

ARPA Funds & Affordable Housing

Building Tiny Homes & Converting Hotels/Motels

December 2022

Presented by:

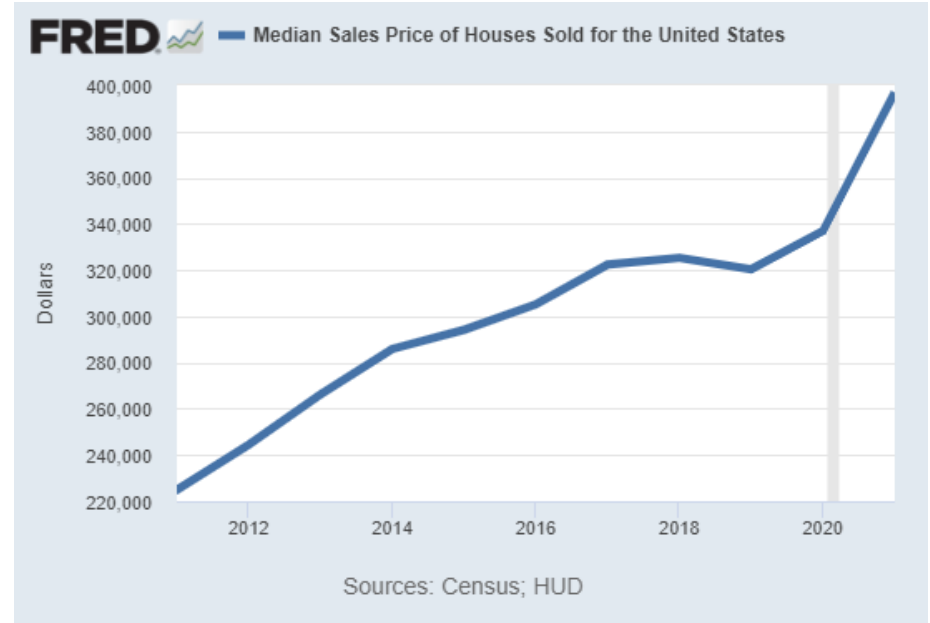
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This project was conducted under the direction of Professor Mildred Warner, as a part of CRP 6120 Urban Public Management in the Department of City and Regional Planning at Cornell University. Funding support from the Mui Ho Center for Cities, the Cornell Ag. Expt. Station and USDA NIFA. Report can be found at https://labs.aap.cornell.edu/sites/aap-labs/files/2022-12/Crispin%20etal_2022_FullReport.pdf

Introduction

COVID-19 & the Housing Crisis

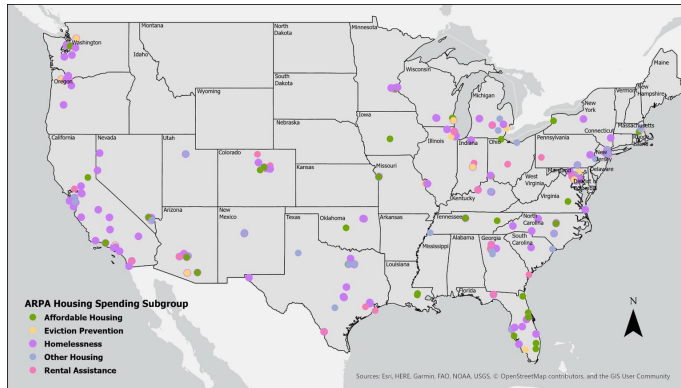
- Increase in demand for space and deficit of 3.8 million housing units shows high demand and low supply in housing that caused median home prices to spike after COVID-19
- Strategies to limit the spread of COVID-19 caused congregate shelter entry pauses, closures, and limited capacity
- Homeless population estimated at 552,830 individuals in 2022, a 2% increase from 2021



