



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2018-11-14(1)

**DATE:** November 14, 2018

**TO:** THA Board of Commissioners

**FROM:** Michael Mirra  
Executive Director

**RE:** Authorization to form a tax credit entity (Housing Hilltop LLLP) for the THA property located at S. L & 10<sup>th</sup> Street and S. L & 11<sup>th</sup> Street.

### Purpose

This resolution would authorize Tacoma Housing Authority (“THA”) to form a new limited liability limited partnership (the “Partnership”) with Tacoma Housing Development Group (“THDG”) to develop approximately 75 units of affordable rental housing for low-income persons, to be located in the vicinity of the 1000 blocks of South L Street and South M Street, in Tacoma, Washington (the “Project”). In particular, the resolution authorizes THA to:

- (1) form the Partnership;
- (2) prepare, execute and submit to the 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; and
- (3) expend such funds as may be necessary to be paid by the THA in connection with filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution.

### Background

THA will be initiating the design process for the four (4) parcels it will be redeveloping on the Hilltop. It is anticipated that the four buildings will be financed using two financial structures with two buildings per financing. The parcels located at S L and 10<sup>th</sup> and S. L and 11<sup>th</sup> Street will be combined into one financing for the purposes of constructing approximately 75 units of affordable rental units. (The other two buildings (1120-24 MLK & 1120 S 11<sup>th</sup>) will be combined into the already established Hilltop Lofts LLLP). Staff expects that the new units will be affordable to households with incomes between 30% and 60% of area median income. This resolution will authorize THA’s executive director to execute the documents associated with forming the LLLP.

THA expects to lease the land and improvements to the LLLP for up to 99 years.

The financing structure is expected to include, but not be limited to, the following sources of funding: tax credit equity, City of Tacoma funds, private debt, bonds and THA funds.

**Recommendation**

Authorize THA's Executive Director to approve, execute and deliver all documents necessary to assume the role of the LLLP's general partner.



# TACOMA HOUSING AUTHORITY

**Tacoma Housing Authority 2018-11-14 (1)**

**(Housing Hilltop – Tax Credit Partnership)**

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma authorizing the Authority to form a limited liability limited partnership in connection with the development of an affordable rental housing project in the vicinity of the 1000 block of South L Street (at 10<sup>th</sup> & 11<sup>th</sup>) in the City, and providing for related matters.

**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 City of Tacoma, Washington (the “City”); and

**WHEREAS**, The Authority owns land in the vicinity of 10<sup>th</sup> & S L and 11<sup>th</sup> & S L Streets in the City, upon which the Authority intends to develop, construct, equip, operate and maintain approximately 75 units of affordable rental housing for low-income persons (the “Project”); and

**WHEREAS**, The anticipated financing for the Project will come from various funding and credit enhancement sources, including low-income housing tax credits, loans from public and private lenders, and grants, and certain of these funding sources will require the formation of a limited liability limited partnership to maximize the benefits and minimize the risks to the Authority; and

**WHEREAS**, The Housing Authorities Law (chapter 35.82 RCW) authorizes the Authority, among other things, to: (i) “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” (RCW 35.82.070(2)); (ii) “lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project” (RCW 35.82.070(5)); (iii) “make and execute contracts and other instruments, including but not limited to partnership agreements” (RCW 35.82.070(1)); (iv) “make . . . loans for the . . . acquisition, construction . . . rehabilitation, improvement . . . or refinancing of land, buildings, or developments for housing of persons of low income” (RCW 35.82.070(18)); and (v) “delegate to one or more of its agents or employees such powers or duties as [the Authority] may deem proper” (RCW 35.82.040); and

**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 dwelling apartments, mobile home parks or other living accommodations for persons of low income;” and

**WHEREAS**, The Board finds and determines that both the Partnership (as defined below) and the Project will provide for the necessary support of the poor within the City, and that any financing provided by the Authority for the Project is important for project feasibility and is necessary to enable the Authority to carry out its powers and purposes under chapter 35.82 RCW; and

**WHEREAS**, Based on the consideration of funding sources available for the Project, the need for affordable housing in the City, and other matters, the Board determines it is necessary that the Authority proceed with the transactions described in this resolution;

