



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

Ordinance 20108

Proposed No. 2026-0083.2

Sponsors Dembowski

1 AN ORDINANCE amending an interim loan program to
2 facilitate acquisition of property for low-income housing,
3 allowing for the executive to extend loan terms and grant
4 further flexibility to county partners; and amending
5 Ordinance 16693, Section 3, as amended, and K.C.C.
6 24.22.020, Ordinance 16693, Section 4, and K.C.C.
7 24.22.030, and Ordinance 16693, Section 5, and K.C.C.
8 24.22.040.

9 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

10 SECTION 1. Findings:

11 A. Various market conditions, including uncertainty surrounding federal
12 Continuum of Care funding and limited state and local resources available to support
13 homeless housing, have increased the time required for affordable housing developers to
14 secure sufficient financing to complete affordable housing projects.

15 B. Those market conditions have adversely affected the ability of affordable
16 housing developers to satisfy the requirements and repayment timelines of their interim
17 loans.

18 C. The absence of an option to extend the terms of interim loans would have
19 detrimental impacts on the program and could hinder the successful completion of
20 affordable housing projects.

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21 SECTION 2. Ordinance 16693, Section 3, as amended, and K.C.C. 24.22.020 are
 22 hereby amended to read as follows:

23 The interim loan program will add to the stock of housing for low-income and
 24 special needs residents of King County by facilitating acquisition of low-income housing
 25 using homeless housing and services program moneys and mental illness and drug
 26 dependency housing services moneys in the housing and community development fund.
 27 These funding sources are collected and awarded to projects annually but are spent down
 28 in a manner that creates a fund balance that is carried over from year to year. The interim
 29 loan program will allow the county to loan moneys from these low-cost fund balances to
 30 experienced housing developers on a short-term, interim basis to acquire property for
 31 affordable ~~((and))~~ or homeless housing for households at or below ~~((fifty))~~ sixty percent
 32 of area median income for King County. Interim loans will be awarded only when the
 33 project sponsor can provide satisfactory assurances of project feasibility such that
 34 permanent funding for the project is highly likely to be secured and the interim loan
 35 amount will be repaid within a reasonable ~~((period of))~~ time, not to exceed five years;
 36 however, the executive may extend the initial loan term by up to an additional five years
 37 upon a determination by the director of the department of community and human services
 38 that there is sufficient consideration for the extension. No more than fifteen million
 39 dollars shall be made available for interim loans at any time.

40 SECTION 3. Ordinance 16693, Section 4, and K.C.C. 24.22.030 are hereby
 41 amended to read as follows:

42 A. The department may make interim loans only when the borrower demonstrates
 43 that the moneys will be used for eligible purposes, and provides reasonable ~~((insurance))~~

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44 assurance that permanent funding will be available on acceptable terms for repayment of
 45 the moneys before the loan maturity date and that appropriate security is provided by the
 46 borrower to ensure guarantee repayment.

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

48 C. Moneys shall be made available only to acquire real property for the
 49 development of affordable ~~((and))~~ or homeless housing for households at or below
 50 ~~((fifty))~~ sixty percent of area median income for King County. Priority shall be
 51 ~~((afforded))~~ given to projects proposing development of permanent housing that
 52 designates at least twenty-five percent of the units for homeless households at or below
 53 thirty percent of area median income for King County. The projects shall submit
 54 preliminary plans for providing an appropriate level of supportive services for the
 55 targeted homeless population to be served.

56 D. The borrower ~~((must))~~ provides information to the department establishing
 57 that the borrower meets each of the following criteria:

58 1. The borrower has previously developed and operated publicly funded capital
 59 projects in King County;

60 2. All of ~~((F))~~ the borrower's ~~((provides))~~ annual independent organizational
 61 financial audits ~~((with))~~ have no findings of material weaknesses or qualifications that
 62 would indicate concerns about the financial operations of the borrower;

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

65 4. The borrower's publicly funded properties are well maintained, are
 66 performing to industry standards and are in compliance with public funder regulatory and

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67 loan agreement terms and requirements for replacement or operating reserve accounts, or
68 both;

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

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

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

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

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

78 SECTION 4. Ordinance 16693, Section 5, and K.C.C. 24.22.040 are hereby
79 amended to read as follows:

80 A. Interim loans shall be subject to all applicable funding source restrictions and
81 to all of the department of community and human services' capital housing funding
82 conditions and policies.

83 B. The interest rate on interim loans shall be three percent simple interest, with
84 accrued interest deferred and paid in full at the time repayment is due; however, the
85 executive may decrease or waive the interest rate upon a determination there is sufficient
86 consideration for the decrease or waiver of the interest rate.

87 C. The maximum term for full repayment of an interim loan shall be five years;
88 however, the executive may extend the initial loan term by up to an additional five years

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89 upon a determination by the director of the department of community and human services
90 that there is sufficient consideration for the extension.

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

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

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

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

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98 H. The borrower shall provide title insurance, liability and property insurance for
99 the property.

Ordinance 20108 was introduced on 4/14/2026 and passed by the Metropolitan King County Council on 7/14/2026, by the following vote:

Yes: 8 - Balducci, Barón, Dembowski, Dunn, Fain, Lewis,
Mosqueda and von Reichbauer
Excused: 1 - Perry

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Signed by:

Sarah Perry

062AC77E76FB49B...

Sarah Perry, Chair

ATTEST:

DocuSigned by:

Melani Hay

8DE1BB375AD3422...

Melani Hay, Clerk of the Council

APPROVED this ____ day of 7/27/2026, ____.

Signed by:

Girmay Zahilay

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Girmay Zahilay, County Executive

Attachments: None

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Sarah Perry

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Chair, King County Council

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Clerk of the Council

King County Council

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