

DISPOSITION POLICY FOR GENERAL GOVERNMENT REAL PROPERTY

A. Background

The City owns a variety of properties to meet its objectives, including properties which site City buildings and facilities, parks, open spaces, tidelands, and rights-of-way. The City also owns properties which support specific community programs such as libraries, senior centers, public assembly facilities, and centers for performing arts. Further, the City owns certain properties which the City has either acquired or retained ownership for the specific purpose of redevelopment or for partnering with the private sector to redevelop. Lastly, the City owns certain properties which it has acquired since incorporation, and for which the City no longer has an interest in retaining ownership.

Overall, the City should retain properties which meet its property ownership objectives and dispose of properties which do not.

B. Guiding Principles for the Disposition of General Government Property

The City should retain ownership of properties necessary for conducting its business operations, supporting community and economic development initiatives, and for the preservation of public spaces and open space.

1. The City should endeavor to dispose of those General Government properties which do not meet the City's property ownership objectives. Among the City's goals in property dispositions are: development of affordable housing, private development which meets the City's economic development objectives, historic preservation, and increasing density and improving walkability in support of the City's Comprehensive Plan objectives.
2. The City has three established processes for disposing of City-owned property: (1) direct negotiated disposition; (2) request for proposal process; and (3) bid sale to the highest bidder. Having several tools for the disposition of City property gives the City useful options and flexibility when disposing of property to meet the needs of the City and community.
3. City staff should classify its properties to be disposed in order to help guide the determination of which disposition process should be utilized for conveying specific City properties. This classification is helpful because the City owns a variety of properties with varying levels of value and interest to the City and community. In sum, not all properties need to be disposed of in the same way.
4. The City should establish appropriate processes for notifying the City Council and the public prior to disposing of property. This notification will vary based upon the classification of the property. This process shall be transparent to the Council and public.
5. The City shall place **highest priority** on dispositions which increase affordable housing supply in Tacoma and/or contribute to equity goals within a specific community.

6. Where a General Government surplus property lies within the Puyallup Tribe of Indians (“PTOI”) historic geographical boundaries existing prior to the Medicine Creek Treaty, the City shall give PTOI a right of first refusal to either purchase the property or to exchange tribal property or property rights for the surplus property.

C. Property Classification

Property that has been identified for disposition will be classified into three tiers with differing policy objectives. City staff will develop and maintain processes for each property tier that are consistent with the policy objective.

Tier 1 properties are generally those properties that: (1) are strategically located in the downtown or mixed-use center with high visibility; (2) are high in value (greater than \$1,000,000) and/or sizable (one-half of an acre or greater); (3) have the potential to generate a high level of community interest due to a substantial City-wide impact that may result from their development; and (4) can be instrumental in meeting the City’s goals and/or in implementing its key policies.

Overall goals for disposition of these properties will be to achieve such outcomes as: provide affordable units/housing, create enhanced equity in communities, generate new property taxes, sales tax, business and occupation taxes, and other taxes, generate new family wage jobs, catalyze new private investment and/or leverage existing public facilities, minimize public liability, implement City master plans, encourage density, and promote sustainability.

Tier 1 Disposition: The process for property disposition will generally involve outreach and high levels of participation. The Request for Proposals approach will be the required method of disposition. Execution of a Development Agreement will be a requirement prior to conveyance.

- A. Where the surplus property lies within a Land Use Zone which permits housing of any type and where the proposal is for a Home Ownership Development, the following baseline requirement shall apply: a minimum of fifty percent (50%) of proposed units at or below eighty percent (80%) AMI. Scoring will be weighted in favor of proposals which include at least seventy-five percent (75%) affordable housing units at or below eighty percent (80%) AMI.
- B. Where the surplus property lies within a Land Use Zone which permits housing of any type and where the proposal is for a Rental Development, the following sliding scale of baseline requirements shall apply:
 1. Scoring will be weighted highest for proposals with a minimum of thirty percent (30%) of proposed units at or below fifty percent (50%) AMI.
 2. Where no proposals meeting the baseline in #1 above are received, scoring will be weighted highest for proposals with a minimum of fifty percent (50%) of proposed units at or below sixty-five percent (65%) AMI.
 3. Where no proposals meeting the baselines in #1 or #2 above are received, scoring will be weighted highest for proposals with a minimum

of fifty percent (50%) of proposed units at or below eighty percent (80%) AMI.

- C. Proposals not meeting any of the above baselines may be evaluated on contributions to the community that meet or exceed equity goals of the City.

Tier 2 properties are those properties which have some development potential, are important to the surrounding neighborhood, and have a value between \$500,000 and \$1,000,000, but have no significant alignment with the goals and/or in implementing its key policies.

Overall goals for disposition of these properties may be to support goals and strategies of applicable neighborhood councils, neighborhood business districts, and other community groups through such outcomes as: increasing affordable housing, creating enhanced equity in communities, improving the quality of life and property values in the neighborhood, improving walkability, fostering a safe environment for residents, reducing crime and blight in the community, and increasing tax revenue for the City.

