



HOUSTON
HOUSING AUTHORITY

Transforming Lives & Communities

REQUEST FOR BOARD AGENDA ITEM

1. Brief Description of Proposed Item:

Settlement with TXDOT for Clayton Homes

2. Date of Board Meeting: August 27, 2019

3. Proposed Board Resolution:

Resolution: That the Houston Housing Authority Board of Commissioners authorizes the President and CEO to make any necessary changes or corrections and sign a letter agreement with TXDOT for the acquisition of Clayton Homes and submit any necessary documentation to TXDOT and HUD, including a demo/disposition application to effectuate the agreement, pursuant to the August 20, 2019, memorandum from Tory Gunsolley, President and CEO to the Board of Commissioners.

4. All Backup attached?

Yes

No

If no, what is missing and when will it be submitted: _____

5. Department Head Approval Signature _____ Date: _____

6. Statement regarding availability of funds by VP of Fiscal Operations

Funds Budgeted and Available Yes No Source _____

Account # _____

VP of FO Approval Signature _____ Date: _____

7. Approval of President & CEO

Signature _____ Date: _____



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MEMORANDUM

TO: HHA BOARD OF COMMISSIONERS
FROM: TORY GUNSOLLEY, PRESIDENT & CEO
SUBJECT: SETTLEMENT WITH TXDOT FOR CLAYTON HOMES
DATE: AUGUST 20, 2019

This memorandum recommends that the Houston Housing Authority (HHA) Board of Commissioners authorize the President & CEO to sign a letter agreement with TXDOT for the acquisition of Clayton Homes. It further authorizes the President & CEO to submit all required documentation to effectuate the sale of Clayton Homes, including submitting a demo/disposition application to HUD.

BACKGROUND

HHA has been aware of TXDOT's interest in acquiring Clayton Homes since early 2017. After completing appraisals, TXDOT and HHA began negotiating in early 2019. TXDOT's first offer was based on those appraisals, which HHA rejected as inadequate as its goal is to replace the 296 units that will be taken with new replacement units. After continued negotiations, HHA and TXDOT have agreed to an amount that will be adequate to replace the lost units.

LETTER AGREEMENT

The Letter Agreement spells out terms and conditions surrounding the taking and will form the basis for the settlement. Once HHA has executed the document, TXDOT will begin its internal process to have the funds put into escrow pending HUD approval of the disposition application.

Some key terms of the letter agreement include:

- 1) relocation will be handled by HHA in accordance with the Uniform Relocation Act and reimbursed by TXDOT within 90 days of being invoiced;
- 2) all Clayton residents will be offered a Section 8 Voucher, if eligible, and will have the first right to reside in the replacement units;
- 3) 80 percent of the units will be reestablished within a two-mile radius of Clayton;
- 4) the 296 units acquired will be replaced at current standards with multiple upgrades;
- 5) 100 percent of the units will be reestablished within the city limits of Houston;
- 6) 100 percent of the units will be reestablished within 5 years from the date of closing;
- 7) the reestablishment of the units will be done through a combination of replacement housing, private/public partnerships, and rental programs;
- 8) TxDOT will demolish the 112 units destroyed by Harvey within 90 days of closing;
- 9) Clayton residents will not be required to relocate until the land is needed for construction, and may remain at the property until such time through an occupancy agreement to be executed within 7 days from the date of closing between the HHA and TxDOT. Residents shall be given a minimum of 90 days notice prior to the termination of any residency rights under the occupancy agreement; and HHA will provide all necessary documents and verification to TxDOT and the

- Federal Highway Administration to allow for the review and audit of the relocation process to verify that all benefits were given in compliance to all applicable standards and rules;
- 10) HHA will make every reasonable effort to have replacement units available for the residents so that each resident will only have to relocate once.
 - 11) If after five years from the closing date, HHA has failed to reestablish and make available for occupancy the 296 units of public housing in accordance with the above requirements, the following claw back provision applies: For each unit not reestablished as stated above, the HHA will refund \$260,000.00 to TxDOT within 60 days of written demand. The maximum refund under this provision will be \$30,000,000.00. There is a provision for a year extension upon showing good cause.

HHA is confident that this settlement is a fair deal for HHA and the residents of Clayton Homes. Currently, Clayton Homes is an older property with high capital needs that was partially damaged by Hurricane Harvey. This settlement will allow HHA to replace all of the units with modern units, while adding additional affordable and market units. TXDOT has agreed that the replacement units may be spread out to multiple locations, allowing HHA to build mixed-income housing instead of concentrating all of the replacement units in one location.

HUD DISPOSITION APPLICATION

HHA will need to file an application with HUD to have the Federal Declaration of Trust removed and allow the disposition to move forward. HUD must consent to the taking. The process for gaining HUD approval is outline HUD PIH Notice 2012-8. The first step in the process is showing Board support for the settlement, which this resolution will do. Tenants have been met with multiple times to explain the possibility of the taking. HHA will be having another meeting with tenants to update them on the taking. At these meetings, tenants have generally been in favor of the taking, as those who are eligible will receive tenant protection vouchers. After the settlement letter is executed, HHA will also be providing written notice to the tenants of Clayton Homes.

RECOMMENDATION

Accordingly, I recommend that the Board approves this resolution, which states:

Resolution: That the Houston Housing Authority Board of Commissioners authorizes the President and CEO to make any necessary changes or corrections and sign a letter agreement with TXDOT for the acquisition of Clayton Homes and submit any necessary documentation to TXDOT and HUD, including a demo/disposition application to effectuate the agreement, pursuant to the August 20, 2019, memorandum from Tory Gunsolley, President and CEO to the Board of Commissioners.