SEATTLE CITY COUNCIL

Legislative Summary

CB 118698

Record No.: CB 118698 **Type:** Ordinance (Ord) **Status:** Passed

Version: 1 **Ord. no:** Ord 125058 **In Control:** City Clerk

File Created: 05/20/2016

Final Action: 06/17/2016

Title: AN ORDINANCE relating to affordable housing; authorizing the Director of the Office of Housing to enter into and administer an Interlocal Cooperation Agreement, as revised from the form attached to Ordinance 124948, with King County, Pierce County, Snohomish County, and the cities of Bellevue, Issaquah, Kenmore, Kirkland, Mercer Island, Redmond, and Woodinville to create and operate a Regional Equitable Development Initiative Fund (REDI Fund) for the Puget Sound Region.

Notes:

	Date
Filed with City Clerk:	6/17/2016
Mayor's Signature:	6/17/2016
Vetoed by Mayor:	
Veto Overridden:	
Veto Sustained:	

Sponsors: O'Brien

Attachments: Attachment A - Interlocal Agreement Regarding the Establishment and Administration of a Regional Equitable Development Initiative Fund

Drafter: patrick.wigren@seattle.gov

Filing Requirements/Dept Action:

History of Legislative File **Legal Notice Published:** ☐ Yes ☐ No

Ver-sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	City Clerk	05/24/2016	sent for review	Council President's Office			
	Action Text: The Council Bill (CB) was sent for review. to the Council President's Office						
	Notes:						
1	Council President's Office	05/26/2016	sent for review	Full Council			
	Action Text: The Council Bill (CB) was sent for review. to the Full Council						
	Notes:						
1	Full Council	05/31/2016	referred	Full Council			
	Action Text: The Council Bill (CB) was referred. to the Full Council						
	Notes:						
1	Full Council	06/06/2016	passed				Pass

Action Text: The Motion carried, the Council Bill (CB) was passed by the following vote, and the President signed the Bill:

Notes: ACTION 1:

Motion was made and duly seconded to pass Council Bill 118698.

In Favor: 8 Councilmember Bagshaw, Councilmember Burgess, Councilmember González , Councilmember Herbold, Councilmember Johnson, Councilmember Juarez, Councilmember O'Brien, Councilmember Sawant

Opposed: 0

1	City Clerk	06/09/2016	submitted for Mayor's signature	Mayor

Action Text: The Council Bill (CB) was submitted for Mayor's signature. to the Mayor

Notes:

1	Mayor	06/10/2016	Signed	

Action Text: The Council Bill (CB) was Signed.

Notes:

1	Mayor	06/17/2016	returned	City Clerk

Action Text: The Council Bill (CB) was returned. to the City Clerk

Notes:

1	City Clerk	06/17/2016	attested by City Clerk	

Action Text: The Ordinance (Ord) was attested by City Clerk.

Notes:

CITY OF SEATTLE

ORDINANCE 125058

COUNCIL BILL 118698

AN ORDINANCE relating to affordable housing; authorizing the Director of the Office of Housing to enter into and administer an Interlocal Cooperation Agreement, as revised from the form attached to Ordinance 124948, with King County, Pierce County, Snohomish County, and the cities of Bellevue, Issaquah, Kenmore, Kirkland, Mercer Island, Redmond, and Woodinville to create and operate a Regional Equitable Development Initiative Fund (REDI Fund) for the Puget Sound Region.

WHEREAS, in September 2014 the Council adopted Resolution 31547, calling for promoting workforce housing in Seattle by supporting a regional transit oriented development acquisition fund, and establishing the Council's intent to authorize $1 million for the Regional Equitable Development Initiative Fund (REDI Fund), conditioned on approval of a business plan and appropriate agreements with regional funding partners; and

WHEREAS, in September 2014 the Council adopted Resolution 31546, in which the Council and Mayor proposed that a Seattle Housing Affordability and Livability Agenda (HALA) Advisory Committee be jointly convened by the Council and Mayor to evaluate potential housing strategies; and

WHEREAS, in July 2015 the HALA Advisory Committee recommended that the City provide seed capital to the REDI Fund to support land acquisition; and

WHEREAS, in the 2015 Adopted Budget, Council authorized the one-time expenditure of $1 million in Housing Bonus Funds for the REDI Fund; and

