



# **TACOMA HOUSING AUTHORITY**

## **BOARD OF COMMISSIONERS**

### **BOARD PACKET**

**April 25, 2018**



Michael Mirra  
Executive Director

# TACOMA HOUSING AUTHORITY

## BOARD OF COMMISSIONERS

Janis Flauding, Chair  
Minh-Anh Hodge, Vice Chair  
Dr. Arthur C. Banks  
Stanley Rumbaugh  
Derek Young

## REGULAR MEETING Board of Commissioners

**WEDNESDAY, April 25, 2018**

The Board of Commissioners of the Housing Authority of the City of Tacoma will hold its Regular Meeting on **Wednesday, April 25, 2018, at 4:45 pm.**

The meeting will take place at:

**602 S. Wright Avenue  
Tacoma, WA 98418**

The site is accessible to people with disabilities. Persons who require special accommodations should contact Sha Peterson (253) 207-4450, before 4:00 pm the day before the scheduled meeting.

---

I, Sha Peterson, certify that on or before April 25, 2018, I faxed / EMAILED, PUBLIC MEETING NOTICE before:

City of Tacoma	747 Market Street Tacoma, WA 98402	fax: 253-591-5123 email: <a href="mailto:CityClerk@cityoftacoma.com">CityClerk@cityoftacoma.com</a>
Northwest Justice Project	715 Tacoma Avenue South Tacoma, WA 98402	fax: 253-272-8226
KCPQ-TV/Channel 13	1813 Westlake Avenue North Seattle, WA 98109	email: <a href="mailto:tips@q13fox.com">tips@q13fox.com</a>
KSTW-TV/Channel 11	1000 Dexter Avenue N #205 Seattle, WA 98109	fax: 206-861-8865
Tacoma News Tribune	1950 South State Tacoma, WA 98405	fax: 253-597-8274
The Tacoma Weekly	PO Box 7185 Tacoma, WA 98406	fax: 253-759-5780

and other individuals and organizations with residents reporting applications on file.

---

Sha Peterson  
Executive Assistant



# TACOMA HOUSING AUTHORITY

## AGENDA

### REGULAR BOARD OF COMMISSIONERS MEETING

April 25, 2018, 4:45 PM

602 South Wright Avenue, Tacoma, WA 98418

---

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **APPROVAL OF MINUTES**
  - 3.1 Minutes of March 28, 2018—Regular Meeting
4. **GUEST COMMENTS**
  - 4.1 United Way of Pierce County (20 minutes)
5. **COMMITTEE REPORTS**
6. **COMMENTS FROM THE EXECUTIVE DIRECTOR**
7. **ADMINISTRATION REPORTS**
  - 7.1 Finance
  - 7.2 Client Services
  - 7.3 Property Management
  - 7.4 Real Estate Development
8. **OLD BUSINESS**
9. **NEW BUSINESS**
  - 9.1 2018-04-25 (1) Application for Municipal Research and Services Center (MRSC)
  - 9.2 2018-04-25 (2) Heritage Bank 2018 Line of Credit
  - 9.3 2018-04-25 (3) Authorization to Acquire Limited Partner & Investor Member Interests in Certain Existing THA-Controlled Entities
10. **COMMENTS FROM THE COMMISSIONERS**
11. **EXECUTIVE SESSION**
12. **ADJOURNMENT**



# **TACOMA HOUSING AUTHORITY**

## **MINUTES**



# TACOMA HOUSING AUTHORITY

## BOARD OF COMMISSIONERS MEETING MINUTES REGULAR SESSION WEDNESDAY, MARCH 28, 2018

The Commissioners of the Housing Authority of the City of Tacoma met in Regular Session at 911 North K. Street, Tacoma, WA 98403 at 4:45 PM on Wednesday, March 28, 2018.

### 1. CALL TO ORDER

Vice Chair Hodge called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 5:02 PM.

### 2. ROLL CALL

Upon roll call, those present and absent were as follows:

PRESENT	ABSENT
<b>Commissioners</b>	
	Chair Janis Flauding
Vice Chair Minh-Anh Hodge	
Commissioner Arthur Banks (left early at 6:15 pm)	
Commissioner Stanley Rumbaugh (arrived late at 5:06 pm)	
Commissioner Derek Young	
<b>Staff</b>	
Michael Mirra, Executive Director	
Sha Peterson, Executive Assistant	
April Black, Deputy Executive Director	
Ken Shalik, Finance Director	
Toby Kaheiki, Human Resources Director	
Frankie Johnson, Property Management Director	
Kathy McCormick, Real Estate Development Director	
Greg Claycamp, Client Services Director	
Sandy Burgess, Administrative Services Director	

Vice Chair Hodge declared there was a quorum present @ 5:03 pm and proceeded.

**3. APPROVAL OF MINUTES OF THE PREVIOUS MEETING**

Vice Chair Hodge asked for any corrections to, or discussion of the minutes for the Special Session of the Board of Commissioners for Thursday, February 22, 2018. Commissioner Banks moved to adopt the minutes, Commissioner Young seconded.

Upon roll call, the vote was as follows:

- AYES: 3
- NAYS: None
- Abstain: None
- Absent: 2 (Commissioner Rumbaugh was not yet in attendance.)

**Motion approved.**

Vice Chair Hodge asked for any corrections to, or discussion of the minutes for the Regular Session of the Board of Commissioners for Wednesday, February 28, 2018. Commissioner Banks moved to adopt the minutes, Commissioner Young seconded.

Upon roll call, the vote was as follows:

- AYES: 3
- NAYS: None
- Abstain: None
- Absent: 2 (Commissioner Rumbaugh was not yet in attendance.)

**Motion approved.**

**4. GUEST COMMENTS**

**Steve Wells, Wright Avenue Tenant  
Tenant Residents Action Coalition (TRAC) Treasurer**

Steve informed the board that he has someone at his building and others from different buildings struggling with drug addiction and bringing outsiders to their units. He will have a proposal to present to Tacoma Housing Authority’s (THA) community services with ways to assist tenants with drug addiction. He is hoping that THA can provide more assistance and resources. Property Management Director Frankie Johnson will consult with Steve.

**5. COMMITTEE REPORTS**

***Real Estate Development Committee—Commissioner Rumbaugh***

Nothing to report.

***Finance Committee—Vice Chair Hodge and Commissioner Young***

Nothing to report.

*Education Committee—Vice Chair Hodge*

Nothing to report.

*Citizen Oversight Committee—Commissioner Banks*

Nothing to report.

## **6. COMMENTS FROM THE EXECUTIVE DIRECTOR**

Executive Director (ED) Michael Mirra informed the board that Congress passed a real budget on Friday, March 23, showing a funding increase for housing. Director Shalik said that THA will receive 100% funding, which is a 6% increase for the Housing Choice Voucher Housing Opportunity Program from 2017.

Deputy Executive Director April Black reported that THA had a utilization rate of 98%, which is good, but not good enough to meet HUD's expectations of 100%. She also reported that, pursuant to the Board's direction, THA submitted to HUD an amendment to its MTW plan that contemplates a utilization rate of 95%. ED Mirra expressed confidence in HUD that it will understand THA's struggle in its rental market and will face the facts with THA.

## **7. ADMINISTRATIVE REPORTS**

### **Finance**

Finance Department (FD) Director Ken Shalik directed the board to the cash position and expense report. Finance closed its year end on March 17. He anticipated that the next annual audit will be a test of the new IT system.

THA has a total cash balance of \$16 million --\$11 million in non-MTW cash restrictions and \$5 million in unencumbered cash. THA will receive \$5 million from Renew Tacoma Rental Assistance Demonstration (RAD) project, and a developer fee when Bay Terrace II closes.

THA is still looking to buying out Boston Financial Investment Management (BFIM) ownership of several tax credit partnerships. This will cost about \$528,000. In addition, BFIM is requiring THA to establish a \$2.5 million line of credit (at a cost of \$50,000) to cover BFIM's tax credit losses over the remaining 2 – 3 years of the compliance period should THA mismanagement tax credit compliance. THA will establish this line of credit with Heritage Bank. Heritage, in turn, will require THA to keep an ongoing balance of \$2.5M in unrestricted funds.

ED Mirra updated the board on the Office of Inspector General (OIG) audit of RAD. The audit looked at eight areas. The auditors appear to be recommending findings in two areas, which ED Mirra described. He also noted the reasons why the auditors may be mistaken. We look forward to receiving the formal letter, and replying to it.

Commissioner Rumbaugh moved to ratify the payment of cash disbursements totaling \$4,909,287 for the month of February, 2018. Commissioner Banks seconded.

Upon roll call, the vote was as follows:

AYES: 4  
NAYS: None  
Abstain: None  
Absent: 1

**Motion Approved.**

### **Administration Services**

Administration Services (AS) Director Sandy Burgess requested to move to a quarterly board report. She informed the board that AS is close to reporting metrics of cash flow, which may be available in May. The board approved moving to a quarterly report.

### **Client Services**

Client Services (CS) Director Greg Claycamp directed the board to his report. CS sent out the first batch of letters to 83 people on the consolidated waitlist and received 13 responses early this week, 10 of whom indicated they want HOP vouchers.

THA signed a Memorandum of Understanding (MOU) with Workforce Development and United Way for the Center for Strong Families. The Center for Strong Families will give a presentation to the board at its April meeting.

Commissioner Rumbaugh was approached by a credit union that provides assistance to low-income families to try to move them to homeownership. He inquired about THA programs that assist tenants with homeownership. According to Director Claycamp, the Family Self-Sufficiency program is the only one that allows this and THA has actually been considering revamping the program to provide points to families interested in homeownership. He will coordinate a meeting with the credit union and Sound Outreach.

### **Property Management**

Property Management (PM) Director Frankie Johnson directed the board to her report. She thanked Steve Wells for his comments to the board. She understands his concerns. In last month's report, she projected that PM would meet or beat their key to key goals of 20 days. They made 18 days key to key for units turned by THA staff in February. There were 34 days overall with contractor turn, which THA has no control over. Last month PM had 29 days of leasing and they were able to decrease it this month to 6 days. Even downtime days decreased from 7 to 2. For next month, she is projecting 19.5 or 20 days key to key.

PM's pilot projects are doing well but they are still analyzing the data. She thanked her staff, especially Justin Gonzales and Denise Day Joseph, for their hard work. Commissioner Rumbaugh noted how Director Johnson's report represented remarkable progress; she and her staff are trending in the right direction. He asked if there were any other areas that have suffered from having personnel pulled from their regular duties to do unit turns. Director Johnson confirmed that there have been other areas affected. Commissioner Rumbaugh requested the PM plan to note how Director Johnson will address this.

## **Real Estate Development**

Real Estate Development (RED) Director Kathy McCormick directed the board to her report. Due diligence for Allenmore Brownstones was extended to April 15, which will put closing to mid-May. THA will host a ground breaking event at Allenmore Brownstones in August. One issue she needs to discuss with the seller is Davis-Bacon wages; if it applies to Allenmore Brownstones, then THA cannot acquire the property.

RED had a meeting with the City last Friday regarding the Crisis Residential Center. The City is prepared to put THA's request in their 2019-2020 budget to fund half of the gap on CRC, but requested assurance on how funds will be spent. The architects are finalizing drawings and related documents, and RED is waiting for documents back from Housing and Urban Development (HUD), which is taking a while. RED is also preparing to submit 9% tax allocation in June.

THA was allocated tax credits for 1800 block, and RED will talk to the City about additional funding.

The Urban Land Institute (ULI) is a national organization that cares about urban planning and design. They visit sites to understand all the metrics and provide advice. They looked at James Center North. The ULI team made a presentation to THA staff and Commissioner Young. It is planning to present to the full board in May. Commissioner Young attended said that he enjoyed the discussion and was surprised by some of the findings. He was not expecting a mixed-use project. One recommendation was master planning. Commissioner Rumbaugh inquired about THA's engagement with TCC's board. He wants to make sure the board maintains their interest with student housing. According to Director Black, TCC announced their selection of a new president who is scheduled to begin in May. ULI interviewed TCC students and the result of their discussions will be reflected on their report. ED Mirra informed the board that the Bates president is in transition and THA is in communication with the school regarding the eastside location at Salishan. Conversations will resume once a new president is in place, but the search for a new president will certainly slow discussions down.

## **8. OLD BUSINESS**

None.

**9. NEW BUSINESS**

**9.1 RESOLUTION 2018-3-28 (1)  
(Extension of Project Based Voucher Contract: Salishan Four)**

**WHEREAS**, THA has been providing project based voucher assistance to Salishan Four, LLC’s property Salishan Four since 2008; and

**WHEREAS**, Salishan Four provides housing for low-income families in the community; and

**WHEREAS**, A fifteen-year extension will allow THA and Salishan Four to continue to provide housing assistance to low-income families in the community; and

**WHEREAS**, Failure to extend this contract would lead to a loss of affordable housing units; now, therefore, be it

*Resolved by the Board of Commissioners of the Housing Authority of the City Of Tacoma, Washington, that:*

The Board authorizes an extension of THA’s PBV HAP Contract with Salishan Four, LLC for fifteen (15) years.

Commissioner Young motioned to approve the resolution. Commissioner Rumbaugh seconded the motion.

