



TACOMA HOUSING AUTHORITY

RESOLUTION 2018-07-25 (2)

Date: July 25, 2018

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Re: 2018 MTW Plan Amendment to Add Property Based Subsidy Activity

Each year Tacoma Housing Authority (THA) submits an annual Moving to Work (MTW) Plan. From time-to-time THA must amend these plans to account for changes that arise. This resolution would approve an amendment to THA's 2018 MTW Plan to account for an amendment to an existing MTW activity to allow THA to deploy a new property-based subsidy program.

Background

This resolution seeks approval to submit an amendment to THA's 2018 MTW Plan. The amendment proposes Housing and Urban Development (HUD) flexibility to help THA invest in housing units in order to make them affordable to very low income households in Tacoma.

The Tacoma housing market continues to see low vacancy rates and rising rents. The stock of housing that has been affordable to low income households is shrinking. THA has the ability to use its federal funding to find creative ways to make units available to low income households and to serve more households in the community. Under this proposal, THA intends to try to identify up to 200 units in the market, owned by THA and/or private owners, which could be made available to low-income households in exchange for annual financial contributions to the property.

This program is different from THA's tenant-based and project-based voucher programs. It is similar to the project-based voucher program in the way that the subsidy is tied to a property, as opposed to the tenant, and THA will regularly inspect units to ensure the units are safe for occupancy. The program is different from the project-based voucher program in three primary ways:

- Like other programs, tenants must income qualify and have incomes below set standards but the tenant rents are fixed regardless of the tenant's actual income. This provides predictable rent amounts for tenants rather than having tenant rents vary as tenant incomes go up and down. This makes the program easier to explain, understand and manage for both tenants and landlords. The fixed subsidy also removes a disincentive for tenants to

increase their earned income because the tenant's share of the rent will not increase if they earn more. On the other hand, it also means that a tenant's rent share will not decrease if their income goes down. In this way, it is similar to THA's Housing Opportunity Program (HOP) but tied to a property rather than assigned to a tenant.

- The subsidies to the owner would be set on an annual basis rather than varying month-to-month based on tenant rent calculations. This provides a stable and predictable and easy to administer income stream for the owners and predictable expenses for the housing authority.
- The owner will be responsible for advertising its vacancies, screening its tenants and verifying the income of the tenants. Tenants will not have a relationship with the housing authority. They will just realize affordable rents at the property level based on the subsidy that is being provided to the owner. The arrangement will offer tenants the tenant protections of THA's other programs.

Public Consultation

THA held a 30-day public comment period and scheduled two public hearings during the comment period. Only one comment was received from the public. It was in support of the proposal.

Recommendation

We recommend authorizing THA's Executive Director to submit an amendment to THA's 2018 MTW Plan as outlined in resolution 2018-07-25 (2).



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WHEREAS, The MTW Plan is required by HUD; and

WHEREAS, The purpose of the MTW Plan is to establish local goals and objectives for the fiscal year; and

WHEREAS, Rising rental costs and stagnant HUD funding make it difficult for voucher recipients to lease in the private market; and


WHEREAS, THA will update its MTW Plan to allow for a property-based subsidy program to secure more affordable housing units in the market; and

WHEREAS, Changes to the MTW Plan must be approved by THA Board of Commissioners; now, therefore, be it

Resolved by the Board of Commissioners of the Housing Authority of the City Of Tacoma, Washington, that:

THA's Executive Director is authorized to submit this amendment to THA 2018 MTW Plan.

Approved: July 25, 2018


Janis Flauding, Chair