

Putting Our Missions to Work:

**Supporting Housing Stability and Opportunity
for Residents of Affordable Housing
through Resident Services**



**Oregon Opportunity Network
Resident Services Opportunity Project
Final Report
September 2010**



Executive Summary

Affordable housing gives people the stability to meet their basic needs and the opportunity to build better lives. But for thousands of low-income households across Oregon, housing alone is not enough. These households need more than just a roof and walls if they are going to stabilize their lives and move out of poverty.

“Resident Services” connects residents of affordable housing to a variety of customized services and programs that support housing stability, household opportunity and advancement. By addressing tenants’ needs and supporting their aspirations, Resident Services plays a crucial role in promoting the fundamental goal of affordable housing as a place where individuals and families can build the foundation for a better future.

The member organizations of the Oregon Opportunity Network (Oregon ON) provide Resident Services to more than 11,500 households across the state. But with no dedicated funding stream for Resident Services, Oregon ON’s members have struggled to cobble together the resources to support these life-changing programs.

To address this challenge, Oregon ON launched the Resident Services Opportunity Project (RSOP) – a two year collaborative effort to develop a framework for a sustainable Resident Services funding and delivery system. This report summarizes the RSOP’s work and its findings.

Oregon’s ability to capture the full benefits of Resident Services has been limited by a lack of consensus among affordable housing providers and funders regarding appropriate costs, financing mechanisms, best practices, and expected outcomes. The RSOP laid the groundwork for professionalizing Resident Services in Oregon by codifying local best practices, defining cost ranges, modeling different financing options, and providing comprehensive documentation and analysis of the state of the industry in Oregon.

A key outcome of this work was the compilation of comprehensive evidence demonstrating the important contribution of Resident Services to the successful operation of affordable housing by creating:

- **Successful Residents** through services and programs that support housing stability, household opportunity, and advancement;
- **Sustainable Properties**, by reducing eviction rates and supporting effective property management; and
- **Healthy Communities**, by strengthening social cohesion, building a strong social support system, and linking tenants to the broader community.

The RSOP’s research also revealed that current funding levels for Resident Services in Oregon are inadequate, putting tenants, properties, and organizations at risk. However, the research also suggests that, given the complexity of Resident Services financing, there is no single answer or simple solution to this problem.

Based on the RSOP’s findings, it is clear that developing a stable funding stream for Resident Services is essential to the long-term sustainability of Oregon’s affordable housing portfolio. Achieving this goal will require a multi-pronged, multi-year strategy. Owners and funders must work together to pursue a combination of short-term and long-term strategies that include:

- Strengthening industry standards and best practices through outcome measurement tools;
- Creating new resources to allow properties to support Resident Services as a line item in their project operating budgets without shifting housing dollars from current levels of productivity;
- Exploring new local and/or statewide resources for Resident Services; and
- Clarifying the criteria for Resident Services funding and reporting.

Creating a sustainable funding system for Resident Services will not be simple, but it is a worthwhile challenge. As an industry, we have made a substantial investment in the real estate dimension of affordable housing but relatively little investment in developing the human capital of our tenants. The RSOP's findings suggest that our investment in real estate would go a lot further if it was combined with a modest investment in Resident Services. Doing so would insure that the 20,000 people living in affordable housing throughout Oregon would have the opportunity to achieve housing stability and build better lives.

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Chapter 1: Introduction

The Oregon Opportunity Network (Oregon ON) is a statewide association of 130 affordable housing and community development organizations and others committed to improving the lives of all Oregonians. Oregon ON members help build sustainable communities, develop affordable housing, and provide economic opportunities for Oregonians who are struggling to meet their basic needs.

Oregon ON's vision is that all Oregonians should have the opportunity to succeed in life. We believe that housing gives people the stability to meet their basic human needs and the opportunity to build better lives.

Our members are housing developers and owners, home ownership educators, stewards of public investment, job creators, service providers, and community leaders. At the core of our membership are 37 voting member organizations that include the most active nonprofit affordable housing developers in the state. These organizations have collectively developed over 13,000 units of affordable housing that are home to families, seniors, and people with disabilities, and over 1,500 single-family homes for purchase.



Approximately three-quarters of the homes provided by Oregon ON's voting members serve residents at or below 60% of the area's median income (about \$37,000 for a four-person household), including one-third that serve residents at or below 30% of the area's median income (about \$18,000 for a four-person household.) Our residents include seniors on social security, disabled persons who rely on Supplemental Security Income, fast food workers, child care workers, home care aides, construction laborers, retail salespersons, mail sorters, and farm workers.

Many of these households face multiple barriers that affect their ability to be successful in their housing. Many do not have enough income to meet their families' needs for food, child care, health care, transportation, and other basic necessities. Many are also affected by the challenges of unemployment, lack of education, substance abuse, mental illness, disabling conditions, domestic violence, inadequate social supports, debt problems, or language and cultural barriers.

When these barriers are not addressed, these households are unable to stabilize their lives and move out of poverty. In the short term, this means that they are at greater risk of eviction, jeopardizing the stability of their families and the affordable housing properties and communities in which they live. In the long term, it means they are likely to remain dependent on subsidized housing, with many households cycling in and out of homelessness or other crises.

In order to resolve these barriers, the residents of Oregon's affordable housing properties need access to an array of appropriate services and supports. But many are unable to obtain these services on their own. Some have fallen through the cracks of the social service system because of budget cuts or their inability to navigate complex and fragmented service networks. Others are in need of basic services such as after school care or budgeting training that are simply not available in the community. And others need assistance in rebuilding their social

support networks and becoming integrated into their neighborhoods – assistance that is generally not offered by mainstream service providers.

Oregon ON's member organizations address these challenges by connecting the people we house to services and programs that support housing stability, household opportunity, and advancement. Because we work where people live, we are able to build relationships of trust, identify tenants' needs, link them to available resources in the community, and offer cost-effective, customized programs on site to fill the gaps when resources aren't available. This work, which is collectively referred to as "Resident Services", supports the stability of our affordable housing properties and residents by promoting:

- Successful Residents,
- Sustainable Properties, and
- Healthy Communities.

The Challenge of Resident Services

In recognition of the importance of Resident Services, 96% of Oregon ON's voting members who own multi-family housing provide Resident Services in at least some of their properties. Many housing funders across the country, including Oregon Housing and Community Services (OHCS), require a Resident Services plan as part of the affordable housing projects that they fund.

However, despite this recognition of the value of Resident Services, there is no dedicated funding stream for it. Oregon ON's members have struggled for years to cobble together the resources to support their Resident Services programs in the face of funding that is inadequate, unstable, and uncoordinated.



The lack of sustainable funding for Resident Services is not just an Oregon problem; it is the result of a complex set of interwoven dynamics that are endemic to the affordable housing industry nationwide:

- Guidelines for affordable housing financing typically require that housing-related resources go towards bricks and mortar and the essential costs necessary to operate and maintain the physical property. Resident Services costs have historically not been included as an allowable expense to be covered within the housing's financing structure.
- Unlike other more concrete aspects of affordable housing operations, the benefits of Resident Services are hard to measure, making it difficult for funders to quantify the return on their investment. This has made many funders reluctant to use housing dollars to support Resident Services costs.
- Funding for anti-poverty programs is often divided into multiple silos, with social services and housing rarely in the same category. Because Resident Services doesn't fit neatly into either box, it often falls between the cracks.
- The bulk of funding for Resident Services connected to affordable housing has historically come from private sources. But while these sources have played a pivotal role in sponsoring

short-term projects and initiatives, they are rarely able to provide long-term, sustainable and predictable funding.

- Despite a general recognition of the value of Resident Services, the affordable housing industry has lacked agreement about definitions, best practices, outcomes, and costs. This is in part because Resident Services is inherently hard to codify, with each property and population requiring a unique package of services and programs.

Because of this situation, funding for Resident Services has remained unstable and inadequate, putting residents, properties, organizations, and communities at risk. Housing providers and funders have experienced ongoing frustration as both parties struggle to create successful housing projects in the midst of differing views about appropriate requirements, funding mechanisms, cost structures, service models, and outcomes for Resident Services.

A Crossroads for the Affordable Housing Industry

Oregon ON members and our funders have struggled with these challenges for years. We are now at a critical crossroads for the affordable housing industry.



The challenge of funding Resident Services is part of a broader struggle to support the long-term success and sustainability of Oregon's affordable housing stock. Oregon ON has been working with our funding partners to move forward a six-point strategy for promoting the long-term viability of our portfolios, commonly referred to as the Roadmap to Sustainability. Solving the Resident Services challenge is a critical component of this important effort.

Organizations nationwide have woken up to this reality over the past few years, and Oregon is part of a national movement to address the challenges of Resident Services. This includes efforts to develop outcome tracking systems for Resident Services and to identify and develop dedicated funding streams.

The Resident Services Opportunity Project

To move us forward at this important crossroads, we launched the Resident Services Opportunity Project (RSOP) – a joint effort of Oregon ON, Neighborhood Partnerships, and the City of Portland to develop a framework for a sustainable Resident Services funding and delivery system.

A key focus of the first 18 months of the RSOP project was to establish a consensus around Resident Services best practices, including the development of a Resident Services Logic Model that defines Resident Services types, products, and outcomes. Over the final six months, the project focused on developing a comprehensive analysis of the state of the industry in Oregon, culminating in a series of public presentations and this report.

The project was funded by generous grants from the City of Portland, the United Way, and Meyer Memorial Trust. Additional project support was provided by Neighborhood Partnerships. Staffing for the project was provided by Oregon ON, with contract support from the Housing Development Center, Kristina Smock Consulting, and Portland State University.

The Resident Services Opportunity Project was led by several workgroups of Oregon ON members:

- **Steering Committee:** A Steering Committee made up of Executive Directors and Resident Services managers from Oregon ON member organizations, plus representatives from Neighborhood Partnerships and the Portland Housing Bureau, oversaw the process and framework for the project.
- **Advisory Committee:** An Advisory Committee made up of Resident Services managers and coordinators worked with Oregon ON staff and consultants to analyze the state of the industry in Oregon and develop a series of public presentations to funders and stakeholders.
- **Resident Services Working Group (RSWG):** A statewide network of Resident Services practitioners led the development of the Resident Services Logic Model (described below) and served as a sounding board for the project.
- **Portland and State Policy Councils:** Oregon ON's Policy Councils worked with the Advisory and Steering Committees to develop and fine tune the recommendations at the end of this report. The Policy Councils are comprised of Oregon ON voting member representatives elected annually at Oregon ON's member meeting.



Overview of RSOP's Work

The Resident Services Opportunity Project involved two inter-connected areas of work: (1) the development of industry standards and best practices, and (2) research to help inform the state of the industry report and presentation. This section summarizes the key components of the RSOP's work in both of these areas.

1. Industry Standards and Best Practices

Oregon ON worked with Portland State University to engage Resident Services providers in the development of industry standards and best practices:

- **Logic Model:** PSU's Regional Research Institute worked with RSWG to facilitate a series of discussions to identify program elements that all providers considered key to Resident Services and others that were unique to individual providers and/or to specific populations and their needs. This resulted in the development of a Logic Model which classified Resident Services as "core" or "enhanced" and identified outputs and outcomes for a range of core services and programs.
- **Evaluation Training:** PSU's Regional Research Institute provided a series of evaluation trainings to RSWG participants to strengthen outcome tools and evaluation practices. The trainings overlapped with the development of the Logic Model and worked to strengthen the Logic Model as a tool as well as the evaluation capacity of Resident Services staff.
- **Venn Diagram:** The Steering Committee and the Policy Councils worked to adapt the concepts behind the Logic Model to create a depiction of Resident Services that would be

useful for audiences who are not Resident Services practitioners. This resulted in the creation of a one-page Venn Diagram that depicts the relationship between services and programs that contribute to “housing stability” and “household opportunity and advancement.”