- AYES: 3
- NAYS: None
- Abstain: None
- Absent: 2 (Commissioner Banks left the meeting early)

**Motion Approved:** March 28, 2018 \_\_\_\_\_  
Janis Flauding, Chair

**9.2 RESOLUTION 2018-3-28 (2)  
(Extension of Project Based Voucher Contract: Pacific Courtyard)**

**WHEREAS**, THA has been providing project based voucher assistance to MDC’s Pacific Courtyard since 2005; and

**WHEREAS**, THA provides PBV assistance to 23 units at Pacific Courtyard; and

**WHEREAS**, MDC has been instructed to change the type of housing provided to permanent supportive housing; and

**WHEREAS**, MDC has failed to convert the 23 units at Pacific Courtyard to permanent supportive housing as required by THA; and

**WHEREAS**, THA wishes to give MDC until September 1, 2018, to bring the contract into compliance or, at that time, MDC will need to provide a 1 year written notice of contract termination to its Pacific Courtyard tenant; now, therefore, be it

***Resolved by the Board of Commissioners of the Housing Authority of the City Of Tacoma, Washington, that:***

The Board authorizes the extension of the PBV HAP Contract between THA and MDC for Pacific Courtyard to September 30, 2019.

Commissioner Rumbaugh motioned to approve the resolution. Commissioner Young seconded the motion.

Upon roll call, the vote was as follows:

AYES: 3  
NAYS: None  
Abstain: None  
Absent: 2 (Commissioner Banks left the meeting early)

**Motion Approved:** March 28, 2018

\_\_\_\_\_  
Janis Flauding, Chair

**9.3 RESOLUTION 20187-03-28 (3)  
(Amendment to Buchanan General Contracting Company to Replace Roof at the FIC)**

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

**WHEREAS**, During construction, a water intrusion was discovered on the FIC building in late January; and

**WHEREAS**, The Architect's assessment reveals that the roof has exceeded its useful life. The roof is failing due to deterioration of portions of the underlayment, missing flashing and leaking gutters and rain leaders; and

**WHEREAS**, Buchanan General Contracting Company sought three quotes to replace the roof; and

**WHEREAS**, The lowest responsive and responsible quote is \$99,596 with contingency; and

**WHEREAS**, In order to preserve and protect current interior FIC renovations, the construction contract should be amended to include roof replacement; now, therefore, be it

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

Increase the construction budget \$99,596 for a total overall project budget of \$1,572,897 in order to include the FIC roof replacement.

Commissioner Young motioned to approve the resolution. Commissioner Rumbaugh seconded the motion.

Upon roll call, the vote was as follows:

AYES: 3  
NAYS: None  
Abstain: None  
Absent: 2 (Commissioner Banks left the meeting early)

**Motion Approved:** March 28, 2018

\_\_\_\_\_  
Janis Flauding, Chair

**9.4 RESOLUTION 2018-03-28 (4)  
(Approval to Execute Memorandum of Understanding with Community Youth Service to Operate the Arlington Drive Crisis Residential Center)**

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

**WHEREAS**, The Housing Authority of the City of Tacoma (the “Authority”) approved resolution 2015-06-22 (5) approving the Arlington Drive Land for Youth Housing and Services; this will include a 12-bed Crisis Residential Center (CRC), 40 to 60 apartments for rent to homeless young adults, and a community “equity center”;

**WHEREAS**, this campus will require services for its residents that THA does not have the capacity or expertise to provide. THA will need highly capable partners with this expertise;

**WHEREAS**, Community Youth Services (CYS) is one of the nation’s premier providers of services for children, youth and young adults in crisis. It uses evidenced-based and best practices to very good effect. It has been doing this work since 1984 in Thurston County. For the past two years, it has operated a 6-bed CRS in Tacoma using one of THA’s single-family homes. The City of Tacoma and Pierce County chose CYS to operate a shelter and related services for homeless youth and young adults.

**WHEREAS**, THA and CYS agree that CYS will operate the Arlington Drive CRC and will collaborate in other ways for the overall success of the campus;

***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 execute a Memorandum of Understanding (MOU) with Community Youth Services for the operation of a 12-bed CRC at Arlington Drive Youth Campus and generally for their collaboration for the success of the entire campus. The substantive content of the MOU will substantially resemble the attached draft.

**Comments:**

The THA board has committed itself to developing Arlington Drive Youth Campus. The Crisis Residential Center (CRC) will be phase one and rental housing will be phase two. Community Youth Services (CYS) will manage the CRC. Resolution 2018-03-28 (4) formalizes the partnership between THA and CYS with a Memorandum of Understanding the board will sign. Another way to support the partnership is by introducing CYS's board members to THA's board members. ED Mirra introduced CYS's Chief Executive Office Scott Hanauer and incoming CYS President Susan Hettinger.

**Scott Hanauer, Chief Executive Officer  
Community Youth Services**

Scott thanked the board for allowing CYS to be part of the THA family. Over the last few years the relationship with THA has allowed CYS to develop the Crisis Residential Center. They received funding from the Office of Homeless Youth and Pierce County was identified as the area in need of the center. They had operating funds but did not have a place for the kids. CRC serves children and have to be licensed by the state to ensure facilities are up and running and operating at best practice. CYS has internationally built integrated programs that fit into six constellations. Many programs are built around preventing youth homelessness. They are highly committed to evidence-based research. The common theme that they see in kids across most programs is trauma. In many cases for youths experiencing homelessness the most difficult is being unwanted. CYS served 233 kids in 2013 at Bismarck. They also have a 10-bed CRC in Olympia and 51% of the youth in both facilities are Pierce County kids, which is a significant amount. Moving from a 6- to 12-bed facility will allow them to serve more kids. CRC is part of the continuum of care. CYS believes that once the 12-bed facility is up and running they will have the staff capacity to make it operational.

**Susan Hettinger, Future Chief Executive Officer  
Community Youth Services**

Susan has been with the CYS board for 4 years now. The services and the population they will be serving are aligned with CYS's mission. The CYS board reviewed in detail the proposed draft between the two organizations and authorized Scott Hanauer to execute the MOU. They regard this as one more step in formalizing the strong relationship between the two organizations. She thanked the THA board for their confidence in CYS.

Commissioner Rumbaugh asked what degree of CYS intends to interface with the Pierce County regional courts and inquired about juvenile youth services. According to Mr. Hanauer, there are many challenges, including youth ready for discharge from detention and their families not wanting them back, and a recognized crisis in the foster care system in Washington. Kids are being placed in locked and far away institutions because Pierce County has no room. CYS is in partnership with foster care funding organizations such as Amara that provide juvenile youth services but do not engage with the kids early enough.

Commissioner Rumbaugh motioned to approve the resolution. Commissioner Young seconded the motion.

Upon roll call, the vote was as follows:

AYES: 4 (This resolution was introduced early in the meeting when Commissioner Banks was still in attendance)  
NAYS: None  
Abstain: None  
Absent: 1

**Motion Approved:** March 28, 2018

\_\_\_\_\_  
Janis Flauding, Chair

**9.5 RESOLUTION 2018-03-28 (5)  
(Approval to Submit Proposal to Metro Parks in Partnership with the Korean Women's Center for the Portland Avenue Community Center)**

**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 is seeks to support projects and programs that provide continued learning opportunities and meet community needs; and

**Whereas**, Metro Parks Tacoma has issued a Request for Proposal (RFP) for organizations interested in leasing or purchasing the Portland Avenue Community Center to facilitate community-based programs and services; and

**Whereas**, THA has worked with the Korean Women’s Association on past projects and knows the organization to be financially strong and capable of renovating the center, offering programs and services and paying for all operating and maintenance costs; and

**Whereas**, The Housing Authority and KWA are respected community organizations in Tacoma and this collaboration will provide Metro Parks with an assurance that the community goals for repurposing this facility will be done; and

**Whereas**, state law allows THA and Metro Parks to enter into an inter-governmental transfer of the property. This will allow Metro Parks to transfer the Portland Avenue site to THA to facilitate the KWA proposal; 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 directed and authorized to submit a proposal, in partnership with KWA, to Metro Parks for repurposing the Portland Avenue Community Center.

Commissioner Rumbaugh motioned to approve the resolution. Commissioner Young seconded the motion.

Upon roll call, the vote was as follows:

- AYES: 3
- NAYS: None
- Abstain: None
- Absent: 2 (Commissioner Banks left the meeting early)

**Motion Approved:** March 28, 2018

\_\_\_\_\_  
Janis Flauding, Chair

**9. COMMENTS FROM COMMISSIONERS**

None.

**10. EXECUTIVE SESSION**

None.

**11. ADJOURNMENT**

There being no further business to conduct the meeting ended at 6:49 PM.

**APPROVED AS CORRECT**

**Adopted:** April 25, 2018

---

Janis Flauding, Chair



## **TACOMA HOUSING AUTHORITY**

### **Real Estate Development Committee**

Commissioner Stanley Rumbaugh

### **Finance Committee**

Commissioner Minh-Anh Hodge

Commissioner Derek Young

### **Citizen Oversight Committee**

Chair Arthur C. Banks

### **Education Committee**

Commissioner Minh-Anh Hodge



**TACOMA HOUSING AUTHORITY**

**COMMENTS FROM THE  
EXECUTIVE DIRECTOR**



# TACOMA HOUSING AUTHORITY

**To:** THA Board of Commissioners  
**From:** Michael Mirra, Executive Director  
**Date:** April 19, 2018  
**Re:** Executive Director's Monthly Report

---

This is my monthly report for April 2018. It supplements the departments' reports.

## 1. **THA's UTILIZATION RATE DECISION: HUD APPROVAL!**

I write with some good news about HUD's reply to the Board's decision in February to budget to a 95% utilization rate. The Board will recall the issue:

- In 2010, when THA became a MTW agency, HUD assigned to THA a "baseline" number of households THA was serving at the time.
- The MTW law requires MTW agencies to plan to serve "substantially the same" number of households as this number.
- HUD interprets that requirement to mean that we must serve 100% of that number.
- THA was able to serve 100% of that number up to about 2 years ago when Tacoma's rental market got much more expensive. In an effort to keep up with the market, THA has been spending \$600,000 more each of the last three years in voucher payments for the same number of households. Yet, Congressional funding has been flat. That is not sustainable.
- The Board considered a number of options. We consulted widely through our community. In February the Board by resolution directed that THA plan to serve 95% of the baseline.

We then submitted to HUD an amendment to our MTW plan stating our intention to serve 95% of the baseline number. I am very pleased to report that HUD has approved this plan! I attach its letter April 10, 2018 letter. I note that the letter acknowledges our "robust community outreach and the support received from local leaders for lowering THA's Housing Choice Voucher leasing utilization rate, which is due to a confluence of rental market factors in Tacoma." [With somewhat less clarity, the letter then states that "THA is still held to the substantially the same methodology outlined in Notice PIH 2013-02, however the MTW Office is committed to continuing to work with THA to address any leasing or occupancy issues."]

We also received a gracious separate email from John Concannon, our HUD MTW manager. In his email, John noticed the following language in the Board's February resolution:

**PLEASE NOTE:** THA serves other households that HUD does not count or credit toward our utilization rate. Yet, THA values them anyway and for critical purposes. For example, the budget provides \$1.3 million for special program initiatives: E.g:

- Rapid rehousing for homeless families
- Housing for unaccompanied youth

Funding for special programs like this represents housing an equivalent of approximately 140 families per year that somehow does not count toward HUD’s baseline. If we did count them toward HUD’s baseline, it would increase our utilization rate by 3% or so. Also, we house still other families in our properties that receive no HUD funding. Somehow, they do not count either. Counting them would increase our utilization rate even further.

In this email, John invites a discussion about this: “I’d like to discuss if there may be a way to count both of these housing programs towards your MTW adjusted baseline. The history as to why they are *not* currently counted is eluding me. Hopefully we can try to resolve this and make sure THA is getting credit for serving these additional households.” This is also very encouraging!

**2. POSSIBLE DEPARTMENT REORGANIZATION**

As the Board knows, we are about to hire Greg’s successor as Director of the Department of Client Services. I am pleased to report that we have very strong applicants to consider. I hope to make that decision by the end of the month.

As part of the discussions over these applicants, we also found the occasion to consider whether to split the department in two, a Department of Rental Assistance (which Julie LaRocque would direct) and a Department of Community Services, which our new hire would direct. Here are some factors that will lead us to a reasonable solution:

Advantages of One Department	Advantages of Two Departments
One combined department improved coordination between rental assistance and community services. This was the main reason we combined the two functions into one department in 2014. We thought this coordination would be especially useful for the HOP program and the enhanced services we offer to families with 5 year time limits.	The main reason to split the department recognizes that both rental assistance and community services face notable challenges that will require the undivided attention of a director. <i>E.g</i> , Arlington Drive Youth Campus, Center for Strong Families, better tracking community service metrics, serving HOP families with 5 year time limits, serving even more of them when if and when we move the legacy voucher families over to HOP, managing the

	response we will get from households and landlords who will be concerned and perhaps confused about the fixed subsidy and the time limits.
One department gives me one fewer direct report. I presently have eight. [The short term answer even without adding another department director will likely have us review how April and I can split this responsibility.] A longer term answer may be to combine Finance and HR departments into the Administration Department. We may also resume our consideration of getting a Chief Operating Officer [if THA can afford it.]	Property management also needs a closer coordination with community services. This is more likely if community services was not so aligned with rental assistance inside one department.
	The preponderance of the department staff favor splitting themselves into two departments.

