



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-9-25 (9)

Date: September 25, 2013

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Re: Many Lights Foundation Letter of Intent to Lease or Purchase Real Property

Background

In March 2013, the Board of the Many Lights Foundation (MLF) met with THA staff to extend an offer to Tacoma Housing Authority (THA) to lease or purchase property for a project they seek to build at the HA's Hillsdale Heights 7 acre vacant property. MLF is interested in a long term lease or purchase of 3.8 acres of the land to build a multi-generational community called Hope Lights. Staff met with MLF founders to further discuss the project. THA and MLF agreed that our mission and values were aligned and the Hope Lights project would be an asset to the overall Hillsdale Height's development and community.

The Hope Lights Community would be based on a multigenerational model that includes children, adoptive or kinship families, and elders. Within the proposed multigenerational community, the families would be adopting high needs children. The elders would serve as parenting mentors, respite care givers and informal support to the families. The elder volunteers commit to a minimum of eight hours per week of volunteer activity in exchange for reduced rents. The support that the model provides to an adopting or kinship family is paramount to the success of multiple permanent placements in the family unit. The project is modeled after three successful communities: Hope Meadows in Rantoul, Illinois, Treehouse Community in Western Massachusetts, and Bridge Meadows in Portland, Oregon.

Hope Lights Community would include a common house, administrative office space and rental housing for 12 families and 45 elders. The common house would include senior housing on upper floors and a multigenerational community center (MCC) on the first floor. The MCC is the center of social, cultural and educational activity. It would house a kitchen and a large multi-purpose space, and additional rooms for computer lab, therapy, arts and crafts, music and tutoring. It would be the gathering place or the "hub" for community events such as potlucks, celebrations and social activities. The MCC would also be available to greater local community residents.

Staff and Many Lights Foundation have drafted a Letter of Intent to Lease or Purchase Real Property. The document is critical for MLF to commence a comprehensive fund raising campaign in earnest.

Letter of Intent to Lease or Purchase Real Property Summary

As mentioned above, this Letter of Intent is critical for MLF to commence a comprehensive fund raising campaign in earnest. It is important to show potential funders that suitable land is available if funding for the project is secured.

The document provides MLF an option to lease or purchase three tax parcels totaling 3.8 acres located at THA's Hillsdale Height's property. The right and option to lease or purchase the property is subject to future negotiations of the conditions and terms. MLF will have various milestones to meet from the effective date to examine the site for suitability for its intended use, namely, development of the property under low-income tax credit housing program and/or other public and private financing for the purpose of creating the multigenerational community described above, and to exercise the option. There is a provision for one (1) six month extension to exercise the option. THA and MLF shall have no obligation to exercise the option and it shall be exercisable only if MLF has secured appropriate funding for the Project.

In the event that it is determined that a leasehold or fee interest of the property will be conveyed to MLF, THA and MLF shall negotiate and establish the terms and enter into a written Lease Agreement or Purchase and Sale Agreement.

In the event THA and/or MLF timely terminate this Agreement, neither party shall have any obligation hereunder to sell, purchase or to lease the property.

Recommendation

Approve Resolution 2013-9-25(9) authorizing the Executive Director to negotiate, and if those negotiations are successful, to execute the Letter of Intent to Lease or Purchase Real Property with Many Lights Foundation for 3.8 acres located at Hillsdale Height's vacant property.



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-9-25(9) MANY LIGHTS FOUNDATION LETTER OF INTENT TO LEASE OR PURCHASE REAL PROPERTY 3.8 ACRES AT HILLSDALE HEIGHTS

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

Whereas, the Housing Authority of the City of Tacoma (the "Authority") seeks to encourage the provision of long-term housing for low-income persons residing within the City of Tacoma, Washington (the "City").

Whereas, the Authority is authorized by the Housing Authorities Law (chapter 35.82 RCW) to, among other things: (i) "prepare, carry out, acquire, lease and operate housing projects; to provide for the construction, reconstruction, improvement, alteration or repair of any housing project or any part thereof" (RCW 35.82.070(2)); (ii) "lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project" (RCW 35.82.070(5)); (iii) "make and execute contracts and other instruments, including but not limited to partnership agreements" (RCW 35.82.070(1)); (iv) "delegate to one or more of its agents or employees such powers or duties as [the Authority] may deem proper" (RCW 35.82.040); and (v) "make . . . loans for the . . . acquisition, construction, reconstruction, rehabilitation, improvement, leasing, or refinancing of land, buildings, or developments for housing persons of low income."

