



TO: Elizabeth Pauli, City Manager
FROM: Jennifer Hines, Assistant Division Manager, Public Works
Ricardo Noguera, Community and Economic Development
COPY: City Council and City Clerk
SUBJECT: Resolution – Conveyance of 1120 and 1124 Martin Luther King Jr Way –
June 20, 2017
DATE: June 2, 2017

SUMMARY:

Community and Economic Development Department requests City Council authorize the execution of a Quit Claim Deed to convey 1120 and 1124 Martin Luther King Jr Way (“the Property”) to the Tacoma Housing Authority (“THA”), in accordance with the Purchase and Sale Agreement dated 10/16/2013, and approved in Resolution No. 38718 dated 08/13/2013.

STRATEGIC POLICY PRIORITY:

- Foster neighborhood, community and economic development vitality and sustainability
- Assure outstanding stewardship of the natural and built environment.

BACKGROUND:

In 2005, as part of the James L. Walton Hilltop Renaissance project, the City Council authorized the acquisition of properties located at 1110 through 1124 Martin Luther King Jr. Way (MLK). In September of 2005, the City acquired 1120 and 1124 MLK, a former retail store and adjacent parking lot. Since 2011, the Property has been leased and operated to Morris McCollum (McCollum), d/b/a Mr. Mac Ltd. The current lease rate is \$720 per month.

In 2013, Council passed Resolution 38718, approving the surplus and disposition of the Property to THA for development of their planned affordable housing project. This land is being donated to insure the creation of affordable housing and preservation of mixed income demographics in the Hilltop neighborhood.

THA has extended the timeline for their project to 2018 as they continue to pursue financing. They have agreed to take ownership and assume management of the property and the existing lease in the interim. Lease revenue from the property will assist in covering the costs of property management and maintenance. The conveyance will be subject to Covenants and Conditions that establish development performance and sets dates for submitting permits and starting construction. Property will revert to the City if THA fails to meet the conditions of sale.

ISSUE:

The City must dispose of City-owned surplus property pursuant to the City’s Policy for the Sale/Disposition of City-owned General Government Real Property. This property is listed as a Tier 1 property and considered a priority property for sale.



ALTERNATIVES:

The City could continue to hold title to this property. However, this contradicts the goals outlined in the City Policy for Sale/Disposition of City-owned General Government Real Property and the agreements in place with THA.

RECOMMENDATION:

The Community and Economic Development Department recommends Council approve the execution of a Quit Claim Deed to convey the subject property to Tacoma Housing Authority subject to Covenants and Conditions establishing development requirements and performance dates.

FISCAL IMPACT:

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: -\$12,960

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? N/A

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.

The current lease on the Property is \$720 per month, which is deposited in Fund 1100. This lease will be assigned to THA at closing. It is acceptable for Fund 1100 to forgo the \$12,900 revenue while the current lease payments are being collected, due to the mutual and offsetting benefit associated with THA taking over the maintenance and management of the lease.