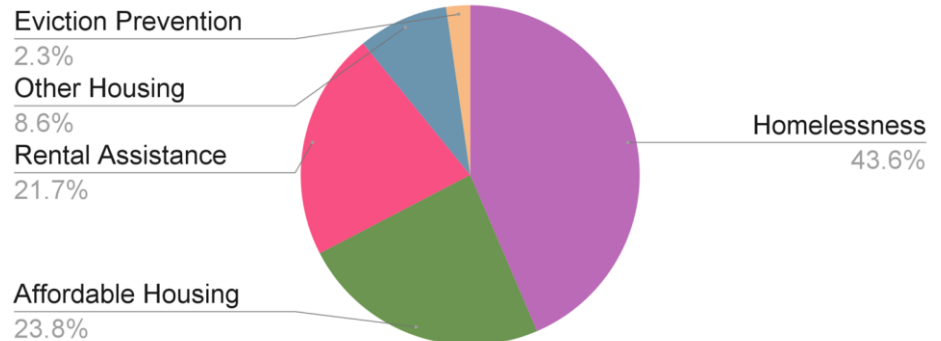
Motivation and Reasoning: *Homelessness*

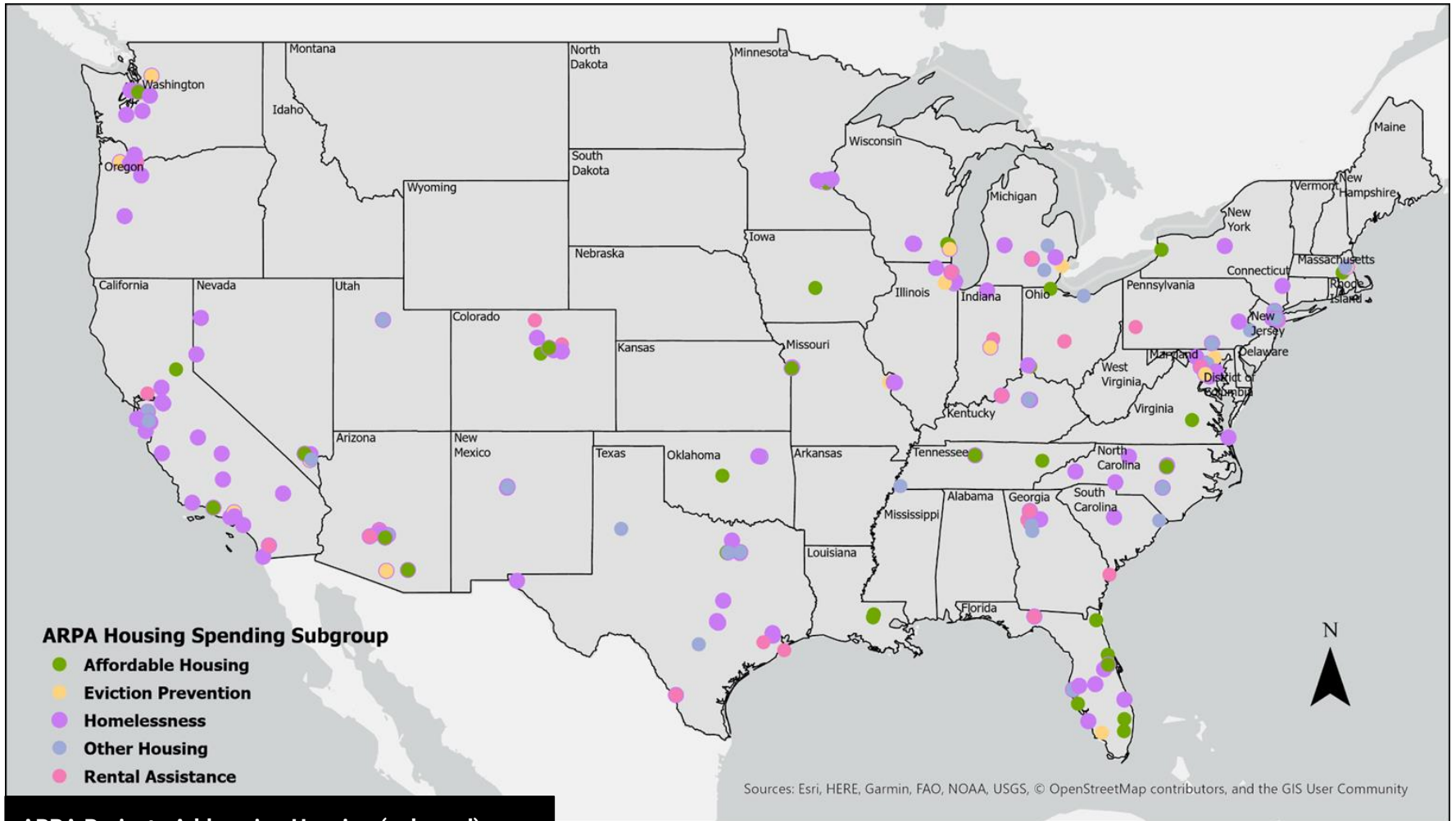
- ARPA enabled states and localities to **develop transformative housing programs** in their communities across multiple categories:
 - Homelessness, Rental Assistance, Affordable Housing, Eviction Prevention, and Other Housing
- **Homelessness** accounted for the majority of spending

