

Policy Briefing Paper

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Permanent Supportive Housing in Washington, DC Lessons from the John and Jill Kerr Conway Residence

Homelessness in the nation's capital remains stubbornly persistent. Each night, thousands of Washingtonians bed down in shelters and on heat grates, close neighbors to the White House. While it is a jarring sight to see so many people living in public spaces with nowhere to go, homelessness has a straightforward solution – namely, housing.

This report examines one housing development which is nearing completion to help address these needs, the John and Jill Ker Conway Residence located on North Capitol Street in Washington, DC. This 124-unit complex includes 60 Permanent Supportive Housing apartments for formerly homeless veterans, 17 apartments reserved to tenants referred by the District's Department of Behavioral Health, and 47 apartments available for other low-income residents making 60% or less of area median income. Once operational, it will be the largest Permanent Supportive Housing development in the District dedicated to serving veterans struggling with homelessness.

Permanent Supportive Housing is a type of subsidized housing intended for people with disabilities who have experienced or are at risk of homelessness. It combines an affordable place to live with voluntary social services, usually on-site and provided by case-management professionals. Such housing has been proven effective for those who have difficulty living independently and are likely to fall back into homelessness without extra support. It is both more humane and less expensive for the District to provide these services in a residential setting through Permanent Supportive Housing than to allow indigent, disabled individuals to become chronically homeless and suffer through multiple incarcerations, ambulance rides and emergency room visits while living on the streets.¹

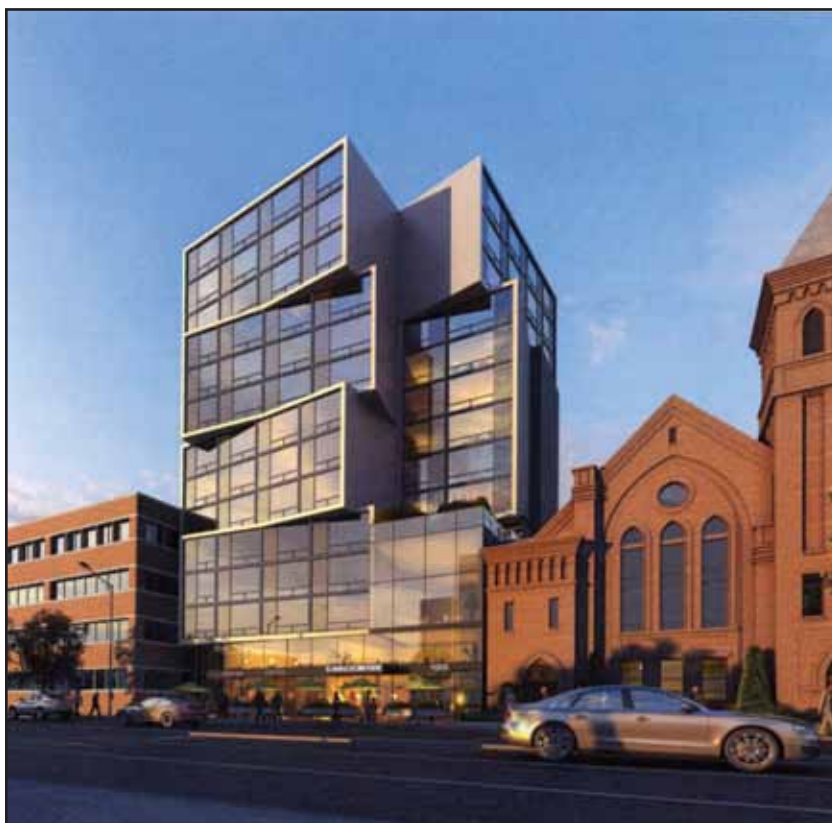
Fortunately the Bowser Administration has prioritized housing as its primary response to homelessness, offering a five-year strategy that strengthens emergency services to create pathways to housing, invests in homelessness prevention, and addresses the city's dire shortage of affordable units. This strategy, unveiled in April 2015 as Homeward DC, has been backed by substantial resources in the Mayor's first budget. In September 2015, several goals were put into action through new policies to close DC General as a shelter and improve standards of service for homeless families.

Permanent Supportive Housing is just one program model aimed at eliminating homelessness and is not appropriate in all cases. Some people only require rapid, temporary help to find an apartment and get back on their feet. Others need long-term rental assistance like Section 8 vouchers because they have been priced out of Washington's expensive housing market. For those who are chronically homeless with significant



disabilities, such as mental illness, addiction or severe physical limitations, Permanent Supportive Housing is often the best solution.²

This type of housing is scarce and will need to be scaled significantly to meet the targets of Homeward DC. The District has recently adopted better systems to match households with the type of support they require. Using data from this new assessment system, Homeward DC estimates that 5% of individuals and 9% of families presenting for homeless assistance each month are in need of Permanent Supportive Housing.³ While these percentages are small in comparison to the total homeless population, the District will need to double its current stock of Permanent Supportive Housing to meet this demand.⁴ The John and Jill Ker Conway Residence offers valuable lessons in making Permanent Supportive Housing more available.



