



1 WHEREAS, the SHA Board of Commissioners passed Resolution 4967 approving the sale of  
2 Keystone House and Keystone Campus to CPC, consistent with Ordinance 110124 and  
3 the Cooperation Agreement, for the purpose of continuing use of the properties as low-  
4 income housing for the disabled; and

5 WHEREAS, the City and SHA desire to amend the Cooperation Agreement to allow for sales of  
6 properties acquired with proceeds of the Bonds, with City Council approval, for the  
7 purpose of continuing use of the properties as low-income housing for the disabled and  
8 older persons; NOW, THEREFORE,

9 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

10 Section 1. The Mayor or the Director of Housing is authorized to execute, deliver, and  
11 perform, for and on behalf of The City of Seattle, an amendment (“Amendment”) to the Housing  
12 Cooperation Agreement between the City and SHA authorized by Ordinance 110433, dated  
13 March 26, 1982, as previously amended (“Cooperation Agreement”). The Amendment shall be  
14 in the form attached to this ordinance as Exhibit E, with any modifications and additions the  
15 Mayor or such Director shall determine are necessary or appropriate to implement the intent of  
16 this Ordinance.

17 Section 2. The City of Seattle finds that sale of the Keystone House, described in Exhibit  
18 A to this ordinance, to Community Psychiatric Clinic, a Washington nonprofit corporation  
19 (“CPC”) would further the purposes of Ordinance 110124 by facilitating the continued use of the  
20 property as housing for low-income handicapped persons, and hereby approves the sale by SHA  
21 of Keystone House to CPC on substantially the terms and conditions set forth in Exhibit C to this  
22 ordinance, conditioned upon the execution and delivery of the Amendment by the City and SHA.

23 Section 3. The City of Seattle finds that sale of the Keystone Campus, described on  
24 Exhibit B to this ordinance, to CPC would further the purposes of Ordinance 110124 by  
25 facilitating the continued use of the property as housing for low-income handicapped persons,  
26 and hereby approves the sale by SHA of the Keystone Campus to CPC on substantially the terms  
27 and conditions set forth in Exhibit D to this ordinance, conditioned upon the execution and  
28 delivery of the Amendment by the City and SHA.



1 Section 4. The Mayor or the Director of Housing is authorized to accept, administer,  
2 modify and enforce, for and on behalf of The City of Seattle, instruments and agreements  
3 executed by CPC as contemplated by this ordinance and related assignments by SHA, and to  
4 perform such other actions as may be reasonably necessary or appropriate to implement the  
5 intent of this ordinance.

6 Section 5. This ordinance shall take effect and be in force 30 days after its approval by  
7 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it  
8 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

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1 Passed by the City Council the \_\_\_\_ day of \_\_\_\_\_, 2011, and  
2 signed by me in open session in authentication of its passage this  
3 \_\_\_\_ day of \_\_\_\_\_, 2011.

4 \_\_\_\_\_  
5 \_\_\_\_\_  
6 President \_\_\_\_\_ of the City Council

7  
8 Approved by me this \_\_\_\_ day of \_\_\_\_\_, 2011.

9  
10 \_\_\_\_\_  
11 Michael McGinn, Mayor

12  
13 Filed by me this \_\_\_\_ day of \_\_\_\_\_, 2011.

14  
15 \_\_\_\_\_  
16 Monica Martinez Simmons, City Clerk

- 17 (Seal)  
18 Exhibit A: Keystone House Legal Description  
19 Exhibit B: Keystone Campus Legal Descriptions  
20 Exhibit C: Conditions of Sale of Keystone House  
21 Exhibit D: Conditions of Sale of Keystone Campus  
22 Exhibit E: Third Amendment to the Cooperation Agreement



Amy Gray  
OH SSHP Transfer ORD Exh A  
July 8, 2011  
Version 1

Exhibit A

Keystone House Legal Description

Unit Lot B of City of Seattle Short Plat No. 2206642, recorded under recording number 20031119900009, being a portion of Government Lot 2, in Section 18, Township 25 North, Range 4 East, W.M., in King County, Washington.



Amy Gray  
OH SSHP Transfer ORD Exh B  
July 13, 2011  
Version 2

Exhibit B

Keystone Campus Legal Description

**Coach House:**

Unit Lot A of City of Seattle Short Plat No. 2206642, recorded under recording number 20031119900009, being a portion of Government Lot 2, in Section 18, Township 25 North, Range 4 East, W.M., in King County, Washington.

