

Attachment A to:

PHA Plans

5 Year Plan for Fiscal Years 2000 - 2004
Annual Plan for Fiscal Year 2001

Housing Authority of Thurston County
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Progress Report
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NEED: SHORTAGE OF AFFORDABLE HOUSING FOR ALL ELIGIBLE POPULATIONS.

Strategy 1: Maximize the number of affordable units available to the HA within its current resources by:

- Maintain or increase section 8 lease-up rates by establishing payment standards that will enable families to rent throughout the jurisdiction.

Payment Standards were changed in October 2000 according to the Annual Plan. Have minimal number of units not approved because they exceed the 40% maximum for the family. See chart for an analysis of units under the new Housing Choice Voucher Program and the Gross Rent in relation to the current payment standard. Lease-up rate is in excess of 100% beginning in October, 2000 even with new allocations granted in 2000.

- Undertake measures to ensure access to affordable housing among families assisted by the HA, regardless of unit size required.

Households are helped on a first-come first –served basis except for special allocations. We do not use household size as any determination of the order in which households are helped.

- Maintain or increase section 8 lease-up rates by marketing the program to owners, particularly those outside areas of minority and poverty concentration.

Staff have attended two meetings of rental owners associations in the past year, one doing some outreach and one to give some information on the new lead based paint rules. We have also limited access to the use of the voucher to owners who have not been in compliance with Housing Quality Standards or who insist upon charging voucher holders a higher rent than the market charged to unsubsidized tenants.

- Participate in the Consolidated Plan development process to ensure coordination with broader community strategies.

The City has done outreach to the community at the Housing Task Force meetings and solicited input from the community on their plans. We have participated in those meetings.

At the State level the Housing Authority of Thurston County's staff participated in two community meetings and sent comments in writing for suggested planning revisions.

Increase the number of affordable housing units by:

- Apply for additional section 8 units should they become available.

The Housing Authority submitted the following applications this past year:

- *Mainstream*
- *Fair Share*

Neither of these applications was funded.

- Leverage affordable housing resources in the community through the creation of mixed –finance housing.

The staff researched several opportunities in the community this past year and found none that were financially feasible. The search is on-going.

- Pursue housing resources other than public housing or Section 8 tenant-based assistance.

The Housing Authority was successful in securing funding for an eight plex to provide transitional housing opportunities for families. This was funded by the State of Washington.

Families at or below 30% of median

Strategy 1. Target available assistance to families at or below 30% of the AMI.

- Employ admissions preferences aimed at families with economic hardship.

The Administrative Plan has “need” preferences that must be met in order to be eligible for a voucher.

- Plan to meet the federal targeting requirement by maintaining that 75% of all new admissions to the Section 8 Program will be families at or below 30% of the area median income.

The Housing Authority exceeded this goal in the past fiscal year. Eighty percent (80%) of the new households served in the past fiscal year had income at or below 30% of the AMI.

Families at or below 50% of AMI.

- Welfare to Work vouchers will be targeted to families at or below 50% of AMI.

The targeted group are at or below 50% of the Median. Many families who had been on TANF in the past two years have incomes over the 30% AMI so it is important in order to use these targeted vouchers that we have been able to assist families below 50% AMI.

Strategy: Target available assistance to the elderly:

- Apply for special-purpose vouchers targeted to the elderly, should they become available

In the Fair Share NOFA, the opportunity was given to target some vouchers to elderly households who would otherwise need to go to nursing homes or assisted living facilities. We partnered with Area Agency on Aging to set aside a few vouchers for this population. Unfortunately, the application was not successful.

- Maintain knowledge of available assistance to the elderly.

Staff is aware of resources in the community for elderly households.

Strategy: Target available assistance to Families with Disabilities

- Apply for special-purpose vouchers targeted to families with disabilities should they become available.

The Housing Authority applied for Mainstream Vouchers and Vouchers for Persons with Disabilities. The proposal was not funded.

- Affirmatively market to local non-profit agencies that assist families with disabilities.

Extensive outreach is done to groups who serve special needs populations during the period that the waiting list is open.

Strategy: Increase awareness of PHA resources among families of races and ethnicities with disproportionate needs

- Affirmatively market to races/ethnicities shown to have disproportionate housing needs

Extensive outreach is done to all areas of the county to reach all population groups. This year, because of the special allocation of VIPS vouchers, the DSHS Office and the local Employment and Training contractor did special outreach to their participants. This resulted in our being able to reach populations who in the past may not have been aware of the program.

Notes from discussions on issues with the Participant Advisory Committee

Who will the voucher program serve?

