



TACOMA HOUSING AUTHORITY

RESOLUTION 2019-05-22 (2)

Date: May 22, 2019

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Re: Conversion of Subsidy for Hillside Terrace and Salishan Properties from Public Housing to RAD

This resolution would authorize the conversion of the public housing units in the Salishan and Hillside properties to the Rental Assistance Demonstration (RAD) program. The subsidy would convert from public housing to RAD Project Based Section 8 Vouchers.

Background

Tacoma Housing Authority (THA) and the U.S. Department of Housing and Urban Development ("HUD") are parties to that certain Consolidated Annual Contributions Contract (ACC) (Form HUD-53012A and Form HUD-53012B) Number SF169, dated June 15, 2000, relating to public housing activities administered by THA.

THA is the general partner of Hillside Terrace Phase I Limited Partnership, a Washington limited partnership ("HTI Partnership"). HTI Partnership developed an affordable rental housing project located on the 2300 Block of South G Street in Tacoma, Washington (the "HTI Project"), on property owned by THA that was leased by THA to HTI Partnership. All of the 21 units of rental housing in the HTI Project currently are administered as public housing units pursuant to a Mixed-Finance Amendment to Consolidated Annual Contributions Contract dated December 15, 2002, between THA and HUD, and a Regulatory and Operating Agreement for Mixed Income Project dated as of December 18, 2002, between THA and HTI Partnership. The initial development of the HTI Project was financed with capital contributed by the partners of HTI Partnership, a loan made by the State of Washington Department of Community, Trade and Economic Development, Office of Community Development ("Commerce"), a loan from the Tacoma Community Redevelopment Authority ("TCRA"), a loan from THA funded by proceeds of a HUD public housing capital grant, and a loan from THA funded by proceeds of bonds issued by THA. The THA loans have been repaid or forgiven.

THA is the general partner of Hillside Terrace Phase II Limited Partnership, a Washington limited partnership ("HTII Partnership"). HTII Partnership developed an affordable rental housing project located on the 2300 Block of South G Street in Tacoma, Washington (the "HTII Project"), on property owned by THA that was leased by THA to HTII Partnership. Of the 25 units of rental housing in the HTII Project, 12 units currently are administered as public housing units pursuant to a Mixed-Finance Amendment to Consolidated Annual Contributions Contract dated March 4,

2003, between THA and HUD, and a Regulatory and Operating Agreement for Mixed Income Project dated as of March 4, 2003, between THA and HTII Partnership. The initial development of the HTII Project was financed with capital contributed by the partners of HTII Partnership, a loan made by Commerce, and a loan from THA funded by proceeds of a HUD public housing capital grant. The THA loan has been forgiven.

THA is the managing member of Salishan One LLC, a Washington limited liability company. Salishan One LLC developed an affordable rental housing project located at 1724 East 44th Street, Tacoma, Washington (the "Salishan One Project"), on property owned by THA that was leased by THA to Salishan One LLC. Of the 90 units of rental housing in the Salishan One Project, 55 units currently are administered as public housing units pursuant to a Mixed-Finance Amendment to Consolidated Annual Contributions Contract dated January 13, 2005, between THA and HUD, and a Regulatory and Operating Agreement for Mixed Income Project dated as of January 13, 2005, between THA and Salishan One LLC. The initial development of the Salishan One Project was financed with capital contributed by the members of Salishan One LLC, a permanent loan from ARCS Commercial Mortgage Co., L.P. ("ARCS"), a loan made by Commerce, and a loan from THA funded by proceeds of a HUD public housing capital grant. The THA and ARCS loans have been repaid or forgiven.

THA is the managing member of Salishan Two LLC, a Washington limited liability company. Salishan Two LLC developed an affordable rental housing project located at 1725 East 44th Street, Tacoma, Washington (the "Salishan Two Project"), on property owned by THA that was leased by THA to Salishan Two LLC. Of the 90 units of rental housing in the Salishan Two Project, 55 units currently are administered as public housing units pursuant to a Mixed-Finance Amendment to Consolidated Annual Contributions Contract dated January 13, 2005, between THA and HUD, and a Regulatory and Operating Agreement for Mixed Income Project dated as of January 13, 2005, between THA and Salishan Two LLC. The initial development of the Salishan Two Project was financed with capital contributed by the members of Salishan Two LLC, a permanent loan from ARCS, a loan made by Commerce, a loan from THA funded with Federal Home Loan Bank Affordable Housing Program ("AHP") loan proceeds, and a loan from THA funded by proceeds of a HUD public housing capital grant. The THA loans (other than the loan funded with AHP funds) and the ARCS loan have been repaid or forgiven.

