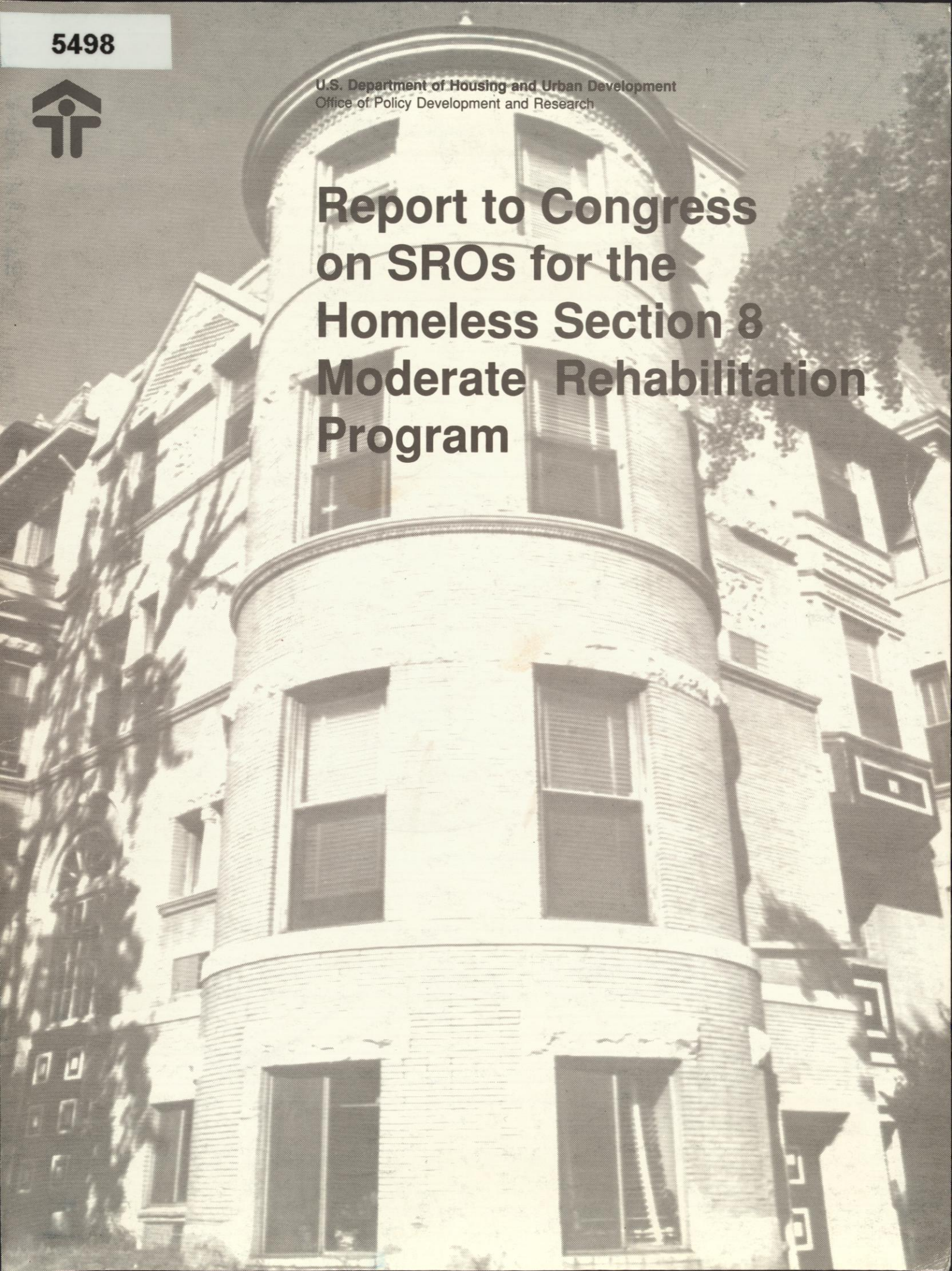


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U.S. Department of Housing and Urban Development
Office of Policy Development and Research

Report to Congress on SROs for the Homeless Section 8 Moderate Rehabilitation Program



**Report to Congress on SROs for the Homeless
Section 8 Moderate Rehabilitation Program**

March 1990

Office of Policy Development and Research
U S. Department of Housing and Urban Development

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
I. INTRODUCTION	1
II. SRO DESCRIPTION	3
III. SRO SECTION 8 PROGRAM	.....	5
A. Purpose		5
B. Eligibility		5
C. Applications		5
IV. IMPLEMENTATION STATUS	.....	7
A. Projects		7
B. Occupancy		7
V. PROJECT CHARACTERISTICS	.....	13
A. Sponsors		13
B. Neighborhood and Building Characteristics		13
C. Characteristics of SRO Rooms		15
VI. TENANT SELECTION AND CHARACTERISTICS	.....	17
A. Tenant Selection		17
B. Tenant Characteristics		18
1. Sex		18
2. Race		18
3. Age		19
4. Employment		20
5. Income		20
6. Prior Residence		21
VII. SUPPORT SERVICES	.....	23
A. Support Service Needs		23
B. Provision of Support Services		24
C. SRO Management and Operations		24
VIII. DEVELOPMENT COSTS AND FUNDING	.....	27
A. Development Costs		27
B. Development Funding		28
IX. OPERATING COSTS AND REVENUES	.....	31
A. Operating Costs		31
B. Operating Revenues		32
X. RENTS, FMR and SECTION 8	.....	33
A. Comparison of Contract and Fair Market Rents		33
B. Rents, Incomes and Section 8		33
XI. COST COMPARISONS OF SROs WITH ALTERNATIVE HOUSING	.....	35

XII.	LOCAL NEEDS ASSESSMENT	37
	A. Single Homeless Estimates	37
	B. SRO Inventories	37
	C. SRO Preservation Policies	37
XIII.	GRANTEE COMMENTS AND RECOMMENDATIONS	39
	A. Overview	39
	B. Application Requirements	39
	C. Rehabilitation Regulations	39
	D. Tenant Selection and Management	40
	E. Support Services	41
	F. Other	41
XIV.	CONCLUSION	43
	APPENDIX	45
	A. Study Methodology	45
	B. Project Descriptions	45

LIST OF FIGURES AND TABLES

FIGURES

1. Location of Section 8 SRO Dwellings Approved in December 1987 8

TABLES

1. City/State/PHA/Sponsor/Project 9
2. Occupancy 11
3. Physical Condition 14
- 4 Building Use 15
5. Characteristics of SRO Rooms 15
6. Sex of Residents 18
7. Race of Residents 19
8. Age of Residents 19
- 9 Employment of Residents 20
- 10 Income of Residents 21
- 11 Prior Residence of Residents 22
12. Examples of Needed SRO Support Services 23
13. SRO Unit Development Costs 27
- 14 Funding Sources 28
- 15 Loan or Grant Subsidies 29
16. SRO Unit Operating Costs 31
17. Income, Contract Rent and Section 8 Rental Assistance 34
18. Cost Comparison SRO/Hotel Room/Efficiency Apartment 35

EXECUTIVE SUMMARY

This report summarizes the first-year experience of the Section 8 Moderate Rehabilitation Program for Single Room Occupancy (SRO) Dwellings for Homeless Individuals (referred to in this report as the Section 8 SRO Program), as reported to HUD by the 21 Public Housing Authorities (PHAs) and the sponsors of the 30 projects funded in the first round of the program in FY 1988. The Office of Research monitored the program and, through calls to PHAs and project sponsors, collected information on a full range of issues, including tenant and project characteristics, developmental and operational costs and support services.

The primary finding of this study was that the Section 8 SRO Program appeared to operate effectively and to provide a vital housing alternative for the single homeless at affordable rents averaging close to \$300/month. For those homeless individuals unable to move into market housing, rehabilitated SRO facilities, such as restored YMCAs or old hotels, proved a practical adaptation of a housing form once thought obsolete.

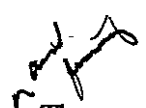
In addition to affordability, the SRO provided a more stable communal environment not found in the isolation and chaos of street living or emergency shelters. A fixed address also allowed residents to receive benefit checks regularly, and to be seen by support service providers for followup and referral visits.

Section 8 subsidies were absolutely vital to the SRO projects, but they generally did not cover all costs. Much of the program success was attributable to the energy and ingenuity of staff and volunteers, who marshaled additional funding sources and project support from local governments, charitable groups and private firms. Each project sponsor depended on an average of three sources of funds or subsidies. Sixty percent of the projects received Federal tax credits or local property tax abatements.

A. Specific Findings

More specific findings included:

- Project characteristics. The typical project building was a dilapidated three-story, 20,000-square-foot former hotel, motel or YMCA/YWCA facility located in a depressed area. PHAs judged slightly over half of the buildings to be in bad or poor condition prior to rehabilitation. The average SRO room size contained approximately 140 square feet.
- Tenant characteristics. The typical SRO resident was a low-income, middle-aged, unemployed or unemployable male who formerly lived on the streets or in a shelter for the homeless. Over 70 percent were men; 54 percent were white, 34 percent black and 10 percent Hispanic; approximately half were between the ages of 26 and 45; only 9 percent were 63 or older; and 70 percent were unemployed or unable to work because of disabilities. Their monthly income averaged \$222.
- Project sponsor. About three-fourths of the sponsors were nonprofit organizations. Generally, these sponsors had more experience with low-income housing than the for-profit sponsors, especially in providing social services and enlisting volunteers and residents to help with various tasks.

- 
- **Development costs.** The average cost for acquiring, rehabilitating and furnishing each unit was \$24,000; of this, acquisition absorbed one-third and rehabilitation about two-thirds of the costs. State and local governments provided over half (52 percent) the funds, primarily in the form of loans (often low interest) and grants. Only 30 percent of financing was from private lenders
 - **Operating costs.** The total cost of operating an average SRO unit was \$298 per month. Debt service comprised 38 percent of this amount, followed by management costs of approximately 25 percent. The need for 24-hour oversight caused the management costs to be nearly double that of typical apartment management costs.
 - **Revenues.** Rents accounted for 90 percent of revenues; the remainder came from space leases, business incomes and contributions. Section 8 assistance paid 78 percent of the rent and the residents paid 22 percent. In 36 percent of the cases, contract rents were below the SRO Fair Market Rent (FMR); 57 percent were at the FMR; and 7 percent were above the FMR, under approved exceptions.
 - **Support services.** SRO sponsors were unanimous that the single homeless required extensive support services and they perceived that the services were often inadequate. Casework referral of residents to service providers, either on- or offsite, was made in nearly 75 percent of the projects. About 70 percent of the SROs provided some onsite services; many of those that did not were in downtown areas convenient to major service providers. Only 17 percent of SROs required residents to use services.

B. Comments and Recommendations

PHAs and program sponsors freely offered comments and suggestions on the Section 8 SRO Program. While the Office of Research cannot endorse all the suggestions, they provided valuable insight.

Overall, PHAs and sponsors were extremely pleased with the program. Typical comments were, "The protected environment of an SRO is critical for many single homeless" and "the program is one of the best for helping the homeless on a more permanent basis."

Specific comments and suggestions included.

- **Support services.** Most respondents called for more support services, which HUD might encourage by requiring a greater commitment of services as one of the funding criteria. Mental health and substance abuse counseling were the most needed services. A number of sponsors suggested that residents should be required to accept needed services as a condition of tenancy.
- **Evictions.** Highly disruptive tenants created serious problems at many SROs. Many sponsors therefore urged that restrictive program rules on evictions should be eased. Also, high turnover rates caused some respondents to urge that HUD allow subsidy coverage of vacant units for a longer time period.
- **Tenant selection.** Many sponsors took more initiative and exercised more control in the selection of tenants than suggested by program rules, which required selection from a PHA prospective tenant list. Many suggested that rules reflect current realities.

