

**Affordable Housing and Special  
Needs Housing Programs  
Input Sessions Results  
February 2008**



**Department of Housing and  
Community Development**

## **Purpose**

The purpose of the input session process was:

- To gather information from DHCD *Affordable Housing and Special Needs Housing* partners
- To gather feedback on recent and proposed programmatic changes to these state administered programs (*Affordable Housing and Special Needs Housing Programs*)

## **Participants**

Current, past, and potential DHCD partners in developing and preserving affordable housing were invited to participate in the input session process. These included for-profit and non-profit housing developers working in the state of Virginia, state-certified community housing development organizations (CHDO), other key partners such as tax credit syndicators, and other affordable housing financiers.

Individuals and organizations received invitations to participate in both in-person sessions and an on-line version of the sessions. A total of 48 persons participated in the in-put session process. Twenty-two individuals participated on-line and another 26 persons participated in one of the four input sessions.

## **Methods**

Data was gathered through in-person meetings (input sessions) held in:

- Hampton on January 31, 2008
- Richmond on February 5, 2008
- Wytheville on February 12, 2008
- Fredericksburg on February 14, 2008

and through an on-line survey that mirrored questions asked during each session.

Participants that attended the in-person sessions were invited to provide additional information through the on-line survey and to forward the on-line survey and presentation to other program staff that were unable to attend.

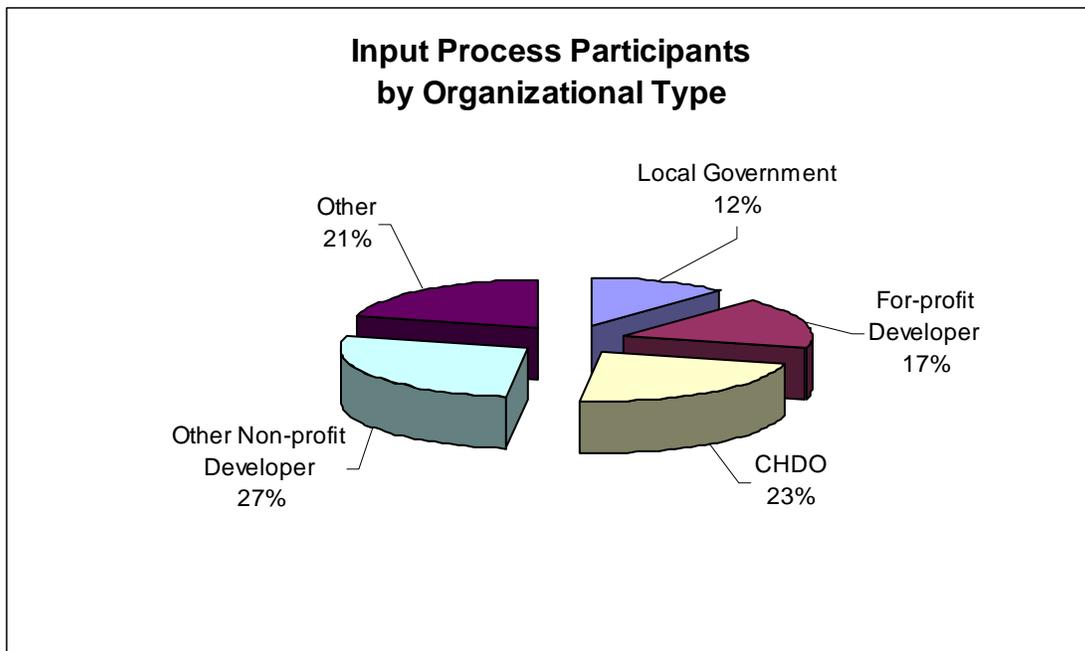
The in-person sessions utilized OptionTechnology, a real-time survey tool that allowed DHCD to collect input through specific questions during the meeting. Session participants were able to review and discuss the question results during the session. In addition, open-ended responses and other comments were recorded in writing.

Grantees had until close of business on February 29, 2008 to submit input through the online survey version.

