

Ordinance No. 122483

Council Bill No. 115903

AN ORDINANCE relating to the federal Section 108 program, amending Ordinance 122139

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: *Spencer Linn*
Councilmember

Committee Action:

9/6 ~~2007~~ Amended Passed 2-0 9/6/2007
SIC, RJM

9-10-07 Passed 8-0 (Excused: Drago)

CF No. _____

Date Introduced:	<u>5.21.07</u>	
Date 1st Referred:	To: (committee)	
<u>5.21.07</u>	<u>Economic Dev. + Neighborhoods</u>	
Date Re - Referred:	To: (committee)	
Date Re - Referred:	To: (committee)	
Date of Final Passage:	Full Council Vote:	
<u>9-10-07</u>	<u>8-0</u>	
Date Presented to Mayor:	Date Approved:	
<u>9-11-07</u>	<u>9.21.07</u>	
Date Returned to City Clerk:	Date Published:	T.O. <input checked="" type="checkbox"/> F.T. <input type="checkbox"/>
<u>9.21.07</u>	<u>5</u>	
Date Vetoed by Mayor:	Date Veto Published:	
Date Passed Over Veto:	Veto Sustained:	

This file is complete and ready for presentation to Full Council. Committee: _____
(initial/date)

Law Department

Law Dept. Review

OMP Review

City Clerk Review

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Indexed



City of Seattle

Gregory J. Nickels, Mayor

Office of the Mayor

May 8, 2007

Honorable Nick Licata
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Licata:

I am pleased to transmit the attached proposed Council Bill, amending Ordinance 122139, which authorized the establishment of a \$10 million federal Section 108 loan fund, acceptance of a \$2 million federal Brownfields Economic Development Initiative ("BEDI") grant, and use of a portion of Section 108/BEDI loan proceeds for two initial projects in the International District – the Alps Hotel and Hong Kong Building.

This legislation is needed to make minor changes to the project description of the Alps Hotel and Hong Kong Building, including an increase of 14 affordable residential units and a decrease of 10,000 square feet of office space. The two projects will result in numerous public benefits, including 137 units of affordable rental housing, the creation or retention of at least 35 permanent jobs and the preservation of two historic buildings. Section 108 loan funds in the amount of \$3,354,000 and companion BEDI funds in the amount of \$670,800 will help to ensure the projects successful completion.

The Section 108/BEDI program is one of the few financing tools available to the City in assisting economic development projects. The City has a strong track record in making effective use of the program, most recently financing the rehabilitation of the Cadillac Hotel in Pioneer Square. Approval of this legislation will result in significant public benefits in the International District, which is one of Seattle's oldest and most distinctive neighborhoods. Should you have any questions, please contact Ken Takahashi of the Office of Economic Development at 684-8378.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Nickels", written over a printed name and title.

GREG NICKELS
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

600 Fourth Avenue, 7th Floor, P.O. Box 94749, Seattle, WA 98124-4749

Tel: (206) 684-4000, TDD: (206) 684-8811 Fax: (206) 684-5360, Email: mayors.office@seattle.gov

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ORDINANCE 122483

AN ORDINANCE relating to the federal Section 108 program, amending Ordinance 122139

WHEREAS, under Ordinance 122139, the City Council authorized the City to accept a Funding/Approval Agreement from HUD for a Section 108 loan guaranty in the amount of up to Ten Million Dollars (\$10,000,000), enter into a contract for loan guarantee assistance with HUD, issue a promissory note in an amount up to Ten Million Dollars (\$10,000,000), and enter into a Brownfields Economic Development Initiative Grant in the amount of Two Million Dollars (\$2,000,000); and

WHEREAS, under Ordinance 122139, the City Council authorized the City to apply part of the proceeds of the Section 108 guaranteed note to a loan for two projects known as the Alps Hotel and Hong Kong Building, under terms outlined in Attachment B (Description of Project) to Exhibit D (Loan Agreement) to the Ordinance; and

WHEREAS, subsequent to the adoption of Ordinance 122139, the intended borrowers of the Section 108 loan for the Alps Hotel and Hong Kong Building have requested minor changes to the project description; and

WHEREAS, amendment of Ordinance 122139 is needed to authorize changes to the project description for the Alps Hotel and Hong Kong Building;

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Ordinance 122139, Attachment B to Exhibit D is hereby amended to read as follows:

ATTACHMENT B

DESCRIPTION OF PROJECT

The Alps Hotel is an historic building located at 621 S. King St. in the International District, and it is physically connected to the adjoining Hong Kong building.