I hope we will decide this shortly. We may wish to wait for the arrival of the new department director so she can participate in the discussion.

**3. THA VISIT TO COMMUNITY YOUTH SERVICES**

On April 18<sup>th</sup>, Commissioner Hodge, April, Kathy and I attended and addressed the meeting of the Community Youth Services (CYS) Board of Directors. This visit reciprocated a visit the THA Board received in March from the incoming CYC Board President, Susan Hettinger, and the CYC CEO, Scott Hanauer. Both visits were for the same purpose: to fortify the THA-CYS partnership as we together plan the Arlington Drive Youth Campus. I think both visits were successful in doing that!



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

Mr. Michael Mirra  
Executive Director  
Tacoma Housing Authority  
902 South L Street  
Suite 2A  
Tacoma, WA 98405-4037

APR 10 2018

Subject: Tacoma Housing Authority FY 2018 Annual Moving to Work Plan Amendment Approval

Dear Mr. Mirra:

The Department of Housing and Urban Development has reviewed the Tacoma Housing Authority's (THA) FY 2018 Annual Moving to Work (MTW) Plan Amendment, which was submitted on March 12, 2018. I am writing to inform you that the Annual MTW Plan is approved.

We acknowledge the robust community outreach and the support received from local leaders for lowering THA's Housing Choice Voucher leasing utilization rate, which is due to a confluence of rental market factors in Tacoma. THA is still held to the substantially the same methodology outlined in Notice PIH 2013-02, however, the MTW Office is committed to continuing to work with THA to address any leasing or occupancy issues.

The Department's approval of this Annual MTW Plan is limited to approval of policies and actions authorized by the 1937 Act and flexibilities waiving provisions of the 1937 Act authorized by the MTW Agreement, including local, non-traditional activities in compliance with Notice PIH 2011-45. In providing assistance to families under programs covered by this Plan, THA must comply with the rules, standards and policies established in the Plan as well as all applicable federal requirements other than those provisions of the 1937 Act waived by the MTW Agreement. Documents relying upon the approved Plan (i.e., Administrative Plan, Admission and Continued Occupancy Plan, etc.) should be updated to reflect those policies. Additionally, the approved Plan and all required attachments and documents should be available for review and inspection at THA's principal office during normal business hours.

Thank you for your continued efforts to implement an effective and meaningful MTW program. Please contact John Concannon, Housing Innovations Specialist, at (202) 402-2275 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Nazzaro".

Marianne Nazzaro  
MTW Program Director  
Office of Public Housing Investments

cc: Harlan Stewart, Seattle Regional Office



**TACOMA HOUSING AUTHORITY**

**ADMINISTRATION  
REPORTS**



# **TACOMA HOUSING AUTHORITY**

## **FINANCE**



# TACOMA HOUSING AUTHORITY

## Motion

Adopt a consent motion ratifying the payment of cash disbursements totaling \$4,994,312 for the month of March, 2018.

**Approved: April 25, 2018**

---

Janis Flauding, Chair

**TACOMA HOUSING AUTHORITY**  
**Cash Disbursements for the month of March 2018**

		Check Numbers		Amount	Totals
		From	To		
<b>A/P Checking Account</b>					
Accounts Payable Checks	Check #'s	91,462	-	91,617	
Business Support Center				382,472	Program Support
Moving To Work Support Center				39,909	
Moving To Work Buildings (used by Support Center)				226,282	
Tax Credit Program Support Center				10,071	
Section 8 Programs				30,022	Section 8 Operations
Hillside Terrace 1800 Court G				166	Properties
James Center				12,752	
KeyBank Building				2,314	
Outrigger				23,203	
Salishan 7				17,409	
Salishan Common Areas				1,140	
Hillside Terrace 1800 Court G Development				465	Development
James Center				14,240	
New Look/Alberta J Canada-Development				465	
Salishan Common Areas				569	
Salishan Area 4 - Arlington				23,935	
Salishan Developer Fee				4,050	
Hilltop Redevelopment				425	
Program Income				8,576	
Bus Development Activity				8,635	
MTW Development Activity				130	
CS General Business Activities				583	Community Service
Community Services MTW Fund				15,060	
Education Private Grants (Gates, etc.)				216	
HUD-ROSS Svc Coord				40	
AMP 6 - Scattered Sites				65,341	Public Housing
AMP 7 - HT 1 - Subsidy				4,962	
AMP 8 - HT 2 - Subsidy				5,658	
AMP 9 - HT 1500 - Subsidy				1,019	
AMP 10 - SAL 1 - Subsidy				37,708	
AMP 11 - SAL 2 - Subsidy				40,591	
AMP 12 - SAL 3 - Subsidy				34,076	
AMP 13 - SAL 4 - Subsidy				35,932	
AMP 14 - SAL 5 - Subsidy				42,206	
AMP 15 - SAL 6 - Subsidy				39,621	
THA SUBTOTAL				1,130,241	
Hillside Terrace 1 through 1500				2,775	Tax Credit Projects - Reimbursable
Bay Terrace I&II & Community Facility				1,558	
Alberta J Canada Bldg				19,204	
Renew Tacoma Housing				7,832	
Salishan I - through Salishan 6				8,410	
TAX CREDIT SUBTOTAL (Operations & Development - billable)				39,777	<b>1,170,019</b>
<b>Section 8 Checking Account (HAP Payments)</b>					
SRO/HCV/VASH/FUP/NED	Check #'s	482,324	-	482,354	26,285
	ACH				2,829,899
					<b>\$ 2,856,185</b>
<b>Payroll &amp; Payroll Fees - ADP</b>					<b>\$ 918,109</b>
<b>Other Wire Transfers</b>					
					<b>\$ -</b>
<b>TOTAL DISBURSEMENTS</b>					<b>\$ 4,944,312</b>

## TACOMA HOUSING AUTHORITY

### CASH POSITION - March 2018

Account Name	Current Balance	Interest
<b>HERITAGE BANK</b>		
Accounts Payable	1,861,375	0.45%
Section 8 Checking	2,841,833	0.45%
THA Affordable Housing Proceeds-Salishan	3,435,190	0.45%
THA Scattered Sites Proceeds	3,468,738	0.45%
FSS Escrows	145,799	0.45%
Note Fund Account	101	0.45%
Credit Card Receipts	122	0.45%
Key Bank Security Deposits	4,005	0.45%
THA Investment Pool	333	0.45%
THA LIPH Security Deposits	602	0.45%
THA Travel Advance Account	2,005	0.45%
THDG - Tacoma Housing Development Group	749,162	0.45%
Salishan 7	1,729,271	0.45%
Salishan 7 Security Deposit	27,541	0.45%
Salishan 7 Replacement Reserve	246,188	0.45%
Salishan 7 Operating Reserve	200,822	0.45%
Outrigger Operations	120,139	0.45%
Outrigger Security Deposit	25,741	0.45%
Outrigger Replacement Reserve	84,166	0.45%
Highland Crest Operations	251,318	0.45%
Highland Crest Security Deposit	40,246	0.45%
Highland Crest Replacement Reserve	200,000	0.45%
Prairie Oaks Operations	83,995	0.45%
Prairie Oaks Security Deposit	3,256	0.45%
Prairie Oaks Replacement Reserve	16,326	0.45%
Payroll Account	9,828	0.45%
<b>WASHINGTON STATE</b>		
Investment Pool	\$ 99	0.87%
<b>1. TOTAL THA CASH BALANCE</b>	<b>\$ 15,548,202</b>	
<b>Less:</b>		
<b>2. Total MTW Cash Balance</b>	<b>\$ 726,000</b>	
<i>Less Minimum Operating Reserves</i>		
2.01 Public Housing AMP Reserves (4 months Operating Exp.)		
2.02 S8 Admin Reserves (3 months Operating Exp.)	726,000	
2.10 Total Minimum Operating Reserves	\$ 726,000	
<b>3. MTW Cash Available (Lines 2-2.10)</b>	<b>\$ -</b>	
<b>3. MTW Cash Held By HUD</b>		
3.11 Undisbursed HAP Reserves Held by HUD		
3.20 Total MTW Cash Held By HUD	\$ -	

## TACOMA HOUSING AUTHORITY

### CASH POSITION - March 2018

4. Non MTW Cash Restrictions			
<i>Other Restrictions:</i>			
4.01 Mod Rehab Operating Reserves		31,732	
4.02 VASH, FUP & NED HAP Reserves		132,829	
4.03 FSS Escrows		168,521	
4.04 Security Deposit Accounts		101,391	
4.05 Gates Foundation		368,813	
4.06 Highland Crest Replacement Reserves		200,000	
4.07 Outrigger Reserves		84,166	
4.08 Prairie Oaks Replacement Reserves		56,326	
4.09 Salishan 7 Reserves		787,010	
4.10 THDG		749,162	
4.11 Area 2B Sales Proceeds (Afford Hsg)		3,435,190	
4.12 Scattered Sites Proceeds (Afford Hsg)		3,468,738	
<i>4.20 Total - Other Restrictions</i>			\$ 9,583,879
<b>5. Agency Liabilities:</b>			
5.13 Agency Contracted or Budgeted Commitments <sup>1</sup>			\$ 1,917,525
5.12 Development Draw Receipts for Pending Vendor Payments			\$ -
5.14 Development Advances/Due Diligence Commitments			\$ -
5.20 Total Agency Liabilities			\$ 1,917,525
<b>6. Total Non MTW Cash Restrictions (Lines 4.20+5.20)</b>			<b>\$ 11,501,404</b>
<b>7. THA UNENCUMBERED (Non-MTW) CASH (Lines 1-2-6)</b>			<b>\$ 3,320,798</b>
<b>8. 2017 Board Reserve Commitments</b>			
8.01 Renovation/Remodel of Salishan FIC/Maintenance Shop		\$ 1,241,650	Under Contract
8.02 Software Conversion		300,000	Ongoing
8.03 Education Projects - McCarver & Others		310,000	Future
8.04 Childrens Savings Cohort payments		270,000	Ongoing
8.05 Development Projects (Hilltop)		2,500,000	Future
8.06 Bay Terrace 3 Funding Gap		2,500,000	2019
<i>8.10 Total Reserve Commitments (Lines 8.01 through 8.04)</i>			<i>\$ 7,121,650</i>
<b>9. Agency Contracted or Budgeted Commitments remaini</b>	<b>Board Approval</b>	<b>Expended</b>	<b>Balance Remaining</b>
9.01 Salishan/Maintenance Shop remodel	\$ 1,473,301	\$ 343,656	\$ 1,129,645
9.02 902 Elevator Modernization	\$ 467,377	\$ 417,377	\$ 50,000
9.03 James Center North Capital	\$ 350,000	\$ 75,120	\$ 274,880
9.04 Alberta Canada Tenant Improvements	\$ 463,000	\$ -	\$ 463,000
<sup>1</sup> Total Contracted or Budgeted Commitments outstanding			<b>\$ 1,917,525</b>
<b>Agency Advances for Current Development Projects</b>			
Arlington Drive		\$ 220,940	
		\$ -	
<b>Total Agency Advances</b>			<b>\$ 220,940</b>



**TACOMA HOUSING AUTHORITY**

**CLIENT SERVICES**



# TACOMA HOUSING AUTHORITY

**DATE:** April 25, 2018

**TO:** THA Board of Commissioners

**FROM:** Greg Claycamp  
Director of Client Services

**RE:** Client Services Department Monthly Board Report

## 1. STRATEGIC OBJECTIVE: HOUSING AND SUPPORTIVE SERVICES

Tacoma Housing Authority (THA) will provide high quality housing, rental assistance and supportive services. Its supportive services will help people succeed as tenants, parents, students, wage earners and builders of assets who can live without assistance. It will focus this assistance to meet the greatest need.

## 2. DIRECTOR'S COMMENT

In Section 4.1, Rich Price reports initial response to our offer of Housing Opportunity Program (HOP) vouchers through the consolidated waitlist. Response has been positive from the waitlist applicants who responded, with 25 of 41 expressing interest. However, only 41 of 82 applicants responded.

There is some reason to be concerned by the lack of response. Applicants who do not respond are being removed from the waitlist (with a generous right of appeal). If sustained, a high removal rate may create shallow referral pools at some properties.

We began by contacting applicants who have been on the waitlist longest. Nonresponse rate may be higher amongst these households. Rental Assistance and Property Management will monitor depth of applicant pools for individual properties.

At the April Board meeting, United Way of Pierce County (UWPC) President and CEO Dona Ponapinto and Centers for Strong Families (CSF) Director Corey Mosesly will make a brief presentation to thank Tacoma Housing Authority (THA) for its agreement to become a Center Partner in the CSF Network. In July, THA will begin operating as a CSF at newly remodeled Salishan Family Investment Center (FIC). We will also work closely with Sound Outreach at a Hillside CSF in the newly remodeled Alberta Canada building.

THA and UWPC hope that this partnership will extend financial coaching, employment coaching, and support in accessing benefits to a greater number of THA households, including those participating in the Housing Opportunity Program (HOP) and in THA's Education Project programs.