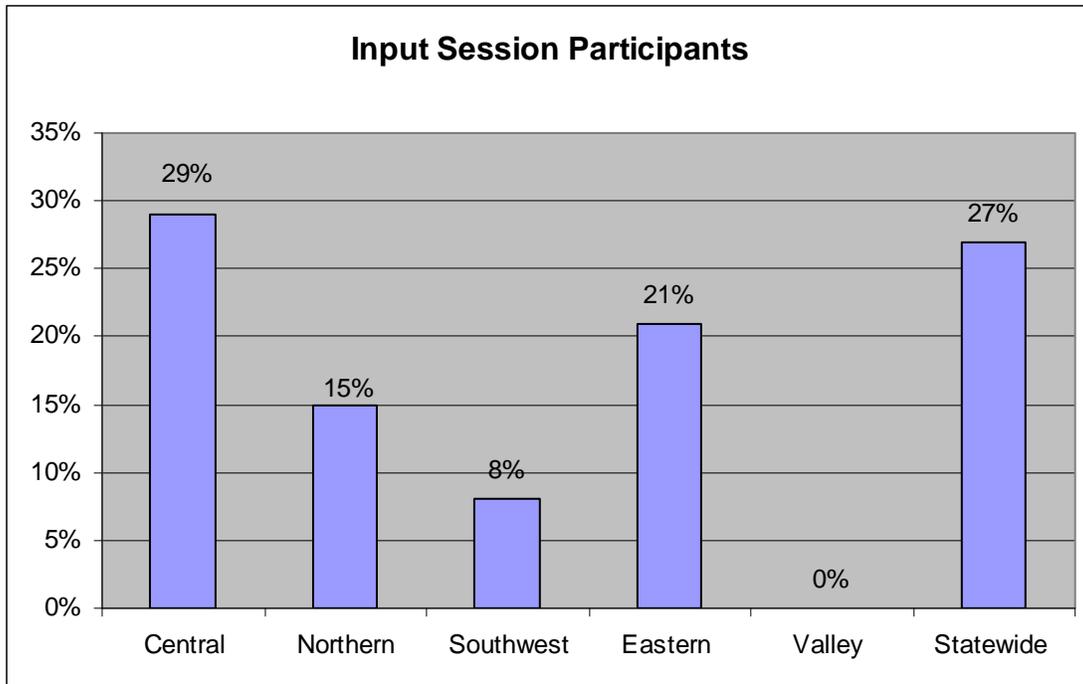
All input was analyzed. Summary results and trends are provided in this report for internal uses, as well as made available to the grantees.

### Summary of Findings

Participants in the input process represented local governments, for-profit housing developers, state-certified CHDOs, other non-profit housing developers, tax credit syndicators, and other housing financing agencies. Half of all participants were either non-profit housing developers in general or specifically state-certified CHDOs (23 percent of these non-profit developers were state-certified CHDOs).



More than a quarter (27 percent) of participants said that their organization had a statewide focus.



The Department of Housing and Community Development implemented a new Request for Proposal (RFP) and proposal review process effective July 1, 2007. Input session participants were asked if they had submitted a proposal during this timeframe and were asked for feedback on the new RFP and review process. Ten, or 21 percent of respondents, indicated that their organization had submitted a proposal, and more than half (54 percent) had at least review the RFP. Half of the participants who had reviewed the RFP or participated in the new RFP process indicated that the process and related material were clear and easy to understand. Participant feedback on the revised process noted the following:

- DHCD should consider adding a preference for CHDO projects
- DHCD should consider the impact of the Low Income Housing Tax Credits (LIHTC) cycle on the revised RFP process
- DHCD should consider sharing detailed scoring criteria with applicants (to allow self-scoring)
- A disconnect between Community Development Block Grant (CDBG) and HOME program activities

Specifically participants were asked for feedback on the following possible program revisions:

