



U.S. Department of Veterans Affairs
Office of Asset Enterprise Management

BURR Initiative and Enhanced-Use Lease Program Overview Industry Forum

**Department of Veteran Affairs
July 13, 2011**



Speakers in order of appearance

- **James M. Sullivan, Director, VA Office of Asset Enterprise Management**
- **Pete Dougherty, Associate Executive Director, Senior Policy Advisor, VA Homeless Veterans Initiatives Office**
- **Lisa Pape, National Director, VA Mental Health Homeless & Residential Rehabilitation Treatment Programs**
- **Edward L. Bradley, III, Deputy Director, VA Office of Asset Enterprise Management**
- **Donna Poggi Keck, Team Leader, HUD Public and Indian Housing, Urban Revitalization Division**
- **Cynthia High, Acting Director for the Supportive Housing Program Division, HUD Office of Special Needs Assistance Programs**
- **Kaitlin Nelson, Program Specialist, HUD Public and Indian Housing, Housing Voucher Management**
- **Cristina Chiappe, Special Assistant to the Assistant Secretary, USDA**



Agenda

- I. Background on VA's Plan to End Homelessness Among Veterans**
- II. EUL History and Process; BURR Initiative Overview**
 - A. Purpose and Objectives
 - B. BURR Initiative Overview
 - C. Background on VA EUL Program
 - D. EUL Program Overview
 - E. EUL Case Study – Battle Creek EUL
 - F. BURR Initiative Timeline
- III. Overview of Available Funding Sources**
- IV. Questions and Answers**
 - **Appendix A – Additional Resources**



Industry Forum Purpose and Objectives

- Provide an overview of the Building Utilization Review and Repurposing (BURR) Initiative
- Briefly describe the Enhanced-Use Lease (EUL) program history and process
- Answer questions and provide clarification



U.S. Department of Veterans Affairs
Office of Asset Enterprise Management

Background on VA's Plan to End Homelessness Among Veterans



**Homeless Veteran Initiatives Office
Office of Public and Intergovernmental Affairs
and
Veterans Health Administration National
Homeless Programs**



Mission

Overarching Mission:

Eliminate Homelessness. Reduce the number of homeless Veterans to zero (OMB High Performance Goal)

Commitment:

- Develop a strategy to transform from temporary and shelter-based options, to prevention and permanent housing solutions
- Engage HUD, HHS and DOL in unprecedented public partnerships
- Leverage private sector skills, know-how, and best practices, i.e., grass roots organizations, neighborhood groups, and local community agencies
- Develop partnerships to enhance the “no wrong door” philosophy as Veterans access an increasing array of federal-community programs and services



Plan

Veteran Homelessness

The plan focuses on the prevention of homelessness, permanent supportive housing, mental health and substance abuse treatment, education and employment assistance.

