



KING COUNTY HOUSING AUTHORITY

TO: Board of Commissioners

FROM: Tim Walter, Mike Sivia

DATE: March 12, 2014

RE: **Resolution No. 5461:** Authorizing Provisional Acceptance of an Offer to Purchase Low Income Housing Tax Credits and Admission of an Investor Member to the Vantage Point Apartments LLC

Summary:

Resolution No. 5461 authorizes the acceptance of RBC Capital Market's offer to purchase Low Income Housing Tax Credits to be used for the development of Vantage Point Apartments, a 77-unit senior building in Renton. In addition, the Resolution admits RBC as an investor member to the Vantage Point Apartments LLC, whose formation was previously approved by the Board.

Background:

Vantage Point Apartments is proposed to be built on a 5 acre parcel of vacant property located adjacent to the Vantage Glen Manufactured Housing Community in Renton. The building design provides for 72 one-bedroom units and 5 two-bedroom units and will have dedicated on-site space for management and resident services staff. All of the 77 units will be subsidized and the units will be designated for elderly and near elderly (55+ year) low-income households.

Resolutions No. 5415 and No. 5454, passed by the Board in December 2012 and 2013 respectively authorized formation of a limited liability company, Vantage Point Apartments LLC and a loan to the project to provide initial financing for pre-development activities including the design of the building. KCHA is and will continue to be the managing member of Vantage Point Apartments LLC.

Resolution No. 5461 authorizes KCHA to admit RBC Capital Markets and/or an affiliate ("RBC") as the investor member of the Vantage Point Apartments LLC. Admitting RBC as a member will allow the LLC to solicit the services of a general contractor/construction manager (GCCM). Once a GCCM has been selected, the GCCM will be able to determine the actual cost of constructing the building as it has been designed. When the actual cost of construction has been determined, KCHA will provide the board with a complete project profile and development plan outlining the proposed financing for the project. Subject to future board approval, KCHA will lease the site to the Vantage Point Apartments LLC and the LLC will commence construction at that time. Admission of RBC as an investor member to the LLC also provides for a provisional commitment by RBC to purchase the tax credits which will be generated by the development of the project. RBC's purchase offer is approximately \$15.5 million (\$.99 per credit dollar). RBC is an experienced tax credit investor and is the investor in a number of KCHA's tax credit developments including Green River Homes 2, Birch Creek and Egis all of which are subsidized properties.

Staff expects to have the financing and completed project profile available for the board at the May, 2014 meeting. A schematic drawing of the building prepared by the architect is attached.

Site Plan



North Wing



HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5461

(VANTAGE POINT APARTMENTS)

A RESOLUTION of the Housing Authority of the County of King authorizing provisional acceptance of an offer to purchase Low Income Housing Tax Credits and admission of an Investor Member to the Vantage Point Apartments LLC

ADOPTED MARCH 17, 2014

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5461

(VANTAGE POINT APARTMENTS)

A RESOLUTION of the Housing Authority of the County of King authorizing provisional acceptance of an offer to purchase Low Income Housing Tax Credits and admission of an Investor Member to the Vantage Point Apartments LLC

WHEREAS, the Housing Authority of the County of King (the “Authority” or “KCHA”) seeks to encourage the provision of long-term housing for low-income persons residing within King County, Washington; and

WHEREAS, RCW 35.82.070(2) provides that a housing authority may “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 . . .”; 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 dwellings, apartments, mobile home parks or other living accommodations for persons of low income”; and

WHEREAS, RCW 35.82.070(1) provides that a housing authority may, among other things, “make and execute contracts and other instruments, including but not limited to partnership agreements and joint venture agreements . . .”; and

WHEREAS, KCHA subdivided 5.02 acres of unutilized property from the Vantage Glen Manufactured Housing Community in 2010 to create a 77 unit site for the development of housing for low income senior citizens located at 17901 105th Avenue Place, SE, Renton, Washington, to be known as Vantage Point Apartments (“Vantage Point”) and

WHEREAS, pursuant to Resolution No. 5415 KCHA formed Vantage Point Apartments LLC (the “Company”) for purposes of owning and developing Vantage Point, thereby maximizing the benefits and minimizing the risks to the Authority; and

WHEREAS, pursuant to Resolutions No. 5415 and No. 5454 KCHA submitted financing applications to the King County Housing Finance Program (the “HFP”), the State Housing Trust Fund (the “HTF”), and the Washington State Housing Finance Commission (the “WSHFC”); and

