



## V. Developing, Siting and Funding a Community Model Program

When Lamp Community was first established in 1985, its founders had to start from scratch. There were an enormous number of homeless single adults with mental illness living in the Skid Row area of Los Angeles. Yet only one program existed in the entire area that was willing and able to serve them. The founders of Lamp Community had to raise money, find a suitable location, rent and rehabilitate a building and identify ongoing funding resources to pay for the comprehensive program they envisioned.

As their program grew, and the need for additional types of housing and services became apparent, Lamp Community had to develop other properties to house the programs that met these needs. Though Lamp Community's management had successfully cobbled together resources to create programs before, they had little development experience between them. Moreover, they had to find the resources necessary to pay for the construction and operating costs of expansion.

The service provider OPCC faced similar challenges when its leaders recognized that homeless men with mental illness in Santa Monica had few housing and service options available to them. Once they decided to develop a Safe Haven program based on Community Model principles in their area, they had to raise money, find and develop a site and implement a program. OPCC already operated a number of programs serving homeless people and had development experience. Nonetheless, the Safe Haven was an ambitious undertaking and a new experience for many of the organization's leaders.

This section of the manual draws from the experiences of OPCC, Lamp Community and other organizations to give an overview of the complex process of developing, siting and funding a Community Model program and its components. While some providers will utilize this manual primarily to transform and improve the way they deliver services to homeless people with mental illness, many will be considering developing a new program and/or housing site.

Although it is hardly exhaustive, this section posits questions and provides a framework to help organizations prepare for the development process. For the most part, it tends to concentrate on the development process for one site or facility. It is important therefore for providers to keep in mind that different components (e.g., drop-in center or permanent housing) of the Community Model will have different development needs and timelines, require different funding or personnel, and potentially present different community outreach strategies depending on the type and location of the proposed site. Nonetheless, what follows will assist the provider to understand the development process for a range of facilities that make up the larger Community Model program.

This section also offers information about additional resources that can help guide the development to a successful conclusion. Text boxes use OPCC's recent experience

developing their Community Model Safe Haven program to illustrate the different stages of the development process.<sup>1</sup>

## 1. ‘Who Is It For?’ and Other Initial Planning Questions

From the start of the development process, think big. That doesn’t mean you must build the largest facility possible, only that you must think *comprehensively* about the development. Developing a building is an extraordinarily complex endeavor: it’s essential to *over-prepare*, constantly reevaluate and second-guess. Few nonprofit service providers have the expertise, experience or organizational capacity to take on physical development all by themselves. Constructing or rehabilitating a building is a relatively rare event for a nonprofit organization – even affordable housing developers often build only one or two buildings every four years. As a result, more often than not, key management personnel will be overseeing development for the first (and maybe last) time in their professional careers. You’re most likely faced with a huge learning curve: don’t hesitate to ask every question you can imagine and plan on using a bevy of experts and consultants.

A few initial questions can help you to envision what you want to accomplish through development:

1. **Who are you developing the program facility for?** What kind of program and living space will best meet their needs and most appeal to them? Do they have different needs and desires than people you already serve? Talk to service staff already familiar with the target population, then speak to members of that population themselves, one-on-one, or in informal focus groups. Creating an ongoing advisory group of people who would use the new facility can also help to keep their concerns in the forefront of the design process.
2. **What problems do you expect the new facility to solve? Are there other ways to address these issues besides development?** For example, if homeless people with mental illness are not being served by an existing drop-in center, would it be more practical to change service delivery practices there than to create a second facility? If a current shelter facility cannot meet the demand for shelter, can bed space be freed up by moving people through that shelter more quickly, rather than developing another shelter? Or would a new shelter that permitted unlimited stays allow the program to serve a more challenging population that is not receiving services now?
3. **How many people will the new facility serve?** Take the extra time to do a methodical analysis of what the demand for a new facility will be. How many people do you now serve? What is the size of the pool of potential users of a new facility? And how will they use it? If it’s a shelter, what will be the average length of stay? If it’s a drop-in center, how many hours a day will people want to stay there? Take into account structured programming as well as “just hanging

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<sup>1</sup> For a detailed narrative of OPCC’s experience siting a Community Model Safe Haven in Santa Monica, see Appendix B.

around” time. Think about staff needs as well. How many staff will be necessary and what kind of work spaces will they need? All of the answers to these questions must be later interpreted by an architect into physical layouts and square footage. All of the answers are hard to predict, but it’s worth the extra time to make accurate estimates, so that you don’t build a facility that is already too small to meet the need the day it opens.

- 4. Will the size and nature of the target population change in the future?** This is almost impossible to predict, but it is worthwhile to try and predict how the size of the program will grow (or shrink), and how it may need to change in the future. For example, programs operating permanent affordable housing find that services offered to tenants change as tenants age – programs aimed at toddlers become unnecessary, while health services for seniors become increasingly important.

*The 40-year old nonprofit service provider OPCC (formerly Ocean Park Community Center) operates programs for homeless people, runaway youth and other at-risk populations in the city of Santa Monica, a beachfront community west of Los Angeles. OPCC has had particular success serving homeless women with mental illness through their Daybreak network of programs, which includes a day center and shelter, a self-employment/crafts program called Daybreak Designs and Women in New Directions (WIND), an independent living program for formerly homeless women living in subsidized housing.*

*The effectiveness of OPCC’s comprehensive services for women convinced staff to do more for homeless men with mental illness. “It was a need that just wasn’t being met,” says Sarah Lake, the social worker at OPCC’s Safe Haven, “Men with mental illness came to us feeling like they’d failed in other programs.” Lou Anne White, the Safe Haven Director, adds, “They’d see the women in Daybreak and ask us, ‘When are we going to get something like that?’ It was hard to see them struggle in programs that were not designed to serve them. They needed another option. When we looked at it closely, it became obvious that starting a Community Model program was the logical next step for OPCC.”*

## **2. Understanding Your Organization’s Capacity and Culture**

Before you embark on the development process, take a step back and evaluate your organization’s ability to get the project done. Who is going to take the lead on seeing the project through? Ideally, you want a manager with extensive experience in real estate development to lead the project. But most organizations do not regularly develop buildings and few have such a specialist on staff.

And even when the project is in full swing, the time demands of development are notoriously uneven. A sixty-hour week of finalizing funding, applying for permits and interviewing architects may be followed by a relatively quiet month of waiting for approvals, followed by a chaotic week of revising budgets and architectural plans. The unpredictability of development’s time demands makes it difficult to delegate the work.

All too often, the executive director or another senior staff person ends up carrying an enormous part of the workload. Other responsibilities can suffer as a result. While

development definitely requires the thorough attention of a nonprofit's senior leadership, it cannot be allowed to subsume all of the other important issues facing an organization.

In addition to gauging your organization's capacity for development, it is also helpful to assess its culture. Is the new development a logical outgrowth of its core mission, or does it represent a new direction for the organization? The Community Model thrives on a lack of hierarchy and an ethos of collaboration across different programs. This approach may make line staff feel more valued, but it might also confuse managers about their roles and the extent of their authority. In addition, incorporating harm reduction techniques into existing programs can alienate some staff accustomed to more mainstream treatment approaches.