THA is the managing member of Salishan Three LLC, a Washington limited liability company. Salishan Three LLC developed an affordable rental housing project located at 1726 East 44th Street, Tacoma, Washington (the "Salishan Three Project"), on property owned by THA that was leased by THA to Salishan Three LLC. Of the 90 units of rental housing in the Salishan Three Project, 45 units currently are administered as public housing units pursuant to a Mixed-Finance Amendment to Consolidated Annual Contributions Contract dated November 3, 2005, between THA and HUD, and a Regulatory and Operating Agreement for Mixed Income Project dated as of November 2, 2005, between THA and Salishan Three LLC. The initial development of the Salishan Three Project was financed with capital contributed by the members of Salishan Three LLC, a permanent loan from ARCS, a loan made by Commerce, a loan from THA funded with AHP loan proceeds, and a loan from THA funded by proceeds of a HUD HOPE VI grant. The THA loans (other than the loan funded with AHP funds) and the ARCS loan have been repaid or forgiven.

THA is the managing member of Salishan Four LLC, a Washington limited liability company. Salishan Four LLC developed an affordable rental housing project located at 1727 East 44th Street, Tacoma, Washington (the "Salishan Four Project"), on property owned by THA that was leased by THA to Salishan Four LLC. Of the 90 units of rental housing in the Salishan Four Project, 45 units currently are administered as public housing units pursuant to a Mixed-Finance Amendment to Consolidated Annual Contributions Contract dated June 28, 2007, between THA and HUD, and a Regulatory and Operating Agreement for Mixed Income Project dated as of June 28, 2007, between THA and Salishan Four LLC. The initial development of the Salishan Four Project was financed with capital contributed by the members of Salishan Four LLC, a permanent loan from Bank of America, N.A., a loan made by Commerce, a loan from THA funded by proceeds of a HUD HOPE VI grant, and loans from THA funded with THA program income, TCRA loan proceeds, and Pierce County loan proceeds.

THA is the managing member of Salishan Five LLC, a Washington limited liability company. Salishan Five LLC developed an affordable rental housing project located at 1728 East 44th Street, Tacoma, Washington (the "Salishan Five Project"), on property owned by THA that was leased by THA to Salishan Five LLC. Of the 90 units of rental housing in the Salishan Five Project, 45 units currently are administered as public housing units pursuant to a Mixed-Finance Amendment to Consolidated Annual Contributions Contract dated June 25, 2008, between THA and HUD, and a Regulatory and Operating Agreement for Mixed Income Project dated as of June 26, 2008, between THA and Salishan Five LLC. The initial development of the Salishan Five Project was financed with capital contributed by the members of Salishan Five LLC, a permanent loan from Citicorp Municipal Mortgage Inc., a loan made by Commerce, and loans from THA funded with HUD Neighborhood Initiative grant proceeds, THA program income, United Way grant proceeds and Pierce County loan proceeds.

THA is the managing member of Salishan Six LLC, a Washington limited liability company. Salishan Six LLC developed an affordable rental housing project located at 1729 East 44th Street, Tacoma, Washington (the "Salishan Six Project"), on property owned by THA that was leased by THA to Salishan Six LLC. Of the 90 units of rental housing in the Salishan Six Project, 45 units currently are administered as public housing units pursuant to a Mixed-Finance Amendment to Consolidated Annual Contributions Contract dated October 14, 2008, between THA and HUD, and a Regulatory and Operating Agreement for Mixed Income Project dated as of October 15, 2008, between THA and Salishan Six LLC. The initial development of the Salishan Six Project was financed with capital contributed by the members of Salishan Six LLC, a permanent loan from Washington Community Reinvestment Association, a loan made by Commerce, and loans from THA funded with THA program income, HUD capital funds, United Way grant proceeds, and TCRA loan proceeds.