**3. COMMUNITY SERVICES:** Caroline Cabellon, Community Services Program Manager

**3.1 NUMBER OF PEOPLE AND HOUSEHOLDS SERVED**

**Program Entries, Exits, and Unduplicated Number of Households Served**

<b>March 2018</b>	<b>Program/ Caseload Entries this Month</b>	<b>Program/ Caseload Exits this Month</b>	<b>Unduplicated Number Served (Month)</b>	<b>Unduplicated Number Served (YTD)</b>
Case Staffing (Eviction Prevention Services)	17	7	21	28
Family Self Sufficiency (FSS)	0	5	199	199
General Services	6	8	67	86
Hardship	0	0	0	0
Housing Opportunity Program (HOP) Case Management	24	28	24	45
Children's Savings Account (CSA) K-5th Grade	2	0	68	68
Children's Savings Account (CSA) 6th - 12th Grade	0	0	55	55
Elementary School Housing Assistance Program (ESHAP)	0	0	36	36
Senior & Disabled	3	0	37	37
<b>DEPARTMENT TOTAL</b>	<b>52</b>	<b>48</b>	<b>507</b>	<b>554</b>

### **3.2 PROGRAM UPDATES**

#### **3.2.1 Programming Updates**

##### **3.2.2.1 Family Self-Sufficiency (FSS)**

Success story: A.H. is a resident of Salishan. She graduated from the FSS program this month with an escrow check for \$6,500. After recruitment into FSS, she completed her C.N.A. certification and found steady full time employment. Her exemplary attendance and work ethic earned her two raises and a renewed sense of confidence. She intends on adding a phlebotomy certificate to further increase her wages. THA is proud to continue to support A.H. on her journey towards self-sufficiency.

##### **3.2.2.2 Children's Savings Account (CSA) Program**

The CSA team participated in the annual Seeds of Peace Youth Summit at First Creek Middle School in March. Program Specialist Trish Mozo and Program Supervisor Nicole Meshesha conducted a workshop with 22 youth. The workshop centered around the concept of a Dream Tree, where students were encouraged to start envisioning their future successes. The CSA team also worked in partnership with Pierce Conservation District and Salishan Association in March to plan the first Salishan Eco-Camp during Spring Break.

##### **3.2.2.3 Senior & Disabled Programming**

In March, trips to the food bank with transportation provided by a resident volunteer started on a regular schedule, and participation has already been increasing. Staff also continued working with the Tacoma Resident Advisory Council (TRAC) Board around their ongoing organizational challenges and needs.

#### **4. RENTAL ASSISTANCE AND LEASING: Rich Price, Program Manager**

Moving to Work (MTW) Baseline voucher utilization was 94% during March, 2018.

Below is a breakdown of the utilization of THA's special programs and project based vouchers:

Program Name	Units Allocated	Units Leased	Shoppers	Percentage Leased
VASH (Veterans Administration Supportive Housing)	177	145	25	82%
NED (Non Elderly Disabled) Vouchers	100	89	9	89%
FUP (Family Unification Program)	50	39	4	78%
CHOP (Child Welfare Housing Opportunity Program)	20	15	1	75%
McCarver Program	50	36	3	70%
CHAP (College Housing Assistance Program)	150	29	46	19%*
<b>TOTAL</b>	<b>547</b>	<b>353</b>	<b>88</b>	<b>65%</b>

\*The CHAP program is currently over issuing vouchers in an attempt to increase utilization. TCC is taking applications for the CHAP expansion. These numbers make a large impact on the total for these Special Programs. Referrals are coming in quickly which is shown by the number of clients currently shopping.

Project-Based Properties	Units Allocated	Units Leased	Percentage Leased
Bay Terrace 1 & 2	72	72	100%
Eliza McCabe Townhomes	10	10	100%
Flett Meadows	14	12	86%
Guadalupe Vista	40	37	92%
Harborview Manor	145	145	100%
Hillside Gardens	8	7	87%
Hillside Terrace	12	11	92%
Nativity House	50	46	92%
Pacific Courtyards	23	20	87%
New Tacoma Phase II	8	8	100%
Salishan 1-7	340	337	99%
Tyler Square	15	15	100%
<b>TOTAL</b>	<b>737</b>	<b>720</b>	<b>98%</b>

#### 4.1 Consolidating the Waiting List

82 interest letters were mailed out on March 23, 2018. As of April 11, 2018, we have received 25 responses interested in HOP assistance, 6 letters returned as undeliverable, and 41 of the applicants have not responded. Final determination of eligibility will still need to be made for the 25 positive responses. We will send a follow up e-mail to the applicants who did not respond who have a valid email address on file.



**TACOMA HOUSING AUTHORITY**

**PROPERTY MANAGEMENT**



# TACOMA HOUSING AUTHORITY

**Date:** April 25, 2018  
**To:** THA Board of Commissioners  
**From:** Frankie Johnson  
 Director of Property Management  
**Re:** Property Management Monthly Board Report

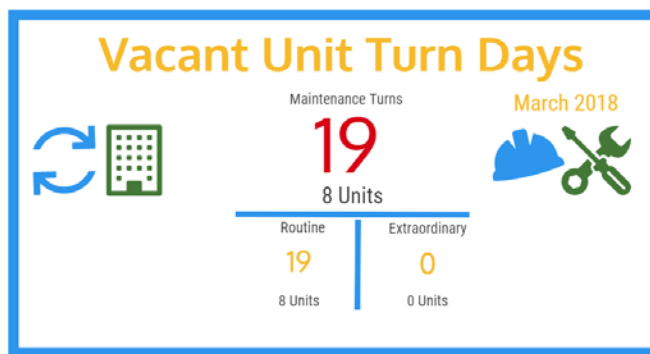
## 1. OCCUPANCY OVERVIEW

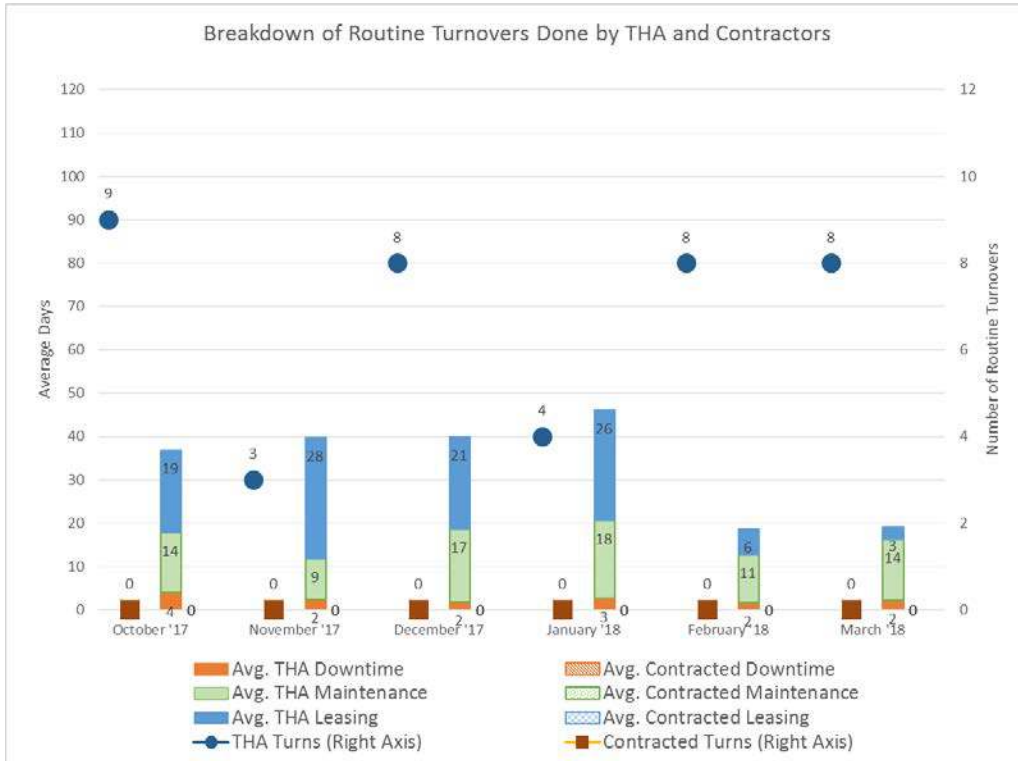
### 1.1 Occupancy

PROPERTY	UNITS AVAILABLE	UNITS VACANT	UNITS OFFLINE	UNITS OCCUPIED	% MONTH OCCUPIED	% YTD OCCUPIED
All Hillsides/Bay Terrace	206	1	0	205	99%	99%
Family Properties	118		2	116	98%	99%
Salishan	631	1	0	630	99%	99%
Senior/Disabled	353	1	0	352	99%	99%
<b>All Total</b>	<b>1,308</b>	<b>3</b>	<b>2</b>	<b>1,303</b>	<b>99%</b>	<b>99%</b>

Unit occupancy is reported for the first day of the month. This data is for the month of March 2018. The chart above reflects all of THA's units for a total of 1,308.

### 1.2 Vacant Unit Turn Status





All Turns - Performed by THA and Contractors  
 Today's Date 4/10/2018

Select End Month & Year	March	3	2018
	February	2	2018
	January	1	2018
	December	12	2017
	November	11	2017
Beginning Month	October	10	2017

6-months - based on month and year selected from orange cell

		All THA Turnover Information						
Year	Month	Total Number of Turns	Total THA Turns	Total Meth Turns	Avg. Total Days	Avg. Downtime Days	Avg. Maintenance Days	Avg. Leasing Days
2018	March	8	8	0	19.0	2.1	14.0	2.9
2018	February	9	8	0	18.5	1.5	11.1	5.9
2018	January	4	4	0	46.0	2.5	18.0	25.5
2017	December	11	11	0	49.7	2.9	21.2	25.6
2017	November	5	5	0	57.8	2.2	27.0	28.6
2017	October	10	10	0	36.7	3.9	14.6	18.2

		All Contracted Turnover Information						
Year	Month	Total Number of Turns	Contracted Turns	Total Meth Turns	Avg. Total Days	Avg. Downtime Days	Avg. Maintenance Days	Avg. Leasing Days
2018	March	8	0	0	0.0	0.0	0.0	0.0
2018	February	9	1	0	50.0	1.0	48.0	1.0
2018	January	4	0	0	0.0	0.0	0.0	0.0
2017	December	11	0	0	0.0	0.0	0.0	0.0
2017	November	5	0	0	0.0	0.0	0.0	0.0
2017	October	10	0	0	0.0	0.0	0.0	0.0

The average unit turn time for the month of March was 19 days for eight (8) routine unit turns by Tacoma Housing Authority (THA) staff.

**Routine** - units with repairs that fall under the category of normal wear and tear that can be repaired within 5-15 days.

**Extraordinary**- units with heavy damage as a result of the tenancy, including meth, extensive damage and casualty loss that cannot be repaired in less than 30 days.

**Exempt** - units with special circumstances, such as transfers, temporary hotel holds or moves relating to a Reasonable Accommodation.

**Proposed Changes for Improvement in Unit Turn Times:**

- **Downtime** - Start the unit turn process within 1 day of vacancy. Reduce downtime to 1 day.
  
- **Repair make ready**
  - ✓ Identify appropriate staffing levels needed to complete maintenance work during the move-out inspection.
  - ✓ Procure contractors who will respond to request for service if needed that have the appropriate staff to assign multiple units.
  - ✓ Increase inspections to deter heavy damage at move out.
  - ✓ Unit work every working day. Unit is the sole priority by assigned staff.
  - ✓ Use of tracking charts to monitor projected progress.
  
- **Leasing**
  - ✓ Prescreen to identify ready applicants.
  - ✓ Site-based leasing. Concentrated efforts on units. Each property staff will be responsible for the leasing efforts to fill their units.
  - ✓ THA staff will undergo training to better lease out units that are not subsidized. THA is competing with the open market in some cases. Having better tools and tactics will be helpful to attract applicants that will accept the units in a timelier manner.

**Proposed**

<b>Downtime</b>	<b>Repair Make ready</b>	<b>Vacant</b>	<b>Total days</b>
1	17	2	20

**1.3 THA Meth Data Trends**

Per July 2017 Board discussion, Meth information will be included only when there are updates to report.

### 1.4 Work Orders

Property Name	Priority			Grand Total
	Routine	Urgent	Emergency	
6th Ave Apartments	17	1		18
Bay Terrace Phase One	13			13
Bay Terrace Phase Two	14	4		18
Bergerson Terrace	22	9		31
Dixon Village	17	4	2	23
E.B. Wilson	21	1		22
Fawcett Apartments	10	1		11
Hillside Terrace 1500 Block	9			9
Hillside Terrace Ph 1	3	2		5
Hillside Terrace Ph II	7	2		9
Ludwig Apartments	7	2	1	10
North G St	15	3		18
North K St	10			10
Salishan Five	26	2		28
Salishan Four	42	1		43
Salishan One	13			13
Salishan Seven	18	1	1	20
Salishan Six	26	1		27
Salishan Three	28	1	1	30
Salishan Two	39	1		40
Wright Ave	16	1		17
<b>Grand Total</b>	<b>373</b>	<b>37</b>	<b>5</b>	<b>415</b>

In the month of March, 100% of emergency work orders were completed within 24 hours; maintenance staff completed 373 non-emergency work orders with a total of 1,165 for the calendar year. The year-to-date average number of days to complete a non-emergency work order is 13 days.

Property Management (PM) continues to bring down the number of outstanding work orders and improve customer service.

