



Special Needs Housing Development for Homeless Veterans

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Introduction

Cloudbreak Communities is a family of mission-driven, Limited Liability Companies (LLC) engaged in the development of supportive housing for homeless, formerly homeless and at-risk veterans. Owned and operated by Cantwell-Anderson, Inc.; a California Corporation, Cloudbreak Communities have successfully completed development of over 2,400 units of housing in five states and coalesced myriad supportive service providers to deliver needed care. Over 1,600 units are currently owned and managed by Cloudbreak Communities and another 1,000 are under active development.

Experience

Cantwell-Anderson, Inc., the parent company of the LLCs comprising Cloudbreak Communities, has been engaged, primarily in urban infill projects creating affordable and market-rate apartments, condominiums, commercial real estate and mixed-use totaling over \$500 Million since 1979. Nearly \$100 Million of the company's developments have been for sale and rental to targeted low-income households mixing below market financing from state and local agencies, tax-exempt mortgage bonds as well as market-rate commercial loans. At the request of stakeholders in the Los Angeles community, Cantwell-Anderson, Inc. began applying its unique expertise toward meeting the growing housing needs of the homeless population, primarily military veterans who totaled 200,000 nationwide at the time.

Its first mission-driven community, Westside Residence Hall was born in 1993 and clearly marks the birth of what has evolved into Cloudbreak Communities, although names have been different throughout the years beginning as Los Angeles Veterans Education and Training Services (LA VETS). Today, Cloudbreak Communities operates in five states including Hawaii, California, Texas, Arizona and Nevada. Cloudbreak Communities uses many sources of financing to create the conditions for veteran housing development including institutional lending, tax-exempt bonds, 4% tax credits, 9% tax credits through the Low-Income Housing Tax Credit program, City and State HOME funds, Enhanced Use Leases and a variety of other public and private sources of debt and equity instruments.

Philosophy

Cloudbreak Communities approaches special needs housing development from the framework of collaboration believing that all parties' talents are maximized when empowered to operate within their expertise. We are fiercely loyal to the concept of "collaborate in everything and be redundant in nothing." It is thus that we assemble the best local teams of public, private, non-profit and community-based organizations to go about the business of planning, developing, financing, services development and coordination. Cloudbreak Communities focuses primarily on acquiring and planning real estate, construction and property management and delivering on space needs of supportive service providers operating within each of our communities. We believe in creating safe, clinically supported communities where veterans can reach their highest level of independence and personal satisfaction.

Cloudbreak Communities Developments

Westside Residence Hall (WRH): Inglewood California

Originally a 125,000 square foot college dormitory, this inaugural development was acquired and renovated to house a design capacity of 500 beds. This capacity includes 150 VA Grant and Per Diem transitional housing beds operated by United States Veterans Initiative (USVI); 10 Substance Abuse Services Coordinating Agency beds; and 340 units of single and double occupancy permanent housing units with support services provided by USVI, a VA on-site clinic and the Inglewood Adult School.

Westside Residence Hall II features 196 efficiency units including 50 Project-Based HUD VASH Vouchers and a 4-½-story parking garage all opening in October 2011. Renovation plans of WRH are underway to convert from a dormitory setting to efficiency units beginning in 2012. WRH III contemplates 2 buildings of 100 additional permanent housing units each while integrating retail/commercial space on the first floors in conjunction with the Inglewood Redevelopment Agency.

Villages at Cabrillo: Long Beach California

Covering 27 acres, this Naval Base Closure development is the largest residential program in the country for homeless veterans, families and youth, with over 1000 beds of transitional housing, permanent housing and social services. The project was secured, envisioned, financed and developed by Cloudbreak Communities as the Master Developer and collaborative efforts of over 14 public, private and non-profit organizations packaged together critical programs and services.

Cloudbreak completed design capacity of 1,030 units over just 19 acres leaving 8 acres to be envisioned by Century Villages at Cabrillo. Cloudbreak Communities continued to manage the property until February 2010 when Century Villages at Cabrillo, a California non-profit, was handed the keys and 20 of 21 Cloudbreak employees joined the roles of the non-profit operator well trained for the future of this monumental community.

Compton California

Cloudbreak Communities is completing renovations of an 80-bed facility to serve the re-entry needs of ex-offenders with support services provided by Behavioral Systems Southwest, Inc. The development is expected to begin occupancy in 2012.

