

# DUNGENESS VALLEY HOMES SEQUIM, WA



## AN AFFORDABLE HOUSING DEVELOPMENT BUSINESS PLAN

## EXECUTIVE SUMMARY

### FACTS

- Currently there are between 130 and 150 children in the Sequim School District who do not have a permanent home. These children are part of 30 to 50 families.
- They do not have homes because the parents have suffered a variety of setbacks. They are temporarily out of work, their rent has been raised, the landlord has sold their home, they have medical problems, they may have drug or medication dependency issues.

### THE PLAN

- Dungeness Valley Homes (DVH) will be a wholly owned subsidiary of Dungeness Valley Lutheran Church (DVLC) and seeks to build 8 two and three bedroom apartments (four duplex buildings) on DVLC property.
- DVH will finance, build, operate and maintain the development.
- Support services – such as counseling, tutoring, mentoring– will be provided with the goal of moving tenants back into participation in the general economy.
- Tenants will participate in the maintenance and upkeep of the development.

### FINANCE

- Financing the construction of the development– approximately \$1 million– will be by community donations and grants with the expectation that the entire amount will be subscribed before construction, therefore making bank financing unnecessary.
- Support services– approximately \$70k to \$100k–will be paid for through annual appeals, endowments and grants.
- Utilities, maintenance, insurance, upkeep and repairs (approximately \$30k to \$40k) will be paid from tenants rent. Rents will be based on income and other circumstances.

# Dungeness Valley Homes

## **Mission:**

Opening doors to safety, dignity, hope and independence

## **Vision:**

Everyone deserves a place to call home

## **Values:**

**Respect** - A basic perspective and behavior which is attentive, considerate and shows special regard for the inherent dignity of individuals

**Justice** - The fair and impartial treatment of others

**Mercy** - The ability to see need and respond with compassion

**Integrity**-Adherence to moral principles that include honesty, sincerity, fairness and decency

**Humility** -An awareness that cultural and social differences exist and are not judged

## **Goal**

To provide affordable housing for 8 families who are homeless with children currently enrolled in school in the Sequim School District.

## **History**

A small group of members of the Dungeness Valley Lutheran Church (DVLC) in Sequim is interested in addressing options to provide housing for individuals who are homeless. In early 2017, the Homeless Committee comprised of members of the church began to research options. Additional members joined the committee throughout the year. Names and affiliations of Committee members information is attached at end of this document.

## **The Need**

The recent count of individuals in Clallam County who are homeless\* (individuals and families lacking a permanent place to call home) shows an increase in total homeless and unsheltered people in the county since 2015. The 2015 Point in Time (PIT) count of homeless people in Clallam County totaled 307 adults. This includes both sheltered and unsheltered individuals and families.

Almost half of those counted were families. The largest sub-group, almost 200, consists of victims of domestic abuse, mostly battered women. Another significant sub-group are veterans. Despite common stereotypes of homeless people, only 44 were chronic substance abusers.

\*The definition of homelessness from local, state and federal educational agencies is as follows: "individuals who lack a fixed, regular, and adequate nighttime residence". This includes sharing housing due to loss of housing, economic hardship, living in motels, hotels or campgrounds, living in emergency or transitional shelter, living in public places and living in substandard housing.

The Point In Time (PIT) count does not include children and teenagers. Data for 2016-2017 is currently being recorded at the state and federal level, but as reported by McKinney-Vento District Liaison of Sequim School District, 132 children (60 - 70 families) enrolled are homeless.

The majority of families have 1-2 children. These 132 children represent 5 percent of total district enrollment. Another stark fact is that there are an additional 30+ children who are without family members or a place to call home. These Sequim School District children are considered “unaccompanied children” and often sleep in cars, tents, or on a sofa somewhere.

A closer look at these families reveals:

- Nearly 75% of these students and families are doubled-up and move at least twice in the school year
- 25% of these families end up moving because of a lack of affordable housing within the school district
- 15% of students report living in hotels or motels when identified
- 15% report living in transitional or emergency shelters outside of the school district
- Estimated 70% of the families are working: 15% are on a fixed income (average \$1200/month)

In Clallam County as a whole, the numbers are even worse. More than 10 percent of the K-12 enrollment— more than 500 students— do not have a permanent place to call home. It is important to remember that this number does not include very young children or school-age children not enrolled in school.

The reasons for families becoming homeless include: being laid off work, medical issues which make it impossible to work, landlords raising rent above their ability to pay, landlords selling the property, alcohol/drug abuse, domestic abuse, and the significant lack of affordable housing in our community.

The cost of low-income housing in Sequim is close to \$900 for a two-bedroom rental apartment, with many standard rentals hovering around \$1,400. A family headed by one wage-earner working full-time at minimum wage would have a monthly income of \$1,800 (before taxes). Clearly, the lack of affordable housing is a major factor contributing to the number of Sequim’s families who are homeless.

