



TACOMA HOUSING AUTHORITY

RESOLUTION 2014-1-22 (2)

DATE: January 22, 2014
TO: Board of Commissioners
FROM: Michael Mirra, Executive Director
RE: PRAIRIE OAKS APARTMENTS

Background

This resolution approves THA's loan to the Prairie Oaks Apartment project of up to \$275,000 at 2% for 7 years and provides conditional authority to the executive director to execute various agreements and documents for the financial closing of the Prairie Oaks Apartments project that THA is developing for LASA. THA is still discussing the final deal terms with the parties. The executive director's authority under this resolution is conditioned on those final terms conforming to the requirements set forth below.

In May 2012, the THA Board approved THA and LASA formally entering into a partnership to develop a 1-acre site owned by LASA to develop a 15-unit permanent supportive housing development for homeless families and a new office and client service center for LASA. THA is serving as developer for both parts of the project. At the insistence of funders, THA will be the owner of the residential condominium and LASA will be the owner of the commercial condominium. The parties still contemplate that, at some point in the future (probably between years 10-15), THA will transfer the residential condo to LASA. The timing of this transfer of ownership will depend upon the project repaying the equity THA has in the deal and on the approval of other funders who require THA's participation, at least until LASA can improve its own capacity. THA will be procuring a property manager to manage both the housing unit and the condominium association.

The financing for Prairie Oaks Apartments comes from the WA State Housing Trust Fund, Pierce County 2163 Program, City of Lakewood HOME funds and a THA loan of \$275,000. The project will repay THA's loan from operating income based on a 2% interest rate and 7 year term. All 15 units will have a project based voucher from the Pierce County Housing Authority. Eight of the units will serve households with incomes up to 30% of AMI and seven (7) units will serve households with incomes up to 50% of AMI.

HOUSING SOURCES

	Amount	Term	Loan/Forgivable Loan	Recourse/non-recourse	Security	Other
Housing Trust Fund	\$4,035,033	40 yrs	-\$2,209,736 will be a forgivable loan; \$1,825,297 is a loan.	Non-recourse	1 st Lien Deed Of Trust (DOT)	Interest (.67%only years 1-7; fully amortized years 8-40 (1%); term ends 2054; repaid thru cash flow
Pierce County 2163	\$283,697	40 years	Forgivable Loan	Non-recourse	Deed of Trust; order to be determined.	
City of Lakewood HOME	\$250,000	40 years	Forgivable Loan (anticipated)	Non-recourse (anticipated)	Deed of Trust (anticipated)	
THA	\$275,000 (up to)	10 years	Loan			2% interest; pay-off expected by year 7; repayment thru cash flow
	\$4,843,730					

This resolution would authorize the executive director to execute the various agreements and documents only if he is satisfied that the final deal terms provide for the following:

- repayment upon closing to THA of its pre-development investment of about \$475,000;
- payment to THA of its developer fees of approximately \$308,000 upon a reasonable schedule with full payment no later than occupancy;
- repayment to THA of its interfund loan of up to \$275,000 at 2% interest within 7 years;
- all other lenders and sources of financing have no recourse in the event of default against THA or its assets other than its interest in Prairie Oaks.

Recommendation

Approve Resolution No. 2014-1-2(2) (i) authorizing THA to lend up to \$275,000 (in addition to the value of staff resources) in the residential condominium to develop the 15 units of permanent supportive housing for homeless families and the related infrastructure; (ii) approving on conditions the execution and delivery of documents relating to the funding of the Prairie Oaks project; and (iii) determining related matters.



TACOMA HOUSING AUTHORITY

RESOLUTION 2014-1-22(2)

(PRAIRIE OAKS APARTMENTS)

A RESOLUTION (i) authorizing THA to use up to \$275,000 of available cash to develop the 15 units of permanent supportive housing for homeless families and the related infrastructure; (ii) approving the execution and delivery of documents relating to the funding of the Prairie Oaks project upon conditions; (iii) determining related matters.

Whereas, RCW 35.82.070(2) provides that a housing authority is authorized to “prepare, carry out, acquire, lease and operate housing projects; [and] to provide for the construction, reconstruction, improvement, alternation or repair of any housing project or any part thereof”;

Whereas, RCW 25.82.070(5) provides that a housing authority may, among other things and if certain conditions are met, “lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project”;

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”;

Whereas, RCW 35.82.070(18) provides that a housing authority may, among other things and if certain conditions are met, “make . . . loans for the . . . acquisition, construction . . . rehabilitation, improvement . . . or refinancing of land, buildings, or developments for housing of persons of low income”;

Whereas, RCW 35.82.070(13) authorizes the Authority to exercise its statutory powers within the boundaries of any city that is not within the Authority’s area of operation if the governing body of such city adopts a resolution declaring that there is a need for the authority to function in such city, and the City of Lakewood has adopted such a resolution with respect to the Project;

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”;

Whereas, the total cost of acquiring, constructing, equipping and financing the Project is anticipated to be \$4.8 million, which will be financed by THA with numerous sources of funds, including a non-recourse \$2.2 million forgivable loan and a non-recourse \$1.8 million loan from the Washington State Department of Commerce, a forgivable non-recourse loan of “2163” funds in the amount of \$283,697 from Pierce County, a forgivable non-recourse loan of HOME funds in the amount of \$250,000 from the City of Lakewood, and available THA funds; and

Whereas, the Authority will be entering into a HAP contact with the Pierce County Housing Authority for the fifteen (15) housing units

