

- ◆ Select architects, consultants, and contractors with experience with rehabilitation projects and projects serving “special needs” populations.
- ◆ Make sure that all team members understand the project’s mission, target population, and service component.
- ◆ Try to include key project staff and partners in the design and planning stages to leverage expertise and minimize miscommunication.

architect, legal counsel, a contractor, and often includes a development consultant and a representative from the housing authority. When selecting an architect for a Section 8 SRO project, it is advisable to choose one well-versed in rehabilitation, and not just new construction. Many organizations choose to team with a development consultant because of the complexities involved in financing and executing a Section 8 SRO project. It is important to select a development consultant with experience in developing subsidized housing for “special needs” populations, not just low-income housing in general.

In addition to finding a good development consultant, finding a good contractor is critical as well. Ideally, a project should select a contractor who has experience with government-funded supportive housing. In many cases, the architect is able to recommend suitable contractors in the area. Otherwise, a local housing consortium, state or city housing department, or organization such as the Corporation for Supportive Housing may be able to provide referrals and guidance. Once the site has been selected, it may also be prudent to have an independent consultant review the contractor’s timeline to ensure feasibility and compliance with financing provisions.

The project sponsor needs to ensure that all members of the development team understand the project’s mission, its target population, the kinds of physical adaptations that need to be made to the building, and the level of funding required for supportive services. If the sponsor organization will not be providing those services, it needs to build partnerships and sign contracts or memoranda of understanding with local service agencies early on. These partners can then be included on the development team, and may be helpful in leveraging additional funds.

The following examples highlight the experiences of two SRO sponsors in assembling a development team:



Having developed a number of affordable and supportive housing projects, including two Section 8 SROs, Chicago's Century Place Development Corporation has worked out an effective model for including individuals who will work at the project on the development team. For each project that it develops, Century City assembles a diverse team that, to the extent possible, sees the project through all of its phases, from planning, to development, to operations. The team includes financial management, property management, and social services staff. By involving the staff that will eventually be working at the project in the project's design, planning, and development phases, Century Place is able to leverage their expertise and avoid the problems that can arise when there is not sufficient communication among the different parties.



In the case of Seattle's Union Hotel, insufficient communication between the project sponsor and development consultant led to the consultant assuming that the project would be funded by a steady stream of unsubsidized rents from a general low-income population. When it became clear that the sponsor intended to target homeless individuals with little or no income, the development team had to identify a source of rental subsidy for the project. The Section 8 SRO program was the obvious solution, but because neither the sponsor nor the developer had any experience with the program, they found themselves "starting from scratch" in submitting an application to HUD and negotiating an agreement with the housing authority.

2.3 Selecting an Appropriate Site

Ideally, a Section 8 SRO project site should be located in a safe area that has ready access to basic amenities, public transportation, social and medical service providers, and employment opportunities. However, such sites can be difficult to find, particularly in cities with tight rental markets and where many of the affordable neighborhoods are undergoing gentrification. As a result, project developers often need to apply a flexible approach to site selection, one that weighs the project's goals and mission against the available housing stock and local political climate. At a minimum, most SRO operators agree that locating a project in a neighborhood that has high levels of crime or drug activity, or is far removed from amenities and services, is not a good idea. It is also not likely to be approved by HUD. In addition to the costs that may be associated with operating in these areas (such as the need to provide increased security or transportation assistance to residents), high crime rates can make financing difficult, particularly if the project does not include on-site supportive services.

Commercial areas tend to be a popular choice for siting Section 8 SRO projects. This is in part because such areas usually have good access to services, amenities, and jobs, which can facilitate residents' integration into the community. In many cities, commercial areas are also where the larger SRO-type buildings are to be found. In trying to acquire property in these areas, however, developers of SRO housing may face stiff competition from local planning departments or other parties who may have identified other uses for these buildings. In such cases, project staff need to reach out to the community and explain the benefits of a rehabilitated and well-managed SRO.

The following examples demonstrate different approaches that developers of Section 8 SRO projects have taken to site selection:



At Deborah's Place, a Chicago-based nonprofit organization serving homeless women, staff describe the need to strike a balance among three variables: what you want (i.e., the location, size, and configuration of the building), what is available, and what is politically feasible. When locating a site for their second SRO project, the development team at Deborah's Place looked at nearly 80 buildings before settling on one. In some cases, they noted, organizations may choose to compromise on some aspects of the property if they find a site where there is local political support for the project.



The experience of the Rose Hotel, a 75-unit Section 8 SRO in San Francisco, illustrates how working alongside, rather than in conflict with, the city's redevelopment objectives can help ensure that a project receives the political support and local funding necessary to its long-term success. In the early 1990s, the City of San Francisco was very interested in revitalizing the blighted 6th Street neighborhood, an area of the city that had suffered significant damage in the 1989 Loma Prieta earthquake. The City asked Mercy Housing California, a San Francisco-based nonprofit housing development agency, if it would consider the dilapidated Rose Hotel for SRO rehabilitation. Because the location could not command rents that would induce a private owner to invest in the property, the four-story Rose Hotel was an ideal site for a Section 8 SRO project. In addition, it was close to transportation, social services, and other downtown amenities. Although this rehabilitation project promised to be a challenging one, Mercy Housing felt compelled to participate because of its mission to create and strengthen healthy communities through the provision of quality, affordable, service-enriched housing for individuals of modest economic means. Furthermore, the organization recognized that working with the City to improve this area was important to the stability and success of the other properties that it owned and operated in the immediate vicinity.



Lakefront SRO is a large nonprofit affordable housing developer that manages some 700 SRO units in eight buildings in Chicago.

