



ARCH EXECUTIVE BOARD AGENDA

December 14, 2023

Bellevue City Hall, Room 1E-110

<https://kirklandwa-gov.zoom.us/j/96905200722>

9:00 a.m. – 10:30 a.m.

- 1) Call to Order
- 2) Approval of the Agenda
- 3) Approval of the October 2023 Meeting Minutes
- 4) Public Comment
- 5) Reports / Action Items
 - a) 2023 ARCH Trust Fund Recommendations
 - b) ARCH Executive Board Chair and Vice Chair Election
- 6) Other Business
 - a) 2024 Housing 101 / Educational Event – Board input
 - b) Verbal Updates
 - Strategic Planning
 - ARCH Meeting Minutes Update
 - 2024 Board Meetings
- 7) Adjournment

ITEM 3: Approval of the November 2023 Meeting Minutes

Approval of the November Executive Board meeting minutes

Attachments

- A. Summary Minutes to Executive Board Meeting (November 9, 2023)

A REGIONAL COALITION FOR HOUSING (ARCH)

Summary Minutes to Executive Board Meeting

Date November 9, 2023
9:00 am

Hybrid Meeting

Board Members Present:

Carol Helland, City of Redmond, Director of Planning and Community Development
Diane Carlson, City of Bellevue, Deputy City Manager
David Pyle, City of Sammamish, Director of Community Development
Maia Knox, City of Clyde Hill, Assistant City Manager
Dean Rohla, City of Clyde Hill, City Administrator
Alison Van Gorp, City of Mercer Island, Director of Development Services
Simon Foster, King County, Director of Housing
Mark Hofman, City of Newcastle, Community Development Director
Jared Hill, City of Woodinville, Intergovernmental Affairs Coordinator
Jason Greenspan, City of Bothell, Community Development Director
Kurt Triplett, City of Kirkland, City Manager
Steve Burns, City of Medina, City Manager
Debbie Bent, City of Kenmore, Community Development Director

Board Members Absent:

Wally Bobkiewicz, City of Issaquah, City Administrator

Others Present:

Lindsay Masters, ARCH, Executive Director
Diana Heilman, ARCH, Senior Administrative Assistant
Yelias Bender, ARCH, Senior Program Officer
Nicole Palczewski, ARCH, Housing Program Intern
Patrick Tippy, ARCH, Affordable Housing Program Manager
Mike Stanger, ARCH, Senior Planner
Susie Levy, ARCH, Local Housing Program Manager
James Henderson, City of North Bend
Matt Fairris, BAE Urban Economics
Linda Abe, City of Bellevue, Affordable Housing Planning Manager
Jen Davis Hayes, City of Issaquah, Economic Development Manager
Jason Gauthier, South Sound Housing Affordability Partners
Andrea Newton, ULI Northwest
Rick Jacobus, Street Level Advisors
Rebecca Deming, City of North Bend, Community & Economic Development Director

1. CALL TO ORDER

Mr. Pyle called the meeting to order at 9:02 am since Ms. Helland was delayed in joining the meeting.

2. APPROVAL OF THE AGENDA

Mr. Pyle asked for changes to the agenda of November 9, 2023.

Ms. Helland had requested prior to the meeting that agenda item 5a (Affordable Housing Rent Limit Policy Recommendations) be moved to be after 5c (Q3 2023 Report).

Mr. Greenspan moved that the change to the agenda be approved. Mr. Triplett seconded the motion. Approved 11-0.

3. APPROVAL OF THE MINUTES

Mr. Pyle asked for changes to the meeting minutes for October 12, 2023. No changes were made.

Ms. Knox moved that the minutes be approved. Mr. Burns seconded the motion. Approved 11 – 0.

4. PUBLIC COMMENT

No public comment was made.

5. REPORTS / ACTION ITEMS

5a) Affordable Housing Rent Limit Policy Recommendations – moved to after 5c

5b) North Bend MOA for ARCH Services

Ms. Masters welcomed Rebecca Deming from North Bend. Ms. Masters said that as the Board had voted in September to develop an agreement to provide monitoring services for North Bend's first MFTE project, and an agreement has now been prepared with the City of North Bend. The Board is now being asked for its review and approval of this agreement.

Mr. Triplett made a motion to bring the approval of the MOA forward for a vote. Ms. Knox seconded the motion.

Mr. Triplett said he could see no concerns with the MOA. Ms. Masters said they started with the same template that was used with the City of Duvall, with some additional language to clarify ARCH's role and the City of North Bend's role.

Mr. Triplett asked if the Board decided not to continue the agreement, how would it work on both sides? Ms. Deming said if ARCH decided not to move forward with the agreement, the City of North Bend would have to handle the project the best they could. They found no other entities that could provide the service that ARCH does.

Ms. Bent asked if this agreement was in line with the level of responsibility that is set up with other jurisdictions? Ms. Masters said yes.

Mr. Pyle asked if the indemnity and liability components of the agreement were typical. Ms. Masters said that it is a standard indemnity provision, but that it does expand the scope of ARCH's activities beyond services to current members. Ms. Carlson added that this is an issue for Bellevue and we should be cautious about it. While this contract is too small to be a major concern, it's not a trend we'd want to continue.

Ms. Carlson asked if this was a five-year contract. Ms. Masters confirmed this. Ms. Deming confirmed the MFTE term is 12 years and they would be happy with 12 years if that was offered. Ms. Carlson said she preferred a five-year term so the Board could see how things are working before deciding whether to extend it.

Mr. Greenspan asked about the training provided to River Run. He asked if the policies and procedures that are in place now changed during the five years would River Run be held to the new policies and procedures? Ms. Masters confirmed that would be true.

Mr. Pyle pointed to a correction that needed to be made on the second page, fourth paragraph, fourth line, and second word. Ms. Masters said that the typo would be corrected.

Mr. Pyle took the motion to a vote to approve the agreement. Approved 11 – 0.

Ms. Carlson noted that the City of Bellevue has to approve the agreement.

5c) Q3 2023 Report

Ms. Masters walked the Board through the report, covering each area of ARCH's work program. The report may be found in the meeting packet.

Mr. Triplett said he really liked the new format. He thought it might be good to add something that conveys the help that ARCH gives to the smaller jurisdictions, including policy advice.

Mr. Pyle said he would like to learn more about the permanent supportive housing development on Eastgate and set up an opportunity for councilmembers and planning commissioners to see it firsthand. Ms. Carlson said she liked the idea if ARCH could set that up for the ARCH cities and maybe have a representative from each city.

Mr. Triplett shared that the King County Council recently passed a motion directing the Executive to consider sending a climate crisis levy to the Council next April to be put on the November 2024 ballot. The language suggests \$1 billion for climate response, with examples of actions but no mention of housing. Kirkland sent a letter with three main comments, including that the cities should be incorporated in the Executive's proposal; that the overall tax burden needs to be evaluated; and that affordable housing should be considered instead or be incorporated as a major piece of the levy. The letter also mentioned the state has collected \$1 billion for its climate response and we wouldn't want to see a duplication. He said they would share this letter with the ARCH Board.

5a) Affordable Housing Rent Limit Policy Recommendations

Ms. Masters reminded the Board about their last meeting, which recapped the year-long process developing the recommendations, including early outreach to many stakeholders, a workgroup that helped refine options, touchpoints with the Board to confirm direction, and the final round of public outreach that brought out voices from renters and people living in affordable housing. Based on the Board's direction, Ms. Masters said she worked with the Chair and Vice Chair to bring language for the Board's discussion that involves forwarding the recommendations to the member jurisdictions for consideration as part of their comprehensive planning updates, with member staff to share information with ARCH staff as these recommendations are explored at the local level. She reiterated that the process will continue but the overarching goal is to maintain a consistent set of policies across the member jurisdictions.

Mr. Pyle added that this is an effort to strike a balance between the Board setting a policy and the member cities working through their legislative channels to set policies. This provides a guidance document that helps meet the goal of consistency and efficiency in working with ARCH. He noted that the factors that drive housing are different from city to city, and each jurisdiction wants to have their own conversation. This is also well-timed with where jurisdictions are in their comprehensive plan process.

Ms. Helland joined at 9:43 am.

Mr. Triplett asked if the policy creates an automatic increase each time. Ms. Masters said it does not and we need to make sure to call it the rent *limit* policy rather than rent increase because we are setting the maximums, not determining the increase. Some properties do charge less than the maximum, though the properties are within their rights to set rents as the contract allows.

