

Partnership Proposal for Converting Motel Properties to Low-Barrier Bridge Housing

December 9, 2019

Presentation Topics

- ❑ Motel Conversions to Low-Barrier Bridge Housing
 - Overview of ECHO proposal
 - Process for selecting motels
- ❑ ECHO Business Plan
 - Community need for housing and operational plan
 - Success metrics
- ❑ ECHO Financial Plan
 - Annualized operational and on-site services costs
 - Fundraising targets and timeliness
- ❑ ECHO Partnership Proposal Outcomes and Metrics
- ❑ City Staff Review of Partnership Proposal
- ❑ Motel Properties
 - Rodeway Inn and MicroTel

Motel Conversions to Low-Barrier Bridge Housing

Overview of ECHO Proposal for a Partnership

❑ ECHO role:

- Secure private investments to fund the operation, maintenance, and on-site services for 200-300 motel units
- Lead the comprehensive management of the motel conversions and provision of on-site services

❑ City role:

- Capital investment to purchase motel properties
- Long-term, below market rate lease/services agreement to ECHO
- Fund and collaborate with ECHO on significant capital improvements as part of the purchase

Motel Conversions to Low-Barrier Bridge Housing

Process for Selecting Motels

- ❑ Collaboration between ECHO and City staff
- ❑ Screening factors:
 - Physical and economic feasibility to convert to bridge housing
 - Building condition
 - Building configuration
 - Unit configuration
 - Number of rooms
 - Plumbing and utilities
 - Location, agglomeration of motels, adjacency to amenities
 - Environmental factors
 - Acquisition and renovation costs
 - Relocation support
- ❑ ECHO commitment to fund raise for ECHO-endorsed motels

ECHO Business Plan

Studios/1 Bedroom Units are Needed

2,590 Households Experiencing Homelessness

Household Size & Corresponding Housing Units Needed

	Size	# of Households		Units Size	# of Units
82%	1 person	2,136	→	Studios/ 1 bedroom	2,136
5%	2-3 persons	326	→	1-2 bedrooms	326
13%	4+ persons	128	→	3+ bedrooms	128

