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McKinneyha.org

## McKinney Housing Authority

06/27/14

Tom Muehlenbeck  
Interim City Manager  
City of McKinney  
222 N. Tennessee St.  
McKinney, Texas 75069

### **RE: McKinney Housing Authority Newsome Homes Redevelopment**

Mr. Muehlenbeck,

On behalf of the residents and staff of the McKinney Housing Authority, thank you for taking the time to meet with the Chairman and I. It was a pleasure to meet you. We look forward to your leadership in carrying out the great work being done to make our City the "2<sup>nd</sup> Best Place to live in the U.S."

MHA salutes the Mayor and City Council for the efforts to revitalize the communities located in east McKinney with the "Together We Serve" initiative.

The McKinney Housing Authority is proud to serve the community with affordable/workforce housing. We appreciate the approval of the zoning request for our Newsome Homes property in February. The residents of Newsome are our most vulnerable population; this property is home to a majority elderly and disabled. As the property has aged the infrastructure, like other properties east of highway 5, has deteriorated and or has failed completely. Last summer we had to evacuate two buildings due to sewer backups. In addition, ramps were added to the units sometime after the initial construction. These cement porches on the front and back of the buildings have severely limited ventilation and pose a potential hazard to the tenants. To be specific, a single mother transitioned from Samaritan Inn last year with two young children. The young woman was frequently absent from her job she had acquired thru the transition project. When queried about this by her mentor/advocate she replied that the apartment in which they lived was causing her child to get sick and the mold was killing the child. The Deputy City Manager and Mayor Pro-Tem were called to investigate the matter. The authority met with all parties concerned to offer the young lady a unit at another location. While it was determined that the unit did not have any more mold conditions than the normal mold conditions outside of the unit, the age and ventilation issues do pose an air quality hazard.

This intervention solved the problem for the young family that moved in, but the conditions still remain for the remaining residents. The authority is committed to our mission to maintain decent, safe affordable housing. Our board and residents reviewed several options for addressing this concern during the summer of 2012. Our board and staff met with the City and provided updates of our service to the community in addition to the copy of the board reports that are provided to the City Council on a monthly basis. In the fall of that year we applied for the Housing and Urban Development Rental Demonstration initiative. The pilot program was open to housing authorities across the country as a means to address aging housing stock. Of the initial 60,000 units, MHA was selected one of three agencies in the state of Texas. The other two agencies are Fort Worth and Austin. While these two agencies are large public housing agencies with the support of their local municipality and the

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capacity to get the project done, this does not give MHA a pass to fail. Currently, there is a waiting list of housing authorities to participate in this initiative.

As of today, MHA has received a letter of commitment from the following.

- MDCD - \$450,000
- CDBG - \$100,000

We have also applied for Federal Home Loan Bank funds and are waiting the award announcement.

Mr. Muehlenbeck, MHA respectfully asks for the support of the City in a letter of commitment with regard to the waiver of fees (\$900,000) and \$1,089,710 million soft funds for the project (see attached sources and uses document). This project is located in the Highway 5, Town Center and Neighborhood Revitalization zones. Funds available to that zone include Brownfield and TIRZ #1 dollars. In addition, the Department of Housing and Urban Development has published a Notice of Funding for a Choice Neighborhood Planning grant. The CDBG office has reviewed the grant and scheduled a meeting with MHA to partner in seeking this grant opportunity for the City.

The Choice Neighborhoods program supports locally driven strategies to address struggling neighborhoods with distressed public or HUD-assisted housing through a comprehensive approach to neighborhood transformation. Local leaders, residents, and stakeholders, such as public housing authorities, cities, schools, police, business owners, nonprofits, and private developers, come together to create and implement a plan that transforms distressed HUD housing and addresses the challenges in the surrounding neighborhood. The program is designed to catalyze critical improvements in neighborhood assets, including vacant property, housing, services and schools.

The McKinney Housing Authority strategic plan is to redevelop all of our public housing properties over the next five years. The successful redevelopment of the Newsome Homes property positions the agency and the City for additional grant opportunities. The Choice Neighborhood grant is an example of the benefits of other partnering opportunities for revitalization of the community we serve.

The following are additional benefits to the City in partnering with MHA in the redevelopment of Newsome Homes.

**A commitment from City Council of the City of McKinney (the "City") to fill the \$1.9 million funding gap for the McKinney Housing Authority's ("MHA") Rental Assistance Demonstration ("RAD") project with Carleton Development Ltd. ("Carleton") would have the following potential benefits for the City:**

**(a) Development of a project of this size will require Carleton and MHA to hire contractors and subcontractors. MHA expects that much of the hiring for this project will be local or regional, which would benefit the City's labor force.**

**(b) The City should also see a benefit for its local merchants, as the increased activity in the City due to the construction of such a large project will require services and products that many of the City's businesses provide.**

**(c) Spending \$1.9 million dollars within the City could act as a catalyst for growth from other public and private investors who may be incentivized to step in from the sidelines and follow City Council's lead.**

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(d) Roads, thoroughways, utilities and other infrastructure that may be built as part of the project will be at no cost to the City.

(e) The project will beautify the neighborhood with new rental units constructed using state of the art materials as a replacement for aging public housing units. Carleton is an experienced affordable housing developer with a proven track record of building quality affordable housing units.

(f) Unlike many existing public housing projects, the units at this project will be subject to market pressure that will incentivize the project's manager to maintain the units at a level of quality consistent with market demand. These same market pressures will incentivize the project's manager to keep the project grounds and immediate environs safe for its residents, which will assist the City in fighting crime.

(g) City Council has a number of tools at its disposal for supporting MHA's mission to increase the availability of decent, safe, and affordable housing. These include Community Development Block Grants, HOME Partnership funding and Tax Increment Reinvestment Zones. Providing a grant to make this project feasible is simply another way for City Council to meaningfully contribute.

Mr. Muehlenbeck, we are proud to serve the residents of McKinney. We thank you for taking the time to review our request and present it to the City Council for consideration. If you have any questions, please don't hesitate to contact our office at 972-542-5641 or email [rmiller@mckinneyha.org](mailto:rmiller@mckinneyha.org).

Sincerely,

*Reilyn Miller*

Executive Director

Justin Beller – Chairman  
Juli Smith – Vice Chairman

Don Stockford - Commissioner  
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Jeremiah Hammer - Commissioner

