

Strategies for Thinking Beyond the Replacement Reserve

How Deborah's Place Approaches Managing and Upgrading their Aging Properties

Introduction

If aging supportive housing properties are not properly maintained, they risk higher vacancy rates as tenants move out and fewer applicants want to move in. If buildings are not updated over time and aging materials are not replaced, growing maintenance and repairs can overwhelm a property as systems and materials fail. Using all the resources that are available to maintain properties over time is a critical approach to ensuring aging supportive housing properties are successful over time. Many supportive housing properties have commitments to serve eligible tenants for 20 to 50 years. Good property and asset management are key to successfully meeting this commitment.

One of Deborah's Place's core values is: "We believe that safe, clean and affordable housing is a right." You can see this value enacted in how they maintain their properties.

Deborah's Place cares for their properties in a way that many providers strive to do. They use all the benefits of being a non-profit in finding creative approaches like philanthropy and volunteers to address and resolve challenges to keep their properties updated and well maintained. It is apparent in their housing stability outcomes that tenants like where they live and the services that come along with it, since Deborah's Place maintains a 96% housing retention rate.

Deborah's Place

[Deborah's Place](#) is the largest provider of Permanent Supportive Housing (PSH) in Chicago exclusively serving unaccompanied women who are experiencing homelessness. They serve more than 600 women a year with the following goal: once a woman comes to Deborah's Place, they will never experience homelessness again.

Deborah's Place was founded 40 years ago by a group of women that wanted to address what they saw as a great need in the community: to serve unaccompanied women experiencing homelessness. In 1985, they began as an overnight shelter that operated out of a church basement and grew into an organization that now offers over 360 units of supportive housing where they provide participant-driven case management and wrap-around services to the tenants they serve.

Properties They Own

Deborah's Place owns and operates two supportive housing developments: the Rebecca Johnson Apartments and the Patty Crowley Apartments. They also manage over 200 units of scattered site supportive housing and provide services to 34 formerly homeless tenants of the 43-unit Conservatory Apartments, which is owned and managed by another non-profit organization, Interfaith Housing Development Corporation.

Rebecca Johnson Apartments

Property Details

- 90 studio apartments with a 24/7 staffed front desk.
- Building amenities include: Community Center, Learning Center, Lounges, Meeting Rooms. Deborah's Place's administrative offices are housed at this site.
- Originally funded with Low Income Housing Tax Credits (LIHTC), this property opened in 2000 and has exited its LIHTC compliance period. Deborah's Place is now the 100% owner of this property.

Photo: Front entrance of
Rebecca Johnson Apartments



Patty Crowley Apartments

Property Details

- Co-locates 39 studio apartments with a separate entrance for the program space that houses Teresa's 10-bed Interim Housing program and Dolores' 15-bed Safe Haven program.
- Building amenities include: Community Center, Learning Center, and Meeting Rooms.
- Originally funded with City of Chicago Community Development Block Grant (CDBG) funding, Deborah's Place has been the sole owner of this building since it opened in 1995.

Photo: Exterior of Patty Crowley Apartments



Deborah's Place Team

It takes a village to ensure quality asset and property management



Deborah's Place Leadership Team

Chief Executive Officer

- The role provides leadership in seeking and securing funding for asset management and capital planning.

Chief Operations Officer

- This role assists the Chief Executive Officer in identifying needs and seeking funding and overseeing each building and ensuring that any maintenance related concerns are resolved.

Property and Maintenance Team

- Deborah's Place has a Chief Maintenance Engineer who oversees major projects, repairs, and replacements for both properties. They also supervise 3 maintenance staff members who handle day-to-day maintenance on each property and contracted janitor services.
- Deborah's Place has a Property Management Director who oversees 1 Property Management Coordinator, and 7 Front Desk Clerks.

These two teams work closely together to ensure all properties at Deborah's Place are maintained to ensure tenants have a safe home.

Deborah's Place Contracted Custodial Services Team:

Deborah's Place uses an external janitorial service who are regularly scheduled to maintain the cleanliness of the building's interior spaces. They prefer to use a contracted service agency rather than a team of direct hires because it is cost effective and allows the property and maintenance team to focus on daily upkeep of the building as well as planning for and completing major projects. The custodians are primarily female which is also helpful for the tenants.

Deborah's Place Tenants:

The tenants of Deborah's Place are critical to property upkeep. Property maintenance and upkeep are important because tenants will not live in a building that is poorly maintained. Deborah's Place involves tenants in maintaining the property by asking them to complete and submit maintenance request forms to communicate concerns. Tenants are also invited to participate in regular community cleanup events with neighbors and volunteers. There are also regularly scheduled resident meetings to give feedback and share maintenance issues that need to be addressed that staff may not be aware of.

Deborah's Place Volunteers and Interns:

Deborah's Place was founded on volunteers and values community involvement. They have a robust network of volunteers (individual and corporate) who help with things like gardening, assembling move-in packets, special events and more.

They also have a volunteer internship with a local high school. As part of this internship, students receive a tuition stipend of \$10,000 per student each year. Many current and former staff have family members who participate in volunteer activities as well.