Architectural preview of the John and Jill Ker Conway Residence on North Capitol Street

Policymakers and advocates have rightly applauded Homeward DC, yet the challenge remains to adapt these policies to the administrative and political realities of local government. If the Bowser Administration is to achieve the stated objectives of Homeward DC, it will need stronger mechanisms for housing production. This report makes ten recommendations toward this goal, drawing on the recent experience of developing the John and Jill Ker Conway Residence.

EIGHT YEARS FROM START TO FINISH

A key question that will be examined in this case study is why it took more than eight years to build the John and Jill Ker Conway Residence. Similar affordable housing projects with this degree of complexity are usually finished within four to five years nationally. Advocates in the District began meeting with public officials about this effort in 2007, culminating in a ground-breaking ceremony in 2014 and the upcoming ribbon-cutting opening expected in early 2016. This lengthy process does not diminish the success story of the effort. Indeed, part of the achievement of the John and Jill Ker Conway Residence is the determination to overcome obstacles that might have blocked a project led by less tenacious advocates.

Nonetheless, eight years is too long to wait for an affordable housing development that no one seriously opposed. The project prompted no “NIMBY” reactions or community push-back, in part because there were not many immediate neighbors near the site when planning began. The Advisory Neighborhood Commission (ANC), business improvement district and few residents who did live nearby were generally in favor of the project. Advocates promoted this effort with an appropriate sense of urgency and were unified in their view that Permanent Supportive Housing is the best solution for chronic homelessness among veterans.

The project was also helped by a unique and attractive design by Sorg Architects, a firm which strives to place modern buildings in historic districts without seeming out of context. Combined with this physical appeal, the services provided at the site have been overseen by Community Solutions, one of the nation's leading organizations specializing in Permanent Supportive Housing. In these choices of partners, the goal has been to make the project a good aesthetic neighbor as well as good operational neighbor. Yet with all these advantages, the John and Jill Ker Conway Residence has taken much longer than it should have to complete.

WHAT SLOWED THE PROCESS?

Examining the lessons of this project is important because the District needs much more housing like it. Solutions to chronic homelessness like Permanent Supportive Housing will never get to scale if developments take so many years to build. A non-exhaustive list of causes for delay include requirements of various city agencies, lack of fungible sources of money, slow permitting processes, multiple stand-alone approvals from the DC Council, and changes in co-developers responsible for the project.

"If it's done well and looks nice, neighbors won't oppose it."

*Suman Sorg,
architect for the project*

The number of stakeholders involved in the John and Jill Ker Conway Residence was unwieldy. A dozen different agencies had separate roles to play, each with its own timeline and requirements: the Board of Zoning Adjustment, Department of Behavioral Health, Department of Consumer and Regulatory Affairs, Department of General Services, Department of Housing and Community Development, District Department of Transportation, District of Columbia Housing Authority, District of Columbia's Housing Finance Agency, Office of the Deputy Mayor for Planning and Economic Development, DC Council, U.S. Department of Housing and Urban Development, and U.S. Department of Veterans Affairs.

The District's Interagency Council on Homelessness is specifically intended to help coordinate programs and services across agencies, but despite being created in 2006 it did not have a full-time staff person until mid-2014.

Some complications were minor, but their cumulative effect lengthened the process significantly. For example, the Department of General Services seemed more accustomed to public construction rather than tax credit projects built by nonprofit developers with backing from private investors. Consequently, the standard contract language proposed by the Department was poorly suited to this project, requiring extensive negotiations to reach a final agreement. The Department also insisted that its contributions were to be used strictly for bricks and mortar, which segregated funding streams and made it more difficult to hold the entire deal together. These resources were ultimately combined with other District funds – had municipal resources been more fungible, the process would have been far less complicated.

The District of Columbia's Housing Finance Agency was straightforward to work with on financial matters, yet its scheduling procedures added some uncertainty to the project. The Agency made funding commitments at board meetings that were scheduled far in advance and did not line up with the approval steps of other funding entities. Lacking the ability to give conditional approval, the Agency withheld final sign-off until the very end.

Even small adjustments proved difficult. For example, zoning rules require one parking space for every three residents, which for a 14-story building would have meant an underground parking garage with multiple levels. Most of the formerly homeless tenants will not have vehicles and the building is within blocks of two Metro stations. Gaining that zoning variance saved construction costs by not having to add a garage, but it also meant a significant legal cost to pursue the variance which added months to the timeline.

