



**TO:** T.C. Broadnax, City Manager  
**FROM:** Martha Anderson, Assistant Director, Community and Economic Development  
 Ricardo Noguera, Community and Economic Development  
**COPY:** City Council; City Clerk  
**SUBJECT:** Request for Resolution - Modification of Agreement with Tacoma Housing Authority - November 3, 2015  
**DATE:** October 14, 2015

**SUMMARY:**

City Council approved entering into a Purchase and Sale agreement with Tacoma Housing Authority (THA) on August 13, 2013 for property located at 1120 and 1124 Martin Luther King Jr. Way. The City and THA would like to amend the agreement to extend the buyer's final design and cost estimate delivery date and other financial feasibility dates by approximately one year as outlined in the amendment and to extend the closing date until June 30, 2017.

**STRATEGIC POLICY PRIORITY:**

This project is aligned with the following Council strategic policy priority:

- Ensure all Tacoma residents are valued and have access to resources to meet their needs.

**BACKGROUND:**

The City intends to sell two parcels of property located at 1120 and 1124 Martin Luther King Jr. Way (MLK) to THA. The City Council approved the purchase and sale agreement at its meeting on August 13, 2013. This new project is intended to construct approximately 40-50 new housing units affordable to employees at the lower end of the wage scale of the area's major employers, such as the health care facilities in the neighborhood. Closing was to occur June 30, 2016.

THA is committed to completing this development. They completed the initial feasibility study for the project and proceeded with design development, which was completed in December, 2014. Based on the more detailed design, the project cost increased from \$8.3 million to \$11.6 million. They are continuing to evaluate different financing options.

In the meantime, an opportunity became available to purchase adjacent property and the Alberta Canada/New Look property. Both properties are on the same block as Hilltop Lofts. With these properties, there is potential to expand the residential development to the site and provide additional parking that is needed for the development.

This extension requires modification of the agreement and will move key milestones approximately one year forward. The new dates included in the amendment are:

7.2.2	Final Design and Cost Estimate Submitted	May 31, 2016
7.2.3	Financial Feasibility Determination	April 30, 2017
7.2.4	Construction and Permanent Financing Obtained	June 1, 2017
8.1	Closing	June 30, 2017
8.3.1	Construction Completion	June 30, 2018



**ISSUE:**

The buyers have requested additional time to complete their analysis and proceed with the project.

**ALTERNATIVES:**

Not granting an extension of the due diligence and closing period will result in the City re-starting the process of attracting a new buyer for the property.

**RECOMMENDATION:**

It is recommended that the City Council approve this extension, allowing the buyer additional time to complete feasibility, secure financing and pursue acquisition of additional property to complete a larger development project.

**FISCAL IMPACT:**

There is no fiscal impact. No monetary compensation will be received for the purchase in order to assist Buyer in its mission of providing high quality, stable and sustainable housing and supportive services to people in need.