



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2016-09-28 (3)

**Date:** September 28, 2016  
**To:** THA Board of Commissioners  
**From:** Michael Mirra  
Executive Director  
**Re:** Redevelopment of 1800 Court F Hillside Terrace

### Purpose

The purpose of this resolution is to authorize THA's Executive Director to:

1. Form a limited liability limited partnership (Court F LLLP);
2. To prepare, execute and submit to the Washington State Housing Finance Commission any agreements and other documents necessary to secure the proper approval of the LLLP's use of low income housing tax credits for the project;
3. To execute, deliver and/or file, on behalf of the Authority in its own behalf and in its capacity as the LLLP's general partner, as applicable, any other affidavits, certificates, letters, government forms, documents, agreements and instruments that the Executive Director determines to be necessary or desirable to give effect to this resolution and to consummate the transactions contemplated herein and/or in connection with the application for low income housing tax credits or other financing for the project; and
4. To expend such funds as may be necessary to be paid by the Authority in connection with filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution.

### Background

THA demolished the 1800 block of Hillside Terrace during the Bay Terrace Phase I redevelopment. Staff is considering options to develop up to 75 new affordable units on that site. Staff expect that the new units will be affordable to households with incomes between 30% and 60% of area median income. Staff will likely propose one and two bedroom units located in a single mid-rise elevator building.

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

Staff expect the financing structure to include, but not be limited to, the following sources of funding: tax credit equity, City of Tacoma/TCRA funding, private debt, bonds and THA funds.

### **Recommendation**

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





# TACOMA HOUSING AUTHORITY

## RESOLUTION NO 2016-09-28 (3)

### 1800 Court F Hillside Terrace Authorizing Resolution

A **RESOLUTION** of the Housing Authority of the City of Tacoma authorizing (i) the formation of a limited liability limited partnership of which the Authority will be the sole general partner in connection with the acquisition, construction and operation of an affordable multifamily rental housing project located at 1800 Court F in the City of Tacoma, Washington; (ii) the submission of applications for funding and credit enhancement for such housing project; and (iii) the disposition by sale or lease of all or portions of the project site to the 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 is authorized by the Housing Authorities Law (chapter 35.82 RCW) to, among other things: (i) "prepare, carry out, acquire, lease and operate housing projects; to provide for the construction, reconstruction, improvement, alteration or repair of any housing project or any part thereof" (RCW 35.82.070(2)); (ii) "lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project" (RCW 35.82.070(5)); (iii) "make and execute contracts and other instruments, including but not limited to partnership agreements" (RCW 35.82.070(1)); (iv) "delegate to one or more of its agents or employees such powers or duties as [the Authority] may deem proper" (RCW 35.82.040); and (v) "make . . . loans for the . . . acquisition, construction, reconstruction, rehabilitation, improvement, leasing, or refinancing of land, buildings, or developments for housing persons of low income" (RCW 35.82.070(18)); and

**WHEREAS**, The phrase "housing project" is defined by RCW 35.82.020 to include, among other things, "any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for persons of low income"; and

**WHEREAS**, The Authority expects to develop an affordable multifamily rental housing project consisting of up to 75 dwelling units, to be located at the 1800 Court F in the City of Tacoma (the "Project"). The total financing for the project will require the use of various funding sources, which may include low-income housing tax credits, the issuance of tax-exempt bonds, loans from public and private lenders, and/or grants. Certain of those sources will require the creation of a limited partnership or limited liability company to maximize the benefits and minimize the risks to the Authority; 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

**WHEREAS**, Based on its consideration of the funding sources available for the Project, the need for affordable housing in the City, and other matters, the Authority's Board of Commissioners (the "Board") has deemed it necessary to 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: (i) participate in the formation of, and become the sole general partner in, a Washington limited liability limited partnership (the "Partnership"), which Partnership shall have an initial limited partnership agreement (the "Partnership Agreement") and a certificate of limited partnership (the "Certificate of Limited Partnership") substantially in the forms on file with the Authority's Executive Director (the "Executive Director"), with such changes as the Executive Director may deem necessary or advisable (and not inconsistent with the terms of this resolution). The Board intends that the Partnership will develop the Project and receive low income housing tax credits in connection therewith.
2. The Executive Director and his designee (each, an "Authorized Officer" and, together, 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, and cause the Authority to perform its duties under, the Partnership Agreement, the Certificate of Limited Partnership, all such forms, certificates, applications and other documents that are necessary to form the Partnership; (ii) approve any changes to the Partnership Agreement and the Certificate of Limited Partnership, including any material changes, that any Authorized Officer may deem necessary or advisable (and not inconsistent with the terms of this resolution); (iii) determine the name of the Partnership (it being understood that the words "Court F" should appear in the name to the greatest extent feasible); and (iv) 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 partnership, partnership agreement, general partner, limited partner, and certificate of limited partnership shall be deemed to be references to limited liability company, operating agreement, managing member, investor member, and certificate of formation, respectively.
3. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority (in its individual capacity and/or in its capacity as the Partnership's general partner) to: (i) apply for, and enter into contracts relating to, such funding for the Project as they deem necessary or desirable, including without limitation public and/or private sector financing, an allocation of private activity bond volume cap from the Washington State Department of Commerce (if it is determined that tax-exempt bonds should be issued to finance the Project), Washington State Housing Trust Fund grant(s) and/or loans(s), 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), prepare, execute and enter into such agreements (including a credit reservation and carryover allocation contract), provide such documents (including cost certifications) necessary to secure such allocation, and cause such allocation (or any portion thereof) to be assigned to the Partnership if the allocation is initially 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) prepare all appropriate resolutions for Board review and approval; (viii) prepare all documents required so that the Authority and the Partnership comply with state and federal securities laws; (ix) negotiate contracts relating to the use, management and naming of Project buildings; (x) take all necessary and appropriate actions to dispose of the Project by sale or lease to the Partnership (including entering into any option to lease, or lease, necessary to provide the Partnership with control of the Project site); (xi) 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); (xii) 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); (xiii) 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); (xiv) 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 (xv) otherwise execute the Authority's rights under the Partnership Agreement. Nothing herein shall commit the Authority to issuing bonds to finance the Project.

4. The 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. The Authority is authorized to expend such funds as may be necessary to be paid by the Authority in connection with 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 up to \$1.5 million

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*).

6. Any action required by this resolution to be taken by the Executive Director of the Authority may, in his absence, be taken by the duly authorized acting Executive Director of the Authority.
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: September 28, 2016**



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Dr. Arthur C. Banks, Chair