



## RESOLUTION 2024-12-11 (4)

**Date:** December 11, 2024

**To:** THA Board of Commissioners

**From:** April Black  
Executive Director

**Re:** Recommendation to Sell 5320 S. Tyler St.

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*This resolution would authorize Tacoma Housing Authority's (THA) Executive Director to sell parcel 3740000066, whose address is 5320 S. Tyler St., to Green Property Holdings for \$24,000.*

### BACKGROUND

The Property is a 111,076 square foot, wedged-shaped parcel, that slopes steeply up from S. Tyler St. Most of the Property is designated by the City as "over 40% High Potential Slope Geohazard." See Exhibit A. Much of the property features reinforced steep slopes and rock retaining walls which can be seen in the google map link in Exhibit A.

THA acquired the Property in 1998, as part of the larger Dixon Village development. The Property was not part of that development and has remained without material use for over 25 years.

THA continues to commit resources to the Property because of ongoing homeless encampments, fire hazards, and vegetation management. The costs of holding the property exceed the returns from a sale. The appraised value of the property is \$95,000. THA has spent more than \$20,000 every year to maintain it. In 2025, \$25,000 is budgeted for maintenance and security. This cost does not include soft staff costs or liability.

Since 2022, THA tried in different ways to sell or transfer the Property. Vaughn Bay Developers, the developers of an affordable housing community adjacent to the Property, declined an

exchange or purchase at any price due to the Property's challenging topography. Another private property owner declined THA's sales efforts due to costs associated with correcting geological hazards necessary to build a single-family home on the Property. Metro Parks Tacoma rejected an intergovernmental transfer because of the challenging topography, even for a park or open space.

Recently, Green Property Holdings ("GPH") offered THA \$24,000 for the Property. GPH will pay all closing costs. GPH is a Northwest company specializing in cash purchases of vacant land with development challenges. Their stated intent is to address the conditions and find a private residential developer who could construct within the site conditions.

The City of Tacoma code will require extensive erosion controls such as retaining walls. The city code will require a builder to install street trees. The city sponsors street tree grants and other free tree programs.

The Property has an assessed value \$99,600 (2023 valuation for 2024 taxation - Pierce County Tax Parcel Number 3740000066). A THA-commissioned appraisal by SH&H concluded market value of the Property (as of September 17, 2024) was \$95,000. The appraisal acknowledged certain of the Property's constraints, but did not evaluate the costs necessary to improve the Property for development.

The range of comparable vacant land sales applied by SH&H ranged from \$0.23 to \$1.93 per Sq. Ft. The appraisal's conclusion applied \$0.85 to the Property's 111,076 Sq. Ft., for the \$95,000 value opinion (111,076 X \$0.85, rounded up). Here, we do not question the appraisal's analysis, as even challenged property can be engineered for development with sufficient resources. But of note, applying the lower comparable figure of \$0.23 to the Property would suggest a value of approximately \$25,500 – an amount not materially different from the GPH offer.

The appraiser noted, '.....sales of sites with development challenges and no feasibility studies, have a higher risk profile than more conventional properties or even properties with development challenges but that have feasibility studies completed. This appears to result in buyers of these properties exhibiting a wider than typical range of risk tolerance, with some buyers exhibiting more caution while others display a much higher level of confidence in the ability to develop a site with challenges. The level of risk is difficult to quantify.'

Foster Garvey, THA's attorney, analyzed this potential sale and the appraisal against the statutory laws governing the disposition of local government property.

They concluded:

*“While a housing authority is generally limited by statute from selling property below fair market value in most circumstances, it may be reasonable to conclude that the opinion of appraised value in the appraisal is not a precise reflection of the market, particularly if no one is willing to buy at or above an appraised value. THA has the discretionary authority to conclude that the best price achievable through an arm’s length negotiation after reasonable marketing efforts reflects the fair market value for a specific property, even if that price is lower than what was presented in an appraisal.”*

## RECOMMENDATION

THA’s Asset Management Committee, Finance Department, Property Management Department, Asset Management and Real Estate Department (AMRED), recommend selling this property to GPH for \$24,000 without restrictions for the following reasons:

- The property’s shape and topography;
- development issues;
- lack of purchaser interest;
- the costs of continued ownership exceeds the value;
- low value for affordable housing development;
- Danger to staff and the liability posed by homeless encampments that routinely crop up.
- It’s not clear that a broker could find a significantly better offer.
- THA’s net profit from brokered sale is unclear: 1) THA will need to conduct an RFP to get a broker which would take at least 3 months; 2) the property costs THA about \$6,250 for each quarter it holds the property; 3) the typical 6-7% sales commission and closing costs will need to be deducted from sales price; and 4) THA finds that pulling staff away from other critical work to sell, maintain, and manage this property comes at a high cost to already strained resources.



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(Sell 5320 S. Tyler St. Tacoma WA 98409)

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

**WHEREAS**, THA finds the parcel unsuitable for affordable housing development; and

**WHEREAS**, THA concluded due diligence for the property's disposals that includes an appraisal, legal review, cost assessments, marketing efforts; and

**WHEREAS**, THA wishes to sell 5320 S. Tyler; and

**WHEREAS** THA has a suitable offer from GBH to buy the land for \$24,000; and

**WHEREAS**, THA has the discretionary authority to sell the property at the best price achievable through an arm's length negotiation after reasonable marketing efforts even if that price is lower than what was presented in an appraisal; now,

**THEREFORE, be it resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington that:**

THA's Executive Director sell parcel 3740000066, whose address is 5320 S. Tyler St., to Green Property Holdings for \$24,000.

**Approved: December 11, 2024**

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**Derek Young, Chair**

## EXHIBIT A

[Link to Google Map](#)

### Tyler St. in Proximity to Dixon Village