THA applied to HUD to allow the HTI Project, the HTII Project, the Salishan One Project, the Salishan Two Project, the Salishan Three Project, the Salishan Four Project, the Salishan Five Project and the Salishan Six Project (collectively, the "Projects") to be converted from a public housing project to a project-based Section 8 project under HUD's Rental Assistance Demonstration ("RAD") program, and HUD approved of such conversions, subject to the meeting of certain conditions by the various limited partnerships and limited liability companies and by THA.

In connection with the conversion of the Projects from public housing projects to project-based Section 8 projects, certain provisions of partnership agreements, operating agreements, project leases, loan documents and related documents must be amended, certain existing public housing agreements must be terminated, and certain RAD program agreements must be entered.

Resolution No. 2019-05-22 (2) will authorize THA to execute all documents related to the conversions of any or all of the Projects to project-based Section 8 projects under the RAD program.

Recommendation

Approve Resolution No. 2019-05-22 (2).



TACOMA HOUSING AUTHORITY

RESOLUTION NO. 2019-05-22 (2)

(Conversion of Subsidy for Hillside Terrace & Salishan Properties to RAD)

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma authorizing the Authority's participation in HUD's Rental Assistance Demonstration program with respect to the Hillside Terrace Phase I, Hillside Terrace Phase II, Salishan One, Salishan Two, Salishan Three, Salishan Four, Salishan Five and Salishan Six Projects; authorizing the amendment of agreements to address requirements of HUD's Rental Assistance Demonstration program; and determining related matters.

WHEREAS, RCW 35.82.040 authorizes the Authority to "delegate to one or more of its agents or employees such powers or duties as it may deem proper"; and

WHEREAS, RCW 35.82.070 authorizes the Housing Authority of the City of Tacoma (the "Authority"), among other things, to "prepare, carry out, acquire, lease and operate housing projects; [and] to provide for the construction, reconstruction, improvement, alteration or repair of any housing project or any part thereof," "make and execute contracts and other instruments, including but not limited to partnership agreements," and "make . . . loans for the . . . rehabilitation, improvement . . . or refinancing of land, buildings, or developments for housing of persons of low income"; and

WHEREAS, The Authority is the general partner of Hillside Terrace Phase I Limited Partnership ("HTI Partnership"), which limited partnership developed a 21-unit affordable rental housing project commonly known as Hillside Terrace Phase I (the "HTI Project"), on property located on the 2300 Block of South G Street in Tacoma, Washington, that was leased to HTI Partnership by the Authority; and

WHEREAS, To finance the HTI Project, HTI Partnership incurred a loan from the State of Washington Department of Community, Trade and Economic Development, Office of Community Development ("Commerce"), which loan is still outstanding; and

WHEREAS, The Authority is the general partner of Hillside Terrace Phase II Limited Partnership ("HTII Partnership"), which limited partnership developed a 25-unit affordable rental housing project commonly known as Hillside Terrace Phase II (the "HTII Project"), on property located on the 2300 Block of South G Street in Tacoma, Washington, that was leased to HTII Partnership by the Authority; and

WHEREAS, To finance the HTII Project, HTII Partnership incurred a loan from Commerce, which loan is still outstanding; and

WHEREAS, The Authority is the managing member of Salishan One LLC, which limited liability company developed a 90-unit affordable rental housing project (the "Salishan One Project") on property located at 1724 East 44th Street, Tacoma, Washington that was leased to Salishan One LLC by the Authority; and

WHEREAS, to finance the Salishan One Project, Salishan One LLC incurred loans from Commerce and the Authority, which loans are still outstanding; and

WHEREAS, The Authority is the managing member of Salishan Two LLC, which limited liability company developed a 90-unit affordable rental housing project (the “Salishan Two Project”) on property located at 1725 East 44th Street, Tacoma, Washington, that was leased to Salishan Two LLC by the Authority; and

WHEREAS, To finance the Salishan Two Project, Salishan Two LLC incurred loans from Commerce and the Authority, which loans are still outstanding; and

WHEREAS, The Authority is the managing member of Salishan Three LLC, which limited liability company developed a 90-unit affordable rental housing project (the “Salishan Three Project”) on property located at 1726 East 44th Street, Tacoma, Washington that was leased to Salishan Three LLC by the Authority; and

WHEREAS, To finance the Salishan Three Project, Salishan Three LLC incurred loans from the Commerce and the Authority, which loans are still outstanding; and