ARPA Housing Funds



ARPA Projects Addressing Housing





ARPA Projects Addressing Housing (enlarged)

Motivation and Reasoning: *Tiny Homes & Motels*

We decided to focus on both the development of **tiny home villages** and the **conversion of motel/hotels** into shelter space and affordable housing

- Tiny homes offer a short-term solution to ending homelessness
- Hotel/motel conversions offer long-term solution offering permanent supportive housing
- Both are replicable and feasible across NY

The following presentation will outline our review of the costs and benefits of these programs as well as four case studies

A tiny home village



Case Study Methodology

We chose four tiny home and hotel conversion cases in localities that represented significant increases in rental prices, specialized unhoused populations, or unique political challenges.

Locality	Project	Rationale	Interviewee
Madison, Wisconsin	Tiny Home	Homelessness increased by 160% since 2021. City is closing an encampment where ~70 persons live	Linette Rhodes, Community Development Grants Supervisor
St. Louis, Missouri	Tiny Home	A total of 11% of unhoused persons are veterans, 4% higher than the national average	Loretta Hiner, Senior Housing Analyst for the Affordable Housing Commission
Williston, Vermont	Hotel Conversion	Around 30% of unhoused persons have one child or more. Vermont also has the highest amount of sheltered persons of any state, with 303 individuals per 100,000	Chris Donnelly, Champlain Housing Trust Director of Community Relations
Austin, Texas	Hotel Conversion	Rents increased by 40% from 2021 to 2022, the most of any metro area	James May, Housing and Community Development Officer for the Housing and Planning Department

Why Build Tiny Homes?

Benefits

- Tiny homes are **usually built in cluster**; a tiny home village creates a **sense of community**
- **Provision of social services**, i.e. addiction recovery services and employment training for residents, in tiny home villages
- **Quicker construction with low-skilled personnel** of tiny homes compared to traditional housing units

Costs

- **Inefficient use of land** to fulfill housing and homeless housing needs
- Purchasing land could be cost prohibitive
- **Administrative red tape** could be prohibitive
- Political infeasibility in the long run due to **lacking potential of scale-ups** and **local communities' resistance**

