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APPENDIX A.

THE NORTH CAROLINA MODEL FOR HOUSING DEVELOPMENT

The State of North Carolina has established a very effective process for development of small residential facilities for persons with disabilities that can be used as a model for other locations across the country. As a result of a close working relationship among government officials, sponsoring agencies, and the HUD field office, sponsors within the State have been able to secure funding for numerous group home developments over the years. Between 1989 and 1991, over 20 percent of the Section 162 and Section 811 projects awarded throughout the country were located in North Carolina. Even more important, these projects have been developed quickly compared to projects undertaken in other parts of the country.¹ Three key features of the development process in North Carolina that have lead to sponsors' successes are the following:

- # Financial assistance provided by the State for the operation of group homes.
- # Working relationship among State officials, sponsors and HUD field office staff.
- # Similarity of projects developed.

MAJOR PROGRAM CHARACTERISTICS

The State of North Carolina offers financial assistance for the operation of group homes. When combined with funds for development, especially Section 202, Section 162 and Section 811 funds from HUD, these resources become an effective means of stimulating new and rehabilitated housing. Specific financial incentives offered by the State include the following:

- # A one-time grant of up to \$40,000 for initial operating costs, such as furniture and vehicles for transportation.
- # Up to \$90,000 annually to cover operating costs of 6-bedroom group homes.
- # Approximately \$975 per month per person minus client income, including SSI, Social Security and earned income.

¹As discussed in Chapter III of the report, 77 percent of the North Carolina projects were occupied within 24 months of receiving a fund reservation compared with only 15 percent of projects in other states.

In addition to financial assistance, the North Carolina State legislature has enacted other laws that facilitate the development and operation of housing for persons with disabilities. One of the most important controls is a State zoning law that automatically permits 6-bedroom group homes in any area zoned for single-family development, thus preventing most local opposition to these projects. The State also has special building code requirements for group homes that are categorized as intermediate-care facilities. The code establishes clear standards for this type of housing and ensures the safety of severely disabled persons.

WORKING RELATIONSHIP

The key to success for projects in North Carolina is the special working relationship among the offices of State officials, project sponsors and the HUD field staff, each of which works diligently to ensure quick and efficient project development. Beginning about 1978, The Arc of North Carolina (formerly the Association of Retarded Citizens) began working with the State legislature to develop a program to provide housing for persons with mental retardation and other developmental disabilities. In that year, The Arc alone secured funding for 42 group homes under the Section 202 program. Since that time, several hundred projects have been awarded to sponsors of housing for persons with disabilities in North Carolina, including The Arc², the Autism Society of North Carolina, United Cerebral Palsy of North Carolina, United Methodist Agency for Retarded-Western North Carolina, Lutheran Family Services in the Carolinas, North Carolina Mental Health Association, and Accessible Apartments of Charlotte.

Over the years, the HUD field office has also facilitated this type of housing development. According to all North Carolina-based sponsors and consultants interviewed during the course of this evaluation, the current HUD field office staff located in Greensboro play a major role in the development process. When needed, they provide useful and timely technical assistance; and administrative staff carefully track the status of each project to ensure its prompt review by HUD staff. Their positive attitude and orientation toward successfully completing projects earns them high praise among North Carolina's sponsors and consultants.

SIMILARITY OF PROJECTS

Another factor that has enabled sponsors to efficiently develop projects in North Carolina is the similarity of those projects. Although the architectural design of projects has been refined over time, the design used for many of The Arc's projects are very similar to each other and to projects of other sponsors, such as the Autism Society of North Carolina. For several years, one contractor was responsible to building many of The Arc's group homes. Unfortunately, the builder was recently purchased by a nationwide home builder and is no longer available to construct

²At the time of the fieldwork, The Arc of North Carolina had developed 206 projects under Section 202, Section 162, and Section 811.

group homes. The large number of projects developed by The Arc and some other sponsors also permits other economies of scale. For example, The Arc uses one attorney and one accountant for all projects. As a result, these professional service providers are very familiar with the required paperwork and can process documentation quickly. A small number of consultants also work with most sponsors in North Carolina to submit applications and oversee the development process.

This cookie cutter approach to development has produced large numbers of projects in North Carolina while still allowing refinement of this housing to best meet the needs of tenants.

FUTURE NORTH CAROLINA PROGRAMS

The State of North Carolina continues to refine the housing programs it offers for persons with disabilities. Despite the past success of homes with six resident spaces, sponsors interviewed during this evaluation believe that the State will no longer fund this type of housing but will focus on smaller group homes and independent living facilities. Although the State appears to be firmly committed to continued funding of operating costs for existing group homes, new funding is available primarily to replace deteriorating homes. The State has provided a grant to The Arc to examine housing alternatives for persons with disabilities, including home ownership, condominiums, duplexes, smaller group homes and apartments in the private market.

According to project sponsors and managers, the State now is less willing than in the past to fund housing, including intermediate care facilities, that require extensive supportive services. Instead, there is increasing State support for housing oriented toward persons who can live more independently and do not require even the level of services offered by group homes for developmentally disabled persons. At the same time, the State recently adopted legislation to reduce the number of persons with disabilities residing in institutions by four percent per year over a 10-year period. Many of these formerly institutionalized tenants will require numerous services in order to live more independently.³

³ Assumptions regarding the service needs of previously institutionalized persons are based on State laws governing the number of caregivers required for groups of persons in institutions and the types of disabilities these individuals usually have.

APPENDIX B.

SITE VISIT CASE STUDY REPORTS

As part of the data collection process for this evaluation, the AREA team visited 30 projects for persons with disabilities.⁴ Site visits permitted more detailed information than could be collected through mail and telephone surveys. The interviewers focused particular attention on details of the application and development process, organizational characteristics of the sponsor and manager, costs of developing and operating the project, and characteristics of the project and the surrounding neighborhood.

As shown in Exhibit B-1, 17 of the 30 projects visited are Section 202 projects for persons with disabilities, 10 are Section 162 and Section 811 projects, and the remaining three are Section 202 projects that were designed mainly for the elderly but have several non-elderly disabled tenants. These 30 sites, located across the United States, are concentrated in six geographic locations: the Mid-Atlantic Coast, New England, North Carolina, the Chicago Metropolitan Area, Arkansas, and the Seattle Metropolitan Area. (See Map B-1.) Most of the projects are located in urban areas and have single sites; however, five are in rural areas, and three are on scattered sites. Although the grouping of sites for field visits was partly a matter of expediency, the resulting sample is representative of the entire project universe.

The visited projects vary with respect to the primary disability served. In a third of the sample, most of the tenants are developmentally disabled. Eight projects are devoted primarily to the chronically mentally ill and seven others to persons with physical handicaps.

The distribution by type of facility is fairly even: 16 are group homes and 13 are independent-living facilities (ILFs). One site, Russellville Heritage in Arkansas, has both an ILF and a group

⁴Two major criteria were used to select individual properties: both managers and sponsors had completed mail and telephone surveys; and, to enable efficient and cost-effective data collection, the projects were clustered in six geographic areas. For projects that met the first two criteria, additional criteria were used to ensure that the site visits included a variety of project types. These criteria included location (rural as well as urban); disabilities of tenants served; size of projects; type of HUD program (i.e., Section 202 for the elderly, Section 202 for persons with disabilities, Section 162 and Section 811); and number of development sites (i.e., scattered site or single site).

As can be seen from the key and secondary criteria, the field-visit sites were not selected at random. Rather, they were chosen by senior members of the research team to provide information on a wide array of settings and circumstances. Together, the selected sites are representative of the project types found among all projects serving persons with disabilities.

home.

The number of resident spaces (beds) or units varies with the development type. Group homes range in size from 6 to 15 resident spaces and average 11 resident spaces per facility. ILFs have over twice that number: with a range of 7 to 80 units, their average is 24 units per facility.

Reports presented in this appendix discuss key findings from the field site visits. Additional information is interwoven with findings from the mail and telephone surveys and presented in the main text of this evaluation.

Exhibit B-1.
Characteristics of Case Study Projects

<u>Project name</u>	<u>Location</u>	<u>Section</u>	<u>Award year</u>	<u>Primary disability served/housing services*</u>	<u>Type of location</u>	<u>Development type</u>	<u>Scattered site</u>	<u>No. of units or beds**</u>
<i>Mid-Atlantic Coast</i>								
Belmont Apartments	Washington, D.C.	202H	1981	WPH	Urban	Independent-living facility	No	20
Cheshire House	Philadelphia, Pennsylvania	202H	1986	WPH	Urban	Group home	No	12
Fanwood Group Home	Fanwood, New Jersey	202H	1981	WDD	Urban	Group home	No	8
Lehigh Apartments	Philadelphia, Pennsylvania	202H	1980	CMI	Urban	Independent-living facility	No	10
Varnell House	Monticello, New York	162/811	1990	WDD	Urban	Group home	No	12
<i>New England</i>								
Adam Court	South Portland, Maine	202H	1984	WPH	Urban	Independent-living facility	No	10
Amoskeag Group Home	Manchester, New Hampshire	202H	1979	CMI	Urban	Group home	No	12
Greater Marlboro	Marlboro, Massachusetts	202H	1981	WDD	Urban	Group home	No	12
Independence House	Providence, Rhode Island	162/811	1989	WPH	Urban	Independent-living facility	No	26
Residential Opportunities	Portsmouth, New Hampshire	202H	1988	WDD	Urban	Group home	No	12
<i>North Carolina</i>								
Adelaide Walters Apartments	Chapel Hill, North Carolina	202I	1981	WAH	Urban	Independent-living facility	No	24
Arc Davidson County Group Home No. 3	Lexington, North Carolina	162/811	1992	WDD	Rural	Group home	No	6
Arc Rockingham County Group Home No. 4	Reidsville, North Carolina	162/811	1990	WDD	Rural	Group home	No	6

(continued)

Exhibit B-1.
Characteristics of Case Study Projects

<u>Project name</u>	<u>Location</u>	<u>Section</u>	<u>Award year</u>	<u>Primary disability served/housing services*</u>	<u>Type of location</u>	<u>Development type</u>	<u>Scattered site</u>	<u>No. of units or beds**</u>
Autism Society Wake County Group Home No. 1	Raleigh, North Carolina	162/811	1990	IC	Urban	Group home	No.	6
Autism Society Wake County Group Home No. 2	Cary, North Carolina	162/811	1991	WDD	Urban	Group home	No	6
Chicago Metropolitan Area								
Grant Village	Chicago, Illinois	202I	1986	WAH	Urban	Independent-living facility	No	80
Orchard Place of Englewood	Chicago, Illinois	202H	1988	WPH	Urban	Independent-living facility	No	40
Park Lawn Homes	Alsip, Illinois	202H	1987	WDD	Urban	Group home	No	15
Shore Homes	Evanston/Skokie, Illinois	202H	1981	WDD	Urban	Group home	Yes	24
The Residence	Merrillville, Indiana	162/811	1990	CMI	Urban	Group home	No	15
Arkansas								
Cerebral Palsy Group Living	Little Rock, Arkansas	202H	1985	WPH	Urban	Group home	No	13
Conway Apartments	Conway, Arkansas	162/811	1991	CMI	Urban	Independent-living facility	No	20
North Arkansas Human Services, Inc.C Calm Seas	Mountain View, Arkansas	162/811	1989	CMI	Rural	Group home	No	10
North Arkansas Human Services, Inc.C Smooth Sailing	Ash Flat, Arkansas	162/811	1989	CMI	Rural	Group home	No	10
Russellville Heritage	Russellville, Arkansas	202H	1985	WDD	Urban	Independent-living	Yes	18

Exhibit B-1.
Characteristics of Case Study Projects

<u>Project name</u>	<u>Location</u>	<u>Section</u>	<u>Award year</u>	<u>Primary disability served/housing services*</u>	<u>Type of location</u>	<u>Development type</u> facility and group home	<u>Scattered site</u>	<u>No. of units or beds**</u>
Seattle Metropolitan Area								
Booth Gardens	Seattle, Washington	202H	1987	WPH	Urban	Independent-living facility	No	16
Conbela Apartments	Seattle, Washington	202H	1980	CMI	Urban	Independent-living facility	No	7
Good Shepherd II	Renton, Washington	202H	1986	WDD	Urban	Group home	Yes	12
Hardeson Commons	Everett, Washington	202H	1988	CMI	Urban	Independent-living facility	No	20
Mount Vernon Manor II	Mount Vernon, Washington	202H	1982	WAH	Rural	Independent-living facility	No	30

* Categories of disabilities and housing services as defined by HUD:

WPH = Wholly physically handicapped
WDD = Wholly developmentally disabled
WPD = Persons with physical disabilities

WAH = Includes housekeeping
CMI = Chronically mentally ill
IC = Intermediate care facility

** Excludes unit or bedroom for resident manager.

H Projects for persons with disabilities.

I Projects for the elderly.

BELMONT APARTMENTS

WASHINGTON, D.C.

SECTION 202 FOR PERSONS WITH DISABILITIES

PROJECT INFORMATION

Belmont Apartments, located in northwest Washington, D.C., provides 20 independent-living apartments designed for persons with physical disabilities. All units are fully accessible. The building also contains common areas for socializing and recreation, as well as office space for the sponsor and management. Belmont received funding approval in 1981 and opened in November 1984.

PROJECT DESCRIPTION

Belmont Apartments' 20 units include 2 studios, 15 one-bedroom apartments, and 3 two-bedroom units. The building is contemporary in style and was built on land formerly owned by the District of Columbia. Two stories tall, it is equipped with an elevator at one end and an enclosed ramp on the other. Its red- and brown-brick construction makes it compatible with the three-story homes on this block of Belmont Street and with nearby apartment buildings, most of which are taller than the Belmont.

The Belmont's lot slopes upward at the rear, depriving first-floor areas of natural light; this space is therefore used for common areas rather than individual apartments. Yard space is minimal. To enjoy the outdoors, residents sit on a second-floor common balcony facing Belmont Street or on the first floor facing 13th Street. The sponsors sought funds for creation of a roof-top outdoor area, but HUD would not approve elevator access to the roof.

Common areas in the building are quite extensive relative to most HUD-funded Section 202 buildings. There is a room for parties and social gatherings with an adjacent kitchen, a ceramics shop, an area with storage lockers assigned to each apartment, and a locker room/lounge area used by the residents' personal care attendants. It was originally thought that the building would provide congregate meals, but the residents weren't interested in a meal program. Thus the kitchen is not fully equipped. Should a meal program be desired in the future, there is ample space in the kitchen and multipurpose room.

The individual apartments are well designed and spacious by HUD standards. All have been fully adapted to the needs of wheelchair users. However, there are no special devices for persons with visual or hearing impairments. Mailboxes and laundry room equipment are specially designed for wheelchair access.

Both the common space and individual apartments are clean and well maintained. Common areas are in need of new wallpaper, but the processing of a request to draw upon reserve funds for redecorating has been slow. Some of the common areas could use new furniture and more equipment.

NEIGHBORHOOD DESCRIPTION

Belmont Apartments is located in a predominantly African-American, family-oriented neighborhood. Belmont is a short street lined with single-family homes. Larger apartment buildings are found on nearby blocks. At one time, the block had some abandoned buildings, but residential buildings are now well maintained, with only minor upkeep needed. Across from the subject on 13th Street is the Cardozo magnet high school. The U Street station on the Green Line of the METRO (subway) is just a few blocks away; bus service is available on nearby arterial streets. A number of convenience stores are clustered near the Metro station, with more extensive shopping on 14th Street within a mile of the Belmont.

Although conditions in the neighborhood have improved, there are still some concerns about safety. Improved security lighting was recently installed at the rear of the property.

SPONSOR AND MANAGER CHARACTERISTICS

Belmont Apartments was the first project undertaken by the sponsoring organization, Independent Living for the Handicapped, Inc. (ILH). Since then, the organization has co-sponsored another 30 units under the Section 202 program and 30 under Section 811. Its focus is persons with mobility impairments. The AREA consultant interviewed two members of the sponsor board who were instrumental in the development of Belmont Apartments, an elderly couple who became interested in providing housing for persons with mobility impairments because of their disabled son. The couple remain actively involved in the operation of the Belmont, and the husband is currently serving as acting executive director of ILH.

ILH's philosophy is to encourage tenants to go out of the building for the services they need. Thus it prefers in-city locations to suburban sites since they are close to shopping, health care, and government services. Staff will assist residents in identifying service providers such as physicians and they work with outside agencies to find job opportunities for residents. ILH would encourage residents who want, and are suited for, a more independent setting to move to private apartments if funds were available; but there are few truly barrier-free units in the neighborhood. At the same time, the organization believes that most low-income persons with disabilities benefit from being in a supportive environment, with at least some supportive services on-site.⁵

The building is managed by Essential Housing Management, an organization (not affiliated with the sponsor) that specializes in managing family housing and senior citizen buildings. The Belmont is the only property it currently supervises that is specially designed for persons with disabilities, although it has past experience in this area. The property manager and the maintenance man are the only HUD-funded staff positions.

PROVISION OF SUPPORTIVE SERVICES

Although the Belmont is designed for independent living, the interviewer was informed that many residents are able to live there only because of the personal care services available to them. Four personal care aides work in the building; all are self-employed contract personnel. Some personal care services are paid for under contract with the District of Columbia, using Medicaid funds. Others are funded under a separate D.C. contract covering 168 hours of service a week to three tenants who were formerly in institutions. Full-time aides tend to remain on the job at least three years, but the building also employs some part-timers, among whom turnover is more frequent. Chore aides (a less skilled position) are hired for a few hours during the daytime to handle tasks such as apartment cleaning. The manager indicated that salaries, excluding fringe benefits, can run \$1,500 per week for the personal care aides. The mail questionnaire indicated that supportive services, including daily meals, recreational activities, and personal assistance, cost an average of \$6,300 per resident per year. During the field interview, the sponsor representative indicated that service costs in their non-HUD-funded group home with five residents run much higher (\$2,500 per resident per month).

In addition to funds received from the D.C. government, the Belmont receives funds for supportive services from various charitable groups such as the United Way, DC 1 Fund, and CFC, as well as through ILH's own fund-raising events and membership. These funds are used primarily

⁵The research team provided only two options regarding the sponsor's philosophy in the delivery of supportive services: either residents should be encouraged to leave the building for services or on-site services should be provided, since services are very important to enhancing the residents' ability to live as independently as possible. It is not known whether most sponsors would have preferred a middle position with respect to some services, because in most cases, the sponsor's stated philosophy does not correspond with the supportive services offered on site or with comments by staff members regarding service needs. (See the Provision of Supportive Services section for discussion of services provided on-site and off-site.)

to cover the cost of transportation, client advocacy work, and administrative overhead such as accounting services. The contract with the District is insufficient to cover overhead, nor does it cover the cost of hiring replacement aides during vacations and/or illness. Outside fund-raising helps to provide some personal care services to tenants not eligible for Medicaid. Raising funds to cover the cost of transportation services (van) is the most difficult.

The District's financial troubles have meant late payments on Belmont's service contracts, as well as cutbacks in the services that can be provided. Personal care aides are now on duty only during the night, not during the day.

In addition to personal care and transportation, the Belmont provides some social and recreational activities based on the recommendations and direction given by the tenants' council. (The manager feels that most tenants prefer to invite guests to their own apartments rather than hold events in the common areas.)

A number of tenants are employed. Only a few were in the building at the time of the visit.

The Belmont would be interested in receiving HUD funds to hire a supportive services coordinator, but was told that applicants need to have at least 40 units to be eligible. They were unable to find another similar building in the District with which they could share the services of a coordinator.

SPONSOR EXPERIENCE WITH APPLICATION AND DEVELOPMENT PROCESS

Although the sponsor board members interviewed were very involved in the creation of Belmont Apartments, a consultant/attorney handled most of the negotiations and paperwork with HUD. He also helped raise considerable amounts of money from non-HUD sources. The consultant no longer does this type of work and is no longer on ILH's board. Seed money for predevelopment costs were obtained from foundation grants.

Originally, the sponsor was interested in rehabilitating a former school building in another neighborhood in the District. Neighbors opposed changes to the facade that would be necessary in order to accommodate physically challenged residents, and the cost of rehabilitation proved to be more than new construction would require. So the initial site was scrapped in favor of the Belmont Street property. This tract of city-owned land had been vacant for a long time, and the District was eager to see it redeveloped. The land was sold by the District at a nominal cost (\$10,000).

Shifting the site meant that the planning and design process had to start all over again, causing delays. Moreover, not all of the sponsor board members liked the new location; some felt it wasn't safe. At the time, the area had numerous abandoned and boarded-up buildings. HUD insisted that the building have a van so that residents wouldn't have to take the bus.

Neighborhood conditions have improved in recent years.

The sponsor recalls that HUD processing was smooth once the new site was chosen. The consultant was a former HUD employee who "knew everyone." However, there were some disagreements over design. Over \$300,000 needed to be raised from the District and foundations to help pay for unanticipated excavation costs, a larger elevator, the second floor balcony, additional common space, and the interior ramp. The HUD loan covered only 80 percent of the actual construction cost.

A number of problems surfaced toward the end of construction. Progress payments from HUD were slow, and the developer had financial problems that led him into bankruptcy. His subcontractors weren't being paid. The contractor's bonding company and backup insurance company also went into bankruptcy. These problems, in turn, interrupted HUD processing; as a result, the final closing was delayed for nearly three years (31 months) after the building opened. Although the delays didn't affect the operation of the building, they were a major problem for the unpaid subcontractors.

ILH hired a consultant to generate a list of potential tenants, an approach it would recommend to other buildings serving persons with mobility impairments. Hospital social workers were a major source of referrals.

Ideally, the sponsor would like to build another project in the District. ILH personnel see a real need for two-bedroom apartments for families with children. They also feel that the Section 811 program will need to deal with the needs of residents in older Section 202 buildings for disabled persons whose health is deteriorating.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATIONS

The Belmont's tenant mix includes a number of families; four residents have non-disabled children living with them and another three apartments have two adults (one with a live-in aide). Some residents were previously in nursing homes. Others sought housing at the Belmont because it has no barriers for people in wheelchairs. The manager estimates that 60 percent of the residents would be unable to remain in the building if personal care services were no longer available. Residents have an average household income of roughly \$10,700.

The project experiences little turnover; new residents are first moved into the two studio apartments and are later relocated to larger units as they become vacant. No units were vacant at the time of the field visit. When residents leave, it is usually due to deteriorating health or death. Some have left for newer buildings, and a few tenants who worked were forced to leave as their incomes rose.

The building maintains a waiting list with 20 names; potential residents normally have to stay on the list for two years or more before a unit is available. A tenant relations committee consisting

of representatives of management, the sponsor, and residents. Interviews prospective tenants. Management conducts continuous outreach to make health care providers and service agencies aware of the Belmont. Screening and determination of income eligibility are done before a unit is vacated; once a tenant moves out, a new resident can be in within three days. The Belmont has not needed to ask HUD to be compensated for vacancy loss.

The building has experienced numerous problems with the local HUD office. Rent increases (up to 5 percent, with documentation) have been approved but are never retroactive to the start of the year. Delays in approving budgets and processing subsidy payments are common. As a result, the Belmont missed its mortgage payment for the first time in December 1994. Lost or misplaced paperwork at the field office seems to be the source of the problem. Slow payments require the manager to keep a three-month reserve in the bank in order to meet ongoing obligations.

Drawing down reserve funds for replacing capital items hasn't been a problem until recently; however, the Belmont hasn't been able to pay the vendor for the new security lighting because of slow HUD processing. Approval of the new wallpaper has also been delayed. Slow payments from the District government for service contracts only exacerbates the problem.

CHESHIRE HOUSE

PHILADELPHIA, PENNSYLVANIA

SECTION 202 FOR PERSONS WITH DISABILITIES

PROJECT INFORMATION

Cheshire House is a 12-room group home located on Philadelphia's far northwest side. The project was awarded HUD funds in 1986 and opened in 1989. It was designed to serve persons with physical disabilities who are able to live independently. About half of the 11 current residents are persons with cerebral palsy. Some, but not all, of the tenants use wheelchairs.

PROJECT DESCRIPTION

The property is a unique rehabilitated historic home believed to have been built in the 1860s. It has three stories, with four single-bed rooms (and one shared bath) per floor. Two of the bathrooms have roll-in showers; the one on the third floor has a tub. As a result, the most mobile residents are usually assigned to the third-floor rooms. The upper floors each have a small lounge area where residents can socialize.

Three of the 12 rooms (one per floor) are undersized. Although these rooms meet accessibility guidelines, they are in fact too small to permit use by a person needing a wheelchair and are difficult to furnish. These rooms are the most difficult to rent. (One is currently vacant.) The other nine rooms are sufficiently spacious for single occupancy.

The first floor provides a large multipurpose room (also used for dining), a smaller sitting room, a kitchen, and laundry. Although the multipurpose room is spacious enough for all residents to dine together, there are no common meals served. The building needs some interior maintenance work and improved housekeeping. Because the resident manager position is currently vacant, it is likely that some routine maintenance tasks (in which tenants usually participate) haven't been completed.

Cheshire House could also use improved lighting in the multipurpose room and in common areas. Although it provides a homelike atmosphere, the building's drab interiors, minimal decorating, and worn furnishings do not result in a cheerful environment, despite the attractiveness of historic features.

Cheshire House has a rear porch and patio that is used by residents during the warmer months. The lot is grassy and landscaped; during the field visit, a crew was working on improvements to the site. Security features include grates on ground-floor windows, automated outdoor security

lighting, and a buzzer/speaker entry system. The building is equipped with smoke alarms, hallway fire alarm pulls on each floor, and emergency pull cords in the bathrooms. It does not have sprinklers. There are no special design features for persons with visual or auditory disabilities.

The building's design and historic character are very compatible with the surrounding residential area. There are other historic mansions on the block, and well-maintained older gray stone rowhouses are located to the west and northwest. The Cheshire House board has never pursued landmark designation for the building; as a not-for-profit, the sponsor would have been unable to take advantage of the tax credits available for rehabilitating a landmark. More importantly, the board was concerned that designation would limit its ability to renovate the exterior of the building to provide wheelchair accessibility.

NEIGHBORHOOD DESCRIPTION

Cheshire House is located on Washington Lane in an older northwest Philadelphia neighborhood. In this section of Philadelphia, Washington Lane functions as a minor arterial road, but it widens considerably just a few miles to the north at the city limits. There is city bus service available on Washington Lane and on a cross street two blocks to the northeast. The topography is moderately hilly; it would not be easy for a wheelchair user to negotiate the sidewalks, which are not always in good repair and for the most part lack curb cuts.

Surrounding land uses are primarily single-family homes. Along Washington Lane itself are numerous large vintage homes similar in character to the subject, but not all are occupied. On the closest side street, all of the homes are older stone row houses; they appear to be occupied and well maintained and have neat yards. The only non-residential use in the immediate vicinity of the building is a junior high school located directly across the street. Littering is the only problem associated with proximity to the school that was mentioned by the management agent. In general, this is a good neighborhood, although the residential areas are better in quality than the commercial blocks.

A convenience store is located within two blocks of Cheshire House, but a larger supermarket would require travel by bus or car. A large shopping center with a discount department store is located at Cheltenham and Washington Lane, about two miles away. The closest hospital is roughly three miles away.

African-Americans are the predominant racial group in the neighborhood. A diverse mixture of ages, including children, was observed along Washington Lane.

SPONSOR AND MANAGER CHARACTERISTICS

Cheshire House was sponsored by the Cheshire Foundation of Philadelphia, a local affiliate of the Leonard Cheshire Foundation, an international organization (based in England) serving the needs of persons with "physical, mental, and learning disabilities." Although the parent foundation operates 320 homes in 51 countries worldwide, the subject property is their first and only involvement in the Philadelphia area. Each Cheshire Home has its own local board and operates autonomously. The parent foundation was not involved in the decision to pursue a Section 202 loan; one of the local board members was familiar with the program and directed them to a consultant, who prepared the application.

At the time of the application, most of the board members were affiliated with Philadelphia area universities; their jobs involved working with disabled students. Over time, the size of the board has shrunk, largely because Cheshire House isn't serving a student population and because the board has no other projects to supervise.

The Episcopal Diocese of Philadelphia was a co-sponsor for Cheshire House. HUD insisted that the foundation work with the Diocese because the local Cheshire board was new and had no experience in either residential development or service delivery beyond their individual members' work with students. The Diocese still refers prospective tenants to Cheshire House and provides services to some residents, but it is not involved in the operation of the building.

The current board president is physically disabled, uses a wheelchair, and needs the services of a full-time personal care attendant. She became a board member in 1988 and was not involved in the project at the time it was first planned. However, her mother was on the board at the time.

The management company, Lutheran Management Services, was hired at the suggestion of Cheshire's consultant. The firm does not manage any other Section 202 or Section 811 buildings for persons with disabilities but does have expertise in managing subsidized housing for families and the elderly. The property manager has been with the company for five years and has been involved with Cheshire House for his entire tenure.

PROVISION OF SUPPORTIVE SERVICES

Tenants at Cheshire House have physical disabilities; at least one resident is believed to be mildly retarded as well. Most, but not all, residents use wheelchairs. During the day, most of the tenants are out of the building either at work or attending supportive programs. All residents receive Supplemental Security Income (SSI).

Cheshire House is designed for independent living; it provides virtually no on-site support services. As mentioned, each resident is expected to cook his/her own meals or otherwise arrange for them. Residents do not have access to a van; they must arrange for pickup by paratransit agency or social service agency. Several residents receive personal care and homemaker

assistance services through the State of Pennsylvania, but the delivery of these services is based on the eligibility of the resident. Funding does not go through the building management. The property manager estimates that residents receive the equivalent of one full-time person's time from the various personal care aides sent by the State. He has no idea what these services cost. He believes that funding has remained steady due to cost-of-living increases. Cheshire's consultant believes that services funding has decreased dramatically.

Although part of the resident manager's salary (\$13,000 plus a free room) could be allocated to "supportive service," his position also involves building maintenance (HUD-funded). The resident manager helps the other tenants with cleaning and maintaining their own rooms and provides some "non-professional" counseling and activity planning. He handles emergencies and sees that tenants take medications. Arrangements for State-funded personal care or homemaker services are made through case managers at United Cerebral Palsy, Catholic Social Services, or other agencies not through Cheshire House. The sponsor's board president indicates that there is currently a 1.5-year wait list to obtain these services.

Cheshire's philosophy encourages residents to use available outside services and leave the building to participate in social service programs. However, some residents aren't eager to leave the building and don't take advantage of all of the services available. Years ago, the building enjoyed the services of a social-work student intern on a part-time basis. Both the property manager and the sponsor board president felt that these services were helpful, but they couldn't be continued because of lack of adequate supervision for the student intern. Additional HUD funding for a part-time social services/recreation coordinator would be desirable, but the respondents doubted that a project as small as this one would be eligible.

The sponsor board's own fund-raising efforts are directed toward physical improvements to the building rather than expanded services. High priority for Cheshire House would be better lighting and a TV and stereo for the multipurpose room.

SPONSOR EXPERIENCE WITH APPLICATION AND DEVELOPMENT PROCESS

The current president of Cheshire Home, Inc. was not on the board of directors at the application stage, but she knows much of the history of the project from her mother's involvement and subsequent review of the records. Because the board was inexperienced with HUD programs, a consultant prepared the application and handled the negotiations with HUD. (Although the consultant responded to the mail and telephone surveys, she was unwilling to be interviewed as part of the site visit.) The board president was unable to answer questions about HUD technical assistance at the application stage or during the various review steps.

The sponsor board originally considered purchasing an existing apartment building and making it barrier free, but they decided not to get involved with having to relocate existing tenants. The building they eventually purchased was empty, had character, and would provide a homelike

setting. However, the sponsor feels that HUD cost containment resulted in the creation of more rooms (some of which are too small) than was desirable.

Although there were no site changes after Cheshire House received its fund reservation (1986), the sponsor had trouble holding onto the building. The board did not have much up-front capital, and delays inherent in the review process meant the purchase could not be closed. Also, the sponsor had to pay the cost of keeping the heat on in the building during the review process to avoid frozen pipes. Ultimately, Cheshire Home had to borrow money from the City of Philadelphia (CDBG, Community Development Block Grant funds) or risk losing the site.

The board president felt that this project wasn't subject to abnormal delays prior to construction. In the mail questionnaire, the consultant indicated that HUD staff provided technical assistance both during and after the application stage, and that this assistance was extremely helpful. The project started construction in February 1989, less than 2.5 years after receiving its award; it was occupied in December 1989 (roughly 38 months).

Cheshire House's biggest problem was underestimation of the cost of renovating a very old structure. (For example, the building's slate roof and antiquated pipes had to be replaced, which wasn't included in the original work plans. The architect had thought they could merely upgrade existing systems, but trouble occurred with both the water and sewer systems.) The maximum mortgage amount, based on per-unit cost limits, was insufficient to do the renovations required. The local HUD office promised additional funds, but was unable to get approval from Washington. Although construction was completed and tenants moved in during 1989, the sponsor was unwilling to close without additional monies. It took nearly four years to reach final closing. In the interim, the city had to write off its \$120,000 CDBG loan. The city finally intervened with HUD and reached a compromise.

The long delay in closing posed other problems. Contractors were still owed \$40,000, and the project could not make the \$4,000 per month interest payments. Section 8 subsidy monies that came in were used to gradually pay off capital costs over time.

The consultant indicated that the HUD loan covered only 72 percent of the actual construction cost. In addition to city money, the sponsor board members had to paint the interior themselves and do the yard cleanup; the father of one of the residents did all of the floor refinishing. The Board raised funds (\$10,000) from a foundation for a garage, which HUD wouldn't approve, and for kitchen flooring and exterior improvements. Some furniture was also donated.

Another financial problem was caused by the city's refusal to issue a certificate of occupancy for the third-floor rooms. After a year, the city admitted its mistake, but it was a financial drain to operate with one-third of the units vacant for a year. Also, the city refused to issue a "room and board" license for the building without the certificate of occupancy.

The board hasn't applied for another project under Section 202 or Section 811 and is unlikely to do so in the future, according to its president. She cited the long delays in closing, indicating that

the board wouldn't have the "energy" to try again. The board has not kept up with changes in the program that were instituted during the 1990s, and its president would not voice an opinion on these changes. The consultant was very positive about recent changes, according to responses in Instrument A1 and B1, but indicated concern about lack of funding for supportive services and the need for the sponsor to contribute so much to the project.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATIONS

Because of the long delay in final closing, debt service payments were irregular and the project operated at a deficit until 1993. There are no delays in receiving project rental assistance contract (PRAC) payments in a timely manner, and the tenants are also on time with their contribution to the rent. At the time of final closing (October 1993), PRAC payments were adjusted substantially so that the project could meet its mortgage obligations. The property manager feels that HUD will permit 3 to 5 percent annual increases in PRAC payments, with proper documentation. His biggest concern is a rising gas bill; he had a new meter installed so that he could stay current with gas payments.

Until recently, the sponsor board had to come up with funds for repairs and replacement of furnishings. The sponsor bought a new microwave oven and washing machine when the old ones malfunctioned. The board also came up with funds for tuckpointing, a new outside foundation wall, fencing, and replacing beams in the basement. The manager has asked HUD for a draw against reserves to cover improvements to the heating system, which isn't as efficient as it should be. His request has yet to be processed.

Lutheran Management handled the original marketing, using newspaper ads, radio, and contact with social service organizations such as United Cerebral Palsy. No government agencies assisted in identifying eligible tenants. Hospitals and social service agencies continue to be the most frequent source of referrals when vacancies occur. It isn't unusual for one of the small bedrooms to be vacant because of its size and layout.

Cheshire House used to experience more turnover than it now does, primarily as a result of personal incompatibility among tenants. For some prospective tenants, the manager feels that a quasi-group home setting is not socially appropriate. He has had to tighten the screening process to avoid admitting disruptive persons. At the same time, he is seeing more applicants with multiple disabilities. He is prohibited from asking questions about the nature of a prospective resident's disabilities, as long as a doctor's letter is presented. He feels that Cheshire House has one resident who may not be truly qualified, but can do nothing about it (eviction is difficult and costly). Another tenant is probably too ill to remain, but does not want to leave.

The manager estimates that about one-third of the residents at Cheshire House would be capable of living in an unsupervised setting in the general community, if accessible units were available. Some tenants who are capable of living more independently have moved out, but many prefer the social environment of the group setting to an isolated apartment. The sponsor board, according to its president, believes that some residents need a "way station" to greater independence, while others need a more supportive environment. Many of Cheshire House's residents were previously institutionalized and have responded well to the group setting. The president thought that living in a totally independent setting could be very stressful for some individuals.

FANWOOD GROUP HOME FANWOOD, NEW JERSEY SECTION 202 FOR PERSONS WITH DISABILITIES

PROJECT INFORMATION

The Fanwood Group Home is located in Fanwood, New Jersey, a suburban community in Union County (part of the Newark PMSA). The building is sponsored and managed by The Arc of Union County and serves eight persons with developmental disabilities. Its funding application was approved in 1981. The building opened in May 1984 and was fully occupied by the following August.

PROJECT DESCRIPTION

The facility is a renovated two-story brick home containing six bedrooms and eight resident spaces (two of the rooms are double occupancy; four are singles). One bedroom and bath are on the first floor. The remaining bedrooms and two other shared baths are on the second floor.

Rooms are spacious and comfortably furnished. There is a kitchen on each floor, although the manager says the second-floor kitchen isn't used very much. It was suggested that the building may originally have contained two separate apartments and the upper kitchen was retained because it would have been too expensive to remove it. The building also has office space for the staff, a living room, and a dining room large enough to seat all of the residents at the same time. Furnishings are attractive and in good condition.

The second floor has a balcony and the first floor has a large cement patio, both at the rear of the building. The manager said that the patio is used frequently during good weather. The lot is grassy and nicely landscaped with large trees. The only unattractive feature of the site is the presence of power transmission towers at the side of the lot.

The building's only design problem is that it is not very accessible for wheelchair users. The front steps are not ramped. One resident who uses a wheelchair has his bedroom and an accessible bath on the first floor. However, the first floor is not at ground level and he must use a lift to enter or exit the building through the rear door. Because of a fire department restriction on the control mechanism, he is unable to operate the lift without assistance from another person. The manager indicated that new group homes being acquired or built by The Arc will be single-story and fully accessible. The Arc plans to move this building's sole wheelchair user to another more suitable property as soon as space becomes available.

