

**MEMORANDUM OF UNDERSTANDING
BETWEEN KING COUNTY HOUSING AUTHORITY AND KING COUNTY,
REGARDING FUNDING FOR WONDERLAND ESTATES, PARK LAKE II/SEOLA
GARDENS, AND PACIFIC COURT APARTMENTS**

THIS MEMORANDUM OF UNDERSTANDING (“MOU”) dated 11/17, 2009, is entered into by and between the King County Housing Authority, an independent municipal corporation established under Washington State law (KCHA), and KING COUNTY, a home-rule charter county and political subdivision of the State of Washington (hereinafter “the County”); and

WHEREAS, the County supports and encourages the development and preservation of affordable low income housing for the residents of King County, specifically the development of the Park Lake II/Seola Gardens HOPE VI project, the preservation of Wonderland Estates Mobile Home Park, and the acquisition of Pacific Court Apartments; and

WHEREAS, KCHA has a long standing record of developing, maintaining and operating affordable housing essential to many limited income and homeless individuals, families and seniors; and

WHEREAS, the County signed a commitment letter and letter of support for KCHA’s HOPE VI grant for Park Lake II dated June 13, 2008, proposing to provide up to a \$6 million capital investment in the project, based on annual appropriations, to help defray the cost of housing, enhanced surface water management facilities, roads, utilities, pedestrian trails/walkways, and on-site parks; and

WHEREAS, the financial commitment made by the County was utilized by the U.S. Department of Housing and Urban Development in awarding points for project feasibility and funding leverage in the national competition under which only six awards were made nationally and this project was awarded \$20 million in federal funding as well as 165 Section 8 vouchers; and

WHEREAS, the County has also provided credit enhancement for bonds through its Credit Enhancement Loan Program for the amount of \$31.5 million for the Park Lake II/Seola Gardens HOPE VI project; and

WHEREAS, consistent with federal practices and guidelines, the County and KCHA seek to encourage development of viable communities by promoting integrated approaches that provide decent housing, a suitable living environment, and expanded economic opportunities for low and moderate income persons, through partnerships among all levels of government and the private sector, including for-profit and non-profit organizations; and

WHEREAS, KCHA will redevelop the 165-unit, severely deteriorated Park Lake II in White Center, unincorporated King County. The development now called Seola Gardens will replace all 165 public housing units, build entirely new infrastructure and add up to 135 additional housing units, 123 of which will be home ownership units that will generate property tax

revenue. County investment could be made in any on-site aspect of the development, including affordable housing, and public benefit infrastructure; and

WHEREAS, the County is pleased to support the KCHA's efforts to improve the lives of public housing residents, foster neighborhood and community revitalization in White Center, and contribute to the de-concentration of low-income households with the addition of new homeownership opportunities; and

WHEREAS; the County has taken action to include the Park Lake II site under the Demonstration Ordinance in order to enable project-based modifications to the current King County Code, which are intended to reduce the environmental impact of this project and to enable, as with the Greenbridge HOPE VI redevelopment, green building practices and housing affordability to be integrated in a single project; and

WHEREAS, KCHA plans for storm drainage facility improvements will enhance control of both the quantity and quality of water flowing into Lake Hicks located to the west of Park Lakes II; and

WHEREAS, the proposed pedestrian trails and direct connections to the surrounding pedestrian grid will create the kind of walkable neighborhood that is envisioned by King County's Built Green Communities Program, as well as provide easy pedestrian access to the new Technology Access Foundation headquarters located on land leased from King County immediately adjacent to the Park Lake II site; and

WHEREAS, the County has set a precedent by investing in past affordable housing projects, specifically the Greenbridge HOPE VI housing development with a \$10 million investment of which \$8 million was for infrastructure, particularly roads, parks, surface water management, and community facility development; and

WHEREAS, KCHA must now determine that the Park Lake II project is financially feasible to develop and move forward with the initiation of construction on the site; and

WHEREAS, in the Fall of 2008 the King County Housing Authority became aware of a vacant, newly rehabilitated residential property located proximate to Pacific Highway in Tukwila that was on the market at an extremely reasonable price; and