Built upon 6 strategic pillars--

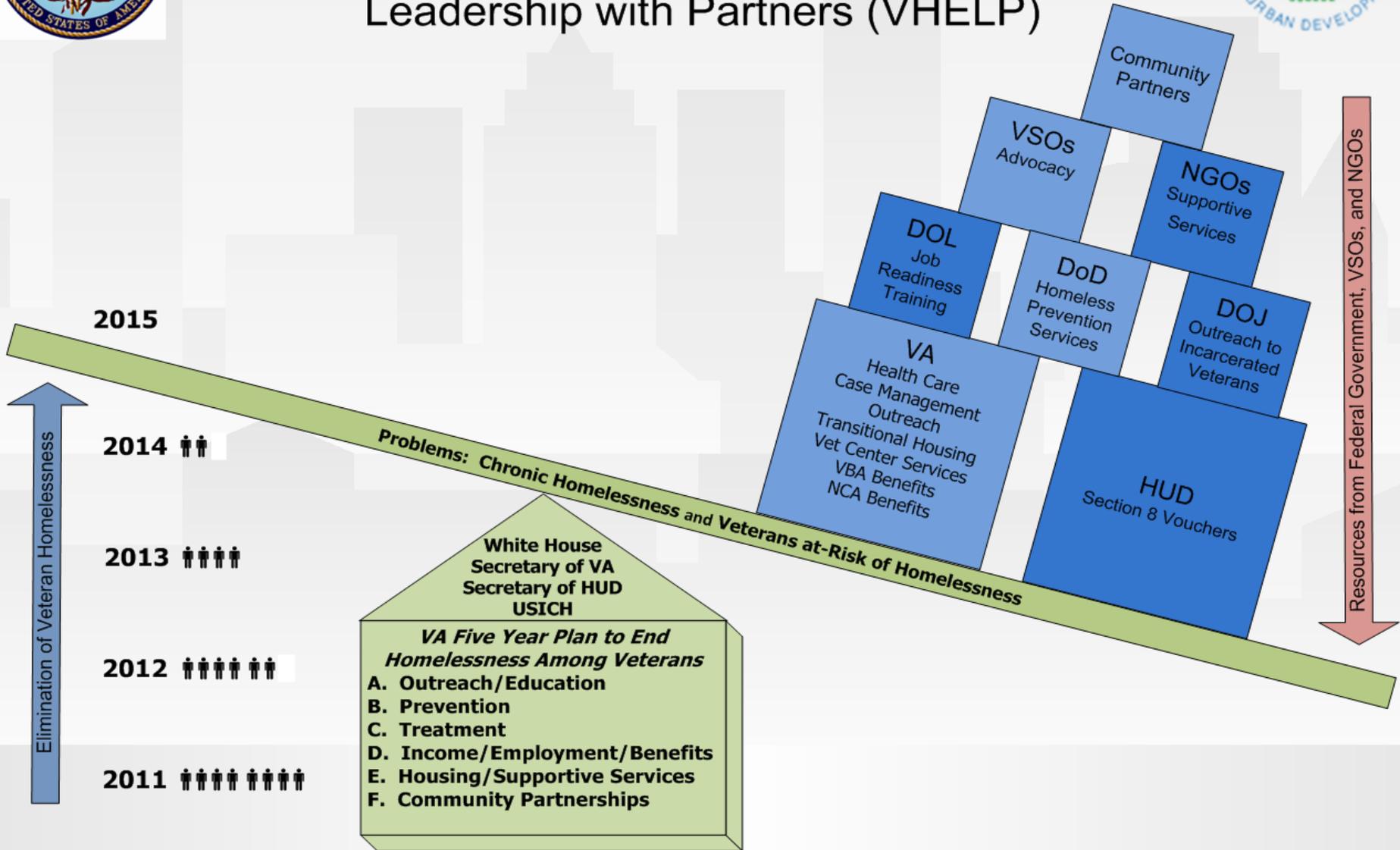
- Outreach/Education
- Treatment
- Prevention
- Housing/Supportive Services
- Income/Employment/Benefits
- Community Partnerships

Examples:

- OMB High Performance Goals – Reduce number of homeless Veterans
- National Outreach Campaign
- USICH, Interagency, and Intra-agency Coordination
- Building Reutilization Permanent Housing
- New legislative authority to enhance prevention and permanent housing



Tipping Point Veteran Homelessness Elimination thru Leadership with Partners (VHELP)





Way Forward

FY 2012-2014 PLAN Performance Metrics

FY 2012 Goals	FY 2013 Goals	FY 2014 Goals
<ul style="list-style-type: none"> Decrease number of homeless Veterans to <u>59,000</u> (June 2012 High Performance goal with HUD) 	<ul style="list-style-type: none"> Decrease number of homeless Veterans to <u>35,000</u> 	<ul style="list-style-type: none"> <u>"0"</u> homeless Veterans
<ul style="list-style-type: none"> Under HUD-VASH, deploy 10,000 additional vouchers to provide permanent supportive housing 	<ul style="list-style-type: none"> Under HUD-VASH, deploy 10,000 additional vouchers to provide permanent housing for Veterans and families 	<ul style="list-style-type: none"> Sustain 57,000 vouchers to provide permanent supportive housing for Veterans and families
<ul style="list-style-type: none"> Sustain 37,000 vouchers to provide permanent supportive housing for Veterans and families 	<ul style="list-style-type: none"> Sustain 47,000 vouchers to provide permanent supportive housing for Veterans and families 	<ul style="list-style-type: none"> Serve approximately 19,500 Veterans and families under Supportive Services for Veteran families
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EUL History and Process; BURR Initiative Overview