The building has the usual complement of safety and security devices, including smoke alarms, sprinklers, and emergency pull cords in the bedrooms. In addition, there is a heat detector in the kitchen and a hard-wired fire alarm system that is connected to the local fire station. Visual alarm signals are provided in the bedroom of one resident who is hard of hearing.

The home needs some repairs. For example, the doors on the laundry room are missing. The ceiling in the first floor bath shows evidence of leaks. The carpet in the upper-level kitchen is coming up and could pose a safety hazard. The building clearly needs to be painted.

Although the Fanwood Group Home has space for eight residents, The Arc's current philosophy is to discourage shared bedrooms. When vacancies occur at Fanwood, they do not plan on filling the second bed in each of the shared rooms.

NEIGHBORHOOD DESCRIPTION

Fanwood Group Home is located in a built-up suburban neighborhood enhanced by mature trees. Most of the area's homes appear to date from the 1950s or 1960s; the subject property is older but blends well with its surroundings in terms of density and design. Because of the neighborhood's age, not all of the sidewalks are ramped for wheelchair use. Homes and yards are well maintained. The neighborhood is considered to be very desirable; the manager commented that she and her husband would like to live there but couldn't afford it.

A bus stop is only a half block away, and a supermarket is within half a mile. There are county parks in the general area, but none within walking distance of the Fanwood Group Home. The closest hospitals, Overlook and JFK, are each more than five miles from the site. The manager indicated that local hospitals often lack expertise in dealing with developmental disabilities. She said that, in non-emergency situations, residents would be taken to Morristown Hospital because they have specialists familiar with disabilities.

SPONSOR AND MANAGER CHARACTERISTICS

The Arc of Union County was founded in 1959. Initially, it provided day services for adults and children with developmental disabilities. The Fanwood project was the sponsor's third residential group home, but its first Section 202 project. The Arc also has one building for senior citizens and has developed other HUD-assisted properties. The Union County Arc is affiliated with the State and national Arc organizations, but programs are designed and managed at the county level. The manager indicated that the Union County program is one of New Jersey's largest.

The Arc hires and trains all of the employees at its residential projects. AREA's field interview was conducted with the assistant director for residential services. She oversees all of The Arc's residences and handles HUD paperwork on resident eligibility and occupancy; she also prepares requests to draw down reserves for repairs. The Arc's financial department puts together the

income and expense reports.

The Arc encourages residents to leave the building to obtain supportive services whenever possible. Community integration is promoted, with residents attending recreation activities, doing their banking, and obtaining medical care outside the building. Only daily personal care, meals, and training in living skills are provided on site. None of the residents were at home at the time of the visit. All were attending sheltered workshops. (A recent resident worked at McDonald's, but he moved to a smaller group home that was closer to where his elderly mother resides.) The manager indicated that The Arc is now spending more of its funds on finding employment opportunities in the private sector for its clients.

The sponsor places residents in the most appropriate and least restrictive residential setting. Some Arc clients function in the community at large, but others need on-site support services in a small group setting. The vast majority need 24-hour supervision. The Arc's client base now includes a growing number of elderly disabled persons, as well as persons coming from State institutions with complex service needs. Some Arc clients could live independently, but there are no Section 8 vouchers available to them. The manager indicated that only one of Fanwood's tenants could live outside a group home setting, and then only with assistance after work and before bedtime.

PROVISION OF SUPPORTIVE SERVICES

The building employs six full-time workers and one on a part-time basis. The staff teach independent-living skills, take residents to appointments and recreation activities, help tenants with cooking and cleaning, shop for supplies, and handle housing maintenance tasks. The manager said that, on average, staff remain at the home for one to three years. Some are long-term workers, but others are new. Each resident has an individual supportive services plan that is updated annually.

Funding for supportive services comes primarily from the State's Division of Developmental Disabilities (DDD). State funds are supplemented with grants from the United Way and Arc fundraising activities. The supportive services budget for Fanwood was \$283,000 for 1994; this excludes shelter-related expenses for the building, utilities, taxes, and insurance. At full occupancy (eight residents), this averages \$35,375 per resident. Overall, The Arc serves approximately 80 residents at 13 residential locations; its total services budget is \$3 million, or an average of \$37,750 per resident. By comparison, the HUD budget for shelter-related items was only \$40,175 for the entire building in 1994. The State contributed a total of \$307,400 toward rent and supportive services in 1994.

Funding usually works as follows. The residents' guardians receive their SSI payments and pay rent equivalent to 30 percent of the resident's income. The guardian also provides a \$40-per-month personal expense allowance. The State pays the rent for persons with no guardians, and covers the bulk of the supportive services budget for everyone.

Although the residential services manager doesn't handle accounting, she believes that State funds pay for at least 75 percent of the total budget. Private fundraising (not conducted for individual buildings but for The Arc as a whole) helps fill the gap if State funds are cut or fail to keep pace with increases in the cost of living. The manager feels that State funding levels are dropping. The Arc has had to reorganize its transportation services to cut expenses; drivers were let go and resident managers now have to do the driving. Although the manager is satisfied with overall service delivery to residents, she believes that, in the future, services will have to be more tailored to individual needs as residents age in place.

SPONSOR EXPERIENCE WITH APPLICATION AND DEVELOPMENT PROCESS

Because the Fanwood Group Home was funded so long ago, no current Arc staff are familiar with the project's history at the application and construction stages. The interviewer contacted a retired former board member who now lives out of State, and she provided some insights.

The Arc had no difficulty locating a site for this project. The current site was identified and in Arc's control at the time of application and was not changed. Both neighbors and government officials were said to have been somewhat supportive of The Arc's efforts.

While HUD staff did not provide much technical assistance at the application stage, its architects and engineers were helpful in moving the project forward. The building needed extensive interior modifications. The respondent indicated that HUD regulations and cost containment provisions were not a problem for this property. Reviews proceeded smoothly, and HUD staff expertise and helpfulness were viewed positively. Construction was said to have been completed within budget. The respondent was unable to provide any precise information on development time lines or construction costs. Final closing was said to have taken only two months after occupancy.

The assistant director for residential services said that she didn't think The Arc was applying for any Section 811 funds, although they might in the future. (This conflicts with a response in Instrument A indicating that The Arc had approval for another six-resident-space group home under Section 811.) Arc staff are concerned about the lack of timely progress when HUD funding is involved, since it necessitates a considerable up-front commitment from the sponsor. Also, the assistant director says that small projects in high-cost areas have trouble meeting the HUD construction cost limits. Another concern is decreases in State funding for supportive services; The Arc has to make up the difference from other sources, so time and effort has to be spent in fund-raising rather than in service delivery.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATIONS

At the time of the visit, the building had no vacancies (one had recently been filled, but the tenant

had yet to move in). Vacancies are filled through referrals from the State DDD's long waiting list. The State may make a referral for a particular building or to The Arc in general. An interdisciplinary staff team meets with prospective tenants and/or their families to determine if Fanwood can meet their service needs. The Arc's admissions committee reviews the team's recommendations. It also decides on transferring residents from one building to another. Prospective residents are screened to determine if they will be able to get along in a group setting; some referrals have behavioral problems resulting from their disabilities.

Over time, Fanwood tenants have changed. They now have fewer skills and need more supervision. This has resulted from State de-institutionalization policies; the residents with the best skills were the first to be discharged. The State priority system gives preference to residents of State institutions, except for emergency situations involving developmentally disabled persons whose sole caregivers are elderly or frail. The average age of tenants is 35; their incomes range from just over \$5,500 to nearly \$14,800 and average over \$10,100. Six of the eight residents are white; two are black.

Turnover is minimal. Many residents remain for 10 years or longer. Tenants leave if a space becomes available that better suits their needs, often in a smaller home with a less restrictive environment or one where services and facilities are better tailored to the individual's needs. At the other end of the spectrum, a resident may leave if his/her medical needs can no longer be met at Fanwood. Agencies other than The Arc offer group homes in Union County, but they also have few vacancies.

Budget concerns have resulted in deferred maintenance. The manager indicated that she tried to get outside funding to paint Fanwood Group Home, but it fell through. HUD reserves will have to be drawn down to paint and to repair the plumbing problem that caused the ceiling leaks. Her only previous request to replace the water heater was handled promptly by HUD. She does not know the experience of previous managers.

The project received a rent increase in 1992 the first time they asked for one since the project opened. This has helped in balancing the budget. She believes that the HUD fair market rent (\$698 per month) is reasonable. There have been no operating deficits in the last three years.

LEHIGH APARTMENTS PHILADELPHIA, PENNSYLVANIA SECTION 202 FOR PERSONS WITH DISABILITIES

PROJECT INFORMATION

Lehigh Apartments, located in north central Philadelphia, consists of 10 fully equipped independent-living apartments and common activity areas. The project is home to 20 persons with chronic mental illness. Its funding application was approved in 1980 and the building opened for occupancy in April 1983.

PROJECT DESCRIPTION

The project was created by combining and renovating three traditional Philadelphia row houses. Although the building's exterior is red brick, it is no longer architecturally compatible with its surroundings. Its flat facade appears very modern when compared with nearby brick and frame Victorian-style row houses and the old hospital building across the street to the south. However, the neighborhood does have other examples of new construction that are equally distinct.

Eight apartments have two single-occupancy bedrooms, a living room/eating area, kitchen, and bath. Two units have one bedroom. Because of the unique physical character of this three-story building, each unit has a somewhat different floor plan; some of the bedrooms are very small. In addition to the apartments, the building has a common multipurpose room, kitchenette, laundry room, and bath on the first floor. Although there are common kitchen facilities and sufficient room for group meals, no common meals are served. The common areas are used as a lounge and for social gatherings. Hallways in the building seemed rather dark.

Only one unit, on the first floor, is considered fully accessible. Although it met accessibility guidelines from the beginning, it needed further modifications when a resident who needed a wheelchair moved in. (County funds allowed the installation of a roll-in shower and the addition of a rear ramp.) The drawback to this unit is that it lacks direct access to the main hallway or common areas. The unit has its own direct entrance from a ramped front porch; to reach the common areas, the resident must go outside and enter through another doorway. The building does not have an elevator; however, the upper-level apartment corridors would probably be too narrow for wheelchair access anyway.

At one time, there was a resident manager's apartment. Tenants are now expected to be fully capable of caring for themselves, so the manager's apartment was converted to office space.

Lehigh Apartments has a small cement patio in the rear yard that is occasionally used for summer barbecues. The yard itself isn't used much, according to the manager.

Security is a major concern. Although Lehigh Avenue is said to be fairly safe, there is a high crime area just to the north of the building. Lehigh Apartments has bars on the first-floor windows and a multiple-door entry system. Doors are always locked, and visitors must be screened to be admitted. Management is considering hiring a security guard.

The building is equipped with smoke alarms in all units and common areas, fire alarm pulls in the halls, and flashing lights in the bedrooms. (Because residents of the rear bedrooms couldn't hear smoke alarms that went off in the front halls, the system was retrofitted at a cost of \$1,600.) The building does not have sprinklers.

Lehigh Apartments was clean and well maintained in both common areas and tenant apartments that were inspected. The apartments need to be painted, however. In the past, HUD allowed painting only if a unit was completely vacant—not if just one of the two bedrooms was vacated. However, none of the units ever became completely vacant. HUD has now agreed to let painting funds be accrued so that the entire building can be painted at one time.

NEIGHBORHOOD DESCRIPTION

Lehigh Apartments is located near the northeast corner of Lehigh Avenue and Front Street in north central Philadelphia. The area is a mix of residential, industrial, and commercial uses. Immediately west of the building, at the corner, is a pharmacy/convenience store. Across Front Street on the northwest corner is a gas station. On the southwest corner is a temporary office facility for Lehigh Apartments' sponsoring organization, CO-MHAR; to the west of this are newer well-maintained federally assisted townhomes.

Directly across Lehigh Avenue is Episcopal Hospital; to the east are row houses, some of which are occupied by doctors' offices. The hospital is clearly the anchor for the area, but it is surrounded by tall iron fences and appears isolated from its surroundings.

There is clear evidence of neighborhood deterioration. Graffiti and garbage were widespread, and there are abandoned buildings a few blocks to the north. Parking is very difficult.

Residents are close to convenience shopping and have access to a bus that stops virtually in front of the building. No nearby parks would be considered safe or attractive, according to the manager.

People of all races and ethnic groups live in this neighborhood, but the predominant group is Hispanic.

SPONSOR AND MANAGER CHARACTERISTICS

Lehigh Apartments was sponsored by (and continues to be managed by) CO-MHAR, Inc., a Philadelphia organization whose primary purpose is to provide services to persons with chronic mental illness. CO-MHAR was originally formed during the 1970s as an out-patient affiliate of Episcopal Hospital's psychiatric department. It now has 300 employees, a budget of \$10 million, and 30 residential buildings in greater north Philadelphia.

In recent years, CO-MHAR has also been providing housing, day programs, and supportive services for persons with mental retardation and HIV, as well as mental health services for adults. CO-MHAR runs two other HUD-assisted projects for persons with chronic mental illness (also rehabbed buildings) and two group homes for the retarded (one of which was new construction). Lehigh Apartments is believed to have been their first HUD-funded effort at combining housing with supportive services. CO-MHAR also runs other non-HUD group homes.

AREA interviewed the mental health services director for CO-MHAR during the field inspection. He has been employed by CO-MHAR for 12 years; his tenure began when Lehigh Apartments was under construction. He was not involved in the application process, however, and he questions whether any of the current sponsor staff have that long a history with the project.

PROVISION OF SUPPORTIVE SERVICES

Provision of supportive services to the 18 residents of Lehigh Apartments requires three full-time and four part-time staff. This is in addition to a part-time maintenance man and administrative/supervisory staff who share their time among CO-MHAR buildings. Overall, the full-time equivalent staff assigned to this project is 5.26 persons, of which more than four are involved in supportive services; the balance handle housing management and maintenance on a part-time basis. All are CO-MHAR employees; the average duration of service is said to be over three years.

The program budget for supportive services in this building is \$207,000, most of which is provided by State funds (funneled through the county/city). The State provides 90 percent of the cost; the county provides 10 percent. This budget includes such items as recreation activities, social services, and personal care assistance on site; skills training and substance abuse counseling (off-site, at other CO-MHAR facilities or elsewhere); a van; and administrative overhead.

The building does not provide meal service or housekeeping; residents handle these tasks themselves. The resident manager position was eliminated eight years ago, in part because of a change in sponsor philosophy (CO-MHAR wants apartments to be truly independent living) and because it was difficult to find a person willing to live in for the salary that was available.

Non-government funding sources are insignificant. The building occasionally receives donations of furnishings, but more often than not the county pays for whatever needs to be replaced. The services director indicated that funding levels are staying about the same, with occasional cost-of-living increases. Services haven't been cut back; in fact, CO-MHAR has been able to expand the supportive services program to include a total of 25 clients (although only 18 live at Lehigh Apartments). However, State funding commitments must be renewed annually and are never a certainty. He feels that the State is pushing for less intensive service delivery so that the same dollars can be spread among more clients. At the same time, HUD's housing-related subsidies are a decreasing share of the total operating budget for projects such as this.

CO-MHAR as an organization offers a wide variety of housing options for persons with mental illness, ranging from scattered-site apartments to group homes. While some residents of its independent apartment buildings might be capable of living in scattered apartments with minimal supervision, the manager believes that the support residents give each other in buildings such as Lehigh Apartments is important to their ability to remain healthy. He stated that living in isolation isn't good for many mentally ill people. Although the City of Philadelphia has a scattered-site subsidy program (called the "1260" program), it doesn't have enough funding to serve the number of people in need.

No residents were in the building at the time of AREA's visit. A few residents work. Others were at off-site supportive services programs. Residents must participate in social service programs in order to remain in the building.

SPONSOR EXPERIENCE WITH APPLICATION AND DEVELOPMENT PROCESS

The respondent was not involved in the application process, but he came on board during construction. He did not recall any significant problems during construction, although there were some issues with the contractor regarding final paperwork and payments. Some change orders were processed, but he did not remember why. He did recall that CO-MHAR used an experienced consultant who attended meetings with HUD during construction. There were no cost overruns.

CO-MHAR was required by HUD to advertise in local newspapers during initial marketing, but this didn't result in any tenants. Most of the initial residents lived in CO-MHAR group homes but were capable of living more independently.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATIONS

Lehigh Apartments was originally viewed as a transitional housing facility where turnover would be expected; residents came primarily from group homes where they often had to share bedrooms. Moving to Lehigh was seen as a sign of improved mental health and stability; the building was newer, more modern, and offered greater privacy. If residents made further progress, the County encouraged CO-MHAR to move them out into the general community.

Since July 1994, Lehigh Apartments has become a more permanent residence for persons with chronic mental illness. Turnover should go down as a result. The project currently has two vacancies, which is higher than normal. One elderly resident moved to a senior citizen building; another died.

Generally, there is no need to advertise or otherwise market the building in order to fill vacancies. Referrals come from CO-MHAR's own day programs and group homes, the city's Department of Public Health, or mental health units at area hospitals. The city screens residents as to their need for mental health supportive services; CO-MHAR screens city referrals for income eligibility and evidence of progress in other programs they've attended. The services manager complained about the paperwork that was involved every time a tenant moved out.

Responses to the written questionnaires indicated operating losses before depreciation in all but the most recent fiscal year. The manager was not able to explain why. He said that in the past many CO-MHAR staff were involved in preparing HUD paperwork; it is now handled in the central office by one person. No cash flow problems or delayed payments were mentioned. Requests for drawing down reserves were promptly approved, but reserve dollars may have been insufficient to deal with the building's biggest problem, the habitual malfunctioning of the heating system. The manager said that if funds were available, he would revamp the system to provide tenant-controlled zoned heat.

VARNELL HOUSE MONTICELLO, NEW YORK SECTION 162 AND SECTION 811

PROJECT INFORMATION

Varnell House is a group home with 12 resident spaces serving persons with mental retardation. It is located in Monticello, a small town in Sullivan County, New York. Varnell House received funding during the 1990 award year and was opened in November 1993. At the time of the field visit, it had just completed its first full year of operation.

PROJECT DESCRIPTION

The building is a new single-story home with six shared bedrooms, a dining room, kitchen, laundry, and living room, as well as staff office space. Hallways also have small sitting areas where residents can sit or use the phone. The tenants share three baths, all of which are designed for use by persons with wheelchairs. Although this was a HUD requirement, the sponsor's representative did not think accessibility was necessary for all three.

Smoke detectors, fire alarm pulls and sprinklers are the main safety features; a bright flashing light was also installed because one resident is deaf. All windows have locks, but the area is considered safe and is staffed around the clock by at least two people. Extraordinary security measures were not considered necessary in this location.

Closet and storage space are limited, but the rooms are spacious and comfortably furnished. Management indicated that a basement storage area would have been useful, as would an exercise room (the living room has too much furniture to be used for active recreation). An outside shed was added to help with the storage problem.

Varnell House was originally designed to be an intermediate-care facility (ICF) for medically frail persons with developmental disabilities. Changes in State policies and funding for ICFs made it impossible for the sponsor to serve the target population, so the project was converted to a group home. If constructed specifically for persons with mental retardation, it would be smaller and would have fewer shared bedrooms.

Most residents are able to leave the building during the day. They receive occupational therapy and job skills training; some do light assembly work. Residents participate in maintaining the building, doing cleanup, and preparing meals.

Varnell House's exterior is light tan aluminum siding. The architectural style is unremarkable, but compatibility with surrounding homes is not an issue. No other homes are immediately adjacent to the property; areas on both sides and across the road are heavily wooded. The lot is nicely landscaped and the building is well maintained both inside and out. A cement patio, benches, a swing, and a barbecue grill are provided.

NEIGHBORHOOD DESCRIPTION

Monticello is a small rural center in the midst of the Catskill Mountain resort and ski areas. Varnell House is located less than a mile from the center of town. Although there is a convenience store nearby, a full supermarket is over two miles away and the closest hospital is over five miles away. The town offers a range of recreation and social activities in which Varnell House residents participate. Neighborhood safety is not a concern.

The site is located in a quiet residential area on a hilltop, with attractive views. The closest land uses are older single-family homes, but the neighborhood also contains small apartment buildings and condominiums. Families with children as well as older people live in the area. The neighborhood lacks sidewalks, and the steep terrain would discourage wheelchair use. According to the manager, the distance from the center of town and the lack of public transit would be factors that might deter a mildly retarded person from moving to Varnell House.

SPONSOR AND MANAGER CHARACTERISTICS

Varnell House was sponsored by Crystal Run Village, a local social service organization that provides assistance to persons with disabilities. Crystal Run Village is based in nearby Middletown and serves a three-county area. It was begun in the late 1960s by parents of developmentally disabled children from the New York City area who built a residential school that is still in operation. In an effort to move residents to less institutional settings, Crystal Run Village began developing group homes and scattered-site independent-living facilities in its service area. The school still has about 200 residents who are being relocated as new facilities are opened.

The sponsor serves primarily persons with developmental disabilities, but some residents are mobility impaired, deaf, or blind. In addition to Varnell House, the sponsor developed another 14-resident-space building under the Section 162 program (1989 award year), and received awards for three projects with 34 units that are currently under way. Most recently, Crystal Run Village received Section 811 funding for five new buildings (1994 award round) that have not yet been started. Crystal Run Village both sponsors and manages all of its properties; all staff are Crystal Run employees.

Crystal Run Village now operates a variety of residential settings for persons with disabilities. Their philosophy supports building- and program-based funding for persons with developmental

disabilities. Residents of Varnell House are seen as needing too much personal attention and supervision to live completely independently. However, the sponsor is providing some tenant-based assistance in scattered independent-living units for other clients who can handle a less structured residential setting. They now use independent case managers as advocates for residents.

Crystal Run Village feels that group home supervision prevents deterioration in functional skills. However, they also offer smaller independent-living environments for residents able to handle such an arrangement. Residents are encouraged to leave Varnell House to obtain most of the services they need, such as physical therapy. Health care providers come to Varnell House only if the case manager determines that this is necessary.

PROVISION OF SUPPORTIVE SERVICES

Varnell House employs 12 staff persons (full-time equivalent), all of whom are involved to some extent with resident care and supervision. At least two staff persons are on duty 24 hours a day. Routine maintenance tasks are shared among the staff; everyone is also trained in emergency procedures. Major repairs are handled by Crystal Run Village's main campus staff.

Funding for supportive services comes from the State of New York and Medicaid, along with the individual residents' SSI payments. Each resident is billed \$700 or more per month. The New York State Office of Mental Retardation and Developmental Disabilities (OMRDD) pays whatever isn't covered by Medicaid, SSI, and HUD. A letter from OMRDD indicating State funding support for the project accompanies applications to HUD. The manager mentioned that while, at one time, the State supported 12-resident-space group homes such as Varnell House, they will now fund projects with no more than 8 resident spaces.

The manager is satisfied with the delivery of services to residents, with the exception of specialized medical problems. Rural health care providers are often unable to handle residents' needs, and they must be taken to Rockland or Westchester counties outside New York City. Also, the level of Medicaid reimbursement is so low in rural areas that it is unacceptable to most health care providers. The manager thinks this problem will worsen. Psychiatry and dental services are especially problematic.

SPONSOR EXPERIENCE WITH APPLICATION AND DEVELOPMENT PROCESS

Crystal Run Village is a large organization with experienced full-time staff that is involved in the approval process. In the case of Varnell House, processing seems to have gone smoothly with HUD. This was the sponsor's second project. The sponsor's development director was especially complimentary about the assistance offered by the HUD multifamily housing representative in the field office. She "kept everything on track and knew where everything was." Housing management staff taught them how to do billings and collections and certifications once the project was operational.

There were some stumbling blocks with the State of New York regarding funding commitments for supportive services, however. As mentioned previously, the project had to be shifted from an ICF to a group home. It took a year to get to the conditional commitment stage, but once past this point, the project moved quickly to firm commitment.

The sponsor was familiar with various forms of HUD technical assistance and made use of them in preparing the application for Varnell House and subsequent projects. Crystal Run Village filed an application for Section 106(b) seed money for Varnell House, but then withdrew it. (The process was seen as too cumbersome, and the sponsor sensed that the project would be viewed as less competitive if seed money was requested.) The sponsor set up its own foundation to provide seed money funds.

There were no problems with the site; it was already under the sponsor's control and was not changed after the funding application was approved. However, approval delays did cause some difficulty with the sponsor's option on the property. The building's design was acceptable to HUD in part because of amenities funded by the State of New York. The sponsor indicated that the State contributed funds equal to about 20 percent of the capital outlay, and provided a 10 percent contingency that helped cover change orders. HUD gave the State considerable input into the design, but the requirements of the State and HUD were inconsistent. While HUD wanted the entire building to be physically accessible for wheelchair use, the State didn't want to pay the extra costs. The State paid for sturdier sheet rock, handrails in the halls, a bigger stove and refrigerator, larger laundry machines, and a freezer. HUD would allow only \$5,000 for appliances, which wasn't enough for a home serving 12 persons. Because the State covered the change orders, HUD didn't have to deal with them.

The sponsor mentioned a few issues that came up in the process of approving the final plans for Varnell House. HUD's fair housing staff questioned Crystal Run Village's desire to move residents of its school to Varnell House. They insisted on outreach to persons "least likely to apply," and then challenged the sponsor's advertising because it wasn't in the original marketing plan. The plan had to be amended. The sponsor representative felt that HUD staff needs more training in understanding and interpreting its own fair housing and affirmative marketing rules. He also felt that HUD staff didn't communicate with each other internally as well as they should.

He wondered why the project had to get approvals in Washington if it already passed muster at the local level. Once paperwork went to Washington, it was hard for even their very skilled multifamily housing representative to figure out where things were. The sponsor also complained about extra costs associated with Davis-Bacon Act requirements; this project obtained a waiver and wasn't subjected to them.

As of the time of the field visit, final closing for Varnell House had not been completed, though the facility had been open for a year. The sponsor expects to close in the spring of 1995. He questioned why it was necessary for the building management to have a real estate broker's license. This was a major reason for the delay in closing; the sponsor had to add a broker to his board of directors. Backups in the legal department were also seen as contributing to closing delays.

As a result of the delayed closing, the contractors haven't received their final payments (2.5 percent), and the sponsor has had to borrow money to pay salaries and operating expenses. Delays associated with HUD programs ultimately increase costs, because contractors come to expect them and raise their bid prices accordingly.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATIONS

The building has been open for a year and has a waiting list. There were no vacancies at the time of the site visit. Residents of the building must be developmentally disabled and must be receiving Medicaid assistance. The State's case manager verifies eligibility. Because of the State of New York's Office of Mental Retardation and Developmental Disabilities' role in screening tenants, HUD does not require advertising of vacancies. The State case manager and a screening committee make the final decisions on admittance when vacancies occur. Two vacancies have come up since the building opened, as a result of deteriorating health and death. They were filled within a week.

The manager indicated that it costs \$450,000 per year to run Varnell House. Of this amount, the HUD project rental assistance contract covers about one-third, or \$150,000. The State covers the remainder. Personnel costs have been higher than anticipated; there is no "cushion" in the State reimbursement level. State funding levels are staying the same, but costs are going up. In the past, Crystal Run Village has been successful in appealing the State rates; the sponsor will not accept residents for new projects unless the State will compensate the organization for service costs at a reasonable rate. The sponsor attributes its success in winning rate appeals to good recordkeeping. HUD has encouraged the sponsor to apply for rent increases and has been prompt in making PRAC payments.

Private fund-raising covered the up-front costs for land acquisition and project planning, but it is not sufficient to cover ongoing operating costs. Since payments from the State tend to be late, the sponsor has had to establish a line of credit to cover operating expenses.

Because the building is so new, the manager has little experience with major repairs or equipment replacement. However, the front door and a dresser have already been replaced. As indicated above, there is a need for more storage space. A garage would help with storage of maintenance equipment and seasonal items.

ADAM COURT SOUTH PORTLAND, MAINE SECTION 202 FOR PERSONS WITH DISABILITIES

PROJECT INFORMATION

Adam Court, located in a residential area of South Portland, Maine, provides 10 units in a newly constructed independent-living facility for persons with many types of severe disabilities. All of the residents use wheelchairs and live with personal care assistants (PCAs). The funding application was approved in September 1984 but the beginning of construction was delayed until December 1988. The project was first occupied in November 1989.

This project was nearly dropped. According to the sponsor, the HUD Field Office staff in Manchester was not knowledgeable about the special assistive technology needed for persons with severe disabilities, e.g., power doors and smoke detectors that are wired to the Section 202 main office on an adjacent property. After numerous delays, the contractor went into bankruptcy because of the project. With no further incentives, he was reluctant to provide the documents needed for the HUD closing. It took 42 months to agree upon the closing date of June 30, 1993.

PROJECT DESCRIPTION

Adam Court is a 10-unit facility consisting of 10 two-bedroom units, each of which accommodate one disabled person and one PCA. The project is designed as two one-story wood-framed buildings, in many ways reminiscent of a motel with separate doors leading to the individual units.

The lot is adjacent to a Section 202 development for the elderly. The land for the project was donated by subdividing the South Portland Housing Authority-owned property of the Section 202 development, although HUD insisted that a separate nonprofit entity be formed to develop and manage Adam Court.

There are no common areas in the building and each apartment is independent of the others. This makes it difficult for the residents to forge any sense of community, since they have no place to meet and mingle other than their own apartments.

The only common spaces originally planned for the building were shared sidewalks to the street for each pair of apartments. Can arrangement that HUD insisted on despite the protests of the sponsor. The impracticality of this arrangement became obvious when the residents moved in:

the sidewalks immediately outside each door ran parallel to the building, and many residents lacked the dexterity to make the turn onto the sidewalk. Also impeding access were crank-out windows located above the sidewalk. These problems necessitated the construction of new sidewalks exiting directly from the door to the street.

Adam Court is clean, but maintenance is a problem. Heavy wheelchairs are hard on the walls; and most of them are electric, which poses an additional maintenance burden since their heavy rechargeable batteries sometimes leak acid that stains and destroys the carpets. Carpeting has been placed on all of the walls of the apartments to minimize maintenance necessitated by minor collisions, but corners show a lot of wear and tear. All of the bathrooms need major maintenance: poor drainage has caused the tiles to loosen and most of the residents have put down towels to cover the broken flooring. The doorjambs, which also have sustained water damage, are in need of repair as well.

The sponsor pays to do some repairs each year and has not petitioned HUD for those expenses. The sponsor has also provided special amenities needed by some of the residents^C for example, electric doors that can be resident-operated and special smoke detector systems that are monitored off-site. The sponsor also has tried to improve the cost and energy efficiency of the units by switching from all-electric to natural gas, wrapping water heaters, and tightening the fits between outside doors and the casings, while ensuring that the doors function safely.

NEIGHBORHOOD DESCRIPTION

Adam Court is located in a neighborhood that consists primarily of single-family residences. A public housing development for low-income elderly persons is located in the immediate vicinity. Most residents of the neighborhood are families with children. Most residents are white, and a few families are Asian or Pacific Islander, or Native American. The overall quality of the residences in the neighborhood is considered excellent. Homes are sound and well maintained. The public infrastructure is also well maintained, including frequent snowplowing in the winter months. At the time of the visit, South Portland was recovering from a major winter storm. The streets at Adam Court were plowed, all of sidewalks leading to the units were free of snow, and sand was being used on the few remaining patches of ice. Neighboring homes were shoveled out as well.

The project does not have its own van. However, residents can use nearby public transportation. Convenience stores are located within a half-mile of Adam Court. The closest supermarket is between one and two miles and the closest general hospital is over two miles.

This is a very safe neighborhood. Residents can move around without worry for their safety.

SPONSOR AND MANAGER CHARACTERISTICS

Adam Court is the first project undertaken by the sponsoring organization, Adaptive Environments⁶. The sponsor has not undertaken any additional development. However, the president of the Board of Adaptive Environments is a volunteer member of several boards in the Portland area and a very experienced developer of public housing. He has been on the City Council since 1959 and on the Board of the Housing Authority since 1969. His experience, determination, and patience are largely responsible for the successful completion of this project. The sponsoring organization can be best described as a local social services organization whose primary focus is on providing housing for persons with many types of disabilities.

The sponsor's stated philosophy is to encourage tenants to go out of the building for the supportive services they need.⁷ The president remains active in the assurance of supportive services to the residents.

The building is managed by South Portland Housing Authority, the same agency that manages the housing for the elderly on the adjacent property. The executive director has been with the agency for 12 years. In total the agency manages six buildings housing persons with disabilities. During the site visit, the interviewer spoke with the president of the Adaptive Environments Board, the treasurer of Alpha-One (the "sponsoring agency" that supplies the funds for services), and the person from the South Portland Housing Authority who wrote and submitted the funding application.

PROVISION OF SUPPORTIVE SERVICES

The profile of the tenants residing at Adam Court includes an average income of \$6,148, ranging from a low of \$5,472 to a high of \$8,016. The residents were previously living in a variety of settings: independently in private apartments or homes, with relatives or friends, or in a nursing home or other institutional setting. The types of disabilities found among the current tenants include physical disabilities such as mobility impairments, multiple physical handicaps, and both physical and developmental disabilities.

⁶ Adaptive Environments is Adam Court's corporate name. It is a separate non-profit (501 c(3)) entity that Alpha-One (the state-wide agency responsible for all persons with disabilities in Maine) "shepherded into existence" at HUD's insistence so that Adam Court could be developed.

⁷ The research team provided only two options regarding the sponsor's philosophy in the delivery of supportive services: either residents should be encouraged to leave the building for services, or on-site services should be provided since services are very important to enhancing the residents' ability to live as independently as possible. It is not known whether most sponsors would have preferred a middle position with respect to some services, because in most cases, the sponsor's stated philosophy does not correspond with the supportive services offered on-site. (See the Provision of Supportive Services section for discussion of services provided on-site and off-site.)

Adam Court is generally considered rich in supportive services. Although the sponsor's philosophy is to encourage residents to leave the building for needed supportive services, it appears that numerous services are provided on-site and are used by most of the residents. These services include social work services, recreation and social activities, physical therapy, personal assistance services, and physician and nurse visits. None of these services is provided by the sponsoring agency. Additional services—exercise programs, wellness programs, dental care, vocational guidance and training, psychological services, and substance abuse counseling—are available off-site. The property managers indicate that all of the residents need the on-site services of a personal care attendant in order to live as independently as possible. Furthermore, the sponsor estimated that 80 percent would be unable to remain at Adam Court if supportive services were no longer available on-site. The quality of the services provided by the sponsor is rated as excellent, as is the quality of the services provided by all other sources. The accessibility of off-site services is generally good.

Most sponsors had difficulty estimating the annual cost of providing supportive services. Adaptive Environments estimated that the current costs average \$2,400 per unit per year. Costs for supportive services were estimated to be 20 percent of the total. The supportive services provided are coordinated by full- and part-time people who also coordinate recreation activities. Over the past two years, the general trend in the funding of supportive services for persons with disabilities has been a decrease in funding. Medicare and Medicaid provide funds for supportive services at Adam Court. The mechanism used to fund the salaries of supportive services coordinators is profits from another 510 (c)(3) housing development corporation. If HUD were to provide funds for a supportive services coordinator, Adam Court would not change its current practices.

SPONSOR EXPERIENCE WITH APPLICATION AND DEVELOPMENT PROCESS

The development of Adam Court was accomplished without assistance from a consultant since the president was very experienced. Generally the sponsor had no problem finding a site, but physical problems with the site had to be resolved (e.g., a granite ledge and an open, natural drain in the land where water accumulates).

Local officials were somewhat supportive, as were neighbors and community groups. HUD's cost containment measures posed difficulties in terms of the maximum per-unit costs.

The total cost of the Adam Court project was \$584,200, or \$58,420 per unit. Of this amount, HUD covered 85 percent with a capital advance. The land was donated; the per unit cost including the land costs was \$68,688.⁸ No amenities were funded with non-HUD funds.

⁸ The Sponsor received \$110,000 from the State of Maine Housing Authority in a residual receipts note.

Alpha One maintains a waiting list for the properties that house disabled persons. There was no delay in filling all units.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATIONS

Turnover at Adam Court is practically nonexistent. The primary reason for turnover is that a tenant needs more care and can no longer live independently.

The sponsor's current waiting list for this project is 20 persons who are looking for a two-bedroom unit. It could take at least two years to place everyone currently on the waiting list.

AMOSKEAG RESIDENCES INC. MANCHESTER, NEW HAMPSHIRE SECTION 202 FOR PERSONS WITH DISABILITIES

PROJECT INFORMATION

Amoskeag Residences Inc., located in a central city area of Manchester, New Hampshire, provides 12 spaces for deinstitutionalized persons with chronic mental illness. The property is a group home that was reconstructed through substantial rehabilitation (exceeding 75 percent of the value of the building). The funding application was approved in September 1979 and renovations began in September 1980. The project was first occupied in May 1981.

This project took a lot longer to complete than it appears. The acquisition process alone took three years, beginning in 1977. The experience and determination of the sponsor, coupled with the social commitment of several interim investors in the property ensured the eventual success of this project.

PROJECT DESCRIPTION

Amoskeag Residences Inc. is a 12-space facility consisting of 4 bedrooms designed for single occupancy and 4 bedrooms designed for double occupancy. This 2-story building is 60 years old. From the street, it looks like a moderately-sized home, but the building is approximately three times as deep as it seems from the front. The building is freshly painted in an antique blue and has a mansard roof.

The lot is small compared to the size of the building. The building has been reconstructed with handicapped-accessible ramps and entrances, leaving very little yard space.

Common areas in the building include a living room and den, a dining area inside and also on a screened porch, two kitchens, and a management office. Staircases are located at the front and rear of the building.

Amoskeag Residences is clean and well maintained in both the common areas and the individual units. The kitchens are due for updating, but in general the sponsor has continued to do annual maintenance projects. This is an old building; there will always be work to do.

A new driveway has been installed, and, as mentioned, the outside of the building has been recently repainted. In addition, a new retaining wall was also installed, the foundation was excavated for better drainage, an office was added on the second floor, and new decking was

added on the screened porch. The entire interior of the building is repainted annually.

NEIGHBORHOOD DESCRIPTION

Amoskeag Residences is located in a neighborhood that is mostly multifamily housing with a mixture of apartment buildings built about the same time as the original building. Most residents of the neighborhood are of mixed ages and have a range of family characteristics. Most of the residents are white or of Hispanic origin. The overall quality of the residences in the neighborhood is considered fair. In general the apartment buildings are sound. However, the streets and sidewalks are in need of minor repairs and areas surrounding the buildings need minor house-keeping.