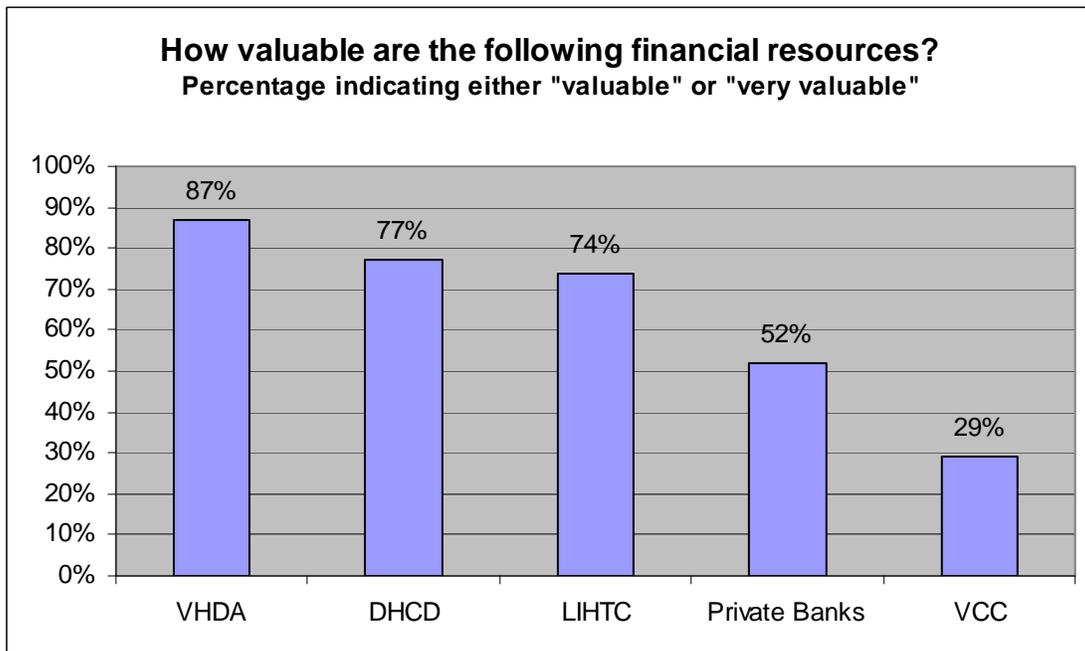
- Bonus points for green building
- Bonus points for universal design
- Stricter enforcement of requirements (negative points on proposals for missing reports and/or other outstanding compliance issues.
- Increase in the minimum of \$7,500 per unit investment

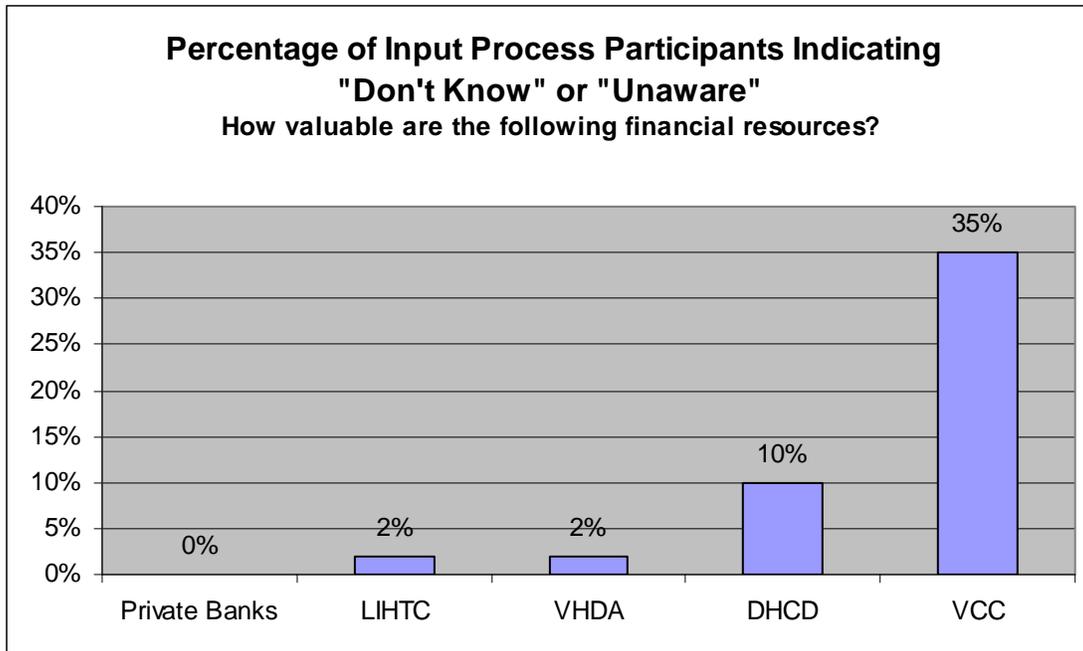
Overall all participants were supportive of the proposal changes. Several participants noted that they are supportive of the bonuses for green and universal design components; however they noted the need for financial benefit as well.