2. Research to Inform the State of the Industry Report and Presentation

Oregon ON worked with Portland State University as well as other local and national partners to gather research and data to help inform the creation of a more sustainable funding and delivery system for Resident Services:

- **Portland State University Demonstration Project:** Oregon ON worked in partnership with Neighborhood Partnerships and Portland State University’s Regional Research Institute to conduct a demonstration project to estimate the property-level cost savings associated with Resident Services. The project engaged four providers with five sites in gathering time-series data for a range of property-level cost indicators.
- **Portland State University Cost Study:** PSU’s Regional Research Institute worked with Oregon ON members to examine the costs of delivering Resident Service programs under different conditions and to different populations, using a sample of six providers and 14 housing sites.
- **Bridges to Housing (B2H) Cost Study:** In an effort to further analyze the impact of population differences on the cost of Resident Services, Oregon ON worked with Neighborhood Partnerships to conduct a preliminary analysis of the cost of providing Resident Services to B2H units. B2H is collaborative project that connects high resource using low-income families to affordable housing and intensive services. Many of the B2H families are housed by Oregon ON member organizations.
- **Financial Modeling:** The Housing Development Center worked with Oregon ON to conduct financial modeling to assess the impact of different funding scenarios for Resident Services. HDC modeled the financial impact that various Resident Services cost levels would have on the finances of six actual projects. The modeling also demonstrated the effect of different Resident Services financing structures on overall property performance.
- **Portfolio Analysis:** The Housing Development Center analyzed the portfolios of the Portland Development Commission¹ and the Network for Oregon Affordable Housing² to determine the percentage of properties with Resident Services fees in their operating budgets, the average level of the Resident Services fees, and other characteristics that distinguish those properties.
- **National Research:** Oregon ON analyzed and summarized the available national research on the costs and benefits of Resident Services both at a property and individual resident level. This work included internet research, telephone interviews, and a literature review.



¹ The Portland Development Commission (PDC) was, until recently, the primary funding entity for affordable housing in Portland. This role and PDC’s portfolio are now managed by the Portland Housing Bureau.

² The Network for Oregon Affordable Housing (NOAH) is a statewide nonprofit corporation that provides financing and technical assistance for affordable housing development.

- **Case Studies:** Advisory Committee members gathered case studies from their properties demonstrating the impact of Resident Services on eviction prevention and other outcomes. The case studies provide detailed accounts of the role of Resident Services and its impact at an individual and property level.



- **Stakeholder Interviews:** Advisory Committee members interviewed a wide range of stakeholders who interface with Resident Services programs to document their assessment of the impact of Resident Services. The stakeholders included school principals, case workers, property managers, site managers, social service agencies, and youth agencies.

- **Funder Interviews:** Oregon ON interviewed eight funding agencies and surveyed an additional three to gather information about how they define Resident Services, how they fund it, how they think it should be funded, and their recommendations for creating a more sustainable funding and delivery system.
- **Member Survey:** Oregon ON conducted a survey of all of its members who provide multi-family housing to learn more about their Resident Services programs. A total of 25 members out of 29 potential respondents participated in the survey. In follow up to the survey, Oregon ON gathered program-specific outcome data from a sub-set of member organizations.
- **FamilyMetrics Research:** The Pangea Foundation provided Oregon ON with national and Oregon-specific reports that summarize annual program data for projects that use the FamilyMetrics data tracking system. FamilyMetrics is a web-based software package designed to meet the needs of Resident Service Coordinators working in multi-family affordable housing.

3. Advocacy

- **Rural Development:** One of Oregon ON's members, CASA of Oregon, worked with Oregon ON and national advocacy groups including the Rural Housing Coalition and Housing Assistance Council to develop a proposal to provide more sustainable funding for Resident Services in rural housing projects. This effort resulted in proposed federal legislation currently under consideration that would permit project revenues to be used to support Resident Services Coordinators in multifamily housing projects built with funds provided by the U.S Department of Agriculture Rural Development (RD) programs.
- **Washington County and City of Beaverton:** Oregon ON worked with member organizations Bienestar and Community Partners for Affordable Housing (CPAH) to educate Washington County's Policy Advisory Board about the importance of Resident Services. In response to the Policy Advisory Board's recommendations, in May 2010 Washington County's Board of Commissioners approved a first-of-its-kind Resident Services set-aside within its five-year Consolidated Plan. CPAH also successfully advocated with the City of Beaverton to provide grant funding to support Resident Services for qualified organizations.
- **Roadmap to Sustainability:** Oregon ON's policy councils have worked over the past year to develop a Roadmap to Sustainability that outlines the steps that the affordable housing industry will need to take to promote the long-term health of Oregon's affordable housing portfolio. The Resident Services Opportunity Project's findings and recommendations were incorporated into the Roadmap as a critical piece of the Roadmap's policy platform.

Chapter 2: Defining Resident Services

One of the fundamental tasks of the Resident Services Opportunity Project was to develop an industry-wide definition of Resident Services, something that had not previously existed in Oregon. Based on our work to document and codify the diverse efforts of practitioners across the state, we developed the following definition:

Resident Services connects residents of affordable housing to services and programs that support housing stability, household opportunity and advancement.

Our definition makes a clear distinction between Resident Services versus Case Management and Clinical Services:

- **Resident Services** is offered to all tenants in the complex and supports the health of the housing community, not just individual households. Resident Services provides tenants and the broader community with direct access to services on site, eliminating the barriers that often prevent low-income households from being able to access appropriate supports.
- **Case Management** is provided one on one to individual residents to help them develop a plan of action and take the appropriate steps to meet their specific needs.
- **Clinical services** are targeted interventions such as treatment and counseling that help residents address and overcome their unique challenges.



While Resident Services coordination is usually provided by the housing owner on site, Case Management and Clinical Services are typically offered by partners, either on or off site.

To illustrate the distinct and complementary nature of these three service types, let's look at how each one comes into play within supportive housing projects for special-needs populations. Supportive housing projects such as Housing Plus, Permanent Supportive Housing, and Bridges to Housing typically offer on-site, individualized support from Case Managers who work with residents to develop service plans and connect them to appropriate Clinical Services in the community. Participants in these projects also benefit from Resident Services offered on site to all residents in the complexes where they live. The combination of Resident Services, Case Management, and Clinical Services enables previously homeless or high need households to stabilize their situations and succeed in their housing.

This report and our recommendations are specifically about Resident Services, **not** Case Management or Clinical Services.

The Goals of Resident Services

The Resident Services Working Group developed a Logic Model that defines the goals of Resident Services and identifies a menu of services and programs that organizations draw upon to achieve those goals.

The creation of the Logic Model clarified the two fundamental goals of Resident Services: **Housing Stability** and **Household Opportunity and Advancement**.



Services focused on Housing Stability help tenants successfully fulfill the terms of their lease and remain stable in their housing. This includes things like eviction prevention, new resident orientation, conflict mediation, and information and referral.

Programs that promote Household Opportunity help members of the household – adults and children – overcome barriers and get the support they need to stabilize their lives through things like education, income acquisition, English as a Second Language, and tutoring.

Programs that support Household Advancement empower residents to achieve their goals. For many households, this includes moving out of affordable housing into market rate housing or even homeownership. Such programs include employment readiness, financial education, leadership development, and homeownership counseling.

The Role of the Resident Services Coordinator

At the center of any successful Resident Services program is staff who can identify needs, determine the appropriate mix of services, leverage resources, coordinate partners and volunteers, oversee programming, and link residents to available mainstream services.

Properties that offer Resident Services typically have a Resident Services Coordinator (RSC) who works on site to develop and implement the Resident Services program. Because RSCs work where people live, they are uniquely positioned to develop an in-depth understanding of tenants' needs, goals, and challenges. This enables the RSCs to match interested residents – both adults and children – with quality services tailored to meet their needs and fill gaps in available community resources.

RSCs work directly with tenants to coordinate community building activities, information and referral, and other on-site programming. RSCs cultivate relationships with community partners and volunteers in an effort to bring appropriate community-based services on site, and they help to coordinate off-site referrals to address specific needs.



In addition to connecting residents to community resources, RSCs work in partnership with property management to assist tenants in maintaining stable housing. Among their many roles,

RSCs help residents who are identified by property management as being in jeopardy of eviction by offering support with communication, conflict resolution, crisis intervention, and resource referrals.



Because RSCs work to meet the unique needs of each property, they are able to offer culturally-specific services that reflect residents' racial, ethnic, and cultural backgrounds. This is particularly important given that a significant percentage of the tenants of affordable housing are people of color and recent immigrants. RSCs help to connect tenants to culturally specific resources in the community, and they help to bridge the barriers of language and culture that can make it difficult for residents to connect to local institutions such as public schools and social support programs.

The Distinction between “Services” and “Programs”

The Resident Services Working Group identified a broad menu of potential service offerings that Resident Services staff draw upon to achieve their goals. As part of this work, they made a distinction between “services” and “programs”:

Services are provided to all tenants in the housing project. Most services, such as eviction prevention, support housing stability.

Programs are developed to meet the needs of specific populations. Most programs, such as education and employment training, support household opportunity and advancement.

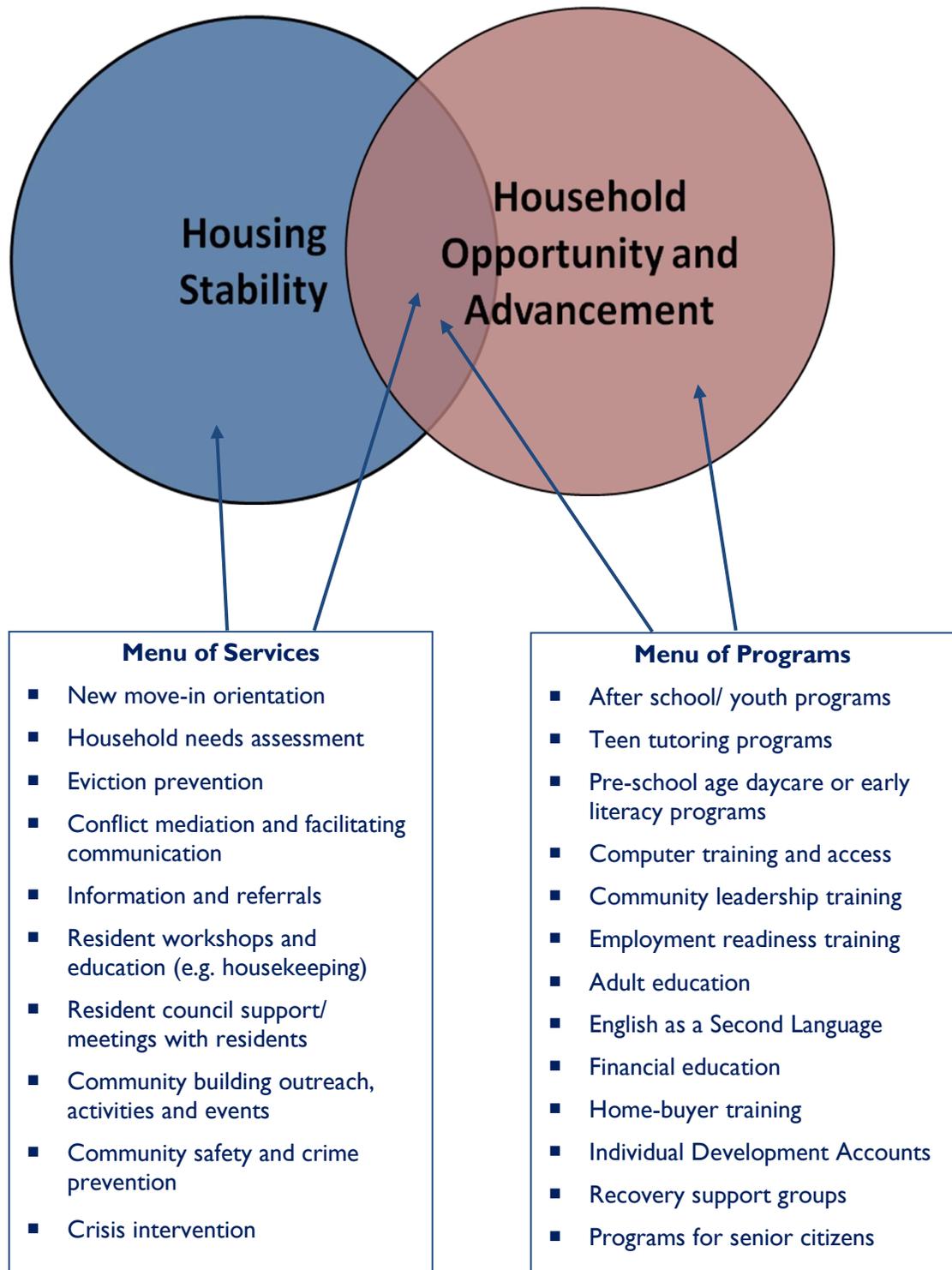
Some programs, such as youth after school programs, can support both housing stability and household opportunity and advancement, depending on the population.