By far, one of the biggest challenges from a development standpoint was the building permit process. While it is not unusual for multiple entities to require sign-off before obtaining building permits, the District includes city

agencies, sewer and water authorities, and private utility companies in these procedures, all of whom have their own schedules and conditions. These delays often seemed self-inflicted by the District government, with a long series of hurdles all the way until closing. It was hard to know how many of these complications were regulatory or just the habit of longstanding agency procedures.

The DC Council added its own layer of complexity. Seven separate decisions involving two committees had to be approved by the DC Council. Advocates and developers found themselves going back to elected representatives over and over again to resell the concept of the project and Permanent Supportive Housing.

For example, the lease had to be approved by the DC Council. The Department of General Services maintained oversight of that approval. With this oversight, there was the necessity of removing an insurance stipulation that was irrelevant to the deal and in fact would have killed it, since private investor financing would otherwise have been subordinated to the Department of General Services.

While this problem was eventually resolved, the process was time consuming. Another instance occurred just a week before the Council adjourned for the summer, requiring an emergency hearing to prevent \$7 million in federal HOME funding from being recaptured – in part because city officials had added their own set of restrictions on top of federal regulations. Similarly, the Department of Housing and Community Development was required to take a full package of loan documents to the DC Council. If any changes occurred in construction costs or modifications to the package, it would have been necessary to go back through the whole process again.

“The agencies involved had different mandates, so progress with one funding source would often be met by concerns or barriers in another city agency.”

Rosanne Haggerty of Community Solutions

Beyond these challenges, two non-governmental factors created complications: changes in project sponsorship and the financial uncertainties caused by the Great Recession. The project was handed off three times by different nonprofit partners, with Catholic Charities initially taking the lead and bowing out to be replaced by the Baltimore-Washington Conference of the United Methodist Church. The Great Recession increased costs for a different housing development (the St. Martin’s project discussed below) also backed by Catholic Charities, which triggered concerns about providing financial guarantees for the John and Jill Ker Conway Residence. Both of these faith-based entities were initially committed to the project but pulled back after internal leadership changes, which resulted in different organizational priorities and a reassessment of the financial risks they were willing to assume. Community Solutions finally stepped in as the nonprofit co-developer responsible for the provision of services and recruited McCormack Baron Salazar as the financial guarantor. This transition through three different nonprofit sponsors added time to the project.

Changes also occurred in the political environment, with Mayor Adrian Fenty participating in the early stages, Mayor Vincent Gray in the middle years, and Mayor Muriel Bowser seeing the project to completion. Near the end of Mayor Gray's term, department heads began to leave which also slowed down the permitting process.

WHY PERMANENT SUPPORTIVE HOUSING AT NORTH CAPITOL?

Permanent Supportive Housing is one of the most effective models for ending homelessness among those who are struggling with serious mental illness, physical disabilities or drug and alcohol dependency.

“Permanent supportive housing is widely recognized as the solution for people facing the greatest challenges to housing stability including serious and persistent physical and behavioral health problems. Permanent supportive housing also costs less than allowing people to continue to cycle through public systems.”

*Opening Doors:
Federal Strategic Plan to Prevent
and End Homelessness*

This portion of the homeless population is more likely to spend long periods on the streets without such assistance.⁵

When advocates first proposed a Permanent Supportive Housing project on North Capitol Street, they encountered general unfamiliarity among District agencies with this approach. At the time, Permanent Supportive Housing seemed like a new concept that confounded many agencies and their underwriting terms.

City Hall systems are set up for straightforward real estate development. With Permanent Supportive Housing, one of the biggest challenges is to integrate social services into the physical production of affordable housing. Three things are therefore required: construction financing, operating subsidies to maintain the building, and social services, each of which depends on separate funding sources yet all must come together on the same timeline. The bricks-and-mortar part of the project is easiest. The other two are more difficult.

Without question, the John and Jill Ker Conway Residence has been an educational process for agencies that will make it easier for the District to build more Permanent Supportive Housing. The project represents a state-of-the-art model for what this type of housing should be. Certain aspects of its physical design and services are geared toward the needs of homeless veterans, but the overall approach offers a blueprint for serving other chronically homeless populations as well. The focus on those with military service is reflected in naming the building for Jill Ker Conway who chairs the Community Solutions Board of Directors and her late husband, John, a decorated veteran of the Second World War.

While only a small percentage of veterans experience homelessness, those that fall into destitution often struggle with physical injuries sustained during their military service or the behavioral effects of post-traumatic stress disorder (PTSD). Residents at the John and Jill Ker Conway Residence will receive comprehensive assistance for these health needs through professional case managers, in collaboration with the Washington DC VA Medical Center. Employment services will also be provided on-site, helping residents who have served their country at great sacrifice to strive toward self-sufficiency and achieve their full potential.