Lakefront has pursued a variety of options to locate sites for its projects. Its first six projects were located in an area of the city that was on the verge of rebounding from economic recession, and where a well-managed SRO could act as a catalyst for revitalization. However, through the applicant intake process at these properties, as well as resident feedback, Lakefront learned that many people were coming to its properties from parts of the city where comparable housing did not exist. For its next projects, therefore, Lakefront decided that it would seek out sites in areas where there was strong demand but limited housing options. With its mission of preserving and expanding SRO housing, Lakefront has tried to demonstrate that a well-developed, well-managed SRO with supportive services can be an asset to any neighborhood, whether high-income or just beginning to be revitalized.

In spite of the range of neighborhood options available, a tight real estate market can make identifying an appropriate site for SRO rehabilitation a significant challenge. There may be few properties available at a reasonable price, and stiff competition from other contractors eager to purchase them. One New York City development consultant utilizes a wide network of brokers, banks, other developers, and housing authority staff to generate leads on potential properties. It is also not unusual for developers to drive around, block by block, to scout prospective neighborhoods.

In addition, developing SRO housing can sometimes require changes to local zoning regulations. Moreover, some projects complete the site selection process only to find that local building codes do not accommodate SRO residential housing. In these cases, either the codes have to be amended, or in some cases the local jurisdiction can be convinced to waive them. In either case, this can be a lengthy negotiation process. Due to the time involved and potential cost to the project, many developers recommend avoiding, whenever possible, buildings that would require a zoning change. It is also advisable, according to some, to steer clear of occupied buildings, due to the time and expense involved in relocating tenants. At the same time, in cities with very tight rental markets, even finding buildings with one quarter of the units vacant at the time of the application can be difficult.

2.4 Project Feasibility and Funding

Once a potential site is identified, it is necessary to conduct a feasibility study to determine whether the Section 8 SRO project can be done given the available funding, the physical constraints of the building, and the needs and resources of the target population. Prior to conducting the feasibility study, it is crucial to

have examined the project’s mission in detail and identified the implications of the mission for the configuration of the building (including compliance with the Americans With Disabilities Act), the level of supportive services needed, the expected level of vacancies, turnover, and rent arrearages, and the type and

number of staff needed. Furthermore, the scale of the project may affect the level of social services that can be supported. It should be noted that some SRO projects are able to augment their rental income through the leasing of commercial space, usually on the ground floor of their buildings.

All of these elements will figure into the calculation of revenue and costs, and in many cases the sponsor will need to strike a balance between the project’s goals and the costs involved in rehabilitating and managing the

property. Above all, it is important to recognize that revenue and costs may vary significantly from project to project depending on its scale, target population, and location. Indeed, experienced SRO developers stress that part of what makes feasibility studies complex is the need to capture the “cost and income elements particular to *that* project, in *that* locale, at *that* time” (*SRO Development Handbook*, p. 7).

In general, there are few resources available to fund predevelopment activities, such as conducting a feasibility study. Some support, however, may be available through City housing departments, the Local Initiatives Support Corporation (LISC), the Enterprise Foundation, or the Corporation for Supportive Housing (CSH). For example, CSH may be able to assist a developer with a forgivable loan to cover expenses associated with planning a Section 8 SRO project.

An important part of the feasibility of any Section 8 SRO project is securing the capital funding to finance the acquisition and rehabilitation of the property. Ideally, the development budget should include the least amount of debt possible, as the rental assistance provided through Section 8 is not sufficient to service a heavy debt. It is usually not feasible, however, to develop a project that is completely debt-free. Most Section 8 SRO projects, therefore, have some combination of equity (normally through Federal Low Income Housing Tax Credits), grants, and subsidized permanent financing, typically from State or local HOME or CDBG funds.

Elements of Project Feasibility

- ◆ How will your mission and target population affect key areas such as building configuration; services provided; turnover; and staffing?
- ◆ How does the scale of the project impact the level of services that you can provide?
- ◆ Have you captured the costs and revenues appropriate to *your* project, in *your* location, at *this* time?
- ◆ Have you considered your long-term funding needs?

In order to minimize the debt burden, the majority of Section 8 SRO projects apply for Federal Low Income Housing Tax Credits. These tax credits are usually administered by the state, but in some cases may be sub-granted to city agencies for further allocation. By selling tax credits to entities that have a significant tax liability, a project can generate enough equity to finance a significant portion of the SRO rehabilitation and operating expenses. Tax credits are frequently sold to corporations; however, in some cases, the entity purchasing the tax credit may be an equity fund that passes the tax credits on to individual investors.

Some SRO developers have noted issues related to the timing of various sources of project funding. For example, a project may not be allowed to close on acquisition and construction until the funding is in place for all aspects of the project, including support services. At the same time, the Low Income Housing Tax Credit Program has strict deadlines that require construction to begin – and conclude – within certain timeframes in order to retain the tax credits. There also may be limited windows of opportunity during which to apply for the tax credits. Furthermore, the competition for tax credits can be intense, and potentially compounded by stringent plans for how the credits will be parceled out. For example, one SRO developer in California noted that while the state targets a large portion of the tax credits to family housing, a much smaller proportion goes to support homeless projects.

An important consideration in preparing the development budget for a Section 8 SRO project is that while Section 8 rental assistance is awarded for 10 years, Low Income Housing Tax Credits have a 15-year compliance requirement (i.e., the project must continue to serve the target population for 15 years). Therefore, it is essential that the sponsor build in a reserve of funds to support the project through year 15, in the event that Section 8 funding is not renewed. Some financing arrangements also require that the sponsor build in reserves to cover unanticipated costs arising from the special needs or very low incomes of the target population. These may be used to cover periodic income loss from higher than average rent arrearages, higher than average turnover, or the temporary loss of a funding source for supportive services. Finally, as one developer cautioned, it is also important to assume that expenses will increase at a rate faster than income, and will eventually exceed the income generated by the project. Therefore, it is advisable to build extra reserves into the project for this contingency.