WHEREAS, in April 2015 a fund administrator was selected to solicit private investment and form a business plan for the REDI Fund; and

WHEREAS, the Council has reviewed and approved the REDI Fund business plan; and

WHEREAS, the Mayor and City Council wish to carry forward the authorization of unexpended Housing Bonus Funds into 2016; and

WHEREAS, chapter 39.34 RCW, the Interlocal Cooperation Act, allows local governmental units to make the most efficient use of their powers by enabling them to cooperate and enter into agreements with each other; and

WHEREAS, in December 2015 the City enacted Ordinance 124948, authorizing the Director of the Office of Housing to enter into an Interlocal Cooperation Agreement that described the REDI Fund's initial capitalization level as $18 million, of which $6,840,000 was designated for properties in Seattle; and

WHEREAS, since December 2015 execution of the Interlocal Cooperation Agreement has been delayed pending complementary action by the King County Council; and

WHEREAS, as of May 2016 the REDI Fund's initial capitalization level has increased to $21 million, of which $7,980,000 is designated for properties in Seattle; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The Director of the Office of Housing or the Director's designee is authorized to execute, deliver, and administer, for and on behalf of The City of Seattle, an agreement with King County, Pierce County, Snohomish County, and the cities of Bellevue, Issaquah, Kenmore, Kirkland, Mercer Island, Redmond, and Woodinville, substantially in the form attached to this ordinance as Attachment A, (1) declaring joint support for equitable development that primarily creates and preserves affordable housing in locations near transit stations and stops that provide a high level of transit service to the Puget Sound Region's job, economic, and education centers within the Sound Transit service area in King, Pierce, and Snohomish Counties; and (2)

contributing public funds into a public/private Regional Equitable Development Initiative Fund (REDI Fund) that will enable real property to be purchased for such equitable development. The form of agreement authorized by this section is in substitution for the form authorized by Ordinance 124948. Nothing in this ordinance or the agreement shall be construed to authorize or require any action by any City department or officer contrary to law.

Section 2. The Director of the Office of Housing or the Director's designee is authorized to execute, deliver, and administer, for and on behalf of The City of Seattle, any credit, financing, regulatory, or other agreements that are necessary or convenient to implement the REDI Fund consistent with the terms of the agreement authorized in Section 1 of this ordinance as they affect the City and property within the City.

Section 3. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the 6th day of June, 2016, and signed by me in open session in authentication of its passage this 6th day of June, 2016.

President Pro Tem of the City Council

Approved by me this 10th day of June, 2016.

Edward B. Murray, Mayor

Filed by me this 17th day of June, 2016.

Monica Martinez Simmons, City Clerk

(Seal)

Attachments:
Attachment A –Interlocal Agreement Regarding the Establishment and Administration of a Regional Equitable Development Initiative Fund

INTERLOCAL AGREEMENT REGARDING THE ESTABLISHMENT AND ADMINISTRATION OF A REGIONAL EQUITABLE DEVELOPMENT INITIATIVE FUND

This Interlocal Agreement regarding the Establishment and Administration of a Regional Equitable Development Initiative Fund (Agreement) is entered into by and among the jurisdictions of King County; The City of Seattle; Pierce County; Snohomish County; and the cities of Bellevue, Issaquah, Kenmore, Kirkland, Mercer Island, Redmond, and Woodinville, which for purposes of this Agreement are jointly referred to as A Regional Coalition for Housing (ARCH) [collectively the Parties]. This Agreement is made pursuant to the Interlocal Cooperation Act, Chapter 39.34 RCW, in order to create and operate a Regional Equitable Development Initiative Fund ("REDI Fund") for the Puget Sound Region, encompassing King, Pierce and Snohomish Counties.