Increases in the minimum per unit investment and stricter enforcement of program requirements were supported through the participant input. Participants noted that both were “*only fair.*”

#### *Financial Resources*

Input process participants were asked about the value of key financial resources to their organization. Virginia Housing Development Authority’s (VHDA) below-market loan products received the greatest percentage of “fours” (valuable) or “fives” (very valuable) when participants were asked to rate each financial resource. For specific loan products, most participants were aware of the Low Income Housing Tax Credit Program and VHDA’s below-market products. The fewest knew of Virginia Community Capital. At least two participants specifically indicated that VCC, “*didn’t have competitive rates.*”





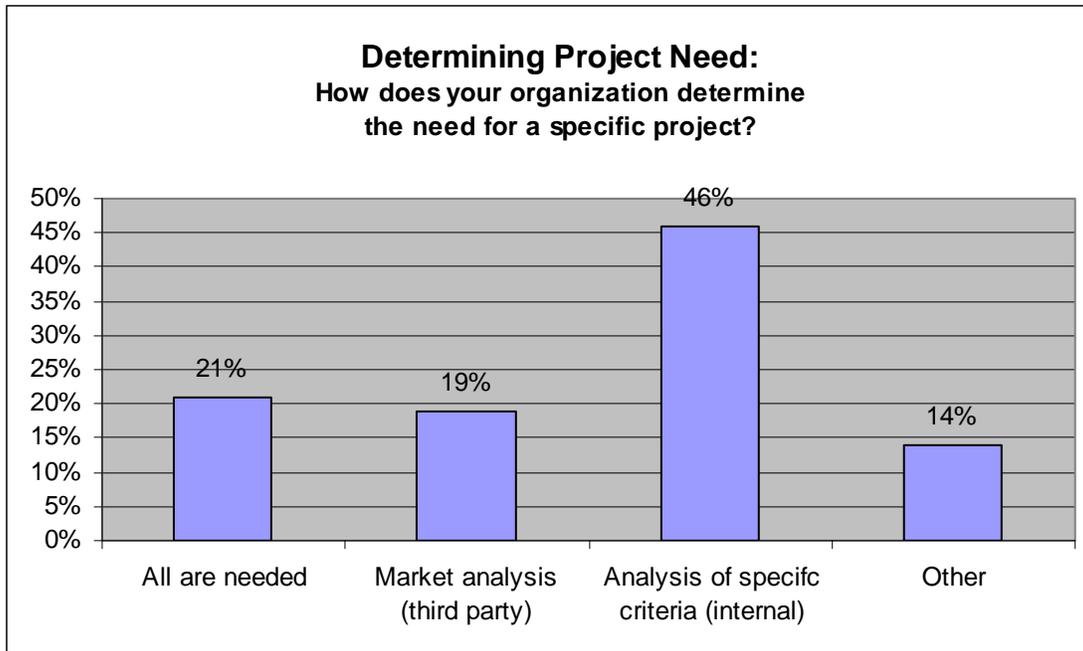
#### *Determine Project Need*

Participants were asked for feedback on how they assess the need for any particular project under consideration and about the use of third party market analysis in this process.

Almost half indicated that their organization used specific criteria through an internal process to determine the relative need of a particular project. About a fifth of participants said that “all low-income projects are needed” when they were asked how their organization determined the need for any specific project. Another fifth of the participants said that their organization relied on a market analysis completed by a third party. “Other” responses on methods for determining project need include:

- Waiting lists
- Working with local government
- Working with local service providers