One general point to keep in mind when determining project feasibility is that the development of a Section 8 moderate rehabilitation SRO project – from first option to buy until rehabilitation is complete – typically takes two to three years, and sometimes longer. For instance, one New York developer noted that significant delays in administrative and financing arrangements for one SRO project resulted in a four-year development process.

2.5 Garnering Community Support

Almost all of the SRO sites interviewed for this brochure experienced some level of community resistance to their projects in the development phase. In many cases, communities took a fairly minor “NIMBY” stance, which project sponsors were able to reverse by educating local stakeholders on the purpose of the Section 8 SRO project and making a commitment to manage the property in a way that would not negatively impact the neighborhood. In other cases, however, more serious community opposition resulted in major delays to project development. Garnering community support is a critical step in the development of any SRO project, and one that project sponsors should not ignore.

Community resistance to SRO housing, while commonplace, need not block a project permanently. As one NYC developer concluded, the most important strategy in the development of Section 8 SRO projects is persistence. For this individual, it is not usually a question of *if* a development will go through, but rather *when* (particularly when the sponsor has a good track record). The key, this developer contends, is to expect resistance, consider it part of the process, and keep working toward good solutions.

The following examples highlight various strategies that developers and operators of Section 8 SRO housing have employed to secure community support for their projects. Each strategy recognizes the need to educate local stakeholders on the value of SROs as a cost-efficient means of increasing the stock of affordable housing and, in many cases, as a contributor to neighborhood stability. The strategies also underscore the importance of taking collective responsibility to ensure that the project site, if visible, is not seen as a problem.



Having faced much NIMBY resistance to its affordable housing projects over the years, Chicago’s Century Place Development Corporation has developed a process of identifying and working with a community partner at the start of each project. The community partner is often a community organizing group, but Century Place also works with local community development and social service agencies. In many cases, particularly in areas undergoing gentrification, the backing of a local community organizer is crucial to marshalling local support. In addition to working with a local partner, staff from Century Place also attend community meetings, meet with local elected officials, and offer tours of their current facilities. Having developed a good reputation in the city, local aldermen will now contact Century Place about redeveloping a vacant building in their neighborhood. In these cases, Century Place will not seek out an additional community partner, but will try to work very closely with the neighborhood in the project’s planning and development phases.



Central City Concern is a large, private nonprofit organization that provides housing and services to special needs populations in Portland, Oregon. Central City owns and manages Rose Wood

Apartments, a permanent housing facility for individuals living with HIV/AIDS that includes 24 efficiency apartments funded through the Section 8 SRO program. Although it owns and/or manages more than 1,100 units of housing, Central City views itself as a community organization, and not simply a housing organization. This means that it makes it a priority to partner with local

businesses and other community constituents to sponsor events and share information. Central City Concern also invites its current SRO residents to act as spokesmen for its projects, and has found that having the residents share their experiences at community meetings helps to win support for new projects. Having been immersed in the community for some time now, Central City Concern no longer faces much active opposition to its developments, and when it does, it can draw upon the support of a range of local organizations. For example, the Rose Wood project was welcomed and supported by four neighborhood organizations and two business associations.

Demonstrated Success is Crucial

Sponsors agree that once you have established a successful and well-managed SRO project in one community, developing a second site across town will go much more smoothly.



A similar approach was followed in developing the Union Hotel in Seattle. The Union Hotel was developed and is managed by the Downtown Emergency Shelter Center (DESC), a large emergency shelter and clinical service provider. DESC's director believes that it is very important that the organization demonstrate its commitment to the neighborhood in which it operates. As a result, the organization takes an active role in community politics and holds itself accountable to the neighborhood by taking responsibility for the conduct of its residents and making community responsiveness an important part of project management. DESC believes that gaining the support of the community not only makes it easier to site new projects, but helps ensure that SRO residents are treated with respect by their neighbors.



Bergen Street HDFC is a Section 8 SRO project in Brooklyn, New York, that houses 58 formerly homeless persons with chronic mental illness. The building was abandoned in a primarily residential area with many vacant lots. Lutheran Social Services (LSS), the project sponsor, purchased the building from the City of New York for one dollar. When the rehabilitation project was first announced, there was some resistance on the part of community residents who feared that it would bring a new population of substance abusers and youth to the neighborhood. Prior to developing the project, project sponsors met with the Community Board and conducted a series of community meetings to share their plans. The Project Director of Bergen

Street, LSS staff, and the Community Board worked together to finalize the plan for the project. Through this process, LSS ended up making some compromises to the Community Board in return for their acceptance of the project. These included agreeing to restrict intake to individuals over the age of 40 and to install 24-hour security cameras, with supportive services staff available on-call.



The Jericho Project, a nonprofit supportive housing program, manages three Section 8 SRO projects in the Bronx, New York City. Its experience in trying to develop its fourth SRO in the borough illustrates how crucial local approval can be to getting a project off the ground. In New York City, Section 8 SRO program funds are administered by the City's Department of Housing Preservation and Development (HPD). Before entering into a HAP agreement with a project sponsor, HPD requires that the local Community Board approve the project. Having received a lot of community support for its three existing Section 8 SRO projects in the Bronx, the Jericho Project was surprised to find its latest project rejected by the local Community Board. Project staff believe that there was not enough communication with local stakeholders in the months before they presented the project to the to the Community Board. They also believe that the community opposition may have been triggered by their decision to target a higher-risk population than in the previous SRO projects. As a result, staff gathered further information on the supportive services available in the neighborhood and worked to secure the support of local service providers, housing advocates, and faith-based organizations, as well as the borough president. They also redesigned the project, reserving 40 percent of the SRO units for a general low-income, rather than homeless, population. Even with these modifications, however, the Community Board again rejected the project. Jericho is continuing to fight for the project, and staff say that the experience has brought home to them the importance of getting the community involved from the very beginning of a project and keeping them involved through to its completion.