The owner, Alps Hotel LLC (an entity controlled by the Koh family), will rehabilitate the



1 Alps Hotel into 117 studio units of rental housing and 6,000 square feet of ground floor
2 commercial space.

3 The Hong Kong is an historic building located at 507 Maynard Ave S in the
4 International District neighborhood. The owner, Hong Kong Building LLC (an entity
5 controlled by the Koh family), will rehabilitate the vacant building into 14,000 ~~((28,000))~~
6 square feet of office and retail space and 20 ~~((6))~~ units of rental housing. The Hong Kong
7 will share common areas, elevators and parking facilities with the Alps Hotel.
8

9 Alps Hotel LLC and Hong Kong Building LLC will rehabilitate the Alps Hotel
10 and Hong Kong Building. Following rehabilitation, Alps Hotel LLC and Hong Kong
11 Building LLC will sell ownership of the Alps Hotel and Hong Kong Building to 621 King
12 LLC and 507 Maynard LLC, respectively. The Koh family will be members of the new
13 LLCs. Acquisition costs funded by the Section 108 Loan for the Alps Hotel will be in the
14 amount of \$2,260,000 and for the Hong Kong Building will be in the amount of
15 \$1,094,000. 621 King LLC and 507 Maynard LLC will use Section 108 and BEDI funds
16 to finance acquisition (and related closing costs) for the two buildings.
17
18

19 The combined Alps Hotel and Hong Kong will provide affordable housing under
20 the following requirements:

- 21 • **Overall affordability requirements:** For a ten year period following the
22 issuance of final certificates of occupancy for both buildings, at least 51%
23 of the residential units of the Alps Hotel and Hong Kong (out of a
24 minimum total of 137 ~~((123))~~ units) shall be rented to and occupied by
25
26
27



1 households with incomes below 70% of Median Income and rents shall be
2 affordable to households with incomes at 70% of Median Income. Rents
3 shall be considered affordable to such households if the total monthly rent,
4 plus a reasonable allowance approved by the City for any utilities to be
5 paid by the tenant, does not exceed one-twelfth of thirty percent (30%) of
6 70% of Median Income for a presumed family size based on the size of
7 unit, as follows: studio --one person; one-bedroom, 1.5 persons; two
8 bedrooms 3 persons; three bedrooms 4.5 persons; four bedrooms 6
9 persons.-
10

- 11 • **Existing tenants:** rents for existing tenants (i.e., residential tenants
12 occupying units of the Project as of the date of execution of the Loan
13 Agreement) shall be subject to the following additional affordability
14 requirements:
15

- 16 ○ For the initial two years of the Loan, existing tenants shall
17 not pay rent in excess of rents affordable to households
18 with incomes at 30% of Median Income. Rents shall be
19 considered affordable to such households if the total
20 monthly rent, plus a reasonable allowance approved by the
21 City for any utilities to be paid by the tenant, does not
22 exceed one-twelfth of thirty percent (30%) of 30% of
23 Median Income for a presumed family size based on the
24 size of unit, as set forth above.
25
26
27



1 ○ For the third through fifth years of the Loan, rents for
2 existing tenants shall not be in excess of rents affordable to
3 households with incomes at 40% Median Income. Rents
4 shall be considered affordable to such households if the
5 total monthly rent, plus a reasonable allowance approved by
6 the City for any utilities to be paid by the tenant, does not
7 exceed one-twelfth of thirty percent (30%) of 40% of
8 Median Income for a presumed family size based on the
9 size of unit, as set forth above.

10 ○ For the sixth through tenth years of the Loan, rents for
11 existing tenants shall not be in excess of rents affordable to
12 households with incomes at 50% Median Income. Rents
13 shall be considered affordable to such households if the
14 total monthly rent, plus a reasonable allowance approved by
15 the City for any utilities to be paid by the tenant, does not
16 exceed one-twelfth of thirty percent (30%) of 50% of
17 Median Income for a presumed family size based on the
18 size of unit, as set forth above.

19 The combined Alps Hotel and Hong Kong will also create or retain thirty-five
20 (35) ~~((new))~~ permanent jobs (full time equivalent).

21 Subject to receipt and HUD approval, BEDI grant funds in the amount of
22 \$670,800 will be used as follows: for fees and costs described in Section 1.6 hereof (up to
23 24
25
26
27



1 \$106,243); interest subsidy (up to \$194,007); and the balance as a Loan Loss Reserve.

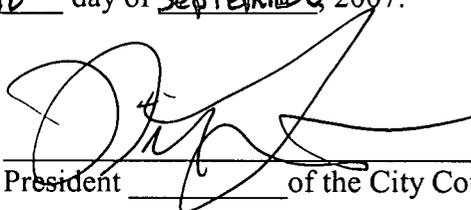
2 The Loan Loss Reserve is maintained solely for the benefit of the City and HUD, and the
3 Obligor shall have no interest therein or claim thereon.