*Once OPCC decided to establish a Community Model program in Santa Monica, OPCC's project director Lou Anne White committed to working at Lamp Community for almost a year to learn the program firsthand. She observed innovative service strategies that she quickly applied to OPCC programs. But she also saw that some of the program's components were not as easily transferred. "After seeing it in action at Lamp, I knew we couldn't do money management for members the same way they did. We decided it was best to let the local Department of Mental Health office and others do that, so we could concentrate on what we do best. It's important to know what works and what doesn't work for you as an organization."*

Some members of your organization may be more supportive of the development and the new program. Sometimes, the enormous commitment of time and energy to development leaves employees in some departments feeling undervalued. Do your best to understand how the new development is perceived by board members, staff and program participants alike.

Finally, when building a new facility, it's important to include the entire organization in the project. All staff and program participants can share in the excitement. Periodic updates and presentations on the development are a great way to ensure that all the organization's stakeholders have an opportunity to contribute their insights to the project. It's also a good morale booster and team builder.

### **3. Creating a Development Team**

Once the decision to develop a new facility is made, it is necessary to create a development team. Individual team members' level of participation will vary as the development moves through different stages, but it is important to identify each team member as early in the process as possible.

The key members of the development team include employees within the nonprofit organization as well as outside consultants:

#### **In-house:**

- **Executive Director** – Oversees the project, does political and governmental outreach and makes final decisions regarding hiring, budgets and design.
- **Project Coordinator** – Resolves day-to-day issues related to development, works closely with Executive Director on all fundraising and political/government issues.
- **Program Director** – Ensures that development design meets the needs of the program, staff and participants.
- **Board Member(s)** – Assists Executive Director with fundraising and political activities.

#### **Outside consultants (may be individuals or firms):**

- **Housing Development Consultant** – Oversees implementation at every stage of development, from siting, funding, permit approvals, design issues, construction management, final certifications and other governmental relations.
- **Realtor** – Helps identify an obtainable site and assists in purchase negotiations.
- **Architect** – Designs physical structure, ensures construction meets specifications within budget.
- **Community Outreach Specialist** – Responsible for education and outreach to community residents to obtain their support for the project.
- **Attorney** – Works with Development Consultant to draw up contracts and anticipate and resolve any legal issues.
- **General Contractor or Construction Manager** – Oversees construction of the facility, works with other team members on scheduling, budgeting and realizing design.

**Other Consultants and Combining Roles** – In some cases, separate roles may be combined. If an organization has a long history and strong reputation in their community, community outreach may best be done by in-house staff. Or a dynamic, well-connected executive director may choose not to use up the limited time of board members on development issues. When combining roles, however, be realistic about time limitations. Be sure to reduce the other responsibilities of the staff member expected to act as project coordinator so that neither the development project nor other important duties are left unattended.

At times, the team may also include additional outside specialized consultants, such as an environmental consultant if there is a need for an environmental impact statement or cleaning up of hazardous materials. Funders will also play an active role in ensuring that their funding is being used wisely. Some have extensive resources for providing technical assistance to inexperienced developers.

In a relatively slow local real estate market, a realtor (or real estate broker) may not be necessary to the functioning of the team. In a real estate market that is very competitive, as many are today, the right realtor may be one of the most important team members. It may be difficult, however, to find a realtor with the time and inclination to locate a site for such a project. Since realtors usually work on commission, they depend on closing deals quickly. But publicly-funded facilities have many requirements that can slow down the negotiation process for a purchase, and many sites will have to be considered before a successful sale can be completed. Also, some realtors may not support the ideas behind the Community Model, and may even choose to alert other opponents to the project. Providers must be aware of all of these issues when looking for assistance in this area. There are real estate brokers who have experience working with nonprofit service providers. Depend on word-of-mouth from colleagues you trust to find one.

**Finding Team Members** – So how else does an organization find outside team members? There are all kinds of ways, of course, but development is a good time to make full use of any professional relationships the organization has, through management staff and board members. Often, other nonprofits in your area that have developed facilities (especially affordable housing developers) can provide guidance and recommend effective individuals and firms to fill out your team. Private funders, foundations and governmental development agencies are a primary source of expertise and guidance. Most have architects and housing development consultants with whom they regularly work. Usually, engaging a strong housing development consultant is one of the best ways to help you quickly find other members of the team. Retaining a good housing development consultant lends credibility to a project, and attracts other effective professionals to your endeavor.

Some communities have local technical assistance providers for nonprofit development. When OPCC sited and developed their program, Shelter Partnership, Inc., a regional technical assistance provider, played a crucial role in this capacity. In addition, much affordable housing development is financed through federal Low Income Housing Tax Credits. Tax credit “syndicators” like the National Equity Fund (NEF), Local Initiatives Support Corporation (LISC) and the Enterprise Foundation can provide an enormous amount of technical expertise on development and can link organizations to effective consultants. Operating foundations and other development intermediaries like the Corporation for Supportive Housing (CSH) can also be valuable resources. Each of these national organizations has state and local offices with knowledge of area consultants. They’re a great place to start if your organization has few local sources of nonprofit development expertise.

*John Maceri, OPCC's Executive Director, emphasizes the importance of having a full team of outside consultants: "It was a high-profile, politically sensitive project for our community, so I wanted to be the one out there taking the hits for the organization," he remembers, "but there's no way I could have done it alone. Everyone on the team played a critical role, especially our board members." The firm that oversaw the project's outreach to the community laid the groundwork for a successful siting, but many of OPCC's board members reached out to elected officials at a crucial juncture. In addition, one board member was a developer who was vital to evaluating the eventual site's value and suitability; another board member's law firm drew up and finalized more than ten documents related to the lease, purchase agreement, loan terms with the city, environmental reviews and other necessary paperwork – all "pro bono" (at no cost).*

#### **4. Locating the Facility**

A Community Model program will be more effective and operate more smoothly if it is:

- Readily accessible and welcoming to homeless people who are generally distrustful of service programs
- Close to other services and amenities used by this group
- Some distance apart from other potential competing community interests

In addition to considering the needs of homeless people, a provider siting a facility must also address the concerns of community groups, government and potential funders. Zoning and environmental factors (addressed in *Sections 8 & 9*) will also have to be taken into account. Thinking through some of these issues early in the process can help achieve equilibrium between these competing factors.

**Access** – The Community Model's mantra of "meeting people where they're at" can be taken literally in this instance. While many factors will affect where a facility is located, every effort should be made to site it where homeless people with mental illness already are. Not only will the provider have ready physical access to the people to be served, it is more likely to be seen by the surrounding community as a solution to an existing problem rather than as a new source of trouble coming from outside of the neighborhood. Lamp Community is located in the heart of Los Angeles' Skid Row district, a neighborhood with one of the highest concentrations of homeless people with mental illness in the United States. Few providers will encounter such an obvious location for a facility site. But suitable locations in other localities share some of the same elements:

- **Near a park or public space** – Being within walking distance from a natural gathering place for homeless people will improve the immediacy and effectiveness of street outreach activities. On the other hand, a location directly adjacent to a park may draw unwanted and negative public attention to the facility, if program members are perceived to be monopolizing parkland as their own personal space.
- **Directly accessible by public transportation** – No matter how comprehensive a program may be, members will need to use public transportation to get to

entitlement centers, other programs and other activities. The less public transportation available in a locality, the more important this becomes.