**Open Work Orders by Priority BR  
 For Month Ending March 2018**

Property Name	Priority			Grand Total
	Routine	Urgent	Emergency	
6th Ave Apartments	22	0	1	23
Bay Terrace Phase One	4	0	0	4
Bay Terrace Phase Two	5	1	0	6
Bergerson Terrace	8	0	0	8
Dixon Village	1	4	0	5
E.B. Wilson	2	0	0	2
Hillside Terrace 1500 Block	26	0	0	26
Hillside Terrace Ph 1	3	0	0	3
Hillside Terrace Ph II	3	1	0	4
Ludwig Apartments	5	0	0	5
North G St	7	0	0	7
North K St	2	0	0	2
Salishan Five	52	0	0	52
Salishan Four	4	0	0	4
Salishan One	5	0	0	5
Salishan Seven	4	0	0	4
Salishan Six	35	0	0	35
Salishan Three	32	1	0	33
Salishan Two	38	0	0	38
Wright Ave	3	0	0	3
<b>Grand Total</b>	<b>261</b>	<b>7</b>	<b>1</b>	<b>269</b>

**Processes that PM has implemented to improve customer service are as follows:**

- Make every attempt to address routine work orders within five (5) days. When this is not possible, contact the tenant and provide them an alternate date that they may expect service;
- Improve communication with the tenants when services will be delayed and/or when procurement is needed to service the request; and
- Close work orders within 48 hours of completion.

**1.5 Pilot Projects**

Unit Turn Team: Property Management created a unit turn team made up of five maintenance staff whose function would be solely to turn a unit once it is vacated.

The project's performance is reflected in the numbers for March and previously in February. The total number of days from key to key were reduced significantly in February from 54 in January to 18 in February, a reduction of 67% and 19 days in March, a decrease of 65%.

The pilot will continue through the end of April. We are collecting data to conduct a cost benefit analysis to support a proposal for staffing to sustain these goals for continued performance at this level.

Leasing Team: Property Management created a leasing team to assist PM in minimizing the leasing days that have been problematic for the department this past year. This team's purpose is to have files approved and ready to be leased within 1-3 days of unit turn. There has been a significant reduction in the number of leasing days since the inception of this pilot and the original goal has been met.

In January, the leasing days totaled 29 days. That number was reduced to six (6) days in February, a reduction of 79%, but we did not reach our goal of three (3) days.

We are pleased to report that our goal of three (3) days from make-ready to lease up has been met! Leasing days for March were three (3) days exactly, a reduction of 90% from January.

The success of the pilot programs has come at a cost. The number of open work orders has doubled since January. We continue to address emergency work orders within 24 hours, but it has been especially challenging for staff to maintain the 25 days or less goal for routine work orders. Finding a balance will be part of the next discussion.



**TACOMA HOUSING AUTHORITY**

**REAL ESTATE DEVELOPMENT**



# TACOMA HOUSING AUTHORITY

**DATE:** April 25, 2018  
**TO:** THA Board of Commissioners  
**FROM:** Kathy McCormick  
Director of Real Estate Development  
**RE:** Real Estate Development Department Monthly Board Report

## 1. SALISHAN/HOPE VI

### 1.1 Phase II Construction

#### 1.1.1 Area 2A, Community Core Development

Discussions continue with Bates Technical College and Community Health Services regarding the Salishan Core. Staff also showed space at the Family Investment Center (FIC) to a local child care operator who expressed some interest in providing day care or before/after school programs at this location. These discussions are all in the very early stages.

### 1.2 Salishan Family Investment and Maintenance Shop Renovations

Construction began January 8, 2018, for the renovation of the Family Investment Center (FIC) and the Salishan Maintenance Shop. The FIC building interior is approximately 70% complete. Flooring, trim and cabinets are in process. The new roof is approved and will be scheduled for replacement. Structural steel and two stairways are installed in the Maintenance Shop for the new mezzanine. Site work for the new fiber optic line extending from the FIC to the Maintenance Shop is in process. The contractor is ahead of schedule and work is satisfactory. Staff is on site and working out of two of the three classrooms during the remodel.

## 2. NEW DEVELOPMENT

### 2.1 1800 Hillside Terrace Redevelopment

#### Scope

The redevelopment of 1800 Hillside Terrace will incorporate a single building with 4-stories of affordable housing. The housing units are programmed as one and two bedroom units serving individuals and small families earning less than 60% of Area Median Income (AMI) with 50% of the units @ 30% AMI, 25% of the units @ 40% AMI and 25% of the units @ 60% AMI. A set-a-side of 20% of the units will serve

individuals with physical disabilities and a 20% set-a-side will serve individuals and small families experiencing homelessness.

### **Financing**

The project total development cost is currently budgeted at \$20,166,000 and is fully funded. On January 25, 2018, staff was informed THA's tax credit application was successful in receiving an allocation of annual tax credits of \$1,424,413 generating an estimated \$13,104,600 in equity. On March 23, 2018, staff was informed of an award of \$1,850,000 from the Washington State Department of Commerce Housing Trust Fund. The below table reflects all development sources.

<b>Residential Source Name</b>	<b>Residential Source Type</b>	<b>Committed Amount</b>
Permanent Tax-Exempt Loan	Private	\$3,040,000
Tax Credit Equity	Private	\$13,104,600
UDAG Grant	TCRA	\$300,000
HTF	State – Housing Trust Fund	\$1,800,000
Sponsor Financing	Sponsor	\$1,921,400
	Total	\$20,166,000

### **Procurement**

On March 20, 2018, staff issued a Request for Qualifications solicitation for architecture and engineering services. Proposals are due April 17, 2018. A recommendation will be brought to the May regular Board meeting.

## **3. OTHER PROJECTS**

### **3.1 James Center North**

#### **Background**

Tacoma Housing Authority (THA) purchased James Center North because it offers a unique opportunity to acquire a property that is attractive for public and private developers. It is positioned in such a way to be redeveloped to provide both market rate and affordable rental housing in a mixed-use setting that is adjacent to a transit center and within walking distance of grocery stores, parks and Tacoma Community College (TCC).

#### **Capital Improvements**

THA contracted with MRM Services for the demolition of building 1602. Demolition is complete. Grass has been planted on the vacant area where the building once stood. Additional minor capital repairs are to be completed on an as needed basis in order to keep the property functioning yet limiting the capital investment into the buildings prior to redevelopment.

### **Leasing**

CB Danforth continues to market the available property and provide tours to prospective tenants.

- Community Youth Services (CYS) is no longer using one of the vacant spaces as storage for their winter donations. They have returned the key and the space is in good condition. CYS is grateful to THA for making this space available on short notice and for an extended period of time.
- Month-to-month leases are being renegotiated with tenants to extend for 2-3 years at market rents to stabilize cash flow and allow for THA flexibility to redevelop. Kim Anh has executed an extension to their lease for 2 years at a 3% increase to their current lease rate. THA has the option to terminate the lease after this period with 90 days 'notice provided.
- Tacoma's Best Piercing is a prospective tenant and is currently negotiating a lease for a term of 2 years as well. Minor repairs have been requested.

### **Predevelopment**

The Urban Land Institute (ULI) presented its recommendations to a small group of THA staff on March 16<sup>th</sup>. Multiple insightful recommendations were provided. One of the panelists has agreed to present again at a noon May 4 THA Board of Commissioner study session. The ULI report should be prepared in draft form at that time.

The Request for Qualifications for master planning, architectural and engineering services has been issued and official responses are due May 4<sup>th</sup>. THA staff expect to have a firm selected before the May Board Meeting. The Board of Commissioners will need to approve a resolution for THA's Executive Director to negotiate a contract with the selected firm before work can begin.

### **Finance**

Property cash flow is steady and work orders are minimal. Previously identified capital improvement repair items are being regularly addressed. Repair costs are consistent with feasibility estimates.

### **Reporting and Compliance**

The first biannual report has been sent to Enterprise. They are satisfied with THA's progress and communication. Enterprise staff will be invited to the next ULI presentation.

## **3.2 Public Housing Scattered Sites**

Former Public Housing Scattered site homes are being rehabilitated and sold at market value. To achieve affordability for households earning 50% to 80% of the Area Median Income (AMI), THA will place a restriction for the difference between market value and the effective sales price on the property. The effective sales price is what a buyer earning 50% to 80% of the AMI can afford. The value of the difference between the market value and effective sales price will be captured in the

restrictive covenant in the form of a forgivable loan of which 20% of the loan value will be forgiven every year.

3.2.1 Two homes have been purchased by residents of public housing. One of these buyers was a priority 1 buyer.

3.2.2 The following chart shows the number of units sold, listed, sold price and net proceeds.

Units Sold	Combined Market Value	Combined Sold Price	Combined Rehab Costs	Total Sales Costs	Net Proceeds
21	\$4,355,000.00	\$4,364,964.60	\$510,008.00	\$906,079.16	\$2,943,877.44
Units Listed	Market Value	List Price	Rehab Costs	Sales Costs Estimated	Projected Proceeds
3	\$667,000.00	\$667,000.00	\$94,300.00	\$105,000.00	\$467,700.00
Units in Construction	Scope Preparation	Occupied			
9	1	1			



5814 Swan Creek - Listed

3.2.3 Rehabilitation Work on Scattered Site Units and Sold:

- Bids for the rehabilitation work on 4 more houses were received. Libby Builders and XRT Construction have presented the lowest bids for the next 2 rehabilitation projects. Contracts are being drawn up with these two contractors to begin the rehabilitation anticipated to start mid-April and end mid-June.
- 6750 East B, 4909 35th St NE, 618 Prospect, and 3008 S 13th St houses are all in final punch and will be listed by mid-April.
- 21 houses sold, 13 houses remain.
- 5801 East Roosevelt is the last house out to bid.
- Bids are due for 5801 East Roosevelt on 4/6/18.
- All houses are expected to be completed and on the market by the end of June.
- All tenants have been relocated.

- CY5 is occupying 120 Bismark to temporarily house homeless youth. They are consistently at capacity. Staff have been asked to research selling this house to CY5 for a permanent Crisis Residential Center.
- Offers are pending on 2225 East George, 4823 East M Street, and 5814 Swan Creek. Closings should be complete on all 3 properties by the end of May.

### **3.3 Consulting and Community Engagement**

Staff is working with the Korean Women's Association (KWA). We are preparing a joint response to Metro Parks for repurposing of the Portland Community Center. KWA would like to relocate their senior programs to the Center and update the facility to support this work. KWA will also offer a host of community-based services and continued programming at the property. THA would enter into an inter-governmental agreement with Metro Parks and then lease the building to KWA.

### **3.4 New Look (aka Alberta J. Canada) Capital Planning and Resyndication**

#### **Construction**

Rehabilitation work is underway, with few issues encountered so far. Construction is currently 16% complete. The contractor has been focusing on demolition. Approximately 95% of the building exterior siding has been demolished exposing approximately 1500 sf of dry rot. This was anticipated and the cost to fix will be covered from the contingency. The contractor has also been installing new windows and reconfiguring two residential units to accommodate the new community room.

### **3.5 Arlington Drive Property**

The City of Tacoma allocated \$700,000 to the Tacoma Community Redevelopment Authority (TCRA) and \$300,000 in CDBG funds for the development of the Crisis Residential Center (CRC). THA has asked for another \$800,000. Pierce County is contributing \$250,000. Staff submitted a proposal request for another \$500,000 in capital from Pierce County. We understand the County staff is recommending \$250,000 in CDBG funds. The state legislature has allocated \$4.29M to support the development of the Arlington Drive Project.

SMR Architects has completed the master site planning and related preliminary work. A portion of the SMR work will be reimbursed as part of the City of Tacoma/Pierce County agreement for building the CRC and THA will fund the balance associated with the larger master planning process. THA will also develop a portion of the site for rental housing for homeless young adults ages 18-24. THA will fund this development with LIHTC and related sources. The design development is complete and an initial cost estimate for the CRC has been completed. The cost estimate is significantly higher than anticipated because this project has to meet commercial codes and specific licensing requirements. Staff continue engaging in

conversations with the City of Tacoma, Pierce County and others about covering these additional costs.

THA has engaged the Corporation for Supportive Housing (CSH) to assist with issuing an RFP for a service provider for the rental housing component of the Arlington Campus. On March 29, 2018, CSH conducted sessions with THA staff and external partners to seek input on critical considerations to be included in the RFP. An executed agreement with a service provider is an important factor in obtaining state and local funding, including 9% low income housing tax credits. Services to be offered to homeless young adults are a core component of long term success for this project. THA will apply for an allocation of 2019 tax credits for the rental housing component of this project in June 2018.

The firm of BDS Planning and Urban design was selected as the consultant for the community engagement and consultation effort. The fourth Community Advisory Committee meeting was held October 12<sup>th</sup> at the FIC.

### **3.6 Allenmore Brownstones**

On April 10, 2018, THA rescinded its offer to purchase Allenmore Brownstones due to its inability to meet the financing requirements. More specifically, Housing and Urban Development (HUD) restrictions associated with one of the sources created the potential to negatively affect the proforma and underwriting to a level exceeding favorable financing and reasonable risk.

### **3.7 Colored Women's Club**

THA and the Colored Women's Club (CWC) have resumed conversations regarding the redevelopment of CWC's property located at 2316 Yakima. CWC would like to create a mixed use building that has new office space for them plus a social hall with a commercial kitchen and office space for other African America organizations on the first floor and residential units for seniors on floors 2-6. The parcel next to the CWC was recently sold. The group will be meeting with that owner to see if we can collaborate our development efforts.