As rents go up, homelessness increases. According to the Department of Commerce, a study conducted in 2012 found that an increase in rent of \$100 per month contributes to a 6% - 32% increase in homelessness.

## **Background/Options Considered**

Before arriving at the goal of providing affordable housing to families with children in Sequim schools, the Homeless Committee considered several options:

- A. Do Nothing
- B. Wait for better conditions
- C. Build affordable housing for divergent homeless populations
- D. Focus on a manageable subset of the total problem.

After a year of gathering information on the reality and the extent of homelessness in Sequim, doing nothing was inconsistent with our Christian mission to support those most in need. The urgency of the need also provided a strong argument against waiting. Our appraisal of the “waiting for better conditions” option resulted in our belief that we would be waiting for nothing to happen. As we evaluated the magnitude of homelessness issues and the striking need for affordable housing in the area, it became clear that the level of resources and expertise needed to comprehensively address the whole problem was well beyond what we could bring to bear. This challenge needs a solution led by local government and supported by the community at large.

Identifying a portion of the overall problem of homelessness that could be addressed with our resources that had a reasonable chance of success, that would make a difference to the community, and that would likely lead to further effort across the community, was not simple. Because of the limited number of units we could support, we rejected establishing permanent affordable housing. Because of the need for extensive and continuous support services, which are difficult to sustain, we rejected a shelter for the chronically homeless.

Recognizing a need to support the families with children in the Sequim School District that do not have permanent housing led to a more detailed investigation of that area, and its selection as the focus of our project. Consequently, the Homeless Committee changed its name to “Affordable Housing Committee”.

## **The Opportunity**

Dungeness Valley Lutheran Church is situated on 5 acres north of downtown Sequim. Approximately 1 acre is available for this type of development.

The experience and expertise of the members of the Dungeness Valley Lutheran Church Affordable Housing Committee, composed of DVLC congregation members and community representatives, include finance, management, education, marketing and social services. We have the support of the DVLC congregation for the use of the church property, which is in close proximity to schools and public transportation. Additionally, the DVLC congregation has shown success in identifying and addressing unmet needs in our community in the startup of the Dungeness Valley Health and Wellness Clinic, a free urgent care clinic for the uninsured and underinsured which

has successfully operated for 17 years. We believe success in meeting the needs of families who are homeless will encourage others within the community to address other parts of the homeless challenge.

### **The Project**

Our goal is to construct and operate homes for 8 families who are currently homeless and have children enrolled in school in the Sequim School District. These homes, consisting of two- and three-bedroom units, will be a model for modern, sustainable, affordable housing. They will be built on approximately one acre of land owned by and adjacent to the Dungeness Valley Lutheran Church on Sequim Avenue.

With a focus on assisting families to break the cycle of homelessness and poverty, necessary supportive services will be provided to the residents and may include a homework club, room for tutoring and family activities in the community space. Children would continue enrollment in the Sequim School District.

Flexible rents (up to 30% of income) will allow families to build savings as their careers advance, ultimately making the leap to market-rate housing. By capitalizing this project up-front, the homes will operate the program with the modest rents and other available support covering all costs.

### **Community Support**

In June of 2016, Sequim's City Council agreed that partnering with non-profits and the faith community to focus on homelessness was a priority short term, within one to two years. Mid-term (three to four years) the Council agreed that it was a priority to coordinate with human service providers in respect to issues related to homelessness as well as to investigate affordable housing solutions. Local providers of housing and services for homeless individuals and families are very supportive of the project and are willing, as capacity permits, to assist with the project.

### **Estimated Costs**

Getting facilities built and ready for occupancy is the first, and perhaps easiest, part of the financial challenge. To be successful the project must prepare occupants for managing their own futures. This means helping them to address the root causes of their homeless status and providing support to build a secure base for a move to long-term permanent housing.

Achieving our goal of 75%+ of residents moving to permanent housing will require stable, persistent, professional supportive services. We are committed to ensuring that the families receive supportive services necessary to encourage them to achieve their goals. Some support is available in the community such as the Sequim Food Bank, Peninsula Behavioral Health and the Sequim Free Clinic. Professional services such as family advocacy/oversight and case management, an integral feature of Dungeness Valley Homes, must be paid for. We anticipate that such support for

residents of eight units will require a full-time professional advocate at an annual cost of \$70,000.

### Estimated Costs

- Building Construction Estimates

8 units of 700 sq. ft. @ \$150/sq.ft. = \$840,000

Gathering room @256sq.ft.(16'x16')= \$ 38,500

Sub- total construction costs = \$878,500

Plus city costs of \$17,000 to \$25,000 per unit = \$140,000 to \$ 200,000

This is all inclusive.