Photo: Exterior of Rebecca Johnson Apartments

Capital Planning Strategies

Identifying and Planning for Needed Upgrades and Repairs

Both properties that Deborah's Place owns are older buildings that were originally rehabbed in the 1990s. Because these buildings are older, and many years post rehab, they are very focused on the long-term performance and sustainability of these properties to ensure their tenants can remain secure and stably housed. These are some of the strategies they use in their capital planning efforts.

Capital Plans

- Deborah's Place creates 3-year capital plans to outline the physical needs of their properties. This allows them to plan for things like replacing windows, appliances and renovating spaces like the restrooms. These capital plans include phasing repairs and replacements in fundable increments to be successful in keeping the buildings sustainable. To better track those items, Deborah's Place is creating a guidance tool to help staff identify major replacements according to warranties. This leverages cost when they know that a warranty may be expiring and a particular item needing replacement can be covered by the warranty before it expires.

Techniques for Identifying Needed Repairs

- Daily Observation:
 - All staff are trained in how to identify things that need to be repaired and replaced and how to properly communicate with the maintenance team using appropriate maintenance forms to ensure no repair goes unnoticed. It is an all-hands-on deck approach.
- Staff Inspection of Units
 - Regular unit inspections are important to Deborah's Place maintenance efforts. Staff complete daily observations and external inspections; they are critically important to informing their long-term capital planning.
- Staff Inspection of Buildings
 - They perform quarterly walk-throughs with the manager of each building to identify things that need to be repaired or replaced and address any wear and tear in the buildings.
- Compliance Related Inspections
 - Inspections are regularly conducted for plumbing, heating and cooling equipment, electrical and elevators. Deborah's Place hires licensed external professionals to identify and resolve any potential long-term issues as a preventative approach to addressing building issues.

Emergency Planning

- Deborah's Place creates Transition Plans for its properties to prepare for potential emergencies. These plans provide guidance in the event their properties experience unexpected maintenance issues, such as their elevator going down, or fire damage, or other events which may require tenants to be relocated. Having transition plans in place ensures that they can react swiftly to address the housing needs of their tenants while the property is being restored.

Capital Funding Resources

Leadership at Deborah's Place knows it is critically important to proactively search for funding resources to address the physical needs of their properties. They continually search for new state, local and philanthropic funding that becomes available. Having a 3-year capital plan for their properties allows them to take advantage of these opportunities when they arise. Planning and naming all the property needs can be valuable information that could be needed in a pinch to support future funding and application efforts.

Rebecca Johnson Apartments

Replacement Reserve

- The Rebecca Johnson Apartments was financed with Low Income Housing Tax Credits (LIHTC). When the investors exited the partnership after 15 years, Deborah's Place took on full ownership of the property. They successfully negotiated retaining their replacement reserves with their investor during this process. Their replacement reserve is held and managed by their Housing Finance Authority, the Illinois Housing Development Authority (IHDA). They must submit information to IHDA on repairs needed and IHDA retains the right to approve or deny the use of Replacement Reserve funds. Deborah's Place pays into the replacement reserves annually from their operating budget for the property. These funds are critically important to their management of the property and provide essential funding that they may need in the future.

Federal Home Loan Bank and Member Bank Loan

- When Deborah's Place exited their LIHTC partnership, they applied to the Affordable Housing Program (AHP) of the Federal Home Loan Bank of Chicago (FHLBC) for \$750,000 that was matched with \$250,000 loan from a FHLBC member bank. Deborah's Place financed the building with FHLBC AHP funding when they originally developed the building and had successfully met the requirements for that funding when it expired.

Their second FHLBC AHP funding action on the property allowed them to replace the building's aging HVAC system and conduct several smaller capital projects. Deborah's Place's commitment to maintaining this property during its tax credit compliance period meant that they could take on ownership without having to re-syndicate the property and could move forward as owner with this \$1,000,000 investment from FHLBC and their member bank. This is a great example of the benefits of strong property and asset management.

Private Philanthropy

- When originally rehabbed, the building had a gym with a stage and a kitchen that was used for a variety of Deborah's Place community events. Over time Deborah's Place found that the gym wasn't needed, and they secured private philanthropic funding to convert this space from a gym into a community center. As part of this conversion, they also adapted one of the bathrooms into a shower room. The shower conversion was planned in the event tenants might need to be housed temporarily in an emergency.

Patty Crowley Apartments

Capital Campaign

- The Patty Crowley Apartments was developed primarily with CDBG and FHLBC funds and Deborah's Place has been the sole owner of this property since it opened in 1995. Deborah's Place held a Capital Campaign that raised private funding that supported capital projects during the property's first 10 years, but since that time Deborah's Place has raised the funding for all upgrades and repairs over time. This property does not have a replacement reserve.

State Funding

- Deborah's Place applied for capital funding to replace their roof from the Illinois Department of Commerce and Economic Opportunity (DECO). They were able to complete the work under budget and are working with the funder to use the remaining funds to replace the water heater.