Whereas, the phrase "housing project" is defined by RCW 35.82.020 to include, among other things, "any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for persons of low income."

Whereas, Many Lights Foundation expressed an interest to THA to develop a multigenerational community known as Hope Lights to be located on three tax parcels comprising 3.8 acres at THA's Hillside Height's property;

Whereas, THA and MLF agree that our mission and values were aligned;

Whereas, THA and MLF developed a Letter of Intent to Lease or Purchase Real Property. The document is critical for MLF to commence a comprehensive fund raising campaign in earnest;

Whereas, The Executive Director and the Board of Commissioners find the terms of document acceptable to THA;

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

1. The Executive Director has the authority to negotiate, and if those negotiations are successful, to execute the Letter of Intent to Lease or Purchase Real Property, in substantially the same form as attached.
2. The Executive Director has the authority to negotiate the terms of future

Development Agreements and/or Leasehold or Fee interest agreements between THA and Many Lights Foundation for the development of land at THA's property known as Hillsdale Heights.

3. Acting Officers Authorized. The proper officers of the Authority are and are hereby authorized, empowered, and directed to take such further action on behalf of the Authority as they deem necessary to effectuate the foregoing sections of this resolution. Any action required by this resolution to be taken by the Executive Director of the Authority may in his absence be taken by the duly authorized acting Executive Director of the Authority.

Approved: September 25, 2013



Greg Mowat, Chair



TACOMA HOUSING AUTHORITY

Michael Mirra
Executive Director

BOARD OF COMMISSIONERS

Greg Mowat, Chair
Stanley Rumbaugh, Vice Chair
Janis Flauding
Dr. Arthur C. Banks
Rose Lincoln Hamilton

September 24, 2013

Housing Authority of the City of Tacoma
902 South L Street,
Tacoma, WA 98405

Many Lights Foundation
6947 Coal Creek Parkway SE, #208
Newcastle, WA 98059

RE: Letter of Intent to Lease or Purchase Real Property between the Many Lights Foundation and the Housing Authority of the City of Tacoma for Development of the Hope Lights Multigenerational Community in Tacoma, WA

THIS OPTION AGREEMENT ("Agreement"), dated as of _____, 2013 ("Effective Date") is made and entered into by and between **Housing Authority of the City of Tacoma ("Owner")** and the **Many Lights Foundation**, a Washington non-profit organization ("Optionee").

RECITALS

A. Owner owns certain vacant real property, located on the southeast corner of E. 60th Street and McKinley Ave, Tacoma, Washington, and more particularly described below. (the "**Property**").

Parcel C Assessor's Tax Parcel ID Number: 0320214166

Parcel D Assessor's Tax Parcel ID Number: 0320214150

Parcel E Assessor's Tax Parcel ID Number: 0320214151

B. As part of the Owner's Hillsdale Heights development, Optionee wishes to develop the Hope Lights Community (the "**Project**"). The Project will be an affordable, multigenerational community designed to offer a supportive environment for families providing permanent guardianship or adoption for hard-to-place kinship and foster children, while also providing meaningful service opportunities and renewed purpose for elders. The Project is modeled after three successful communities: Hope Meadows in Rantoul Illinois, Treehouse Community in Western Massachusetts, and Bridge Meadows in Portland, Oregon.

C. Owner and Optionee recognize that successfully developing the Project fits within both their individual mission and purpose.

1. OPTION TO LEASE OR PURCHASE

1.1 Grant of Option. Owner hereby grants to Optionee the right and option to lease or purchase the Property (the "**Option**") "As Is" subject to this Agreement and future negotiations of the conditions and terms. Optionee will have 18 months from the Effective Date (the "**Option Term**") to examine the site for suitability for its intended use, namely, development of the Property under low-income tax credit housing program and/or other public and private financing for the purpose of creating the multigenerational Community described above, and to exercise the Option.