- Eligible costs. Sponsors suggested that eligible costs include such items as counseling rooms, furnishings (since the homeless generally have no furniture) and modest levels of support services such as caseworker assistance.
- Davis-Bacon. Several sponsors noted that exemption from Davis-Bacon requirements could have significantly reduced costs or eliminated extensive paperwork imposed in connection with the use of volunteers.
- SRO preservation. Many sponsors and local homeless experts said it was vital that local governments be encouraged to implement SRO preservation policies, since many existing SRO buildings were being lost to conversions, demolitions or abandonment. They also noted that the PHAs generally did not have the authority to create or implement comprehensive preservation policies but only to apply for subsidies for individual projects

C. Conclusion

Preliminary results from this study validated that assisted SROs seemed to be the right response to chronic housing problems of at least some of the single homeless.

The real-life benefits of SROs are highlighted in the following edited excerpt from an unsolicited letter received from the residents in one of the SROs studied (in Brooklyn, NY):

You have no idea what it's like to wait in line just to use the bathroom, or wait your turn to cook, or sleep in your clothes in the summer to keep them from being stolen, and in the winter to keep warm. Here we have hot water 24 hrs a day, plenty of heat in the winter, 2 bathrooms, 2 showers, and a large kitchen on each floor so no one has to wait for anything, including a laundry room on the premises. Everyone has his or her own keys plus our own private mail box. I know this doesn't seem like much to you but it's the Waldorf Astoria to us.

I. INTRODUCTION

This is a report on the results of the first round of grants awarded in December 1987 under the Section 8 Moderate Rehabilitation Program for Single Room Occupancy (SRO) Dwellings for Homeless Individuals.

On July 22, 1987, the Stewart B. McKinney Homeless Assistance Act created the Section 8 Moderate Rehabilitation Program for Single Room Occupancy (SRO) Dwellings for Homeless Individuals, hereafter referred to as the Section 8 SRO Program. The McKinney Act provided \$35 million for the rehabilitation of existing structures to create SRO dwellings for single homeless persons. The funds were made available to the Secretary of Housing and Urban Development (HUD) to be awarded on the basis of a national competition to applicants who could best demonstrate both a need for SRO dwellings for homeless individuals and an ability to create such housing quickly and efficiently.

On August 19, 1988, the Congress (House of Representatives Report Number 100-701 to the HUD-Independent Agencies Appropriations Act of 1989, Public Law 100-404) requested a report on the effectiveness of the first award of \$35 million under the Section 8 SRO Program. Congress made the request in conjunction with the provision of an additional \$45 million in fiscal year (FY) 1989 for the program.

This report begins by defining an SRO, then follows with some observations on the single homeless population that would benefit from SROs. The report continues with a description of the Section 8 SRO Program and a summary of its implementation status as of May 1989.

The report includes sections on:

- The types of project sponsors, types of buildings rehabilitated, characteristics of SRO units and neighborhood locations.
- Profiles of tenant characteristics by sex, race, employment status, age, income and prior place of housing.
- A discussion of support services offered in conjunction with the housing.
- Data on the costs of acquiring, rehabilitating and operating SROs and the role of Section 8
- A summary of local needs for SROs.

Finally, the report summarizes grantees' observations and recommendations. The appendix describes the study methodology and each project, including key contacts.

It is important to note that the findings apply only to projects funded under the Section 8 SRO Program in FY 1988, all of which were contacted for this study. The findings are an accurate picture of the assisted SROs as of May 1989, but they are not necessarily representative of SROs across the country

II. SRO DESCRIPTION

An SRO is a private room for one person, usually in a building with more than four such rooms. The rooms are furnished with a bed and often a chair and space for clothes storage. In some cases, a desk, sink and refrigerator are provided. The dwelling usually has a common entrance for all residents, common toilets and baths and sometimes common living rooms, kitchens and laundry facilities.

The SRO is usually very affordable relative to hotel or apartment costs, given the modest space used by each person and the efficiency of common spaces. In effect, SROs are residential hotels; examples would be YWCAs and YMCAs with rooms.

The SRO was once a very common form of housing. It was the first place where single immigrants to the cities found shelter in the 19th century. In Boston, in 1840, it was estimated that 60 percent of the housing was one or another form of SRO. However, starting in the 1940s, SROs began to decline as a result of three phenomena. First, the rapid improvement of household incomes allowed the consumption of better housing. Second, construction of better housing, largely in the suburbs, enticed people away from city centers where most SROs were located. Third, urban renewal efforts to improve existing business districts led to the demolition of many SROs.

Over the last decade, the need for SROs has reoccurred. As reported by most national studies, approximately 70 percent of the homeless are single men or women. Experts assert that homelessness can be caused by many factors, among them physical and mental illness, substance dependencies, family violence, decreased incomes and rapid increases in housing costs in some markets. Once again, there is a need for affordable, basic housing for single persons. SROs can provide homeless individuals with some permanence and dignity, and may lead, for some, to self-sufficiency.

III. SRO SECTION 8 PROGRAM

This section describes the Section 8 SRO Program as defined in 1987. The description covers the statutory basis of the program, its objectives and its eligibility and application requirements.

The Stewart B. McKinney Homeless Assistance Act, Public Law 100-77, signed into law July 22, 1987, created the SRO Program. The McKinney Act, title IV, section 441, authorized the program under the provisions of the United States Housing Act of 1937, section 8(e)(2), and provided an initial authorization of \$35 million for use in FY 1988. The SRO Program has been generally administered according to Section 8 Moderate Rehabilitation Program regulations, with a few modifications.

A. Purpose

The purpose of the SRO Program was to provide SRO units for homeless individuals of very low income. The program provided for payments to property owners who created SRO units through rehabilitation of existing structures. The Section 8 subsidy payments fund a project for 10 years in the form of rental assistance in amounts equal to the rent, including utilities, minus the portion of the rent payable by the tenants (approximately 30 percent of their income). Also, the program encouraged support services for the SRO residents, if needed, by stipulating that provision of such services was one factor in project selection.

B. Eligibility

Only Public Housing Authorities (PHAs) were eligible to apply, and these were limited for the initial funding (1988 appropriation) to approximately 600 PHAs that had experience with the parent Section 8 Moderate Rehabilitation Program. Such experience was deemed necessary to develop SRO units as quickly as possible, as desired by the executive branch and the Congress. The PHAs were responsible for selecting a local developer, which could be a for-profit or nonprofit organization.

C. Applications

The Section 8 SRO Program held a national competition to award the SRO Program Section 8 rent subsidies. PHA applicants had to (a) describe the need for SRO dwellings for homeless based on an analysis of the size and characteristics of the local homeless population and (b) demonstrate the PHA's ability to undertake and successfully implement its proposed program within 6 months. Demonstrated capability required proof of many conditions, such as the existence of structures that were available and appropriate for rehabilitation; evidence of site control for a proposed project, the percentage of vacant units proposed; the speed and feasibility of the proposed rehabilitation schedule; commitments of contributions or other subsidy assistance to reduce project costs; and commitment of necessary support services for the SRO residents, if necessary. Importantly, the program required the PHAs to certify that the proposed project(s) would not permanently displace any persons, thereby putting a premium on rehabilitating vacant or partially vacant buildings.

The Secretary issued a notice of fund availability (NOFA) October 15, 1987, just 3 months after the McKinney Act authorization. Applications had to be prepared within approximately 30 days. In spite of the short timetable, HUD received 109 applications for a total request of \$418 million, over 10 times the available funds.

The HUD Field Office serving the applicant PHA and a panel of reviewers in the HUD Central Office reviewed all applications. The Central Office panel competitively scored the applications on a maximum of 30 points for identified need and 70 points for demonstrated capability. The panel reviewed the applications in just over a month, and announced the awards on December 3, 1987. The Office of Research collected the data for this study between April and May 1989, approximately 16 months after the awards.

IV. IMPLEMENTATION STATUS

This section identifies the PHAs that received funds and the project sponsors that rehabilitated buildings for SROs in FY 1988. It provides details on the status of project rehabilitation and percent of occupancy, as of May 1989.

A. Projects

Twenty-one PHAs received SRO Program awards, which provided funds for 30 projects (several PHAs had more than one project) Figure 1 is a map of the location of the PHAs. It shows a wide distribution across the country. Table 1 lists the PHAs, and the names of the sponsors and projects.

The 30 projects provided a total of 1,024 SRO units, of which 92 percent, or 940 units, were complete at the time of the study. Three projects, with 84 units, were still undergoing rehabilitation but were to be completed within the next 6 months.

The original target of 6 months for completion of the rehabilitation was achieved by approximately half (47 percent) of the project sponsors. Within 1 year, 84 percent had completed their rehabilitation. The sponsors declared the 6-month deadline unrealistic, given the complex processes of producing architectural plans, obtaining cost estimates and financing, selecting contractors and supervising rehabilitation, obtaining zoning and building permits and arranging for final inspections and occupancy permits. The three projects not completed by May 1989 had encountered serious complications. For example, the sponsor of one project could not finally secure a selected building (the seller pulled out), or a rehabilitation contractor failed to perform. (The second round of the SRO Program in FY 1989 provided for 1 year to complete rehabilitation.)

B. Occupancy

Occupancy was high for the most part. The average occupancy for all completed projects was 88 percent. Over half of the completed projects were 95 percent or more occupied. Occupancy for all 1,024 units, including unfinished projects, was 80 percent. Five projects were still filling and three others still undergoing rehabilitation. Table 2 provides the number of units and residents by project.

Only 40 percent of the projects achieved full occupancy within 8 months of project award (6 months for rehabilitation plus 2 months for lease-up); however, nearly 75 percent were fully leased-up in a year. Sponsors stated that the lease-up took longer than anticipated since it was often hard to arrange interviews with the homeless, to get them to keep the appointments, and to provide the necessary documentation on incomes for eligibility certification. Furthermore, some homeless persons were reluctant to sign a lease for the 1-year minimum, which made leasing difficult. It was also observed that there was a very high rate of turnover among the homeless SRO residents, whose occupancy rates fluctuated widely from month to month. Section VI provides additional details on tenant selection.