Currently the Housing Authority is following the mandate that at least 75% of the new households being offered vouchers must have gross family incomes at or below 30% of the median. (\$10,500 for one; \$14,950 for four). In the past fiscal year, 80% of the new households being served had incomes at or below 30% of the median. The other 20% had incomes between 31% and 50% of median.

The Advisory Committee struggled with this issue last year and wisely endorsed the HATC plan to not further restrict occupancy.

Arguments against restricting only to families with incomes at or below 30% of median:

- ❑ By regulations and statutes, eligibility determinations are based on gross income. There is no allowance made for payroll deductions, health insurance, etc.
- ❑ There is no deduction allowed for the costs of working such as transportation, child care, etc.
- ❑ Many head of household may have just started working and may find themselves slightly over the 30% threshold. But they may have months or years of debt and impoverished living to overcome in order to get toward self sufficiency.
- ❑ Regular rental market rents are structured more at incomes at or above 60% of median. Tax credit and bond financed properties are affordable at higher income levels.
- ❑ There are very limited units available that are affordable to families between 31% and 50% of median. The market does not meet the housing needs of these families without a subsidy.
- ❑ The Preference system adopted by the HATC looks at income AND need. All households who are assisted must show that their incomes are below 50% of median and that they are paying in excess of 40% of their adjusted income for rent and utilities, or they are in substandard housing or are homeless.

Columbia Legal Services advocates that the HATC restrict all assistance to households at that income level. They will articulate their position on the issue.

Participant Advisory Committee (PAC) Meeting, December 8, 2000:

Recommendation: Priority for the voucher program is to be given to households with incomes at or below 45% of the median. 75% of the households served will have incomes at or below 30% of median.

Commentary by staff: Greg Provenzano of Columbia Legal Services indicated that his research findings were consistent with what HATC had found in its work. He found that the split of housing need was showing that roughly 80% of households in need had incomes at or below 30% of median. He indicated that he would not push to limit the eligibility to those with incomes at or below 30% of median. And at that point he through out the 45% of median figure and the PAC went along with that suggestion.

I do not think it would be an unfair characterization of the group to say that they had a very hard time in sorting through who should be prioritized but did recognize that the lowest income experience the greatest housing need.

In addition to the points noted above, staff pointed out to me at our Dec. 20, 2000 staff meeting that in addition to the working families whose deductions are not counted in determining income levels, we also encounter elderly households who may have a pension in addition to social security but for whom the medical expenses are not factored into determining the eligibility threshold.

We have no hard and fast numbers on the households that may be affected and no way of efficiently looking back at our current files to determine the numbers and profiles of those who would be affected by this change in the policy.

The Board's tentative decision is to continue to assist applicants up to 50% over the cost of the 2001-2002 program year and have the staff track the

profiles and numbers of applicants who would have been affected by the decision to limit the income threshold to 45% of median.

Set Aside for Project Based Assistance

Question: Should the Housing Authority set aside some of their tenant-based vouchers to attach them to specific units in effect project-basing the units? If yes, should there be a limit on the number of units which could be used? Should the Housing Authority developed projects be eligible to assign some of the project-basing to projects it might develop?

Consideration: Should we require any such housing to have a component of services as a match from the developer or some other service provider in order to provide the best chance for a successful tenancy by hard-to-serve populations?

The Housing Authority has not in the past develop such partnerships with setting aside some of its inventory of tenant-based units. It has applied separately for units under the Moderate Rehab Program. However, this program is no longer available except as Single Room Occupancy units.

Arguments in Favor of such a set aside: such a partnership might create opportunities for affordable housing for special needs populations - very hard to create affordable units even with Housing Assistance Program from the state because of the need for matching funds - project based assistance would be considered part of the match and would allow units to cash flow more easily. Some special needs families are not able to find housing in the private market because of their tenant history. Under the new rules a household who has lived in a project-based unit for a year is given the option to move with assistance, essentially be given a tenant-based voucher again.

Arguments against: there are a limited number of vouchers and most individuals and families want the maximum choice as to where they are going to live. To project base some of the units reduces the tenant choice for these vouchers.

PAC Meeting, December 8, 2000: The PAC supported Provenzano's position that HATC should consider the set aside of project based assistance if the opportunity presented itself to leverage other resources to increase the number of units available to low income households. He expressed no problem with the HA using the project based assistance to attach to a property that the HA might develop.

Transitional Housing Programs and the Need for Permanent Housing after the family successfully completes the program.

Question: Does HATC want to set aside a number of vouchers to serve families or special needs individuals coming out of transitional housing programs so that there is a protection from being sent back to a cycle of homelessness?

