
Agenda Item No.:

Date:

**November 23,
2009**

**Proposed
Ordinance No.:** **2009-0589**

Prepared by: **Kelli Carroll**

SUBJECT

Proposed Ordinance 2009-0589 would authorize the executive to enter into an agreement with the City of Seattle, consenting to a request from Capital Hill Housing Improvement Program to serve as lead developer of an affordable housing project located in the White Center neighborhood of unincorporated King County.

SUMMARY

The Capitol Hill Housing Development Improvement Program (CHHIP) is a public development authority chartered by the City of Seattle to work within the city limits of Seattle. The organization's charter and Seattle Municipal Code restrict CHHIP to working within the City of Seattle, except by mutual agreement of the Seattle City Council and the legislative body of a host jurisdiction where a proposed project activity outside city limits would be located.

The Seattle City Council passed an ordinance in August approving the ability for CHHIP to work outside the City of Seattle to serve as the lead developer for the Strength of Place Initiative (SOPI) Village project in White Center. When completed, SOPI Village will provide 30 units of affordable rental housing to low and very low-income households, with six of the 30 units set aside for homeless families.

County Council approval is needed order for CHHIP to function as the developer for the SOPI project in unincorporated King County. The agreement would extends the City's powers, authorities and rights regarding public corporations and authorities under state law outside the limits of the city of Seattle only for the limited activities of CHIPP related to the development of the SOPI Village project.

BACKGROUND

In 2007, the Delridge Neighborhood Development Association (DNDA) was awarded \$2.4 million in federal HOME funds from the King County Department of Community and Human Services (DCHS) for the SOPI Village project. In 2008, additional funds were awarded to the project by the Washington State Housing Trust Fund.

The DNDA is a neighborhood-based community development organization providing a variety of services to the community, along with working to preserve and develop affordable housing, since 1996. The DNDA works closely with another development authority, the White Center Community Development Association (WCCDA), on the SOPI Village project. The WCCDA was launched in 2002 and focuses on family development, neighborhood revitalization and community building in the White Center neighborhood.

The proposed budget for SOPI Village includes a significant capital contribution from the Low-Income Housing Tax Credit Program which is administered by the Washington State Housing Finance Commission. This fact, coupled with chaos in the financial markets and related uncertainty among tax credit investors, makes it evident that a small developer such as DNDA with a more limited portfolio of housing projects would have a difficult time securing a tax credit investor for small project like the SOPI Village project.

In order to better position itself to receive a capital contribution from the Low-Income Housing Tax Credit Program, the DNDA enlisted CHHIP to lead the development of SOPI Village. CHHIP is a strong development partner for DNDA, with a positive track record among tax credit investors and a well-established history of successful housing development. The boards of both organizations have passed resolutions approving the partnership, and the public funders involved in the project support the partnership as well.

ANALYSIS

Proposed Ordinance 2009-0589 authorizes CHHIP, a Seattle public development authority, to act as the lead developer for an affordable housing project in the White Center Neighborhood of unincorporated King County. This ordinance and agreement are necessary as CHHIP is a public corporation chartered in Seattle and permission from King County is required for CHHIP to operate the White Center Project.

The agreement extends the City's powers, authorities and rights regarding public corporations and authorities under state law outside the limits of the city of Seattle for the limited activities of CHIPP related to the development of the SOPI Village project. The agreement would not apply to any other project or areas.

Developing a vacant lot in unincorporated King County for affordable housing appears to be in the best interest of the City and of King County. In addition, the SOPI project furthers the goals of the Ten Year Plan to End Homelessness in King County.

The proposed ordinance has been reviewed by the Prosecuting Attorney's Office and by the Council's legal counsel. No issues were identified.

This ordinance is ready for committee action at this time.

INVITED

Cheryl Markham, King County Department of Community and Human Services
Mike Sinsky, King County Prosecutor's Office

ATTACHMENTS

1. Proposed Ordinance 2009-0589 and attachments
2. City of Seattle Ordinance 123058

ORDINANCE 123058

1
2 AN ORDINANCE relating to Capitol Hill Housing Improvement Program (CHHIP), a public
3 corporation chartered by The City of Seattle, authorizing the Director of the Office of
4 Housing to enter into an agreement with King County, consenting to a request from
5 CHHIP to develop an affordable housing project located in the White Center
6 neighborhood of unincorporated King County, and extending the City's powers,
7 authorities and rights regarding public corporations and authorities beyond the city limits
8 for that project.

