



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2019-02-27 (4)

**Date:** February 27, 2019  
**To:** THA Board of Commissioners  
**From:** Michael Mirra  
Executive Director  
**Re:** Arlington Youth Campus Apartments – LIHTC Equity Investor Selection

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*This resolution would authorize the Tacoma Housing Authority's (THA) Executive Director to finalize the selection of the Low Income Housing Tax Credits (LIHTC) Equity Investor for the Arlington Youth Campus Apartments.*

### Background

The Tacoma Housing Authority received a 2019 allocation of 9% Low Income Housing Tax Credits from the Washington State Housing Finance Commission (WSHFC) for the Arlington Youth Campus Apartment project. The tax credits are sold to investors to generate equity for the development. The projected value of the tax credits was estimated to be \$13,963,843. In January, 2019, Tacoma Housing Authority requested Letters of Interest from prospective tax credit investors to assist in financing the development of the 58-unit, Arlington Youth Campus Apartments.

The Request for Proposal was forwarded to the following investors.

US Bank	National Equity Fund (NEF)
Boston Capital	City Real Estate Advisors (CREA)
Royal Bank of Canada (RBC)	Enterprise Community Partners
Bank of America	

On February 12, 2019, Letters of Interest were received from the following responders:

Royal Bank of Canada (RBC)  
Boston Capital  
Enterprise Community Partners

A team comprised of four THA staff and our Financial Services Advisor, Brawner and Company, evaluated the proposals based on price per tax credit and other terms, including operating reserve requirements, guarantees, pay in schedules for equity and developer fees and buy-out provisions at the end of the 15-year compliance period.

After some discussion, the evaluation team unanimously agreed to recommend Boston Capital as the Arlington Youth Campus investor for the project. The selection committee favored Boston for the following reasons:

1. Tax Credit Pricing of \$0.95, will generate a total estimated equity value of \$13,270,000;
2. Reasonable Asset Management and other fees;
3. An acceptable equity pay-in schedule; and,
4. The proposed purchase option at the end of the tax credit compliance period.

#### **Recommendation**

Approve Resolution 2019-02-27 (4) authorizing THA's Executive Director to (a) negotiate and execute the commitment letter with Boston Capital for the purchase of low-income housing tax credits to be allocated to Arlington Youth Campus Apartments (Arlington Youth Campus, LLLP), and (b) negotiate an Operating Agreement between THA as General Partner and Boston Capital as the Limited Investor Partner. The negotiated Operating Agreement will be presented to the Board for its consideration and approval prior to execution.

Should the Executive Director be unable to negotiate and execute a commitment with Boston Capital that is acceptable to THA, the Executive Director is authorized to negotiate and execute a commitment letter with the second choice LIHTC Equity Investor.



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2019-02-27 (4) (Arlington Youth Campus – Tax Credit Investor Selection)

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

**WHEREAS**, In January, 2019, Tacoma Housing Authority (THA) staff issued a Request for Proposals (RFP) for Letters of Interest from investors interested in providing LIHTC equity for the development of the Arlington Youth Campus housing apartments; and

**WHEREAS**, The RFP was forwarded to seven (7) investors of which three investors responded with Letters of Interest on February 12, 2019; and

**WHEREAS**, An evaluation team, composed of four THA staff and Brawner and Company evaluated the terms of each proposer; and

**WHEREAS**, The evaluation team unanimously agreed to recommend negotiating with Boston Capital and executing a Commitment Letter for LIHTC equity for the Arlington Drive Youth Campus Apartments; now, therefore, be it

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

Authorize THA's Executive Director to (a) negotiate and execute the commitment letter from Boston Capital for the purchase of low-income housing tax credits to be allocated to the Arlington Youth Campus Apartments (Arlington Youth Campus, LLLP), and (b) negotiate an Operating Agreement between THA as General Partner and Boston Capital as Limited Investor Partner.

Authorize THA's Executive Director to enter into negotiations with the next responsive Limited Partner Investor should an agreement with Boston Capital fail to be executed.

**Approved: February 27, 2019**

  
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Dr. Minh-Anh Hodge, Chair