Figure 1
Location of Section 8 SRO Dwellings
Approved in December 1987



Table 1
CITY/STATE/PHA/SPONSOR/PROJECT
Section 8 SRO Dwellings

<u>City</u>	<u>State</u>	<u>PHA Name</u>	<u>Sponsor Name</u>	<u>Project Name</u>
Amarillo	TX	City of Amarillo	Will Deane/Amarillo Hsg. Auth	1216 West 10th St.
Amarillo	TX	City of Amarillo	Charles Webster	1340 Amarillo Blvd. West
Duluth	MN	Hsg. & Redvlpmt. Auth. of Duluth	Union Gospel Mission, Inc.	Union Gospel Mission
Duluth	MN	Hsg. & Redvlpmt. Auth. of Duluth	Center City Hsg., Inc.	The Gardner Hotel
Grand Rapids	MI	Grand Rapids Hsg. Commission	Dwelling Place Inn of G R., Inc.	Dwelling Place Inn
Jacksonville	FL	Dept. of Hsg & Urban Devlpmt	The Harris Group, Inc.	Liberty Ctr for the Hmls
Lewiston	ME	Lewiston Hsg. Auth.	Lewiston Hsg. Auth.	47 Howard St.
Lewiston	ME	Lewiston Hsg. Auth.	St. Laurents' Assoc.	97 Pierce St
Louisville	KY	Hsg. Auth of Jefferson Cnty.	YMCA	YMCA Homeless Prog.
Louisville	KY	Hsg. Auth. of Jefferson Cnty.	Volunteers of America	Woman's Center
Mayaguez	PR	City of Mayaguez	Mafa Delvpmnt. Corp.	Mendez-Vigo and Liceo St.
Middleton	WI	Dane Cnty. Hsg. Auth.	Transitional Housing, Inc.	Castle Rock SRO
Minneapolis	MN	Minneapolis Public Hsg Auth.	Central Community Hsg. Trust	The Heritage
New York	NY	Dept. of Hsg. Presv & Devlpmt.	Alwood Realty Corp.	1395 Dean St.
New York	NY	Dept. of Hsg Presv & Devlpmt.	Ballard Development Group	Prempeh House
Newport	RI	Ofc. of Intgvtl. Rels Rhode Is.	Washington Square Assoc.	Washington Square
Philadelphia	PA	Philadelphia Hsg Auth.	Natl. Temple Non-Profit Corp	Natl. Temple Self-Help House
Philadelphia	PA	Philadelphia Hsg Auth.	Bethesda Project	Bethesda-Broad St.
Philadelphia	PA	Philadelphia Hsg. Auth	Friends Guild Rehab. Prog , Inc	Sarah Allen Residence

Table 1 (Continued)

<u>City</u>	<u>State</u>	<u>PHA Name</u>	<u>Sponsor Name</u>	<u>Project Name</u>
Phoenix	AZ	City of Phoenix	Community Hsg. Partnership	Casa Teresa
Phoenix	AZ	City of Phoenix	Community Hsg Partnership	17th Drive
Portland	OR	Hsg. Auth. of Portland	Reach Community Devlpt , Inc.	Rose Apartments
Pueblo	CO	Hsg Auth. of Pueblo	Spanish Peaks Mental Health	La Villa De Evans
Sacramento	CA	Sacramento Hsg. & Redvlpmt Agency	Norman Leal	Midtown Motel
San Francisco	CA	San Francisco Hsg Auth	Catholic Charities	Peter Claver Community
Schenectady	NY	Municipal Hsg. Auth. Schenectady	YMCA	Downtown YMCA
Seattle	WA	Seattle Hsg Auth.	Plymouth Housing Group	Scargo Hotel
Seattle	WA	Seattle Hsg. Auth.	Catholic Charities	Westlake Hotel
Shreveport	LA	Hsg. Auth. of Shreveport	McAdoo Lmtd. Partnership	McAdoo Hotel
Trenton	NJ	NJ Dept of Community Affairs	YWCA Trenton	YWCA

Table 2
OCCUPANCY
Section 8 SRO Dwellings
May 1989

<u>City</u>	<u>State</u>	<u>Name of Project</u>	<u>Number Rooms</u>	<u>Number Residents</u>	<u>Percent Occupied*</u>
Amarillo	TX	1216 West 10th St.	21	17	81
Amarillo	TX	1340 Amarillo Blvd. West	12	10	83
Duluth	MN	Union Gospel Mission	12	12	100
Duluth	MN	The Gardner Hotel	41	41	100
Grand Rapids	MI	Dwelling Place Inn	86	86	48
Jacksonville	FL	Liberty Ctr. for the Hmls.	109	109	100
Lewiston	ME	47 Howard St	9	9	100
Lewiston	ME	97 Pierce St.	6	0	0
Louisville	KY	YMCA Homeless Prog.	41	39	95
Louisville	KY	Woman's Center	15	15	100
Mayaguez	PR	Mendez-Vigo and Liceo St.	42	42	100
Middleton	WI	Castle Rock SRO	10	10	10
Minneapolis	MN	The Heritage	16	15	94
New York	NY	1395 Dean St.	24	23	96
New York	NY	Prempeh House	42	0	0
Newport	RI	Washington Square	66	58	88
Philadelphia	PA	Natl. Temple Self-Help House	23	12	52
Philadelphia	PA	Bethesda-Broad St. Residence	44	32	73
Philadelphia	PA	Sarah Allen Residence	23	23	100
Phoenix	AZ	Casa Teresa	31	27	87
Phoenix	AZ	17th Dr.	16	0	0
Portland	OR	Rose Apartments	57	51	89
Pueblo	CO	La Villa De Evans	14	14	100
Sacramento	CA	Midtown Motel	20	20	100

*Average occupancy 79 percent.

Table 2 (Continued)

<u>City</u>	<u>State</u>	<u>Name of Project</u>	<u>Number Rooms</u>	<u>Number Residents</u>	<u>Percent Occupied*</u>
San Francisco	CA	Peter Claver Community	34	32	94
Schenectady	NY	Downtown YMCA	41	18	44
Seattle	WA	Scargo Hotel	45	45	100
Seattle	WA	Westlake Hotel	53	53	100
Shreveport	LA	McAdoo Hotel	45	44	98
Trenton	NJ	YWCA	<u>26</u>	<u>0</u>	
			<u>1024</u>	<u>812</u>	

*Average occupancy 79 percent.

V. PROJECT CHARACTERISTICS

This section provides information on the project sponsors, the characteristics of the neighborhoods and buildings in which the SRO units were located and the characteristics of the units themselves.

A. Sponsors

Nonprofit organizations comprised 73 percent of the Section 8 sponsors, for-profits 27 percent. The nonprofits were almost evenly split between religiously based organizations (Methodist, Friends, etc.) and secular groups (Central City Concern, etc.). For-profits were generally small developers who had some experience with other Federal housing subsidy programs.

Nearly 60 percent of the sponsor organizations had 6 or more years' housing experience, either working with homeless or elderly housing. Thirteen percent had 2 to 5 years' experience and 30 percent less than 2 years' housing experience. Generally, the nonprofits had more experience with low-income housing than the for-profits.

In 87 percent of the cases the projects proposed in the application for the Section 8 funds were the projects that were actually developed. A solid majority of projects, 70 percent, were virtually developed from scratch. This was a major achievement by the PHAs and sponsors, given the need to locate a building, obtain site control and prepare preliminary architectural plans for cost estimates--all within short timetables. Two PHAs did not identify any specific sponsor or building in their application but nominated many candidates for an SRO project. Three sponsors, 10 percent, changed the building originally selected for another.

B. Neighborhood and Building Characteristics

The SRO projects were equally distributed (about 30 percent each) among residential, commercial or mixed-use areas. Only one project was in an industrial area. Most projects, 66 percent, were in economically depressed areas, such as abandoned areas and low-income neighborhoods, or in declining commercial areas where properties were affordable for purchase. Approximately 30 percent were in moderate-income residential or business areas, many of these projects being in older residential hotels.

The PHAs judged over half (53 percent) of the buildings to be in "bad" or "poor" condition prior to rehabilitation. The Section 8 Moderate Rehabilitation Program guidelines required that buildings had to be substandard and required repairs of at least \$1,000 to be eligible for subsidy. Table 3 describes the initial physical condition of the projects.

Table 3
 PHYSICAL CONDITION
 Section 8 SRO Dwellings

<u>Building Condition*</u>	<u>Number of Projects</u>	<u>Percent</u>
Bad--only a shell	11	37
Poor--just a few usable systems	5	16
Fair--most systems usable	11	37
Good--few repairs needed	<u>3</u>	<u>10</u>
	30	100

* The PHA classification of building conditions should be considered tentative. The PHAs were provided only general characteristics for each condition classification without specific reference points.

The significant number of projects classified in "bad" or "poor" condition is not surprising, given the rehabilitation focus of the Section 8 SRO Program and the nondisplacement requirement. Buildings with vacant units were more likely to need major repairs.

The building uses prior to rehabilitation varied widely. A number of the abandoned shells came to be owned by the local government because of tax delinquencies or condemnation. Often these were given at virtually no charge to the SRO sponsors. In another case, an apartment building owned by a bank as a result of a mortgage default was sold to the SRO sponsor at a reduced price. Nearly 50 percent of the projects were rundown former residential hotels, either empty or just partly occupied; four YMCA/YWCAs were among these. Other prior uses included three motels, three vacant apartment buildings, two convents, a light industrial building that was an automobile dealership, a dry cleaning establishment, a school, a nursing home and a mortuary.

The buildings averaged around three stories with just under 20,000 gross square feet. The largest building was 88,000 square feet and the smallest, just 2,000 square feet. Heights ranged from one to seven stories. The majority of buildings (86 percent) were built of brick or masonry. The others were woodframe.

Most of the buildings were 90 percent or more used for Section 8 SROs. Table 4 shows the percentages.

Table 4
BUILDING USE
 Section 8 SRO Dwellings

<u>Percent Use of Building for Section 8 SRO</u>	<u>Percent Projects</u>
100 to 90	73
89 to 50	7
49 to 20	20
19 to 0	<u>0</u>
	100

Project Number=30

The net area used for Section 8 SROs averaged approximately 12,000 square feet out of the average gross area of 20,000 square feet, the other 8,000 square feet were used for a combination of market rate SROs; social service offices; commercial uses such as a grocery or laundry; and in two cases, community food kitchens

C. Characteristics of SRO Rooms

The SRO rooms averaged approximately 140 square feet, with the largest reported to be 360 and the smallest 80 square feet. After the requisite bed and clothes storage area, the most common accessory was a refrigerator, which was provided in nearly half the units. Two of the Section 8 SRO projects actually produced efficiency units with baths and kitchens in each unit; they numbered 58 units or about 6 percent of all Section 8 SRO units. Table 5 provides SRO room characteristics.

Table 5
CHARACTERISTICS OF SRO ROOMS
 Section 8 SRO Dwellings

Average Number of Rooms/Project--34

Average Size of Room in Sq. Ft.--142

Largest Room in Sq. Ft.--360

Smallest Room in Sq. Ft.--80

<u>Rooms With:</u>	<u>Percent</u>
Refrigerator	49
Washbasin	37
Cooking facilities	15
Toilet	13
Shower or bath	11

Unit Number=1,024

SROs normally provide common areas. Such areas averaged around 20 percent of the total SRO facility but ranged from a high of 30+ percent to a low of 5 percent. The common areas included kitchens, living and meeting rooms and laundry areas. Some SROs did not include kitchens because the sponsor chose not to include them for economic reasons or because the resident population was deemed unable to use them due to mental and/or physical disabilities.

VI. TENANT SELECTION AND CHARACTERISTICS

This section describes tenant selection and provides a profile of the tenants with information on their sex, race, age, employment, income and prior place of residence.

The typical resident was a white male, age 26-45, either unemployed or unable to work, who previously lived on the street or in an emergency shelter. However, as seen in the data presented below, the range of tenant characteristics was quite broad.

A. Tenant Selection

The Section 8 SRO Program regulations required that a PHA establish an applicant waiting list for the SRO rooms, following a first-come, first-considered rule, the same as required under the regular Section 8 Moderate Rehabilitation Program. In fact, the PHAs and SRO sponsors followed one of four systems to select tenants: (1) PHA-controlled selection, as called for by HUD regulations; (2) sponsor-controlled selection; (3) referral agency-controlled selection; or (4) a hybrid PHA/sponsor system.

The PHA-controlled selection consisted of the PHA taking all applications, screening and certifying them and then providing the eligible list to the sponsor who selected residents only from the list. Just 15 percent of the projects followed this system. The PHA-controlled system was used only where PHAs were extensively involved in homelessness, for example, one PHA had its own homeless support services staff.