BURR Initiative Overview

- BURR is an expansion of affordable housing opportunities for Veterans and their families
- VA has identified vacant and underutilized properties (buildings and land) at multiple VA medical centers nationwide
- Properties to be made available to non-profit and private sector developers under VA's EUL Program
- Developers responsible for obtaining project financing
- Housing will benefit homeless and at-risk Veterans and their families, including elderly Veterans and returning OEF/OIF Veterans
- Approximately 34 VA sites identified for development, other sites under consideration

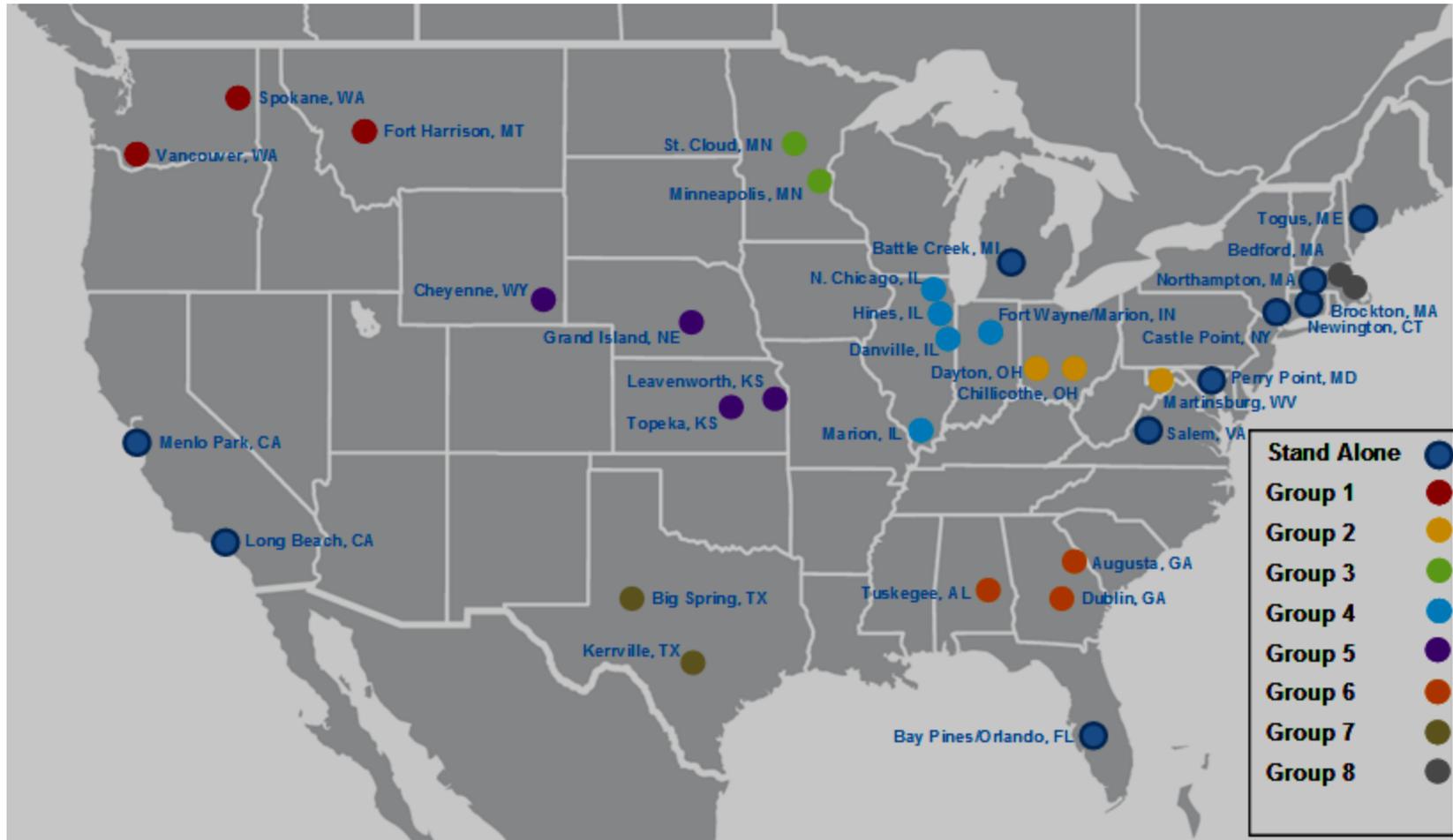


BURR Initiative Overview - Methodology

- **EUL strategy will include both a regional and individual stand-alone site approaches to soliciting developers/providers competitively:**
 - **Up to approx. 34 projects identified for development of affordable housing for Veterans and their families**
 - **Approx. 8 regional groupings that include 26 sites**
 - Geographically located within a reasonable proximity to one another
 - Consolidation maximizes resources (staff and contract support) with economies of scale for vendors
 - Results in best value to VA (e.g., combining less favorable sites with more advantageous sites)
 - **Approx. 10 individual stand-alone projects are not grouped because of location, complexity, site or other issues**



Tentative BURR Sites*



* Where necessary for the success of the BURR Initiative, VA may substitute sites in similar geographic regions or add, remove or exchange assets available for development.



VA's Goals and Objectives

- **Reuse underutilized VA buildings and land to create safe, affordable, permanent, supportive housing for Veterans and their families – including homeless, at-risk, senior and/or returning OEF/OIF Veterans**
