

Planning a Supportive Housing Project

Step 4: Choosing a Unit Creation Strategy

The chosen strategy for creating the units of housing that will be part of your project will impact key decisions such as the roles on the project team. In making this determination, you should first answer one fundamental question:

- **Should we build additional units of housing or should we lease existing units of housing in the community?**

Each strategy has advantages and disadvantages. Local conditions in your community, particularly those relating to the existing rental housing market, funding opportunities and tenant choice, also should be factored into your decision.

Build		
Advantages	Disadvantages	Additional Reasons to Choose this Strategy
<ul style="list-style-type: none"> • Permanently expands the housing stock available to the targeted population. • Ongoing control over the operations and maintenance of the building. • Units are affordable on a long-term basis. • The building and units can be designed to meet the needs of the tenants. 	<ul style="list-style-type: none"> • Lengthy period of time before units will be available to target population. • Requires significant upfront funding and technical expertise. • The community may oppose the project and its intended site. • Tenant choice of unit may be restricted to one building or neighborhood. 	<ul style="list-style-type: none"> • The community has a very low vacancy rate for rental housing or the available rental housing is not safe, decent and affordable. • There are funding opportunities, such as targeted funds for supportive housing development available through a state housing finance agency, that support this strategy. • Using this housing strategy would help to increase the choices that supportive housing tenants have in the community with regard to housing model and location.



Lease		
Advantages	Disadvantages	Additional Reasons to Choose this Strategy
<ul style="list-style-type: none"> • Sponsor organization does not need to have or contract for housing development expertise. • Units of housing can be brought online quickly. • Often there is no ongoing responsibility for property management. • May offer tenants more choice over their unit and its location. • May generate less community opposition as tenants are using already existing units. 	<ul style="list-style-type: none"> • Rents are not permanently affordable and may increase. • Units were not designed with the needs of the targeted tenants in mind. • It may be difficult to find landlords with availability or with the willingness to work with tenants with challenging backgrounds. 	<ul style="list-style-type: none"> • The community has available rental housing that is safe, decent and affordable. • There are funding opportunities, such as an application for Continuum of Care funds for leasing existing units, which support this strategy. • Using this housing strategy would help to increase the choices that supportive housing tenants have in the community with regard to housing model and location.

Based on your evaluation of the advantages, disadvantages and additional reason to choose each strategy, which approach appears to be the best fit for your project?

- Building Leasing



If you selected “**building**” as your strategy, there are a number of options to develop the housing. In most cases, the project sponsor using a building strategy also will serve as the ultimate owner of the development. Based on your organization’s capacity, your project partners, available funding, and the project’s target population and goals, select which of the following options appears to be the best fit. Your selection may change as you continue the project planning process and learn more about the availability of qualified key experts in your community such as development consultants.

- The project sponsor can serve as both the developer and owner, handling all project-related tasks and the overall management of the project.
- The project sponsor can be the owner but hire a development consultant to manage the project based upon instructions provided, and decisions made, by the organization along the way.
- The project sponsor can partner with a developer (either non-profit or for-profit) who will handle the majority of the development activities, with the sponsor’s input provided throughout the process (also known as a joint venture or co-sponsorship.) The developer remains in the project as a co-owner.
- The project sponsor can contract with a developer (either for-profit or non-profit) to develop the project, essentially on their own, and then turn it over once completed (also known as a “turn-key” development).
- The project sponsor can partner with a developer (either for-profit or non-profit) who is willing to set aside a portion of the units in a planned affordable housing development for use as supportive housing (also known as a “set-aside” project).

If you selected “**leasing**” as your strategy, there are two primary approaches to obtaining the units that will be part of your project. Based on your organization’s capacity, your project partners, available funding, and the project’s target population and goals, select which of the following options appears to be the best fit. Your selection may change as you continue the project planning process and learn more about each approach.

- Identify a property owner who is willing to contract directly with your organization for some or all of the units in a given building. In this model, your organization is the lessor of the units and subleases to tenants (also known as “master-leased” or “sponsor-based”).
- Identify and build relationships with landlords in the community who are open to renting units to tenants who have a rental subsidy (also known as “tenant-based”).