

**SINGLE ROOM OCCUPANCY (SRO) HOUSING  
WITH SERVICES  
FOR HOMELESS ADULTS**

**Notice of Funding Availability**

**August 2020**

**I. Summary**

Throughout the country, state and local governments are working with homeless advocacy groups, homeless and housing service providers, housing developers, and other interested parties to address the pressing need to create more permanent supportive housing for homeless individuals. Living in homeless shelters has never been a viable long-term solution for single adults. The ongoing COVID-19 pandemic has placed even more emphasis on the need for more permanent housing for this population. They cannot continue to live on the streets or in overcrowded congregate shelters.

Single room occupancy (SRO) housing with services is an often successful model for homeless adults. This model has worked well in Massachusetts for years, with several highly experienced homeless providers working with the Commonwealth to develop new SROs or to acquire and rehabilitate existing SRO properties. During the past five years, the Commonwealth has supported the creation and/or preservation of approximately 800 SRO units through new construction, adaptive re-use, or rehabilitation. A range of supportive services is available to homeless adults who move into these projects. The owners of these projects often provide services on site, but also connect their tenants to services in the broader community. The services are offered to help homeless single adults live successfully in permanent housing. Most homeless adults who move into these SRO properties are willing to take advantage of the services.

To build on the successful model of SRO housing with supportive services for homeless individuals, the Massachusetts Department of Housing and Community Development (DHCD) will make \$10 million in capital resources available to eligible SRO sponsors. The Department has identified two capital programs for this purpose. The programs are the Housing Innovations Fund (HIF) and the Housing Stabilization Fund (HSF). In addition, the Department will make available 4% federal tax credits in combination with tax-exempt financing from MassHousing or MassDevelopment to support the creation of additional SROs with services. DHCD also will set aside state rental assistance vouchers (MRVPs) to support this initiative. The Department will oversee the SRO housing initiative with its quasi-public affiliate, The Community Economic Development Assistance Corporation (CEDAC). Within the Department, two divisions will work together on this initiative. The two divisions are Housing Development and Housing Stabilization.

**II. Eligible Sponsors**

To qualify for assistance through this initiative, sponsors must be non-profit entities with proven track records in the development and delivery of services for homeless individuals. In particular,

sponsors must have previous experience in service delivery for this population. Sponsors also must be in good standing with the Department and all its quasi-public housing affiliates.

### **III. Eligible Projects and DHCD Funding**

As stated, the purpose of this NOFA is to increase the supply of SRO units with services for homeless individuals. The projects that are funded under this NOFA will create single-purpose occupancy units (i.e., enhanced SRO units with private bathrooms and kitchenettes or studio apartments designed for single-person occupancy). Eligible sponsors can apply for DHCD assistance to support new construction, adaptive re-use, or acquisition/rehabilitation projects resulting in SRO units with services. Through this initiative, sponsors can apply for the following DHCD assistance:

- Tax-exempt bond financing with 4% federal tax credits to be approved by DHCD
- Housing Innovations Fund (HIF)
- Housing Stabilization Fund (HSF)

In some instances, given the characteristics of a particular project, DHCD may make additional subsidies available. For example, DHCD might consider offering additional subsidies to a project located in a very high-cost location or to a project with enhanced accessibility. (Please note: if a sponsor intends to seek 9% tax credits, the sponsor must submit an application to DHCD's regularly scheduled tax credit rounds.)

Sponsors should note that projects funded under this NOFA must conform to the statutory and/or regulatory requirements of the funding programs.

It is the Department's expectation that each sponsor will raise some funds for its project either from the community in which the project will be located and/or from private sources such as foundations.

The Department encourages project sponsors to seek appropriately-sized permanent loans for their projects or to explain to DHCD/CEDAC's satisfaction why permanent financing cannot be part of a project.

As indicated, DHCD will make a certain number of MRVP and Section 8 vouchers available to support projects that qualify for this SRO initiative. Section 811 vouchers also may be available.

