# TACOMA HOUSING AUTHORITY

**Resolution Number 2012-2-22 (2)**

DATE: February 22, 2012

TO: Board of Commissioners

FROM: Michael Mirra, Executive Director

RE: Amendment to THA's Moving to Work Agreement

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THA would like to amend its Moving to Work contract. The amendment addresses how the agency receives it Replacement Housing Factor (RHF) dollars. RHF is a portion of the Capital Fund Grants that are awarded to PHAs that have removed units from inventory for the sole purpose of developing new public housing units. The Capital Fund formula rule at 24 CFR 905.10(i) provides that a PHA may receive RHF grants for public housing units *demolished or sold* for a period of up to five years. A PHA may only be given RHF funding for public housing units that have not already being funded for replacement public housing units under public housing development, Major Reconstruction of Obsolete Public Housing (MROP), HOPE VI, or any other programs that would otherwise provide replacement housing.

Because THA is a Moving to Work agency, there are three options on how to receive this money:

Option 1: Agency may administer RHF awards outside of its MTW funds.

- Must follow RHF requirements:
  - Use for construction of new public housing
  - Obligate within 24 months, expend 48 months; or
  - Accumulate under an approved RHF plan
- The Agency would be eligible for second increment which would be administered outside MTW.

Option 2: Agency may administer first increment of RHF under MTW

- Use for any purpose allowable in the MTW Agreement
- Must obligate in 24 months and expend in 48 months
- Agency will **not** be eligible for 2nd increment of RHF award.

Option 3: Agency may administer first increment of RHF under MTW to develop new units:

- Agency must spend an amount at least equal to the RHF funding for construction of new public and /or affordable housing units

- The number of new public or affordable housing must be equal to or greater than the number of public housing units the Agency would have developed if it had not included its RHF funds in its MTW funds. For example, if a PHA deposits $500,000 of RHF funds in its MTW Block Grant, the PHA must spend at least $500,000 of its MTW Block Grant funds on the

construction of new public and/or affordable housing. The specific number of new public and/or affordable housing units that must be constructed is determined by dividing $500,000 by the Total Development Cost (TDC) limit applicable to the type of new units being developed. For example, if the PHA is developing 2-bedroom townhomes and the TDC for these types of units is $220,000, the PHA must construct a minimum of three new 2-bedroom townhomes ($500,000 divided by $220,000 = 2.7.) This calculation must be done for each year that RHF funds are received by the PHA and included in the MTW Block Grant.

- The new units must meet various development requirements
- Must obligate in 24 months, expend in 48 months
- The Agency would be eligible for second increment RHF
- If the Agency choses to include the second increment RHF Funds in its MTW fund the same rules apply.

I am recommending that THA select is Option 3. Option 3 will allow THA to receive all increments of RHF funding and allow flexibility to apply the funding to affordable housing as well as public housing units. Option 3 requires THA to amend the Moving to Work agreement as it is a new option only available to MTW agencies.

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**AMENDMENT TO THA'S MOVING TO WORK AGREEMENT**

**WHEREAS,** The RHF amendment is THA's 2nd amendment to its Moving to Work agreement with HUD.

**WHEREAS,** The amendment is required to maximize THA's flexibility to develop affordable and public housing units.

***Resolved by the Board of Commissioners of the Housing Authority of the City Of Tacoma, Washington, that:***

1. Authorizing THA to adopt the RHF amendment to THA's Moving to Work Agreement with HUD.

**Approved:** February 22, 2012

Janis Flauding, Chair