WHEREAS, the Housing Authority and King County's MHCADS Division determined that the site was highly appropriate as a supportive housing facility; and

WHEREAS, this property represented a unique opportunity to increase the region's supply of housing for extremely low income households through KCHA's ability to secure new public housing rental subsidies for these units due to Pacific Courts proximity to the existing Riverton Terrace public housing complex; and

WHEREAS, such federal subsidies would provide approximately \$11.6 million dollars over 40 years to support the operational costs of the housing on an on-going basis, enabling KCHA to rent to individuals with little or no income at no cost to the County, and

WHEREAS, the property also offered an unusual opportunity to quickly put in place high quality supportive housing for up to 50 mentally ill, homeless or formerly homeless individuals being served by the mental health system; and

WHEREAS, this population has been identified to KCHA by King County and the region's Committee to End Homelessness as a high priority for both the mental health system and the 10 Year Plan to End Homelessness; and

WHEREAS, KCHA has agreed to dedicate these units to priority populations identified by the County, has partnered with KC's MHCADS Division to select Sound Mental Health (SMH) to provide on-site services, and has waived its normal waiting list process to enable SMH to house referrals from the Forensic Assertive Community Treatment (FACT), Standard Supportive Housing and South King County Housing First Programs; and

WHEREAS, the public housing program cannot support debt service; and

WHEREAS, KCHA needed to purchase the property immediately to prevent sale to another purchaser and secured short term financing with the understanding that the County would provide necessary funding to retire the debt; and

WHEREAS, KCHA was subsequently successful in securing \$2 million in State Housing Trust Funds to reduce this debt; and

WHEREAS, KCHA was successful in securing an additional \$550,000 in Federal ARRA funds to expand SMH's on-site offices to facilitate delivery of services, and to increase the property's handicapped accessibility; and

WHEREAS, this has brought the cost to the County down to \$2 million, or roughly \$40,000 per dedicated bedroom, which is a significantly lower capital cost than virtually any alternative available to the County for housing this population; and

WHEREAS, this approach also yields significant on-going savings to the County as multiple studies have shown that stable supportive housing is a prerequisite for effective case management, and that the frequency and duration of costly in-patient stays drops dramatically; and

WHEREAS, the property maintenance and management costs for the property are being subsidized by the Federal government and the Housing Authority is assuming responsibility for any major repairs at the property; and

WHEREAS, failure to provide the funding to retire the remaining short term debt will require KCHA to return the public housing subsidies to the Federal government, as public housing cash

flow in insufficient to support debt service, and cause the loss of these units as supportive housing; and

WHEREAS, KCHA must now determine that the project is feasible under a public housing scenario to move forward with finalizing financing for the site; and

WHEREAS, KCHA successfully saved the Wonderland Estates Mobile Home Park, a 12.2 acres, 109 unit mobile home park, from being closed and sold for redevelopment by purchasing the property, and now maintains and operates the facility, after exhaustive negotiations with the previous owner; and

WHEREAS, over 80% of the current residents of the Park are low income elderly households, and 25% are over the age of 70; and

WHEREAS, many of these households would have been unable to afford homeownership or rental housing and would have been made homeless; and

WHEREAS, by acquiring Wonderland Estates Mobile Home Park, KCHA has saved the homes of the Park's low income and elderly residents and preserved an extremely affordable homeownership community where the public cost of developing an equally affordable new community would have been many times the cost of the Park's acquisition; and

WHEREAS, the County has also provided credit enhancement for bonds for the Wonderland Estates Mobile Home Park through its Credit Enhancement Loan Program in the amount of \$9.225 million; and

WHEREAS, collaborative support from the city of Renton, Renton Housing Authority, King County Executive and King County Council, the Washington State Senate and the Washington State Department of Commerce has preserved Wonderland Estates and averted displacement of its low income seniors; and

WHEREAS, mobile home parks have long been considered an affordable housing alternative for seniors and young families starting out; and

WHEREAS, KCHA and the County wish to work cooperatively to achieve shared objectives with respect to ending homelessness, expanding the supply of affordable housing and increasing the region's environmental sustainability; and

WHEREAS, the above shared objectives include maximizing the public investment made by King County, KCHA, Washington State, and U. S. Department of Housing and Urban Development;

