

TINY HOUSES

A Permanent Supportive Housing Model

A WHITE PAPER

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Community Frameworks' mission is to support and develop affordable housing as a foundation upon which individuals, families and neighborhoods can build vital communities.

To accomplish this mission, we develop affordable multi-family and supportive housing, provide homeownership opportunities for hard working families, and teach and counsel families on budgeting, credit, and homeownership topics. We also work with other nonprofits, by providing technical assistance, financing, or by developing affordable housing for them.



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TINY HOUSES

A Permanent Supportive Housing Model

There has been significant recent publicity about ‘tiny houses’ and tiny home communities for homeless households. This paper argues that ‘tiny homes’ should be a model for subsidized permanent supportive housing and one of the tools in the tool box to respond to homelessness. In particular, tiny houses provide a promising model for permanent supportive housing for single homeless adults because:

- Subsidized housing is expensive, and tiny houses could reduce the per unit cost by more than half, thereby stretching limited resources to house more people.
- Small, individual units with shared kitchen and/or bathing facilities balance individual private space with shared community space, thereby fostering positive community engagement and encouraging residents to interact with peers, volunteers and staff.

Many communities throughout the United States have implemented some version of the tiny house concept in response to homelessness. Most of these communities use non-permanent structures that are not heated nor insulated, do not have plumbing, and are not on permanent foundations.

CASE STUDY: QUIXOTE VILLAGE

In December of 2013, Community Frameworks completed the development of Quixote Village in Olympia Washington. To our knowledge, this is the only publicly subsidized permanent supportive tiny house project in the country. Quixote Village is comprised of 30 tiny cottages with ½ baths for homeless adults and a community building with a large kitchen, bathing rooms and two multi-purpose common spaces on a 2 acre site. This publication uses Quixote Village as an example of the implementation of this unique model.



DEFINING THE MODEL

Tiny Houses for Homeless Adults

According to “Why are People Homeless,” a paper published by the National Coalition for the Homeless in June, 2007:

A housing trend with a particularly severe impact on homelessness is the loss of single room occupancy (SRO) housing. In the past, SRO housing served to house many poor individuals, including poor persons suffering from mental illness or substance abuse. From 1970 to the mid-1980s, an estimated one million SRO units were demolished (Dolbeare, 1996). The demolition of SRO housing was most notable in large cities: between 1970-1982, New York City lost 87% of its \$200 per month or less SRO stock; Chicago experienced the total elimination of cubicle hotels; and by 1985, Los Angeles had lost more than half of its downtown SRO housing (Koegel, et al, 1996). From 1975 to 1988, San Francisco lost 43% of its stock of low-cost residential hotels; from 1970 to 1986, Portland, Oregon lost 59% of its residential hotels; and from 1971 to 1981 Denver lost 64% of its SRO hotels (Wright and Rubin, 1997). Thus the destruction of SRO housing is a major factor in the growth of homelessness in many cities.

Chronically Homeless Adults and Housing Options

The US Department of Housing and Urban Development (HUD) defines a chronically homeless individual as a person who has been homeless for a year or longer, or who has experienced at least four episodes of homelessness in the last three years, and has a disability. Many chronically homeless individuals struggle with mental illness and/or substance abuse challenges and many have physical disabilities. Generally the population consists of people who are medically vulnerable and high users of emergency services.

In the past many people in this demographic were housed in single room occupancy apartments, essentially bedrooms with shared kitchens and bathrooms, or rooming houses. As these forms of housing have largely disappeared from American cities and towns, this group, which has limited earning potential and high rates of disabilities, has few housing options, and virtually none that are unsubsidized.

Although the phenomenon of losing single room occupancy housing is not as well documented for smaller communities, it is likely that this trend has contributed to homelessness throughout America as building and zoning codes have fewer allowances for very small housing units and shared kitchens and bathing rooms.

Struggling to respond to modern homelessness since the late 1980's, communities around the country have explored different housing and shelter strategies. Transitional housing, using an 'up and out' of poverty model was popular, offering supports for people to overcome personal challenges and increase their earning potential. However, this approach was unsuccessful for some who cycled through shelters, transitional housing, and back onto the streets. The current nationally accepted best practice is permanent supportive housing (PSH). This model provides non time-limited housing with voluntary supportive services tailored to individual needs. Some residents use this housing as a stepping stone to other housing options. Others remain, needing community support and services to succeed over time.