Permanent Supportive Housing embraces a “housing first” approach. This model offers permanent housing to people experiencing homelessness as quickly as possible, which is then combined with supportive services. Housing First has been proven more effective than other treatment programs that make housing contingent on employment, sobriety, or participation in various rehabilitation services – in essence, programs that attempt to reward people with housing in return for overcoming the reasons for their homelessness. Research has shown that these restrictive models have lower rates of success than Housing First.⁶

By contrast, Housing First recognizes that treatment and support are best delivered voluntarily in a residential setting – that chronically homeless persons are unlikely to pull their lives together while still living on the streets. The John and Jill Ker Conway Residence combines these services with a modern facility that gives residents the security of a stable place to rebuild their lives.

Individual apartments are compact, averaging 400 square feet. Each unit has plenty of sunlight, which was a priority from the start of the architectural process. Since the building is composed of similarly-sized units rather than a mix of one and two-bedroom configurations, it has more density than a typical apartment building. Only one traditional one-bedroom unit is included in the floor plan for the resident manager, the remainder being efficiencies. A market-rate development of similar scale would only have 60% as many apartments. Walls can be personalized and apartments are designed so that people feel ownership over their own living space.

The building consists of 14 floors on North Capitol Street next to an historic 19th century Baptist church. Since the John and Jill Ker Conway Residence is the only new construction occurring on the block, care has been taken not to create a monolithic structure. The building design is broken into five box-like pieces. This disaggregated appearance has a modern style that blends well with the rest of the streetscape. Boxes are angled toward views of the Washington Monument and the US Capitol building, while turned away from the church to avoid crowding its steeple spire. The ground floor has space for retail, while the second and third floors include social services, a fitness center, a laundry room, lounge and a multipurpose room.

The architectural design is intended to maximize light and space while taking into account the particular needs of its residents. Terraces can be found on the third and fifth floors. The end of each corridor has windows, helping residents remain fully oriented. Research and best practices in the treatment of PTSD emphasize visible exits in enclosed spaces, so doors are painted a different color from the surrounding walls. Individual units do not have balconies and guard rails are higher than usual.

The exterior building material is composed of corrugated metal, providing a low maintenance and durable surface that does not crack. While typical apartment buildings are ventilated through the roof with a central exhaust system, the John and Jill Ker Conway Residence uses design features similar to hotels such as a packaged heating and cooling unit for each apartment. The compact size of individual apartments makes this cost-efficient solution feasible, eliminating the need for most duct work in the building. Overall, the design is thoughtful, crisp and neat. The building is also Green Communities certified.



Ground Floor Design of the John and Jill Kerr Conway Residence

FUNDING SOURCES FOR PERMANENT SUPPORTIVE HOUSING

Given the effectiveness of Permanent Supportive Housing, more resources should be devoted to projects like the John and Jill Ker Conway Residence. The Bowser Administration's commitment to ending chronic homelessness will require such housing. Yet while advocates secured many different funding sources for the Conway Residence (nearly a dozen altogether) none was sufficient to underwrite the entire project. The nonprofit housing sector often regards it as a virtue to leverage so many funding sources, but slivers of money from so many places adds complexity and delay. A less complicated funding scheme would have enabled the more rapid development of the John and Jill Ker Conway Residence.



*Fifth Floor of the John and Jill
Ker Conway Residence*

The primary reason why so many affordable housing subsidies are needed is to reduce the level of financing required to complete the project. Housing can only be deeply targeted to extremely poor people if the amount of money borrowed from the bank is kept to a minimum. Some financing is necessary in almost any real estate deal, yet the money used to service these loans is drawn from rental income. High debt requires high rents, while smaller amounts of borrowed money allow for rents to be kept low as well. This goal of building the John and Jill Ker Conway Residence with as little financing as possible required years of cobbling together different subsidies and reconciling the conflicting requirements of each funding source.

The John and Jill Ker Conway Residence was made possible by the early commitment of \$1.5 million by the William S. Abell Foundation. This initial funding allowed the deal to move forward despite many setbacks in its first few years. Foundation money was particularly valuable because it was flexible enough to meet pre-development costs like securing the building site, conducting environmental assessments and producing architectural drawings. Additional philanthropic support came from The Home Depot Foundation, The Harry and Jeanette Weinberg Foundation, and Citi Community Development Bank.