9 WHEREAS, in 2007 the King County Housing and Community Development Program and the
10 Washington State Housing Trust Fund awarded funding to the Delridge Neighborhoods
11 Development Association (DNDA) for the SOPI Village affordable housing project located
12 at 13th Avenue SW and SW 100th Street in White Center in unincorporated King County (the
13 Project); and

14 WHEREAS, low-income housing tax credit equity is also needed as a major subsidy source, and
15 DNDA has concluded that a joint venture is necessary to secure tax credit equity funding;
16 and

17 WHEREAS, DNDA desires to partner with Capitol Hill Housing Improvement Program
18 (CHHIP) to secure tax credit equity necessary to allow the Project to move forward; and

19 WHEREAS, DNDA and CHHIP have reached an agreement allowing CHHIP to act as the lead
20 developer for the Project, and CHHIP's Board of Directors has adopted a resolution
21 approving this proposal; and

22 WHEREAS, Seattle Municipal Code, Section 3.110.170, states in part: "If authorized by its
23 charter to do so, a public corporation may undertake projects and activities or perform acts
24 outside the limits of the city only in those areas of another jurisdiction whose governing body
25 by agreement with the City consents thereto" and the CHHIP charter so authorizes; and

26 WHEREAS, the Project will create new affordable housing in the White Center area for low-
27 income households, which is in the interests of The City of Seattle as well as King County;
28 NOW, THEREFORE,



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BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

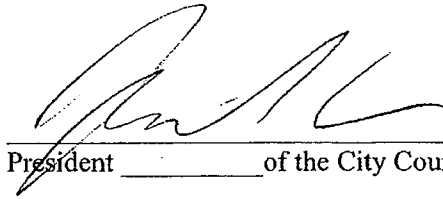
Section 1. The Director of the Office of Housing is authorized, for and on behalf of The City of Seattle, to enter into an agreement with King County (Agreement), substantially in the form attached as Attachment 1, with any modifications or amendments that such Director deems necessary to implement the purposes of the Agreement. The purposes of the Agreement are to consent to a request from Capitol Hill Housing Improvement Program (CHHIP), a Seattle public corporation, to develop an affordable housing project in the White Center neighborhood of unincorporated King County, and to extend the City's powers, authorities and rights regarding public corporations and authorities under state law outside the limits of the city for CHHIP's activities related to that project.

Section 2. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.



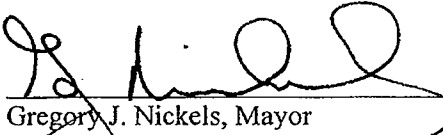
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Passed by the City Council the 10th day of August,
2009, and signed by me in open session in authentication of its passage this 10th day of
August, 2009.



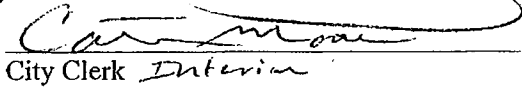
President _____ of the City Council

Approved by me this 17th day of August, 2009.



Gregory J. Nickels, Mayor

Filed by me this 17th day of August, 2009.



City Clerk *Interim*

(Seal)

Attachment 1: Agreement



Amy Gray/ASG
OH – CHHIP Agreement
July 1, 2009
Version #2

Attachment 1

AGREEMENT

THIS AGREEMENT is entered into between King County, a municipal corporation and political subdivision of the State of Washington, hereinafter referred to as “King County,” and The City of Seattle, a Washington municipal corporation, hereinafter referred to as “Seattle”, each being a unit of general local government of the State of Washington.

RECITALS

WHEREAS, in 2007 the King County Housing and Community Development Program awarded funding for the SOPI Village affordable housing project, located at 13th Avenue SW and SW 100th Street in White Center in unincorporated King County and hereinafter referred to as the “Project,” to the Delridge Neighborhoods Development Association (“DNDA”); and

WHEREAS, the Project forms a key part of the White Center Community Development Agency’s Strength of Place Initiative, a neighborhood wide planning effort dedicated to preserving income diversity in a rapidly gentrifying area of unincorporated King County; and

WHEREAS, low-income housing tax credit equity is needed as a major source of funding for the Project, and DNDA concluded that a joint venture is necessary to secure a low-income tax credit equity investor; and

WHEREAS, DNDA desires to partner with Capitol Hill Housing Improvement Program (“CHHIP”), a public corporation chartered by The City of Seattle, which is a development entity with financial resources and a proven track record, to secure a tax credit investment and complete development of the Project; and

WHEREAS, DNDA and CHHIP have reached an agreement for CHHIP to act as the lead developer for the Project; and

WHEREAS, CHHIP is a public corporation established under SMC Chapter 3.110; and

WHEREAS, Seattle Municipal Code, Section 3.110.170, states in part: “If authorized by its charter to do so, a public corporation may undertake projects and activities or perform acts outside the limits of the City only in those areas of another jurisdiction whose governing body by agreement with the City consents thereto,” and the CHHIP Charter so authorizes;

WHEREAS, both King County and Seattle desire to facilitate CHHIP’s participation in the SOPI Village project, to provide needed affordable housing; and



Amy Gray/ASG
OH – CHHIP Agreement
July 1, 2009
Version #2

WHEREAS, by Ordinance _____ the City Council of Seattle authorized the Director of the Office of Housing of Seattle to enter into this agreement with King County to enable CHHIP to help develop the Project;

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING CIRCUMSTANCES, THE PARTIES AGREE AS FOLLOWS:

1. Consents

King County and Seattle each consents to Capitol Hill Housing Improvement Program (“CHHIP”), a public corporation chartered by Seattle, developing an affordable housing project located outside the City of Seattle in unincorporated King County, which may include, without limitation, participating in the financing, ownership, and operation of the project. The project is known as the SOPI Village project, to be located at 13th Avenue SW and SW 100th Street (“Project”). The consent provided in this Agreement is intended to satisfy the conditions of SMC 3.110.170 and the Charter of CHHIP for actions outside the City of Seattle, and does not constitute approval of required revisions to existing funding agreements between King County and DNDA to reflect CHHIP’s participation in the SOPI Village project.

