



TACOMA HOUSING AUTHORITY

RESOLUTION 2019-02-27 (8)

Date: February 27, 2019
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: 1800 Hillside Terrace – LIHTC Equity Investor Selection

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 1800 Hillside Terrace development.

Background

The Tacoma Housing Authority received a 2018 allocation of 9% Low Income Housing Tax Credits and Tax exempt bonds from the Washington State Housing Finance Commission (WSHFC) for the Arlington Youth Campus project. The tax credits are sold to investors to generate equity for the development. The initial value of the tax credits was estimated to be \$12,100,000.

In January, 2019, Tacoma Housing Authority requested Letters of Interest from prospective tax credit investors to assist in financing the development of the 1800 Hillside Terrace Apartments.

The Request for Proposal was forwarded to following investors:

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

On February 8, 2019, staff received Letters of Interest from the following responders:

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

An evaluation 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 1800 Hillside Terrace investor for the project. The selection committee favored Boston Capital for the following reasons:

1. Tax Credit Pricing: \$0.95 will generate a total estimated equity value: \$12,380,000;
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 (8) 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 1800 Hillside Terrace (Court F, 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 (8) (1800 Hillside Terrace – 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 1800 Hillside Terrace apartments; and

WHEREAS, The RFP was forwarded to seven (7) investors of which three responded with Letters of Interest on February 13, 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 the execution of the Commitment Letter for LIHTC equity for the acquisition/renovation project; 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 1800 Hillside Terrace (Court F, LLLP), and (b) negotiate an Operating Agreement between THA as General Partner and Boston Capital as Limited Investor Partner. The negotiated Operating Agreement will be presented to the Board for its consideration and approval prior to execution.

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



Dr. Minh-Anh Hodge, Chair