Another key source that came early in the process was \$4.1 million in federal resources targeted through the District's annual appropriation from Congress. This funding was secured with the assistance of staff at the District's Department of Human Services. Those dedicated funds and the William S. Abell Foundation's grant kept the project on track during several periods of uncertainty. Throughout the entire process, advocates had to follow this funding commitment through the federal appropriations process, where it was at risk of becoming entangled in budget negotiations, sequestration and political delays. Once through the Congressional approval process, there was an ongoing effort to ensure that the DC Council did not redirect these funds to some other project. The existence of this dedicated funding had to be renegotiated multiple times due to political pressures that threatened to repurpose this commitment.

Low Income Housing Tax Credits were also essential to the project's completion. Tax credit investors must ensure affordability for at least a 15-year period. Since the John and Jill Ker Conway Residence is only a leasehold on city land, the property must stay affordable beyond the tax credit period. Other forms of financing for the project included a tax exempt bond finance loan (initially purchased by Chase Community Development Banking but then consolidated into debt held by Enterprise Community Partners) and an Affordable Housing Program loan provided by the Federal Home Loan Bank of Pittsburgh. Federal HOME funds were provided through the District's Department of Housing and Community Development. Additional support came from the District of Columbia's Housing Finance Agency, Department of General Services, and private investors like the Royal Bank of Canada towards the \$33 million in construction cost.

Rental subsidies for 60 apartments were provided through the federal HUD-Veterans Affairs Supportive Housing (HUD-VASH) program and an additional 17 apartments were supported by the District of Columbia Housing Authority's Local Rent Supplement Program. This stream of operating income will be used to service the \$5 million first mortgage. The Housing Authority did an excellent job of shuffling accounts but was unwilling to hold any vouchers out of use as advocates went about securing additional funding that was contingent on those subsidies. The reliability of vouchers was something that needed to be explained to the underwriters. Each source of vouchers had its own "request for proposals" which did not align with the other, one of many conflicting requirements that had to be reconciled. The Housing Authority was especially creative in swapping HUD-VASH vouchers with Section 8 vouchers to resolve difficulties in "project basing" rental assistance to the John and Jill Ker Conway Residence.

Despite attempts to convince the agencies to sit down as partners and negotiate these separate requirements, McCormack Baron Salazar found itself functioning as the go-between to iron out discrepancies in funding sources. Different applications were specific to each individual agency. As the saying goes in real estate development, time is money. McCormack Baron Salazar counted \$460,000 in legal costs alone, far exceeding the typical experience for similarly sized projects in other jurisdictions across the country.

A BRIEF CHRONOLOGY

Beyond these examples of administrative hurdles and challenges with funding sources, what follows is the story of how it all came together. The origins of the John and Jill Ker Conway Residence go back to 2007, when the William S. Abell Foundation adopted a strategic initiative to concentrate its attention on homelessness. A long-time supporter of services for disadvantaged residents of the Washington region, the foundation recognized that Permanent Supportive Housing would be essential to this plan and decided to put aside its longstanding policy of avoiding bricks-and-mortar projects.

Permanent Supportive Housing became a top priority of this strategic initiative. To gain technical assistance on the issue, the William S. Abell Foundation established a partnership with Community Solutions to benefit from its national expertise on this type of housing. Locally, the foundation partnered with Catholic Charities to support a Permanent Supportive Housing project at the St. Martin's Apartments in



Closing Documents Required for Signature for the John and Jill Ker Conway Residence

Northeast DC. The foundation made a \$1 million investment in this project, resulting in a 178-unit mixed-income development that provides affordable housing for 50 formerly homeless people.

As the St. Martin's effort neared completion in 2007, the William S. Abell Foundation and Catholic Charities met with Mayor Fenty about additional projects for Permanent Supportive Housing. Armed with a set of preliminary architectural drawings and a \$1.5 million commitment from the foundation, they presented the Mayor with three potential projects that might be built on vacant sites and asked the city to consider donating unused land.

The Mayor made a quick review of the plans, understood what was proposed and promised to take a look. It was a 10 minute meeting. While encouraging, this first interaction did not suggest that the Administration was looking for a partnership to address chronic homelessness. A sizeable private grant was offered toward a difficult problem affecting thousands of Washingtonians. Valuable expertise was being organized on behalf of the city for an effective solution. Yet the hoped for public-private partnership did not emerge.

“One of our central objectives in this model project was to better align private and public sector resources. We hope that this report will assist further in this effort to streamline and shorten the process for developing Permanent Supportive Housing in the District.”

*Thomas Nurmi,
William S. Abell Foundation*

Catholic Charities had previously worked with the Washington Interfaith Network on the St. Martin's Apartments project. This organization has a large base of grassroots membership throughout the District. Sensing that community involvement might encourage the Mayor's cooperation, the Washington Interfaith Network assembled 800 people in a church six months after the initial meeting. Mayor Fenty was the featured guest and committed on the spot to donate a tract of land for Permanent Supportive Housing.