RECITALS

WHEREAS, the Parties desire to further the following goals:

- Expand and preserve affordable housing choices for Low- and Moderate-Income households in proximity to frequent or high-capacity transit services that connect riders with job, economic, educational, cultural, health and other opportunities;
- Advance transit ridership through support of nearby population densities, including household types that use transit most heavily, including Low- and Moderate-Income households;
- Support equitable transit-oriented residential and mixed-use development projects throughout the region that address disparities in access to healthy sustainable communities and provide opportunities for lower income people, small local businesses and community facilities to thrive;
- Overcome barriers to site acquisition for developers of affordable housing in proximity to frequent and high-capacity transit services with high or increasing real estate demand;
- Enable the acquisition of residential properties for long-term affordability in locations with current or anticipated risk of displacement and loss of affordable units;
- Finance projects that achieve transit-supportive densities, use community building and sustainable design principles, provide a mix of uses and minimize negative impacts on existing residents or businesses; and

WHEREAS, the Parties desire to act cooperatively in order to efficiently and expeditiously establish and administer a REDI Fund, which will be jointly administered by an Administrative Agent, as set forth in this Agreement; and

WHEREAS, the Parties have combined responsibility and authority for local and regional planning and funding for the provision of housing affordable to people that work and/or live in the counties of King, Pierce and Snohomish; and

WHEREAS, the Parties desire to cooperatively establish clear requirements of the REDI Fund and clear expectations regarding their participation in and oversight of the REDI Fund.

NOW, THEREFORE, in consideration of the foregoing circumstances, and the mutual promises and undertakings contained herein, the Parties agree as follows:

I. PURPOSE AND DESCRIPTION

The Parties join in this Agreement in order to: declare their joint support for equitable development that primarily creates and preserves affordable housing in locations near transit stations and stops that provide frequent and/or high capacity transit services within the Sound Transit service area in King, Pierce and Snohomish Counties; contribute public funds from or on behalf of the respective jurisdictions into a public/private REDI Fund to assist in real property acquisition of such equitable development; and effectively utilize and share funds granted from Washington State to the region for such a fund.

II. REDI FUND REQUIREMENTS, AGREEMENTS, ELIGIBLE PROPERTIES AND FUND STRUCTURE

A. **REDI Fund Requirements**. The REDI Fund is designed primarily for property acquisition to create and preserve housing that will include affordable housing units in areas near frequent or high capacity transit services. The Parties agree to the following minimum requirements:

1) Minimum affordability for all projects. A minimum of 10 percent of the units in a project seeking a REDI Fund loan must have monthly rent or multi-family for-sale prices set at least 20 percent below the level of the average rent or multi-family for-sale prices for the Area Market in which the acquired property is located, for a minimum period of 50 years. The rents or multi-family for-sale prices of the affordable housing units may not exceed rents or prices affordable to households at or below 80 percent of area median income (AMI)[1]. The intent of the Parties is to encourage and approve loans for projects that exceed the minimum affordability of this Sub-section, to the extent feasible.
2) Requirements for projects that will preserve existing housing. Applicants proposing to acquire existing housing must clearly demonstrate how they will create or preserve affordability relative to housing in the Area Market of the same age and quality. Enforcement of the REDI Fund affordability requirements for

[1] Current area median income as determined by HUD on an annual basis.

preservation projects may be deferred until after Permanent Financing is acquired pursuant to the Affordable Housing Regulatory Agreement, as defined in Section VI.

3) All projects must demonstrate best efforts to minimize displacement of residential and/or commercial tenants during and after the term of the REDI Fund loan. Efforts may include agreements not to increase rents of existing tenants during the term of the REDI Fund loan beyond a reasonable annual inflationary amount based on the consumer price index or agreements to offer income-eligible residential and/or commercial tenants a right to return to a newly renovated property. Such agreements may be expressed as loan conditions in a REDI Fund loan agreement.
4) For a project that will cause displacement of residential or commercial tenants, relocation assistance may be required. The relocation assistance amount per tenant household will be established by the local relocation policy of the city where the project is located; or the county where the project is located if the city does not have a local relocation policy; or the nearest county of the Parties if the county where the project is located does not have a local relocation policy.
5) An Affordable Housing Regulatory Agreement that runs with the land will be recorded in first lien position for each property obtained through the REDI Fund. The Affordable Housing Regulatory Agreement will be granted in favor of the local jurisdiction and/or county in which the property is located. Upon repayment of the REDI Fund loan, the REDI Fund and local jurisdiction or county may re-convey their interest in the Affordable Housing Regulatory Agreement in order to replace it with a new Affordable Housing Regulatory Agreement, so long as it operates as a covenant that runs with the land and contains at a minimum the level of affordability required by this section. For projects that preserve existing housing and propose to reduce some or all of the unit rents, the Affordable Housing Regulatory Agreement will define eviction for cause and will specify that current tenants will not be evicted other than for cause during the term of the REDI Fund loan, and that the start date for reduced rent levels will begin after the receipt of Permanent Financing and/or funding to support the ongoing operations of the project.

