



**SPECIAL TELEPHONIC  
MEETING OF THE  
BOARD OF COMMISSIONERS**

**Tuesday, January 21, 2020**

**King County Housing Authority  
600 Andover Park West  
Tukwila, WA 98188**



# **SPECIAL MEETING OF THE BOARD OF COMMISSIONERS**

## **TELEPHONIC MEETING AGENDA**

January 21, 2020

The special telephonic meeting of the Board of Commissioners to be held on  
Tuesday, January 21, 2020 at 8:30am,  
in the West Wing Conference Room at KCHA's Administrative Office in Tukwila

West Wing Conference Room

600 Andover Park West  
Seattle, WA 98188

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**I. Call to Order**

**II. Roll Call**

**III. Public Comment**

**IV. Approval of Agenda**

**V. Resolution for Discussion and Possible Action**

**A. Resolution No. 5645** – A Resolution Authorizing an Additional Loan to the Mt. Si Senior Center for an Amount not to Exceed \$50,000 for Costs in Connection with the Acquisition of Cascade Park Apartments. **1**

**VI. Commissioner Comments**

**VII. Adjournment**

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Board Coordinator in writing at 600 Andover Park West, Seattle, WA 98188 or by calling 206-574-1206 prior to the meeting date.

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**TO:** Board of Commissioners

**FROM:** Dan Watson, Deputy Executive Director

**DATE:** January 15, 2020

**RE:** **Resolution No. 5645: Authorizing an additional \$50,000 loan to the Mt. Si Senior Center in connection with the acquisition of Cascade Park Apartments**

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### **Background**

In September, 2018, the Board of Commissioners authorized KCHA to provide technical and financial assistance to the Mt. Si Senior Center in their effort to acquire and preserve Cascade Park Apartments, a 28 unit low income senior housing building located in North Bend. When it was initially developed, the Cascade Park site received a low interest Section 515 loan from USDA Rural Housing Service. That financing required a 20-year low income use restriction that can be terminated by prepayment of the Section 515 loan. Currently, all 28 units at the site are rent restricted, making them affordable to low and very low income seniors.

In 2008, the current owner of Cascade Park Apartments initiated the lengthy prepayment process with the USDA Rural Housing Service in order to convert the site to market rate housing. By late 2017, the prepayment was approved subject only to a final 6-month period during which nonprofits and public entities could make purchase offers to preserve the low income housing. At the encouragement of the County and the City of North Bend (both of which are prioritizing the preservation of low income housing), KCHA began working with Mt. Si Senior Center to help it make a USDA-qualifying purchase offer for purchase of the property. A purchase and sale agreement was signed in mid-2018 giving Mt. Si Senior Center 24 months to assemble acquisition financing and close the purchase of the property. Otherwise, the offer would lapse, the owner would have the right to prepay the loan immediately and the property would convert to market rate housing.

Pursuant to the 2018 board resolution, KCHA made a \$50,000 no-interest loan to cover a portion of the pre-development costs incurred to submit financing applications (a capital needs assessment, an appraisal/market study, and housing consulting services to prepare the applications). This loan is expected to be repaid to KCHA as a part of a successful closing, but would be forgiven if no closing occurs.

The financial model for Cascade Park is challenging. However, King County has awarded \$2 million for preservation of this low income housing and the Washington State office of the USDA Rural Housing Service has been actively working to secure approval from the

USDA in Washington D.C. for the remaining approximately \$3 million required. The combined funds will pay the USDA-approved purchase price for the site as well as required capital improvements, fees, reserves and closing costs. On January 10, KCHA received an email from U.S Representative's Kim Schrier's office indicating that approval of the loan by the USDA's Washington, DC office was forthcoming within 30 to 60 days.

The financing contingency under the purchase and sale agreement was recently extended until the end of January, at which time Mt. Si Senior Center must make a \$50,000 nonrefundable earnest money payment to extend the purchase and sale agreement for approximately 5 months.

#### KCHA Additional Earnest Money Loan

The Mt. Senior Center has very little working capital for a project of this scale and is relying on third party funding to help it pay major pre-closing costs. Resolution No. 5645 authorizes the Executive Director to loan an additional \$50,000 to the Mt. Si Senior Center so they can make the non-refundable earnest money deposit needed to extend the purchase and sale agreement for the time needed to finalize loans from King County and the USDA and close the purchase of Cascade Park. The terms of this additional advance will be identical to the 2018 loan (e.g. no interest, non-recourse to the Mt. Si Senior Center, with repayment made from the long term financing secured at closing) or as otherwise determined by the Executive Director.

