



RESOLUTION 2024-10-23 (4)

Date: October 23, 2024

To: THA Board of Commissioners

From: April Black
Executive Director

Re: Aviva Financing Actions

This resolution will authorize Tacoma Housing Authority (THA), to amend the existing lease of Authority property to Mercy Housing Northwest; make a loan to MHNW 25 Aviva 4 LLLP; negotiate, execute, and deliver documents relating to the Aviva Crossing 4% affordable housing development; and determine related matters.

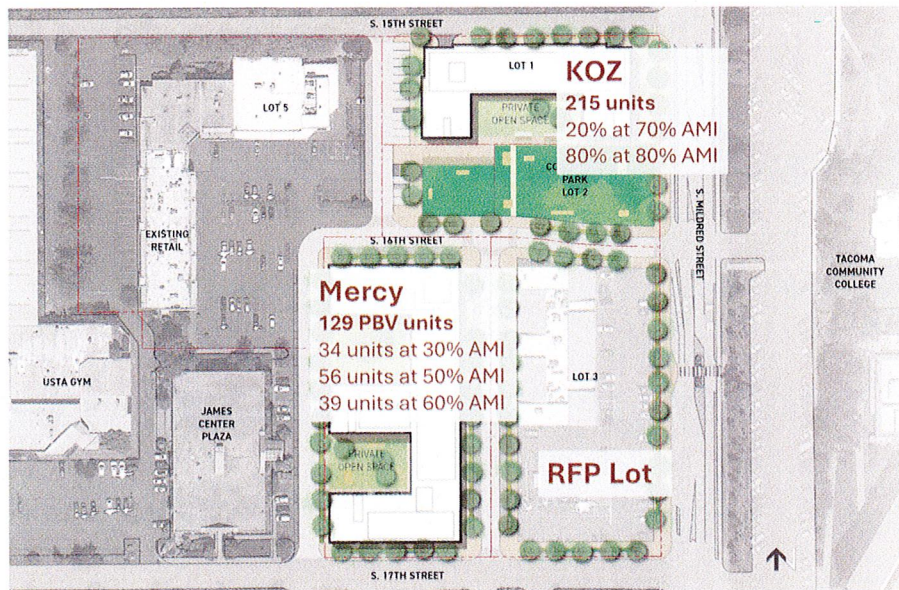
BACKGROUND

THA has partnered with Mercy Housing Northwest (the "Sponsor") in connection with the development of the Aviva Crossing site, located at James Center North, 1622 S Mildred Street, in Tacoma, Washington. The Sponsor will develop a 129-unit affordable housing project which will serve individuals and families between 30% and 60% AMI. In addition to numerous public funding sources and both 4% and 9% tax-credit awards, the property will be further subsidized by THA-provided Project Based Vouchers.

As the first of three developers to break ground at Aviva Crossing, the Sponsor has taken the lead on the design and implementation of infrastructure improvements that will enable subsequent development. For 2025 site-wide sewer upgrades and for new stormwater infrastructure that will support three of the five THA-owned parcels at Aviva, THA will contribute a portion of the costs including a \$1,000,000 loan (the "Loan") to the 4% tax credit entity (the "Partnership"). Total project costs for the 2025 infrastructure work is projected to be approximately \$8 million.

The 4% tax-credit portion of Mercy Aviva Crossing will consist of 79 units (the “Project”) and will be owned and operated by the Partnership and located on land leased to the Sponsor by THA. In addition to a ground lease payment of \$100,000, THA will receive a developer fee of \$770,000. THA is currently negotiating terms including interest on the Loan of 5.95% simple interest, a 40-year term with an early repayment trigger at refinance, and a second refusal right to the Sponsor to acquire the Project following the end of the 15-year tax credit compliance period.

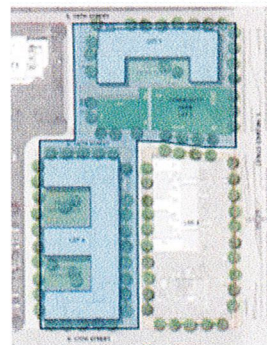
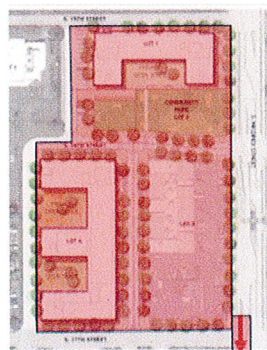
Site Development Plan



Areas Benefiting from Upgrades or Realignment

Sewer

Stormwater



RECOMMENDATION

Approve Resolution 2024-10-23 (4).