4 Rehabilitation and acquisition shall be completed by September 30, 2007

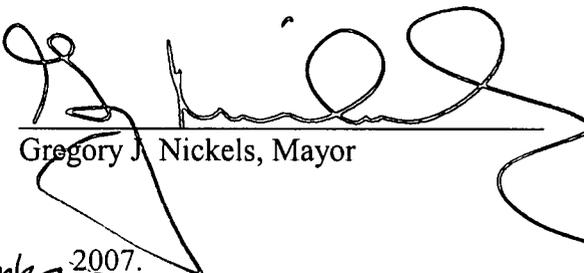
5 ((January 15, 2007)).

6
7 Section 2. This ordinance shall take effect and be in force thirty (30) days from and after
8 its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days
9 after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

10 Passed by the City Council the 10th day of September 2007, and signed by me in open
11 session in authentication of its passage this 10th day of September 2007.

12
13
14 
15 President _____ of the City Council

16 Approved by me this 21st day of September 2007.

17
18 
19 Gregory J. Nickels, Mayor
20

21 Filed by me this 21st day of September 2007.

22
23
24 
25 City Clerk

26 (Seal)



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Office of Economic Development	Ken Takahashi 684-8378	Janet Credo 684-8687

Legislation Title:

AN ORDINANCE relating to the federal Section 108 program, amending Ordinance 122139

• **Summary of the Legislation:**

This legislation amends Ordinance 122139 to authorize minor changes to the project description of the Alps Hotel and Hong Kong Building.

- **Background:** *(Include brief description of the purpose and context of legislation and include record of previous legislation and funding history, if applicable):*

Ordinance 122139 authorized OED, on behalf of the City to accept a Funding/Approval Agreement from HUD for a Section 108 loan guaranty in the amount of up to Ten Million Dollars (\$10,000,000), enter into a contract for loan guarantee assistance with HUD, issue a promissory note in an amount up to Ten Million Dollars (\$10,000,000), and enter into a Brownfields Economic Development Initiative Grant in the amount of Two Million Dollars (\$2,000,000).

Ordinance 122139 also authorized OED, on behalf of the City, to apply part of the proceeds of the Section 108 guaranteed note to a loan for two projects known as the Alps Hotel and Hong Kong Building. The project description for the Alps Hotel and Hong Kong Building was described in Attachment B (Description of Project) to Exhibit D (Loan Agreement) of the Ordinance.

Subsequent to the adoption of Ordinance 122139, the intended borrowers of the Section 108 loan for the Alps Hotel and Hong Kong Building requested minor changes to the project description. The changes would include an increase of 14 residential units, decrease of 10,000 square feet of office space and extension of the completion date to September 30, 2007. This legislation authorizes such changes to the project description for the Alps Hotel and Hong Kong Building. Upon completion, the Alps Hotel and Hong Kong Building will have 137 units of affordable rental housing and 14,000 square feet of office space.

- *Please check one of the following:*



This legislation does not have any financial implications. (Stop here and delete the remainder of this document prior to saving and printing.)

 x **This legislation has financial implications.** (Please complete all relevant sections that follow.)

***Appropriations:** This table should reflect appropriations that are a direct result of this legislation. In the event that the project/ programs associated with this ordinance have appropriations that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below.*

Fund Name and Number	Department	Budget Control Level*	2007 Appropriation	2008 Anticipated Appropriation
Special Purpose Grants Fund, No. 17820	Office of Economic Development	6XD20	\$670,800	
TOTAL			\$670,800	

**See budget book to obtain the appropriate Budget Control Level for your department.*

Notes:

The Alps Hotel and Hong Kong Building are the initial projects of a \$10,000,000 federal Section 108 loan fund and companion \$2,000,000 federal Brownfields Economic Development Initiative (“BEDI”) grant, approved by Council in Ordinance 122139. Part of the proceeds from the Section 108 loan fund in the amount of \$3,354,000 will be deposited directly by HUD to the City’s trustee/custodian known as The Bank of New York (“Custodian”). Part of the proceeds from the BEDI Grant fund in the amount of \$670,800 will be deposited by the federal Treasury Department to the City, and the City will then deposit such funds with the Custodian. According to an agreement with the Custodian, the City will direct the Custodian to disburse Section 108 and BEDI Grant funds to the intended borrowers of the Section 108 loan for the Alps Hotel and Hong Kong Building, and the Custodian will also be authorized to receive loan repayments.

This appropriation was previously authorized in Ordinance 122139.