With the Mayor's commitment in hand, it seemed simple enough to identify a site from the long list of city-owned vacant lots. However, protracted negotiations took much longer than expected to secure the North Capitol Street location. Once this tract of land was identified, attorneys for both sides began the time consuming process of negotiating the lease option. Exclusive rights agreements are a specialized area of legal practice, beyond the experience of pro bono attorneys helping with the project. Catholic Charities spent thousands of dollars with support

from the William S. Abell Foundation on legal fees to negotiate these terms, a task that took nearly a year. For its part, city attorneys did not want to provide site control until the project had the necessary financial support. Advocates soon found that much of the funding was inaccessible without site control. In the private sector, this dilemma would have been resolved quickly by attorneys through contingency clauses.

While the process was far more difficult than it should have been, the North Capitol site is prime real estate and the city deserves credit for making it available to the John and Jill Ker Conway Residence. By late 2008, Catholic Charities finally had its initial commitment on the land.

Catholic Charities then began outreach to many stakeholders about the project. A consensus emerged to focus on veterans, a population that had historically experienced high rates of chronic homelessness. The US Department of Veterans Affairs was initially not interested in the project, but eventually became one of its strongest backers. It took 18 months to secure support from the Washington DC VA Medical Center.



HUD Secretary Julián Castro speaking at the groundbreaking for the John and Jill Ker Conway Residence

Additional complications arose in project-basing this rental assistance, since the tenant-based nature of HUD-Veterans Affairs Supportive Housing (HUD-VASH) vouchers would not have worked with underwriting criteria to build Permanent Supportive Housing at a specific site.

As the capital markets began to slide into the Great Recession, costs on the nearly completed St. Martin's Apartments rose unexpectedly. Even though St. Martin's was a separate project, the impact was soon felt on North Capitol Street. This shortfall raised concerns within Catholic Charities about the financial risks of serving as a guarantor for another housing development, leading the organization to bow out of the John and Jill Ker Conway Residence. Community Solutions was already involved as a technical assistance provider to Catholic Charities, but was now called upon to become a major partner. Community Solutions in turn recruited the Baltimore-Washington Conference of the United Methodist Church as its co-developer.

The Methodist Conference was an enthusiastic supporter of the project, setting up a special nonprofit organization to coordinate its participation. However, as key personnel who brokered this involvement were eventually transferred to other assignments, the Methodist Conference decided that it did not want to provide financial guarantees for the project either. In 2013, McCormack Baron Salazar was brought in as co-developer and guarantor, working in partnership with Community Solutions.

Many things were already in place by the time McCormack Baron Salazar became involved, such as zoning and city planning approvals, but the firm still found much work to be done. It took almost two more years to reach the construction phase. Once on board, McCormack Baron Salazar and Community Solutions collaborated with the architectural firm to make the building more efficient and secure. Costs were rising as the project's timeline lengthened. Gradually the remaining elements of funding were confirmed and the project was put out to bid. Due in part to uncertainty at the time regarding new District requirements for local hiring, the potential contractor pool shrunk. Estimated costs were higher than what would have been the case for a market-rate privately financed project, a reality that must be balanced with the importance of providing local hiring opportunities.

A groundbreaking ceremony was held in late 2014, which became a reunion of sorts for those who worked together at various stages of developing the John and Jill Ker Conway Residence. Fittingly, the groundbreaking was scheduled on the eve of Veterans Day. Secretary Julián Castro of the US Department of Housing and Urban Development was the keynote speaker and described the project as a model example of Permanent Supportive Housing.

KEY LESSONS FROM THE TIMELINE

Throughout its eight year development process, the John and Jill Ker Conway Residence was slowed by the lack of a coordinated process within the District government. No one seriously opposed Permanent Supportive Housing as a solution to chronic homelessness or objected to its implementation on North Capitol Street. Yet it was no one's job at the District Building to advocate for this project or help guide it through the process in a timely manner.

Certainly there were many champions within city government. A number of times, advocates were told this was a top priority for the mayor through multiple city administrations. However, the deal would have died if initial backers like the William S. Abell Foundation, Catholic Charities and Community Solutions had lost interest. For housing projects with so many steps in separate agencies and departments, it is simply not enough for the mayor to signal a desire to see something happen. It needs to be somebody's responsibility within city government to make sure the project is brought to completion.

The experience of the John and Jill Ker Conway Residence also revealed certain challenges on the agency level, something that the Bowser Administration has taken steps to remedy by recruiting top officials in the homelessness and housing sector. While staff were not asking inappropriate questions about Permanent Supportive Housing, the learning curve seemed steep. This housing model has since become embraced by the District's Department of Housing and Community Development. It may be beneficial for senior officials to ensure that line-level staff are sufficiently trained about Permanent Supportive Housing, particularly on underwriting principles and how housing production should be integrated with ongoing social services and operating subsidies.