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

1. The Authority is authorized to participate in the formation of, and become a partner in, a Washington limited liability limited partnership (the "Partnership"). The Board intends that the Partnership will acquire, develop, construct, equip, operate and maintain the Project and receive low-income housing tax credits in connection therewith.
2. The Authority's Executive Director, the Authority's Deputy Executive Director and their respective designees (each, an "Authorized Officer" and, collectively, the "Authorized Officers"), and each of them acting alone, are authorized on behalf of the Authority to: (i) execute, deliver and file (or cause to be executed, delivered and filed), to the extent required by law, a partnership agreement, a certificate of limited partnership and all such forms, certificates, applications and other documents that are necessary to form the Partnership; (ii) determine the name of the Partnership; and (iii) take any other action that they deem necessary and advisable to give effect to this resolution and the transactions contemplated herein. The Authority's Executive Director is delegated the authority to cause, in his discretion, the Partnership to be created as a Washington limited liability company, in which case all references in this resolution to limited liability limited partnership, partnership agreement, general partner, limited partner, chapter 25.10 RCW, and certificate of limited partnership shall be deemed to be references to limited liability company, operating agreement, managing member, investor member, chapter 25.15 RCW and certificate of formation, respectively.
3. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority (in its individual capacity and/or in its capacity as the Partnership's general partner) to: (i) apply for, and enter into contracts relating to, such funding for the Project as they 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), an allocation of private activity bond volume cap from the Washington State Department of Commerce or the Washington State Housing Finance Commission, as applicable, and other federal, state and local funds; (ii) apply for any and all necessary approvals from the U.S. Department of Housing and Urban Development in connection with such funding; (iii) lend or grant all or any portion of the money derived from such funding sources to the Partnership, and/or cause any contracts relating to such funding to be assigned to the Partnership; (iv) apply to the Washington State Housing Finance Commission for an allocation of (or approval of the use of) low income housing tax credits for the Project (depending on whether the Authorized Officers determine to pursue "9%" or "4%" tax credits), enter into such agreements (including a credit reservation and carryover allocation contract), provide such documents (including cost certifications) necessary to secure such allocation (or approval), and cause such allocation (or any portion thereof) to be assigned to the Partnership if the allocation initially is made to the Authority; (v) seek and approve investors to serve as subsequent limited partners in the Partnership in connection with the receipt of low income housing tax credits for the Project; (vi) negotiate with potential investors regarding their acquisition of limited partnership interests in the Partnership and, if the Executive Director determines the same to be advisable, limited partner or member interests in limited partnerships and/or limited liability companies formed to finance other Authority tax credit projects; (vii) execute documents pursuant to which Authority funds (including amounts granted or lent to the Authority for the Project) may

be lent to the Partnership; (viii) prepare all appropriate resolutions for Board review and approval; (ix) prepare all documents required so that the Authority and the Partnership comply with state and federal securities laws; (x) negotiate contracts relating to the use, management and naming of the Project or Project buildings; (xi) take all necessary and appropriate actions for the Partnership to acquire the Project by sale or lease from the existing owner thereof (including entering into any option to lease, or lease, necessary to provide the Partnership with control of the Project site); (xii) apply for bond insurance and other credit enhancement for any bonds to be issued by the Authority to finance the Project (but only if the Authority's Executive Director determines such credit enhancement to be cost effective); (xiii) solicit investment banking firms to serve as the lead underwriter(s) and as members of a selling group (if any) for any bonds to be issued for the Project, and select such lead underwriter(s) and the members of any selling group (if the Executive Director determines that a selling group is desirable); (xiv) apply for ratings of any bonds to be issued by the Authority for the Project (but only if the Authority's Executive Director determines such ratings to be desirable); (xv) assist in the preparation of any official statement to be used in connection with the offering of any bonds by the Authority to finance the Project; and (xvi) otherwise execute the Authority's rights under the Partnership Agreement. Nothing herein shall commit the Authority to issuing bonds to finance the Project.

4. 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 Partnership prior to the time the Authority enters into a formal loan agreement, the Authority may lend money to the Partnership 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).
5. The Authorized Officers, and each of them acting alone, are hereby directed, and granted the discretionary authority, to execute and deliver any and all other certificates, documents, agreements and instruments that are necessary or appropriate in their 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 Partnership and the Authority (and/or others) providing for the development of the Project, contracts with architects, engineers and other consultants, and construction contracts.
6. 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.
7. This resolution shall be in full force and effect from and after its adoption and approval.

**Approved: November 14, 2018**

  
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Dr. Minh-Anh Hodge, Chair

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. 2018-11-14(1) (the "Resolution") is a true and correct copy of the resolution of the Authority's Board of Commissioners (the "Board") as adopted at a meeting of the Board held on November 14, 2018, and duly recorded in the Authority's minute books.

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 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 on November 14, 2018.

HOUSING AUTHORITY OF THE CITY OF  
TACOMA

By: Michael Mirra  
Michael Mirra, Executive Director