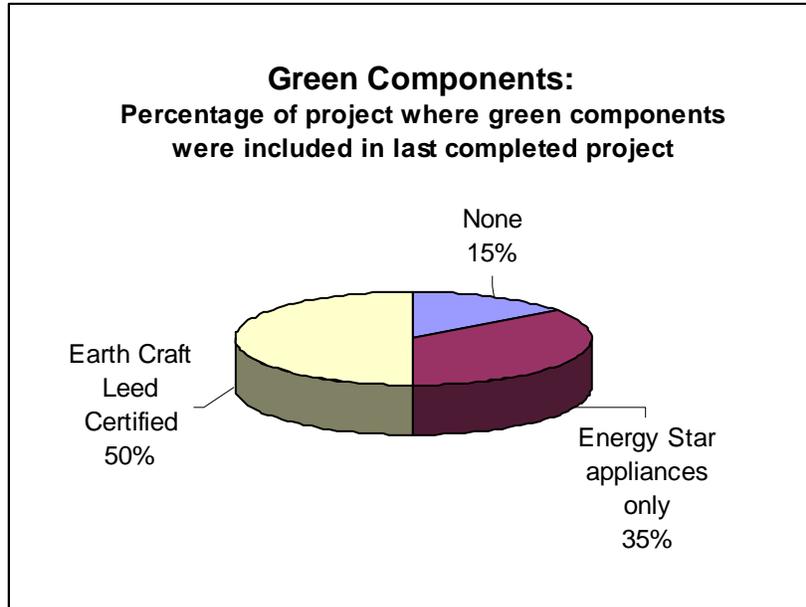
When asked about the how third party market analyses tended to be used more than half (64 percent) indicated that the analyses were used primarily to meet an application requirement (a LIHTC requirement).



During discussions related to third party market analyses a couple of participants indicated that some parts of the market analysis are more valuable than others and one participant noted that market analyses are completed at a point-in-time and that market conditions can change relatively quickly; *“You need to look at when the market study was completed. A lot can change between that time and when you are ready to break ground.”*

#### *Green Building*

Most (85 percent) participants indicated using green components in their last completed project. Only 15 percent of the participants said that no green components were included in their last project.



Many participants noted high costs of green building and the need for favorable funding in order to avoid passing the costs on to the clients.

*The initial costs conflict with the goal of providing affordable housing. It is a struggle and you have to have a long-term focus to see the full benefit. – Input session participant.*

*We need financial incentives for building green. – Input Session Participant*

Other participants noted the role of incentives and the use of HOME funds in developing green units;

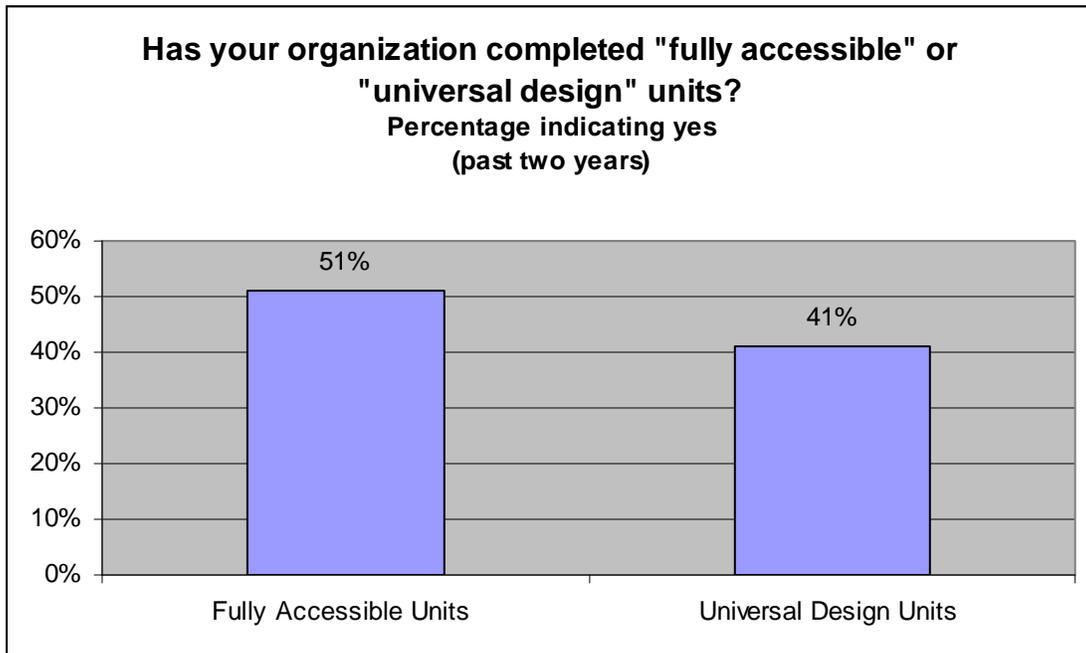
*It is essential to have HOME funding in these projects. It helps the developer to pass these benefits on to the clients. The HOME program needs to provide a real incentive for green building. - Input Session Participant*

Some participants noted specific barriers like the lack of certified green builders and limited availability of certification agencies, particularly as this is related to single family development.