The project has its own van to transport residents to day programs and other services activities. A dial-a-ride program also is available for a fee. A few convenience stores are located within a mile of the property, but they are seldom used by the residents. The closest supermarket is between one and two miles, and the closest general hospital is over two miles.

The neighborhood is considered somewhat safe. The building is well lighted at night (the sponsor installed outdoor lights), but the residents generally do not go outside unescorted.

SPONSOR AND MANAGER CHARACTERISTICS

Amoskeag Residences Inc. is the first project undertaken by the sponsoring organization, Mental Health Center of Greater Manchester. The sponsor has not done any further development using HUD funding under Section 202, Section 162, or Section 811. The sponsor has, however, received funding under the McKinney program, which did not require site acquisition. Mental Health Center also manages 125 resident spaces in the community and provides various types of care (including day programs and respite care) to 890 persons in the community. The sponsoring organization can be best described as a local mental health services organization whose primary focus is providing housing for those persons who are chronically mentally ill, most of whom have been deinstitutionalized and require brief recommitments for 10 days or up to 5 years.

The sponsor's representative indicated that the organization's philosophy is to encourage tenants to go out of the building for the supportive services they need. The Director of Residential Programming indicated that most of the residential programs she oversees are through the Department of Mental Health (DMH). Her experience with that organization has been substantially easier than her experience with HUD: First DMH does not require site control to begin work on a project, and second, DMH understands the disabilities of the potential residents. HUD representatives, by contrast, are "truly housing people who do not see the clinical side of the responsibility for residents' well-being and only look at the shelter aspects of the arrangement."

The building is managed by the sponsoring organization. The current property manager has 15 years experience, with 4 years at the Mental Health Center of Greater Manchester. The agency manages 2 rooming houses, 1 other group home and 50 scattered-site apartments in the community. During the site visit, the interviewer spoke with the program director and the property manager.

PROVISION OF SUPPORTIVE SERVICES

The average income of the tenants residing at Amoskeag Residences Inc. is \$4,500. The residents were previously living in two settings: other subsidized housing or in a nursing home or other institutional setting. All residents are chronically mentally ill.

Amoskeag Residences Inc. is generally considered rich in supportive services. Although the sponsor's Mental Health Center of Greater Manchester's philosophy is to encourage residents to leave the building for the supportive services they need, it appears that numerous services are provided on-site by the sponsoring agency, including one or more meals daily, housekeeping services, transportation, social work services, recreation and social activities, personal assistance services, physician and nurse visits, and psychological services. These services are used by most of the residents on-site. In addition, wellness programs, dental care, and vocational guidance and training are available off-site. The property managers indicate that none of the residents need the on-site services of a personal care attendant in order to live as independently as possible. Furthermore, the sponsor estimated that 100 percent would be unable to remain at Amoskeag Residences if supportive services were no longer available on-site. The quality of the services provided by the sponsor is rated as excellent, as is the quality of the services provided by all other sources. The accessibility of off-site services is generally excellent.

Mental Health Center of Greater Manchester provided no estimate for the current total costs per unit per year, nor for the proportion of the costs that are associated with the provision of supportive services. The supportive services provided are coordinated by one full-time person paid by the sponsor. The property manager is responsible for coordinating recreation activities. Over the past two years, funding of supportive services for persons with disabilities has stayed about the same. State and county social service agencies fund supportive services at Amoskeag Residences and the sponsor pays the salaries of supportive services coordinators. If HUD were to provide funds for a supportive services coordinator, Amoskeag Residences Inc. would switch the source of funding to HUD.

SPONSOR EXPERIENCE WITH APPLICATION AND DEVELOPMENT PROCESS

The development of Amoskeag Residences was assisted by a consultant from the New England Nonprofit Housing Development Corporation (an organization that no longer exists). The sponsor's experience with consultants was not good; the sponsor hired three consultants over the course of the project development but discovered that the consultants' advice was counterintuitive and that their own intuition worked best. The major difficulty the sponsor encountered was site control. The site of the completed project required finding an interim benefactor to hold the property for them which allowed them to apply "having site control."

Local officials were very supportive and neighbors were somewhat supportive. HUD's cost containment measures posed no difficulties for the project. The total cost of the Amoskeag Residences was unavailable.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATIONS

Amoskeag Residences Inc. has never had a problem filling its units; currently 75 percent of its residents are persons who have been deinstitutionalized recently. Turnover is approximately eight percent (or one per year). In this project, turnover means "discharge." Currently there is one resident who may achieve that status in the next six months. Only one other resident is likely to ever qualify for discharge. The primary reason for turnover is that the tenant is capable of moving to a more independent-living environment.

The sponsor's current waiting list for this project is 10 persons who are looking for a private room in a group home. It could take at least six years to place everyone currently on the waiting list.

During the development phase of the project, HUD's Manchester Service Office was somewhere between unresponsive and obstructionist. During the past five years those sponsors who correspond with that office have found a distinct change—the current HUD staff have "bent over backwards to help."

GREATER MARLBORO RESIDENCE A MARLBORO, MASSACHUSETTS SECTION 202 FOR PERSONS WITH DISABILITIES

PROJECT INFORMATION

Greater Marlboro Residence A, located in a suburban residential area of Marlboro, Massachusetts, provides 12 spaces in a newly constructed group home for persons with developmental disabilities, hearing impairments, and/or chronic mental illness. The funding application was approved in September 1980 and construction began in January 1981. The project was first occupied in September 1981.

Although this project took two years to open, the process was less difficult than for the average project. Disputes with the contractor, staff turnover at the sponsor agency, and the hiring of new agency staff with no experience with HUD all contributed to minor delays.

PROJECT DESCRIPTION

The Greater Marlboro Residence A consists of 12 bedrooms designed for single occupancy. The home is a two-story, wood-frame, gray-painted building that is designed to meet the needs of its developmentally disabled residents.

The project's lot is next to a water tower, and while the home is oversized for a residential area, it appears dwarfed by the tower. However, this location is on a hill high above the city of Marlboro and provides beautiful views in all directions.

Common areas in the home are plentiful. In Massachusetts, a residential program for persons with developmental disabilities is considered an educational institution. As such, Greater Marlboro Residence A was thoughtfully designed to house the residents in four clusters, each of which has its own den with a combination kitchen, living, and dining room. The clusters permit residents to live, learn, and function in smaller groups.

There is also ample common space on the first floor for use by all residents. This space includes a full kitchen and dining area, an airy and large living room with floor-to-ceiling windows on the outside walls, and a room set up with various types of exercise equipment. The elevator, however, does not meet fire marshall standards (which requires evacuation in two and one-half minutes), and therefore cannot be used.

Greater Marlboro Residence A is clean and well maintained in both the common areas and the

individual bedrooms. Each resident's room is furnished differently since the residents supply their own furniture. The individual bedrooms have a reasonable amount of storage, and additional storage is also available in another area in the building.

The costs of operating a building of this size on a hilltop have been considered. The building is well insulated and has vinyl siding. The sponsor has installed an oil tank of sufficient size to heat the building for an entire year. This supports considerable savings in the oil bill since the oil is purchased in the summer when the price is lowest.

NEIGHBORHOOD DESCRIPTION

Greater Marlboro Residence A is located in a neighborhood of large single-family homes. Most residents of the neighborhood are families with children. The neighborhood residents are predominantly white, with no other ethnic group in evidence. The overall quality of the residences in the neighborhood is considered excellent. Most of the immediate neighbors live in relatively new homes. Farther down the hill are numerous, large, turn-of-the century homes. The homes and the surrounding property are generally very well maintained.

There is no public transportation in Marlboro. However, the project has a van, and Greater Marlboro Programs Inc. (GMPI), a United Way Agency, runs a small transportation service. The van is used to take residents to the day program. GMPI will take any eligible adult to and from work. Convenience stores can be found about a half mile from the residence. The closest supermarket is less than a half mile, and the closest general hospital is between one-half and one mile.

This is an upscale neighborhood where many of the nearby homes were constructed after Greater Marlboro Residence A opened. Safety is not an issue in the area.

SPONSOR AND MANAGER CHARACTERISTICS

Greater Marlboro Residence A is the first HUD project undertaken by the sponsoring organization, Greater Marlboro Programs Inc. The sponsor has since developed one more project for 10 residents with disabilities. The sponsoring organization can be best described as a local social services organization whose primary focus is providing housing for persons with developmental disabilities.

Greater Marlboro Programs Inc.'s philosophy is to encourage tenants to go out of the building for the supportive services they need.⁹ The sponsor has 22 years of experience providing housing and

⁹The research team provided only two options regarding the sponsor's philosophy in the delivery of supportive services: either residents should be encouraged to leave the building for services, or on-site services should be provided since services are very important to enhancing the residents' ability to live as independently as possible. It is not known whether most sponsors would have preferred a middle position with respect to some services, because in most cases, the

services to persons with disabilities.

The building is managed by the sponsoring agency. Although the sponsor/property manager has changed executive director three times since the beginning of the project development, each director has been hired for his/her expertise in managing residential programs for persons with developmental disabilities.

PROVISION OF SUPPORTIVE SERVICES

The profile of the tenants residing at Greater Marlboro Residence A includes an average income of \$6,846 and ranges from a low of \$5,152 to a high of \$9,916. The residents were previously living with relatives or friends, or in a nursing home or other institutional setting. The types of disabilities found among the current tenants include physical disabilities such as deafness or hearing impairments, developmental disabilities, and chronic mental illness.

Greater Marlboro Residence A is generally considered rich in supportive services. Although Greater Marlboro Programs Inc.'s philosophy is to encourage residents to leave the building for the supportive services they need, it appears that numerous services are provided on-site and used by most of the residents. These services include one or more meals daily, transportation, social work, exercise programs, recreation and social activities (both on-site and off-site), and personal assistance services. The property managers indicate that 100 percent of the residents need the on-site services of a personal care attendant in order to live as independently as possible. Furthermore, the sponsor estimated that 100 percent would be unable to remain at Greater Marlboro Residence A if supportive services were no longer available on-site. The quality of the services provided by the sponsor is rated as excellent, as is the quality of the services provided by all other sources. The accessibility of off-site services is generally good.

Most sponsors had difficulty estimating the annual cost of providing supportive services. Greater Marlboro Programs Inc. estimated that the current costs average \$30,276 per resident space in a group home per year.¹⁰ Nearly 80 percent of the residents have come from State institutions supported by the Department of Mental Retardation (DMR). The supportive services provided are coordinated by an individual in a full-time paid position; this person oversees both supportive services and recreation activities. Over the past two years, the general trend in the funding of supportive services for persons with disabilities has been a decrease in funding. The sources of funds for supportive services at Greater Marlboro Residence A have been State and/or county social services agencies. Salaries of supportive services coordinators and staff are funded by

sponsor's stated philosophy does not correspond with the supportive services offered on-site. (See the Provision of Supportive Services section for discussion of services provided on-site and off-site.)

¹⁰ The supportive services are paid by a State contract.

DMR.¹¹ Most of the current residents are considered moderately retarded, and the State requires a 2:12 ratio of staff to residents.¹² The executive director pointed out that the current system is in jeopardy: at the same time that the State is reducing funding, the "backfilled residents"¹³ are more severely handicapped, so that higher staff ratios per resident may soon be necessary. If HUD were to provide funds for a supportive services coordinator, Greater Marlboro Residence A would hire a full-time coordinator.

SPONSOR EXPERIENCE WITH APPLICATION AND DEVELOPMENT PROCESS

The development of Greater Marlboro Residence was assisted by an experienced consultant responsible for most of development activities. Area residents did not support subsidized housing in this location, and local officials and community groups were also somewhat negative; however, the sponsor was persistent and the project was eventually completed. The technical assistance from HUD was viewed as extremely helpful in getting the final approvals. HUD's cost containment measures posed no known difficulties.

The total cost of the project was \$635,685, or \$52,973 per unit. Of this amount, HUD covered 90 percent with a capital advance. The land cost \$64,803, and the per-space cost was \$48,406 (excluding the land costs). The amenities funded with non-HUD funds included furniture and office equipment.

The initial rent-up was very simple, as referrals to the project were made by the State DMR.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATIONS

Turnover at Greater Marlboro Residence A is very low—approximately 10 percent per year. The primary reason for turnover has been that a tenant is capable of moving to a more independent environment. Among current residents, approximately one-third may achieve this goal; for another third, this may be possible after considerably more training and development, but the remaining third will never be able to live more independently.

¹¹ In addition, residents pay a proportion of their monthly income.

¹² There are 6.75 full-time-equivalents of services staff plus a site manager and a maintenance person funded by DMR. During the week, the staffing is: 6 a.m. to 9 a.m.—two persons, 9 a.m. to 4 p.m.—zero persons while the residents either work or attend a day program, 4 p.m. to 10 p.m.—three persons plus the site manager, 10 p.m. to 11 p.m.—2 persons, and 11 p.m. to 6 a.m.—one person.

¹³ Replacement residents for those who leave the program.

Since the State has a long list of resident referrals for this property, there is no need to do any marketing. Whenever there is an available space, it is filled quickly.

INDEPENDENCE HOUSE EAST PROVIDENCE, RHODE ISLAND SECTION 162 AND SECTION 811

PROJECT INFORMATION

Independence House, located in the central city of East Providence, Rhode Island, provides 26 units in an independent-living facility specially constructed for persons with physical disabilities. The funding application was approved in September 1989 and construction began in January 1993. The project was first occupied in November 1993.

Part of the slowness in processing, which nearly resulted in the project being dropped, was due to the project's beginning under a Section 202 reservation and later converting to a Section 811 project during a period of time when the HUD regulations for the newer program were not fully developed. At the time of the site visit in January 1995, no closing date had been set.

PROJECT DESCRIPTION

Independence House is a 26-unit facility consisting of 20 one-bedroom units and 6 two-bedroom units. The design and construction of this building won the *Multi-Housing News* award for 1994 as the "best accessible." It is a two-story wood-frame building that encourages true independent living for persons with a range of disabilities. The building is constructed in a contemporary townhouse style and painted a tan color.

Independence House's lot is 70,000 square feet; the building is 24,293 square feet. The lot is sloping and graded to allow for a parking lot, attractive yard space and gardens, as well as a gently sloped ramp extending from a common-area sun room (on the second floor) to the sidewalk and a bus stop located at the uppermost corner of the property.

Common areas in the building are extensive, attractive, and appointed with many amenities. They include an elevator, a community room with full kitchen¹⁴, sun room, laundry room, management office, common space, security system, automatic door opener, and key-card system.

Independence House is clean and well maintained in both the common areas and the individual units. Contributing to the success of the design process were input from potential residents and

¹⁴ This kitchen is used for occasional gatherings of the residents, but not for daily meals.

the architect's recognition of the need for larger apartments,¹⁵ air conditioning, and electric door openers.¹⁶ Other features of the units include wheelchair-accessible kitchen counters, sinks and ovens; Braille strips on the stoves and other appliances; side-by-side refrigerators; lower lighting fixtures; adjustable shelves; wedge-shaped edges on tiled bathroom and shower entryways; audio and visual alarm systems; call systems capable of answering the telephone; video intercoms; and sliding windows that operate with spring action. The two-bedroom units have extra storage.

Although well-constructed with rub rails down the corridors and well-maintained generally, the interior could use new paint. Like other buildings with heavy electric-wheelchair use, this one needs minor "collision" repairs and paint for the scratches. The corridor carpets will only last three more years at most. The manager indicated that the project currently has \$200 in reserves against \$25,000 in bills, due to the high costs of maintaining a building for this population.

NEIGHBORHOOD DESCRIPTION

Independence House is adjacent to a very large institution, the Rhode Island School for the Deaf, on one side and to single-family homes on the other sides. Most residents of the neighborhood are of mixed ages and family characteristics. They are predominantly white, with a smaller number of black families in the area. The overall quality of the residences in the neighborhood is fair. Many of the properties need minor repairs as well as minor housekeeping in the yards and parking areas. Public infrastructure is also in need of repairs.

Independence House is located near a local bus route. However, for some of the residents, public transit is not feasible; those who cannot use public transportation have access to a Dial-a-Ride system. There are several convenience stores within a few blocks. The closest supermarket is between one and two miles; the closest general hospital is also between one and two miles.

There are concerns about safety in the neighborhood. Most of the residents do not leave the building after dark.

SPONSOR AND MANAGER CHARACTERISTICS

Independence House is the fourth project undertaken by the sponsoring organization, Independent Living Authority; it has since begun work on two more projects. The sponsoring organization can be best described as a local social services organization whose primary focus is on providing housing for persons with physical disabilities.

¹⁵ The one-bedroom apartments are 581 square feet and the two-bedroom apartments are 815 square feet.

¹⁶ This population requires door openers that can be activated from the bed.

Independent Living Authority's philosophy is that on-site services are very important to enhancing the residents' ability to live as independently as possible. To develop the Independence House project, the sponsor worked with a consultant from Community Builders. This organization has main offices in Boston and an experienced staff of 240 people. Two hundred of the staff are engaged in property management and the remaining 40 are devoted solely to housing development. They are contacted by nonprofits and community groups, like Independent Living Authority, to develop turnkey projects for persons with disabilities. Using its vast experience, Community Builders handles everything from the initial cost estimates, and hiring an architect, to writing the funding proposal, applying for low-income tax credits, and finding investors and lawyers to support the development of the project. Since it may not receive any compensation until the final closing, Community Builders has a strong investment in making certain that the project is completed.

The building is managed by Phoenix Property Management Inc., a property manager for 13 other buildings serving tenants with disabilities. The vice president of the management company wrote the funding proposal and worked with Community Builders in the development of Independence House. The interviewer spoke with both the consultant from Community Builders and the vice president of the property management company during the site visit.

PROVISION OF SUPPORTIVE SERVICES

The average income among tenants residing at Independence House is \$8,288, with a range from \$1,842 to \$20,748. The residents were previously living in a variety of settings: independently in private apartments or homes, in other subsidized housing, with relatives or friends, or in a nursing home or other institutional setting. The types of disabilities found among current tenants include several categories of physical disabilities: hearing impairments, vision impairments, mobility impairments, and multiple physical handicaps.

Independence House is well supplied with supportive services. Although Independent Living Authority's philosophy is to encourage residents to leave the building for the supportive services they need, it appears that housekeeping, social work, recreation, and social activities (e.g., a gardening group which meets in the sun room and raises plants for the outside gardens each year) are used by most of the residents on-site. Other on-site services used by at least some of the residents include one or more meals daily, transportation,¹⁷ exercise programs, wellness programs, physical therapy, personal assistance with grooming and medications, physician/nurse visits, vocational guidance and skills training, substance abuse counseling, and parenting skills programming. Only one resident has a full-time job. Approximately one-half of the residents need the on-site services of a personal care attendant in order to live independently. Furthermore, the sponsor estimated that 32 percent would be unable to remain at Independence House if supportive services were no longer available on-site. The quality of the services provided by the

¹⁷ "Free Wheelers" will provide transportation for residents to any location within a 50-mile radius.

sponsor is rated as excellent and the quality of the services provided by all other sources is considered good. The accessibility of off-site services is generally good.

Most sponsors had difficulty estimating the annual cost of providing supportive services. Independent Living Authority estimated (with less than one full year of operation) that the current costs average \$140 per unit per year.¹⁸ Typically, there is not enough funding for supportive services. The use of services is based upon a services plan. One of the strategies this sponsor has utilized is to hire a property manager with a degree in social work. The supportive services provided are coordinated by an individual in a full-time paid position at Phoenix Property Management Inc. who floats among the projects. Independence House does not have a recreation activities coordinator; this is the responsibility of the building manager. Over the past two years in Rhode Island, the general trend in the funding of supportive services for persons with disabilities has been that funding has decreased somewhat. The sources of funds for supportive services at Independence House have been Medicare or Medicaid, State and/or county social services agencies, and private organizations. The mechanism used to fund the salaries of supportive services coordinators is charge-backs to Independent Living Authority on an hourly basis. If HUD were to provide funds for a supportive services coordinator, Independence House would hire a part-time coordinator.

SPONSOR EXPERIENCE WITH APPLICATION AND DEVELOPMENT PROCESS

The development of Independence House was assisted by an experienced consultant from Community Builders. The consultant was responsible for most of the development activities. Given the size of the proposed project, there were several problems in finding an appropriate site: sites were too small, too large, not well located, opposed by neighbors, and/or the neighborhood was not appropriate for the project. Ultimately, the application was submitted without site control. During the preparation of the application, the site was changed. Later, the location of the building on the lot was changed.

Local officials were very supportive. After the final location was chosen the attitude of neighbors and community groups changed to neutral. Technical assistance from HUD was viewed as extremely helpful in getting the final approvals. HUD's cost containment measures posed difficulties in that the maximum per-unit cost and the unit size limits were too small. According to the consultant, "when developing handicapped housing, per-unit caps need to be increased because of the amenities required to serve this population, e.g., flashing lights, automatic door openers, sirens, bells, grab bars, special tub/shower enclosures, side-by-side refrigerators, etc. Unit sizes need to be increased because of the turning radius requirements for wheelchairs."

¹⁸ This figure is a portion of the social services coordinator's salary only. It does not include costs assumed by residents living in the ILF, or by other sources of supportive services funding mentioned below.

The total cost of the Independence House project was \$2,020,000, or \$77,700 per unit. Of this amount, HUD covered 95 percent with a capital advance. The land cost \$200,000 and the per-unit cost was \$70,000 (excluding the land costs). The amenities funded with non-HUD funds included furniture, office equipment, and handicapped items, e.g. voice-activated systems. The additional cost of the project due to the Davis-Bacon Act was estimated to be between 10 and 30 percent.

The initial rent-up was difficult. The building manager attributes this to the fact that Independence House was considered a new concept in the community, and, consequently, newspaper ads were not effective. Networking with other organizations that provide services to this population, e.g., social workers network, finally provided access to the potential population.¹⁹ While the building was under construction, potential residents were interviewed at the School for the Deaf. Later, interviews were conducted at potential residents' homes, which was a more effective strategy.

In the future, as Independence House develops more properties, current residents' recommendations will be considered. In addition, more two-bedroom units will be constructed in order to accommodate young families.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATIONS

Turnover at Independence House is unknown. Since the building has not yet been open for one year, the rate of turnover is not established. The reasons for turnover thus far include two residents dying, one being asked to leave for non-payment of rent, one leaving because "Providence was too far from Woonsocket,"²⁰ one settling a court case and buying a house, and another moving to Florida to retire.

Independence House currently maintains a waiting list of about 15 eligible persons. Given current turnover, it will probably take at least 48 months to house the entire list. Approximately 80 percent of the list will require wheelchair access and most are seeking a one-bedroom unit. Currently management is having no problem filling units by relying solely on an annual marketing effort.

During the site visit, the interviewer met one of the residents who had applied from a Section 202 building for the elderly. He was extremely grateful to be able to move into Independence House.

¹⁹ One obvious source of potential residents was the Section 202 buildings that were housing non-elderly disabled residents. This group was deemed to be off-limits for Independence House outreach. However, if the current Section 202 building residents applied on their own, they would be considered.

²⁰ The distance is at most 20 miles, but this is a state where people stay close to home.

He commented on the treatment of the non-elderly disabled residents by the elderly residents in his prior residence as follows: "It is very difficult to be a younger disabled person in a building for the elderly, especially when they lump all persons with disabilities as 'mentals'."

RESIDENTIAL OPPORTUNITIES PORTSMOUTH, NEW HAMPSHIRE SECTION 202 FOR PERSONS WITH DISABILITIES

PROJECT INFORMATION

Residential Opportunities, located in a residential area of Portsmouth, New Hampshire, provides 12 spaces in a newly constructed group home for persons with developmental disabilities. The funding application was approved in October 1988 and construction in October 1990. The project was first occupied in March 1991.

This project was difficult to complete. According to the sponsor, the review process was long and at times it appeared that HUD's Manchester Area Service Office did not want the project to be completed; staffpersons showed little interest in compromise. The primary difficulty had to do with the site, which was purchased by the sponsor in 1982. In 1987 the city declared it to be wetlands without informing the sponsor. The sponsor learned of the wetlands designation during a site-review hearing after the award had been announced. Permits were eventually obtained from the Army Corps of Engineers, but not without Congressional assistance.

PROJECT DESCRIPTION

Residential Opportunities consists of 12 bedrooms designed for single occupancy. This building design was based on the sponsor's philosophy that "no one should have to live where I would not. Start with the Holiday Inn as a minimum and design appropriate amenities from there." The residence is a gray, wood-frame, contemporary structure with vinyl siding. Though large for a private home, the project's one-story architecture fits very well into the neighborhood.

Residential Opportunities' lot is fairly large and is graded to accommodate the passage of a wetlands stream, a parking lot, an attractive yard, and a courtyard. There is sufficient property on the wooded hill overlooking the residence to permit summertime "campouts."

Common areas in the building are attractive and suitable for the residents. They include a large kitchen and pantry area where residents (with support staff) can prepare meals; a congregate dining facility that doubles as an activity room; a living room; a laundry room; and a four-foot-wide corridor running the length of the building.

Residential Opportunities is clean and well maintained in both its common areas and individual

units. Men and women reside in individual units that are located on both sides of the wide internal corridor. The men's and women's units are separated by the common areas in the center of the building. Although the personal decorations on the doors and in the bedrooms vary, all are clean and neat.

The building appears to be in excellent repair. The living room furniture has been replaced and is in excellent condition. The building has a resident manager's apartment and ample additional storage space for residents' possessions. An internal courtyard provides a place for summertime picnics.

NEIGHBORHOOD DESCRIPTION

Residential Opportunities is located in a neighborhood of mostly single-family homes. Residents of the neighborhood are mainly families with children. Virtually all of the residents are white, with no other ethnic group in evidence in the neighborhood. The overall quality of the residences in the neighborhood is considered good. The homes are generally in good repair, well-maintained, and tidy.

The project has a van to transport residents to the day program at the Great Bay School and Training Program; no other transportation is available to residents. There are no convenience stores nearby. The closest supermarket is less than one-half mile and the closest general hospital is between one and two miles.

This is a safe neighborhood in a generally safe community.

SPONSOR AND MANAGER CHARACTERISTICS

Residential Opportunities is the third project undertaken by the sponsoring organization, Great Bay School and Training Center, Inc. The sponsor has since developed two other projects for persons with developmental disabilities; each accommodates 12 residents. The sponsoring organization can be best described as a local social services organization whose primary focus is on providing housing for persons who have developmental disabilities.

Great Bay School and Training Center's philosophy is to encourage tenants to go out of the building for the supportive services they need. The sponsor has 32 years of experience providing housing and services to persons with disabilities.

The building is managed by the sponsoring agency. The executive director has been with the agency for 21 years. In total the agency manages five buildings providing residences and training space for persons with developmental disabilities.

PROVISION OF SUPPORTIVE SERVICES

The profile of the tenants residing at Residential Opportunities includes an average income of \$8,818, with a range of \$6,502 to \$15,310. The residents previously lived in a variety of settings, including independently in private apartments or homes, with relatives or friends, or in a nursing home or other institutional setting. The types of disabilities found among the current tenants include physical disabilities such as deafness or hearing impairments, multiple physical handicaps, developmental disabilities, and both physical and developmental disabilities.

Supportive services are in abundance at the project. The sponsor's philosophy encourages residents to leave the building for the supportive services they need, but it appears that numerous services are provided on-site and used by most of the residents. These services include one or more meals daily, transportation, recreation and social activities, and personal assistance services. The sponsor also provides social work services and vocational guidance and training as part of its day program. The property managers indicate that none of the residents need the on-site services of a personal care attendant in order to live as independently as possible. Furthermore, the sponsor estimated that 100 percent would be unable to remain at Residential Opportunities if supportive services were no longer available on-site. The quality of the services provided by the sponsor is rated as excellent, as is the quality of the services provided by all other sources. The accessibility of off-site services is generally good.

Like most sponsors interviewed for this analysis, Great Bay School and Training Center had difficulty estimating the annual cost of providing supportive services. The organization's representative estimated that current costs average \$4,022 per unit per year. Costs for supportive services, most of which derive from a sheltered workshop run by the sponsor, were estimated to be 46 percent of the total. Over the past two years, the general trend in the funding of supportive services for persons with disabilities has been a decrease in funding. The sources of funds for supportive services at Residential Opportunities have been the sponsor and other private organizations. If HUD were to provide funds for a supportive services coordinator, Residential Opportunities would not change its current practices.

SPONSOR EXPERIENCE WITH APPLICATION AND DEVELOPMENT PROCESS

The development of Residential Opportunities was not assisted by a consultant since the sponsor has a great deal of experience in this regard. Nonetheless, the project was problematic: the available sites already owned by the sponsor were not well located; other land was too expensive; and the sponsor's plans conflicted with local government's designation of the site as "wetlands."

Local officials were somewhat negative about the project, while neighbors were generally neutral. The technical assistance from HUD was viewed as somewhat helpful in getting the final approvals. HUD's cost containment measures posed difficulties in maximum per-bedroom cost,

the limits on bedroom size, and limits on common space.²¹

The total cost of the Residential Opportunities project was \$215,000, or \$17,917 per resident space. Of this amount, HUD covered 56 percent with a capital advance. The land cost \$29,812, and the per space cost was \$26,695 (excluding the land costs). The amenities funded with non-HUD funds included furniture, kitchen/dining facilities, linens and draperies.

The Great Bay School and Training Center maintains a waiting list for the properties that it manages. There was no delay in filling all resident spaces.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATIONS

To date, turnover at Residential Opportunities is zero; this facility is a permanent placement for many of the residents. The sponsor's current waiting list for this project is eight persons, each of whom is looking for a private room in a group home. The sponsor will have no trouble filling any vacancy should a unit become available.

²¹ The sponsor paid all costs over \$215,000 for "excess space." The total additional costs were \$166,208. These costs covered 4-foot-wide hallways and single-occupancy bedrooms that are 18 by 32 feet or, according to the sponsor, "large enough to live in." However, they exceeded HUD cost limits. At the decision point where the sponsor could have had the architectural plans redrawn to meet HUD cost containment guidelines, he decided that commissioning new plans would cost as much as constructing the additional space.

ADELAIDE WALTERS APARTMENTS CHAPEL HILL, NORTH CAROLINA SECTION 202 FOR THE ELDERLY

PROJECT INFORMATION

Adelaide Walters Apartments provides 24 independent-living apartments that are rented primarily by elderly persons but also by a few non-elderly persons with disabilities. Funding for this development was authorized in 1981 and the building opened in July 1983. The project's sponsor is the Interfaith Council for Social Services.

PROJECT DESCRIPTION

Adelaide Walters Apartments is a two-story, brick building set on a hill in the charming university town of Chapel Hill, North Carolina. The building, which is barely visible from the largely commercial street below, is reached via a somewhat steeply sloped driveway and walkway. Only an attractive sign indicates the presence of the multiunit structure. Landscaping between the street and the building help the development to blend well into its surroundings.

The site on which Adelaide Walters Apartments was constructed previously consisted of two parcels. The parcel facing the street had a single-family structure that was demolished, and the larger, landlocked rear parcel was vacant. The previous owner agreed to sell the parcels for a price slightly below their market value.

The building consists of 22 one-bedroom and 2 two-bedroom apartments; it includes 2 units that are designed for persons with physical disabilities. The building manager's office is located on the first floor just off the bright and airy entry hall. One elevator serves the second floor, which has a small community room containing chairs, tables, plants, and books. Along the building's corridors, tenants have placed plants and other decorations beside their doorways to make them look more distinctive. All of the hallways and common areas are well maintained in part because the tenants clean them frequently. The manager joked that a tenant always appears to remove finger prints from the glass doors and any leaves that are blown into the entryway. In fact, two tenants appeared during the course of the manager interview to clean the entry area. Although the building is located in a neighborhood where safety is not a major concern, the manager thinks the building's security system has one flaw. Because the building lacks a buzzer entry system, the manager must provide keys to the numerous employees hired by tenants to provide housekeeping and health care services. She believes that this jeopardizes the building's security.

Units within the building are fairly small, but efficient and very well maintained. The manager noted that non-elderly persons with disabilities currently reside in one of the units that was designed for persons with physical disabilities and additional units that were not specially designed. To accommodate one non-elderly, hearing-impaired tenant, the sponsor had to obtain funds from a local charity to equip a unit with a visual warning system.

The building has a paved patio area surrounded by a terraced garden that leads to the second-floor rear entrance. During warm weather, tenants cultivate flowers in the garden and have barbecues and parties in the patio area. A member of the board of the Interfaith Council for Social Services recalls that a local garden club initially donated the development's attractive landscaping, which has been enhanced by the tenants' efforts.

NEIGHBORHOOD DESCRIPTION

Adelaide Walters Apartments is situated near downtown Chapel Hill. The street on which it is located contains mostly larger apartment and condominium buildings as well as commercial and institutional uses. Immediately adjacent to the development, however, is an attractive townhouse development. The neighborhood includes luxury condominium units as well as well-maintained public housing developments located just down the street. The area's population appears to be a mixture of families, other households, and individuals; all age groups are represented, as are both African-Americans and whites.

The area has excellent transportation, with key bus routes located within blocks. The tenants have easy access to convenience retail facilities, a hospital, and recreational facilities. Although public transportation is available, many tenants choose to walk the few blocks to downtown Chapel Hill, which offers a variety of services, shops, and entertainment.

SPONSOR AND MANAGER CHARACTERISTICS

Interfaith Council for Social Services was established by a group of churches to provide social services and assistance to the Chapel Hill community. The organization's current activities include a community kitchen, a shelter for the homeless, and other social services. At the time of the application for this project, Interfaith operated one other housing development, but had no previous experience with HUD-funded housing developments or with housing or services for the elderly and persons with disabilities. The borrower entity created to own the development, Community Housing Alternatives, has only a volunteer board and no staff.

MBG Management, Inc., a for-profit company located in Raleigh, manages the Adelaide Walters Apartments as well as other housing for elderly persons, persons with disabilities, and low- and moderate-income families in North Carolina. Staff employed for the Adelaide Walters Apartments include the part-time manager, who works there at least three days per week, and a

part-time maintenance person, who works about half time.

PROVISION OF SUPPORTIVE SERVICES

The budget for this housing development for the elderly contains no funds for provision of supportive services. Since the building opened, tenants have been totally responsible for identifying and securing any supportive services that they may require. Several agencies provide services directly to building residents. For example, the home health agency provides visits by nurses plus a variety of counseling services, and another organization provides meals.

The part-time property manager provides informal assistance to tenants by making referrals to other agencies and listening to residents' problems. Because the manager happens to be a registered nurse, she also handles some minor medical procedures, such as testing blood pressure levels, treating minor skin lesions, and reviewing medications for duplications and potential negative interactions that should be reviewed by a physician. In addition, the sponsor organization provides some informal assistance in securing services. For instance, one Interfaith board member is a staff person with the Department of Social Services and refers tenants to specific agencies and organizations for services. The sponsor plans to hire a services coordinator for elderly and non-elderly tenants if funds are approved.

The project manager feels that some of the non-elderly tenants with disabilities could use additional services. One tenant with physical disabilities including impaired mobility recently moved to a nursing home to obtain the supportive services that he requires. When tenants who require extensive supportive services are located in a facility that offers no such services, the experience is frustrating for both the tenant and the project manager.

SPONSOR EXPERIENCE WITH APPLICATION AND DEVELOPMENT PROCESS

Very little information is available on the application and development process for the Adelaide Walters Apartments, which occurred over 12 to 14 years ago. During the field visit, the interviewer spoke with the current head of the Board of Interfaith Council for Social Services, as well as a woman who was a member of the board during the application and development process. Both representatives provided as much information as possible from remaining records and memory of what transpired.

As the board members recall, the organization submitted several applications starting as early as 1978 before receiving a funds reservation in 1981. Major obstacles preventing success in earlier years were the proposed project's size and cost and the lack of a site. The organization worked with a consultant and an attorney, both of whom were familiar with the HUD program and handled most of the negotiations and interaction with HUD staff. As the board members recall, many aspects of the proposed project had to be changed, especially the building design. Initially

the plans included a common area for meals, but HUD concluded that the space increased the project's cost too greatly and required that it be eliminated. Although the board members commented that HUD required numerous project changes and lengthy documentation that was time-consuming to provide, they also stated that HUD staff reviewed submissions promptly and were generally helpful throughout the process.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATIONS

The current tenant mix in Adelaide Walters Apartments consists of 20 elderly residents; one child; three persons with chronic illnesses, such as leukemia and multiple-sclerosis; one visually impaired person; and one person with chronic mental illness. The mix of tenants in the development has not changed substantially over the years; many tenants, including those with disabilities, have lived there since it opened. Turnover in the project is low, averaging approximately two units per year, with most changes attributable to the failing health of elderly tenants and to non-elderly tenants' need for greater assistance.

The building's excellent location, attractive setting, friendly tenants, and subsidized rents make it easy to attract new tenants when units become vacant. Thirty-four people are presently on the waiting list for apartments. When screening non-elderly applicants for apartments, the manager uses verifications of their disabilities by Social Security.

Although the manager has experienced few problems with the HUD office in receiving prompt payments, the project has not had a rent increase in seven years. The manager states that HUD has required that the project reduce reserve accounts to offset deficits before obtaining additional rent increases. The manager worries that with the reserves reduced, the project will lack sufficient funds for required repairs as the project ages. In the past, the project has stayed within its budget by carefully allocating funds for maintenance and upkeep, such as landscaping and painting.

THE ARC OF NORTH CAROLINA LEXINGTON AND REIDSVILLE, NORTH CAROLINA SECTION 162 AND SECTION 811

INTRODUCTION

For many years, the State of North Carolina has actively encouraged development of small residential facilities for persons with disabilities. The Arc of North Carolina (formerly the Association for Retarded Citizens or ARC) has worked closely with State legislators to develop a variety of programs for persons with mental retardation and other developmental disabilities, including programs to develop and maintain housing. In about 1978, The Arc began working with the State of North Carolina to gain support for its housing development and management efforts and in that year it received funding from HUD to establish 42 group homes under the Section 202 program. To date, The Arc has developed 206 group homes under the Section 202, Section 162, and Section 811 programs, and additional homes await State funding approval. These projects contain 1,191 units or beds—most of which are in six-bed group homes.