**Albion Place:**

Unit Lot C of City of Seattle Short Plat No. 2206642, recorded under recording number 20031119900009, being a portion of Government Lot 2, in Section 18, Township 25 North, Range 4 East, W.M., in King County, Washington.



## Exhibit C

### Keystone House Terms and Conditions of Sale

1. **Covenant.** Purchaser agrees, under a 50-year covenant recorded at closing of the sale, subject to extension acceptable to the Director, to use the Property for the sole purpose of housing extremely low-income persons who are handicapped.
2. **Definitions.** The following terms have the meanings set forth below:
  - "Handicapped" means subject to a sensory, physical or mental disability.
  - "Extremely low-income person" means an individual whose annual household income, at the time of initial occupancy, does not exceed 30% of area median income
  - "Property" means the real property described on Exhibit A to the ordinance to which these Terms and Conditions are an Exhibit, including all improvements.
  - "Director" means the director of the Office of Housing (OH)
3. **Price and Terms.** Purchaser agrees to acquire the Property at a sales price determined by the current assessed value of the land and improvements of the property, as acceptable to the Director. The full amount of the sales price, minus any applicable closing costs, will be deferred for fifty (50) years under terms consistent with current OH lending policies and secured by a deed of trust on the Property. The deferral period may be extended for an additional 25 year period and the full amount deferred may be forgiven at the end of the of the extended deferment period, as acceptable to the Director. Purchaser agrees to establish at closing of the sale a replacement reserve in a separate interest bearing account with a starting balance of \$100,000 and agrees to use the account solely for capital replacements for the Property.
4. **Capital Needs.** Purchaser shall provide a capital needs assessment and schedule of reserves acceptable to the Director. Purchaser shall agree to make an annual contribution to the replacement reserve for the full term of the regulatory agreement in an amount approved by the Director.
5. **Assignment to the City.** SHA assigns all its rights to future payment or performance under the sale documents to the City at closing of the sale.

These Terms and Conditions shall be reflected in documents in form and content acceptable to the Director, and enforceable by the City.



## Exhibit D

### Keystone Campus Terms and Conditions of Sale

1. Purchaser agrees to assume and comply with the covenants currently in effect for the Albion Place and Coach House buildings developed on the Property, and to use the Property for the sole purpose of housing extremely low-income persons who are handicapped. The following terms have the meanings set forth below:
  - "Handicapped" means subject to a sensory, physical or mental disability.
  - "Extremely low-income person" means an individual whose annual household income, at the time of initial occupancy, does not exceed 30% of area median household income.
  - "Albion Place" means the real property described as such on Exhibit B to the ordinance to which these Terms and Conditions are an Exhibit, together with all improvements thereon.
  - "Coach House" means the real property described as such on Exhibit B to the ordinance to which these Terms and Conditions are an Exhibit, together with all improvements thereon.
  - "Director" means the director of the Office of Housing (OH)
2. Purchaser agrees to acquire SHA's entire interest in Albion Place including all SHA's interest as landlord under the existing ground lease, at a sales price determined by the current assessed value of the land, as acceptable to the Director. The full amount of the sales price, minus any applicable closing costs, will be deferred until December 12, 2053 and secured by a deed of trust on Albion Place. The deferral period may be extended for an additional 25 year period and the full amount deferred may be forgiven at the end of the of the extended deferment period, as acceptable to the Director.
3. Purchaser agrees to acquire Coach House from SHA and assume the current outstanding debt secured by Coach House and all SHA's obligations under the existing City loan agreement, regulatory agreement and note with regard to the Coach House. No payment or additional financial consideration shall be required of purchaser.
4. SHA agrees to assign all its rights to future payment or performance for Albion Place and Coach House under the sale documents to the City at closing of the sale. SHA is released from any obligations in connection with the City loan on the Coach House, except for any indemnities for actions, omissions or circumstances prior to the date of transfer.

These Terms and Conditions shall be reflected in documents in form and content acceptable to the Director, and enforceable by the City.



Exhibit E

THIRD AMENDMENT TO  
HOUSING COOPERATION AGREEMENT  
BETWEEN  
THE CITY OF SEATTLE AND THE  
HOUSING AUTHORITY OF THE CITY OF SEATTLE  
(Low-Income Elderly and Handicapped Housing)

This Amendment modifies the Housing Cooperation Agreement between THE CITY OF SEATTLE ("City"), a Washington municipal corporation, and the HOUSING AUTHORITY OF THE CITY OF SEATTLE ("Housing Authority"), a Washington public body corporate and politic, dated May 26, 1982, relating to the dwelling units developed for Low-Income Elderly or Handicapped Persons with proceeds of the City's bonds issued pursuant to City Ordinance 110124. The Housing Cooperation Agreement was authorized by Ordinance 110433 and previously modified pursuant to Ordinance 119424, by an amendment dated as of July 15, 1999, and subsequently modified pursuant to Ordinance 120528, by an amendment dated as of September 7, 2001 (as so amended, it is referred to herein as the "Cooperation Agreement").

