

City Council Workshop

July 15, 2013

Agenda Item #2

South Portland Housing Authority
Development Plan

On Monday, the South Portland Housing Authority will make a presentation regarding its planned disposition and replacement of 20 units.


City Manager

For Presentation to South Portland City Council

**Planned Disposition and Replacement of 20 units
of South Portland Housing Authority Property**

July 15, 2013

Objective

Our objective is to transfer of 20 Public Housing units contained in seven buildings scattered throughout South Portland and currently owned by the South Portland Housing Authority to the South Portland Housing Development Corporation. The proceeds from the sale of these units will allow the South Portland Housing Authority to renovate and construct 20 new units on the Landry Circle site. The existing residents will receive vouchers to remain in their units and the existing Operating and Capital Subsidies will be transferred to the new constructed units. HUD has issued regulations and guide-lines that one must follow in the disposition and replacement of existing housing units. One of the regulations requires that the application to HUD include a letter of support from the City of South Portland.

Current Physical Plant

The physical plant of the South Portland Housing Authority and the South Portland Housing Development Corporation today consists of:

Physical Plant of South Portland Housing Authority	
Family Scattered Sites	96 units public housing
Broadway West – 425 Broadway	100 units public housing
Broadway East – St Cry Court	100 units public housing
Landry Village	50 units public housing
Physical Plant of South Portland Housing Development Corporation	
Adam Court	10 units – physical disabled housing
Ridgeland Estates	80 units
Mill Cove	82 units
Betsy Ross House	123 units

Description of Proposed Development

SPHA is looking to renovate their old SPHA office at 51 Landry Circle in South Portland and create 5 units of housing and construct 15 additional units on the Landry Circle site. In order to finance the project SPHA will sell several of their existing duplex or triplex properties scattered throughout the city. The existing properties that SPHA plans to sell are HUD public housing units located on 7 scattered sites throughout South Portland. HUD requires certain guidelines in the relocation, disposition, or replacement of current tenants. This proposal does not contemplate the actual demolition of any units, only the transfer of the existing units to the South Portland Housing Development Corp, a related party and the construction of new units. No relocation is anticipated, as the existing tenants will receive vouchers. The residents can remain in their unit. If an occupant wishes to be relocated the HUD required relocation guidelines will be followed.

The table below identifies the existing public housing units to be transferred. For the purposes of this report we have used the assessed value as an estimate of market value.

Inventory of Existing Buildings					
Address	Assessed Value	Number of Units	# of 2BR	# of 3BR	# of 4BR
375 Preble 	\$262,900	2	2		
268 Preble 	\$279,500	2		2	
832-834 Broadway 	\$250,600	2		2	
576-578 Main 	\$224,900	2			2

<p>55 Hill Street</p> 	\$323,500	4	3	1	
<p>8 Free Street</p> 	\$307,500	4	3	1	
<p>70 Grandview Ave.</p> 	\$299,500	4	3	1	
TOTAL	\$1,948,100	20	11	7	2

Reasons for Action (Justification)

SPHA is proposing the disposition based on 24 CFR, Part 970.17, which requires the PHA to certify that the retention of the property is not in the best interest of the residents or the PHA because disposition allows the acquisition, development, or rehabilitation of other properties that will be more efficiently or effectively operated as low-income housing developments.

Conclusions:

The proposal from South Portland Housing Authority to transfer 20 units of Public Housing to the South Portland Housing Development Corporation, at Fair Market Value and provide the residents vouchers, thus removing the units from Public Housing and using the net proceeds of this transfer to renovate and construct 20 new units is deemed feasible. The proposal is consistent with the goals of the South Portland Housing Authority and will abide by the guidelines established by HUD for such disposition of units.