



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2018-010-24 (5)

**Date:** October 24, 2018  
**To:** THA Board of Commissioners  
**From:** Michael Mirra  
Executive Director  
**Re:** 1800 Hillside Terrace Use of Restricted Funds

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*This resolution would authorize Tacoma Housing Authority's (THA) Executive Director to submit a request to the U.S. Housing and Urban Development (HUD) to use \$2 million of restricted funds for predevelopment and development expenses associated with THA's 1800 Hillside Terrace Development.*

### 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 March 22, 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 1800 Hillside. 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 is in the process of finalizing its development plan for the 1800 block of Hillside Terrace. This project successfully received an allocation of Low Income Housing Tax Credits (9%), \$1.8 Million in Housing Trust Fund and \$300,000 from the City of Tacoma. The balance of the project will be financed with long term debt and a sponsor loan. The use of the restricted funds constitute the source of funds for the sponsor loan. Financial options are being considered to develop new affordable units.

**Current Request**

This resolution will allow THA to ask HUD to use \$2 million of HUD restricted funds for the development of 1800 Hillside Terrace. 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 nine (9) units of affordable housing. That commitment easily fits with THA's plans for the property. 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 64 units, 20% will be set-a-side for individuals with disabilities and another 20% will be available for homeless persons and families.

**Recommendation**

THA staff recommends applying to HUD for permission to use these funds and commit to providing at least nine (9) units of affordable housing on these parcels.



# TACOMA HOUSING AUTHORITY

## **RESOLUTION 2018-10-24 (5) (THA's 1800 Hillside Terrace 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 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 March 22, 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 1800 Hillside project; and

**WHEREAS**, THA staff expect to use \$2,000,000 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 nine (9) 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 \$2,000,000 of restricted funds for the use of predevelopment and development of THA's 1800 Hillside Terrace project for at least nine (9) units dedicated to affordable housing.

**Approved: October 24, 2018**

  
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Dr. Minh-Anh Hodge, Chair