



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

**AB 6248
April 4, 2023
Consent Agenda**

AGENDA BILL INFORMATION

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| TITLE: | AB 6248: Authorization from ARCH Member Cities for KCHA Acquisition and Assumption of Debt for Plum Court Apartments | <input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution |
| RECOMMENDED ACTION: | Authorize the City Manager to execute the Assignment, Assumption, and Consent Agreement by certain ARCH member cities, and any related agreements and documents, to enable King County Housing Authority to acquire the Plum Court Apartments and assume the debt associated with the project, including a loan from ARCH. | |

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| DEPARTMENT: | Community Planning and Development |
| STAFF: | Jeff Thomas, CPD Director Alison Van Gorp, Deputy CPD Director |
| COUNCIL LIAISON: | n/a |
| EXHIBITS: | 1. Assignment, Assumption, and Consent Agreement |
| CITY COUNCIL PRIORITY: | n/a |

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| AMOUNT OF EXPENDITURE | \$ n/a |
| AMOUNT BUDGETED | \$ n/a |
| APPROPRIATION REQUIRED | \$ n/a |

EXECUTIVE SUMMARY

The purpose of this agenda bill is to provide signature authority to the City Manager for an agreement by certain ARCH member cities allowing King County Housing Authority to acquire the Plum Court Apartments and assume the debt associated with the project, including a loan from ARCH.

- In 2002, the ARCH Housing Trust fund approved funding for the acquisition and renovation of the Plum Court Apartments in Kirkland. Plum Court provides affordable housing to 66 households at 30%, 50%, and 60% of area median income.
- Earlier this year, King County Housing Authority (KCHA) entered into a purchase and sale agreement with the current owner of the property, Plum Court Housing Associates LLC (PCHA).
- KCHA’s assumption of the debt will include the loan from ARCH, thus ARCH lenders, including Mercer Island, must consent to the assumption of the loan.

BACKGROUND

In 2002, the ARCH Housing Trust fund approved funding for the acquisition and renovation of the Plum Court Apartments in Kirkland. Mercer Island, along with other ARCH member cities, contributed funds towards the project in the form of a loan ([AB 3684](#)). Plum Court provides affordable housing to 66 households at 30%, 50%, and 60% of area median income.

Earlier this year, King County Housing Authority (KCHA) entered into a purchase and sale agreement with the current owner of the property, Plum Court Housing Associates LLC (PCHA). KCHA will be acquiring the Plum Court Apartments solely through the full assumption of all existing public debt obligations and all associated covenants and restrictions. KCHA will assume ownership, management, and full responsibility of the property, including the long-term maintenance and care of Plum Court, ensuring that all affordability conditions and covenants are strictly adhered to.

KCHA's assumption of the debt will include the loan from ARCH. KCHA and PCHA are requesting that the ARCH lenders, including Mercer Island, consent to the assumption of the loan. The Assignment, Assumption and Consent Agreement (Exhibit 1) provides that each lender, including Mercer Island, consents to 1) the transfer of the property and financing to KCHA and 2) the assumption by KCHA of the rights and duties under the loan documents.

ISSUE/DISCUSSION

The City Council motion approving funding for the Plum Court Apartments back in 2002 ([AB 3684](#)) did not include signature authority for "related agreements and documents," as has been included in more recent years. Because the agreement relates to City real property rights, the City Council must provide authorization for the City Manager to execute the agreement. This agreement is coming to the City Council for signature authority merely because the motion language approving the funding did not authorize the City Manager to execute related agreements and documents, which is the practice now.

NEXT STEPS

Once the agreement is executed by Mercer Island and the other ARCH member cities that contributed to the project, the transfer of ownership will proceed. No further action by Mercer Island is anticipated.

RECOMMENDED ACTION

Authorize the City Manager to execute the Assignment, Assumption, and Consent Agreement by certain ARCH member cities, and any related agreements and documents, to enable King County Housing Authority to acquire the Plum Court Apartments and assume the debt associated with the project, including a loan from ARCH.