



MEMORANDUM

TO: Trustees

FROM: Terrell Carter, Housing Committee Chair **BOARD ACTION REQUIRED**

DATE: August 9, 2024

SUBJECT: Approve Permanent Supportive Housing Pre-Development Funding for 30-Unit Tiny Home Community in the Wells Goodfellow Neighborhood

Funding Request

Horizon Housing Development Company and Gateway Housing First have submitted a collaborative funding request in the amount \$160,425 to partially fund pre-development expenses to be incurred in connection with the development of a 30-unit tiny home community in the Wells Goodfellow neighborhood. The project, to be known as Lovie’s Place will offer on-site treatment and support services for formerly unhoused or at-risk St. Louisans with mental health and/or substance use related disabilities as well as developmental disabilities.

Project Background

Horizon Housing Development Company (HHDC) has served as a permanent supportive housing (PSH) provider in St. Louis City for over 20 years. *HHDC’s mission is to assist in providing housing services to St. Louis City homeless individuals with development & mental disabilities.* Gateway Housing First (GHF) has developed and operated PSH for 10 years and currently operates 10 unique communities across St. Louis City and St. Louis County. *GHF’s mission is to provide safe, high-quality, affordable supportive housing to individuals and families challenged by a wide range of disabilities, complex disorders and life situations who are often impacted by chronic homelessness, generational poverty, trauma, and systemic racism.*

Lovie’s Place, named in honor of long-time Wells Goodfellow resident, community organizer and educator, Ms. Lovie Haynes, is a new construction PSH community to include 30 tiny homes that are affordable, accessible, accommodating, and responsive to the unique housing needs of some who struggle most to get housed and stay housed. Averaging approximately 400 square feet each, the tiny homes will be built with highly durable materials able to withstand the wear and tear of those with limited and/or developing daily living skills, so they are available for decades to come. Each home will include a full kitchen with attached living/dining space, bathroom, bedroom, and closet storage.

The community will be gated with monitored and controlled access and anchored to the east and west sides by two community buildings housing on-site support services (including clinical social work/counseling services, case management, peer support specialist, and supportive living assistance), a community laundry, a food pantry, computer center, staff offices, storage and space

for social and treatment related gathering. HHDC and GHF will also partner with community agencies including The T, Preferred Family Healthcare, Wellston Loop CDC, Places for People, BJC Behavioral Health, Paraquad, Adapt, SLATE, Vocational Rehabilitation among others to assure wrap around services are accessible.

Lovie's Place will be built on the presently vacant, once residential city block of 5801-99 Theodosia with the support of the Wells Goodfellow Neighborhood Association, the 13th Ward Development Committee and neighbors and community partners living and working near the development site. GHF and HHDC clarified that although they have site control from the city's Land Reutilization Authority (LRA), they have not yet purchased the property. LRA will not allow the purchase to proceed until HHDC and GHF have all the project funding in place. LRA has given the agencies a year-long option to purchase until February 2025.

Lovie's Place's site design and programs will be grounded in both organization's collective years of listening to the needs and witnessing the intense struggle to remain housed. For many with serious mental illness, symptoms are commonly worsened by uncontrolled stimulus and activity, triggering unhealthy and unneighborly behaviors and responses that put people's housing and safety at risk. HHDC and GHF propose that the housing option missing in St. Louis City's housing array for those experiencing homelessness with serious mental illness, is housing that offers control, autonomy, and the personal space some need to accept and maintain housing, so recovery is possible yet located within a community that offers accessible, attractive and responsive supports and understanding neighbors.

GHF will own and manage the project, overseeing all asset management functions including tenant certifications and leasing, maintenance, funder compliance, and fiscal management. HHDC will be primarily responsible for on-site support services programming and staffing, and coordination with third-party service providers.

Pre-Development and Project Costs

Total pre-development costs for Lovie's Place are estimated at \$320,850, 50% of which is sought from MHB. In May 2024, the St. Louis Office for Developmental Disability Resources (DDR) approved 50% of the total pre-development cost or \$160,425 contingent upon MHB's approval to fund the remaining 50% or \$160,425.

Requested pre-development funding will allow HHDC and GHF to move efficiently through the pre-development due diligence process to a construction start, without delay for lack of resources for required professional fees, including architecture, engineering fees, and internal project management staffing. Although DDR and MHB funding would be paid first, DDR and MHB funding would remain part of the capital stack required to complete the project. One of the reasons HHDC and GHF approached MHB and DDR for pre-development funding was that receiving support from MHB and DDR would mean that the project could move forward faster and at the same time remove the strain on both organizations' general operating budgets to cover the pre-development costs. Not receiving the pre-development funding could potentially reduce the number of units or the quality of the homes that the collaborating housing agencies would be able to build.

