



Assessing Fit: Does Developing Supportive Housing Fit With Your Strategic Plan, Mission and Organizational Structure?

Critical Issues to Consider:

Organizations that have not played a role in the development of supportive housing before must consider the following issues regarding supportive housing development and operations prior to deciding whether to pursue a supportive housing development project:

- **Investing time and energy:** Supportive housing projects are staff-intensive during both the development period and during the on-going operations. Such projects are unlikely to fully support their own administrative oversight costs, and they are likely to require more Board attention than other housing projects.
- **Providing adequate services:** The success of a supportive housing hinges on the effective delivery of services to the tenants - every organization involved in the project must believe in the critical importance of meeting the service needs of the tenants living in the housing.
- **Balancing services and property management:** Supportive housing owners and operators must give equal priority to maintaining the physical and financial viability of the project over time and to providing quality support services. Service providers and property managers must be willing to achieve that balance, and to effectively address any tensions that result - and owners must be prepared to resolve any resulting disagreements.
- **Board commitment and involvement:** Issues related to the development and ownership of supportive housing will likely require substantial time at Board of Directors meetings. Housing development and operations is complicated, surprisingly time-consuming, and involves financial risks. The first-time owner must often recruit new Board members, create a new Board committee, and/or consider new internal accounting structures and legal liabilities. Board commitment to taking on these responsibilities is a critical factor in deciding whether to assume the responsibilities of ownership.
- **Diversity of stakeholders:** Supportive housing will also attract the careful scrutiny of new stakeholders, and sometimes produces even more controversy than other affordable housing projects. Housing financiers and tax credit investors will examine financial statements for net worth, financial stability, professional presentation, and timeliness. Service funders will look for evidence of competence and commitment to needed tenant services. Community groups and other potential opponents may attack the organization's reputation. The organization's staff and Board must be prepared and willing to devote time and attention to addressing all of these issues and to developing and maintaining effective working relationships with these new stakeholders.

Note: This document is included within the *Development and Finance* section of CSH's *Toolkit for Developing and Operating Supportive Housing*, which is available at www.csh.org/toolkit2. This document has been adapted from CSH's publication *Not a Solo Act*, which is available at www.csh.org/publications.

- **Organizational challenges and strategic priorities:** Finally, supportive housing must be considered within the context of the organization’s larger strategic plan. If the organization is experiencing a major transition – losing a founding executive director or replacing a major funding source, for instance – this may not be the time to add real estate ownership or service-intensive housing to the organization’s agenda.

Key Questions:

The following questions are designed to help organizations to consider these issues, their potential impact on the organization, and their implications for the role an organization may choose to play in a supportive housing project. If you answer No to any of these questions, consider whether you can take steps to turn the No into a Yes? If not, can your organization adequately mitigate the issues or limitations involved? If such mitigation is not possible, it is important to consider further whether your agency should pursue the development of a supportive housing project.

If this will be your first housing project of any kind:

1. Questions regarding your strategic plans and organizational culture:

- Is this project and your proposed new role consistent with your strategic plan and any new major commitments expected during the next two years?

Yes No

- If you are partnering with another agency, are there aspects of your corporate philosophy, values, or operational style that would make shared ownership difficult?

Yes No

2. Questions regarding your financial condition and operations:

- Is the accounting staff prepared to make changes to accommodate real estate development, ownership, and/or operations?

Yes No

- Do you have annual audited financial statements?

Yes No

- Do you have timely professional monthly financial statements?

Yes No

- Do you have a sufficient fund balance?

Yes No

- Can you risk some upfront cash?
 Yes No

3. Questions regarding your Board of Directors:

- Is the Board prepared to play an increased role, if required by the proposed role your organization will be playing in the project?
 Yes No
- Is the Board willing to adopt any necessary changes to your mission, articles of incorporation or by-laws?
 Yes No
- Is the Board willing to recruit new members with real estate development or property operations experience?
 Yes No
- Is the Board willing to delegate authority for significant business decisions to the Executive Director or a Board committee in order to make timely real estate decisions possible?
 Yes No
- Will the Board commit to calling special meetings, if necessary, in order to make real estate decisions in a timely manner?
 Yes No
- Does the Board understand the potential business risks, political risks and real estate liabilities associated with this project, and will they adopt appropriate oversight policies?
 Yes No

If you've developed housing before, but this will be your first supportive housing project:

1. Questions regarding your strategic plans and organizational culture:

- Is this project and your proposed new role consistent with your strategic plan and any new major commitments expected over the next two years?
 Yes No

- If you are partnering with another agency, are there aspects of your corporate philosophy, values, or operational style that would make shared ownership difficult?

Yes No

2. Questions regarding your Board of Directors:

- Is the Board prepared to play an increased role, if required by the proposed role your organization will be playing in the project?

Yes No

- Will the Board acknowledge and support the additional staff time required for this project, relative to previous projects?

Yes No

- Will the Board agree to seek, or assist in seeking, new services funding and subsidies when funding contract terms expire?

Yes No

- If needed, will the Board be willing to recruit new members with support services expertise?

Yes No

- Does the Board understand the special business risks, political risks or liabilities associated with this type of project, and will they adopt appropriate oversight policies?

Yes No

Note: Additional tools in CSH's *Toolkit for the Development and Operation of Supportive Housing* may prove useful to organizations assessing their capacity to engage in supportive housing development activities. See tools under *Assessing Capacity* within the *Development and Finance* section of the Toolkit, available at www.csh.org/toolkit2development.