B. Other REDI Fund Agreements.

1) Coordination. The Parties agree to release their individual fund contributions to the REDI Fund into a Public Top Loss Fund Account to be administered and coordinated by the "Administrative Agent" (as set forth in Section IV). All Parties

agree to proactively coordinate their respective public funding processes with the REDI Fund loan portfolio.

2) Application Process and Eligible Applicants. REDI Fund loans will be awarded through an application process that is open and available on a rolling basis. Eligible applicants include non-profit and for-profit housing developers, public development authorities, housing authorities and non-profit land banking agencies. Properties acquired with the REDI Fund may include properties that are one hundred percent affordable, mixed-income properties and mixed-use properties with affordability components.
3) Geographic Distribution. The Parties agree to work together and with the Administrative Agent and other REDI Fund Investors to achieve the specific percentages of the REDI Fund to be spent in sub-regions of King County, Seattle and the ARCH sub-region, and in Pierce and Snohomish Counties, consistent with applicable law, over the ten-year duration of the REDI Fund, as set forth in Appendix A, Table of Percentages for Distribution of the REDI Fund.
4) Other Goals and Priorities. While the primary purpose of the REDI Fund is for the creation and preservation of housing projects with affordable housing located near frequent or high capacity transit services, the Parties will work together to further the goals set forth in the Recitals of this Agreement. Such coordination shall include working with partners to encourage and approve projects that are committed to equitable development, that foster healthy and resilient communities near frequent or high capacity transit services, and that provide community benefits in the allowable non-housing portion of projects, including facilities that meet community needs and community desired spaces for small business development and business incubation, such as business innovations districts.
5) Greater affordability will be encouraged for projects seeking publicly subsidized Permanent Financing, consistent with the requirements of such funding.

C. Eligible Properties and Uses. Lending from the REDI Fund shall be for the following :

1) Acquisition of vacant, improved or unimproved land for new development. Primary use must be for housing at transit supportive densities, with at least the minimum amount of affordable housing on site as defined in this Agreement. A project that will acquire improved and occupied property for demolition or substantial rehabilitation and may result in tenant displacement will be required to demonstrate net equitable public benefit.
2) Acquisition of existing multi-family housing with the goal of minimizing displacement of residents of such housing in transit oriented locations, rehabilitating such housing, as needed, and preserving it as affordable. This

category of eligibility may be exempted from the transit supportive densities requirement and will be reviewed on a case by case basis.

3) Pre-development funds to support the development of properties acquired with a REDI Fund loan. Pre-development fund requests will be reviewed on a case by case basis and will be reserved for circumstances where other sources of pre-development funds are not available or are not feasible for a project.

D. REDI Fund Structure. The REDI Fund shall be established as a Syndicated Loan structure: a loan fund offered by a group of lenders (a syndicate) that work together to provide blended funds for a single borrower, with an Administrative Agent appointed as the lead. Mechanisms through which the Parties will exercise oversight over the REDI Fund and ensure that acceptable financial records are maintained will be developed as part of the Master Credit Agreement, as set forth in Section V.

The REDI Fund has three tiers of capital. The first tier is comprised of the public "top loss" funds. The second tier is comprised of second loss and subordinate investors, including Program Related Investments (PRI) and flexible debt from mission-driven investors. The third tier is comprised of senior debt investors. The tiers will be administered as a cohesive fund by the Administrative Agent, who will package the fund sources into individual REDI Fund loans.

Portions of REDI Fund loans made from the Public Top Loss Account (first tier) will be made at no interest to the borrower. Portions of REDI Fund loans made from the second and third tier funds will be made at a variety of interest rates. For each REDI Fund loan, the Administrative Agent will blend funds from each of the tiers into one blended rate loan. The Master Credit Agreement (as set forth in Section V) will detail the blending of the capital of individual funders and investors from the three tiers for each loan.