#### *Accessibility*

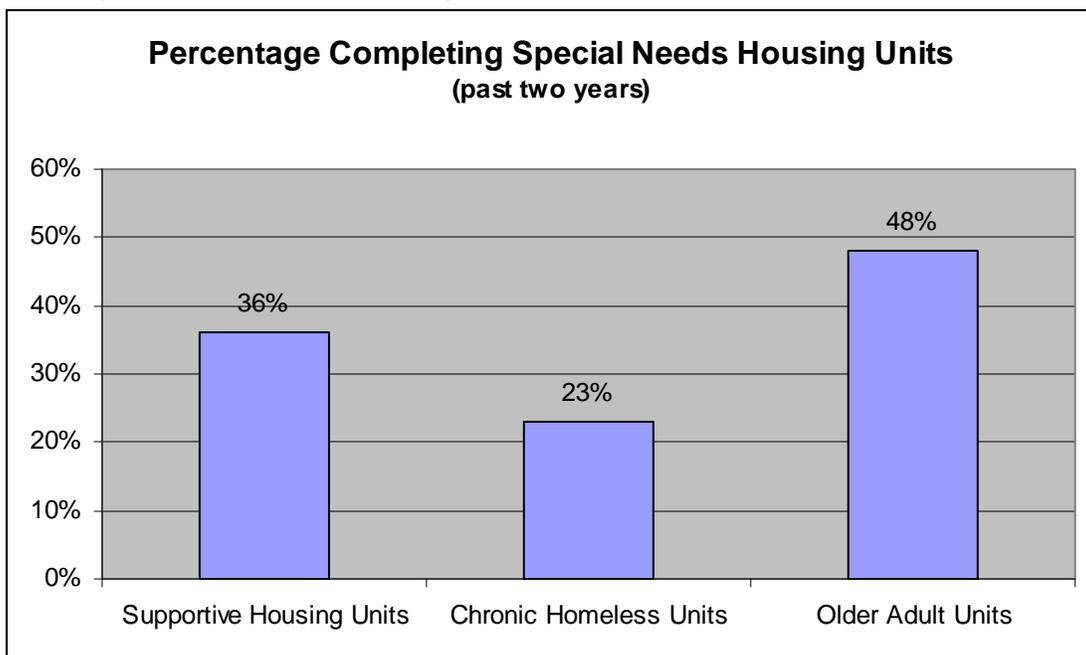
About half of the input process participants indicated completing “fully accessible” or “universal design” units within the past two years.

Participants noted the associated costs and the need for more education on universal design as barriers to the development of accessible units.



#### *Special Need Sub-Populations*

Thirty-six percent of participants said that they had completed supportive housing units over the past two years. About half indicated that they had completed units in the past two years specifically for older adults and 23 percent said that they had completed units for chronically homeless individuals.



A number of challenges related to special needs housing were noted by the input process participants. These challenges include:

- Difficulties with providing the needed supportive services
- Marketing and leasing challenges for matching special need/accessible units to target population
- Access to transportation and related services needs
- NIMBYism

Several participants noted the difficulties that housing developers have with addressing the supportive services needs of the clients.

*Supportive services are challenging for us. We are not service providers. We are in the housing business. – Input Session Participant*

*Operational expenses are really high on these projects. It takes a lot to make them cash flow. – Input Session Participant*

*The supportive service needs and extreme low-incomes make the financing and application much more complicated. – Input Session Participant*

### *DHCD Performance Measures*

Input noted general improvement in DHCD program management including expressing appreciation for the opportunity to provide input.

On core performance measures, providers rated DHCD lowest on “understanding how DHCD makes funding decisions” and “getting information in a timely manner.” These areas represent opportunities for significant improvement and correspond to feedback noted a need for improved communication from DHCD (including participants noting that the website was confusing).

