



DATE: May 4, 2023
TO: Taiwo Jaiyeoba, City Manager
FROM: Michelle Kennedy, Director
DEPARTMENT: Housing and Neighborhood Development
SUBJECT: Status and Process for Moving Forward with Permanent Supportive Housing

Status

- The City has engaged with Step Up on Second, a nationally recognized leader in the development and operation of permanent supportive housing projects utilizing a Housing First approach to target the highest acuity individual homeless population.
- Model utilizes hotel/motel conversions for efficiency, speed of project development, and cost of operations.
- Step Up has confirmed purchase agreements with Partnership Homes, Inc., for the former Regency Inn site – 2701 N O’Henry Blvd, and with Khan & Khan Hotels, LLC, for the Oaks Motel at 1118 Summit Ave
- Step Up and development partners bring private equity to the acquisition and development of the properties, local governments/PHA’s provide the funds for services and project based rental vouchers.
- Step Up operates the property and provides case management and supportive services in conjunction and cooperation with local resources.
- Due diligence is in process on both properties.
- Breakdown of estimated project costs with **City expenses bolded:**
 - Regency Inn - Acquisition - ~\$200,000, plus **forgiveness of current City \$3M investment**
(This City investment of \$3M leverages \$11M in private equity)
Development - \$2.8M private equity
Services – 57 households at \$6,000 per year - **\$342,000 annually**
Vouchers – 57 households at \$893 per month – funds operations at \$610,812
Closing Schedule – end of May, rehab to begin after closing
 - Oaks Motel - Acquisition - ~\$5M private equity
Development - ~\$3M private equity
Services – 99 households at \$6,000 per year - **\$594,000 annually**
Vouchers – 99 households at \$893 per month – funds operations at \$1,060,884
Closing Schedule – 4 months to close
- Step Up has requested 3 year commitment of services and vouchers
 - Local Sources: \$2.5M HOME – ARP funds designated for PSH supportive services
 - Potential for Guilford County \$1M as 1:2 match for City funds for three to four years
 - Potential for use of HOPWA funds if there are not enough PB vouchers available at GHA



Process and Timeline

Immediate/Short Term

- Engage with Greensboro Housing Authority for PB voucher award process and timeline.
- Engage with Guilford County re use of \$1M commitment and timeline.
- Engage with City Council in preparation for May 16 Council meeting to commit HOME-ARP funds and authorize loan forgiveness.
- HOME-ARP funds are budgeted and ordinance approved. No public process is necessary to award the funds for permanent supportive housing services.
- City Attorney's Office to review project documents for loan transfer and forgiveness schedule and supportive services commitment.
- Prepare media communications for release when deal is public.

Medium Term

- Work with Step Up and development partners on due diligence items, construction budgets, and services plans.
- Work with homeless services partner agencies on referral process, case management integration, and client identification.
- Work with Cone Health on potential inclusion of respite beds/services.
- Work with Greensboro Housing Authority on securing the vouchers.