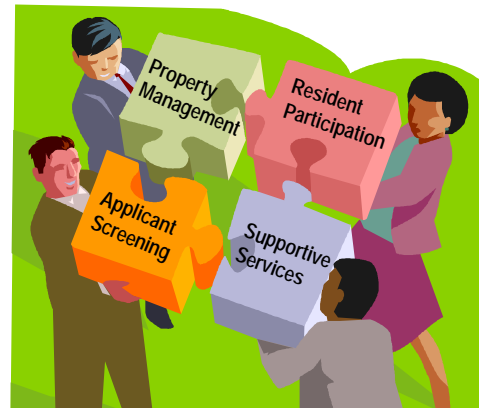
Marketing Your SRO Project

- ◆ For larger organizations with substantial staff capacity, it may be possible to develop sophisticated promotional materials that provide information on homelessness and highlight the benefits of SRO housing. Lakefront SRO, for example, has produced video materials, hosts an annual funders' day, and runs a summer institute for SRO managers.
- ◆ Smaller organizations may also benefit from disseminating information about their projects and clients through newspaper editorials, newsletters, and annual reports.
- ◆ HUD's publication, *Placemakers: A Guide to Developing Housing for Homeless People*, provides useful tools and strategies for educating the public and gaining local support for difficult-to-site projects.



Chapter 3: Effective Management Practices

The diversity of building types and target populations characteristic of the Section 8 SRO program means that no single management model is effective for all projects. Even among the projects cited in this brochure – all chosen for their successful management practices – there is considerable diversity in staffing patterns, on-site services offered, and eviction policies. Despite these differences, project staff were remarkably consistent in what they considered to be the crucial elements of Section 8 SRO management. This section discusses each of these elements in turn and provides examples of the strategies currently in use. The key elements of successful SRO management are:



applicant screening; coordinating property management and supportive services staff; resident participation; lease enforcement; supportive services; and working effectively with the housing authority.

3.1. Applicant Screening

Although screening procedures may vary considerably from project to project, an important element of SRO management is having clear and consistent policies in place to ensure that the applicants selected by a sponsor are suited to the project's physical and supportive services environment. As long as the policies are applied equitably and do not violate Fair Housing provisions, HUD gives Section 8 SRO projects a considerable degree of flexibility in conducting outreach and selecting tenants. Applicant screening, which should flow directly from the project's mission and property management approach, gives SRO operators a tool through which to ensure that tenants are suited to the physical environment and services offered. It also allows them to apply discretion in accepting applicants who, because of prior convictions or poor tenant history, would typically not be offered Section 8 assistance.

Applicant screening procedures among Section 8 SRO projects generally vary according to the project's mission and target population served. Some SROs have quite restrictive screening policies, while others are more lenient. The screening process may also include several stages, and perhaps multiple

interviews. The examples below illustrate a range of approaches to tenant selection employed by Section 8 SROs. While the specific screening methods for Section 8 SRO tenants may differ from site to site, these policies reflect a shared goal among Section 8 SRO sponsors to target the population of homeless individuals that will be best served by the particular project.



Deborah's Place in Chicago utilizes a three-tiered screening process. Typically, an applicant meets first with property management staff, who assess his/her eligibility and basic suitability for the program. Next, the applicant will meet with social services staff. The purpose of this meeting is to determine whether the applicant has the capacity to live productively in an SRO environment and whether the SRO has the support services to meet his/her needs. Finally, if neither the property management staff nor the social services staff have any concerns, the applicant is recommended to the housing authority for final approval.

The Three-Tiered Screening Process

- Tier 1: Property manager screens the applicant for program eligibility and tenancy issues.
- Tier 2: Case manager screens the applicant for suitability to the SRO environment.
- Tier 3: Applicant is recommended to PHA for final approval.



Senior staff at The Jericho Project stresses the importance of intake and screening to the health of its SRO developments. At Jericho's SRO projects, all clients must be "in recovery," which project staff describe as something beyond just being sober. In addition, clients must demonstrate a willingness to participate in services and work toward self-sufficiency. As part of Jericho's intake process, staff conduct two to three interviews with each applicant, take them on a tour of the facility, and, ultimately, make an assessment as to whether they have the necessary level of commitment to succeed in the SRO environment.



Applicants to MCVET's Section 8 SRO for homeless veterans have typically come through the organization's emergency shelter and transitional housing programs. By the time they apply to the SRO, many have been in recovery for one to two years and are pursuing an individual service plan toward self-sufficiency. MCVET does accept some veterans into the SRO, however, who have not come through its other programs. This is always true in the case of women, for whom the SRO is the only housing that MCVET provides. For these applicants, who may not be prepared for MCVET's requirements of sobriety, self-discipline, and participation in services, the organization conducts a rigorous vetting process by a committee that includes property management staff, case managers, and representatives from the housing authority.



Seattle's Union Hotel SRO takes a less restrictive approach to initial applicant screening. The project, which offers many on-site clinical services, targets mentally ill, chemically dependent men and women with significant disabilities. Because it serves an emergency shelter population in a service rich environment, the Union Hotel is willing to accept lower-functioning applicants. As a result, the initial applicant screening is simple, and not intended to eliminate candidates from among the target population. A more comprehensive intake process is completed once an individual is admitted to the SRO. At that point, he/she meets jointly with the project's service coordinator and the case manager with whom he/she may have previously been working to develop an individualized residential service plan. At this meeting, the resident is encouraged to share issues related to prior tenancy as well as any past, or current, substance abuse problems.