Physically, most PSH is comprised of apartment buildings with full units, including kitchens and baths, and community and social service space. Often the owner will provide meals, case management, mental health counseling and other services on-site. Some are highly-supported, with multiple staff and including the provision of clinical services such as dispensing and monitoring medications; mental health and chemical dependency treatment and even on-site medical visits. The other end of the range has much less support, such as one information and referral staff carrying a case load of 25 – 30 individuals. The capital costs of these buildings can be quite high because they combine extensive non-housing space with full apartments. In some areas it is not uncommon for these projects to cost \$250,000 per unit or more to build. In Washington, state subsidized new construction projects with one-bedroom, studios or SRO's built since 2009 have averaged \$239,396 per unit to develop.

(See budget discussion for more details).

A New Model for Permanent Supportive Housing

To be more than a temporary solution, we submit that a tiny house must:

- be large enough for a standard-size bed, chair, table, and some storage;
- be conditioned, meaning heated and insulated;
- have electricity;
- have standard ceiling height;
- have full bathrooms and cooking facilities nearby; and
- be sustainably built for long term use whether the tenant stays for a short or long time.

These minimum requirements seem obvious, but in looking at the tiny house options around the country, some do not have full ceiling height – residents cannot stand up – and others do not provide access to running water or cooking facilities.

Some lack basic durability. We applaud the resourcefulness of so many people struggling to offer options better than a tent, but in our mind permanent supportive housing has to meet these minimum standards in order to be considered a permanent housing option.

The tiny house movement in the United States generally refers to an environmental movement of people living in small spaces to reduce their carbon footprint. Tiny houses for homeless people have this advantage as well, although environmentalism is not a primary motivator in developing permanent supportive housing. This publication does not address sustainable building practices or energy conservation, but such practices could improve comfort and operating efficiency of the units.

CASE STUDY: QUIXOTE VILLAGE

Most of the residents of Quixote Village meet HUD's definition of chronic homelessness. The 30 cottages at Quixote Village are 144 square feet which includes a 1/2 bath and closet. Each cottage has a front porch and garden area. The community building has a large kitchen with two sets of appliances and four refrigerators; locking cold and dry storage for each resident; four bathing rooms with tubs or showers; restrooms; a large dining/living area with a wood stove; a conference room for classes, meetings or recreational use; a laundry room; and two offices. In addition there is a large community vegetable garden.

The original plan for Quixote Village did not include toilets and sinks in the cottages, only shared restrooms in common buildings. Funders, community members, and experienced providers encouraged Panza, the sponsor of Quixote Village, to re-think this, arguing that it would be difficult for people to stay permanently without ½ baths and it was unfair to residents who would have to dress and venture out, rain or shine, night or day, in sickness or in health, to go to the bathroom. Plumbing each cottage required extending water and sewer lines through out the site and did result in a higher capital cost. The money was well spent; the ½ baths improve the quality of life for the residents.

Villages: Cultivating Community

Thousands of tent cities have sprung up around the country to offer safety and community to groups of homeless people. Many are on church property, many are sanctioned by local governments, and many are supported by non-homeless people. Building structures is a logical next step and several communities have made this leap.

A key component of most tiny house models is a community building. Having shared kitchen and/or bathing facilities reduces capital costs, but these features also serve an important programmatic function. Residents having to come to the community building to eat and bathe encourages community involvement and provides an opportunity for staff to engage with residents who may otherwise have an unhealthy tendency to isolate.

Tent cities and tiny house villages have developed from groups of homeless people seeking better accommodations for themselves. The villages vary in size, but it seems that the optimal size is 15 – 60 people. Communities that are too large are hard to manage. The permanent supportive housing model usually includes a full-time case manager for 25 – 30 people, and perhaps that is the best number for staffing, having a close-knit community, and reaching an economy of scale for capital costs. To know your neighbors is important for all thriving communities.

Design Panel

Quixote Village is the brainchild of a group of approximately 30 homeless adults who founded a self-governing tent community in 2007. Their tent camp began in a downtown Olympia parking lot as a protest against a city ordinance that forbade sitting or lying on downtown sidewalks. They hoped their protest would result in getting land where they could build 30 simple cabins and a community building with a kitchen, showers, and laundry facilities.

Within days, city police threatened to clear the camp and arrest anyone who refused to leave. Instead, a local church offered the camp sanctuary on its grounds. Within a few months, the city recognized the right of faith communities to practice their religion by hosting the camp, and an ordinance was passed outlining regulatory requirements for the camp. Initially, it was required to move from one church to another every three months; this was later changed to once every six months. Over the next seven years, seven faith communities hosted the camp, which moved over 20 times.