- **Near other Community Model program components** – Lamp Community operates four program sites and hundreds of housing units all within walking distance of each other. Their close proximity helps both members and staff.

**Proximity to Other Services and Amenities** – While the Community Model should serve as an oasis of safety, order and consistency to members, it should not be far removed from the other services and amenities necessary to members’ daily lives. Siting programs next to grocery stores, laundromats, entitlement centers and other government offices will make a Community Model facility even more relevant to the needs of prospective members. Close proximity to other services, such as pre-employment training programs, detox centers, outpatient rehabilitation and health clinics can also help make service delivery and collaboration with other groups that much easier.

**Distance from Other Community Interests** – Homeless people with mental illness encounter discrimination daily. They are often seen as dangerous, unpleasant and always from somewhere else. While fighting these misperceptions is important, it is nevertheless incumbent upon the provider to minimize any negative impacts a program may have on the community. During the onset of the siting process, geographic proximity to schools, retail business strips and some residential communities will most likely elicit organized resistance. While being close to any of these should not rule out a site, providers must be sensitive to the competing needs and concerns of other community interests.

## ***5. Designing the Physical Configuration of the Facility***

Whether a provider is developing a Community Model drop-in center, respite shelter, day facility or permanent housing, it is important to work with program staff early in the process to ensure that the facility meets the needs of the program and participants. Be sure to facilitate opportunities for management, front line staff and, in some instances, program participants to meet with the architect to discuss their needs and preferences.

Drawing on their experience operating Community Model programs, Lamp Community and OPCC identified the following items as essential issues to consider during the design process of a day center/drop-in center and shelter facility:

- **Outdoor space** – Members need an outdoor area apart from the street to relax, smoke or just hang out. The space can also be used for outdoor social and recreational activities. It should have attractive landscaping and seating areas to provide members opportunities to be alone or in groups.
- **Open indoor community spaces** – Indoor areas for dining and lounging should be comfortable and flexible, with partitions or moving walls that can be reconfigured according to group size and activities. Open space is easier to supervise, and as a result, safer. It is also more inviting to members who are distrustful or paranoid.



- **Semi-private sleeping space** – Members need semi-private space within the community where members learn to respect one another’s privacy, without isolating themselves in closed door rooms. Individual or shared cubicles without doors work well. Each should have a bed, locked storage, and a place to hang or store clothing and other personal belongings.
- **Offices for staff** – Some private office space dedicated to management staff is necessary, but should be kept to a minimum to encourage as much interaction as possible between members and staff.
- **Offices for private meetings** – There is an additional need for private office space for individual counseling, to allow members to share personal or confidential information with staff, problem solving or dealing with a crisis.
- **Rooms for smaller groups** – Group therapy, 12-step meetings, education and support sessions can be conducted in the community room, but it is preferable to dedicate smaller rooms that can comfortably accommodate 8-10 people for this purpose.
- **Storage for residents** – In addition to locked storage in the cubicles for members’ personal papers or other valuables, space for storing members’ larger possessions is desirable.
- **Separate bathroom facilities for men and women** – Facilities should include toilets and showers. Providing separate bathroom facilities for staff may undermine the community ethos, but will improve staff morale.
- **Laundry facilities** – The ability to do laundry on-site is appreciated by members.
- **Kitchen facilities** – A full-service kitchen where staff, members and volunteers can work together to prepare and serve meals is essential. There should be adequate refrigeration and freezer space, stove and ovens, food preparation space as well as storage for dry goods, dishes and utensils.
- **Secure medication storage** – The medication cabinet must be locked and monitored by staff. It can be situated in a management office. For multi-site programs, it is often simpler to store medication in one location.
- **Overnight staff area** – Depending on program conditions and members, staff may not be required to be awake during the entire night shift. If the member population is mixed gender, overnight staff should be also. The staff sleeping area should be near the member cubicles to provide easy monitoring of the facility at night.
- **Outside storage area** – Members appreciate and are more likely to use a day center if they have a safe space to store carts and other large belongings.
- **Kennel space for animals** – Many homeless people have pets and will refuse shelter if it requires giving up their animals. Or they will attempt to use their limited resources to board animals when entering a shelter. An outside space for animals allows members to keep their animals nearby, while still maintaining the health and safety of other members who may be allergic or frightened by animals inside the facility.

*Both Lamp Community and OPCC stress that an organization should spend the extra time thinking through what the program will need before a site is identified. Work with an architect to understand your program’s space needs, where the program components will be located in relation to each other and other like details. What are your program’s parking, outdoor space, handicap access and sleeping space needs? Knowing this kind of information will help you visualize how a site can be used when you do your initial walk-through.*

## 6. Estimating Costs

It is possible (and imperative) to make general estimates of the cost of building, operating and staffing a new facility early on in the development process. It is more difficult to predict the cost of purchasing land or a building, or the “soft” costs of managing these endeavors. All of these costs vary greatly from locality to locality, and even from year to year. They will vary even more as concrete details of a specific development project become apparent. Nevertheless, it is important to get a ballpark figure for planning purposes before the development process goes too far. Consider the following:

- **Pre-development, development and “soft” costs** – As this chapter makes clear, developing a building is a major undertaking involving a lot of different professionals. The provider/developer must account for the cost of hiring and paying an architect, a development consultant, a realtor, lawyers, engineers, community consultants and others throughout the life of the process. Some of these costs, such as the realtor’s fee, can be paid on commission, when funding is secured. Others, like architectural designs, occur during the pre-development phase, when funding may not be fully secured. Other “soft” costs, like office support, consultant expenses and other incidentals, will also arise and must be taken into account during the planning process.
- **Construction costs** – Experienced contractors and architects can usually provide a general cost per square foot for the new construction or gut rehabilitation of a facility. Of course, the more you know about the kind of facility you want to build (How big do you need it to be? Will it be architecturally adventurous? Will it be a green building?), the more accurate your estimates can be.
- **Building operation costs** – If your organization already owns or operates a building, you may already know the prevailing prices of many of the factors that determine the annual cost of operating a facility (water, heating and air conditioning, maintenance, security, property taxes, insurance, among others). If your organization does not already own a building, consult with other organizations doing similar work, or with board members that do. Be sure to think realistically about the true costs of operating a new facility: all too often, organizations are so focused on the costs of actually constructing a building, they don’t account for all of the ongoing costs. In many instances, spending more upfront on such things as energy efficient windows and doors can reduce annual operation costs later.
- **Staffing and OTPS costs** – If your organization already operates social service or housing programs, the cost of staffing a new program is perhaps the easiest aspect to predict. If this type of program is totally new to your organization, rely on board members, other organizations and government agencies that fund these programs to make an accurate estimate of both staffing and Other Than Personnel Services (OTPS) costs.

**Real Estate Costs** – More difficult to predict in the early part of the process is the cost of purchasing land or a building. Real estate costs vary tremendously depending on location, condition of the site and an owner’s interest in selling. Until you are

considering a specific site, it is difficult to predict purchase prices. In some markets in the United States, real estate prices have risen substantially in the past few years, severely limiting the number of properties and locations available to nonprofit service organizations.