3.2. Coordinating Project Management and Supportive Services Staff

One of the keys to operating a successful Section 8 SRO is maintaining a balance between property management and supportive services that is consistent with both the project's mission and its economics. In a healthy SRO, there will always be a tension between keeping project costs down and doing everything possible to prevent residents from returning to homelessness. Limiting turnover is a goal shared by both property management and supportive services staff, but if the relationship between the two is not managed, the latter may advocate for more lenient treatment of behavioral issues that can negatively impact the property and surrounding neighborhood. By the same token, an extreme approach to property management that does not take into account the special needs of the SRO population and the benefits of case management may not be effective in maintaining tenant stability and may, over time, contribute to higher vacancy rates.

A range of approaches to this issue exists among current SRO projects, reflecting in large part their missions and management style. The most common approach is to institute some form of *blended management*, in which property management staff and case management staff work together to ensure that residents are given every opportunity to succeed while recognizing that the property must remain physically and financially viable. Within the blended management model, however, there is considerable variation in both the closeness of the relationship between property and case managers and in the way that relationship is structured.

The following examples reflect a variety of approaches to coordinating property management and supportive services staff:



Deborah's Place in Chicago recently created a Director of Supportive Housing position to bring together property management and resident services functions. The individual in this new position oversees the property manager and housing case management administrator, and facilitates communication between the two components of the program. In this way, a more holistic approach can be taken to address the needs of individual tenants.



Century Place Development Corporation encourages regular communication between property management and support services staff. At its Karibuni Place SRO, property managers work closely with case managers as tenant issues arise, and are required to work through social services channels before initiating eviction or termination proceedings. However, the property managers are allowed the final word, given that the financial viability of the property is of paramount importance.



At the Union Hotel in Seattle, property managers have MSW degrees and responsibility for both case management and property management aspects of the program. The facility also has case managers who work more intensively on support services, but they, too, are responsible for property management. Because housing longevity is the goal of the program, tenant evictions are considered a case management failure. Thus far, the Union Hotel has been successful in keeping turnover very low. However, for some SRO projects this can be a difficult balance to maintain because the more comfortable the social workers get with management processes, the more they may use them to advocate for tenants – possibly to the detriment of the property. In the case of the Union Hotel, the tension is minimized by the staff's shared commitment to the “harm reduction” model, which does not tolerate tenant behavior that harms the property or others.



Property managers at MCVET's SRO for homeless veterans work only informally with case management staff. This model works for MCVET because the SRO is small and most of its clients are graduates of the organization's Emergency Shelter and Transitional Housing programs, located in the building next door. Because MCVET offers a continuum services within the organization, SRO residents are required to participate in case management and supportive services and to take steps toward self-sufficiency. Although each resident has his own case manager, the SRO property manager also performs informal case management on an ongoing basis.

Successful Section 8 SRO sponsors take considerable pride in their strong management practices and professional approach to housing development initiatives. The larger organizations often have experienced developers on staff

that form part of a housing development department. In addition, the property management and supportive services staff are often industry-accredited professionals with a thorough grounding in the principles of their disciplines. Many successful Section 8 SRO sponsors take the view that their operation should be indistinguishable from the services that are afforded consumers in the private market. As a result, property management staff are encouraged to participate in Property and Asset Management training programs, and supportive services staff are encouraged to upgrade their clinical skills. In addition, private sector benchmarks may be used to evaluate project performance.

3.3. Resident Participation

Most operators of Section 8 SRO projects find that it is a good management practice (as well as a program requirement) to provide structured opportunities for residents to give feedback to project staff on the management decisions that shape their living experience. At a minimum, all SROs should hold some form of regular “house” or “floor” meetings, in which residents share their concerns with staff and work together toward satisfactory solutions. In larger SROs, residents may agree to form a resident council, responsible for working on issues on behalf of the entire resident community.

In addition to giving residents a voice in management decisions, most Section 8 SRO projects also provide employment opportunities for residents in security, maintenance, and property management. For example, of the six individuals who staff MCVET’s SRO, three are current residents. These include an administrative assistant who works with the SRO manager, a weekend and evening building manager, and a visitor monitor. Similarly, at Century Place Development Corporation’s Karibuni Place SRO, one resident is currently a property manager, and will soon earn enough to move out of the SRO. SRO managers comment that resident employees set a good example for the other residents and help demonstrate to them how greater self-sufficiency can be achieved. Hiring residents to serve in staff positions also fits in with most SROs’ philosophies, which generally advocate for residents’ rights to decent employment in addition to housing.

- Opportunities for Resident Participation in Section 8 SRO Projects
- ◆ Weekly “House” or “Floor” Meetings
 - ◆ Elected Resident Councils
 - ◆ On-Site Employment Opportunities
 - ◆ SRO “Self-Management”

Lakefront SRO, where residents occupy more than a quarter of SRO staff positions and make up a significant proportion of the corporation’s hierarchy, arguably runs the nation’s largest SRO resident employment program. Lakefront’s employment

program has been the subject of a detailed case study, *Landlord, Service Provider... and Employer: Hiring and Promoting Tenants at Lakefront SRO*, which provides a thorough discussion of how the program works, as well as the practical problems—most involving conflicts of interest—that hiring residents for management positions can entail.

A number of Section 8 SRO projects have pursued still another path to encourage residents to take responsibility for shaping and managing the environment in which they live. This is the “self-management” model, in which SRO projects are designed from the start to be managed almost entirely by residents, on a volunteer basis. Most of these projects have a strong mission of providing residents with the maximum opportunity for self-determination. Most also target those individuals that show the greatest capacity for independent living. The experience of Dorothy Day House with self-management illustrates some of the challenges (and rewards) of this approach:



Dorothy Day House is a 41-unit SRO for homeless women in Seattle, Washington, which was designed from the outset to be almost entirely managed by its residents. Twenty-four of Dorothy Day’s SRO units are funded through the Section 8 SRO program, and the remaining 17 units have alternative sources of funding. The project began operations with a skeletal paid staff of three, which the project sponsor hoped could be reduced to one person over time. Other than maintenance and financial management, the residents of Dorothy Day House are responsible for all of the day-to-day management of the property, including: daily upkeep and janitorial work; answering the telephones; developing and enforcing house rules; and dealing with the consequences of lease infractions. During regular business hours, project staff are available to provide guidance and handle maintenance issues, but residents are on their own in the evenings and on weekends.

