

Late Backup

Item 3
12/10/19

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

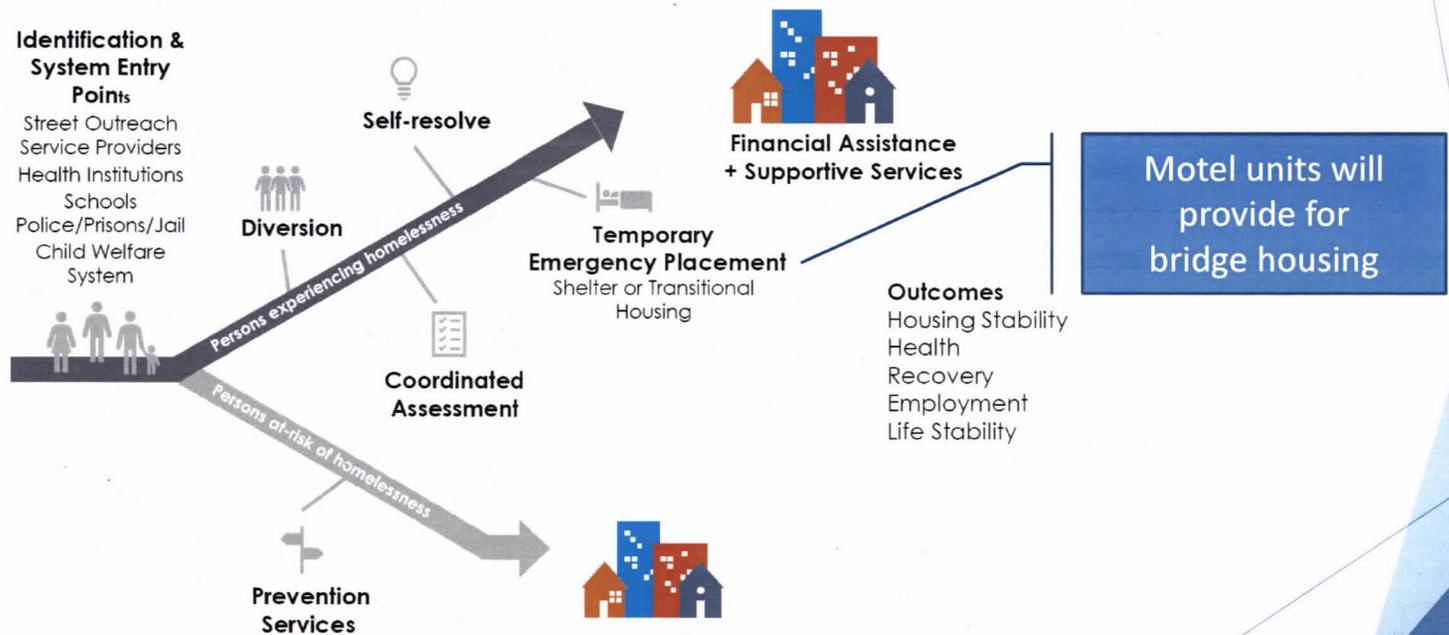
Motel
units are
of this size

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



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

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	\$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	\$(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

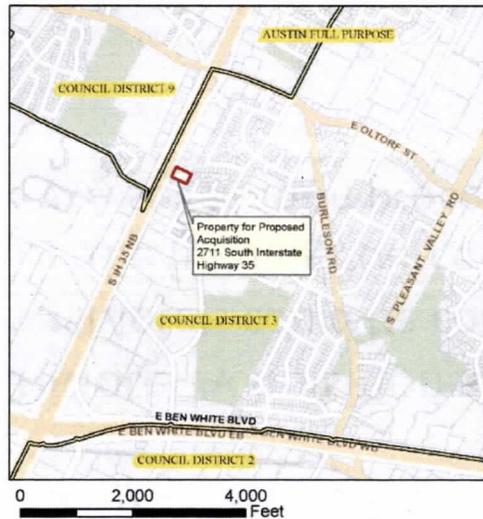


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- 2711 South Interstate Highway 35
- City Council Districts
- TCAD Parcels

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



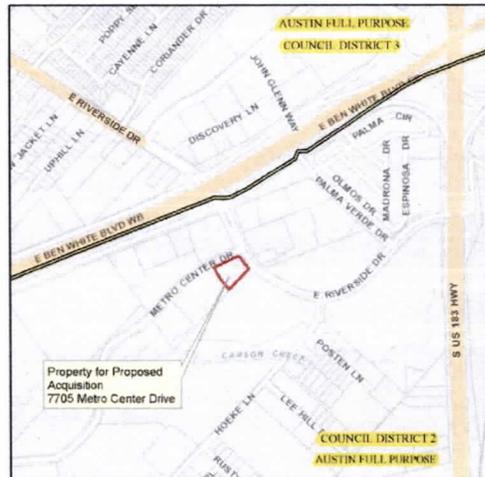
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Produced by MMcDonald, 12/2/2019

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

2019 Aerial Imagery, City of Austin



0 1,000 2,000 Feet



0 100 200 Feet

Overview

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

Questions