The Master Credit Agreement will also detail how funds within the Public Top Loss Fund Account will be allocated to individual projects. To the extent practical, while accounting for any requirement of specific fund sources, projects may receive funds from multiple public fund sources. The Administrative Agent will track, retain and share records with the Investors regarding the amount of each fund source contributed to each REDI Fund loan so that the Investors have a record of the percentage of their funds in each loan.

III. PUBLIC FUNDER CONTRIBUTIONS AND FUND RELEASE REQUIREMENTS

A. Public Funder Contributions

1) King County. Subject to the provisions of Section III.B., King County will contribute $1 million to the REDI Fund. King County's requirement for the use of this investment mirrors the minimum affordable housing unit requirements, as described in Section II.A., for each REDI Fund loan. In addition, within seven (7) years of capitalization of the fund, some combination of projects that will create or preserve a minimum of five (5) units affordable to 50 percent AMI and below, and a minimum of fifteen (15) units affordable to 30 percent AMI and below, must have received a REDI Fund loan within King County.

   In addition, through an agreement with the Puget Sound Regional Council (PSRC), King County will contribute a pass-through grant from the State of Washington in the amount of $2.5 million. The State is granting the funds for a revolving loan fund to support affordable housing opportunities near transit stations and stops that provide frequent or high capacity transit services and are located within the Sound Transit service area. The $2.5 million is contributed to the first tier on behalf of three participating counties, King, Pierce and Snohomish.

2) The City of Seattle. Subject to the provisions of Subsection III.B., The City of Seattle will contribute $1 million to the REDI Fund. Within five years of capitalization of the fund, a minimum of 10 units affordable to households earning up to 80 percent AMI for a period of fifty years must have received a REDI Fund loan within Seattle city limits. The City of Seattle reserves the right to withdraw its investment at the end of five years if this minimum requirement has not been met.

3) A Regional Coalition for Housing (ARCH). Subject to the provisions of Subsection III.B., those cities collectively referred to as ARCH will contribute $500,000 to the REDI Fund in the following amount for each individual city:

Bellevue:	$250,000
Issaquah	$ 36,500
Kenmore	$ 25,000
Kirkland	$120,000
Mercer Island	$ 11,500
Redmond	$ 50,000
Woodinville	$ 7,000

ARCH's requirement for the use of these investments mirrors the minimum affordable housing unit requirements for each REDI Fund loan, described in Section II.

B. Release of Public Funds to REDI Fund Account(s). The funds of the Parties will be released to the REDI Fund account(s) established by the Administrative Agent only after each of the following has occurred: (1) execution of this Interlocal Agreement; (2) execution of the Master Credit Agreement by the Executives of the Parties and by all initial investors in the REDI Fund; (3) constitution of an Oversight Committee and confirmation by the REDI Fund Staff Work Group that all documents necessary to administer the REDI Fund have been approved by the Oversight Committee; and (4) at least $18 million has been committed to the REDI Fund through a combination of all investment tiers.

IV. ADMINISTRATION AND OVERSIGHT OF THE REDI FUND

A. Administrative Agent. Day-to-day REDI Fund activities and operations will be administered by an Administrative Agent chosen by the Executives of the Parties.

1) The role and duties of the Administrative Agent and the process for selecting and replacing the Administrative Agent, if necessary, will be specified in the Master Credit Agreement.
2) The Administrative Agent will maintain all REDI Fund financial records and submit all reports required by the REDI Oversight Committee in a form that is acceptable to that Committee.
3) The Administrative Agent will staff the REDI Fund committees, specified in Section IV.B., and provide regular reports for such committees and for fund investors, as specified in the Master Credit Agreement. Annual reports, including a report in an acceptable format for the State of Washington, will be available to the REDI Fund Public Funders, committees and the Executives of the Parties, to deliver to the State and their stakeholders.
4) The Administrative Agent will have the lead role in obtaining second and third tier mission investors and senior debt investors to the fund, maintaining investor relations and exploring options to expand and/or replace capital as needed.
5) Compensation of the Administrative Agent through the REDI Fund shall be detailed in the Master Credit Agreement.