- **Provide housing and on-site supportive services, such as case management, job training / placement, recreational programs, legal assistance, transportation, family skills training, financial counseling, independent living skills training, mental health and psychological support services, and other related services**
- **Avoid ongoing operating costs associated with the upkeep of vacant and/or underutilized assets**



BURR Initiative Overview - Methodology

- **VA's EUL authority is the primary tool used in the BURR process**
- **VA may employ use of its "sole-source" authority where there is no reasonable expectation of competition**
- **VA is committed to streamlining its EUL process to ensure the rapid, successful delivery of housing units to Veterans and their families**



Background on EUL Program

- **EUL allows the disposal of VA assets to another party (e.g., private and non-profit organizations) to maximize returns to Veterans from underutilized capital assets**
- **Legislative authority is under Enhanced-Use Leases of Real Property, Title 38 U.S.C., Sections 8161 – 8169**
- **This authority allows VA to ground-lease its underutilized land and buildings for up to 75 years**
- **An EUL is not a Sale of Land, and EUL properties are not considered “excess”**



EUL Background Continued

- Land and improvements revert to VA at the end of the lease
- Lessee will be required to finance, develop, operate, and maintain the property in accordance with VA requirements outlined in the ground lease agreement and local requirements
- VA receives “fair consideration” as determined by the Secretary (not purely an economic decision):
 - Cash
 - Services
 - Other “in-kind” consideration and benefits to Veterans (e.g., reduced rent, priority placement, etc.)