The specific combination of services and programs needed at each property varies by population and project structure.

The Venn Diagram on the following page illustrates how a customized blend of services and programs contributes to the goals of Resident Services for each affordable housing community.

Resident Services Goals



Resident Services has two main functions: Housing Stability and Household Opportunity and Advancement. The specific combination of services and programs that are needed for Housing Stability vary by population and project structure. Resident Services staff identify residents' needs and develop a customized blend of services and programs for each housing community.

Chapter 3: The Value of Resident Services

Resident Services contributes to a wide range of important benefits that help to support

- Successful Residents,
- Sustainable Properties, and
- Healthy Communities.

The role of Resident Services in supporting these outcomes is intuitively obvious to practitioners and to residents themselves. But the Resident Services industry – both nationally and locally – has only recently begun to track concrete outcome data that demonstrates these impacts. Significant strides have been made in developing and implementing outcome tracking systems, and Oregon ON members are at the forefront of this national effort. But it will take time for comprehensive industry-wide data along with standardized outcomes and best practices to be available.



This chapter draws upon the available data collected by leaders in the field both locally and nationally to illustrate the value of Resident Services.

Successful Residents

Housing gives people the stability to meet their basic needs and the opportunity to build better lives. Resident Services plays a crucial role in supporting the fundamental goal of housing as a place where households can create the foundation for a better future. Through a wide variety of customized services and programs, Resident Services promotes housing stability, household opportunity, and advancement for residents with low incomes.

Housing Stability

Resident Services enables tenants of affordable housing to meet their basic lease obligations and be successful in their housing by providing a set of core services that support the following outcomes:

- **Eviction prevention:** Resident Services Coordinators intervene with tenants who are at risk of eviction to connect them to appropriate services, help them to problem solve, and provide emergency funds when necessary. “Tenants at risk of eviction benefit from efforts to help them navigate the kinds of temporary economic setbacks that can catastrophically destabilize low-income families.”³ Evictions can result in household instability, loss of income due to moving costs, disruptions in children’s education, increased difficulties in passing future tenant screenings, and homelessness. An analysis of eviction prevention data from a sub-sample of seven Oregon ON members indicates that Resident Services staff prevented an average of **70** evictions per organization last year.

³ National Resident Services Collaborative (2005), “Resident Services for Families in Affordable Housing: A Background Paper”, <http://residentservices.org/documents/ResidentServicesBackgroundPaperMarch29.pdf>.

REACH Community Development, Inc.
Supporting Housing Stability for a Vulnerable Senior



“Walter”⁴ is a 68 year old man who has been a powerful volunteer advocate for seniors for more than six years. He was the person who other residents would frequently ask for advice.

In October 2009, Walter’s health began to deteriorate. He experienced extreme lower back pain that made it difficult to walk. Without the ability to walk he was not able to get out of his apartment to continue his advocacy work. Walter soon became depressed about not being able to help others. Next he began to self-medicate with alcohol for pain and depression.

REACH’s Resident Services Coordinator received a call from Walter that was difficult to understand. When the Resident Services Coordinator arrived at Walter’s apartment to check on him, he could barely make it to the door. She found him very weak, crying and wearing dirty clothes. His home was a mess, which was not like him at all. Walter went to the hospital for a few days and returned home to continue the cycle of pain, depression and self-medicating.

Walter’s housing was at risk due to poor housekeeping, 911 fire calls and public intoxication. Every time he received a housekeeping notice he would clean up his apartment just enough to pass the inspection. But the work of cleaning caused more pain, and the cycle would start again.

REACH’s Resident Services Coordinator began an intensive effort to get him the help he needed. She checked on him at least once a week, spoke with hospital social workers, called Neighborhood House for case management, gave him referrals for mental health, AA meetings, and Aging and Disability Services, and eventually called Adult Protective Services.

Walter is now being case managed and receives housekeeping assistance that is partially covered by Medicaid. His back is not hurting, allowing him to be more mobile, and his depression has improved. He has successfully remained in his apartment and passed his most recent housing inspections.

⁴ All names denoted in quotes in this report are pseudonyms. Any photos that accompany those names are stock photos to protect the residents’ privacy.

- **Connections to services:** Tenants cannot be successful in their housing if their basic needs are not met. Resident Services connects tenants to appropriate services both on site and in the community to help them achieve greater household stability. For example, out of the 2,820 residents in Oregon whose services over the past year were tracked by FamilyMetrics software, 1,166 were connected to community and civic resources, 158 were connected to entitlement benefits, 591 were connected to health care, and 149 were connected to transportation assistance.



- **Conflict resolution:** Resident Services helps mitigate conflict and increase community harmony by fostering better communication and by providing an intermediary on site who can help resolve conflicts. In a national survey of multi-family properties, “property managers commented that residents benefitted from improved communication among each other, their families, and staff as facilitated by the service coordinator who serves as a ‘conduit’ among different parties.”⁵

- **Community safety and stability:** Resident Services supports a more safe and stable living environment by organizing community building activities, providing forums for residents to voice their concerns, and helping tenants to take greater ownership over the property. For example, after participating in REACH CDC’s Healthy Homes, Healthy Lives project, residents reported that they “know that they have a voice regarding community issues and by working together can persuade the landlord to respond to their needs and concerns.”

Household Opportunity

In addition to providing a core set of services to support housing stability, Resident Services also provides a customized blend of programs to support household opportunity, typically focusing on one or more of the following outcomes:

- **Skill building and income generation:** In properties with work-able households, Resident Services programs can connect residents with job skills and employment opportunities by helping them get their GEDs, improve their English skills, acquire computer skills, learn job search skills, and/or gain entrepreneurial skills. As an example of the effectiveness of these programs, more than **70%** of adults who participated in job training programs at several NeighborWorks America sites nationwide got jobs.⁶ An analysis of data from a sub-sample of Oregon ON member organizations indicates that **67%** of job program participants got jobs or increased their incomes in the most recent reporting period.



- **Youth development:** In family properties, childcare, youth development and after school programming are key components of Resident Services. These programs focus on improving school performance, providing access to recreation, creating free or low-cost childcare options, and keeping children constructively engaged. A review of outcome data

⁵U.S. Department of Housing and Urban Development (2008), “Multifamily Property Managers’ Satisfaction with Service Coordination”, HUD Office of Policy Development and Research.

⁶ NeighborWorks America (2005), “Real Investment, Real Results”, http://www.nw.org/network/pubs/studies/documents/RealInvestmentsRealResults_000.pdf.

from multiple after school programs offered at NeighborWorks sites around the country demonstrates the effectiveness of these programs: more than **90%** of children who



participated maintained or improved their grades in the most recent reporting year.⁷ In an analysis of data from a sub-sample of Oregon ON member organizations, more than **80%** of after school program participants improved their academic performance.

- **Asset building:** Resident Services programs frequently support asset building among adults and children by offering household budgeting classes, financial education, Individual Development Accounts, and savings programs. As an

example of the effectiveness of these programs, **51%** of families who participated in financial education coaching at one NeighborWorks America member program reduced their debt.⁸ Locally, **45%** of REACH CDC's Individual Development Account program participants graduated from the program and purchased a home, started a business, or continued their education.

Household Advancement

Resident Services provides structured opportunities for residents to identify and set goals for their future, along with the support and encouragement they need to empower them to achieve those goals. Typical outcomes related to household advancement include:

- **Transitions to market rate housing and homeownership:** The ultimate goal of Resident Services is to support tenants' successful transition to market rate housing and, in some cases, homeownership. These transitions enable households to increase their independence and long-term stability while making limited affordable housing resources available for a greater number of people. Among Resident Services programs nationally using FamilyMetrics software to track services, **5%** of households who vacated their units in the past year transitioned directly into homeownership.⁹
- **Increased independence and self-reliance:** For elderly and disabled households, moving to market rate housing may not be realistic, but Resident Services can help them to avoid a move to assisted living. By reducing isolation, providing social supports, and connecting residents to community resources, Resident Services plays a key role in maintaining elderly and disabled residents' independence and quality of life. As a result, most property managers interviewed as part of a national survey of properties with service coordination for seniors agreed that service coordination "enables residents to age in place" and "enabled residents to remain self-reliant."¹⁰



⁷ NeighborWorks America (2005).

⁸ NeighborWorks America (2005).

⁹ This figure is based on the number of households for whom transition information was available.

¹⁰ U.S. Department of Housing and Urban Development (2008).

- **Improved long-term outcomes:** Research on poverty suggests that Resident Services can support better long-term outcomes for low-income households: “Poverty puts families at a greater risk for poor outcomes. But a supportive environment helps to ameliorate those risks.”¹¹ According to a report by Enterprise Community Partners, “When children are constructively occupied and well-supervised during the out-of-school hours . . . they are more likely to grow up healthy and well-adjusted.”¹²

What Residents Say

The following quotes from residents of Oregon ON members’ properties illustrate the important role of Resident Services in supporting tenant success:

Housing Authority of Portland resident:

“Heather [the Resident Services Coordinator] has helped me fill out paper-work that I didn’t know how to do. She helped me get my Medicare by advocating for me and making phone calls.”

Innovative Housing resident:

“When my husband lost his job, we were in a panic and I don’t know if we would have been able to get the help we needed without Resident Services helping us each step of the way.”

Community Partners for Affordable Housing resident: *“Because there are recovery groups meeting at Greenburg Oaks most nights of the week, I was able to get the support I needed to stay on this path.”*

Innovative Housing resident:

“I have graduated from college with the support of Resident Services. They have been of assistance not only by providing me with financial resources, but also by being a huge emotional support through some very tough times in my life.”



¹¹ National Resident Services Collaborative (2005).

¹² Proscio, Tony (2006), “More than Roof and Walls: Why Resident Services Are An Indispensable Part of Affordable Housing”, Enterprise Community Partners.

Human Solutions, Inc.

Supporting Household Opportunity and Advancement



The “Jones” have lived at Human Solutions’ Cedar Meadows apartments since 2006 and are active participants in the community. The three Jones children are always engaged in on-site activities, and when the weather is bad, the family opens their home to other residents for weekly craft projects. For two summers in a row, Mom has run the free Summer Lunch Program at The Cedars and Cedar Meadows, serving meals to 30-40 children each day for eight weeks.

Paying the rent began to be difficult for the Jones in February 2009 after Dad lost his job due to an extended illness. With Dad still recovering at home, Mom began babysitting in order to support the family. With a referral from Human Solutions’ Resident Services Specialist, the Jones received rental assistance that kept them housed.

In September 2009, Mom’s babysitting job ended. She was referred to Human Solutions’ Living Solutions Employment Program, which helped her get her Certified Nursing Assistant degree. She recently accepted a position at a nursing home. Unfortunately, while she was working on her education, the family fell behind in paying their rent and owed late fees. While Human Solutions was able to help with emergency rent assistance, there was no money available for back rent or late fees. Human Solutions referred the family to Innovative Change\$, a new program founded by Innovative Housing Inc. which provides short-term loans at reasonable interest rates, financial education classes and one-on-one financial coaching. With a loan from Innovative Change\$, the Jones were able to pay their back rent and stabilize their housing.

Dad’s health has improved and he is currently interviewing for jobs. The Jones look forward to a more stable financial situation once he is employed.

Sustainable Properties

At the property level, national studies have shown that affordable housing properties with Resident Services have lower vacancy losses, bad debt, legal fees, and turnover rates. The most comprehensive studies are summarized below:

- **Enterprise Community Partners and Mercy Housing study:** This groundbreaking 2007 study reviewed two years of property performance data on a total of 1,787 units in Mercy Housing’s family housing portfolio, comparing properties *with* Resident Services to those *without* Resident Services. Vacancy losses, legal fees and bad debts cost-savings were \$356 per unit in 2006 for units with Resident Services. Properties *with* Resident Services out-performed those *without* in vacancy loss by up to 42%, in legal fees by up to 76% and in bad debt by up to 44%.¹³
- **NeighborWorks America and Community Housing Partners study:** This 2008 study examined property performance data for 1,505 units in Community Housing Partners’ portfolio. Operational costs relating to vacancy loss, bad debt and legal expenses were significantly lower at properties *with* Resident Services than at those *without* Resident Services. General operating expenses at properties *without* Resident Services were 5% lower than those *with* Resident Services. Despite the higher general operating costs, because of the savings from vacancy loss, bad debt and legal fees, even after including the costs of Resident Services, there was a net savings for properties *with* Resident Services of \$23 annually per unit.¹⁴
- **Pennsylvania Housing Finance Agency study:** This 2005 study comparing 17 properties *with* Resident Services to 17 properties *without* Resident Services found that properties *with* Resident Services had reduced legal expenses and bad debts compared to those *without* Resident Services. The rate of unit turnover was also smaller. Participating properties *with* Resident Services reported a reduction in rental delinquency and housekeeping citations. Evictions declined by 25% over five years.¹⁵

Local Research

With support from the City of Portland and Meyer Memorial Trust, Neighborhood Partnerships sponsored a multi-year study with the goal of documenting potential property-level cost savings that could be attributed to Resident Services. The “Demonstration Project” was conducted by Portland State University’s Regional Research Institute (PSU) in partnership with four Oregon ON member organizations representing five different properties.