## **4. DEVELOPMENT PIPELINE PROJECTS**

### **4.1 1800 Hillside Terrace Redevelopment**

This project has been elevated to a new affordable housing development project and updates are located in paragraph 2.1 above.

### **4.2 Intergenerational Housing at Hillsdale Heights**

Staff will present a recommendation to the Board for their consideration to sell a portion of the Hillsdale Heights property to KWA so they may develop a senior

housing project. KWA is supportive of an inter-generational housing community and has agreed to use THA as its developer for the senior housing project.

#### **4.3 Hilltop Lofts and THA Owned Properties' Master Development Plan**

THA and the City extended the timeline by two years for THA to develop the Hilltop Lofts project. The Council approved the extension request at its November 3, 2015, meeting. The Quit Claim deed was recorded January 18, 2018. According to the covenants recorded the same day, financial feasibility needs to be determined by April 30, 2018, and permanent financing needs to be in place by June 1, 2020. Staff are reviewing financing options for this site. THA is now managing the lease for the Mr. Mack store.

##### **4.3.1 City of Tacoma 311 Mobilization**

RED, in partnership with the Hilltop Action Coalition, will facilitate the outreach and mobilization so that residents of the Hilltop understand and use the City's 311 customer service line. This will be completed through a series of workshops, events, canvassing and literature creation. The agreement with the City has been executed and planning work initiated. One of the deliverables is a short documentary. The final filming of the documentary was done Thursday March 22<sup>nd</sup> at Tacoma Community Arts. The final version of the documentary is expected the week of April 9. It may be shown at the Hilltop Action Coalition meeting on April 16. We have had preliminary conversations with putting it on Click and the Tacoma Channel.

##### **4.3.2 Housing Hilltop**

THA has begun conversations with external partners for development of the THA parcels on the Hilltop. The Greater Tacoma Community Foundation (GTCF) is interested in locating on the Hilltop. GTCF is working with Forterra and THA to determine feasibility. The group will be meeting monthly.

THA has also commenced conversations with external partners to develop a homeownership program to help those displaced, or at risk of being displaced to purchase homes at an affordable price and address some of the homes in need of rehabilitation. This group will also be meeting monthly.

**5. Renew Tacoma Housing, LLLP**

**5.1 Construction**

Property	Construction start	Construction schedule complete	Units complete	Units underway	Units remaining
Bergerson	5/4/2016	12/27/2016	72	0	0
E.B. Wilson	5/4/2016	12/27/2016	77	0	0
Dixon Village	9/16/2016	12/27/2016	31	0	0
Ludwig	6/23/2016	3/15/2017	41	0	0
Fawcett	1/9/2017	5/24/2017	30	0	0
K Street	10/11/2016	3/27/2017	43	0	0
Wright Street	2/6/2017	10/5/2017	58	0	0
6 <sup>th</sup> Avenue	4/1/2017	9/26/2017	64	0	0
G Street	3/7/2017	9/7/2017	40	0	0

2016 Projects: Bergerson, Dixon and E.B. Wilson

The *Certificates of Substantial Completion* were issued on December 27, 2016, for Bergerson, Dixon and E.B. Wilson sites required to be delivered in 2016 and the tax-exempt bond “50% test” was met for each site.

2017 Projects: Ludwig, Fawcett, K Street, 6<sup>th</sup> Avenue, Wright, G Street

The *Certificates of Substantial Completion* were issued on December 21, 2017, for Ludwig, Fawcett, K Street, 6<sup>th</sup> Avenue, Wright and G Streets and the tax-exempt bond “50% test” met for each site.

Project Close-out/Conversion:

It is anticipated that the close-out requirements necessary to release the second equity installment will be complete by July, 2018. Key variables that can impact the timeframe are resolution/close-out of the environmental escrow, L & I’s release of retention and completion of the Ludwig elevator.

**5.3 Watch list**

*Environmental*

6<sup>th</sup> Avenue:

The Department of Ecology (DOE) issued a *No Further Action* letter for 6<sup>th</sup> Street.

K Street:

It now appears that DOE will issue the *No Further Action* letter for K Street in April, 2018. There is the possibility that the original long-term monitoring requirements for K Street may be waived.

Wright Street:

DOE staff stated that removal of contaminated dirt is not required because of the cost. DOE anticipates requiring an Environmental Restrictive Covenant to be filed, issuing of a *No Further Action* letter and long-term monitoring. As stated above, it is anticipated that the *No Further Action* letter may be available in April, 2018. DOE is considering lengthening the testing intervals of the required long-term monitoring.

Wright Street Neighboring Property:

The environmental condition exists only on the edge adjoining THA property. Of two test bores, one tested clean and the other dirty. The toxic dirt is so far below the surface that no risks for gardening exist right now.

Depending on the DOE's final requirements, THA may buy the neighbor's entire property versus encumbering a portion of the property by filing an Environmental Restrictive Covenant on the contaminated portion of the property. Most likely, the property owner and/or lender will object to the encumbrance.

THA staff made the decision that it will not pursue further legal action against Superior Linen. THA will continue to pursue grants that may reimburse some of the environmental cost.

**5.4 Issues Encountered/Status**

Elevators

Modernization of elevators is complete with the exception of one of the Ludwig elevators. Ludwig's elevator requires that the single bottom jack be replaced. The cost of the work ranges from approximately \$50,000 to \$125,000. The range is based on whether or not the existing jack hole is plumb and cased or jacketed to prevent hole collapse once the existing jack is removed. These conditions hinder installation of the new jack. There are funds to cover the cost. A separate contract has been executed with Walsh Construction to perform this work so that the project construction completion date is not extended any further by this work.

The following information provides a status as of Draw #19.

<b>Budget</b>	<b>Total budget</b>	<b>Expended</b>	<b>Outstanding</b>
Soft Costs*	\$24,023,498	\$10,533,299	\$13,490,199
Construction (includes owner's contingency)	\$33,155,555 (includes \$500,000 reallocation from Environmental Escrow + \$100,000 seismic bracing release)	\$34,067,779	***(\$312,224)
Environmental Escrow	\$3,500,000	**\$1,100,000	\$2,400,000

\*Excludes \$30,640,000 Site/Building Acquisition expended at closing draw.

\*\*\$600,000 reallocated to construction budget due to 6<sup>th</sup> Avenue “*No Further Action Letter*” issued by DOE. \$500,000 reallocated to construction due to significant progress on K and Wright Street remediation.

\*\*\*Excess “soft cost” budget will cover the \$312,224. Extra construction work was required to meet the 50% test.

**5.5 Walsh Construction - MWBE and Section 3 Reporting**

	<b>GOAL</b>	<b>ACTUAL AS OF 5/31/2017</b>
<b>MBE</b>	14%	8.78%
<b>WBE</b>	8%	.29%
<b>Section 3 Business</b>	----	7.41%
<b>Section 3 New Hires</b>	30%	27.78% (20 new hires)

**Section 3 New Hires:**

- The above information represents a combination of Section 3 hires that were hired by Walsh prior to the start of Rental Assistance Demonstration (RAD) and subsequently assigned to RAD and new Section 3 hires in which their initial assignment is the RAD project.

Also please note that the above information is a computation of the % of new hires that meet the Section 3 guidelines under RAD. There were 70 hires total for the RAD project.

**Walsh provided some context for why meeting the Minority and Women Business Enterprise (MWBE) goals is a challenge:**

- The small work scope is such that it is difficult to package scopes into smaller packages to achieve minority and MWBE results. This is easier to do on larger, single purpose projects;
- The RAD project is complex and maintaining the aggressive schedule is critical. There are significant consequences to any delays in the work. For example, the investor is expecting delivery of 3 projects by the end of 2016. If any one of the projects is not delivered, there is a serious financial and reputational risk. Also, if there are delays in the work, the project will face increased relocation costs;
- AVA Siding is a Section 3 business; however, due to market conditions and their work load, RDF Builders has had to step in and take over some of the siding scope simply to finish the project on time;
- Cerna Landscaping, WCC’s go-to MBE landscape subcontractor failed on the Bergerson project, again due to an excessive amount of work that they could not complete;

- There has been difficulty identifying MWBE subs; unfortunately Walsh's outreach results were not what they had hoped; and,
- Walsh's outreach efforts, such as town hall meetings, advertising, speaking at National Association of Minority Contractors (NAMC) meetings, and phone calls were outstanding. We simply had trouble finding MWBE subcontractors. It is possible that this can be attributed to the significant amount of work underway in the South Sound.



**TACOMA HOUSING AUTHORITY**

**NEW BUSINESS**

# **Resolution 1**



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2018-04-25 (1)

**DATE:** April 25, 2018

**TO:** THA Board of Commissioners

**FROM:** Michael Mirra  
Executive Director

**RE:** Application for THA membership in Municipal Research and Services Center (MRSC) Rosters

---

*This resolution requests approval for Tacoma Housing Authority (THA) to apply for membership in the Municipal Research and Services Center (MRSC) rosters.*

### Purpose

MRSC Rosters is a roster service that provides a membership database used by participating Washington public agencies. The advantages of membership include:

- (1) Maintenance – MRSC provides the upkeep of Small Public Works, Consultant and Vendor Rosters, and this will save THA the staff resources necessary to do this.
- (2) Business Verification – MRSC verifies that businesses enrolled meet the requirements to work with Washington Public Agencies.

The annual membership fee is based on the public agencies capital expenditures. THA's annual membership fee is estimated not to exceed \$600.

### Background

THA's current small works roster is out of date and would need to be extensively reviewed to comply with new procurement laws. The maintenance required for the upkeep of the small works roster is time consuming. Membership in MRSC releases THA from this responsibility. Vendors, businesses and consultants can enroll in MRSC to be included on the roster, free of charge. MRSC opens up its membership to Washington Public Agencies two times per year, May 1<sup>st</sup> and December 1<sup>st</sup>.

### Recommendation

Approve Resolution No. 2018-04-25 (1),



# TACOMA HOUSING AUTHORITY

## **RESOLUTION 2018-04-25 (1) (Authorization to Adopt New Procurement Policy)**

A **RESOLUTION** concerning procurements conducted by tax credit and other legal business entities of which the Tacoma Housing Authority is either a member or partner.

**WHEREAS**, The Housing Authority adopted an updated procurement policy (Resolution 2017-10-25 (2)); and

**WHEREAS**, The Housing Authority maintains a Small Works Roster (SWR); and

**WHEREAS**, The Housing Authority proposes membership to Municipal Research and Services Center (MRSC) Rosters; now, therefore, be it

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

1. Tacoma Housing Authority is authorized to apply for membership in MRSC.
2. 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.
3. This resolution shall be in full force and effect from and after its adoption and approval.

**Approved: April 25, 2018**

---

Janis Flauding, Chair

# **Resolution 2**



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2018-4-25 (2)

**DATE:** April 25, 2018  
**TO:** THA Board of Commissioners  
**FROM:** Michael Mirra  
Executive Director  
**RE:** Heritage Bank 2018 Line of Credit

---

*This resolution will authorize Tacoma Housing Authority (THA) to issue a note to Heritage Bank for a line of credit.*

### Purpose

This resolution will authorize THA to issue a note to Heritage Bank to support THA's obligation to reimburse draws on a letter of credit to be established by Heritage Bank on THA's behalf. The letter of credit will be established to provide the money, if necessary, to compensate investors for loss of tax credits relating to certain of THA's tax credit entities.

### Background

Between 2002 and 2005, THA participated in the formation of Hillside Terrace Phase I Limited Partnership, Hillside Terrace Phase II Limited Partnership, Salishan One LLC, Salishan Two LLC, and Salishan Three LLC (the "LIHTC Entities"), each of which was formed to develop and operate a low-income housing project that would qualify for federal low-income housing tax credits ("LIHTCs"). THA is the general partner or managing member of each LIHTC Entity. Boston Financial Investment Management or an affiliate ("BFIM"), owns all of the limited partner and investor member interests in the LIHTC Entities.

The periods during which LIHTCs can be claimed by each LIHTC have expired. Under federal income tax law, the Hillside Terrace partnerships are subject to potential loss of LIHTCs (and recapture of LIHTCs previously claimed) through December 31, 2018, and the Salishan limited liability companies are subject to potential loss of LIHTCs (and recapture of LIHTCs previously claimed) through December 31, 2020. The maximum aggregate amount of LIHTC losses and recapture for which THA could be subject is \$7,166,969.

THA has been advised that BFIM is willing to sell its interests in each LIHTC Entity to THA, or a THA affiliate, so long as THA (i) commits to comply with existing regulatory agreements applicable to each project, (ii) agrees to pay BFIM for any costs associated with the loss or recapture of LIHTCs suffered by the LIHTC Entities, and (iii) provides security to BFIM for THA's potential liability for LIHTC losses and recapture. BFIM has agreed to accept a letter of credit from Heritage Bank, in the stated amount of \$2,500,000, as security for THA's potential LIHTC liability to BFIM, and Heritage Bank has committed to make such letter of credit available

for THA. Heritage Bank has committed to accept a cash-secured note from THA to evidence THA's obligations to reimburse the Bank for draws made on the letter of credit.

THA is authorized by chapter 35.82 RCW to bonds, notes or other obligations for any of its corporate purposes. The issuance of the proposed note to Heritage Bank supports THA's acquisition of the limited partner and investor member interests in the LIHTC Entities will enable THA to obtain full operational and financial control of the Hillside Terrace Phases I and II, and Salishan One, Two and Three, housing projects. Such control will be in the best interests of THA and the tenants of such projects.

