



TACOMA HOUSING AUTHORITY

RESOLUTION 2018-10-24 (4)

Date: October 24, 2018
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Hilltop Parcels Use of Restricted Funds

This resolution would authorize Tacoma Housing Authority's (THA) Executive Director to submit a request to the U.S. Department of Housing and Urban Development (HUD) to use \$1.44 million of restricted funds for predevelopment and development expenses associated with THA's Hilltop Parcels.

Background

On November 1, 2014, THA received a letter from HUD approving the sale of 7.489 acres in Salishan to DR Horton for the price of \$3,268,000. On June 8, 2016, THA received a letter from HUD approving the sale of 16.19 acres to Metro Parks for the amount of \$295,000. The resulting net proceeds from these sales including bank interest totals \$3,441,676. This money is "HUD restricted funds". We need HUD's approval to use them. THA had previously applied to HUD to use them for the acquisition of Allenmore Brownstone Apartments.

THA determined not to proceed with the Allenmore Brownstone Apartments transaction. By letter of June 7, 2018, HUD approved a rescission of its approval for THA to buy the property with HUD restricted money.

On July 3, 2018, THA staff issued a Request for Qualifications (RFQ) from firms interested in providing Architectural and Engineering Services (A & E) for the redevelopment of THA's Hilltop parcels. THA staff would like to pay for the resulting A & E services as well as the development costs for this project with these same HUD Restricted Funds.

THA's vision for this project is to efficiently develop a cohesive community economic plan to include housing, access to employment, access to home ownership, arts, culture and equitable inclusion that primarily serves families and individuals unable to find the affordable and supportive services they need. The properties involved in this project include, Mr. Mac's, its adjacent parking lot, 1120 S. L (Former Key Bank) and its parking lot, the Alberta Canada Building parking lot, and THA's fenced parking lot.

Current Request

This resolution would allow THA to ask HUD to use \$1.44 million of the HUD restricted funds for the development of the Hilltop parcels. 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. That requirement easily fits with THA's plans for the parcels. THA plans at least seven (7) units to be built with this money will have Project Based Vouchers (PBV), either traditional or Rental Assistance Demonstration (RAD). That is more than the number of units \$1.44 million will pay to build.

Recommendation

THA staff recommends applying to HUD for permission to use these funds and commit to providing at least seven (7) units of affordable housing on these parcels.



TACOMA HOUSING AUTHORITY

RESOLUTION 2018-10-24 (4) (THA's Hilltop Parcels Use of Restricted Funds)

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

WHEREAS, On November 1, 2014, THA received a letter from HUD approving the sale of 7.489 acres in Salishan Area 2B to DR Horton for the price of \$3268,000; and

WHEREAS, On June 8, 2016, THA received a letter from HUD approving the sale of 16.19 acres in Salishan to DR Horton for the price of \$295,000; and

WHEREAS, The total net proceeds and bank interest for these funds currently equals \$3,441,676; and

WHEREAS, On July 3, 2018, Tacoma Housing Authority (THA) staff issued a Request for Qualifications (RFQ) from firms interested in providing architectural and engineering services for the redevelopment of THA's Hilltop Parcels; and

WHEREAS, THA staff expect to use \$1,440,000 for predevelopment and development costs associated with the Hilltop; 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 seven (7) 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 \$1,440,000 of restricted funds for the use of predevelopment and development of THA's Hilltop Parcels for at least seven (7) units dedicated to affordable housing.

Approved: October 24, 2018



Dr. Minh-Anh Hodge, Chair