



TO: Elizabeth Pauli, City Manager
FROM: Felicia Medlen, Housing Division Manager, CEDD
Patricia Beard, Interim Director, CEDD
COPY: City Council and City Clerk
SUBJECT: Resolution: Amendment to Property Acquisition Agreement with TCRA
DATE: November 21, 2024

SUMMARY AND PURPOSE:

This memorandum requests a resolution City Council acceptance of \$1,455,000 in funding from the WA Department of Commerce and approval of an agreement with the Tacoma Community Redevelopment Authority (TCRA) for property acquisition for affordable housing.

BACKGROUND:

The TCRA was created to provide an independent means of carrying out and administering programs that rebuild or revitalize blighted areas, expand housing, job, and income opportunities; develop housing programs including home rehabilitation, counseling, and maintenance; and stimulate economic development through use of available resources. Among the authorities granted through the formation of the TCRA are the ability to own, lease, and acquire land and personal property, contract with individuals and organizations including the state and federal government, and lend and borrow money.

In 2019 the Tacoma Community Redevelopment Authority (TCRA) began negotiations with the Martin Luther King Development Association (MLKHDA) for acquisition of the property located at 1143-1149 S Tacoma Ave, also called the King Center. The TCRA is continuing negotiations toward executing a purchase and sale agreement. The property acquisition is part of the TCRA's land acquisition program. In this program the TCRA acquires property to make it available for affordable housing development to reduce the land acquisition expense that presents a barrier for affordable housing projects.

The acquisition of this property will ensure it is available for the development of affordable housing through the acquisition of the property. This property is close to the Tacoma Main Library, hospitals in the Hilltop neighborhood, and multimodal transit options. This in an area that has experienced significant redevelopment of market rate housing. Acquiring the property will allow the City to preserve a valuable real estate asset for future development of much-needed affordable housing in this rapidly gentrifying area of the City and return the real estate to a productive community asset.

As Part of the State's 2023-2024 Legislative session the City of Tacoma's Community and Economic Development Department (CEDD) submitted a request for acquisition funding to acquire the King Center property. The request was granted for a total of \$1,455,000 as part of the State's Capital Budget for Local and Community Projects administered by the WA Department of Commerce. CEDD will receive the money and enter into an agreement with TCRA to transfer the money for the acquisition of property.



COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

The Community and Economic Development Department’s recommendations align with the continued community need of increasing the number of affordable housing units to ensure equitable access to housing to low-income residents in Tacoma.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility: (Mandatory)

Affordable housing is a need across all demographics, though we know that there is a disproportionate need for affordable housing among people of color. By creating a pathway for more affordable housing units to be developed we increase opportunities to market units to households that are most in need of them.

Livability: Equity Index Score: Moderate Opportunity

Decrease the percentage of individuals who are spending more than 45% of income on housing and transportation costs.

Explain how your legislation will affect the selected indicator(s).

This acquisition will facilitate the provision of affordable housing units for households that are at or below 80% Area Median Income (AMI). It is anticipated that the development of rental housing would have some portion or all units affordable at 60% AMI and below; while a homeownership development would have some portion, or all units targeted to 80% AMI.

ALTERNATIVES:

Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Not accept the funding from WA Department of Commerce	None	If funding is not accepted the acquisition will not take place.
2. Deny approval of contract with the TCRA	None	If the contract is not approved the acquisition will not take place.

EVALUATION AND FOLLOW UP:

Affordable housing units created from acquisitions under this agreement would be reported on as part of the AHAS reporting. Additionally, the long-term affordability of those units will be monitored by the Housing Division as part of the compliance portfolio.

STAFF/SPONSOR RECOMMENDATION:

The Community and Economic Development Department recommend Council accept the grant funding from the WA Department of Commerce and approve an agreement with the TCRA which would allow the TCRA to utilize the funds to acquire property for affordable housing development.



FISCAL IMPACT:

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1. Direct WA State Department of Commerce	733000	4334360	1,455,000
2. Affordable Housing Development	733000	6530600	(1,455,000)
TOTAL			0

What Funding is being used to support the expense?

Funding for this request will come from two sources: a WA Department of Commerce grant for \$1,455,00.

Are the expenditures and revenues planned and budgeted in this biennium's current budget?

NO, PLEASE EXPLAIN BELOW

These expenditures were not included in the 2023-24 biennium budget because the funding was not awarded until Q1 of 2024.

Are there financial costs or other impacts of not implementing the legislation?

No

Will the legislation have an ongoing/recurring fiscal impact?

No

Will the legislation change the City's FTE/personnel counts?

No

Please enter Explanation.

ATTACHMENTS:

- Commerce Award Document
- City of Tacoma CEDD Funding Commitment Letter
- Draft Amendment to the Property Acquisition Funding Agreement