



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

March 27, 2006

Ordinance 15398

Proposed No. 2006-0146.1

Sponsors Constantine

1 AN ORDINANCE authorizing the county executive to
2 execute a simultaneous closing for the purchase and sale of
3 property known as 10440 18th Avenue South, Seattle, WA,
4 located in Council District 8, by and between the United
5 States Department of Housing and Urban Development,
6 King County and Habitat For Humanity Seattle/King
7 County, a Washington state nonprofit corporation.
8
9

10 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

11 **SECTION 1. Findings:**

12 A. The residence located at 10440 18th Avenue South, Seattle Washington ("the
13 property") was foreclosed upon by the Standard Trustee Service Company of Washington
14 on August 1, 2003, to satisfy a deed of trust in default. This deed of trust secured a
15 promissory note in the amount of \$149,215.00.

16 B. A Trustees sale was held and the property sold to Wells Fargo Home Mortgage, Inc.,
17 for the sum of \$162,352.45, which satisfied the obligation of the deed of trust and
18 included all fees associated with the transaction.

19 C. The property was subsequently sold to the United States Department of
20 Housing and Urban Development ("HUD") by Wells Fargo Home Mortgage, Inc, for
21 \$148,088.09 on March 23, 2003. HUD has been the legal owner of record since that
22 date.

23 D. HUD has expressed a desire to sell the property to the Habitat For Humanity
24 Seattle/King County ("Habitat") for \$1.00.

25 E. HUD regulations under the Residential Property Disposition Reform Act do
26 not allow HUD to negotiate a noncompetitive sale price on properties in foreclosure with
27 nonprofit organizations, such as Habitat. The same regulations do allow HUD to
28 negotiate a noncompetitive sale price on properties in foreclosure with local
29 governments, such as King County.

30 F. HUD allows a local government to conduct a simultaneous closing, selling a
31 property to a nonprofit organization on the same day that the property is purchased from
32 HUD.

33 G. To provide for more affordable housing, in this region, King County desires to
34 purchase the property through a negotiated sale with HUD, for \$1.00, at the request of
35 and for the sole purpose of transferring the property to Habitat, at no cost or liability to
36 King County.

37 H. Habitat will rehabilitate the residence and subsequently sell the property (land
38 only) to the Homestead Community Land Trust ("HCLT") to ensure the property remains
39 affordable to households at or below eighty percent of annual median income.

40 I. Habitat will sell the improvement on the property to a family selected by
41 Habitat, who will enter into a long-term lease for the underlying land with HCLT.

42 J. The facilities management division has determined that pursuant to K.C.C.
43 4.56.070 the property upon acquisition by the county from HUD shall be surplus to the
44 county's needs and therefore may be immediately conveyed to Habitat.

45 K. Pursuant to K.C.C. 4.56.100, the county may negotiate the sale of real
46 property when it has been determined that unique circumstances make a negotiated direct
47 sale in the best interests of the public and may donate or negotiate the sale of real
48 property to a bona fide nonprofit organization when the nonprofit organization provides
49 services to the poor and infirm.

50 L. The findings in this section constitute unique circumstances, therefore, it is in
51 the best interests of the public that King County facilitate a simultaneous purchase of the
52 property from HUD for the sole purpose of immediate sale to Habitat, and this
53 conveyance will allow Habitat to provide affordable housing.

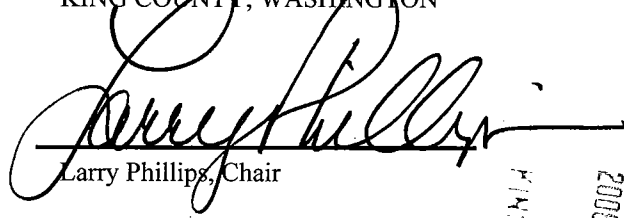
54 SECTION 2. The King County council, having determined that the simultaneous
55 conveyance of certain property rights from HUD to King County and from King County
56 to Habitat is in the best interest of the public, does hereby authorize the King County
57 facilities management division, department of executive services, to execute the

58 necessary documents to accept from HUD and convey the subject property rights to
59 Habitat.
60

Ordinance 15398 was introduced on 3/20/2006 and passed by the Metropolitan King County Council on 3/27/2006, by the following vote:


Yes: 9 - Mr. Phillips, Mr. von Reichbauer, Ms. Lambert, Mr. Dunn, Mr. Ferguson, Mr. Gossett, Ms. Hague, Ms. Patterson and Mr. Constantine
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON




Larry Phillips, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 29 day of MARCH, 2006.



