

## Demolition and/or Disposition

Pierce County Housing Authority's Public Housing portfolio currently consists of 125, largely noncontiguous, single family homes located throughout Pierce County. For a number of reasons, described later, Pierce County Housing Authority will pursue a disposition application with the US Department of Housing and Urban Development in accord with PIH Notice 2018-04 and related laws and authorities. To put it more clearly, Pierce County Housing Authority intends to seek HUD approval to remove 125 public housing units from its public housing portfolio. To do so, PCHA must make an application to HUD following the instructions found in a public notice produced by HUD. That notice can be accessed at: <https://www.hud.gov/sites/dfiles/PIH/documents/pih2018-04.pdf> or by search engine using the search terms: HUD, PIH Notice 2018-04, Disposition.

The PIH Notice requires that a request to dispose of public housing be included in the Housing Authority's Annual Plan. This document is part of Pierce County Housing Authority's Annual Plan. PCHA must perform the following requirements in order to receive HUD approval to dispose of any public housing.

### **24 CFR § 903.17 What is the process for obtaining public comment on the plans?**

**(a)** The PHA's board of directors or similar governing body must conduct a public hearing to discuss the PHA plan (either the 5-Year Plan and/or Annual Plan, as applicable) and invite public comment on the plan(s). The hearing must be conducted at a location that is convenient to the residents served by the PHA.

**(b)** Not later than 45 days before the public hearing is to take place, the PHA must:

**(1)** Make the proposed PHA plan(s), the required attachments and documents related to the plans, and all information relevant to the public hearing to be conducted, available for inspection by the public at the principal office of the PHA during normal business hours; and

**(2)** Publish a notice informing the public that the information is available for review and inspection, and that a public hearing will take place on the plan, and the date, time and location of the hearing.

**(c)** PHAs shall conduct reasonable outreach activities to encourage broad public participation in the PHA plans.

Pierce County Housing Authority, as part of both the annual planning process and application for disposition will:

- Conduct a public hearing to discuss the plan, including an application to Housing and Urban Development to dispose of 125 units of public housing.
- The public hearing will occur at the customary location for such public hearings, 603 South Polk Street, Building B, Tacoma, WA 98444.

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- PCHA will publish notice that the public is encouraged to review the plan and make comment. Plan availability and publication of the notice will occur a minimum of 45 days prior to the public hearing and include directions as to how the public may obtain copies from PCHA's administrative office located at 603 South Polk Street, Building A, Tacoma, WA 98444

### **24 CFR §970.9 Resident participation - consultation and opportunity to purchase.**

**(a) Resident consultation.** PHAs must consult with residents who will be affected by the proposed action with respect to all demolition or **disposition** applications. The PHA must provide with its application evidence that the application was developed in consultation with residents who will be affected by the proposed action, any resident organizations for the development, PHA-wide resident organizations that will be affected by the **demolition** or **disposition**, and the Resident Advisory Board (RAB). The PHA must also submit copies of any written comments submitted to the PHA and any evaluation that the PHA has made of the comments.

**(b) Resident organization offer to sell - applicability.** In the situation where the PHA applies to dispose of a development or portion of a development:

**(1)** The PHA shall, in appropriate circumstances as determined by the Assistant Secretary, initially offer the property proposed for **disposition** to any eligible resident organization, eligible resident management corporation as defined in 24 CFR part 964, or to a nonprofit organization **acting** on behalf of the residents at any development proposed for **disposition**, if the resident entity has expressed an interest in purchasing the property for continued use as low-income housing. The entity must make the request in writing to the PHA, no later than 30 days after the resident entity has received the notification of sale from the PHA;

**(2)** If the resident entity has expressed an interest in purchasing the property for continued use as low-income housing, the entity, in order for its purchase offer to be considered, must:

**(i)** In the case of a nonprofit organization, be **acting** on behalf of the residents of the development; and

**(ii)** Demonstrate that it has obtained a firm commitment for the necessary financing within 60 days of serving its written notice of interest under paragraph **(b)(1)** of this section.