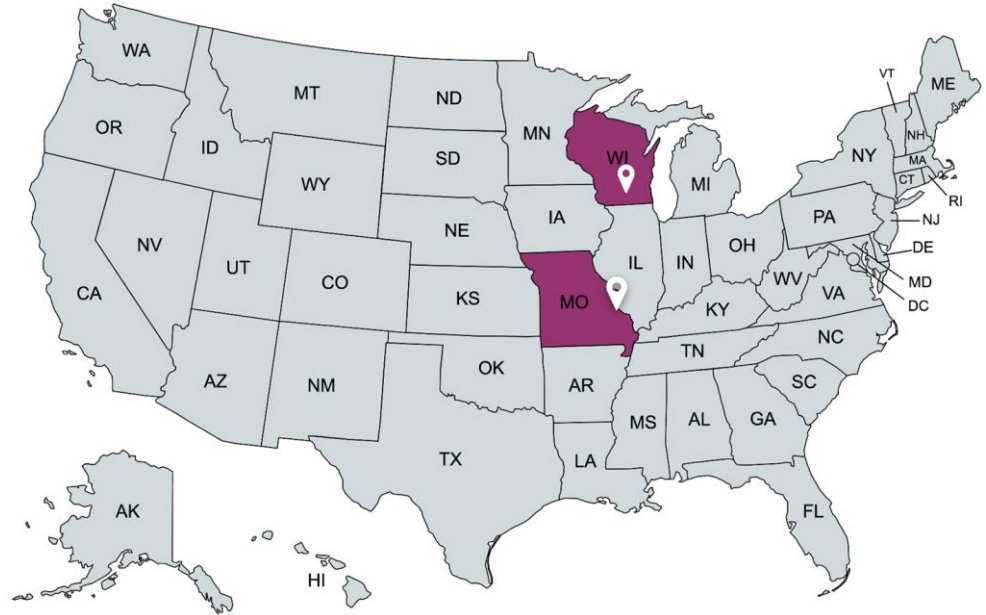
Tiny Homes

Madison, WI

- Mid-sized city
- Historically mixed conservative/progressive state
- Republican Governor
- Issue with homeless encampments

St. Louis, MO:

- Mid-sized city
- Historically conservative state
- Republican Governor
- High rate of veteran homelessness



Tiny Homes Case Studies

Madison, Wisconsin

Context

- \$890K (includes: property management including trash pick up, electricity, etc.)

Impact

- 30 tiny homes (29 today due to a fire) that measure 64 sq. ft. were built and will be supported until mid-2023

Community Engagement

- Local political support and cross-departmental collaborations
- Surveying homeless tent residents
- Pushback from upper and middle class residents on location of the development

Amund Reindahl Park in Madison, WI



Tiny home development in Madison, WI



Tiny Homes Case Studies (Cont.)

St. Louis, Missouri

Context

- \$10M (\$1M from ARPA), and Veterans Community Project confirmed other funds have been secured

Impact

- 50 units for homeless veterans (25 for 80% of AMI, 20 for 65% of AMI, 5 for 30% of AMI)

Community Engagement

- Support from city legislation and Jason Kander, former MO Secretary of State
- Dept of Treasury released a How-To Guide for Affordable Housing for ARPA funds in June 2022
- Neighbors resisted the construction of a second tiny home site in the city

Finished project in Kansas City, MO



Project under construction in St. Louis, MO



Why Convert Hotels/Motels?

Benefits

- Motels are ideal for conversion to affordable housing and shelter space since they are **built for long-term stays** (include small kitchens, plumbing, lighting, windows, furnishings, and other amenities)
- Conversion and acquisition projects are more **cost-effective** and **faster to implement** than new construction
- Many hotels/motels are **easily accessible** by transportation infrastructure

Costs

- City government and social service providers often **lack the technical know-how** or capacity to manage large-scale conversion projects
- The units were **not built for permanent housing** and are typically **too small for families**
- Buildings may **lack green space** or other amenities