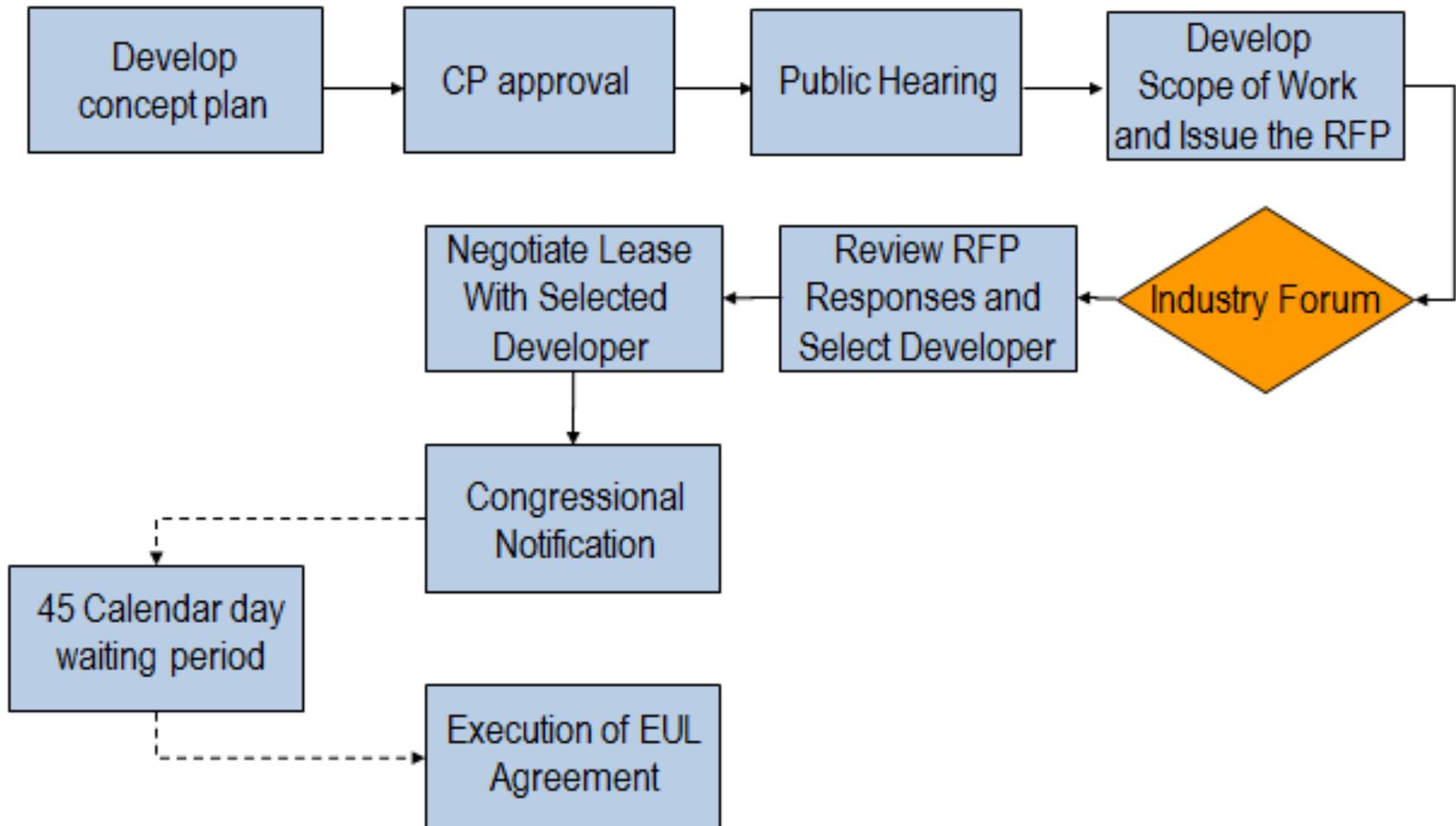
Background on EUL Program

Approval of an EUL

- Selecting a lessee (EUL Partner) is a transparent and competitive acquisition process
- All EULs are approved by the Secretary of Veterans Affairs
- To date:
 - 59 EUL Projects awarded
 - 50+ projects under development



EUL Process Flow Chart





EUL Program Overview

Benefits to Local Community

- Revitalizes and redevelops underutilized property and vacant buildings
- Provides needed goods and services to community
- Generates healthy economic activity in neighborhood
- Encourages new job development



EUL Program Overview

Historic and Environmental

- Environmental Site Assessments (ESA) will be conducted at each site
- Projects in buildings or areas of historical significance will require coordination with the State Historic Preservation Office (SHPO)
- EULs require compliance with the National Environmental Protection Act (NEPA)
- Any structures built must be in harmony with the architectural design of the VA Medical Center, such as building heights, facades, etc.