RESOLUTION 2024-2024-10-23 (4)

(Aviva Financing Actions)

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF TACOMA, authorizing the amendment of the existing lease of Authority property to Mercy Housing Northwest; authorizing a loan to be made to MHNW 25 Aviva 4 LLLP; approving the negotiation, execution and delivery of documents relating to the Aviva Crossing 4% affordable housing development; and determining related matters.

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

Section 1. Recitals and Findings. The Board of Commissioners (the “Board”) of the Housing Authority of the City of Tacoma (the “Authority”) finds and determines that:

(a) Statutory Authorization. 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 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); and (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)). 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.”

(b) The Project. Mercy Housing Northwest, a Washington nonprofit corporation (the “Sponsor”) formed MHNW 25 Aviva 4 LLLP, a Washington limited liability limited partnership (the “Partnership”) to participate in the development, acquisition, construction, equipping, and financing of an affordable housing development consisting of approximately 79 units of affordable housing (the “Project”). The Authority owns the fee simple interest in the land on which the Project is to be located. To facilitate the Partnership’s development of the Project, the Authority and the Sponsor entered into a Ground Lease Agreement dated as of August 1, 2024 (the “Ground Lease Agreement”), and a memorandum thereof (the “Memorandum of Ground Lease”), which Ground Lease Agreement and Memorandum of Ground Lease may be amended in connection with the financial closing for the Project. The land lease and certain encumbrances on the Authority’s interest on the land on which the Project will be located, and other property in the vicinity thereof, are necessary to facilitate the development of the Project, are necessary to support the poor and infirm, are important for the feasibility of the Project, and are necessary to enable the Authority to carry out its powers and purposes under the Housing Authorities Law.

(c) The Loan. The Sponsor has requested that the Authority make a loan to the Partnership in the principal amount not to exceed \$1,000,000 (the “Loan”) to finance a portion of the cost of the Project and related infrastructure improvements. The Authority has determined that it is in the best interest of the Authority to provide the Loan to the Partnership. The financial assistance to be provided by the Authority pursuant to this resolution is necessary to support the poor and infirm. The Board further finds that the Loan to is important for the feasibility of the Project and is necessary to enable the Authority to carry out its powers and purposes under the Housing Authorities Law.

Section 2. Approval of Transaction Documents. The Authority’s Executive Director, the Chair of the Board, and their respective designees (each, an “Authorized Officer” and, collectively, the “Authorized Officers”), and each of them acting alone, are authorized and directed to negotiate, execute, deliver and, if applicable, file (or cause to be executed and delivered and, if applicable, filed) on behalf of the Authority (i) those documents listed in Exhibit A (collectively, the “Transaction Documents”) in such forms as any Authorized Officer may approve (with the understanding that an Authorized Officer’s signature on a Transaction Document shall be construed as the Authority’s approval of such Transaction Document); and (ii) any other documents reasonably required to be executed by the Authority to carry out the transactions contemplated by the Transaction Documents. The Authorized Officers (and each of them acting alone) are further authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority under the provisions of or as necessary to carry out the transactions contemplated by the Transaction Documents (including the amendment of any such documents if necessary to further the purposes thereof or resolve ambiguities therein).

Section 3. Authorization to Lend Money; Authorization for Housing Authority Loan Documents. The Authority is authorized to lend to the Partnership up to \$1,000,000 of available Authority funds to provide financing for the development and construction of the Project and related infrastructure improvements, all pursuant to the terms of the Transaction Documents listed in Exhibit A under the heading “Housing Authority Loan Documents” (collectively, the “Housing Authority Loan Documents”). The Authorized Officers, and each of them acting alone, are authorized to determine the principal amount of the Loan, the terms of the Loan, and the source(s) of the Loan (subject to the limitations set forth herein), which terms shall be set forth in the Housing Authority Loan Documents.

