



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2019-06-26 (2)

**Date:** June 26, 2019  
**To:** THA Board of Commissioners  
**From:** Michael Mirra  
Executive Director  
**Re:** Approval of Property-Based Subsidy Contracts

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*Tacoma Housing Authority (THA) issued a Request for Proposals for Property-Based Subsidies. This resolution will award Property-Based Subsidies to Koz on Puyallup, Cascade Park Vista, Cascade Park Gardens and Metropolitan Development Council's Campbell Court Apartments for total of 230 units.*

### Background

The Property-Based Subsidy program is different from THA's Tenant-Based and Project-Based voucher programs. It is similar to the Project-Based voucher program in that the subsidy is tied to a property, as opposed to the tenant. Like the Project-Based voucher, THA also regularly inspects units to ensure they are safe for occupancy. Both subsidies also share the same purpose: to make housing accessible and affordable to low-income households for an extended time. The Local Property-Based Subsidy is different from the Project-Based voucher program in three primary ways:

- Like tenants other programs, tenants in the Property-Based Subsidy program must have incomes below set standards. The THA pays down the rents to levels generally affordable to those standards. However, their rents are fixed regardless of the tenant's actual income. In this respect, the program resembles THA's HOP Program. This provides predictable rent amounts for tenants and landlords rather than having tenant rents vary as tenant incomes go up and down. Fixed rents make 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.
- The subsidies to the property owner would be set on an annual basis, subject to the property meeting negotiated minimum occupancy rates, rather than varying month-to-month based on tenant rent calculations. This provides a stable, predictable and easy to administer income stream for the owners and predictable expenses for the housing authority. It is also easier for THA to administer.

- The owner is responsible for advertising vacancies, screening its tenants and verifying the income of tenants. The tenants will not have a relationship with the housing authority. Tenants will realize affordable rents at the property level based on the subsidy that THA provides. The arrangement also offers tenants the tenant protections of THA's other programs, such as protection from eviction except for good cause.

On March 29, 2019, THA issued a Request for Proposal (RFP) for up to 200 Property-Based Subsidies (PBS). This RFP will add to the 125 Property-Based Subsidies that THA issued in 2018. The RFP remained opened until April 30<sup>th</sup>, 2019, at 4:00 PM. The RFP stated that THA would score the proposals on the following criteria:

- owner experience;
- units set aside for households below 30% area median income (AMI) received 3 points each;
- units set aside for households below 40% AMI received 2 points each;
- units set aside for households below 50% AMI received 1 point each;
- occupancy for all vacancies restricted to households with at least one student enrolled at a Tacoma Public School or local post-secondary institution received 10 points total;
- occupancy restricted to a special-needs population received 10 points total;
- units within easy walking distance to a Tacoma Public School or local post-secondary institution received 10 points total;
- addition of a PBS contract adds new units to the affordable housing stock in the community; and,
- services are available to THA customers not occupying the housing subject to this application or other PBS units.

THA received six proposals. The RFP review committee scored them as the following chart shows. The Committee and staff recommend awarding Property-Based Subsidies to the top four scoring proposals:

Person/Organization/Company	Score	Units Requested
Cascade Park Vista Nursing Home	248	75
Koz on Puyallup	243	75
Cascade Park Gardens Memory Care	178	70
MDC – Campbell Court Apartments	58	10
Alpine IV*	49	7
Soaring Eagle*	N/A	75
*Property was not selected		



These four proposals would total 230 units. This is higher than the 200 the RFP initially contemplated.

Here is some detail about the four proposals:

- **Cascade Park Vista Nursing Home – 75 units**

Cascade Park Communities started in 1995 and has grown to include two communities in Tacoma: Cascade Park Gardens Vista and Cascade Park Memory Care. Both are the only remaining facilities of their types in Pierce County that accept Medicaid patients. Both will no longer be able to do that without THA's rental subsidy. That would be very serious. Over the past year, two assisted living properties in the area serving low-income seniors closed, displacing over 140 tenants. 99% of Cascade Park Vista are low-income seniors. A Property-Based Subsidy contract for Cascade Park Vista would give it stability and secure 75 affordable assisted living units for very low and extremely low disabled seniors. THA also received an application from Cascade Park Gardens facility (below).

	# of Units	# of 40% AMI	# of 30% AMI
Studio	75	5	70

- **Cascade Park Gardens Memory Care – 70 units**

See above discussion.

	# of Units	# of 50% AMI	# of 40% AMI	# of 30% AMI
Studio	70	16	23	31

- **Koz on Puyallup- 75 units**

Koz on Puyallup is a familiar applicant. Last year THA awarded 52 units for a Property-Based Subsidy contract for Koz on Market to house homeless or near homeless UWT students. That has been a very good experience for THA, UWT and Koz, and, of course, for the students. Koz is first rate developer of high quality, well-designed and affordable housing. Koz also fully shares the values that animate THA's Education Project. This new property will restrict occupancy (75 units) to homeless or near homeless households with at least one member attending UW Tacoma. Koz has provided a letter of commitment from UW Tacoma. TCC is also willing to refer its homeless students.

	# of Units	# of 40% AMI	# of 30% AMI
Studio	52	10	42
1 Bedroom	19	4	15
2 Bedroom	4	1	3

- **MDC – Campbell Court Apartments**

The Metropolitan Development Council (MDC) is applying for the 10 units they operate at Campbell Court Apartments. This property serves mentally disabled homeless adults coming from the streets or the shelters. This property was a recipient of Pierce County's Continuum of Care funding, however they were

informed that they will not be funded starting FY 2019.

	# of Units	# of 30% AMI
Studio	10	10

Each of these properties would be eligible to execute contracts for up to 10 years. THA will determine the duration of the contracts and leasing prioritization in contract negotiations.

### **Recommendation**

Approve Resolution 2019-06-26 (2) authorizing THA's Executive Director to negotiate, and if those negotiations are successful, execute a Property-Based Subsidy contract with the owners of Koz on Puyallup, Cascade Park Vista, Cascade Park Gardens Memory Care, and Campbell Court Apartments.



# TACOMA HOUSING AUTHORITY

## **RESOLUTION 2019-06-26 (2)** **(Approval of Property-Based Subsidy Contracts)**

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma

**WHEREAS**, Tacoma Housing Authority (THA) has held a competitive process for Property-Based Subsidies; and

**WHEREAS**, Koz on Puyallup (75 units), Cascade Park Vista (75 units), Cascade Park Gardens Memory Care (70 units), and Campbell Court Apartments (10 units) were the highest scoring respondents and will be awarded their requested units; and

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

**WHEREAS**, The contract term will be determined through negotiations with each awarded respondent; now, therefore, be it

***Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:***

THA's Executive Director is authorized to negotiate, and if those negotiations are successful, execute a Property-Based Subsidy payment contract with the owners of Koz on Puyallup, Cascade Park Vista, Cascade Park Gardens Memory Care, and Campbell Court Apartments.

**Approved: June 26, 2019**

  
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Dr. Minh-Anh Hodge, Chair



## CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director of the Housing Authority of the City of Tacoma (the "Authority") and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 2019-06-26 (2) (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on the 26<sup>th</sup> day of June, 2019, and duly recorded in the minute books of the Authority.

2. That such meeting was duly convened and held in all respects in accordance with law, and, to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 26<sup>th</sup> day of June, 2019

  
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Michael Mirra, Executive Director of the Authority