



TACOMA HOUSING AUTHORITY

RESOLUTION 2015-6-24 (4)

DATE: June 24, 2015
TO: Board of Commissioners
FROM: Michael Mirra, Executive Director
RE: Scattered Site Public Housing Disposition

Background

This resolution authorizes the Executive Director to dispose of the agency's thirty-four (34) single-family public housing units. THA seeks to sell them to their low-income occupants or to other low-income households in Tacoma. With the Board's approval, THA submitted an application to HUD in April for permission to do this. HUD is expected to approve the application by the end of July. Currently, THA is preparing a Request for Proposals (RFP) to procure a homeownership agency to assist with the counseling and sale of the homes.

There are several reasons to sell. Most of them relate to money. There are other factors to consider as well, including the effect on present residents. This memo discusses those reasons and factors below. In summary, THA seeks to sell the homes for three (3) main reasons:

1. The sale of the single-family homes is a chance to provide homeownership opportunities to low-income families. About ninety-three (93) families in the portfolio (7%) and two hundred and four (204) families in the Section 8 program (5%) have incomes within the low-income bracket of 50% to 80% of A.M.I. That is low enough to qualify but high enough to afford the purchase. Another one hundred and sixteen (116) families on the THA's current waitlists fall within this range. THA would partner with a homeownership agency such as Home Sight, Habitat for Humanity or the Homeownership Center. Such partners would counsel families, prepare those who are interested for homeownership and help them finance the purchase. The City also has a strong down payment assistance program for low-income first time purchasers.
2. The single-family homes are expensive to manage and maintain, for two reasons: **First**, they are scattered widely. **Second**, THA's property management structure and skills are suited for apartment buildings and closely situated properties. Single-family homes and their different systems and needs make them harder for THA to manage.
3. THA would benefit from the projected \$3 million the sale would provide. Investment in the rest of the portfolio is an example of how THA could use of these proceeds.

Here are some further factors pertinent to the decision to sell these homes:

Effect on Residents of the Homes:

The sale may be a valuable chance for a current resident to buy the home they have been renting. They would have the right of first purchase. If the household is not interested in buying or if it cannot afford the purchase, the sale of the home will displace the household. THA will rehouse them in one of two ways. **First**, THA will transfer the household to another part of its public housing portfolio. **Second**, THA will give them a tenant-based housing voucher that will help pay the rent on a home or apartment the family finds in the private rental market. Many residents may favor the voucher for the ability it allows the family to choose its home and to move with the subsidy. THA will provide relocation assistance including financial assistance and counseling.

Effect on Portfolio:

Selling these homes will remove some of THA’s larger units, as discussed with the Board in November, 2014. They are primarily three bedroom homes, which constitute 30% of THA’s portfolio. They also include a few homes with 2, 4 and 5 bedrooms. Here is a breakdown of THA’s portfolio by bedroom size and the size units needed for THA’s waiting list and the units the city needs. These data show that, even after the sale, THA’s stock of three-bedroom units is significantly higher proportionately than the overall demand for such units in the City or on its waiting list. THA’s stock of larger units seems about right.

Bedrooms	Percent of Waitlist	PH Single family homes	Added to Portfolio via Bay Terrace	Total Units	% of Portfolio	After Disposition	% of Portfolio
1 Bedroom	45%	0	26	416	33%	416	34%
2 Bedroom	35%	1	30	389	31%	388	32%
3 Bedroom	14%	25	14	383	30%	358	29%
4 Bedroom	4%	6	0	52	4%	46	4%
5 Bedroom	1%	2	0	22	2%	20	2%
6 Bedroom	0%	0	0	1	0%	1	0%

Three, four, and five bedroom units primarily house families with five or more members. According to the 2010 Census data for the City of Tacoma, there are roughly 7,900 families, or 10% of Tacoma’s population, with five or more members. The majority of these families (6,293) are five or six member households, most likely qualifying for three-bedroom units. In summary, the sale will leave THA with an adequate number of larger size units. Additionally, the market study for Bay Terrace Phase 2 on June 13, 2014, recommended a unit mix of 12% three-bedroom units. The current unit mixes we are considering for this next phase all have a higher percentage of three-bedroom units than called for in the market study.

Sale Price

The home prices for the thirty-four (34) homes will range from \$100,000 – \$140,000. THA estimates a conservative net of \$100,000 per home after rehabilitation costs and sharing up to 10% of the proceeds with the respective homeownership organization. THA estimates roughly \$3,000,000 in net proceeds.

Recommendation

Approve Resolution 2015-6-24 (4), authorizing the Executive Director to dispose of the thirty-four (34) public housing scattered sites as affordable homeownership opportunities.



TACOMA HOUSING AUTHORITY

RESOLUTION 2015-6-24 (4)

SCATTERED SITE PUBLIC HOUSING DISPOSITION

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

WHEREAS, THA does not receive enough money from the Public Housing Capital Funds program or rents to adequately maintain the public housing portfolio, especially the single family scattered sites; and

WHEREAS, Managing those scattered single-family homes imposes a disproportionate burden on THA's property management capacity, which is better suited for managing apartment building or townhomes communities; and

WHEREAS, THA is committed to investing in the remaining existing housing portfolio and could use the proceeds of sale to do so; and

WHEREAS, The Board of Commissioners approved a Section 32 disposition application to HUD in November, 2014; and

WHEREAS, Selling these homes to low-income families provides them with a valuable and affordable chance at homeownership; and

WHEREAS, THA is also prepared to offer residents who do not purchase their homes housing in other parts of THA's portfolio or a tenant-based housing voucher; therefore, be it

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

1. The Executive Director has the authority to dispose of the thirty-four (34) single family scattered site public housing homes.

Approved: June 24, 2015


Stanley Rumbaugh, Chair