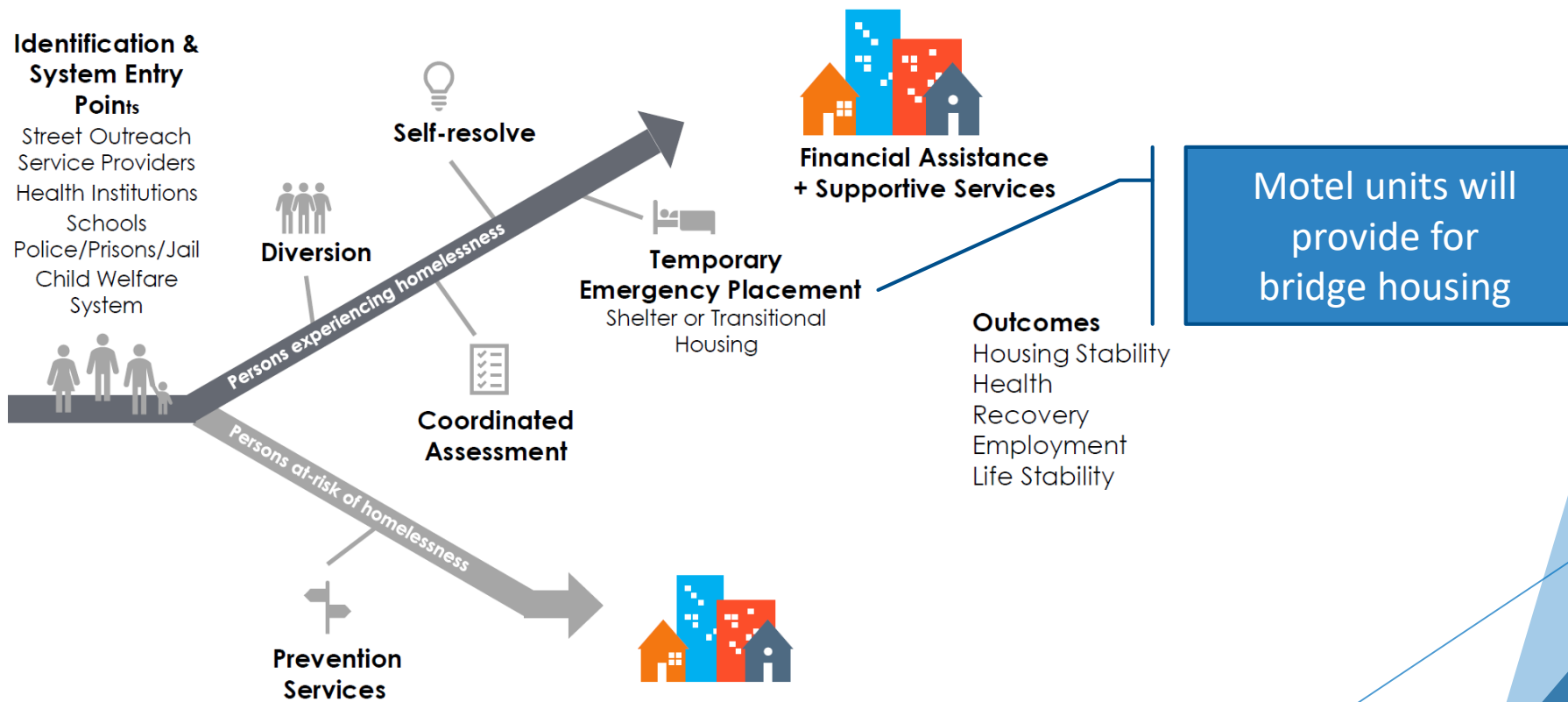
Motel
units are
of this size

Source: Austin Action Plan to End Homelessness, February 13, 2018 Presentation

ECHO Business Plan

Bridge Housing is Needed

Our System to Prevent and End Homelessness



ECHO Business Plan

Converting Operational Motels and Operational Plan

Benefits to Converting Motels

- Eliminates the need to construct new housing
 - No consulting costs associated with developing site plans and building plans
 - No costs incurred for utility connections
 - Not susceptible to rising construction costs
- Motel units closely match the studio/one-bedroom units that are needed in the community
- Motel properties have space for the provision of on-site services
- Motel properties have on-site laundry facilities
- Motel units can be converted to permanent supportive housing
- Motel unit conversion is a successful strategy employed in Austin and other communities

Operational Plan

- Short-Term:
 - Motels in good condition will require little to no repairs and renovation
 - Convert motel rooms to low-barrier bridge housing units
- Long-Term:
 - Convert units to permanent supportive housing which is estimated at \$3K-\$5K per unit
 - Conversion needed to pass HUD's Housing Quality Standards (HQS) Inspections to allow for federal Rental Assistance funds to be used at site
 - Utilize City funding for renovation costs
- Property managed by ECHO staff
- Develop operational policies and procedures

ECHO Business Plan

Property Management and On-Site Supportive Services

Property Management

- Through a lease or services agreement, ECHO will bear responsibility for the following:
 - Facility security, maintenance, repair, and management
 - Hiring the necessary staff for property management
 - Soliciting for and coordinating the provision of on-site supportive services
 - Engage with community surrounding site
- Property managed by ECHO staff
 - Property Manager
 - Residential Services Coordinator
 - Front Desk
 - Maintenance and cleaning
 - Utilities
 - Security

On-Site Supportive Services and Referral Sources

- On-Site Supportive Services to be procured through Request for Proposals with the local provider community
 - Substance abuse, mental and physical health, education and job training, housing assistance, and intensive case management
 - Staff positions to include: Peer Support Specialist, Substance Treatment Specialist, Clinical Case Manager, and Income/Employment/Vocational Specialist
 - Other Services – food, document gathering, transportation and cleaning supplies
- Referral Sources
 - Coordinated Entry System (CES)
 - Encampment Strategy
 - Hospital discharges (acute respite needs)
 - Criminal justice system

ECHO Financial Plan

Annualized Property Management and On-Site Services

Annualized Operational Costs	Rodeway Inn	Per Unit
Staffing for property management	\$333,990	\$3,929
Maintenance and cleaning	\$255,000	\$3,000
Utilities	\$66,000	\$776
Security	\$177,000	\$2,082
Total	\$831,990	\$9,788

Annualized On-Site Support Services	Rodeway Inn	Per Unit
Staffing for on-site support services	\$315,900	\$3,716
Client needs (food, document gathering, transportation, and cleaning supplies)	\$72,000	\$847
Total	\$387,900	\$4,563

Total Annualized Operational and On-Site Support Services	\$1,219,890	\$14,351
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ECHO Financial Plan

Revenues Compared to Expenses

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Cumulative
Fundraising	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000		\$6,000,000
Less Property Management and On-Site Support Services										
154 Bridge Units	\$(0)	\$(552,514)	\$(552,514)	\$(552,514)	\$(552,514)	\$(552,514)	\$(552,514)	\$(552,514)	\$(552,514)	\$(4,420,112)
Net Quarterly Total	\$750,000	\$197,486	\$197,486	\$197,486	\$197,486	\$197,486	\$197,486	\$197,486	\$(552,514)	\$1,579,888

□ Notes:

- 154 bridge units would be available through both the Rodeway Inn and MicroTel motels.
- Annualized costs per unit will decrease based on economies of scale.
 - Cost for maintenance would drop to approximately \$2,000/unit
 - Supportive Service costs will also see drops based on higher unit counts
 - Rodeway staff to tenant ratios 14:1
 - ECHO is applying for a SAMHSA grant to provide SUD and MH services on site (\$2 million over 5 years, \$400k annually)

ECHO Partnership Proposal

Performance Metrics

❑ Data Quality:

- Data completeness
- Timeliness of data entry
- Timely submission of required reports
- Timely completion on annual assessments

❑ Program Performance:

- Are clients who enter the program successful?
 - Do they remain in the program?
 - Do they exit to stable destinations?
- Do clients in the program increase their income?
- Do clients who exit the program return to homelessness?
- Is the program operating at capacity?
- Do program enrollees come through Coordinated Entry?
- Does the program have low-barrier admissions policies?

