



City of Missoula, Montana
Item to be Referred to City Council Committee

Committee: Administration and Finance

Item: Approve Buy-Sell Agreement to purchase 1205 West Broadway (Bridge Apartments)

Date: September 16, 2021

Sponsor(s): Dale Bickell

Prepared by: John Adams

Ward(s) Affected:

| | |
|--|---------------------------------|
| <input checked="" type="checkbox"/> Ward 1 | <input type="checkbox"/> Ward 4 |
| <input type="checkbox"/> Ward 2 | <input type="checkbox"/> Ward 5 |
| <input type="checkbox"/> Ward 3 | <input type="checkbox"/> Ward 6 |
| <input type="checkbox"/> All Wards | <input type="checkbox"/> N/A |

Action Required:

Approve Buy-Sell Agreement to purchase the Bridge Apartments at 1205 West Broadway for \$2,195,000.

Recommended Motion(s):

I move the City Council: approve the 1205 West Broadway Bridge Apartments Buy-Sell Agreement between the City and Western Montana Mental Health and authorize the Mayor to complete the property acquisition by executing ancillary and consequent documents necessary to close the acquisition.

Timeline:

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|-----------------------------------|---|
| Referral to committee: | September 20, 2021 |
| Committee discussion: | September 22, 2021 |
| Council action (or sets hearing): | September 27, 2021 |
| Public Hearing (if required): | N/A |
| Deadline: | Buy-sell agreement requires closing by September 29, 2021 |

Background and Alternatives Explored:

Earlier this year Western Montana Mental Health announced its intention to sell the Bridge Apartments at 1205 West Broadway Street. A 20-unit apartment building constructed in 1997, the Bridge has since served income-qualified individuals with needs consistent with Western's mission. City staff and administration anticipated that purchase by a private entity would result in market-rate rents, the loss of 20 units of Missoula's affordable housing stock, and the displacement of vulnerable tenants. In order to avert this, the Mayor entered into a buy-sell agreement with Western to purchase the property for \$2,195,000, contingent upon, among other things, City Council approval. Staff propose that the City purchase the building with the intent to subsequently convey the property through sale or other mechanism to a community partner able to keep the apartments permanently affordable.

Purchase of the Bridge Apartments advances multiple City goals. The first goal of the City of Missoula's Strategic Plan is Safety and Wellness and the first goal thereunder is to "Provide lifesaving services for Missoula's vulnerable populations" with the sub-goal of aspiring to make

homelessness rare and brief. The purchase of the Bridge Apartments by the City assures that the tenants of this building will remain permanently housed. Further, the City's Housing Policy calls for the City to track previously-subsidized affordable housing and to seek to facilitate acquisition by community partners to extend affordability. Purchase of the Bridge Apartments advances our stated goals.

Staff anticipate the City will own the Bridge Apartments for less than a year. Evaluation of the capacity and interest of potential community partners suggest the City will be able to sell the Bridge to an entity that can appropriately manage the Bridge as permanently affordable housing. The City will attempt to recoup as much of the purchase cost as possible, while recognizing that a reduction in purchase price will be necessary to enable the new owner to maintain affordability. Our ability to accept the difference in purchase and sale price will facilitate preservation of 20 units of affordable housing for our most vulnerable population.

Funding for this project will be provided by the Missoula Redevelopment Agency. On September 16, 2021, the MRA Board approved a recommendation that the City Council approve purchase of the Bridge Apartments, and approving the use of tax increment financing funds from URD II as follows: to bridge any gap between the City's purchase price and a resale of the property as permanently affordable apartments; reimbursement to the City of the purchase price if a subsequent purchaser cannot be found through the issuance of debt; and to fund up to \$10,000 for project management.

In August, MRA authorized funding for due diligence on the Bridge Apartments. A building inspection indicated very minor issues that Western is already addressing. A Phase I environmental site assessment indicated no concerns. The Bridge appraised at \$2,195,000.

Acquiring the Bridge Apartments is in keeping with the City's Strategic Plan and its Housing Plan. The use of TIF admirably enables preservation of existing affordable housing for a particularly vulnerable population. Staff recommends approval of the buy-sell and authorization to complete acquisition of the Bridge Apartments.

Financial Implications:

The City will finance purchase, but ultimately be reimbursed for purchase costs by MRA. The City will acquire a property worth \$2.2 million.

Links to external websites:

[MRA Board Memos 2021-09-12 and 2021-08-15](#)