Whereas, the Authority wishes to undertake those steps as may be necessary, reasonable and/or advisable for it to develop, own and operate the Project and to obtain the various funding sources on behalf of the Project described above;

Whereas, the final deal terms are still being drafted and the executive director needs authority to execute the documents as long as they provide for certain essential terms;

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

The executive director is authorized to execute the documents and agreements as set forth below as long as they provide for the following in terms satisfactory to him:

- repayment upon closing to THA of its pre-development investment of approximately \$475,000;
 - payment to THA of its developer fees of approximately \$475,000 upon a reasonable schedule with full payment no later than occupancy repayment to THA of its loan of up to \$275,000 at 2% interest within 7 years.
 - all other lenders and sources of financing have no recourse in the event of default against THA or its assets other than its interest in Prairie Oaks.
1. Approval of Loan Documents. The Executive Director is authorized and directed to execute and deliver, on behalf of the Authority (i) those documents listed in Exhibit A under the heading "Loan Documents" (collectively, the "Loan Documents"), substantially in the forms on file with the Authority, with such changes, including any material changes, as the Authorized Officer executing such documents deems necessary or advisable; and (ii) any other documents reasonably required to be executed by the Authority to carry out the transactions contemplated by the Loan Documents (including the amendment of any such documents if necessary to further the purposes thereof or resolve ambiguities therein).
 2. Additional Documents. The Executive Director is authorized on behalf of the Authority to execute, deliver and/or file (or cause to be delivered and/or filed) any and all other certificates, documents, agreements and instruments that are necessary or appropriate in his or her discretion to give effect to this resolution and to consummate the transactions contemplated herein. In particular, the Executive Director is authorized and directed on behalf of the Authority to execute, deliver and, if applicable, file (or cause to be executed, delivered, and, if applicable, filed) those documents listed in Exhibit A under the heading "Additional Documents" (the "Additional Documents") substantially in the form on file with the Authority, with such changes, including any material changes, as the Executive Director executing such documents deems necessary or advisable.
 3. Supplemental Authorization. The Executive Director is authorized on behalf of the Authority (to: (i) determine that any document authorized by this resolution is, at the time such document otherwise would be executed, no longer necessary or desirable and, based on such determination, cause the Authority not to execute or deliver such document; (ii) execute and deliver and, if applicable, file (or cause to be delivered and/or filed) any

government forms, affidavits, certificates, letters, documents, agreements and instruments that such officer determines to be necessary or advisable to give effect to this resolution and to consummate the transactions contemplated herein and/or further the acquisition, rehabilitation, development, financing, construction, and leasing of the Project; and (iii) cause the Authority 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. Without limiting the scope of such authorization, such documents may include lease-up and marketing agreements, company management services agreements, development agreements, construction guaranty agreements, repayment guarantees, cash pledge agreements, environmental indemnity agreements, property management agreements, architect agreements, contractor agreements, housing assistance payment contracts, irrevocable consents and appointments of attorneys for service of process.

4. Execution of Duties and Obligations. The Board authorizes and directs the Authority's Executive Director to cause the Authority to fulfill the Authority's duties and obligations, under the various agreements authorized by this resolution. In the furtherance of the foregoing, the Authority is authorized to expend such as are necessary to pay for all filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution.
5. Acting Officers Authorized. Any action required by this resolution to be taken by the Chair of the Board or the Executive Director of the Authority may, in such person's absence, be taken by the Vice Chair of the Board or the person authorized to act for the Executive Director of the Authority, respectively.
6. Changes to Titles or Parties. While the titles of and parties to the various documents listed in Exhibit A hereto may change, no change to such titles or parties shall affect the authority conferred by this resolution to execute, deliver, file (if required), enforce and perform the documents in their final form.
7. Ratification and Confirmation. All actions of the Authority and its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.
8. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

Approved: January 22, 2014



Greg Mowat, Chair
STAN RUMBART 17 VICE CHAIR

EXHIBIT A

TRANSACTION DOCUMENTS

Loan Documents

- Specific Terms and Conditions, Housing Trust Fund Contract between the Washington Department of Commerce (“Commerce”) and [the Authority];
- Promissory Note from the Authority payable to Commerce;
- Deed of Trust from the Authority in favor of Commerce;
- Low Income Housing Covenant Agreement from the Authority in favor of Commerce;
- “2163” Loan Agreement between Pierce County and the Authority;
- Promissory Note from Pierce County Department of Community Connections payable to Pierce County;
- Deed of Trust with Assignment of Rents and Security Agreement from THA payable to Pierce County;
- Covenant from THA in favor of Pierce County;
- HOME Loan Agreement between the City of Lakewood (the “City”) and THA;
- Promissory Note from THA payable to the City of Lakewood;
- Deed of Trust with Assignment of Rents and Security Agreement from THA payable to the City;
- Covenant from THA in favor of the City of Lakewood;

Additional Documents

- Development Agreement between LASA and the Authority;
- Property Management Agreement between the Authority and a property manager;
- Supportive Services Agreement between LASA and the Authority;
- Agreement to Enter into a Housing Assistance Payment Contract (AHAP with Pierce County Housing Authority; and
- Priority and Subordination Agreement among the Authority, Commerce, Pierce County, the City, and others.

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director of the Housing Authority of the City of Tacoma (the "Authority"), CERTIFY:

1. That the attached Resolution No. 201-1-22 (2) (the "Resolution") is a true and correct copy of a resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on January 22, 2014, 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; 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 this ____ day of January 22, 2014.

HOUSING AUTHORITY OF THE CITY
OF TACOMA

By: Michael Mirra
Michael Mirra, Executive Director