



ARCH EXECUTIVE BOARD AGENDA

September 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 July 2023 Meeting Minutes
- 4) Public Comment
- 5) Reports / Action Items
 - a) Legislative Priorities
 - b) Middle Housing and HB 1110 Opportunities Report (*continued from July*)
 - c) HUD Grant Opportunity
 - d) Q1 2023 Report
- 6) Other Business
 - a) North Bend Proposal for ARCH Services
 - b) Verbal Updates
 - Rent Policy Public Comment Period
 - Housing 101 Event
 - Update on ARCH/ULI Developer Engagement
- 7) Adjournment

ITEM 3: Approval of the July Meeting Minutes

Approval of the July 2023 Executive Board Meeting minutes

Attachments

- A. Summary Minutes to Executive Board Meeting (July 13, 2023)

A REGIONAL COALITION FOR HOUSING (ARCH)

Summary Minutes to Executive Board Meeting

July 13, 2023
9:00am

Hybrid Meeting

Present:

Diane Carlson, City of Bellevue, Deputy City Manager
Kyle Stannert, City of Bothell, City Manager
David Pyle, City of Sammamish, Director of Community Development
Kurt Triplett, City of Kirkland, City Manager
Maia Knox, City of Clyde Hill, Assistant City Manager
Alison Van Gorp, City of Mercer Island, Director of Development Services
Wally Bobkiewicz, City of Issaquah, City Administrator
Sunaree Marshall, King County, Deputy Division Director
Scott Pingel, City of Newcastle, City Manager
Jared Hill, City of Woodinville, Intergovernmental Affairs Coordinator
Debbie Bent, City of Kenmore, Community Development Director

Absent:

Carol Helland, City of Redmond, Director of Planning and Community Development
Steve Burns, City of Medina, City Manager

Others Present:

Lindsay Masters, ARCH, Executive Director
Raquel Rodriguez, ARCH, Program Coordinator
Diana Heilman, ARCH, Senior Administrative Assistant
Elsa Kings, ARCH, Housing Trust Fund Manager
Adam Matza, ARCH, Rental Program Officer
Mike Stanger, ARCH, Senior Planner
Yelias Bender, ARCH, Senior Program Officer
Patrick Tippy, ARCH, Affordable Housing Program Manager
Nicole Palczewski, ARCH, Housing Programs Intern
Jason Greenspan, City of Bothell, Community Development Director
Kristin Pula, King County, Special Projects Mgr II
Linda Abe, City of Bellevue, Affordable Housing Planning Manager
Kate Ness, City of Bellevue, Senior Planner
Samuel Rodriguez,, BizDiversity Founder
Jen Davis Hayes, City of Issaquah, Economic Development Manager
Dr. Larissa Chuprina, United Hub, ESL and Culture Coach
Ian Lefcourte, City of Redmond, Senior Planner
Mallory Van Abbema, KCRHA, East KC Subregional Planning Specialist
Guillermo Rivera, Eastside for All, Housing Justice Organizer
Marc Hofman, City of Newcastle, AICP Director
Debbie Lacey, Eastside for All, Executive Director
Abbey DeWeese, HCM&P, Attorney
Winston Lee, United Hub
Qiong Chen, United Hub
Mercedes Cordoba, King County Promotores Network
Allen Freeman, Community member
Cindy Druschba, Community member
Deanna Rouse, Community member
Michell Billing, Community member

1. CALL TO ORDER

Mr. Pyle called the meeting to order at 9:00 am. Mr. Pyle acted as Chair in Ms. Helland's absence.

2. APPROVAL OF THE AGENDA

Mr. Pyle asked for changes to the agenda of July 13, 2023. No changes were made.

Mr. Triplett moved that the agenda be approved. Seconded by Ms. Carlson. Approved 11- 0.

3. APPROVAL OF THE MINUTES

Mr. Pyle asked for approval of the meeting minutes from June 8, 2023. No corrections were made.

Mr. Triplett moved that the minutes be approved. Seconded by Ms. Knox. Approved 11- 0.

4. PUBLIC COMMENT

Public comment was given. Community members shared concerns around management at Imagine Housing properties. Documents were provided to Board detailing issues. Public comment ended at 9:15 am.

5a) ARCH Rental Program Update

Ms. Masters introduced Adam Matza, ARCH Rental Program Officer, as the presenter of the Rental Program Update. This item was informational with no action needed from the Board. The Rental Program is a combination of all members' incentive programs that create affordable rental units within market rate mixed-income projects. The presentation covered growth in the portfolio of units, staffing and monitoring issues. Current issues include tenant concerns about rent increases, property staff turnover, and compliance with local tenant protections.

Ms. Masters pointed out that the Rental Program Officer position was added based on consultant recommendations. With continued growth of the Program, staffing will be an ongoing issue for consideration. Other long term issues are consistency in local codes, expectations for levels of service and overall enforcement tools. Inconsistency in regulations enacted by the cities will make monitoring efforts less efficient. Ms. Masters opened for questions or comments.

Ms. Carlson expressed appreciation for the report. She asked if it might be good to get more information on how other organizations manage compliance issues.

Mr. Pyle said that in light of the increase in the below 80% AMI units in the King County planning policy in the next 20 years it is important for the strategic planning effort to consider what ARCH's role might be and how it might change over time.

Mr. Bobkiewicz left at 9:20 am.

No further action is required from the Executive Board at this time.

5b) Rent Policy Work Group Recommendation

Mr. Pyle introduced this topic, noting the item is informational, however, ARCH staff is looking for affirmation of next steps. Four policy options are presented in a memo included in the packet. Ms. Masters recapped the policy development process since last fall. The Board gave direction to narrow down options and convene a workgroup bringing together stakeholders to find a consensus. The workgroup included private developers, non-profit housing providers, King County Housing Authority, property managers as well as attorneys from the Housing Justice Project. The group initially preferred the tenant-based 3% cap on individual increases. This proposal would not cover funded projects, as ARCH intends to collaborate with the Washington State Housing Finance Commission, on a policy for those projects in the future.

Advantages and concerns were presented. The biggest topic of debate was whether 3% is the right number. There were recommended refinements around clear, accessible guidelines and compliance tools, right for tenants to renew their lease as long as they remain in compliance, establishing appropriate regulations for tenant requalification and evaluating the policy after 3 years to identify unintended consequences. Some data was presented to the workgroup to evaluate whether 3% cap was the right benchmark. Developers in the group proposed a graduated cap that would address the possibility of persistent high inflation, but this also created concerns about complexity and lack of stability for tenants. Iterations of this graduated cap were presented, but no consensus was achieved. Ms. Masters said the workgroup has been concluded and outlined a draft public comment process to get input on the various options discussed by the work group.

