



## Legislation Text

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AN ORDINANCE relating to affordable housing in unincorporated south King County, authorizing the King County executive to execute a contract for a six-million-eight-hundred-fifty-thousand-dollar Section 108 loan guarantee with the United States Department of Housing and Urban Development; authorizing the executive to execute a loan agreement with the King County Housing Authority to finance the construction of the supporting infrastructure at the Greenbridge project; providing revenues for the principal and interest of the Department of Housing and Urban Development Section 108 loan, establishing a fund for the payment of the Department of Housing and Urban Development Section 108 loan; pledging future Community Development Block Grant funds for the principal and interest of the Department of Housing and Urban Development; and pledging to provide for the annual levy of taxes to pay the principal and interest thereon.

### STATEMENT OF FACTS:

1. The metropolitan King County council in Motion 11990 authorized the executive to initiate the application process for a Housing and Urban Development ("HUD") Section 108 loan guarantee, negotiate with HUD the terms and conditions of the loan, and to transmit to council for approval the loan documents at the earliest possible date.
2. The executive submitted an application to HUD for a HUD Section 108 loan guarantee for up to six million eight hundred fifty thousand dollars for infrastructure improvements at the King County Housing Authority's redevelopment project at Greenbridge in unincorporated King

County.

3. The executive has received notice of HUD's approval of King County's application for a six-million-eight-hundred-fifty-thousand-dollar HUD 108 loan and has negotiated terms and conditions for the loan.
4. The metropolitan King County council requested that the loan application for council approval include a capital budget detail depicting which county departments shall be responsible for contributing toward annual debt payment and in what amounts.
5. The council directed the office of management and budget to include the appropriate capital budget information for the HUD Section 108 loan in the 2005 county budget book.
6. The roads division of the department of transportation and the water and land resources and the parks divisions of the department of natural resources and parks have 2005 appropriations and have planned for future capital funds to support the county's repayment of the HUD Section 108 Loan for the Greenbridge project.
7. The King County Housing Authority ("KCHA") plans to begin infrastructure development beginning in 2005 and therefore has a strong financial need to receive all county capital funds as soon as possible.
8. The executive has negotiated a loan agreement with the KCHA to ensure that the HUD 108 Loan proceeds will be expended for new infrastructure improvements at the Greenbridge project.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

**SECTION 1. Definitions.** The definitions in this section apply throughout this ordinance unless the context clearly requires otherwise.

A. "CDBG" means Community Development Block Grant.

B. "CDBG entitlement community" means the local community entitled to receive CDBG moneys

from HUD.

C. "CDBG funds" means those entitlement moneys that the county receives through HUD and that are dedicated to the CDBG fund.

D. "Contract" means the Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974 executed between King County and the Secretary of Housing and Urban Development

E. "Greenbridge project" means the King County Housing Authority's redevelopment project for mixed-use housing located in unincorporated King County.

F. "HUD" means the United States Department of Housing and Urban Development.

G. "HUD Section 108 loan" means the six-million-eight-hundred-fifty-thousand-dollar loan to King County in accordance with the terms of the Contract for Loan Guarantee Assistance with HUD.

H. "Note" means the promissory note required under the contract, and includes the Fiscal Agency Agreement and the Trust Agreement defined under the contract.

I. "Section 108 loan guarantee" means the making of loans backed by notes issued by a CDBG entitlement community and guaranteed by the CDBG entitlement community's future CDBG allocation to finance economic development or other capital facilities projects that directly benefit low-income people.

SECTION 2. The council finds and determines it is necessary and appropriate and in the best interest of the county to execute a contract with HUD for a Section 108 loan guarantee in an amount not more than six million eight hundred fifty thousand dollars to fund infrastructure improvements at the Greenbridge project and fund the construction of the replacement White Center Food Bank.

SECTION 3. Contract and note authorized. The executive is hereby authorized to enter into a contract, in substantially the form of Attachment A to this ordinance, and to issue a note, including a Fiscal Agency Agreement and Trust Agreement, in substantially the form of Attachment B to this ordinance, in the aggregate principal amount of not more than six million eight hundred fifty thousand dollars. Under the

contract, the county will pledge its future CDBG entitlement as security for the note.

**SECTION 4. Repayment of the HUD Section 108 loan.** The HUD Section 108 loan shall be repaid to HUD in accordance with the terms and conditions of the contract and the note. The Section 108 Loan term is twenty years. The initial interest rate for the loan will be based on the ninety-day London Inter Bank Offering Rate plus two-tenths percent at the time the note is issued.

The county will make principal and interest payments on the HUD Section 108 loan from capital improvement project appropriations for the Greenbridge project and from annual allocations from the HOF and CDBG funds. The HUD Section 108 loan will be repaid to HUD over a ten-to-twenty-year period from the following county sources in the following amounts:

Roads	\$2,135,586
Surface Water Management	\$ 563,199
Parks (REET funds)	\$ 765,453
Housing Opportunity	\$1,358,904
CDBG	\$2,026,858
Total	\$6,850,000

**SECTION 5. HUD Section 108 loan repayment subfund.** There shall be created a new subfund entitled the HUD Section 108 loan repayment subfund within the existing limited tax general obligation bond redemption fund. Funds deposited into this subfund shall only be used to pay the principal and interest on the HUD Section 108 loan.

**SECTION 6. Pledge of taxation and credit.** The county hereby irrevocably covenants and agrees for as long as the note is outstanding and unpaid, that each year it will include in its budget and levy an ad valorem tax upon all the property within the county subject to taxation in an amount that will be sufficient, together with all other revenues and money of the county legally available for such purposes, to pay the principal of and interest on the note as the principal and interest become due. All of the taxes so collected shall be paid into the

HUD Section 108 loan repayment subfund no later than the date the funds are required for the payment of principal and interest on the note.

The county hereby irrevocably pledges that the annual tax provided for in this section to be levied for the payment of the principal and interest shall be within and as a part of the tax levy permitted to counties without a vote of the people, and that a sufficient portion of each annual levy to be levied and collected by the county before the full payment of the principal of and interest on the note will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on the note.

The full faith, credit and resources of the county are hereby irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of the principal of and interest on the note as the principal and interest become due.

**SECTION 7. Use or proceeds of HUD Section 108 loan.** The proceeds of the HUD Section 108 loan shall be used by the King County Housing Authority only for costs related to the infrastructure in the Greenbridge project and costs for constructing the replacement White Center Food Bank.

**SECTION 8. Loan agreement with King County Housing Authority.** The county executive is hereby authorized to enter into a loan agreement with the King County Housing Authority, in substantially the form of Attachment C to this ordinance, to finance in part the construction of infrastructure supporting the Greenbridge project as well as the replacement White Center Food Bank.

**SECTION 9. Severability.** If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance or the application or the provision to any other person or circumstances is not affected.