

To: Board of Supervisors
 From: Joseph Villarreal, Housing Authority
 Date: August 6, 2019



Contra
 Costa
 County

Subject: AWARD OF 81 PROJECT-BASED VOUCHERS UNDER THE RENTAL ASSISTANCE
 DEMONSTRATION PROGRAM TO CASA DEL RIO SENIOR APARTMENTS

RECOMMENDATIONS

ACCEPT report on staff's award of 81 project-based vouchers to Casa Del Rio Senior apartments located at 615 W. 7th Street in Antioch, CA.

BACKGROUND

A housing authority can utilize up to 20% of its Housing Choice Voucher (HCV) funding to “attach” rent subsidies to specific housing units. The attached subsidy is known as a project-based voucher (PBV). PBVs are a component of the HCV program and share most of the same rules and regulations. PBVs are attached to units via a contract with the owner that requires the units be rented to families eligible for the HCV program. While tenants living in a PBV unit may move with regular voucher assistance when it is available, the PBV remains attached to the unit and the owner must select another HCV-eligible tenant for that unit. The advantage of PBVs for owners is that the PBV commitment from a housing authority can be used to leverage financing for the construction, rehabilitation or preservation of housing for low-income families by providing a greater cash-flow than the property would otherwise generate. This is because most funding available to owners of affordable projects restricts the rent that can be collected from tenants to an affordable amount that is usually far less than a comparable unit would obtain on the open market.

Action of Board On: **08/06/2019** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF COMMISSIONERS

AYE: John Gioia,
 Commissioner
 Candace Andersen,
 Commissioner
 Karen Mitchoff,
 Commissioner
 Federal D. Glover,
 Commissioner

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 6, 2019

Joseph Villarreal, Executive Director

By: Jami Napier, Deputy

Contact: 9259578028

cc:

BACKGROUND (CONT'D)

However, because the HCV program pays market rate rents by subsidizing the difference between an affordable rent for the tenant and the market rate rent for a particular unit, and the PBV program uses this same basic formula, the amount of rent that an owner can collect from a PBV unit is usually significantly higher than otherwise available to the project. This allows the owner to leverage far more financing than if PBVs were not available and thus can be crucial to the long-term success of a given project. The primary advantage of PBVs to a housing authority is that they help increase or preserve the supply of permanent, affordable housing available to both the community and to HCV recipients.

Casa Del Rio (CDR) is an HACCC-owned tax credit property that aged out of its tax credit compliance period in 2012. HACCC wishes to place PBVs at CDR in order to ensure its long-term financial stability. Because CDR is HACCC-owned, HACCC is not required to compete for the PBV assistance. Instead, HACCC must be given approval by HUD to award PBVs to CDR and any other HACCC-owned or controlled properties. HUD approved the project for PBV assistance on May 16, 2019. HACCC has entered into a housing assistance payments contract (HAP) with the ownership partnership, CDR Senior Housing Associates, L.P, of which HACCC's non-profit entity, CDR Apartments LLC, is the General Partner, for an initial term of twenty years and an extension of twenty more years to the initial term. The term and extension follows HACCC's practice for PBV contracts and is also in accord with Federal statutes and HUD regulations.

Because the project is HACCC-owned, HUD also requires that an independent entity establish rent levels and conduct Housing Quality Standards inspections for the property. HACCC entered into an agreement with the Pittsburgh Housing Authority in June 2019 to act as the independent entity for CDR.

All tenants of PBV units must be screened for eligibility under the HCV program by HACCC and must come from HACCC's PBV site-based wait list for the property. The PBV site-based wait list is open to all families on HACCC's HCV wait list. The property owner will then select tenants for occupancy of a particular unit after conducting additional suitability screening consistent with their tenant screening and eligibility policies for that property. Tenants in PBV units will sign an initial lease with a one year term. After one year, a PBV tenant has the ability to move from the PBV unit by using regular tenant-based HCV assistance, subject to availability. If a PBV property does not continuously lease up all of its PBV units or if the property fails to meet HUD's Housing Quality Standards for health and safety, then the PBV units awarded to that property can be rescinded.

Because CDR is an occupied property that did not require any rehabilitation or construction work, tenants living there at the time of HUD's application approval are able to continue living in their unit under the PBV program. The vast majority of these tenants will see a significant decrease in their rent burden. As the current group of tenants moves out of their units in the future, vacancies will be filled from the PBV site-based wait list for CDR.

To date, HACCC has awarded 660 PBVs in previous funding competitions plus an additional 107 RAD PBVs.

FISCAL IMPACT

Approximately \$108,570,955 of funding will be provided to this project over a forty year span. All funding will be provided as part of HACCC's annual budget from the U. S. Department of Housing and Urban Development (HUD).

CONSEQUENCE OF NEGATIVE ACTION

None. Informational item only.