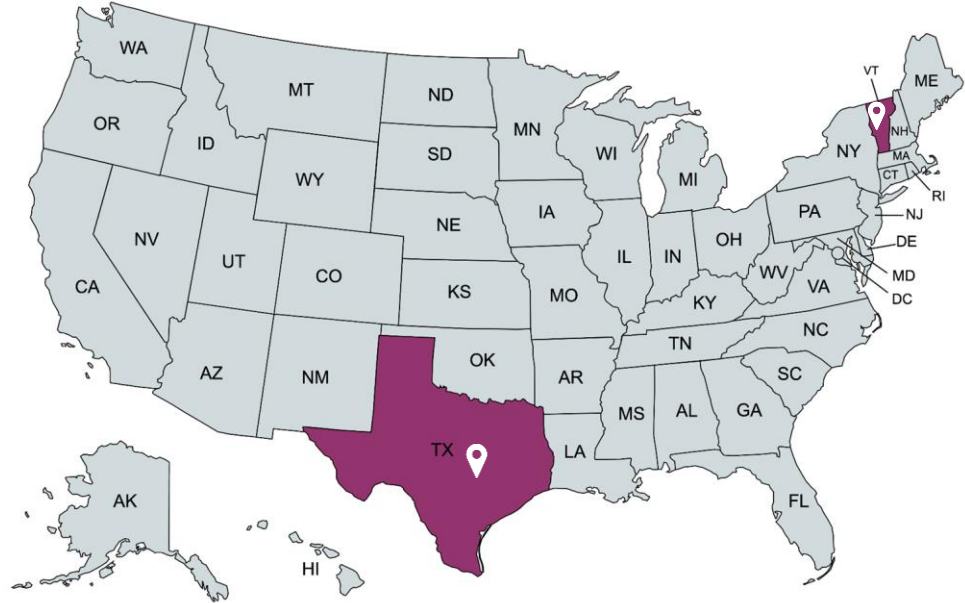
Hotel Conversion

Austin, TX:

- Large city
- Historically conservative state
- Republican Governor
- Homelessness Crisis

Williston, VT:

- Small city
- Historically progressive state
- Republican Governor
- Affordable Housing Crisis



Hotel Conversion Case Studies

Williston, VT (Champlain Housing Trust)

Experience

- ~10 years experience converting hotels

Context

- \$338M in state funds directed towards increasing affordable housing in past 3 years

Impact

- On-site case management and supportive services
- 72 permanent-use, furnished, affordable apartments (50-60% of AMI)
- 38 units for people coming out of homelessness

Community Engagement

- Both local State representatives spoke out in favor of the project, and the town's Select Board voted to approve it
- Neighbors were concerned about the lack of parking. CHT applied for and was granted a parking zoning exemption

Plans for a motel conversion in Williston, VT



Hotel Conversion Case Studies (Cont.)

Austin, TX (City of Austin)

Experience

- ~3 years experience converting hotels

Context

- 46% increase in homelessness in past decade

Impact

- Bungalows: 60 PSH units; 50 HCV holders and 10 referred from community partner
- Pecan Gardens: 78 units

Community Engagement

- Supported by city administrators and council members
- Community meetings were crucial for buy-in
- Williamson County suing City because they weren't consulted

Austin's Pecan Gardens complex in a former Candlewood Suites



Takeaways for Practice: *Challenges*



Rules and Regulations could interfere with effective ARPA funding use.

- Guidelines published by the U.S. Dept of Treasury in June 2022 nearly shut down tiny home funding that was 8 months into contract negotiations.
- Zoning changes were necessary to account for lower parking needs.



Location is a key challenge.

- Motels and hotels are often not linked to essential services (grocery stores, health care, schools, etc.) through public transport
- Tiny home projects are often rejected by residential communities, and may end up being located in remote areas.



Community Buy-in is crucial.

- Community concerns about crime, population density, parking, etc., can shut down or slow down projects for the unhoused.
- Community education and consultation efforts can alleviate concerns and create working relationships with communities.

Takeaways for Practice: *Opportunities*



Affordability and low maintenance costs are a benefit for tiny home/hotel conversion projects

- Relatively minor renovations are required to convert hotel/motel rooms to efficiency apartments.
- Tiny homes are inexpensive to build, and can be outfitted with solar power and geothermal heating to reduce operational costs.



Partnerships and collaboration with social services providers and multiple city departments is important.

- Services for job training, mental health, addiction recovery, etc. are provided on-site to address the unhoused population holistically and transition to permanent housing.
- Ensuring municipal, county, and state-level support is critical in enacting and sustaining these projects.



Funding from ARPA was leveraged in combination with other funding.

- Other government funds such as LIHTC and private sources of funds such as those secured by partner organizations, allow local governments to leverage ARPA dollars for larger projects.
- Leveraging ARPA funds with other funding sources required working within the ARPA regulations, which was somewhat challenging.

Questions?

Thank You!

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