You can, however, consult with a knowledgeable realtor about general market conditions in the area that you are considering for a site. If you do, be sure you are talking to a realtor you can trust. You want to keep your inquiries confidential so that you can continue to control the timing and pace of your development plans as they relate to the community that will be affected. A realtor with strong ties to the local community who does not understand or support programs for homeless people may incite opposition to your project before it even gets off the ground.

The cost of buying or leasing the land or building for a program is of course subject to negotiation. It is also subject to surprising and untenable increases – make sure you have a good idea of your financial resources before ambitious dreams for your facility put your organization on perilous financial footing. The smaller your agency, the less you can depend on other agency program activities and assets to absorb costly overages. Be cautious and realistic about your organization’s capacity to develop and expand.

**New Construction versus Rehabilitation and Other Considerations** – As you begin to evaluate sites for development, consider the value of the land by itself, separate from the actual building. Depending on the condition of the building, your program needs and various municipal building codes and zoning regulations, it may turn out to be less expensive to demolish the existing structure and construct a new building. The costs of substantial rehabilitation can sometimes exceed the costs of new construction, especially if the rehabilitation must conform to historic preservation criteria. Local parking requirements can also add costs to a siting project. Subterranean parking is particularly expensive. In addition, the building must meet the standards of the Americans with Disabilities Act (ADA), so any needed adjustments for that purpose may impose an additional cost burden.

**Leasing versus Purchase** – If your organization does not have the funds to make the substantial capital investment necessary to purchase a property, you may consider leasing. A particularly “hot” real estate market may preclude a large purchase price. Also, sometimes leases can be had for extended periods of time, from 30 to 99 years, making them almost equivalent to owning the property, for the purposes of the program and the organization.

Leasing presents a unique set of challenges the development team must address. Private owners are not always willing to enter into a long-term lease to a program serving what they see as an “undesirable” population. They may fear alienating the community or other tenants leasing space in the area. They may believe that the presence of the project may lower the value of the site and surrounding properties. Leasing property from local government or another public entity may be a possibility – if the project is seen as a

public benefit, it may be possible to obtain a lease on the property at or below market rates.

Regardless of the property owner, it doesn't make sense to invest substantial funds in improving or renovating a building if you can only lease it for a limited amount of time, less than five to ten years. The cost of relocating at the end of the lease must be considered when comparing this option with purchasing a property.

*OPCC found an experienced Housing Development Consultant through Shelter Partnership. According to John Maceri, the Housing Development Consultant was extremely helpful in estimating costs and putting together the development budget, as well as securing the complex financing necessary for the project. "We were knowledgeable about the needs of the program and had a good understanding of the local real estate market. But we really benefited from the HDC's expertise at writing up successful funding applications, obtaining pre-development funds and complying with all of the requirements of the federal funding streams."*

## **7. Identifying Funding Resources**

Obviously, the range of many of your cost estimates will be determined by the amount of funding you believe is available to the project. There are many possible sources of funding for drop-in centers, transitional shelters and permanent housing programs. You will most likely have to depend on a number of them to fully fund a Community Model program. A qualified housing development consultant will be familiar with all of these funding sources. Some funding sources include:

**Federal Funding** – There are a handful of federal funding sources available from the Department of Housing and Urban Development (HUD) for building and operating different components of a Community Model program. They include the following funding programs:

- **Continuum of Care** – These funds are awarded on a competitive basis to localities and nonprofit organizations through the McKinney-Vento Act “Continuum of Care/Super NOFA” process. HUD requires that grantees have the support of State or local government. In some, the locality conducts the competitive grants process. Funding programs include:
  - **Supportive Housing Program** – This funding stream can be used for the acquisition, construction, leasing, operating and program costs of transitional housing, permanent supportive housing and Safe Haven<sup>2</sup> programs. It can also pay for the outreach, assessment and housing

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<sup>2</sup> This funding stream is a component within the Supportive Housing Program that was created in 1999 to fund programs for homeless people with mental illness like the Community Model. Safe Haven funds can be used to pay for the acquisition, construction, leasing, operating and program costs of the drop-in center, street outreach and respite shelter portions of the Community Model. One advantage of Safe Havens funding is that it allows programs a lot of flexibility, such as giving participants an open-ended length of stay, though it limits overnight space to a maximum of 25 people at a time.

placement activities within the Community Model and most services that help improve homeless individuals' residential stability and independence. When Supportive Housing Program grants are used to fund transitional housing programs, residents' stays are limited to 24 months.

- **Shelter Plus Care** – This funding stream offers rental assistance and other support to homeless people with mental illness and other disabilities. It must be matched with service funding from other sources, although supportive housing grants and other federal funds can qualify as a match.
- **Section 8 Moderate Rehabilitation** – These funds can be used to subsidize rents in permanent housing that has undergone moderate rehabilitation.
  
- **Block Grant Funding** – These funds are awarded by a formula based on population and poverty rates and are administered by states and localities. All require that grantees have the support of State or local government. In some, the locality conducts the competitive grants process. Funding programs include:
  - **Emergency Shelter Grants** – This funding allocates funds to states and urban counties and cities according to a formula. It can be used to pay for rehabilitating buildings into homeless shelters, shelter operations and other essential homeless service costs and homelessness prevention activities
  - **HOME Funds** – These funds can be used to acquire and construct low-income, permanent rental housing. They cannot be used to fund the drop-in center, though they can fund shelter components of the Community Model, as long as participants' stays are open-ended and the housing meets certain minimal standards.
  - **Community Development Block Grants** – This flexible funding stream can be used to pay for the acquisition, construction, leasing, operating and program costs of the drop-in center, street outreach, respite shelter and permanent housing portions of the Community Model.

In addition to these funding streams, there are other federal demonstration programs, such as the “Collaborative Initiative to End Chronic Homelessness” or the “Ending Chronic Homelessness Through Employment and Housing Initiative” that may also be available to fund Community Model components.

**State and Local Funding** – States and localities may be another source of funding for Community Model programs. Much of this funding may ultimately come from federal dollars “passed through” state and local programs. However, many localities raise money for affordable housing development through a variety of fees and taxes on market rate development, hotel taxes and other sources.

In California, local redevelopment agencies are required to spend at least 20% of their redevelopment funds on low and moderate income housing. California also offers

funding streams for affordable housing, such as the Emergency Housing Assistance Program (EHAP) capital loans (which can fund Safe Havens), the Multifamily Housing Program–Supportive Housing Program (MHP-SHP), and Integrated Services for Homeless Adults with Serious Mental Illness funding. Check with your local social service department and development agencies for more information. Funding cannot be officially committed until you can prove that you have “site control” (*see below*). But often, informing your local development officials of your plans early on can help you gauge the locality’s likelihood of supporting your project and understand their needs and concerns.

**Private Funding** – Projects in the faith-based community are often funded entirely by congregants’ donations. For secular groups, private funding to build new facilities for homeless people is more difficult to obtain. Unless your organization has received a large private bequest specifically for the purpose of building a new facility, you’re more likely to use private donations to fill funding gaps from year to year, or to pay for smaller capital purchases, like a van. Relying on private dollars to fund ongoing program operating costs is risky if you cannot depend on them from year to year far into the future. If you feel you may have the strong support of wealthy individuals, now may be the time to ask them to contribute to the construction of a new facility.