After the County stepped forward with a site for a permanent village, an architect, who had been volunteering at the camp through his church, hosted a series of design workshops with the residents. The first workshop focused on how to arrange living and community spaces on the site. From the onset it was clear that the residents did not want to live in a typical apartment arrangement clustered in a single building. Most of the residents had come from living alone in the woods, choosing to have their own space rather than live in a shelter. They also made it clear they did not need a lot of space. Other key elements from the residents included front porches and the cottages clustered together facing each other.

As design continued and through the painful process of value engineering to trim the budget, the residents gave input on layout, construction and finish materials, and furniture.



Cost of Tiny Houses and Government Funding



From Tents to Hospital Beds How Much Does it Cost?

Tent	\$70
Unconditioned Tiny House w/out plumbing or electricity	\$2,000
Quixote Village Tiny House <i>(Cost includes land, difficult site remediation and constructing the community building)</i>	\$102,000
Jail Cell	\$114,986
Subsidized Small Apartment	\$239,396
Hospital Bed	\$352,992

It is common for tiny house advocates to cite a very low price tag as a primary benefit of the model. A small dwelling that is not on a permanent foundation and is not conditioned may cost under \$5,000 to build. However, tiny houses for the purpose of this paper have the following characteristics that drive up cost:

1. Permanent foundations, insulation, heat, electricity, sink and toilet;
2. A shared community building with full kitchen facilities, full bathing facilities, and social service and recreational space; and
3. Government funding sources with multiple requirements.

This paper presents the argument that tiny houses should be a model for subsidized permanent supportive housing. For this purpose, subsidized means that the financing includes government grants for capital funding and/or for operating support (see funding section below, under implementation). These funding sources are highly regulated and come with requirements that increase costs.

The Washington State Department of

Commerce completed a study of development costs of subsidized projects, compared to market rate development, in 2009. The primary causes of higher costs for subsidized housing were the non-housing square footage included in projects (non-luxury market rate housing does not typically have recreational and social service space) and higher soft costs due to complications of and the time required to secure and manage five or more different funding sources. Both of these factors come into play with a tiny house development as well.

Increasingly public funders are requiring the incorporation of sustainable building practices in developments they support. For example, Washington State requires projects meet their Evergreen Sustainable Development Standards (ESDS), which the state's Department of Commerce estimates increases total development costs by 5%. Others argue the increase may be significantly higher than 5%.

Another potential cost driver for a tiny house project is the likely requirement of federal or state funding sources to pay commercial prevailing wage rates which can be 40%, or more, higher than

residential rates. An unfortunate byproduct of the unique tiny house model is that it may not meet the definition of residential construction and thereby trigger commercial prevailing wage rates. In order to ensure that hospitals, congregate care and similar facilities are covered by commercial rates, governments often define residential units having full facilities. A community building without housing units is another likely trigger for commercial prevailing wage rates. Often if a portion of a project is subject to commercial wage rates, the funder will require the entire project meet those rates. This is a shame, as construction of tiny houses is in fact very simple, generally not requiring additional construction trade skills.

A project funded by private philanthropic donations without the use of public funds may be constructed more inexpensively and could perhaps use volunteer labor extensively. Volunteers can be more difficult to use in a subsidized housing development. Likewise, an orchestrated mass produced model that is factory built could lower the labor costs from the commercial rate.

IMPLEMENTING THE MODEL

Challenges and Opportunities

CASE STUDY: QUIXOTE VILLAGE

Quixote Village grew out of Camp Quixote, a homeless tent city in Olympia, WA that was hosted by several area churches. The Camp was self-governed and a support organization formed by the host churches, Panza, raised funds for a Resident Advocate, utilities and other expenses. Panza also served as a backstop for the Camp's self-governance, monitoring its decisions for consistency and compliance with laws.

CASE STUDY: QUIXOTE VILLAGE

All residents of Camp Quixote were members of the Resident Council, which met weekly to address issues of community living, to admit or evict residents, and to make, amend or enforce rules. The Resident Council also elected a slate of officers every six months, and the officers, known as the leadership team, had the authority to make decisions between meetings.

Panza board members attended Resident Council meeting, and Camp officers attended Panza board meetings. Panza organized volunteers to staff the camp desk, help with many tasks around the camp, and help with the moves, a huge undertaking every 3 – 6 months. Panza also coordinated the legal and political advocacy, first to get a local ordinance passed to allow tent cities on church grounds and later for the funding, policy and legal work necessary to create Quixote Village.

Panza developed Quixote Village, looking to the residents of Camp Quixote for guidance and input every step of the way. Unfortunately, a trade off with the successful completion of the Village has been the diminishment of self-government. In the Camp, the Resident Council voted whom to admit, and when to evict. In the Village, Panza is a legal landlord, and responsible for making those decisions. The Resident Council's executive committee plays a strong advisory role, but the legal responsibility belongs to the landlord agency. Panza and the residents' executive committee continue to work together to strengthen the residents' involvement in the day-to-day decisions and long-term planning for the Village.

