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**Organizational Long-Range Options**

**(with Discussion Notes)**

IHN @ Alpha House

Board of Director’s Meeting

November 28, 2017

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| **Option #1:** **STATUS QUO** Remain at current location and keep building until it is no longer feasible to maintain. | | |
|  | **Benefits** | **Disadvantages** |
| **Families Served** | Currently providing emergency shelter for an average of 6 families at one time. | West side of Ann Arbor is harder to negotiate by bus for families. |
|  | Most families will not be able to afford to live in Ann Arbor. |
|  | Congregate shelter difficult for families, and a lower barrier situation can be obtained with apartments. |
| **IHN / St. Joseph Partnership** | Partnership with St. Joe's and IHN is evident. | Partnership may depend on key people, which is not known going forward. |
| St. Joe's contributes to maintenance support. | Maintenance help from St. Joe's is not guaranteed. |
| **Congregational Partners / Volunteers** | Established location for congregations that provide much needed volunteer & in-kind support. | Low barrier shelter requirement for flexible meal scheduling is challenging for volunteers. |
| **Other Community Partners** | Current approach is familiar to community partners and funders. Collaboration is currently strong with partners. | West side location and transportation limitations are challenging for partners. |
| Duplicate administration expenses with other partners in the community for small number of beds. |
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| **Organizational/Operational Considerations** | Relocating shelter or building new shelter is very difficult and expensive. This site is well established. | |
| **Staffing Considerations** | West side of Ann Arbor is costly for staff members to commute to clients in Ypsilanti (Case Managers). | |
| **Long- range Outlook/ Implications** | Longevity of current building/facility is unknown….currently, 4 years left on lease. Need to evaluate feasibility of renewal, if desired option. | |
| **Additional Information Needed** | Requires ongoing commitment from St. Joe's (funding) and congregational partners and volunteers (supporting shelter operations). | |

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| **Option #1:** **STATUS QUO**  Remain at current location and keep building until it is no longer feasible to maintain. | |
| **Financial Impact:** |  |
| Maintaining the building in habitable condition for families will be increasingly difficult and expensive over time, particularly if St. Joe’s discontinues its maintenance and financial support. | Currently: St. Joe’s provides $189,000 in-kind donation for facility rental/year ($15,750/month) and up to $20,000 for annual maintenance. Total in-kind: $209,000/year. |
| **Assumptions:** | |
| **Revenues:**   * Grants * Development * Other * Total | $ 838,014  $ 495,500  $ 3,000  $1,336,514 |
| **Expenses:**   * Personnel * Operations * Total | $ 720,180  $ 616,334  $1,336,514 |
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| **Potential Net Savings or Increase:** | Increasing annual costs due to maintenance required as facility condition declines. |
| **NOTES:**   * How do these options align with our vision, mission, and values? * How do we ensure that the voice of the stakeholders (families who are clients) is heard when considering these options? | |

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| **Option #2:** **BUILD** **NEW SHELTER FACILITY** Find or build a new shelter space closer to the East Side of the County. | | |
|  | **Benefits** | **Disadvantages** |
| **Families Served** | East side location for an emergency shelter would be more convenient for families. | Congregate shelter difficult for families, and a lower barrier, more flexible solution can be obtained with apartments. |
| New building could be designed to accommodate the needs of families more effectively. |  |
| **IHN / St. Joseph Partnership** | Possible use of an existing building or building a new building on St. Joe's Campus? | Will St. Joe's still be a partner if a new shelter is not located on or near their campus? |
| **Congregational Partners / Volunteers** | Does this present an opportunity to expand volunteer base to the East Side of the County? Is that feasible? | Current volunteers may not be willing to work in the East Side of the County. |
|  | May lose some congregations. |
| **Other Community Partners** |  | Will community partners & funders support a new emergency shelter? |
| Duplicate administrative expenses with other partners in the community for small number of beds. |
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| **Organizational/Operational Considerations** | Politically difficult, since local govt. may not be supportive of congregate shelter, especially on the East Side. | |
| **Staffing Considerations** | East side location would be better placement for case managers to do RRH and follow-up service. | |
| **Long- range Outlook/ Implications** | Building a new shelter on the east side of the County is likely to take 5 to 7 years (raising funds, soliciting political support, and building the shelter). Potential federal budget cuts create an uncertain financial future for families and community partners, due to anticipated reductions in health and human services. | |
| **Additional Information Needed** | Other locations available on St. Joe's Campus? | |

