

## RESOLUTION 2024-08-28 (3)

**Date:** August 28, 2024

**To:** THA Board of Commissioners

**From:** April Black  
Executive Director

**Re:** Inducement Resolution and Initial Resolution Salishan-Hillside Phase 1 LLLP

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*This resolution would authorize the Executive Director to execute the Salishan-Hillside Phase 1 partnership for the resyndication of Salishan 1, 2, 3 and Hillside 2300.*

### BACKGROUND

THA developed Hillside Terrace as a tax credit project in 2002 and Salishans 1-3 in 2005. These projects met their 15-year tax credit compliance period requirement, and the investor, BFIM, exited the partnerships in 2018. The properties are eligible for resyndication, which will bring in a new lender and investor to finance rehabilitation of these units.

THA entered a consulting contract with Brawner and Company in 2023 to provide the Pre-Development, Pre-Construction, Construction, Construction Accounting, and Asset Management services for these projects. Resident meetings, notices and property inspections have been completed at each property and the scope of rehabilitation is currently being developed.

By creating a limited liability limited partnership, this will allow THA to provide financing to the partnership by selling tax-exempt obligations. These finances will be provided for anything

related to acquisitions, rehabilitation, construction, equipping and operation of these housing projects.

## RECOMMENDATION

Approve Resolution 2024-08-28 (3) authorizing THA's Executive Director to execute the Salishan-Hillside Phase 1 partnership for the resyndication of Salishan 1, 2, 3 and Hillside 2300.



**RESOLUTION 2024-08-28 (3)**

(Inducement Resolution and Initial Resolution Salishan-Hillside Phase 1 LLLP)

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma providing for the formation of a limited liability limited partnership of which the Authority will be the sole general partner in connection with the acquisition, rehabilitation, construction, equipping, and operation of up to four residential rental housing projects; declaring the Authority's intention to sell tax-exempt obligations to provide financing to such limited liability limited partnership in connection with the acquisition, rehabilitation, construction and equipping of such residential rental housing projects; and providing for other matters properly related thereto.

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF TACOMA, as follows:

Section 1. The Board of Commissioners (the "Board") of the Housing Authority of the City of Tacoma (the "Authority") finds and determines that:

(a) The Authority seeks to encourage the provision of long-term housing for low-income persons residing within the City of Tacoma, Washington (the "City").

(b) 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 . . . lands, buildings, structures or facilities embraced in any housing project and . . . to establish and revise the rents or charges therefor" (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); (v) "make . . . loans for the acquisition, construction, reconstruction, rehabilitation, improvement, leasing or refinancing of land, buildings, or developments for housing for persons of low income" (RCW 35.82.070(19)); and (vi) issue bonds, notes or other obligations for any of its corporate purposes (RCW 35.82.020(11) and 35.82.130). 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.”

(c) The Authority expects to participate in the acquisition (for federal tax purposes), development, rehabilitation, construction, equipping, operation, and maintenance of some or all of four residential rental projects, which projects are currently known as known as Hillside Terrace 2300 Block (located in the vicinity of 2330 South G Street, Tacoma, Washington), Salishan One (located in the vicinity of 1724 East 44<sup>th</sup> Street, Tacoma, Washington), Salishan Two (located in the vicinity of 1724 East 44<sup>th</sup> Street, Tacoma, Washington), and Salishan Three (located in the vicinity of 1724 East 44<sup>th</sup> Street, Tacoma, Washington) (collectively, the “Projects” and each, a “Project”).

(d) The total financing for the Projects is expected to require the use of various funding sources, including tax-exempt obligations, low-income housing tax credits, loans from public and private lenders, and grants. Certain of these sources will require the creation of a limited partnership or limited liability company. The Board further finds and determines that the Partnership (as defined below) and the Projects will provide for the necessary support of the poor within the City.

(e) Based on its consideration of the funding sources available for the Projects, the need for affordable housing in the City, and other matters, the Board deems it necessary to proceed with the transactions described in this resolution, and that any financing provided by the Authority for the Projects is important for the Projects’ feasibility and is necessary to enable the Authority to carry out its powers and purposes under the Housing Authorities Law.

(f) The Authority anticipates that the Partnership will request that the Authority issue and sell revenue obligations for the purpose of assisting the Partnership in financing and/or refinancing the Projects, and the Authority desires to provide such assistance, if certain conditions are met.

(g) Treasury Regulations Sections 1.103-8(a)(5) and 1.142-4(b) provide that, if an expenditure for an exempt facility is made before the issue date of the tax-exempt obligations issued to provide financing for that facility, in order for such expenditure to qualify for tax-exempt financing, the issuer must declare an official intent under Treasury Regulations Section 1.150-2 to reimburse such expenditure from the proceeds of those tax-exempt obligations, and one of the purposes of this resolution to satisfy the requirements of such regulations.

Section 2. The Authority is authorized to participate in the formation of, and become the sole general partner of a Washington limited liability limited partnership (the “Partnership”). The Board intends that the Partnership will acquire (via long-term lease), develop, rehabilitate,

construct, equip, operate, and maintain the Projects, and receive low-income housing tax credits in connection therewith.