Mr. Pyle asked if a landlord opted not to take an increase one year would they still be limited by the same cap the following year. Ms. Masters said each cap applies specifically to a tenancy rather than a cap on the whole building, so units with move-ins are only capped by the HUD AMI-based rents. For renewing tenants, the 5% cap is not a rolling average, it's a set number each year. However, there is a floor included in the policy that would come into effect if an owner kept rents low for a very long time.

Mr. Pyle said they have received complaints that property managers have played favorites and asked if there is provision to be sure that favoritism is prevented. Ms. Masters said there is nothing in the contract that requires that everybody receives the same increase. However, there is a requirement that if a tenant is in compliance with

their lease the property manager has to renew so that they have the protection of that cap. She also said that ARCH staff provides information to the tenants on fair housing if they feel they are being discriminated against.

Mr. Hill asked for clarification on the process associated with the recommendations. Ms. Helland clarified the two parts of the process. The first being for the Board to forward the recommendations to their member jurisdictions. The receiver of those memos may vary between jurisdictions, it would be left to the Board member to determine if that is the council, the city manager, planning director or other. The comprehensive plan framework was simply intended to establish that the timeframe is to be by the end of next year, but it doesn't preclude it as a standalone effort. The second is to request member jurisdiction staff to coordinate efforts and share information with ARCH staff. ARCH has done extensive work on this policy and can advise members on alternative approaches and consequences of these approaches for ARCH's monitoring.

Ms. Knox asked for clarification for cities that do not have ARCH properties within their borders regarding the expectations from the Board on whether they would take these recommendations to their Councils or not. Ms. Helland said that if this issue does not affect that city's code then it is not necessary at this time to present it to their Council, but if affordable housing ends up in your jurisdiction, this would be good to have in mind for future programs.

Mr. Greenspan asked how these recommendations should be handled if a city has projects that are not online yet. Ms. Helland said that the Board and ARCH can help navigate this. She suggested that he may want to accelerate that work independently.

Ms. Bent asked if ARCH could advise what options would apply to the specific types of housing. Ms. Masters said ARCH could do this and will be available to help tee up these conversations, and expects this to be the case.

Mr. Triplett moved that the ARCH Board approve forwarding the recommendations to ARCH member jurisdictions. Ms. Bent seconded the motion. Approved 12 – 0.

Mr. Triplett moved that the ARCH staff be informed of member jurisdictions' actions in this arena and that they stay coordinated. Mr. Hill seconded. Approved 12 -0.

5d) Affordable Housing Incentives Model Presentation - Rick Jacobus (Street Level Advisors), Matt Fairris (BAE Urban Economics), Andrea Newton (Urban Land Institute)

Ms. Masters gave background on this presentation. ARCH has been advising members on affordable housing incentive policies for many years, and earlier this year shared with the Board the tool that ARCH has developed over the years to inform this policy development. ARCH brought a consultant team on board to help improve and expand the functions of this tool, utilizing funds approved by the Board to expand ARCH's capacity to support these types of planning efforts. Ms. Masters introduced Rick Jacobus of Street Level Advisors and Matt Fairris of BAE Urban Economics, who bring national expertise working with jurisdictions around the nation, and Andrea Newton from Urban Land Institute Northwest, which shares the goal of creating attainable housing.

The presentation on the ARCH Incentive Model was brought before the Board. Ms. Masters explained the purpose of the development of the tool as there has been growing demand from cities to expand or update their incentive policies, or put them in place for the first time. ARCH's goal is to share expertise and information to support better understanding of the economic impact of affordable housing requirements and incentives, enable better calibrated incentive programs, and educating policy makers.

Mr. Fairris walked the Board through the tool. The tool answers critical financial questions. It includes two analyses, a Benefits Ratio and a Financial Feasibility assessment. The benefits ratio measures how incentives are balanced against the cost of incentive policies. The second approach measures the change in feasibility between a base scenario compared to an incentive scenario. The tool is built around a ProForma financial feasibility model. The tool compares multiple scenarios. Two approaches to feasibility are "Yield on Cost" and "Residual Land Value". The tool is meant to be very flexible and customizable.

Mr. Jacobus described the stakeholder engagement process and ARCH's goal to get feedback from the development community. ARCH collaborated with ULI to gather input from two different stakeholder meetings.

Ms. Newton added that the process was a great success that garnered much good feedback. The environment for development is very difficult and developers have a great stake in policies that could add extra cost and hurdles. The development community felt heard and wants to continue the conversation. The tool will be very useful and we should keep the channels of communication open between ARCH and the development community.

Mr. Jacobus summarized the feedback. General concerns included that developers want incentives and not requirements and that housing production would be reduced by requiring affordability. Developers were interested in vesting – locking requirements for a project at application. They expressed a lot of interest in in lieu fees. Mr. Jacobus said developers saw the value in a tool like this, but some were concerned it would be inaccurate. They asked how the inputs would be kept up to date. Other key questions include how to reflect the impact of policy changes on land values, and how the value of time-limited MFTE should be reflected.

Mr. Jacobus shared some of the ways the tool might be useful, such as evaluating a citywide incentive policy or pioneer provisions. The tool can be used when working with an outside consultant and will help allow comparisons between jurisdictions. It can also allow cities to analyze follow-up questions after a policy has been implemented and create a consistent language for policymakers.

It was requested that the PowerPoint presentation be shared with the Board. Ms. Masters said that would be done.

Ms. Carlson expressed thanks for the work and appreciation for working with stakeholders. Bellevue will be interested in diving in further. Ms. Masters added that ARCH's consultant contract has a bit more capacity and has been utilizing the tool for a handful of cities. Members may reach out if there is interest in using the tool.

Mr. Hill left the meeting at 10:27 am.

Ms. Helland shared observations from her attendance at the workshop and asked about the intersection of policy flexibility to respond to development cycles and predictability. She was curious to know if the consultants knew of how policies could encourage local developers that are more likely to hold onto properties and remain in the community.

Mr. Triplett left the meeting at 10:42 am.

Ms. Newton agreed that developers aiming for a shorter-term hold would be more sensitive to policy change. Mr. Jacobus said he is not aware of policies that have achieved this but there could be subtle ways to do it. Mr. Fairris observed that local builders tend to focus on smaller scale projects, where others require a larger scale, and you could focus a policy to incentivize smaller scale infill projects, with thresholds for different requirements at different scales.

6) OTHER BUSINESS

6a) Verbal Updates

Ms. Masters shared a few final verbal updates, including:

- Strategic Planning Workshop Reminder – November 30
- Upcoming agenda items:
 - a. Board Chair / Vice Chair elections
 - b. 2023 Trust Fund Recommendations

7) ADJOURNMENT

Meeting was adjourned at 10:46 am.

ITEM 5A: 2023 ARCH Trust Fund Recommendations

Recommendations for the 2023 Housing Trust Fund round from the ARCH Community Advisory Board

Background

In November, the ARCH Community Advisory Board (CAB) concluded deliberations over the seven funding requests received in the 2023 funding round. The **CAB Recommendation Memo** can be found in **Attachment 1**. The memo provides recommendations regarding special funding conditions for each proposed award. Olga Perelman, current Chair of the CAB, will be in attendance to help present these recommendations.

A summary of the project applications and recommended funding is shown in the table below.

| Project Applicant | City | Units/ Beds | ARCH 2023 Request | CAB Recommendation |
|--|-------------|--------------------|--------------------------|---|
| Spring District 120 th TOD <i>BRIDGE</i> | Bellevue | 234 | \$650,000 | \$650,000 plus \$350,000 previously awarded (total \$1M award) |
| Larus Senior Housing <i>TWG/Imagine Housing</i> | Kenmore | 175 | \$3,900,000 | \$250,000 |
| The Aventine <i>Low Income Housing Institute</i> | Bellevue | 66 | \$1,500,000 | \$600,000 |
| Emma McRedmond Manor <i>Catholic Housing Services</i> | Redmond | 32 | \$2,150,000 | \$500,000 plus \$600,000 additional City of Redmond investment (total \$1.1M award) |
| Overlake TOD <i>Bellwether Housing</i> | Redmond | 333 | \$3,500,000 | \$2,000,000 plus \$1,500,000 additional City of Redmond investment (total \$3.5M award) |
| Totem Six-Plex <i>Attain Housing</i> | Kirkland | 6 | \$750,000 | \$0 |
| Scattered Sites <i>Alpha Supportive Living</i> | Scattered | 7 | \$400,000 | \$0 |
| Total | | 703 | \$12,850,000 | \$6,100,000 (including \$4M plus \$2.1M additional City of Redmond funds) |

The recommended funds will support a diverse range of projects and populations, including seniors, veterans, individuals and families exiting homelessness, individuals with intellectual and developmental disabilities, and general families and individuals with low incomes. The projects also represent significant partnerships between affordable housing

developers, service providers and other community-based organizations, and local jurisdictions.