**Foundation Funding** – Foundations are another source of private funding. Few can provide a large amount of capital funds, but obtaining capital grants from five or six foundations can make the difference between failure and success, or an adequate facility and a state-of-the-art program.

**Long-term Financing** – If you are fortunate enough to receive full funding from your locality, you will not have to borrow money to pay for acquisition and construction costs. But more often than not, government funding will not pay for the entire cost of acquiring, building and operating a new facility and you will have to take out a mortgage, just as you would when buying a house. Banks are required to provide some below-market financing to comply with the Community Reinvestment Act and may be a source for relatively inexpensive, long-term loans. If these are not available, there are other intermediaries that provide financing at market rates for projects that are beneficial to a community but deemed too risky by commercial lenders. Such groups include the Low-Income Investment Fund and the Corporation for Supportive Housing. All of these sources will require proof that your organization has the ability to repay such loans. Your housing development consultant should be well acquainted with all of these options.

**Bridge Financing** – You will encounter a number of expenses during the pre-development phase of a project, including but not limited to drawing up architectural plans, fundraising, legal work and environmental assessments. These costs may be covered by government grants. When they are not, banks and some intermediaries can provide low-interest “bridge loans” to help pay for these early stages of the development process. In most cases, the loan does not have to be paid off until the primary funds are available, or until construction is completed. If the source of the funding is a nonprofit

intermediary, the loan may be forgiven if the project falls through (though your organization's credibility will seriously suffer if you are unable to pay it back).

**Tax Breaks** – In some instances, owners selling property for a “public good” such as a Community Model program may qualify for local, state or federal tax breaks. These may help make your offer more attractive to the seller. Once again, a housing development consultant will be familiar with these possibilities.

**Combining Funding Streams** – Just about every development project requires multiple funding sources. Some projects use over twenty different funding sources for capital and operating support. In most cases, a development project only gets off the ground when you have received a firm, substantial commitment from local or state government to fund the facility (often with their allocations of federal dollars). Once you have their support, you can go together with local and state representatives to foundations and other funders to ask for additional funds.

In some cases, state parameters for operating a program differ from federal rules, making it difficult to combine funding streams. Local restrictions can further make compliance difficult. For example, federal rules allow residents to stay in a transitional housing program for up to 24 months, while local zoning laws may limit residents' stays to six months. To allow a longer stay and comply with local rules, a provider may have to register as a permanent housing program, making the program ineligible for federal funds for transitional housing.<sup>3</sup>

The effort required to obtain all this funding can overwhelm an executive director attempting to raise the money single-handedly, and the reporting requirements alone are enormously time-consuming. Unfortunately, it's a necessary part of development. Make sure to be prepared and able to spend lots of time and effort on obtaining this support.

*The OPCC Safe Haven ended up employing an unconventional acquisition strategy. Originally, OPCC planned to purchase the chosen site. But the major portion of the purchase price was provided by funds controlled by the City of Santa Monica. During the siting battle, residents objected to “giving away” public funds to buy a property that would be owned by a nonprofit. To address this concern, the City and OPCC negotiated an agreement that provided public funds to OPCC to purchase the property. In return, OPCC immediately turned over the deed to the City, and then leased the property from the City for a nominal fee. This arrangement satisfied federal funding requirements, allowed OPCC to purchase and achieve site control of the property quickly, and let the City retain ownership, thereby satisfying all concerns.*

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<sup>3</sup> To resolve these types of contradictions, providers must monitor legislation and advocate for changes at local, state and federal levels of government. For example, in 2000, a task force recommended changes to the California State Legislature to reconcile state Emergency Housing Assistance Program rules with federal definitions, allowing more flexibility to providers.

## 8. Finding and Securing a Site

Once you have determined the parameters of the facility you need, and have a general idea of the costs and sources of funding involved, you are ready to find a site.

**Research All Rules and Regulations** – As you begin your search, research local market conditions. Find out what purchase and lease prices are in your area, and whether buildings and land have been selling briskly or whether the market is “slow.”

Acquaint yourself with (or hire a housing development consultant who knows) the building and rehabilitation regulations that may apply to your project. Three categories of regulations govern what can be built in a locality, or within specific areas of that locality:

- **Zoning Regulations** control land use and regulate the types of buildings that can be constructed in a community
- **Building Codes** regulate the design and construction of buildings
- **Building Maintenance and Use Rules** regulate how buildings can be used.

Local zoning regulations restrict how a lot or building can be used. Some zones require a “conditional use” permit for social service programs. The locality may need to provide planning approvals or a formal zoning change for the project to be sited. Approval of the project may be a discretionary issue determined by the executive or legislative branch of local government without a long, drawn out formal process. But even a “fast track” approval process can trigger a public hearing. It may also require a mailing notifying people living within a certain radius of the proposed project.

Even when government approvals are not required to site the project, local officials and elected leaders who oppose a project may be able to deny critical funding and other approvals for the program, so plan on addressing their concerns from early on in the process. Begin with discreet inquiries to your local Planning and Zoning Department to help you determine in advance what areas will permit a Community Model facility.<sup>4</sup>

**Purchase Negotiations** – Once you have located a site that appears to meet your needs, you will have to convince the seller that you are a serious buyer. You may encounter some skepticism. The seller may not believe that an offer from a nonprofit organization will be competitive with those of other buyers. If the owner also owns other properties in the area, she may be concerned about the effects that a facility serving the homeless will have on the immediate neighborhood. Often, properties owned by public entities are more likely to be available for purposes that contribute to the public good. You may have to work extra hard to make the case for your organization’s credibility.

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<sup>4</sup>For more on zoning regulations and building codes see Hattis, D. B. (August 2001). Smart Codes in Your Community: A Guide to Building Rehabilitation Codes. Prepared for the U.S. Department of Housing and Urban Development: Washington, DC.



And even if the owner is supportive of your organization's mission, she may be hesitant to enter into negotiations with you. The complicated combination of funding streams necessary for such nonprofit development almost always causes delays in putting together a deal. Having cash on hand (either through reserves your organization has accumulated, or through a bridge loan) can help smooth this process. As you negotiate, be honest and upfront with the owner about your limitations – don't promise what you can't deliver. At the same time, you will have to reassure the owner that you have enough money to make a competitive offer. Also, don't downplay the difficulty of the work you do – now is the time to impress upon the seller the effectiveness of your organization and the community's urgent need for your new facility.

Negotiations on the terms of a purchase may take time. In a hot market, the seller may slow negotiations to allow more attractive offers to come in. The market will also have some effect on how much time it takes to raise money and seek planning approval from the city. Be conservative when estimating how much time will be required to accomplish these tasks. A team that naively commits to a short escrow period may risk losing the deposit money it commits at the opening of escrow.

**Site Control** – When your team agrees on the suitability of a site, it is time to attempt to gain “site control.” Site control means that you have control of the identified property either through ownership, a long-term lease, a purchase agreement signed by you and the seller, or a signed option to buy the land at an agreed-upon price within a specified period.