Ron Sims, County Executive

RECEIVED
2006 MAR 30 AM 9:18
CLERK
KING COUNTY COUNCIL

Attachments A. Habitat Scope of Work, B. Homestead Community Land Trust Letter

Attachment A

HUD House
10440 18th Ave S.
Seattle, WA 98168

HABITAT SCOPE OF WORK

EXTERIOR:

Replace gutters or secure to fascia trim
Prep and paint exterior trim as needed.
Clean moss off roof
Replace glass in garage window
Repair and paint fence
Repair or replace outdoor shed for furnace
Prune shrubs and mow/edge lawn
Paint garage door

GENERAL:

Replace electrical panel and remove old fuse box
Service gas furnace and determine if the existing needs to be replaced or not.
Provide new smoke detectors throughout
Paint interior throughout
Replace carpet throughout

LIVING ROOM:

Remove popcorn ceilings
Remove carpet

BEDROOMS:

Remove popcorn ceilings
Remove wallpaper
Replace electrical fixtures
Install new baseboards
Install closet doors and shelf

KITCHEN:

Remove and replace kitchen cabinets and countertops
Install new electric appliances
Replace ceiling tile with drywall
Add GFI outlet
Replace vinyl flooring

BATH:

Replace tub surround
Check underlayment for any leak damage
Replace vinyl flooring
Install new toilet, sink and faucet
Install new vanity cabinet
Install new med. cabinet with mirror.
Install new hardware
Replace exhaust fan
Replace light fixture
Add GFI outlet

WORK TO BE PERFORMED BY TRADES**ELECTRICAL:**

Check outlets for ground
Replace electrical panel
Remove fuse box
Replace light fixtures in bath, bedrooms and kitchen
Add GFI in bathroom and kitchen
Replace exhaust fan in bathroom and kitchen

PLUMBING:

Check plumbing for kitchen sink
Check reliability/life of gas water heater
Replace kitchen sink
Plumb for dishwasher
Replace toilet
Replace sink and faucets

GAS:

Service gas furnace
Check out gas water heater

CARPET:

Provide and install pad and carpet in Living room, hall and bedrooms



Homestead Community Land Trust

Creating and permanently preserving affordable homes in Seattle
15398

March 8, 2006

RE: HfH / HCLT partnership

Dear Mr. Thompson:

At our monthly meeting today, the Homestead Community Land Trust (HCLT) Board confirmed their desire to enter into a partnership with Habitat for Humanity Seattle/South King County (HfH) for a joint project focused on the property located at 10440 18th Ave S. HCLT's role in the partnership will be to steward the ongoing affordability of the home, assuring that it remains affordable to and owned by households at or below 80% AMI in perpetuity. As a community land trust, HCLT is specifically structured to perform this stewardship function. We currently are stewarding the permanent affordability of eight homes, and have plans to add 21 additional homes to our trust by the end of 2007. Each home within our trust will provide stability, pride of ownership, and wealth building opportunities for multiple generations of low-income buyers without the need for future public or private subsidy.

The partnership between Homestead Community Land Trust and Habitat for Humanity will proceed as follows: HfH will enter into a purchase and sale agreement with King County for the parcel. They will select the initial low-income family who will help renovate the home and ultimately purchase it. HfH will also coordinate the complete renovation of the home. HCLT will provide education to the purchasing family about their rights and responsibilities as a homeowner within the land trust.

Once the renovation is complete, HfH will sell the home to the homebuyer at an affordable price and provide zero interest mortgage financing. HfH will simultaneously sell the land under the home to HCLT for \$1. HCLT will immediately enter into a 99-year ground lease with the home owning family, converting the property from fee simple ownership to a leasehold estate. HCLT will hold ownership of the property through all successive resales. Only the house will be resold to future low-income families.

HCLT's ground lease gives the homeowner many of the usual rights and responsibilities of fee simple homeownership, with several notable exceptions. The house must be owner occupied, and at resale, sold to another low-income buyer at an affordable price. A resale formula in the ground lease determines the maximum amount the home can be sold for at any given time. The homeowner pays an ongoing \$35/month lease fee to HCLT to offset administrative costs.

While HfH has a mortgage on the property, HfH retains a 1st purchase option, allowing them to either directly provide a future low-income HfH selected buyer, or to temporarily take ownership of the home to facilitate future renovations if needed. HCLT retains a 2nd purchase option, allowing us to offer the home to a low-income buyer from our wait list in the case that HfH does not exercise their option. In the unlikely event that both organizations chose not to exercise their purchase option, the ground lease still requires that the homeowner sell to a low-income family at an affordable price determined by the resale formula. At resale HCLT will enter into a new 99-year ground lease with the next low-income purchaser of the home, affording them the same rights and responsibilities as the selling family had.

HCLT will monitor compliance with the ground lease over time and facilitate resales. We maintain an ongoing relationship with our homeowners, providing post purchase education and support when needed. Each home owning family is automatically defined as a member of HCLT, affording them voting rights and board representation.

We are very excited to combine our strength in stewarding affordability with HfH's proven ability to create high quality affordable homes for families in need, and are very appreciative of King County's role in facilitating this property transfer from HUD.

Sincerely,

Sheldon Cooper
Executive Director