



RESOLUTION NO. 39517

1 A RESOLUTION relating to community and economic development; authorizing
2 the execution of a regulatory agreement and 30-year loan agreement with
3 the Tacoma Community Redevelopment Authority, for use of up to
4 \$3,000,000, budgeted from Urban Development Action Grant (“UDAG”) Program Income Funds, to assist with the development of the Valhalla Hall project.

5 WHEREAS the Tacoma Community Redevelopment Authority (“TCRA”) is a
6 public corporation, organized and existing pursuant to its charter, Chapter 1.60 of
7 the Tacoma Municipal Code, and the laws of the state of Washington, and

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9 WHEREAS, on January 9, 2014, the TCRA Board authorized staff to bid on
10 a three-story vacant commercial building, known as Valhalla Hall, located at
11 1216-1218 Martin Luther King, Jr. Way (“Property”) at a foreclosure sale, and

12 WHEREAS, on January 17, 2014, the TCRA was the successful bidder and
13 acquired the Property at a cost of \$305,080.84, using Community Development
14 Block Grant (“CDBG”) funds, and

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16 WHEREAS the TCRA reviewed a number of use options for the Property,
17 ultimately deciding on a housing reuse project with an affordable component, and

18 WHEREAS the Project is consistent with the Hilltop Subarea Plan,
19 addressing such policy points as creating affordable, healthy, mixed-use,
20 mixed-income housing; increasing the availability of quality affordable housing units
21 to households earning no more than 80 percent of the area’s median income level;
22 creating local employment opportunities; and implementing catalytic development
23 projects in the Hilltop, and
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1 WHEREAS the Project involves the construction of a four-story residential
2 building containing 26 dwelling units, including two work/live units, and will provide
3 rental housing for a variety of income levels, including nine units set aside for
4 households at 50 percent of the area median income (“AMI”) under a long-term
5 covenant agreement, and five units set aside for households at 80 percent of AMI
6 which will convert to market rate units at the end of initial tenancy, and

7 WHEREAS the Project also serves to redevelop a previously foreclosed
8 property along the MLK corridor that would otherwise remain vacant, underutilized,
9 and a nuisance to the surrounding community, and

10 WHEREAS the current estimated development cost, in the amount of
11 \$7.2 million, is higher than the 2014 estimate and a subsequent cost analysis;
12 however, analysis shows that the current per-unit cost is consistent with similar
13 affordable housing projects funded by the TCRA in the last two years, and

14 WHEREAS the TCRA has spent approximately \$550,000 to date in federal
15 CDBG and HOME funds to pay for the costs associated with the acquisition and
16 predevelopment of the Project, and

17 WHEREAS, on July 14, 2016, the TCRA Board approved the negotiation and
18 execution of a 30-year loan agreement with the City, for the use of up to \$3,000,000
19 in Urban Development Action Grant (“UDAG”) funds for the Project secured by a
20 deed of trust and promissory note and governed by a regulatory agreement, and

21 WHEREAS, at the August 11, 2016, Community Vitality and Safety
22 Committee meeting, the TCRA presented its recommendations for the loan
23 agreement, deed of trust, promissory note, and regulatory agreement, for the
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transfer of up to \$3,000,000 in UDAG Program Income Funds to the TCRA, to be drawn down for project construction and permanent financing costs, and the Committee approved the recommendations for consideration by the City Council;

Now, Therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

That the proper officers of the City are hereby authorized to enter into a 30-year loan agreement, secured by a deed of trust on the Property and an accompanying promissory note, along with a regulatory agreement, with the Tacoma Community Redevelopment Authority, for use of up to \$3,000,000, budgeted from Urban Development Action Grant (“UDAG”) Program Income Funds, to assist with development of the Valhalla Hall project, said agreement, deed of trust, promissory note, and regulatory agreement to be substantially in the form of the documents on file in the office of the City Clerk.

Adopted _____

Mayor

Attest:

City Clerk

Approved as to form:

Deputy City Attorney