Evolving Local Funding Landscape: Available Trust Fund Dollars and Other City Funds

ARCH advertised approximately \$3.5 million in available funds in June of this year, which included available balances at the time from local general fund contributions, pooled HB 1406 sales tax funds, and fee in lieu payments from Kirkland. Current year CDBG funds from Kirkland, Redmond and cities in the N/E consortium were not included, as these were already allocated through an expedited funding recommendation to help fill the remaining funding gap at Kirkland Heights. Since then, available balances have grown to about \$4 million due to loan repayments, interest earnings and a new contribution of \$300,000 in HB 1406 funds from the City of Issaquah.

Despite the lack of sufficient ARCH funding at the start of the funding round, significant additional investments supported by the City of Redmond made a major difference in enabling two projects to move forward, including the Overlake TOD and Emma McRedmond Manor projects. In total, Redmond has indicated its willingness to commit an additional \$2.1 million to these two projects to help them move forward.

Substantial available funds from Bellevue's Housing Stability Program also helped fill a funding gap for a project located in Bellevue. This is the third year that ARCH has facilitated a separate RFP for funding from the Bellevue Housing Stability Program, which advertised \$10 million in available funding for capital as well as ongoing operations/maintenance and services. This process was closely coordinated with the Trust Fund process to align recommendations and ensure fully funded projects to the greatest extent possible. These recommendations are expected to be finalized and presented to the Bellevue City Council together with the Trust Fund recommendations in January.

The local funding landscape has grown more complex in recent years, as ARCH members have pursued ways to increase investments in priority projects and take advantage of local revenue tools. ARCH staff are increasingly spending time educating the CAB on these changing dynamics to ensure their recommendations maximize the impact of local resources invested through the traditional Trust Fund process.

Future coordination of funding processes through ARCH will be critical to maintain a cohesive and streamlined process for application and contracting. ARCH is currently in discussions with the City of Issaquah regarding an additional RFP process for their newly approved Inclusive Housing Investment Pool. Staff will continue to provide reports to the Executive Board about the integration of these efforts in 2024.

Leverage Opportunities and Public Funding Coordination

ARCH continues to advocate for other public and private funding sources to maximize local resources in ARCH-supported projects. Despite the increasingly competitive environment for affordable housing funds, ARCH is continuing to meet our historic benchmark of at least \$10 leveraged for every \$1 of local funds contributed—this year achieving an estimated \$15 for every \$1 of local funds. However, because of the lack of supportive housing projects in

our funding round this year, we were unable to take advantage of the 9% Low Income Housing Tax Credit program.

Public funding coordination remains challenging due to continued new funding directives rolled out at the State level, including a new TOD fund authorized this year but not yet implemented. However, ARCH and other public funders have stepped up our level of coordination to address these challenges, with ongoing conversations to increase planning and coordination of King County projects in the pipeline for tax exempt bonds. Overall, ARCH staff are optimistic about our priority projects securing commitments from other sources of public and private funding.

Staff Recommendation

Staff recommend the Executive Board approve the funding recommendations of the Community Advisory Board for adoption by member City Councils.

Attachments

1. CAB Recommendation Memo (December 14, 2023)



A Regional Coalition for Housing

Celebrating 30 years of bringing cities together to house East King County

Together Center Campus
16307 NE 83rd St, Suite 201
Redmond, WA 98052
(425) 861-3677

MEMORANDUM

TO: ARCH Executive Board
FROM: ARCH Community Advisory Board
DATE: December 14, 2023

RE: Fall 2023 Housing Trust Fund (HTF) Recommendation

The Community Advisory Board (CAB) has completed its review of the seven applications for the Fall 2023 Housing Trust Fund round. The CAB recommends full funding for two projects, partial funding for three projects, and zero funding for two projects. A total of \$4 million in ARCH funds was included in the recommendations, which were supplemented by an additional \$2.1 million in funds committed by the City of Redmond, resulting in awards totaling \$6.1 million. One of the recommended awards will supplement a prior \$350,000 commitment of 2022 HTF funds to the BRIDGE Housing Spring District TOD project.

This memo provides a summary of the applications, the CAB recommendations and rationales, and proposed contract conditions for the **five** proposals recommended for funding at this time. Also enclosed is an economic summary of the projects recommended for funding.

Attachments:

1. Proposed Funding Sources
2. Project Economic Summaries

Note that bolded text in proposed conditions shows unique conditions in otherwise standard text.

ARCH MEMBERS

BEAUX ARTS VILLAGE ♦ BELLEVUE ♦ BOTHELL ♦ CLYDE HILL ♦ HUNTS POINT ♦
ISSAQUAH ♦ KENMORE ♦ KIRKLAND ♦ MEDINA ♦ MERCER ISLAND ♦ NEWCASTLE ♦ REDMOND ♦
SAMMAMISH ♦ WOODINVILLE ♦ YARROW POINT ♦ KING COUNTY

1. BRIDGE Housing – Spring District TOD

| | |
|-----------------------|-------------------------------|
| 2022 Funding Request: | \$4,000,000 (Contingent Loan) |
| 2023 Funding Request: | \$650,000 (Contingent Loan) |
| | 234 Affordable Units |

| | |
|--------------------------|-------------------------------|
| 2022 CAB Recommendation: | \$350,0000 (Contingent loan) |
| 2023 CAB Recommendation: | \$650,0000 (Contingent loan) |
| Total Recommended: | \$1,000,000 (Contingent loan) |

Project Summary:

The proposed project includes two buildings as part of a larger Master Development on Sound Transit and City of Bellevue owned surplus property in the Spring District. BRIDGE proposes to develop Building 2 (7-story) and Building 6 (6-story) for a total of 234 units and 83 parking spaces (0.35 stalls per unit). Both buildings will be built with Type III construction over Type I concrete construction. The proposed unit mix consists of 86 studios, 75 one-bedroom units, 25 two-bedroom units, and 48 three-bedroom units. In October 2020, Sound Transit (ST) selected a development team led by BRIDGE to master plan and develop a 6.88-acre Sound Transit-owned site in the Spring District of Bellevue, Washington. Essex Residential Trust was the market-rate residential partner and Touchstone was the office partner. Although BRIDGE was successful in securing funding from Amazon, City of Bellevue, A Regional Coalition for Housing (ARCH), and King County for the affordable housing project, the market-rate projects were highly distressed coinciding with a global pandemic, unprecedented construction cost inflation, and a fundamental change in office demand. In December 2022, Essex exited the partnership citing increasing construction and financing costs. On June 2023, after extensive negotiations with Sound Transit and the City of Bellevue, Touchstone and BRIDGE agreed to dissolve the partnership and each developer will independently entitle, finance, and develop their own projects. On August 2023, BRIDGE submitted a revised pre-application to the City of Bellevue. As an independent project with no market-rate involvement, BRIDGE can develop on an accelerated timeline. Should funding be fully committed by public sources during this funding round, BRIDGE can commence construction by November 2024.

BRIDGE applied to HTF for capital funding in the fall of 2022 and was recommended to receive \$350,000 and reapply in 2023 for additional capital funding. BRIDGE's request in this application is for an additional \$650,000 in capital for a total request of \$1,000,000. The Committee is proposing to fund the full amount of the 2023 funding request.

Funding Rationale:

The CAB recommends funding with conditions listed below for the following reasons:

- Funding this year's request for additional capital demonstrates continued commitment from ARCH to this priority project that has nearly secured all other sources of leverage.
- The project advances key objectives in the City of Bellevue Affordable Housing Strategy, providing a large amount of low and moderate-income affordable housing units in a strategic location close to jobs and transportation.

- This project leverages significant investments from public and private funding sources, including King County TOD funds which are specifically set aside for the Bel-Red corridor and Amazon housing equity funds structured as a grant and a below market loan product.
- The project takes advantage of surplus public property provided at no cost by Sound Transit and the City and helps deliver additional City goals for development of retail and office.

