



## MEMORANDUM

**DATE:** January 10, 2023

**TO:** Natasha Ramras, CFO  
Lon Pluckhahn, Deputy City Manager

**FROM:** Carrie Lewellen, Treasurer

**RE:** **Vancouver Affordable Housing Sales Tax Fund – Long-term loan**

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**Memorandum of Understanding Between**  
**City of Vancouver Affordable Housing Sales Tax Program**  
**and**  
**City of Vancouver Financial and Management Services**  
**for**  
**Documentation of, and Repayment Plan for, an Interfund Loan between**  
**the General Fund and the Affordable Housing Local Sales Tax Fund**

This Memorandum of Understanding (MOU) is regarding documentation of, and the repayment plan for, an Interfund loan between the General Fund (Fund 001) and the Affordable Housing Local Sales Tax Fund (Fund 129).

WHEREAS, in January 2023, City Council adopted Resolution No. \_\_\_\_\_ authorizing an advance for the purpose of providing funds from the City's General Fund to the City's Affordable Housing Local Sales Tax Fund to provide funds if certain terms are met, for a parking lot to support the Lincoln Place 2 project, based on conditions in the January \_\_\_\_\_, 2023 Interlocal Agreement between the City of Vancouver and the Vancouver Housing Authority (VHA).

WHEREAS, the City is supporting the acquisition of property adjacent to an affordable housing development project (Lincoln Place 2), which includes a single-family residence that will be demolished for development of parking for Lincoln Place 2 tenants;

WHEREAS Resolution \_\_\_\_\_ authorizes an advance from the General Fund to the Affordable Housing Local Sales Tax Fund up to \$240,000 for the purpose of the City contributing funds to the VHA to purchase the land to develop parking for Lincoln Place 2 tenants. The loan to the Affordable Housing Local Sales Tax Fund shall bear interest on the unpaid principal balance from the date of the loan at a rate equal to 2.27% and shall be repayable in full, with the balloon payment due on January 15, 2028, or when qualifying events are triggered in the IGA with VHA. These events include 1) a building permit for Lincoln Place 2 is issued and an affordability covenant that is acceptable to the City is recorded for Lincoln Place 2 OR; 2) the City of Vancouver executes a

contract to provide Affordable Housing funding to support the Lincoln Place 2 project (along with an acceptable covenant recorded). Once eligible, funding from the Affordable Housing Local Sales Tax Fund will reimburse the City's General Fund \$240,000 plus interest. The Treasurer of the City is authorized and directed to implement the terms of Resolution \_\_\_\_\_ and the advance.

WHEREAS, if within five years of the execution of the IGA, construction does not begin on an affordable housing project and affordable housing covenants acceptable to the City are not recorded, VHA will repay the City of Vancouver \$240,000 upon receiving notice for repayment. These proceeds will be deposited in the Affordable Housing Sales Tax Fund and the Affordable Housing Sales Tax Fund will reimburse the General Fund, including interest.

WHEREAS the interest rate for the advance is 2.27% and is based on the average of the 5-year Treasury Note interest rate for the past twenty years.

NOW THEREFORE, the parties agree to the following:

1. The outstanding balance of the interfund loan will be due in 5-years as calculated by Treasury, and as shown on **Exhibit A**.
2. Treasury will record the payment and record accrued interest payable annually until paid in full.
3. Financial and Management Services will ensure there is applicable, adequate appropriations are adopted sufficient to cover the annual accrued interest expense.
4. The repayment of the balance outstanding on the loan will be the priority for the dollars accumulated in the Affordable Housing Local Sales Tax Fund as soon as the property becomes eligible for AHLST funding and until such loan and the related interest is repaid.

FINANCIAL AND MANAGEMENT SERVICES

CITY MANAGER'S OFFICE

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Natasha Ramras, CFO

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Lon Pluckhahn, Deputy City Manager

**Exhibit A**  
**2023 Long-term Loan**  
**From General Fund (001) to the Affordable Housing Sales Tax Fund (129)**  
**January 2023**

Date	Interest Rate	Principal	Accrued Interest	Total Payment	Unpaid Balance
1/15/2023	2.27%		-	-	240,000.00
1/15/2024	2.27%		5,523.67	-	240,000.00
1/15/2025	2.27%		5,523.67	-	240,000.00
1/15/2026	2.27%		5,523.67	-	240,000.00
1/15/2027	2.27%		5,523.67	-	240,000.00
1/15/2028	2.27%	240,000.00	5,523.67	267,618.33	-
Total		240,000.00	27,618.33		

\*Accumulated interest will be paid at final maturity.