

ORDINANCE NO. **10727**

AN ORDINANCE relating to interim use of the Community Development Block Grant (CDBG) fund to purchase a community facility that will primarily benefit lower-income persons and authorizing the King County Executive to enter into loan agreements necessary to effect the project, and repealing Ordinance 10277, Section 3.

PREAMBLE:

In February of 1992 King County council adopted Ordinance 10277 which allowed the refinancing of indebtedness for a community facility owned by the Family Resource Center. This loan of CDBG funds was subject to approval of a waiver request by the United States Department of Housing and Urban Development (HUD). HUD regulations allow refinancing indebtedness for for-profit firms but not for nonprofit agencies. HUD did not approve the waiver, but HUD regulations do allow the use of CDBG funds for acquisition of a community facility when a transfer of title is involved. Therefore, the Family Resource Center has decided to sell the facility to another nonprofit agency so that the interest rate benefit can be passed on to the clients of the community facility. The new owners of the facility will be Community Development Properties, King County II Inc. The Family Resource Center will have a master lease on the facility and will continue to manage it. This ordinance approves a \$1.6 million loan to Community Development Properties, King County II Inc. to acquire the facility from the Family Resource Center.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Ordinance 10277, Section 3 is repealed.

SECTION 2. Definitions. Unless the context otherwise requires, the terms defined in this section shall, for all purposes of this ordinance have the meanings specific; words importing the singular number include the plural number and vice versa:

"County" means King County, Washington.

"Council" means the county council of King County, Washington.

"Community Development (CD) Interim Loan" shall mean the making of short-term financing loans to assist in the development of Community Development Block Grant eligible projects.

"Community Development Block Grant (CDBG) funds" shall mean those entitlement monies King County receives through the United States Department of Housing and Urban Development and are dedicated to the CDBG fund.

1 SECTION 3. It is found and determined to be necessary and appropriate
2 and in the best interests of the county to make a CD Interim Loan in the
3 amount of one million six hundred thousand dollars to Community Development
4 Properties, King County II Inc. The loan will be used to acquire the former
5 Redmond Plaza Shopping Center which will be used as a community facility to
6 provide social services to lower-income persons. Community Development
7 Properties, King County II Inc. will lease the facility to the Family Resource
8 Center. This project will also enhance the CDBG fund by earning interest for
9 other projects.

10 SECTION 4. In accordance with the regulations of the United States
11 Department of Housing and Urban Development, the King County executive is
12 hereby authorized to enter into a CD Interim Loan agreement with Community De-
13 velopment Properties, King County II Inc. The loan shall be repaid to King
14 County in accordance with the term and conditions of the CD Interim Loan
15 agreement.

16 SECTION 5. For the purpose of making this CD Interim Loan, the sum of
17 one million six hundred thousand dollars, or so much thereof as may be neces-
18 sary to fund this project shall be disbursed from such unexpended balances as
19 may become available in the King County CDBG Letter of Credit.
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