Mr. Triplett said he supports initiating the outreach process. The City of Kirkland supports the idea of a cap. He said they should try to conclude with some recommendation to the Board and Councils sometime late fall.

Mr. Pyle said Sammamish would be interested in the timeline. He thinks it could fit within updating their comprehensive plan. Adding any code amendments to the comprehensive plan to get policy in place for final package that is adopted would be beneficial for them. He asked if there is any ability to focus on implementing this by way of adoption by reference that is dynamic so the Board would be able to reference the current code to change it in the future.

Mr. Triplett left at 9:50 am.

Ms. Carlson agreed with the timing suggestions. Would like to get recommendation by end of year. Potential changes need to be in concert with the comprehensive plan discussions.

Mr. Pingel asked if there is a desire to go to public comment with less options than showing here. Ms. Carlson did not think they wanted to narrow them at this point but acknowledged it would be important to try to explain them.

Mr. Pyle said it might be beneficial to take an EIS approach, and asked what ARCH's recommendation is on the timeline. Ms. Masters said they will try to go out and do more engagement and explain and simplify the options. She said she is most concerned that people understand what they are being asked to comment on. She estimated 45 days as a length of time for engagement, and asked for feedback from the Board.

Ms. Marshall said the time period should be extended into September. She suggested showing a household case study with impact of cap options. Social media would be helpful, and giving feedback should be simple such as pushing buttons.

Mr. Pyle agreed the period needed to be extended into September, and suggested informercials. He has used Jotforms. Creating a video ensures consistency in what people are receiving.

No further action is required from the Executive Board at this time.

5c) Middle Housing Engagement Report and Presentation by CBO Partners

Ms. Masters introduced the report, explaining that Bellevue, Bothell, Kenmore, Newcastle, and Redmond elected to pool state grant funds for Middle Housing Planning to support partnering with community-based organizations (CBOs). The purpose of the funds was to engage with communities that don't normally participate in planning processes. Eastside for All was selected as the lead CBO, helping to organize several other organizations to collaborate on the project.

Several presenters were introduced, including Guillermo Rivera (Eastside for All), Debbie Lacy (Executive Director EFA), Qiong Chen (Director - United Hub), Larissa Chuprina (ESL and Culture Coach), Samuel Rodriguez (BizDiversity) and Mercedes Cordoba (King County Promotores Network). Mr. Rivera shared a brief presentation on the project, which took place in Spring 2023. EFA collaborated with fourteen CBOs (listed in presentation). A total of 22 events were held with 12 different languages spoken at these events. A final report was created in June 2023.

Ms. Chen (United Hub) shared that her organization participated for seven weeks. They provided translation in English, Chinese and Japanese. They held in-person events and one-on-one conversations. They utilized library meetings rooms, senior homes, and personal residences. All were first generation immigrants from diverse backgrounds. Their efforts contributed to 28% of overall surveyed data.

Dr. Chuprina (ESL and Culture Coach) said she used a personal approach to connect with Russian speaking people in these communities. She hosted parties in her home and connected to Russian speaking seniors at the center in Bellevue. She presented this topic and invited participation. The participants needed paper copies. Half wanted to use the English version to improve their English. Using gift cards worked well to show appreciation for their time and contribution.

Mr. Rivera acknowledged that internet participation is sometimes a problem, but the time constraints limited what they could offer.

Mr. Rodriguez (BizDiversity) worked in Bothell and Kenmore, focusing on Hispanic audiences. They used locations such as The Hangar and cafes. Intergenerational living was highlighted as a housing need to maintain unity in families. Participants wanted to find more affordability closer to their employment.

Ms. Cordoba (Promotores Network) outlined challenges and successes. They had a hundred plus participants from the beginning of May to end of May. All presentations were conveyed in Spanish. The timeline was a challenge for our community to feel invited to participate in this process and be informed and educated. Middle housing does not translate to an appropriate meaningful word. The resulting relationships were amazing. Many people found connection through this. The community wanted to know what the next steps are, and why some Cities did not participate.

Mr. Rivera summarized the results, with 651 surveys completed, including 56% English and 44% languages other than English. 515 (79%) were renters. About half had incomes of \$75,000 or less. For next steps, there will be continued engagement between community and city staff and leaders. One of their main goals is that Cities will be hearing directly from the community.

Ms. Carlson expressed appreciation for the efforts and unique approaches to the community.

Mr. Stannert said feedback at the end regarding putting complex regional efforts in a context for the community really resonated.

Ms. Bent said she thinks the message is in creating these connections and having follow up with those local connections.

Ms. Lacey said many people are excited about what this report means for future initiatives. It pays to find ways to invest in the growth of CBOs and groups for the health of the community and to support future initiatives.

5d) Middle Housing and HB 1110 Opportunities Report – deferred to next meeting.

A report was included in the packet for the Board. In light of the new State Law, Ms. Masters said they wanted to highlight the strategic importance of the opportunity presented by HB 1110. The report highlights some examples and case studies. Staff will bring back a presentation that will show the potential flexibility allowed in the bill around affordable housing requirements. Also included are a series of profiles of development projects that show how affordable homes can be incorporated into market rate developments. She requested the Board look at the report and share with staff. It will be a collective requirement to adopt those new parameters.

6) OTHER BUSINESS

a. Verbal Updates.

- Ms. Masters reminded the Board of a few upcoming events, including the **Strategic Planning Workshop** on August 3, for which full Board participation is highly encouraged.

- Member staff have been identified for a **Legislative Priorities Workshop** on August 10, with results expected to be reported back to the Board in September.
- ARCH will also be convening a workshop for developers in partnership with the Urban Land Institute. This outreach will support continued development of an economic/financial feasibility model designed to support members' efforts to study affordable housing requirements and incentives.

7) ADJOURNMENT

Mr. Pyle adjourned the meeting at 10:40 am.

ITEM 5A: Legislative Priorities

Report on member legislative workshop and direction on potential priorities for 2024 legislative session

Background

Earlier this year, the Executive Board approved a new work program priority for ARCH to “**convene members to advance one or two strategic legislative priorities that impact local jurisdictions’ ability to address affordable housing needs.**” The Board elevated this priority following ARCH’s recent success facilitating conversations with members on dedicated sources of revenue for affordable housing. To build on that work, ARCH convened a legislative workshop on August 10 with member staff and lobbyists to discuss two topics ahead of council discussions in the fall.

