



TACOMA HOUSING AUTHORITY

RESOLUTION 2019-02-27 (3)

Date: February 27, 2019
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Arlington Youth Campus Use of Restricted Funds

This resolution would authorize Tacoma Housing Authority's (THA) Executive Director to submit a request to Housing and Urban Development (HUD) regarding the use of restricted funds for predevelopment and development expenses associated with THA's Arlington Youth Campus Development. The amount to be requested is \$1,000,000.

Background

On February 13, 2018, THA received approval from HUD allowing the use of proceeds from Tacoma Housing Authority's (THA's) disposal of 34 public housing scattered sites to pay for the acquisition of the property known as Allenmore Heights Brownstones.

The acquisition of Allenmore Heights Brownstones was determined to not be financially feasible.

THA would now like to use the previously mentioned funds for predevelopment expenses associated with the redevelopment of THA's Arlington Youth Campus. The resulting net proceeds from these sales including bank interest totals \$5,297,091 and is considered HUD restricted funds and require HUD approval for their use.

On August 5, 2016, THA staff issued a Request for Qualifications from firms interested in providing Architectural and Engineering (A&E) services for the redevelopment of THA's Arlington Drive property. THA staff would like to pay for the resulting A&E services as well as the development costs for this project with these HUD Restricted Funds.

THA is in the process of finalizing its development plan for the Arlington Drive property. This project successfully received an allocation of Low-Income Housing Tax Credits (9%) and \$4.29 Million in a special allocation from the Washington State Department of Commerce. The balance of the project will be financed with long term debt and a sponsor loan. The use of the restricted funds constitutes one of the sources of funds for the sponsor loan.

The new units will be affordable to households with incomes between 30% and 60% of area median income. The development will offer one-and two-bedroom units in a single mid-rise elevator building. Of the 58 units, 75% will be available for homeless persons.

Current Request

This resolution will allow THA to ask HUD to use \$1 million of HUD restricted funds for the development of the Arlington Youth Campus. HUD will require that a minimum portion of the resulting units that THA will build with this money must be affordable to low-income households. THA proposed to commit to providing at least four (4) units of affordable housing. That commitment easily fit within THA's plans for the property. The new units will be affordable to households with incomes between 30% and 60% of the area median income. The development will offer one-bedroom units in a single mid-rise elevator building. Of the 58 units, 75% will be set-a-side for homeless individuals.

Recommendation

THA staff recommends approving Resolution 2019-02-27 (3), allowing staff to apply to HUD for permission to use these funds and commit to providing at least four (4) units of affordable housing for this project.



TACOMA HOUSING AUTHORITY

RESOLUTION 2019-2-27 (3) (THA's Arlington Youth Campus Use of Restricted Funds)

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

WHEREAS, On March 8, 2016, HUD gave THA Section 32 Approval to dispose of 34 public housing scattered sites; and

WHEREAS, Net proceeds and bank interest for these funds currently equals \$5,297,091; and

WHEREAS, THA staff expect to use \$1,000,000 for predevelopment and development costs associated with the Arlington Youth Campus; and

WHEREAS, HUD restricts the use of these funds to increase affordable housing through Project Based Vouchers and requires HUD approval to use the funds; and

WHEREAS, At least four (4) of the resulting units must be dedicated to the creation of affordable housing with Project Based Vouchers and/or Public Housing units; and

WHEREAS, THA staff expect to be able to meet this requirement with the resulting development; now, therefore, be it

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

Apply to HUD for permission to use \$1,000,000 of restricted funds for the use of predevelopment and development costs for THA's Arlington Youth Campus project and commit at least four (4) units dedicated to affordable housing as required by HUD.

Approved: February 27, 2019



Dr. Minh-Anh Hodge, Chair