



**MEMORANDUM**

**TO:** Mayor and Members of City Council  
**FROM:** Timothy J. Baroody, City Manager  
**RE:** Supportive Housing for Homelessness MOU  
**DATE:** June 23, 2022 (for the June 28 Council Meeting)

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**ISSUE**

Should City Council adopt a multi-party Memorandum of Understanding to formalize a partnership with Micah Ecumenical Ministries, Virginia Supportive Housing, and Mary Washington Healthcare in an effort to create permanent supportive housing options for chronically homeless regional populations?

**RECOMMENDATION**

Yes, City Council should endorse the attached Memorandum of Understanding and authorize the City Manager to execute the document.

**BACKGROUND**

The City of Fredericksburg is approaching 30,000 in population, and has served as the region's hub and urban center for centuries. As a fast growing jurisdiction of only 10.4 square miles, it is increasingly challenged in meeting housing needs on the south edge of the rapidly growing Washington D.C. area.

The City of Fredericksburg has for decades led the region in support of many low income residents and families in our community. Today, the City comprises less than one percent of the region's (PD-16) land mass and less than ten percent of the region's population. Yet the City of Fredericksburg is host to over 42%<sup>[1]</sup> of the entire region's publically supported affordable housing. This equates to hosting almost half of the region's total publically supported affordable housing stock of the 5,974 units region wide.

The City is proud of its contributions to entitling affordable housing solutions over the past forty years, and acknowledges much more important works lies ahead. The City additionally advocated for a pilot project in 2018 to further fund the Continuum of Care's (CoC) already established rapid rehousing program. That pilot is now transitioning to a funded annual program, attracting matching dollars for the first time from all PD-16 jurisdictions in FY2023.

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[1] Caroline County hosts 2% (95 units), King George County hosts 6% (389 units), Spotsylvania County hosts 12% (696), Stafford County hosts 38% (2276 units). See Regional Affordable Housing Plan Draft.

Additionally, the City strongly urged the undertaking of a regional study, which led to the GWRC sponsored 2020 Housing Affordability Study and Action Plan. This planning led to the creation of the City's DRAFT Regional Affordable Housing Plan in 2021. This City document includes "priority solutions" now working their way into the City's Small Area Planning exercises, into the Comprehensive Plan, into conversation with developers, and in support of Habitat for Humanity. While the City is actively working to do more to support affordable housing solutions, it cannot carry the entire region's obligations for affordable housing solutions on its own.

The City of Fredericksburg and the surrounding counties have seen a consistent population of homeless individuals in the 150 to 200 range annually for the past decade. The chronic homeless population is a smaller subset and has trended in roughly the 50 person range annually in the past decade.

Our region's major homeless providers include Empower House, Loisann's Hope House, Micah Ecumenical Ministries, Thurman Brisben Center, and with the other Continuum of Care organizations, are doing great work. In fact, these not for profit providers do extraordinary work to support the region's neediest populations. But more is needed, and an elevated homelessness crisis may be just around the corner – with challenging economic headwinds, and federal pandemic related monies expiring this calendar year.

The City of Fredericksburg is now preparing to do more. The City, with its concentration of resources, is host to much of this underserved chronic homeless population. The City wishes more to be done to support this population, and has reserved an historic level of \$2 million dollars in its current budget (from federal ARPA monies) to tackle chronic homelessness issues. The City also promoted and sponsored the *Unsheltered Homelessness Summit* last September. This successful event brought 70+ community leaders and stakeholders to the table to discuss homelessness issues, and to discuss national best practice models.

The September Summit ended with a simple report, and associated action items. For the City, it was determined that the City Manager should "Meet with Virginia Supportive Housing to determine, interest in working in Planning District 16 and identify opportunities for partnership." This has occurred.

As a follow on to the conversations, Mayor Greenlaw, Councilman Gerlach and City staff recently toured one of Virginia Supportive Housing's permanent supportive housing properties (*The Crossings*) in Charlottesville, with Micah leadership. It is now believed that a partnership among multiple parties can move us to a point where a similar property in the region could be developed as permanent supportive housing for our region's chronic homeless.

After nearly a year of dialogue with local providers, and Virginia Supportive Housing, a Memorandum of Understanding (MOU) has been drafted and is before Council this evening. The idea is that by execution of the MOU, the City of Fredericksburg, Micah Ecumenical Ministries, Virginia Supportive Housing, and Mary Washington Healthcare, with the support of the CoC,

would become more formal partners in pursuit of permanent housing solutions for a segment of the broader homeless population.

Micah and Virginia Supportive Housing could work in partnership to design, construct and own respective parts of a multi-faceted housing development on a single site. The project may unfold as an “apartment building” with 60-80 units (which is VSH’s traditional model), directly adjacent to Micah’s *Jeremiah Community* vision of a small home community. This could happen in the City or in an adjacent County. The City of Fredericksburg is able, and likely willing to contribute its \$2 million reserve to seed this important project as a match to other contributions.