At several points during the approval process, it appeared as though agencies had only one person who knew how to do particular tasks. If that individual was overworked or unavailable, progress on the John and Jill Ker Conway Residence would grind to a halt. Other delays seemed related to staff uncertainty. For example, the District did not have the right legal expertise for certain aspects of the project, so communication would fall silent and the project would drift into temporary limbo. Line-level staff were also cautious about taking too much initiative for problem-solving, required advocates to involve more senior officials to get the process going again. Many of these issues would have benefited from a more proactive approach by line-level staff. If there is a mandate from the mayor and DC Council to support a particular project, then it should be within the discretion and responsibility of agencies to achieve that goal.

Other cities grapple with similar challenges, of course. Yet Permanent Supportive Housing is being built more efficiently elsewhere because of better mechanisms in city government. Some municipalities have created funds to provide financial guarantees, a significant hurdle with the John and Jill Ker Conway Residence after Catholic Charities and the Methodist Conference left the project. New York City has a loan fund for acquisition which is essential to the creation of a real pipeline for housing production. Other cities have a designated official who coordinates within government to expedite the approval process. In Tulsa, that staff member helps bring together officials on zoning, demolition and public improvement while also serving as a point of contact to help when the process bogs down.

The District can learn from these experiences and become a national leader in strategies to address homelessness through the successful implementation of Homeward DC. The ability to streamline procedures that made the John and Jill Ker Conway Residence so challenging to complete is essential to this goal.

HOUSING NEEDS IN THE DISTRICT

A comprehensive study of the District's housing needs was recently commissioned from the Urban Institute by the Office of the Deputy Mayor for Planning and Economic Development. This research confirmed the scarcity of affordable housing in most areas of the city, with 42% of District residents spending more than 30% of their

incomes on rent. High housing-cost burdens are especially common for residents below 50% of the area median income, roughly 6 in 10 of whom had housing costs above the 30% of income threshold.⁷

These statistics show that the District is struggling to ensure that housing remains affordable for its most vulnerable residents, many of whom are at risk of homelessness or have already been displaced by rising rents. The Bowser Administration is responding to these worst-case housing needs through strategies like Homeward DC, put into practice through a special emphasis on Permanent Supportive Housing in the 2015 Request for Proposals (RFP) issued by the Department of Housing and Community Development. This RFP consolidates a range of affordable housing resources, such as federal Home funds, Section 8 vouchers and Low-Income Housing Tax Credits.

Beyond these RFP guidelines for affordable housing resources, officials should create a requirement so that every future development includes mixed-use housing to benefit very low income people alongside market rate units. A set-aside for Permanent Supportive Housing or residents earning less than 50% of the area median income should be mandatory for multifamily housing construction in the District. Current law provides for inclusionary zoning in exchange for a density bonus. Instead of this incentive-based approach, officials should adopt mandatory inclusionary zoning that applies to all residential developments over a certain number of units.

More broadly, the District should take a closer look at how the city is growing demographically. Does affordable housing planning really match those trends? For example, the typical subsidized unit is a two-bedroom apartment in most urban areas, yet an aging population and greater influx of single people will increase the demand for smaller units. Some portion of subsidized housing should include efficiency units with social space in their buildings.

In looking at the District's Medicaid population, city officials should also ask if caretaking might be better located in a place where supportive services are embedded. Even housing policies for market-rate development should incorporate the greater demand for micro-units – compact but comfortable for urban professionals – since competition for existing efficiency apartments is driving rents higher for those with limited incomes.

All of these issues are impacted by public policy. District planners should take a fresh look at a range of questions affecting the housing supply: what does the city require regarding design, size, parking, setbacks, and so forth? Yet too often, existing planning rules limit developers to build for the last generation. Those old approaches can become a barrier to newer housing solutions, such as Permanent Supportive Housing.

What are the top 10 things that cities like Washington, DC can do to promote Permanent Supportive Housing?

RECOMMENDATIONS

Taken together, lessons from the John and Jill Ker Conway Residence can be applied to 10 recommendations for how the complicated and fractured system that was recently navigated for this project might be improved. An emerging consensus exists in the District to take bold action on homelessness. Experts agree that permanent supportive housing is one of the best tools to address chronic homelessness. The question then becomes: How do we build more of what we know we need, and quickly?

How does the District's good intentions of getting critical projects completed translate into greater freedom on the agency level for rapid problem-solving? How do we empower those in city government to work more efficiently than was the case with the John and Jill Ker Conway Residence? How can we synchronize the timing of critical actions and find compatibility between what different agencies need?