B. Governance and Oversight - REDI Fund Committees

1) Advisory Committee. The REDI Fund will receive advice and feedback through an Advisory Committee, whose members will include major regional affordable

housing and transportation stakeholders, representatives from all investor entities and the REDI Fund Administrative Agent. While all investors may participate, this is not mandatory. The Advisory Committee will provide high-level advice, feedback and recommendations to the Oversight Committee and the Administrative Agent. The Advisory Committee shall meet at least once per year. The total number of members and composition of this committee shall be specified in the Master Credit Agreement. The Parties agree to communicate and coordinate so that at least one Public Funder representative attends each of these committee meetings.

2) Oversight Committee. The REDI Fund will be governed by an Oversight Committee. The Oversight Committee will always be chaired by a first tier public top loss investor, and the Parties agree to rotate this role as the Chair. Details of the rotation process will be specified in the Master Credit Agreement.

   The Oversight Committee members will include the following: one permanent seat for each direct public funder of the first tier (top loss); one permanent seat for the Administrative Agent; one rotating seat for jurisdictions that share in the REDI Fund indirectly through funds granted from the State of Washington; one or two rotating seats for Tier 2 lenders, depending on the number of such lenders; and, one or two rotating seats for senior Tier 3 lenders, depending on the number of such lenders. The total number of committee members, selection process and seat rotation process will be specified in the Master Credit Agreement.

   The Oversight Committee will oversee the details of the direction and business of the REDI Fund to ensure that the REDI Fund is meeting its stated purpose, mission and goals, including oversight of a REDI Fund evaluation process that will recognize and account for the goals and priorities of the respective Parties. Such oversight includes reviewing the cumulative activities of the REDI Fund, and, on an as needed basis, amending REDI Fund policies and procedures. The Oversight Committee may discuss potential revisions to REDI Fund underwriting criteria and policies/procedures contained in the Master Credit Agreement, and if such revision(s) are deemed necessary, initiate a process for all investors to sign a revised Master Credit Agreement. The Oversight Committee will meet at least twice per year, and may meet more frequently if determined necessary.

3) Credit Committee. A Credit Committee will be convened periodically, and as needed, by the Administrative Agent to review loan applications, and to take action to approve such applications based on criteria established by the Oversight Committee. As needed, the Credit Committee may also evaluate requests for amendments or loan extensions. The membership of the Credit Committee will include five members: a) one seat for the Most Local Public Funder of the application(s) being reviewed by the committee; b) one regularly rotating seat for

first tier funders other than the Most Local Public Funder; c) one regularly rotating seat for second tier investors; d) one regularly rotating seat for third tier investors; and, e) a seat for the Administrative Agent. The details of the credit committee processes, including seat rotation, will be specified in the Master Credit Agreement.

The Parties agree to communicate with each other regarding project applications within a jurisdiction that does not currently have a representative sitting on the credit committee in order to protect each other's interests. The Parties agree to support the minimum requirements of fellow public funders contained in Section III when projects are otherwise equally qualified. All written correspondence and minutes from Credit Committee meetings will be provided promptly to all members of the Oversight Committee.

V. REDI FUND MASTER CREDIT AGREEMENT.

All investors in the REDI Fund will enter into a Master Credit Agreement that is consistent with this Interlocal Agreement and establishes the following, at a minimum:

A. The roles, responsibilities, duties and processes, as applicable of investors, committees, and the Administrative Agent
B. Procedures for the Oversight Committee to initiate a process to replace the Administrative Agent, if determined necessary
C. Amounts and terms of capital contributions by the investors and capital flow through the life of the REDI Fund, i.e. the manner in which the capital from the individual lenders will be layered into individual loans and the operating approach of the REDI Fund
D. Eligible borrowers, eligible project location areas, and other relevant qualification criteria for project selection
E. Details of REDI Fund policies and procedures, including the REDI Fund application, relocation and displacement
F. Percentages for the sub-regional distribution of loans pursuant to Appendix A
G. Terms and conditions to ensure that the Parties' funds are used for their intended purpose
H. Provisions for mitigating losses to the first tier Public Top Loss Fund Account
I. Provisions for administering fund resources and obligations upon expiration of the Agreement, if the Agreement is not renewed
J. Provisions requiring the Administrative Agent to track, retain, and share records with the Investors regarding the amount of each fund source contributed to each REDI Fund loan so that the Investors have a record of the percentage of their funds in each loan.