The project relied on a time series methodology to compare property-level cost indicators before and after the introduction of Resident Services programs at properties that had previously not had Resident Services. Each site provided baseline data for twelve months prior to the inception

¹³ Enterprise Community Partners and Mercy Housing (2007), “Research Demonstrates Positive Impact of Family Resident Services on Property Financial Performance in Selected Mercy Housing Family Properties Over Two Years.”

¹⁴ NeighborWorks America and Community Housing Partners (2009), “Comparative Study: Cost Benefits of Resident Services on Select Categories of Property Operations: Community Housing Partners, Fiscal Years 2006 and 2007.”

¹⁵ Pennsylvania Housing Finance Agency study cited in Enterprise Community Partners and Mercy Housing (2007).

of Resident Services, and continued to provide data for an additional two years following the introduction of Resident Services to the property. Raw data were graphed per month for each indicator by each provider and subsequently rolled up to display results by quarter.

PSU reviewed baseline data and follow-up data with individual providers throughout the project and met as a group after data collection was suspended to discuss the findings and their interpretation. Unfortunately, despite providers' certainty that Resident Services had a positive impact on property-level costs at their projects, PSU was unable to demonstrate this impact with the cost indicators that were used.

The lack of concrete data on cost savings from this study does not suggest that Resident Services is not having an important impact. It means only that the impact is difficult to disentangle from the host of other factors at play. A range of factors interfered with the Demonstration Project's ability to provide clear data on the cost impact of Resident Services.

For example:

- Baseline data generally fluctuated and did not show consistent patterns, making it difficult to compare costs after Resident Services coordination was introduced with the baseline.
- Multiple factors influence property costs, and it is impossible to isolate the impact of Resident Services relative to these other factors. Most notably, the Demonstration Project overlapped with the economic downturn, which likely had a far greater impact on property costs than Resident Services.
- It is difficult to know how long it takes for the effects of Resident Services programs to take hold. Because the study used a time-series methodology that compared property-level costs before and after the introduction of Resident Services, the Demonstration Project by necessity only looked at projects that had new Resident Services programs.
- Many different variables affect property costs, and this study was not able to control for those variables. For example, the age of a property will affect maintenance costs, leading to increased costs over time.



The national studies referenced earlier in this section compared properties *with* and *without* Resident Services within the large portfolios of a single owner. This approach allowed those studies to avoid many of the methodological complications faced by the Demonstration Project; efforts to document cost savings across multiple owners are inherently more difficult.

The Demonstration Project's inability to show quantifiable property-level cost savings is a reflection of the ongoing challenges faced by organizations both locally and nationally in trying to demonstrate the monetary return on investment of Resident Services. The inherent methodological difficulty of measuring the value of Resident Services has contributed to the reluctance of many housing funders to invest in it.

Local Examples

While the Demonstration Project did not enable us to quantify property-level cost savings due to Resident Services, a review of data from a sample of Oregon ON members provides clear evidence of property-level benefits. The most obvious is the reduction in eviction rates.

A sample of seven Oregon ON member organizations who track eviction prevention data for their Resident Services programs shared their data for the past year. By aggregating the data, we found that each organization's Resident Services program prevented an average of 70 evictions last year. In other words, an average of 70 households in each organization were prevented from having an eviction on their record and from potentially ending up on the streets. Keeping those households stable in their units reduced the costs of vacancy, unit turnover, and the property damage that often accompany evictions.

To illustrate how Resident Services helps prevent evictions, let's look at two recent examples from Oregon ON member organizations:

"Justin" and his family live in a large three-bedroom townhome owned by Innovative Housing (IHI). When Justin lost his job and did not qualify for unemployment benefits, he had no idea how he, his wife and three children were going to make ends meet. IHI's Resident Services Coordinator connected Justin to cash assistance, food stamps, free meals at school for the kids, direct assistance from IHI's Emergency Fund, and a housing subsidy that will last until Justin is again earning a living wage. Without Resident Services, Justin and his family would have been unable to pay their rent and were at risk of becoming homeless.



"Juanita" lives with her children in an apartment complex owned by Northwest Housing Alternatives (NHA). When Juanita's husband left her, she had no income and feared she could not provide for her family. NHA's Resident Services Coordinator helped Juanita secure rent assistance and help paying her utility bills, provided her with resource information translated into Spanish, and guidance to help her look for a job. Three months later, Juanita's family is stable in their housing and she has begun working at a part-time job. What felt like an impossible situation for Juanita has become a time of change and growth.



Without Resident Services, both Justin and Juanita would likely have been evicted for non-payment of rent. The estimated cost to evict and turn over their units is \$3,736 for Justin's unit and \$1,320 for Juanita's. The cost savings for Justin's unit are especially high because he has lived in the same large three-bedroom townhome for eight years, making it particularly costly to prepare his unit for the next tenant. In both cases, the presence of Resident Services avoided the financial cost of the eviction for the owner, not to mention the social and emotional costs of the eviction for the parents and their children.

Benefits to Property Management

National studies have shown that Resident Services has many benefits to property management beyond concrete cost savings:

- It enables property managers to focus on management tasks while relying on Resident Services staff to care for residents' social service needs. As a result, properties with Resident Services can run more smoothly.
- When tenants are given the support to address their economic or family emergencies in a timely way, they are less likely to fall behind on rent or create other management problems.
- "When children are constructively occupied and well-supervised during the out-of-school hours, they are less likely to disrupt other residents or do harm to themselves or the building."¹⁶
- The presence of Resident Services at a property increases its value and marketability.



Oregon ON members interviewed their property managers, both third party and in-house, to assess the impact of Resident Services on their work. Their responses affirmed the findings of the national research. The following quotes from a handful of these interviews illustrate the positive impacts of Resident Services on property management:

Angie Henry, Senior Portfolio Manager, Income Property Management: *"[Resident Services staff] are a great liaison between site staff and residents and, more times than not, result in less time and energy on management's end because [Resident] Services is able to circumvent potential issues that could lead to an eviction. . . . The fact that [Resident] Services has an eviction prevention system in place, . . . as a result is preventing at least four to five possible evictions per site, per month which in turn keeps the residents in a home and not out on the street. . . . There are numerous families and individuals that we would have had to evict if it were not for Resident Services in our housing communities. Most of these are still housed or left in good standing."*

Dave Bachman, CEO, Cascade Management, Inc: *"Resident Services enables more outreach into the neighborhood [surrounding the property]. Involving the neighborhood in programs on site can greatly affect the perspective of the neighborhood about things happening at the property. The more integration there is between neighbors, residents, and the project, the better the perception. Resident Services can make that happen."*

Northwest Housing Alternatives Springwater Property Manager: *"The residents come to the Resident Services Coordinator for information, clarification of rules, as well as resident issues, [such as] when two residents have conflicts. The management a lot of times does not have enough time to deal with these issues and without getting these resolved in timely matter they would result in higher turnovers and vacancies."*

¹⁶ Proscio (2006).

Hacienda Community Development Corporation Promoting Economic Independence



Zoila Medoza is from Oaxaca, Mexico. In 1994, Zoila moved into one of Hacienda CDC's rental apartments. She is well known around the community as Doña Zoila for her willingness to help others when needed.

In 2006, Doña Zoila joined Micro Mercantes, Hacienda's micro-enterprise program that trains low-income Latina residents to sell homemade tamales at area farmers' markets. The program was started in 2005 with only five participants and has grown to include 20 participants working at 12 farmers' markets and offering year-round catering. Zoila's specialty is chicken tamales with a special recipe for mole from Oaxaca.

Before Micro Mercantes, Zoila worked the night shift (8:00 p.m. to 1:00 a.m.) at a fruit processing company, standing up in cold temperatures. "After my shift was over I would wait for the last bus to take me home at 2:00 a.m." Because of her age (60) and language barrier it was hard for her to find another job.

Now Micro Mercantes is her primary source of income. "For the first time I'm my own boss managing my own business," Zoila says. "Thanks to Micro Mercantes, I feel independent again, and once in a while I get to take my grandsons to the store."

Like Zoila, other Micro Mercantes vendors have seen their annual incomes increase by at least 20% to 30% from tamale sales. In addition, participants serve as role models in the community, building self-confidence and solidarity with each other. The women are currently in the process of forming an independent cooperative set to launch in 2011, with the help of Hacienda.

Healthy Communities

In addition to supporting Successful Residents and Sustainable Properties, Resident Services plays an important role in building Healthy Communities:

Building a Sense of Community

Resident Services helps to build a sense of community among residents, strengthening social



cohesion. Oregon ON members who track this issue found that the majority of Resident Services program participants say that they feel more connected, less isolated, know their neighbors and feel safe in their community.

Quotes from the tenants, Resident Services staff, and property managers of Oregon ON's member organizations demonstrate the role of Resident Services in building a sense of community:

Community Partners for Affordable Housing resident: *"Imagine your heart pounding at every creak and scratch. The unbearable fear that you might not live the next day because your abuser was there. My mom could barely go to the store without hiding her face. She could barely step outside without shaking. My sisters and I couldn't go play outside because my mom was scared of the things that could happen to us. . . . Domestic violence implanted the seed of fear, and then the problems that followed grew terrifying thorns that attacked and stabbed us every time we tried to escape. . . . My mother and CPAH combined was what destroyed that seed of darkness, and there blossomed the flower of safety, security, and freedom. CPAH does this by providing programs, opportunities, connecting resources, and much more, that allow people to revive, recover, and flourish."*

Human Solutions Inc. Resident Services Coordinator: *"For our first community event at Rockwood Landing, I worked closely with the property manager to organize a community celebration for Día de los Niños (Day of the Children). Día de los Niños is a very popular holiday amongst the Latino communities, and is usually celebrated with games and activities for the children. . . . We had over 100 participants including families from both Rockwood Station and Rockwood Landing. . . . This event was a great success, not only in bringing the community together for a common celebration, but also in providing the opportunity to introduce the residents to Resident Services and the different types of resources available to the community."*

REACH CDC Property Management Supervisor: *"Resident Services first builds the community within the building. In doing so residents take pride in their homes which is then reflected in the way the property looks and how the residents act when on the site. The*

residents watch out for each other and do what they can to ensure that they are living in a safe environment. Being a good neighbor is an important part in building a thriving community.”

Creating a Strong Social Support System

Housing has assumed an increasingly important role in the continuum of care in Oregon’s communities. Many residents of affordable housing have fallen through the cracks of the social service system. Once tenants move in, Resident Services staff learn about their needs and link them to other supports that will help them to stabilize. By connecting residents to services, Resident Services helps to create a stronger social support system and healthier communities.

Resident Services also supports the work of partner organizations by offering physical space where community partners can provide their services on site. This expands the partners’ reach and makes services more accessible to the people who need them most.



We interviewed dozens of partners across Oregon who said that the Resident Services work provided by Oregon ON’s member organizations supports their agencies’ effectiveness. This included school principals, case managers and providers of clinical services, staff of public agencies such as Aging and Disabilities Services, and staff from nonprofits such as the Oregon Food Bank. The following quotes illustrate the positive feedback that we heard from these partners:

Steven Jackson – Aging and Disability Division, Adult Protective Service Program:
“Having someone who knows the tenants and how and when to access our services is invaluable. We often wouldn’t know of the need otherwise. . . . Without you, we’d miss people who need to be assessed. . . . Many aren’t getting basic services that they qualify for.”

Mental Health Provider: *“Resident Services offers another ‘set of eyes’ to best assess our participants’ situations, activities, successes and struggles. . . . Resident Services have acted on behalf of residents – literally saving lives by calling 911 in an emergency to more subtle (potentially) life impacting assistance by being available to a tenant who may be struggling with issues and looking for resources.”*

Joseph Talley – Special Programs Coordinator, David Douglas High School: *“The Resident Services position at Lincoln Woods really helps the school to connect to the Somali population at Lincoln Woods. Amal (the Resident Services Specialist) closes the gap between the parents and teachers. . . . She helps facilitate the type of communication that helps teachers give the individual attention they need. . . . I want more Resident Services people in*

our school for all foreign language groups. The increase in communication can only improve our ability to teach the kids."

