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February 21, 1997

Introduced By:

Proposed No.:

97-143

ORDINANCE NO. _____

12664

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AN ORDINANCE approving a plan to finance the acquisition of affordable housing by means of a partnership with a non-profit corporation; authorizing the county executive to negotiate the partnership agreement for the construction of approximately 200 units of affordable housing in the Covington community; acknowledging the interests of the AFL-CIO Housing Investment Trust in negotiating primary financing for the construction of affordable homes in Covington, and pledging financial surety not to exceed \$7,000,000.

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PREAMBLE:

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With the adoption of the 1994 King County Comprehensive Housing Affordability Strategy, the council has determined that it is in the best interest of the county and its residents to increase the supply of housing to families and individuals earning up to 80% of median income.

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The council has been presented a proposal to develop about 200 affordable homes on private property in the Covington area of south King County in a pilot project assembled by a non-profit corporation called "Covington Home Place". Primary financing for these affordable homes will be provided by the AFL-CIO Housing Investment Trust and local commercial lenders. The council wishes to further develop the proposal of "Covington Home Place" to build affordable housing on the property roughly located north of SE 272nd Street (State Highway 516) within the area bounded by Auburn-Echo Lake Road (State Highway 18) to the north and west and SE Wax Road to the east, and to approve a plan of financing for such proposal so that "Covington Home Place" and the executive may negotiate a financing agreement that would come to the council for final approval.

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BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

1 SECTION 1. Findings. It is hereby found and declared that the public interest,
 2 welfare and benefit require the county to participate in a partnership to develop 200
 3 affordable homes in the Covington area. The council finds that the proposal of "Covington
 4 Home Place", a non-profit corporation, to build affordable housing on 12.5 acres of
 5 privately-owned land located just north of SE 272nd Street between Auburn-Echo Lake
 6 Road and SE Wax Road in Covington is consistent with stated county policies. Primary
 7 financing will be provided by the AFL-CIO Housing Investment Trust and commercial
 8 lenders for the construction of approximately 200 multi-family townhome condominiums
 9 ranging from about 850 square feet to 1,400 square feet in size. The proposal is consistent
 10 with the following affordable housing policies included in the adopted 1994 King County
 11 Comprehensive Plan:

12 **H-205** King County should explore giving priority to affordable housing funding and
 13 incentives in areas where there is a shortage of affordable housing as a way to
 14 stimulate housing development and consider conveyance of properties to public
 15 or non-profit housing developers and agencies at below-market cost.

16 **H-208** King County should support the efforts of non-profit developers and housing
 17 agencies to increase the supply of housing for very low-income households,
 18 through technical assistance and funding for capacity building, training, and
 19 pre-development activities.

20 **H-206** King County shall give priority in its housing funds programs to developments
 21 that serve low-income individuals and households, prevent displacement of
 22 low-income people and provide housing along with social services.

23 **H-108** King County should explore land use and investment strategies to stimulate
 24 mixed-use and mixed-income developments as a way to integrate
 25 neighborhoods and increase housing choices.

26 **H-105** King County should support housing development that is compatible with
 27 surrounding use by developing public financing techniques which give housing
 28 development and redevelopment in preferred areas a market advantage.

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1 **H-101** King County shall work with cities and the private sector to encourage a wide
2 range of housing within the Urban Growth Area to meet the needs of our
3 diverse population, ensure an equitable and rational distribution of low income
4 and affordable housing throughout the county and provide housing choices for
5 people of all income levels.
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7 SECTION 2. Approval of Covington Home Place project prospectus:

8 Authorization of negotiations for county participation.

9 The financing concept for county participation in the development of affordable
10 housing, as described in the Covington Home Place Project Prospectus attached as exhibit
11 A hereto and incorporated herein by this reference, is hereby given preliminary approval.

12 The Executive shall conduct an analysis of the financial and legal impacts of the
13 proposal to determine the feasibility of the project. In accordance with the Project
14 Prospectus, the executive is hereby authorized on behalf of the county to negotiate a
15 partnership for county participation in pre-development work and to provide a county loan
16 guarantee which assures the repayment of the primary revolving construction loan. The
17 primary mortgage lenders will be the AFL-CIO Housing Investment Trust and a
18 commercial lender. Based on findings of the financial and legal feasibility study, the
19 executive may negotiate an agreement with the non-profit Covington Home Place to
20 determine appropriate county and primary mortgage lender responsibilities for funding
21 land, building the infrastructure, and constructing the housing. The sale of the housing will
22 be the source of repayment for the construction loan and payment of fees and interest.
23 Covington Home Place will oversee all the functions associated with development and sale
24 of housing plus and will verify that sales are targeted to purchasers meeting the 80% and
25 below median income range. The negotiated financing mechanism shall not create a total

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1 exposure to King County in excess of \$7,000,000, and shall include terms and conditions
2 which provide reasonable assurance that both primary lender and King County
3 development costs are recovered through the sale of individual housing units.

