



TACOMA HOUSING AUTHORITY

RESOLUTION 2019-02-27 (5)

Date: September 26, 2018
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Approval of Project Based Voucher Contract: Home at Last

This resolution will award thirty (30) Project Based Vouchers (PBV) to Young Women's Christian Association (YWCA) Pierce County's Home at Last project for extremely low income, homeless, households fleeing domestic violence.

Background

The YWCA Pierce County has requested thirty (30) project-based vouchers (PBV) for its new permanent affordable housing development for people overcoming domestic violence and homelessness. The development is called Home at Last and will have a total of 54 new permanent affordable housing units.

Home at Last will serve people who find THA's traditional programs inaccessible because of our long waiting lists and often unavailable supportive services they need to use our housing. Yet they qualify as among Tacoma's "neediest" households, which THA's mission statement directs us to serve. This award of vouchers would allow THA to serve them and to do so in partnership with a strong service provider. The YWCA has a proven track record providing housing and supportive services to people overcoming domestic violence and homelessness.

YWCA Pierce County received a competitive tax award in 2018 for Home at Last. The selection was made without presuming that the project would receive PBV assistance. The property pro-forma shows that the property can cash flow without project-based assistance. However, THA's project based assistance will help the project and THA's mission in two ways: it will allow the project to serve households at the lowest income levels; it will give the project a larger income to pay for necessary supportive services.

PBV commitments help developers and tenants in ways that further THA's mission. For extremely low-income households, tax credit rents can be too high to afford especially if someone is fleeing domestic violence or exiting homelessness with no income. Project-based vouchers provide the safety net vulnerable tenants need as they transition to higher incomes. The

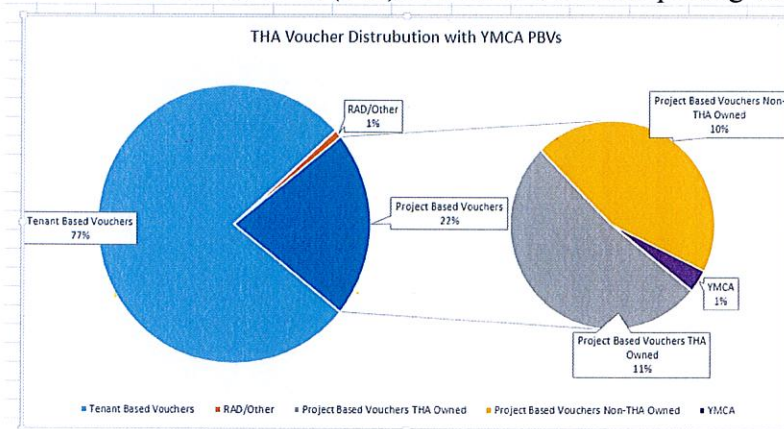
voucher also allows the property to charge more rent than the housing authority pays through subsidies. This increased cash flow then pays for supportive services. Here is an example of a potential tenant that could rent in this property:

A single mother with two children earns \$1,200 per month. She qualifies for a two-bedroom apartment set aside for an extremely low income (30% AMI) household. The income limit for a family of three is \$20,160. The affordable tax credit rent for this apartment is \$504.

An example of how this sample tenant and the property could benefit from this subsidy in a 2 bedroom unit set aside for tenants below 30% of area median income (AMI) is demonstrated in the table below:

	Tax Credit-Without Subsidy	Tax Credit- With Subsidy	Net Impact of adding subsidy
Maximum Rent Property can charge	\$504	\$1265 (payment standard)	+\$761 in property income per month
Tenant Rent	\$504	\$360 (30% of the \$1200 per month income)	-\$144 rent tenant must pay
Tenant Rent Burden	42% of monthly income	30% of monthly income	-12% in rent burden

THA has a total of 3,850 vouchers. Presently, 78% (3,003) of them are tenant-based. The remaining 22% (811) are project-based. (These numbers do not include THA's Rental Assistance Demonstration (RAD) conversion. THA does limit to 20% of the total of vouchers the number of project-vouchers it places into properties owned or managed by others. Presently, THA project bases 9.7% (374) of its total vouchers into non-THA properties. The award of thirty (30) project-based voucher to the YMCA will bring the total non-THA percent to 10.4% (404) and the total agency project-based commitment to 22% (841). Below is a chart depicting this information:



A competitive process is not necessary to select the YWCA for project based assistance. According to Housing and Urban Development (HUD) and THA policies:

The PHA may select proposal that were previously selected based on a competition. This may include selection of a proposal for housing assisted under a federal, state, or local government housing assistance program that was subject to a competition in accordance with the requirements of the applicable program, community development program, or supportive services program that requires competitive selection of proposals (e.g., HOME, and units for which competitively awarded LIHTCs have been provided), where the proposal has been selected in accordance with such program's competitive selection requirements within three years of the PBV proposal selection date, and the earlier competitive selection proposal did not involve any consideration that the project would receive PBV assistance. The PHA need not conduct another competition.