WHEREAS, The Authority is the managing member of Salishan Four LLC, which limited liability company developed a 90-unit affordable rental housing project (the “Salishan Four Project”) on property located at 1727 East 44th Street, Tacoma, Washington that was leased to Salishan Four LLC by the Authority; and

WHEREAS, To finance the Salishan Four Project, Salishan Four LLC incurred loans from the Bank of America, N.A., Commerce, Tacoma Community Redevelopment Authority (“TCRA”) and the Authority, which loans are still outstanding; and

WHEREAS, The Authority is the managing member of Salishan Five LLC, which limited liability company developed a 90-unit affordable rental housing project (the “Salishan Five Project”) on property located at 1728 East 44th Street, Tacoma, Washington that was leased to Salishan Five LLC by the Authority; and

WHEREAS, To finance the Salishan Five Project, Salishan Five LLC incurred loans from Citicorp Municipal Mortgage Inc., Commerce, TCRA and the Authority, which loans are still outstanding; and

WHEREAS, The Authority is the managing member of Salishan Six LLC, which limited liability company developed a 90-unit affordable rental housing project (the “Salishan Six Project”) on property located at 1729 East 44th Street, Tacoma, Washington that was leased to Salishan Six LLC by the Authority; and

WHEREAS, To finance the Salishan Six Project, Salishan Six LLC incurred loans from Washington Community Reinvestment Association, Commerce, TCRA and the Authority, which loans are still outstanding; and

WHEREAS, The HTI Project, the HTII Project, the Salishan One Project, the Salishan Two Project, the Salishan Three Project, the Salishan Four Project, the Salishan Five Project and the

Salishan Six Project (collectively, the “Projects”) currently support the Authority’s public housing activities; and

WHEREAS, THA applied to the U.S. Department of Housing and Urban Development (“HUD”) to allow the Projects to be converted from public housing projects to project-based Section 8 projects under HUD’s Rental Assistance Demonstration (“RAD”) program, and HUD has approved of such conversions, subject to the meeting of certain conditions by the Authority and by HTI Partnership, HTII Partnership, Salishan One LLC, Salishan Two LLC, Salishan Three LLC, Salishan Four LLC, Salishan Five LLC and Salishan Six LLC (collectively, the “Owner Entities”); and

WHEREAS, In connection with the conversion from public housing subsidies to project-based Section 8 subsidies for the Projects, certain provisions of the Owner Entities’ partnership agreements, operating agreements, project leases, loan documents and related documents must be amended, certain existing public housing agreements must be terminated, and certain RAD program agreements must be entered; and

WHEREAS, Based on the consideration of funding sources available for the Projects, the need for affordable housing in the City, and other matters, it is necessary that the Authority proceed with the transactions described in this resolution; now, therefore, be it

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

1. Organizational Documents. The Authority’s Executive Director and the Authority’s Deputy Executive Director (each, an “Authorized Officer” and, collectively, the “Authorized Officers”), and each of them acting alone, are authorized and directed to negotiate, execute, deliver and, if applicable, file (or cause to be executed and delivered and, if applicable, filed) on behalf of the Authority an amendment to the existing limited partnership agreement or operating agreement, as applicable, of each Owner Entity to remove references to public housing requirements, to insert references to RAD program requirements, to provide for additional capital contributions by the Authority (to the extent necessary or desirable to finance rehabilitation and other costs) and to make other revisions to such agreement as any Authorized Officer determines to be necessary or desirable to accomplish the conversion of each Project from a public housing project to a project-based Section 8 project.
2. Amendments to Project Leases. The Authorized Officers (and each of them acting alone) are authorized to negotiate, execute, deliver and, if applicable, file (or cause to be executed, delivered and, if applicable, filed) on behalf of the Authority (acting on its own behalf or in its capacity as general partner or managing member of each Owner Entity, as applicable): (i) an amendment to each existing Lease Agreement between the Authority and an Owner Entity, in each case to remove references to public housing requirements, to insert references to RAD program requirements, and to make other revisions to such agreement as any Authorized Officer determines to be necessary or desirable to accomplish the conversion of the Project from a public housing project to a project-based Section 8 project; and (ii) an amendment to the Memorandum of Lease Agreement

between the Authority and each Owner Entity to reflect amendments made to such Lease Agreement.