EUL Program Overview

Local Taxes and Zoning

- **Developer negotiates taxes or payments in lieu of taxes with the appropriate jurisdiction**
- **Developer works with local zoning and planning departments to ensure compatibility with local laws, rules and regulations**



EUL Program Overview - Consideration

- Developer must provide cash (rent) or in-kind consideration (e.g., priority placement for Veterans) for the use of the EUL site
- VA envisions that the lessee will provide VA with in-kind consideration that includes the development and operation of permanent housing units for individual Veterans and/or Veteran families through renovation of existing structures or new construction
- Supportive services may be provided throughout the EUL term



EUL Program Overview

Milestones and Selection Process

- **The successful developer for each location will be selected through a competitive procurement process***
 - **Selection process may or may not require oral presentations**
 - **Timeframe: 30-60 days from date proposals are due**
- **Selected developer must complete a development plan successfully in order for lease execution to take place**
 - **Close consultation with VA is anticipated**
 - **Sensitive community issues will be discussed with concerned parties**

*VA may employ use of its “sole-source” authority where there is no reasonable expectation of competition



Battle Creek EUL Case Study

- Project / Lessee:
 - Silver Star Apartments / Medallion Management, Inc.
- Location:
 - Battle Creek, Michigan VA Medical Center
- Description:
 - VA outleased 4.95 acres of underutilized land to lessee, who developed 75 furnished, 1-BR, affordable apartment units for homeless Veterans at no cost to VA
- Cash and In-Kind Consideration:
 - Increased availability of safe, decent and affordable housing for eligible Veterans
 - Reduced VA reliance on costly inpatient and domiciliary resources, resulting in significant cost avoidance
 - Offered priority placement and discounted rents to Veterans
- Financing Sources (secured by Lessee):
 - Low Income Housing Tax Credits
 - Great Lakes Capital Fund
 - Project-Based Housing Choice Vouchers
- Timeline:
 - Lease signed in December 2008
 - Construction started January 2009
 - Occupancy in September 2009





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Overview of Available Funding Sources



BURR Initiative Overview

Projected Timeline

- Industry Forum: July 13, 2011
- Solicitations Issued: July – August 20
- Lease Execution: December 2011



U.S. Department of Housing & Urban Development

- Mixed Finance Development
 - July 13, 2011
 - VA – BURR Industry Forum



Public Housing Resources

- Public Housing Capital Fund Program provides funds annually via a formula to 3,100 public housing agencies nationally.
- In 2011, \$1,936,416,000 in Capital Funds will be awarded to housing authorities across the country.
- Capital Funds are used primarily for making capital improvements to 1.1 million public housing units, but the funds can also be used to develop new public housing.



Public Housing Operating Fund

- The Public Housing Operating Fund provides funds annually via formula to public housing authorities to help fund the operating costs of the public housing units.
- In 2011, approximately \$4 billion in Operating Funds are being provided to housing authorities across the country.
- Residents of public housing units pay 30 percent of their adjusted income toward the rent and the Public Housing Operating Subsidy covers the balance required to operate the unit.



What Are the Benefits of Mixed-Finance?

- Brings additional financial resources to the project
- Increases opportunities for physical, social, and economic integration of public housing
- Stimulates neighborhood revitalization
- Allows PHAs to work with experienced partners



Key Participants in Mixed-Finance

- PHA
- HUD
- PH Residents
- State and Local Government
- Developers
- Syndicators and Investors
- Private Lenders
- PHA Consultants



Examples of Housing for the Homeless

- A few housing authorities have entered into partnerships with non-profit developers to provide housing for the homeless.
- The **Charlotte NC Housing Authority** partnered with a local non-profit, St. Peter's Homes, to convert 63 units of transitional housing into public housing and to construct an additional 27 project-based voucher units.
- CHA provided both public housing Capital and will provide Operating Funds for the public housing units when they are complete.



Examples of Housing for the Homeless

- The **Housing Authority of Portland OR (HAP)** developed the Resource Access Center (RAC) which is providing permanent supportive housing for 130 very low income residents in studio apartments. A men's shelter is also housed within the same building.
- HAP provided \$6.5 million of Capital Funds for the development of the housing
- HAP is providing operating subsidies for 30 public housing units (valued at \$985,000 annually) and 100 project-based Section 8 vouchers.