Amenities (fences, play-area, landscaping,

community garden, furnishings) \$ 100,000

**Grand total: \$1,178,500**

- Sustaining/Ongoing Costs

With units built and occupied, and tenants provided needed support, there are still costs to consider. We anticipate that monthly utility costs, of about \$200 per unit, will be paid by the tenant. We estimate that property maintenance and operational costs would be covered by a part-time contract employee and would cost about \$25,000 per year. The full-time professional family advocate would cost \$70,000 annually. Additional annual costs to consider are a deferred maintenance fund, administration, fundraising, and insurance, which we estimate to be an additional \$10,000. This would bring the total for sustaining/ongoing annual costs to \$105,000. The anticipated revenue from rents at \$36,000 leaves a \$69,000 annual gap.

### Suggested Methods to Pay for Project

How is all this to be paid for? We expect that initial capital costs can be raised within the community and with grants. To that end we have drafted a fund-raising plan outline. As indicated in this document, obtaining all capital costs is almost pre-requisite for a successful project.

On-going revenue for the project, in addition to fundraising, is the estimated income from the monthly rents. Based on an estimated monthly income for each resident

family at \$1500 and rents at 25% of income, the estimated total annual revenue from rents is \$36,000.

This amount of \$36,000 is far less than the \$105,000 annual projected operating cost. Additional income, perhaps government subsidies in the form of Section 8 vouchers, is essential to sustainability. Our interaction with Serenity House leads us to believe that such subsidies are available. Clearly if money were needed to support a substantial mortgage, it would threaten the viability of the entire project.

## **Project Organization**

The DVLC Council/Congregation established the Affordable Housing Committee (AHC) in June 2017. If approved, “Dungeness Valley Homes” (DVH) will become a self-governing subsidiary of DVLC and will construct, operate and maintain the housing. The current members of the AHC will become of Board of Directors for DVH. The Board will be comprised of 7 - 9 members with 5 being DVLC members, and the congregational pastor an ex-officio member.

Although DVLC will want to retain some oversight of the DVH, the Articles and By-laws of DVH will establish administrative, financial and governance independent of DVLC. Making DVH a self-governing subsidiary of DVLC preserves the option of using the Evangelical Lutheran Church of America’s (ELCA) group 501 (c) 3 designation.

It is expected that a Community Advisory Group comprised of representatives from local government, real estate, business, associated non-profits, neighbors, representatives from the faith community, etc. will be established.

Four committees of the new DVH will be established to be responsible for the following functions:

- Fundraising
- Administration/Financial/Legal
- Design/Construction
- Tenant Advocacy/Services

The units will be constructed on church property and owned by the congregation. Operation and maintenance, supporting services, programs and oversight will be under contract (between the church and the DVH). The new DVH will let, hold and administer necessary contracts and supply oversight to the entire project in conjunction with the DVLC Church Council.



## DVLC Affordable Housing Committee Members

(Approximately one-third of the committee are community members not affiliated with DVLC)

- John Beitzel, PhD - retired domestic oil and gas exploration executive, appointed to the Sequim City Planning Commission, served two terms on Sequim City Council, Board member on the Board of the Clallam County Board of Health, named Sequim Citizen of the Year for 2003 and current President of the Olympic Medical Board of Commissioners.
- Gerald Enzenauer - (Chair)- retired project manager, Los Angeles Department of Water and Power. Project managed construction of DVLC.
- Mike Flynn - Marketing consultant, having worked on brands like Budweiser, Coca-Cola, Snickers. Member of the Sequim Youth Services Task Force, active with the Boys and Girls Club, chair of Sequim Cares, President of St. Vincent de Paul, Sequim.
- James A. Jones, BSChE from University of Washington. Retired petroleum refining industry executive, currently Board member and Treasurer for Sequim Free Clinic (Dungeness Valley Health and Wellness Clinic), Chairperson of Finance Committee and Mission Endowment Fund for Dungeness Valley Lutheran Church, and Board member and Treasurer for Sunland Division 17 (Sunland North) Owners' Association.
- Nancy Jacobson - Homeless Advocate, Retired social services director.
- Pastor Beth Orling - Interim Pastor of Dungeness Valley Lutheran Church
- Jennifer Puff - retired non-profit executive with 30 years experience in affordable housing development, homeless services and housing, fundraising. Current member of the Board of Olympic View Community Foundation.
- Amanda Rosenberg - retired Executive Director of United Way of Sweetwater County (southwest Wyoming) with twenty-six years experience in non-profit management, marketing, and community problem solving.
- Andra Smith - Executive Director of the Food Bank in Sequim, Washington, active partner of the Peninsula Food Coalition (PFC) and the Olympic Peninsula Healthy Community Coalition (OPHCC). Andra is a board member of the OPHCC and is currently serving as treasurer for the organization.
- Samantha Troxler - Sequim School District McKinney-Vento District Liaison and Sequim Food Bank Community Engagement Coordinator. Sequim School Graduate, lived experience of homelessness. BA in Human Services.
- Paul Wessel - retired, Department of Defense Senior executive with experience in technology and management.<sup>23</sup>