Insurance

- Deborah's Place had a fire in 2023. Although no one was hurt and fire damage was minimal, they experienced extensive flood damage from the sprinkler system. They relied on their insurance to finance repairs for fires and flooding. They have a higher deductible to keep their insurance costs down, so they had to cover the deductible with their own funds.

Planning for Future Improvements

Deborah's Place keeps a list of improvements that they want to make, so that they can actively seek funding as it becomes available. Recently Deborah's Place staff attended an 8am meeting where they found out about a capital grant opportunity that was due that afternoon. Because they knew their capital needs, and staff attending the meeting knew their needs, they were able to respond swiftly and secured funding to replace mattresses, flooring, and a stove. This is a great example of how involving all staff in the management of the property can not only lead to stronger oversight but also access to capital resources.

Pro Bono Resources

- Deborah's Place relies on Pro Bono resources to assist them with managing their properties.
 - Each property has an Advisory Board that meets quarterly and includes members with specialized knowledge (architects, developers, funders, etc.) to advise on the maintenance and management of their properties.
 - Architects provided pro bono services to design the conversion of the gym to the community center and plans for adding elevators at each site.
 - Contractors have provided pro bono pricing services on the elevator additions and other projects.
 - Deborah's Place uses corporate and individual volunteers for work on their property. Types of projects can range from painting to cleaning to gardening.

Future repairs and upgrades that they've currently identified include:

- Removing all the carpet and replacing it with tile. Using tile for flooring is more durable and will be easier to maintain throughout the years and will cut down on allergens for tenants.
- Increasing Wi-Fi access. Having a robust internet infrastructure for tenants can encourage a sense of virtual community, provide access to workforce development, and open a world of opportunities for tenants.
- Replacing Learning Center computers. Deborah's Place is currently considering application for a state grant to replace computers used by residents in Learning Centers at its two sites.
- Adding generators in each building. Access to generators for each building can be beneficial if there is inclement weather or a power outage to keep tenants safe and all equipment running properly.

- Replacing the Heating, Ventilating and Air Conditioning (HVAC) systems at the Patty Crowley Apartments. Most of the current HVAC units are older and ready to be replaced. Keeping the HVACs in good working condition is necessary for tenants to be comfortable and to keep the buildings at a safe temperature during cold and hot weather. There are four rooftop units, and they plan to replace one annually over the next 4 years.
- Planning for Potential Elevator Emergencies: When the Rebecca Johnson Apartments and the Patty Crowley Apartments were first developed, funding only allowed them to include one elevator in each building. Deborah's Place has experienced elevator emergencies where tenants were stuck on their floors due to the building having only one elevator, or while elevator repairs were taking place. This causes safety concerns and stress for staff who are assisting mobility challenged tenants on higher floors. In one instance, there was a leaking elevator that may have taken up to three months to repair, and while the elevator repair company found another way to address the repair, it highlighted for Deborah's Place the need to add elevators to their two properties. Deborah's Places leadership team is working to plan for where elevators could be added to the building and to estimate the cost of adding an elevator at each of the buildings. This is a great example of how Deborah's Place is proactive in thinking about their property and not limiting their planning to their cash in hand but rather creating a list of needs that they can fundraise to address. This kind of preparation can make it possible to quickly apply for funds when they are available and to have the information needed on cost and approach for funding requests.

Lessons Learned from Deborah's Place

- Have a strong Property and Maintenance Team.
- Train and involve all staff and tenants in monitoring the building and reporting needed repairs.
- Create a multi-year Capital Improvement Plan so you have the information you need on the scope and cost of the work, so you know how to prioritize what is needed when resources become available.
- Get to know your local and state and philanthropic funding sources for capital repairs that require skilled labor. Monitor these funders to ensure that you know when new opportunities arise.
- Use external professionals to monitor specialized systems (elevators, HVAC, etc.).
- Be proactive in working with pro bono experts to define costs for needed repairs and upgrades so you can respond quickly when funding opportunities arise.
- Seek assistance from Corporate and Individual Volunteers to address building needs that can be accomplished by less skilled labor.
- Use your Replacement Reserve when you have one and have eligible costs.

- Create Emergency Transition Plans in the event you need to temporarily relocate tenants due to emergencies or unforeseen circumstances.
- Prioritize Your Property's Needs:
 1. Health/Safety or Building Code
 2. Emergencies/ Unexpected – fires, floods, breakdowns
 3. Replacement Schedule -expected life of appliances and systems – most immediate first
 4. Longer term replacements – planning for funding sources for future needs
 5. Schedules for flooring replacement, painting, etc.
 6. Wish list items – not required, but desired (such as generators)

Summary

Deborah's Place uses tried and true best practices by building upon the many experiences and lessons they have learned over the years. This has allowed them to maintain the physical and aesthetic longevity necessary to provide hundreds of women with safe, clean and affordable housing. Deborah's Place's quality asset management ensures the long-term sustainability of their aging Supportive Housing properties.

Resources for Supportive Housing Property Preservation

- [Sample job description for maintenance team](#)
- [Sample maintenance request form](#)
- [Additional CSH Housing Preservation resources](#)