Based on prior direction from the Board, these topics included revenue tools for housing, a longstanding area of focus for ARCH that yielded significant support for HB 1628 this year, as well as SB 5466, the transit-oriented development (TOD) bill mandating upzones and other regulatory changes around transit. While ARCH members have not generally advocated for state mandates on zoning, the TOD bill is very likely to be re-introduced in 2024 and, like the recent middle housing bill, could have sweeping impacts on local jurisdictions’ planning efforts.

Attachments 1 and 2 include member staff survey results and a summary of key takeaways from the workshop discussions, which were facilitated by ARCH staff and member city lobbyists. Staff from the Association of Washington Cities (AWC) and Puget Sound Regional Council (PSRC) were also in attendance. ARCH staff will walk the Board through these results at the September meeting.

Draft Legislative Priorities

Based on member input, ARCH staff developed the below draft priorities for potential incorporation into members’ legislative agendas. This language was circulated to all the member staff that participated in the workshop. The language on funding closely mirrors language the Board approved last year, a version of which was utilized by several cities. One comment was submitted suggesting modified wording for the second priority.

Funding for Affordable Housing: *[CITY] supports new funding options for local jurisdictions that address the need for affordable housing, such as a local option Real Estate Excise Tax (REET). Such options should be progressively structured to best meet the needs of low and moderate income households.*

Affordable Housing Near Fixed Route Transit: *Affordable housing should be a top priority in future planning for growth near fixed route transit. [CITY] supports setting ambitious goals for affordable transit-oriented development, and providing local flexibility and planning resources to help communities achieve those goals.*

At the September meeting, the Board will be invited to discuss the draft priorities, taking into account that not all members may choose to advance these to their member councils.

While the goal of the exercise and the Board's discussion is to advance common priorities, each individual Board member has the responsibility to determine if these priorities are appropriate for consideration by their council.

Staff Recommendation

Staff recommend the Board discuss the draft priorities, and provide direction on:

- Whether the language of the draft priorities is appropriate, or if adjustments are needed
- What communication is appropriate to deliver the proposed priorities to members (for example, a letter from Board Chair and/or Executive Director to the Board, with individual Board members delivering to Councils).

In addition, if any priorities are approved, staff recommend the Board discuss their interest in further ARCH involvement to support these priorities, including development and/or presentation of educational materials, or facilitation of coordinated advocacy to legislators.

Attachments

1. ARCH 2023 Legislative Workshop Summary
2. ARCH Member 2023 Legislative Survey Results

ARCH 2023 Legislative Workshop Summary

August 10, 2023

Overall Themes

- Affordable housing continues to be one of the top priorities for most cities. Among those cities, there is a desire to act as a united coalition using “one voice” to advocate.
- While there are differences between large and small communities, these reinforce the need for a regional approach, and finding ways for all communities to contribute and share in the benefits of affordable housing.
- ARCH can play a key role in educating members on legislative issues, crafting common messages about affordable housing needs and opportunities, and encouraging coordinated advocacy among cities with common priorities.

Part 1: Affordable Housing Revenue / HB 1628

Key Takeaways

- REET is still the best housing revenue tool with the broadest consensus behind it, but there will be tough prospects for any new revenue measure in 2024 – this may warrant adapting to advocate simply to fund ARCH projects with state dollars.
- At the same time, we don’t want to lose the momentum created among cities that came out to support HB 1628, and ARCH can continue to help provide information and messaging on the importance of this tool, and facilitate coordinated advocacy with legislators.
- There are several options for how to tweak the legislation to address issues/concerns, including making the local option progressive, distinguishing multifamily/commercial projects, and creating a different state-local structure.

1. How do we address competing revenue goals? e.g., local revenue for public safety/other needs, state revenue for state-level housing programs, etc.

- Several cities do have other needs requiring additional revenue, such as parks, transportation, sewer infrastructure, and public safety. This varies by city, along with cities’ overall fiscal health – some jurisdictions are already experiencing or planning for big cuts, while others have been able to better absorb rising costs.
- Revenue solutions also vary by city. Some have had success in passing local levies for transportation, parks and general operations, but other local measures have failed. The 1% property tax lift is a priority for some jurisdictions, but not all. In some places the 1% cap doesn’t have as big of an impact or isn’t a limiting factor yet.

- For other jurisdictions adding a REET would be more impactful than eliminating the 1% cap – for these communities there is also interest in allowing more flexibility in the existing local REET to solve other fiscal issues while also increasing funding for affordable housing with a new REET.
- There are always going to be competing priorities, but affordable housing can be connected to many of those other issues (public safety, sustainability, displacement risk, etc.) – it should be considered a type of “social infrastructure” that is part of the standard services offered by cities.
- Timing is important in considering tax measures – next year may be a better time for gaining local support, but it will be much more difficult at the state level with state elections coming up.
- Without strong advocacy for local tools, the state REET is more likely to prevail in a state vs local tossup. Given the challenges for any new tax measure passing in 2024, we may need to support whatever has the greatest chance at passing or consider requests for earmarks.

2. What ideas can we recommend to members for a more effective legislative strategy? (e.g., outreach to potential sponsors, other engagement with legislators – arrange meetings with affordable housing developers with sites waiting for funding, etc.)

- While REET is still the best revenue tool with the broadest consensus behind it, tough prospects in 2024 may require a longer-term view, or shifting to advocate for funding specific priority projects (ideally still through a coordinated approach).
- While nearly all Eastside legislators were supportive of HB 1628, we could do more to generate passion and enthusiasm, especially in legislators with seniority.
- City elected officials have been more than willing to show up and meet with legislators – we could approach this collectively and show numerous cities are ready to go.
- Many ideas for messaging, in addition to highlighting the projects that are waiting for funding:
 - With a sustainable ongoing funding source for the region, cities can attract development rather than waiting for it to happen. Even in cities without immediate opportunities, reliable funding will allow us to plan for affordable housing over time.
 - Stimulating affordable development is even more critical in the immediate term as market rate development is showing signs of slowing.
 - Revenue tools are essential to support state mandates to accommodate planned affordable housing numbers required under GMA.
 - Housing should be viewed as part of essential local infrastructure.
- It’s important to have a unified agenda as ARCH jurisdictions so we support each other’s message. No jurisdiction wants to step out first and be the only supporter. Cities for whom affordable housing is not a top priority can still help by staying neutral.

3. What feedback do staff have on the draft language prepared for legislative agendas?

- General support for the language drafted – short and to the point. Some councils may still want to wordsmith, but the core message would remain the same.