Alexander Perrins – Principal, Jason Lee K-8 School: *"Resident Services 1) makes it easier for school staff and teachers to communicate with parents living in affordable housing; 2) ensures that students are accessing school and community resources that increase their academic and social performance in the classroom; 3) ensures that students are able to participate in school events; 4) works with parents to increase their involvement in their children's school; and 5) provides summer programs that increase literacy rates and limit summer learning loss."*

Seth Lyon – Multnomah County, Department of County Human Services: *"Resident Services plays an important role in interfacing with [residents] and connecting them with the services they need."*

**Ginny Sorenson, Nutrition Education
Oregon Food Bank**



Resident Services helps the Oregon Food Bank expand our services to people we may not otherwise be able to reach. They provide locations for services, event coordination and community outreach.

We especially appreciate that agency partner staff take responsibility for getting the word out about food distributions, recruiting participants in our classes and for following up to be sure classes are well attended. That helps us to be better stewards of our limited resources – it's a great model for partnership.

It would certainly be a challenge to figure out how to complete outreach and host education classes within low-income housing communities without the partnership with Resident Services. It's much more convenient for clients to participate when they're close by. By working with Resident Services, we're removing some of the barriers to access.

Linking Residents and the Community

Resident Services links residents to the broader community by bringing volunteers and community members onto the property for services, by creating linkages with local institutions such as schools and nonprofits, and by leveraging the support of the community as a whole.

Oregon ON members' Resident Services staff leverage \$1.6 million a year in community support by partnering with other organizations to make their programs available to residents on site. In many cases, these connections wouldn't have been available to residents without Resident Services staff to provide a site, recruit and coordinate partners and volunteers, and conduct outreach and marketing to residents.

The following quotes illustrate the important role of Resident Services in linking residents to the broader community:



Tonya Parson, Program Manager, YWCA LearnLinks: “Our work . . . has been greatly enhanced by the presence of on-site Resident Services specialists who share similar language and cultural backgrounds of the residents. At these sites, we experience increased contact and communication with parents. Resident Services specialists greatly enhance our ability to communicate with families regarding . . . upcoming field trips, community events, and school events.”

Jaime Johnson, Associate Director of Social Services, Human Solutions: “Resident Services is a liaison to community resources. . . . On-site Resident Services links tenants to other community agencies and organizations, both outside the property and by bringing partners to the property. In addition, Resident Services provides tenants with leadership opportunities where they live so that they develop ownership over their community.”

Staci Martin, Community Partners Manager, Portland Children’s Museum: “This collaboration with Innovative Housing, Inc. for the Bread and the Art Program at The Portland Children’s Museum Community Partners Program has given us an opportunity to expand our program. . . . We don’t have the staff to promote the program and coordinate the children and families. It is rare to do on-site programs that are free out in Gresham. The agreement for Innovative Housing, Inc. was that they would have people on the ground coordinating and making sure that we have children to serve and do our program. Because of the Resident Services, I believe we have been successful in serving over 30+ children and families and also providing access to children who wouldn’t normally have access to the Portland Children’s Museum.”

Community Partners for Affordable Housing (CPAH)

Resident Victoria Meredith



When there was a drug bust at the place I was living, the police came in, DHS took my kids, [and I thought] my life was over. Yet it really was just beginning. I began treatment in July, school in September, and found my home at Greenburg Oaks in October.

My two boys came back in November, my daughter the following summer. . . . Moving into Greenburg Oaks helped me in many ways: through the programs offered at the community center, including the after school program, getting my youngest connected with Head Start, energy assistance, signing up for Section 8. My family advocate was an amazing asset; she helped me learn the concept of self care, and scheduling, and so much more. Because there are recovery groups meeting at Greenburg Oaks most nights of the week, I was able to get the support I needed to stay on this path.

I was able to learn parenting skills through a few different areas, like the toddler program, and being able to talk with a child psychologist when my older son started acting out due to all which had happened. I was able to receive the proper direction as well as awareness in order to recognize it all. I was even able to do 60 hours of volunteer work with CPAH with the after-school program in order to receive a \$500 scholarship for school. I also got into the HopeSpring program in September 2006 [a program that provides rental assistance, clinical services, and supports for women in recovery], which was more than many might understand, as I had only had one year of sobriety and had “been there” (one year sober) before. Being able to be a part of HopeSpring made me accountable for another full year, and here I am today almost four years later.

I will be graduating this June with an Associates of Applied Science degree in Alcohol and Drug Counseling, as well as receiving my certification in September. From there I want to continue on to a Bachelor’s degree, and then who knows. Yet, if someone was to tell me five years ago that I would be holding a degree some day, I would have laughed. Through so much and so many, I have become the person, parent, mother, friend, sister, co-worker and peer I have always wanted to be yet never believed I could. Thank you to all who believed in me way before I was able to believe in myself.

Chapter 4: Resident Services in Oregon

In March-April 2010, Oregon ON conducted a survey with its member organizations to assess the state of the Resident Services industry across Oregon. A total of 25 Oregon ON member organizations completed the survey, representing 738 properties and 13,359 units located throughout the state.

Ninety-six percent of the survey respondents provide Resident Services in at least some of their properties. Forty-six percent of the organizations offer Resident Services at 100% of their properties. Another 34% offer Resident Services at over half of their properties.

Approximately 11,500 households in units owned by Oregon ON members receive Resident Services. This represents two-thirds of the total number of households served by Oregon ON members annually.

In addition to these households, half of the organizations' Resident Services programs also serve people who live in the surrounding community. The estimated number of community members served by each of these programs ranges from 10 to 10,000 per organization.

For those responding organizations who do not offer Resident Services in all of their units, the vast majority (75%) said the reason is inadequate resources. Only one organization said it was not a priority, and no respondents said that it was because Resident Services is not necessary.

Types of Services and Programs

Oregon ON members offer a wide range of services and programs to their residents. The type and levels of services offered by owners often vary by population or building. The services and programs offered by the largest percentage of members are as follows:

| Types of Services | % of Respondents |
|--|------------------|
| Information and referrals | 96% |
| Community-building activities and events | 92% |
| Resident education (including workshops) | 83% |
| Community safety and crime prevention | 71% |
| Eviction prevention | 63% |
| Resident council support/meetings with residents | 63% |
| New move-in orientation | 58% |
| Conflict mediation | 50% |
| Household needs assessments | 33% |

| Types of Programs | % of Respondents |
|---|------------------|
| After school/youth education programs | 78% |
| Financial education | 78% |
| Computer training and access | 65% |
| IDAs (youth and/or adult) | 57% |
| Home-buyer training | 52% |
| Employment readiness training | 35% |
| Adult education | 35% |
| English as a Second Language | 30% |
| Pre-school age daycare or early literacy programs | 22% |
| Community leadership training | 22% |

Staffing

Oregon ON members staff their Resident Services programs through a combination of salaried staff (both Resident Services Coordinators and Managers), unpaid volunteers, partner organization staff, and stipended volunteers such as VISTAs or Americorps.

The equivalent of 115 paid full-time Resident Services staff work in Oregon ON's member organizations, an average staffing ratio of about 100 units for each full-time staff. Specific staffing ratios vary by population and building.

The vast majority of respondents said that their Resident Services staff members spend more than half of their time on services that support housing stability. Forty-eight percent said that the amount of staffing they have available for providing housing stability services is "inadequate" or "very inadequate." For programs that support household opportunity and advancement, sixty percent of respondents said that their level of staffing is "inadequate" or "very inadequate."

Most respondents said that staffing levels for Resident Services can range from the equivalent of one full-time employee (FTE) per 50 units to one FTE per 225 units, based on a range of variables. The following guidelines resonated with many respondents:

- "High touch" properties (e.g. senior/ disabled, formerly homeless, mentally disabled, majority of population less than 30% MFI, etc.): 1 FTE per 50-100 units
- "Medium touch" properties (e.g. families, seniors): 1 FTE per 100-150 units
- "Low touch" properties (e.g. "working poor", families): 1 FTE per 150-225 units

Respondents also noted that staffing levels are affected by other variables such as property size, the portion of residents' incomes that are going towards rent, the presence of other supportive services in the community or on site, and the availability of local partners.

Residents Served

The largest percentages of households served by Oregon ON members' Resident Services programs are those with incomes at or below 50% Median Family Income (MFI).¹⁷ The actual income level of a four-person household at 50% MFI varies across the state from \$25,300 in Wallowa County to \$35,600 in Multnomah County, with a statewide average of \$30,900. Four-person households at or below 50% MFI include those headed by janitors, home health aides, and child care workers. One-person households at or below 50% MFI include fast food workers, parking lot attendants, seniors on social security and disabled citizens on Supplemental Security Income.

Most Oregon ON member organizations also provide Resident Services to households with incomes at 51-60% MFI, and about a quarter of respondents provide services to households at 61-80% MFI, but in both cases those households tend to be less than a quarter of all the households they serve.

Eighty percent of Oregon ON members who responded to the survey estimate that more than 75% of the households they serve have incomes that are below the formal income guidelines for the properties in which they live. These households are likely to be rent burdened, meaning that they have less money available after paying their rent to meet their basic needs. For example, a recent analysis of Portland's affordable housing portfolio found that 42% of all affordable housing residents with incomes at or below 30% MFI (\$21,360 for a four-person household and \$14,970 for a one-person household) are paying more than 50% of their income in rent.



The households served by Oregon ON members' Resident Services programs include a diverse mix of families, single adults, seniors, workers, and people with disabilities:

- 84% of organizations provide Resident Services to people with disabilities
- 84% of organizations provide Resident Services to families with children
- 80% of organizations provide Resident Services to working or work-eligible households
- 78% of organizations provide Resident Services to seniors
- 64% of organizations provide Resident Services to homeless families with children
- 57% of organizations provide Resident Services to chronically homeless individuals

The specific distributions of these populations vary by organization and by property.

Leveraged Resources

Respondents are able to leverage a wide range of programs and services at little or no additional cost to their Resident Services budgets through partnerships or donations. The

¹⁷ Median Family Income (also called Area Median Income) is the middle household income for a particular area (city, county, state, etc.). In other words, 50 percent of the households in the area earn more than the MFI and 50 percent earn less. The MFI is calculated annually by the U.S. Department of Housing and Urban Development (HUD) for metropolitan areas nationwide. Households at less than 80% MFI are considered "low income".

approximate value of these leveraged programs ranges from less than \$5,000 to more than \$300,000 per organization, with a total estimated value across all organizations of more than \$1.6 million.

Only 10% of respondents say they would be able to leverage these services if they did not have a paid Resident Services coordinator on staff.

The Cost of Resident Services

Determining the average cost of Resident Services can be difficult. Because there are so many variables that affect the costs and operations of Resident Services programs, few programs have similar cost profiles. In addition, organizations aggregate their budget data differently among programs, making it difficult to compare costs across programs.

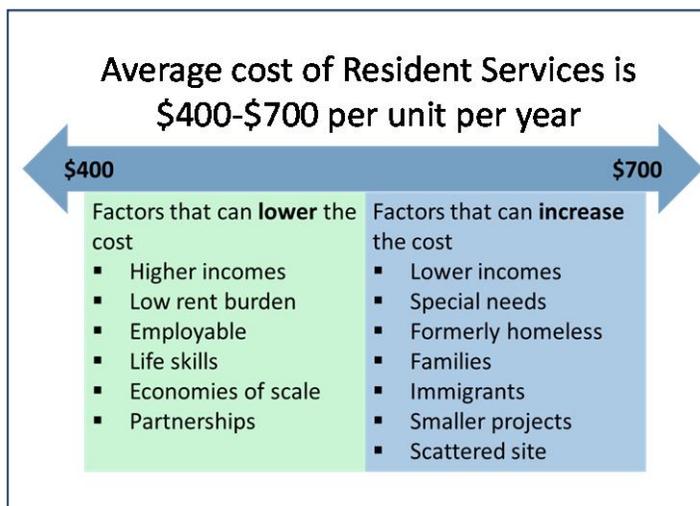
Oregon ON contracted with Portland State University's Regional Research Institute (PSU) to conduct a rigorous cost study of Resident Services to enable us to develop an average per unit per year cost range for Oregon. PSU worked with a sample of owners to reinterpret their costs in ways that were comparable. Based on this work, they concluded that the average cost of Resident Services in Oregon is \$400-\$700 per unit per year for a core set of services that are primarily related to housing stability. Properties that offer a wide range of additional population-specific programs may have higher costs.