2. Powers and Authority

Pursuant to RCW Section 35.21.740, King County and Seattle agree that with respect to all activities of CHHIP related to the Project and all related property interests now or hereafter held by CHHIP, the powers, authorities and rights of Seattle to establish, to confer power and authority upon, and to exercise authority over, a public corporation or authority, as expressly or impliedly granted pursuant to RCW Sections 35.21.730 through 35.21.755, shall be operable, applicable and effective in unincorporated King County, so that CHHIP shall have the same powers, authority and rights with respect to such activities as CHHIP has within the corporate limits of the City of Seattle, and shall be subject to the same Seattle ordinances and authority of Seattle.

3. Duration

This Agreement and the consents herein shall take effect when both parties have signed this Agreement, and shall remain in effect so long as the corporate existence of CHHIP continues, unless and until modified or terminated by written agreement of King County and Seattle, but no such modification or termination shall affect the validity or binding effect of any agreement or action previously made or taken by CHHIP.

4. Miscellaneous

Attachment 1 -Agreement with King County



Amy Gray/ASG
OH – CHHIP Agreement
July 1, 2009
Version #2

This Agreement represents the entire agreement of the parties with respect to the subject matter hereof. Nothing in this Agreement shall impose any obligation, liability or responsibility on King County or Seattle for any liability, action or omission of CHHIP.

CITY:

The City of Seattle

COUNTY:

King County

By: _____

Adrienne E. Quinn, Director of Housing

By: _____

Jackie McLean, Director, Department of
Community and Human Services

Date: _____

Date: _____



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Executive---Office of Housing	Rick Hooper 684-0338	Amanda Allen 684-8894

Legislation Title:

AN ORDINANCE relating to Capitol Hill Housing Improvement Program (CHHIP), a public corporation chartered by The City of Seattle, authorizing the Director of the Office of Housing to enter into an agreement with King County, consenting to a request from CHHIP to develop an affordable housing project located in the White Center neighborhood of unincorporated King County, and extending the City's powers, authorities and rights regarding public corporations and authorities beyond the city limits for that project.

Summary of the Legislation: This legislation authorizes the Director of the Office of Housing to enter into an agreement with King County, allowing the Capitol Hill Housing Improvement Program (CHHIP) to help develop an affordable housing project in the White Center neighborhood in unincorporated King County. This project is known as SOPI Village. The Seattle Municipal Code allows public corporations such as CHHIP to undertake activities outside the city only if the public corporation's charter allows the agency to do so; and an agreement is signed between the City of Seattle and the governing body of the jurisdiction where the activity will occur.

- **Background:** *(Include brief description of the purpose and context of legislation and include record of previous legislation and funding history, if applicable):*
SOPI Village is a new construction project with 30 apartments, consisting mostly of two and three bedroom units. In 2007, King County and the State Housing Trust Fund Program awarded funding to the project's developer, the Delridge Neighborhoods Development Association (DNDA). Low-income housing tax credit equity is needed as a major source of funding to complete the development of the project, and DNDA has concluded that a joint venture is necessary to secure a low-income tax credit equity investor. DNDA asked CHHIP to join the development team to help secure tax credit equity, a key missing element of project financing. CHHIP's Charter allows the agency to work outside the city if authorized by the City Council and agreed to by King County, which is the jurisdiction where the activity will occur.
- *Please check one of the following:*

This legislation does not have any financial implications. *(Stop here and delete the remainder of this document prior to saving and printing.)*





City of Seattle

Gregory J. Nickels, Mayor

Office of the Mayor

July 14, 2009

Honorable Richard Conlin
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Conlin:

I am pleased to transmit the attached proposed Council Bill that authorizes the Director of the Office of Housing to enter into an agreement with King County, allowing the Capitol Hill Housing Improvement Program (CHHIP) to develop affordable housing in the White Center neighborhood in unincorporated King County. The project's developer, the Delridge Neighborhoods Development Association (DNDA), now desires to partner with CHHIP to secure necessary tax credit equity. CHHIP's charter allows participation in projects outside the City of Seattle as long as it obtains the City's and, in this case, the County's, consent.

The SOPI Village Project, which was awarded funding in 2007 from King County Housing and Community Development and the State Housing Trust Fund, will contain 30 apartments mainly comprised of two and three bedrooms units. SOPI Village will be located close to public transportation and to the nearby businesses that cater to an ethnically diverse population.

Allowing CHHIP to assist DNDA will permit the SOPI Village project to move forward and ultimately serve many larger, multi-generational families of the White Center community. Thank you for your consideration of this legislation. Should you have any questions, please contact Adrienne Quinn, Director of the Office of Housing, at 615-1561.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Nickels".

GREG NICKELS
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

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