TACOMA HOUSING AUTHORITY

RESOLUTION 2018-09-26 (5)

Date: September 26, 2018

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Re: Approval of Project Based Subsidy Contract

Tacoma Housing Authority (THA) issued a Request for Proposals for Property Based Subsidies. This resolution will award Project Based Vouchers to CWD Investments' Highland Flats Apartments (formerly known as the Tiki Apartments) to provide housing extremely low-income households with a preference for homeless or near homeless TCC students and other TCC students.

Background

On August 7, 2018, THA issued a Request for Proposals (RFP) for up to 200 property-based subsidies. THA received one response for these vouchers. Proposals were scored based on:

- Owner experience
- Units set aside for households below 30% area median income (AMI) receive 3 points each;
- Units set aside for households below 40% AMI receive 2 points each;
- Units set aside for households below 50% AMI receive 1 points each;
- Units set aside for households with a student attending Tacoma Community College receive additional points; and
- Units set aside for households with a student attending Tacoma Public Schools receive additional points.

At this time, the RFP review committee recommends awarding property-based subsidies to the only respondent. This award is for 62 units at Tiki Apartments. This is a market-rate property that is currently vacant and undergoing significant rehabilitation. Upon completion the owner will rename the property. All units will be filled with tenants earning below 30% of area median income based on the size of the household, with a first preference for students at Tacoma Community College.

The basic components of this award include:

- Units will be filled in the following priority order:

    1. Households that have been issued a College Housing Assistance Program (CHAP) voucher by Tacoma Housing Authority;

    2. Households that are homeless and eligible for CHAP under TCC screening criteria but have not been issued a voucher;

    3. Other households that are eligible for CHAP under TCC screening criteria but have not been issued a voucher;

    4. Households that are TCC students earning below 30% area median income;

    5. If a unit cannot be filled by a qualified TCC student within 14 days of a unit vacancy/availability then the owner will advertise to the general public and lease to a qualified tenant earning at or below 30% of area median income.

    6. If, at any time during this contract, TCC is unable to provide sufficient referrals to fill vacancies at this property, THA and the owner may work with other post-secondary institutions, including University of Washington-Tacoma and Bates, to establish a referral system to the property.

- Tenant rents are fixed regardless of the tenant's actual income. For this property, tenant rents will be $420 for a one-bedroom and $504 for a two-bedroom 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 HOP program but tied to a property rather than assigned to a tenant;

- The subsidies to the owner will be set on an annual basis rather than varying month-to-month based on tenant rent calculations. The subsidy will be based on the difference between the market value of the unit and the tenant rent. This provides a stable and predictable and easy to administer income stream for the owners and predictable expenses for the housing authority. The value of this subsidy contract will be approximately $570,000 per year:

- 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.

With the approval of this resolution, THA will begin negotiating the contract with CWD Investments. The contract term will be seven (7) years long. The basic components of the contract will include:

- Tenant protections for the occupants of the property
  - Leases cannot be terminated without good cause
  - Tenants are eligible for a HOP subsidy if the contract with the owner terminates

- Leases at the property cannot be renewed more than three consecutive lease terms. This builds in time for an occupant to attend TCC and complete a degree or certificate program without having a firm requirement that they maintain student status after they move in. If an occupant does not attend TCC, this contract term will ensure adequate unit turnover to serve more TCC students in need of housing;

- The terms of the annual subsidy payment;
- A requirement that the property maintain 95% occupancy;

- Monthly reporting to ensure THA meets its Moving to Work reporting requirements that are required as a condition of providing this type of subsidy;

- Units must pass Housing Quality Standards (HQS) inspections; and
- Tenant screening criteria.

Recommendation

Approve Resolution 2018-09-26 (5) authorizing THA's Executive Director to execute Property Based Subsidy contract with CWD Investments.

TACOMA HOUSING AUTHORITY

RESOLUTION 2018-09-26 (5)
(Approval of Property Based Subsidy Contract)

WHEREAS, Tacoma Housing Authority (THA) has held a competitive process for property-based subsidies; and

WHEREAS, CWD Investments was the highest scoring respondent and will be awarded subsidies for sixty-two (62) units; and

WHEREAS, the effective date of each contract will be up to the discretion of the Executive Director; and

WHEREAS, each contract will be negotiated with the property and will be in effect for up to seven (7); 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 negotiate, and if those negotiations are successful, to execute a Property Based Subsidy payment contract with CWD Investments for the Highland Flats Apartments (formerly known as the Tiki Apartments).

Approved: September 26, 2018

Dr. Minh-Anh Hodge, Chair