To minimize your organization's risk, any site control agreement between the seller and you must have an escape clause that returns any payment you make if the site does not pass environmental and other inspections necessary to build your facility. Or conversely, you should not gain site control until all inspections of the building are completed. The inspection phase, commonly called the “due diligence period” (*see below*), may begin before you secure site control, although, in general, spending on inspections should be kept to a minimum until you have achieved site control.

Site control invariably requires some upfront commitment of money by your organization, either through escrow, a down payment or lease payments. Government capital development funding programs will not release funds to you until you can demonstrate site control, although you will normally execute a memorandum of agreement with local government that will facilitate a funds transfer immediately as soon as you demonstrate site control. You can secure site control by:

- Making a cash down payment and securing a mortgage from a commercial lender.
- Entering into a contract that gives you the exclusive rights to purchase a property for a specific time period, with specific terms of sale, commonly referred to as an option. During the option period, you will attempt to secure funding and/or financing.
- Signing a lease, which does not require a cash down payment.

There are a number of strategies an agency can use to secure site control for its project. Two such methods are purchasing a lot or a building with cash, or securing a mortgage from a commercial lender with a down payment. OPCC was in a unique position of having a public entity (the City of Santa Monica) funding part of a purchase/lease. An agency can also enter into a contract that gives the purchaser the exclusive right to buy a particular site for a specific period, under specific terms. This is called “taking an option” on a site. During the option period, the purchaser will have the opportunity to secure funding and perform inspections and environmental evaluations of the site.<sup>5</sup>

**Due Diligence** – Once you have identified a suitable site with an owner interested in selling, you will enter into an agreement with the owner that allows you access to the property for a limited amount of time, commonly referred to as “due diligence.” During the due diligence period, the buyer is expected to have building appraisers, structural engineers and environmental experts inspect the property to determine the condition of the property, identify any environmental hazards and evaluate how much rehabilitation the building will have to undergo. You and your architect will also initiate discussions with the local government on waste management, lighting, security and other issues. “Environmental Impact Reports” must be prepared before State agencies, the federal Department of Housing and Urban Development (HUD) and other funders will approve funding for the project.

*“When you’re ready to make an offer on a site, you’ve got to know your seller,” says Maceri. OPCC’s team quickly found out from local real estate brokers and internet research that the owner of the site was “a difficult seller.” He was wealthy and not particularly motivated to sell, and had an antagonistic relationship with the city government. Undaunted, OPCC used this knowledge to its advantage. “We never let him know that the project was funded by the city, while making sure he understood we had substantial – but not unlimited – funding. It’s a fine line, but the entire team kept on message.”*

*Even more important, OPCC discovered that previous potential buyers had been scared off by the site’s zoning restrictions and the significant environmental remediation necessary to build the underground parking required for commercial use. “We didn’t need an underground garage, and the site’s zoning was perfect for us. And without the environmental clean-up, we could give the seller the quick escrow he needed.” There was little risk to OPCC, because they had knowledgeable team members ready and able to complete the assessments necessary to assure them of the site’s viability. OPCC’s awareness of the seller’s situation helped them negotiate the site’s price down by a third.*

## **9. Obtaining Community Support**

No matter what a provider does, attempting to site a housing or service program for homeless people will arouse some degree of community opposition. The public’s perceptions and misperceptions of homeless people tend to be negative. However

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<sup>5</sup> For more information see Hudson Planning Group (2001). “A Guide to Developing Housing for People Living with HIV/AIDS.” Hudson Planning Group: New York. p. 6-2.

accurate or erroneous, homelessness is associated with people's fear and misunderstandings of mental illness, addiction, AIDS, crime and poverty. Even people who generally support efforts to assist homeless people are likely to object to programs sited near where they live, a phenomenon commonly referred to as NIMBY, or "Not In My Back Yard."

In most cases, opposition will be especially fierce to proposals to site a Community Model program. The Community Model is explicitly designed to serve the most difficult to engage homeless individuals – precisely the people who most frighten community residents. What is more, the program often serves these individuals right off the street, when many are least able to comply with some accepted norms of behavior. And even though they are proven effective, harm reduction strategies are interpreted by some as "enabling" the people they serve.

Most community opposition is based on ignorance and fear of the unknown. Sometimes it can manifest itself in ugly and cruel ways. But it is important to acknowledge that some community opposition may be warranted. A badly run or oversubscribed program can undoubtedly have a negative impact on the surrounding community.

Nevertheless, new Community Model programs are desperately needed to reach the tens of thousands of homeless individuals with mental illness who remain unserved by existing housing and service programs. Establishing an effective one in your area will ultimately reduce the most deleterious impacts of homelessness on the entire community. To site one successfully, you will have to expend an enormous amount of time, energy and political capital to overcome often vociferous and resolute opposition. If this opposition gets ugly, remember that there are also a substantial number of community members who understand the need for more effective services for homeless people. They support your project, however quietly.

**Predict Your Project's Opposition and Support** – Begin by identifying the community leaders and groups who are likely to oppose or support your project. Ask yourself the following questions:

- Is the site in an area where opposition is likely to be great or low?
- What are the most probable reasons that people will oppose the project?
- Which elected officials do you expect will support or oppose the project?
- How strong is their support or opposition likely to be? Is this support contingent on the positions of others?
- What community groups, businesses, and stakeholders may object to the project?
- Do you have allies among community leaders, local businesses and other stakeholders?

You can develop answers to these questions by considering the following:

- Look at the residents, businesses and buildings that neighbor your proposed site. How concerned are they likely to be about who abuts their property? (For

example, a row of high-end retail businesses is more likely to be concerned with adjoining a facility serving homeless people than a waste transfer station operator would be).

- Are nearby residents likely to be organized? Homeowner associations are more apt to oppose a project than the tenants of a single room occupancy residence.
- Are there churches, schools or other institutions nearby that may support or oppose siting your program in this area? Schools (especially elementary schools) will often oppose homeless programs on safety grounds, while churches can sometimes be strong allies.
- Will tax revenue be an issue? Local municipalities rely on commercial and property taxes. Will some officials prefer to see a commercial interest at the site, rather than a nonprofit, tax-exempt organization? Localities normally understand the need for services to homeless people, but be aware of this issue in case you need to educate public officials.
- What arguments against siting the program are most likely to be used? Do some community residents believe the area is already “saturated” with service programs? Or do area residents believe that your members will come from outside the community? Will they object to the physical appearance of the facility and the area immediately surrounding it? Are there concerns about how many people will be using the program? Or are there concerns about the nature of the program and the service delivery strategy itself?
- Estimate how much of the area your program is likely to affect. Will your members be using the same routes over and over to get to your program? For example, the six blocks from a nearby bus stop, or a street that leads to a nearby park.
- Find out if there have been any negative incidents in the area over the past few years involving the population you will serve.
- Are there other service programs at all similar to yours already located in the area? Speak with the operators of these programs to understand the community’s concerns about their programs and how they have voiced those concerns.
- Identify which local elected officials or community leaders have recently supported or opposed similar programs in the area. How strong was this opposition or support?
- Who among your board members, staff and major funders have a presence in the community? Who do they know who has some influence over local public opinion?