The sponsor-controlled system was the dominant selection method, used in 56 percent of the cases. The sponsor-controlled system reflected the fact that many sponsors were organized to assist specific populations such as mentally ill men or battered women. Under this system, sponsors reviewed the PHA lists for candidate residents but also accepted referrals from emergency and transitional shelters, as well as from service providers, and then screened them using the criteria they had set up for the specific population they had chosen to assist. If an applicant appeared suitable but was not on the PHA list, his/her application was sent to the PHA for income certification. The sponsor system was practical because (1) lists prepared by another party, such as the PHA, quickly became dated since the homeless are a very unstable and hard-to-find population; and (2) most SROs are designed to serve specific populations, which means PHA-listed candidates may not be eligible. Sponsors frequently found that they had to go through dozens of PHA-listed names before they located an appropriate tenant.

The referral agency-controlled system (used in 11 percent of the projects) existed where a specific institution and an SRO were linked, such as between three mental health hospitals and three SROs. The institution identified the prospective tenants, the PHA certified them and the sponsor took them--in one case, with no sponsor screening.

The final selection system was the hybrid PHA/sponsor system, which combined the PHA list and sponsor selection systems. Eighteen percent used this system to select tenants.

A wide variety of methods were used to announce the availability of SRO housing. The PHA or sponsor made announcements by word of mouth; fliers were placed at other homeless facilities, churches, low-income areas and support service providers, and announcements were made in newspapers and on television.

There were common and variable selection criteria. The common ones were an agreement by the prospective tenant to abide by specific house rules, a capacity to live semi-independently, no history of violent behavior and either no chemical dependency or a willingness to commit to appropriate treatment programs. The variable criteria applied by the sponsors included sex (all-male or all-female) and existence of a unique problem such as mental illness, substance recovery, battering, ex-prostitution or AIDS. The justification for using variable criteria was the desire to create a shared recovery community with proper support services. Many sponsors noted that mixtures of homeless persons with widely different problems made the formation of a coherent SRO resident community very difficult.

B. Tenant Characteristics

1. Sex

Approximately 70 percent of the Section 8 SRO residents were male. Table 6 provides the sex composition of the residents.

Table 6
SEX OF RESIDENTS
Section 8 SRO Dwellings

<u>Sex</u>	<u>Number</u>	<u>Percent</u>
Male	569	70
Female	<u>243</u>	<u>30</u>
	812	100

Project N=26

Note: Four projects were not yet occupied.

The 70/30 percent male/female split was fairly close to national estimates of 76 percent male and 24 percent female among the single homeless ("The 1988 National Survey of Shelters for the Sheltered Homeless," published by HUD, March 1989)

Four projects were designed as all-male and four were established as all-female. The majority of projects, 66 percent, were mixed-sex projects, with men in the majority, reflecting the national patterns.

2. Race

Fifty-four percent of the residents were white and 34 percent black. Table 7 provides the percentages of residents by race.

Table 7
RACE OF RESIDENTS
Section 8 SRO Dwellings

<u>Race</u>	<u>Number</u>	<u>Percent</u>
White	438	54
Black	273	34
Hispanic	80	10
Asian	3	0*
Native American	<u>18</u>	<u>2</u>
	812	100

Project N=26

Note: Four projects were not occupied.

* Asians were 0.4 percent.

The SRO population had a significantly larger white population (54 percent) than the national sheltered homeless population (42 percent) as estimated in the 1988 HUD shelter survey. Thirty-four percent of the SRO population was black compared to a national homeless average of 44 percent black. The SRO program and national percent of Hispanics was proportionately identical, at 10 percent. White and black population figures probably varied because the SROs were not distributed about the nation randomly and therefore did not necessarily reflect national patterns.

3. Age

One-half of the SRO residents were between 26 and 45 years old. Table 8 provides the age breakouts.

Table 8
AGE OF RESIDENTS
Section 8 SRO Dwellings

<u>Age</u>	<u>Number</u>	<u>Percent</u>
Under 25 years	80	10
26 to 45	397	49
46 to 62	263	32
Over 63	<u>72</u>	<u>9</u>
	812	100

Project N=26

Note. Four projects were not yet occupied.

The SRO population appears somewhat older than the general homeless population. For example, just 60 percent of the SRO population was under 45 years, while 91 percent of the general sheltered homeless population was reported to be under 50 years.

4. Employment

About two-thirds of the SRO residents were either unemployed or unable to work (meaning disabled physically or mentally), as reported by project sponsors. Sponsors reported that a large proportion of residents had some form of disability and sometimes several, though the study collected no data on disabilities. The employment status is provided in table 9.

Table 9
EMPLOYMENT OF RESIDENTS
Section 8 SRO Dwellings

<u>Employment Status</u>	<u>Number</u>	<u>Percent</u>
Employed	210	27
Unemployed	247	35
Unable to work	255	35
In training	59	9

Project N=26

Note: Four projects were not occupied. Also, the number of residents and the percents total more than 812 residents and 100 percent, respectively, because of double counting of persons who fit more than one category.

The employment rate of 27 percent was somewhat higher than the 20 percent rate reported by the 1988 HUD shelter survey.

5. Income

The SRO residents were very poor. The average resident income was \$222 per month or \$2,664 per year, well below the very-low-income definition of 50 percent of median income. The average monthly income was less than the average monthly SRO rent of \$299. Table 10 provides data on the distribution of incomes.

Table 10
INCOME OF RESIDENTS
 Section 8 SRO Dwellings

<u>Average Income</u> <u>Dollars/Month</u>	<u>Projects</u>	<u>Percent</u>
\$ 0 - 100	3	13
101 - 200	3	13
201 - 300	9	39
301 - 400	5	22
401 - 500	2	9
501 & up	<u>1</u>	<u>4</u>
	23	100

Average income per month=\$222

Project N=23

Note: Four projects were not yet occupied and three projects were not able to report income data.

The low income levels were a reflection of the high unemployment and the level of General Assistance (welfare) for single unemployed persons or Social Security for the disabled (SSI). Five projects reported resident incomes of less than \$100 per month. These were in Arizona, Florida, Puerto Rico and Texas. The highest income project was in San Francisco.

6 Prior Residence

The Section 8 SRO Program was created to serve homeless persons. It appears to have been doing that, with 74 percent of the residents coming directly from the streets or from emergency and transitional shelters. The other places of prior residence are identified in table 11.

Table 11
PRIOR RESIDENCE OF RESIDENTS
 Section 8 SRO Dwellings

<u>Prior Residence</u>	<u>Number</u>	<u>Percent</u>
Streets	140	17
Emergency shelter	367	46
Transitional shelter	90	11
Living with relative	51	6
Living in rental housing	41	5
Existing resident	50	6
Other (mental institution)	<u>73</u>	<u>9</u>
	812	100

Project N=26

Note: Four projects were not yet occupied.

About a quarter of the residents (26 percent) were not previously homeless (on the streets or in a homeless shelter). These nonhomeless were persons who (1) were deinstitutionalized (moved in from a mental health facility), (2) were selected for the SRO because it provided a more suitable living environment or (3) were already in place prior to the rehabilitation and could not be displaced.

VII. SUPPORT SERVICES

All the SRO sponsors stated that the single homeless required extensive support services. They also reported that the level of available services was inadequate. What follows are brief summaries of how needed support services were identified, some observations on the types of services needed and who was providing them, and information on the management and operations of the SROs by residents and volunteers.

A. Support Service Needs

Virtually all the SRO residents needed some support services. All project sponsors noted that a majority of residents had major problems underlying their homeless plight, such as mental illness, physical handicaps or substance dependencies. Often residents had multiple problems. The study gathered no data on the problems of individual SRO residents because it was clear that the sponsors, not being trained diagnosticians, could not make such classifications. However, the unemployment statistics and very low incomes of the SRO residents, cited earlier in this report, provide adequate evidence of the need for services.

Nearly three-quarters, 73 percent, of the SROs relied on a caseworker to assess the support service needs of residents. A quarter, 27 percent, had no diagnostic system, but stated the need for one. Nonprofit and for-profit sponsors were in agreement on the need for caseworkers to assess support service needs.

Mental health and substance abuse counseling were identified by sponsors as the most needed support services. All SROs reported a need for these services to some degree, unless the SRO screening criteria eliminated persons with these problems. The range of other needed support services was very broad. Table 12 provides examples of service needs identified by the sponsors.

Table 12
EXAMPLES OF
NEEDED SRO SUPPORT SERVICES
Section 8 SRO Dwellings

Substance counseling
Budgeting
Legal assistance
Personal counseling
Health assistance
Transportation
Food supplies
Housing counseling

Mental health counseling
Resume and interview skills
Job training
Job discipline
Employment counseling
Literacy and GED schooling
Other living skills

Residents with long-term disabilities needed extensive assistance to stabilize or to achieve self-sufficiency. Even those few SRO residents who were homeless because of a temporary setback such as a job loss, major illness or family separation needed some assistance to get back on track

B. Provision of Support Services

Approximately half of the sponsors, 47 percent, provided some of the support services; all of them were nonprofits. For-profits provided no services directly, because there was no way to pay for them. Most services were provided by an array of local and State agencies or by private groups contracted to government.

The accessibility of services was examined in terms of onsite or offsite provision. Only one or two SROs could be characterized as having a comprehensive set of onsite services; yet 72 percent of the SROs included some onsite support services. Onsite services covered a wide range, including homemaking training (budgeting, shopping, cooking, etc.), literacy training, health exams and counseling, substance abuse counseling, psychiatric counseling and job counseling. Five sponsors rented excess space in their buildings to social service providers, which naturally created an onsite capacity. All homeless residents could obtain services offsite, but the availability or quality was undetermined. A number of sponsors noted that being located near downtown made it easier for residents to access service agencies.

Importantly, the SROs provided a fixed address that allowed the homeless to receive key income benefits, such as General Assistance or Social Security. The fixed address also enabled social service agencies to provide services far more effectively, with followup, referral and coordination between providers. The use of support services was voluntary at most of the projects; just five SROs, 17 percent, required residents to participate in support programs as a condition of their lease.

A major difficulty in linking the SROs and support services was the separation of agencies responsible for the housing and the support services. The PHAs had no funds to pay for services and no control over the departments responsible for human services, mental health, substance counseling, etc. Coordination between support services was another challenge that also needed to be addressed.

No comparison was made between the services pledged in the Section 8 SRO applications and the services provided, because of the separation of authority and the difficulty of collecting accurate data on service availability and quality. This was a complex question that could not be addressed by those who were contacted and within the means available.

C. SRO Management and Operations

Most SRO projects, 71 percent, were managed by the sponsor agency; 29 percent contracted to another entity for management. The use of outside entities for management did not differ between nonprofit and for-profit sponsors.

Residents were involved in maintenance activities in approximately half the projects and performed tasks such as cleaning, yard maintenance, painting and fixup. Residents were involved in such activities for a variety of reasons, including the creation of a sense of community, the establishment of pride in their home and sometimes a reduction in operating costs. Sometimes residents were paid and sometimes not. Sometimes kitchen cleaning and hall sweeping were required without pay as part of group living, while jobs such as yard maintenance or snow removal were frequently paid. Nonprofits involved residents much more, 60 percent of the time, while for-profits included residents only 29 percent of the time. No effort was made to determine what effect the involvement of residents in the operation and maintenance of their SRO had on behavior or self-motivation.

Outside volunteers assisted in SRO operations in slightly over half the projects, 52 percent. They organized special events and group meals, provided individual friendship and fixed up facilities. Most nonprofits, 70 percent, used volunteers, while only 14 percent of the for-profits had a volunteer program. For-profits appeared to experience some difficulty linking with volunteer organizations and, sometimes, with support service organizations.