AREA's fieldwork focused on two six-bed group homes for persons with developmental disabilities that were sponsored by The Arc of North Carolina: Arc Davidson County Group Home No. 3 in Lexington, which received a HUD award in 1992; and Arc Rockingham County Group Home No. 4 in Reidsville, which received an award in 1990.

NORTH CAROLINA'S SPECIAL PROGRAMS

As a result of efforts by advocacy groups, especially The Arc, the State of North Carolina offers several forms of financial and legislative assistance for housing for persons with developmental disabilities. Financial assistance includes an initial grant of up to \$40,000 and approximately \$90,000 annually to cover operating costs, plus contributions for individual tenants. (See Appendix A.) In addition, State laws facilitate the development and operation of housing for persons with disabilities. For example, a State zoning law automatically permits six-bedroom group homes in any area zoned for single-family development. Because of this law, much local opposition to group homes has been stymied. The State also has special building code requirements for group homes that are categorized as intermediate-care facilities. The code establishes clear standards for this type of housing and ensures the safety of severely disabled persons. During the early 1990s, the State adopted legislation to reduce the number of persons with disabilities residing in institutions by 4 percent per year for the next 10 years.

The Arc continues to work with the State of North Carolina to refine its housing programs for

persons with disabilities. According to discussions with representatives of The Arc and other housing sponsors in North Carolina, the State is now interested in funding a wider variety of housing types for persons with disabilities. Recently, the State has funded very few new group homes; instead it has provided funds to replace existing group homes that are outmoded or deteriorated and, of course, to provide continued operating funds for existing facilities. The State has also created a revolving loan fund to facilitate home ownership by persons with disabilities, and has funded research by The Arc into other housing alternatives for this population group, including smaller group-home facilities, condominium units, and a variety of independent-living facilities (ILFs).

SPONSOR AND MANAGER CHARACTERISTICS

Early in its efforts to develop housing for mentally retarded persons, The Arc of North Carolina's leadership decided to separate housing development and management by the statewide organization from the delivery of supportive services by local agencies. For each project, The Arc serves as the sponsor and its Housing Development Services (HDS) division functions as the borrower. The nine board members of The Arc Housing Development Services serve on the boards of each borrower corporation that is created to obtain HUD funding for specific projects. These 9 people are therefore able to make decisions quickly for The Arc's 206 projects.

As property owner and manager, The Arc HDS is responsible for accounting records, all HUD occupancy paperwork, major property repairs, and semiannual inspections of each property. HDS also advises local operating agencies on needed minor repairs. To manage its 206 properties, The Arc HDS has 9 staff members, including a director, an assistant to the director, two property managers, and a person who supervises two accountants and two people handling housing occupancy records. One factor that fosters high efficiency at HDS is its low staff turnover. Since 1978, only two staff members have left the organization, and additional staff have been added as needed.

Local agencies, such as the Rockingham Opportunities Corporation and The Arc of Davidson County, are responsible for the day-to-day operation of the group homes and the delivery of supportive services. They provide on-site staff to supervise the group homes and coordinate all employment, recreational, and health-related activities and services provided to the residents.

THE DEVELOPMENT PROCESS

Over the years, The Arc of North Carolina has devised very efficient and effective procedures for developing group homes for mentally retarded persons. As a result, the organization has been highly successful in securing development funding from HUD and operations funding from the State. Its staff are able to produce functioning projects in a relatively short time frame. For example, both of The Arc's group homes analyzed during AREA's field visit were completed and occupied within one to two years of receiving funds reservations. In contrast, Section 162 and

Section 811 projects located in other states where The Arc's projects have a major impact frequently waited more than three years between funds reservation and project opening. One of the North Carolina projects, the group home located in Reidsville, received approval of an initial application in October 1990, began construction in May 1992 after receiving approval of operating funds from the State, and was occupied by December 1992. The project in Lexington proceeded even more rapidly. Its initial application was received in October 1992, construction began in April 1993, and it was occupied by November 1993.

Factors that contribute to The Arc's success in developing group homes are described in the following sections.

Application Phase

The Arc of North Carolina relies heavily on local chapters both before submitting a HUD application and after the development is completed. The local member units are responsible primarily for identifying appropriate sites and obtaining options to purchase those sites. According to current practice, the local member units work with a consultant retained by The Arc to assist member units located throughout the State. The consultant has specific criteria, in addition to HUD criteria, that member units must use in identifying potential sites. She examines only the preferred alternative sites that meet these criteria. The Arc architect reviews proposed sites as well.

Local member groups also work to reduce any local opposition to group home development. Despite statewide zoning that allows group homes in any area zoned for single-family residential use, property owners and neighbors have devised strategies to prevent group home construction, such as restrictive covenants requiring architectural reviews of all proposed buildings in specific subdivisions. In some cases, The Arc has filed lawsuits to require owners to honor purchase agreements once the owners learn that their property is being acquired for construction of a group home.

Because The Arc, its consultant, and frequently the local member units have considerable experience applying for and developing group homes under the Section 202, Section 162, and Section 811 programs, they require little technical assistance from HUD during the application process. However, the sponsor and consultant have an excellent rapport with the HUD field office staff in Greensboro and say HUD staff is very helpful in answering questions that do arise.

The Arc has seldom used the Section 106(b) seed money loan to cover initial development costs, especially in recent years. The organization used this funding source at least once in about 1988 or 1989, but decided that requirements for using the funds were too cumbersome to justify the investment of time needed to obtain the loan. Also, The Arc's cash flow improved and the organization had alternative sources of funding, including a \$100,000 grant from the Reynolds Trust and deposits by local member groups of \$5,000 for each planned project.

Development Phase

The submission of required materials for final project approval by HUD, as well as the actual construction of the project, are also expedited by The Arc's extensive experience with the program and the similarity of the projects. In recent years, The Arc has been able to bypass the conditional stage and proceed directly to the firm commitment stage, which decreases the time required to develop projects.

The group homes built recently by The Arc are very much alike in terms of design. In fact, many were designed by a single architectural firm, and a number of other homes have similar designs. Until recently, one firm also served as the general contractor for many of the group homes. Unfortunately, the firm was acquired by a major national home builder and the new entity did not pursue group home construction contracts. Since 1988, The Arc has used one attorney for all HUD projects, thus facilitating all legal aspects of the development process.

Given the similarity of project designs, The Arc seldom encounters problems during the development process. Occasionally, the site initially proposed for a project is changed because of problems such as inappropriate soil for septic system construction or the presence of rock formations. The two case study projects did not encounter any such site problems. In some instances, HUD staff help The Arc to refine project site plans: for example, they once suggested the removal of trees located too close to a construction site. Any technical design problems encountered during the construction process are usually resolved quickly by the sponsor's architect and HUD staff. And while local sponsoring agencies sometimes request change orders for amenities that they will pay for, these changes are very infrequent. Except in rare cases where delays are experienced because of bad weather, the construction of projects is usually completed on time. Often final construction costs are somewhat lower than the contractor's estimate, and they definitely do not exceed the cost assumed during underwriting at the firm commitment stage. Again, the two projects examined during AREA's fieldwork did not encounter major technical problems or make significant changes during the construction stage.

During the 1980s, the chief problems that The Arc encountered in processing projects were related to HUD's cost-containment requirements and fair market rents (FMRs). Cost-containment restrictions resulted in the reduction of size for group homes and removal of features such as carports, which the sponsor believed were necessary. Both the sponsor and HUD field office staff commented that fair market rents caused inequities within the State. Although construction costs were approximately the same in urban and rural areas, fair market rents varied greatly. The switch from Section 8 FMRs to project rental assistance contracts under Section 162 and Section 811 are viewed as very positive changes.

Based on discussions with project sponsors as well as HUD Area Office staff, the HUD office in Greensboro is very efficient and effective in reviewing and processing documents during the development process. The Director of the Housing Development Division (at the time of the fieldwork) is very highly regarded by sponsors of all North Carolina projects included in AREA's

analysis. To facilitate HUD reviews, the director maintains a manual tracking system indicating the status of each Section 202 and Section 811 project in the State. This system enables him to determine how long a branch such as Architecture and Engineering has had documents for review of specific projects and to encourage each branch to speed up the review process when it falls behind. Staff are also encouraged to facilitate the development process and help to resolve problems. HUD's staff recognize that the successful completion of projects demonstrates in part their own good performance.

Like projects in other states, some projects sponsored by The Arc do not achieve final closings within the six-to-eight-month time frame required to allow the owner to potentially recover part of the minimum capital investment. Although The Arc's Reidsville project closed within six months of the December 1992 date on which construction was completed, the Lexington project, which was completed in November 1993, had not had a final closing at the time of AREA's survey. Staff of The Arc commented that project occupancy is more important than the final closing for all parties involved in the development. Since the contractors that they work with often have several projects that will close over time, the contractors are not usually concerned about closing a specific project as soon as possible. The Greensboro office has, however, worked closely with local sponsors to speed up the closing process: at the time of AREA's fieldwork, a meeting was scheduled to resolve some recent problems that had occurred.

PROJECT DESCRIPTIONS

The characteristics of the two projects sponsored by The Arc in North Carolina are similar in terms of building design, neighborhood characteristics, and supportive services offered.

As discussed earlier, the designs are similar for all of the recently constructed six-bedroom group homes developed by The Arc. The projects in Lexington and Reidsville both look like large single-family homes and fit in well with surrounding homes. Both buildings have brick exteriors and substantial lawns with attractive landscaping. Outdoor spaces include patio areas.

The interiors also offer homelike settings, with large living rooms and small but efficient kitchens that open onto dining areas. The rooms have a lot of natural light, especially the dining area, which has large windows and patio doors. The bedrooms are small but appear to have good layouts and are attractively decorated by the residents. Closets located within each bedroom plus two centrally located closets in the hallway provide storage space for the residents. Each group home has two bathrooms for residents: one with a shower and one with a bathtub.

Both of the homes are well equipped with safety and security devices, such as locks, smoke alarms, and sprinklers. Although both of the projects can accommodate persons with physical disabilities and are wheelchair accessible, only the group home in Reidsville has residents (two) who use wheelchairs. In the near future, special rails are planned along walls in the Reidsville development to prevent damage sometimes caused by the wheelchairs.

At the Lexington group home, all common areas including the kitchen, dining room, and living room were in use by residents during the field visit. Several residents watched television in the living room while others chatted with staff members in the kitchen and dining areas. Unfortunately, residents of the Reidsville development were all attending a day program during the morning of the field visit. Both group homes were very clean, orderly, and well maintained.

NEIGHBORHOOD DESCRIPTIONS

Lexington is a small community located on the southern edge of the Greensboro, Winston-Salem, High Point metropolitan area. The section of Lexington in which the Davidson County Group Home is located consists of older housing, most of which is single-family and generally in good repair. The group home is located at the end of the street in a subdivision of new single-family homes and is currently surrounded by undeveloped land on several sides. Although few people were on the street at the time of the visit, it appears that the neighborhood is predominately a white, middle-income area.

The group home is not close to commercial areas that offer shopping and recreation for the area's residents. Convenience grocery stores and other commercial activities are located over a mile away. The area also lacks nearby public transportation. According to the project manager, Davidson County has very few bus routes and residents in most parts of the city have to rely on private transportation.

The Rockingham County Group Home is located in Reidsville, a very small town approximately 20 miles northeast of Greensboro, North Carolina, in a largely rural area. The neighborhood in which the group home is located is on the edge of town surrounded by agricultural land. The area's housing consists of newer, single-family homes that are attractive and well-maintained.

The residential neighborhood in which the Rockingham County Group Home is located is far from commercial areas. A convenience grocery store and other retail facilities are located at least a mile away and are not easily accessible by foot. Like Davidson County, Rockingham County has limited public transportation facilities. Residents of the group home in Reidsville are transported to work, recreation centers, shopping and other activities by van.

PROVISION OF SUPPORTIVE SERVICES

The Arc of Davidson County manages and provides supportive services for the group home in Lexington. The six-bed home has two full-time and two part-time staff. The staff rotate, with five days of work and two days off each week. One person sleeps at the home each night. Part-time assistants help the full-time staff, especially during weekday mornings before tenants depart for sheltered workshops and during afternoons and early evenings after they return. Three of the residents need more assistance than the others in preparing for each day, making the role of the part-time staff very important. The organization experiences little turnover among staff of its four group homes. Most remain in their positions for four to ten years.

Services offered to group home residents include occupational training, physical therapy, psychological services, physician and nurse visits, substance abuse counseling, and dental care. The resident manager coordinates preparation of meals and transportation for the residents as well as other activities. The Arc of Davidson County does not prepare budgets for individual group homes; however, the overall annual budget is approximately \$500,000 for its four homes, which are staffed by 15 people and serve 21 residents with developmental disabilities. The average cost per resident is about \$23,800. Most of these funds come from the State of North Carolina, SSI, and the county. A Davidson County social services agency approves all budgets for the organization.

The group home for persons with developmental disabilities in Reidsville is managed by The Arc of Rockingham County. This facility has only one full-time and one part-time staff plus a services coordinator who works with all of the organization's group homes. The full-time staff person lives at the site. Services provided to residents include meals, transportation, socialization skills training, and behavioral counseling. The on-site manager provides most of these services, although additional services are provided to individual tenants depending on their needs. Medical services are offered through Baptist Hospital by private physicians. The Arc/Rockingham County operates a sheltered workshop that residents attend during the day as well as special programs, such as a summer camp.

Funding for the agency's six group homes comes primarily from the State and SSI. Detailed budgets are not maintained for specific homes. The overall budget for residential facilities is \$705,800 for six homes serving 34 people, with an average cost of \$20,800 per person. The residential program has 19 direct care givers, two administrative staff who direct only this program, and access to the agency's general administrative and support staff. The sheltered workshop, which serves about 100 people in addition to the group home residents, has an annual budget of \$1,316,000, or about \$10,000 per person.

Based on conversations with the on-site managers and coordinators for the group homes in Lexington and Reidsville, some residents need only minimal services, such as assistance with managing their finances. The representative from The Arc of Davidson County commented that most of the agency's clients could not, however, live in the general community without substantial supervision. The Arc of Rockingham County attempted to move some of its more

self-sufficient clients from group homes to a duplex apartment building that it developed. The residents refused to move, however, stating that they preferred to remain in the group homes. The organization ultimately rented the building to another agency that served previously institutionalized clients who required one-on-one supervision by resident care givers.

AUTISM SOCIETY OF NORTH CAROLINA CARY AND RALEIGH, NORTH CAROLINA SECTION 162 AND SECTION 811

INTRODUCTION

The fieldwork for the evaluation of HUD's supportive housing programs for persons with disabilities included assessments of two group homes in North Carolina that were sponsored by the Autism Society of North Carolina: Wake County Group Home Number One, an intermediate-care facility (ICF) located in the city of Raleigh; and Wake County Group Home Number Two, located in the city of Cary, which is a suburb of Raleigh. Each facility serves six persons with developmental disabilities, especially autism.

SPONSOR AND MANAGER CHARACTERISTICS

The Autism Society of North Carolina, Inc., was chartered in 1970 as a nonprofit organization established to promote the general welfare of persons with autism. Autism is a severe disorder of communication and behavior that results in a lifetime disability. The Autism Society of North Carolina, which is nationally recognized as a leader in the field of autism, offers a wide variety of services including group home development, vocational services, summer camp, public education and information, media relations, referrals, educational workshops and conferences, supportive services to parents, and liaison with government agencies and the State legislature. Much of the Society's success is based on a program developed by Dr. Eric Schopler, who established Treatment and Education of Autistic and related Communication handicapped Children (TEACCH), a Division of the Department of Psychiatry of the School of Medicine at the University of North Carolina at Chapel Hill. Founded by the State of North Carolina in 1972, TEACCH became the nation's first statewide program for the treatment of children with autism and similar developmental disorders. Today the program, along with efforts by the Autism Society of North Carolina, attracts families to the State for this special service.

Working with other nonprofit organizations, especially The Arc of North Carolina, the Autism Society of North Carolina began participating during the 1970s in statewide efforts to assist persons with mental and developmental disabilities. The Society did not begin to develop group homes until 1989, following receipt of a \$425,000 grant from a foundation created by the Reynolds family. The grant, which was later increased by \$70,000, was used in part for staff but mainly as a revolving loan fund that provided seed money for group home development. By the time of the fieldwork for this evaluation, the Autism Society of North Carolina had 14 projects housing 95 persons, primarily in six-bedroom units.

Autism Services, Inc., a nonprofit organization incorporated in 1984, operates Wake County Group Homes Number One and Number Two for the Autism Society of North Carolina. The organization also operates other group homes, including the Jade Tree Group Home, which was developed prior to Autism Services' involvement with the Autism Society of North Carolina.

THE APPLICATION AND DEVELOPMENT PROCESS

When the Autism Society decided to develop group homes, it hired a program director who had previously worked with United Cerebral Palsy, another major sponsor of housing for persons with disabilities in North Carolina. The organization also worked with a consultant. Given the backgrounds of both the program director and the consultant, the organization started developing group homes with a high level of staff experience.

To develop group homes, the Society first organizes parent groups to create separate nonprofit organizations that own the individual developments and borrow funds from the Society's revolving loan fund to initiate development. The Society's Director of Residential Services assists parent groups to establish bylaws, obtain revolving loan funds, and apply to HUD for Section 162 and Section 811 funding. The Society also works with service providers, such as Autism Services, Inc., to develop a service plan for each proposed group home.

According to the sponsor representatives, in general, the development process moved quickly and efficiently for both projects included in the fieldwork. Like other sponsors of Section 202 and Section 162/811 housing in North Carolina, staff of the Autism Society had high praise for HUD staff in the Greensboro field office. The Society's staff commented, however, that some delays occurred when decisions had to be made in HUD's regional office. The Autism Society also works with experienced contractors and carefully reviews project designs even prior to submitting applications to HUD for funding. As a result, the projects encounter few delays during the development process. The only significant delay for either of the two projects included in the fieldwork was a delay in closing.

PROJECT DESCRIPTIONS

Both of the projects are single-story, brick structures containing six bedrooms for persons with disabilities and a bedroom and/or office area for on-site managers. The general layout and design of the buildings is very similar to that used by other sponsors of housing for persons with disabilities in the State, including the design used by The Arc of North Carolina for many structures.

Each of the two group homes has attractive living-room and dining-room areas that are well lit and airy. Although the kitchens are small, they open to the dining rooms, adding to the buildings' spacious appearance. The buildings' bedrooms are fairly small but adequate to accommodate a bed, other furniture, and personal items; the bedrooms also offer adequate closet space. One side

of each building provides space for the on-site managers. In the Cary facility for developmentally disabled adults (DDA), the manager's space consists of a bedroom, a bathroom, and an office. The intermediate-care facility located in Raleigh has a bathroom and two offices for managers providing round-the-clock supervision of residents. The ICF also has a "cool off" room where very disturbed residents can stay for a short time.

During the site visits, both of the group homes appeared very clean and well-maintained. In each facility, tenants participate in keeping the home clean and tidy. Although both homes can accommodate persons with physical disabilities, including mobility impairments, neither currently houses persons with physical disabilities.

The Autism Society's group homes fit well into their surrounding neighborhoods. The development in Raleigh is located on a large lot with numerous tall trees, especially pine trees. The lot is attractively landscaped and offers ample outdoor space, including a patio. The project in Cary is also located on a large lot containing numerous trees and natural ground cover.

NEIGHBORHOOD DESCRIPTIONS

Wake County Group Home Number One, in Raleigh, is located in a predominantly single-family Raleigh area adjacent to a high school and away from major thoroughfares. Housing in the area was built about 1960 or later and includes some very new homes. The homes are attractive and well-maintained masonry or wood-frame structures. The group home fits well into the residential area and is much less obtrusive than the adjacent high school.

The Raleigh neighborhood appears to house middle-income households, most of which are families with children. The area is predominantly white with some African-American households. Although the group home is surrounded for several blocks by residential development, convenience retail facilities are located fairly close by and a full-line supermarket is located within two miles. Hospital and public park facilities are also nearby. As in most parts of the Raleigh metropolitan area, public transportation is not readily available.

Wake County Group Home Number Two is located on a largely commercial street across from a small shopping center in Cary. The sponsor was able to acquire this site in a new residential subdivision for an acceptable price because it fronts on a major street and was consequently less desirable than the development's interior lots. The neighborhood surrounding the group home is very attractive and well maintained and consists mainly of newer residential and commercial development. Retail shops are within easy walking distance along the commercial street, and hospital facilities are readily accessible. Despite the group home's proximity to commercial uses, the site is very pleasant because of its trees and landscaping and because a park abuts the site on one side. Most residents of the area are white, although a few are African-American; household types include families as well as young singles and couples, and mature adults.

PROVISION OF SUPPORTIVE SERVICES

The level of supportive services varies dramatically between the ICF in Raleigh and the group home for developmentally disabled adults in Cary. According to representatives of Autism Services, Inc., residents of the Cary project are all autistic and one also has mild retardation. In contrast, residents of the Raleigh ICF suffer from multiple disorders including autism, severe retardation, mental illness, health problems, seizure disorders, and behavioral disorders. While the Cary group home has only one staff person during the night and most of the day and two people from 4:30 p.m. until 8:30 p.m., the ICF in Raleigh offers round-the-clock supervision by two to four staff people.

Autism Services, Inc., was one of the few project managers in this program evaluation who was able to provide detailed budgets regarding the cost of providing supportive services for persons with disabilities. The total annual budget for the DDA facility is approximately \$17,579 per person or bed; for the ICF it is over \$62,115 per person. The \$17,579 per-bed average included salaries and benefits for full-time and part-time resident staff (72 percent of the budget); food and provisions, office and vehicle supplies, and other supplies (11 percent); training, travel, tuition, and communication (5 percent); and other obligations (12 percent). In contrast, the budget for Autism Services' intermediate-care facility of \$62,115 per person included 10 full-time staff people available during each week (56 percent of the total budget); nursing services (13 percent); social services, recreation therapy, ancillary physical therapy, and ancillary speech therapy (7 percent); food, supplies, and laundry (5 percent); administrative services (13 percent); and other obligations (6 percent). Although most of these supportive services for the intermediate-care facility are provided on-site, some of the counseling and therapy services may occur off-site. In addition, the organization spends \$6,325 per person annually for rehabilitation services in the form of a day program.

The State of North Carolina has a very effective program to fund the operation of group homes serving persons with disabilities. (See Appendix A for greater detail.) The State has in the past encouraged the development of these facilities and has enabled their ongoing operation.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATIONS

Autism Services, Inc., has not encountered difficulties marketing the group home to persons with disabilities. North Carolina has a "single portal" system for placing persons with disabilities in housing. The county maintains one waiting list that includes persons referred by the State and the county as well as referrals by doctors, nonprofit agencies and parents. At the time of the fieldwork, about 200 persons with developmental disabilities were on the county's waiting list, including 42 persons with autism. According to several people interviewed during the fieldwork, the demand for housing for persons with disabilities is actually increasing in North Carolina as families are attracted to the State because of special services and classes offered for developmentally disabled persons, especially those with autism.

The process of reviewing applicants for housing begins with the county, which conducts psychological, medical, and psycho-social reviews. A special committee also reviews the county's list of applicants and establishes priorities for the waiting list. Before opening a group home, Autism Services contacts the county for a list of potential residents, whom the organization reviews carefully to ensure that selected tenants are compatible. For a recently opened 6-bed group home, Autism Services received a list of 25 potential residents.

The majority of the agency's tenants have guardians, and most previously lived in private homes, although some were in institutions. According to Autism Services' staff, only a small percentage of the persons whom they serve could live independently in housing available in the private market. Staff believe, however, that a wider variety of housing alternatives are needed, especially smaller developments such as duplexes and single-family units. Like other sponsors in the State, Autism Services does not plan to build more six-bed group homes but would like to construct smaller projects that offer support while allowing somewhat greater independence.

GRANT VILLAGE CHICAGO, ILLINOIS SECTION 202 FOR THE ELDERLY

PROJECT INFORMATION

Grant Village, located near 41st Street and Drexel Boulevard on Chicago's South Side, is an 80-unit apartment building designed primarily for occupancy by the elderly. Each of the units is an independent-living apartment. The project sponsor is Grant Memorial A.M.E. Church. Application for a fund reservation was made and secured in 1986. The building opened for occupancy in mid-1990.

PROJECT DESCRIPTION

Grant Village is a six-story red- and yellow-brick building located in the mid-south sector of Chicago's South Side. It contains 80 individual apartments. Twenty of the units (25% percent) are studios, 59 are one-bedroom units, and one is a two-bedroom manager's apartment. There are two elevators and four exit doors. At the time application was made to HUD for funding for this project, the Section 202 program included housing for both elderly persons and non-elderly persons with disabilities. The subject property is designed to house both populations, with 20 percent of the units specifically designed to meet the needs of persons with physical disabilities. The building is about two blocks south of the Grant Memorial A.M.E. Church, the sponsor of the housing.

The building is larger than its neighbors, except for the sponsor's church, which acts as a balance for the subject. A large structure on the block south of the property is in the process of being demolished. When it is gone, the entire block south to 43rd Street will be vacant. Grant Village is set back from Drexel Boulevard and has a wrought-iron fence surrounding it. The front yard is planted with grass, shrubs, and a few trees. There are benches in the front and rear yards for the residents. There were no flowers in bloom, but it is possible that either bulbs have been planted or annuals will be planted when spring arrives.

The building is in very good shape inside and out. The hallways are a bit narrow and a little dark. During the site visit, there was a meeting going on in the social room with approximately 20 attendees. The furniture is modest but in good condition. The office where the manager and her assistant sit is so small that the two desks barely fit. Because of the design of the building, there is no way to enlarge the area without moving the mailboxes.

NEIGHBORHOOD DESCRIPTION

Drexel Boulevard, on which the project is located, is a very wide street with a parkway separating the through traffic from the residential traffic. It boasts magnificent mansions left from a former, more affluent era. The subject's block contains a mix of single-family, white-stone residences^C

which, though large by today's standards, could not qualify as mansions^C and small multifamily properties. The residences are in relatively good shape, but the multiunit properties are vacant and dilapidated. Two of them have signs indicating that Grant Memorial Church plans to rehabilitate them. Much of the neighborhood is vacant land, and it is unclear whether the city or private individuals own it. The sponsor is very involved in renewal efforts for the community.

The neighborhood is described as 100 percent African-American with no secondary population group. Most of the residents are mature adults and senior citizens. All of the services needed by elderly and disabled residents are very close at hand, except for a public park. Because of all of the vacant land and buildings, few people were present on the streets. It was noted that there are bars on the first-floor windows and all of the doors have substantial locks. Inside the double entrance doors, in front of the manager's office, is a security desk that is tended during the day by one of the tenants; at night there is a paid guard.

SPONSOR AND MANAGER CHARACTERISTICS

The sponsor is Grant Memorial A.M.E. Church. The present pastor, who joined the church in late 1985, had been the sponsor/developer of housing for seniors and others at his former congregation and was instrumental in gaining approval from Great Memorial's board of trustees for the Section 202 application, which was submitted in 1986. The sponsor is primarily a religious institution and it maintains a large church building two blocks north of the subject housing. In addition to religious services, the church sponsors a day-care and after-school care center, senior activities, and other community services.

East Lake Management Company, which manages the property, is a for-profit management and development organization. It is not affiliated with the sponsor. East Lake manages many properties in and around the neighborhood and has a great deal of experience with HUD and other government-assisted properties. The manager of the building works for East Lake, not the sponsor. She handles the day-to-day operations of the building, such as collecting rent, supervising janitorial staff, answering mail and phones, leasing apartments, and handling tenant problems. She is not involved in the financial operations of the building.

PROVISION OF SUPPORTIVE SERVICES

No supportive services are provided in the building for either persons with disabilities or elderly residents. There is a part-time social services director who, in addition to developing some programs, arranges outings and meets with the tenants. The director's salary, paid by the management company, is reimbursed from the operating expenses submitted to and approved by HUD. The resident manager also acts as a service provider to the tenants, helping them to secure answers to their questions, arranging for transportation, and being available in emergencies. It was noted that the tenants in the building take care of each other. Each floor elects a floor captain who is the "ears and eyes" of the floor. Some of the residents have moved here from other subsidized buildings because of the activities and the general caring attitude.

The project was built primarily for occupancy by elderly individuals and couples. At the time of the application the program required that at least 20 percent of the units be set aside for occupancy by non-elderly disabled persons. Sixteen of the units are specially designed for occupancy by disabled persons, but according to the manager only one such unit is occupied by a non-elderly disabled person. Nine of the regular units, however, are occupied by non-elderly disabled persons. It was observed that some of the residents were using walkers to ambulate. The manager stated that the physical disabilities include hearing and vision impairments, high blood pressure, or severe back problems. There are no tenants who would be categorized as chronically mentally ill, developmentally disabled, mentally retarded, or severe substance abusers.

SPONSOR EXPERIENCE WITH APPLICATION AND DEVELOPMENT PROCESS

The sponsor received a fund reservation on the first try and secured the award in September 1986. The services of a consultant were used and considered to be very helpful. The sponsor had control of the site at the time the application was made, which was a threshold requirement. The land was purchased from the city with money borrowed from a private bank. The consultant and the present management company did most of the paperwork connected with the processing of the application. The sponsor representative, though he had experience with elderly and other housing in a former position, had little direct contact with either HUD or the others involved in the process. He was sure that the consultant and the other team members utilized the services provided by HUD relating to meetings, technical assistance, and written materials.

As was customary at the time, the sponsor first submitted an application for a conditional commitment and subsequently for a firm commitment. The latter was secured in July 1989. There were no extraordinary delays in the processing that the sponsor could remember. However, problems did arise with respect to the size of the community room, the manager's office, and the number of elevators. The sponsor won on the elevator issue and HUD allowed two elevators to be installed. However, the size of the community room was cut down, a separate room for security was eliminated, and the manager's office was made smaller.

According to the sponsor representative there were no problems during the construction stage. HUD monitored the project as the construction moved along and did not get any bad marks.

The building was opened for occupancy in July 1990 and had reached 95 percent occupancy by September of that year. Marketing was done through the church bulletin, notices around the neighborhood, and word of mouth. There were no problems with marketing of the building, according to both the sponsor and the manager. Even the studio apartments, which can be difficult to lease in such projects, were rented without a problem. At the time of the visit there were five vacancies in the building. The manager mentioned that turnover is constant among the elderly in the building as tenants die or are moved to a nursing home. However, there has been virtually no turnover among the tenants with disabilities. The manager did mention that it was most unusual to have five vacancies: three tenants had died within a very short period of time, one tenant moved to a nursing home, and one was moved out of town.

Vacancies are filled first from a waiting list and then through the usual channels of the church bulletin, announcements from the pulpit, and word of mouth among the tenants. A vacancy is usually filled within a very short period of time. Screening for medical and health problems are conducted by representatives from nearby Chicago Osteopathic Hospital. When the writer visited, an apartment was being cleaned and painted and prepared for occupancy.

The sponsor representatives stated that the sponsoring organization did not have any problem with its financial obligations for the development. The land was purchased with a loan from a private bank; the loan was repaid from proceeds at closing. The Church had sufficient funds to meet the minimum capital requirement and did not have to do any special fundraising from either the congregation or outside sources.

This is the only HUD housing that the sponsor has done. They are in the process of securing financing to rehabilitate buildings in the neighborhood. When asked, the sponsor representative stated that they would be interested in sponsoring additional housing for elderly or disabled persons and would consider an application if there is a round this year.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATIONS

Interviews with the on-site manager and a representative of the management company revealed that they have not had any problems with HUD payments, approvals of operating expenses, or other dealings. The building is only three years old and does not show many signs of wear and tear. There was a problem with the heating system and it was repaired using sponsor funds. The manager mentioned that they would like to paint the hallways and there are some appliances that could be replaced.

As mentioned above, there has been no turnover among non-elderly disabled residents. The disabilities represented are vision, hearing impairment, high blood pressure care such that the tenants are likely to age in place. All of the disabled tenants have been determined to have

disabilities according to the rules established by the Social Security administration and are receiving SSI.

Though the current disabled and elderly residents get along well, the philosophy of the agency generally would not support a mix of tenants. It was stated that younger people with other types of disabilities, those in their 30s and 40s, might cause a threat to the elderly residents. The sponsor representative believes that persons with disabilities should not live with the elderly. In his opinion, disabled persons would feel better and do better if out on their own, and he would encourage them to move out if subsidies were available. He further indicated that it would be helpful to have some supportive services on site in order to meet problems as they arise.

The on-site manager has little to do with the financial operations of the building. It is her job to handle the day-to-day operations. Since there are no supportive services provided on or off site for the disabled residents, none would be indicated in the budget. Each unit is eligible for Section 8.

The mortgage on the building according to the Building and Loan Agreement is \$4,274,900. The total cost of each unit was \$53,436.

ORCHARD PLACE OF ENGLEWOOD CHICAGO, ILLINOIS SECTION 202 FOR PERSONS WITH DISABILITIES

PROJECT INFORMATION

Orchard Place of Englewood, located on the South Side of Chicago, has 40 independent-living apartments designed for persons with physical disabilities. Four of the units are also equipped with aids for hearing-impaired residents, while the entire building is able to accommodate vision and hearing-impaired residents. There are common areas for recreation and socialization, office space for management, and work/office space for the maintenance crew. Orchard Place received a funding announcement in 1988. Construction began in September 1989, and the project was occupied in October 1991.

PROJECT DESCRIPTION

Orchard Place of Englewood contains 12 studios and 28 one-bedroom apartments. A total of 40 units. The red brick building is seven stories tall and has two elevators. It was new construction, in contrast to surrounding buildings, and is contemporary in architectural style. The building tends to look more institutional than residential. It is also incompatible with its surroundings in terms of color and, especially, height. Appearing to dominate its two- and three-story neighbors. However, this does make for a pleasant view for residents on the upper floors.

The lot on which Orchard Place sits is surrounded by eight-foot-high, black wrought-iron fencing, which also encompasses adequate parking for the residents. Decorative brick sidewalks meander through the property, leading to well-lit seating areas that give the feel of a college campus. The fencing, benches, and sidewalks were provided by the City of Chicago's Department of Housing at no cost to the sponsor. The project's well-tended lawn and shrubs provide another contrast to most of the surrounding properties.

There are elevated tracks to the north of the building, but noise pollution is minimal: HUD approved the use of triple-glazed glass on the north face of Orchard Place to help eliminate noise disturbances to the residents. East of the building is a project for the elderly, also managed by the sponsor, that has the same physical characteristics as Orchard Place. Residential homes lie to the west. The southern exposure faces a vacant lot and a three-story apartment building in disrepair.

The living quarters in Orchard Place are, in the sponsor's opinion, too small. Each unit falls within the HUD allowance of 525 square feet for a one-bedroom unit and 450 square feet for a

studio unit. All units are wheelchair accessible and have smoke and carbon monoxide detectors as well as emergency pull chain alarms and grab bars. Four units designed specifically for the hearing impaired utilize strobe lights in conjunction with audible alarms. They include a light for the telephone service as well.

Closet space is limited, and many residents utilize shelves and free-standing cabinets for storage. HUD did not fund costs for air conditioning in Orchard Place; however, each unit has been fitted with an air-conditioning sleeve, and residents can purchase an air conditioner from the sponsor for a one-time charge of \$525. The sponsor assumes no responsibility for upkeep of the unit.

There is one common area, sectioned by vinyl partitions so that it functions as a lounge, dining area, and kitchen. The kitchen area is minimal; since each resident unit is self-contained, meals are not provided. Occasionally, special dinners are served in the common dining area, but there isn't enough seating for everyone to eat together. HUD would not allow funding for chairs to seat the entire resident population. Laundry facilities are provided on-site for residents. Initially, the sponsor wanted front-loading machines provided because of the disabled residents. However, cost limits mandated top-loaders, and in this facility at least they have not posed any problems.

Incidents of burglary, purse snatching, etc. have made security a big issue at Orchard Place. All doors are secured 24 hours a day. Both a telephone entry system and sign-in procedures are in place. All windows lock, and the management office and maintenance areas are protected by a burglar alarm. Uniformed loss-prevention personnel are employed to patrol from 6 p.m. to 8 a.m. Monday through Thursday and from 6 p.m. Friday to Sunday morning. Residents indicated that they would like 24-hour security. However, the cost of security measures is already so high, at \$84,000 annually, that the sponsor is unable to increase patrols.

Orchard Place is well maintained and clean in both common areas and individual apartments. Common area walls and doors have suffered some damage from wheelchairs, largely because HUD's cost containment guidelines did not allow for reinforced corners for the walls or protective plates for doors. The sponsor will eventually make these improvements on its own, as it has done in subsequent projects to keep maintenance costs down. The average per-unit construction cost for Orchard Place, excluding land, is \$50,680.

The average annual income of the residents is \$5,208. Most residents are on fixed incomes (SSI) and are unable to improve their situation due to a lack of education, skills, or opportunity. Currently, the average age of the residents is 55. However, management is beginning to admit young tenants mainly people in their early twenties who have been paralyzed by gunshot wounds. The sponsor has also accepted victims of violence in other facilities that it manages, and sees this as a trend among projects for persons with disabilities that are located in inner cities.

NEIGHBORHOOD DESCRIPTION

Orchard Place of Englewood is located in a predominantly black, family-oriented neighborhood

on Chicago's South Side. There are single-family homes and apartment buildings throughout the area, with some commercial shopping on 63rd Street, a block north of the facility. Residential and commercial buildings are in need of repairs, and vacant lots are in evidence. There is an ongoing campaign to revitalize the area, supported largely by the local alderperson who constantly uses Orchard Place as an example of progress. Bus service is available on 63rd Street at a cost of \$1.50. The one major supermarket in the area, Jewel, closed before construction of Orchard Place was completed.

SPONSOR AND MANAGER CHARACTERISTICS

The sponsor, Lifelink, is a multifunctional social services organization affiliated with the United Church of Christ. Celebrating 100 years of service this year, Lifelink is no stranger to HUD supportive housing programs. It has sponsored 10 Section 202 projects and four Section 811 projects, for a combined total of 764 units located in three cities: Chicago, Miami, and Kansas City. Other services provided by Lifelink include a Head Start program, foster care, adoption services, nursing, and counseling.

Lifelink's goal is to double the size of its organization and to continue providing housing for people with physical disabilities beyond the year 2000. With funding becoming increasingly difficult to obtain, Lifelink tries to accommodate its special population as best it can. Consequently, many improvements and/or changes not supported by HUD are funded through Lifelink. A fund-raising department keeps the organization afloat by soliciting contributions. Lifelink's pride and commitment can be seen at any of its projects: 100-year banners are displayed on the lightposts outside of each project, and employees throughout the buildings wear uniforms bearing the organization's name. Lifelink intends to continue building various projects, HUD and otherwise, that will carry out its humanitarian efforts nationally. HUD has never turned down one of its projects.