Here are ten specific recommendations for improving the District's system for the production of Permanent Supportive Housing:

- 1) *Train agency staff on Permanent Supportive Housing so that development procedures can be adapted to these types of projects. This expertise was lacking during the development of the John and Jill Ker Conway Residence and the resulting uncertainty slows decision-making considerably.*
- 2) *Give agencies more discretion to problem-solve once a clear directive has been given by leaders at the District Building to "green light" the project. It should not be the sole responsibility of advocates and private-sector partners to keep a project moving forward once it has been identified as an official priority.*
- 3) *Provide an ongoing process to identify potential sites, and then modify the property disposition, approval and leasing processes so that Permanent Supportive Housing projects can be completed within reasonable time frames. The Bowser Administration's commitment to this type of housing will require that agencies streamline procedures which slowed construction of the John and Jill Ker Conway Residence.*
- 4) *Ensure that the general allocation process is direct and transparent, particularly in the case of targeted funding, and not subject to political horse-trading. Commitments of funding should not have to be renegotiated at each stage of the project's path to completion.*
- 5) *Change DC Council and agency procedure to allow rolling board meetings and reviews on time-sensitive projects so that decisions get made. Construction and financing deadlines do not always fit the legislative schedule.*
- 6) *Review city regulations on hiring, contracting and purchasing so that these rules are clearer and faster. Well-intentioned provisions can have the effect of entangling their larger purposes.*
- 7) *Designate a city official as a high-level coordinator to facilitate Permanent Supportive Housing projects. It should be someone's job to facilitate the process, create a regulatory timeline so that each agency knows when decisions need to be made in relation to other tasks, and help troubleshoot when the project becomes stuck.*
- 8) *Create a District program to allow a local government entity to act as the financial guarantor. In the case of the John and Jill Ker Conway Residence, both the Methodist Conference and Catholic Charities bowed out once they understood the investment risk of acting as a co-developer.*
- 9) *Create a District program to provide forgivable, up-front pre-development funding to get Permanent Supportive Housing projects off the ground. A for-profit developer includes these expenses into the cost of doing business and recoups those losses by padding future deals, but most nonprofit organizations cannot take such risks since they lose money if the deal falls through.*
- 10) *In order to achieve the goals of Homeward DC, the Bowser Administration should create a "special door" within the District government to expedite the creation of Permanent Supportive Housing. Everything from site acquisition to building permits should be fast-tracked for these projects until the 2020 deadline for Homeward DC's goals are met.*

These actions will build on the progress that has already been made by the Bowser Administration's prioritization of ending homelessness in the District. The strategy laid out in Homeward DC is the right approach and Permanent Supportive Housing is a critical component of this plan. By applying the lessons of the John and Jill Ker Conway Residence to shorten timelines and streamline the development process, city officials can help bring Permanent Supportive Housing to scale in the nation's capital.

REFERENCE NOTES

¹ Substantial research has established the cost effectiveness of permanent supportive housing. Representative findings include “Public Service Reductions Associated with Placement of Homeless Persons with Severe Mental Illness in Supportive Housing” by Dennis Culhane et al (2002) as well as Malcolm Gladwell’s account of “Million-Dollar Murray” (2006).

² More information about permanent supportive housing can be found online:
http://usich.gov/usich_resources/solutions/explore/permanent_supportive_housing

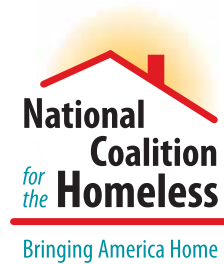
³ District of Columbia Interagency Council on Homelessness. "Homeward DC: Strategic Plan, 2015–2020" (April 2015), p. 36.

⁴ Ibid, p. 32.

⁵ United States Interagency Council on Homelessness. “Opening Doors: Federal Strategic Plan to Prevent and End Homelessness” (as amended, 2015), p. 15.

⁶ Abt Associates. “The Applicability of Housing First Models to Homeless Persons with Serious Mental Illness” (July 2007), p. 4.

⁷ Peter Tatian et al. "Affordable Housing Needs Assessment for the District of Columbia, Phase II." (Urban Institute: May 2015).



The National Coalition for the Homeless is a national network of people who are currently experiencing or who have experienced homelessness, activists and advocates, community-based and faith-based service providers, and others committed to a single mission: To prevent and end homelessness while ensuring the immediate needs of those experiencing homelessness are met and their civil rights protected. We envision a world where everyone has a safe, decent, affordable and accessible home.

We are committed to creating the systemic and attitudinal changes necessary to prevent and end homelessness. We take as our first principle of practice that people who are currently experiencing homelessness or have formerly experienced homelessness must be actively involved in all of our work. Our programs are centered around public education, policy advocacy, and grassroots organizing, and are focused on the issues of housing justice, economic justice, health care justice, and civil rights.