Staff Report

File #: 21-156
Version: 1

Date: 4/26/2021
Item #: 3.3b.

TO: Urban Renewal Agency Board

THROUGH: Steve Powers, Executive Director

FROM: Kristin Retherford, Urban Development Director

SUBJECT:

Ratification of the Affordable Housing Agreement, Collateral Assignment, and Subordination Agreement with MWIC Jory Salem, LLC and Washington Federal Bank

Ward(s): Ward 2
Board Member(s): Board Member Andersen
Neighborhood(s): NEN and NESCA
Result Area(s): Welcoming and Livable Community

ISSUE:

Shall the Agency Board ratify the Executive Director's execution of the Jory Apartments Affordable Housing Agreement, Collateral Assignment, and Subordination Agreement, with MWIC Jory Salem, LLC and Washington Federal Bank?

RECOMMENDATION:

Ratify the Executive Director's execution of the Jory Apartments Affordable Housing Agreement, Collateral Assignment, and Subordination Agreement, with MWIC Jory Salem, LLC and Washington Federal Bank.

SUMMARY:

On September 28, 2020, the Urban Renewal Agency Board authorized the Executive Director to execute the Jory Apartments Affordable Housing Agreement (Affordability Agreement) with MWIC Jory, LLC, and in October the Affordability Agreement was executed. A revised Affordability Agreement was executed on January 29, 2021, (Attachment 1) to include a legal description for the property. The January 2021 Affordability Agreement supersedes the October 2020 version. The Collateral Assignment (Attachment 2) and Subordination Agreement (Attachment 3) were requested by MWIC Jory's lender, Washington Federal. These agreements were executed quickly to meet the loan closing timeline for the project and did not align with the Agency's meeting schedule.

FACTS AND FINDINGS:

The revised Development Agreement between the Agency and MWIC Jory includes the following change:

- Exhibit 2, Legal Description, added, to reflect the recording of the Kirkbride Subdivision Plat that includes the approximately 11 acre area where the Jory Apartments will be located.

The Collateral Assignment between MWIC Jory, LLC and Washington Federal Bank includes:

- Assigns to Washington Federal Bank all MWIC Jory's interests related to the Affordable Housing Agreement if MWIC Jory defaults on their loan with Washington Federal Bank.

- The Agency consents to the Collateral Assignment

The Subordination Agreement between the City, Agency, MWIC Jory, LLC, and Washington Federal Bank includes:

- The lender wants to be in a first lien position on the property as security for MWIC Jory's loan.

- The Agency and City agree to subordinate the System Development Charge (SDC) exemptions granted to MWIC Jory, LLC as well as the property tax rebate program authorized in the Affordability Agreement.

Under the terms of the Affordability Agreement, the Agency can terminate the Agreement and close the Jory Apartments TIF Plan if the Jory Apartments project is not constructed and/or MWIC Jory defaults on their loan and can no longer lease the 36 affordable housing units described in the Agreement.

BACKGROUND:

The Jory Apartments development includes 246 planned multi-family housing units, including 36 units for individuals earning an average of 60 percent of the AMI. The owner expects to lease 12 units to individuals earning 80 percent of AMI, 12 units to individuals earning 60 percent of AMI, and 12 units to individuals earning 40 percent of AMI.

Annie Gorski
Economic Development Manager

Attachments:
1. Revised Affordable Housing Agreement
2. Collateral Assignment
3. Subordination Agreement