RECITALS

Pursuant to Ordinance 110124 there was presented to the voters of The City of Seattle in November 1981, and the voters approved, a ballot proposition for the issuance of general obligation bonds of the City in the amount of \$48,170,000 ("Bonds") to finance low-income elderly and handicapped housing to be acquired and developed by the Housing Authority of the City of Seattle.

Since the passage of Ordinance 110124 and execution of the original Housing Cooperation Agreement the Housing Authority has, with the proceeds of the Bonds, acquired and developed housing for low-income elderly and handicapped residents of Seattle.

Certain projects financed with the Bonds that have reached or are near the end of the projected 25-year life stated in Ordinance 110124 may be able to serve low-income older persons and persons with disabilities over a longer term, or more efficiently, if ownership is transferred to non-profit organizations dedicated to serving such persons subject to appropriate conditions and restrictions and subject to monitoring by the City Office of Housing.

The City and the Housing Authority wish to amend the Cooperation Agreement to permit such transfers, subject to City approval in each case.

NOW, THEREFORE, in consideration of the mutual covenants herein, the parties hereby agree as follows:

**1. Sale of Property:** Section 10 of the Cooperation Agreement is amended as follows:

**10. Sale of ((Excess)) Property.** Any real property constituting part of the Project (including housing units developed thereon) may be sold or otherwise disposed of by the Housing Authority to the extent permitted by law (a) if utilization of such housing units for the purposes of the Ordinance is no longer



feasible; or (b) if such sale or other disposition would further the purposes of the Ordinance by increasing the supply of housing for Low-Income Elderly or Handicapped Persons; or (c) if such sale or other disposition will facilitate the continued use of the property as housing for Low-Income Elderly or Handicapped Persons; provided that no ((such)) sale or other disposition may occur without the approval of the City by Ordinance and upon such terms and conditions as it may impose. The proceeds of any such sale, including interest if the sale is on a deferred payment basis, shall be remitted to the City for deposit in the Development Fund to be used for the same purposes as authorized for use of the Bond proceeds provided that if this Agreement or the Project is terminated under Article 13, or if the Housing Authority is unable to utilize the funds for Capital Costs of the Project, such proceeds shall be returned to the City.

2. **Miscellaneous.** Except as expressly set forth above, the terms of the Cooperation Agreement remain in full force and effect. No waiver of modifications of the terms of the Cooperation Agreement, as amended, is or shall be valid unless in writing and signed by the duly authorized officer of each party hereto. This Amendment may be executed in two or more counterparts, which together shall constitute a single agreement. Capitalized terms not defined herein shall have the meanings set forth in the Cooperation Agreement unless the context otherwise requires.

IN WITNESS WHEREOF The City and the Housing Authority have executed this Amendment as of the \_\_\_\_\_ day of \_\_\_\_\_, 2011.

THE CITY OF SEATTLE

By \_\_\_\_\_  
Rick Hooper, Director  
Office of Housing

Pursuant to the authority of  
Ordinance No. \_\_\_\_\_

HOUSING AUTHORITY OF THE CITY OF SEATTLE

By \_\_\_\_\_  
Tom Tierney, Executive Director  
Pursuant to Resolution No. \_\_\_\_\_  
of its Commissioners



**FISCAL NOTE FOR NON-CAPITAL PROJECTS**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>CBO Analyst/Phone:</b>
Office of Housing	Maureen Kostyack/5-0986	Amanda Allen/4-8894

**Legislation Title:**

AN ORDINANCE relating to low-income elderly and handicapped housing; authorizing the amendment of the Housing Cooperation Agreement between the City and the Seattle Housing Authority approved by Ordinance 110433 and amended as approved by Ordinance 119424 and Ordinance 120528; approving the sale by the Seattle Housing Authority of property at N. 35<sup>th</sup> Street and Woodland Park Ave. N., which was acquired with the proceeds of the City's bonds issued pursuant to Ordinance 110124; and authorizing the Mayor or Director of Housing to accept and administer related notes and contracts.