Certain variables push the costs of Resident Services lower on the range, and other variables push the costs higher on the range. Variables that can lower the costs of Resident Services include:

- Higher incomes
- Low rent burden
- Employable residents
- Residents with life skills
- Economies of scale
- Extensive partnerships

Variables that can increase the costs of Resident Services include:

- Lower incomes
- Special needs
- Formerly homeless
- Families
- Immigrants
- Smaller projects
- Scattered-site properties



Some outlier properties with particular combinations of these variables will have costs that are outside of the \$400-\$700 range. For example, some Permanent Supportive Housing projects as well as projects serving large, low-income families may have costs that are higher than \$700 per unit per year. And some projects with extensive partnerships and residents with higher incomes may have costs that are lower than \$400 per unit per year. But most projects will fall within the \$400-\$700 range.

Bridges to Housing Cost Study

A preliminary study of the incremental cost of Resident Services for Bridges to Housing (B2H) units illustrates how differences in population can affect the per unit costs of Resident Services. B2H provides housing and supportive services for formerly homeless, high resource using families. Most B2H units are located within larger properties that also include regular affordable housing units.

Many owners of properties that serve B2H families report that the costs to provide Resident Services to the B2H units are higher than for their other units. Owners attribute the increased costs to the higher demands of large, very low-income families as well as the additional staff time required for coordination with B2H families' case managers and other partners.

For example, one B2H provider found that the cost to provide Resident Services to the B2H units at one property was almost double the cost for non-B2H units at that property. While they budgeted \$330 per unit per year for Resident Services, the cost to provide Resident Services to the B2H units ended up being \$575 per unit per year.

Another B2H provider found that the cost to provide Resident Services at their B2H units was \$850 per unit per year, far higher than the average Resident Services cost in their other units.

A third provider notes that “we have one staff person who works almost exclusively at [the property] where most of our B2H units are, and our other staff person covers three times as many units.”

While both the actual and incremental costs to provide Resident Services for B2H units vary across providers, these examples demonstrate how differences in population, as well as the increased coordination requirements for a program like B2H, can significantly increase the average cost of Resident Services.



Chapter 5: Funding for Resident Services in Oregon

Funding strategies for Resident Services typically rely on one or more of the following sources:

- *Property Operating Budgets:* Including Resident Services as a line item in the property's operating budget creates a relatively stable source of funding by incorporating Resident Services costs "above the line" in the underwriting process. This means that Resident Services is included in the financing for the housing project, with the financing structured to cover the cost of Resident Services through the 20 to 30 year financing period.
- *Cash Flow:* Another option is to use cash flow to fund Resident Services, which means that Resident Services is a "below the line" expense funded once all the payments that are part of the financing terms are made. This creates a less stable funding source, because cash flow is affected by vacancy and unit turnover rates and any unanticipated expenses.
- *Fundraising:* Fundraising can involve efforts to generate support from individual donors through events and appeals, as well as grants from private foundations and corporations.
- *Public Funding:* Some local, state, and federal agencies offer public funding for Resident Services in the form of grants, loans, capital equity, or capitalized reserves.
- *User Fees:* Some projects are able to charge fees to participants that may partially offset the costs of their Resident Services programming. Given that the primary client base for Resident Services is low-income households, user fees tend to be fairly nominal and in many cases aren't feasible.

"Above the line" and "Below the line"

In order to secure financing for affordable housing, developers must satisfy the requirements of lenders, equity investors, and grant providers. The process by which these funders review applications and try to bring the project budget and financing terms in conformance with the funder's guidelines is referred to as underwriting.

The project's operating budget outlines which expenses are paid out prior to a property's debt payments. Expenses that are approved as part of the operating budget during the underwriting process are referred to as "above the line" expenses.

The amount of debt a project can carry depends on its net operating income (revenues minus expenses). Net cash flow is net operating income minus all must-pay debt payments. Net cash flow is the "line" that delineates what is paid first and what is paid if there is cash available at the end of the year. The more "above the line" expenses a project has, the less debt it can carry.

"Below the line" refers to an expense that is not included in the operating budget. "Below the line" expenses are only covered once all other approved expenses and debt payments are paid. In other words, "below the line" is another term for cash flow-contingent expenses.

Having an expense "above the line" increases the likelihood that it will get paid. Having an expense "below the line" means it will get paid only if there is sufficient cash flow.

How Oregon ON Members Fund their Resident Services Projects

Oregon ON's member organizations fund Resident Services through a complex patchwork of sources that include project operations, cash flow, private fundraising (foundations and/or private donors), public funding (local, state, and/or federal), and user fees. Most projects use a combination of two or more of these sources to support their Resident Services costs.

The following shows the percentage of Oregon ON members who fund their Resident Services from each of the following sources:

- *Property operating budgets:* 83% of Oregon ON members fund a portion of the Resident Services costs for at least one of their projects through the property operating budget.
 - Public funders: 67% of Oregon ON members have underwritten one or more projects with OHCS (and 47% have underwritten one or more projects with other public funders) that included Resident Services in the operating budget or proforma.¹⁸
 - Private funders: 67% of Oregon ON members have underwritten one or more projects with private investors and 47% have underwritten one or more projects with banks that included Resident Services in the operating budget or proforma.
- *Cash flow:* While concrete data is not available on the percentage of Oregon ON members who use cash flow to fund Resident Services, we can assume that the percentage is less than 50%, because about 50% of affordable housing properties in many regions across the state do not generate cash flow.
- *Fundraising:* 54% of Oregon ON members fund a portion of the Resident Services costs for at least one of their projects through private foundations and 42% do so through individual donors.
- *Public funding:* 29% of Oregon ON members fund a portion of the Resident Services costs for at least one of their projects through public funding.
- *User fees:* 21% of Oregon ON members fund a portion of the Resident Services costs for at least one of their projects through user fees.
- *Other:* 42% of Oregon ON members fund a portion of their Residents Services costs for at least one of their projects using other resource strategies such as in-kind donations, partner organizations, fundraising events, etc.



Current Funding Levels are Inadequate

Almost all Oregon ON members say that current funding is not adequate to cover their full costs:

- 87% of owners who pay for Resident Services out of project operations said it did not cover the full costs;
- 91% of owners said inadequate funding is a primary challenge to offering sustainable Resident Services; and
- 75% of owners who do not provide Resident Services to all of their properties said it was because of inadequate resources.

¹⁸ The proforma is a financial analysis of the expected costs and income of a proposed development.

Farmworker Housing Development Corporation Supporting Student Success



Colonia Amistad is a housing complex for farm workers made up of 38 apartments located in the heart of Independence, Oregon, close to farms in both Polk and Marion County. The complex offers a range of services available to residents including ESL tutoring, computer classes, a resident association, ongoing educational presentations from community organizations, and an annual health fair. Services and programs for children and youth include an After School Program with tutoring and arts and crafts, family literacy, summer enrichment, and a community garden.

Jesus Roldan moved to Colonia Amistad in January of 2009 from Mexico. Jesus is 11 years old and is currently a fifth grader at Independence Elementary School. Upon arriving at Amistad, he immediately became involved in the After School Program. Since enrolling in the program, Jesus has yet to miss a day. Jesus came to Oregon with no English language skills. Through his involvement in the After School Program, he has begun speaking and writing in English and is considered one of his school's top English Learner Development (ELD) Students.

Jesus also volunteers in various community activities such as FHDC's Waste Reduction Program (see picture). He is considered a leader among his peers. When he arrives home from school, he knocks on every apartment door to let his peers know the After School Program has begun. Jesus also helps recruit children to participate in the After School Program. He is known for telling new participants, "don't worry, you're in good hands."

How Oregon Funders Approach Resident Services

Interviews with funders demonstrate why Oregon ON members must rely on a complex patchwork of funding to support their Resident Services costs.

Oregon ON interviewed or surveyed ten public and private funding entities to gather information on the funding landscape for Resident Services in Oregon. We asked funders how they define Resident Services, what they see as its benefits and drawbacks, how they think it should be funded, and how they approach funding for Resident Services within their agency.

Definition and Benefits of Resident Services

Most of the funders said that they define Resident Services broadly and/or leave it up to the providers to define. None of the funders has a formal, articulated definition of Resident Services that they use to guide their funding decisions. Most emphasized the importance of developing a tailored combination of services and programs for each project and population.

All the funders acknowledge that Resident Services makes important contributions to the success of both residents and properties by supporting housing stability as well as household opportunity and advancement. A few funders believe that the housing budget (and therefore housing funders) should only support services that directly relate to housing stability. But many funders view youth programs and other population-specific programs as equally important to housing stability-related services such as eviction prevention.



In response to a question about the drawbacks of Resident Services, few funders could identify any drawbacks. Some identified the cost as a potential drawback. The private foundations also stressed that while Resident Services should be *available* to tenants, participation should be voluntary. These funders noted that if tenants perceive Resident Services as intrusive or patronizing, or if the services promote dependency, that could be a drawback.

Current Funding Landscape

Each of the funders we interviewed takes a distinct approach to funding Resident Services:

- **Oregon Housing and Community Services (OHCS):** OHCS allows Resident Services to be included as a line item in the operating budget if it seems appropriate to the population and if the operating budget can support it. The amount allowed in the operating budget is based on what the project can support within current underwriting guidelines. OHCS expects owners to leverage the resources to fund the additional costs of having Resident Services in the operating budget.
- **Portland Housing Bureau:** In response to the Oregon ON Owners' Group recommendations, the Portland Housing Bureau has been funding Resident Services as a line item in the operating budget for most new projects for the past few years. The guideline is \$300 per unit per year, but the specific amount is negotiated on a project-by-project basis depending on the specifics of the budget and financing.

- **Washington County:** Washington County will begin providing Community Development Block Grant¹⁹ funding for Resident Services in June 2011. Funding will go to the County's two Tier One Community Housing Development Organizations – affordable housing providers who meet specific capacity thresholds. The funding will result in about \$30,000 per year per organization, enough to cover most of one staff person's salary in each organization. Funding will be renewable for a three-year period.
- **City of Beaverton:** Beaverton has recently begun to set aside \$30,000 from its Community Development Block Grant funding to provide support to Resident Services for Beaverton properties. Community Housing Development Organizations which have at least 50% of their units in Washington County, as well as the Washington County Housing Authority are eligible to receive funding from this set aside.
- **Multnomah County:** Multnomah County does not pay for capital or operating costs of housing. They fund supportive services and housing retention in the context of comprehensive projects where Resident Services is one small piece of a broader service package, but they do not fund Resident Services by itself. Their funding focuses on providing specialized services to targeted individuals; because Resident Services is more generalized, they would not fund it on its own.
- **City of Medford:** The City of Medford receives approximately \$650,000 per year in Community Development Block Grant funding of which 80% benefits residents. In addition, the City provides \$275,000 annually in General Fund grants to essential safety net services which include Resident Services.
- **Meyer Memorial Trust:** Meyer Memorial Trust has funded Resident Services in the past through their grant program. In general they do not differentiate between Resident Services and case management in prioritizing funding, and Resident Services is not a big percentage of their total grant making. They do not see Resident Services as sustainable. They will only fund it for a few years, and then it needs to sustain itself.
- **United Way:** The United Way does not fund housing (i.e. capital and operations), and they generally don't fund Resident Services. They would theoretically fund projects that include Resident Services if they fall within the priority populations that they have identified for that funding cycle.
- Enterprise Community Partners, Clackamas County, and the City of Ashland do not fund Resident Services.



Rural Development and Resident Services

Concurrent with the Resident Services Opportunity Project, one of Oregon ON's members, CASA of Oregon, worked with Oregon ON and national advocacy groups including the Rural Housing Coalition and Housing Assistance Council to advocate for more sustainable funding for Resident Services in rural housing projects. Efforts were undertaken to permit project revenues to be used for the cost of Resident Services Coordinators in multifamily housing projects built with funds provided by the U.S. Department of Agriculture Rural Development (RD) programs.

¹⁹ Community Development Block Grants (CDBG) are federal funds that are allocated to "Participating Jurisdictions" in each state to support a range of local community development uses including affordable housing, anti-poverty programs, and public services.

