

Legislation Text

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AN ORDINANCE authorizing the executive to enter into an interlocal cooperation agreement with the city of Seattle, A Regional Coalition for Housing for the Eastside of King County, which may also include either or both Snohomish county and Pierce county, to invest and participate in a transit-oriented regional equitable development initiative fund.

STATEMENT OF FACTS:

1. King County is facing an affordable housing crisis, being one of the fastest growing metropolitan regions in the country, with rents rising faster than the wages of moderate and lower income households throughout the county. Rents have increased most dramatically in centrally located neighborhoods with access to frequent transit, jobs and amenities.
2. When moderate income and lower income families and households are forced to move outside of centrally located communities and communities near frequent transportation corridors in search of more affordable housing, transportation costs typically increase significantly, and access to jobs, opportunities, amenities and services is significantly reduced.
3. Frequent and high speed transit, and light rail in particular, has the power to transform communities and opportunities for moderate- and lower-income households if planning is deliberate to achieve economically diverse transit-oriented communities that include affordable housing and are vibrant, healthy, walkable and service-enriched.
4. The Puget Sound regional Growing Transit Communities initiative ("GTC") from 2011 to 2014 launched the concept of a regional equitable development fund resource that can assist in

the acquisition of properties near frequent and high speed transit for the preservation and development of affordable housing and other built environment community benefits. A framework concept paper for such an acquisition fund was one of the key deliverable outcomes of GTC.

5. In the GTC concept paper, a regional equitable development initiative fund was envisioned as a public-private capital stack fund, modeled after successful efforts to create such funds for equitable transit-oriented development in a few other metropolitan areas of the country. A "capital stack" fund includes a layer of public seed investment at zero interest, a layer of mission investments that are very low interest and a layer of senior debt at typical market interest rates. The stacking of the investment tiers results in a blended low interest rate and a fund with a tolerance for risk that is higher than traditional private loans.

6. Partner jurisdictions that participated in the GTC initiative, Puget Sound Regional Council staff and Enterprise Community Partners formed a regional equitable development initiative ("REDI") fund work group to work on the creation of such a fund for the Puget Sound region, beginning in the summer of 2014. The work group has further refined the business plan framework developed for GTC into a more-specific REDI fund business plan. The business plan for the loan fund addresses underwriting guidelines that will allow property to be acquired and held for affordable housing preservation or development of new housing that will include affordable units and may include a nonhousing element. The REDI fund plan allows such properties to be acquired at various stages in the planning and development of transportation hubs and held until development is feasible.

7. Partner jurisdictions in the REDI fund work group include King County, the city of Seattle, A Regional Coalition for Housing for the eastside of King County ("ARCH"), Snohomish county and Pierce county. Direct financial commitments to seed a REDI Fund have been pledged by

King County, the city of Seattle and ARCH. In addition, King County and Puget Sound Regional Council staff have taken the lead in writing and submitting an application to Washington state on behalf of the three-county Sound Transit service area, seeking state participation in the public seed investment layer of the fund. State funds were awarded for such purpose in the 2015 Washington state legislative session.

8. The REDI fund partner jurisdictions have worked together to negotiate an interlocal cooperation agreement that works for all of the parties in order to jointly invest in a public-private fund that will be administered as one cohesive fund by an administrative agent. The loan structure will allow for a more seamless and consistent process for borrowers across the three county region.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. The King County executive is hereby authorized to enter into an interlocal cooperation agreement with the city of Seattle and A Regional Coalition for Housing for the Eastside of King County for the purpose of joint investment in the public-private transit-oriented equitable development fund called the regional equitable development initiative fund. The agreement may additionally include either or both of Pierce county and Snohomish county as participants in the regional equitable development initiative fund. The agreement shall be in substantially the form of Attachment A to this ordinance.