



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2014-04-23 (3)

DATE: April 23, 2014  
TO: Board of Commissioners  
FROM: Michael Mirra, Executive Director  
RE: Acceptance of Letter of Intent from Summit Housing Group for Arlington Drive

### **Background**

In THA's original Hope VI application for the Salishan Redevelopment, the Arlington Road property was planned as an affordable assisted living facility. THA has issued two separate RFPs to sell the property for this purpose, with no viable offers. This property consists of 3.5 acres with direct access to Portland Avenue. There is a woodlands strip which provides a buffer between this property and the greater New alishan development.

THA received an unsolicited offer from Summit Housing Group (SHG) for \$800,000 to purchase this property. They expect to close in the late Fall of 2014. SHG estimated the value to be \$5.25 per square foot for the 152,460 square foot, 3.5 acre site. THA's broker has found comparable sales of undeveloped land in Thurston County in the \$4.20-\$5/square foot range. The broker is having a difficult time finding sufficient comparable sales in Pierce County at this time.

SHG proposes to develop either family or senior housing (they would prefer to do senior housing) for households at 50-60% AMI. As proposed, they will work with a non-profit partner and secure 4% tax credits and tax exempt bonds for the transaction. A 60 day due diligence period is included in the offer in order to secure the financing and building permits.

American Baptist Homes of the West (ABHOW) had previously expressed interest, but RED has confirmed that they are not interested at this time. Foster Pepper has confirmed that we can accept an unsolicited offer. THA's Revitalization Plan with HUD will need to be amended in order to change the intended type of housing from seniors/assisted to families. RED will initiate these discussions prior to execution of the LOI.

The Asset Management Committee is in favor of selling this property to a developer who will bring some income diversity to the rental housing market on the Eastside by serving families earning 50-60% AMI. More diversity in the income mix and a higher income base will contribute to a stronger market for retail and other services needed in the neighborhood. The property is owned by THA free of any indebtedness. The proceeds of sale will assist THA in providing seed dollars to the Salishan Core, or other development project. We estimate the broker fees will total 3% or \$24,000, however, this is being negotiated. The brokers fee will be deducted from the sales proceeds, and at 3%, the Net Sales Proceeds will total \$776,000.

**Recommendation**

Approve Resolution 2014-4-23(3) authorizing the executive director to negotiate a Letter of Intent (LOI) to sell the Arlington Road property at 3801 Portland Avenue to Summit Housing Group, or to another qualified developer, and to proceed toward a Purchase and Sale Agreement to complete the Sale. This will not commit THA to the sale. The final approval of the purchase and sale will come back to the Board for further action.



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2014-4-23 (3)

### EXECUTE A LETTER OF INTENT TO SELL ARLINGTON DRIVE

**WHEREAS**, Tacoma Housing Authority (THA) is interested in selling the Arlington Drive parcel for the purposes of affordable housing development;

**WHEREAS**, On March 17, 2014, THA received an unsolicited Letter of Interest from Summit Housing Group to purchase the Arlington Drive parcel;

**WHEREAS**, THA expects to develop additional affordable rental housing throughout Tacoma;

**WHEREAS**, executing a Letter of Intent to sell the property will allow for negotiations regarding the quality, number of units and population to be served;

**WHEREAS**, THA has determined that developing affordable assisted living at this site is not feasible;

**WHEREAS**, sale of this property will be subject to the Department of Housing and Urban Development review and approval of the proposed change in use; and,

**WHEREAS**, THA has the authority to execute a letter of intent to sell a property to further affordable housing.

***Resolved by the Board of Commissioners of the Housing Authority of the City Of Tacoma, Washington, that:***

1. the executive director is authorize to negotiate, and if those negotiations are successful, to execute a Letter of Intent (LOI) to sell the Arlington Road property at 3801 Portland Avenue to Summit Housing Group, or to another qualified developer, and to proceed toward a Purchase and Sale Agreement to complete the Sale. This will not commit THA to the sale. The final approval of the purchase and sale will come back to the Board for further action

**Approved: April 23, 2014**

Greg Mowat, Chair

STAN RUMBALICH LT VICE CHAIRMAN