The Archdiocesan Housing Association, the project sponsor, is strongly committed to the success of the self-management model, and after nearly two years of operations, staff at Dorothy Day House report that it is working well. They caution, however, that a self-management process takes time to develop and may not work out exactly as planned. For example, when the project began, staff expected that the residents would take responsibility for creating all of the management policies and processes. However, they soon found that this was not realistic given the skills and expectations of the residents recruited for positions in the building. Although the staff had instituted a rigorous screening process designed to ensure that only those willing and able to function in a self-regulating community would be admitted to the program, in reality, many of the applicants were so desperate for housing that they agreed to the rules without being truly committed to the concept. As a result, many of Dorothy Day’s early residents did not have the capacity or frame of mind to fulfill the management functions that were expected of them. Project staff had to provide significant guidance to

help the residents develop the detailed policies and procedures necessary for successful self-management. Moreover, far from reducing the number of paid staff, the project also had to add another half-time staff person to provide case management, something that had not been anticipated in the budget.

Today, Dorothy Day House has a core of highly motivated and committed residents who are successfully executing the self-management model. The project's experience, however, suggests that SROs considering a self-management approach need to ensure that they provide adequate staff to help set up the management protocol and provide case management to residents who may not be quite ready for the demands of the SRO. As the self-management model matures and residents begin to feel more comfortable in their roles, higher-functioning residents will begin to take on the case management of those needing more support, and project staffing can be reduced. This has started to happen at Dorothy Day House. It is important to recognize, however, that the degree to which the program can be truly self-managing depends to a large extent on the pool of applicants from which it can draw. Putting in place a rigorous screening process is imperative, but having the flexibility to handle periodic fluctuations in the skills and motivations of the applicant pool is also very important.

3.4. Lease Enforcement

Section 8 SRO housing is similar to other kinds of low-income housing in that it must have policies in place that are easy to understand and to communicate, and that are enforced fairly and consistently. SRO project staff emphasized the need to demonstrate that established policies will be enforced. One way to achieve this is to design building rules that are appropriate to the target population. The type of rules will depend upon the population being served, the services being offered, and on the community. Section 8 SRO projects may supplement the Section 8 lease with their own building rules as long as they are equitably enforced and do not violate Fair Housing provisions. Project staff typically explain the building, or house, rules to applicants during the screening process, and residents will often pledge to abide by them at the time they sign the lease. Some Section 8 SROs formalize the house rules into a binding lease addendum. Other projects ask residents to sign the rules, but take a more flexible approach to their enforcement. Most often, the content of the house rules and how they are enforced will depend on the project's mission and the kind of community in which it is located. In some cases, however, the level of competition that exists among local housing providers serving similar populations may also shape it.

The following examples illustrate the range of approaches that current Section 8 SRO projects have taken to developing house rules and lease enforcement:



Baltimore's MCVET SRO asks its residents to abide by a relatively stringent set of house rules that reflect the organization's mission and target population as well as the experience of the SRO over time. In the early stages of designing the SRO's management approach, MCVET staff had the opportunity to interview a former staff member from a nearby SRO project that had not been successful. From this interview, they gained practical insight into what worked and what did not, which they could use as a check on the rules they had derived from the mission. MCVET then set up a meeting with representatives from the local HUD Field Office and the Housing Authority of Baltimore City (HABC), and with other interested parties. At this meeting, MCVET established a limited agreement with HUD and HABC to formalize the house rules into a lease addendum that is legally binding and allows MCVET to evict problem tenants without consulting HABC. MCVET's rules are relatively strict – emphasizing sobriety, non-violence, and a commitment to self-improvement – but are comprehensible and acceptable to the veteran population that the project serves. The key to developing effective house rules, MCVET staff suggest, is striking a balance between allowing residents to live independently and making sure that the SRO maintains high property management standards. Although MCVET's house rules are a formal addendum to the Section 8 lease, they are also considered an evolving document, changing as the needs of the residents and the organization change.



Staff at the Bergen Street SRO in Brooklyn noted that, while it is very important to have house rules in place, it can sometimes be quite difficult to enforce them. Furthermore, it is “almost impossible” to evict from their facility due to the psychiatric issues of the clients. This SRO project has developed house rules that the clients must sign, including attesting to six months of sobriety before entering. Given the difficulty that they have with evictions, violations of the house rules are handled on a case-by-case basis, and usually result in restrictions such as limited access to activities or trips, or a more restricted guest policy.



The Jericho Project in New York City has developed a Program Manual for its Loring Place SRO that discusses the house rules. These rules are no longer as strict as they once were because Jericho's tenants now have more housing options than they used to and may choose to move to a less restrictive environment. Lease violations at Jericho properties are handled on a case-by-case basis, with the involvement of a case manager.



Both the Union Hotel in Seattle and the Rose Hotel in San Francisco adhere to a *harm reduction model* that does not require that residents be completely clean and sober before entering the program. Project staff for these two SROs firmly believe that a clean and sober model is ineffective as it results in frequent evictions. In the harm reduction model, supportive services staff work with residents to foster continuous individual improvement. In both cases, project turnover is low and evictions very rare. If residents are not able to work with case management to resolve the issues making them unsuitable for the SRO, they typically leave of their own volition with a referral to a different type of facility that can better serve their needs.