The multifamily programs include Section 515, housing for families and the elderly and Section 514/516, housing for farm workers.

These efforts, to date, have led to the inclusion of language in HR 4868, the Housing Preservation and Tenant Protection Act of 2010, that authorizes the U.S. Department of Agriculture to permit the use and provide funding for Resident Services Coordinators. HR 4868 is the omnibus housing preservation legislation that has been introduced and marked up by the U.S. House Finance Services Committee.

The proposed legislation outlines the responsibilities and activities eligible under RD funding. These include: assessing residents' needs; working with service providers to develop programs and approaches to meet resident needs; mobilizing additional funding to serve residents; and monitoring and evaluating the effectiveness of Resident Services programs. The legislation also permits Resident Services staff to provide services to residents of the surrounding neighborhood. Finally, it outlines minimum qualifications for persons employed as Resident Services Coordinators in elderly and family housing.

Resident Services and the Consolidated Funding Cycle Application

Oregon Housing and Community Services' (OHCS) Consolidated Funding Cycle Application (CFC) is the primary funding source for affordable housing projects in Oregon. OHCS requires Resident Services as a matter of policy for any project funded through the housing department. Five percent of the total score on the Consolidated Funding Cycle (CFC) application is based on the applicant's Resident Services plan.



Because OHCS requires a Resident Services plan but does not dedicate funding for it, many Oregon ON members refer to the Resident Services requirement as an “unfunded mandate.” Many members have also expressed a need for more clarity about OHCS' expectations regarding the Resident Services requirement. In an effort to clarify the role that Resident Services plays in the CFC application, Oregon ON interviewed the key OHCS staff responsible for reviewing and evaluating the Resident Services portion of the application. We learned that while OHCS housing staff are the primary evaluators for the CFC, the Resident Services portion of the CFC application is evaluated and scored by OHCS' Community Services Section.

According to the Community Services Section staff, the evaluation of the Resident Services portion of the CFC application is based on the following standards and expectations:

- **Population:** The Resident Services essay should provide information about the target population, including household composition, typical employment, where they would be moving from, etc.
- **Needs:** The applicant should demonstrate an understanding of the target population's needs both in terms of the specific services they need and how they will access those services.
- **Type of services:** Applicants should provide a thoughtful explanation for how the services that they propose to offer will address the specific needs of the population. Applicants are not scored on the number of services listed but on how well the services meet the needs, based on the justification provided in their essay. Services should be tailored for each

property rather than a “one-size-fits-all” approach. Applications that simply list every service available in the community do not score well.

- Scope of services: Just providing information and referral does not fulfill OHCS’ expectations. While having a staff person on site to deliver Resident Services is ideal, OHCS recognizes that it is difficult to fund Resident Services staff. If an organization does not have funding for Resident Services, that is fine, as long as they demonstrate that they have done the work to build relationships with CAP agencies and other service providers who can offer the networks of support that residents need.
- Service delivery: The description of services should include details such as whether services will be on site or easily accessible, will the sponsor provide the service or partner with a provider in the community, who will oversee the delivery of the services, what is the plan for coordination between the on-site manager and services staff, etc.
- Partnerships: Sponsors should be able to demonstrate that they have established a working relationship with whatever service providers they propose to deliver the services.
- Evaluation: The application should indicate when and how the sponsor is going to review the services to determine whether they are successful and meeting residents’ needs. It should specify who will conduct the review and who will determine if changes need to be made.



Housing Works

Putting Residents on the Path to Home Ownership



Jennifer moved to Central Oregon to make a fresh start for herself and her daughter. When Jennifer began her participation with Housing Works' Family Self-Sufficiency Program (FSS) in 2007, she knew she wanted to own her own home. She desired a good, safe, and healthy neighborhood where she could raise her daughter. Jennifer developed her plan with the FSS manager and quickly began working on raising her credit score and creating a spending plan.

Jennifer continued to work hard at her full-time job and soon began an escrow savings account because of the increases in her income. She completed "Financial Fitness" classes and a "Realizing the American Dream" homeownership class.

Because of Jennifer's hard work and determination, she was ready to take advantage of a homeownership opportunity that was made available through the HomeQuest Ground Lease Program. Housing Works contracted with the Bend Area Habitat for Humanity to build her a home. Upon completion, Housing Works sold only the home to Jennifer and leased the land to her for a small amount, thus removing the cost of the land from the sales price.

Jennifer credits a large part of her success on setting goals. Jennifer says that "without goals, there isn't anything to work towards." Jennifer also stated that "before starting the FSS Program, I didn't know what I was going to do to support myself and my daughter. Since then, I have achieved some pretty lofty goals and can see that I am capable of so much more."

Chapter 6: Creating a Sustainable Funding System

Given that Resident Services is a key component of affordable housing operations, and in light of the dynamics identified in the previous sections, how can Oregon ON work with its partners to create a more sustainable funding system for Resident Services in Oregon? Such a system would need to address the following interwoven challenges:

- Current funding levels for Resident Services are inadequate, putting residents, properties, organizations, and communities at risk.
- The current funding system is a confusing patchwork with unclear expectations.
- The industry lacks agreement on standards and best practices. This is in part due to the inherent challenges of measuring the outcomes of Resident Services. While important strides have been made in this direction both nationally and locally, more work will need to be done to create industry-wide standards and expectations.

Financial Modeling

In an effort to identify the most effective financing strategies for Resident Services, the Housing Development Center (HDC) conducted financial modeling based on a sample of Oregon affordable housing projects. (Detailed tables and worksheets from the financial modeling are available in the appendix.)



HDC is a nonprofit project development organization that provides technical assistance to community development corporations in Northwest Oregon and Southwest Washington. HDC chose six projects that it developed in partnership with other Oregon nonprofits over the last six years.²⁰ The projects included three urban and three rural projects with a blend of family, senior, and single adult populations. Each of the projects had Resident Services as an “above the line” expense in the original development proforma.

HDC compared the actual Resident Services costs built into the development and operating proformas with what the total Resident Services costs would be at \$150, \$300 and \$600 per unit per year. Then HDC calculated the amount of projects’ debt carrying capacity based on these different costs. The debt carrying capacity is dependent on many variables, such as rent and income, expenses, underwriting approach, and loan terms. There was no way to model every possible project type involved in affordable housing development and financing; the only change HDC made in each example was to the Resident Services expense level in the financial modeling.

²⁰ HDC selected the sample of properties from those in its portfolio, with the goal of choosing a diverse array of projects with a range of different characteristics. However, there are too many variations attributable to the priorities of each owner and developer and the complex financing sources for each project to be able to generalize the findings from this sample to the entire portfolio of affordable housing properties in Oregon.

Since an increase in operating expenses reduces the amount of debt a project can support, HDC re-calculated the amount of capital equity a project would need in order to fill the resulting financing gap.²¹ Capital equity in affordable housing projects typically comes in the form of Low Income Housing Tax Credits or other federal grant sources.

Among its key findings, the financial modeling demonstrated that:

1. **The increase in Resident Services costs causes a greater gap in capital equity in the development proforma.** Even when funding caps were maximized, the budget could not accommodate the additional expense of \$400 to \$700 per unit per year towards Resident Services.



2. **Additional capital resources are needed to fill the gap:** Because the current funding caps were maximized for the six projects in the financial modeling, the limits on those sources would need to be increased to allow for additional capital equity. However, raising the funding caps would limit overall unit production levels across the state. To ensure that the same level of production would continue statewide, there would need to be an increase in available capital resources.

3. **Without additional capital sources, there are other options to fill the gap, but they would require additional outside resources or a reduction in affordable units:**
 - a. *Increase project revenue.* The primary options for increasing project revenue are to: 1) increase rents (which would require an increase in the income levels of the property's target population), 2) access rent subsidies (which would require additional rent subsidy resources), or 3) cross-subsidize with mixed income units (which would reduce the total number of affordable units).
 - b. *Reduce other operating expenses* to make up the difference in additional Resident Services costs (which would affect the long-term viability of the property.)
 - c. *Renewable grants for Resident Services programs* (which would require additional public or private grant resources.)
4. **Every project is unique:** One solution will not cover all projects, because every project's population, structure, and financing situation are unique. In addition, the funding options available to projects vary depending on their geography. In particular, rural projects tend to have fewer local funding sources.

²¹ To build and operate affordable housing, developers typically need both private and public financing in the form of equity, loans, and/or grants. Affordable housing projects cannot afford debt payments solely from a conventional loan from a private bank because the rents are restricted and do not produce enough income. Most affordable housing projects have both a private loan from a bank and a subordinate loan from a public lender. Subordinate loans are ranked below primary loans and are paid back through lower interest rates, cash-flow distributions, deferments, or forgiven after a certain affordability period. With all else being equal, the higher the expenses are on a project, the more debt service the developer needs from a public lender in the form of a subordinate loan versus a private, must-pay loan.

Where Should the Additional Resources Come From to Fund Resident Services?

The financial modeling demonstrates that if we are going to create a more adequate and sustainable funding system for Resident Services, we need to increase the level of available resources, and these resources need to be flexible enough to fit the unique characteristics of each project. But where should these additional resources come from?

There is no easy answer to this question. In discussions with funders, owners, and other stakeholders, we heard a wide variety of differing views, leading us to conclude that no single funding source will be able to fill the resource gap on its own.

Most owners suggested that public funders should take on a greater role in funding Resident Services. But many public funders cautioned that the current fiscal climate will make it impossible for them to take on any additional funding responsibilities in the near future.

Some public funders said that private foundations should cover the cost. But while private foundations said that they support Resident Services, they can only fund one-time projects, not ongoing operating costs.

Some funders said owners should cover the costs through their proceeds. Owners contend that this would undermine their organizational stability.



Some stakeholders said that local jurisdictions should provide core support, but only a few local jurisdictions have resources that would enable them to do so.

Funders, partners, and owners expressed the hope that the federal government as well as other state agencies who benefit from Resident Services would help to fill the gap, but also acknowledged that these entities are facing budget crises of their own.

What these conversations make clear is that we will need to create a funding system that brings together a diverse mix of resources. Many funders recognize the importance of Resident Services, but no single funding source will be able to fill the gap on its own.

What Mechanisms Should Be Used to Fund Resident Services?

Once we are able to expand the resources available for Resident Services, we need to channel those resources as effectively as possible to fund projects.

There are a variety of ways that projects can fund their Resident Services costs, all of which point to distinct policy solutions. The three most promising options are:

- Including Resident Services “above the line” in the project operating budget
- Building in up-front capitalized reserves
- Renewable public or private grants

HDC's financial modeling indicates that none of these approaches will effectively fund the full costs of Resident Services on its own.

Project Operating Budgets

For several years, most local and national advocates for Resident Services funding have argued that the best way to create a sustainable funding system for Resident Services would be to cover the costs of Resident Services in the project's operating budget. This is frequently referred to as funding Resident Services "above the line". This would require more capital equity to allow the project's budget to absorb the additional expenses.

Financial modeling demonstrates that this can be a cost effective solution for many projects (assuming more capital equity is available.) Increasing the operating expenses in any line item reduces a property's ability to carry debt. Additional capital equity will enable some projects to address this dynamic. But for some projects, particularly those serving populations with very low incomes, regardless of how much additional capital equity is available, adding \$400-\$700 per year in additional operating costs will lead to operating deficits over the long term.

Capitalized Reserves

Another popular solution frequently proposed by local and national advocates is to fund Resident Services through up-front capitalized reserves. Capitalizing a reserve for Resident Services would entail using capital equity or grants to set aside a lump sum at the project's outset that would allow the owner to cover the costs of Resident Services for 20 years. This would mean that owners would not have to fundraise year after year for Resident Services, but could draw on the reserve annually for staffing needs. It would also give owners control over how to allocate the funds over the life of the project.

However, HDC's financial modeling revealed that paying for Resident Services through capitalized reserves is not a cost-effective strategy for most projects. In fact, it can be up to twice as expensive over a 20-year period than paying for Resident Services "above the line" through the operating budget.



Renewable Grants

A third option is renewable public or private grants. Some advocates point to the recent public grant programs developed by Washington County and Beaverton (see chapter 5) as a potential model for the rest of the state.

While this approach offers a viable option for some organizations, renewable grants are unlikely to address long-term Resident Services funding needs on a statewide basis:

- Access to local public funding sources varies across the state, with many rural areas not having any access to local dollars. In particular, Community Development Block Grant funding (which is the source for both the Washington County and Beaverton grant programs) is only available to Participating Jurisdictions that receive direct allocations from the federal government. Many Oregon communities are located outside of those jurisdictions.

