



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2020-12-09 (1)

**Date:** December 9, 2020

**To:** THA Board of Commissioners

**From:** Michael Mirra  
Executive Director

**Re:** Conifer South Apartments Acquisition and Modest Renovation - Use of Restricted Funds

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*This resolution would authorize a request to Housing and Urban Development (HUD) regarding the use of restricted funds for acquisition expenses associated with Tacoma Housing Authority's (THA) Conifer Apartments acquisition. The amount to be used is \$2,000,000.*

### 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. That acquisition was determined to be financially infeasible and a rescission of the request was acknowledged and approved by the HUD on June 7, 2018.

THA would now like to use the previously mentioned funds for the acquisition of Conifer South Apartments and some renovation. The resulting net proceeds from the scattered sites sales, including bank interest, currently totals \$5,873,187 and is considered HUD restricted funds and requires HUD approval for their use.

Conifer South Apartments is a 32-unit apartment building that THA is purchasing from a LIHTC partnership in which THA is an Administrative Managing Member. The initial tax credit compliance period has been met; however, there is an extended use agreement in place with the Washington State Housing Finance Commission which requires the units to remain affordable to households earning up to 50% of the Area Median Income (AMI) until June, 2040. THA intends to maintain this property as affordable housing in perpetuity.

Real Estate Development (RED) staff have been working on this acquisition since August 5, 2020, including engaging with third party consultants to evaluate the property's condition and processes to transfer the PBRA Contract for this property to THA. As planned, the HUD restricted funds would pay off the existing loan, plus proceeds to the current managing member as defined in the Right of First Refusal Clause in the Operating Agreement for Conifer South. After operating the property for

a few years, THA will evaluate the possibility of refinancing the property with private debt.

**Current Request**

This resolution will allow THA to ask HUD to use \$2 million of HUD restricted funds for the acquisition and modest renovation of the Conifer South Apartments. HUD will require that a minimum portion of the resulting units that THA will acquire with this money must be affordable to low-income households. All thirty-two (32) of the units will be affordable to households earning up to 50% of the area median income.

**Recommendation**

THA staff recommends applying to HUD for permission to use these funds and commit to providing thirty-two (32) units of affordable housing for this project.



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## RESOLUTION 2020-12-09 (1)

### (THA's Conifer South Apartments and Modest Renovation - 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 \$5,873,187; and

**WHEREAS**, On August 5, 2020, Tacoma Housing Authority (THA) Staff began engaging with consultants and legal representation regarding this project; and

**WHEREAS**, THA staff expect to use \$2,000,000 for costs associated with the acquisition and modest renovation of the Conifer South Apartments; and

**WHEREAS**, HUD restricts the use of these funds to increase affordable housing and requires HUD approval to use the funds; and


**WHEREAS**, All thirty-two (32) of the apartments are subject to a Project Based Rental Assistance contract administered by the Bremerton Housing Authority. This contract ensures affordability to extremely low, and low income households; and

**WHEREAS**, THA staff expect to be able to meet all HUD affordability requirements and that funds will be approved by HUD to acquire the Conifer South Apartments; 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 from the sale of public housing scattered sites for the acquisition of Conifer South Apartments and commit that all thirty-two (32) of the units will be affordable to households earning up to 50% AMI.

**Approved: December 9, 2020**

  
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Stanley Rumbaugh, Chair