**(3)** The requirements of this section do not apply to the following cases, which have been determined not to present an appropriate opportunity for purchase by a resident organization:

**(i)** A unit of state or local government requests to acquire vacant land that is less than two acres in order to build or expand its public services (a local government wishes to use the land to build or establish a police substation); or

**(ii)** A PHA seeks **disposition** outside the public housing program to privately finance or otherwise develop a facility to benefit low-income families (e.g., day care center,

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administrative building, mixed-finance housing under 24 CFR part 941 subpart F, or other types of low-income housing);

(iii) Units that have been legally vacated in accordance with the HOPE VI program, the regulations at 24 CFR part 971, or the mandatory conversion regulations at 24 CFR part 972, excluding developments where the PHA has consolidated vacancies;

(iv) Distressed units required to be converted to tenant-based assistance under section 33 of the 1937 Act (42 U.S.C. 1437z-5); or

(v) **Disposition** of non-dwelling properties, including administration and community buildings, and maintenance facilities.

(4) If the requirements of this section are not applicable, as provided in [paragraph \(b\)\(3\)](#) of this section, the PHA may proceed to submit to HUD its application under this part to dispose of the property, or a portion of the property, without affording an opportunity for purchase by a resident organization. However, PHAs must consult with their residents in accordance with [paragraph \(a\)](#) of this section. The PHA must submit documentation with date and signatures to support the applicability of one of the exceptions in [paragraph \(b\)\(3\)](#) of this section. Examples of appropriate documentation include, but are not limited to: a letter from the public body that wants to acquire the land, copies of memoranda or letters approving the PHA's previous application under part 970 or mandatory conversion plan, and the HUD transmittal document approving the proposed revitalization plan.

(c) *Established eligible organizations.* Where there are eligible resident organizations, eligible resident management corporations as defined in 24 CFR part 964, or nonprofit organizations acting on behalf of the residents as defined in 24 CFR part 964 (collectively, “established eligible organizations”), that have expressed an interest, in writing, to the PHA within 30 days of the date of notification of the proposed sale, in purchasing the property for continued use as low-income housing at the affected development, the PHA shall follow the procedures for making the offer described in § 970.11.

Pierce County Housing Authority will work closely with residents of the 125 units considered for disposition (sale). At all meetings regarding disposition, PCHA will create a record of comments and questions from the public and residents and create a written record of PCHA’s evaluation of such comments.

In compliance with this regulation, PCHA will initially offer sale to any eligible resident organization, eligible resident management corporation, or to a nonprofit organization acting on behalf of the residents at any development proposed for disposition. Any such organization must meet the requirements at 2(i)(ii). In such an instance, PCHA will follow the procedures for making the offer described at 24 CFR 970.11.

Prior to submittal of Pierce County Housing Authority’s (PCHA) disposition application to HUD’s Special Assessment Center (SAC), PCHA’s Board of Commissioners will, at an open meeting, pass a resolution (and create a written record of the resolution to be signed and dated). The PCHA Board of Commissioners must be consulted and approve the documents submitted as part of the application. Documents include:

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- Justification
- Method of disposition
- Use of proceeds
- Relocation Plan

The resolution of the Board of Commissioners authorizing submission of the application for disposal will occur after all local government and resident consultations are conducted.

### Phased Applications:

Pierce County Housing Authority (PCHA) may submit applications through a “phased” method with staggered timelines, so that units in later phases remain eligible for operating subsidy through Housing and Urban Development. PCHA will use the same supporting documentation (board resolution, resident consultation, government consultation, etc.) for all its phases.

### Amendments:

PCHA will comply with the terms of the SAC application. Material changes to the application must be reapproved. Material changes include:

- Method of disposition
- Public bid sale where offer is less than 80% Fair Market Value

In compliance with PIH Notice 2018-4, PCHA will transmit requested amendments (and a board resolution approving the changes) by email to SAC.