Proposed Conditions (will supersede conditions from previous award):

Standard Conditions: Refer to list of standard conditions found at end of this memo.

Special Conditions:

1. The funding commitment shall continue for **twelve (12) months** from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested to ARCH staff no later than sixty (60) days prior to the expiration date. At that time, the applicant will provide a status report on progress to date and expected schedule for start of construction and project completion. ARCH staff will consider a 12-month extension only based on documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the applicant must demonstrate that all capital funding has been secured or is likely to be secured within a reasonable timeframe.
2. Funds shall be used by the Agency towards **soft costs and construction**. Funds may not be used for any other purpose unless ARCH staff has been given written authorization for the alternate use. Spending of construction contingency must be approved in advance by ARCH. If after the completion of the project there are budget line items with unexpended balances, ARCH and other public funders shall approve adjustments to the project capital sources, including potential reductions in public fund loan balances. Funds not expended at the end of the construction period will be de-obligated.
3. Funds will be in the form of a **deferred, contingent loan**. Loan terms will account for various factors, including loan terms from other fund sources and available cash flow. Agency shall provide final operating proforma and cashflow waterfall for ARCH staff review. Final loan terms shall be determined prior to release of funds and must be approved by ARCH Staff. It is anticipated that loan payments will be based on a set repayment schedule and begin after repayment of the Amazon loan on or before year 20 and deferred developer fee with 1% interest. The terms will also include a provision for the Agency to defer payment if certain conditions are met (e.g., low cash flow due to unexpected costs). Any requested deferment of loan payment is subject to approval by ARCH staff, and any deferred payment would be repaid from future cash flow or at the end of the amortization period.
4. The net developer fee shall be established at the time of finalizing the Contract Budget and will follow the ARCH Net Developer Fee Schedule. Net developer fee is defined as that portion of the developer fee paid out of capital funding sources and does not include the deferred portion which is paid out of cash flow from operations after being placed in service.
5. A covenant is recorded ensuring affordability for at least 55 years, with size and affordability distribution per the following table, and approximately 40 units reserved for persons with

disabilities. Changes may be considered based on reasonable justification as approved by ARCH staff (such as changes to accommodate income averaging across the project).

| Affordability | Studio | 1 BR | 2 BR | 3 BR | Total Units |
|-------------------------------|--------|------|------|------|-------------|
| 30% | 2 | 4 | 1 | 1 | 8 |
| 50% | 24 | 19 | 7 | 14 | 64 |
| 60% | 60 | 52 | 16 | 32 | 160 |
| Total Low-Income Units | 86 | 75 | 24 | 47 | 232 |
| CAUs / Managers | - | - | 1 | 1 | 2 |
| Total Units | 86 | 75 | 25 | 48 | 234 |

6. Agency must submit for ARCH staff approval a management and services plan which includes coordination of services with outside providers for special populations and parking management.
7. Agency shall submit applications to other potential sources of funding, at a minimum including to the State Housing Trust Fund for any available I/DD or other State funding that the project is eligible for.
8. On a monthly basis, Agency shall provide ARCH with updates on the following:
 - a. Status of management and services plan including service partnerships and development on formal MOUs and operating agreements.
 - b. Status update on negotiations with development partners.
 - c. Status update on other financing and financing partnerships negotiations.
 - d. Status update on entitlement and permitting progress.
9. Agency shall complete and submit the following deliverables by the dates indicated. Agency may request an extension of individual deadlines, and such extensions shall be considered based on reasonable justification and Agency’s continuing efforts to make substantial progress toward each milestone.:
 - a. January 1, 2024 – Revised term sheet for property acquisition and development approved by Sound Transit
 - b. January 31, 2024 – Draft Management and Services Plan
 - c. May 31, 2024 – Final operating or other agreement with services provider(s)
 - d. June 30, 2024 – Final Development Agreement including all development partners.
 - e. Prior to closing- Provide a draft Affirmative Marketing Plan
 - f. 6 months prior to anticipate C of O- Provide a final Affirmative Marketing Plan
10. Agency will provide a transportation plan, as required by the City of Bellevue, to ARCH staff.

2. TWG and Imagine Housing – Larus Senior Housing

Funding Request: \$3,900,000 (Contingent Loan)
175 Affordable Units (including 1 manager unit)

CAB Recommendation: \$250,000 (Contingent Loan)

Project Summary:

The proposed Larus Senior Apartments is a transit-oriented senior housing development to be developed by TWG Housing in partnership with Imagine Housing. The development team elected to proceed with the same model for Larus as their previous partnership, Ardea at Totem Lake, by serving seniors and inviting Imagine Housing to be the non-profit development partner and service provider.

The project will consist of 175 units of affordable housing with a mix of studios and 1-bedroom units with affordability levels at 40% AMI, 50% AMI, and 60% AMI. Located within ¼ mile from the Kenmore Park & Ride and future Sound Transit BRT station, the project will aim to take advantage of future transportation options for its residents. In addition to its close proximity to the Kenmore transit hub, Larus Senior Apartments benefits from local groceries, shopping, and services within ¼ mile walking distance.

Funding Rationale:

The CAB recommends funding with conditions listed below for the following reasons:

- The project is strategically located near a future transit facility and close to amenities and services.
- The project advances the City’s affordable housing priorities by providing much needed low-income housing for seniors in the area.
- This project leverages significant investments from public and private funding sources, including King County TOD funds and Amazon Housing Equity funds.
- The project is taking advantage of the Washington State Housing Finance Commission’s Land Acquisition Program, which is a long-term, patient capital program. As such the project will be able to take the time needed to assembling full financing for the development.

Proposed Conditions:

Standard Conditions: Refer to list of standard conditions found at end of this memo.

Special Conditions:

1. The funding commitment shall continue for **thirty-six (36) months** from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested to ARCH staff no later than sixty (60) days prior to the expiration date. At that time, the applicant will provide a status report on progress to date and expected schedule for start of construction and project completion. ARCH staff will consider a 12-month extension only based on documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the applicant must

demonstrate that all capital funding has been secured or is likely to be secured within a reasonable timeframe.

2. Funds shall be used by the Agency towards **acquisition, construction, soft costs, financing, capitalized reserves, and other development costs**. Funds may not be used for any other purpose unless ARCH staff has given written authorization for the alternate use. Spending of construction contingency must be approved in advance by ARCH. If after the completion of the project there are budget line items with unexpended balances, ARCH and other public funders shall approve adjustments to the project capital sources, including potential reductions in public fund loan balances.
3. Funds will be in the form of a **deferred, contingent loan**. Loan terms will account for various factors, including loan terms from other fund sources and available cash flow. Final loan terms shall be determined prior to release of funds and must be approved by ARCH Staff. It is anticipated that loan payments will be based on a set repayment schedule and begin after repayment of deferred developer fee with 1% interest. The terms will also include a provision for the Agency to defer payments if certain conditions are met (e.g., low cash flow due to unexpected costs). Any requested deferment of loan payment is subject to approval by ARCH Staff, and any deferred payment would be repaid from future cash flow or at the end of the amortization period.
4. The net developer fee shall be established at the time of finalizing the Contract Budget and will follow the ARCH Net Developer Fee Schedule. Net developer fee is defined as that portion of the developer fee paid out of capital funding sources and does not include the deferred portion which is paid out of cash flow from operations after being placed in service.
5. A covenant is recorded ensuring affordability for seniors for at least 55 years, with size and affordability distribution per the following table. Changes may be considered based on reasonable justification as approved by ARCH staff (such as changes to accommodate income averaging across the project).

| Affordability | Studio | 1 BR | Total Units |
|---------------|--------|------|-------------|
| 40% | 10 | - | 10 |
| 50% | 67 | 46 | 113 |
| 60% | 28 | 24 | 52 |
| Total | 105 | 70 | 175 |

6. The final loan amount shall be up to \$250,000, subject to approval by ARCH staff based on a documented funding gap. ARCH reserves the right to reduce its total loan amount based on changes to the project sources and uses, and unit mix.
7. Agency shall provide ARCH with quarterly updates on status of MOUs with partners and other funding sources.