As mentioned above, the Washington State Housing Finance Commission selected this project through a competitive tax credit process in 2018.

Finally, the Board directed staff in 2018 to focus on making project-based vouchers available to existing housing projects rather than new construction. It did this for two reasons: **First**, this focus favors housing that will be immediately available rather than waiting for housing to be built. **Second**, this speedier use of THA's vouchers helps with its utilization rate.

This commitment to the YWCA would be an exception to that direction. This exception would serve some other important purposes. The main purpose would be to create affordable housing for a very needy population that requires specialized supportive services. Making this commitment now, as opposed to when the housing is built and available, will allow the YWCA to plan its income potential. They will be able to show the voucher income in their pro-formas to demonstrate that they can better pay for services. As we've seen with our own development projects, this additional income is important to make a project work.

Project Details

The YWCA Pierce County plans to complete its Home at Last campus through the development of new permanent affordable housing with expanded support services. Located between the YWCA Pierce County main program office at 4th and Broadway and its emergency shelter for victims of domestic violence at 4th and St. Helens, this project will provide 54 units for households making up to 30% and 50% of area median income in a mix of studio to three-bedroom units plus one manager's unit. 75% of units will be set aside for homeless households.

The project site is currently owned outright by the YWCA and will be conveyed at no cost to the project's tax-credit ownership entity. The southern half of the site will be regraded and will be used for required parking; a 7 story building will be constructed on the northern portion of the site. A private courtyard, located on the level 2 podium, will provide secure outdoor patio space and a play space for children.

The ground floor of the building will contain roughly 4,000 square feet of supportive service space, which will house on-site case management for residents and counseling for residents and other domestic violence survivors. The facility will feature full security systems and environmentally sustainable features. Along 4th Avenue, the project will improve the landscaping and hill climb that improves safety for program participants, staff, and neighbors traversing this steep slope. Residents will also have access to the full range of programming provided by the YWCA in their existing building, including therapeutic children's programming, legal services, and support groups.

This project completes the YWCA's vision for a complete campus of services to survivors of domestic violence and their children, and furthers our mission of transforming lives through safety, healing and empowerment. It also supports and furthers the City of Tacoma's action plan for increasing access to deeply affordable housing to reduce overall homelessness by providing permanent affordable housing with services to 54 households.

Unit Mix and Project-based Voucher Request:

55 units including 1 manager unit. The project income set-asides are 50% at 30% AMI and 50% at 50% AMI. **42 units (75%) will serve homeless households and will be held at 30% rent levels.**

	<u>30% AMI</u>	<u>50% AMI</u>	<u>Manager</u>	<u>Total</u>
Studio	5	6		11
One Bedroom	8	8	1	17
Two Bedroom	9	9		18
Three Bedroom	5	4		9
Total	27	27	1	55

The YWCA is requesting 30 vouchers to reduce the rent burden on homeless residents.

Project Timeline:

<u>Milestone</u>	<u>Date</u>
Design Development Complete	1/15/2019
Building Permit Application Submitted	2/28/2019
Tax Credit Investor Selection	3/1/2019
Building Permit Issued	7/10/2019
Financing and Partnership Closes*	8/1/2019
Construction Start	8/15/2019
Construction Complete	9/15/2020
Lease-Up Complete	3/1/2021

**The YWCA is requesting an Agreement to Enter into a Housing Assistance Payment (AHAP) contract prior to finance closing/construction start in August 2019.*

Recommendation

Approve Resolution 2019-02-27 (5) authorizing THA's Executive Director to execute Project Based Voucher (PBV) Agreement to Enter Into a Housing Assistance Payment (AHAP) and subsequent Housing Assistance Payment (HAP) contracts with YWCA Pierce County.



TACOMA HOUSING AUTHORITY

RESOLUTION 2019-2-27 (5) (Approval of Project Based Voucher Contracts)

WHEREAS, Tacoma Housing Authority (THA) has held a competitive process for project based vouchers; and

WHEREAS, YWCA Pierce County is requesting thirty (30) project based vouchers; and

WHEREAS, The project is new construction and will require an Agreement to Enter into a Housing Assistance Payment (AHAP) contract. THA and YWCA Pierce County will seek the required subsidy layering and environmental reviews prior to executing such a contract; and

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

WHEREAS, The contract will be negotiated with the property and will be in effect for up to fifteen years (15); 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 Project Based Voucher (PBV) Agreement to Enter Into a Housing Assistance Payment (AHAP) and subsequent Housing Assistance Payment (HAP) contracts with YWCA Pierce County for its Home at Last project.

Approved: February 27, 2019



Dr. Minh-Anh Hodge, Chair