Development

Homeless villages tend to evolve organically as homeless people band together for safety, to pool resources, and develop a support structure. Many are sponsored by churches, nonprofits, social service alliances, public agencies, etc. As they become more "permanent" some sort of governance structure, often self-governance emerges. To make the transition to a subsidized village, where public funders require a certain level of accountability and many forms of compliance, a stable and experienced owner/management structure must be present that can demonstrate expertise, systems and capacity to bring the village to fruition and manage it over the long term. Support services must be integrated in a formal and dependable way.

In a typical affordable housing development scenario the sponsor/owner either has expertise in house to perform the myriad of tasks from site acquisition, design, securing financing, managing the construction process, securing operating funds, to setting the project up for appropriate operations and any funder compliance practices. In a homeless encampment situation, it is probably rare to have all of this expertise, so it would be essential to engage an experienced non-profit affordable housing developer early in the project before too many decisions have been made. That developer can then help to navigate the many regulatory and other requirements and considerations that must be dealt with to have a successful project.

Land Use and Zoning

Tiny homes are a progressive approach to delivering housing that is safe, clean and healthy. On the journey towards implementing a tiny home development, one of the first challenges encountered is with local land use laws, notably a jurisdiction's zoning regulations. Zoning regulations vary in sophistication from one local government to the next, and many are not equipped to easily handle the concept of multiple, small, detached units on a single parcel under single ownership. This does not mean that such a development is impossible; rather the tiny home project may require a process that has significantly more public engagement and review than would a single multi-unit apartment building.

When approaching a tiny home project it is important to engage in conversation with the local planning department early. Prior to meeting with the planning department, be familiar with state and local code. Quite often a jurisdiction's definition of "multifamily" will be very traditional: a single structure of at least three units. Review the local zoning regulations and look for any mention of "Pocket Neighborhoods" or "Cottage Ordinances". Both of these are increasingly common as a way to encourage infill development and deliver increased housing options in non-traditional formats, all while striving to retain a neighborhood's character. It's also important to pay attention to the density of the zone - generally the number of units allowed per acre, as well as the lot coverage ratio - which is usually the percentage of a parcel that can be covered by a structure. These, along with parking requirements, will work to limit the number of units that can be accommodated on a parcel. Studying up prior to your meeting with a local jurisdiction will make discussions much more productive. A tiny house development may well require a change to the zoning code.

Building Codes

Although SRO and rooming houses were once common, many local building codes no longer allow for this type of development and often tiny houses cannot meet the codes created for apartment buildings or shared houses. The local jurisdiction may have to adopt a code that allows for shared bathrooms and kitchens that are not in the same physical structure as the housing unit and/or allows for smaller minimum dwellings. Projects may need variances or building code changes to address parking, sprinkler, and other requirements.

CASE STUDY: QUIXOTE VILLAGE

Quixote Village has 30 small cottages (144 square feet each) and a large community building with a shared kitchen, bathing facilities, recreational and social service space. The City of Olympia adopted a definition of 'single room occupancy' unit into its building code to enable Quixote Village to receive public funding (see HUD HOME Funding section below). Residents are all previously homeless and many meet HUD's definition of chronically homeless, having both a disability and long history of homelessness. The Village has a full-time Program Manager and a full-time Resident Advocate. Thurston County made a parcel of land available through a 41 year lease, the City of Olympia adopted a text amendment to their zoning code to allow the use.

ONE YEAR LATER: QUIXOTE VILLAGE

"It's been a year full of blessings at the Village. We've had one college graduation and two other residents are now enrolled in college. Two people have been hired for full-time jobs and others are working as day laborers. One is operating a freelance graphic design business.

Thanks to our two wonderful, full-time staff, residents are getting on-site help with mental health care, enrollment in health insurance, recovery programs, haircuts and many other services. A few participate in a Village/Drexel House running group, led by a wonderful volunteer and new Panza board member. Best of all, Village residents have created a community that supports people in recovery from addiction and encourages collaboration in the kitchen, vegetable garden and planning and organizing Village events. The Village is a place where everyone can contribute to their community."

Excerpt from Panza's Annual Fundraising Letter 2014.