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| **Option #2:** **BUILD NEW SHELTER FACILITY**  Find or build a new shelter space closer to the East Side of the County. | |
| **Financial Impact:** |  |
| $3 to $5 million capital campaign would be needed to obtain or build new space. Could take 5 to 7 years to raise the funds and build. | ***Examples of other community facility builds:***  ***Safe House:*** 20,000 sq. ft. with 23 rooms with 50 to 60 beds = $5 million to build.  ***Delonis Center:*** 23,000 sq. ft. with 50 beds =  $5 million to build and $240,000/yr. in maintenance expenses. |
| **Assumptions:** | |
| **Revenues:**   * Grants * Development * Other * Total | Same as Option #1 (status quo):  $ 838,014  $ 495,500  $ 3,000  $1,336,514 |
| **Expenses:**     * Personnel * Operations * Total | No change in personnel. Assuming same square footage, add $20,000 to $30,000/year cleaning; $20,000 to $30,000/year additional maintenance expenses if support from St. Joe’s is discontinued?  Current Potential  $ 720,180 $ 720,180  $ 616,334 $ 676,334 $1,336,514 $1,396,514 |
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| **Potential Net Savings or Increase:** | ***Operating Budget:*** Potential net increase of $60,000/yr. for maintenance and cleaning. |
| ***Capital Campaign:*** Potential $3 to $5 million capital campaign to build and furnish new shelter. |
| ***If Use Existing St. Joe’s Building:*** Undetermined cost of leasehold improvements to turn existing building into family shelter?  Annual cost of current Alpha House building rent (current in-kind of $189,000/year = $15,000/month). |
| **NOTES:**  1.5 years ago, Dave researched this and recognized that raw land to purchase for a building in Ypsilanti was hard to find. Didn’t find potential lots that were suitable in the past. | |

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| **Option #3:** **REPLACE CONGREGATE SHELTER WITH SHELTER APARTMENTS** Change current emergency shelter model to safe shelter apartments, provide Rapid Rehousing, and obtain office and storage space near shelter apartments. | | |
|  | **Benefits** | **Disadvantages** |
| **Families Served** | Shelter apartments and RRH located on east side, which is more convenient for clients. Could potentially add more units of shelter. | Could result in duplicate service delivery or confusion for families if there is not effective collaboration between IHN, SOS, & Salvation Army or the collaboration isn’t clearly defined and/or communicated to families. |
| **IHN / St. Joseph Partnership** | Could free up St. Joe’s IHA land currently being used for the shelter on Jackson Rd. | Would St. Joe's remain a partner if no congregate shelter? |
| **Congregational Partners / Volunteers** | Volunteers may be used in more valuable ways to support families in permanent housing (blessing baskets & start up food), apartment turn-over for new families, and political action for policy change. | Eliminates shelter functions currently provided by IHN so connection to congregations & volunteers may be lost. |
| **Other Community Partners** |  | Duplicating services to families in east side of county with SOS & Salvation Army. |
|  | Continue to duplicate administrative services with SOS & Salvation Army. |
|  | Continue to be competitors, rather than partners, competing for limited resources. |
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| **Organizational/**  **Operational Considerations** | Eliminates the need for and cost of a shelter building. | |
| Requires administrative office & RRH services near shelters. | |
| Can be done in Ypsilanti without public hearings. | |
| IHN could maintain its unique identity but it could create competition with partners and confusion for families. | |
| **Staffing Considerations** | East side location would be better placement for case managers to do RRH and follow-up service. | |
| **Long- range Outlook/ Implications** | Research supports low-barrier access to sheltering and RRH services. Shelter apartments provide lower-barrier access and more self-sufficiency for families than congregate shelter. Provides more flexibility to expand/contract number of apartment units, based on community need and funding considerations. | |
| **Additional Information Needed** | Discuss funding considerations with funders. | |

