

# Step Up America Hotel/Motel Conversion Strategy

## Public-Private Partnership to Scale New Housing Units

### Protocol

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**Overview.** The Step Up America Hotel/Motel Conversion Strategy partners have established the protocol detailed below to ensure that new potential local partners have a detailed understanding of the specific roles of each party and the established sequence that is effective from initial introductions to new tenancies. The roles and sequence outlined here are required.

Each party in a new initiative has a defined lane of activity and responsibility at each specific stage of events. The partnership is effective when each party adheres to the defined path and deliverables.

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**Key Partners.** Three key partners advance the initial work of developing potential opportunities in local communities, bringing strategic capacity and experience to the collaboration.

- Philip Mangano, President, American Round Table to Abolish Homelessness
  - Tod Lipka, President, Step Up (SUA)
  - Private Sector Partner
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**Protocol Elements.** Five key components constitute the formal protocol for the SUA collaborative to work in local communities. The protocol elements are listed below in the sequence in which they occur.

**1. Due diligence.** The SUA partners have prioritized due diligence as required groundwork for every site. Philip Mangano conducts all due diligence in person. His work is that of guarantor to the SUA partners, and any engagement is predicated on his assessment. A financial commitment is required for the due diligence site visit, in the form of \$1500 plus travel expenses paid to the American Round Table.

The due diligence visit provides assurance to all partners that the local opportunity is timely, credible, and prepared to launch. Initial phone contact and groundwork can proceed quickly to the scheduling of a visit by Mr. Mangano. With effective pre-planning and meeting coordination to vet both the parts and the whole, required due diligence can be accomplished in a single day visit.

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There are four components to the creation of a hotel /motel initiative to scale housing for homeless people:

1. Acquisition
2. Rehabilitation
3. Rent
4. Services

The first two - acquisition and rehabilitation - are the focus of the private sector's (PSP) aspect of the partnership. The PSP is prepared to finance both resulting in a multi-million-dollar local investment the size of which is determined by the number of units to be converted.

The rent and services aspects are the responsibility of the local community partners to facilitate. To that end, the local lead organizes a day of individual and group meetings with targeted decisionmakers in key roles: local government, housing officials/Housing Authority leadership; primary and behavioral health care leaders; and others, such as philanthropy.

The results of the visit ensure that all local parties understand their roles and are committed to the planned collaboration. Central to the visit is the commitment of local partners to the resources necessary to finance rent and services.

- 2. On Site Meeting to Coordinate Resources and Expedite Activity.** Those meetings are the basis by which a recommendation is made to proceed or not. If moving forward, a meeting with Step Up and the private developer is scheduled. Following the due diligence visit, a meeting is scheduled with local partners and Step Up and the PSP for a discussion of preliminary questions and strategic planning to move the project forward.
- 3. Voucher Availability and Commitment.** A required element to secure rent for planned units is a Housing Authority commitment of preferably an appropriate number of project-based vouchers (HUD vouchers, HUD VASH, etc.). Appropriate Housing Authority voucher commitments should be available in order to proceed.
- 4. Services Funding.** A variety of potential local funding resources may be available to support Step Up's supportive services role. Sources for a concrete services commitment may include Medicaid, HOME-ARP, CoC, local government dollars, private philanthropy, hospital systems, third party billing via FQHCs, and others.
- 5. Potential Conversion Sites.** The availability of viable conversion hotel/motel sites determines the scope of any potential project. The development expertise of Step Up and the PSP informs choices about specific sites identified as preferable by the local partners.

This proven model produces quality permanent supportive housing in the quickest, most cost-effective manner possible and leverages the private sector investment to cover the most expensive component (acquisition/rehab), relieving local government of both risk and cost burden.