Section 3. The Authority's Executive Director, any Deputy Executive Director of the Authority, 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) determine the form of, 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 liability 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 (it being understood that the words "Salishan-Hillside Phase I" should appear in the name to the greatest extent feasible); 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 their discretion, the Partnership to instead 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.

Section 4. To assist in the financing of the Projects, with the public benefits resulting therefrom, the Authority declares its intention, subject to the conditions and terms set forth herein, to issue and sell its revenue bonds or other obligations (the "Bonds") in a principal amount of not to exceed \$65,000,000, to use the proceeds of the sale of the Bonds to make one or more loans (collectively, the "Bond Loans") to the Partnership, and to reimburse itself or to permit the Partnership to reimburse itself, as applicable, from proceeds of the Bonds for expenditures for the Projects made by the Authority or the Partnership before the issue date of the Bonds. The proceeds of the Bonds will be used to assist in financing the Projects, and may also be used to pay all or part of the costs incident to the authorization, sale, issuance and delivery of the Bonds. The Bonds will be payable solely from sources specified by resolution of the Board of Commissions of the Authority. The Bonds may be issued in one or more series, and shall bear such rate or rates of interest, payable at such times, shall mature at such time or times, in such amount or amounts, shall have such security, and shall contain such other terms, conditions and covenants as shall later be provided by resolution of the Board of Commissioners of the Authority. The Bonds shall be issued subject to the conditions that (a) the Authority, the Partnership, and the purchaser of the Bonds shall have first



agreed to mutually acceptable terms for the Bonds and the sale and delivery thereof and mutually acceptable terms and conditions of the Bond Loans or other agreement for the Projects, and (b) all governmental approvals and certifications and findings required by laws applicable to the Bonds first shall have been obtained. For purposes of applicable Treasury Regulations, the Authority and the Partnership is authorized to commence financing of the Projects and advance such funds as may be necessary therefor, subject to reimbursement for all expenditures to the extent provided herein out of proceeds, if any, of the issue of Bonds authorized herein. The adoption of this resolution does not constitute a guarantee that the Bonds will be issued or that any Projects will be financed as described herein. The Board of Commissioners of the Authority shall have the absolute right to rescind this Section 4 at any time if it determines in its sole judgment that the risks associated with the issuance of the Bonds are unacceptable. It is intended that this resolution shall constitute a declaration of official intent to reimburse expenditures for the Projects made before the issue date of the Bonds from proceeds of the Bonds, for the purposes of Treasury Regulations Sections 1.103-8(a)(5), 1.142-4(b), and 1.150-2.

Section 5. 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 general partner of the Partnership) to: (i) apply for, and enter into contracts relating to, such funding for the Projects 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 and/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; (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 all or a portion of the Projects (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(s) (or

approval(s)), and cause such allocation(s) (or any portion(s) thereof) to be assigned to the Partnership if the allocation(s) initially are 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 Projects; (vi) negotiate with potential investors regarding their acquisition of limited partnership interests in the Partnership; (vii) execute documents pursuant to which Authority funds (including amounts granted or lent to the Authority for the Projects) may be lent to any 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 Project buildings; (xi) take all necessary and appropriate actions for the Partnership to acquire all or a portion of each 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 all or a portion of the Project sites); (xii) seek and approve purchasers of any privately placed bonds to be issued for the Projects, and negotiate with potential purchasers regarding the terms of such financing; and (xiii) otherwise execute the Authority's rights under the partnership agreement.

Section 6. 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, any development services agreement between the Partnership and the Authority (and/or others) providing for the development of the Projects, contracts with architects, engineers and other consultants, and construction contracts.

Section 7. 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 any such the loan bearing interest at a rate determined by the Executive Director, in the Executive Director's discretion (which may be 0% per annum).

Section 8. Any action required by this resolution to be taken by the Executive Director of the Authority may, in the absence of the Executive Director, be taken by any Deputy Executive Director of the Authority.

Section 9. Notwithstanding any other Authority resolution, rule, policy, or procedure, the Authorized Officers, and each of them acting alone, are authorized to create, accept, execute,



send, use, and rely upon such tangible medium, manual, facsimile, or electronic documents, records and signatures under any security procedure or platform, as in such Authorized Officer's judgment may be necessary or desirable to give effect to this resolution and to consummate the transactions contemplated herein.

Section 10. While the titles of and parties to the documents described herein 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.

Section 11. Any actions of the Authority or its officers and employees prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.


Section 12. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED by the Board of Commissioners of the Housing Authority of the City of Tacoma at an open public meeting this 28<sup>th</sup> day of August, 2024.

HOUSING AUTHORITY OF THE CITY OF TACOMA

By  \_\_\_\_\_  
Chair, Board of Commissioners

ATTEST:

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Executive Director



CERTIFICATE

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

1. That the attached Resolution No. [2028-08-28 (3)] (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a regular meeting of the Authority held at the regular meeting place on August 28, 2024 (the "Meeting"), and duly recorded in the minute books of the Authority;

2. That the public was notified of access options for remote participation in the Meeting [via the Authority's website]; and;

3. That the Meeting was duly convened, held, and included an opportunity for public comment, in all respects in accordance with law, and to the extent required by law, due and proper notice of the 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 this 28<sup>th</sup> day of August, 2024.



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April Black, Secretary and Executive Director of the  
Authority