NOW, THEREFORE, KCHA and the County agree as follows:

1. **Purpose.** The purpose of this MOU is to provide a framework for the County and KCHA to work together cooperatively and in good faith to identify and assemble resources needed to make the investment in Park Lake II, Wonderland Estates, and Pacific Court projects that are necessary to realize the shared goal of developing well designed affordable, healthy, livable communities.
2. **Projects.** The projects that are the subject of this MOU are: 1) Park Lake II, which will be renamed to Seola Gardens when completed, located in the White Center unincorporated area of south King County; and 2) Wonderland Estates, a mobile home park, housing low income seniors, located in formerly unincorporated East King County, recently incorporated by the City of Renton; and 3) Pacific Court Apartments, located on South 146th Street in Tukwila. A map of the Park Lake II/Seola Gardens site is included as Exhibit A. A map of the Wonderland Estates site is included as Exhibit B. A map of the Pacific Court Apartments is included in Exhibit C. All three exhibits are incorporated herein by this reference.
3. **Working Group.** The Parties will assemble a working group to pursue their cooperative actions hereunder. The working group shall be Co-Chaired for the County by a senior official from either the Executive Office or the Office of Management and Budget, designated by the King County Executive. KCHA's co-Chair will be its Deputy Director. The working group will be composed of staff from the County and KCHA with expertise and jurisdiction in finance and budgetary matters.
4. **Cooperative Actions.** The Working Group, or a subset thereof, will meet regularly starting no later than one month after the effective date of this MOU to identify and implement actions needed to insure that sufficient funding is available to support the successful development of Park Lake II/Seola Gardens, preservation of Wonderland Estates and Pacific Court Apartments by KCHA and the County. Such actions will include but not be limited to identifying fund sources and pursuing intended County investment in the project as follows:
 - KCHA requests for timing of the intended County financial investment for Park Lake II/Seola Gardens, Wonderland Estates and Pacific Court are as follows:
 - a. Park Lake II/Seola Gardens
 - i. \$3.5 million in 2010
 - ii. \$1.5 million in 2011
 - iii. \$1.0 million in 2012
 - b. Wonderland Estates
 - i. \$2.5 million in 2010.
 - c. Pacific Court Apartments
 - i. \$2.0 million in 2010

- County efforts to identify intended funding sources will primarily include sale of county owned surplus properties, and may also include contribution from County departments, and housing program funding, subject to appropriation by the King County Council.
- The County and KCHA will work together to pursue possible on-site infrastructure investments at Park Lake II/Seola Gardens that will count towards the intended County contribution described above.
- The County and KCHA will work together to seek other partnerships which can leverage revitalization opportunities.
- The County and KCHA will work together to identify other potential revenue generating and sharing opportunities in support of MOU interests, including associated contracting, if any.
- Subject to appropriation by the King County, Council, the County will provide KCHA with \$2 million in funds within the next six months to retire outstanding short term acquisition debt for Pacific Court.

5. **Notices.** The Parties shall send notices regarding this MOU to:

If to the County:

Kurt Triplett, County Executive
 King County
 401 Fifth Ave., Suite 800
 Seattle, WA 98104
 206-263-9620
Kurt.triplett@kingcounty.gov

Or successor

If to KCHA:

Stephen Norman, Executive Director
 King County Housing Authority
 600 Andover Blvd.
 Tukwila, WA 98188
Stephenn@kcha.org
 Phone: (206) 574-1194
 Fax (206) 574-1189

6. **No Binding Commitment Intended.** This MOU describes intended cooperative roles of the County and KCHA. Nothing in this MOU is, however, intended to create

any legal or equitable obligation for the County to provide funding identified herein or for either party to otherwise undertake any actions that are described in this MOU.

IN WITNESS WHEREOF, the Parties hereto have set their hands the day and year first written above.

KING COUNTY HOUSING AUTHORITY:

KING COUNTY:

By: [Signature]

By: [Signature]

Its: Executive Director

Its: County Executive

Approved as to form: By: _____ Attorney for KCHA	Approved as to form: By: _____ Deputy Prosecuting Attorney
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