- Specifying REET is important and takes it from goal to action.
- Members have varying views on highlighting the importance of REET being progressive. For some it's very important; would at least like to have it as an optional feature.
- A modified REET structure that mirrors HB 1406 sales tax (where the state collects the funds but local jurisdictions can take action to receive a credit for a portion) could neutralize the threat of local opposition campaigns.
- Some are interested in distinguishing single family and multifamily, and extending the 2-year exemption for commercial that was added to HB 1628. Opposition from commercial/multifamily developers may be impactful in some cities, especially with commercial properties struggling.
- Having every policy detail ironed out is less important than the overall message about why we need to solve the problem and that we have a coalition working together to solve it. Details on the bill may not come out till December or even January.

4. What other work do we need to do to keep councilmembers supportive of a local REET/revenue options for housing?

- General consensus that ARCH plays a critical role in providing information and education, especially for smaller jurisdictions.
- During education efforts, show slides of revenue needs with affordable housing development applications. At the same time, the information shouldn't overwhelm councils and make the goal(s) seem unattainable.
- Start education in time for legislative session, be prepared to have ARCH staff show up at council meetings and start at the beginning; what is ARCH, deliver education, and then needs analysis, etc. Also may need to counter misinformation about REET driving up the cost of housing.
- Should emphasize to councils that they are part of an eastside coalition and it is important to stay committed to a regional approach.

Part 2: Transit-Oriented Development (TOD)

Key Themes

- Despite many concerns about the concept and potential implementation of a TOD bill, if it's going to happen, it can also be an opportunity to advance some decisions around growth/affordability that may not otherwise be possible at the local level in the near future.
- There is a strong and clear consensus among ARCH members that affordable housing outcomes must be central to any TOD bill, with flexibility to adapt the legislation to differing local conditions.
- Jurisdictions also need more planning resources to implement state mandates in a way that will actually result in greater affordable housing outcomes.

1. If the state enacts a TOD bill, what should be our preferred position on how affordability fits in?

- ARCH members should advocate strongly for affordable housing outcomes as central to the bill, with flexibility built in – State should focus on the “what” instead of the “how”. There is support among some an explicit affordability mandate, if there is flexibility with implementation.
- Specific goals/funding should be aligned with affordability levels set out by HB 1220/GMA.
- Some support advocating that commercial developments benefiting from upzones also contribute to affordable housing, i.e., through explicitly authorizing fee in lieu / linkage fees from commercial development.
- Legislators should consider adding stronger measures to preclude upzones that cause displacement.
- Smaller jurisdictions without transit areas may need to be neutral or not involved.

2. Should there be a statewide standard or should there be more local flexibility on affordability? If flexible, should there be a minimum baseline, and what are the right dials to turn?

- While affordability should be a required outcome, there is no obvious baseline for a specific affordability standard, given the differing programs already in place across jurisdictions and the outstanding questions about how/where the upzones will apply.
- Flexibility will be key:
 - State could offer a menu of options that cities can choose from based on local considerations (e.g., 20% at 80% AMI, 10% at 60% AMI, etc.)
 - Programs should be able to offer fee in lieu options along with on-site performance
 - The commercial fee component should be optional for the jurisdiction – it may not be viable in some cities.
- More state support/resources for planning should come with new mandates.

3. How should affordable housing requirements in the bill work with existing local inclusionary/incentive programs? (doubled up or stacked, by project or zone-wide)

- Adding a state-mandated affordability program on top of local programs is an extremely complex proposition. Some of our existing programs have taken decades to create, and a poorly designed state mandate could undermine what is working well.
- Some have different opinions on whether the state’s program should be additive. To create a simple and coherent regulatory framework could require unwinding and supplanting existing programs, which should only be done with extreme care and study to “get it right” and make sure the net result actually yields more affordable housing.
- We should be cautious about adopting something that appears fast/simple but actually complicates development by adding on more layers of regulations that don’t work well together.
- At a minimum, if the state doesn’t take an additive approach, TOD legislation must not remove opportunities for cities to secure value out of upzones for affordable housing.

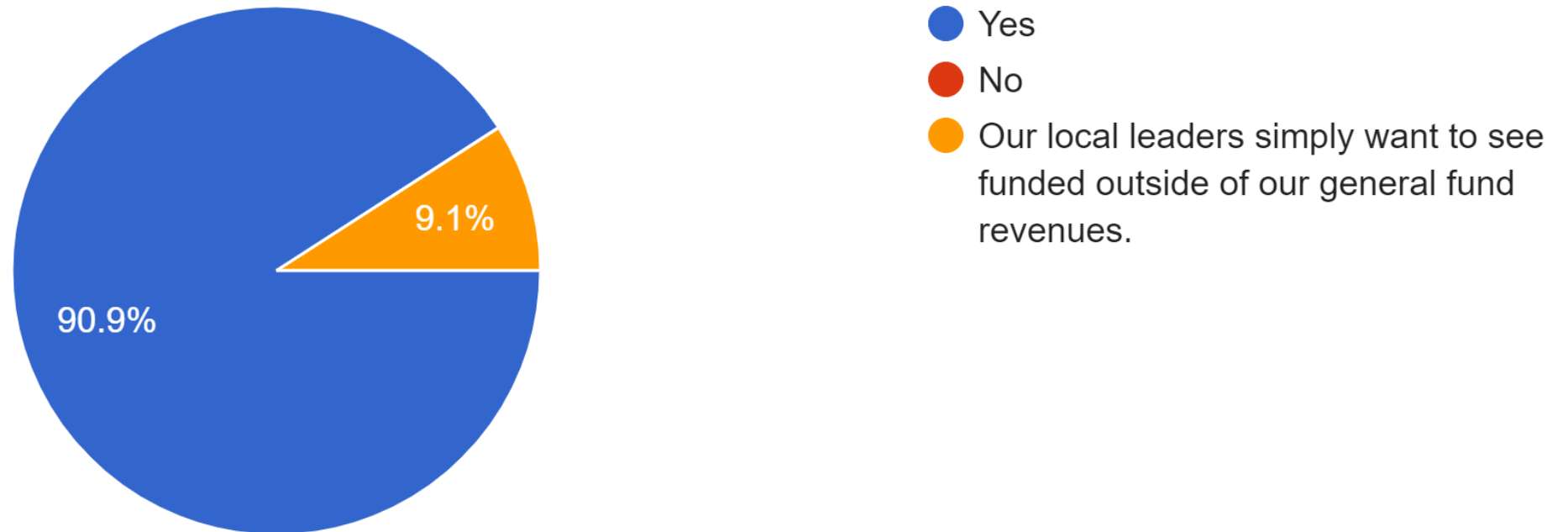
ARCH Member 2023 Legislative Survey Results

