



TACOMA HOUSING AUTHORITY

RESOLUTION NO. 2008-11-19(1)

DATE: November 19, 2008
TO: Board of Commissioners
FROM: Michael Mirra, Executive Director
RE: Salishan Seven

Background

Salishan Seven is a 5.17-acre vacant lot located at the Salishan development site. The property is bordered to the north by East 46th Street, to the east by the T Street Gulch, to the west by Portland Avenue, and to the south by East 51st Street.

Project:

Salishan Seven is the seventh rental housing phase of THA's HOPE VI Salishan project. Salishan Seven is proposed to be a 91-unit tax credit project, including one manager's unit. There will be 90 project-based Section 8 units. The units will be made affordable to households at 30%, 50% and 60% of the area median income, respectively. The unit breakdown is proposed to be as follows: 4 one-bedroom units; 42 two-bedroom units; 40 three-bedroom units; 5 four-bedroom units. In addition, 20% of the units will be set aside for both large households and households with disabled, respectively.

Staff is working with the project architects on the final project design. A community outreach process, in which Staff will meet with City officials and community stakeholders, will further refine the final development program.

THA expects to lease the land and improvements to a limited liability company for approximately 99 years.

The financing structure for this phase is expected to mirror the structure used for earlier phases of Salishan. Likely sources of funding include, but are not limited to a combination of tax credit equity, Housing Trust Fund dollars, a grant from the Federal Home Loan Bank's Affordable Housing Program (AHP), Pierce County 2060 funds, City of Tacoma funds, private debt and other grants to the project.

Predevelopment Costs:

To date, THA has spent approximately \$300,000 from Program Income on environmental studies, architectural design, and engineering work.

Board Resolution

The subject Resolution seeks Board approval to authorize the Executive Director to:

- (1) form a limited liability company;
- (2) to prepare, execute and submit to Washington State Housing Finance Commission any agreements or other documents necessary to secure the proper approval of THA's use of low income housing tax credits for the project;
- (3) to execute, deliver and/or file, on behalf of the Authority in its own behalf and in its capacity as the LLC's managing member, as applicable, any other affidavits, certificates, letters, government forms, documents, agreements and instruments that the Executive Director determines to be necessary or desirable to give effect to this resolution and to consummate the transactions contemplated herein and/or in connection with the application for low income housing tax credits or other financing for the Project; and
- (4) to expend such funds as may be necessary to be paid by the Authority in connection with filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution.

Recommendation

Approve Resolution No. 2008-11-19(1) authorizing the Executive Director to approve, execute and deliver all documents necessary to assume the role of the LLC's managing member.



TACOMA HOUSING AUTHORITY

RESOLUTION NO. 2008-11-19(1)

SALISHAN SEVEN

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma authorizing the Authority to complete applications for funding and credit enhancement for the seventh phase of the Authority's HOPE VI project; to form a limited liability company to assist in the development and operation of the project; to negotiate agreements regarding the admission of one or more investors as a member of such company; to provide for the disposition by sale or lease of the project to such company; and to take other actions relating to the foregoing.

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 Authority's area of operation (as defined by RCW 35.82.020(6));

Whereas, the Authority is interested in facilitating the development of a new 91-unit apartment complex to provide housing for low-income persons located at the Authority's Salishan development site in Tacoma, Washington (the "Project");

Whereas, RCW 35.82.070(2) authorizes the Authority to "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";

Whereas, RCW 35.82.070(5) provides that a housing authority may, among other things and if certain conditions are met, "lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project";

Whereas, RCW 35.82.020 defines "housing project" 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, RCW 35.82.070(1) provides that a housing authority may, among other things, "make and execute contracts and other instruments, including but not limited to partnership agreements";

Whereas, Title 25 RCW (entitled "Partnerships") authorizes the formation of limited liability companies under chapter 25.15 RCW that include as members one or more "persons" (which term is defined to include a "government, government subdivision, agency, or instrumentality");

Whereas, RCW 35.82.070(18) provides that a housing authority may, among other things and if certain conditions are met, "make . . . loans for the . . . acquisition, construction, reconstruction, rehabilitation, improvement, leasing, or refinancing of . . . buildings or developments for housing for persons of low income";

Whereas, the total financing for the Project will require the use of various funding and credit enhancement sources, including low-income housing tax credits, and public and private grants and loans;

Whereas, certain of these sources to be used in connection with the Project will require the creation of a limited liability company or limited partnership to maximize the benefits and minimize the risks to the Authority; and

Whereas, on the basis of the foregoing recitals, the Board further finds and determines that both the limited liability company described herein and the Project will provide for the necessary support of the poor within the City of Tacoma;