ECHO Partnership Proposal

City Staff Review

☐ Departments Included:

- Austin Public Health
- Homeless Strategy Office
- Neighborhood Housing and Community Development
- Office of Real Estate Services

☐ Consensus and Concerns:

- Consensus: Staff supports the ECHO Partnership Proposal
- Concern: ECHO achieving fundraising targets
 - Recommendation: Hold off on future motel purchases until ECHO has achieved 25% of fundraising goal (\$1,500,000)
 - Ensure third motel room count can fit within the financial plan

ECHO Partnership Proposal

Contingency Plans

❑ Motel Acquisitions:

- Motels could be converted to permanent supportive housing, and the funding source would be the 2018 Affordable Housing Bonds.
- A solicitation process would be used to award the project.

Rodeway Inn – Approved on 11-14-2019

Proposed Acquisition of Property Located at 2711 South Interstate Highway 35



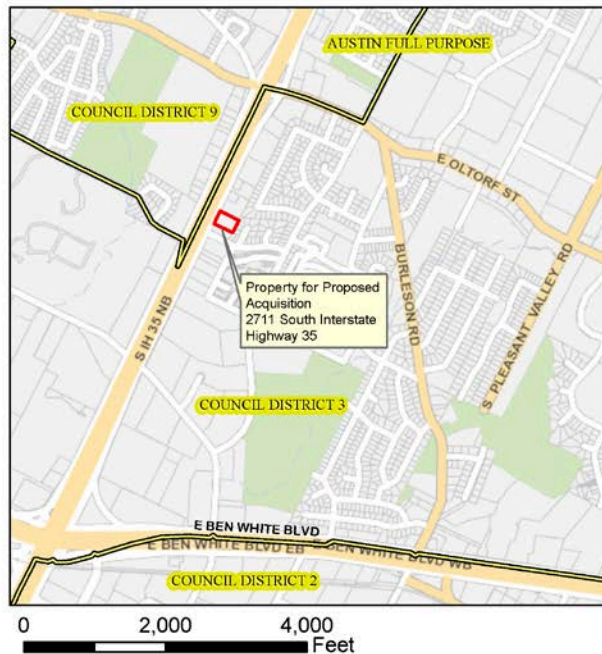
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Produced by MMcDonald, 11/07/2019

-  2711 South Interstate Highway 35
 City Council Districts
 TCAD Parcels

2019 Aerial Imagery, City of Austin



Overview

- 87 interior-facing rooms
- 31,980 square feet
- \$8.0M approved
 - \$6.4M acquisition
 - \$1.6M renovation, or \$18,390 per room

MicroTel – Proposed for Purchase

Proposed Acquisition of Property
Located at 7705 Metro Center Drive

City of Austin
Real Estate Services



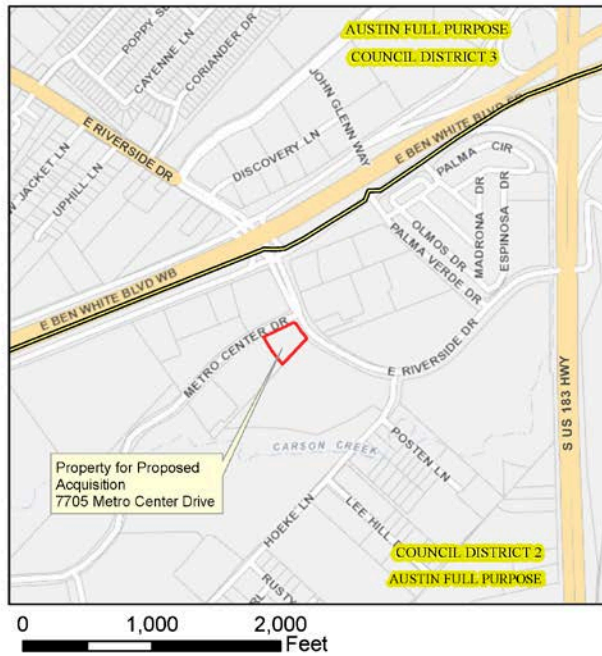
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Produced by MMcDonald, 12/2/2019

- 7705 Metro Center Drive
- City Council Districts
- TCAD Parcels

2019 Aerial Imagery, City of Austin



Overview

- 71 interior-facing rooms
- 31,649 square feet
- \$7.8M requested
 - \$6.8M acquisition
 - \$1.0M renovation, or \$14,085 per room

Questions