Anticipated Revenue/Reimbursement: Resulting From This Legislation: *This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below the table.*

Fund Name and Number	Department	Revenue Source	2007 Revenue	2008 Revenue
Special Purpose Grants Fund, No. 17820 (transaction fee returned to the City)	Office of Economic Development	6XD20	\$33,540	
TOTAL			\$33,540	

Notes:

Total Regular Positions Created Or Abrogated Through This Legislation, Including FTE Impact: *This table should only reflect the actual number of positions created by this legislation. In the event that positions have been, or will be, created as a result of previous or future legislation or budget actions, please provide details in the Notes section below the table.*

Position Title and Department*	Fund Name	Fund Number	Part-Time/Full Time	2007 Positions	2007 FTE	2008 Positions**	2008 FTE**
N/A							
TOTAL							

* List each position separately

** 2008 positions and FTE are total 2008 position changes resulting from this legislation, not incremental changes. Therefore, under 2008, please be sure to include any continuing positions from 2007.

Notes:

- **Do positions sunset in the future?** (If yes, identify sunset date):

N/A



Spending/Cash Flow: *This table should be completed only in those cases where part or all of the funds authorized by this legislation will be spent in a different year than when they were appropriated (e.g., as in the case of certain grants and capital projects). Details surrounding spending that will occur in future years should be provided in the Notes section below the table.*

Fund Name and Number	Department	Budget Control Level*	2007 Expenditures	2008 Anticipated Expenditures
Special Purpose Grants Fund, No. 17820	Office of Economic Development	6XD20	\$670,800	
TOTAL			\$670,800	

* See budget book to obtain the appropriate Budget Control Level for your department.

Notes:

- **What is the financial cost of not implementing the legislation?** *(Estimate the costs to the City of not implementing the legislation, including estimated costs to maintain or expand an existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other potential costs if the legislation is not implemented.)*

There is no financial cost for not implementing this legislation. The cost would be measured in terms of unachieved public benefits.

- **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** *(Include any potential alternatives to the proposed legislation, such as reducing fee-supported activities, identifying outside funding sources for fee-supported activities, etc.)*

None.

- **Is the legislation subject to public hearing requirements:** *(If yes, what public hearings have been held to date, and/or what plans are in place to hold a public hearing(s) in the future.)*

No. A public hearing has already been held in connection with Ordinance 122139. Due to the minor nature of the requested changes in project description, the City's Consolidated Plan does not require further public hearings for this legislation.

- **Other Issues** *(including long-term implications of the legislation):*

None.



Ken Takahashi/KT
OED Amendment to Section 108 Ordinance FISC
April 10, 2007
Version #1

Please list attachments to the fiscal note below:

N/A



STATE OF WASHINGTON – KING COUNTY

--SS.

215854
CITY OF SEATTLE, CLERKS OFFICE

No. TITLE ONLY

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

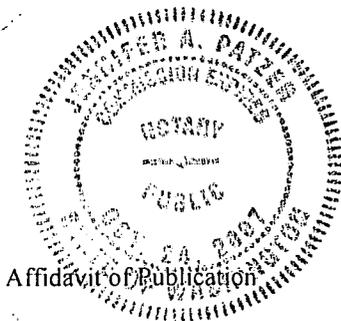
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:122483-88,90,92-94

was published on

09/27/07

The amount of the fee charged for the foregoing publication is the sum of \$ 167.40, which amount has been paid in full.



Affidavit of Publication

[Signature]

Subscribed and sworn to before me on
09/27/07 *[Signature]*

Notary public for the State of Washington,
residing in Seattle

State of Washington, King County

ORDINANCE NO. 122486

AN ORDINANCE relating to City real property; authorizing the transfer of jurisdiction of certain property in Block 11, Hunter's Lake Union Addition, commonly referred to as the Dexter, P.E. (PMA 1106), from the Fleets and Facilities Department to the Department of Parks and Recreation for park and recreation purposes.

ORDINANCE NO. 122485

AN ORDINANCE relating to Conservation Futures Levy proceeds; authorizing the Mayor to amend the Interlocal Cooperation Agreement between the City of Seattle and King County as authorized by City of Seattle Ordinance 114978, authorizing the deposit of 2006 allocations from King County Conservation Futures Levy proceeds into the City of Seattle's 2000 Parks Levy Fund and the Cumulative Reserve Subfund; and increasing appropriations to the Department of Parks and Recreation in the 2007 Budget, all by a three-fourths vote of the City Council.

ORDINANCE NO. 122484

AN ORDINANCE relating to the City's purchase of an interest in real property owned by Nisei Veterans Committee; removing a budget provision restricting expenditure of an appropriation in the 2007 Budget; and authorizing the expenditure of the funds for purchase and acceptance of an easement with restrictive covenants from Nisei Veterans Committee to provide for community education and access uses on the property at 1212 South King Street, Seattle, Washington for a period of seven years; all by a three-fourths vote of the City Council.

ORDINANCE NO. 122483

AN ORDINANCE relating to the federal Section 108 program, amending Ordinance 122139.

Publication ordered by JUDITH PIPPIN,
City Clerk

Date of publication in the Seattle Daily
Journal of Commerce, September 27, 2007.
9/27(215854)