1.2 Option Extension Term. If Optionee is continuing active pursuit of funding and has not received such funding as of 60 days prior to the end of the Option Term, then at any time prior to the end of the Option Term, Optionee may send written notice to Owner of Optionee's election to extend the Option Term by six months (the "**Option Extension Term**"). Optionee agrees to provide Owner with a status update on the development plans for the Project, including an update on financing sources and a timeline for applications and scheduled award dates at the time of the Option Extension Term notification.

1.3 Business Days. In the event that the last day of the Option Term or the Option Extension Term falls on a Saturday, a Sunday, or a legal or banking holiday, the Option Term or the Option Extension Term, as applicable, shall extend through the next business day. Each of the other time periods and time limitations set forth herein shall also be similarly extended if the last day of the same falls on a Saturday, a Sunday, or a legal or banking holiday.

1.4 Payments under Option Agreement. During the Option Term, as it may be extended, Owner and Optionee will continue to review the finances for the Project and negotiate payments in good faith.

1.5 Manner of Exercise. Optionee shall have no obligation to exercise the Option. The Option, however, shall be exercisable only if Optionee has secured appropriate funding for the Project. If Optionee elects to exercise the Option, Optionee shall exercise the Option by giving to Owner, prior to 5:00 p.m. Pacific Standard Time on or before the day of the expiration of the Option Term, or the Option Extension Term, as the case may be, written notice stating that it is exercising an Option (the "Exercise Notice"). If the Exercise Notice is not timely so given, the term of the Option shall expire.

2. LEASE OR PURCHASE TERMS

Owner and Optionee agree to use good faith efforts to negotiate and finalize a form of Lease or Purchase and Sale Agreement for the Property during the term of this Option, which will be finalized and executed no later than when Optionee exercises its Option.

2.1 Lease Rent. In the event that it is determined that a leasehold interest in the Property will be conveyed to the Optionee pursuant to a Lease, Owner and Optionee shall negotiate and establish the rent payment at a fair market value amount and enter into a written Lease Agreement.

2.2 Termination of Lease. The Owner shall have the right to terminate the Lease, upon adequate notice and opportunity to cure, for serious or repeated violations of material terms, including but not limited to (i) Optionee's failure to secure adequate funding for the Project; (ii) nuisance; (iii) unlawful conduct or business; (iv) failure to adequately maintain the premises; (v) failure to comply

with the occupancy requirements governing the income eligibility of tenants and the affordability of rents established by funding sources.

2.3 Lease Term. The Lease term shall be at least 50 years from the commencement date of the Lease. Optionee may renew the Lease for an additional 25 years; provided (i) Optionee is in compliance with the Lease and (ii) Optionee agrees for the term of that extension to continue operating the Project as an affordable housing project.

2.4 Purchase and Sale Agreement. In the event that it is determined that a fee interest in the Property will be conveyed to the Optionee pursuant to a purchase and sale transaction, Owner and Optionee shall negotiate the terms of the sale in good faith and enter into a Purchase and Sale Agreement. The purchase price for the Property shall be an amount at least equal to the appraised fair market value of the Property.

2.5 Use. Optionee shall use the Property solely for the purpose of the development and operation of the Project as specified and agreed to herein for the Project. The parties acknowledge that the Property shall be subject to use and occupancy restrictions as required by Chapter 35.82 of the Revised Code of Washington and such use and regulatory agreements as may be required in connection with financing sources for the Project.

3. CONDITIONS PRECEDENT TO EXERCISING THE OPTION.

All of the following must be achieved or completed prior to Owner and Optionee entering into a Lease or Purchase and Sale Option.

3.1 Tacoma Housing Authority Board of Commissioners Approval. This Agreement, and the transaction contemplated herein, is subject to the Housing Authority of the City of Tacoma Board of Commissioners approval, which it may grant or withhold within its sole discretion.

