



Tulsa, Oklahoma: Integrating Both Public Housing & Section 8 Multifamily Housing with *Choice Neighborhoods* Redevelopment

When submitting their application for a Choice Neighborhoods Implementation Grant to transform the Eugene Field neighborhood, the Tulsa Housing Authority (THA) and City of Tulsa looked at the big picture.

Their target area included both Riverview Park Apartments, a distressed public housing development and Brightwaters Apartments, a deteriorating 200-unit Section 8 multifamily development. Strategically thinking, they knew including both developments in their plan would be essential for comprehensive and long-term success in addressing public safety, economic development, and other neighborhood improvement issues across the entire target area.

Their decision to acquire the Brightwaters property and include it, along with the public housing property, while not without its complexities, proved to be a great decision that has greatly benefited the neighborhood.

The owner of Brightwaters Apartments, a local non-profit committed to supporting lower-income families achieve economic success, shared THA's vision and readily agreed to sell the property to THA to propel the project forward. Coordinating closely with HUD and the Oklahoma Housing Finance Agency, THA successfully integrated both Project-Based Voucher (PBV) Assistance and Project-Based Rental Assistance (PBRA) units to replace the public housing and Section 8 multifamily units one for one.



THA and their partners blended these replacement units with affordable and market rate units, creating a total of 435 new mixed-income units across six phases, including 114 PBV replacement units, 115 PBRA replacement units, 92 affordable units, and 114 market rate units. Through their process, which entailed working through the rules and regulations of both the Section 8 and public housing programs, they have identified several key lessons:

- When acquired, Brightwaters Apartments was subject to a PBRA Housing Assistance Payments (HAP) contract with HUD. THA proposed to demolish Brightwaters and “bifurcate” the existing HAP contract so that the HAP units could be placed at 4 of the 6 new phases of housing development. While the HAP contract bifurcating process is not uncommon, incorporating demolition and a phased approach for replacement units off the original footprint was. Structuring a deal to fit within regulations, convening calls to successfully obtain HUD approval, and even knowing what questions to ask was greatly aided by having outside counsel in the early stages. With initial external support, THA established a solid contractual arrangement and process for moving forward, and now works independently with HUD’s asset management team to memorialize the contract in phases.
- Incorporating a PBRA HAP contract into the project helped maximize resources. THA found HUD’s multi-family office willing to approve “mark-up to market” rents for each phase including PBRA units, resulting in higher, close to market rent and higher subsidy for the PBRA units. Other PHAs could leverage this information to entice multi-family development property owners within their target area to join the Choice Neighborhoods Initiative, which could benefit the neighborhood as well as the project owner.
- There was considerable upfront work to allow Brightwaters Apartments to be incorporated into the Housing Plan. THA needed to secure site control and ultimately receive HUD approval to acquire the property, demolish it, and assume the existing HAP contract. Also, before THA could acquire Brightwaters, they needed to obtain buy-in from the Oklahoma Housing Finance Agency (OHFA) as the property still had a Low-Income Housing Tax Credit (LIHTC) Land Use Restrictive Agreement in place. THA and HUD worked together to allow for approval to bifurcate the HAP contract and place the units in multiple phases of the new development, which are off the original footprint of Brightwaters. As this was a new concept receiving these approvals was a time-consuming process.



- Per the NOFO, THA is allowed to replace demolished units with tenant-based vouchers, resulting in excess PBRA voucher authority, which means additional opportunities for THA. Through discussions with HUD, THA has proposed using the voucher authority to convert an existing hotel to the first-ever subsidized housing project in the downtown Tulsa corridor.
- Combining PBV, PBRA, LIHTC and market rate units into the housing mix, and particularly into individual buildings, presented challenges for relocation and ongoing property management. Successfully responding to relocation challenges required THA to be flexible and nimble. In fact, they were ultimately forced to modify their original Housing Plan and place PBRA units in only four of the six phases to accommodate the approval process and subsequent resident relocation. In addition to relocation nuances, PBRAs require site-based waiting lists, processing a monthly rental voucher through the contract administrator, and are subject to REAC requirements and annual Management and Occupancy Reviews. To address the issue, THA issued a Request for Proposals to hire a property management company experienced in mixed-income housing and this has helped them successfully meet compliance and operational requirements for all units.

Financing the redevelopment of the housing was also a critical piece of their success. Three strategic elements of that financing included a 9% tax credit set-aside from the state, a funding commitment from the city, and philanthropic funds. THA drove each of these elements forward by building strong relationships, leveraging existing resources, and intentionally and unabashedly touting their vision for successful revitalization and transformation of a community in distress.

- By approaching the Oklahoma Housing Finance Agency and presenting a convincing and highly impactful revitalization strategy, THA was awarded a tax credit set-aside, which led to \$56 million in equity coming into the deal. The State increased the allocation to \$1 million, the largest ever in Oklahoma's history, and instituted a Choice Neighborhoods set-aside in their Qualified Allocation Plan (QAP). Remarkably, THA has received six nine-percent tax credit awards in three years.



- Similarly, THA coordinated closely with the City of Tulsa to capitalize on an original \$11 million city commitment for planned infrastructure which, once architecture plans began, fell far short of what would be required. Through intense and persistent efforts, THA collaborated with the city to identify additional funding streams, allowing for an increase of their funding to \$35 million. Now, in addition to storm water infrastructure and clay pipe replacement, the neighborhood has streetlights, sidewalks, and an abundance of street trees where there never were before. Kids are walking to school and playing on the streets – a major success in meeting a key objective of the Choice Neighborhoods program.
- With a vision toward leveraging all potential funding sources, THA approached private foundations and received philanthropic donations totaling over \$15 million. The Anne and Henry Zarrow Foundation contributed \$12 million for hard and soft housing costs, and the George Kaiser Family Foundation, which had been involved in earlier revitalization plans, transitioned its originally proposed first mortgage into a \$3.25 million grant for housing, workforce development, and a public park.

With a strategic vision and committed partners, THA has designed and begun to successfully implement an impactful transformation plan that will have long-lasting, positive effects on the community and the City of Tulsa at large.

Cover photo: An aerial view of River West today with downtown Tulsa in the background.

Page 2: Interior photos show units at River West built to a market standard and with modern amenities (left). A small apartment building at River West is mixed-income (right).

Page 3: Before photos of Riverview Park Apartments (top, left) and Brightwaters Apartments (bottom, left) are a sharp contrast to the units at River West today. The new community offers high quality apartments with site amenities such as a pool (top, right). The site also offers townhomes (bottom, right) for larger families.

This page: Construction activities continue at River West as the grant is still underway.