**Choose Your Organization’s Representative to the Community** – Once you have answered these questions, you should choose a public face or faces to make your case to the community. The executive director is an obvious choice. But there may be a key staff member who lives nearby or board members with deep ties to the area who can play critical roles in the effort.

**Hire or Designate a Community Outreach Specialist** – There are individuals and firms that can offer crucial assistance to you in educating the public about your project. Having a person on your team who has had experience presenting projects to area stakeholders

and responding to community concerns can eliminate needless controversies and smooth over conflicts with various groups. A Community Outreach Specialist usually performs functions such as:

- Crafting the overall message to the community
- Identifying the key issues that will generate opposition
- Developing solutions to community concerns
- Meeting with elected officials and community leaders
- Organizing information sessions, rallies and other events to educate the public and demonstrate public support.

Depending on the area you serve, finding an effective Community Outreach Specialist can be more difficult than hiring an architect or most other members of the development team. There is no listing in the yellow pages for them. But there are firms that specialize in managing the siting process, mostly for large companies siting large retail complexes or industrial facilities. If there are no such firms in your area, former community board members and other respected community leaders, or people who have worked for such leaders, can be good candidates for this role. Public relations firms that work on public interest issues may also be appropriate. In some cases, you may be able to get *pro bono* or discounted assistance from such firms. When searching for a Community Outreach Specialist to help site a Community Model program, look for the following attributes:

- Someone who can make a coherent, articulate argument; who is patient, inoffensive and thinks quickly under pressure
- Someone who knows the community, preferably a resident of the area with strong ties to community board members, business leaders, clergy and other local opinion makers
- Someone who understands the program you propose, including the need for harm reduction and innovative services to reach homeless people with mental illness.

*Located in a large metropolitan area, OPCC was able to choose from a number of firms that specialized in conducting community outreach campaigns for companies siting large facilities. OPCC management asked area housing developers and political contacts for references, and inquired about community outreach efforts associated with large developments that had been recently sited in the area. "We finally settled on a firm whose principal was a former aide to a City Councilmember," says John Maceri, "And they had to be bilingual because the neighborhood was mostly Latino. An added bonus was that one of the firm's employees actually grew up in the area and still had many friends, family members and other useful contacts in the community." All of these attributes helped the project succeed. But even with these considerable advantages, OPCC still faced a fierce siting battle.*

**Informing Community Members** – From the day you resolve to develop a new facility, you will have to decide when to tell key stakeholders of your plans. Potential funders, including local officials, will have to be informed early on, of course. But you will have to make a choice about when to announce your intentions to members of the public who may oppose your project.

Some providers choose to go public early in the process. This will give you more time to spend on community education activities. It will also allow you to shape your project to respond to community members' concerns. They will be more likely to feel that they were consulted as full partners in the project and may be more supportive of the project once it is in full operation.

On the other hand, early notification will give local groups who choose to oppose the project more time to mount an aggressive, organized campaign against the project. Minimizing the amount of time available to opponents may make the difference in successfully siting your project.

A good way to begin is to reach out to community leaders, clergy and elected officials you believe will be supportive of the project. They will appreciate being told early on in the process. They will be able to share with you their concerns and help you anticipate the forms that community opposition will take, as well as ways to counter that opposition. They will also be able to help you identify other potential allies you may not have thought about.

Understand, however, that even allies' support may not be as strong as you would like. Elected officials must balance the needs of a lot of different constituencies. While some may be willing to take a strong public stance in favor of your project, others may prefer to work for you behind the scenes. Some may choose not to take a public position on the project so that they can later portray themselves as honest brokers between competing interests. These less active roles can still be valuable to you, so be careful not to alienate potential supporters just because they are not willing to step up to the plate for you right away.

As a rule of thumb, you should publicly announce your project only after you have secured site control. There is no point in arousing community opposition to a site you only have a small chance of buying. Usually, a provider is required to make a public announcement only when requesting a discretionary approval of funding or permits from a public body. If such a request requires a public hearing, groups often make the announcement a few days before the hearing. Depending on the funding and political situations, you may choose to announce before you have achieved site control as a way to attract more support and funds. Often, however, it is best to wait until you have a signed purchase agreement and site control before making a public announcement.

**Community Outreach** – When you are ready to announce your site intentions, take some time to think about how and when you will tell people, who will tell them and in what order. If your organization has had support from an elected official in the past, but you have held off on talking to them because you anticipate their resistance, it may still be a good idea to let them know of your intentions right before the announcement. If you are unsure of the position that community leaders, surrounding businesses and other groups will take, a personal call from the executive director explaining the decision may be just enough to garner support or at least blunt opposition. Try to anticipate who may

become offended if they read of your plans in the papers before you have had a chance to tell them yourself. Then call them all as close to the public announcement as possible.

If you are fortunate enough to have significant public support for your project, you may want to take advantage of it and make a small event out of your announcement. A public announcement of your purchase made with elected officials and other community leaders alongside the provider sends a strong signal that there is support for the project (and puts that support on public record, should they get cold feet later on). On the other hand, you are more likely to choose to keep the announcement as low key as possible, so as not to rally opposition with a front page announcement in the local gazette.

*Once OPCC had announced it had obtained site control, a substantial bloc of community members mobilized to oppose the project. They objected to the site on a number of grounds, including the effect OPCC's clients would have on local businesses, schools and residences. OPCC took concrete steps to address these concerns, convincing the City to reroute a local bus line to allow program participants to travel to OPCC without passing through a residential neighborhood. OPCC also promised to install bright lighting around the site and held tours of another one of their facilities located in a residential neighborhood.*

*But OPCC was also prepared with a ready-to-go comprehensive public relations effort. They distributed a one-page, color fact sheet explaining OPCC and the project. Community Outreach Specialists paired up with OPCC staff members to knock on hundreds of doors in the neighborhood, speaking with residents about the program, listening to their concerns and leaving materials if they weren't at home. In addition, they had their supporters fill the city council chambers at public hearings, arriving early to ensure they would be heard. Often, they had to endure hateful and abusive rhetoric from angry community members, but they remained calm, upfront and honest about the project and finally, after four months, the project was approved.*

**Strategies to Address Opposition** – A variety of community strategies can counter the myriad obstacles you will face when siting a facility.

- **Be Sensitive to Legitimate Concerns About Your Project** – Community opposition to facilities serving the homeless is typically based on fear and ignorance. But communities may have more targeted – and very reasonable – concerns about your site and your program. Concerns about increased vehicular and foot traffic, the building's appearance, lighting, landscaping and how much people will be “hanging out” in front of the facility are all legitimate. Sometimes minor complaints are merely legalistic tactics by people who will oppose the project no matter what – they may complain that a shelter is too large and when beds are reduced, they may complain it is inefficient and a waste of money. But never dismiss these concerns out of hand. By being extra-sensitive to smaller issues, you can win the support of some community members and opinion leaders.
- **Make Siting Procedures Public as Much as Possible** – Some groups confident of community support may choose to begin with an announcement that a new facility is needed, thus making the community a full partner in the quest to find a new site. Short of this, you may choose to hold public forums to explain your site

choice and hear community concerns. These actions will help assuage some skeptics (sometimes people just need a chance to voice their concerns). Appointing a community advisory committee can add structure to the process.