The Master Credit Agreement shall be signed by the Executives of the Parties.

VI. DEFINITIONS

A. Affordable Housing Regulatory Agreement. Affordable Housing Regulatory Agreement means a recorded agreement that runs with the land regulating the minimum number of affordable housing units required by the REDI Fund for an acquired property. An Affordable Housing Regulatory Agreement is recorded at the time a REDI Fund loan is closed and runs with the land for a period of fifty years, unless released and replaced pursuant to the provisions of Section II.A.

B. Area Market. Area Markets for the purpose of determining average rents and average multi-family for-sale prices for the area in which an applicant's project is located shall be determined by local rental research information and for-sale listing service publications. Information about each Area Market shall be detailed in the Master Credit Agreement.

C. Executive. Executive means the appropriate designated authority of each of the Parties (e.g. County Executive, Mayor). The Parties, collectively referred to as ARCH, appoint the designated authority of the Administering Agency of ARCH as designated and defined in the Amended and Restated Interlocal Agreement for ARCH to act as their Executive. The Executive for the ARCH Parties will consult with the ARCH Executive Board prior to acting on behalf of the ARCH Parties.

D. Low-Income Household. A Low-Income Household is a household whose income is at or below 50 percent of area median income (AMI), as determined and published by HUD on an annual basis, for the area in which a REDI project is located.

E. Moderate-Income Household. A Moderate-Income Household is a household whose income is at or below 80 percent AMI, and more than 50 percent AMI, as determined and published by HUD on an annual basis, for the area in which a REDI project is located.

F. Most Local Public Funder. The Most Local Public Funder is the first tier public funder with the smallest jurisdictional boundary in which a project application is located; e.g. for a project in Seattle, Seattle is the Most Local Public Funder, for a project in Bellevue, ARCH is the Most Local Public Funder, and for a project in SeaTac or Shoreline, King County is the Most Local Public Funder.

G. Permanent Financing. Permanent Financing means long-term debt or equity financing that supports the development or acquisition/rehabilitation of a housing asset.

H. REDI Fund Staff Work Group. The REDI Fund Work Group consists of the staff representatives of the three direct public investors, King County, Seattle and ARCH; the Administrative Agent; staff from the Puget Sound Regional Council; and staff representatives from Pierce County and Snohomish County.

VII. CONTACT PERSONS

For purposes of this Agreement, the following persons shall serve as contact persons for their respective jurisdictions:

King County:

Snohomish County:

Pierce County:

The City of Seattle:

ARCH:

VIII. EFFECTIVE DATE OF AGREEMENT

This Agreement shall be effective on the date on which the last of the Parties has signed.

IX. DURATION OF AGREEMENT

A. Duration. Unless otherwise renewed as provided herein, this Agreement shall remain in effect for a period of ten years following the effective date of the agreement.
B. Renewal. The Executives of the Parties agree to have discussions with the other REDI Fund investors no later than December 31, 2022 to determine if the Parties wish to renew this Agreement and continue the REDI Fund beyond the initial ten-year period. The Agreement may be renewed for an additional ten year term, or for such other lesser period as the Parties may agree.
C. Termination. The Master Credit Agreement may include provisions that would allow for the termination of the REDI Fund before the ten year period of this Agreement if there is no activity in the REDI Fund for a period of time to be described in the Master Credit Agreement.

X. ADDITIONAL PARTIES, REVISIONS

A. Additional jurisdictions may become a Party to this Agreement upon investment of the jurisdiction's public funds into the first tier of the REDI Fund, and approval and signature to this Agreement.
B. Revisions to the Appendix A, Table of Percentages for Distribution of REDI, may be made in order to reflect the addition of Parties to this Agreement, failure of a Party to sign this Agreement or additional public fund contributions made. Such revisions shall be approved by the Executives of the Parties. Revisions to Appendix A shall be

considered to be approved in writing when the revised Appendix A is signed by all the Executives of the Parties as an amendment to this Agreement.