- 8. Agency shall provide a sustainability plan which details eco-friendly materials, transportation options and partnerships which would benefit the project's eco-sustainability, such as EV stations.**

3. LIHI – The Aventine

Initial Funding Request: \$1,500,00 (Contingent Loan)
66 Affordable Units (including 1 manager unit)

CAB Recommendation: \$600,000 (Contingent Loan)

Project Summary:

The Aventine is an existing 5-story, 68-unit apartment community with 69 underground parking spaces located in downtown Bellevue. Currently over half the residents are low-income (below 80% AMI). LIHI is proposing to purchase the Aventine to preserve and make all the housing units affordable for households at 30%, 50% and 80% of area median income. The project intends to house low wage workers, disabled households, and households exiting homelessness. A total of 10 units will be set aside for households with members that have physical disabilities. The building is ADA accessible and additional units will be made accessible if needed. LIHI is proposing 22 of the 66 units be for households exiting homelessness (33% of the total units in the property), including families and veterans exiting homelessness.

The current owners, who previously obtained funding through Microsoft's affordable housing initiative and maintained a set-aside of units at 80% AMI, put the property on the market for sale in 2023 and five for-profit developers submitted bids to convert it to market rate housing, losing the existing affordable units. Fortunately, LIHI was selected as the buyer and has signed a PSA with the seller. Funding from the City of Bellevue and ARCH will allow for the long-term preservation of affordable housing in downtown Bellevue and avoid the displacement of the existing residents.

LIHI's planned acquisition and rehabilitation includes the conversion of two rental units into a case manager's offices to provide on-site service to residents leaving 66 affordable rental units. Additionally, minor refreshing of the building interiors will be completed.

Funding Rationale:

The CAB recommends funding with conditions listed below for the following reasons:

- The application proposes housing that meets the City of Bellevue's priorities for its Housing Stability Program Funding; providing housing for households earning below 30% of median income, addressing and prevent homelessness and housing instability, and focusing on underserved, vulnerable residents in Bellevue (e.g., homeless families with children and other eligible populations).
- The property provides 22 units for households exiting homelessness, including both two-bedroom units for families. Further, the proposed project will have 10 units set-aside for veterans and an additional 10 for people with physical disabilities.

- Funding an acquisition brings affordable units online and into the Bellevue portfolio much more quickly than funding new construction. Conservatively, the Aventine will bring affordable units online 18-24 months sooner than a similar new construction.
- The acquisition of the property will mitigate displacement of existing renters who are living in units previously advertised as affordable, workforce units.

Proposed Conditions:

Standard Conditions: Refer to list of standard conditions found at end of this memo.

Special Conditions:

1. The funding commitment shall continue for **twelve (12) months** from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested from ARCH staff no later than sixty (60) days prior to the expiration date. At that time, the applicant will provide a status report on progress to date and expected schedule for start of construction and project completion. ARCH staff will consider a 12-month extension based on documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the applicant must demonstrate that all capital funding has been secured or is likely to be secured within a reasonable timeframe.

Funds shall be used by the Agency towards **acquisition, construction, soft costs, financing, capitalized reserves and other development costs**. Funds may not be used for any other purpose unless ARCH staff has given written authorization for the alternate use. Spending of furnishings, fixtures, and equipment, rehab, remediation and construction contingency must be approved in advance by ARCH. If after the completion of the project there are budget line items with unexpended balances, ARCH and other public funders shall approve adjustments to the project capital sources, including potential reductions in public fund loan balances. Funds not expended at the end of the construction period will be de-obligated.

2. Funds will be in the form of a **deferred, contingent loan**. Loan terms will account for various factors, including loan terms from other fund sources and available cash flow. Final loan terms shall be determined prior to release of funds and must be approved by ARCH Staff. It is anticipated that loan payments will be based on a set repayment schedule and begin after repayment of deferred developer fee with 1% interest. The terms will also include a provision for the Agency to defer payments if certain conditions are met (e.g., low cash flow due to unexpected costs). Any requested deferment of loan payment is subject to approval by ARCH Staff, and any deferred payment would be repaid from future cash flow or at the end of the amortization period.
3. The net developer fee shall be established at the time of finalizing the Contract Budget and will follow the ARCH Net Developer Fee Schedule. Net developer fee is defined as that portion of the developer fee paid out of capital funding sources and does not include the deferred portion which is paid out of cash flow from operations after being placed in service.

4. A covenant is recorded ensuring affordability for at least 55 years, with size and affordability distribution per the following table, including approximately 22 units for households exiting homelessness. Changes may be considered based on reasonable justification as approved by ARCH staff (such as changes to accommodate income averaging across the project).

| Affordability | Studio | 1 BR | 2 BR | Total Units |
|---------------|--------|------|------|-------------|
| 30% | 5 | 5 | 2 | 12 |
| 50% | 10 | 10 | - | 20 |
| 60% | 15 | 4 | - | 19 |
| 80% | 9 | 6 | - | 15 |
| Total | 39 | 25 | 2 | 66 |

5. Agency must submit for ARCH staff approval a management, affirmative marketing, and services plans.
6. On a monthly basis, Agency shall provide ARCH with updates on the following:
 - a. Status of management and services plan including service partnerships and development on formal MOUs and operating agreements.
 - b. Status update on other financing and financing partnerships negotiations.
 - c. Agency will provide a Capital Needs Assessment (CNA) for staff review and approval.

4. Catholic Housing Services (CHS) – Emma McRedmond Manor

Funding Request: \$2,150,000 (Contingent Loan)
32 Affordable Units (including 1 manager unit)

CAB Recommendation: \$500,000 (Contingent Loan)
Additional City Investment
via ARCH Housing Trust Fund: \$600,000 (Contingent Loan)

Project Summary:

Emma McRedmond Manor is an existing three-story senior housing project with 32 apartments located in downtown Redmond. Built in 1988, the building is nearly 35 years old and has yet to be substantially rehabilitated, other than re-cladding and window replacement performed in 2010. CHS is proposing a substantial renovation to improve the building’s energy efficiency and extend the remaining useful life of the structure by approximately 20 years. The scope of work consists of upgrades to the building exterior, building systems (plumbing and mechanical), common areas, units, and landscaping/site work. In addition, the project will convert one manager’s unit to an affordable unit, resulting in 32 1BR units affordable at 50% AMI, of which 31 will receive Section 8 Project-Based Rental Assistance through July 2032. The proposal includes financing under the HUD 221 program (Mortgage Insurance for Rental or

Cooperative Housing). The program provides insurance on mortgages that support new construction or substantial rehabilitation of multifamily rental or cooperative housing for moderate-income families, elderly households, and disabled households.

Funding Rationale:

The CAB recommends funding with conditions listed below for the following reasons:

- The project preserves much-needed housing for low-income seniors and persons with disabilities in a very desirable, amenity-rich area of East King County.
- The project preserves valuable ongoing HUD support in the form of grant funding for the Resident Services Coordinator and Section 8 Project-Based Rental Assistance.
- The project is permit ready and has a HUD Section 221(d)(4) loan already committed, with additional funds leveraged from King County.
- The City of Redmond has indicated its willingness to allocate \$600,000 in funding that will help close the project's funding gap.

Proposed Conditions:

Standard Conditions: Refer to list of standard conditions found at end of this memo.

Special Conditions:

1. The funding commitment shall continue for **twelve (12) months** from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested from ARCH staff no later than sixty (60) days prior to the expiration date. At that time, the applicant will provide a status report on progress to date and expected schedule for start of construction and project completion. ARCH staff will consider a 12-month extension based on documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the applicant must demonstrate that all capital funding has been secured or is likely to be secured within a reasonable timeframe.
2. Funds will be in the form of a **deferred, contingent loan**. Loan terms will account for various factors, including loan terms from other fund sources and available cash flow. Final loan terms shall be determined prior to release of funds and must be approved by ARCH Staff. It is anticipated that loan payments will be based on a set repayment schedule and begin after repayment of deferred developer fee with 1% interest. The terms will also include a provision for the Agency to defer payments if certain conditions are met (e.g., low cash flow due to unexpected costs). Any requested deferment of loan payment is subject to approval by ARCH Staff, and any deferred payment would be repaid from future cash flow or at the end of the amortization period.
3. Funds shall be used by the Agency towards **acquisition, construction, soft costs, financing, capitalized reserves, and other development costs**. Funds may not be used for any other purpose unless ARCH staff provides written authorization for the alternate use. Spending of

furnishings, fixtures, and equipment, rehab, remediation, and construction contingency must be approved in advance by ARCH. If - after the completion of the project - there are budget line items with unexpended balances, ARCH and other public funders shall approve adjustments to the project capital sources, including potential reductions in public fund loan balances. Funds not expended at the end of the construction period will be de-obligated.