PROVISION OF SUPPORTIVE SERVICES

Designed as an independent-living facility, Orchard Place does not provide much in the way of supportive services. On-site social and recreational activities are made possible by resident volunteers, donations, and sliding-scale income charges, and are coordinated by the property manager and a part-time social worker. Trips to museums, shows, fish fries, etc., are only part of the recreation available to the residents. Guest speakers who volunteer their talents are invited to speak to residents on such subjects as motivation, money management, and reading. The challenge is to find activities with no fee. Because of the enormous expense of providing security, the property manager has been constrained in her efforts to provide services that would benefit residents.

Literacy is a major concern at Orchard Place. Many residents are unable to read and write, and the social worker must spend considerable time explaining and completing business forms and

handling other day-to-day matters that require basic literacy skills. This detracts from the social worker's ability to assist residents in locating outside support services and finding employment. For this reason, the manager feels it is imperative that a literacy program be put in place at Orchard Place. However, the constant remains: with an \$84,000 security expense, there is little left for services.

Orchard Place shares several employees with the neighboring project. All employees are salaried out of sponsor funds. Management believes that a full-time supportive services coordinator is needed to better serve the residents' needs, and Lifelink is exploring that option with HUD. If the effort succeeds, that person can work with residents daily to help them become more mobile and self-supporting. At present, they tend to depend on the property manager for everything.

SPONSOR EXPERIENCE WITH APPLICATION AND DEVELOPMENT PROCESS

Lifelink is a large corporation with experienced full-time staff who are extremely knowledgeable in handling HUD projects. With the aid of a private consultant and the sponsor's director of construction, the development of Orchard Place was relatively smooth. The sponsor was completely familiar with the HUD application process and could anticipate the next step prior to HUD's request. Thus a process that many inexperienced sponsors have found cumbersome was managed easily by Lifelink.

After receiving a fund reservation in 1988, the sponsor was forced to change sites. The original site was to be located in the Roseland section of Chicago. However, when construction began, it was discovered that the previous structure had been collapsed into the basement and covered over. The sponsor switched immediately to the Englewood site, an alternative already selected. The change met with no resistance from either the neighborhood or the City. As stated earlier, the alderperson has praised this project as an example of progress and has been very supportive. She believes that Orchard Place meets a critical need in the community.

The sponsor did not feel the need to apply for Section 106(b) seed money to help defray up-front costs. Sponsor funds were available for this because of the organization's very successful fund-raising department.

Lifelink was pleased with the HUD specialists who participated in the project. Nonetheless, there were some disagreements among HUD, the sponsor, and the contractor. For one thing, the HUD appraiser valued the project significantly below what the contractor would agree to. It took careful negotiations by the sponsor to move the project forward.

Construction finished one month ahead of schedule, but final closing was delayed some 16 months because of gas problems. After the building was completed, Lifelink determined that the local gas company had not provided adequate gas pressure to service the building. A change

order was requested for the purchase of a \$15,000 gas pump. HUD initially denied payment, so the sponsor applied for a second mortgage to cover expenses. HUD finally agreed to pay. While these negotiations were taking place, the building was opened and occupied for 18 months. The sponsor funded Orchard Place until receiving funds from HUD.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATIONS

At the time of the interview, Orchard Place had no vacancies. It has been open for 4 years and maintains a waiting list of 135 applicants. Each applicant is updated monthly by mail as to the availability of apartments. This list increases monthly due to overwhelming support by the local alderwoman, churches, and neighborhood organizations. Assuming normal turnover in this project, an applicant can expect to wait 60 months before becoming a resident. Openings occur primarily because a tenant has died or moved to another sponsor facility.

On one occasion, HUD payments were late due to lost paperwork. The property manager had to resubmit all vouchers to HUD using Express Mail and a fax machine. After HUD's request had been complied with, the appropriate paperwork was said to have been missing again. The sponsor and property manager both feel that his delay in processing and the need for resubmission was due to inadequate staff and high turnover at HUD. The file-to-employee ratio is too high. The property manager is often frustrated at having to acquaint new HUD employees with her project. She feels that this turnover limits any possibilities for long-term relationships and continuity.

In the most recent fiscal year, 21 percent of the total operating costs for housing and supportive services was covered by tenant rent payments; 79 percent was covered by PRAC monies. At present, Orchard Place is operating at an \$85,000 deficit, largely because of security expenses. Lifelink continues to subsidize the project.

PARK LAWN HOMES, INC.

ALSIP, ILLINOIS

SECTION 202 FOR PERSONS WITH DISABILITIES

PROJECT INFORMATION

Park Lawn Homes, Inc., is a 15-bed group home for developmentally disabled persons located in Alsip, Illinois. It is co-sponsored by Park Lawn School and Activity Center, Inc., and the Park Lawn Association, Inc. The agency received a fund reservation in 1987 and the facility was occupied in 1991, but final closing had not taken place by spring 1995.

PROJECT DESCRIPTION

The project is a single-story, white brick, U-shaped building. The center of the U houses the staff offices, kitchen, dining area, common bathroom, laundry room, and a large living/activity/TV room. There is a patio with picnic tables, a basketball hoop, and parking lot at the rear of the building. In the front yard are permanent benches. The kitchen is quite small compared to the other spaces. The dining room seats at least 20 people at one time. The laundry room has two small, stacked washers-dryers. The living area has a stationary bicycle, a TV, game tables, couches and open space. There was a puzzle in process on one of the tables.

The two wings, one for men and one for women, house the single-bed resident rooms. Each resident provides his or her own furnishings. The bathrooms are adjacent to the resident rooms. Unusual in configuration, each bathroom is really three rooms: a shower or bathtub in the center, accessible from both sides, and a toilet and sink in each of the adjacent spaces. The toilet and sink service two rooms, and the tub or shower serves four rooms. One bathroom in each wing is fully handicap-accessible. Each wing contains a seating area and a telephone provided by the sponsor.

The interior and exterior of the building were in perfect condition. Residents are responsible for taking care of their own rooms, their laundry, and personal items. There were no residents at home at the time of the visit. Though it was expected that they would arrive during the visit, none did. A majority of the information contained in this report came from the interview with the executive director and the agency's financial staff.

NEIGHBORHOOD DESCRIPTION

Alsip is a southwestern suburb of Chicago. The community combines older and newer housing along with commercial strips and shopping centers and industrial plants. The group home is on Kostner Avenue, which appeared to be heavily trafficked. Across the street to the west is a cemetery; only sheds and equipment are visible from the home, so the view is not very attractive. The fencing around the cemetery is chain link. New townhouse development (possibly condominium) is located to the north and south of the property. Land to the east is vacant and is owned by the sponsor. Beyond that is single-family housing. A building on the corner of 126th and Kostner looked like an industrial facility but turned out to be a workshop for developmentally disabled persons (not operated by the sponsor).

The area around the site is neat and clean, except for the litter in the cemetery. It is described as primarily white, with some African-Americans also living in the neighborhood. All of the services needed by the residents are available within a short distance of the residence. Except for the automobile traffic on Kostner, the area seems safe.

SPONSOR AND MANAGER CHARACTERISTICS

The application for the group home was co-sponsored by Park Lawn Association, Inc., and Park Lawn School and Activity Center, Inc. Each is a separate 501(c)(3) entity, but they are inter-related. The executive director is the same for both, and they share some board members. The group home is owned by Park Lawn Homes, Inc., the borrower corporation. The Association is the manager of the project, and the school and activity center provides the social services.

The sponsor has been in the business of providing social services to persons with disabilities for 39 years. Before applying for a loan under Section 202, the organization had developed a 40-unit facility funded from contributions and agency funds. It is operated by Park Lawn Association. At about the same time that the award for the case-study project came through, the sponsor developed two Community Independent Living Arrangements (CILAs), which it continues to operate (one houses four men, the other four women).

PROVISION OF SUPPORTIVE SERVICES

On-site services consist primarily of helping residents to learn daily living skills—keeping their room neat and clean, doing laundry, dressing, maintaining personal hygiene, and other personal skills and household tasks. The project employs 12 full-time-equivalent staff persons, of whom 11.5 are considered service providers. All of the employees work for the sponsor. At least two staff persons are on duty at all times, with additional staff in attendance during the hours that residents are home. At the time of the visit the day staff were recording notes in resident files and preparing to turn the building over to the evening staff.

It was reported that the funding for supportive services is staying the same, though the rates for various services have changed over time. The housing and supportive services are funded through a combination of tenant contributions and Medicaid from the Department of Public Aid and the Department of Mental Health. According to the financial personnel interviewed, the cost of providing on-site services is \$34,010 per resident space (bed). There is no estimate for the cost of providing off-site services such as employment training, sheltered workshop, job coaches, and other programs in which the residents participate.

Relating to the issue of "integrated" versus "segregated" housing, the executive director and the staffpersons interviewed responded that "one size doesn't fit all." They would like to see a spectrum of housing arrangements available to their clients, individualized to meet the needs of the person. Whenever and wherever access to the community is possible in the provision of services, it should be used but it must meet the needs of the individual client.

SPONSOR EXPERIENCE WITH APPLICATION AND DEVELOPMENT PROCESS

The sponsors employed the services of a housing consultant to process the application. Nonetheless, it took three tries to secure a fund reservation under the Section 202 program. The director thinks the original applications were denied because of an insufficient number of contracts with minority contractors. He does not remember any other issues. At the time of the application, control of a site was not required. The director recalled that the third submission was considered something of a "lark" and, of course, that was the time they were successful. Throughout the application period the consultant attended meetings held by HUD to explain the process. The executive director noted that HUD staff were helpful in meetings that he attended.

The project experienced many delays. First, there was difficulty securing a site. A three-quarter-acre site was needed, but many properties that size were either too expensive or located in a commercial area. The sponsor also wanted a site close to its main office, in Oak Lawn. There were essentially no zoning problems; nor was there any problem with the community, which was very supportive of the proposal.

Additional delays occurred in the design/development stage. The Village of Alsip had specific requirements; so too did the Department of Mental Health and the Department of Public Aid, which were to provide the funds for the supportive services, and the Illinois Health Facilities Planning Board (IHFPB), which issues the State license. It was required that the sponsor secure a Certificate of Need (CON) before the latter would sign off on the project. One of the problems involved the size of the rooms and the common space in the building. Eventually the IHFPB approved the bedroom size but made the sponsor reduce the size of some of the common areas, even though the sponsor was paying for the extra space. This held up the process for over six months. Planning board delays, in turn, necessitated continual updating of organization information, which took yet more time. In all, the span from fund reservation to conditional commitment was 20 months.

Construction began in November 1989; after the foundation was dug, the project was held up three months because of weather. There were some change orders requested during the construction stage, mainly to satisfy the requirements of the village and the State funding agencies. The sponsor had to pay for some of the brick on the facade, which HUD would not allow even though it was required by the village. This was difficult to understand, as the consultant had advised that the construction cost did not exceed the high cost allowance for the community. A 16-inch stone base had to be put under the parking lot when it was discovered that the subsoil was inadequate to support the asphalt; this meant yet another delay and a change order. Construction was completed on time, however, because the sponsor pushed hard at the end.

Once construction was completed the sponsor applied to HUD for a mortgage increase of \$20,000. This was a protracted process and delayed the completion of the paper work. In the end the request was approved.

Final closing had not taken place at the time of the interview. The attorney had requested that closing be scheduled during the week of March 6, 1995. With all of the paperwork completed and filed, it was only a question of coming together at the closing table. The attorney felt the request for a mortgage increase delayed the closing. The project lost its place in the closing line and had to go to the end every time there was a change in any of the documents. The hold-back to the contractor has been paid out by HUD, but there is money due the sponsor, and possibly some others, which is to be paid at closing. The HAP is in place and the sponsor has been receiving Section 8 payments. Interest is paid annually, but principal is escrowed until the final closing and the exact mortgage amount is agreed upon. The final project survey will become too old if the closing is not held during the week requested. Though it takes only a couple of days to get a survey, the project could again lose its place in line.

In spite of the difficulties experienced in getting this project (as well as their CILAs) up and running, the sponsor sees the advantages of this program for its clients and would apply again under the Section 811 program.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATION

No problems with the timeliness of HUD payments were noted by either the executive director or the financial personnel interviewed. In fact, they said that HUD has been good to them; by way of contrast they cited delays in payments from the State—specifically from public aid. The sponsor covers operating deficits. To date, the reserves have been sufficient to cover the cost of replacing worn or broken items.

All of the units were leased prior to construction completion. There has been no turnover of tenants in the building. If a vacancy occurred, South Suburban Access would be contacted and would provide a list of prescreened potential tenants. The applicant would then be screened by staff of the Park Lawn Association and the Park Lawn School and Activity Center. If the vacancy

were unanticipated, the resident space could probably be filled within 30 days; much less time if the move were planned. The main reason for departure would be to move to a less structured setting. The building attracts prospective residents because of its individual bedrooms, staff supervision, and the size of the house; the interviewees could think of no reason why an applicant would turn down an opportunity to live here.

It was noted that the clients of the agency and the residents are likely to have multiple disabilities. Most prevalent is developmental disability coupled with a severe medical problem.

Operating costs according to the most recent 92410 forms were: 1992 (partial year) - \$14,878, or \$991.87 per resident space; 1993 - \$32,378, or \$2,158.53 per resident space; and 1994 - \$30,553, or \$2,036.87 per resident space. The project is not yet paying principal on the mortgage loan and is showing a surplus in each of the three years referenced above. The amount being escrowed for mortgage principal is not shown on any of the forms.

SHORE HOMES EVANSTON, ILLINOIS SECTION 202 FOR PERSONS WITH DISABILITIES

PROJECT INFORMATION

Shore Community Services for Retarded Citizens serves persons with developmental disabilities. In 1981 the agency sponsored an application to provide housing for some of their clients and received a fund reservation in the same year. The two scattered-site facilities built under the Section 202 program are located in the Chicago suburbs of Evanston and Skokie. Each accommodates 12 adults. The homes were opened for occupancy in 1994.

PROJECT AND NEIGHBORHOOD DESCRIPTIONS

Both of the facilities developed by Shore Homes are one-story group homes accommodating six men and six women. Though both homes are of red brick construction, their physical designs differ slightly to conform with individual site configurations.

Shore Home East

The Project. Located in Evanston, Illinois, Shore Home East is a U-shaped building with a patio at the rear and an area within the U that is used in good weather as a seating and recreation area for residents. The center of the U houses the common areas, and the individual bedrooms are in the wings, one of which is for men and the other for women. There is a large kitchen with two stoves, two refrigerators, two freezers, and much counter space. The dining area is large enough for all of the residents to eat together. There is a large living room as well as a smaller, quieter space where residents can entertain family and friends away from the other residents. Bedrooms are in pairs separated by a bathroom. One bathroom on each wing is fully handicap-accessible. Six residents are housed in each wing, and each wing has its own decorating theme. The sponsor provides the basic furniture for each of the rooms. The uniformity of basic items is very attractive. Curtains, bedspreads, pictures and other furnishings can be added by the resident. Each wing contains a small seating area, with a pay phone nearby. An office is located near the entrance, and a shared bath and laundry room are in the common area. The building is equipped with safety devices.

The house was in perfect order, and everything was exceptionally neat and clean. The residents care for their own room and belongings, with staff assistance. Because the Illinois Department of

Public Aid rules applicable to this type of facility require that a dietician prepare the meals, the residents do not participate in this process.

This facility is licensed by the State of Illinois as an Intermediate-Care Facility/Developmentally Disabled property (ICF/DD). To secure this licensing, sponsor representatives had to attend many meetings and file multiple applications. Before the proposals could be approved, they had to secure a Certificate of Need from the State. This process alone took six months. The City of Evanston, however, was very supportive of the proposal and makes grants to the project every year. The city requires that, where possible, Evanston residents be given a preference for housing. The programs are funded by the Illinois Department of Public Aid under the Medicaid program.

The Neighborhood. Shore Home East is located in the southernmost part of Evanston between South Boulevard and the wall surrounding Calvary Cemetery. The project appears, from the street, to be a large single-family home; however, some additional landscaping would help it compete with its neighbors. Surrounding uses, other than the cemetery, are single-family homes, two- and four-flats, and multifamily buildings. Evanston is an older suburb and as such has little vacant land or newer housing. The site is well located: it is close to public transportation and to grocery shopping both convenience and full-line and to medical, recreational, and religious facilities. It is also very close to Lake Michigan. The neighborhood is racially and socially mixed and is as safe as any urban area. A good number of the buildings in the area are condominiums.

Shore Home West

The Project. Shore Home West, located in Skokie, Illinois, exhibits the same features as its Evanston counterpart except in the following respects: its shape is an irregular rectangle with the common areas in the center and the bedrooms extending out to the east and west. The kitchen and common areas are slightly smaller than in the Evanston house. The facility appears to be stuffed onto its site, although there is a small outdoor area with trees and grass at the site's east end. A fence borders the building on the north and south, and there is parking on the west side of the property.

The house was in perfect order at the time of the visit. The manager mentioned that the next capital project is to replace the hall carpeting, which is very worn. The rooms are quite dark and the design of the building does not enhance the outside light.

The Skokie facility is funded by the Illinois Department of Mental Health. A Certificate of Need was not necessary for this facility, but the village of Skokie had its own requirements, including preference for Skokie residents.

The Neighborhood. The group home is just north of the center of downtown in a mixed-use area. To the north, beyond the fence, is the parking lot of a parochial high school and a park. To the south beyond the fence and to the east and west the uses are a mix of residential, commercial, and some light industrial. Because of its location, the home is very close to all amenities needed by the residents: shopping, transportation, recreation, and medical care. The predominant

population group in the area is white, with Asian secondary.

Skokie is considered a relatively "safe" suburb; however, being located on Lincoln Avenue, the home is susceptible to the problems connected with any major thoroughfare.

SPONSOR AND MANAGER CHARACTERISTICS

Shore Community Services for Retarded Citizens has been providing supportive services to retarded children and adults since 1951. Started by a family in need of services for a family member, it began with day programs designed to educate and otherwise improve the quality of life for its clients. The day programs remain in operation.

In the mid-1970s, Shore developed a group home^Ca five-unit townhouse complex in Evanston^C using private funds. In addition to contributions from the residents, it is supported by fundraising, grants, United Way, the City of Evanston, and some State funds. Before developing the subject Section 202 buildings, the sponsor purchased a condominium apartment which is used as a CILA (Community Independent Living Arrangement) and leases another apartment for the same purpose. Both are funded through the Illinois Department of Mental Health.

The sponsor is also the property manager and the primary service provider for the group homes. The executive director oversees all of the operations of the agency. The main office of the agency is in Skokie, where one of the subject sites is located. Its other four facilities are located in Evanston. The agency serves an area extending from Howard Street (city limits) on the south to County Line Road on the north and from Lake Michigan on the east to Harlem Avenue on the west^Cessentially all of northeastern Cook County.

PROVISION OF SUPPORTIVE SERVICES

As noted above, Shore Community Services was a service provider before it became a housing provider. The agency entered the housing field in order to provide an additional service to their clients. Residents go off-site every day to participate in a day program, sheltered workshop, educational program, work program, or other service. About 95 percent of the services used by residents are provided by the sponsor. If there is an additional service that a resident needs and it is available in the community, the sponsor will purchase that service rather than attempt to incorporate it into the agency.

The sponsoring agency has been in business for 44 years, and clients who have been with them since the beginning are becoming elderly. The group home in Evanston already houses a mix of elderly and non-elderly residents. As clients age the sponsor is creatively responding to their needs. When some of the residents announced that they wished to retire, the agency developed a program to utilize their services that was similar to programs available to other retired persons in the community.

Service provision has changed over time as clients have aged and their health and medical needs have increased, and as the type of applicant has changed. At the time of application, the subject housing was intended to serve those with mild and moderate disabilities. This population, it was hoped, could be trained and ultimately moved to a more independent setting. Over the last 10 years, the State has changed its admissions tests for potential residents. For the ICF/DD a resident must have an I.Q. of 55 to be eligible for services. It was noted that for some reason many developmentally disabled individuals test at 56. The State comes in every three years to recertify residents. To date, it has not cut funding for these borderline cases, but it constantly threatens to do so. The sponsor is very worried that in the current climate of cutting Medicaid and other programs, this program will become a victim.

Shore Community Services screens its applicants very carefully and customizes its services for each resident. There has been very little turnover in either of the buildings. Once it becomes known that a vacancy will occur, it takes three to five days to fill the space. The first step is to request candidate names from the State (this is a requirement for State programs). A potential resident can also be referred from the agency's own waiting list, by a doctor, or by another agency. All are prescreened by Community Alternatives Unlimited, the agency hired by the State to perform this function. The applicant's record is reviewed by an intake committee made up of a psychologist, a social worker, the residence manager, the executive director, a representative of the day program, and others as appropriate to the needs of the client. A selected resident has never turned down the opportunity to move into the home. Vacancies are created when a resident is functioning at a high enough level that he or she can be moved to a less restrictive setting, such as the townhouse or one of the apartments. It was noted that of the three women who live in the condominium, one can be characterized as moderately, one as mildly, and one as profoundly retarded. They all work and are able to function with less supervision than was available in the group home.

The agency's philosophy is to create as normal and integrated a life for each resident as is possible. Its members believe that services should be provided off-site whenever possible and feasible. Shore is aware that some residents will never be able to live in a less restrictive setting, but they strive to find alternatives for those who can be helped to more independence. They feel that some residents and other clients could live in apartments if HUD subsidies were available, but *only* if supportive services were provided.

SPONSOR EXPERIENCE WITH APPLICATION AND DEVELOPMENT PROCESS

The sponsor did not have control of a site at the time of the original application, which requested funding to construct three eight-person group homes. Because Evanston and Skokie are both older and very mature communities, there was little land or space available, particularly sites that were affordable within the HUD regulations. The problems of land unavailability and high cost, along with conflicting local codes and zoning problems and the cost-containment measures imposed by HUD, forced the agency to build two 12-unit homes instead. The land was still very expensive, and one of the sites was smaller and less desirable than they had hoped.

The sponsor employed a consultant to shepherd the application through the HUD process. They said the consultant was very helpful and the project could not have been done without this assistance. Sponsor staff had little contact with HUD during the processing, but mentioned that when they did meet with HUD representatives, the latter were very helpful in working out the dollars and cents of the project. Since one building was to be an ICF/DD, special permission from HUD central was required and the local HUD personnel were good about getting the approvals.

The sponsor staff had no experience with HUD's standard requirements, processing time, and problems and issues that commonly arise. The time it took seemed long and the documentation excessive, but they had nothing to compare it with. They stated that the project had been in jeopardy due to the difficulty of securing sites. However, the project received a fund reservation in October 1981 and a firm commitment in November 1982, which is a relatively short time period for this part of the process. Residents began moving in during July 1984.

Other problems during the application and development period included several delays in meeting city and State licensing requirements for the ICF/DD. As often happens, there were differences among HUD regulations, State requirements, local building codes, and the sponsor's own desires. The sponsor was forced to reduce the size of the kitchens, living areas, and offices, but was able to use brick on the exterior and retain the size of the bedrooms. The executive director also noted the difficulties encountered in dealing with two different communities, each of which had different zoning requirements, site restrictions, and rules and regulations for group homes.

The sponsor had to raise over \$250,000 for the project, which was allocated to furniture and furnishings, capital requirements, and working capital. The land cost for both sites was \$310,000, and the construction cost, per resident space, was \$28,201. The total loan was \$1,152,200, or \$48,008 per resident space.

The Section 202 scattered-site project is the first and only project the sponsor has done with HUD. Agency personnel found the project difficult and draining and have not applied to do additional housing under either the Section 162 or Section 811 program. They have kept up with program changes, however, and they considered applying a few years ago but were discouraged

by their conversations. One problem has been funding the up-front costs of the project land, architect, other consultants and the large sum they would have to contribute as their minimum capital investment. Now that the program allows rehabilitation, the acquisition of an existing building might be feasible, given the problems with land cost and unavailability in Evanston and Skokie.

The sponsor noted that Section 811 seems to be a better program, as it does not have the mortgage requirement and the Section 8 contract. However, he worries about what might happen at the expiration of the 20-year contract, given the current climate in Congress.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATIONS

Shore Community Services is also the manager of the facilities and oversees all of the operations. There is a director of housing in charge of administration, maintenance, occupancy, and day-to-day operations. Eighteen full-time-equivalent persons are employed in the group homes, and every Shore staff member works with the residents in one way or another.

Property operations are dependent on tenant contributions from their SSI or other income, HUD Section 8 payments, and monies from the State either the Department of Public Aid or the Department of Mental Health. This is supplemented by small grants from the Evanston Department of Mental Health and some funds from the Village of Skokie. Shore has received four rent increases in the 10 years of operations, but it continues to operate at a deficit. The costs of staff salaries, fringe benefits, and insurance have increased faster than increases in operating funds, contributions, or State funding. The deficit is funded from sponsor contributions, which are dependent on fund raising. They also receive contributions of clothing, equipment, and other household goods. Part of their financial problem results from the fact that State Medicaid payments are four months behind.

On the plus side, replacement reserves have been sufficient to finance the cost of replacing washers, dryers, stoves, refrigerators, etc. Equipment in the homes gets a lot of use and wears out quickly.

According to the HUD 92410, the per-bed cost of operating the project was \$3,086.88 for 1993; The 1994 cost of \$3,571.42 represented about a 16 percent increase. The greatest increase appears to be in maintenance expense.

THE RESIDENCE

MERRILLVILLE, INDIANA

SECTION 162

PROJECT INFORMATION

The Residence, a 15-bed group home serving chronically mentally ill adults, is located in the outskirts of Merrillville, Indiana. Application to develop the project was made under the Section 162 program in 1990, and the sponsor received an award on the first try. Initial occupancy took place in 1993.

PROJECT DESCRIPTION

The Residence is a large, one-story, red-brick building on a beautiful parcel of land in a primarily residential area of Merrillville. The area is basically mature, but it also contains some new, very attractive housing. Though compatible with its surroundings, The Residence is nicer than most of the housing in the neighborhood. Its roof is peaked in front, with several different elevations, which gives the building a very grand appearance. There are large, mature trees on the property and shrubs along the perimeter. A low red-brick wall on the street side of the parking lot adds to the massive appearance of the building. Off the communal living room is a patio with chairs and tables. The building is quite new and in very good condition.

Resident rooms, each of which is good-sized, are in a "suite" arrangement with a bathroom between each pair of rooms. There is a wing for males and one for females, with a small lounge in each wing. The public telephone is located in the women's wing. HUD allowed only one telephone, but the sponsor has requested money and permission to install a second phone in the men's wing. There is a small visiting area where residents can visit privately with friends and family. Between the two residential wings are a dining/living/TV area and a well-equipped kitchen. The area also contains a laundry room, staff office and staff room, and a staff bathroom.

NEIGHBORHOOD DESCRIPTION

The neighborhood around the site is typically suburban in character: housing along quiet streets lined with mature trees and strips of commercial along the busier streets. There is public transportation in Merrillville, but it is not within walking distance of the facility. A convenience store is within walking distance, but there is no supermarket, as well as no park or other recreational area. Merrillville has a hospital as well as several large medical centers in the vicinity. The area is characterized as white. The neighborhood streets, which were relatively empty on the day

of the visit, have no sidewalks, and the curbs are not cut for wheelchair access.

SPONSOR AND MANAGER CHARACTERISTICS

The sponsor, Southlake Community Mental Health Center, Inc., is primarily a provider of services to the chronically mentally ill and substance abusers. The organization operates 20 programs, some of which are housing, but the subject facility is its one and only effort with HUD. The organizational structure involved with the facility is somewhat unusual. Though Southlake is the sponsor, Geminus, a nonprofit organization, is the sponsor representative/manager; L-R Residential Management, located in Gary, Indiana, takes care of all of the paperwork for HUD and the other providers. The person interviewed during the visit was identified as the sponsor, but he actually works for Geminus; he informed us that all future housing would be done by his organization rather than by a provider such as Southlake. In addition, the project used a consultant who is located in Indianapolis, the location of the HUD field office.

Geminus has considerable experience with the development and management of special-needs housing (and with HUD) beyond the work it has done and continues to do for Southlake. There is no formal affiliation between the two organizations.

PROVISION OF SUPPORTIVE SERVICES

All of the services are provided by the sponsor. The organization is primarily a service provider, and the services were in place before the housing was applied for. There are four full-time equivalent persons employed in the facility, and they all work for the sponsor. According to the management representative, the staff turnover is less frequent than normal. All of the residents participate in day programs, but several were at home at the time of the visit. The manager commented that many of the residents are both chronically mentally ill and substance abusers.

With the exception of meals, personal care, and some individual case management, services are provided off site. The on-site staff does provide the front-line interventions and is the service provider when others are not available. Services are funded by a combination of resident payment, State Medicaid and other funds, private funds, and sponsor contributions. The State Department of Mental Health gives a per diem. House staff helps residents to plan, purchase, and prepare meals on a rotating basis. Case managers visit residents at the site and provide for some of the special-needs items of the client. The level of services and the funding for the services was described as stable.

With respect to management of the building, it was stated that maintenance costs are higher than anticipated and greater than HUD allows. The State has regulations regarding cleanliness and safety that are higher than HUD standards, and the sponsor adheres to an even higher standard than the other two. The manager would like to see "depreciation" removed from the expense line

in order to give a clearer picture of the actual cost of operating and maintaining the building.

The cost of providing social services is not broken out for the various programs of the sponsor, although the interviewer was advised that there is a budget allocation calculated per tenant. Detailed information describing the budget and costs was not readily available.

The interviewee stated that the organization's goal is to make its clients "able" and then integrate them into the large community. Its philosophy is that if all services are provided off-site, the residential facility becomes a "home" rather than an institution. The executive director of Southlake was involved in a campaign for public office and was not available for an interview.

Among the reasons a resident might leave the facility are a need for hospitalization, a move to a more independent facility, and a return to family or friends. The sponsor has units in the community for clients who are ready for independence, although they need more funds for services to these clients. At the present time none of the residents could handle more independence, but the availability of units demonstrates the goals of the program.

SPONSOR EXPERIENCE WITH APPLICATION AND DEVELOPMENT PROCESS

The interviewee was employed by Geminus at the time the application was made to HUD. However, the sponsor also used the services of a consultant based in Indianapolis, who undertook much of the day-to-day processing of the proposal. The representative was familiar with some of the issues raised by HUD, the City of Merrillville, and the State during the processing.

This type of housing was different from other projects Southlake has sponsored because the building had to be designed for a specific type of resident; normally, clients represent a mix of disabilities. To make the building fit identified needs, the sponsor had to put in money of its own.

Several problems came up during the processing. The City of Merrillville raised some zoning issues and questions about potential water problems on the site. The sponsor, while prevailing on the zoning issues, did have to build a retention pond for runoff. HUD's architect requested that a sidewalk be put in along the street, even though there are no sidewalks in the neighborhood, and he wanted the parking to be in front of the building. The sponsor prevailed on both points: no sidewalk was installed and the parking is on the side, shielded from the street by a wall. The HUD cost analyst was helpful in suggesting ways to cut costs while maintaining the integrity of the building. Other issues were the fireplace in the small visiting room and the two-story facade and raised ceiling at the front of the building. The sponsor paid for both in the end. These items caused delays in the processing of the application, and the sponsor had to request an extension. Another problem encountered had to do with licensing by the City of Merrillville, which wanted the number of occupants reduced from 15 to 12. The sponsor prevailed, but the dispute delayed the building's opening.

The sponsor stated that HUD visited frequently during the construction, and that requests for change orders were processed promptly. Davis-Bacon wages were paid; in the interviewee's words, this is a very unionized community and "there is no way that anything could be built with non-union help or wages."

Final closing was delayed because HUD had miscalculated the amount of money required of the sponsor. The problem, though frustrating to the sponsor and their lawyer, was remedied. According to the cost certificate signed July 16, 1993, the total cost of the building was \$613,205.00, or \$40,880 per unit. Of this, \$570,763 was allowed by HUD and \$42,442 was paid by the sponsor.

The interviewee said that the sponsor would not develop another group home because of the reduction in the number of permitted resident spaces. If the sponsor applies under future programs, it will be for ILFs.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATIONS

At the time of the visit there were two vacancies. The residence manager, who has been with the agency for a short time, stated that it should take no more than four weeks to fill the vacancies. Potential tenants are selected first from those ready to be discharged from the local mental health facility and then from those who are living in the community. The manager conducts the initial screening of potential residents, which consists of an intake interview and social history. If acceptable, the files are sent to Geminus and then to L-R Management for processing. At the present time they have a waiting list of candidates. State hospital patients have first priority for housing according to an agreement with the State Department of Mental Health. If there are no in-patients ready for discharge who would fit with the present resident population, the sponsor may select someone from the community. The manager makes monthly visits to the local mental health in-patient facility to interview patients ready for discharge.

Candidates for residence like the private rooms, the food, and the newness of the facility. Some balk at the rules, such as having to get up in the morning, get dressed, and participate in off-site activities. But there are no better housing options in the community.

No problems with HUD funding or other revenues were noted. The project's tripartite management arrangement may have allowed for filing of papers and other documents in a very timely manner and thereby avoided some of the pitfalls encountered by other sponsors. It was mentioned several times that the property is more maintenance-intensive than had been anticipated due to the excessive wear and tear caused by residents.

The person interviewed could not describe any changes he would want to see in the program, except to provide funds for services that would enable clients to live in the community. He stated that the sponsor is satisfied with the project rental assistance contract (PRAC) program. He did say, when probed, that cost containment is a problem in that it forces the sponsor to build with lower-quality materials, yet HUD expects the building to last for 40 years. Replacement reserves

as a percentage of the income of a small building will never build to the point of covering the work that might be needed in the future.

Information on the per-client cost of services delivered to the residents of the housing facility were not provided. All of their clients are indigent and cannot have incomes in excess of \$1,500 to be eligible for Medicaid. They must also have a diagnosis of CMI.

Future applications to HUD on behalf of Southlake will be made by Geminus. The latter will be the sponsor of the housing and will work with either Southlake or another of Southlake's clients to provide the supportive services. This model is similar to many the interviewer has encountered and seems to be prevalent in large, urban communities where there are community-based housing providers and community-wide service providers.

CEREBRAL PALSY GROUP LIVING LITTLE ROCK, ARKANSAS SECTION 202 FOR PERSONS WITH DISABILITIES

PROJECT INFORMATION

Cerebral Palsy Group Living is a group home for adults with developmental disabilities located in a primarily commercial section of Little Rock. The project contains 15 resident rooms; all are fully handicap accessible, but only 13 are used for residents at the present time. The rooms are on two wings, and there is a fully accessible bathroom on each wing. The project received an award in 1985 and was initially occupied in 1987.

PROJECT DESCRIPTION

The building is a one-story structure with aluminum-siding exterior. The original plan called for red brick, but HUD would not approve it. The building is located at the intersection of a busy four-lane thoroughfare (Labette Road) and a dead-end street. Even from the outside it has an institutional feeling. Though the exterior is quite attractive, the building doesn't seem to fit its surroundings: it is lower than structures around it and has a peaked rather than a flat roof. The building is set back from the street, and although a wide lawn extends from the corner to the building's entrance, there are no plantings.

The front door leads directly into the main common area. This space encompasses a large L-shaped living area with a television set; a very large, well-equipped kitchen accessible to mobility-impaired persons who want to cook, wash dishes, and prepare foods; and a dining area split by the path from the living area into the kitchen. The furniture, though new, is pastel and not very inviting.

Across from the front door is an office area containing one open office space and two smaller, closed offices plus a bathroom none of which can be seen from the front door. Flooring in the building is vinyl tile; the hallways in the residential area are very wide. The whole place has the feel of a small hospital or institution.

Building, rooms, and common areas were all in perfect order. State inspectors were on the second day of a two-day review when the writer visited. The visits are unannounced and it is assumed that the facility is in this condition all of the time.

NEIGHBORHOOD DESCRIPTION

The project is located on Labette Road, a major thoroughfare in a primarily commercial area. Behind the building is a piece of vacant, perhaps unusable, land that is somewhat hilly but unattractive. Across the street is a commercial office-type building. Most of the uses along the main street are commercial or light industrial. There is a church across Labette Road.

The home is about 25 minutes from the center of Little Rock. To get there from the sponsor's main office, one passes very lovely residential areas with mature trees and plantings, as well as some strip commercial and schools and churches. A few blocks away is an interstate that leads to downtown Little Rock and connects with other major highways. There is public transportation in Little Rock, and a bus stop is located on the corner near the project. All types of shopping, hospitals, recreational facilities, and other services are close at hand.

Despite nice weather, there was no one on the streets near either the office or the residence. The sponsor's executive director said that the area and the facility are racially mixed.

SPONSOR AND MANAGER CHARACTERISTICS

United Cerebral Palsy (UCP) of Central Arkansas is the sponsor and manager of this facility. All employees of the group home work for the agency. There is a full-time equivalent staff of 18 persons connected to the operation of the group home and the provision of services (one position relates only to the operations and maintenance of the building).

The subject is the sponsor's only experience with the HUD application and development process. The organization also operates a 104-unit high-rise next to its main office. This facility, is a Section 202 property built for the mobility impaired by Our Way, Inc.; UCP took it over as it was going into default and continues to operate it.

On the day of the site visit the executive director was preoccupied with reviewers from the State Department of Mental Health; during the interview he was called away to participate in the review of their findings. It was held within earshot, and the writer noted that the items brought up were very minor: for example, failing to keep receipts from trips to Wal-Mart with the residents, and to note (by brand name) exactly what was purchased. Also mentioned was the need to resurface or replace the fronts of the kitchen cabinets, which are marred from having been banged by wheelchairs and other appliances. This work has been bid and is to begin in the next several weeks. Formerly a State inspector himself, the director knew the importance of the visit and took the criticism as constructive.

PROVISION OF SUPPORTIVE SERVICES

Housing and related services are provided at the facility. This includes personal care assistance, food preparation and service (though the residents do assist), transportation to off-site appointments and shopping, case management, and counseling. It was noted that some rooms have equipment such as slings and lifts, indicating that the resident has mobility impairments. House staff are available to assist.