3.2 Optionee Feasibility. In order to proceed to exercising an Option for the Property, Optionee must meet the following conditions and representations:

3.2.1 Optionee must be able to demonstrate to Owner's reasonable satisfaction no later than June 30, 2014 that it has obtained all financing necessary for Optionee to complete its predevelopment architecture and engineering/design and related feasibility activities;

3.2.2 Optionee must complete the physical due-diligence to Owner's reasonable satisfaction no later than October 31, 2014;

3.2.3 Optionee must complete financial due-diligence to the Owners reasonable satisfaction no later than January 31, 2015;

3.2.4 Optionee shall submit to Owner quarterly financial reports indicating the Optionee's progress of all fundraising and capital campaign efforts for the Project. Optionee shall demonstrate prior to exercising an Option, that it has the ability to raise all necessary Project funding including any funding gap for the financing of the Project;

3.2.5 Optionee shall submit to Owner a Capital Campaign Assessment report by January 31, 2015.

3.2.6 Optionee shall exercise an Option to Lease or Purchase the Property by March 31, 2015 or exercise the extension in accordance with 1.2 above;

3.2.7 Optionee acknowledges that Owner's primary purpose in entering into this Agreement is to achieve redevelopment and productive use of the Property in a manner that benefits the community by providing affordable housing that is aesthetically compatible with the surrounding neighborhood. To that end, Optionee shall conduct a community outreach initiative to insure an informed local community including residents, leaders and other stakeholders.

3.2.8 Optionee acknowledges that Owner intends to develop an adjacent Project known as Hillsdale Heights. Optionee agrees to aesthetically design the Hope Lights development in a manner compatible with the Hillsdale Heights development and agrees to discuss and share design details and obtain design approval from Owner for the Hope Lights development. THA must provide design approvals within 5 business days from the time of submittal.

4. ACCESS TO PROPERTY

Owner hereby grants to Optionee and its agents a license to enter upon the Property with prior notice to Owner, at reasonable times and in a reasonable manner during the Option term for the purpose of making such inspections as Optionee may deem necessary, provided that Optionee shall not interfere with the use or activity of others at the site. Optionee is not authorized to conduct activities that alter the site without prior approval from Owner. In the event an alteration is approved, Optionee will restore such alterations to the site to an original condition at Optionees expense.

5. INDEMNIFICATION, RELEASE AND INSURANCE

5.1 Indemnification. Optionee shall indemnify, defend (using legal counsel acceptable to Owner) and save Owner, its commissioners, officials, staff, agents and volunteers (referred to in this section as "Owner") harmless from all claims, suits, losses, damages, fines, penalties, liabilities and expenses (including Owner's personnel and overhead costs and attorneys' fees and other costs incurred in connection with claims, regardless of whether such claims involve litigation) resulting from any actual or alleged injury (including death) of any person or from any actual or alleged loss of or damage to, any property arising out of or in connection with (i) Optionee's access to the Property, or that of its employees and agents acting within the scope of their employment or engagement, or (ii) any act or omission of (a) Optionee or of any officer, agent, or employee acting within the scope of employment or engagement in or about the Property or (b) any guest or invitee. Optionee will specifically acknowledge and agree that this indemnity and obligation to defend and hold harmless extends to claims alleging concurrent negligence on the part of Owner but it shall not extend to claims alleging only the Owner's negligence.

Optionee further agrees that the foregoing paragraph will specifically cover actions brought by its own employees, and shall constitute a waiver of Optionee's immunity under Washington's Industrial Insurance Act, RCW Title 51, to the extent necessary to provide Owner with a full and complete indemnity of this section from claims made by Optionee and its employees. This indemnity with respect to acts or omissions during the term of this Agreement shall survive termination or expiration of the Agreement. The Agreement shall require Optionee to promptly notify Owner of casualties or accidents occurring in or about the Property.

5.2 Insurance. Optionee shall keep insurance coverage in full force and effect of the type and to the extent set forth in Exhibit "A" to this Agreement.

6. ASSIGNMENT OF AGREEMENT.

The Optionee may not assign its interest to this Agreement without prior written consent by the Owner.

7. TERMINATION

7.1 Termination. Either party may terminate this agreement with or without cause by providing thirty (30) days advanced written notice to the other. In the event Owner and/or Optionee exercise termination of this Agreement, neither party shall have any obligation hereunder to sell, purchase or to lease the Property.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date set forth above.

OWNER: Housing Authority of the City of Tacoma **OPTIONEE: Many Lights Foundation**

9.27.13

By: Michael Mirra
Name: Michael Mirra
Title: Executive Director

By: _____
Name: _____
Title: _____