As is always the case, there are limits to DHCD's resources. Sponsors are encouraged to make contact with Department staff as soon as they believe they have identified possible sites for the development of SROs with services. DHCD and CEDAC will discuss all aspects of the structuring of a given project with the sponsor.

### **IV. Eligible Tenants**

Sponsors may seek DHCD funds through this NOFA to house homeless single adults with various service needs in SRO properties. The tenants who will occupy these properties must be

transitioning from homelessness and must be considered either very low income or extremely low income. The tenants to be housed must be able to benefit from housing support services, and the source of service funding must be identified in the application to DHCD for resources available through this NOFA. If a sponsor requests and receives state rental assistance MRVPs for the project, the Department will make available up to \$1,500 per unit per year for support services for the project. The sponsor must identify funding sources to cover any additional cost of services.

Eligible sponsors seeking funds through this NOFA must include a description of how the proposed project will respond to the need for affordable supportive housing for the population to be served. Sponsors also must provide DHCD/CEDAC with a tenant selection plan.

## **V. Support Services**

The Commonwealth and homeless providers share two goals: providing permanent SRO housing for homeless adults and also providing services to help this population succeed in permanent housing. Support services for tenants who will occupy SROs funded under this NOFA must be based on individualized and detailed assessments of each tenant's strengths and needs. In order for the assessments to be effective, the sponsor/service provider must be experienced in outreach to and engagement with homeless individuals. As part of the application for funds under this NOFA, the sponsor is expected to describe the methods to be used to prepare individual assessments.

Effective stabilization and case management should assist a homeless individual in maintaining a successful tenancy and increasing self-sufficiency. After an initial assessment of each tenant, the service provider will develop an individualized service plan with measurable goals and objectives. The service plan should address the following:

- maintaining a successful tenancy
- securing or improving adult educational attainment and employment
- improving and maintaining behavioral and physical health
- improving financial and asset management skills
- increasing community connections

The sponsor or other entity providing stabilization services and case management must document the individual's initial assessment and work plan and also must track and document the individual's engagement and progress towards the goals and measures outlined in the work plan. The services to be provided as well as the reporting requirements are subject to further DHCD guidance.

If the service provider is a different entity from the sponsor/owner of the property receiving funds under this NOFA, the provider and the owner should have a successful record of previous collaboration and should provide DHCD with documentation (such as an MOU) of their previous work together. If an owner has not previously worked with a provider, the owner should contact DHCD and CEDAC to discuss the proposed partnership.

## **VI. Application Process**

Working with CEDAC, DHCD will accept funding applications under this NOFA through a three-step process:

- First, sponsors who believe they may be eligible to apply for funds must schedule calls with DHCD and CEDAC staff to present their projects.
- Second, if DHCD and CEDAC concur that a sponsor may be eligible, the sponsor may submit a pre-application through DHCD's Intelligrants system. DHCD/CEDAC will accept pre-applications on a rolling basis until resources identified within this NOFA have been fully committed.
- Third, if DHCD and CEDAC approve a pre-application, the sponsor may submit a modified OneStop+ funding application. DHCD/CEDAC will accept OneStop+ funding applications on a rolling basis until resources identified within this NOFA have been fully committed.

## **VII. Project Design and Scope**

Through this NOFA, DHCD and CEDAC will support the creation of additional SRO units designed with individual bathrooms and cooking facilities and with enhanced indoor air circulation. Although eligible sponsors will be required to engage their own architects, DHCD and CEDAC will offer advice and guidance with assistance from their contract architects.

For further information on this NOFA, please contact Bronia Clifton or Catherine Racer of DHCD and Sara Barcan of CEDAC. Their email addresses, respectively, are [bronia.clifton@mass.gov](mailto:bronia.clifton@mass.gov), [catherine.racer@mass.gov](mailto:catherine.racer@mass.gov) and [sbarcan@cedac.org](mailto:sbarcan@cedac.org).