### Justification Criteria for Units:

PIH Notice 2018-4 identifies three reasons that SAC will approve a housing authority’s application for disposition. SAC approval must be based on at least one of the following reasons:

- **Surrounding Area.** Health/Safety Issues or lack of demand for units. PCHA will not make application for disposition based on this criteria, as it is not applicable.
- **Improved Efficiency/Effectiveness.** PCHA will make application for disposition based upon this justification. PCHA will demonstrate that retention is not in the best interest of the Housing Authority or residents because disposition allows for the development of other properties that will be more effectively operated as low-income housing developments. Reasons that development of other properties includes:
  - Greater resident choice
  - Units that better reflect the needs of applicants based on household size (all PCHA’s public housing units are 3 and 4 bedroom units)
  - Access to public transportation, educational opportunities, and employment
  - Increased energy efficiency

In its application to SAC, PCHA must describe how the units to be acquired, developed, or rehabilitated as “low income housing developments”, to include new units of public housing or project based voucher units. Such developments may include acquisition (with or without rehabilitation) or new construction. PCHA will provide its rationale for improved efficiency and effectiveness of new low income housing developments in both its application for disposition and in required outreach with program participants and local government. Project based units will include an “an intent to project base” transmittal to Region X’s local HUD Field Office (Seattle).

- **Best Interests and Consistency.** PCHA will certify that it has determined the disposition to be appropriate for reasons that are in the best interests of the residents and Pierce County Housing Authority for the following reasons:
  - Disposal is consistent with the PCHA Plan
  - Disposal is consistent with the originating legislation that created public housing (known as the Public Housing Act of 1937)

PCHA must also consider the tremendous need for public housing units, its obligation to operate such units as safe and decent housing, and the funding and other tools available to the housing authority to do so. Under this heading, PCHA will apply to dispose of the housing based upon the following operational realities of its current portfolio:

- Distance, travel time, between 125 single family units;
- Lack of uniformity of systems (HVAC, fixtures, size and construction);
- Challenges related to removal of architectural barriers and accessibility;
- Lack of a continuum of public housing unit sizes to better reflect the needs of the community

The operational inefficiency of the composition of the portfolio ultimately is unsustainable to operate and maintain the current portfolio of public housing given the aging portfolio, rising labor costs, geography, and lack of scales of economy (it is highly inefficient).

#### Disposition at Less than Fair Market Value:

PCHA may propose to dispose of the public housing units at less than 80% of Fair Market Value, if it can demonstrate the following in its application to SAC that a commensurate public benefit exists. Examples include, when the disposed property is developed for affordable housing purposes serving low-income families (with incomes at or below 80% of Area Median Income). Public housing, project based Section 8, and housing developed with Low Income Housing Tax Credits (LIHTC) are examples. PCHA is very interested in disposition models that would create homeownership opportunities for low income (80% of AMI) homebuyers through creation of a community land trust(s).

#### Tenant Protection Vouchers:

PCHA will apply separately to HUD for Tenant Protection Vouchers/Section 8 assistance to assist current occupants. PCHA will attempt to time its application to HUD for disposition to maximize the number of potential Tenant Protection Vouchers (TPV) available. The award of Tenant Protection Vouchers is based upon occupancy of units at the time the TPV application is *submitted* to HUD and may be less, but not more than the maximum number of relocation TPV's identified in the separate SAC approval for disposition.

#### Reoccupying Units Proposed for Disposition:

Due to the housing needs that exist in Pierce County, the additional lack of scale of economy that would exist as units are vacated, and the very likely increase in vandalism/destruction/deterioration of the vacant single family unit and associated nuisance in the community such a vacancy would create – PCHA will be requesting that HUD allow the units

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to be reoccupied up until PCHA issues a notice of relocation. PCHA will not occupy units after issuance of the 90 day relocation notice.

### Relocation of Residents:

Relocation/displacement of occupants of public housing is of great concern to PCHA. PCHA will follow relocation requirements at 24 CFR 970.21. Disposition of public housing is not subject to the Uniform Relocation Act of 1970. However, if future acquisition, rehabilitation, or demolition is carried out with HUD funds– the Uniform Relocation Act may apply. Home or CDBG funds subsequently used for the conversion of lower-income dwelling units to a use other than lower income dwelling units, the project may be subject to Section 104(d) of the Housing and Community Development Act of 1974, which may include a one-for-one replacement condition under 24 CFR part 42 (C).