Sources of Financing

Private/Other Resources

- State and Local – CDBG, HOME, Housing Finance Agency
- Low-Income Housing Tax Credits
- Historic Tax Credits
- Taxable/Tax-Exempt Bonds
- Grants – Federal Home Loan Bank AHP, housing trust funds, foundations
- Conventional Mortgage
- Tax Increment Financing



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Office of Special Needs Assistance
Programs



HUD's Continuum of Care Program

- Annual Funding Competition
- CoC – Local planning body applies to HUD
- CoC submits Exhibit 1 planning statement
- Individual projects submit Exhibit 2 applications
- CoC approves the projects submitted for funding in priority order – e.g., for veterans
- Bonus funding for PH projects – up to 15% of PPRN

Accessing HUD Homeless Grants to Serve Veterans

- A key target population for Continuums of Care (CoCs)
- Approximately 200 CoC projects funded in FY 2010 serve veterans primarily; almost all of the 7,000 projects serve some veterans
- Find out where CoC meets in your community
- Availability of new funding varies by CoC

Resources

Homelessness Resource Exchange –
(including information about funding
application, contacts and prior funding
announcements)

– <http://www.HUDHRE.info>



HUD-VASH



HUD - VA Supportive Housing

VA BURR Industry Forum

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Overview – Housing Choice Vouchers

- Housing choice vouchers (HCVs) enable very low-income households to afford decent, safe, and sanitary housing in the private market.
- HCVs are administered locally by public housing agencies (PHAs) with funds received directly from HUD.
- Participants have the freedom to choose any housing in the private market that meets the requirements of the program.
- Housing subsidies are paid to the landlord directly by the PHA on behalf of the participating family.
- Family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

Overview – Project-based Vouchers

- PHAs are not required to project base their vouchers.
- If PHAs see a need for project-based vouchers (PBVs) in their communities, such as a lack of decent and affordable housing, then PHAs may attach up to 20% of their voucher assistance to specific housing units.
- Can be new construction, substantial rehabilitation, or existing housing.
- 24 CFR 982.352(a)(5), which prohibits units on the grounds of a medical, mental, or similar public or private institution, applies to both tenant-based and project-based vouchers. *This regulation has been waived for HUD-VASH.*
- Guidance
 - 24 CFR 983
 - 70 FR 59,892, published on October 13, 2005
 - 73 FR 7,1037, published on November 24, 2008

Overview – HUD-VASH

- The HUD-Veterans Affairs Supportive Housing (HUD-VASH) program combines HCV assistance for homeless veterans with VA case management and clinical services.
- Contributes towards:
 - The Federal Strategic Plan to Prevent and End Homelessness
 - The VA’s Five-Year Plan to Eliminate Homelessness among Veterans
 - HUD’s High Priority Performance Goal 3 (HPPG 3)
 - Jointly reduce the number of veterans experiencing homelessness from 107,000 to 59,000 by June 2012
 - Involves both HUD-VASH and CPD’s homeless assistance programs

HUD-VASH and HCVs

Numbers

- As of May 2011, HUD-VASH involves:
 - 300 participating PHAs
 - 29,950 vouchers, 283 of which have been project-based
 - 22,723 veterans are currently housed with a HUD-VASH voucher
 - 676 vouchers that are being project-based with competitive set-aside funds from the FY 2010 HUD-VASH allocation
 - Almost 1,000 case managers
 - Over 100 Substance Use Disorder Specialists on VA case management teams

HUD-VASH and HCVs

Resources on the HUD-VASH website:

<http://www.hud.gov/offices/pih/programs/hcv/vash/>

- Complete text of the Operating Requirements, published in the Federal Register on May 6, 2008, and revised on May 19, 2008.
 - Look for a revised version on the HUD-VASH website within a few months
- Notice PIH 2010-23 on Project-Basing HUD-VASH Vouchers.
 - This notice also has been revised and is departmental clearance.
- HUD-VASH Questions and Answers. Regularly updated.
- Webcast PowerPoint presentations
- Updated list of HUD-VASH sites

HCV program website:

[http://portal.hud.gov/hudportal/HUD?src=/program offices/public indian housing/programs/hcv](http://portal.hud.gov/hudportal/HUD?src=/program%20offices/public%20indian%20housing/programs/hcv)

Project-basing HUD-VASH vouchers

If an owner or developer wants to learn whether or not a PHA is interested in project-basing HUD-VASH vouchers, the owner should contact the PHA.