WHEREAS, KCHA received a firm commitment to provide \$2 million in financing from the HFP (and may receive an additional \$2 million); expects to receive a commitment to provide \$0.5 million in financing from the HTF; and received or will receive allocations of 2013 and 2014 Nine Percent (9%) Low Income Housing Tax Credits (the “Tax Credits”) from the WSHFC to provide equity for 77 units of housing; and

WHEREAS, pursuant to Resolution No. 5415 KCHA committed \$2 million in Moving To Work (“MTW”) working capital for the purpose of financing the development of Vantage Point; and

WHEREAS, RBC Capital Markets (“RBC”) submitted a Letter of Intent offering to purchase 99.99% of the Tax Credits for approximately \$15.5 million; and

WHEREAS, KCHA desires to secure the capital contribution offered by RBC by admitting it to the Company and allowing the Company to solicit proposals from contractors to be the general contractor as well as serve as construction manager and provide value engineering and cost estimating services so that the Company can determine whether it has sufficient financing sources to proceed with construction;

NOW THEREFORE, BE IT RESOLVED, BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING, as follows:

Section 1. Definitions. As used in this resolution, the following words have the following meanings:

“Authority” means the Housing Authority of the County of King, a public body corporate and politic duly organized and existing under and by virtue of the laws of the State of Washington.

“Board” means the Board of Commissioners of the Authority.

“Company” means Vantage Point Apartments LLC, a Washington limited liability company, of which the Authority is the Manager or Managing Member.

“Project” means, depending on the context, (1) the development and construction of Vantage Point Apartments, located at 17901 105th Place SE, Renton, Washington, on land leased by the Company from the Authority, or (2) Vantage Point Apartments.

Section 2. Admission of Investor to the Company. The Authority is authorized to negotiate the terms of an Amended and Restated Operating Agreement (the “Operating Agreement”) for the LLC, under which the Authority will be the sole managing member and entities affiliated with RBC Capital Markets (“RBC”) will be the investor member(s), on terms and conditions approved by the Executive Director. The Operating Agreement will prohibit the Company from commencing with construction of the Project until the Board gives formal approval to the financing structure and authority to enter into the lease. The Executive Director of the Authority is authorized to execute the Operating Agreement on behalf of the Authority.

Section 3. Predevelopment Activities. The Authority's Executive Director is further authorized and directed to take all necessary and appropriate action in connection with the structuring of financing for the Project and the design and development of the improvements to be constructed in connection therewith, including, but not limited to: (i) preparing all appropriate resolutions for Board review and approval; (ii) preparing all documents required so that the Authority and the Company comply with state and federal laws; (iii) applying for credit enhancement for any loans by the Authority to the Project (but only if the Authority's Executive Director determines such credit enhancement to be cost effective); and (iv) negotiating contracts or agreements relating to the development and management of the Project or lease of the property at 17901 105th Place SE, Renton .

Section 4. Ancillary Documents. The Authority's Executive Director is 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 his discretion to give effect to this resolution and to prepare documents for the transactions contemplated herein, including, but not limited to, any development services agreement between the Company and the Authority (and/or others) providing for the development of the Project, contracts with architects, engineers and other consultants, and construction contracts.

Section 5. Necessary Expenditures. 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.

Section 6. Acting Officers Authorized. Any action required by this resolution to be taken by the Executive Director of the Authority may in his absence be taken by a duly authorized acting Deputy Executive Director of the Authority.

Section 7. Ratification and Confirmation. 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.

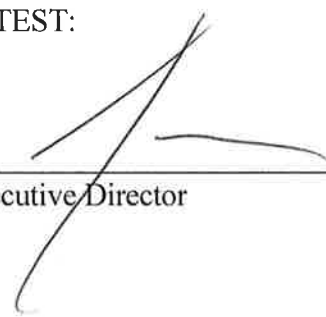
Section 8. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED by the Board of Commissioners of the Housing Authority of the County of King at an open public meeting this 17th day of March 2014.

HOUSING AUTHORITY OF THE COUNTY OF KING


Chair, Board of Commissioners

ATTEST:


Executive Director

CERTIFICATE

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

1. That the attached Resolution No. 5461 (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 March 17, 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, 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 and eligible to vote on this Resolution 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 17th day of March, 2014.

HOUSING AUTHORITY OF THE COUNTY OF
KING

Executive Director

CERTIFICATE