March Air Force Base: Riverside California:

Cloudbreak Communities worked with the March Joint Powers Authority, the entity in charge of the disposition of the March Air Force Base, to negotiate a master lease on a single building creating 75 units of affordable and permanent housing with support services provided by USVI.

The Meadows: Las Vegas Nevada

Originally built as a 150-unit Quality Inn hotel at the end of the Las Vegas Boulevard strip, Cloudbreak Communities acquired the property in 1999. The Meadows now hosts 238 beds

for homeless veterans. There are 118 VA Grant and Per Diem transitional housing beds and 19 Permanent Supportive Housing units operated by USVI and 101 units of permanent housing with support services provided by USVI and the VA Community Based Outreach Clinic. Future development plans include an additional 111 units of affordable housing units with supportive services available through USVI.

Victory Place: Phoenix Arizona

This 5 acre southern Phoenix campus hosts 102 Beds comprised of 70 VA Grant and Per Diem transitional housing beds operated by USVI and 32 units of permanent housing with support services provided by USVI and the VA Healthcare for Homeless Veterans program.

Victory Place Phase III creates 75 additional units of permanent housing with support services for homeless and formerly homeless veterans aged 55 and older and will feature 15 Project-Based HUD VASH Vouchers opening in November 2011. Victory Place IV entails 98 additional units of permanent housing with support services and a community center.

Victory House: Prescott Arizona

Located in the lower wing of the VA Domiciliary, Cloudbreak Communities negotiated a long-term capital lease with the Northern Arizona VA Healthcare System to purpose unutilized VA space for the transitional housing needs of homeless veterans. USVI operates 58 VA Grant and Per Diem beds at this location.

Midtown Terrace: Houston Texas

Originally built as a 286 bed Holiday Inn Hotel, Cloudbreak Communities acquired Midtown Terrace in 2003 and it now features 328 beds for homeless and formerly homeless veterans. This entails 72 transitional housing beds operated by USVI under the VA Grant and Per Diem program and 256 permanent housing units with support services including 54 units operated by USVI, 50 project-based HUD VASH units supported by VA, and 152 units of affordable housing with support services available through USVI, VA and Goodwill.

The Travis Street expansion entails 192 units of permanent housing with supportive services and breaks ground in September 2011. The Light Rail Lofts will feature 105 permanent housing units with supportive services for formerly homeless veterans.

The DeGeorge: Houston Texas

Cloudbreak Communities assisted the Houston Housing Corporation to create 100 units of veteran single-room occupancy housing and negotiated a master lease on the ground floor to co-locate critical services and retail operations. Today, the Houston VA Medical Center operates an on-site Community-Based Outpatient Clinic and co-locates USVI together to provide services to veterans in the area as well as to residents of the hotel and Joe's Deli is a successful enterprise offering a great sandwich at lunchtime.

Ignatia House: Washington DC

Cloudbreak Communities identified, envisioned and negotiated a master lease of the Ignatia House located on the grounds of one of just two Old Soldier's Homes in the Nation. This

picturesque landscape became the home for over 50 homeless veterans through permanent housing and services operated by USVI.

Kalealoa Residence Hall: Honolulu Hawaii

Using a 50 Year Enhanced Use Lease, Cloudbreak Communities acquired approximately 6 acres and 3 buildings on 2 parcels of Barber's Point Naval Air Station from the Department of Veterans Affairs and now provides 244 beds for homeless and formerly homeless veterans. Among the 244 beds, USVI operates a 98-bed VA Grant and Per Diem transitional housing program and provides support services to the remaining 146 permanent housing units. The most recent building opened entails 80 efficiency units and veterans lease over half with tenant-based VASH vouchers proving a strong desire among veterans to live within veteran-specific communities.

Future development plans include 50 additional studio units attached to the existing 80 unit building, an 85 unit residential apartment complex with a mix of unit sizes to accommodate veteran families, another 80 unit residential apartment complex, a VA Community-Based Outreach Clinic sized to meet the needs of 10,000 veterans and a possible 80 bed VA Domiciliary.

Conclusion

As a highly accomplished developer of supportive housing for homeless veterans, Cloudbreak Communities has learned that its developments must have scale and operate best as a self-contained "continuum of care" that includes high intensity programming at entry and low-intensity, independent housing with voluntary supports at exit. This requires tremendous collaboration. Finally, to achieve an end to homelessness among veterans, VA and advocacy organizations need to focus on modeling tools, such as Enhanced Use Leases, in structures that permit and empower institutional lending and FHA insurance to reduce perceived risk of such developments in the marketplace; paving the way for rapid unit production by the private sector.