Residents of the home are transported off-site every day to participate in work, training, sheltered workshop, or other programs. The sponsor provides all of the services under purchase-of-service contracts with the State office of long-term care. The residents are qualified by disability type; there is no needs test. According to the director, service provision has remained the same over the history of the facility.

The director would like to see HUD simply provide funds for housing and leave social service delivery to the sponsor. He expressed frustration with having to design services to fit a program devised by HUD, rather than the other way around. He prefers to build an individual program for each client, many of whom could live in a smaller, community-based living arrangement if resources were not a problem. Only about 30 percent could handle an unsupervised environment, but others could live in a less institutional setting. In fact, the sponsor has moved to more independent-living type programming and has not applied under any of the HUD assistance programs because they do not fit the sponsor's model.

The main office building where the initial interviews were conducted houses one of the sponsor's day programs. The sponsor did not offer to show the interviewer around the building or to allow observation of the day programs.

SPONSOR EXPERIENCE WITH APPLICATION AND DEVELOPMENT PROCESS

The application filed was to construct a 15-bed group home for developmentally disabled adults served by the sponsor. This plan was changed during the course of the processing. The State, which provides the funding for services, originally granted a Certificate of Need for an Intermediate-Care Facility for Mentally Retarded individuals based on 15 individuals; but because of a change in State law, the award was reduced to cover only 10 persons. HUD approved a project with 15 beds, and that is the size that was built. During construction, the sponsor negotiated with the State and secured funding for three beds for developmentally disabled residents other than mentally retarded. Thus the facility currently has 13 residents. One extra room is used for equipment and the other is a guest room.

At the time of application the sponsor had an option on a site, but this land was determined to be in a 500-year flood plain. Locating a second site proved somewhat difficult because of opposition to the facility: though State and Federal laws prevent discrimination, the sponsor was forced to

take a site with commercial zoning. Land costs in the neighborhoods selected were also a problem. As this was the sponsor's first Section 202 experience, HUD support staff was used extensively. The director seemed relatively pleased with the assistance, but he singled out the legal department as a difficult area.

Cost containment was an ongoing problem. The HUD analyst kept pushing to reduce the size of bedrooms, but in the end, the sponsor prevailed on this issue. A disagreement over the sprinkler system typifies the type of conflict that would arise: when bids were submitted, the HUD cost analyst announced that he knew of a cheaper source; it turned out to be the same company that this sponsor had selected, and the price was the same. In another case, the sponsor wanted a carport to provide shelter for residents entering and leaving vehicles; a carport was not allowable, but a "busport" was. HUD would not allow the sponsor to use brick on the exterior and ultimately prevailed on this issue.

The sponsor was able to track the progress of the application through the various departments because the HUD office is small and "everyone knows everyone else." It took nine months to secure the conditional commitment. The Davis-Bacon requirement was judged to have increased project costs; this is because the rates are "regional" and are calculated using Dallas and Oklahoma City as the base.

There were some problems with the City of Little Rock, first on zoning and later on building requirements. The city forced the sponsor to install return air ducts in every room, upping the cost by \$9,000. This item was taken from the project contingency.

Following the delays in reaching conditional commitment, the project progressed more steadily, reaching final closing by April 1987. The tenants had been screened and selected and were ready to move in as soon as construction was completed, though leases had not been signed. Tenants came from the population served by the sponsor and other agencies in the community.

The sponsor paid for furnishings in the common areas. All of the cost overruns were funded out of the contingency, which was depleted. The rooms, which are quite large relative to those in other facilities, are furnished by the residents themselves.

If the executive director were asked to design future programs for the UCP's population, he would obtain funds to buy HUD houses that could be rehabilitated and outfitted for the target clients. A service program would be designed to accommodate the needs of the client, and services would be purchased through State contracts. He is very much opposed to "segregated" housing and would like, as described above, to find alternative ways for his clients to live. He believes that the clients should access the community and become integrated into it as much as possible. There is private housing available in the community that clients could rent if they were able to live more independently and could afford the rent, but there is very little fully accessible housing for the mobility impaired.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATIONS

The sponsor stated that there had been no problems with payments from HUD. The organization is using an electronic system for getting the funds and it seems to be working well. The sponsor has never requested money from HUD for repairs or replacement of equipment or furnishings; improvements such as the renewal of kitchen cabinets have been sponsor-funded. If money were available, UCP would buy some new items; the current furnishings are rather sparse and there is no visible recreation except the television set.

The director stated that they do not have a problem with funding of services, given the payments from the State and the tenant contributions. Deficits that have occurred as a result of insurance payments, maintenance, and unscheduled repairs have been funded by the sponsor.

According to the sponsor and the on-site personnel who sat in on the interview for a few minutes, occupancy has not been a problem. There is very little turnover, and the only identified reason for a resident to leave is to move to a more independent setting. They have never had an accepted client decide not to move in, and none of their clients have chosen to move back with relatives or others. Without having seen the residents or the participants in the day program it was not possible to determine whether this was by choice or due to the fact that they could not be cared for at home.

Information regarding the cost of support services was requested but was not provided to the interviewer.

CONWAY APARTMENTS CONWAY, ARKANSAS SECTION 162 AND SECTION 811

PROJECT INFORMATION

Conway Apartments, located in the eastern part of Conway, Arkansas, is a 20-unit independent-living facility (ILF) designed for persons who are chronically mentally ill (CMI). In addition to apartments, the complex contains a building housing the administrative office of the project, the laundry room, a fully accessible common bathroom, a lounge/social room, and a kitchen. The sponsor, Counseling Associates, Inc., received a fund reservation in 1991 and the project has been open less than one year.

PROJECT DESCRIPTION

Conway Apartments consists of five resident buildings: four of them contain four one-bedroom units and one contains four two-bedroom units. A sixth building holds the office, laundry facilities, a meeting room, a bathroom, and a kitchen area. Each residential unit has a living area, a dining area, a separate kitchen, one or two bedrooms, and a bath. The two-bedroom units are occupied by couples; either the husband and wife have both been diagnosed as CMI or the treatment plan calls for the patient to be reunited with a spouse and HUD permits this arrangement. Two units are wheelchair- and handicap-accessible.

Residents are responsible for their units, clothing, and personal needs, including food preparation. Meetings and social events can be held in the public area of the office building, and residents do get together there. It is also possible for group therapy sessions to be convened in the lounge.

The buildings are red brick, with some wood trim on the portico that extends over the doorways. They are at least as nice as the surrounding uses, which are primarily very new single-family and multifamily housing complexes (some are walled communities). There is parking in front of the office building and near all of the buildings. In the center of the square-shaped complex is a grassy area with plantings. The manager said that the sponsor is considering putting some resident seating around the perimeter of the garden area.

The site of Conway Apartments is located behind a single-family structure that houses one of the day programs run by the sponsor. The building site was originally a pond and was assumed to be unbuildable. However, "the executive director was determined," so the pond was drained and the buildings built. Currently, access to the apartments is only through the driveway next to the

house. Plans are under way to build a separate drive, immediately west of the northernmost building, that will permit direct access to and from the street.

NEIGHBORHOOD DESCRIPTION

Conway Apartments is located at the heart of a rapidly expanding area in east Conway. There are four colleges very close by, all of which are undergoing enormous growth. This is generating a need and desire for housing, commercial development, and other services. Everywhere one drives there is new construction of one type or another. Not all of the streets and sidewalks are completed. Apparently the area was either farm land or prairie before the growth began and is still in the process of subdivision.

The new construction is mostly brick and extremely handsome. Multifamily development, both rental and condominium, is three or four stories in height. The single-family housing consists of both attached townhouses and two-story colonial-style dwellings.

There is a 24-hour convenience store within walking distance of the facility and a hospital within five miles; as yet, there are no parks or other outdoor recreational facilities. It was noted that the housing is within walking distance of at least one of the colleges and it is possible that residents of the project will be able to participate in some of the activities there.

With sidewalks unfinished, there were few people on the streets. The representatives of the sponsor who were interviewed thought that most of the residents in the neighborhood are white. However, all races were observed during lunch in a local restaurant (possibly due to the proximity of two colleges).

There is no public transportation in Conway. The residents are taken by sponsor van to their day programs and to all other services. Case managers visit their clients on-site and are available to assist with transport to other services.

From the appearance of the housing and commercial structures, the neighborhood appears to be middle-class. It also seems to be safe. There is a good deal of traffic on the street from which the property is currently entered; this could be a problem if a resident became disoriented and wandered into the street. The proposed change of access would alleviate this potential problem.

SPONSOR AND MANAGER CHARACTERISTICS

The sponsor organization, Counseling Associates, Inc., was formed in 1968 in response to Federal legislation that mandated the removal of persons from mental health facilities into the community. Housing followed the provision of services as the need for it became apparent to the sponsor. The sponsor has 12 projects within its six-county catchment area. The subject project is very new, having been open less than one year. However, the sponsor's experience with other HUD projects can be drawn upon in operating this facility.

All of the employees of the ILF work for the sponsor. The main office of the sponsor is about 1.5 miles west of the site in an older and more mature area of the city. Although the two persons contacted initially were new to management and not well versed on the property's history, the executive director, who has been with the agency almost from its inception, was available for an interview. She stressed the need for additional social services, particularly in the area of job-training coaching and follow-up (it is critical that a client not lose his or her Medicaid eligibility as a result of going to work).

The executive director apologized for not having time to provide a tour of all of the facilities and programs. However, she shared with the writer a document prepared by the agency. Titled "Strategies for Change: Counseling Associates, Inc. Plan for Mental Health Services, 1994-1995," it details the history of mental health legislation on both a national and state level and gives a good picture of how facilities for the chronically mental ill should operate in Arkansas.

PROVISION OF SUPPORTIVE SERVICES

As is typical of ILF residents, Conway's residents either attend day programs or go to work. All of the services needed by the residents, with the exception of medical and dental, are provided by the sponsor and are administered either by the sponsor's employees or under contract with another service provider. Case managers visit the clients both on-site and at their day or training program. The case managers provide transportation to services for which the van might not be available, such as grocery shopping, medical appointments, and other activities. The case manager along with the sponsor develops the support services program for a resident. The executive director mentioned that all persons under the sponsor's care have an extensive program of activities and outings, including family visits. Planning is intended to normalize the life of the resident as much as possible in an effort to move each into more independence or to reunite them with family.

Changes in services over time have been mandated by, or organized in response to, Federal and local initiatives. The agency has been very creative and aggressive in securing the services for the clients it serves or securing the services and then identifying clients in need of those services. The director noted that the client population has changed over time and is now more likely to be diagnosed with more than one disability (often including substance abuse).

According to all of the people interviewed, funding is stable at this time. Most of the funding comes from a combination of resident income and Medicaid.

SPONSOR EXPERIENCE WITH APPLICATION AND DEVELOPMENT PROCESS

According to the consultant who assisted with the application, issues raised by HUD included the suitability of the site after the pond was drained, the size of the office building, and the use of red brick. There were also problems with the City of Conway particularly relating to water and sewer lines. The consultant couldn't say whether or not they were due to local officials not wanting this type of housing in the most rapidly growing area of the city. All of these problems plus delays in HUD reviews lengthened the time required to develop this project.

The sponsor paid for the water and sewer lines required by the City of Conway. In addition, sponsor funds will be used for the road that will allow direct access from the street to the residences, since HUD would not approve it. Another sponsor expense will be additional landscaping in the center of the development.

Conway Apartments will celebrate its anniversary without having reached full occupancy. The manager mentioned that while marketing has been accelerated and the project has come close to being full, it now has nine vacancies. Many things happen between the selection of an individual or couple for tenancy and the arrival of the moving truck: some prospects relapse and have to be placed in a more secure setting; others decide not to leave family or friends; others simply change their minds. Also, potential residents are drawn from a pool in the six-county area. This project's urban setting may be a deterrent to prospects accustomed to a rural environment.

Counseling Associates, Inc. has not submitted any applications to HUD since this one in 1991 and was vague about plans to develop additional HUD housing for persons with disabilities. (The organization has a McKinney grant to provide housing for the homeless in Russellville and Marrison, Arkansas.) There are a great many apartment projects in the area, and the sponsor would support a voucher system that allowed residents to live more independently.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATIONS

As Conway Apartments was less than a year old at the time of the interview, management personnel interviewed had limited experience with its management, or with HUD in general. There has been no need for capital improvements or repairs. The unit visited, which had been recently vacated, was in excellent shape; except for a few spots on the carpeting, it looked as though it had not been occupied.

NORTH ARKANSAS HUMAN SERVICES SYSTEM, INC. ASH FLAT AND MOUNTAIN VIEW, ARKANSAS SECTION 162 AND SECTION 811

INTRODUCTION

North Arkansas Human Services System, Inc. is a 25-year-old social service agency providing services to persons with chronic mental illness. Its main office is in Batesville, Arkansas, which is about 100 miles from Little Rock. As is true for many agencies involved in housing projects for persons with disabilities, this agency was in the social service business before it began providing housing as an additional service. The agency serves a 10-county, 6,600-square-mile catchment area in Northern Arkansas; most of it is in the Ozark Mountains. Approximately 220,000 people reside in the area.

In 1989, North Arkansas made application to HUD under Section 202 to construct nine group homes, one in each of the counties it serves. All of the applications were filed in the same year. Two of these group homes—Smooth Sailing in Ash Flat and Calm Seas in Mountain View—are the subjects of this report. The facilities were occupied in 1992.

SPONSOR AND MANAGER CHARACTERISTICS

Although North Arkansas Human Services System, Inc. has been providing social and supportive services to the chronically mentally ill for 25 years, the 9 applications made in 1989 represented its first attempt to provide housing under a Federal program. The agency received a fund reservation for all nine proposed facilities on its first try, but construction of two of the facilities was delayed for several years. A conversation with the sponsor's consultant indicated that HUD had some concerns relating to an oversaturated market, which could have caused the delay. Each of the nine sites was in a different county served by the sponsor, and the filing of nine separate applications rather than one application for nine scattered sites probably assured some success in the process.

In addition to these nine residences, North Arkansas owns and manages housing for the elderly. All of the employees at these projects—maintenance staff, case managers, van drivers, and financial personnel—work for the sponsor.

THE APPLICATION AND DEVELOPMENT PROCESS

The sponsor used a consultant to assist with the application and development process. In addition, the architect was very involved in all aspects of the processes. Distance from Little Rock to Batesville and the other sites was part of the reason for the consultant and architect playing such active roles. Of the two persons interviewed, one was employed by the sponsor at the time the application was made and the other was not.

According to the sponsor representative and the consultant, there were no problems with the application stage, except that HUD never met its own deadlines. The sponsor encountered some problems in locating sites for some of the projects. Each site had to be in a different county in order to serve the entire client population, and the sponsor wanted each to be in the county seat. In Ash Flat there was opposition from "a few people" who didn't want the project in their neighborhood. Resolution of the dispute involved the sponsor's agreeing to place a fence on the property. In addition, the project size was reduced from 14 to 10 beds for all 9 houses; this may have been due to a change in HUD requirements. The change necessitated a complete redesign after the conditional commitment had been filed. The sponsor's request to place sinks and vanities in each of the rooms was allowed by HUD subject to sponsor funding of the cost. The construction stage was handled by the architect. HUD did visit the sites during construction, at least when it was time for a pay-out.

Marketing of the property caused no problems. The sponsor operates another residential facility in the community, and residents of that facility were given the first opportunity to become residents of the new facility. In addition to the in-house marketing, the management group contacted other members of the 14-member Mental Health Council in Northern Arkansas. The areawide network referred probable candidates to the facility, and each was screened by the candidate's case manager and then by the sponsor/manager. Some problems developed before accepted clients actually moved into the facility. In a number of instances, the client's income was the major source of support for his or her family and the family was reluctant to lose the income. This is one of the main reasons projects have difficulty achieving full occupancy.

According to all interviewed, there were no problems with final closing, cost certification, or other HUD document requirements. There was a long delay in the actual closing and the execution of the HAP contract, forcing the sponsor to escrow mortgage and interest payments.

The sponsor representatives indicated that they would probably do more housing if there is a need for it and if the program is reauthorized in the future (although not all of the units are occupied at present). A short conversation with the executive director indicated that he would be interested in some new programs. The organization has secured a planning grant for the acquisition of HUD houses that would be rehabilitated for occupancy by residents ready for housing more independent than a group living arrangement. The program has not begun because of delays in securing implementation financing. The interviewer learned separately that the agency has been successful in securing McKinney funds to assist with homelessness.

PROGRAM INFORMATION

The two North Arkansas Human Services System, Inc. properties visited for the study are 10-bed group homes for chronically mentally ill persons. These buildings and the others built at the same time are virtually identical in design. Differences occur in the siting of the building on the land, fencing, and the location of parking lots. In some instances the home blends into its surroundings, but in others it is noticeably newer, more attractive, and more substantial than other properties in the area.

PROJECT DESCRIPTION

Both of the group homes are single-story, red-brick structures located in a rural environment. Each building contains 10 individual bedroom units on 2 wings—1 for men and one for women. The wings are separated by the common living area, which consists of a sitting/dining/TV room, and a kitchen. The resident rooms are good-sized and are in a "suite" arrangement with a bathroom between each pair of rooms. Each room has a vanity with a sink, cabinet, and mirror above. One of the things the sponsor would do differently is to put a private bath in each room. As it is, the sponsor had to pay for the vanities. The furnishings in the bedrooms, for the most part, are provided by the residents, who have great latitude in decorating their rooms. Two of the rooms and the bath between are fully handicap-accessible—complete with a roll-in shower, grab bars, lowered sink, and raised toilet.

The kitchen in the common area has a long counter that is used for serving and seating. Also, part of the common area is separated out for the dining table, which seats ten. In both homes, the common area is bright and sunny and looks out through glass doors to a lawn and small patio with some chairs. In addition to the resident bedrooms and common area, there is a staff office, common bathroom that is fully handicap-accessible, a laundry room, entrance hall, and utility and equipment closet.

The buildings' red brick exteriors set them apart from their neighbors (many of the nicer buildings in both communities are made of Arkansas limestone or flagstone). In both front yards are large signs reading "North Arkansas Human Service Systems, Inc." and below it the name of the home—either Smooth Sailing or Calm Seas. The buildings and surrounding property are well maintained, though lacking in shrubs, plants, etc. However, at Calm Seas, some of the trees on the property need to be cut down because they are threatening the building.

The buildings are quite new and show no signs of deterioration. All of the furniture and equipment is in good condition and appears to have been purchased new.

NEIGHBORHOOD DESCRIPTION

Smooth Sailing, Ash Flat

Smooth Sailing is located in a rural residential area. All of the surrounding uses are single-family residential. Yards and driveways of properties in the area are littered with equipment, toys, bicycles, old cars, auto and other mechanical parts. In many instances even old furniture and furnishings. However, this situation is not atypical of the rural areas visited. In an urban environment it might imply sloppy housekeeping and constitute an attractive nuisance, stimulating thievery; but in some rural areas it is an accepted practice. Despite this litter, and the fact that much of the housing needs paint and repair, the overall appearance is not one of decay and neglect. The streets, curbs and uncluttered areas of the yards are tidy. Probably because of the time of year, there was little visible greenery except for mature trees. At the property there is a fence in the back of the building. A compromise with the neighbors that was necessary to secure approval for the project. Though nice-looking, the fence tends to isolate the building and detracts from its attractiveness.

Few people were out on the streets in either town (the weather was foggy and overcast). Those townspeople observed by the interviewer were all white and were mostly middle-aged or older.

There is no public transportation or taxi service in Ash Flat. The residents are transported by van (owned by the sponsor) to their day programs and to outings. A convenience store and some other facilities are located in the area, but they are quite a long walk from the facility. However, such a lack of easy accessibility is familiar to residents of the region.

Calm Seas, Mountain View

Calm Seas is located in a rural area, with single-family residences to the west and the town of Mountain View to the east. As in other rural communities visited, there are belongings in some of the yards of the residences, but this is less of an eyesore in Mountain View than in other areas visited. The homes are generally well maintained, and uncluttered areas of the yard are tidy. The streets and sidewalks in the town are all clean and well maintained. Again, because of the time of year, there was little visible greenery except for mature trees.

Mountain View is a more substantial town than others visited in this area. It is truly in the heart of the Ozarks and because of this has a larger downtown area with more restaurants, shops, recreational facilities, and other amenities. There is some new construction in the community, particularly a very handsome congregate housing facility for the elderly that appears to offer a continuum of care from single-family residences and townhomes to an apartment structure and a nursing center.

Again, the writer saw few people out on the streets, although Mountain View is in an important tourist area. Also, the shops and stores were closed. Probably because this visit occurred on a

national holiday. The townspeople seen were all white, mostly middle aged or older.

There is no public transportation or taxi service in town. However, Mountain View offers many more amenities than some of the other communities visited. At least one convenience store and various service providers are within walking distance of the project. There is a hospital in Mountain View, and several public parks and many recreational facilities border the White River.

Residents are taken to all of the services they require by a sponsor-owned van. This includes day programs; appointments with doctors, therapists, and dentists; job interviews; shopping; and outings. However, residents of the home in Mountain View can walk to more activities than those in Ash Flat, and often do.

The interviewees at both locations felt that their areas were safe. They did caution about stray deer and other forest creatures and do encourage their clients to avoid walking in the woods unless they know the territory. There have been instances in which a resident has become dis-oriented and walked away from the property, but all have returned safely.

PROVISION OF SUPPORTIVE SERVICES

Day programs available to the residents vary and may be in differing locations. Some are sheltered workshops, or other types of job or educational training; others are day treatment. All of the services are provided by the sponsor or a subsidiary, with the exception of medical and dental care. The latter are arranged for by the case manager, who makes sure that the resident keeps appointments.

On-site services include case management, housekeeping, food service and some recreation. Each resident is responsible for his or her room, but can receive assistance in organizing to get the job done. A resident manager is in the house from 5 p.m. to 8 a.m. every day. When a resident is ill, he or she is transported to one of the day programs to receive medical attention. If the resident is too ill to leave the house, the case manager or another person will remain with the person. The case manager comes to each group home regularly to meet with clients. An excursion to a particular place—for example, a local clothing store (Wal-Mart) is part of the case management treatment plan, it is likely that the case manager will personally transport the client.

Every resident receives Medicaid and SSI or Social Security. A good portion of each resident's income goes to housing, food, and social services. As part of the social service provision, residents learn to budget money and purchase those items they need for personal care, including some trips to restaurants and other recreational outlets. When there are funding shortfalls due to delays in securing benefits for a client, or other problems, the sponsor fills the deficit. Each resident pays, on average, \$106 per month for rent, plus approximately \$200 per month for supportive services. The remainder of the grant is used for personal needs such as outings, clothing, personal care items, etc. There is no separate budget for each group home or other sponsor-operated facility. The interviewee mentioned that the executive director is "the best

fund-raiser and grant-getter around." The State of Arkansas seems quite generous in its funding of Medicaid and the kinds of programs and resources it will fund for residents. The sponsor anticipates some changes in the funding levels, but is prepared to apply for rent increases to HUD to assist with the shortfall.

The sponsor, according to those interviewed, supports the present system of service delivery. The organization believes that a program in which residents are expected to get up and out of the building each morning fosters a realistic view of how normally functioning people live and prepares the resident for fully independent living in the future. The sponsor supports "disability-segregated" housing in the communities that it serves. There was an attempt some time ago to place chronically mentally ill and developmentally disabled clients in a building designated for the elderly. It was chaos, and the CMI and DD clients had to be moved out, which was very traumatic. There are no alternative housing resources, either apartment or otherwise, within this community, except for residents who can be reunited with families or buy their own homes. However, the sponsor does believe that a voucher-type program is a good thing in a community where it has a chance of working.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATIONS

To date there has been no reason to request a rent increase. The buildings are very new and made of sturdy materials, so repairs have not been an issue (also, the buildings have never achieved full occupancy). There were no complaints about HUD's timeliness with payments. The sponsor would, however, appreciate more money to provide transportation, since vans are very expensive and wear out quickly in an area with no public transportation.

It was noted that the sponsor's relative lack of problems is due in part to its relationship with the community. The executive director is respected throughout State. A minister by training, he uses his skills to provide for the client population. All of the staff are also active in the communities and are able to secure gifts in-kind, such as shoes from the local shoe outlet, clothing from local clothing distributors, and sundries from overstocks at Wal-Mart and other purveyors, as well as drawing volunteers from local organizations.

According to HUD's 92410 form for Smooth Sailing, operating costs for the year ended December 31, 1993, totaled \$17,729 before debt service. Vacancy for the year totaled \$31,064 based on a gross potential of \$40,920. There are no figures for the cost of providing services or the income from tenants in payment for services, as this information is not required to be submitted to HUD. Debt service is shown at \$18,086 annually. A 92410 form for Mountain View was not available, but it can be assumed that the costs are similar because the projects, staffing patterns, and service provisions seem identical. The total cost for Smooth Sailing, according to the HUD 92330 Cost Certification, was \$206,746. Neither project has a budget separate from the agency budget, according to the persons interviewed. There was no one available to provide precise cost information. Project operating expenses and the mortgage are subsidized through a Section 202/ Section 8 HAP contract.

RUSSELLVILLE HERITAGE RUSSELLVILLE, ARKANSAS SECTION 202 FOR PERSONS WITH DISABILITIES

PROJECT INFORMATION

Russellville Heritage is a scattered-site development located in Russellville, Arkansas. The project consists of a nine-bedroom group home and a nine-unit independent-living facility (ILF). Both housing facilities are for developmentally disabled adults and individuals with multiple disabilities. The sponsor, Friendship Services Center, received a fund reservation in 1985, and the project was occupied in 1987.

PROJECT AND NEIGHBORHOOD DESCRIPTIONS

The two sites that make up the Russellville Heritage project are neither adjacent nor located in proximity to each other. On the field visit to these sites, the executive director and founder of the agency was the tour guide and primary interviewee. In addition to visiting the facilities in the study, the interviewer visited the very large sheltered workshop which the agency operates, drove past another agency-operated residence, and toured the area. Other residential facilities operated by the sponsor are located in more rural, outlying communities.

Grace House

The Project. Grace House, the group home, is a red-brick, single-story building located in a residential area of Russellville, Arkansas, a town of over 20,000 people. There are nine single-occupant bedrooms, each decorated by the resident. The common area consists of a living/sitting/TV area, a visiting/sitting room in the front of the building, a dining area, a kitchen, one staff office and a common bathroom. There is a bathroom between each pair of rooms and a handicap-accessible bathroom adjacent to the larger bedroom. The only amenity is a patio for the residents.

The building is in very good condition, though the furniture in the public spaces looks worn. Not all of the spaces in the building are fully handicap-accessible, but they are all easily convertible should the need arise. The building stands out from its surroundings because of its clean lines, brick exterior, and excellent condition.

The Neighborhood. The area around the group home is less than upscale. Grace House abuts low-density public housing which, though not deteriorated, is in need of repair; there is also some clutter on the property's sidewalks, yards, and other common spaces. There were very few people on the streets or walking around the area (possibly because of threatening weather). The neighborhood was described as white with no secondary population group. It was also characterized by staff as a safe neighborhood, possibly because of its low density. (It should be noted, however, that the residents would have no reason to leave the home unescorted.)

Russellville Heritage

The Project. Russellville Heritage (which is also the name of the project) is a single-story, 10-unit ILF located toward the center of Russellville. It houses nine developmentally disabled residents; the tenth unit, which is very small, is leased to an employee of the sponsor. Though not officially a resident manager, this tenant is available to the residents in an emergency. Except for a patch of lawn in front of each unit, there are no amenities. However, the facility looks like housing, rather than a motel or other commercial use. No signs or other identifying information are in evidence. There is no public transportation in Russellville and the residents are taken by van to all services. The director suggested that some of the residents of the ILF can walk to work.

Each unit is rectangular in shape. The front door leads to the living area and adjacent (not physically separated) eating area near a well-equipped kitchen. Each unit is furnished by the resident. The one visited was quite messy and had well-worn furnishings except for the audio-visual equipment. The resident was at home because he has a part-time job in a local restaurant and works only on weekends. He asked the director to help him get a second job. The exterior of the building is in excellent condition and there was no evidence of needed repairs.

The Neighborhood. The area around the ILF is tranquil; though centrally located within the community, it has the aura of a mature suburb. It looks and feels safe. Although there is public housing nearby, the rest of the housing consists mostly of single-family homes, enhanced with mature trees and shrubs. Generally, this is a fairly elegant section of the city.

As there is no public transportation in town, residents are transported to services via sponsor van. It appears that they are also taken to their jobs by van or by the case manager. Some may be able to walk to work, since the facility is reasonably close to some of the commercial areas. The population in the neighborhood of the ILF is all white.

SPONSOR AND MANAGER CHARACTERISTICS

Both facilities of Russellville Heritage were developed by and are managed by Friendship Services Center. The agency originated as a service provider more than 20 years ago. The founder's background is in special education, and it began by serving preschool children with developmental disabilities. As the years passed, programs were expanded to an adult population.

The sponsor had other housing experience when it applied for this loan, but the subject was its first experience with HUD housing. The agency has sponsored additional housing under Section 811 since the completion of this development.

PROVISION OF SUPPORTIVE SERVICES

Except for medical and dental, all of the services provided to residents are supplied by the sponsor. To the extent possible, the services are off-site. All of the residents of the group home are transported on a daily basis to a sheltered workshop, education and training program, or job placement program. The interviewer's visit to the sheltered workshop revealed the depth of the program component. The clients, who include residents of facilities other than the sponsor's, ranged from an individual barely able to place a nut on a bolt to those who were working with quite sophisticated machinery. The place was spotless, and all of the clients were neat and clean. Bells rang when it was time to change tasks, such as moving from work to classroom or lunch. The interaction was virtually identical to that of a "regular" work environment. The executive director stated that they hope to expand the workshop programs, providing new and different opportunities. She also noted that the clients increasingly have multiple diagnoses of mental retardation or other developmental disability along with chronic mental illness.

On-site staff is necessary at the group home; at least one person is in attendance at all times, even when residents are absent. Some of the residents need assistance with daily tasks, and the resident manager provides these services. All meals are prepared on site, with the residents participating in the entire process from menu planning to cleaning up and doing the dishes.

At the ILF there is no on-site staff. Case managers visit regularly and provide transportation for residents to go shopping, to medical appointments, and even for recreation. (As mentioned, a resident was at home in his apartment at the time of the field visit. It was clear that the director was alerting the case manager to the situation when she called the office from the resident's apartment.)

Residents pay about \$230 of their monthly income for rent, food, and services. The services are funded under Federal and State programs, United Way, and other private sources including fund-raising. There has been a reduction in the per diem, but the shortfall was covered by Medicaid funding for personal care. The sponsor noted that HUD had to ask them to apply for a rent increase after several years of operation.

The area of greatest concern regarding services is that HUD does not pay for services, yet requires the sponsor to submit a plan for the provision of services. Uppermost on the director's priority list is transportation. She would like HUD to allow for the capitalization of vans in the annual budget and audit and to provide operating funds for the purchase of new vans. Vans get enormous use and abuse and are the single most expensive service. There should also be provision for individual transportation services. Additional needs are for increased on-site case

management and more money for food, particularly for the ILF residents.

SPONSOR EXPERIENCE WITH APPLICATION AND DEVELOPMENT PROCESS

Friendship Services Center prepared and submitted the application for this and its other housing developments. The application was stimulated by a gift of the parcel of land on which the group home now stands. Location of the site for the ILF proved more difficult.

In both instances, however, there were problems with the site and soils. In the case of the group home, a significant change in design was required to raise the building; for the ILF the sponsor had to do very deep soil borings because of a water problem. Both requirements were expensive and time consuming. In addition, the size of the buildings and units had to be cut back to meet HUD standards.

The sponsor could not identify any specific problems with the preconstruction period other than some redesigning of the ILF to meet local zoning requirements. Change orders and other paperwork was processed without long delays. HUD staff visited the site when necessary. Although no substantial problems were noted, the sponsor did mention that HUD staff appeared to be working "at their own pace."

The red brick exterior was not approved and the sponsor had to pay for it. The HUD requirements that the sponsor thinks should be changed involve architectural services, Davis-Bacon, the bid process, and the funding for furniture and furnishings. She suggested that there was really no need for an architect, as a draftsman could provide all the necessary drawings. She also felt that Davis-Bacon and the bid process added to the cost of the building; these funds could be better used for needed service components such as vans. She felt that HUD processing time was far too long.

Marketing was not a problem, as the housing was sponsored in order to meet the needs of the existing service population. Potential tenants had been prescreened by the case manager and the sponsor. There are no vacancies in either of the buildings, and a waiting list is maintained. When vacancies do occur they are filled within 2 to 10 days.

The sponsor believes that a developmentally disabled person should be encouraged to meet his or her potential. In terms of living arrangements this means that, where possible, clients should be trained and educated to live on their own. There is rental housing available in the community and some clients have been moved into it. But the director thinks that the population currently served by Friendship Services Center is less functional than in past years—more likely to have multiple impairments and therefore less likely to be able to live on their own. She noted that there has been a reduction in the number of units that the State will approve for group homes; she thinks this will cause difficulties if the funding levels for services are not increased, since staff requirements will be the same.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATIONS

The executive director cited no problems with HUD funding. As noted above, HUD had to remind the agency to apply for a rent increase. The annual audit for this project shows a slight surplus in operations before depreciation. The director would prefer that SSI and other payments to residents be deposited directly into a management or tenant account.

The change noted in the client population can increase in individuals who are less functional or who have multiple disabilities has largely taken place since the completion of the Russellville Heritage project. While the group home was intended as a stepping stone to the ILF and the ILF a way station to complete independence, this movement is not occurring as often or as frequently as had been anticipated. The sponsor has constructed, on its own, a four-unit group-type facility very close to its main office. But they have not been able to fill it because of a lack of funding: there is no general assistance in Arkansas and it has not been clarified as to whether Section 8 vouchers or certificates can be used as a rent subsidy for a group living environment. The agency may try to market the property to elderly tenants, which would be their first experience with this population.

BOOTH GARDENS SEATTLE, WASHINGTON SECTION 202 FOR PERSONS WITH DISABILITIES

PROJECT INFORMATION

Booth Gardens is a 16-unit apartment building designed for persons with physical disabilities. All units are wheelchair accessible. The project is located on an attractive site in the Crown Hill neighborhood of Northwest Seattle. The fund award year was 1987 and the project opened in 1991.

PROJECT DESCRIPTION

Booth Gardens is a three-story building set on a sloping site near a creek. Its ground level is below the level of adjacent properties, so the building's three-story height blends in well with its one- and two-story neighbors. The building is wood sided and painted a light blue. It is set to the side of the lot to allow for a parking area along the creek side of the building. The creek curves behind the building and a steep bank on the opposite side of the creek rises to a height almost level with the top of the building's second story. The creek bed is lined with trees that screen adjacent properties. There is a small grassy area behind the building and two picnic tables in a small yard area in front.

Booth Gardens has a mix of 14 two-bedroom and 2 one-bedroom units. Both types are adequately sized and contain adequate closet and storage space. All units are wheelchair accessible, but only some of the units have roll-in shower stalls and lowered kitchen sinks. However, the units are designed for easy conversion to meet the needs of individual tenants. Railings have been installed in the hallways and the building contains both video and audio aids for persons with hearing or vision impairments. Some units are equipped with flashing-light fire alarms. The main entrances to the building are equipped with automatic doors, and Braille signage has been included in the elevator.

The individual units are very livable, but the building lacks communal space. A small entry lobby doubles as a common room, but it is too small to serve as a gathering place for tenants. There is also an office space used by the building's services coordinator.

Although the building is clean, it has had little upkeep in the three years it has been open. Floor coverings were worn and stained. The halls were being prepared for a much-needed painting during the visit, and a recent change in management companies indicates the sponsor's awareness

of the problem.

NEIGHBORHOOD DESCRIPTION

The neighborhood around Booth Gardens is almost ideal for the facility. The surrounding housing stock is 20 to 40 years old and consists primarily of small bungalows and ranch-style houses intermixed with some four- to six-unit buildings. While Booth Gardens is larger than nearby homes, its semi-secluded and partially below-grade site enable it to blend into the neighborhood.

A community-sized shopping center with a full-sized supermarket is located about a block from the property and is easily accessible by persons in wheelchairs. Hospitals and public parks are also available nearby and public transportation routes run within a couple of blocks of the site. Although there are hills in the neighborhood, the area immediately adjacent to the property is flat or has only mild grades, so wheelchair users can navigate the area without difficulty.

Overall, the surrounding neighborhood is neat and well maintained, though an occasional property could use some minor repairs or yard work. The area appears to be a modest working-class neighborhood with a predominance of mature adults and senior citizens. It serves as a transitional area between more affluent sectors to the west and a more problematic neighborhood to the east.

SPONSOR AND MANAGER CHARACTERISTICS

Booth Gardens was developed by the Volunteers of America (VOA), a national organization that provides a variety of services to low-income persons. The development arm of the organization is headquartered in Metairie, Louisiana, a suburb of New Orleans. The organization staffs an office on the site from 10 a.m. to 3 p.m. Tuesday through Friday of each week. The VOA also runs a food pantry located a little over a mile from the site and provides a variety of social services to low-income persons throughout Seattle.

The current management company, Riedel and Company of Tacoma, Washington, is a private, for-profit property management company that specializes in the management of residential properties. The current management company replaced another private management firm approximately two years after the property opened.

PROVISION OF SUPPORTIVE SERVICES

The sponsor funds a half-time staff person who spends 20 hours per week on-site to coordinate services for tenants. This supportive services coordinator assists tenants with their finances, refers them to the appropriate agencies and organizations, and helps them obtain other services provided by the VOA. Approximately two-thirds of the tenants have full-time caregivers, some of whom live with the tenants and others who provide the services in shifts. The cost of these caregivers is frequently covered by the State. Additional services used by individual tenants included psychological counseling, vocational training, physical therapy, and assistance in obtaining SSI and other financial support. The VOA's direct cost for providing supportive services to Booth Gardens tenants averages approximately \$1,500 per unit annually. But the total costs of supportive services may run as high as \$30,000 per unit annually; it is difficult to estimate given the variety of providers involved and the large variation in tenant needs. Even the cost of full-time care givers varies from tenant to tenant depending on the level of care required.