3.5. Supportive Services

As one developer contends, the fact that the Section 8 SRO subsidy is targeted to homeless persons begs the need for supportive services in order to operate the property responsibly. While there is some debate as to whether individuals living in permanent housing ought to be case managed, many Section 8 SRO project operators recognize the need to offer some level of supportive services to their residents. The Section 8 rental subsidy, however, may not be used to cover the costs of providing supportive services or any other non-housing costs. Section 8 SRO projects therefore need to raise additional resources to cover services, which they typically do through a combination of public funds, private grants, and donations. In some places, typically the larger cities, state or local housing funds may be available to assist SRO projects in providing supportive services to their residents. For example, New York City's Department of Homeless Services offers an "SRO operating subsidy" to cover some supportive services in SRO projects. The Illinois Department Human Services also manages a reserve fund that can be used to subsidize supportive services in SROs. For most SRO operators, however, particularly those operating smaller scale projects, securing funding for supportive services poses a significant challenge.

Sponsors of Section 8 SRO projects typically follow one of two approaches to providing supportive services based on their experience and staff capacity. Organizations that have established a very strong record of accomplishment as supportive housing developers typically choose to provide supportive services themselves. Most of the case studies presented in this brochure fall into this category. By contrast, organizations that have little experience in managing supportive housing and do not have the staff capacity to provide services in-house often elect to subcontract their supportive services to an experienced service provider.

It must be acknowledged that there is a tremendous learning curve for organizations that are contemplating developing supportive housing for the first time. The client population is very demanding and the clinical and supportive service needs very costly. Organizations that choose to provide supportive services in-house must have a clear understanding of the various supportive service models, performance benchmarks, and client outcomes that are recognized by the human service community. Such organizations will also need to familiarize themselves on a variety of topics related to the blending of housing and supportive services for homeless individuals.

By the same token, organizations that opt to subcontract their supportive services program need to establish sound procurement practices and negotiate contracts with their vendors that hold the vendors accountable for the services performed. It is also important that sponsor organizations set clear performance expectations for their vendors. By establishing a detailed and objective set of performance goals, the sponsor will be able to determine the quality of the services performed. If the vendor does not meet the performance goals, the sponsor can elect to terminate the contract.

Two Models of Supportive Service Delivery

Services Provided by Sponsor

- ◆ Typically chosen by organizations with a strong track record in supportive housing development and management.
- ◆ Project staff should be familiar with social service models and benchmarks and with the blended management approach.
- ◆ Services are typically provided on site.

Services Provided by an Outside Vendor

- ◆ Typically chosen by organizations with limited supportive housing experience and/or limited staff capacity.
- ◆ Project staff need to set clear expectations for the vendors and hold them accountable. If the vendor does not meet the performance goals, the sponsor may terminate the contract.
- ◆ Services may be provided on or off site, depending on the arrangement with the vendor.

In addition to how services will be provided, another issue that prospective project sponsors need to address is whether participation in services will be mandatory for SRO residents. While most projects will want to encourage residents to take advantage of whatever services are offered, whether or not these



services are mandatory or voluntary will often depend on the extent to which the organization sees service delivery (versus housing) as its primary mission.

The following examples illustrate the varied approaches that Section 8 SRO projects have taken to providing supportive services:



Mercy Housing California, project sponsor of the Rose Hotel in San Francisco, asserts that they might not have taken on the rehabilitation project without the strong social services component that was proposed. The Rose Hotel benefited from being a demonstration site in the Health and Housing Integrated Services Network (HHISN) demonstration funded by the Corporation for Supportive Housing (CSH). Through this demonstration program, CSH developed a supportive services model and conducted fundraising to support the delivery of these services. In turn, the Rose Hotel partnered with a community agency to coordinate and partially staff the supportive services component at the Rose Hotel. A second agency provides additional clinical staff for on-site mental health services.



New York City's Department of Homeless Services' SRO operating subsidy allows The Jericho Project to fund two case managers at its Section 8 SRO sites in the Bronx. Based on its history and experience managing Section 8 SRO projects, The Jericho Project believes that providing adequate supportive services on-site is key to project success. Therefore, they try to supplement the City operating subsidy with private funds and other grants in order to provide more comprehensive services. The number of supportive services staff that Jericho is able to provide at its SRO projects is primarily dependent on the amount of funding that it is able to generate.



Central City Concern, the sponsor for Portland's Rose Wood Apartments, also places great importance on the social services component of Section 8 SRO projects. As a condition of entry, Rose Wood residents must have an ongoing, verifiable program of recovery from substance abuse and a relationship with an HIV/AIDS service provider. Services offered on-site include peer support, weekly recovery meetings, and HIV support/education groups. Peer support consists of two on-site "concierge" positions that provide referrals during the evening and weekend hours. During the week, Central City Concern staff offer referral services through their Tenant Assistance Program. In addition, the County Health Department provides health education and the Workforce Program assists with employment. Sponsor staff emphasized that the project's clean and sober model, where ongoing participation in support services is strongly encouraged, is essential for its success, particularly with a population living with HIV/AIDS.



At Baltimore's MCVET SRO, where most of the residents have already come through the organizations emergency shelter and transitional housing programs, some level of service participation is expected, but SRO residents are given more independence than in other MCVET programs. Prior to entering the SRO, most residents have already developed an individual service plan with case management staff, and they are expected to follow this plan in the SRO. Once they have reached a level of income and self-sufficiency that makes them suitable for other forms of permanent housing, residents work with a discharge planner to achieve their goals. Sometimes, the resident will wish to move into a larger (non-SRO) apartment, and the discharge planner can help him or her obtain a regular Section 8 voucher to subsidize the rent. Once an individual moves out of the SRO, MCVET's follow-up counselor checks in with them at 30-day, 90-day, six-month, and one-year intervals to ensure that they are continuing to make progress toward their goals and that they are receiving additional support services as necessary.