Arguments in Favor:

Most families are not self-sufficient after only one year and are faced with going from a subsidized year to market rent. Having a set aside of vouchers would allow the families more time to become self sufficient before they are faced with market level rents on their own.

Certain vulnerable populations, like mental health consumers, who have been assisted on temporary programs, need the deep subsidy for the long term and after the HOME subsidy ends they may be faced with full rent amounts for long periods before their names come up on the waiting list.

Arguments Against:

Many individuals and families on the waiting list are in the same or worse predicament than those who have been accepted into the limited slots available for transitional family housing programs and for transitional rental assistance or transitional housing units for mental health consumers.

First-come, first-serve is the fairest way to go. It takes out any subjective determination of benefits and makes it cleaner and easier to track the process. There will never be enough subsidies to go around and so it will always be the case that a large number of people will not be served.

Recommendation from the PAC 12/8/2000. The committee supported Greg's suggestion that there be a set aside of 10-15 vouchers designated for households graduating from transitional housing programs. E.g., HATC, THORA.

Payment Standards

Question: Are we going to leave our payment standard process as currently set?

We refer you to the analysis as sent to you with the Annual Progress Report. The majority of units coming under the program in recent months have fallen at or below the current payment standard.

Payment Standards can be set by the Housing Authority between 90% and 110% of the HUD published Fair Market Rent. Our current payment standard is about 95% of the FMR. It appears adequate.

Arguments for leaving the process as is:

It is supposedly true that HUD will give a Housing Authority sufficient budget authority to cover the rents for the number of units under the Annual Contributions Contract. They base the per unit allotment annually on a previous year's usage. This usually puts them one to two years behind the actual unit cost. Last year when we developed our budget, HUD denied our full request and asked us to agree to a lesser amount. We agreed and said that we reserved the right to go back for a Cost Amendment if we had insufficient funds to honor all our contracts. They will not allow a Cost Amendment if we have more units under lease than are available under our Contract Authority. So far, HATC has plenty of funds, but because we have had new allocations this year, we have had a number of months where we have not been leased to 100%. Now and for the remainder of this Fiscal Year we expect to be over 100% leased and want to be cautious about increasing the Payment Standard so that we have sufficient funds to honor all the outstanding contracts.

We would like to continue with the current payment standard, to re-evaluate it in April in time for an increased PS in July at the beginning of our Fiscal Year. If warranted, we would propose to raise the PS as of July 1, 2001 to the 2001 FMR.

Risks /cautions: Unknown element in the equations and something which has never really been studied in smaller communities. What is the impact on the

rental market of a large number of voucher families who are able to pay higher rents? Does this increase the rents at the lower end? Does this increase the rent structure overall and thereby the rents being paid by unsubsidized tenants?

If we simply increase the Payment Standard, will we push families into higher and higher rent levels and make it more difficult for them to graduate to self-sufficiency because the rent burden would be too high for them to manage on their own?

Regardless of the fact that HUD says that they will fund us to the level we need, there is a limited national fund. The more we give of that fund to one individual family, the less there will be to fund additional households WE need to be able to strike a fair balance. Some families will always want the top of the line—should public policy set the standards at a modest level that will be adequate for most families?

Arguments for increasing the Standard as high as we can:

Give subsidized tenants the ability to seek higher end housing. More tenants will be able to get upper end housing without having to pay more than 30% of income toward rent and utilities.

Comments:

We do not have a figure on the number of units which we have had to deny because they came in at or above 40% of the family's adjusted income. However, it appears that the vast majority of the families who had vouchers and could not use them were families with poor tenant history or criminal backgrounds. It does not appear that the 40% limit affected many or possibly any of the families who did not use their voucher. We have no firm data on this.

PAC meeting, December 8th: Support for this recommendation.

Increased Payment Standard to Accommodate a Person with a Disability

Need: To clarify the procedure for increasing the Payment Standard to individuals with disabilities who need an accommodation. Are we going to leave our exception policy for persons with disabilities the way it is now?

Interim policy reported by staff to the Board of Commissioners meeting in September 2000:

Our language at 11.4.1.10 allows staff, on a case by case basis, the ability to increase to the PS to accommodate a person with a disability in order to avoid their being restricted from a particular unit because the rent puts the unit above the 40% rule (a tenant's share of the rent may not exceed 40% of their monthly adjusted income). However, we have adopted language that staff have come to feel is too restrictive.

