



TACOMA HOUSING AUTHORITY

RESOLUTION 2021-05-26 (1)

Date: May 4, 2021

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Re: Board Authorization for Executive Director to Enter Into Purchase and Sale Agreements to support the Rapid Acquisition of Affordable Housing

This resolution would authorize the Executive Director to negotiate, and if those negotiations are successful, to execute Purchase and Sale Agreements to acquire existing multifamily properties subject to the Board of Commissioners final approval of all transactions.

Background

The Tacoma Housing Authority (THA) is pursuing the acquisition of B and C class multifamily properties that may currently offer rents that are affordable to households earning 60% to 120% of Area Median Income (AMI). By this resolution, THA's Executive Director seeks authorization to execute a Purchase and Sale Agreement in order to acquire multifamily rental properties prior to presenting projects to the Board of Commissioners for consideration. **All Purchase and Sale Agreements will be subject to THA's ability to secure appropriate financing and final board approval. This means that the board retains the final approval of any purchase.**

This ability will help THA explore these purchases. The competition for acquiring multifamily properties is quite strong. In order to compete, THA needs the ability to enter into a Purchase and Sale agreements quickly. The Executive Director is executing non-binding Letters of Intent (LOI) with property owners interested in selling to THA that require Purchase and Sale Agreements to be executed within three weeks. The (LOI) allows staff to visit the property for a visual assessment of the building condition and have access to the financial statements of the property owners. Based on the initial assessment, a recommendation will be made to the Executive Director to execute a Purchase and Sale Agreement or to forgo any further action on the property. The purchase agreements will have 60-day due diligence clauses. During the due diligence phase, staff will perform a more in-depth assessment of the building condition, prepare financial models that evaluate the performance of the property over time under various assumptions, evaluate the current operating proforma, rent rolls, vacancy and turnover history and collections losses, as well as an assessment of amenities in the neighborhood and crime statistics. Staff will secure the funding and financing needed to complete the purchase.

At this time, THA has access to roughly \$7M in State and Greater Tacoma Community Foundation Funds, as well as THA designated resources for the equity needed to make these purchases. Lenders have been contacted and are interested in providing THA with permanent debt. Staff believes that this

streamlined approach will enhance THA's ability to compete well and secure more properties.

Recommendation

Approve Resolution 2021-05-26 (1) authorizing THA's Executive Director to negotiate, and if those negotiations are successful to execute a Purchase and Sale Agreement to acquire multifamily properties. All agreements will be subject to securing appropriate financing and final board approval.



TACOMA HOUSING AUTHORITY

RESOLUTION 2021-05-26 (1) (Rapid Acquisition Properties)

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

Whereas, The resolution authorizes THA's Executive Director to negotiate and execute Purchase and Sale agreements to further THA's goals to acquire multifamily properties that will provide modestly priced rental housing; and

Whereas, Time is of the essence as THA has secured funding for equity and is willing and able to use THA resources to supplement those funds; and

Whereas, Sellers are made aware of the advantages of selling to a Public Housing Authority as part of the transaction. These include favorable financing and options to extend the time for capital gains to be reinvested. The ability to execute agreements efficiently, along with the advantages will make THA competitive when acquiring properties; and

Whereas, All Purchase and Sale Agreements will be subject to securing appropriate financing and final Board approval; now, therefore, be it

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

THA's Executive Director is authorized to negotiate and, if those negotiations are successful, to execute Purchase and Sale Agreements to acquire multifamily properties. All such purchases will be subject to THA's due diligence and Board final approval.

Approved: May 26, 2021



Stanley Rumbaugh, Chair