XI. GENERAL MATTERS AND RECORDING

A. Entire Agreement. This Agreement is the complete expression of the terms hereof, and any representations or understandings, whether written or oral, not incorporated herein are excluded.
B. No Assignment. No Party shall have the right to transfer or assign its rights or obligations under this Agreement without the prior written consent of all other Parties.
C. No Separate Legal Entity. No separate legal entity is created by this Agreement. Mechanisms through which the Parties will exercise oversight over the REDI Fund and ensure that acceptable financial records are maintained will be developed as part of the Master Credit Agreement, as set forth in Section V.
D. Venue. Any action filed under or related to this Agreement must be brought in King County Superior Court.
E. Recording. This Agreement shall be filed with King County Records or otherwise made public in accordance with the Interlocal Cooperation Act.
F. Dispute Resolution. If any dispute arises among the Parties which is not resolved by routine meetings or communications, the disputing parties agree to seek resolution of such dispute in good faith by meeting, as soon as feasible. If the disputing parties do not come to an agreement on the dispute, the disputing parties may agree to pursue mediation through a process to be mutually agreed upon, with the disputing parties to the dispute sharing equally the costs of mediation and assuming their own costs.
G. No Third Party Beneficiaries. This Agreement is for the benefit of the Parties only, and no third party shall have any rights hereunder.
H. Retained Responsibility and Authority. Except as expressly provided for herein, the Parties retain the responsibility and authority for managing and maintaining their own respective systems and programs related to affordable housing activities.

XII.

The invalidity of any clause, sentence, paragraph, section, or portion thereof shall not affect the validity of the remaining provisions of the Agreement. In the event the provision invalidated is necessary for any Party to continue to receive the benefit it was receiving under the Agreement before the invalidation, the Parties agree to consider amending the Agreement to provide a substitute provision that enables the affected Party or Parties to continue to receive that benefit. If such an amendment cannot be agreed upon, the Agreement will be deemed terminated as of any date required by the invalidation.

XIII. COUNTERPARTS

This Agreement may be signed in counterparts and, if so signed, shall be deemed one integrated Agreement.

Approved and executed this ____ day of _____, 2016

Jurisdiction:_____

Signature: _____

By:_____
Printed Name

Title:_____

Approved as to form:

_____
City/County Attorney

APPENDIX A

TABLE OF PERCENTAGES FOR GEOGRAPHIC DISTRIBUTION OF REDI FUNDS

Source	Top Loss Share	Seattle allocation	East King allocation	South King-Shoreline/Bothell allocation	Snohomish allocation	Pierce allocation
State (1)	$ 2,500,000	$ 531,000	$ 413,000	$ 531,000	$ 425,000	$ 600,000
King Co	$ 1,000,000	$ 360,000	$ 280,000	$ 360,000		
Seattle	$ 1,000,000	$ 1,000,000				
ARCH	$ 500,000		$ 500,000			
Total Public Top Loss	$ 5,000,000	$ 1,891,000	$ 1,193,000	$ 891,000	$ 425,000	$ 600,000
TOTAL Funds (2)	**$ 21,000,000**	**$ 7,980,000**	**$ 5,040,000**	**$ 3,780,000**	**$ 1,890,000**	**$ 2,520,000**
% Split		**38%**	**24%**	**18%**	**9%**	**12%**
ASSUMPTIONS FOR GEOGRAPHIC PERCENTAGE DISTRIBUTION CALCULATION						
Regional Split				**All King**	**Snohomish**	**Pierce**
	Population (3)			56%	20%	24%
	Transit Nodes (4)			62%	14%	24%
	Combined Average			**59%**	**17%**	**24%**
		Seattle	**East/Northeast**	**South**		
King Split (5)		36%	32% (6)	32%		
	North adjustment (7)	**36%**	**28%**	**36%**		

(1) State funds assigned to each area based on combined population-transit node share and, within King Co share of RHAP allocation. See following footnotes for more detail
(2) Total funds available: Public funds plus mission and private lender investments of an additional $16 million.
(3) Based on proportion of 2010 Census population in each county.
(4) Estimated proportional share of total acreage within eligible TOD areas.
(5) Based on King County Regional Affordable Housing Program (RAHP) document recording surcharge fees geographic allocation formula agreement between King County jurisdictions
(6) For RAHP program North and East King County are included in one geographic area.
(7) North King Co share removed from East King Co to South King – Shoreline/Bothell