



## **INFORMATIONAL MEMORANDUM**

**TO: Interested Parties**

**FROM: Derek Speck, Economic Development Administrator**

**DATE: July 8, 2010**

**SUBJECT: Tukwila Village Status Update**

At the City Council meeting on May 17, I presented an update on the status of Tukwila Village and explained that economy had affected the timeline for the project. The timeline for the original vision in which the library, retail, plaza, and residential were all built at the same time anticipated completing our legal agreements with Tarragon in 2010. In preparation for the May update, Tarragon continued to express interest in developing the project. However, Tarragon said they would wait to start design until the economy and credit markets have improved. It was my prediction that Tarragon would complete design in 2012 and the first phase of construction in 2015.

Due to this extended time frame, at the May 17th Council meeting there was discussion about moving forward with the library portion of the project to "get the ball rolling" and then develop the retail and residential portions as the economy improves. Council asked Staff to return with some options.

Since that meeting, we met with Tarragon to see what initial portion of the development they would like to do. They considered all imaginable options, even just building the library by itself. After much thought, they determined that constructing just one building is not the type of business they want to be in and they don't see a market or financing for a larger development in the foreseeable future. This extra scrutiny prompted them to assess their general business model and they determined that building a mixed-use neighborhood development is no longer a good fit with their business model and they don't anticipate that model changing in the next few years. Thus, they said they are no longer interested in developing Tukwila Village.

After hearing that decision from Tarragon, we contacted Legacy since they were the alternate developer. We had a good conversation but the markets have changed and Legacy is also no longer interested in developing Tukwila Village in the foreseeable future.

We also contacted Legacy's application partner, the Low Income Housing Institute. LIHI had proposed the 50 units of affordable senior housing and some affordable townhouses. They still have a passion for providing this sort of housing but after some analysis, they decided that without being part of the entire development and given some changes in Washington State's affordable housing finance programs, they would need a considerable subsidy from the City to be able to construct affordable housing at this time. Since the City is facing significant budget challenges, I explained that it is unlikely we could provide a large subsidy and so they declined to participate at this time.

I realize these are disheartening words to those of you who have invested a lot of time and energy into this project over the past many years. Please remember that the community has made a lot of progress and all is not lost.

The King County Library System has stood with us throughout these discussions and they remain interested. They have started their process to hire an architect to look at the Tukwila Village site and determine the optimal locations if they were to move forward and construct the library as a stand alone building. Sometime in late July or early August, we will return to the City Council with a list of options including pros and cons for each. Entering negotiations with the library as a stand along building on a portion of the site will be one of those options. I will notify you when we have a date scheduled for that meeting.

More information on Tukwila Village is available at: [www.ci.tukwila.wa.us/tukwilavillage.html](http://www.ci.tukwila.wa.us/tukwilavillage.html). Please let me know if you have any questions.

Thank you for your interest.

Derek Speck  
Economic Development Administrator  
Office of the Mayor  
City of Tukwila  
6200 Southcenter Blvd  
Tukwila, WA 98188  
Office: 206-433-1832  
Mobile: 206-571-9123  
Email: [dspeck@ci.tukwila.wa.us](mailto:dspeck@ci.tukwila.wa.us)