August 2023

2023 Member Staff Survey Results

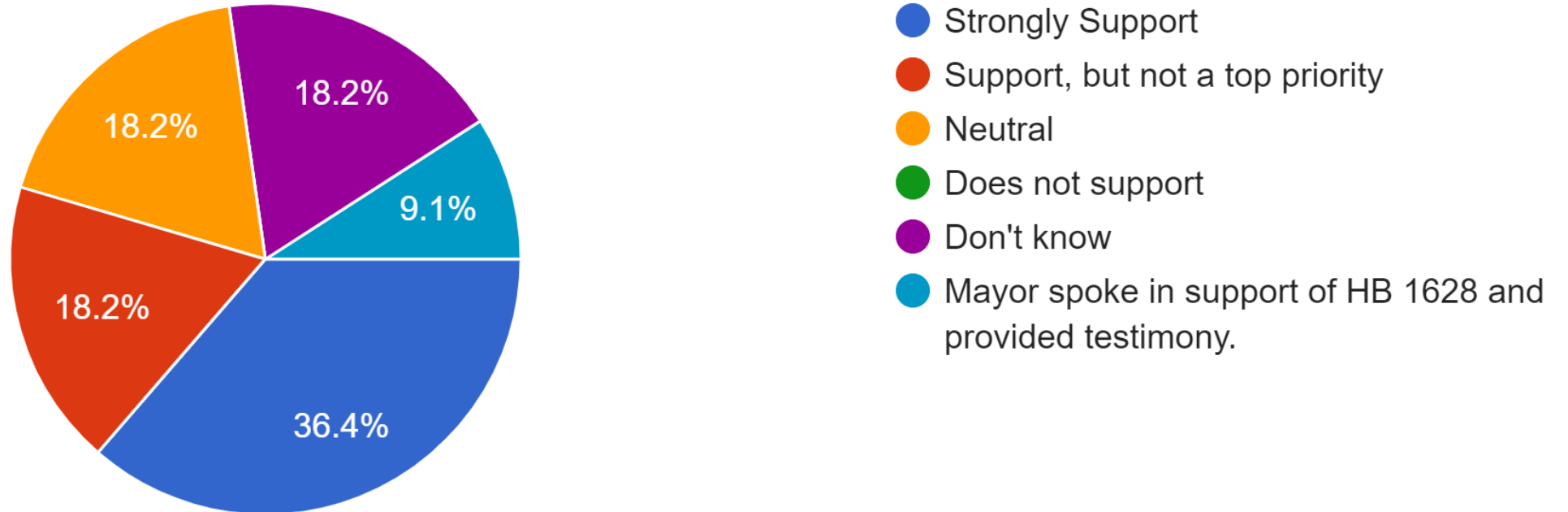
Do you see a desire among local leadership to make sure that affordable housing projects are located within your jurisdiction or within East King County?

11 responses



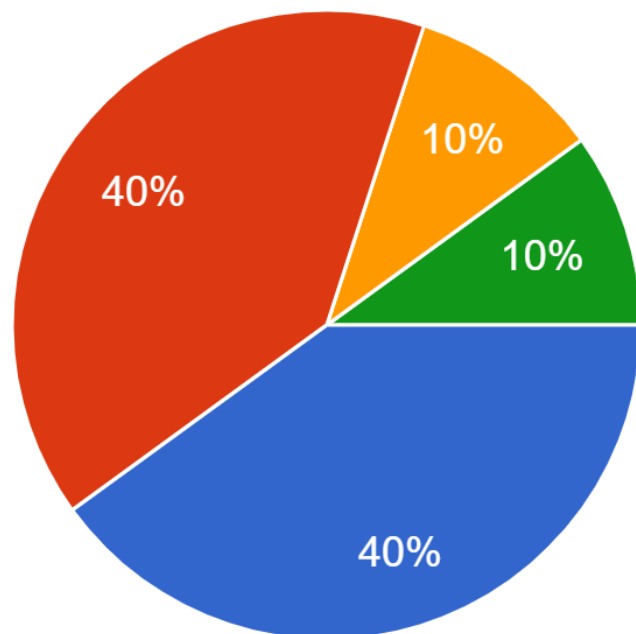
Based on your council's position on HB 1628 or other recent discussions, where do you think a majority of your elected leaders stand with respect to increasing revenue for affordable housing?

11 responses



Does your jurisdiction have revenue priorities that could potentially compete with an affordable housing revenue bill? (e.g., raising 1% property tax cap, public safety revenue, etc.)

10 responses



- Yes
- No
- Not if the bill does not impact current revenue, and creates a new revenue stream.
- Mercer Island would have interest in having multiple options to consider.

If your jurisdiction has potentially competing revenue priorities, please describe further below.

6 responses

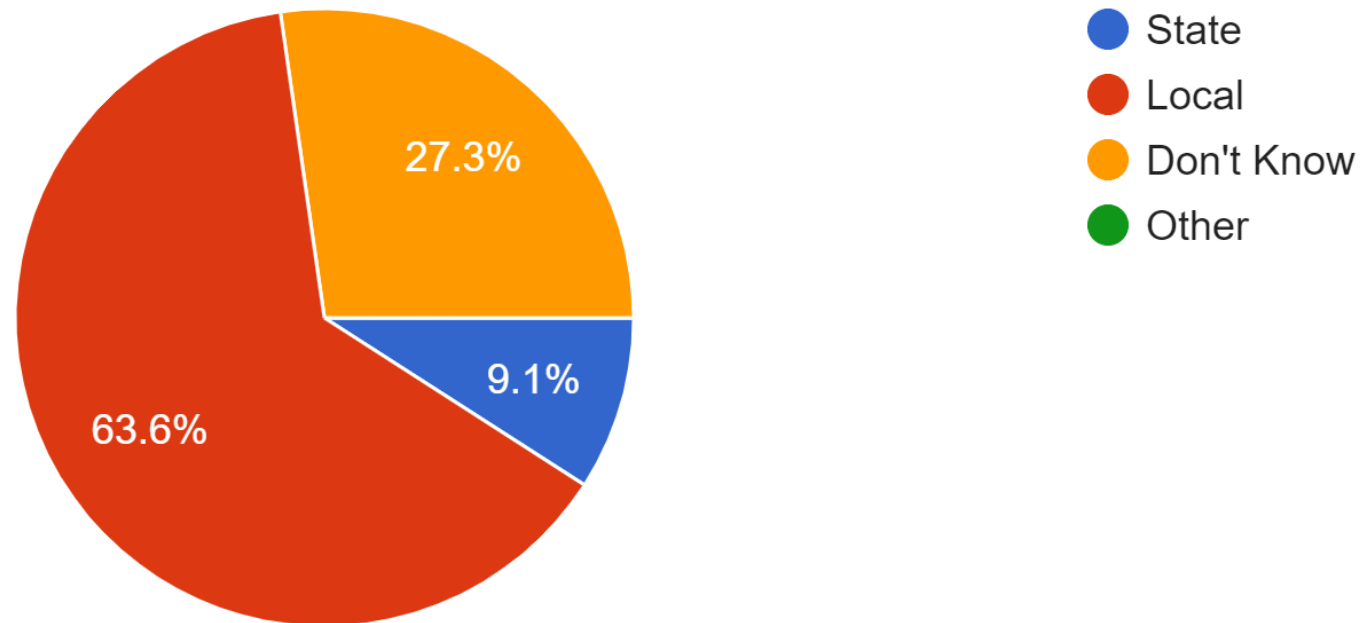
- **1% property tax cap lift** but that revenue could also be used for affordable housing and could generate more revenue over time for cities than the local option of REET
- **Raising 1% Property tax cap**
- **public safety** cost increases and increasing costs of operations
- Redmond was unable to pass a **public safety** levy recently.
- **Overall fiscal sustainability.** Increasing contract and internal operation costs that outpace revenue. We have many hard decisions ahead of us including determining how and when to add new and diverse revenue sources beyond what was considered with HB 1628. Without adding revenue sources we will be facing service reductions.
- n/a (However, we are looking to adopt a Transportation Benefit District.)