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

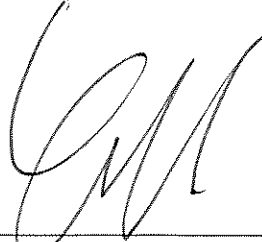
1. Formation of Limited Liability Company. The Authority is authorized, empowered, and directed to: (i) participate in the formation of, and become the managing member in, a Washington limited liability company (the "LLC"), which LLC shall have an initial operating agreement (the "Agreement") substantially in the form attached hereto and a certificate of formation (the "Certificate of Formation") in such form as is required by chapter 25.15 RCW; and (ii) expend such funds as are necessary to form the LLC (including all filing fees, application fees, registration fees, and other costs). The Board intends that the LLC will develop the Project and receive low income housing tax credits in connection therewith. The Authority's Executive Director, and his designees (each, an "Authorized Official"), is authorized on behalf of the Authority to: (i) execute, deliver, file and publish (or cause to be executed, delivered, filed and published), to the extent required by law, the Agreement, the Certificate of Formation and all such forms, certificates, applications and other documents that are necessary to form the LLC in accordance with the Washington Limited Liability Company Act; (ii) approve any changes to the Agreement and the Certificate of Formation, including any material changes; (iii) to determine whether the LLC should have more than one managing member; and (iv) to determine the name of the LLC, which name shall include the words "Salishan Seven" to the extent permissible. Each Authorized Official is further delegated the authority to cause, in his or her discretion, the LLC to be created as a Washington limited partnership, in which case all references to in this resolution to limited liability company, operating agreement, managing member, chapter 25.15 RCW and certificate of formation shall be deemed to be references to limited partnership, limited partnership agreement, general partner, chapter 25.10 RCW and certificate of limited partnership, respectively.
2. Funding. Each Authorized Official is authorized on behalf of the Authority (in its individual capacity and/or in its capacity as the Partnership's managing member) to: (i) apply for, and enter into contracts relating to, such funding for the Project as such officers deem necessary or desirable, including without limitation public and/or private sector financing, Community Development Block Grant(s), Washington State Housing Trust Fund grant(s) and/or loan(s), and other federal, state and local funds (including HOME funds, AHP funds, "2060" funds

and “2163” funds); (ii) loan or grant all or any portion of the money derived from such funding sources to the LLC, and/or cause any contracts relating to such funding to be assigned to the LLC; (iii) apply to the Washington State Housing Finance Commission for approval of the use of low income housing tax credits for the Project, and enter such agreements and provide such documents that are necessary to secure such approval, and cause such approval to be transferred to the LLC if the approval initially granted to the Authority; (iv) seek and approve investors to serve as subsequent members in the LLC in connection with the receipt of low income housing tax credits for the Project; (v) negotiate with potential investors regarding their acquisition of membership interests in the LLC; and (vi) cause to be prepared and negotiated documents pursuant to which Authority funds are loaned to the LLC.

3. Predevelopment Activities. Each Authorized Official is further authorized and directed to take all necessary and appropriate action in connection with the structuring of financing for the Project and the design and development of the improvements to be constructed in connection therewith, including, but not limited to: (i) preparing all appropriate resolutions for Board review and approval; (ii) preparing all documents required so that the Authority and the LLC comply with state and federal securities laws;; and (iii) negotiating contracts relating to the use, management and naming of buildings in the Project. Nothing herein shall commit the Authority to issuing bonds to finance the Project.
4. Property Disposition. Each Authorized Official is further authorized and directed to take all necessary and appropriate actions to dispose of the Project by sale or lease to the LLC.
5. Ancillary Documents. Each Authorized Official is granted the discretionary authority, to execute and deliver any and all other certificates, documents, agreements and instruments that are necessary or appropriate in his discretion to give effect to this resolution and to consummate the transactions contemplated herein, including, but not limited to, any development services agreement between the LLC and the Authority (and/or others) providing for the development of the Project, contracts with architects, engineers and other consultants, and construction contracts.
6. Necessary Expenditures. The Authority is authorized to expend such funds as are necessary to pay for all filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution. To the extent any fees or predevelopment costs are incurred and payable by the LLC prior to the time the Authority enters into a formal loan agreement, the Authority may loan up to \$6 million to the LLC to pay such costs, with the loan bearing interest at such rate that the Executive Director determines, in his discretion (which may be 0% per annum).
7. 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.

8. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.
9. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

Approved: November 19, 2008



Ken Miller, Chairman

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director of the Housing Authority of the City of Tacoma (the "Authority") and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 2008-11-19(1) (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on the 19th day of November, 2008, and duly recorded in the minute books of the Authority.

2. That such meeting was duly convened and held in all respects in accordance with law, and, to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 19th day of November, 2008.

Michael Mirra, Executive Director of the Authority