SPONSOR EXPERIENCE WITH APPLICATION AND DEVELOPMENT PROCESS

The VOA is a agency with considerable experience in developing HUD-assisted housing, including housing for persons with disabilities. Even with its institutional experience, the organization believes that the use of consultants enhances its prospects for obtaining HUD funds. On this particular site, VOA had control of the site when it submitted its application. Local community groups and government agencies were supportive of the project and it moved smoothly through the approval process. Even so, the need to obtain a zoning variance, and the process of coordinating the normal time required for local approvals with the time required for HUD approvals resulted in a three-year period between initial award and the beginning of construction. VOA staff indicated that the HUD multifamily representative and HUD architects assisted with obtaining local approvals. The process moved through HUD at the expected pace. The only problems encountered prior to construction involved redesigns to keep per-unit costs within the HUD maximum guidelines. This resulted in the use of less durable materials than were desired, as well as minor design changes.

There was a 13-month delay between occupancy and final closing.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATIONS

The management company keeps a manager on-site. This is a costly item in the budget of a 16-unit building, but it is necessary to provide the level of maintenance and tenant support required by the project. The on-site manager frequently assumes the role of surrogate caregiver for some of the tenants. The manager estimates that as much as 20 percent of his time is devoted to addressing tenant problems and concerns. In addition, the maintenance requirements are greater than they would be in a normal apartment building due to damage caused by wheelchairs and

other heavy use related to tenant's disabilities. This resulted in a \$9,000-plus operating deficit during the recent fiscal year and may have contributed to the problems with providing timely maintenance.

CONBELA APARTMENTS SEATTLE, WASHINGTON SECTION 202 FOR PERSONS WITH DISABILITIES

PROJECT INFORMATION

Conbela Apartments is a seven-unit apartment building located in the southwestern section of the city of Seattle. It provides independent living for persons with chronic mental illness. The project was awarded funds in 1980 and occupied early in 1983.

PROJECT DESCRIPTION

The building is a two-story walk-up set adjacent to a hill so that a rear entrance on the second floor bridges directly to the parking lot. A laundry room and a very small general-purpose room, which doubles as the lobby, are located on the ground floor. The one-bedroom units are attractive and comparable in size and quality to apartments in private developments. But while they are adequately sized, their closet and storage space is tight. The project was not designed for accessibility, and it would be very difficult—maybe impossible—for a person using a wheelchair to reside in the building.

The building, a nondescript structure with exterior wood siding, blends well into the neighborhood. On the street side, the building has a shallow setback from the sidewalk. The hill rising behind the property limits usable yard space but there is a small patio with a picnic table located at the rear of the building at the ground-floor level.

The parking lot has one space for each unit and is accessible from the alley behind the building. As mentioned, access to the apartments from the parking lot is via a small footbridge into the second-floor hallway.

Overall the building is clean and well maintained. Smoke alarms are strategically placed throughout the structure and the hallways and stairs have an emergency lighting system. External doors are kept locked. The building provides a comfortable and reasonably secure living environment for its tenants.

NEIGHBORHOOD DESCRIPTION

Conbela Apartments is located in Seattle's Highpoint neighborhood, approximately six miles southwest of the central business district and about seven miles northwest of Sea-Tac Airport. Housing stock in the neighborhood is modest: it consists of a mixture of single-family homes (mainly frame bungalows) and multifamily structures with 2 to 12 units. The latter tend to be concentrated on the major thoroughfares. Although some of the properties are in need of minor repairs and maintenance, the neighborhood is clean and basically sound. It is a largely homogeneous white working-class neighborhood with a few younger African-American and Asian residents in the apartment buildings.

Conbela is convenient to both recreation and shopping. A convenience food store is located about two blocks from the site and there is a newly redeveloped community shopping center with a major supermarket a little over one-half mile to the southwest. A community recreation center is located near the shopping center and a large park lies about one mile east of the apartments.

The neighborhood has a wide range of age groups, including older persons who have probably lived in the neighborhood since it was first developed in the 1940s and '50s. But younger families with children have also been attracted to the area, probably by the comparative affordability of the modest housing stock.

SPONSOR AND MANAGER CHARACTERISTICS

Conbela Apartments is sponsored by the Highline-West Seattle Mental Health Center, a nonprofit service provider for persons with chronic mental illnesses. The organization has a volunteer board of directors that directs a paid staff of persons who provide emergency services, counseling, job training, substance abuse programs, housing assistance and referral, and referrals to other agencies providing additional supportive programs needed by the client. Highline-West Seattle screens and selects all tenants for Conbela Apartments.

Highline-West Seattle Mental Health Center also manages Conbela Apartments. The organization manages a total of 17 properties, some of which it owns and others which it leases from the King County Housing Authority. The properties include single-family houses as well as multi-unit buildings. Highline's property management division provides centralized repair and maintenance services but also involves the tenants in the performance of routine cleaning tasks. The property management division works closely with the supportive services unit to deal with tenant concerns and problems.

PROVISION OF SUPPORTIVE SERVICES

Highline-West Seattle Mental Health Center assigns a case worker to each of the tenants living in the Conbela Apartments. The case workers visit three to four times per week to monitor the tenants' progress, provide counseling, and ensure that those who require it are taking their medication. In addition, the tenants may visit Highline's offices to take advantage of the variety of day programs and other services offered by the agency. Highline works with its clients to provide a full range of services, either directly or through referral to other agencies.

Programs for chronically mentally ill persons in Washington are funded by the State through the counties. Until recently, these funds were distributed as a "fee for service," with services being reimbursed at cost. The new tier system of payment is based on a per-capita reimbursement for services to persons within a specific tier which is defined by the severity of the client's condition and level of need. A county agency performs the assessments that establish the tier level for each client. Prior to the change in the funding structure, the county designated a lead service agency for a specific geographic area. Highline was the lead agency for a large portion of Seattle's west side, while several other agencies provided service for other portions of Seattle and the rest of King County.

As a result of the tier system of reimbursement, there is some sentiment for doing away with the geographic designations and allowing clients a choice of agencies from which they may obtain services. Also, a system being discussed in some counties would make specific agencies responsible for servicing clients only within specified tiers. Because the programs are in transition, it is difficult to determine what, if any, impact these changes may have on funding levels or on the availability of services.

Most of the tenants at Conbela Apartments function semi-independently and need a low level of supervision. However, while some tenants may progress to the point where they are able to find housing in the private market, others are considered by Highline's staff to need a more structured environment. The Highline property managers are more sensitive to the day-to-day concerns and complaints of the tenants than a private landlord might be, and they are better able to support the counselors in emergency situations relating to tenant behavior.

It is very difficult to estimate the cost of supportive services for Conbela Apartments tenants because they vary among the tenants and fluctuate over time. Currently, services to Tier Two tenants are reimbursed at the rate of \$450 per month and services to Tier Three tenants at \$1,000 per month. Highline has estimated that supportive services for some of the Conbela Apartments tenants may run as much as \$14,000 per person per year. The organization, of necessity, does some fund-raising from foundations and other sources.

SPONSOR EXPERIENCE WITH APPLICATION AND DEVELOPMENT PROCESS

Highline-West Seattle had previous experience developing HUD-assisted housing for mentally ill clients. This experience was useful during the development of the Conbela Apartments because Highline's staff were familiar with the process and had developed a relationship with HUD staff; this staff knew whom to contact when they had questions or minor problems. However, despite its previous experience with securing HUD funding, the agency used a consultant to manage the paperwork and provide a continuing liaison with HUD staff. The project was awarded funds in 1980, the year the application was submitted.

Highline typically has difficulty securing sites for development, because appropriate land is scarce and high-priced. However, for this project, the agency had site control when it applied for funds. The neighborhood was mildly supportive of the project, and the development process apparently moved smoothly, albeit slowly. The persons actually involved in the day-to-day development of the project were no longer with Highline at the time of the visit, but those interviewed could remember nothing unusual about the project's development. They did mention that what would probably be an 18-month development process for a typical private development can easily stretch to 36 months on a HUD project: the timing of HUD approvals is not always in sync with local approvals, and minor conflicts between local building codes and HUD requirements must often be negotiated. But Highline staff believe this project proceeded more quickly than most. Competitive bidding took only a couple of months, the building's costs were equal to the commitment, and the construction was completed on time. By the time the building was ready for occupancy, it was in final closing. All units were leased prior to completion.

Overall, the sponsor representative spoke very positively of Highline's experience with HUD on this project, as well as of its continuing relationship with the local HUD office. A willingness to work creatively with the client in interpreting regulations to achieve broad program goals was specifically cited as a positive attribute of local HUD staff.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATION

As noted previously, the sponsor, Highline-West Seattle Mental Health, is also the management agent for Conbela Apartments. Turnover in the facility is lower than in a typical apartment development, and the building is always fully occupied. Because many tenants in Conbela Apartments are almost ready for independent living, moves to apartments in the general housing markets are Conbela's major cause of turnover. The manager estimates that if this facility were not available, about 90 percent of the residents would be able to find housing in the general market. Tenants are screened by the sponsor and units are vacant only long enough to clean them and, if needed, redecorate them before moving in the next tenant.

The building is now over 10 years old and maintenance levels are increasing. Major capital expenditures—furnace, water heater, roof, etc.—are programmed into the replacement reserve

budget and routine maintenance is performed inexpensively by Highline staff who work out of a central office and serve all 17 of the sponsor's properties. However, utilities and other operating expenses have been increasing faster than rents (utilities rose 5 percent in 1994) and nonessential maintenance is sometimes deferred. The facility currently needs new carpeting, but without a rent increase it may be unable to afford it. Replacement reserves are down, and even though HUD had allowed the use of residual receipts for some repairs, budgets are very tight.

GOOD SHEPHERD II RENTON, WASHINGTON SECTION 202 FOR PERSONS WITH DISABILITIES

PROJECT INFORMATION

Good Shepherd II consists of two group homes, each of which houses six persons with developmental disabilities. The homes are identical in style and both are completely wheelchair accessible. They are located in Renton, Washington, a suburb of Seattle. The award year was 1986 and the buildings were occupied in September 1991.

PROJECT DESCRIPTION

The two one-story structures are located about two miles apart. Both houses were built from the same floor plan and have similar placement on their oversized lots. Each house is set to one side of its lot, about 30 feet from the street. This positioning provides a large front and side yard that is compatible with adjacent properties and allows room for a generous driveway and parking for four to six vehicles. The houses are sided with wide wooden clapboards stained a dark mahogany color. The rear yards are enclosed by high wooden privacy fences that have been stained to match the house siding.

Each house has a small foyer that leads into a large multipurpose room. The dining area, which seats eight, is an extension of the main room. The adjoining kitchen is large and offers considerable cupboard space. An office for the staff is located just inside the front door; bedrooms for the residents and on-site staff are arrayed along one side of the house.

The public spaces in the house are pleasant and well suited to their group home setting. The private spaces, however, are quite small and appear cramped when furnished with a bed, chest of drawers, and other personal belongings. The facilities are completely wheelchair accessible. Smoke alarms and sprinklers have been placed throughout the houses and visual emergency signals have been included for hearing-impaired persons. Both houses are clean and in good repair.

NEIGHBORHOOD DESCRIPTION

Although the two group homes funded under Good Shepherd II are in separate neighborhoods approximately two miles apart, their settings are very similar. Both are located in single-family neighborhoods characterized by ranch-style homes about 30 to 40 years old. Both houses are on quiet residential streets but are only a short walk from a bus stop and within walking distance of a convenience grocery store. They are also convenient to other shopping, as well as parks and medical facilities.

Both neighborhoods are modest working-class areas that are essentially clean and well maintained. In one of the neighborhoods, a few of the houses could use a coat of paint and some of the lawns were not maintained to the standards set by their neighbors. Properties in the other neighborhood were more uniformly maintained. Both of the Good Shepherd II group homes blend well into their respective neighborhoods.

SPONSOR AND MANAGER CHARACTERISTICS

The Good Shepherd Lutheran Home of the West is the sponsor and manager of the Good Shepherd II group homes. The organization has three additional properties in the Seattle area. Its Seattle operation has 40 full-time-equivalent employees to provide housing and services for 27 persons. Good Shepherd receives referrals for its properties from the State of Washington. It then screens the prospective clients to determine their appropriateness for one of the Good Shepherd environments.

Good Shepherd provides on-site supervision 24 hours per day at its projects; during most of that time at least two staff persons are on-site. Although the on-site staff are generally service providers, they also play a role in the maintenance of the property. In addition, Good Shepherd employs a full-time maintenance person to mow lawns and make repairs on all five of its properties. The on-site workers are backed by a central office staff that handles paperwork and coordination with outside agencies for vocational training, medical services, and some physical therapy training.

Because of the intensive care and supervision required by the residents, the roles of property manager and service provider are blurred in a group home setting. Even the office staff spend a portion of their time working on both service issues and property management issues.

PROVISION OF SUPPORTIVE SERVICES

As noted, residents of the two group homes receive around-the-clock supervision and care. At one of the homes the residents are younger persons who are nonverbal; they require more intensive care than do the residents of the other home, some of whom are employed by social service operations that specialize in creating jobs for persons with developmental disabilities.

Daily meals, transportation, exercise and recreational programs, assistance with dressing and grooming, some physical therapy, and other social work programs are all provided on site by the Good Shepherd staff.

The State of Washington provides financial support for the provision of these services based on the severity of the disability. Good Shepherd is reimbursed at a rate of over \$3,000 per month for each of its residents. Additional funds are raised by Good Shepherd from foundations, churches, and other sources, including residents' families, to supplement the costs of providing a total supportive environment for the residents.

SPONSOR EXPERIENCE WITH APPLICATION AND DEVELOPMENT PROCESS

The Good Shepherd Lutheran Home of the West had developed HUD-assisted properties prior to Good Shepherd II and thus had experience with the process. The organization received its funds with the first application and it also received a Section 106(b) seed money loan to help pay its up-front costs. The approved loan was slightly smaller than requested, but it was important to the organization given the problems encountered with the local community. Ultimately, the sponsor had to raise additional funds from private sources, and the City of Renton provided Block Grant funds to cover street and sewer development costs that were technically the responsibility of the developer under local regulations.

The City of Renton staff was generally supportive of the project, but the sponsor encountered considerable opposition from the residents of the two neighborhoods where the homes were to be located. This led to extensive public hearings and negotiations on design issues that added thousands of dollars to project costs. Eventually, the city council approved the project by a narrow margin. Among the local requirements that added to costs were zoning requirements that group homes have larger lots than the single-family homes in the same area and that the rear yard be completely enclosed with a six-foot "privacy" fence.

HUD officials, especially the multifamily representatives, worked with the sponsor to address local issues, but HUD ultimately failed to approve the added costs that resulted from local mandates. The sponsor thus had to raise additional private-sector funds to cover these costs. However, because the project was not subject to the Davis-Bacon Act, there may have been a small savings in construction costs.

There were several requests for funding extensions necessitated by the local problems, but once construction began, the project moved smoothly. The final closing took place within two months after the project was first occupied.

Overall, the sponsor's experience with HUD during this project was positive. However, the problems of reconciling HUD requirements with local ordinances and requirements made the development process excessively difficult.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATION

As noted, the role of property manager is not as sharply defined in a group-home environment as in a conventional apartment building. Managing the facility is an integral part of running the home and providing the supportive services. Good Shepherd's manager believes that HUD's programs were designed for more conventional housing and are often difficult to fit to the group-home model. In one instance, repairs to damage caused by resident behavior was not allowed as a maintenance expense by HUD. In addition, many expenses that would normally be included in the building account on a conventional property have been absorbed by Good Shepherd. The organization recently obtained HUD's approval to include part of the salary of the office worker who maintains the project's records as a management cost to the project, but the salary of the full-time maintenance person is still absorbed as a general sponsor organizational expense. Good Shepherd is going to request that the maintenance person's salary be apportioned to the operating costs of the five properties the organization operates locally.

The residents of the group homes do pay rent, and some receive Section 8 rent assistance. But because it is so difficult to separate the costs of building operations and supportive services, it is difficult to determine the extent to which rents cover the operational costs for the group homes.

Housing options for the residents of Good Shepherd II are limited. Because residents are incapable of independent living, their alternatives to the group home are living with their families or living in a more institutionalized setting. The group home provides a compromise by keeping them integrated in the community while providing them with professional care and support.

HARDESON COMMONS EVERETT, WASHINGTON SECTION 202 FOR PERSONS WITH DISABILITIES

PROJECT INFORMATION

Hardeson Commons is a 20-unit apartment complex for persons with chronic mental illness. It is located in Everett, Washington, a mid-sized city 20 miles north of Seattle. The award year was 1988 and the building opened in mid-1992.

PROJECT DESCRIPTION

The building is a three-story apartment building with double-loaded corridors. A management office, a laundry room, and a small common room are located on the ground floor. The one-bedroom units are spacious and attractive comparable to typical units in the private market. Kitchens are designed with a large pass-through that contributes to a feeling of openness and provides the kitchen with natural light. Closet and storage space are adequate but not generous. Only two of the 20 units have bathrooms that are wheelchair accessible. All other features in those two units and in the other 18 units are standard design.

The exterior of the building is wood siding painted Federal blue. Its design is attractive and compatible with other apartment complexes in the area. The site plan, however, is less appealing. The building is sited near the rear of the parcel with a 40-car parking lot between it and the street. Local ordinances require two parking spaces per unit and the lot was too small to allow for any other design.

A stand of trees borders the site on the back and one side. Between the rear of the building and the trees is a small grassy area that contains two picnic tables. The other side is bordered by an access drive to a neighboring apartment complex. The entire property is clean and well maintained.

NEIGHBORHOOD DESCRIPTION

Hardeson Commons is located approximately three miles southwest of downtown Everett in a neighborhood that combines 1960s and '70s vintage single-family subdivisions and newer apartment complexes. Single-story duplexes and two- and three-story apartment buildings dominate the immediate environs. The apartments are largely tenanted with younger single persons, but the single-family housing nearby contains a mix of families with children and older

couples.

Hardeson Commons is approximately one-half block from a major arterial along which there is bus service to nearby shopping districts. A convenience store is located within walking distance. The neighborhood is attractive, clean, and well maintained and is considered a desirable location within the city.

SPONSOR AND MANAGER CHARACTERISTICS

Hardeson Commons is sponsored by Olympic Mental Health, a local nonprofit organization providing services to chronically mentally ill persons in Everett. The organization has a volunteer board of directors. Services provided include counseling, job training, substance abuse programs, housing referral and assistance, and referrals to other agencies for additional supportive programs needed by the clients. Olympic screens and selects all tenants for Hardeson Commons.

Olympic Mental Health frequently has difficulty finding housing for its clients in the private housing market and thus decided to sponsor housing itself.

Day-to-day management of the physical property is by the Housing Authority of Snohomish County. Olympic did not want to go into the property management business, preferring to concentrate on service provision. The Housing Authority was chosen as the third-party manager primarily because of its experience with HUD and HUD programs. A staff person at the Housing Authority is responsible for managing Hardeson Commons and three other properties. A tenant in the building has been hired as the janitor and is responsible for cleaning the facility and performing routine maintenance. The Housing Authority's manager visits the property several times each week to monitor the janitor's work and to check on the tenants.

The Housing Authority is responsible for collecting rents, maintaining property records, and responding to tenant requests and concerns regarding their apartments or the building in general. Funds needed for building operations or capital costs not fundable out of cash flow or reserves must be raised by the sponsoring agency.

PROVISION OF SUPPORTIVE SERVICES

Olympic Mental Health assigns a case worker to each of the tenants living at Hardeson Commons. These case workers regularly visit the tenants in their apartments to monitor their progress, provide counseling, and to ensure that those who require it are taking their medication. In addition, Olympic maintains an office in downtown Everett where tenants may go for additional services. Olympic works with its clients to provide a full range of supportive services, either directly or through referral to other government and private agencies.

In Washington, programs for persons with chronic mental illness are funded by the State through

each county. In past years, these funds were distributed as a "fee for service," with services reimbursed at cost. The recently instituted tier system of payment is based on a per-capita reimbursement for services to persons within a specific tier, as defined by the severity of the client's condition and level of need. Assessments that establish the tier level for each client are performed by a county agency. Before the funding structure was changed, the county would designate a lead service agency for a specific geographic area. In Snohomish County, Olympic was the lead agency for most of the city of Everett, while two other agencies provided services elsewhere in the county.

Since the tier system of reimbursement was established, there has been some sentiment for doing away with the geographic designations and allowing clients a choice of agencies from which they may obtain services. Also, in some counties, a system is being discussed that would have specific agencies responsible for servicing only clients within specified tiers. Because the programs are in transition, it is difficult to determine what, if any, impact these changes may have on funding levels or on the availability of services.

Most of the tenants at Hardeson Commons need a low level of supervision. They function semi-independently, and some progress to the point where they are able to find housing in the private market. Olympic Mental Health staff see the need, however, for providing a more structured environment for some of their clients. On-site supportive services may be limited to counseling, but the management of Hardeson Commons and similar facilities is better prepared to respond to emergencies and outbreaks of antisocial behavior than a private landlord.

It is very difficult to estimate the cost of supportive services for Hardeson Commons tenants because the services vary dramatically among individual tenants and fluctuate over time. Currently, services to Tier Two clients are reimbursed by the State at the rate of \$450 per month while services to Tier Three clients are reimbursed at \$1,000 per month. However, these reimbursements do not always cover the full cost of providing the services, so money has to be raised from foundations and other sources.

SPONSOR EXPERIENCE WITH APPLICATION AND DEVELOPMENT PROCESS

Although Olympic had provided housing for its clients prior to the development of Hardeson Commons, this was the first project on which the organization had applied for HUD assistance. The agency used a consultant and also took advantage of HUD's preapplication conference, HUD's technical handbook, and meetings with HUD staff. This assistance was helpful, and Olympic received approval in 1988, the first year of its application.

Lengthy delays in moving from award to conditional commitment were associated with Olympic's problems in obtaining control of a site. A combination of community opposition and local ordinances made the location of the facility difficult. During this period HUD staff was

helpful in providing legal interpretations of the application of ADA regulations to the project plus other technical assistance that helped with local approvals. The only changes in the plans that had to be made prior to closing involved a difference in elevator specifications between HUD regulations and local building codes; a waiver was obtained from HUD. About a half-dozen change orders during construction were associated with resolving minor code issues. Final closing coincided with project opening in June 1992, and because tenants come from Olympic's clients, all units were leased upon opening.

Olympic Mental Health raised outside funds to provide furnishings for common areas and for some apartments. These purchases were not included in the application for HUD funds. The organization also had funds available to meet HUD's minimum capital investment criteria.

Overall, Olympic was pleased with HUD's performance and assistance during the development stage of the project. Reviews were timely and HUD staff were cooperative and helpful.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATION

The Housing Authority of Snohomish County manages Hardeson Commons for the sponsor. In its 2.5 years of the project's operation, turnover has been low (about 12 percent per year) and new tenants have moved in as soon as the vacant unit was cleaned and ready for occupancy (usually within less than a week). Given the newness of the building, there has been no need for capital improvements. During the first year of operations the project had a large surplus of revenue. But last year a HUD audit determined that a greater amount should be put into a reserve account. As a result, revenues for the last fiscal years showed only a \$2,800 surplus. Operating costs ran about \$2,500 per unit, or just over \$50,000 (before financing and depreciation). HUD payments have been reasonably prompt and have not presented any cash flow problems for the sponsor or management of the project.

Occasionally, a Hardeson Commons tenant will be capable of moving into the private housing market. This is becoming more difficult in Everett because there is a current housing shortage caused by the recent opening of a new naval base. Also, many of the tenants in this project occasionally demonstrate antisocial behavior, making it difficult for them to retain private market housing.

MOUNT VERNON MANOR II MOUNT VERNON, WASHINGTON SECTION 202 FOR THE ELDERLY

PROJECT INFORMATION

Mount Vernon Manor II is a 30-unit facility designed for the elderly in Mount Vernon, Washington. Approximately two-thirds of its current tenants are non-elderly persons with disabilities. Mount Vernon, with a population of about 15,000, is the county seat of Skagit County. It is located about 55 miles north of Seattle. The award year was 1982 and the project opened in 1984.

PROJECT DESCRIPTION

Mount Vernon Manor II is a two-story building sided with stucco and wood. Its dark mustard and brown color scheme is unobtrusive and blends well with the surrounding trees. The site is located on a cul-de-sac at the end of a quiet residential street. The trees that border the site on two sides are part of a public park. Mount Vernon Manor II shares a parking lot and landscaped grounds with Manor I, an elderly development. Residents of Manor II may use the facilities of Manor I.

Mount Vernon Manor II has an office and a large multipurpose room on the ground floor. There is a kitchen and dining room available in Manor I for tenant use. These facilities were originally designed for a tenant meal program that was dropped for lack of interest.

Manor II contains 8 efficiency and 22 one-bedroom units. The one-bedrooms seem adequately sized, but the efficiencies are very small—more like a small hotel room than an apartment. Closet space in both unit types is limited. The one-bedroom units have a very functional floor plan and are comparable to units in a typical private apartment complex. The only design characteristics that indicate the building may house persons with disabilities are the emergency pulls in the units and the railings along the hallways. The building is not designed for handicap-accessibility. Automatic doors were to be installed the week after the field visit. The use of wheelchairs in the units would be difficult, if not impossible: the kitchens and bathrooms were not designed for wheelchair access and some interior doorways may be too narrow for wheelchairs. Though limited by these design deficiencies, Mount Vernon Manor II is clean and well maintained and provides a quiet environment for its residents.

NEIGHBORHOOD DESCRIPTION

The Manors Complex (Manors I and II) is isolated from its adjacent neighborhood so that architectural compatibility is not an issue. The street that provides access to the complex is almost one-quarter mile long and is lined with very nice single-family houses. This street connects with a major street that exhibits a mixture of more modest single-family houses, small apartment buildings, and some commercial property. A bus route runs down this street and provides transportation to the nearest supermarket and other shopping, which is over one mile away. A community college that is about one-half mile from the site provides numerous cultural and recreational programs for the general public.

Neighborhood households appear to be composed primarily of mature adults; very few children were in evidence. There is a great variety in the size and quality of housing from block to block in the immediate vicinity of the Manor II apartments, as is typical in small towns. Overall, the neighborhood is clean and well maintained and it provides a desirable setting for Mount Vernon Manor II residents.

SPONSOR AND MANAGER CHARACTERISTICS

Mount Vernon Manor II was sponsored by the Skagit County Council on Aging, which is an entirely volunteer organization. For all of its housing activities the Council relies on the Housing Authority of Skagit County to provide staff services. The application for Section 202 funds and subsequent development activities for Manor II were thus handled largely by Housing Authority staff and a consultant.

The Housing Authority of Skagit County also manages Mount Vernon Manor II. In Washington, public housing authorities frequently perform third-party management activities for private, nonprofit organizations. In Skagit County, the Housing Authority has the staff and experience to maintain the records and manage the paperwork required on assisted properties.

PROVISION OF SUPPORTIVE SERVICES

Of the 30 units in Mt. Vernon Manor II, 20 are occupied by non-elderly persons with disabilities. In addition, several of the elderly residents have disabilities, because they have aged in place in the development. Disabilities vary widely and include a variety of physical impairments, chronic mental illness, and mild developmental disabilities. As a result, there is a need for diverse supportive services, from a variety of agencies. The Housing Authority does not officially provide supportive services although the staff has frequently assisted tenants until the appropriate services could be arranged.

On-site services include transportation, meals-on-wheels, housekeeping, and social services, psychological counseling, and physicians' visits. Several tenants require full-time caregivers in

order to live in an independent setting. All of these services are provided by other agencies and organizations. In addition to the on-site services, many tenants use a variety of off-site supportive services provided by local organizations. Because of the diversity in services and providers involved, it is impossible to estimate the costs of providing these services to the tenants.

The project's management indicates that a supportive services coordinator is needed to help tenants secure the appropriate services and to make sure they are receiving the services they need. This role has sometimes been filled by current staff of the agency who have no official connection with the project. This situation evolved because the Housing Authority's offices were on the Manors Complex site. These offices have moved to larger quarters off-site and this informal support role is no longer possible. HUD has so far denied requests for additional funds to create a supportive services director.

SPONSOR EXPERIENCE WITH APPLICATION AND DEVELOPMENT PROCESS

Mount Vernon Manor II was planned as a complementary development to Mount Vernon Manor I, a development for the elderly previously completed by the sponsor. The land had been acquired prior to the development of Manor I and the experience of both HUD and the sponsor on Manor I enabled the second phase, Manor II, to proceed smoothly. The funds were awarded in the first year of application and the approval process moved smoothly through final commitment and construction. There were a few features in the original plans that HUD disallowed under its cost containment program but these were minor changes and did not affect the implementation schedule.

The sponsor used available funds for its minimum capital requirement and, because the project did not require bidding, the sponsor was able to control cost through negotiations and minimal change orders. The final fund approval was just shy of total construction costs. Even though the project moved as quickly as anticipated, the sponsor thinks the process is overly complicated and the approval times longer than necessary.

MANAGEMENT EXPERIENCE WITH PROJECT OPERATIONS

Although Mount Vernon Manor II was designed as a project for the elderly, its current population consists largely of non-elderly disabled persons. This results from a surplus of housing for the elderly in the county—much of it developed with Farmer's Home Administration funding—and a shortage of housing for persons with disabilities. Special populations are expanding in the county and Manor II is receiving more applications from persons with multiple disabilities. Applications are also increasing from persons with mental and substance abuse disabilities. This puts greater strain on the management because these tenants tend to have more problems getting along with other tenants than do persons with physical disabilities. The changing tenant base has also resulted in more complaints from the elderly tenants in Manor I.

Although these problems caused by the changing tenant base are sporadic and manageable, they increase the need for a supportive services coordinator to ensure that all of the tenants have services they can depend on when they are needed. The on-site supportive services are required for at least 10 percent of the tenants, and they are the reason that a large number of the other tenants have chosen Manor II. Housing options are limited in Skagit County's rural setting, and many of Manor II's tenants would have difficulty finding a suitable environment in the general market.

Increasing operating costs over the past few years have put a strain on the operating budget at Manor II. Increasingly, routine repairs must be funded out of the residual reserves. This is a result of the building's aging and the attendant need for repairs and upkeep.

APPENDIX C.

RESEARCH METHODS AND SAMPLE SELECTION

This evaluation of supportive housing programs for persons with disabilities was conducted using a variety of research and data collection methods, which are discussed in this appendix. The research effort attempted to obtain information on all Section 162 and Section 811 projects that received awards between 1989 and 1991 and a sample of Section 202 projects for elderly and disabled persons that received awards between 1978 and 1988.

This evaluation took place from late 1992 through spring 1995. Refinement of the research design and data collection plan began in October 1992. The data collection instruments and procedures subsequently were reviewed and approved by HUD and the Office of Management and Budget (OMB). Data collection began in December 1993 and concluded in November 1994, with the postcard survey of construction and occupancy status of Section 162 and Section 811 projects occurring during December 1993 and January 1994.

RESEARCH DESIGN

The following diagram presents the key tasks undertaken in collecting data for this program evaluation. Applied Real Estate Analysis (AREA), Inc., and Abt Associates Inc. collected this information during three assignment phases: a general reconnaissance period, during which we refined the research design and pretested data collection instruments and procedures; an initial phase of data collection, which focused on recent Section 162 and Section 811 projects; and a second phase of data collection, which focused on Section 202 projects.

The primary methods used to obtain data on the Section 202 as well as the Section 162 and Section 811 programs, were the following:

- # ***Postcard survey of project sponsors/borrowers and managers.*** Because information on many projects was incomplete, the consultant sent an initial mailing to a large sample of Section 202 projects and to all Section 162 and Section 811 projects. This mailing, which requested an easily completed postcard response, was undertaken mainly to identify Section 202 projects for the elderly occupied in part by non-elderly residents with disabilities, to determine the construction and occupancy status of Section 162 and Section 811 projects, to verify the mailing address of project sponsors/borrowers and managers, and to identify specific contact persons at each sponsor/borrower and manager organization.

Exhibit C-1.
Diagram of Evaluation Data Collection Process
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page 1 of 2

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Exhibit C-1.
Diagram of Evaluation Data Collection Process
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page 2 of 2

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The postcard survey provided valuable information on the construction and occupancy status of Section 162 and Section 811 projects as of January 1994, as well as information on the number of non-elderly disabled persons residing in Section 202 buildings for the elderly as of July 1994. Appendix D presents findings from the postcard survey.

- # ***Mail and telephone surveys of project sponsors and borrowers.*** AREA staff mailed questionnaires to all sponsors of Section 162 projects awarded in 1989 and 1990; all Section 811 projects awarded in 1991, as well as a small number of projects that received awards in 1992 and were completed and occupied by the time of the analysis; and a sample of Section 202 projects awarded between 1978 and 1988. All sponsors who completed and returned mail questionnaires were contacted by telephone. (See Exhibit C-2.)

The major purposes of these mail questionnaires and telephone interviews were to obtain information on characteristics of the project sponsors, physical characteristics of the projects, types of supportive services provided for the projects, the application and development process, development costs, and sponsors' attitudes toward changes in HUD programs serving non-elderly persons with disabilities since 1978.

In many instances, obtaining the required information necessitated interviewing more than one person, including consultants who often assisted sponsors with the application and development process. The interviewers also contacted some sponsors numerous times to encourage them to return mail questionnaires.

- # ***Mail and telephone surveys of project managers.*** AREA also mailed questionnaires to managers of Section 202, Section 162, and Section 811 projects and contacted all managers who returned completed mail surveys for telephone interviews. Information gathered from project managers included characteristics of the projects and the neighborhoods in which they are located, occupancy levels and turnover, marketing techniques, supportive services provided, operating costs and funding sources for both housing and supportive services, and tenant profiles.

To obtain this information, AREA staff members frequently conducted follow-up telephone calls to encourage managers to return mail questionnaires; staff completed more than one telephone interview per project. In addition to interviewing on-site project managers, AREA staff frequently contacted off-site administrators familiar with project budget and accounting issues.

Tenant telephone and mail surveys. For those projects whose sponsors and managers completed mail and telephone questionnaires, the consultant team also contacted building tenants. In most instances, Abt Associates' staff conducted these interviews by telephone; however, questionnaires were mailed to a few tenants, especially those who are hearing impaired. The major purposes of these interviews were to determine the tenants' satisfaction with their current places of residence, including the supportive services offered, and to obtain information on their previous places of residence.

Site visits. In order to obtain more detailed information that was difficult to gather using mail and telephone questionnaires, the consultant conducted field visits to 30 projects. Although these projects were clustered in six general geographic areas to enable efficient and cost-effective data collection, the sites are located in geographically distinctive areas of the United States, including both coasts and the Midwest. The projects selected for site visits were located in the New England area near Boston, the states of North Carolina and Arkansas, the greater Chicago and Seattle metropolitan areas, and along the east coast from New York to Washington, D.C.

Together, projects selected for site visits were located in urban as well as rural areas, served tenants with a variety of disabilities, ranged in size from six-bedroom group homes to high-rise developments, included projects designed primarily for the elderly as well as those for persons with disabilities, and included scattered-site as well as single-site projects.

Appendix B provides detailed discussions of these 30 case study projects.

In addition to these primary data collection methods, the following were also used:

Document review. The consultant reviewed documents related to the supportive housing programs, including news releases announcing funding awards; HUD handbooks explaining the application and development process; program rules and Notices of Funds Availability published in the Federal Register; Sections of the *Housing and Development Reporter*; portions of Public Law 100-625, establishing Section 162 modifications of the Section 202 program, and Public Law 101-625, establishing the Section 811 program; records of Congressional hearings; and the *National Survey of Section 202 Housing for the Elderly and Handicapped*, conducted in 1988 by the American Association of Retired Persons.

Discussion with advocacy groups. In May 1993, AREA staff conducted a group discussion with key staff members of groups representing three major disability types (chronic mental illness, developmental disabilities, and physical handicaps).

The meeting was held in the Washington, D.C., offices of the Association for Retarded Citizens (The Arc). It included representatives from national and Maryland affiliates of The Arc; the National Association of Private Residential Resources, an organization representing

550 agencies providing housing and supportive services to persons with developmental disabilities; Paralyzed Veterans; the International Association of Psycho-social Rehabilitation Services, serving persons with chronic mental illness; and Columbia Housing Corporation. Representatives of other organizations were invited but were unable to attend.

The major purpose of the discussion was to obtain the representatives' perceptions regarding key issues in the development and operation of supportive housing for persons with disabilities.

- # ***Interviews with HUD field office staff.*** In order to obtain information about the project application and development process, the consultant team conducted interviews with staff of several HUD field offices. Some HUD staff were interviewed in person during field trips and others by telephone.

CONSTRUCTION OF THE MASTER DATA FILE

The evaluation required compilation of a data file of projects awarded under the three programs. Only Section 202 projects that had been occupied for at least one year were eligible for the data collection activities under this contract. In order to construct a framework for data collection for properties awarded funding under each program, HUD provided the AREA team with the available project sponsor data:

- # Paper lists of award announcements during the years 1978 through 1986 for Section 202 projects.
- # Computer-readable files of award announcements during the years 1987 through 1992 for additional Section 202 projects, two years of Section 162 awards, and the first two years of the Section 811 program.

The paper lists were automated by Abt Associates staff, and a master file of projects awarded under the three programs was constructed. Because not all properties listed as awards were ultimately completed using program funds,²² the list of awarded properties had to be screened against HUD's Multifamily Insurance and Direct Loan Information System (MIDLIS) to determine which properties were under HUD management (i.e., the project was funded and construction had at least begun).

The MIDLIS database, containing information on projects funded under a large number of HUD programs, is massive. To create a more manageable database, HUD staff extracted from MIDLIS all properties that were awarded funding during the years 1978 through 1992. Since the MIDLIS

¹ Some projects were canceled by sponsors; others, especially those awarded under the Section 162 and Section 811 programs, were still in the development stage.

database does not contain a definitive field denoting funding program, the extract file contained all possible properties, not necessarily only those funded under Section 202, Section 162, or Section 811.

Using HUD's unique case number as the link, Abt Associates staff searched the records in the MIDLIS extract file and retained only those MIDLIS records with a corresponding record in the awards master file. Simultaneously, the HUD field staff were asked by HUD headquarters staff to review and update the MIDLIS information. The field office updates were edited into the master database.²³

RESPONDENT SAMPLE SIZES

The design for this evaluation required development of a file of eligible projects^Cthose that had been occupied for at least one year at the time the samples were drawn. This criterion was important to ensure the maximum potential information on project operating experiences, especially operating costs.