HB 1628 provided the following:

- A **new 0.25% local REET option** to fund affordable housing, with flexibility to pool with other communities and/or bond against the revenue; *and*
- A **new 4% tier in the State's REET** applicable to properties over \$5M to fund the State Housing Trust Fund, Apple Health and Homes program, permanent supportive housing operations, maintenance and services, and housing for individuals with developmental disabilities.

If you had to prioritize the larger state REET vs the local REET option for affordable housing, which would be the higher priority for your jurisdiction?

11 responses

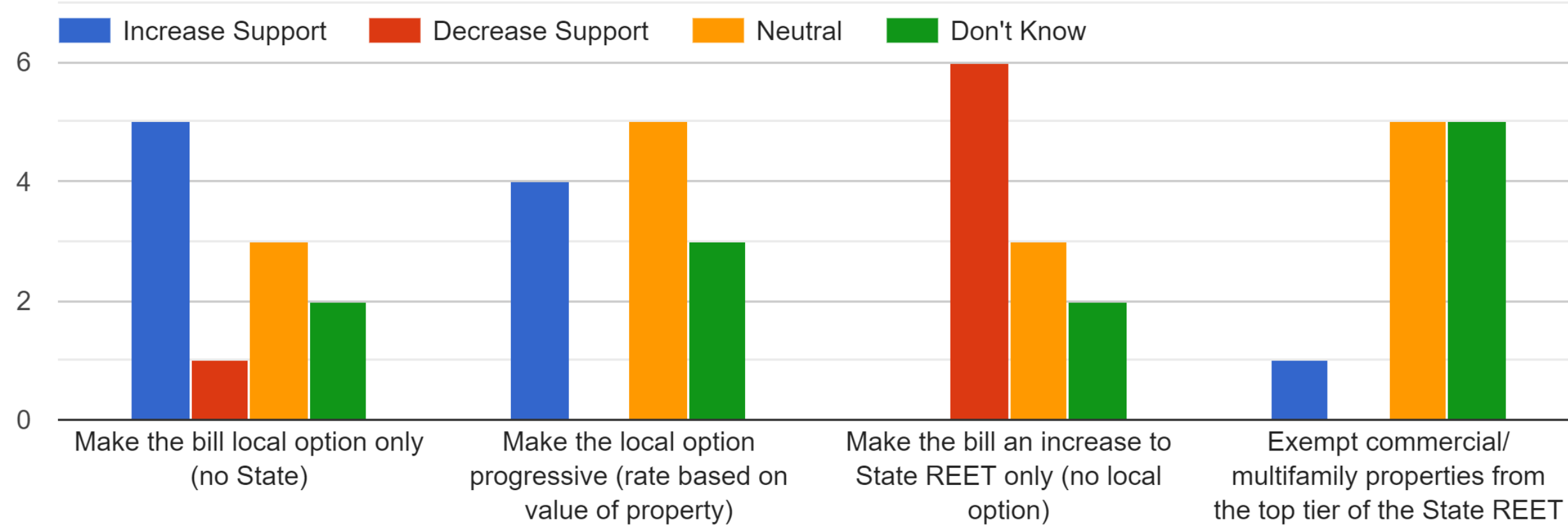


Do you think your elected officials are likely to be swayed by opponents' arguments that increasing REET will increase the cost of housing? If so, what education would you suggest to address these arguments?

9 responses

- Majority would not
- I am unsure of the position of the elected officials - all have different ideas of how to address these issues so don't have one common theme.
- Providing facts laying out the pros and cons of options.
- No.
- Ultimately no.
- Do not foresee council wishing to take a position on REET.
- The biggest thing for our local elected officials is to have a revenue option outside of the general fund. Other revenue options that increase general fund revenue are not popular in Newcastle.
- Yes. In our city, it's going to make already unaffordable housing even less affordable.

How would the following potential changes to HB 1628 affect your jurisdiction's support for the bill?