Total development costs for Lovie's Place are estimated at \$7.9 million. In addition to the funding requested from MHB and DDR, HHDC and GHF have an application pending with CDA for HOME ARPA capital funding for \$5.16 million (decision anticipated mi-August 2024) and with the Federal Home Loan Bank of Des Moines for \$2.250 million (decision expected December 2024). Remaining funding will come from deferred developer fees/owner equity.

In addition to their CDA HOME ARPA capital application, a second CDA HOME ARPA application is also pending to cover 100% of the first three years of program operation costs. Once all capital funding is in place, GHF and HHDC will submit applications for long-term operating and support services funding from HUD CoC program funds, HUD multi-family HAP funding and other sources, as needed to ensure needed long-term operating and service funding is in place at expiration of the 3-year funding sought from CDA.

Current PSH Loans

Horizon Housing Development Company currently has two PSH 10-year forgivable loans with MHB totaling \$417,000 and representing 13% of all loans currently in the forgiveness process. Gateway Housing First currently has four PSH 10-year forgivable loans with MHB totaling \$1M and representing 31% of all loans currently in the forgiveness process. Together, these two agencies represent \$1,417,000 of the \$3,187,712 in total PSH loans still in the forgiveness process or 44%.

Agency	Property Name	Neighborhood	City Area	Type	Number of PSH Units	Note Date	Loan Amount
Gateway Housing First	Nathaniel Rivers Place	Hamilton Heights	North	Forgivable Loan	15	6/30/2017	\$ 250,000
Gateway Housing First	Assisi Apartments	Tower Grove South	South	Forgivable Loan	10	2/4/2020	\$ 250,000
Gateway Housing First	Giles & Alberta	Dutchtown	South	Forgivable Loan	13	7/29/2020	\$ 250,000
Gateway Housing First	Francie's Place	Forest Park Southeast, Shaw, Benton Park West	South	Forgivable Loan	23	2/26/2021	\$ 250,000
Horizon Housing Development Company	Bates	Carondelet	South	Forgivable Loan	4	5/21/2021	\$ 250,000
Horizon Housing Development Company <i>(Property assumed from Queen of Peace with additional funding)</i>	Pope Apartments	Penrose	North	Forgivable Loan	8	5/2/2018	\$ 167,000

Housing Committee Recommendation

The Committee recommends that MHB commit to fund 50% of the pre-development costs totaling \$160,425 together with DD Resources May 2024 Board commitment to provide the remaining \$160,425. The funding commitment is contingent upon receipt of funding from the Community Development Administration and Federal Home Loan Bank of Des Moines for construction funding. No funding will be disbursed until Horizon Housing Development Company and Gateway Housing First have secured all funding required for the tiny homes project.

CITY OF SAINT LOUIS MENTAL HEALTH BOARD OF TRUSTEES

APPROVE PERMANENT SUPPORTIVE HOUSING FUNDING FOR PRE-DEVELOPMENT COSTS

RESOLUTION

WHEREAS, the City of St. Louis Mental Health Board (MHB) has levied a property tax pursuant to the laws of the State of Missouri (Section 205.975 – 205.990 RSMo.) to fund the Community Mental Health Fund; and

WHEREAS, MHB is desirous to bring about systemic improvements in policy, funding, and service delivery outcomes for persons with mental health and/or substance use disorders experiencing homelessness or at-risk of becoming unhoused; and

WHEREAS, MHB has determined that there is a shortage of quality, safe, and affordable housing for persons with serious behavioral health conditions; and

WHEREAS, permanent supportive housing is an evidenced-based practice recognized by the Substance Abuse and Housing Services Administration (SAMHSA) to support the recovery of individuals with mental health and/or substance use conditions, other disabling conditions, and who are experiencing, or at risk for homelessness; and

WHEREAS, MHB established a Supportive Housing Fund in FY 2012 to expand access to housing and to assist organizations to develop properties for the intended purposes set forth by the Fund; and

WHEREAS, Horizon Housing Development Company and Gateway Housing First have proposed that MHB invest in pre-development costs to support the construction of a 30-unit tiny home community on the 5801-99 block of Theodosia in the Wells Goodfellow Neighborhood, to serve city residents with behavioral health and/or developmental disabilities; and

WHEREAS, MHB’s Housing Committee reviewed the collaborative request for pre-development funding and unanimously recommends the project for MHB support;

NOW THEREFORE BE IT RESOLVED:

The Board Chair and Executive Director are authorized to negotiate, with assistance from general counsel, an agreement with Horizon Housing Development Company and/or Gateway Housing First for a forgivable loan of up to \$160,425 to support the pre-development costs for a 30-unit tiny home permanent supportive housing community for persons with serious behavioral health conditions and/or developmental disabilities located within the Wells Goodfellow neighborhood.

APPROVED THIS 15th DAY OF AUGUST 2024

Board Chair/Officer Name (printed):	Signature:
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ATTEST:

Board Officer Name (printed):	Signature:
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