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 **KING COUNTY
HOUSING AUTHORITY**

Executive Director:

JIM WILEY

May 3, 1996

John Eddie "J.J." Jones, Senior Vice President
Pacific Rim Development Group, International
4301 South Pine Street
Tacoma Mall Office Building Suite 78
Tacoma, WA 98409

RE: Turnkey single family homeownership project

Dear Mr. Jones:

Thank you for the information on the steel framed home construction that appears to be a promising technology for providing affordable homeownership opportunities for first time home buyers. Construction of these homes has the added benefit of providing job training opportunities for less skilled workers due to the simplified construction techniques involved in erecting the frame and shell of the home.

As you know, there is a severe shortage of affordable, "starter" homes for first time homebuyers in King County. A home must sell for approximately \$100,000 or less in order for it to be affordable to a low or moderate income homebuyer. Low or moderate income in King County means a household whose annual income is at or below 80% of the area median income which is \$41,600 for a family of four.

It is my understanding that Pacific Rim Development is interested in developing, on a turnkey basis, single family homes using steel framed construction. Your proposal would be for the King County Housing Authority to purchase the completed homes from Pacific Rim Development for resale to first time homebuyers.

The King County Housing Authority would be very interested in working with Pacific Rim on such a project on the following basis:

- The turnkey project will involve a minimum of 50 single family homes
- The homes, at a minimum, should have 3 bedrooms, 1.5 baths, and a garage

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- The homes shall be in a saleable condition, certified for occupancy by the local building official and title to each home shall be free of liens or encumbrances prior to acquisition by the Housing Authority
- Pacific Rim shall be responsible for identifying suitable building lots from public and private sources for the project
- In constructing the houses, Pacific Rim shall employ lower income residents of the project area pursuant to Section 3 of the U.S. Housing Act
- The "hard" cost for the building lot, lot development, foundation, and home construction including all fees and permits shall not exceed \$100,000.

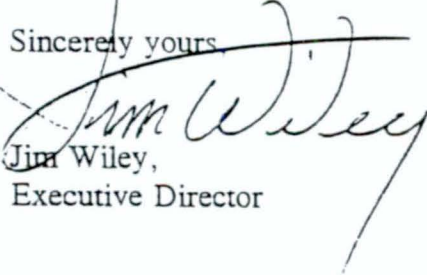
The project will also be contingent on:

1. A site specific turnkey development agreement acceptable to both Pacific Rim Development International and the Housing Authority
2. Acquisition financing acceptable to the Housing Authority

Although I am quite enthused about the steel frame construction and the potential it offers to both lower income homebuyers and lower skill job seekers, I'm sure you are aware of the challenge of building homes at an affordable cost in King County. The Housing Authority and other nonprofit housing organizations have attempted in the past to develop marketable single family homes using various alternative designs and technologies and have had only mixed success. Hopefully, your approach of combining a steel framed home with lower skilled labor will provide a solution to the affordable housing crisis here in King County.

Thank you for your interest in working with the King County Housing Authority.

Sincerely yours


Jim Wiley,
Executive Director