In summary, most of the SRO sponsors tried to some degree to cope with the complexities of support service needs, but their attempts were spotty, and the extent of service provision varied widely. In some cases, low levels of support services resulted from the fact that, at the time of the study, many programs were relatively new and had not yet moved from bricks-and-mortar concerns to management and services. The categorical nature of homeless funding programs may also have been a factor; the McKinney Act, for example, provided for 17 different homeless programs and relied on local governments or providers to coordinate their use. Finally, the provision of support services was scattered among a wide number of agencies, making it exceedingly hard to secure integrated service delivery.

VIII. DEVELOPMENT COSTS AND FUNDING

This section provides data on the development costs and funding sources for the SRO projects. It provides details on the costs of land and building acquisition, rehabilitation and furnishings. Also, the costs of fire prevention are identified. The second part of the section provides data on the funding sources for the projects, including interest subsidies, and the use of the Low Income Tax Credit.

A. Development Costs

The cost of developing an SRO project includes the acquisition of the land and building, rehabilitation and furnishings. Costs for professional services, such as for appraisers, architects and attorneys, and fees for title registration and permits are prorated among the above hard costs.

The rehabilitation/development cost for an SRO unit averaged approximately \$24,000 for acquisition, rehabilitation and furnishings. The costs ranged from a low of \$5,000 per unit in a leased motel in a semirural town to a high of \$47,000 for SRO units for AIDS patients in a very high cost area. Table 13 provides data on the average component costs and gives the high and low cost figures.

Table 13
SRO UNIT
DEVELOPMENT COSTS
Section 8 SRO Dwellings

<u>Development Element</u>	<u>Average</u>	<u>Dollar Costs</u>	
		<u>High</u>	<u>Low</u>
Acquisition*	\$ 6,900	\$23,500	\$ 0
Rehabilitation	16,100	37,000	2,000
Furnishings*	1,000	4,700	0
Total	\$24,000		

Project N=30
Unit N=1,024

* Acquisition and furnishing costs were sometimes zero because sponsors sometimes supplied land, buildings and furnishings at no cost.

Acquisition costs averaged \$6,900 per unit, but this low figure resulted from significant contributions by sponsors or others and frequently the initial poor condition of the building. In 27 percent of the cases, cities or sponsors contributed the SRO land and buildings. Two projects, 8 percent, secured the SRO property by a 10-year lease. Sixty-five percent of the sponsors purchased the land and buildings, sometimes at discounts. The PHAs judged 53 percent of the buildings to be in bad or poor condition prior to rehabilitation

The average rehabilitation cost was approximately \$16,100 per unit. The amounts ranged widely from a low of \$2,000 for slight improvements to a high of nearly \$37,000 per unit for rehabilitation of a badly deteriorated building in a very high cost area.

Rehabilitation included fire prevention measures required by statute such as sprinklers in common

areas and hardwired smoke detectors in residents' rooms. The fire prevention costs averaged \$1,400 per unit. The statutory requirement exceeded local code requirements in 30 percent of the projects.

Another statutory requirement was that rehabilitation costs not exceed \$14,000 per unit, not including the costs of fire prevention. The SRO rehabilitation costs averaged a little over the limit at \$14,700 (\$16,100-\$1,400). Closer examination showed that slightly over 25 percent, eight projects, incurred rehabilitation costs exceeding the statutory limit of \$14,000. Some sponsors with the higher costs stated that the statutory limit was not technically exceeded, if private and local subsidies were deducted. The second half of this section provides details on the extensive use of local subsidies.

Furnishing costs averaged \$1,000 per unit with a low of \$0 and a high of \$4,700; the low figure was due, again, to the contribution of all furnishings to some projects. Furnishings included room items such as a bed, chair, lamp, modest storage and sometimes a refrigerator. There were also costs for furnishing common areas with items such as sofas, chairs, tables, and kitchen and laundry equipment. The costs of furnishings were not especially accurate since values were often hard to determine given many types of discounts. Many sponsors obtained furnishings by persuading businesses or churches to "adopt" a room, meaning to fully equip it. Furnishings were not eligible for Section 8 assistance.

B. Development Funding

The average number of funding sources per project was just under three, not counting HUD Section 8 assistance. These additional subsidies were usually critical to project feasibility. In general, sponsors solicited help from many sources, including foundations, States, local governments and private lenders. Sponsors also made equity contributions of their own. Table 14 shows the percentage of projects receiving funds from different sources and the percentage of these in relation to total funds.

Table 14
FUNDING SOURCES
Section 8 SRO Dwellings

<u>Source</u>	<u>Amount of \$</u> <u>(000)</u>	<u>Percent</u> <u>Total Funds</u>
Foundation	1,060	4
State	4,296	18
Local government	8,033	34
Private lender	7,301	30
Sponsor equity	<u>3,300</u>	<u>14</u>
	23,990	100
Project N=29		

Note: These figures do not include the Section 8 subsidy. One project had not arranged its funding.

Most projects, 80 percent, received below-market interest subsidies. Some funds were provided as grants without any requirements for payment of interest or principal. Table 15 provides a profile of loan or grant subsidies.

Table 15
LOAN OR GRANT SUBSIDIES
 Section 8 SRO Dwellings

<u>Source</u>	<u>Number of Projects</u>	
	<u>With Subsidy</u>	<u>Percent</u>
Foundation	7	24
State	8	28
Local government	20	69
Private lender	3	10
None	6	20

Project N=29

Note: One project had not yet arranged its funding. Many projects received subsidies from several sources, therefore, the number of projects adds to more than 29 and the percent to more than 100.

The most frequent source of subsidy was local government, which assisted roughly 70 percent of all projects. No data were collected on local government sources of funds, but some sponsors reported receiving Community Development Block Grant (CDBG) funds for their SROs. Interestingly, there were reports of three private lenders providing modest interest subsidies, perhaps under the terms of the Community Reinvestment Act.

Another important subsidy was tax credits or abatements, which were used to raise funds and reduce operating costs. Approximately 60 percent of the projects received either a tax credit or abatement. Property tax abatement was reported by nearly 40 percent of the sponsors. Ninety percent of them were nonprofits. The Low Income Tax Credit was used by 28 percent of the sponsors, with the users evenly split between for-profits and nonprofits. One project reported receiving a historic preservation tax credit.

IX. OPERATING COSTS AND REVENUES

This section provides data on SRO operation costs and revenue sources. The costs and revenues are provided on a unit basis for comparison. The role of Section 8 assistance is covered in the next section along with data on rent levels and comparisons with HUD-established fair market rents (FMRs) for the respective markets.

A. Operating Costs

The operating cost of an SRO unit averaged \$9.78 daily, the monthly cost was \$298 and the annual cost was \$3,570. Costs included debt, management, utilities, maintenance and replacement, insurance, property taxes and "other." Although the carrying cost on the debt was the highest component cost, this cost would have been still higher had most sponsors not received low-interest mortgage loans. Table 16 provides a summary of unit operating costs.

Table 16
SRO UNIT
OPERATING COSTS
Section 8 SRO Dwellings

<u>Operational Account</u>	<u>Dollar Cost/Unit/Yr.</u>	<u>Percent Total</u>
Debt	\$1,353	38
Management	861	24
Utilities	428	12
Maint. and replacement	369	10
Insurance	211	6
Property taxes	87	2
Other	<u>261</u>	<u>8</u>
Total	\$3,570	100

Daily cost per unit \$9 78
Monthly cost per unit \$298
Annual cost per unit \$3,570

Project N=27
Unit N=960

Note: Three projects did not yet have operating budgets.

The most significant cost was for management, which averaged nearly 25 percent compared to an average range for apartment complexes of 5 to 10 percent, according to the Institute of Real Estate Management. The higher costs for SRO management were due to the unique problems of the homeless, who had high rates of unemployment, mental illness and substance abuse, and often multiple problems. Desk services and security were required at many facilities on a 24-hour basis.

Frequently, staff had to attend to residents' special needs arising from personal problems or from residents' disputes. Rent collection was time consuming. Higher than normal turnover rates meant extra time was required for locating and screening new residents. Finally, SROs were often in lower income and less secure areas that required more vigilance.

B. Operating Revenues

Revenues came from four sources: rents, space leases, business incomes and contributions. As expected, the majority came from rents, 90 percent. The other sources provided about 3 percent each. Business income was reported by 60 percent of the projects, usually from laundry or vending machines. Contributions for operating costs were reported by nearly 40 percent of the sponsors.

Rents were paid by the homeless tenant and the local PHA, using funds provided under the Section 8 SRO Program. The proportions are reported in the next section.

No conclusions were possible on the profitability of the for-profit SROs or the financial solvency of the nonprofit SROs, because the data collection could not support that type of analysis. Furthermore, incomes and expenses must go through a year's shakedown before they are stabilized.

X. RENTS, FMR AND SECTION 8

This section reports on SRO project rents and the FMRs set by HUD annually for each market area, and discusses tenant incomes and the proportion of the rent paid by the tenant and Section 8 program.

A. Comparison of Contract and Fair Market Rents

Under program rules, the sponsor of a Section 8 SRO project and the PHA agree on what is termed a contract rent for an SRO unit, based on a review of the development and operating costs for a project. The contract rent becomes the basis for the amount of the HUD subsidy provided to the PHA, which then provides the funds to the SRO sponsor. Generally, the SRO contract rent is expected to be equal to or less than 120 percent of the FMR as determined annually by HUD for the market area. The FMR for a Section 8 SRO is set at 75 percent of the rent of a 0-bedroom (efficiency) unit. PHAs can make some exceptions if cost documentation is provided, and can make additional exceptions with HUD's concurrence.

A comparison of projected and published SRO FMR rents showed that 36 percent of the rents were below the SRO FMR, 57 percent were at the SRO FMR and 7 percent exceeded the SRO FMR. The rents below the SRO FMR averaged about 10 percent less or \$30 below the SRO FMRs; the savings ranged from \$15 to \$55 per month. Of the two projects with rents above the SRO FMR, one was a for-profit and the other a nonprofit.

The amount of the Section 8 Federal subsidy for each SRO project was controlled by either the calculated contract rent or the SRO FMR—whichever was less—unless an exception could be justified. The congressional limit of \$14,000 for rehabilitation, not including mandated fire prevention costs, did not appear to be the method of cost control, because the involvement of substantial local subsidies made it difficult to set and enforce prescribed limits for rehabilitation expenditures.

B. Rents, Incomes and Section 8

The average rent for an SRO for a single homeless person was relatively modest at \$9.83 daily. However, the incomes of the SRO tenants were very low, as previously indicated in section VI. The average monthly income was \$222, less than the average monthly rent of \$299. Local subsidies and the Section 8 assistance were thus absolutely vital for paying a large portion of the already low SRO rents. Overall, tenants could pay only 22 percent of the contract rents. Section 8 provided 78 percent. Table 17 provides figures on incomes, rents and the Section 8 subsidy for daily, monthly and annual periods.

Table 17
**INCOME, CONTRACT RENT
 AND SECTION 8 RENTAL ASSISTANCE**
 Section 8 SRO Dwellings

<u>Category</u>	<u>Average Dollars</u>		
	<u>Day</u>	<u>Month</u>	<u>Year</u>
Tenant income	\$7.30	\$222	\$2,664
Unit contract rent	9.83	299	3,588
Tenant payment	2.20	67	804
Section 8 payment	7.63	232	2,784
Project N=28			
Unit N=1,002			

Note: Two projects were not able to provide data or estimates.

SRO housing for the homeless would not have been possible without the extensive assistance of local and State government and foundations, or without contributions of space, equity and funds by community groups, or without Section 8 assistance.