<b>DHCD Performance Measures</b> <i>As of July 1, 2007</i>	
<i>How strongly do you agree or disagree with the following statements?</i>	<i>Favorable Ratings “4” or “5”</i>
DHCD is focused on results.	54%
The Department of Housing and Community Development (DHCD) provides great customer services.	51%
The DHCD funding processes are fair.	48%
DHCD staff promptly returns emails and/or phone calls.	41%
DHCD provides us the information we need to run our program.	41%
DHCD provides us the information we need in a timely manner.	36%
I understand how DHCD makes funding decisions.	27%

### **Considerations**

Based on the Affordable Housing and Special Needs Housing programs input process results, DHCD should consider the following items:

- At year-end assess the outcomes and effectiveness of the new RFP process and revise where needed
- Continue to gather feedback from partners on the RFP process
- Assess the impact of LIHTC schedule on the new RFP process
- Provide more specific guidelines, where needed, for specific components of the application
- Consider providing “How to Apply” workshops
- Review program ability to support universal design and green building components
  - Identify best practices that may be applicable to these programs

- Encourage collaboration between existing service providers and housing developers
- Assure that the organization of website materials will meet end user requirements

## Open-Ended Responses

*This includes all open-ended responses from each input sessions and from each survey completed online.*

What best describes the organization you are representing (other – response)?

Housing authority

Syndicator

Parent organization

State agency

State Government

How valuable to you are the following financial sources? Virginia Community Capital – Comment

The Virginia Community Capital rates are not competitive.

How does your organization assess the need for a specific project (other – responses)?

All of the above.

Rely on waiting internally and partner's waiting list.

New concept

We work closely with the County and City to address the needs.

We rely on provider (CSBs, community services connections) recommendations.

For those who have market analysis completed, how are they used (other – responses)?

Some parts of the market analysis are more useful than others –don't use the whole report.

The analysis is used to determine likely demand for the project.

To meet application requirements and to also determine the amount of physical rehabilitation needed at a project to determine if we should solicit offers to recapitalize a property with LIHTC

First [market analysis is used for determining] for project feasibility and then for the application.

Needs and underwriting

Determine areas of need

Determine feasibility of project and meet application requirement

To determine rent and likely vacancy rate

To determine viability of a particular project

The market analysis does not take into account subpopulation or special needs.

It also does not really address to what extent a project fits into a larger revitalization effort.

To determine whether to buy a specific property or not.

We use them to determine what types of amenities to include in order to compete in a specific market.

Describe current green building activities (barriers, issues, and types).

It is hard to find a funding source that will cover these costs.

It can be more costly.

There is an issue with using HUD utility allowance –makes it hard to pass the benefits on to the end user (solution request data from utility company for new home and use these cost instead of the HUD utility allowance). It is essential to have HOME funding in these projects. It helps the developer to pass these benefits on to the clients. HOME program needs to provide a real incentive for green building.

Costs conflicts with the goal of providing affordable housing –it has to be a long term focus to make it work.

Lack of local support makes this harder to do.

LIHTC –you have to go for green certification or you won't get the credits.

There is a lack or (or limits availability) of certified green builders.

It will be essential for us to secure a grant to cover the green consulting fees associated with certification.

LIHTC Affordable/Workforce Apartment complex with EarthCraft Standards

Green activities are extremely expensive.

Earth Craft improved the quality and level of detail in our specifications but did increase the cost of the project.

Our current green building activities include a variety of mixed-use projects: market and low income residential, office, retail, and hotel.

There needs to be lack of local initiatives that will support green building.

Costs

Offer incentives for green building.

Provide a preference for CHDOs [community housing development organizations] that do green building.

Rehabs of buildings are impossible to comply with green certification

We are working to become an EarthCraft certified builder and we are in process of developing a 90 unit complex of affordable rental housing that will be EarthCraft certified

Just getting into the requirement

Tenant pays own utilities including water & sewer

Barrier –costs of materials and labor

Barrier –limited funding

Barrier –tax credits only covers 60 percent of costs

Barrier –high costs and lack of funding sources

Barrier –cost savings are not captured by projects due to HUD's rent/utility allowances/limits

Barrier –limited access to Earth Craft or Leed certified agency (only really readily available for single family development)

Please tell us about any barriers/issues you are facing with these types of special needs housing (fully accessible, supportive housing, universal design, chronically homeless, and older adult) units.

