

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5441

AUTHORIZING THE PURCHASE OF A PORTFOLIO OF NINE SECTION 8-ASSISTED PROPERTIES

WHEREAS, the Housing Authority of the County of King (the "Authority") seeks to encourage the provision of long-term housing for low-income persons residing within King County, Washington.

WHEREAS, RCW 35.82.070(2) provides that a housing authority may "prepare, carry out, acquire, lease and operate housing projects; to provide for the construction, reconstruction, improvement, alteration or repair of any housing project or any part thereof..."; and

WHEREAS, RCW 35.82.100 provides that "any two or more authorities may join or cooperate with one another in the exercise of any or all of the powers conferred hereby for the purpose of financing, planning, undertaking, constructing or operating housing project or projects located within the area of operation of any one or more of said authorities"; and

WHEREAS, there is an increasingly serious shortage of affordable housing in King County as well as in other counties and cities across the State of Washington; and

WHEREAS, the Authority has entered into nine interrelated contracts (collectively the "Contracts") in order to investigate the possible acquisition of a portfolio of nine separate project-based Section 8-assisted housing projects currently serving low income persons (the "Chaussee Properties"), which are described and located as follows:

King County Properties

<u>Project Name</u>	<u>Location</u>	<u>Units</u>	<u>Asking Negotiated Sale Price</u>
Bellevue Manor	Bellevue	66	\$10,000,000
Patricia Harris Manor	Redmond	41	\$5,800,000
Vashon Terrace	Vashon Island	16	\$1,500,000*
Northwood Square	Auburn	24	\$2,150,000

*or such lower price as set forth in an appraisal to be received by the Authority no later than 10/31/2013

Properties not in King County

<u>Project Name</u>	<u>Location</u>	<u>Units</u>	<u>Asking Negotiated Sale Price</u>
Harbor Manor	Hoquiam	24	\$850,000 700,000

Charter House	Bremerton	30	\$1,875,000 <u>1,575,000</u>
Emerson Manor	Wenatchee	35	\$1,900,000
Wenatchee House	Wenatchee	50	\$2,875,000 <u>2,825,000</u>
Naches House	Yakima	51	\$2,250,000

WHEREAS, the group of related owners holding title to the Chaussee Properties has elected to sell all nine projects to a single buyer, as a portfolio deal, to reduce their administrative efforts and costs of sale, but as a result thereof, the failure of a buyer to close the purchase of any one project will result in the failure of the purchase transaction as to all nine of the projects; and

WHEREAS, the Authority has forged written Cooperation Agreements with the Housing Authority of Grays Harbor, the Bremerton Housing Authority, the Yakima Housing Authority and the Housing Authority of Chelan County and the City of Wenatchee (each of which has one or more of the Chaussee Properties within its jurisdictional borders), pursuant to which those housing authorities have each expressed interest in purchasing and operating the Chaussee Properties located within its area of operation, and in which it has agreed, in the alternative, that if it is unable to close the purchase of such property, the Authority may do so and operate such property until such time as a suitable substitute buyer and operator can be secured; and

WHEREAS, the Authority, in cooperation with the other local housing authorities, has completed extensive due diligence on each of the Chaussee Properties and assessed the associated known risks and has obtained commitments and proposals for the financing of acquisition and critical property improvements; and

WHEREAS, the contingency period under the Contracts is due to expire on September 20, 2013; and

WHEREAS, in order to preserve the nine low-income Chaussee Properties for the Washington State inventory of low income and affordable housing, the Authority, with the support of the other local housing authorities, has determined it is necessary to acquire the Chaussee Properties, and therefore, when all investigation has been concluded to the Authority's satisfaction, the Authority is prepared to waive the due diligence contingency under the nine Contracts and to proceed to acquire the Chaussee Properties; and

WHEREAS, the Authority has the power of eminent domain to acquire property within its area of operation for purposes of providing low income and affordable housing.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING:

Section 1: Waiver of Contingency and Approval of Acquisition of King County Properties. The Executive Director of the Authority is authorized, at such time as in his judgment, all conditions have been resolved to his satisfaction on terms reasonably favorable to the Authority, to amend the Contracts, waive the due diligence contingency, and take all other action necessary under the Contracts in order to acquire, at prices not to exceed the respective ~~Asking~~ Negotiated Sale Prices listed above and on terms consistent with, or more favorable to the Authority than, the terms agreed in the Contracts, the four Chaussee Properties located in King County. The Executive Director of the Authority is further authorized to complete such acquisition by exercise of the Authority's power of eminent domain if the Authority is unsuccessful in acquiring such properties on satisfactory terms through negotiation and purchase in lieu of condemnation.

Section 2: Waiver of Contingency and Approval of Acquisition and/or Assignment of Non King County Properties. The Executive Director of the Authority is authorized, at such time as in his judgment, all conditions have been resolved to his satisfaction on terms reasonably favorable to the Authority, to amend the Contracts, waive the due diligence contingency, and take all other action necessary under the Contracts in order to acquire, at prices not to exceed the respective ~~Asking~~ Negotiated Sale Prices listed above and on terms consistent with, or more favorable to the Authority than, the terms agreed in the Contracts, the five Chaussee Properties not located in King County. The Executive Director of the Authority is further authorized, at or after closing, to assign all of the Authority's interest in one or more of the five Chaussee Properties not located in King County to the local housing authorities operating in those communities; provided that if any such local housing authority is unwilling or unable to purchase a property within its jurisdiction, then the Board authorizes the Authority to acquire and operate such property in accordance with the terms of the applicable Cooperation Agreement until a suitable substitute buyer can be located who will preserve the housing in question for persons of low income.

Section 3: Government Filings; Other Agreements. The Board of Commissioners hereby authorizes the Executive Director of the Authority to execute, deliver and, if applicable, file (or cause to be executed, delivered and, if applicable, filed), on behalf of the Authority or the local housing authorities, any applications, agreements, certifications, government forms, notices, affidavits, documents and instruments that he determines to be necessary or advisable (i) to obtain all or part of any interim or permanent financing for the Chaussee Properties, and (ii) to

give effect to this resolution and consummate the transactions contemplated herein, including but not limited to management agreements, closing and title documents, and notices to the U.S. Department of Housing and Urban Development.

Section 4: Expenditures. The Authority is authorized to expend such funds as are necessary to pay for all due diligence reports, financing and application fees, and other costs relating to the actions authorized by this resolution.

Section 5: Acting Officers Authorized. Any action required by this resolution to be taken by the Executive Director of the Authority may, in his absence, be taken by a Deputy Executive Director of the Authority.

Section 6: Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution, including but not limited to the execution of the nine Contracts for the Chaussee Properties each dated July 8, 2013, are hereby ratified and confirmed.

Section 7: Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING AT A PUBLIC MEETING THIS 16TH DAY OF SEPTEMBER, 2013.

HOUSING AUTHORITY OF THE COUNTY OF KING


DOUGLAS J. BARNES, CHAIR

ATTEST:


STEPHEN J. NORMAN, SECRETARY