In cases where the person has a physical disability and needs a physically accessible unit, the staff is simply making a notation to file to show why the exception PS is being made. In cases of persons leasing in place we are not asking for any further documentation of need other than the fact that a household member has a disability. In cases of households locating new units, we are asking for some kind of documentation that the accommodation is needed, similar to the kind of documentation that we are asking for in order for a person with a disability to rent a unit from a family member.

We would like to lift two restrictions:

- ◆ *One that says that the exception will not apply when the bedroom size of the unit is higher than the subsidy standard allocated to the family. (E.g., the family is entitled to a one -bedroom subsidy standard and they live in or choose a two bedroom unit).*
- ◆ *One that states that the time limit on the voucher is a factor in order to make these exceptions.*

Would like to make lift both of these restrictions and have the exceptions be staff decisions made in consultation with the Program Manager (as a

gatekeeper so to speak so we have consistency in the application of the exceptions).

The 40% rule does not apply when participant is already in a unit under a contract and a landlord might raise the rent after the first year. In the case of some households with a disabled head or spouse who are transitioning from the certificate to the voucher program, the mandatory change to the voucher program may cause a hardship and have them paying more than 40% of their income for rent. This will happen in very limited circumstances particularly where the landlord may raise the rent significantly under the new lease or when we have households who have had exceptions to the cap on certificate program rents because of some extenuating circumstances that warranted staff approval of exception rents. Staff would like the ability to make exceptions over the next year to the same extent that we are able to approve exception PS for new participants who are living in place when they come on the program.

There is a standard form recommended by an attorney to Housing Authorities and we could ask that the applicant have that form completed in order to document the need for an accommodation.

PAC Meeting 12/8/2000: There was no move to change this recommendation. Greg agreed to review the form being proposed for modification and use for the purpose of granting exceptions to the PS to accommodate a person with a disability.

Waiting List Process

Question: Are we going to change the waiting list process?

Currently, the waiting list is scheduled to be open for one month each year, with a lottery process in the first few days of the month.

Recommendation:

That the waiting list be open for the month of March, 2001. That the list have a lottery process during the first five days of March. That the waiting list be open during the first three working days of each month on a first-come, first-served basis.

Applications will not be accepted at other times but blanks will be given out. Applications received by mail in between the open periods will be set aside and logged in during the next open period.

Arguments For:

Keeping the list open will give the community a better picture of the need. Currently, the list is closed for long periods of time and many eligible families are turned away during the course of the year.

Keeping the list open will provide an opportunity for individuals and families who are homeless or who are in transitional housing programs to get on the list more quickly.

The open enrollment period in future times will not be an all-consuming task requiring the assistance of all staff members. Spreading it out over time will make it manageable basically as a minor task each month—to accept, receipt and log in each application.

Arguments Against:

Families will not be served any more quickly and may give folks false hopes of being assisted more quickly. The administrative burden will increase in maintaining the list and updating changes of address, etc.

PAC Meeting, December 8, 2000: There was support for this recommendation.

Minimum One Year Leases

Question: Are we going to allow some flexibility on a case by case basis to approve leases of less than a year's duration. This is particularly an issue for hard-to-serve individuals including those whose tenant history is bad and for whom a landlord will rent on a month to month basis, but will not sign a one year lease.

Currently the policy that was adopted was to accept only one-year leases.

We have made one slight deviation from that policy during the course of the year. During this year, all Certificate contracts are ending and landlords and tenants are being switched to Housing Choice Voucher Contracts. Some owners do not wish to sign another one-year commitment. Ordinarily, if the certificate contract were not ending the parties would have the choice to go on a month-to-month basis. In some cases, the tenants do not want to commit to another year; in other cases the landlords do not want to commit to another year. The landlord's decision is generally based on some difficulties with the tenant and the willingness to continue to rent to them on a month-to-month basis where if the troublesome behavior does not end they can simply give a 20-day notice.

Arguments for allowing tenancies of less than one year:

Some landlords with units, will simply not deal with the program because we require one year leases. The argument as I understand it lies with the ability to terminate tenancy with a tenant who is causing problems and not because they are anxious to make continuous rent increases. Most landlords know that the costs of turnover outweigh the small amounts they can get with a rent increase for an existing tenant. Under a one year lease, landlords have to do "cause" terminations.

The rental stock available to voucher families could increase under this scenario.

Signing a one-year lease does not protect a landlord against a tenant vacating before the lease is ended.

Arguments Against

Some would argue that the number of arbitrary evictions might increase.

May create an administrative burden for the program if landlords were regularly increasing the rent every 6 months or so.

There would be a higher impact on the program if tenants wanted to move several times during the year. We might have to put a limitation on the number of voluntary moves by a tenant to avoid an administrative burden on the program.