FINANCING: FINDING THE MONEY TO BUILD AND OPERATE TINY HOUSE VILLAGES

As low income housing developers, Community Frameworks approached tiny house development from the perspective of seeking available capital and operating funding to construct and operate the project. Since the residents are extremely low income and many will likely have no income at all, generally the capital funding must be in the form of grants, not loans, because the project will not generate enough rental income to support debt service. Many public funders are increasingly structuring their subsidy contributions, including HUD HOME and CDBG, as repayable loans, which then removes the most attainable sources unless policies are changed. Nevertheless, the sources that could offer the best opportunity for subsidy (along with their unique opportunities and limitations) are outlined below.



HUD HOME Funding (Capital)

Projects must meet HUD's Housing Quality Standards (HQS) to qualify for HOME Investment Partnerships Program (HOME) funding. HQS' definition of single room occupancy (SRO) units requires a full bathroom or a full kitchen and a covered walkway to any shared kitchen or bathing facilities. However, HQS will defer to a local code to define SRO. The City of Olympia adopted a definition of SRO so that Quixote Village could meet HQS.

HUD CDBG Funding (Capital)

New housing construction is not eligible for Community Development Block Grant (CDBG) funding. However, any off-site infrastructure upgrades are eligible, along with community buildings. For a project that has tiny houses and a community building, HUD CDBG funding can cover the costs of community building construction and a portion of the architecture and engineering, as well as any shared site costs, based on square footage.

Low Income Housing Tax Credits (Capital)

The largest source of capital funding for affordable housing development in the United States is the Low Income Tax Credit

(LIHTC) program. The LIHTC program provides a tax credit over 10 years to a private investor in a low income housing development. Investors are cautious and unlikely to risk their money in a project that has units without full kitchens and bathrooms.

State and Local Government Funding (Capital & Operating)

Washington State has a Housing Trust Fund that can support the development of permanent supportive housing projects including tiny house projects. Washington State also has a document recording fee for homeless and low income housing programs, a portion of which is administered by the state government and a portion by the local counties. The state's portion is available as operating subsidies of up to \$50,000 per year with 15 year contracts. The county portion is quite flexible and can be used for capital, operating or services.

HUD McKinney Funding (Capital & Operating)

For many years each Continuum of Care has had access to bonus funds for new projects. The amount available has been quite small, but could be used for construction, operations, or services for

housing chronically homeless people. There are no regulatory issues with tiny houses and McKinney funding; however, this source is very oversubscribed and difficult to secure.

HUD Section 8 (Operating)

Section 8 vouchers can be taken out of the general pool and project-based for a permanent supportive housing project by the local housing authority. This can provide a critical source of funding for on-going operations. The Section 8 program requires the housing to meet HQS (see discussion in HOME section above).

HUD 811 Rental Assistance (Operating)

The HUD 811 program provides housing for people with permanent mental health, developmental, or physical disabilities. Chemical dependency is not an eligible disability for this program. HUD 811 rental assistance is available in Washington State under a pilot program, but is difficult to access for homeless housing projects because of the way the State has designed their program. Sponsors must accept referrals from the state Department of Social and Health Services rather than from their own referral networks.

Capital Funding for Quixote Village

The total project development budget was \$3.056M, or just about \$102,000 per unit. Excluding donated land and professional services, the cash required for development hard costs was \$88,000 per unit including the community building costs.

Capital Sources

State Housing Trust Fund	\$1,550,000
HUD CDBG	\$699,000
Value of Thurston County Land Donation	\$333,000
Thurston County Grant	\$170,000
Private Grants and Donations	\$304,000

Total Sources

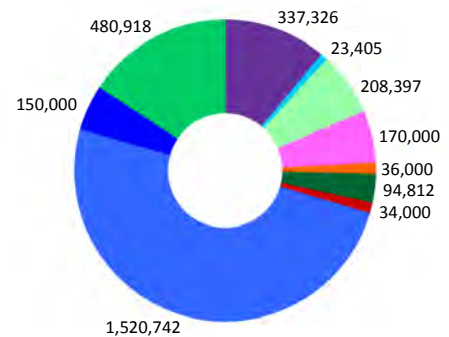
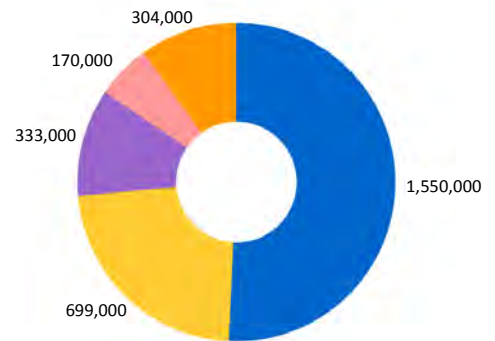
\$3,056,000

Capital Expenses

Land and Title	\$337,326
Construction, Buildings	\$1,520,742
Construction, Site Work	\$480,918
Architecture and Engineering	\$208,397
Developer Fee	\$170,000
Legal	\$36,000
Permits, Fees and Hookups	\$94,812
Loan Fees	\$34,000
Miscellaneous	\$23,405
Capitalized Reserves	\$150,000

Total Expenses

\$3,056,000



Operating and Service Funding for Quixote Village

The primary challenge for Quixote Village has been securing sufficient operating and service funding. Panza capitalized \$100,000 in replacement reserves and \$50,000 in operating reserves to cushion the project from operating shortfalls in future years.