At Bergen Street HDFC in Brooklyn, New York, supportive services are voluntary, but well utilized. Two of the most popular services are medication monitoring and money management assistance. The project also offers case management to SRO residents to assist with further social service referrals and securing benefits. During the week, the SRO also provides lunch and dinner to residents for a modest fee. Regular resident activities include bingo, movies, exercise class, cooking class, computer class, and periodic off-site trips. Bergen Street service staff include a Director of Social Services, a social work supervisor, four case managers, and a Licensed Practical Nurse. Property management staff include a property management supervisor, porter, cook, and administrative assistant. The director of this facility believes that a client to staff ratio of 15 to 1 is appropriate for its target population of individuals suffering from chronic mental illness.

3.6. Working Effectively with the Housing Authority

Developing a good working relationship with the public housing authority (PHA) is essential to effectively operating a Section 8 SRO project. Project sponsors generally rely on the PHA to administer the rental assistance contract, to conduct Physical Conditions Standards (PCS) inspections, and to certify tenant eligibility. Experienced Section 8 SRO operators recognize the benefits of forging ties with the PHA's Executive Director and Section 8 Director. From these connections, the sponsor can develop a commitment on the part of the housing authority to respond to the needs of the SRO program. In turn, the sponsor commits to manage the project site effectively.

It is important to note that the nature of this relationship, and the specific responsibilities of each side, can vary from project to project. While some PHAs continue to perform the initial Section 8 eligibility screening, others entrust the task to the SRO project sponsors. In fact, a number of PHAs have trained SRO property managers to do the preliminary Section 8 paperwork, and the housing authority simply conducts file reviews to ensure that they have been done correctly.

The relationship between the SRO sponsor and the housing authority has implications beyond tenant screening. For example, a common complaint among Section 8 SRO sponsors is the length of time it takes to get PCS inspections done, and the frequency with which they fail due to items they consider to be “cosmetic.” Some sponsors attribute these delays and failing marks to a basic lack of awareness of the Section 8 SRO program among housing inspection staff, and have sought to remedy this through the provision of training and the development of more personal relationships with individual housing authority staff.

Creating an Effective Partnership with the PHA

Screening: As a first step, set up a process whereby you do the initial screening for clients and pass the preliminary paperwork along to the housing authority.

Eligibility and Recertification: Once you have established a relationship, arrange for project staff to be trained to do the initial paperwork involved in intake and recertification work. The PHA can then conduct a file review to ensure compliance.

PCS: If possible, set up a process whereby specific members of the PHA’s inspection team are assigned to inspect the SRO units. They may then benefit from specialized training or guidance on SRO inspections.

The following examples illustrate the kinds of arrangements that current Section 8 SRO operators have made with their PHAs to ensure that the relationship works smoothly and benefits both sides:



At Chicago’s Lakefront SRO, property management staff established a memorandum of understanding (MOU) with the housing authority to allow the site to do intake and initial certification of prospective tenants, and forward copies of all files to the housing authority. In addition, the SRO sent monthly Housing Assistance Payment invoices to the housing authority, which were checked against the individual tenant files. The housing authority visited the site quarterly to review and audit the tenant files. While this arrangement is no longer in place, the SRO retains a point person at each site to work directly with the housing authority.



Staff at the Rose Wood Apartments in Portland, Oregon, have established a good relationship with the local housing authority that allows them to manage the waiting list, conduct preliminary screening of prospective tenants, and prepare prospective tenant files that can be quickly reviewed. This information is then passed on to the housing authority for final certification of eligibility. The Union Hotel in Seattle and Century Place Development Corporation in Chicago employ a similar process.



In New York City, the Department of Housing Preservation and Development serves as HUD's grantee for the Section 8 SRO program. They consider their role with project sponsors to be that of a trainer. At the beginning of the SRO development process, HPD works closely with the sponsor to explain the tenant screening and documentation requirements. The sponsor is then responsible for gathering all the relevant information, and presenting it to HPD for review.



In Portland, Central City Concern (operator of the Rose Wood Apartments) met with the housing authority's Section 8 Director to set up protocols whereby specific inspectors are assigned to inspect the SRO units. These inspectors then learn about the SRO program in more detail and can communicate more effectively with property managers to avoid unnecessary failures. Central City Concern took this partnership with the housing authority one step further and included them on various committees to design protocols and to establish rules.

A SRO sponsor may also identify other operational areas that could benefit from improved communication and/or training – for example, the relationship between the prospective tenant and the housing authority. In implementing their SRO project, Lakefront in Chicago learned that routine screening questions posed by the housing authority sometimes triggered issues or negative reactions among homeless clients (prospective tenants). In response, they offered to provide training to housing authority staff on how to more effectively interact with homeless clients. Likewise, the sponsor also works directly with prospective tenants to prepare them for the regular payment of rent and their relationship with the housing authority.

The bottom line is that project sponsors *need to cooperate* with the housing authority, and developing a collaborative partnership can yield important benefits. As one housing developer put it, there is an “essential marriage” between Section 8 SRO operators and the PHAs that administer the rental assistance.

Resources and Contacts

HUD Publications

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Projects and Organizations Cited in this Brochure

Bergen Street HDFC
New York, New York
Contact: Suzanne Leibowitz, 718-625-3131

Central City Concern, Rose Wood Apartments
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Century Place Development Corporation, Karibuni Place
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Deborah's Place
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The Jericho Project
New York, New York
Contact: Victoria Lyon, 212-316-4700

Lakefront SRO
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Maryland Center for Veterans Education and Training
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Mercy Housing California, Rose Hotel
San Francisco, California
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The Union Hotel
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