**Umpqua Community Development Corporation
Providing Access to Summer Enrichment and Fun**



For many children living in affordable housing, summer is an empty stretch filled with nothing to do except hang out and watch television. Summer camp, swim lessons, even the Boys and Girls Club, are unaffordable and thereby out of reach for many families.

Through a series of Summer Art Classes, Umpqua Community Development Corporation (UCDC) brought exciting summer activities to the children at two of its properties – the Sunset and Princeton Apartments.

For eight weeks, children participated in art classes at no cost. UCDC partnered with the Foster Grandparent Program, which provided volunteers who offered helping hands, listening ears, and experience working with children.

The classes integrated learning and creativity into all of the art activities. For example, the children created hand puppets and then worked to write stories about their puppets' lives. Through this experience, the children discovered that instead of passively watching television, they can be active creators of their own stories and characters.

UCDC's small investment of time and creativity helped to shape summer from one of monotony to one filled with potential and possibilities. As one little girl said, "If it weren't for the art classes, I would be sitting in my apartment getting on my mom's nerves."

- While private foundations may support time-limited Resident Services projects and initiatives, they are not able to provide ongoing, renewable operating support.
- Renewable grants can provide some stability over a multi-year period, but are unlikely to offer a predictable funding source over the entire life of a project.

Multi-Pronged Funding Mechanisms

Our analysis suggests that each funding mechanism has benefits and trade-offs, and no single funding mechanism can do the job on its own. For example, for projects with high expense-to-revenue ratios, it is not possible to sustainably fund the project over time simply by funding a Resident Services line item in the operating budget, even if the equity gap is filled. Those projects will need a combination of grant funding or capitalized reserves along with funding through the operating budget.

Because of these complexities, we will need to rely upon a combination of different funding mechanisms tailored to meet the needs of each project.

Balancing Competing Goals

In order to create a sustainable funding system for Resident Services, we will need to combine a range of different funding sources and mechanisms, and we will also need to effectively balance a number of competing policy goals.



The dilemma about how to fund Resident Services reflects an inherent tension between unit production and long-term sustainability. Adding enough equity to enable one project to cover the cost of Resident Services for all of its units in the operating budget will cost roughly what it would take to build one additional unit (assuming the cost to build a new unit is \$200,000). While this impact is relatively minor, it nevertheless creates a tension between the number of affordable units we can produce versus the sustainability of those units over time, with no simple answer.

The challenge of funding Resident Services also raises questions about who we serve. Ironically, the projects that need Resident Services the most are least able to afford it. Projects with higher income populations can often support the cost of Resident Services through rental income, but those projects don't need Resident Services as much as projects serving lower income, high need populations. We can either choose to serve more households at higher rents, or we can serve a smaller number of households with high needs.

The third tension relates to the types of services we offer. A cohesive funding system for Resident Services may require standardized industry-wide outcomes and expectations. Many owners fear that this could create a cookie cutter approach. Because every project is unique, the funding system and the outcome measurements we adopt need to be flexible enough to support a diverse array of population-specific services tailored to meet the needs of each project.

Chapter 8: Recommendations

Given the complexity of Resident Services financing, there is no simple solution or single answer that will enable us to create a sustainable funding and delivery system for Resident Services in Oregon.

In the long term, the industry will need to pursue a combination of the following strategies:

1. Allow “above the line” funding for Resident Services based on owners’ recommendations. Determine the amount on a project by project basis.
2. Create new resources to support “above the line” funding for Resident Services without shifting housing dollars from current levels of productivity.
3. Explore new local and/or statewide resources for Resident Services outside the underwriting process.
4. Funders align their resources with their policy priorities.
5. Increase funder transparency and clarify the criteria for Resident Services scoring and reporting.
6. Strengthen industry standards and best practices through outcome measurement tools.
 - a. Oregon ON members will adopt standard housing stability outcome measures
 - b. Oregon ON will create a toolbox of household opportunity and advancement measures
 - c. Oregon ON will facilitate a process of sharing and analyzing outcomes to inform best practices and set industry standards
7. Move forward with the recommendations in the Roadmap to Sustainability, including the critical component of Resident Services.
8. Clarify that, although any resident community can benefit from Resident Services, at some properties it is not feasible to provide Resident Services on site for financial or logistical reasons.

We recommend that funders engage in a dialogue with Oregon ON to share what we’ve learned and identify next steps towards implementing these strategies. Action can be taken within the next one to two years to move forward strategies 1, 5, 6a, 7, and 8, while the rest of the strategies may require longer term efforts.

Short-Term Strategies (1-2 years)

- **Allow “above the line” funding for Resident Services based on owners’ recommendations. Determine the amount on a project by project basis:** Resident services should be recognized as a legitimate project operating expense. The specific amount that is funded “above the line” should be negotiated during the underwriting process based on project financing, owner recommendations, and funder policy goals. Owners and funders should use the tools provided by the Resident Services Opportunity Project

(including financial modeling and cost guidelines) to negotiate appropriate financing packages for each project.

- **Increase funder transparency and clarify the criteria for Resident Services scoring and reporting:** Oregon Housing and Community Services (OHCS) should provide greater transparency for how it evaluates and scores the Resident Services section of its funding application, what information it expects organizations to provide in their compliance reporting, and what we can learn from the data that is collected. OHCS should work with Oregon ON to review and revise its evaluation and reporting criteria to incorporate the findings from the Resident Services Opportunity Project and to make the requirements more commensurate with the funding that projects receive for Resident Services.
- **Strengthen industry standards and best practices through outcome measurement tools.**

Oregon ON members will adopt standard housing stability outcome measures: The Oregon ON Resident Services Working Group has begun to identify 2-3 standard measures related to housing stability. In order to strengthen our industry as a whole and attract funding, all owners who provide Resident Services should be responsible for tracking these outcome measures. Oregon ON should work to support organizations to track these outcomes and should facilitate a voluntary process of sharing and analyzing the data in order to strengthen industry standards.
- **Move forward with the recommendations in the Roadmap to Sustainability, including the critical component of Resident Services:** The findings of the Resident Services Opportunity Project are closely aligned with the Roadmap to Sustainability recommendations. The industry (both providers and funders) needs to move forward with the recommendations at both the state and local levels to lay the groundwork for a more sustainable funding and delivery system for Resident Services.
- **Clarify that, although any resident community can benefit from Resident Services, at some properties it is not feasible to provide Resident Services on site for financial or logistical reasons.** The determination of whether an individual project needs Resident Services (and, if so, what kinds of Resident Services it should offer) should be made by the owner based on the project's target population and structure. The cost and financial trade-offs of providing Resident Services vary from project to project. For some projects, it may not be financially feasible to invest in Resident Services due to variables such as population, logistics, project size, and the lack of local funding or service partners.

Longer-Term Strategies (3+ years)

- **Create new resources to support “above the line” funding for Resident Services without shifting housing dollars from current levels of productivity:** Housing funders should work with the industry as a whole to increase the resources available to each project in order to fully fund projects that have Resident Services in their operating budgets. This increased funding should be structured so that overall housing production levels are not reduced.

- **Explore new local and/or statewide resources for Resident Services outside the underwriting process:** The industry should continue to explore new non-OHCS resources for sustainable operating support and staffing for Resident Services at a portfolio level, outside the underwriting process. Possible examples that may be worth exploring include providing technical support to local entitlement jurisdictions who are interested in potentially using a portion of their Community Development Block Grant (CDBG) allocation for Resident Services; encouraging Oregon Business Development Department to consider Resident Services funding for non-entitlement jurisdictions through OHCS similar to the current CDBG Housing Center funding; recognizing the role of Community Action Program agencies in supporting Resident Services; creating greater alignment and potential funding collaborations with service funders; exploring partnerships with Energy Trust of Oregon, and creating private sources of ongoing capacity-building funding.
- **Funders align their resources with their policy priorities:** If funders want or require owners to serve high need or special need populations, then they should provide adequate resources and partner with other government agencies as needed to enable owners to serve those populations effectively.
- **Strengthen industry standards and best practices through outcome measurement tools.**

Oregon ON will create a toolbox of household opportunity and advancement measures: The Oregon ON Resident Services Working Group will be charged with developing a toolbox of potential outcome tracking tools for a wide range of Resident Services programs focused on household opportunity and advancement. The toolbox will be available to owners who provide Resident Services and would like to strengthen their outcome tracking. The toolbox will enable owners to pick and choose appropriate measures that fit their specific projects.

Oregon ON will facilitate a process of sharing and analyzing outcomes to inform best practices and set industry standards: Oregon ON will facilitate the sharing of Resident Services outcome data among interested owners to enable the industry to develop more comprehensive information on outcomes and to strengthen our understanding of best practices. Over time, this data will enable Oregon ON to develop agreed-upon industry standards for Resident Services programming and outcome reporting guidelines.



Appendix

The appendix provides access to the Resident Services Opportunity Project's research reports and technical findings.

It is available at http://oregonon.org/member_services/resident_services/appendix/ or in hard copy upon request.

It should be noted that many of the materials included in the appendix were produced at previous stages of this project. Some of the concepts developed during those early stages were subsequently modified. Most notably, the terminology of “core” versus “enhanced” services which was used in the Logic Model and several reports was subsequently replaced by the more user-friendly terminology of “housing stability” versus “household opportunity and advancement.”

Acknowledgements

The acknowledgements provide a detailed list of the names and affiliations of the key staff, volunteers, partners and consultants who worked on this project, including the members of the RSOP Steering Committee and Advisory Committee, the Resident Services Working Group, and Oregon ON's Portland and Salem Policy Councils.

Resident Services Working Group's Logic Model

The Logic Model summarizes the Resident Services Working Group's work to identify and categorize the core components of Resident Services in Oregon. It includes a list of all the “Core Services” that support housing stability, along with the theory of change, outputs, measurement tools, and resident-level and property-level outcomes for each of the services.

Oregon ON Resident Services Member Survey Summary

This report provides a detailed overview of the results of a web-based survey of Oregon ON member organizations regarding their Resident Services programs. It includes information on the scope of members' Resident Services programs, the types of services offered, staffing models, populations served, costs, funding strategies, outcomes, and challenges.

Neighborhood Partnerships' Demonstration Project Summary

Neighborhood Partnerships worked with Portland State University and Oregon ON to conduct a Demonstration Project that used a time-series methodology to analyze potential property-level cost savings associated with Resident Services at five Oregon affordable housing properties. While the findings were ultimately inconclusive, the report provides valuable information about the methodology, findings, and lessons learned.

Portland State University's Cost Study – Executive Summary

Oregon ON worked with Portland State University to analyze the cost of Resident Services in Oregon. The report provides detailed information on the range of Resident Services costs within a sample of 14 properties and the factors that affect the costs of Resident Services at different properties.

Summary of Best Practices for Supporting Housing Stability

This summary was developed by the Resident Services Working Group to provide an overview of key best practices related to housing support, service coordination, and community building.

It includes best practices tips for move-in orientations, eviction prevention, conflict mediation, information and referrals, tenant education, and building community among residents.

Financial Modeling Analysis

The Housing Development Center conducted financial modeling to calculate the financial impact of various levels of Resident Services fees on the budgets of six actual housing projects. This document includes the financial modeling tool and an overview of the methodology and findings.

Loan Loss Charts

The Housing Development Center created a Loan Loss Chart to show the level of private loans a property can support with each additional \$100 in annual per unit expenses based on different interest rates. This is a tool to help developers determine what level of additional financing a project might need to support higher operating expenses due to Resident Services.

Financial Analysis of Current Resident Services Fees

The Housing Development Center's analysis of the Network for Oregon Affordable Housing (NOAH) and the City of Portland Housing Bureau (PHB) portfolios show that the amount currently covered in the projects' operating budgets are at a level that is below the actual cost of providing Resident Services.

Resident Services Opportunity Project PowerPoint

This PowerPoint presentation provides an overview of the state of the Resident Services industry in Oregon. The PowerPoint and accompanying talking points can be downloaded for use by Oregon ON members and other partners who wish to share the information in this report with their constituents.

Oregon ON Roadmap to Sustainability

The Roadmap to Sustainability is a statewide policy platform that outlines six steps that the affordable housing industry will need to take in order to promote the long-term health of Oregon's affordable housing portfolio. Resident Services is a primary component of the Roadmap's recommendations.