XI. COST COMPARISONS OF SROs WITH ALTERNATIVE HOUSING

SRO units were the least expensive housing option for single persons. Among closest comparable housing choices were hotel rooms as used by some cities, or efficiency/studio rental units. SRO units cost just 40 percent of what it cost to construct a medium-quality motel/hotel room. They were much less expensive than an efficiency/studio apartment, which cost nearly 300 percent more. Table 18 provides the unit costs of the three types of housing and the characteristics of each type.

Table 18
COST COMPARISON
SRO/HOTEL ROOM/EFFICIENCY APARTMENT
Section 8 SRO Dwellings

<u>Housing Type</u>	<u>Dollars/Unit</u>	<u>Characteristics</u>
SRO	\$24,000	Private room (140 sq. ft.) and a common bath, living room, kitchen and laundry.
Motel/hotel room	\$40,000	Private room (280 sq. ft.) with bath, common lounge and meeting rooms.
Efficiency/studio apt.	\$65,000	Private room (900 sq. ft.) with bath, sleeping, living, dining and kitchen area.

Sources: The costs include land and building. The SRO costs were from the survey of 30 SROs that received Section 8 Moderate Rehabilitation Program funds in 1988, motel/hotel costs were for medium-quality facilities and were provided by the R.S. Means Co. and Horwath and Leventhal Co. (experts in real estate construction costs); and efficiency/studio apartment costs were provided by the National Association of Homebuilders, which extrapolated costs from those for one-bedroom apartments. All cost data represented broad national averages for the 1988-89 period. Costs would vary by local land market, material and labor, and amenities.

While the comparisons show the financial attractiveness of SROs, neither hotel rooms nor efficiency units are the same as an SRO unit. Generally, hotels include higher quality room finishes, individual baths and often considerable common space for meetings. They are also likely to be located on more expensive land. Efficiency apartments include more square feet, complete baths and kitchens, and an integrated living, dining and sleeping space.

All things considered, the SRO dwelling appeared to be an affordable housing option that would provide long-term shelter and a sense of community for homeless singles.

XII. LOCAL NEEDS ASSESSMENT

This section reports on information gathered from the SRO sponsors and local experts on homelessness identified by the sponsors or PHAs. The report covers the size of the single homeless population, other SRO facilities and local policies to preserve SRO facilities. The findings of this section are preliminary, as only limited data collection was possible.

A. Single Homeless Estimates

Homeless shelter and service organizations, both government and nongovernment, experienced great difficulty counting the homeless. Many attempted counts to comply with the requirements for a Comprehensive Homeless Assistance Plan (CHAP) under the McKinney Act. Most of the estimates were soft because it is extremely difficult to conduct a census when the target population is constantly moving and when homelessness is a periodic phenomenon of differing durations.

Interviews revealed that 80 percent of the communities with the Section 8 SROs had estimates of their homeless single population, but almost all the estimates were considered soft. The method of counting ranged from guesstimates to counts of singles in shelters and counts of turn-aways. Only 60 percent of the communities claimed to have data on how the homeless single population was changing, with 60 percent reporting increases and 40 percent reporting the population essentially stable. None reported a decline. All the interviewees stated that there was a serious shortage of affordable shelter for the single homeless.

B. SRO Inventories

Nearly 40 percent of the communities did not have an inventory of SRO facilities, other than those identified for the Section 8 SRO Program. Of those stating they had an inventory, only five communities appeared to have close to complete counts of facilities. The number of rooms was uncertain.

Similarly, data were scarce on buildings that might be suitable as SRO facilities; 40 percent had no listing and 60 percent had some sort of list of uncertain quality of potentially useful buildings. A few cities who were willing to put buildings back in use had a list of city-owned vacant buildings that could be considered for SROs.

C. SRO Preservation Policies

All the communities reported significant losses of SROs over the past 5 years, except San Francisco. Cities reported SRO room losses that far outnumbered the room additions provided through Section 8, by ratios of 10 to 1 or greater. Losses occurred from central business district renewal, construction of a convention center and gentrification with conversions to condos. Downtown redevelopment forces often targeted SROs as undesirable because of the presence of poor in the downtown areas, which they felt discouraged suburbanites from shopping downtown.

Just seven communities (23 percent) had any SRO preservation policies. Duluth, Minneapolis, New York, Portland, Sacramento, San Francisco and Seattle. Seventy-seven percent of the cities studied had no apparent SRO preservation policies.

SRO preservation policies included a wide range of activities from the adoption of goals to preserve SROs, to active preservation programs and programs to stimulate additional SROs. A few communities set goals for preserving SROs in housing policy statements and in Central Business District (CBD) or communitywide master plans. One community set a numerical preservation target and several cities set up preservation monitoring systems. Building codes were modified to reduce

SRO costs and zoning changes were made to allow SROs in specific districts (many communities do not allow SROs under present zoning).

One city required that SRO owners wishing to demolish an SRO had to wait 120 days while the city and housing interest groups worked on a preservation plan satisfactory to the owner. Another city ordinance required a 1-for-1 replacement of demolitions wherever city funds were involved. Another city adopted a system of transferable development rights whereby a developer who agreed to preserve an SRO in one area could use the unused development rights at the SRO site at another location in the downtown area. Two cities passed ordinances that charged owners a fee to demolish SRO units, but the courts declared both ordinances to be an unconstitutional tax.

Several communities established grant or low-interest loan programs for the rehabilitation of SROs. To fund these programs an array of sources was tapped, including a local gambling tax, revenues from a tax increment financing district, receipts from a convention center, a general obligation bond and CDBG funds. The existence of SRO advocacy groups was crucial in all the cities that had SRO preservation policies.

XIII GRANTEE COMMENTS AND RECOMMENDATIONS

This section is a summary of the comments and recommendations by the Section 8 SRO grantees and the PHAs administering the program. The discussion includes general comments on the SRO program, followed by more specific observations on the application and rehabilitation procedures, tenant selection, management and support services. It concludes with a number of broad recommendations by grantees.

The comments and recommendations are neither necessarily endorsed by HUD nor necessarily the right actions to improve the Section 8 SRO Program. Appropriate improvements to the Section 8 SRO Program will derive from this study other information on SROs, a review of the policy options and budget considerations.

A. Overview

The grantees and PHAs were almost uniformly happy with the Section 8 SRO Program. Typical comments were: "The program has worked very well; it is one of the best programs for helping the homeless on a more permanent basis." "The SRO housing option is great because it provides affordable housing and, perhaps more importantly, a point of community for the single homeless and an efficient setting for the provision of needed social services." "The protected environment of an SRO is critical for many single homeless."

B. Application Requirements

The applicants had no major problems with the application process. Most found the overall process to be fairly streamlined, with less paperwork than encountered in many other programs, although the 1-month application deadline for FY 1988 imposed considerable burdens. One grantee observed that it was too much to require that all financing be lined up prior to the application; another suggested that HUD inform applicants how long it would take HUD to make awards, since time is money, and applicants often had to expend funds for options to lease or buy property.

C. Rehabilitation Regulations

Most of the suggestions regarding the rehabilitation regulations had to do with expanding the eligible rehabilitation activity and expenditure limits. There were negative comments on the Davis-Bacon labor requirements.

Nearly all the sponsors stated that the requirement to complete rehabilitation in 6 months was unrealistically short. (Note that the second round of Section 8 SRO allowed completion in 12 months.) Also, sponsors observed that requirements that sponsors not permanently displace persons, and the requirement that rehabilitation should result in additional housing units, meant that, for all practical purposes, sponsors had to find vacant or semivacant buildings, often in very poor condition, necessitating substantial rehabilitation. These requirements, they said, increased rehabilitation costs.

Many respondents stated that expenditures for furnishings should be an eligible cost. The homeless have no furniture; yet they must have a bed, lamp, bureau and chair. The respondents argued that furnishings are an integral part of an SRO because the population, being homeless, does not usually possess furnishings. Others urged that counseling and training rooms be declared eligible rehabilitation expenses, since these were crucial to the onsite provision of support services.

The requirements to comply with Davis-Bacon were another problem. Several sponsors stated that they could have completed the rehabilitation for less cost (by as much as 40 percent less in one southern State) if they did not have to comply with Davis-Bacon wage rates. Also, sponsors noted that the Davis-Bacon paperwork requirements regarding the use of volunteer labor made it difficult to use volunteers for rehabilitation.

D. Tenant Selection and Management

Most sponsors requested more flexibility in the tenant selection process. Officially, the PHAs were supposed to provide lists of potential tenants from which the sponsors would select residents. In fact, the sponsors used four different selection processes, as discussed in section VI. Some requested that the rules be modified to allow the PHA and sponsor to agree on a selection process that assures fairness but is appropriate to the specific SRO. Also, a few sponsors requested that the PHAs be required to process the income certifications for Section 8 eligibility more quickly, as lengthy certifications often resulted in breakdowns in the selection process when homeless persons wandered away. Further, the sponsor suffered income losses from a combination of high turnover rates and delays in eligibility certification.

Many sponsors asked that they be allowed to use month-to-month and 3- or 6-month leases. The regulatory requirement of a 1-year lease was deemed unrealistic for homeless persons in an SRO setting, since many homeless were accustomed to impermanence and were generally reluctant to commit to a 1-year lease. Furthermore, a higher rate of turnovers made the enforcement of 1-year leases difficult.

Most sponsors felt that program rules prevented the prompt eviction of highly disruptive residents. Most SROs were designed to function as a community, the common living, bath and kitchen areas required a degree of sharing and interpersonal respect. Several SROs reported that disruptive residents had destroyed the peace and caused members to leave the facility. Hence, some said that the required HUD lease form did not fit SRO needs, that evictions were too time consuming and cumbersome. Some solved the problem by developing a set of house rules that tenants agreed to as a condition of acceptance and were a formal part of the lease. Violations of the rules were grounds for immediate eviction. Another sponsor suggested that the rules of tenancy should be those used by hotels and boardinghouses that permitted immediate evictions for cause. One sponsor noted that SRO managers had to budget for costs associated with collecting overdue rent and numerous evictions. Looking at the issues from the residents' perspective, another sponsor noted that many of the SRO residents were very vulnerable people, especially the mentally ill, and urged that there be a system of SRO oversight to ensure that residents were not abused.

A number of sponsors stated that, given the slowness of the SRO eviction process and the higher-than-average turnover rates, the Section 8 vacancy reimbursement rates should be extended beyond the normal 60 days for startup and 30 days for refilling a vacated unit.

Twenty-four hour management was mandatory, the sponsors said, and often special security systems were needed. Many stated that allowances had to be made for these necessary costs which did not occur in ordinary Section 8 Moderate Rehabilitation projects.

E. Support Services

All the sponsors agreed that support services were critical to the successful functioning of the SROs and potential recovery of a portion of the homeless. Some stressed that without support services, SROs were likely to fail. Many residents with problems would not improve and might vent their personal frustrations on their living quarters.

Several sponsors recommended that HUD be much more aggressive in requiring support services from local bodies and require commitments of support services as a condition of a Section 8 award. Points for competitive awards could be based on the specifics of commitments. It was noted, however, that the PHAs and sponsors did not have control over service providers; therefore, there would continue to be uncertainty over the quantity and quality of services provided. Some suggested that HUD allow some portion of the Section 8 moneys to be used for support services that were not readily available. One sponsor suggested that funds, not necessarily Section 8, be provided to the sponsor/residents who could then shop for the "best" support services.