4. The net developer fee shall be established at the time of finalizing the Contract Budget and will follow the ARCH Net Developer Fee Schedule. Net developer fee is defined as that portion of the developer fee paid out of capital funding sources and does not include the deferred portion which is paid out of cash flow from operations after being placed in service.
5. A covenant is recorded ensuring affordability for seniors for at least 55 years, with size and affordability distribution per the following table. Changes may be considered based on reasonable justification as approved by ARCH staff

| Affordability | 1BR | Total |
|---------------|-----|-------|
| 50% | 32 | 32 |
| Total | 32 | 32 |

6. **Agency must submit for ARCH staff approval of management, affirmative marketing, and services plans.**
7. **Agency shall submit updates to ARCH regarding other potential funders, including HUD and King County.**
8. **Agency shall provide an updated Project Architectural and Cost Analysis Report and updated development budget, both of which are HUD approved, prior to commencement of construction.**

5. Bellwether Housing – Overlake TOD

Funding Request: \$3,500,000 (Contingent Loan)
 333 Affordable Units (including 3 manager units)

CAB Recommendation: \$2,000,000 (Contingent Loan)
 Additional City Investment
 via ARCH Housing Trust Fund: \$1,500,000 (Contingent Loan)

Project Summary:

Bellwether Overlake Apartments is located in the Overlake Village neighborhood of Redmond directly across from the future Overlake Village light rail station. The project will provide 333 homes for low- to moderate-income households (30-80% AMI), including set-asides and services specific to people living with physical, intellectual and developmental disabilities (IDD), and much-needed two- and three-

bedroom family-sized units, achieving an average of 50% AMI across the site. The project is located on Sound Transit surplus property.

In collaboration with a coalition of nonprofit partners and the City of Redmond, the ground floor commercial spaces will incorporate small business incubation, non-profit organizational support, culturally informed community services, and services provided by the City of Redmond. An adjacent open space parcel will complement the ground floor uses and potentially consist of a food truck corral, food garden, cultural night markets. Programming of the adjacent open space will be provided by the community partners in the project for the benefit of the community.

Services for the project residents will be provided primarily by Hopelink, a service provider who has served homeless and low-income families, children, seniors, and people with disabilities on the Eastside since 1971. In addition, SAILS Washington, a DDA-contracted service provider, will provide supported living services for the project's ten IDD residents.

The project will be financed with a combination of public and private financing sources, including but not limited to 4% Low Income Housing Tax Credits, Amazon Housing Equity Fund, Evergreen Impact Housing Fund, senior private lender loan, ARCH funds, King County TOD fund, and the State Housing Trust Fund.

Funding Rationale:

The CAB supports the intent of this application for the following reasons:

- Funding this year's request for additional capital demonstrates continued commitment from ARCH to this priority project and will allow the project to secure other sources of leverage.
- The project advances key objectives in the City of Redmond Affordable Housing Strategy, providing a large amount of low and moderate-income affordable housing units in a strategic location close to jobs and transportation.
- This project leverages significant investments from public and private funding sources, including King County TOD funds which are specifically set aside for the Overlake TOD and Amazon housing equity funds structured as a grant and a below market loan product.
- The project takes advantage of surplus public property provided at no cost by Sound Transit and the City and helps deliver additional City goals for development of retail and office.
- The project will provide a significant number of units affordable to very low-, low- and moderate-income households, as well as IDD units, within a high-opportunity area near good jobs, various transportation options, and other public and private amenities.
- The project is a priority for the City of Redmond, which has indicated a willingness to invest additional funding to move the project forward.

Proposed Conditions:

Standard Conditions: Refer to list of standard conditions found at end of this memo.

Special Conditions:

1. The funding commitment shall continue for **twenty-four (24) months** from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be

requested from ARCH staff no later than sixty (60) days prior to the expiration date. At that time, the applicant will provide a status report on progress to date and expected schedule for start of construction and project completion. ARCH staff will consider a 12-month extension based on documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the applicant must demonstrate that all capital funding has been secured or is likely to be secured within a reasonable timeframe.

2. Funds shall be used by the Agency towards **construction, soft costs, financing, capitalized reserves, and other development costs**. Funds may not be used for any other purpose unless ARCH staff has given written authorization for the alternate use. Spending of furnishings, fixtures, and equipment, rehab, remediation, and construction contingency must be approved in advance by ARCH. If after the completion of the project there are budget line items with unexpended balances, ARCH and other public funders shall approve adjustments to the project capital sources, including potential reductions in public fund loan balances. If funds are not expended at the end of the construction period, will be de-obligated.

3. Funds will be in the form of a **deferred, contingent loan**. Loan terms will account for various factors, including loan terms from other fund sources and available cash flow. Final loan terms shall be determined prior to release of funds and must be approved by ARCH Staff. It is anticipated that loan payments will be based on a set repayment schedule and begin after repayment of deferred developer fee with 1% interest. The terms will also include a provision for the Agency to defer a payment if certain conditions are met (e.g., low cash flow due to unexpected costs). Any requested deferment of loan payment is subject to approval by ARCH Staff, and any deferred payment would be repaid from future cash flow or at the end of the amortization period.

4. The net developer fee shall be established at the time of finalizing the Contract Budget and will follow the ARCH Net Developer Fee Schedule. Net developer fee is defined as that portion of the developer fee paid out of capital funding sources and does not include the deferred portion which is paid out of cash flow from operations after being placed in service.

7. A covenant is recorded ensuring affordability for at least 55 years, with size and affordability distribution per the following table, including approximately ten units set-aside for people with disabilities. Changes may be considered based on reasonable justification as approved by ARCH staff (such as changes to accommodate income averaging across the project).

| Affordability | Studio | 1 BR | 2 BR | 3 BR | Total |
|---------------|--------|------|------|------|-------|
| 30% | 25 | 15 | 10 | 5 | 55 |
| 50% | 30 | 130 | 48 | 33 | 241 |
| 80% | 5 | 8 | 11 | 13 | 37 |
| Total | 60 | 153 | 69 | 51 | 333 |

5. **Agency must submit for ARCH staff approval a management, affirmative marketing, and services plan.**

6. On a monthly basis, Agency shall provide ARCH with updates on the following:
 - a. Status of management and services plan including service partnerships and development on formal MOUs and operating agreements.
 - b. Status update on other financing and financing partnerships negotiations.
 - c. Updates on commercial leases and partnerships with commercial tenants including operating budgets and development budgets including tenant's prorate share of costs and expenses within the overall budget.

6. Attain Housing – Totem Six Plex

Funding Request: \$750,000 (Secured Grant)
6 Affordable Units

CAB Recommendation: \$0

Project Summary:

The proposed project is the new construction of a three-story structure with six two-bedroom units of transitional housing for homeless families earning up to 30% of area median income (AMI). The property currently contains an existing four-plex building owned and managed by Attain Housing. Attain also manages the four plex on the lot next to the proposed construction site. The proposed new building will sit on what is currently a lawn between the two four plex buildings. The project represents an expansion of existing programs operated by Attain, with overall capacity growing from 8 to 14 units across the three buildings.

Funding Rationale:

The Community Advisory Board supports the concept of the Attain Housing proposal but does not recommend funding at this time. CAB would welcome an application in a future round so that Attain Housing can address the issues identified below:

- ARCH awarded funds for technical assistance in the previous funding round to assist with a variety of tasks. These funds have not yet been utilized and the application submitted in 2023 was unchanged from the previous year. Prior to a new application, Attain is encouraged to address the following:
 - Secure project management capacity, including recommended engagement of a development consultant who will assist with the financing and project management of the project through construction completion.
 - Further develop building design, permitting, siting and parking in conformance with zoning requirements.
 - Pursue and obtain funding commitments of other public funding sources and make progress on the needed capital campaign.
 - Further development of development budgets and operating budgets based on current construction market and industry conditions.

- Development of a project schedule consistent with the proposed funding and local permitting requirements.
- Further evaluate the long-term strategy for funding supportive services for transitional housing.