It is now the norm for one of these types of projects to have multiple funding sources to make it work. This makes these types of project very complicated.

Supportive services are a challenge. We are in the busiest of doing housing, but these types of projects means leveraging total different types of skills and experiences -beyond housing development.

The shortage of certified nursing assistants means that these services while needed are hard to access for these types of projects.

Transportation can be a specific need for these types of projects. These units should be located closer to community services and public transportation, but we have to balance costs (acquisition and project cash flow) with client needs.

There are zoning and density issues that get in the way.

There is also a demand for “aging in place.”

Leasing for the sight and hearing impaired market can be an issue –no good one source that landlords use to market to these clients and units can go to no-impaired clients.

There is a significant need for long-term housing solution for developmentally disabled and others that are out living parents.

NIMBYism and community opposition is still a major barrier.

Project-based vouchers are needed, so that units can remain affordable for those with the lowest-incomes. Supportive housing projects cannot support much debt service, so grants and low-interest loans are a must.

The application tend to be complex [which] relates more to for-profit, big developers than to small, non-profits trying to assist the extremely low to no income. There are costs related to applications and costs related to local review regulations -more challenging for those smaller local non-profits that are more likely to be trying to complete these types of projects.

Very-low interest loans and grants are required to serve special needs populations because there is no money for debt service.

Loss of LPACAP funds; need for a State Housing Trust Fund

Marketing

Need better communication for matching vacant units with people with special needs.

More education on universal design is needed.

We need to consolidate funding and requirements, and resolve conflicts.

Reduce the HOME allocation to IPR [Indoor Plumbing and Rehabilitation Program].

The lack of certified nursing assistants is an issue.

The costs associated with special needs housing is a barrier to developing these units.

FMR are increasing at a slower rate than material costs for developing the units

Older housing stock is costly to rehabilitate.

We need zoning that will address special need housing AND transportation needs.

The leasing of sight/hearing impaired units is problematic.

We need to address rents and long-term affordability for these subpopulations.

#### Any other suggestion of comments

Give applicants more detail on how specifically proposals are reviewed and scored [for new RFP process].

DHCD has gotten better lately. Sitting down with clients like these input sessions is good.

DHCD should post specific scoring criteria.

The new RFP process looks like the earlier you apply [within the year] the more likely that you will get funded with revision opportunities.

Can there (or should there be) more points given through the new RFP process for CHDOs.

IPR [Indoor Plumbing Rehabilitation Program] funds could accomplish more by putting the funds into Special Needs Housing and Affordable Housing programs.

IPR Rehabs are costly. The homeowners tended to be elderly and the housing units tended to require substantial rehabilitation.

It would be helpful to have a funding source that would support opportunities to collect more accurate needs analysis data.

CHDO operating assistance should be increased.

Funding should not be tied to having a permanent financing commitment.

CHDOs that have been awarded tax credits should receive priority for HOME CHDO operating support given the 24 month tax credit expenditure cycle.

There are still difficulties with site control [lack of] and obtaining financing commitments. DHCD should go back to issuing Predevelopment Loans.

Getting constituent information from DHCD is a problem.

There has been in the past a lack of communication from DHCD.

CDBG and HOME don't communicate well. There should be more of a joint effort.

This type of face to face interaction is very helpful.

Need to get back to us sooner (this is getting better).

Website is confusing. It is difficult to determine where you should go to get the information you need. The left navigation does not make sense. Should I go to homelessness or preservation or where?

I like the newsletter.

We need better communication from DHCD.

I wasn't even aware of this meeting until I went to a local CHDO meeting. No one appears to have gotten much notice.

There is a disconnect between CDBG and HOME.

If DHCD is going to give incentives for universal design and/or green building, there should also be a financial incentive to do this type of work.

Income targeting at 60 percent AMI is challenging for homebuyer development.

Maximize leverage if HOME funds by lending at most favorable terms.

Demand a higher match for entitlement areas.

Publish scoring benchmarks.

Streamline processing of legal documents between DHCD and VHDA.

The Quarterly review [new RFP process] may conflict with tax credit cycle for multifamily projects (for single family it is okay).

Set aside allocation specifically for single family [homebuyer] development. It does not compete well in the new RFP process.