Section 4. Approval of Amendment of Ground Lease and Real Estate Encumbrances. In furtherance of its statutory authority to provide decent, safe and sanitary living accommodations for persons of low income, the Authority is authorized to (i) negotiate, execute, deliver and, if applicable, file an amendment to the Ground Lease and, if necessary or appropriate, an amendment to the Memorandum of Ground Lease; (ii) encumber the Authority’s interest in land on which the Project is to be located (including its fee interest therein) pursuant to certain covenant agreements, regulatory agreements, extended use agreements, and other similar encumbrances; and (iii) encumber the Authority’s interest in property in the vicinity of the land on which the Project is to be located with certain easements and other encumbrances necessary or desirable for the construction and operation of the Project (the documents referred to in subsections (i), (ii), and (iii) are collectively referred to as the “Real Estate Documents”); provided, however, the foregoing authorization does not include any encumbrance that provides the grantee or beneficiary the right or potential right to foreclose on (whether by judicial foreclosure, non-judicial foreclosure, deed in lieu, or otherwise), terminate, or otherwise vacate by any means all or any portion of the Authority’s interest in such land, improvements, or property.

Section 5. Supplemental Authorization. The Authorized Officers, and each of them acting alone, are 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, applications, 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 (iii) notwithstanding any other Authority resolution, rule, policy, or procedure, 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 6. 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 Transactions Documents and other instruments authorized by this resolution, and to perform or cause to be performed such other acts as they shall consider necessary or advisable in order to give effect to this resolution and the transactions contemplated herein.

Section 7. Acting Officers Authorized. Any action authorized or required by this resolution to be taken by the Authority's Executive Director may, in such person's absence, be taken by the acting Executive Director of the Authority.

Section 8. Changes to Titles or Parties. While the titles of and parties to the Transaction Documents 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 9. 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.

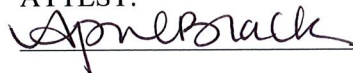
Section 10. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED by the Board of Commissioners of the Housing Authority of the City of Tacoma at an open public meeting held on October 23, 2024.

HOUSING AUTHORITY OF THE CITY OF TACOMA


Chair, Board of Commissioners

ATTEST:



Executive Director

Exhibit A
Transaction Documents

Development Documents

- Joint Development Agreement between the Sponsor and the Authority.

Housing Authority Loan Documents

- Loan Agreement between the Authority, as lender, and the Partnership, as borrower
- Promissory Note by the Partnership for the benefit of the Authority
- Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing by the Partnership in favor of the Authority
- Hazardous Substance Warranty/Indemnity Agreement by the Partnership for the benefit of the Authority
- Regulatory Agreement between the Partnership and the Authority

Real Estate Documents

- First Amendment to Ground Lease Agreement and, if applicable, memorandum thereof;
- Condominium Declaration for Mercy Aviva Crossing, a Condominium by the Sponsor, as declarant, and the Authority;
- Ground Lessor Estoppel Certificate by the Authority
- Priority and Subordination Agreement among the Washington State Housing Finance Commission, JPMorgan Chase Bank, N.A., the Washington State Department of Commerce, Pierce County, Tacoma Community Redevelopment Authority, the Partnership, the Sponsor and the Authority
- Regulatory Agreement (Extended Use Agreement) between the Washington State Housing Finance Commission, the Partnership, and the Authority
- Amendment No. 1 to Declaration of Reciprocal Easements for James Center North by the Authority
- Storm Drainage Maintenance Agreement
- Partial Termination of Easement Agreement and Declaration of Restrictive Covenants and/or Amended and Restated Easement Agreement and Declaration of Restrictive Covenants
- Partial Termination of Declaration of Sanitary Sewer Easement by the Authority.

Subsidy Documents

- Agreement to Enter into a Housing Assistance Payments Contract between the Partnership and the Authority
- Project-Based Voucher Housing Assistance Payment Contracts between the Partnership and the Authority
- Consents to Assignment of Section 8 Project-Based Voucher Program Agreement to Enter Into a Housing Assistance Payments (PBV AHAP) Contract and Project-Based Voucher Housing Assistance (PBV HAP) Contract as Security for Financing by the Authority and acknowledged by the Partnership.

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 2024-10-23 (4) – Aviva Financing Actions, (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 October 23, 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 <https://www.tacomahousing.org/about/board/meeting-schedule/>; 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 on October 23, 2024.

HOUSING AUTHORITY OF THE CITY OF
TACOMA



April Black, Executive Director