It is understood that a project of this magnitude may cost \$15 million dollars or more for construction, and will need ongoing, on-site support services. Once construction is accomplished, management and support services can be “contracted” and/or “facilitated” by a local organizations with a proven track record – i.e. Micah Ministries.

There is incredible strength in the partners who have come together thus far:

- Micah Ministries, which has cared for the street and chronic homeless for almost two decades, has established relationships with the local unhoused population and deep understanding of their needs. They operate a robust local support system aimed at moving people off the street and helping them sustain in permanent housing.
- Virginia Supportive Housing will be adding to its 17 properties in the Commonwealth of Virginia. Through local partners, such as Micah, they have a relationship with this community that spans more than a decade. They know how to get these projects done, and often pull from more than 20 different funding sources to accomplish a project.
- Mary Washington Healthcare has made long-standing investments shelter/housing as a health care issue. They have been a major funder of the Micah respite house, a shelter for unhoused persons exiting the hospital in need of temporary or terminal care. They are in the process of adopting a new Community Health Impact Plan, which includes affordable housing as a key issue in addressing community health.

It is widely believed that the time is here for bold moves and leadership on the important issues related to chronic homelessness. The region has proven it can advance support for its most vulnerable populations, but we cannot rest on past accomplishments, and staff believes our region should work to consider doing more now.

### **FISCAL IMPACT**

No fiscal impact is expected by simple execution of this MOU. Pending the outcome of partnerships created by execution of the MOU, the City may determine at a later date to move

its \$2 million in ARPA monies reserved for “homeless initiatives” to a future project to support new units dedicated to permanent supportive housing for chronic homelessness populations.



June 28, 2022  
Regular Meeting  
Resolution 22-

**MOTION:**

**SECOND:**

**RE:            Approving a Memorandum of Understanding Between the City of Fredericksburg, Micah Ecumenical Ministries, Virginia Supportive Housing and Mary Washington Healthcare to Develop Supportive Housing for Homeless Persons**

**ACTION:        APPROVED: Ayes: 0; Nays: 0**

The City of Fredericksburg has for decades led the region in support of many low income residents and families in our community. Today, the City comprises less than one percent of the region's (PD-16) land mass and less than ten percent of the region's population. Yet the City of Fredericksburg is host to over 42% of the entire region's publically supported affordable housing. This equates to hosting almost half of the region's total publically supported affordable housing stock of the 5,974 units region wide.

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Our region's major homeless providers include Empower House, Loisann's Hope House, Micah Ecumenical Ministries, Thurman Brisben Center, and with the other Continuum of Care organizations, are doing great work. In fact, these not for profit providers do extraordinary work to support the region's neediest populations. But more is needed, and an elevated homelessness crisis may be just around the corner – with challenging economic headwinds, and federal pandemic related monies expiring this calendar year.

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Upon consideration of the foregoing, the City Council hereby resolves that:

- The proposed Memorandum of Understanding is in the public interest;
- The City Council resolves that the City Manager is authorized to enter into a Memorandum of Understanding, which shall substantially conform to the attached draft, with Micah Ecumenical Ministries, Virginia Supportive Housing and Mary Washington Healthcare to develop permanent supportive housing for chronic homeless populations in our region.

**Votes:**

**Ayes:**

**Nays:**

**Absent from Vote:**

**Absent from Meeting:**

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***Clerk's Certificate***

*I certify that I am Clerk of Council of the City of Fredericksburg, Virginia, and that the foregoing is a true copy of Resolution No. 22-\_\_, adopted at a meeting of the City Council held June 28, 2022, at which a quorum was present and voted.*

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***Tonya B. Lacey, MMC***  
***Clerk of Council***

**Memorandum of Understanding**  
**Between**  
**The City of Fredericksburg, Virginia**  
**And**  
**Micah Ecumenical Ministries**  
**And**  
**Virginia Supportive Housing**  
**And**  
**Mary Washington Healthcare**

This Memorandum of Understanding (the "MOU") is entered into this \_\_\_\_\_ 2022 ("Effective Date"), by and between the **City of Fredericksburg, Virginia**, a Virginia municipal CITY having an address of 715 Princess Anne Street, Fredericksburg, VA 22401 (hereinafter referred to as "**CITY**"), and **Micah Ecumenical Ministries**, a Sec. 501(c) 3 organization established and operating in the Commonwealth of Virginia, with its principal place of business being located at 905 Princess Anne Street, Fredericksburg, VA 22401 (hereinafter referred to as "**MICAH**"), and **Virginia Supportive Housing**, a Sec. 501(c) 3 organization established and operating in the Commonwealth of Virginia, with its principal place of business at 8002 Discovery Drive #201, Richmond, VA 23229 (hereinafter referred to as "**VSH**"), and **Mary Washington Healthcare**, 2300 Fall Hill Avenue, Fredericksburg, VA 22401 (hereinafter referred to as "**MWHC**"). Individually, one of these organizations may be referred to as a "**Party**" and collectively these organizations may be referred to as "**Parties**."