Notice PIH 2010-23 (reinstating PIH 2009-11)

- At this time, no more than 50 percent of a PHA's HUD-VASH allocation of tenant-based vouchers may be project based.
- HUD-VASH PBV units are counted in the maximum 20 percent of voucher budget authority that may be project based.
- Headquarters must approve a PHA's proposal to project base HUD-VASH voucher units.
- Proposals may be for existing, new construction and substantially rehabilitated units.
- PHA PBV proposals must be supported by the VAMC.

Project-basing HUD-VASH vouchers

Contents of PBV proposal (to project-base existing HUD-VASH vouchers)

- Explanation of why the PHA wants to project-base the vouchers rather than provide tenant-based assistance
- Success rate of HUD-VASH voucher holders and other voucher holders
- Utilization rate in SEMAP
- Amount of time, if any, HUD-VASH vouchers would be shelved for development
- A description of the project (details in PIH 2010-23)

Project-basing HUD-VASH vouchers

Continued assistance to families that move

- PBV regulations provide that a family may terminate the lease anytime after the first year of occupancy.
- The PHA must offer the family continued tenant-based assistance in the form of a voucher or comparable tenant-based rental assistance, if available.
- HUD-VASH family that no longer requires case management cannot be terminated for this reason.
- The PHA may offer such a family a regular voucher to free up the HUD-VASH voucher.

Project-basing HUD-VASH vouchers

More on assistance to families that move

- If there is no regular voucher available, the family retains its HUD-VASH voucher.
 - If a HUD-VASH voucher is not available at the time the family wants to move, the PHA could require the family to wait 180 days for a HUD-VASH voucher.
 - If a HUD-VASH voucher is still not available, the family must be allowed to move and the PBV assistance would be replaced with a regular voucher assistance, unless the unit is taken out of the PBV contract.
 - If after 180 days, a HUD-VASH voucher does not become available and the PHA does not have sufficient funding to attach assistance to the PBV unit, the family may be required to remain in its PBV unit until such funding becomes available.



Building Utilization Review & Repurposing

CRISTINA CHIAPPE

Special Assistant, USDA Rural Development
Housing and Community Facilities Programs



Building Utilization Review & Repurposing

- USDA – Rural Development
 - Housing & Community Facilities
 - Rental housing in rural communities
 - Community facilities projects for public use



Building Utilization Review & Repurposing Initiative

- Rural Housing Service – Rural Development
- Multi-Family Housing
 - Occupancy directed to the very low income
 - 15,000 properties / 430,000 units in rural areas
 - More than half of units receive Rental Assistance (RA) & can accept HUD vouchers
 - MOU: RD & FEMA – use RD properties as temporary housing in disaster areas



Building Utilization Review & Repurposing

- Rural Housing Service – Rural Development
- Single Family Housing
 - Homeless applicants receive processing priority
 - REO properties may be leased to non profits or public entities for transitional housing
 - Non profits are encouraged to purchase REO properties for use as homeless shelters
 - Listed price reduces by 10 %



Building Utilization Review & Repurposing

- Community Facilities Program (CF)
 - Provides financing for essential community facilities serving the homeless in rural America:
 - Homeless shelters
 - Domestic violence shelters
 - Group homes
 - Community kitchens
 - Food pantries



THANK YOU

We look forward to working with
you!



Questions & Answers



U.S. Department of Veterans Affairs
Office of Asset Enterprise Management

Questions and Answers

Email future questions to: VA_BURR@va.gov



Appendix A

Additional Resources



Appendix A – Additional Resources

- VA Building Utilization Review and Repurposing (BURR) Initiative:
 - <http://www.va.gov/assetmanagement/burr/>
- VA Homeless Programs and Initiatives:
 - <http://www.va.gov/homeless/>
- Enhanced-Use Lease Legislation:
 - <http://www.va.gov/assetmanagement/enhanceduse/AboutEUL.asp>
- Dept of Housing and Urban Development Homelessness information:
 - <http://portal.hud.gov/hudportal/HUD?src=/topics/homelessness>
 - <http://www.hudhre.info/>
- Corporation for Supportive Housing Financing Guide
 - <http://www.csh.org/index.cfm?fuseaction=Page.ViewPage&PageID=330>
- National Council of State Housing Agencies:
 - <http://www.ncsha.org/advocacy-issues/homeless-assistance>