Tier 2 Disposition: Because of the importance to community stakeholders, Tier 2 properties will be sold via a Request for Proposals or negotiated disposition process to put the City in a better position to influence the future use(s) of the property.

- A. Where the surplus property lies within a Land Use Zone which permits housing of any type and where the proposal is for a Home Ownership Development, the following baseline requirements shall apply: a minimum of fifty percent (50%) of proposed units at or below eighty percent (80%) AMI. Scoring will be weighted in favor of proposals which include at least seventy-five percent (75%) affordable housing units at or below eighty percent (80%) AMI.
- B. Where the surplus property lies within a Land Use Zone which permits housing of any type and where the proposal is for a Rental Development, the following sliding scale of baseline requirements shall apply:
 - 4. Scoring will be weighted highest for proposals with a minimum of thirty percent (30%) of proposed units at or below fifty percent (50%) AMI.
 - 5. Where no proposals meeting the baseline in #1 above are received, scoring will be weighted highest for proposals with a minimum of fifty percent (50%) of proposed units at or below sixty-five percent (65%) AMI.
 - 6. Where no proposals meeting the baselines in #1 or #2 above are received, scoring will be weighted highest for proposals with a minimum of fifty percent (50%) of proposed units at or below eighty percent (80%) AMI.
- C. Proposals not meeting any of the above baselines may be evaluated on contributions to the community that meet or exceed equity goals of the City.

Tier 3 properties are those properties which may be important to the adjacent or surrounding property owners but have a minimal level of interest to the community at large. Tier 3 properties will be disposed with preference for affordable housing infill development. Goals of disposition are to increase the affordable housing supply, minimize the City's liability, and turn ownership back the private sector or to public partners. These properties include: remnant parcels that have little or no financial value; vacant City parcels that have no operational, development, or open space potential to the City; properties that by virtue of their location or functionality would be better owned by another government agency; and other properties which have little financial or community value.

Tier 3 Disposition: Tier 3 properties may be transferred by direct negotiated disposition or via bid-sale to the highest bidder. Because of the limited impact of these property dispositions, community outreach efforts will generally be more direct and limited.

AFFORDABLE HOUSING EXCEPTIONS AUTHORIZED UNDER HOUSE BILL 2382 (2017-2018 Regular Session)

- A. Exceptions to the above methods of disposal may include property dispositions to other public entities and/or property transfers for development which includes Rental Developments where a minimum of fifty percent (50%) proposed units are at or below fifty percent (50%) AMI, and Home Ownership Developments where a minimum of fifty percent (50%) of proposed units are at or below eighty percent (80%) AMI.

. In these situations, the property may be conveyed via the direct negotiated disposition process, and compensation may be in the form of public benefit purposes in lieu of monetary compensation.

The City hereby enacts the following rules for disposition under HB 2382:

1. The conveyance documents must contain a covenant or other requirement that the property shall be used for the designated public benefit purposes stated in (A) above for a minimum of fifty (50) years ; and
2. The conveyance documents must contain remedies that apply if the recipient of the property fails to use it for the designated public purpose or ceases to use if for such purpose.

D. Guiding Principles for Direct Negotiated Dispositions

City code allows the City, upon City Council authorization, to approve the negotiated disposition of real property (see TMC 1.06.280). This authority provides the City with substantial flexibility to transfer property to governmental and nonprofit agencies, adjacent property owners, and public-private development partners. While competitive selection for surplus disposition is ordinarily preferred, there are circumstances where direct negotiation is in the best interests of the City. In considering whether a direct negotiated disposition should be pursued, City staff will consider the following guidelines, ranked in order of procedural clarity:

1. Where feasible, the City shall transfer surplus property suitable for housing directly to governmental and nonprofit agencies which will repurpose the property as affordable housing.
2. The City may transfer property to a City-formed Public Development Authority to develop according to a City-approved plan or development strategy for affordable housing or to remedy an inequitable situation within the immediate community.
3. The City may consider conveying surplus property directly to adjacent/abutting property owners when the adjacent/abutting property owner(s) are the only feasible or likely candidates for acquisition and when selling to the adjacent/abutting property owner(s) will allow for expansion and development of a profit or nonprofit enterprise increasing economic and community improvement opportunities within the City; and further when said sale is an ancillary component of a street vacation.
5. The City may consider selling surplus property directly to a private development partner when the conveyance of the property is an element of a public-private partnership agreement between the City and a third party that has been approved by the City Council and is necessary to achieve the desired development; and when (even if the City is not a development partner) the development will help the City achieve its affordable housing goals, equity goals, or economic development goals and is more suitable than existing alternatives and potential partners.
6. In the circumstances where the City has previously completed a Request for Proposals process and an acceptable proposal was not received, the City may directly or through a third-party agent contact potential developers/investor and directly negotiate a disposition.