RECITALS

- A. The CITY recognizes the need of permanent supportive housing for current and formerly chronically homeless persons residing within the City of Fredericksburg and greater Fredericksburg region.
- B. Since 2005 Micah has provided support, including housing and other necessary services, to the Fredericksburg Region's street and chronic homeless population.
- C. Since 1988, VSH has developed and provided permanent supportive housing for homeless single adults and is Virginia's largest supportive housing organization, developing and managing more than 650 housing units in seventeen communities.
- D. Since 1899, Mary Washington Healthcare (MWHC), the region's non-profit health system, has existed to improve the health of the people in the communities it serves. As part of its mission, the healthcare system is committed to addressing social determinants of health. The organization is currently working on initiatives that prioritize affordable housing as a critical health care intervention of its Community

Health Needs Assessment. MWHC has a long history of support for organizations that serve the chronic and street homeless, including its recurring and major sponsorship of Micah's Respite Program—a unique shelter option for unhoused persons who are recovering from a hospital stay or terminally ill.

- E. The Parties desire to cooperate for the purpose of developing permanent supportive housing for current and formerly chronically homeless persons in the Fredericksburg, Virginia region to include a mix of multi-family apartments and small, single-family, detached, or duplex housing (the "Project").
- F. The Parties desire to enter into this MOU, all as provided more particularly below.

**NOW, THEREFORE**, the Parties agree as follows:

### AGREEMENT

1. Good Faith Negotiations. This MOU is entered into to memorialize the preliminary and non-binding terms, as negotiated, and agreed upon by the Parties, of the transactions and further agreements discussed herein. As discussed in the recitals and throughout the MOU, the provisions and terms in this MOU are preliminary and shall not be construed to limit the consideration of alternative provisions. This MOU is intended to provide a general framework for subsequent good-faith negotiation of definitive agreements regarding the Project and is not intended to create any binding contractual obligations on either Party or to commit either Party to a particular course of action. A transaction of this type involves many essential terms and conditions that have not yet been agreed upon, and it is expressly contemplated by the Parties that in order to effectuate the Project, a binding agreement would have to be negotiated and agreed to by the Parties. The Parties agree to negotiate in good faith and in a timely manner such superseding and additional agreements as are necessary to conduct the provisions of this MOU. By "timely," it is understood that time is of the essence and that land acquisition is critical to accomplish in calendar year 2022. Notwithstanding anything herein to the contrary, this MOU shall remain in effect until the parties have entered into the binding agreement(s) contemplated herein or the Parties have elected not to proceed with the Project.

2. Project Objectives. The Project will include a mix of housing uses (i) the development of 60-80 multifamily units ("MF Project"), which will be developed and owned by VSH, and (ii) 30-50 small single family detached or duplex homes known as the Jeremiah Community, which will be developed and owned by Micah in support of Micah's life sharing community goals and objectives ("Jeremiah").

3. Conceptual Structure & Financial Support for the Project. The conceptual structure for the Project is as follows:



- A. VSH and MICAH will pursue the purchase of the real property site(s) and will respectively own the said sites for purposes of the Project. Notwithstanding the foregoing, in order to obtain long term financial support for the Project, the Parties agree that MICAH and VSH may enter into future agreements to transfer any MICAH own real properties to VSH or its affiliated entities. In addition, and as part of this process, VSH and MICAH will undertake necessary due diligence and retain professional consultants, if necessary, to identify, consummate and close on real property site(s) for the Project.
  - B. The CITY will support the Project by providing matching funding in the amount of \$2 Million Dollars. The Parties may identify additional support that may be appropriate, such as expedited application or permit review, by the City – if the project is built in the City of Fredericksburg. The CITY's obligation to pay the previously mentioned funds is conditioned upon the CITY's reasonable satisfaction of VSH and MICAH strategic planning, commitments of additional funding and long-term management and support for the Project.
  - C. The Parties agree to work in good faith to identify additional financial support for the Project, including without limitation all public and private funding, in kind and donation opportunities. This document does not though formally obligate any Party to a financial contribution at this point.
  - D. VSH and Micah agree to mutually coordinate services, supports and volunteer involvement of people living in Jeremiah Community. Micah will also have right of first refusal for the opportunity to provide services to those living in the VSH development.
  - E. MWHC agrees to continue to support Micah Ministry's respite care program and agrees to consider other monetary and non-monetary support of this project.
4. Authority. Each of the signatories to this MOU represents that he/she is authorized to execute the MOU on behalf of such Party and that all approvals, resolutions and consents have been obtained and that no further approvals, acts, or consents are required to allow each Party to execute this MOU.
5. Miscellaneous Provisions.
- A. No provision of this MOU shall be deemed to create a partnership or joint venture between the Parties.

- B. The Parties agree that this MOU supersedes any prior agreements related to the subject matter hereof.
- C. The parties named in this MOU agree to pursue additional regional and locality support as future partners in this important effort.
- D. This MOU shall be governed by the laws of the Commonwealth of Virginia.

[AUTHORIZED SIGNATURES TO FOLLOW]

**IN WITNESS WHEREOF**, this MOU has been duly executed as of the day and year first above written.

**CITY:**

By: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

**MICAH:**

By: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

**VSH**

By: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

**MWHC**

By: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_