



TACOMA HOUSING AUTHORITY

RESOLUTION 2021-10-27 (2)

Date: October 27, 2021

To: THA Board of Commissioners

From: April Black
Executive Director

Re: James Center North/Aviva Crossing -Authorization to enter into a Purchase and Sale Agreement with Koz Development for Lot 1A and Mercy Housing for Lot 1B.

This resolution would authorize the Executive Director to negotiate and execute separate Purchase and Sale Agreements for the sale of Lots 1A and 1B of the James Center North/Aviva Crossing Master Plan to Koz Development and Mercy Housing, respectively.

Background

On August 23, 2017, the Tacoma Housing Authority's (THA) Board of Commissioners approved Resolution 2017-8-23 (4) authorizing THA's Executive Director to acquire the property known as James center North.

THA purchased the James Center North shopping center in October 2017 for the purpose of redeveloping the 7 acres into a mixed use, mixed income, transit-oriented development (TOD) site over the course of 10 years. RED conducted a community engagement process in 2018-2019 to develop the Master Plan and development guidelines for the site. There are currently five (5) parcels at the Center. THA is in the process of re-platting the property to allow for 8 parcels. Five (5) of these parcels will be used for housing. The other three will be used for commercial or common amenities. THA will retain one of the parcels for its own development and sell the other four parcels. In August 2021, CB Danforth listed the Phase 1 parcels for sale. The listing requested purchase price, experience, unit mix, target population and affordability provisions among other items. Three proposals were received respectively from BODE, Catherin Tamaro and joint proposal from Koz;/Mercy.

In August 2021, CB Danforth listed the Phase 1 parcels for sale. The listing requested purchase price, experience, unit mix, target population and affordability provisions among other items. THA's goals for the sale of property included the following:

- Housing affordable to households across the income spectrum. Ideally, we would like to see third party developers include housing affordable to families up to 80% of AMI so that THA is not the only developer providing affordable housing.

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- Developers who would share THA's vision for the site and develop according to the master plan and design standards as well as those who share THA's goals of building community between the buildings and who would be good neighbors.
- Rent, utilities, and other required fees should not exceed 30% of the household income.
- Market rate sales price, or close to it, in order to help repay the debt on the property.
- Developers should have previous experience with the housing model proposed at Aviva Crossing.
- Developers should develop in a timely fashion

A summary of the proposals is in the table below:

Buyer Name	Mercy Housing	Koz	Bode	Catherine Tamaro
Price	\$750,000 Lot 1B	\$1,250,000 Lot 1A	\$1,935,000 1A & 1B	\$2,500,000 1A & 1B
Earnest Money	\$50,000 Prom Note (6%)	\$100,000 Prom Note (8%)	\$75,000 deposit at end of contingency period (3.8%)	\$50,000 deposit at end of contingency period / nonrefundable (2%)
Financing Contingency	Dec-22	Unspecified	Unspecified	THA will issue Tax-exempt private activity bonds.
Feasibility	sources and uses are based on recent comparisons. Will depend on 4%/9% availability/competitiveness.	28 weeks from mutual May 2022	90 days from mutual	21 days
Closing Date	Sep-23	Nov-22	60 days after contingency removal. Approx. March 2022	180 days after removal of Due Diligence contingency.
Construction Completion	Sep-24	Jul-24	18-24 months after permit. (approximately Q4 2024)	late 2024 (12 months after start)
Unit Count/Mix	70 units /31-1br/25-2 br/ 14-3br	239 units / 150-studios /45-1br / 44-2br	500-600 units- sizes 150 – 350 SF	No unit count / 3,4 and 5-bedroom units
Affordability	19units-30%AMI, 33units-40%AMI, 18units-60%AMI	60%-74% AMI	30% of household income for Pierce County	50% of the units at 50% of the area median income. 50% above Median.
Other	Asking for 19 rent vouchers			
Pros	Deep affordability from a trusted partner	Reliable partner with a proven track record in Tacoma	High residential density proposed	Highest price offered
Cons	Long lead time to construction, reliant on public	Design standards will need to be	Not known for developing affordable units.	Unpredictable partner with no new construction experience.

	funding Will need to coordinate with THA's development timeframe	closely reviewed	Too many micro units. May be hard to rent in a down economy which would impact occupancy.	THA may not be able to issue the bonds required for the project. She would have to compete in the regular 4% bond pool.
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Recommendation

Approve Resolution 2021-10-27 (2) authorizing the Executive Director to negotiate separate purchase and sale agreements for lots 1A and 1B identified in the James Center North/Aviva Crossing Master Plan and if those negotiations are successful, to execute contract(s) with Koz Development and Mercy Housing, for the sale of these lot(s).



TACOMA HOUSING AUTHORITY

RESOLUTION NO 2021-10-27 (2) **(James Center North/Aviva Crossing Sales of lot(s) 1A and 1B)**

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma.

WHEREAS, A resolution 2017-8-23 (4) authorized THA's Executive Director to purchase the property known as James Center North; and

WHEREAS, The resulting community engagement supported a master plan that included selling to multiple developers; and

WHEREAS, The sale of these parcels will facilitate the development of additional housing and commercial space on the property; and

WHEREAS, In August of 2021 THA requested proposals from interested buyers for the purchase of lots 1A and 1B of the master plan; and

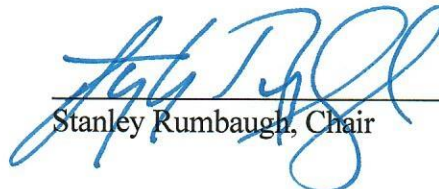
WHEREAS, In September of 2021 THA received proposals from 4 interested buyers for the purchase of lots 1A and 1B of the master plan; and

WHEREAS, THA staff are recommending to begin negotiations with Koz Development for the purchase of Lot 1A and Mercy Housing for the purchase of Lot 1B; now, therefore, be it

Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:

THA's Executive Director is authorized to negotiate separate purchase and sale agreements for lots 1A and 1B identified in the James center North/Aviva Crossing Master Plan and if those negotiations are successful, to execute contract(s) with Koz Development and Mercy Housing respectively, for the sale of these lot(s).

Approved: October 27, 2021



Stanley Rumbaugh, Chair

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