



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2018-05-23 (2)

**DATE:** May 23, 2018

**TO:** THA Board of Commissioners

**FROM:** Michael Mirra  
Executive Director

**RE:** Authorization to form a tax credit entity with respect to the Arlington Youth Campus project

### Purpose

This resolution would authorize Tacoma Housing Authority ("THA") to form a new limited liability limited partnership (the "Partnership") with Tacoma Housing Development Group ("THDG") to develop the housing portion of THA's proposed Arlington Youth Campus project, to be located on Arlington Drive, in Tacoma, Washington. The Arlington Youth Campus project is expected to consist of rental housing for youth ages 18 to 24 experiencing homelessness (the "Project"), and a separate Crisis Residential Center for youth ages 12 to 17 experiencing homelessness. In particular, the resolution authorizes THA to:

- (1) form the Partnership;
- (2) prepare, execute and submit to Washington State Housing Finance Commission any agreements or other documents necessary to secure the proper approval of THA's use of low-income housing tax credits for the Project; and
- (3) expend such funds as may be necessary to be paid by THA in connection with filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution.

### Background

By Resolution 2016-6-22 (5), the THA Board approved the use of Arlington Drive as a youth campus. As envisioned, the campus will provide a 12-bed Crisis Residential Center which offers temporary housing for homeless youth age 12-17. It will also include a 58-unit apartment building for young adults, age 18-24, who are experiencing homelessness.

The proposed campus will provide youth with their own campus separated from the surrounding area by First Creek Gulch, but close enough to have a residential feel. We have undertaken a thoughtful consultation process that includes the Salishan Association, neighborhood leaders,

and individuals working with youth and young adults and youth experiencing homelessness.

THA is in the process of developing a financing and development plan for this project. The new rental units will be affordable to homeless young adults age 18-24, whose incomes are between 30% to 60% of the Area Median Income. The 58-unit building will have 11 two-bedroom units and the balance will be one-bedrooms. It will include community space for classes and resident events, private office space for staff and service providers and a communal laundry.

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

The financing structure is expected to include, but not be limited to, tax credit equity, City of Tacoma/TCRA funding, state funds, county funds, private debt, bonds and possibly THA funds.

### **Recommendation**

Approve Resolution No. 2018-05-23 (2).





# TACOMA HOUSING AUTHORITY

## **RESOLUTION 2018-05-23 (2)** **(Arlington Youth Campus – Tax Credit Partnership)**

A RESOLUTION authorizing the Authority to form a limited liability limited partnership, 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**, The Authority owns approximately 3.5 acres of land on Arlington Drive, in Tacoma, Washington, upon which the Authority intends to develop a rental housing project for youth ages 18 to 24 experiencing homelessness (the “Project”), and a Crisis Residential Center for youth ages 12 to 17 experiencing homelessness; and

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

**WHEREAS**, RCW 35.82.020 defines “housing project” to include, among other things, “any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwelling apartments, mobile home parks or other living accommodations for persons of low income;” and

**WHEREAS**, RCW 35.82.070 authorizes the Authority, among other things, to “prepare, carry out, acquire, lease and operate housing projects; [and] to provide for the construction, reconstruction, improvement, alteration or repair of any housing project or any part thereof,” “lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project,” “make and execute contracts and other instruments, including but not limited to partnership agreements,” and “make . . . loans for the . . . acquisition, construction . . . rehabilitation, improvement . . . or refinancing of land, buildings, or developments for housing of persons of low income;” and

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

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

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

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

1. The Authority is authorized to participate in the formation of, and become a partner in, a Washington limited liability limited partnership (the "Partnership"). The Board intends that the Partnership will acquire, construct, equip, operate and maintain the Project and receive low-income housing tax credits in connection therewith. The Authority's Executive Director, the Authority's Deputy Executive Director and their respective designees (each, an "Authorized Officer" and, collectively, the "Authorized Officers"), and each of them acting alone, are authorized on behalf of the Authority to: (i) execute, deliver and file (or cause to be executed, delivered and filed), to the extent required by law, a partnership agreement, a certificate of limited partnership and all such forms, certificates, applications and other documents that are necessary to form the Partnership; (ii) determine the name of the Partnership; and (iii) take any other action that they deem necessary and advisable to give effect to this resolution and the transactions contemplated herein. The Authority's Executive Director is delegated the authority to cause, in his discretion, the Partnership to be created as a Washington limited liability company, in which case all references in this resolution to limited liability limited partnership, partnership agreement, general partner, limited partner, chapter 25.10 RCW, and certificate of limited partnership shall be deemed to be references to limited liability company, operating agreement, managing member, investor member, chapter 25.15 RCW and certificate of formation, respectively.
2. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority (in its individual capacity and/or in its capacity as the Partnership's general partner) to: (i) apply for, and enter into contracts relating to, such funding for the Project as they deem necessary or desirable, including without limitation public and/or private sector financing, Community Development Block Grant(s), Washington State Housing Trust Fund grant(s) and/or loan(s), an allocation of private activity bond volume cap from the Washington State Department of Commerce (or the Washington State Housing Finance Commission, as applicable), and other federal, state and local funds; (ii) apply for any and all necessary approvals from the U.S. Department of Housing and Urban Development in connection with such funding; (iii) lend or grant all or any portion of the money derived from such funding sources to the Partnership, and/or cause any contracts relating to such funding to be assigned to the Partnership; (iv) apply to the Washington State Housing Finance Commission for an allocation of (or approval of the use of) low-income housing tax credits for the Project (depending on whether the Authorized Officers determine to pursue "9%" or "4%" tax credits), enter into such agreements (including a credit reservation and carryover allocation contract), provide such documents (including cost certifications) necessary to secure such allocation (or approval), and cause such allocation (or any portion thereof) to be assigned to the Partnership if the allocation initially is made to the Authority; (v) seek and approve investors to serve as subsequent limited partners in the Partnership in connection with the receipt of low-income housing tax credits for the Project; (vi) negotiate with potential investors regarding their acquisition of limited partnership interests in the Partnership and, if



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

3. The Authority is authorized to expend such funds as are necessary to pay for all filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution. To the extent any fees or predevelopment costs are incurred and payable by the Partnership prior to the time the Authority enters into a formal loan agreement, the Authority may lend money to the Partnership to pay such costs, with the loan bearing interest at such rate that the Executive Director determines, in his discretion (which may be 0% per annum).
4. The Authorized Officers, and each of them acting alone, are hereby directed, and granted the discretionary authority, to execute and deliver any and all other certificates, documents, agreements and instruments that are necessary or appropriate in their discretion to give effect to this resolution and to consummate the transactions contemplated herein, including, but not limited to, a development services agreement between the Partnership and the Authority (and/or others) providing for the development of the Project, contracts with architects, engineers and other consultants, and construction contracts.
5. 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.
6. This resolution shall be in full force and effect from and after its adoption and approval.

**Approved: May 23, 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. 2018-05-23(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 May 23, 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 May 23, 2018.

HOUSING AUTHORITY OF THE CITY OF  
TACOMA

By: Michael Mirra  
Michael Mirra, Executive Director