Because so few Section 162 and Section 811 projects were fully occupied at the time of the sampling, all occupied projects funded under these programs were combined with the unoccupied projects, and no sampling was done. (Map C-2 indicates the geographic distribution of all Section 162 and Section 811 projects considered in this evaluation.) As designed, separate samples were drawn from the Section 202 projects that were constructed exclusively for persons with disabilities and those Section 202 projects constructed for elderly persons with selected units set aside for disabled persons.

Elapsed time between the grant award and the request for information was crucial. As expected, inclusion in the MIDLIS extract was not a sufficient indicator of a fully developed and occupied project. However, for the Section 162 and Section 811 projects, the name and address of the sponsor was frequently sufficient to obtain the requested information and identify any other involvement in former or current operations (e.g., current project sponsor and/or project manager).

The evaluation requirements for the Section 202 projects for persons with disabilities and Section 202 projects for the elderly could not be met by the grant awards list or the MIDLIS file alone: the project record, provided by the HUD field office, was necessary in order to update the evaluation's master file. Without updates, the sponsor information was obsolete and the project information was either missing or incomplete. AREA added a screener postcard mailing to collect the missing information and identify eligible properties for Section 162 and Section 811

²Some of the field offices did not submit updated MIDLIS information. This resulted in considerably lower response rates in those geographic areas since the information in the unedited records was out-of-date and current project managers, especially of Section 202 projects, could not be located.

projects, Section 202 projects for persons with disabilities, and Section 202 projects for the elderly. As a result, the initial mailings to the Section 162 and Section 811 grantees went to the sponsors of record.

The initial mailings to Section 202 projects for persons with disabilities and Section 202 projects for the elderly went to project managers (from MIDLIS records, where available) and included a request to return project sponsor information and a count of units designated and/or occupied by tenants with disabilities. The surveys of sponsors and project managers followed. (The following maps show the distribution of completed surveys throughout the United States.)

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Map C-2
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Map C-3
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A survey of project tenants was completed for each program group. The survey universe for each program group was developed from the tenant rosters requested from property managers. The managers were asked to assess each tenant's ability to be interviewed by phone as well as the nature of each tenant's disability. As reported by the resident managers, most residents of group homes (frequently developmentally disabled, autistic, or severely mentally ill) could not be interviewed in a telephone survey. Thus, a true random survey of tenants was not possible. Instead the sample (fielded by the telephone survey staff) was based on the project manager's assessment of the tenant's abilities. To ensure that some of the harder-to-locate interviews were pursued and interviews were not concentrated in a small number of large buildings, a maximum response rate of 70 percent per property was set as the goal.

AREA interviewed a total of 158 tenants in Section 162 and Section 811 properties, 120 in Section 202 projects for persons with disabilities, and 120 in Section 202 properties for the elderly. The summaries of the number of respondents by program included in the evaluation are shown in Exhibits C-2 and C-3.

DATA ENTRY AND CLEANING

Data entry was performed by CompuAction, Inc. using direct key to disc. To ensure accurate data entry, all survey instruments were 100 percent key-verified, i.e. all data were re-entered by a different operator who was responsible for resolving any discrepancies by referring to the hard-copy instrument.

Following data entry, data cleaning was performed by Abt Associates staff. The first step in this process was a range check to identify response codes that were not in the specified allowable list of codes, and were therefore unacceptable. The next step was consistency (or logic) checking to ascertain that all appropriate skip patterns were correctly followed. Finally, internal consistency tests were performed on selected key variables. Discrepancies were resolved by referring to the hard-copy instruments.

Level of Accuracy

Once the data have been entered, verified, and cleaned, the level of accuracy of these data depend on whether they are based on a census (Section 162 and Section 811) or a sample (the Section 202 program for the elderly or Section 202 program for persons with disabilities). For the Section 162 and Section 811 census, if one assumes that the 54 percent that responded to the tenant survey are similar to the remainder of those considered "potential respondents," as shown in Exhibit 3, then the level of accuracy is 100 percent. Given that the primary reasons for lack of response were wrong or disconnected phone numbers, or no answer, the Section 162 and Section 811 data are not subject to sampling error.

The level of accuracy of the samples for the Section 202 program for the elderly or Section 202 program for persons with disabilities is less because of sampling error. Besides weighting the

data to correct for estimated design effects, it is also possible to calculate the confidence for each of the observed proportions. Exhibit 5 shows the 95 percent confidence intervals for the observed proportions.

*Exhibit 5.
95 Percent Confidence Intervals for Proportions*

	<u>Sample size</u>	<u>Observed Proportion</u>					
		<u>5% or 95%</u>	<u>10% or 90%</u>	<u>20% or 80%</u>	<u>30% or 70%</u>	<u>40% or 60%</u>	<u>50%</u>
Section 202 for Elderly	120	3.9	5.4	7.2	8.2	8.8	8.9
Section 202 for Persons with Disabilities	120	3.9	5.4	7.2	8.2	8.8	8.9

The confidence intervals are largest for a 50-50 split. For both Section 202 samples for the full number of responses, a proportion at or close to 50 percent has a 95 percent confidence interval of " 8.9 percent. (The Section 162 and Section 811 census technically has no sampling error.) In many cases, the cell sizes are smaller and the confidence intervals are much larger. The report does not identify the statistical significance of data describing distinctions between programs, since practically none of the differences between programs are statistically significant. In general, there would have to be at least a 20 percentage point difference between the "yes" responses from the Section 162 and Section 811 projects and the "yes" responses from the Section 202 projects before it would be useful to perform a test for statistical significance.

Exhibit C-2.
Number of Respondents for the
Survey of Section 162 and Section 811 Projects

	<u>Section 162</u>	<u>Section 811</u>	<u>Total</u>
Postcards Mailed	347	149	496
Returned postcards	271	119	390
Canceled projects	19	2	21
Pretest projects	2	5	7
Undeliverable postcards	8	3	11
Sponsor Surveys			
Surveys mailed	251	113	364
Surveys returned			
Number	199	82	281
Percentage of surveys mailed	79%	73%	77%
Telephone surveys completed			
Number	192	75	267
Percentage of mail surveys completed	96%	91%	95%
Manager Surveys			
Surveys mailed to occupied projects	153	29	182
Surveys returned			
Number	114	22	136
Percentage of surveys mailed	75%	76%	75%
Telephone surveys completed			
Number	106	22	128
Percentage of mail surveys completed	93%	100%	94%
Tenant Surveys			
Residents on tenant rosters	938	122	1,060
Number of potential respondents to interview	388	10	398
Percentage potential respondents	41%	8%	38%
Number of tenant interviews completed	284	8	292
Tenant interviews completed			
Number	154	4	158
Percentage of tenant interviews attempted	54%	50%	54%

Sources: Applied Real Estate Analysis (AREA), Inc. and Abt Associates Inc.

Exhibit C-3.
Number of Respondents for the Survey of Section 202 Projects for
Persons with Disabilities and Section 202 Projects for the Elderly

	Section 202 for persons <u>with disabilities</u>	Section 202 <u>for the elderly</u>
Postcards Mailed	750	1,333
Returned postcards	514	791
Undeliverable postcards	47	74
Manager Surveys		
Surveys mailed to occupied projects	247	141
Surveys returned		
Number	155	71
Percentage of surveys mailed	63%	50%
Telephone surveys completed		
Number	151	70
Percentage of mail surveys completed	97%	99%
Sponsor Surveys		
Surveys mailed	150	68
Surveys returned		
Number	114	52
Percentage of surveys mailed	76%	76%
Telephone surveys completed		
Number	102	NA
Percentage of mail surveys completed	89%	NA
Tenant Surveys		
Residents on tenant rosters	1,696	461
Number of potential respondents to interview	1,316	400
Percentage potential respondents	78%	87%
Number of tenant interviews completed	237	187
Tenant interviews completed		
Number	120	120
Percentage of tenant interviews attempted	51%	64%

Sources: Applied Real Estate Analysis (AREA), Inc. and Abt Associates Inc.

DATA ANALYSIS

During the analysis process, the need for weighted data was examined. Each survey of Section 162 and Section 811 potential respondents was a census of all possible respondents and therefore self-weighted. The surveys of the Section 202 program for the elderly and the Section 202 program for persons with disabilities were based on samples of potential respondents. Appropriate sample weights were computed and applied to the sample data. In almost all instances the differences between the weighted and unweighted data were negligible and made no differences in the proportions to be reported. As a consequence, most of the data reported are unweighted.

The only weighted data contained in this report are the construction and operating cost information discussed in Chapter III. Because the cost numbers are large (in the range of tens of thousands of dollars), multiplication by small weights, used to estimate the costs of all Section 202 projects, resulted in differences between the weighted and unweighted construction and operating cost amounts. The weighted construction and operating costs are, therefore, reported.

The report does not identify the statistical significance of data describing distinctions between the programs, since practically none of the differences between programs are statistically significant. With total sample sizes ranging from 281 to 86, the confidence intervals at the 95 percent level for a 50-50 split range from " 6.6 percent to " 12.7 percent. In many cases, the cell sizes are smaller and the confidence intervals are much larger. In general, there would have to be at least a 20 percentage point difference between the "yes" responses from the Section 162 and Section 811 projects and the "yes" responses from the Section 202 projects before it would be useful to perform a test for statistical significance.

DEVELOPMENT AND OPERATING COSTS ANALYSIS

Data available for analysis of development and operating costs of housing for persons with disabilities are limited. As part of the mail and telephone surveys, AREA staff attempted to obtain information from project sponsors regarding development costs and from project managers regarding operating costs. Unfortunately, development cost information was not available for a significant percentage of the newer, Section 162 and 811 projects because many were not built at the time of our survey and others had not yet completed cost certification information for final closings. In contrast, we were unable to collect development cost data from sponsors of many Section 202 projects for elderly and disabled persons because the projects were completed up to 12 years prior to our survey and cost certification documents were no longer readily available.

Similarly, when our survey was conducted, only a small percentage of the Section 162 and 811 projects had been open at least one year and could provide data on housing operating costs. For older Section 202 projects for persons with disabilities, operating cost data were more readily available. For most projects, we requested operating costs for both housing services (such as

maintenance and utilities) and supportive services (such as housekeeping services, transportation, exercise programs, and psychological services). Because Section 202 projects for the elderly vary significantly in size and character from Section 202 projects for persons with disabilities, the research effort did not include collecting information on the costs of supportive services for projects primarily serving the elderly.

To supplement information gathered during the mail and telephone surveys, the consultant staff focused heavily on collecting reliable development and operating cost data during the field visits. In many instances, interviewers requested that sponsors and managers provide documents from their files to fill in missing information.

The analysis of development costs presents data in current dollars as opposed to inflation-adjusted constant dollars. Because the evaluation covered a 14-year time period, and because of limited responses to detailed questions about development costs, the number of responses in any given year was not adequate to accurately adjust development costs for inflation. However, given the limited changes in HUD's allowable costs per unit or resident space over time, development costs appear to have been somewhat constrained over the period of the evaluation. For operating costs, sufficient data were available to compare costs each year between 1991 and 1993, a period during which inflation was low.

APENDIX D.

FINDINGS FROM THE POSTCARD SURVEY

The postcard survey that was used to identify Section 162 and Section 811 sponsors and a sample of Section 202 projects produced very useful information about the overall characteristics of projects funded by these programs as of January 1994. This appendix describes the construction/occupancy status, size, and location of the universe of Section 162 projects (awarded in 1989 and 1990) and Section 811 projects (awarded in 1991). Information is also provided on seven projects from the 1992 Section 811 award year. In addition, the appendix provides data that was not previously available on the number of disabled persons residing in Section 202 properties that were developed primarily for the elderly.

SECTION 162 AND SECTION 811 CONSTRUCTION/ OCCUPANCY STATUS

The Section 162 and Section 811 universe includes 489 projects awarded from 1989 through 1991. Additionally, 7 of the 149 projects awarded funds in 1992 were included because they were in HUD's Multifamily Insurance and Direct Loan Information System (MIDLIS) database (and assumed occupied) at the time this evaluation began; the remaining 142 projects were not included because the consultant felt they were in too early a stage of the development process to be useful. Thus, the total Section 162 and Section 811 working universe for this evaluation consisted of 496 properties.

The AREA team determined the construction/occupancy status of all Section 162 and Section 811 projects in the evaluation. The primary sources were the postcard surveys completed in December 1993 and January 1994 and updated information from sponsor mail surveys conducted this spring and summer. When this information was unavailable (i.e., the surveys were not returned), AREA used HUD's MIDLIS database records, assuming that these projects were occupied. Exhibit D-1 provides a detailed breakdown of project status by award year.

Of the 496 total projects, 49 percent (243 projects) were occupied, 47 percent (232 projects) were unoccupied, and 4 percent (21 projects) had been canceled. Of the 232 unoccupied projects, 67 were under construction and 86 had not yet broken ground. There was no survey data for the remaining 79 projects, but the consultant assumed that they are not constructed and/or not occupied, as they were not active in HUD's MIDLIS records.

(continued)

Exhibit D-2.
Construction/Occupancy Status:
Universe of Section 162/811 Projects

Year of award	Total no. of projects	Bldg. complete and occupied (or in HUD's MIDLIS database)	Some minor construction still to be completed; tenants already moving in	Construction under way; marketing/leasing begun	Construction started but no leasing as yet	Not yet broken ground	Not constructed and/or not occupied (not in HUD's MIDLIS database)	Project cancelled
1989	174 100%	114 66%	1 0%	12 7%	6 4%	9 5%	23 13%	9 5%
1990	173 100%	94 54%	3 2%	6 3%	10 6%	23 13%	27 16%	10 6%
1991	142 100%	28 20%	4 3%	14 10%	11 8%	54 38%	29 20%	2 1%
1992	7*	7	NA	NA	NA	NA	NA	NA
Total	496 100%	243 49%	8 2%	32 6%	27 6%	86 17%	79 16%	21 4%

* Actually, 149 Section 811 awards were announced in 1992. We included only the seven 1992 projects that were in HUD's MIDLIS database at the time this evaluation began, as we assumed these seven properties were occupied.

Source: AREA postcard surveys completed in December 1993 and January 1994; sponsor mail surveys completed in the spring/summer of 1994; where survey information unavailable, HUD's MIDLIS database records.

One would expect that, in general, the earlier the award year, the greater the percentage of occupied projects. This expectation holds true for the Section 162 and Section 811 universe. Of the 174 projects that received awards in 1989, 66 percent were occupied, as were 54 percent of the 173 total projects receiving awards in 1990, and 20 percent of the 142 projects receiving awards in 1991. It was not possible to draw conclusions about the 1992 projects. As noted, the AREA consulting team included only seven of the 149 projects awarded funds in 1992—the seven that were active in HUD's MIDLIS files and assumed occupied at the time the evaluation began.

About 11 percent of the '89 and '90 projects were still undergoing construction, while 21 percent of the 1991 projects fell into this category. Of the 142 total projects awarded funds in 1991, 38 percent had not broken ground and another 20 percent were not constructed and/or not occupied. It is notable that 9 of the 174 projects receiving funds in 1989 and 23 of the 173 projects funded in 1990 had not even begun construction.

SECTION 162 AND SECTION 811 PROJECT SIZE

According to Exhibit D-2, 36 percent (179 projects) of the 496 total Section 162 and Section 811 projects either have or plan to have (if yet not constructed) 7 to 12 units each. The experience of the projects in the individual award years 1989 through 1991 also shows a preponderance of projects in this size range. Almost equally represented in the overall universe are projects with 1 to 6 units (24 percent, or 119 projects) and those with 19 or more units (22 percent, or 110 projects). The projects with 13-18 units make up 18 percent—the smallest percentage—of the group (or 88 of the 496 total projects).

In general, it appears that over the 4 award years represented, smaller projects of 1 to 6 units have become more prevalent while the larger projects with 19 or more units have become less so popular. Note in Exhibit D-2 that the proportion of 1- to 6-unit projects increased markedly between award years 1989 and 1990, rising from 15 percent to 27 percent. As the proportion of smaller projects increased, the number of larger projects decreased. The percentage of projects with sizes exceeding 18 units dropped between the 1989 and 1990 award years and remained relatively constant in 1991. In 1989, 26 percent (or 45) of all 174 projects had 19 or more units; the percentage decreased to 20 percent in 1990 and hovered at that level for 1991 projects. There was no trend in the projects with 13-18 units, with proportions of 16 percent in both 1989 and 1991 and 21 percent in 1990.

Exhibit D-2. Construction/Occupancy Status
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(table not available in electronic version)

Exhibit D-3.
Project Size:
Universe of Section 162 and Section 811 Projects

Year of award	Total no. of projects	Number of units			
		1 - 6	7 - 12	13 - 18	19+
1989	174 100%	26 15%	75 43%	28 16%	45 26%
1990	173 100%	46 27%	55 32%	37 21%	35 20%
1991	142 100%	40 28%	49 35%	23 16%	30 21%
1992	7* 100%	7 100%	0 0%	0 0%	0 0%
Total	496 100%	119 24%	179 36%	88 18%	110 22%

* Actually, 149 Section 811 awards were announced in 1992. Only the seven 1992 projects that were in HUD's MIDLIS database at the time this evaluation began were included, as it was assumed these seven properties were occupied.

Source: AREA postcard surveys completed in December 1993 and January 1994; sponsor mail surveys completed in the spring/summer of 1994; where survey information unavailable, HUD's MIDLIS database records.

SECTION 162 AND SECTION 811 PROJECT LOCATION

The 496 projects in the Section 162 and Section 811 universe represent 45 states and the Virgin Islands. The states with the largest presence include North Carolina with 79 projects (16 percent of the total), California with 34 projects, Ohio with 29, New York with 24, and Massachusetts and South Carolina with 22 projects each. Arkansas, Florida, Illinois, Kentucky, New Jersey, and Pennsylvania each had between 15 and 20 projects. Surprisingly, the large, populous State

of Texas had only 10 projects.

SPONSORS OF MULTIPLE SECTION 162 AND SECTION 811 PROJECTS

It is interesting to note the distribution of projects among sponsoring organizations. Of the 496 total projects, 206 (42 percent) represented single projects—that is, they were the only Section 162 and Section 811 project sponsored by a particular organization. The majority of projects were, however, undertaken by sponsors who were awarded at least one other Section 162 or Section 811 project. To facilitate data collection and analysis, sponsors were divided into three groups based on the number of projects under their control: sponsors responsible for only one project in the universe; sponsors with two to six projects; and sponsors with six or more projects.

Among the group of sponsors with 2 to 6 projects, the number of properties totaled 170 projects. These 170 properties were sponsored by about 65 organizations, for an average project burden of 2.6. In the 6-plus project category, 120 projects were sponsored by a field of 8 organizations with an average of 15 projects per sponsor. The largest burden for any one sponsor was 41 projects.

SECTION 202 FOR THE ELDERLY PROJECT CHARACTERISTICS

From 1978 through 1988, approximately 3,900 projects were awarded funds under the Section 202 program. Based on several factors, the AREA team distinguished the projects designed primarily to serve the elderly from those projects designed exclusively for persons with disabilities. The team then selected for this evaluation a sample of 1,333 Section 202 elderly projects and 750 projects for persons with disabilities. Postcard surveys were conducted for both categories; however, they were slightly different in focus. The postcard survey of Section 202 projects developed primarily for elderly residents provided information not previously available on the incidence of non-elderly persons with disabilities who lived in those projects. The postcard survey of Section 202 projects developed for persons with disabilities was intended primarily to identify appropriate contact persons for mail and telephone surveys.

The postcard survey for Section 202 projects for the elderly was completed by project managers for 755 projects in June and July 1994. AREA determined that the total number of units per project ranged from 10 to 222, with an average size of 56 units. The total number of units occupied by non-elderly persons with disabilities—the focus of this evaluation—ranged from zero units (for 150 projects) to 82 units. The average number of units occupied by non-elderly disabled persons was 5.

Exhibit D-4 provides a breakdown of projects by the percentage of units occupied by non-elderly persons with disabilities. In more than half (396) of the 755 total projects, fewer than 6 percent of a project's units were occupied by disabled persons under age 62. In 138 of the 755 projects (18 percent), 6 percent to 10 percent of units housed non-elderly persons with disabilities. In the

remaining 221 projects (29 percent), this population occupied over 10 percent of the total number of units, with 107 of these projects falling into the 11 percent to 20 percent range. The overall average percentage of units occupied by non-elderly disabled persons was 11 percent.

Exhibit D-4.
Percentage of Units Occupied by Non-Elderly
Disabled Persons in Section 202 Projects for the Elderly:
1978-1988 Award Years

<u>Percentage of units occupied by non- elderly disabled persons</u>	<u>No. Of projects</u>	<u>Percentage of total projects</u>
0	150	20
1-5	246	33
6-10	138	18
11-20	107	14
21-30	49	7
31-50	40	5
51+	<u>25</u>	<u>3</u>
Total	755	100

Source: AREA postcard surveys completed in June and July
1994.

APPENDIX E
DATA TABLES

Exhibit E-1.
Project Size
Section 162/811 and Section 202 Projects for Persons with Disabilities

<u>No. of units or resident spaces per project</u>	<u>Section 162 and Section 811</u>		<u>Section 202 for persons with disabilities</u>	
	<u>Number</u>	<u>Percent (%)</u>	<u>Number</u>	<u>Percent (%)</u>
6 or fewer	87	31.4	6	3.9
7 to 12	84	30.3	41	26.4
13 to 18	52	18.8	33	21.3
19 or more	<u>54</u>	<u>19.5</u>	<u>75</u>	<u>48.4</u>
Total	277	100.0	155	100.0

Source: Survey conducted by Applied Real Estate Analysis, Inc.

Exhibit E-2.
Managers' Opinion of Adequacy of Space Sizes, by Type of
Space: Section 162/811 and Section 202 Projects for Persons with Disabilities

Type of space		More than <u>needed</u> (%)	<u>Just right</u> (%)	Somewhat <u>small</u> (%)	<u>Insufficient</u> (%)
<i>One-bedroom apartments</i>					
Section 162/811	(N=37)	2.7	70.3	24.3	2.7
Section 202 for persons with disabilities	(N=93)	1.1	81.7	17.2	C
<i>Group home bedrooms</i>					
Section 162/811	(N=98)	1.0	90.8	8.2	C
Section 202 for persons with disabilities	(N=69)	1.4	71.0	26.1	1.4
<i>Common areas</i>					
Section 162/811	(N=133)	5.3	80.4	9.0	5.3
Section 202 for persons with disabilities	(N=140)	4.2	69.3	21.4	5.0
<i>Dining rooms</i>					
Section 162/811	(N=103)	2.9	90.3	5.8	1.0
Section 202 for persons with disabilities	(N=74)	C	81.1	16.2	2.7
<i>Kitchen</i>					
Section 162/811	(N=109)	0.9	89.9	9.2	C
Section 202 for persons with disabilities	(N=90)	C	65.5	32.2	2.2
<i>Management office</i>					
Section 162/811	(N=114)	3.3	66.1	27.3	3.3
Section 202 for persons with disabilities	(N=131)	1.5	58.8	29.0	10.7
<i>Consultation/meeting space</i>					
Section 162/811	(N=56)	3.6	50.0	35.7	10.7
Section 202 for persons with disabilities	(N=75)	2.7	52.0	28.0	17.3
<i>Equipment/maintenance rooms</i>					
Section 162/811	(N=81)	1.2	61.7	28.4	8.6
Section 202 for persons with disabilities	(N=133)	0.8	53.4	35.3	10.5
<i>Garden space</i>					
Section 162/811	(N=115)	9.6	72.2	15.7	2.6
Section 202 for persons with disabilities	(N=128)	12.5	68.7	15.6	3.1
<i>Parking</i>					
Section 162/811	(N=133)	6.0	71.4	12.0	10.5
Section 202 for persons with disabilities	(N=149)	11.4	60.4	23.5	4.7
<i>Hallway widths</i>					
Section 162/811	(N=124)	1.6	95.2	2.4	0.8
Section 202 for persons		3.9	89.8	4.7	1.6

Exhibit E-2.
Managers' Opinion of Adequacy of Space Sizes, by Type of
Space: Section 162/811 and Section 202 Projects for Persons with Disabilities
with disabilities (N=128)

Source: Surveys conducted by Applied Real Estate Analysis, Inc.

Exhibit E-3.
Existing or Planned Provision of On-Site Supportive Services
As a Percent of Independent-Living Facilities and Group Homes
Section 202 for Persons with Disabilities, Section 202 for the Elderly, and Section 162/811

	Section 202 for persons with disabilities (N=155) (%)	Section 202 for the elderly (N=71) (%)	Section 162 and Section 811 (N=121) (%)	GH (N=160) (%)
Meals	51.6	43.7	19.8	86.9
Housekeeping	51.6	56.3	21.5	54.4
Transportation	63.2	52.1	43.0	83.7
Social services	59.4	49.3	51.2	66.9
Exercise programs	31.0	25.7	16.5	30.0
Wellness programs	47.1	26.7	33.1	69.3
Recreation	70.3	62.0	50.4	79.4
Physical therapy	17.4	28.1	3.3	10.6
Personal assistance	73.5	52.0	55.4	97.5
Dental care	3.9	0.0	1.6	4.3
Doctor/nurse visits	32.3	54.9	26.4	14.4
Skills training	19.4	1.4	11.6	14.4
Psychiatric services	23.9	8.5	19.0	21.2
Substance abuse counseling	12.3	4.2	19.0	11.9

Includes properties providing services in both on- and off-site locations.

Source: Surveys conducted by Applied Real Estate Analysis, Inc.

**Exhibit E-4. Existing or Planned Provision of Off-Site Supportive Services
As a Percent of Independent-Living Facilities and Group Homes
Section 202 for Persons with Disabilities, Section 202 for the Elderly, and Section 162/811**

	Section 202 for persons with disabilities (N=155) (%)	Section 202 for the elderly ILF (N=71) (%)	Section 162 and Section 811 ILF (N=121) (%)	GH (N=160) (%)
Meals	5.8	19.7	9.9	11.2
Housekeeping	3.9	15.1	4.1	0.0
Transportation	20.0	28.2	33.9	20.6
Social services	33.5	29.6	57.0	41.9
Exercise programs	25.2	22.5	27.3	51.9
Wellness programs	18.1	25.4	27.3	23.1
Recreation	36.8	22.5	57.0	44.4
Physical therapy	42.6	38.0	25.6	58.1
Personal assistance	11.6	14.0	23.1	5.6
Dental care	54.8	35.2	36.4	84.4
Doctor/nurse visits	50.3	19.7	41.3	85.0
Skills training	61.9	33.8	69.6	86.2
Psychiatric services	59.4	47.9	76.9	80.0
Substance abuse counseling	40.0	39.4	66.1	57.5

Source: Survey conducted by Applied Real Estate Analysis, Inc.

**Exhibit E-5.
Construction/Occupancy Status of Projects for
Which Sponsor Surveys Were Completed: Section 162 and 811**

	Number	Percent (%)
Project complete	173	61.6
Started but not complete	38	13.5
Construction not started	46	16.4
Scattered-site projects in various stages of completion	<u>24</u>	<u>8.5</u>
Total	281	100.0

Source: Surveys conducted by Applied Real Estate Analysis, Inc.

Exhibit E-6.
Time from Fund Reservation to Construction Start

<u>Months</u>	<u>Section 162 and Section 811</u>		<u>Section 202 for persons with disabilities</u>		<u>Section 202 for the elderly</u>	
	<u>Number</u>	<u>Percent (%)</u>	<u>Number</u>	<u>Percent (%)</u>	<u>Number</u>	<u>Percent (%)</u>
1-6	18	7.1	0	0.0	2	5.9
7-12	47	18.3	7	9.8	6	17.6
13-24	62	24.1	25	35.2	14	41.2
25-36	42	16.3	19	26.8	6	17.6
37+	27	10.5	20	28.2	6	17.6
Not begun	<u>61</u>	<u>23.7</u>	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>
Total	257	100.0	71	100.0	34	100.0*

*Error due to rounding.

Source: Surveys conducted by Applied Real Estate Analysis, Inc.

Exhibit E-7.
Time from Fund Reservation to Occupancy

<u>Months</u>	<u>Section 162 and Section 811</u>		<u>Section 202 for persons with disabilities</u>		<u>Section 202 for the elderly</u>	
	<u>Number</u>	<u>Percent (%)</u>	<u>Number</u>	<u>Percent (%)</u>	<u>Number</u>	<u>Percent (%)</u>
1-12	24	9.0	0	0.0	1	2.8
13-24	56	21.0	10	13.5	8	22.2
25-36	60	22.5	31	41.9	12	33.3
37-48	20	7.5	18	24.3	11	30.6
48+	6	2.2	15	20.3	4	11.1
Not occupied	<u>101</u>	<u>37.8</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>
Total	267	100.0	74	100.0	36	100.0

NA = Not applicable.

Source: Surveys conducted by Applied Real Estate Analysis, Inc.

Exhibit E-8.
Time Between Initial Occupancy and Final Closing

<u>Months</u>	<u>Section 162 and Section 811</u>		<u>Section 202 for persons with disabilities</u>		<u>Section 202 for the elderly</u>	
	<u>Number</u>	<u>Percent (%)</u>	<u>Number</u>	<u>Percent (%)</u>	<u>Number</u>	<u>Percent (%)</u>
0-6	48	29.3	35	49.3	17	50.1
7-12	49	29.9	15	21.1	8	23.5
13-24	9	5.5	13	18.3	8	23.5
24+	0	0.0	6	8.5	1	2.9
Not begun	<u>58</u>	<u>35.3</u>	<u>2</u>	<u>2.8</u>	<u>C</u>	<u>C</u>
Total	164	100.0	71	100.0	34	100.0

Source: Surveys conducted by Applied Real Estate Analysis, Inc.

Exhibit E-9.
***Assistance Provided to Disabled Applicants
Who Cannot be Accommodated in the Subject Project***

<u>Assistance provided</u>	<u>Section 202 for persons with disabilities</u>		<u>Section 162 and Section 811</u>	
	<u>Number (N = 151)</u>	<u>Percent (%)</u>	<u>Number (N = 127)</u>	<u>Percent (%)</u>
Refer to other sponsor housing	43	28.5	30	23.6
Refer to other housing designed for persons with disabilities	63	41.7	40	31.5
Refer to local public housing authority	15	9.9	4	3.1
Refer to government social service agency	44	29.1	43	33.9
Refer to private advocacy group	26	17.2	21	16.5
Generally don't make referrals	19	12.6	9	7.1
Don't know/no experience	12	7.9	50	39.4

Note: Multiple responses permitted.

Source: Surveys conducted by Applied Real Estate Analysis, Inc.

Exhibit E-10.
Average Operating Revenues
Per Unit or Resident from Selected Sources: Weighted Data*

	Section 162 and Section 811 <u>(N = 40)</u> (\$)	Section 202 for persons with disabilities <u>(N = 496)</u> (\$)	Section 202 for the elderly <u>(N = 1,265)</u> (\$)
Independent-living facilities			
Tenants	1,533	1,282	950
HUD Section 8 or Project Rental Assistance Contract	3,878	3,302	2,234
Group homes			
Tenants	1,840	1,679	C
HUD Section 8 Project Rental Assistance Contract	3,319	2,179	C

*Data weighted for sampled Section 202 projects.

Source: Surveys conducted by Applied Real Estate Analysis, Inc.

APPENDIX F.

RESIDENT SATISFACTION

The respondents for the three resident surveys were selected from each type of HUD-funded project: Section 202 for the Elderly, Section 202 for Persons with Disabilities, and Sections 162 and 811 (combined). The sampling frames for the resident surveys were submitted to the evaluation team by program managers, who were asked to provide tenant rosters. The tenant roster form asked the property managers to indicate whether the residents listed were capable of responding to a telephone survey. The original plan was to interview surrogates if residents could not be interviewed directly. However, when HUD decided to use the resident survey as a customer satisfaction survey, it was no longer appropriate to interview surrogates. Most of the surrogates listed on the tenant rosters were caregivers. Asking caregivers to evaluate changes in residents' quality of life since moving into one of the HUD-funded supportive housing programs, residents' satisfaction with supportive-housing living space, or their satisfaction with the building management seemed unacceptable as a means of collecting believable data. Family members would have made better surrogates, but very few residents had a family member listed as a proxy.

Property managers submitted 257 tenant roster forms identifying a total of 3,217 residents. On eighty-nine rosters, with names of 733 residents in group homes, the residents were viewed by the project managers as not able to be interviewed with a telephone survey. In most cases, group home managers and caregivers indicated that it would not be possible to interview the residents (clients) due to the severity of their disabilities.

Property managers and caregivers in the independent-living facilities typically provided lists of residents (with their telephone numbers) to survey. One hundred sixty-eight tenant rosters from managers of independent-living facilities were used as the universe of persons for the resident survey. Property managers indicated that 2,114 residents were eligible for interviews and that 1,103 could not be interviewed.

A total of 398 persons with disabilities were interviewed for the resident telephone survey. Before the survey quotas were reached, interviewers had attempted to contact a total of 716 persons. Fifty-seven (18%) of the 318 who were not interviewed were determined by the interviewers to misunderstand the questions, to not be coherent, or to not be physically capable of completing the survey. Other interviews could not be completed for a variety of reasons including wrong numbers, disconnected numbers, and unavailability during the survey period. Six residents refused to participate. Given the objective of assessing resident satisfaction, the level of some residents' disabilities and the lack of appropriate surrogates, the resident survey did not successfully elicit the views of all residents. Those with severe disabilities could not effectively be included in the analysis. In addition to the telephone survey, the consultant

attempted to interview this population group during the field visits but without success.

RESIDENT CHARACTERISTICS

Chapter IV presented information on the characteristics of persons with disabilities living in supportive housing projects as reported by property managers. (See also Exhibits F-1 and F-2.)²⁴

Chapter VII describes resident characteristics and satisfaction from the perspectives of residents interviewed. The residents' responses are tabulated separately by program. (See also Exhibits F-3 and F-4.)

Types of disabilities. According to the tenant rosters provided by the property managers, the primary disabilities of those living in the Section 162 and 811 properties are the following: 49% have developmental disabilities; 14% have chronic mental illness; 7% have physical disabilities; and 6% either have multiple disabilities or are elderly and disabled. The disabilities of the remaining 24% were not specified.

The distribution by disability of those included in the survey of residents living in independent-living facilities is different from the distribution by disability of those living in group homes. More of the surveyed residents in ILFs have physical disabilities (31.7% vs. 11.4%); approximately the same proportion are chronically mentally ill (20.8% vs. 17.3%); substantially fewer residents have developmental disabilities than in group homes (20.8% vs. 44.3%); fewer have multiple disabilities or are elderly and disabled (2.0% vs. 5.7%); and approximately the same proportion have unknown disabilities (24.7% vs. 21.3%). These findings are supported by the fact that many of the group homes are housing developmentally disabled persons who are too severely impaired to participate in a telephone survey.

²⁴ All tenant characteristics described in Chapter IV and appendix exhibits, including definitions of ethnicity, were based on questions asked of tenants.

Exhibit F-1.
Financial Support for Prior Place of Residence

	<u>Section 162/811</u>		<u>Section 202 for persons with disabilities</u>		<u>Section 202 for the Elderly</u>	
	<u>Number</u>	<u>Percent (%)</u>	<u>Number</u>	<u>Percent (%)</u>	<u>Number</u>	<u>Percent (%)</u>
Owned previous residence	5	4.5	4	4.2	10	9.5
Paid rent for all or part	90	81.1	68	71.6	77	73.3
Shared the residence without paying rent	<u>16</u>	<u>14.4</u>	<u>22</u>	<u>23.2</u>	<u>17</u>	<u>16.2</u>
Total	111	100.0	95	99.0	105	99.0
Lived in public housing	41	36.9	36	37.9	43	41.0

Source: Surveys conducted by Abt Associates Inc.

Exhibit F-2.
Ethnicity

	<u>Section 162/811</u>		<u>Section 202 for persons with disabilities</u>		<u>Section 202 for the elderly</u>	
	<u>Number</u>	<u>Percent (%)</u>	<u>Number</u>	<u>Percent (%)</u>	<u>Number</u>	<u>Percent (%)</u>
White	121	76.6	87	72.5	88	73.3
Black	27	17.1	31	25.8	28	23.3
Other Minority	<u>10</u>	<u>6.3</u>	<u>2</u>	<u>1.7</u>	<u>4</u>	<u>3.4</u>
Total	158	100.0	120	100.0	120	100.0

Source: Surveys conducted by Abt Associates Inc.

Most important reason for occupancy. Residents in projects under Section 202 for the Elderly differed from those in projects under both Section 162/811 and Section 202 for Persons with Disabilities. The Section 202 for the Elderly residents gave the availability of a rent subsidy as their first reason, followed by the desire to live more independently. A more convenient location, increased safety, and handicapped accessibility were also cited by over 39% of the respondents.

Exhibit F-3.

***Residents' Satisfaction: Reason for Moving
(Section 202 for the Elderly)***

	Formerly independent head of <u>household</u> (%)	Formerly dependent <u>in household</u> (%)	Formerly in institution or <u>group home</u> (%)	Total <u>responses</u> (%)
Desire to live more independently	10.9	33.3	33.3	17.5
Availability of rent subsidy ^C lower rent	31.3	23.8	20.0	29.2
Availability of on-site support services	2.4	0.0	0.0	1.7
More convenient location	8.4	14.3	6.7	9.2
Safer than previous building	14.5	9.5	20.0	14.2
Handicapped accessible	18.1	9.5	13.3	15.8
Better or larger apartment	7.2	4.8	0.0	5.8
Encouraged by others to try it	4.8	0.0	0.0	3.3
No choice	<u>2.4</u>	<u>4.8</u>	<u>6.7</u>	<u>3.3</u>
Total	100.0	100.0	100.0	100.0

Source: Surveys conducted by Abt Associates Inc.

Exhibit F-4.
Residents' Comparisons: Current and Previous Residence
(Section 202 for the Elderly)

	Better than previous <u>residence</u> (%)	About <u>the same</u> (%)	<u>Worse</u> (%)	<u>Don't know</u> (%)
The amount of space	51.7	25.0	22.5	0.8
Overall mobility within the building	62.5	27.5	5.8	4.2
The safety of the neighborhood	48.3	36.7	12.5	2.5
The safety of the building	63.3	28.3	5.8	2.5
The building's access to public transportation	49.2	33.3	5.8	11.7
The building's social and recreational services	48.3	23.3	9.2	19.2

Source: Survey conducted by Abt Associates Inc.