4 Other terms and conditions of the county financial agreement shall be in accordance with
5 the criteria set forth in the Project Prospectus, as revised as indicated by the county's
6 feasibility analysis, including, without limitation, preliminary design plans for the
7 affordable housing community at Covington; maximum county financial obligation of
8 \$7,000,000 for purposes of covering the development risk; county MWBE developer goals;
9 and provision for ongoing county representation in the management and oversight of the
10 project, and shall be subject to approval by the office of the prosecuting attorney and bond
11 counsel to the county as appropriate.

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1 The county financial agreement shall not be executed by the executive until he is
2 authorized to do so by ordinance.


3 INTRODUCED AND READ for the first time this 24th day of
4 February, 1997.

5 PASSED by a vote of 12 to 0 this 10th day of March,
6 1997

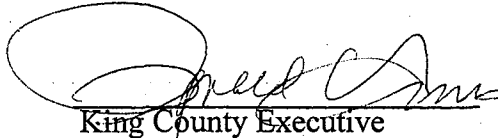
7 KING COUNTY COUNCIL
8 KING COUNTY, WASHINGTON

9 
10 Chair

11 ATTEST:

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13 Clerk of the Council

14 APPROVED this 20 day of March, 1997.

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16 King County Executive

17 Attachments:
18 Covington Home Place Project Prospectus

By Tracy Johnson
Journal Reporter
South County Journal (January 24, 1997)

Kirkland - The city's scant supply of affordable housing is the biggest obstacle businesses face when recruiting employees, according to a recent survey of 347 city businesses. And the top three problems cited as barriers to future business success were traffic, the cost of business space and parking.

Neither of these findings are too surprising, said Janice Soloff of Kirkland's planning department. As luxury apartment and condominium projects continue to shape the city's profile, an economical place to live is becoming harder for prospective residents to find. "It is a constant problem that we have to address - to find ways to create affordable housing," Soloff said.

Congestion and scarce downtown parking have been problems for years. "We're always dealing with traffic issues and trying to make them better," Soloff said. The Planning Commission and the Greater Kirkland Chamber of Commerce sent about 3,000 questionnaires to city businesses. The planning department hopes the nonscientific survey will shed light on the direction of Kirkland's business climate.

Planners are trying to determine Kirkland's economic niche; specifically, what types of businesses the community should encourage. The department hopes to develop a set of goals to guide the city's economic progress. "We need to look to the future as far as how we are going to have a strong business community," Soloff said. "We're really trying to get an idea of how to retain businesses." The planning department was to present and discuss the survey's findings at a meeting of the Planning Commission last night. Also among the survey's results:

- More than three-quarters of the businesses were doing business only in Kirkland. "Kirkland's economy is driven by smaller companies, and the types of businesses are service-related," Soloff said.
- The businesses that responded plan to hire almost four employees each during the next year - which may indicate growth, Soloff said.
- The skills businesses will be looking for in their employees are in computers and software sales and customer relations.

The King County 1994 Comprehensive Housing Affordability Strategy(Contains 5 affordable housing strategies -- two of which, #s 1 & 4 -- are addressed by 96-538)

Strategy 1: Increase the supply of housing affordable to renter households earning up to 80% of median income.

Specific Actions:

#13 King County staff will market available land, review projects and negotiate development conditions with developers who are interested in county owned land for low income housing.

Strategy 4: Provide services and facilities to serve the needs of homeless families and individuals.

Specific Actions:

#6 Continue to review surplus federal and County surplus properties for potential use as affordable, transitional or emergency housing.

The 1994 King County Comprehensive Plan
Policies which Support 96-538

- H-209 King County should consider use of surplus County-owned property for public benefits, including affordable housing and human services.
- H-205 King County should explore giving priority to affordable housing funding and incentives in areas where there is a shortage of affordable housing as a way to stimulate housing development and consider conveyance of properties to public or non-profit housing developers and agencies at below-market cost.
- H-208 King County should support the efforts of non-profit developers and housing agencies to increase the supply of housing for very low-income households, through technical assistance and funding for capacity building, training, and pre-development activities.
- H-206 King County shall give priority in its housing funds programs to developments that serve low-income individuals and households, prevent displacement of low-income people and provide housing along with social services.
- H-108 King County should explore land use and investment strategies to stimulate mixed-use and mixed-income developments as a way to integrate neighborhoods and increase housing choices.
- H-105 King County should support housing development that is compatible with surrounding use by developing public financing techniques which give housing development and redevelopment in preferred areas a market advantage.
- H-101 King County shall work with cities and the private sector to encourage a wide range of housing within the Urban Growth Area to meet the needs of our diverse population, ensure an equitable and rational distribution of low income and affordable housing throughout the county and provide housing choices for people of all income levels.