Operating & Services Sources

Section 8 HAP Contract (up to 25 units)	\$128,250
State Operating and Maintenance Trust Fund	\$50,000
Tenant Rents (non-Section 8 units)	\$6,000
Thurston County	\$50,000
Private Donations	\$12,600

Total Operating & Service Sources

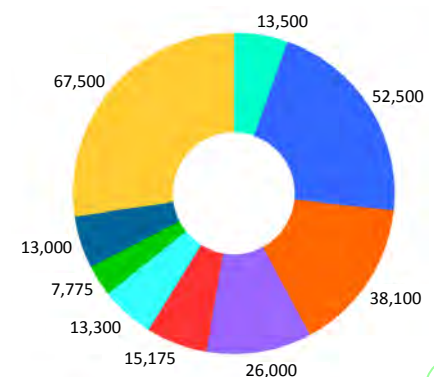
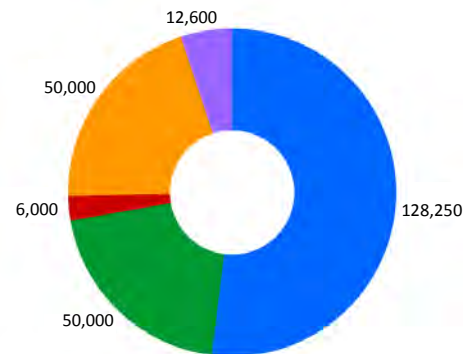
\$246,850

Operating & Service Expenses

Program Manager (incl. taxes and benefits)	\$67,500
Resident Advocates (incl. taxes and benefits)	\$52,500
Utilities	\$38,100
Repairs and Maintenance	\$26,000
Insurance	\$15,175
Accounting and Audit	\$13,300
Misc. Office Expense	\$7,775
Resident Services	\$13,000
Reserve Contributions	\$13,500

Total Operating and Service Expenses

\$246,850





SPONSOR / OWNER CAPACITY to Manage and Offer Services

Providing housing for chronically homeless adults is a difficult task requiring deep conviction and good capacity in both housing management and the provision of supportive services. The tiny house model is cheaper to build than a typical apartment building and has community enrichment benefits, but does not make operating the housing any easier. All sponsors of tiny house projects for special needs populations should do a careful assessment to ensure they have the capacity to successfully manage their housing.

Grassroots organizations typically do not have experience in managing housing or social service programs. This lack of experience can be overcome by partnering with a local housing authority, non-profit housing provider, or other experienced agency. Groups can go it alone, but must overcome their lack of capacity through training or hiring staff experienced in these areas:

Landlord-Tenant Laws

Permanent supportive housing is typically covered by the state's landlord-tenant laws. These provide protections such as due process for eviction that do not exist in temporary encampments.

Fair Housing Laws

Most housing situations are covered by fair housing laws. However, residents of temporary encampments are most likely unaware of these laws. Applicants and tenants have to be treated in a consistent manner, and no one can be discriminated against because of their membership in a protected class. For example, if a housing project allows two

person households in a unit, the owner cannot require both persons to be adults. This is a violation of federal fair housing laws. The only way to limit a housing project to only adults, besides going through a process to become a senior only community, which is allowed under fair housing, is to limit occupancy to one person households.

CASE STUDY: QUIXOTE VILLAGE

Olympia is the largest city in Thurston County and the state's capital. Panza has a Board of very capable people including a former speech writer for governors Booth Gardner and Gary Locke; a Ph.D in psychology that worked with Jane Goodall; and the CFO for one of state government's largest departments. In 2010, using its connections and savvy, Panza and the residents began to work in earnest on developing a permanent supportive housing project to replace the Camp. All levels of government contributed funding to the project. The County donated land, the City amended their zoning code, and the state Legislature set aside \$1.5M in the Housing Trust Fund for this pilot program.

The Board and residents were the drivers essential to telling the story, making the case and persuading funders, public funders and the community. Community Frameworks operated in the background to pull the technical pieces together, bring the project to fruition, and prepare it for operations and compliance.