3. Existing Loan Documents and HUD Documents. The Authorized Officers (and each of them acting alone) are authorized and directed to negotiate, execute, deliver and, if applicable, file (or cause to be executed and delivered and, if applicable, filed) on behalf of the Authority (acting on its own behalf or in its capacity as general partner or managing member of each Owner Entity, as applicable): (i) those documents described in Exhibit A under the headings "Existing Loan Documents" and "HUD Documents" as they apply to each Owner Entity and Project; (ii) such other documents relating to each Owner Entity's existing loans as any Authorized Officer determines to be necessary or desirable to accomplish the conversion of the Owner Entity's Project from a public housing project; and (iii) any document not described in Exhibit A under the heading "HUD Documents" that HUD requires in connection with such conversion.
4. Supplemental Authorization. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority (acting on its own behalf or in its capacity as general partner or managing member of each Owner Entity, as applicable) to: (i) determine that any document authorized by this resolution is, at the time such document otherwise would be executed, no longer necessary or desirable and, based on such determination, cause the Authority and/or any Owner Entity not to execute or deliver such document; (ii) negotiate, execute and deliver and, if applicable, file (or cause to be delivered and/or filed) any government forms, affidavits, certificates, letters, documents, agreements and instruments that such officer determines to be necessary or advisable to give effect to this resolution and to consummate the transactions contemplated herein; and (iii) cause the Authority and/or any Owner Entity 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.
5. Acting Officers Authorized. Any action required by this resolution to be taken by the Executive Director or Deputy Executive Director may, in such person's absence, be taken by any employee of the Authority that has been designated by the Executive Director to act in the absence of the Executive Director or Deputy Executive Director.
6. Changes to Titles or Parties. While the titles of and parties to the various documents listed in Exhibit A hereto may change, no change to such titles or parties shall affect the authority conferred by this resolution to execute, deliver, file (if required), enforce and perform the documents in their final form.
7. Ratification and Confirmation. All actions of the Authority and its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.
8. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

Approved: May 22, 2019



Minh-Anh Hodge, Chair

EXHIBIT A
TRANSACTION DOCUMENTS

Existing Loan Documents

- A new priority and subordination agreement for each Project listing the relative priorities of HUD's Rental Assistance Demonstration Use Agreement and existing encumbrances for the Project;
- Amendments to the existing loan documents with Commerce, TCRA, the Authority, Bank of America, N.A. (or its successors in interest), Citicorp Municipal Mortgage Inc. (or its successors in interest), Washington Community Reinvestment Association and any other lender with an outstanding loan relating to a Project, all as necessary or desirable to remove references to public housing requirements and to insert references to RAD program requirements;
- Amendments to the loan or grant agreements, and related documents, for loans and grants underlying the Authority's various loans to the Owner Entities, all as necessary or desirable to remove references to public housing requirements and, where applicable, to insert references to RAD program requirements;

HUD Documents

- Rental Assistance Demonstration (RAD) Conversion Commitment (Public Housing; First Component) among HUD, each Owner Entity and the Authority, together with any amendments thereto deemed necessary or advisable by any Authorized Officer;
- Rental Assistance Demonstration (RAD) for Conversion of Public Housing to the Section 8 Project-Based Voucher (PBV) Program Housing Assistance Payments Contract between the Authority and each Owner Entity;
- Rental Assistance Demonstration Use Agreement among HUD, each Owner Entity and the Authority;
- Consolidated Owner Certification – Rental Assistance Demonstration by the Authority and each Owner Entity;
- Certification and Assurances by the Authority and each Owner Entity;
- Termination of Mixed Finance Amendment to Annual Contributions Contract with respect to each Project between the Authority and HUD; and
- Termination of Regulatory and Operating Agreement between the Authority and each Owner Entity.

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Secretary and 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 copy of Resolution No. 2019-05-22(2) (the "Resolution") is a full, true and correct copy of the resolution of the Board of Commissioners of the Authority, as adopted at a duly noticed special meeting of the Authority held on May 22, 2019, and duly recorded in the minute books of the Authority; and

2. That such meeting was duly convened and held in all respects in accordance with law; 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 on May 22, 2019.



Michael Mirra, Secretary and Executive Director of
the Authority