

# Novogradac Journal of Tax Credits

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## HUD Grants Fund Public Housing's First Memory Care Development

By Jennifer Hill, Staff Writer, Novogradac & Company

**B**efore the Minneapolis Public Housing Authority (MPHA) built Thomas T. Feeney Manor in north Minneapolis, Minn., a nursing home was frequently the only option for public housing residents who developed a need for enhanced assisted living or memory care services, a category of services designed for seniors with Alzheimer's, dementia and memory loss issues. After losing their homes and being thrust into unfamiliar surroundings, patients often had to share a room, giving up their privacy as well.

Recognizing the hardship created by its inability to provide higher-level services, MPHA gradually added more assisted living units to its properties.

When grants for senior housing became available under the American Recovery and Reinvestment Act (Recovery Act) in 2009, the agency seized the opportunity to develop a dedicated acute assisted living and memory care services facility, along with a comprehensive senior health and wellness center. In June 2012, MPHA celebrated the grand opening of Feeney Manor, the first public housing community in the country to offer memory care services.

### Living with Dignity

"Now we don't have to wait for people to fail to get them services," said Bob Boyd, MPHA director of policy and special initiatives. "It's a win for providers because they don't have to worry about the housing part of it, and it's cheaper for the state because the residents don't have to go to nursing homes." In partnership with several local supportive service agencies, MPHA has created a housing



Photo: Courtesy of Minneapolis Public Housing Authority  
**Heritage Park Senior Services Center is a multi-service health and wellness facility for public housing seniors and other elders in north Minneapolis, Minn.**

model to provide its senior tenants with greater stability and enhanced quality of life. As their needs grow, residents of MPHA's five lower-level assisted living communities will have the chance to move into one of Feeney Manor's 48 apartments, half of which are reserved for older adults with memory problems. Later on, when they approach the end of their lives, residents can choose to pass away in their own homes with on-site medical care and hospice services.

During their time at Feeney Manor, residents enjoy in-room meal service, weekly laundry service and social enrichment activities. Staff members specially trained in dementia care operate the memory care portion of the building, which features controlled access, color schemes to aid in cognitization and a memory garden. Additional amenities and recreation opportunities, including a YMCA tailored to older adults; an adult day program managed by Augustana

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Photo: Courtesy of Minneapolis Public Housing Authority  
**Thomas T. Feeny Manor in Minneapolis, Minn. is the first public housing community in the country to offer memory care services.**

Care; physical rehabilitation, occupational, speech and aquatic therapies offered by the Courage Center; and a Neighborhood HealthSource medical center staffed with doctors are within a short walk through the breezeway that connects Feeny Manor to MPHA's newly developed Heritage Park Senior Services Center (HPSSC). All of Feeny Manor's units are occupied, and Boyd said MPHA has a long waiting list of seniors who qualify for the specialized care it offers.

### Complementary Goals

MPHA executive director Cora McCorvey has worked to provide public memory care housing for 30 years, since the time she worked as an MPHA property manager and was forced to evict elderly residents who were unable to meet their lease obligations as their mental states declined. When McCorvey became MPHA's executive director, she paired that mission with another high-priority goal – to offer seniors more services in the historically troubled north part of Minneapolis, where many local organizations have shifted their focus to the community's youth. "We recognized that we needed a comprehensive one-stop shop for seniors," Boyd said.

Achieving one of those goals, let alone both simultaneously, required far more capital than MPHA could raise on its own. So when the U.S. Department of Housing and Urban Development (HUD) offered \$995 million in Capital Fund Recovery Competitive (CFRC) grants, MPHA came up with a creative strategy to fund both developments.

"The grants came along at the same time, so we thought we'd have to choose one or the other, but then we started brainstorming to figure out how we could go for both of them," Boyd said, noting HUD's stipulation of one application per grant category.

Only one of the five CFRC grant program types specifically targeted seniors or persons with disabilities, but another fit perfectly with MPHA's ongoing efforts to incorporate sustainability techniques into its developments. For HPSSC, the agency applied under category one, Improvements Addressing

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the Needs of the Elderly and/or Persons with Disabilities; Feeney Manor's application was for category four, Creation of Energy Efficient, Green Communities.

### Financing a Senior Campus

HUD awarded Feeney Manor a \$9.7 million category four CFRC grant that covered most of the \$11.1 million in project costs. Its application scored 28 out of a possible 30, making it one of the highest scoring applications HUD received for that category. Certified under Enterprise Green Communities Criteria, the building is heated by a closed loop field under the parking lot that consists of 50 geothermal wells, each 200 feet deep. As a result, Feeney Manor uses 80 percent less than the typical amount of gas it would take to heat a building of similar size. In addition, electricity is generated by a 25-kilowatt rooftop solar array.

MPHA was also successful in its application for a category one grant to fund HPSSC, and received \$10.4 million under that program type. Structuring the \$16.6 million transaction for the center proved complicated because of the tight application timeline and the requirement for leveraged funds, which the agency was able to secure through new markets tax credit (NMTC) financing. Twin Cities Local Initiatives Support Corporation provided the allocation, and U.S. Bancorp Community Development Corporation served as the credit investor, supplying \$4.3 million in project equity.

"I don't think we would even have been able to apply for the grant without the new markets tax credit," said Tim Durose, MPHA chief financial officer. "We wouldn't have been able to find another partner on such short notice that would be able to contribute anything near the amount we had with the new markets transaction."

"This was one of the first projects where a housing authority used HUD public housing funds in conjunction with new markets tax credits," said Donna White, a HUD spokesperson, noting that HUD funds are more regularly combined with low-income housing tax credits. "This was different from what we are accustomed to seeing and [it was] a creative financing strategy," she added.

The resulting developments, along with Heritage Commons at Pond's Edge, an assisted living facility, form the Heritage Park Senior Campus in north Minneapolis. MPHA plans to eventually build a link from Heritage Commons to HPSSC, so that its residents will not have to go outside to reach services, especially during winter. Seniors who reside in public housing and low-income seniors take first priority for services, but the campus is open to all older adults in the community. "The difference it has made both physically and psychologically to people has been amazing," Boyd said. "It has far surpassed even our dreams of what we thought it would be." ❖

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