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| **Option #3:** **REPLACE CONGREGATE SHELTER WITH SHELTER APARTMENTS**  Change current emergency shelter model to safe shelter apartments, provide Rapid Rehousing, and obtain office and storage space near shelter apartments. | |
| **Financial Impact:** |  |
| Eliminates cost of a shelter building. | OCED may not fund, due to potential duplicate services/costs with SOS. |
| DHS bed night money will cover this model ($16 bed/night = $48/day for family of 3 for 90 days = $1,440/month for apt.). | Reduce costs by eliminating the need for overnight and daytime shelter staff. |
| Will funding need to be available to provide renter’s insurance and security deposits to families/landlords for shelter apartments? |  |
| **Assumptions:** | |
| **Revenues:**   * Grants * Development * Other * Total | Same as Option #1 (status quo), except OCED funding may be at risk, -$111,000):  Current Potential  $ 838,014 $ 727,014  $ 495,500 $ 495,500  $ 3,000 $ 3,000  $1,336,514 $1,225,514 |
| **Expenses:**       * Personnel * Operations * Total | **Personnel:** Eliminate 2 administrative & residential staff positions ($223,786 + $46,812).  **Operations:** Office rent/maintenance $2,500/month rent = $30,000/yr. Apartment rental costs reimbursed by DHS, but added apartment cleaning and damage funds, $20,000/year. Furnishings donated. Will renter’s insurance and security deposits need to be provided for families/landlords for shelter apts.?  Current Potential  $ 720,180 $ 449,582  $ 616,334 $ 666,334 $1,336,514 $1,115,916 |
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| **Potential Net Savings or Increase:** | Potential $109,598/year net savings if OCED funding discontinued. If OCED funding continued, $220,598/year net savings. |
| **NOTES:**  Potential Risks:   * Are there enough landlords in Ypsilanti willing to work with us? * Would this be taking up apartments that could be rented for long-term tenancy?   Is there research to support shelter apartments being more effective for families than congregate shelters? | |

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| **Option #4:** **MERGE WITH SOS**  Merge operations with SOS, provide shelter apartments and RRH services, create central administrative offices for HAWC/Salvation Army, SOS/IHN. | | |
|  | **Benefits** | **Disadvantages** |
| **Families Served** | Operations & services located on east side, which is more convenient for clients. |  |
| Easier access, less confusion, and more standardized services for clients. |  |
| **IHN / St. Joseph Partnership** | Could free up St. Joe’s IHA land currently being used for the shelter on Jackson Rd. | Would St. Joe's remain a partner if no congregate emergency shelter provided? |
| **Congregational Partners / Volunteers** | Volunteers may be used in more valuable ways to support families in permanent housing (blessing baskets & start up food), apartment turn-over for new families, and political action for policy change. | Eliminates shelter functions currently provided by IHN so connection to congregations & volunteers may be lost. |
| Uncertain impact on congregations if IHN identity is lost. |
| **Other Community Partners** | Eliminate duplication of service delivery and potentially increase number of apts. available. |  |
| Better able to accommodate needs of families; flexible to expand/contract # of units based on community need. |  |
| OCED may shift more funding to service delivery due to consolidated admin. services. |  |
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| **Organizational/**  **Operational Considerations** | Possibly the IHN/Alpha House name could be retained to manage shelter services with SOS handling RRH, but the organizational structure would be dissolved, depending upon legal ramifications and partnership negotiations. | |
| Systems, policies, and procedures would require merging as well. | |
| **Staffing Considerations** | Merger with SOS could eliminate administration and program staff positions, in addition to shelter operations staff. | |
| **Long- range Outlook/ Implications** | Eliminates redundancy in the County housing system of care, which could reduce the competition for limited resources. | |
| **Additional Information Needed** | Requires in-depth financial evaluation to assess feasibility. | |
| Discuss merger options with SOS/Sal Army. | |
| Discuss funding considerations with funders. | |
| Evaluate accounting and legal implications of possible merger. | |

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| **Option #4:** **MERGE WITH SOS**  Merge operations with SOS, provide shelter apartments and RRH services, create central administrative offices for HAWC/Salvation Army, SOS/IHN. | |
| **Financial Impact:** |  |
| Keep services & shelter beds, while saving housing system dollars. Reduction in administrative costs could potentially result in funds being redirected to direct services to families. | Will funding need to be available to provide renter’s insurance and security deposits to families/landlords for shelter apartments? |
| **Assumptions:** | |
| **Revenues:**     * Grants * Development * Other * Total | **Grants:** OCED funds ($111,000) could be redirected to provide more services to families, rather than support shelter operations?  **Development:** Could re-energize congregational base & increase funding. Or…might need to anticipate some loss in revenue and in-kind donations from current supporters of IHN (individuals, community groups, congregations, fund raising events)? Assume approx. 25% reduction ($120,000)?  Current Potential  $ 838,014 $ 727,014  $ 495,500 $ 375,000  $ 3,000 $ 3,000  $1,336,514 $1,105,014 |
| **Expenses:**   * Personnel * Operations * Total | **Personnel:** Eliminate duplicate administrative and shelter operations staff positions. Retain 2 shelter staff and RRH non-residential staff.  **Operations:**  ***Added Expenses:*** Office rent/maintenance $2,500/month rent = $30,000/yr. Apartment rental costs reimbursed by DHS, but added apartment cleaning and damage funds, $20,000/year. Furnishings donated.  ***Potential Decreased Expenses:*** Some % of utilities (currently $28,600), Development mailing & event expenses ($40,000), Accounting Fees ($10,000), Equipment ($12,500) = $91,100 total Assume 50% ($45,000)? Funding for renter’s insur./security deposits required?  Current Potential  $ 720,180 $ 276,374  $ 616,334 $ 621,334 $1,336,514 $ 897,708 |
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| **Potential Net Savings or Increase:** | Potential $207,306/year net savings if OCED funding lost and 25% reduction in fund development occurs. Net savings of $438,806/year if no funding lost. |