### **Recommendation**

Approve Resolution No. 2018-04-25 (2).



# TACOMA HOUSING AUTHORITY

## **THA BOC Resolution 2018-04-25 (2) (Heritage Bank 2018 Line of Credit)**

A RESOLUTION providing for the issuance of a single revenue note of the Authority in the principal amount of not to exceed \$2,500,000 at any one time outstanding, the proceeds of which will be used to reimburse Heritage Bank for draws on a letter of credit to be established by Heritage Bank for the Authority; determining the form, terms and covenants of the note; authorizing the execution and delivery of documents and certificates in connection with the note; creating a note fund; and providing for the delivery of the note to Heritage Bank.

**WHEREAS**, The Housing Authority of the City of Tacoma (the “Authority”) seeks to encourage the provision of housing for low-income persons residing in the City of Tacoma, Washington; and

**WHEREAS**, RCW 35.82.070 authorizes the Authority, among other things, to “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,” to “lease or rent any dwellings, buildings, structures or facilities embraced in any housing project,” and to “make and execute contracts and other instruments, including but not limited to partnership agreements”; and

**WHEREAS**, Pursuant to the authority provided by RCW 35.82.070, the Authority participated in the formation of, and is the general partner or managing member of, Hillside Terrace Phase I Limited Partnership, Hillside Terrace Phase II Limited Partnership, Salishan One LLC, Salishan Two LLC and Salishan Three LLC (each, a “LIHTC Entity”); and

**WHEREAS**, The LIHTC Entities developed and operate the following affordable rental housing projects in the City of Tacoma on property leased to the LIHTC Entities by the Authority (collectively, the “Projects”): the project commonly known as Hillside I, located at 2300 Block South G Street, the project commonly known as Hillside II, located at 2300 Block South G Street, the project commonly known as Salishan One, located at 1724 East 44th Street, the project commonly known as Salishan Two, located at 1725 East 44th Street, and the project commonly known as Salishan Three, located at 1724 East 44th Street; and

**WHEREAS**, Boston Financial Investment Management and/or its affiliates (collectively, “BFIM”) owns all of the limited partner interest and investor member interest in the LIHTC Entities; and

**WHEREAS**, BFIM is willing to transfer its investor interests in the LIHTC Entities to the Authority (or an affiliate of the Authority), so long as the Authority (i) commits to comply with existing regulatory agreements applicable to each Project, (ii) agrees to pay BFIM for any costs associated with the loss or recapture of LIHTCs suffered by the LIHTC Entities, and (iii) provides security to BFIM for THA’s potential liability for LIHTC losses and recapture; and

**WHEREAS**, BFIM has agreed to accept a letter of credit from Heritage Bank, in the stated amount of \$2,500,000, as security for the Authority’s potential LIHTC liability to BFIM, and Heritage Bank has committed to make such letter of credit available for the Authority; and

**WHEREAS**, Heritage Bank has committed to accept a cash-secured note from the Authority to evidence the Authority’s obligations to reimburse the Bank for draws made on said letter of credit; and

**WHEREAS**, RCW 35.82.020(11) and 35.82.130 through 35.82.130, provide that a housing authority may issue bonds, notes or other obligations for any of its corporate purposes, may cause such obligations to be payable from all or part of its revenues or assets generally, and may pledge as security for such obligations all or any part of the Authority’s rents, fees, revenues or assets; and

**WHEREAS**, RCW 35.82.040 provides that a housing authority may delegate to one or more of its agents or employees such powers or duties as it may deem proper; and

**WHEREAS**, The Board of Commissioners of the Authority (the “Board”) finds it necessary and advisable and in the best interest of the Authority to issue the Note (defined herein) to aid in financing housing projects (by providing for the acquisition of BFIM’s interests therein) to provide dwelling accommodations for persons of low income within the City of Tacoma, Washington; and

**WHEREAS**, Heritage Bank has offered to extend a line of credit evidenced by the Note, on terms described herein, to provide money for those purposes; now, therefore, be it

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

Section 1. Definitions. As used in this resolution, the following words have the following meanings:

“Authority” means the Housing Authority of the City of Tacoma, a public body corporate and politic duly organized and existing under and by virtue of the laws of the State of Washington.

“Bank” means Heritage Bank, as registered owner of the Note.

“Board” means the Board of Commissioners of the Authority.

“Commitment Letter” means the commitment letter with respect to the Note provided to the Authority by the Bank dated March 26, 2018, as it may be amended and supplemented, setting forth certain terms under which the Bank agrees to purchase the Note.

“Draws” means incremental draws upon the Note.

“Event of Default” has the meaning ascribed to such term in Section 11 of this resolution.

“Executive Director” means the Executive Director of the Authority.

“General Revenues” means all revenues of the Authority from any source, but only to the extent that those revenues are available to pay debt service on the Note and are not now or hereafter pledged, by law, regulation, contract, covenant, resolution, deed of trust or otherwise (including restrictions relating to funds made available to the Authority under the U.S. Housing Act of 1937), solely to another particular purpose.

“HUD” means the U.S. Department of Housing and Urban Development.

“Letter of Credit” means the irrevocable letter of credit with a stated amount of \$2,500,000 provided by

“Interest Payment Date” means the first business day of each calendar month.

“Interest Period” means, with respect to any principal amount of the Note bearing interest at the Note Rate, any of the following periods of time, as applicable: (i) the period from (and including) the date of the Draw with respect to such principal to (and including) the day immediately preceding the earlier of (a) the date such principal is prepaid pursuant to Section 7 of this resolution and (b) the first Interest Payment Date occurring after the date of said Draw; and (ii) the period from (and including) an Interest Payment Date to (and including) the day immediately preceding the earlier of (a) the next succeeding Interest Payment Date and (b) the date such principal is prepaid pursuant to Section 7 of this resolution. No Interest Period may extend beyond the Maturity Date.

“Maturity Date” means January 1, 2021, as such date may be extended in accordance with Section 3.

“Note” means the Taxable Revolving Line of Credit Revenue Note, 2018 of the Authority issued pursuant to, under the authority of, and for the purposes provided in this resolution.

“Note Fund” means the Authority’s Taxable Revolving Line of Credit Revenue Note, 2018, created by this resolution for the purpose of paying principal of and interest on the Note.

“Note Rate” means, for each Interest Period, the rate of interest *per annum* equal to the sum of (i) the average rate paid by the Bank on the Authority’s deposits maintained with the Bank during such Interest Period, and (ii) 2.0%.

“Note Register” means the books or records maintained by the Note Registrar containing the name and mailing address of the registered owner of the Note.

“Note Registrar” means the Executive Director.

“Registered Owner” means the Bank, as registered owner of the Note, or any subsequent owner of the Note.

Section 2. Authorization and Description of Note. For the purpose of reimbursing the Bank from draws made on the Letter of Credit, the Authority may borrow money from time to time pursuant to a revolving line of credit extended by the Bank under the terms of this resolution and the Commitment Letter, and shall issue the Note in a principal amount of not to exceed \$2,500,000 at any one time outstanding. The Note shall be designated the Taxable Revolving Line of Credit Revenue Note, 2018 of the Authority; shall be issued in registered form; shall be dated its date of delivery to the Bank; and shall mature on the Maturity Date.

The Authority may request Draws upon the Note in any amount on any business day during the term of the Note for the purposes identified above, subject to the terms of the Commitment Letter. No Draw may exceed the total amount to be reimbursed to the Bank from a draw made on the Letter of Credit, and the proceeds of each Draw shall be used immediately to pay such amount. Draws shall be recorded in such form as the Authority and the Bank may agree. Draws shall be limited to an aggregate principal amount of \$2,500,000 outstanding at any time.

The outstanding principal of the Note shall bear interest at the applicable Note Rate for each Interest Period, and shall be paid in arrears on each Interest Payment Date. Interest on the Note shall be computed on the basis of a 360-day year and the actual number of days elapsed for the actual number of days the principal amount is outstanding. The principal of the Note, together with all accrued and unpaid interest thereon, is due on the Maturity Date.

If the Note is not paid when properly presented at the Maturity Date, the Authority shall be obligated to pay interest on the Note from and after the Maturity Date until the principal of and interest on the Note is paid in full.

Section 3. Authorization for Extension and Modification of Note. The Executive Director is authorized, without further action of the Board but only with the consent and approval of the Bank, in the Bank's sole discretion, to (A) extend the then-current Maturity Date of the Note to any date on or before January 1, 2022, and (B) modify the interest rate or interest rate formulae applicable to Draws on the Note, so long as the interest rate formula selected to be applicable to the Note immediately after such modification does not cause the Note to bear interest at a rate in excess of 5% per annum as of the effective date of such modification, if the Executive Director determines that such extension and/or modification is in the best interest of the Authority, all as long as the provisions of Section 8 of this resolution regarding security for the Note are not changed in any material respect. The Executive Director is authorized to do everything necessary for the execution and delivery of such documents as are useful or necessary to such extension of maturity and modification of the interest rate formula, including but not limited to the payment of Bank fees and execution of documents. The Executive Director's execution of documents in connection with the modification or extension of the Note as described herein will constitute conclusive evidence of his or her approval of the extensions and/or modifications described therein and the approval of the Authority of such extensions and/or modifications.

Section 4. Designation of Officers to Make Draws. The Board authorizes the Executive Director or his or her designee to make Draws against the Note in such amounts, at such times as he or she may determine hereafter, those Draws to be made in accordance with the terms and provisions set forth herein and in the Commitment Letter.

Section 5. Note Registrar; Registration and Transfer of Note. The Executive Director shall serve as Note Registrar for the Note. The Note Registrar shall keep, or cause to be kept, at his or her office in Tacoma, Washington, sufficient books for the registration of the Note (the "Note Register"), which shall contain the name and mailing address of the registered owner of the Note. The Note Registrar is authorized, on behalf of the Authority, to authenticate and deliver the Note in accordance with the provisions of the Note and this resolution, to serve as the Authority's paying agent for the Note and to carry out all of the Note Registrar's powers and duties under this resolution.

The Note shall be issued only in registered form as to both principal and interest and recorded on the Note Register. The Note may not be assigned or transferred by the Bank, except that the Bank may assign or transfer the Note to any successor to the business and assets of the Bank.

Section 6. Place, Manner and Medium of Payment. Both principal of and interest on the Note shall be payable in lawful money of the United States of America solely out of the Note Fund. Payment of interest on each Interest Payment Date, and of principal at maturity or prepayments of principal, shall be paid by check or draft of the Authority mailed or by immediately available funds delivered on or before each Interest Payment Date or the maturity or prepayment date to the registered owner at the address appearing on the Note Register on the last day of the month preceding the payment date. Upon the final payment of principal of and interest on the Note, the registered owner shall surrender the Note at the principal office of the Note Registrar in Tacoma, Washington, for destruction or cancellation in accordance with law.

Section 7. Prepayment of Note. The Authority reserves the right to prepay all or a portion of the principal of the Note at any time without penalty. Any prepayment shall be accompanied by the amount of accrued interest on the principal amount prepaid. Written notice to the Bank of any intended prepayment or redemption of the Note shall not be required. Interest on the Note or the portion thereof so prepaid shall cease to accrue on the date of such prepayment.

Section 8. Note Fund; Security for the Note. The Note Fund is created as a special fund of the Authority and is to be known as the Taxable Revolving Line of Credit Revenue Note Fund, 2018. The Note Fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Note. The Authority pledges to deposit General Revenues into the Note Fund in amounts sufficient to pay the principal of and interest on the Note when due.

The Authority reserves without limitation the right to issue other obligations, the principal of and interest on which are to be paid from the General Revenues on a

parity with payments on the Note. At its option, the Authority may pledge any portion of the General Revenues to the payment of other obligations of the Authority, such payments to have priority over the payments to be made on the Note with respect to that portion of the General Revenues so pledged.

The Note shall not be a debt of the City of Tacoma, the State of Washington or any political subdivision thereof, and the Note shall so state on its face. Neither the City of Tacoma, the State of Washington nor any political subdivision thereof (except the Authority from the sources specified herein) shall be liable for payment of the Note nor in any event shall principal of and interest on the Note be payable out of any funds other than the Note Fund. The owner of the Note shall not have recourse to any other fund of the Authority other than the Note Fund, or to any other receipts, revenues or properties of the Authority other than as described herein and in the Note. The Authority has no taxing power.

Neither the Authority (except to the extent of the pledge of its General Revenues) nor any of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the Note.

Section 9. Covenants. The Authority hereby covenants as follows with respect to the Note and the Authority's obligation to make payments thereon:

- (a) The Authority shall, at all times until the later of the Maturity Date or the date all principal of and interest on the Note, maintain the following accounts at the Bank: Account No. 307110072 (designated "Accounts Payable"); Account No. 307112128 (designated "Section 8"); and Account No. 10055000681 (designated "Salishan 7") (collectively, the "Accounts"). The Authority shall maintain an aggregate balance in the Accounts at any time equal to the amount then available to be drawn on the Letter of Credit (which amount shall not exceed \$2,500,000). The Bank is authorized to limit withdraws from the Accounts at any time the combined balance on deposit in the Accounts is less than one-third of the amount then available to be drawn on the Letter of Credit.
- (b) The Authority shall provide to the Bank the Authority's audited annual financial statements within 30 days after the Authority's receipt of the Washington State Auditor's opinion letter pertaining thereto.
- (c) The Authority shall provide to the Bank, by September 30 of each year, internally prepared six-month interim financial statements of the Authority.