A few sponsors observed that many residents were extremely apathetic and bored and badly needed challenges. These same sponsors stated that residents should be required to partake of those services that could help them to function better or become self-sufficient. Some stated that unemployed SRO residents who were mentally sound and without other debilitating handicaps should be required, as appropriate, to study for a GED, take training or search for employment as a condition of receiving Section 8.

The services most badly needed were mental health and substance abuse counseling and treatment. Nearly every sponsor reported a need for more of these services. Employment placement was another major need; employment in part-time jobs struck some sponsors as a promising approach, since many residents could not perform full-time work because of a lack of discipline or mental or physical limitations.

F. Other

Respondents made many other comments and recommendations concerning a wide range of policies and actions.

Several PHAs stated that administrative costs for the Section 8 SRO Program were higher than those for the Section 8 Moderate Rehabilitation or Section 8 Certificate or Voucher Programs. These PHAs were the ones that took an active role in monitoring the SRO project and managing the tenant selection process by developing and maintaining suitable SRO client lists.

Most sponsors would like to see the Section 8 commitment extended from the statutory limit of 10 years to 15 years, for two reasons. First, some sponsors found it hard to make a project work with just 10-year private financing; they said longer loan periods are necessary to bring down monthly costs to fit FMRs. Second, sponsors using the Federal Low Income Tax Credit thought the Section 8 commitment should match the 15-year term of the Low Income Tax Credit.

Many sponsors strongly recommended that HUD encourage local governments to adopt SRO preservation policies as a condition of receiving Section 8 SRO funds, since it is likely that more SROs will be closed in the future, due to forces of renewal or gentrification, than can be saved. Sponsors recommended that if revisions are made to the Section 8 SRO Program, serious

consideration should be given to requiring local SRO preservation policies. However, they noted that the applicant PHAs and sponsors had virtually no authority to implement comprehensive SRO preservation policies, that such actions had to be by local government authorities.

Some sponsors observed that the provision of subsidies for SROs for the homeless were especially needed because of the shortage of SROs and because the single homeless experienced extreme difficulty in locating long-term shelter. Many homeless were considered incapable of conducting successful market searches because of their disabilities and because they often experienced rejection by landlords, who tended to discriminate against persons who lacked proper references. Also, it was noted that it was exceedingly difficult to provide support services to a scattered population. Some sponsors observed that income supports would be best for "graduates" of an SRO who achieved self-confidence and self-sufficiency.

XIV. CONCLUSION

The Section 8 SRO Program provided much-needed affordable housing for single homeless persons. Without such assistance, many homeless single persons would continue to revolve between the streets and emergency shelters. The SRO appeared to provide a place of community for residents, and often provided a convenient site for support services critically needed by most residents. It remains to be seen as to how many SRO residents can become productive, self-sufficient members of society; some with chronic mental and physical problems may require very long-term facilities and support.

By and large, the SRO sponsors exhibited considerable creativity and ingenuity in finding sites and arranging financing. Support services were provided in many cases but there remained a significant need for more homeless services and closer linkages with social service agencies. The Section 8 SRO Program regulations were basically sound but needed some modification.

The ultimate effectiveness of the Section 8 SRO Program must await more data on projects and residents.

In conclusion, we believe that the importance of the Section 8 SRO Program to homeless men and women is most eloquently stated in the following unedited, handwritten and unsolicited letter

Tenants of
1395 Dean Street
Brooklyn, NY (11216)

To Whom it may Concern;

This letter is a plea for the homeless people. We hope it's the (former Homeless).

There are 24 people living in this building, and, until last year we had no idea or ever dreamed that we would ever have a place like this to call home again since most of us are from the shelters & streets.

Today we are living in a residential neighborhood, sharing and caring for each other. It's a start to getting one's life back together again. There are quite a few people here who are crippled with Arthritis, high blood pressure, bad back, the list goes on, but when you know you have someone who cares it seems to make the pain a little more bearable, or the load a little more lighter.

Sir: do you know or should I say, you have no idea what it's like to wait in line just to use the bathroom, or wait your turn to cook, or sleep in your clothes in the summer to keep them from being stolen, and in the winter to keep warm. Here we have hot water 24 Hrs a day plenty of heat in the winter, 2 bathrooms 2 showers, and a large kitchen on each floor so no one has to wait for anything, including a laundry room on the premises. Everyone has his or hers own keys plus our own private mail box. I know this doesn't seem like much to you but it's the Waldorf Astoria to us.

This landlord has been a God send to us and we hope you will find in your hearts to let us live here, because if you don't we'll have no other option but the shelter or the streets and frankly speaking, I don't think some of us old people will survive.

Thank you,

(Signed by 19 residents)

APPENDIX

A. Study Methodology

This study was conducted by the inhouse staff of the Office of Policy Development and Research. Three PHAs were selected for reconnaissance visits to determine what information was readily available from the PHA and project sponsors: Philadelphia, PA; Phoenix, AZ, and Portland, OR. These PHAs represented different types of programs in different parts of the country. In November and December 1988, six projects or 20 percent of the total projects were visited in the three cities; among these were both completed and unfinished projects.

The reconnaissance results provided a base for the design of telephone monitoring forms for the remaining projects. All 21 PHAs and 30 project sponsors provided project status information on monitoring forms. Also, the researchers contacted one or more local homeless experts for information on the size of the single homeless population and local efforts to protect SROs. Over 100 persons were contacted to ascertain the results of the first year of Section 8 assistance for SROs. The information was collected in May 1989. All the data were placed on a dBASE file. The results of the analyses were all rounded, as practical, to the nearest 10th, 100th or 1,000th.

B. Project Descriptions

The following is a list of the SRO dwellings for homeless individuals that received HUD Section 8 Moderate Rehabilitation funding in 1988. They are arranged alphabetically, by city.

1. Amarillo, TX

Project: 1216 West 10th St
Sponsor: Will Deane (private individual)
Units: 21
Status: Profit

This facility is a unisex SRO for chronically mentally ill homeless. The shelter is located in a three-story building that was formerly an apartment building. Funding was from private loans and the sponsoring organization. No tax benefits or credits were used.

Contacts: City of Amarillo
P.O. Box 1971
Amarillo, TX 79186
(806) 378-3000

Mr. Will Deane
6900 I-40 West
Suite 100
Amarillo, TX 79106
(806) 355-9925

2. Amarillo, TX

Project: 1340 Amarillo Blvd West
Sponsor: Charles Webster (private individual)
Units: 12
Status: Profit

This facility is a unisex SRO for the chronically mentally ill. The shelter is located in a one-story stucco building once used for a motor court. Funding was from private loans and the sponsoring organization. There were no tax benefits or credits.

Contacts: City of Amarillo
P.O. Box 1971
Amarillo, TX 79186
(806) 378-3000

Mr. Charles Webster
1933 NW 15th
Amarillo, TX 79107
(806) 376-4100

3. Duluth, MN

Project: Union Gospel Mission
Sponsor: Union Gospel Mission, Inc.
Units: 19
Status: Nonprofit

The Union Gospel Mission is a unisex SRO for substance abusers and mentally ill homeless. The shelter is located in a two-story building, formerly a residential hotel. Funding was from foundations, State and local government, and the sponsoring organizations. There were no private loans. Local property tax abatement was granted.

Contacts: Housing and Redevelopment Housing Authority of Duluth
301 East Second St
Duluth, MN 55816
(218) 726-2876

Union Gospel Mission
219 East First St.
Duluth, MN 55816
(218) 722-9373 or (218) 722-1196

4. Duluth, MN

Project: The Gardner Hotel
Sponsor: Center City Housing, Inc.
Units: 41
Status: Nonprofit

The Gardner Hotel is a unisex SRO for the homeless. The shelter is located in a four-story masonry exterior building. Funding was from foundations, State and local government, and private loans. Low-income tax credits were granted.

Contacts: Housing and Redevelopment Authority of Duluth
301 East Second St.
Duluth, MN 55816
(218) 726-2876

Center City Housing, Inc.
1108 East 8th St.
Duluth, MN 55805
(218) 728-3679

The Gardner Hotel
12 Lahe Ave. North
Duluth, MN
(218) 722-7161

5. Grand Rapids, MI

Project: Dwelling Place Inn
Sponsor: Dwelling Place Inn of G.R., Inc.
Units: 86
Status: Nonprofit

The Dwelling Place Inn is a unisex first-come first-serve SRO for the homeless. The shelter is located in a three-story brick hotel. Funding was from State and local government. Tax-reduced bond moneys and local property tax abatement were granted.

Contacts: Grand Rapids Housing Commission
1420 Fuller Ave. SE.
Grand Rapids, MI 49507
(616) 452-5700

Dwelling Place Inn
343 South Division St.
Grand Rapids, MI 49503
(616) 454-0928

6 Jacksonville, FL

Project: Liberty Center for the Homeless
Sponsor: The Harris Group, Inc.
Units: 109
Status: Profit

The Liberty Center for the Homeless is a unisex SRO. The shelter is located in a two-story concrete block abandoned building, formerly used as a laundry. Funding was from State Government, private loans and the sponsoring organization. Low-income tax credits were granted.

Contacts: Department of Housing and Urban Development
1300 Broad St.
Jacksonville, FL 32202
(904) 630-3817

Liberty Center for the Homeless
909 Liberty St.
Jacksonville, FL 32206
(904) 353-0099

7. Lewiston, ME

Project: 47 Howard St.
Sponsor: Lewiston Housing Authority
Units: 9
Status: Nonprofit

This project is a unisex SRO for emotionally disturbed and mentally ill patients, all discharged from a State mental hospital in Augusta. The shelter is located in a three-story wooden apartment building. Funding was from a bank loan.

Contact: Lewiston Housing Authority
1 College St.
Lewiston, ME 04240
(207) 783-1423

8. Lewiston, ME

Project: 97 Pierce St.
Sponsor: St. Laurents' Associates
Units: 6
Status: Profit

This project involved conversion of a two-story house into a six-unit SRO designed for the mentally ill homeless. Funding is entirely from a local bank, with no tax preferences or credits. Project is completed but awaiting decision on management of the project.

Contacts: Lewiston Housing Authority
1 College St.
Lewiston, ME 04240
(207) 783-1423

St. Laurents' Associates
P.O. Box 1825
47 Howard St
Lewiston, ME 04243
(207) 783-2199

9. Louisville, KY

Project: YMCA Homeless Program
Sponsor: YMCA
Units: 41
Status: Nonprofit

The YMCA Homeless Program is a men's SRO for substance abusers and mentally ill homeless. The shelter is located in a seven-story brick building. Funding was from a private loan and the sponsoring organization. No tax benefits or credits were used.

Contacts: Housing Authority of Jefferson County
Louisville, KY 40203
(502) 589-0080

YMCA
930 West Chestnut
Louisville, KY 40203
(502) 578-7405

10. Louisville, KY

Project: Woman's Center
Sponsor: Volunteers of America
Units: 15
Status: Nonprofit

The Holy Cross Convent is an SRO for women who have been battered and/or are substance dependent. The shelter is located in a two-story brick building, previously used as a convent. Funding was from local government and private loans. Local property tax abatement was granted.

Contacts: Housing Authority of Jefferson County
Louisville, KY 40203
(502) 589-0080

Holy Cross Convent
710 Hazel St
Louisville, KY 40211
(502) 774-2964

11 Mayagüez, PR

Project: Mendez-Vigo and Liceo St.
Sponsor: MAFA Development Corp.
Units: 42
Status: Profit

Mendez-Vigo and Liceo St. is an emergency shelter for persons who cannot handle independent living; priority is given to Section 8 applicants. The shelter is located in a two-story brick and concrete building, formerly an emergency shelter used by the Department of Social Services. Funding was from a private loan. No tax benefits or credits were used.

