



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

November 16, 2009

Ordinance 16693

Proposed No. 2009-0551.2

Sponsors Gossett and Patterson

1 AN ORDINANCE authorizing the executive to develop and
2 administer an interim loan program to facilitate acquisition
3 of property for low income housing; and adding a new
4 chapter to K.C.C. Title 24.

5
6 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

7 SECTION 1. Sections 2 through 7 of this ordinance should constitute a new
8 chapter in K.C.C. Title 24.

9 NEW SECTION. SECTION 2. The executive is hereby authorized to develop and
10 administer in the department of community and human services an interim loan program to
11 facilitate acquisition of property for low-income housing. The executive is further
12 authorized to enter into interim loan agreements with low-income housing developers. The
13 interim loan program and its interim loan agreements shall comply with policies and
14 requirements in this chapter.

15 NEW SECTION. SECTION 3. A. The interim loan program will add to the stock
16 of housing for low-income and special needs residents of King County by facilitating
17 acquisition of low-income housing using homeless housing and services program moneys

18 and mental illness and drug dependency housing services moneys in the housing
19 opportunity fund. These funding sources are collected and awarded to projects annually
20 but are spent down in a manner that creates a fund balance that is carried over from year to
21 year. The interim loan program will allow the county to loan moneys from these low-cost
22 fund balances to experienced housing developers on a short-term, interim basis to acquire
23 property for affordable and homeless housing for households at or below fifty percent of
24 area median income for King County. Interim loans will be awarded only when the project
25 sponsor can provide satisfactory assurances of project feasibility such that permanent
26 funding for the project is highly likely to be secured and the interim loan amount will be
27 repaid within a reasonable period of time, not to exceed five years. No more than six
28 million dollars shall be made available for interim loans at any time.

29 NEW SECTION. SECTION 4. A. The department may make interim loans only
30 when the borrower demonstrates that the moneys will be used for eligible purposes, and
31 provides reasonable assurance that permanent funding will be available on acceptable
32 terms for repayment of the moneys before the loan maturity date and that appropriate
33 security is provided by the borrower to ensure guarantee repayment.

34 B. A single borrower may hold a maximum of one outstanding interim loan.

35 C. Moneys shall be made available only to acquire affordable and homeless
36 housing for households at or below fifty percent of area median income for King County.
37 Priority shall be afforded to projects proposing development of permanent housing that
38 designates at least twenty-five percent of the units for homeless households at or below
39 thirty percent of area median income for King County. The projects shall submit

40 preliminary plans for providing an appropriate level of supportive services for the targeted
41 homeless population to be served.

42 D. The borrower must meet each the following criteria:

43 1. The borrower has developed and operated publicly funded capital projects in
44 King County;

45 2. The borrower provides annual independent organizational financial audits with
46 no findings of material weaknesses or qualification that would indicate concerns about the
47 financial operations of the borrower;

48 3. The borrower is in good standing with local public funders and is current with
49 annual report submissions;

50 4. The borrower's publicly funded properties are well maintained, are performing
51 to industry standards and are in compliance with public funder regulatory and loan
52 agreement terms and requirements for replacement or operating reserve accounts, or both;

53 5. All borrower projects are current with any debt service including public funder
54 loan payments, taxes and insurance;

55 6. The borrower's development track record demonstrates that projects were
56 completed within acceptable timelines and within budget; and

57 7. The borrower demonstrates the ability to secure permanent funding and pay off
58 the interim loan within five years.

59 E. Proposed use of the property to be acquired shall be compatible with the
60 applicable comprehensive plan.

61 F. The borrower shall provide a current appraisal of the property.

62 NEW SECTION. SECTION 5. A. Interim loans shall be subject to all applicable
63 funding source restrictions and to all of the department of community and human services's
64 capital housing funding conditions and policies.

65 B. The interest rate on interim loans shall be three percent simple interest, with
66 accrued interest deferred and paid in full at the time repayment is due.

67 C. The maximum term for full repayment of an interim loan shall be five years.

68 D. Up to one hundred percent loan-to-value ratio may be allowed upon showing
69 that the county's interest in repayment is sufficiently assured.

70 E. All interim loans shall be secured with a lien on the property acquired.

71 F. An affordability covenant agreement shall be placed in first lien position.

72 G. The borrower shall begin the process to secure permanent financing from public
73 and private funders, as applicable, within one year from the time the interim loan is made.

74 H. The borrower shall provide title insurance, liability and property insurance for
75 the property.

76 NEW SECTION. SECTION 6. The department of community and human services
77 shall establish application procedures to ensure compliance with lending criteria in this
78 chapter.

79 NEW SECTION. SECTION 7. Decisions whether to approve an interim loan
80 application are within
81

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82 he county's sole and complete discretion. This chapter is not intended to create any right or
83 entitlement to interim loan funding for potentially eligible applicants.

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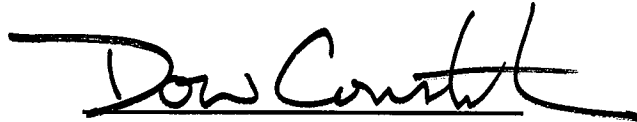
Ordinance 16693 was introduced on 9/21/2009 and passed by the Metropolitan King
County Council on 11/16/2009, by the following vote:

Yes: 9 - Mr. Constantine, Mr. Ferguson, Ms. Hague, Ms. Lambert, Mr. von
Reichbauer, Mr. Gossett, Mr. Phillips, Ms. Patterson and Mr. Dunn

No: 0

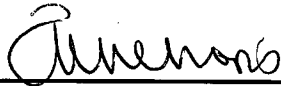
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



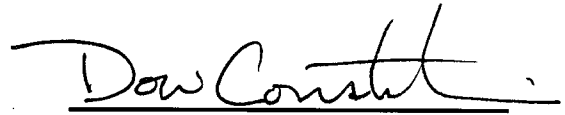
Dow Constantine, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 30th day of NOVEMBER, 2009.



~~Kurt Triplett~~, County Executive

Attachments None

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CLERK
KING COUNTY COUNCIL