Section 10. Representations. The Authority hereby makes the following representations to the Bank:

- (a) The Authority is a duly organized public body corporate and politic of the State of Washington, validly existing under the laws of the State of Washington, and has full power and authority to perform its obligations under this resolution and the Note.

- (b) The execution and delivery of this resolution and the Note, and the performance of the Authority's obligations hereunder and thereunder, will be duly authorized by all requisite Authority actions and proceedings, and this resolution and the Note will each constitute the legal, valid and binding obligation of the Authority, enforceable against it in accordance with its terms.
- (c) There are no liens or encumbrances on the Accounts other than those disclosed to the Bank.
- (d) The Authority is in compliance in all material respects with all laws, rules, restrictions, orders and regulations applicable to the Authority where a the failure to so comply could reasonably be expected to have a material adverse effect on the Authority's ability to repay the Note.
- (e) There is no litigation or claim pending or, to the best knowledge of the Authority, threatened against the Authority, to the extent that any such litigation or claim could reasonably be expected to have a material adverse effect on the Authority's ability to repay the Note.

Section 11. Events of Default and Remedies. If an Event of Default occurs then, at the option of the Bank, the principal of and interest on the Note shall become immediately due and payable. "Event of Default" means the declaration by the Bank of an event of default as a result of a determination by the Bank that:

- (a) There has been a failure to pay principal or interest on the Note, when due;
- (b) There has been a failure by the Authority to comply with any of its obligations, or to perform any of its duties, under this resolution or the Note, which failure continues, and is not cured, for a period of more than 60 days after the Lender has made written demand on the Authority to cure such failure;
- (c) Any representation made in Section 10 of this resolution proves to have been materially incorrect, as reasonably determined by the Bank after investigation and discussion with the Authority;
- (d) The Authority shall (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of the Authority, or of all or a substantial part of the assets of the Authority, (ii) be unable, fail or admit in writing its inability generally to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) have an order for relief entered against it under applicable federal bankruptcy law, or (v) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against the Authority in any bankruptcy, reorganization, moratorium or insolvency proceeding;

- (e) An order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator for the Authority or of all or a substantial part of the assets of the Authority, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of 30 consecutive days; or
- (f) The Authority suffers a material adverse change to its financial condition that could reasonably be expected to have a material adverse effect on the Authority's ability to repay the Note.

Section 12. Form and Execution of Note. The Note shall be prepared in a form consistent with the provisions of this resolution and state law, shall bear the manual or facsimile signatures of the Chair of the Board and Executive Director and shall be impressed with the seal of the Authority or shall bear a facsimile thereof.

The Note shall not be valid or obligatory for any purpose, or entitled to the benefits of this resolution, unless the Note bears a Certificate of Authentication manually signed by the Note Registrar stating: "This Note is the fully registered Taxable Revolving Line of Credit Revenue Note, 2018, of the Housing Authority City of Tacoma described in the Note Resolution." A minor deviation in the language of such certificate shall not void a Certificate of Authentication that otherwise is substantially in the form of the foregoing. The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Note so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this resolution.

If any officer whose facsimile signature appears on the Note ceases to be an officer of the Authority authorized to sign notes before the Note is authenticated or delivered by the Note Registrar or issued by the Authority, the Note nevertheless may be authenticated, delivered and issued and, when authenticated, issued and delivered, shall be as binding on the Authority as though that person had continued to be an officer of the Authority authorized to sign the Note. The Note also may be signed on behalf of the Authority by any person who, on the actual date of signing of the Note, is an officer of the Authority authorized to sign notes, although he or she did not hold the required office on the date of issuance of the Note.

Section 13. Authorization of Documents and Execution Thereof. The Authority authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in, the Note and this resolution and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the Note. The appropriate Authority officials are authorized and directed to do everything necessary for the issuance, execution and delivery of the Note. The Executive Director is authorized to execute the Note and any other documents reasonably required to be executed in connection with the issuance of the Note and to ensure the proper use and application of the proceeds of the Note, and to effect any extension of the maturity of the Note as described in Section 3.

The Note will be prepared at the Authority's expense and will be delivered to the Bank together with the approving legal opinion of Foster Pepper PLLC regarding the Note.

Section 14. Approval of Transaction. The Bank has issued a Commitment Letter proposing to purchase the Note at a price of par, under the terms and conditions contained in this resolution and the Commitment Letter, including the payment of a fee to the Bank in the amount of \$500.00 plus the fees and expenses of the Bank's legal counsel and any other out-of-pocket costs incurred by the Bank, each payable at closing. The Board finds that the Bank's proposal is in the best interest of the Authority and authorizes the Executive Director to accept an offer on the same terms and conditions as contained in the Commitment Letter, and covenants that the Authority will comply with all terms and conditions of the Commitment Letter.

Section 15. Acting Officers Authorized. Any action required by this resolution to be taken by the Chair of the Board or the Executive Director may in the absence of such person be taken by the Vice Chair of the Board or a duly authorized acting Executive Director of the Authority, respectively.

Section 16. Ratification and Confirmation. 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.

Section 17 Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

**Approved: April 25, 2018**

\_\_\_\_\_  
Janis Flauding, 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. 2018-04-25 (2) (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on April 25, 2018, and duly recorded in the minute books of the Authority.

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 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 April 25, 2018.

HOUSING AUTHORITY OF THE CITY OF  
TACOMA

By: \_\_\_\_\_  
Michael Mirra, Executive Director

# **Resolution 3**



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2018-04-25 (3)

**DATE:** April 25, 2018

**TO:** THA Board of Commissioners

**FROM:** Michael Mirra  
Executive Director

**RE:** Authorization to acquire limited partner and investor member interests in certain existing THA-controlled entities

---

*This resolution would authorize Tacoma Housing Authority (THA), acting together with Tacoma Housing Development Group ("THDG"), to acquire the investor interests in certain of THA's tax credit entities.*

### Background

Between 2002 and 2005, THA participated in the formation of Hillside Terrace Phase I Limited Partnership, Hillside Terrace Phase II Limited Partnership, Salishan One LLC, Salishan Two LLC, and Salishan Three LLC (the "LIHTC Entities"), each of which was formed to develop and operate a low-income housing project that would qualify for federal low-income housing tax credits ("LIHTCs"). THA is the general partner or managing member of each LIHTC Entity. Boston Financial Investment Management or an affiliate ("BFIM"), owns all of the limited partner and investor member interests in the LIHTC Entities.

The periods during which LIHTCs can be claimed by each LIHTC have expired. Under federal income tax law, the Hillside Terrace partnerships are subject to potential loss of LIHTCs (and recapture of LIHTCs previously claimed) through December 31, 2018, and the Salishan limited liability companies are subject to potential loss of LIHTCs (and recapture of LIHTCs previously claimed) through December 31, 2020. The maximum aggregate amount of LIHTC losses and recapture for which THA could be subject is \$7,166,969.

THA has been advised that BFIM is willing to sell its interests in each LIHTC Entity to THA, or a THA affiliate, so long as THA (i) commits to comply with existing regulatory agreements applicable to each project, (ii) agrees to pay BFIM for any costs associated with the loss or recapture of LIHTCs suffered by the LIHTC Entities, and (iii) provides security to BFIM for THA's potential liability for LIHTC losses and recapture.

The cost of BFIM's investor interests are not expected to exceed \$560,000 in the aggregate.

BFIM has agreed to accept a letter of credit from Heritage Bank, in the stated amount of \$2,500,000, as security for THA's potential LIHTC liability to BFIM, and Heritage Bank has

committed to make such letter of credit available for THA. Heritage Bank has committed to accept a cash-secured note from THA to evidence THA's obligations to reimburse the Bank for draws made on the letter of credit. A separate resolution is being presented to the Board to authorize the issuance of such note.

### **Recommendation**

Approve Resolution No. 2018-04-25 (3).



# TACOMA HOUSING AUTHORITY

## **THA BOC Resolution 2018-04-25 (3) (Authorization to Acquire Limited Partner and Investor Member Interests in Certain Existing THA-Controlled Entities)**

A RESOLUTION authorizing the Authority to acquire the investor interests in Hillside Terrace Phase I Limited Partnership, Hillside Terrace Phase II Limited Partnership, Salishan One LLC, Salishan Two LLC, and Salishan Three, LLC; authorizing the execution and delivery of certain agreements and other documents with respect to the acquisition of such interests; and providing for other matters properly related thereto.

**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**, RCW 35.82.070 authorizes the Authority, among other things, to “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,” to “lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project,” and to “make and execute contracts and other instruments, including but not limited to partnership agreements”; and

**WHEREAS**, Pursuant to the authority provided by RCW 35.82.070, the Authority participated in the formation of, and is the general partner or managing member of, Hillside Terrace Phase I Limited Partnership, Hillside Terrace Phase II Limited Partnership, Salishan One LLC, Salishan Two LLC and Salishan Three LLC (each, a “LIHTC Entity”); and

**WHEREAS**, The LIHTC Entities developed and operate the following affordable rental housing projects in the City of Tacoma on property leased to the LIHTC Entities by the Authority (collectively, the “Projects”): the project commonly known as Hillside I, located at 2300 Block South G Street, the project commonly known as Hillside II, located at 2300 Block South G Street, the project commonly known as Salishan One, located at 1724 East 44th Street, the project commonly known as Salishan Two, located at 1725 East 44th Street, and the project commonly known as Salishan Three, located at 1724 East 44th Street; and

**WHEREAS**, Boston Financial Investment Management and/or its affiliates (collectively, “BFIM”) owns all of the limited partner interest and investor member interest in the LIHTC Entities; and

**WHEREAS**, BFIM is willing to transfer its investor interests in the LIHTC Entities to the Authority (or an affiliate of the Authority), so long as the Authority (i) commits to comply with existing regulatory agreements applicable to each Project, (ii) agrees to pay BFIM for any costs associated with the loss or recapture of LIHTCs suffered by the LIHTC Entities, and (iii) provides security to BFIM for THA’s potential liability for LIHTC losses and recapture; and

**WHEREAS**, BFIM has agreed to accept a letter of credit from Heritage Bank, in the stated

amount of \$2,500,000, as security for the Authority's potential LIHTC liability to BFIM (the "Letter of Credit"), and Heritage Bank has committed to make such Letter of Credit available for the Authority; and

**WHEREAS**, The Board finds and determines that the Authority can obtain greater control of the various projects owned by the LIHTC Entities if it acquires such investor interests from BFIM, and that such greater control is in the best interests of the Authority and the persons it serves; now, therefore, be it

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

1. The Authority's Executive Director and Deputy Executive Director (each, an "Authorized Officer" and, collectively, the "Authorized Officers"), and each of them acting alone, are authorized on behalf of the Authority to negotiate with BFIM regarding the Authority's acquisition of BFIM's interests in each LIHTC Entity.
2. Subject to the limitation specified in Section 5 of this resolution, the Authority is authorized to acquire all of BFIM's interests in each or any of the LIHTC Entities. Each Authorized Officer is delegated the authority to determine the order in which BFIM's interests are to be acquired; which BFIM's interests, if any, are to be acquired; and the amount (subject to the limitation specified in Section 5 of this resolution) the Authority will pay to BFIM with respect to any such acquisition.
3. Each Authorized Officer is authorized on behalf of the Authority (in its individual capacity and/or in its capacity as each LIHTC Entity's general partner or managing member) with respect to any acquisition to be made pursuant to this resolution to: (i) execute, deliver and file (or cause to be executed, delivered and filed), to the extent required by law, such agreements, certificates, documents and instruments as are necessary or appropriate in each Authorized Officer's discretion to give effect to this resolution and to consummate such acquisition; and (ii) take any other action that each Authorized Officer deems necessary and advisable to give effect to this resolution and consummate the transactions contemplated herein.
4. If the Authority acquires the interests of BFIM in any LIHTC Entity, each Authorized Officer is authorized on behalf of the Authority (in its individual capacity and/or in its capacity as the LIHTC Entity's general partner or managing member) to cause BFIM to transfer all of its interests in each LIHTC Entity to the Authority and/or an affiliate of the Authority, including but not limited to Tacoma Housing Development Group.
5. The Authority is authorized to expend up to \$560,000, in the aggregate, of available Authority funds in connection with the acquisition of BFIM's interests in the LIHTC Entities, as well as payment of any applicable filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution.
6. The Authorized Officers are authorized to cause Heritage Bank to issue the Letter of Credit to BFIM, and to execute, deliver and file (or cause to be executed, delivered and filed), to the extent required by law, such agreements, certificates, documents and instruments on behalf of

the Authority as are necessary or appropriate in each Authorized Officer's discretion in connection with the Letter of Credit.

7. 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.
8. This resolution shall be in full force and effect from and after its adoption and approval.

**Approved: April 25, 2018**

---

Janis Flauding, 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. 2018-04-25 (3) (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on April 25, 2018, and duly recorded in the minute books of the Authority.

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 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 April 25, 2018.

HOUSING AUTHORITY OF THE CITY OF  
TACOMA

By: \_\_\_\_\_  
Michael Mirra, Executive Director