Management Plans

The housing project should have a management plan in place, before it opens, clearly identifying roles and responsibilities of residents, staff, and the non-profit leadership in screening new residents, setting and enforcing rules, evictions, collecting rent, completing repairs, etc.

Substance Abuse Policies

Many homeless single adults struggle with substance abuse, and housing providers struggle with the appropriate response. There is a range of approaches, from requiring residents to be clean and sober, to only responding to behaviors that impact neighbors, such as threats of violence, noise, etc. This is a difficult issue that every sponsor should educate themselves on and carefully craft policies for before opening housing for occupancy.

Services

Many homeless adults need social service support, and the operating budget should include sufficient resources for services. Typically permanent supportive housing projects have one full-time case manager for every 25 – 30 adults. Other services may include mental health, medical care, dental care, job training, life skills, nutrition/healthy habits, and financial literacy. These services are usually provided by partners in the community.

Income Certifications

Public funders require that tenant incomes be certified to ensure that their goals of housing households within certain income brackets are met. Different funders have different rules for these certifications which can require third party documentation of income (documentation directly from an employer or public benefits office).

Administering Public Funding Contracts

The capital funders normally require ongoing reporting for the duration of their agreements which are generally between 10 - 40 years. Operating funders usually require more frequent reporting, coinciding with billing that may be monthly or quarterly. There are usually rules about maintaining individual tenant files that have documentation of income and demographic information, rent roles, insurance, and 'outcomes' of residents' participation in services or increasing skills or income.

Financial Management

All funders will require a good plan and competence in financial management and a demonstration of an ability to budget, pay bills, maintain reserves, etc. Planning for capital upgrades is also important, demonstrating an understanding of maintaining the physical structures and ensuring long term quality of the housing.

Fundraising

It is unlikely sufficient contracts for operating funding would be available to cover the full costs of operations and services over time. It is more likely that the owner will have to raise funds from community members, churches, and other private sources to sustain the housing.



Replicability of the Quixote Village Tiny House Village Model



This project was made possible by the determination of the Camp residents and their supporters. Panza's ability to secure funding and support through political channels was critical.

This project could be replicated if:

- Sufficient public funds are available to cover the majority of the capital costs with minimal regulations and no repayment expectations.
- Sufficient operating funds are available, the most promising of which is project-based Section 8 - which can be used if the project can meet Housing Quality Standards (HQS). The City of Olympia adopted a definition of a single room occupancy unit so that Quixote Village could meet HQS (the HQS regulations default to a local code for SRO units). However, some housing authorities have already project-based as many Section 8's as HUD allows; others are unwilling to convert tenant based vouchers.
- Service funding is available. Although most residents receive medical, mental health, or substance abuse services through other community agencies, a case manager type position (i.e. Resident Advocate) is critical to connect individuals with services and to monitor their wellbeing. It may be possible to partner with a mental health agency to provide onsite case management using mental health funding sources.

It is possible the cost of development could be further reduced if replicability of the concept is scaled to a state or regional level. This could be accomplished with the development of template designs, and if the houses were mass produced in a factory. Savings would come from the elimination of duplicative design costs and bulk production cost reductions.

Tiny House Development Checklist

What Does It Take?

- | | |
|--|--|
| <input type="checkbox"/> Strong Committed Community Organization | <input type="checkbox"/> Funder Requirements - Design Should Meet the Funder's Design Requirements |
| <input type="checkbox"/> Broad Community Support | <input type="checkbox"/> Operating Funding - How Much Will Rents Cover and What Other Funds Are Needed |
| <input type="checkbox"/> Development Expertise in Financing Options & Design and Land Use Issues | <input type="checkbox"/> Management Plan - How The Project Will be Operated, Ensuring Compliance with Laws and Contracts, Substance Abuse Contingency Plans, Rule Enforcement and Eviction Plans and Other Tough Situation Contingencies |
| <input type="checkbox"/> Site Near Public Transportation and Services | |
| <input type="checkbox"/> Zoning Approval (May Require Change to Zoning Code) | |
| <input type="checkbox"/> Building & Housing Code Compliance (May Require Change to the Code) | |

RECOMMENDATIONS

for Jurisdictions, Funders and Project Sponsors to Remove Obstacles to Tiny House Development

Public Jurisdictions

Publicly Owned Land. Cities, counties and states own unused land that can be appropriate for affordable housing development. Jurisdictions can inventory available land and ensure that public policies are in place to allow public land to be used for low income housing. However, it is important that the land be suitable for residential use and does not have expensive underlying issues. Much unused land is unused for a reason.