7. Inclusion Housing – Scattered Sites

Funding Request: \$400,000 (Secured Grant)
7 Affordable Beds

CAB Recommendation: \$0

Project Summary:

The proposed project will serve individuals with Intellectual and Developmental Disabilities (IDD) in King County where there is a large demand for Supported Living services and affordable, stable housing. The acquisition includes the purchase of a total of six homes. ARCH's funding, (in conjunction with State and other local sources) will only be used for the Alpha SLS South Branch and the Children's IHS Homes, described below. Inclusion is proposing the purchase of the other four homes utilizing other local and State sources of funding.

The Alpha SLS South Branch is proposed to be a 3-bedroom home located in around the Kirkland/Redmond area that will serve three adults with developmental disabilities receiving Supported Living services from Alpha. The Children's IHS Home is proposed to be a 4-bedroom home located around the Bothell/Kenmore/Woodinville area that will serve children with developmental disabilities between the age of 11 and 20. Alpha will provide residential services through the DDA Intensive Habilitation Services program. The fourth bedroom must be used as an agency office to provide the required in-home oversight.

Funding Rationale:

The CAB supports the intent of the Inclusion Housing proposal but does not recommend funding at this time for the reasons described below:

- In 2023, the ARCH Trust Fund is significantly oversubscribed and CAB was not able to meet the needs of all the requests. It is anticipated that the State will be able to provide additional funding to this project to help fill its funding gap and proceed without ARCH funding.

Standard Conditions: (will apply to all projects)

1. Agency shall provide revised development and operating budgets based upon actual funding commitments, which must be approved by ARCH staff. If the Agency is unable to adhere to the budgets, ARCH must be immediately notified and (a) new budget(s) shall be submitted by the Agency for ARCH's approval. ARCH shall not unreasonably withhold its approval to (a) revised budget(s), so long as such new budget(s) does not materially adversely change the Project. This shall be a continuing obligation of the Agency. Failure to adhere to the budgets, either original or as amended may result in withdrawal of ARCH's commitment of funds.
2. Agency shall submit evidence of funding commitments from all proposed sources. In the event commitment of funds identified in the application cannot be secured in the timeframe identified in the application, the Agency shall immediately notify ARCH, and describe the actions it will undertake to secure alternative funding and the timing of those actions subject to ARCH review and approval.
3. In the event federal funds are used, and to the extent applicable, federal guidelines must be met, including but not limited to the following: contractor solicitation, bidding, and selection; wage rates; and Endangered Species Act (ESA) requirements. CDBG funds may not be used to refinance acquisition costs.
4. Agency shall maintain documentation of any necessary land use approvals and permits required by the city in which the project is located.
5. Agency shall submit quarterly monitoring reports through completion of the project, and annually thereafter, and shall submit a final budget upon project completion. If applicable, Agency shall submit initial tenant information as required by ARCH.
6. Agency shall maintain the project in good and habitable condition for the duration of the period of affordability. Changes to the unit and affordability mix can are subject to change with Staff approval.
7. ARCH may approve amendments or releases of the covenant if necessary to accommodate alley or right away dedications, or other routine changes so long as the project still provides the anticipated affordable housing.

Attachment 1: Proposed Funding Sources

PROJECTS RECOMMENDED FOR 2023 FUNDING

| | Spring District TOD | Larus | Aventine | Emma McRedmond Manor | Overlake TOD | 2023 Recommended Funds |
|-------------------------|------------------------|----------------|----------------|----------------------------|------------------|------------------------------|
| Bellevue | 224,100 | 86,200 | 206,900 | 172,300 | 689,700 | 1,379,200 |
| Bothell | 23,700 | 9,100 | 21,900 | 18,200 | 72,900 | 145,800 |
| Clyde Hill | 3,500 | 1,400 | 3,300 | 2,700 | 10,900 | 21,800 |
| Hunts Point | 1,500 | 600 | 1,300 | 1,100 | 4,500 | 9,000 |
| Issaquah | 80,800 | 31,100 | 74,500 | 62,100 | 248,500 | 497,000 |
| Kenmore | 3,600 | 1,400 | 3,400 | 2,800 | 11,200 | 22,400 |
| Kirkland | 97,900 | 37,600 | 90,300 | 75,300 | 301,100 | 602,200 |
| Medina | 4,100 | 1,600 | 3,800 | 3,200 | 12,600 | 25,300 |
| Mercer Island | 7,900 | 3,000 | 7,300 | 6,100 | 24,300 | 48,600 |
| Newcastle | 3,100 | 1,200 | 2,900 | 2,400 | 9,600 | 19,200 |
| Redmond | 155,200 | 59,700 | 143,300 | 119,400 | 477,600 | 955,200 |
| Sammamish | 21,800 | 8,400 | 20,100 | 16,800 | 67,100 | 134,200 |
| Woodinville | 21,400 | 8,200 | 19,700 | 16,500 | 65,800 | 131,600 |
| Yarrow Point | 1,400 | 500 | 1,300 | 1,100 | 4,200 | 8,500 |
| Local Funds | 650,000 | 250,000 | 600,000 | 500,000 | 2,000,000 | 4,000,000 |
| Redmond Add'l | | | | 600,000 | 1,500,000 | 2,100,000 |
| 2023 ARCH Awards | 650,000 | 250,000 | 600,000 | 1,100,000 | 3,500,000 | 6,100,000 |
| Prior 2022 Award | 350,000 | | | | | 350,000 |
| Award Totals | 1,000,000 | 250,000 | 600,000 | 1,100,000 | 3,500,000 | 6,450,000 |

Attachment 2: Project Economic Summaries

Applicant: BRIDGE Housing
Project Name: Spring District TOD
Location: 1601 120th Avenue NE, Bellevue, WA
Project Description: New construction of Buildings 2 and 6, which consist of 235 permanently affordable units at 30%-60% AMI.

| Project Sources | Amount | Status |
|-------------------------------------|----------------------|-----------|
| Low Income Housing Tax Credits (4%) | \$62,318,118 | Proposed |
| Amazon Housing Equity Fund - Loan | \$22,100,000 | Committed |
| Amazon Housing Equity Fund - Grant | \$3,750,000 | Committed |
| City of Bellevue | \$6,500,000 | Proposed |
| ARCH | \$1,000,000 | Proposed |
| King County TOD | \$10,000,000 | Proposed |
| State Dept. of Commerce HTF | \$8,000,000 | Proposed |
| BRIDGE General Partner Equity | \$6,792,535 | Committed |
| Deferred Developer Fee | \$1,750,000 | Committed |
| Perm Loan | \$16,215,207 | Proposed |
| Total Sources | \$138,425,860 | |

| Project Uses | Amount | Per Unit | Per SF |
|------------------------------------|----------------------|------------------|-----------------|
| Acquisition Costs | \$70,000 | \$298 | \$0.31 |
| Construction | \$97,012,064 | \$412,817 | \$432.68 |
| Soft Costs | \$18,806,285 | \$80,027 | \$83.88 |
| Pre-Development / Bridge Financing | \$26,958 | \$115 | \$0.12 |
| Construction Financing | \$11,223,605 | \$47,760 | \$50.06 |
| Permanent Financing | \$805,615 | \$3,428 | \$3.59 |
| Capitalized Reserves | \$1,053,598 | \$4,483 | \$4.70 |
| Other Development Costs | \$9,267,735 | \$39,437 | \$41.34 |
| Bond Related Costs | \$160,000 | \$681 | \$0.71 |
| Total Uses | \$138,425,860 | \$589,046 | \$617.39 |

Applicant: TWG and Imagine Housing
Project Name: Larus Senior Housing
Location: 7520 NE Bothell Way, Kenmore, WA
Project Description: 175 units of affordable housing for seniors (62+) at 40%, 50% and 60% AMI

| Project Sources | Amount | Status |
|-------------------------------------|---------------------|----------|
| ARCH | \$3,900,000 | Proposed |
| King County TOD | \$4,980,000 | Proposed |
| Amazon Housing Equity Fund | \$15,200,000 | Proposed |
| Deferred Developer Fee | \$3,829,635 | Proposed |
| Federal Energy Equity | \$153,000 | Proposed |
| Low Income Housing Tax Credits (4%) | \$21,872,953 | Proposed |
| Perm Loan | \$16,350,000 | Proposed |
| City/CHIP | 550,000 | Proposed |
| Total Sources | \$66,835,588 | |

| Project Uses | Amount | Per Unit | Per SF |
|------------------------------------|---------------------|------------------|-----------------|
| Acquisition Costs: | \$4,506,827 | \$25,753 | \$35.47 |
| Construction: | \$46,583,103 | \$266,189 | \$366.60 |
| Soft Costs: | \$8,980,017 | \$51,314 | \$70.67 |
| Pre-Development / Bridge Financing | \$539,128 | \$3,081 | \$4.24 |
| Construction Financing | \$3,335,814 | \$19,062 | \$26.25 |
| Permanent Financing | \$375,379 | \$2,145 | \$2.95 |
| Capitalized Reserves | \$765,750 | \$4,376 | \$6.03 |
| Other Development Costs | \$1,366,444 | \$7,808 | \$10.75 |
| Bond Related Costs | \$383,126 | \$2,189 | \$3.02 |
| Total Uses | \$66,835,588 | \$381,918 | \$525.98 |

