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City Council

Approval of Resolution Authorizing the City Manager to Execute Documents Necessary to Continue Subordination of City Loans to Support Additional Funding for Affordable Housing

Agenda Date: 10/3/2017
Agenda Item Number: 4.M
File Number: 17-1008

Type: resolution **Version:** 1 **Status:** Passed

Title

Approval of Resolution Authorizing the City Manager to Execute Documents Necessary to Continue Subordination of City Loans to Support Additional Funding for Affordable Housing

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to approve the Resolution Authorizing the City Manager to Execute Documents Necessary to Continue Subordination of City Loans upon Certain Parcels of Real Property to Support Additional Funding for Affordable Housing/

Report

Issue:

Whether the City Council should approve a resolution to continue subordination of city loans to support additional funding for affordable housing?

Staff Contact:

Mark Barber, City Attorney, 360.753.8338

Presenter(s):

None - Consent Calendar item.

Background and Analysis:

Homes First, a Washington non-profit corporation, that has worked since 1990 to increase the supply of affordable housing for community members consisting of the poor, infirm, disabled, and homeless, by purchasing houses, apartments, or duplexes and rehabilitating them for habitation. Homes First has an opportunity to help more low income persons within our community with affordable housing

via tax-exempt bond financing through the Washington State Housing Finance Commission (WSHFC).

Homes First has requested the City to execute new subordination agreements and related documents to assist in its efforts to secure tax-exempt bond financing to help more persons with affordable housing needs. The City has nine housing-related loans to which this request applies; six of which shall require execution of a Regulatory Amendment in addition to new subordination agreements.

The City's current position is a subordinated one to another lender. This subordinated position will change as to the new lender (Olympia Federal) and the requirement of a Regulatory Amendment on six of the nine properties on which the City has loans. The Regulatory Amendment shall terminate in the event of foreclosure, among other events, but only if, within a reasonable time period, either the bond is retired or amounts received as a consequence of such event are used to provide a project which meets the stipulated requirements.

The proposed Priority and Subordination Agreement to be executed by the City of Olympia lists the priority of the subordinated interests of the State, Thurston County, and the City of Olympia in the aforesaid order without consideration to the recording dates of any secured interests in the properties by these governmental entities.

Neighborhood/Community Interests (if known):

To aid the poor, infirm, disabled, and homeless with affordable housing.

Options:

1. Approve the Resolution as presented.
2. Amend, then take action to approve the Resolution as amended.
3. Take no action.

Financial Impact:

None. City's loan positions are now subordinated, and would still be subordinated but to a different lender.

Attachments:

Resolution