**Summary of the Legislation:**

The Seattle Housing Authority (SHA) is proposing to transfer ownership of a property funded with the Seattle Senior Housing Program (SSHP) bond proceeds to a nonprofit housing organization. The purpose of the transfers is to preserve the use of this property as low-income housing for people with disabilities by bringing additional resources to the operation and maintenance of the buildings.

The Council bill authorizes an amendment to the Housing Cooperation Agreement to allow sale of SSHP property to facilitate continued use of the property as low-income housing. The bill also authorizes SHA to transfer Keystone House, and land associated with Albion Place and Coach House on the Keystone Campus, to Community Psychiatric Clinic (CPC). CPC will continue to serve the current resident population. Upon transfer, the property will be regulated by the Office of Housing and no longer be governed by the Cooperation Agreement.

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

In March 1982, the City of Seattle and SHA executed a Housing Cooperation Agreement to govern the development and operation of housing funded with the 1981 Senior Housing bond proceeds. This program produced 993 units of senior housing in 23 buildings that are owned and operated by SHA as the Seattle Senior Housing Program (SSHP).

The bond proceeds were also used for several specialized projects serving people with disabilities. These properties are owned by SHA, as required by the bonds, but leased and operated by nonprofit agencies. The bonds have been repaid; therefore, public ownership of these properties is no longer required. One of these buildings is Keystone House, a 64-bed licensed boarding home. Keystone House was developed on a site acquired with senior bond proceeds, and leased and operated by Community Psychiatric Clinic. Two additional buildings,



Albion Place and Coach House, were later developed on the Keystone Campus using other City funds.

The Housing Cooperation Agreement has been amended twice by Ordinance:

- **Ravenna School:** City Council passed Ordinance 119424 in 1999 to amend the Housing Cooperation Agreement, authorizing ownership to be transferred to a limited partnership with SHA as the managing partner. This ownership transfer allowed SHA to use low-income housing tax credits for building rehabilitation. Ravenna School still operates as an SSHP building under the Housing Cooperation Agreement.
- **Morrison Hotel:** City Council passed Ordinance 120528 in 2001 to amend the Housing Cooperation Agreement, authorizing the transfer of ownership to Downtown Emergency Services Center (DESC). This property is no longer covered by the Housing Cooperation Agreement. DESC assumed the existing loan obligations and OH provided funding for substantial rehabilitation. OH has a regulatory agreement with DESC for the Morrison Hotel.

The transfer of ownership to Community Psychiatric Clinic is in keeping with these precedents. Transferring the property to CPC will provide the long-term interest in preserving the campus for low-income housing for the current population of residents. The transfer would provide a single point of operational accountability, and would allow CPC to develop a long-term service and operations plan for the campus to assure future viability.

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.)

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





**City of Seattle**  
Office of the Mayor

July 19, 2011

Honorable Richard Conlin  
President  
Seattle City Council  
City Hall, 2<sup>nd</sup> Floor

Dear Council President Conlin:

I am pleased to transmit the attached proposed Council Bill authorizing the transfer of property from the Seattle Housing Authority (SHA) to Community Psychiatric Clinic (CPC), a nonprofit organization. The proposed transfer will preserve the use of the property as low-income housing for people with disabilities.

SHA proposes to transfer ownership of the Keystone House and the Keystone Campus site to CPC. These SHA properties were developed with 1981 Seattle Senior Housing bonds. Council approval of this transfer is required under the terms of the Housing Cooperation Agreement between the City and SHA for the Seattle Senior Housing Program.

SHA used Senior Housing bonds to acquire the Keystone Campus and develop Keystone House, a 64-bed licensed boarding home leased and operated by Community Psychiatric Clinic. SHA and CPC subsequently developed two additional buildings, Coach House and Albion Place, on the site using other City funds. CPC now provides a continuum of housing and services for people with serious mental and behavioral health disabilities at the Keystone Campus and at CPC clinics located within walking distance of the campus. Consolidating ownership of the campus will allow CPC to develop a long-term service and operations plan to assure future viability.

The Council Bill authorizes amendment of the Housing Cooperation Agreement between the City of Seattle and SHA to allow property transfers to facilitate continued use as low-income housing. In addition, the Bill specifically authorizes transfer of the Keystone House plus the land associated with Albion Place and Coach House. All properties will be subject to regulatory agreements ensuring the long-term affordability of the housing.

Thank you for your consideration of this legislation. Should you have questions, please contact Maureen Kostyack at 615-0986

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael McGinn'.

Michael McGinn  
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

Michael McGinn, Mayor  
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