- **Craft a Public Relations and Media Plan** – Much opposition to homeless facilities is based on ignorance. Make an effort to place stories in local print, TV and radio outlets to explain what your organization does. Host open houses at similar facilities you already operate. Sharing success stories can do a lot to increase public support.
- **Provide Community Incentives** – If you will need to hire additional staff to build and operate the facility, you can offer to reserve some portion of those jobs for local residents. If the area immediately surrounding your site is in disrepair, you can budget some funds to improve appearances. You may also be able to get elected officials who support your project to allocate some public funds for this purpose.
- **Be Willing to Make Some Concessions** – At the onset of the siting process, recognize what concessions you are willing to make in exchange for community approval, and what is non-negotiable. The program’s capacity, rules, target population, eligibility requirements, hours of operation and service components are all possible points of contention and compromise. You may even choose to ask for more than you need in any of these areas, with the expectation that you will give in to some of the community’s demands. Just be certain of what you absolutely need to be able to do to have a successful program and don’t give up these conditions in the face of unreasonable public pressure.
- **Place Your Project in a Broader Context** – The Community Model program is a key element in many new innovative approaches to ending homelessness. Many new federal initiatives focused on ending homelessness cite the Community Model as an effective response that will help achieve this goal. Many regional efforts have echoed these commitments, such as the Los Angeles County-wide “Bring L. A. Home” initiative.
  - **Legal Remedies:** Litigation should only be used as a last resort when attempting to site a facility serving homeless people (although opponents may employ lawsuits right from the outset of a siting battle). Lawsuits brought by a provider tend to be long and costly, and may alienate important supporters. But if opposition is being waged on a clearly illegal basis, legal remedies may be your only option. You may be able to challenge the legality of local zoning ordinances, or obtain State-level overrides on how those ordinances are being enforced. Federal and State Fair Housing Laws can also be utilized if opposition is based on grounds discriminatory against minorities, including people with mental illness and other disabilities. A public interest attorney can help you review appropriate legal options.



## 10. Building a Facility

The construction of a facility for homeless people is more complicated than most development because of community concerns, multiple funding sources and the needs of homeless people and the staff who serve them. Hiring a contractor experienced in building social service facilities and working with nonprofits can do a lot to make this process go more smoothly.

**Construction Management and Planning** – To ensure that the contractor is completing the job properly and on schedule, it makes sense to appoint a senior management staff person inside the nonprofit to help manage the project (someone other than the executive director). This point person and the contractor should work together to develop a management plan scheduling the project from beginning to end, from the initial inspection of the site to design and construction, including funding considerations. You can also hire an outside construction manager to supervise the contractor and act as your organization’s eyes and ears on the project.<sup>6</sup>

Begin this planning process with an initial set of actions, including:

1. **Inspection Preparation** – Check with the local jurisdiction to determine any zoning issues, prior hazard records, height or coverage requirements, or fire regulations that may be applicable to the site.
2. **Exterior and Interior Inspections** – Note the overall appearance of the building, its design efficiency, its compatibility with neighboring buildings and any indications of water damage, wood decay, or rusted and corroded equipment. Don’t try to do this all by yourself: there are plenty of structural engineers who can be hired to make a thorough assessment.
3. **Systems Inspection** – Have a specialist review the size, capacity and other relevant information of the electrical, plumbing, and HVAC systems.<sup>7</sup>

**Building Codes** – Your architect and contractor will be familiar with local building codes and regulations. While some states and jurisdictions have developed their own building regulations, most codes currently enforced in the United States are based on model codes developed by one of three model code organizations.<sup>8</sup> In the western part of the United States, for example, most communities adhere to the *Uniform Building Code* which was developed and published by the International Conference of Building Officials in Whittier, CA.

**Building Design** – Buildings should reflect the character of their neighborhoods, especially facilities serving homeless people that generally try to keep a low profile.

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<sup>6</sup> For more on construction plans, see Barba, E.M. (1984). “Construction Scheduling and Cost Control.” Federal Publications, Inc., p. 1.

<sup>7</sup> National Institute of Building Sciences. (2000). “Residential Rehabilitation Inspection Guide.” U.S. Department of Housing and Urban Development: Washington, DC. p. 1.

<sup>8</sup> Hattis (2001). p. 5.

Color schemes, material textures, the location of windows and a host of other design issues will have a substantial impact on the program environment, and thus the effectiveness of the program. There are now a number of manuals that discuss effective design elements for programs for homeless people.<sup>9</sup>

Cost is obviously an issue. There are numerous opportunities in every design project to save money and/or be more environmentally sound. The City of Los Angeles' Environmental Affairs Department outlined several ways that an agency can cut the costs of rehabilitation, including using permeable pavement, recycled content deck material, hot water jacket insulation, horizontal axis washing machines, compact fluorescent bulbs, light colored roofing, reflective film on west windows, among others. These suggestions will not only cost less at installation, but will save ongoing funds spent on heat and cooling systems, water conservation and gas consumption.<sup>10</sup>

**Construction** – Once the site is acquired and the inspection is complete, construction can begin. A presentation from the U.S. Department of Housing and Urban Development's Regional Conferences on Housing and Homeless People outlines six steps that every agency or developer should employ:

1. Finalize the scope of work for the contract, and have an outside cost estimator, contractor or architect provide current pricing (start prior to acquisition).
2. Bid or negotiate the construction contract. Make sure your bid package includes all information about your funders' requirements, such as hiring and wage requirements for the job. Include additional funds for inevitable change orders.
3. Check in on the construction/rehab work at least on weekly basis. Your architect/engineer will be a part of this process.
4. Manage the "draw" process. Pay the contractor monthly (specify this in the contract) based upon approved draw requests for the amount of work in place. Remember to obtain lien waivers with each draw request.
5. Maintain a 10% "retainage," withholding final payment until completion of construction.
6. Upon completion, prepare a "punch list" of items to be completed by the contractor. Do not release the retainage until it is completed to your satisfaction.<sup>11</sup>
7. Obtain copies of all warranties and manuals of security systems, fire alarms, heating, water and other building systems. Familiarize staff in their operation.

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<sup>9</sup> Sultan, J. (No date). "Service Enriched Housing Design Manual." The Corporation for Supportive Housing: New York. p. IV.

<sup>10</sup> Gero, G., Simon, L. N., Luevano, M., Johnston, D. (No date). "Sustainable Building Program, Residential Rehabilitation." The City of Los Angeles Environmental Affairs Department: Los Angeles. p.4-5.

<sup>11</sup> Chamberlain, D. & Gale, K. (eds.). (February through April 2000). "Placemakers: A Guide to Developing Housing for Homeless People." AIDS Housing of Washington: Seattle, WA. p. 66.

## **11. Conclusion**

Developing a Community Model facility is a huge but rewarding undertaking. To do it successfully, you will have to rely on an army of experts. To get the most out of their expertise, you and your organization will have to become as knowledgeable about the process as you possibly can be. Some other publications that can help you increase your expertise in the many aspects of developing a nonprofit service facility can be found in *Appendix A: Funding and Training Resources*.