Recommendation:

Staff recommends that we retain the one year requirement for the program but on a case-by-case basis make a determination that a person with a disability or a hard to serve individual or family finds housing but an individual landlord refuses to commit to a one year lease.

Staff should be able to continue to offer less than one year leases in the cases of certificate to voucher transfers in a second or later year giving either tenant or landlord the ability to choose a month-to-month tenancy.

Interim policy presented to the Board of Commissioners at September 2000 meeting by staff to report a diversion from the adopted plan:

The Plan requires an initial one-year lease along with the Housing Assistance Contract. (Federal regulations allow a term less than one year if a HA determines that it will increase housing choice). All participants under a Certificate contract must transition to the Voucher Program beginning in October, 2000. Some landlords and some participants do not want to sign a new one-year lease when the new HC Voucher Contract is signed. Under normal circumstances, the parties can choose to go to a month-to-month lease after the one year period, we are therefore allowing a term less than one year on these transition contracts.

(Many landlords will not participate in the program because of the one year initial lease requirement. There may come a time down the road where we need to revisit this requirement for all participants.)

PAC Meeting December 8, 2000: Greg felt we would have to allow leases of less than a year in order to accommodate a person with a disability. He felt real concern if staff had free reign to grant exceptions and that there was a risk that the exception would become the rule if owners saw exceptions being granted. Had no problem in granting exceptions in the cases of the second year of a lease even when the owner is signing a new contract.

Added Family Obligation:

Households who receive a letter from HUD informing them of a potential discrepancy in income reported to the Housing Authority and other agencies of the federal government must follow the instructions in the letter and send a copy of the letter to the Housing Authority within the time frame given in the letter. Failure to cooperate with the resolution of the apparent discrepancy will be grounds for termination of assistance.

Family Self-Sufficiency Program:

Need a sign-off on our FSS Action Plan which is offering FSS participation to 125 of our VIPs participants. After offered to them, do we want to extend the offer to another group of voucher participants? Yes or no.

If yes, what would be the recommended selection process?

- Limit it to VIPs participants
- Open it to all Voucher Participants on a first-come first served basis.

Recommendation:

Outreach to all participants on the voucher program and maintain a waiting list so that we have a total FSS participant group of 125 families.

As new families are offered a voucher, they are advised of the opportunity to participate in the FSS program.

PAC Meeting December 8, 2000: No objection to this recommendation.

Will the Housing Authority Develop a program for the use of Housing Choice Vouchers for Homeownership?

Background and Recommendation:

There are several opportunities presenting themselves for the Housing Authority of Thurston County to get into the activity of helping families to become first-time homebuyers:

- Housing Choice Voucher rules now permit a HA to create a program using vouchers to allow a family to use the voucher toward mortgage payments. There are many details of any such program which would need to be worked out. HUD establishes some of the guidelines through the regulations but the HA needs to put together policies and procedures for implementing any such program. (Given the cost of home purchases in Thurston County at this time, it is questionable as to whether or not the Voucher Program alone could actually put a family into a position of homeownership who might otherwise be able to do it on their own after graduating to economic self sufficiency.)
- FHLB Lease Purchase program provides funds for HA and non-profits to borrow money to purchase homes that can then be leased (recommended that it not be done as a regular lease but as a special lease to purchase sales contract) to families. Part of the payment would be set aside toward the down payment. HA would have to create a program - there is TA available to help agencies to create the program. There is \$10K available per person to help reduce the cost of the home.
- The Housing Assistance Program at the State has some funding available for homeownership programs. We have not had an opportunity to research these programs.
- There are matching funds for home purchase available through the Federal Home Loan Bank. (similar to the match funds accessed by two of our FSS graduates who became homeowners.)

There is a gap in the community in what moderate income families can secure in a mortgage and the cost of housing. Many families who have been

successful have had to move out of the inner core areas and have had to add to their transportation costs and commute time. It would be useful if there were an agency in Thurston County who would become a "Homeownership Center". The \$64,000 question is whether or not the Housing Authority of Thurston County should be that entity.

Recommendation: Because of the sporadic nature of funding for homeownership programs and questionable administrative dollars as well as the complexity of the myriad of programs, HATC staff over the past two years have begun to explore various options. Through this exploration, staff have focused on tying homeownership programs to existing larger programs such as the Family Self Sufficiency Program. In addition, we have made available Information Packets to the community. Both activities have been funded by the WA State Housing Finance Commission.

We recommend that the two activities described above continue to the extent that funding is available and that over the next year, we do some research on the use of the voucher for homeownership.

PAC Meeting December 8, 2000: No objection to this recommendation.