#### Risk Considerations

The Mt. Si Senior Center does not have cash reserves that allow it to fully guarantee repayment of KCHA's loan in the event the project is unable to close for any reason. As discussed at the September 2018 board meeting, the greatest risk in making this loan is that the closing fails due to the borrower's inability to secure the funding needed to purchase the property. In this case, the earnest money would be forfeited and KCHA would have little recourse to recover the funds. This risk is mitigated by King County's commitment of \$2 million and the recent news from Rep. Schrier's office that the USDA loan to the Mt. Si Senior Center will be approved. These two sources should be sufficient to close the purchase and repay KCHA the \$100,000 in loans made to the Mt. Si Senior Center.

Approval of this resolution is recommended.

**THE HOUSING AUTHORITY OF THE COUNTY OF KING**

**RESOLUTION NO. 5645**

**A RESOLUTION AUTHORIZING AN ADDITIONAL LOAN TO THE MT. SI SENIOR CENTER FOR AN AMOUNT NOT TO EXCEED \$50,000 FOR COSTS IN CONNECTION WITH THE ACQUISITION OF CASCADE PARK APARTMENTS**

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**WHEREAS**, there is an increasingly serious shortage of affordable housing for low income senior citizens in King County and

**WHEREAS**, RCW 35.82.020 defines "housing project" to include, among other things, "any work or undertaking ... to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for persons of low income... [and] for senior citizens"; and

**WHEREAS**, RCW 35.82.070(18) provides that a housing authority may, among other things and if certain conditions are met, "make . . . loans for the . . . acquisition, construction, . . . rehabilitation, improvement . . . or refinancing of land, buildings, or developments for housing for persons of low income"; and

**WHEREAS**, RCW 35.82.020(11) and RCW 35.82.130 together provide that a housing authority may issue bonds, notes or other obligations for any of its corporate purposes; and

**WHEREAS**, the privately-owned Cascade Park Apartments provides 28 units of affordable housing for low income seniors citizens and is located in close proximity to both the Mt. Si Senior Center and the Mt. Si Senior Center's other 40 unit low income senior housing property, Sno-Ridge Apartments; and

**WHEREAS**, the current owner of Cascade Park Apartments intended to prepay the USDA Rural Development Section 515 Loan used to construct Cascade Park Apartments,

opt out of the obligation to provide affordable housing for low income seniors, and convert the property to market rate housing; and

**WHEREAS**, the Mt. Si Senior Center, a Washington nonprofit corporation, has entered into purchase and sale agreement with the owner of Cascade Park Apartments to acquire and preserve Cascade Park Apartments as housing for low income senior citizens and is in the process of securing acquisition financing; and

**WHEREAS**, the Mt. Si Senior Center is in need of funding for an earnest money deposit to move forward with the acquisition of Cascade Park and has requested additional financial assistance from KCHA; and

**WHEREAS**, it is in the public interest for KCHA to assist the Mt. Si Senior Center in acquiring and preserving Cascade Park Apartment so that it can be maintained as affordable low income housing for senior citizens; and

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING OF THE COUNTY OF KING; THAT:**

**Section 1:** The acquisition of Cascade Park Apartments by the Mt. Si Senior Center is necessary to preserve affordable housing for low income senior citizens in King County.

**Section 2:** The Executive Director is hereby authorized to make an additional loan to the Mt. Si Senior Center in an amount not to exceed \$50,000 for the express purpose of making a nonrefundable earnest money deposit for the acquisition of Cascade Park Apartments.

**Section 3:** The form and terms of the loan and loan documents shall be established by the Executive Director. The loan will be non-recourse to the Mt. Si Senior Center and repayable solely from the proceeds of other acquisition financing

**Section 4:** The Board of Commissioners hereby authorizes the Executive Director,

Stephen J. Norman, and in his absence, Deputy Executive Director Daniel R. Watson or Deputy Executive Director Jill Stanton, to execute on behalf of the Housing Authority any and all contracts, agreements, certifications or other documents in connection with the loan to the Mt. Si Senior Center.

**ADOPTED AT THE SPECIAL MEETING OF THE BOARD OF COMMISSIONERS  
OF THE HOUSING AUTHORITY OF THE COUNTY OF KING THIS 21<sup>ST</sup> DAY OF  
JANUARY, 2020**

**THE HOUSING AUTHORITY OF THE  
COUNTY OF KING, WASHINGTON**

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**DOUGLAS J. BARNES**, Chair  
Board of Commissioners

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**STEPHEN J. NORMAN**  
Executive Director and Secretary-Treasurer