Review Land Use and Building Codes. Jurisdictions should review their land use and building codes and make modification, if necessary, to allow tiny house and SRO apartment development.

Review Available Public Funding Sources. Local jurisdictions may control federal or state funding such as CDBG, HOME, or, as in Washington State, the Consolidated Homeless Grants from the State. Local jurisdictions can also play a key role in advocating for state or federal funds for tiny houses by asking larger jurisdictions to align their funding priorities or allocation processes. Local jurisdictions may have lobbying efforts that could advocate for additional resources for homeless demonstration programs.

Permit, Hook-Up and Impact Fees. These fees can be quite substantial. They totaled over \$94,000, or over \$3,000 per unit, for Quixote Village. Local jurisdictions may be able to grant variances, waive, or otherwise modify the fees so that they are not an obstacle to tiny house development.

Funders

Remove Administrative or Regulatory Barriers to Tiny Houses. Some programs define housing in such a way that tiny houses cannot meet the definition.

Encourage Cheaper Development. By giving priority to tiny houses as a low cost alternative.

Work Cooperatively with Other Funding Sources. So that housing and non-housing funds can be jointly allocated or otherwise paired together.

Work with All Providers. To ensure that the value of all models is understood — from tiny houses to high service, more clinical models.

Owners / Sponsors

Tiny houses tend to be championed by homeless people living in encampments, or church-based or community organizations providing support to encampments. These groups have limited capacity and are seen by funders as high risk sponsors who may not be able to successfully build or operate the housing. Our recommendations for these groups are:

Stick With It! New concepts take persistence and dedication, and you are blazing a trail that will benefit many others. Build relationships with your jurisdictions, neighbors, and the broader community.

Seek Advice and Help from experienced non-profit developers, housing providers, and social service providers.

Create Partnerships to develop, own and/or manage the housing to establish the level of credibility and capacity that may be essential to successfully secure public or philanthropic funding.

Educate Yourself on housing for chronically homeless people. Tiny houses are new, but modern homelessness has been with us since the 1980's. There is lots of information on successful models. The Corporation for Supportive Housing and the National Coalition for the Homeless are good starting points.



Tiny houses are a viable model for subsidized permanent supportive housing for homeless adults. Tiny house villages are a logical extension of the tent cities that have sprung up across the country, where resourcefulness and ingenuity have come together to create safe communities. The funding is available and land use and building codes can be adapted. Homeless encampments, faith based and other community organizations, non-profit housing providers, and local jurisdictions can work together to provide a better option than tents and temporary structures.

To read more about Quixote Village in the media, check out these sources:

[New York Times](#)

[BuzzFeed](#)

[Seattle City Council Blog](#)

[MSNBC](#)

[Spokane Inlander](#)

[For Sale Tiny Homes](#)

[Al Jazeera America](#)

[Yes Magazine](#)

[Mother Nature Network](#)

[Bill Moyers' Blog](#)

[Quixote Village's Blog](#)

[The Olympian](#)

[KUOW](#)

[Tent City Urbanism](#)

[The Seattle Times](#)

*Photographs in this publication provided by the following:
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ABOUT US

COMMUNITY FRAMEWORKS

Community Frameworks is a 501(c)3 charitable nonprofit based in Washington State. With a mission to support and develop affordable housing and vital communities, CF develops community facilities and rental housing for homeless and extremely low income people, people with disabilities, seniors, and working families. Our homeownership programs support first time homebuyers throughout the Pacific Northwest with education, mortgage and down payment assistance, and low interest loans.

To learn more about Community Frameworks and the affordable housing industry, please visit
www.communityframeworks.org

To partner with Community Frameworks on an Tiny Homes project of your own, please contact the development services team at BrianJ@communityframeworks.org
or call (509) 484-6733 x 124

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or call (360) 377-7738



ABOUT THE AUTHOR



GINGER SEGEL

Senior Housing and Community Developer

Ginger has 25 years experience in affordable housing. She began her career as a tenant organizer in the late 1980's as thousands of SRO apartments in downtown Seattle were bulldozed to make way for office towers and high end residential development. From 1998 – 2000 she was the director of the Washington State Low Income Housing Network, advocating for improved federal and state housing policies. She joined Community Frameworks in 2004, developing special needs housing in Washington State. She has worked throughout the state, from very rural to very urban areas, developing senior housing, homeless shelters, transitional housing, permanent supportive housing, housing for people with disabilities, workforce housing and community service centers for many Washington communities.

Ginger says she is, “honored to be chosen as the developer for Quixote Village and looks forward to replicating this unique and successful new model.”

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