Applicant: Low Income Housing Institute (LIHI)
Project Name: The Aventine
Location: 211 112th Ave NE, Bellevue WA
Project Description: Renovation and acquisition of an existing 5-story, 68-unit apartment community for the preservation of housing for households at 30%, 50% and 80% AMI

| Project Sources | Amount | Status |
|------------------------|---------------------|---------------|
| City of Bellevue | \$8,500,000 | Proposed |
| ARCH | \$1,500,000 | Proposed |
| State HTF | \$5,000,000 | Proposed |
| King County | \$5,000,000 | Proposed |
| WSHFC 501(C)3 | \$13,000,000 | Proposed |
| Total Sources | \$33,000,000 | |

| Project Uses | Amount | Per Bed | Per SF |
|------------------------------------|---------------------|------------------|-----------------|
| Acquisition Costs | \$29,300,000 | \$430,882 | \$751.09 |
| Construction | \$1,220,400 | \$17,947 | \$31.28 |
| Soft Costs | \$915,800 | \$13,468 | \$23.48 |
| Pre-Development / Bridge Financing | \$750,000 | \$11,029 | \$19.23 |
| Permanent Financing | \$150,000 | \$2,206 | \$3.85 |
| Capitalized Reserves | \$273,800 | \$4,026 | \$7.02 |
| Other Development Costs | \$390,000 | \$5,735 | \$10.00 |
| Total Uses | \$33,000,000 | \$485,294 | \$845.94 |

Applicant: Catholic Housing Services of Western Washington (CHS)
Project Name: Emma McRedmond Manor
Location: 7960 169th Ave NE, Redmond, WA 98052
Project Description: Rehabilitation of an existing three-story senior housing project with 32 apartments for seniors up to 50% AMI.

| Project Sources | Amount | Status |
|-----------------------------|--------------------|---------------|
| HUD | \$6,288,200 | Proposed |
| ARCH HTF | \$1,100,000 | Proposed |
| Sponsor (existing reserves) | \$306,738 | Proposed |
| King County | \$1,150,000 | Proposed |
| Deferred Developer Fee | \$250,000 | Committed |
| Total Sources | \$9,094,938 | |

| Project Uses | Amount | Per Home | Per SF |
|-------------------------|--------------------|------------------|-----------------|
| Acquisition Costs | \$667,507 | \$20,860 | \$16.28 |
| Construction | \$7,146,312 | \$223,322 | \$174.29 |
| Soft Costs | \$441,850 | \$13,808 | \$10.78 |
| Construction Financing | \$272,489 | \$8,515 | \$6.65 |
| Permanent Financing | \$253,644 | \$7,926 | \$6.19 |
| Capitalized Reserves | \$64,000 | \$2,000 | \$1.56 |
| Other Development Costs | \$249,136 | \$7,786 | \$3.41 |
| Total Uses | \$9,094,938 | \$284,217 | \$219.26 |

Applicant: Bellwether
Project Name: Overlake TOD
Location: 15218 NE Shen Street, Redmond, WA
Project Description: New construction of 333 homes for low- to moderate-income households (30-80% AMI), including set-asides and services specific to people living with physical, intellectual and developmental disabilities (IDD).

| Residential Project Sources | Amount Total | Amount per Unit |
|-------------------------------|-----------------------|--------------------|
| 4% LIHTC Equity | \$ 67,588,520 | \$2,048,137 |
| Senior Private Lender Loan | \$ 21,000,000 | \$636,364 |
| Amazon Housing Equity Fund | \$ 36,630,000 | \$1,110,000 |
| Evergreen Impact Housing Fund | \$ 13,458,054 | \$407,820 |
| Developer Fee Note | \$ 2,500,000 | \$75,758 |
| King County TOD Fund | \$ 5,000,000 | \$151,515 |
| WA State HTF | \$ 5,000,000 | \$151,515 |
| ARCH HTF | \$ 3,500,000 | \$106,061 |
| IDD HTF | \$ 2,900,000 | \$87,879 |
| Bellwether Sponsor Note | \$ 3,968,062 | \$120,244 |
| Total Sources | \$ 161,544,636 | \$4,895,292 |

| Commercial Project Sources | Amount Total | Amount per SF |
|--------------------------------------|---------------------|---------------|
| Senior Private Lender Loan (taxable) | \$ 4,015,146 | \$101 |
| Microsoft Grant | \$ 1,000,000 | \$25 |
| The City of Redmond | \$ 509,597 | \$13 |
| Bellwether Sponsor Note | \$ 31,938 | \$1 |
| Total Sources | \$ 5,556,681 | \$139 |

| Project Uses | Amount | Per Unit | Per SF |
|------------------------------------|----------------------|------------------|-----------------|
| Acquisition Costs | \$340,000 | \$1,021 | \$1.00 |
| Construction | \$128,667,759 | \$386,390 | \$379.81 |
| Soft Costs | \$ 14,768,733 | \$44,351 | \$43.60 |
| Pre-Development / Bridge Financing | \$300,000 | \$901 | \$0.89 |
| Financing and Bond Related Costs | \$18,204,709 | \$54,669 | \$53.74 |
| Other Development Costs | \$4,820,116 | \$14,475 | \$14.23 |
| Total Development Costs | \$167,101,317 | \$501,806 | \$493.26 |

ITEM 5B: ARCH Executive Board Chair and Vice Chair Election

Discussion and action on election of ARCH Executive Board Chair and Vice Chair

Background

The ARCH Interlocal Agreement (ILA) establishes an Executive Board composed of the chief executive officer of each member (or their alternate), with the exception of cities with population less than 5,000 having a shared board position. The ILA calls for the election of a Board Chair by the members.

ARCH's Bylaws establish that the Chair's term of office shall be for one year commencing on January 1st of each year. The Bylaws also establish the following duties for the Chair:

5.1 DUTIES OF CHAIR. The Chair of the Executive Board shall have the following responsibilities:

- A. Preside at regular and special meetings and may call regular and special meetings of the Executive Board;
- B. Select the site and agenda for all meetings;
- C. Coordinate with the Administering Agency on the recruitment and ongoing evaluation of the ARCH Executive Director;
- D. Act as the spokesperson for ARCH;
- E. Execute documents on behalf of the Executive Board; and
- F. Such other duties identified in the Interlocal Agreement and as may be delegated from time to time by the Executive Board.

Current Executive Board Chair Carol Helland has served in the role during 2023, after being elected as the first Vice Chair in 2022. Previous Chairs since 2014 are shown in the table below.

| Year | Board Chair | City/Title |
|-----------|-----------------|--|
| 2023 | Carol Helland | City of Redmond, Planning and Community Development Director |
| 2019-2022 | Kurt Triplett | City of Kirkland, City Manager |
| 2017-2019 | Emily Moon | City of Issaquah, City Administrator |
| 2016-2017 | Peter Troedsson | City of Bothell, Deputy City Manager |
| 2014-2016 | Lyman Howard | City of Sammamish, Deputy City Manager |

In 2022, the Board made changes to the Bylaws to create a Vice Chair position that runs for the same term as the Chair, with duties as follows:

5.2 DUTIES OF VICE CHAIR. The Vice Chair of the Executive Board shall also have the following responsibilities:

- A. Preside at regular and special meetings of the Executive Board in the absence or inability of the Chair;

- B. Assist in the development of sub-committees of the Executive Board to help advance specific initiatives, actions or discussions; and
- C. Provide other assistance to the Chair as needed.

At the December meeting, members of the Board will discuss and vote on nominations for the Chair and Vice Chair positions for 2022.

Staff Recommendation

Staff recommend that the Board nominate candidates for the Chair and Vice Chair role and take action to approve the candidates for 2024.