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| **Option #5:** **ELIMINATE SHELTER SERVICES**  Stop providing emergency shelter, move into offices, and provide Rapid Rehousing (RRH) services independently or with SOS & Salvation Army. | | |
|  | **Benefits** | **Disadvantages** |
| **Families Served** | Operations, RRH, & prevention services located on east side, which is more convenient for clients. | No space to provide short-term emergency shelter for 6 families at a time. |
| Research supports RRH as more effective than congregate shelters in quickly enhancing family self-sufficiency. | A continued paradigm shift for families, with the emphasis on self-sufficiency. |
| **IHN / St. Joseph Partnership** | Could free up St. Joe’s IHA land currently being used for the shelter on Jackson Rd. | Would St. Joe's remain a partner if no emergency shelter provided? |
| **Congregational Partners / Volunteers** | Volunteers may be used in more valuable ways to support families in permanent housing (blessing baskets & start up food), apartment turn-over for new families, and political action for policy change. | Eliminates shelter functions currently provided by IHN so connection to congregations & volunteers may be lost. |
| **Other Community Partners** | Efficiencies may be achieved by moving to one office location if IHN is interested in partnering to provide collaborative services with SOS & Salvation Army. | SOS & Salvation Army may not be interested in being a partner. |
| Reduces community capacity to meet the needs of families when demand may increase due to potential reductions in federal funding for health & human services. |
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| **Organizational/**  **Operational Considerations** | Need for repairing current building or obtaining/building new shelter eliminated. | |
| **Staffing Considerations** | Easier for RRH staff if located on East side of County. | |
| Would eliminate the need for shelter staff. Retain professional staff for Rapid Rehousing Programs. | |
| **Long- range Outlook/ Implications** | This approach may be more aligned with future federal funding. | |
| **Additional Information Needed** | Requires financial evaluation to assess feasibility. | |
| Discuss potential partnership options with SOS/Sal Army. | |
| Discuss funding considerations with funders. | |

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| **Option #5:** **ELIMINATE SHELTER SERVICES**  Stop providing emergency shelter, move into offices, and provide Rapid Rehousing (RRH) services independently, or co-located with SOS, HAWC/Salvation Army. | |
| **Financial Impact:** |  |
| Eliminates 6 emergency shelter units for families in the county. How would that need be fulfilled in the county-wide system of care? What would be the cost implications? |  |
| **Assumptions:** | |
| **Revenues:**   * Grants * Development * Other * Total | **Grants:** OCED funding would be eliminated ($111,000).  **Development:** If no longer providing emergency shelter, significant development funding & in-kind donations could be at risk, from individuals, congregations, community groups, fund raising (currently $495,500). Assume approximately 25% reduction ($120,000)?  Current Potential  $ 838,014 $ 727,014  $ 495,500 $ 375,000  $ 3,000 $ 3,000  $1,336,514 $ 1,105,014 |
| **Expenses:**     * Personnel * Operations * Total | **Personnel:** Eliminate 3 administrative staff and residential staff positions ($273,786 + $57,245).  **Operations:** Office rent/maintenance $2,500/month rent = $30,000/yr.  Current Potential  $ 720,180 $ 389,149  $ 616,334 $ 646,334 $1,336,514 $1,035,483 |
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| **Potential Net Savings or Increase:** | Potential net savings of $69,531/year if OCED funding discontinued and a reduction of 25% of current development funds occurs. Net savings of $301,031/year if no reduction in development funds. |
| **NOTES:** | |