



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2009-06-24 (2)

DATE: June 24, 2009  
TO: Board of Commissioners  
FROM: Michael Mirra, Executive Director  
RE: Salishan Area III, Habitat for Humanity Lot Purchase & Sale/Loan Agreements

### **Background**

The Salishan Revitalization Plan set-aside 25% of the homeownership lots for affordability. Salishan Area III is programmed for (181) homeownership lots of which (45) will meet the 25% threshold. Habitat for Humanity is interested in purchasing (9) affordable lots for the THA asking price of \$80,000. The \$80,000 sale price for these (9) lots was used as the collateral value for the infrastructure loan for Area III from Citibank. Citibank will release their Note for each lot upon receipt of the pre-determined collateralized value, in this case \$720,000.

The terms for this sale are set forth below:

Habitat for Humanity cash at closing:	\$585,000
THA loan to Habitat for Humanity:	\$135,000, 0% interest

Habitat for Humanity has requested a creative means to assist them in acquiring the required capital for this purchase and to cash out Citibank for these lots. This would accelerate their schedule for construction. THA staff has proposed that THA provide Habitat for Humanity the \$15,000 shortfall for each lot for a total of \$135,000. This transaction would be formalized through a Promissory Note which THA would hold until repayment. Repayment would be scheduled as follows; 50% repayment of the total loan at completion of the construction and the remaining 50% upon Habitat for Humanity closing of the sale of each dwelling unit with their buyers. Closing for each unit is anticipated at approximately 30 day intervals upon construction completion.

At this time staff is requesting the approval to enter into a Purchase and Sale Agreement for (9) Salishan Area III affordable lots with Habitat for Humanity and provide Habitat for Humanity an interest free loan secured by a Promissory Note.

### **Recommendation**

Approve Resolution 2009-06-24-(2) authorizing the Executive Director to negotiate and enter into a Purchase and Sale Agreement with Habitat for Humanity for their purchase of (9) Salishan Area III affordable homeownership lots for \$80,000 each. In addition, provide authorization to

the Executive Director to enter into a Not-to-Exceed \$135,000 interest free loan agreement to assist Habitat for Humanity in the purchase of said lots.



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## RESOLUTION 2009-06-24 (2)

### SALISHAN AREA III, HABITAT FOR HUMANITY LOT PURCHASE & SALE/LOAN AGREEMENTS

**WHEREAS,** The Salishan Revitalization Plan sets aside 25% of the homeownership lots for affordability. Salishan Area III is programmed for (181) homeownership lots of which (45) will meet the 25% threshold;

**WHEREAS,** Habitat for Humanity is interested in purchasing an initial (9) affordable lots for the THA asking price of \$80,000;

**WHEREAS,** The \$80,000 sale prices for the (9) lots are collateralized by the Area III Citibank Infrastructure loan. Citibank will release their Note for each lot upon receipt of the predetermined collateralized value;


**WHEREAS,** Habitat for Humanity has requested a creative means to assist them in acquiring the required capital for this purchase and to cash out Citibank for these lots. This would accelerate their schedule for construction;

**WHEREAS,** THA will enter into a loan agreement with Habitat for Humanity, for \$15,000 per lot, interest free, Not-to-Exceed \$135,000. This transaction would be formalized through a Promissory Note which THA would hold until repayment;

*Resolved by the Board of Commissioners of the Housing Authority of the City Of Tacoma, Washington, that:*

1. Approve Resolution 2009-06-24-(2) authorizing the Executive Director to negotiate and enter into a Purchase and Sale Agreement with Habitat for Humanity for their purchase of (9) Salishan Area III affordable homeownership lots for \$80,000 each. In addition, authorizing the Executive Director to enter into an interest free loan agreement, Not-to-Exceed \$135,000 to assist Habitat for Humanity in the purchase of said lots.

**Approved:** June 24, 2009

  
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Ken Miller, Chairman