Contacts: City of Mayaguez
Mayaguez, PR 00709
(809) 832-4327

MAFA Development Corp.
Mendez-Vigo #164 Este
Esquina Liceo
Mayaguez, PR 00709
(809) 832-5566

12. Middleton, WI

Project: Castle Rock SRO
Sponsor: Transitional Housing, Inc.
Units: 10
Status: Nonprofit

The Castle Rock SRO is an all-male facility, located in a two-story concrete building formerly used as a residential motel. Funding was from local government, private grants, bank loans and the sponsoring organization. No tax benefits or credits were used.

Contacts: Dane County Housing Authority
1228 South Park St.
Madison, WI 53715
(608) 266-6509

Transitional Housing, Inc.
116 West Washington Ave.
Madison, WI 53703
(605) 255-2960

Castle Rock SRO
6418 University Ave.
Middleton, WI 53562
(608) 255-2960

13. Minneapolis, MN

Project: The Heritage
Sponsor: Central Community Housing Trust
Units: 16
Status: Nonprofit

The Heritage is a unisex SRO located in a three-story stone exterior building. Funding was from the local government. No tax credits or abatement were used.

Contacts: Minneapolis Public Housing Authority
Suite 600
331 Second Ave. South
Minneapolis, MN 55401
(612) 342-1400

Central Community Housing Trust
511 11th Ave. South
Suite 440
Box 73
Minneapolis, MN 55415
(612) 341-3148

The Heritage
622-624 South 9th St.
Minneapolis, MN 55404
(612) 399-0604

14. New York, NY

Project: 1395 Dean St.
Sponsor: Alwood Realty Corp.
Units: 24
Status: Profit

The 1395 Dean St. project is a unisex SRO for the elderly located in a four-story masonry building, which was previously a vacant unsubsidized SRO. Funding was from the local government and the sponsoring organization. Local property tax abatement was granted

Contacts: Department of Housing Preservation and Development
100 Gold St.
New York, NY 10038
(212) 240-5100

Alwood Realty Corporation
104 Hoyt St.
Brooklyn, NY 11217
(718) 875-2113

15. New York, NY

Project: Prempeh House
Sponsor: Ballard Development Group
Units: 42
Status: Profit

The Prempeh House is an SRO primarily for the mentally ill and elderly homeless. The shelter is located in a four-story brick building, once a low-cost unsubsidized hotel. Funding was from local government and the sponsoring organization.

Contacts: Department of Housing Preservation and Development
100 Gold St.
New York, NY 10038
(212) 566-5076

Ballard Development Group
Prempeh House
300 West 116th St.
New York, NY 10026
(914) 255-8402

16. Newport, RI

Project: Washington Square
Sponsor: Washington Square Association
Units: 66
Status: Profit

Washington Square is a unisex SRO for mentally ill homeless located in a five-story masonry brick building. Funding was from State Government and private loans. Low-income tax credits and historic preservation tax credits were granted.

Contacts: Office of Intergovernmental Relations
State of Rhode Island
275 Westminster Mall
Providence, RI 02903
(401) 277-2892

Washington Square Association
50 Washington Square
Newport, RI 02840
(401) 846-3120

17 Philadelphia, PA

Project: National Temple Self-Help House
Sponsor: National Temple Non-Profit Corp.
Units: 23
Status: Nonprofit

The National Temple Self-Help House is a unisex SRO for unemployed and elderly homeless located in a two-story (plus basement) masonry building that was formerly a school building. Funding was from foundations, State and local government and the sponsoring organization. Local property tax abatement was granted.

Contacts: Philadelphia Housing Authority
1401 Arch St.
8th Floor
Philadelphia, PA 19102
(215) 988-2054

National Temple Self-Help House
1634 West Master St.
Philadelphia, PA 19121
(215) 787-2790

18. Philadelphia, PA

Project: Sarah Allen Residence
Sponsor: Friends Guild Rehabilitation Program
Units: 23
Status: Nonprofit

The Sarah Allen Residence is an SRO for female homeless. The shelter is located in a two-story cinderblock building, formerly used as a school. Funding was from local government. Property tax abatement was used.

Contacts: Philadelphia Housing Authority
1401 Arch St.
8th Floor
Philadelphia, PA 19102
(215) 988-2054

Friends Guild Rehabilitation Program, Inc.
1221 Fairmount Ave.
Philadelphia, PA 19123
(215) 232-1323

Sarah Allen Residence
4040 Ogden St.
Philadelphia, PA 19104
No telephone listing

19. Philadelphia, PA

Project: Bethesda-Broad St Residence
Sponsor: Bethesda Project
Units: 44
Status: Nonprofit

The Bethesda-Broad St. Residence is an SRO for chronically mentally ill men located in a four-story concrete building that was formerly an abandoned light industry facility. Funds were obtained from foundations, the State, local government and the sponsoring organization. Local property tax abatement was granted.

Contacts: Philadelphia Housing Authority
1401 Arch St.
8th Floor
Philadelphia, PA 19102
(215) 988-2054

Bethesda-Broad St. Residence
720-722 North Broad St
Philadelphia, PA 19130
(215) 985-1004

20. Phoenix, AZ

Project: Casa Teresa
Sponsor: Community Housing Partnership
Units: 31
Status: Nonprofit

Casa Teresa is a female SRO facility located in a one-story concrete brick building, formerly a nursing home. Funding was from local government, private loan and the sponsoring organization. There were no tax benefits or credits granted.

Contacts: City of Phoenix
920 East Madison St.
Phoenix, AZ 85007
(602) 262-6017

Community Housing Partnership
P.O. Box 25312
Phoenix, AZ 85002
(602) 253-6905

Casa Teresa
804 East Jones Ave.
Phoenix, AZ 85040
(602) 253-6905

21. Phoenix, AZ

Project: 17th Dr.
Sponsor: Community Housing Partnership
Units: 16
Status: Nonprofit

The facility is proposed as an SRO for working men, and is located in a two-story brick building, formerly a hotel. Funding is proposed to be from local government, private loans and the sponsoring organization. No tax benefits or credits are planned.

Contacts: City of Phoenix
920 East Madison St.
Phoenix, AZ 85007
(602) 262-6017

Community Housing Partnership
317 North 17th Dr.
Phoenix, AZ 85007
(602) 253-6905

22. Portland, OR

Project: Rose Apartments
Sponsor: REACH Community Development, Inc.
Units: 57
Status: Nonprofit

The Rose Apartments is an SRO for women with problems of alcoholism, drug abuse, domestic violence and mental illness. The shelter is located in a three-story brick apartment building that was in financial default and vacant. Funding was from local government and bank loans. Tax-free bond moneys and local property tax abatement were granted.

Contacts: Housing Authority of Portland
1605 NE. 45th Ave.
P.O. Box 13220
Portland, OR 97213
(503) 225-1372

REACH Community Development, Inc.
2405 SE. 11th Ave.
Portland, OR 97214
(503) 231-0682

The Rose Apartments
631 NE. Taylor
Portland, OR 97214
(503) 230-9275

23. Pueblo, CO

Project: La Villa De Evans
Sponsor: Spanish Peaks Mental Health Center
Units: 14
Status: Nonprofit

La Villa De Evans is a unisex SRO for the chronically mentally ill and substance abusers located in a four-story frame building, formerly a large family residence. Funding was from private loans. Low-income tax credits were granted.

Contacts: Housing Authority of the City of Pueblo
1414 North Santa Fe Ave.
Pueblo, CO 81003
(303) 762-4444

La Villa De Evans
1033 East Evans
Pueblo, CO 81004
(719) 544-6373

24. Sacramento, CA

Project: Midtown Motel
Sponsor: Norman Leal (private individual)
Units: 20
Status: Profit

The Midtown Motel is a unisex SRO for homeless located in a two-story slab building that was an old motel. Funding was from local government and private owner's equity. Low-income tax credits were granted.

Contacts: Sacramento Housing and Redevelopment Agency
P.O. Box 1834
Sacramento, CA 95809
(916) 440-1380

Midtown Motel
700 12th St.
Sacramento, CA 95814
(916) 440-1380

25. San Francisco, CA

Project: Peter Claver Community
Sponsor: Catholic Charities
Units: 34
Status: Nonprofit

The Peter Claver Community is a unisex SRO for AIDS homeless located in a two-story wood frame building, formerly a mortuary. Funding was from foundations, local government and private loans. Low-income tax credits and local property tax abatement were granted.

Contacts: San Francisco Housing Authority
440 Turk St.
San Francisco, CA 94102
(415) 554-1200

Catholic Charities
Peter Claver Community
1340 Golden Gate
San Francisco, CA 94115
(415) 563-9228

26. Schenectady, NY

Project: Downtown YMCA
Sponsor: YMCA
Units: 72
Status: Nonprofit

The Downtown YMCA is a men's SRO located in a four-story brick building. Funding was from local government, private gifts and the sponsoring organization. Local property tax abatement was granted.

Contacts: Municipal Housing Authority of Schenectady
375 Broadway
Schenectady, NY 12305
(518) 374-0740

Downtown YMCA
13 State St.
Schenectady, NY 12305
(518) 374-9136

27. Seattle, WA

Project: Scargo Hotel
Sponsor: Plymouth Housing Group
Units: 51
Status: Nonprofit

The Scargo Hotel is a unisex SRO for unemployed but employable homeless. The shelter is located in a four-story brick building, formerly a hotel. Funding was from foundations, local government and private sponsors. Tax-free bond moneys were granted.

Contacts: Seattle Housing Authority
120 Sixth Ave. North
Seattle, WA 98109
(206) 443-4457

Plymouth Housing Group
1217 6th Ave.
Seattle, WA 98101
(206) 343-5427

Scargo Hotel
2205-1/2 1st Ave.
Seattle, WA 98121
(206) 448-3037

28. Seattle, WA

Project: Westlake Hotel
Sponsor: Catholic Charities
Units: 53
Status: Nonprofit

The Westlake Hotel is an SRO for male elderly and middleaged homeless, many with substance abuse histories. The shelter is located in a three-story masonry building, formerly a hotel. Funding was from local government and private sponsors. Low-income tax credits were used.

Contacts: Seattle Housing Authority
120 Sixth Ave. North
Seattle, WA 98109
(206) 443-4457

Catholic Charities
Archdiocesan Housing Authority
Westlake Hotel
2008 Westlake Ave.
Seattle, WA 98121
(206) 448-8500

29. Shreveport, LA

Project: McAdoo Hotel
Sponsor: McAdoo Limited Partnership
Units: 45
Status: Profit

The McAdoo Hotel is a unisex SRO for elderly and mentally ill homeless located in a three-story masonry and heavy timber building, formerly a hotel. Funding was from foundations, local government and local banks. Low-income tax credits and local property tax abatement were granted.

Contacts. Housing Authority of the City of Shreveport
625 Jordan
Shreveport, LA 71101
(318) 227-8174

McAdoo Hotel
1004 Texas St.
Shreveport, LA 71101
(318) 425-1404

30. Trenton, NJ

Project: YWCA
Sponsor: YWCA of Trenton
Units: 20
Status: Nonprofit

The YWCA of Trenton is a women's first-come first-serve SRO for the homeless located in a five-story brick building. Funding was from State and local government and private loans. Local property tax abatement was granted.

Contacts: The New Jersey Department of Community Affairs
South Broad and Front St.
Trenton, NJ 08625
(609) 633-6150

The YWCA of Trenton
140 East Hanover St
Trenton, NJ 08608
(609) 396-8291

HUD-1247-PDR
March 1990