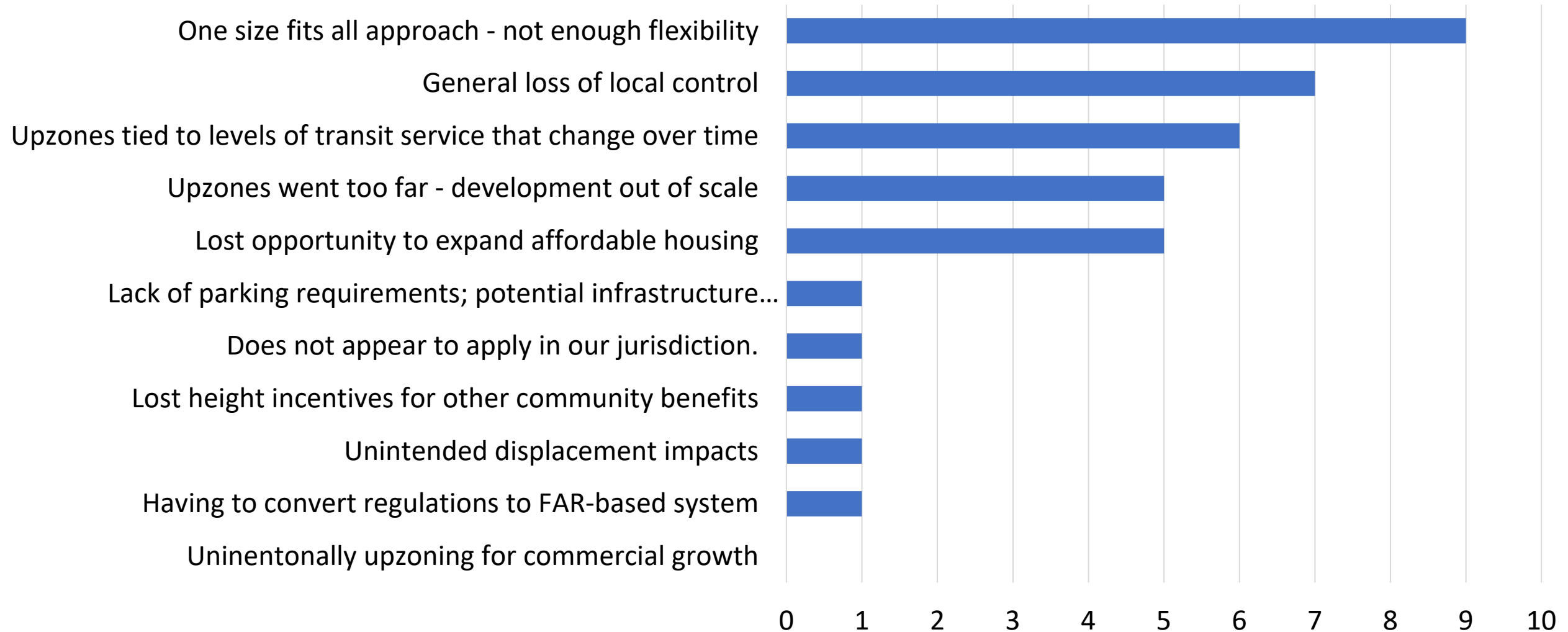
Are there any other comments you wish to share to help inform our discussion of affordable housing revenue?

5 responses

- On REET, support a **graduated** third quarter percent. At least the first half million of the property sale should be exempt from a third quarter percent REET
- This past session our council was **hesitant to be involved** in REET discussions and I would expect we do not take any positions in 2024 as well.
- The Newcastle elected officials **will be supportive** of a local option REET for affordable housing that allows for affordable housing costs to be supported that .25% specific to affordable housing that removes the obstacles from using REET for affordable housing currently, and also allows the City to account for affordable housing costs outside of the City's general fund.
- Would like the ability to **use the local REET option to fund ARCH contributions**, not just new capital construction.
- Issaquah legislative priorities includes the statement that "Issaquah supports policies that provide communities with resources and tools to address their unique availability and affordability challenges."

What were the top concerns in your jurisdiction about SB 5466 when it was being debated? (may select more than one, but focus on the top concerns)

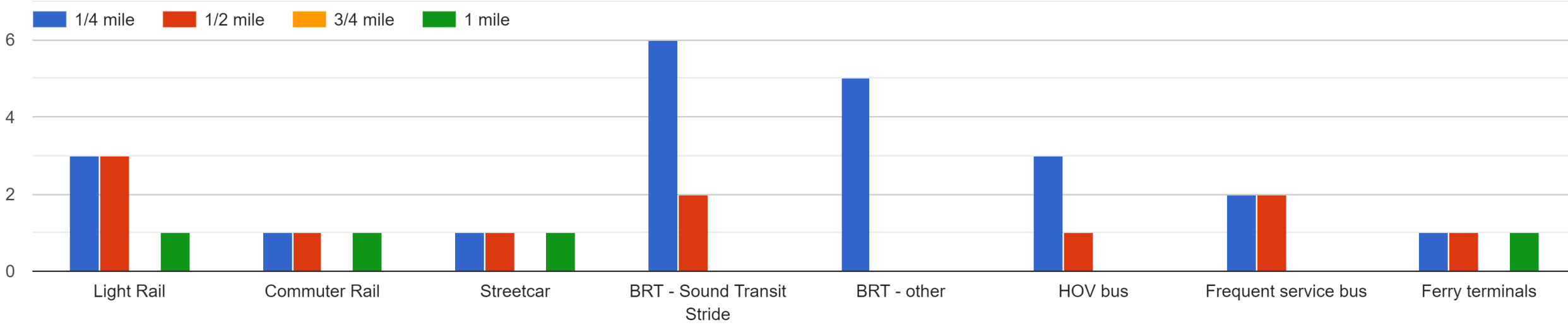
12 responses



PSRC prepared a map to illustrate the types of transit and approximate buffers that corresponded to the definitions in SB 5466 as amended by the House Committee on Housing: [Transit Buffers \(arcgis.com\)](https://arcgis.com)

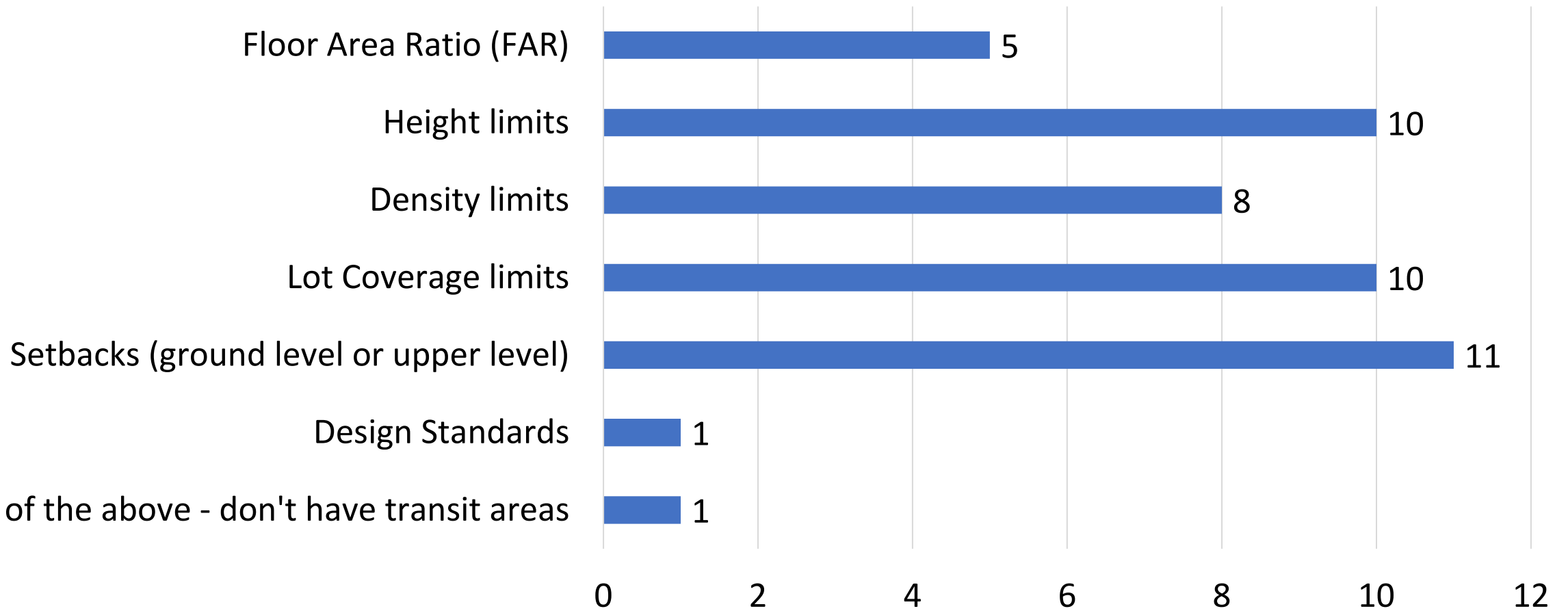
Based on your knowledge of transit service and infrastructure in your jurisdiction, what definitions of TOD areas make the most sense with respect to planning for future growth?:

7 responses



Please indicate what development standards your city uses to regulate the scale of residential development in areas near transit? (check all that apply)

12 responses



If multiple standards are used, **please explain whether these standards vary by zone/neighborhood** and if they work together in the same zones...

9 responses

- Yes, vary by zoning districts.
- Work together throughout the City.
- Work together, some variation in height/density depending on zone.
- Zoning controls vary across the city by zone. We have one planned subarea.
- They vary based on the zone. FAR is the measure in the urban centers with limits on height and some stepback requirements at the upper levels for building articulation. Outside the Urban Centers, we regulate based on density, lot coverage and setbacks (this would include areas with frequent transit that were included in SB 5466).
- Work together in same zones. Have considered FAR for some areas but found other standards enable more consistency with vision.
- Development regulations vary by zoning district.
- The density and dimensional standards vary by area. This is largely based on when they were put in place and unique characteristics of the redevelopment area.

Could you envision a state framework for requiring minimum development capacity?

6 responses

- We envision a state framework.
- Challenging to develop a state framework that fits all jurisdictions
- Yes, we could envision a state framework for requiring minimum development capacity *IF* the state also provided us with meaningful transit.
- No on a state framework.
- It's difficult to envision a uniform state framework for requiring minimum development capacity. Flexible is a key to being able to properly respond to local conditions.
- Bellevue's standards could likely be modified to accommodate state changes regarding minimum densities in TOD areas. The concern Bellevue had was previous state discussion of no maximum densities in TOD areas.

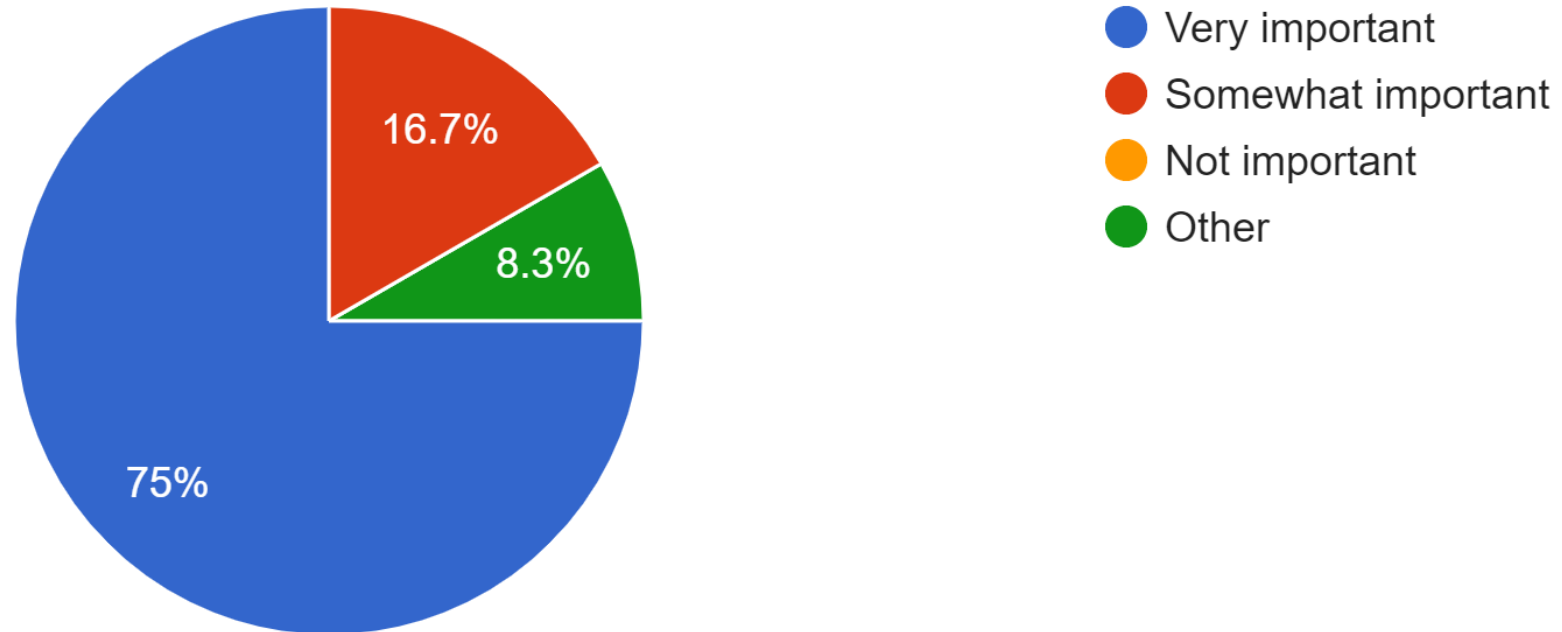
What planning and/or development standards do you rely on to define TOD?

7 responses

- Location/zone, height, density, affordability
- Proximity to light rail stations
- Densities of roughly 2-10 FAR depending on the area. Mix of uses, with focus on ensuring residential component in part of all areas. Ground-floor active uses. Publicly accessible open spaces. Pedestrian and bicycle network.
- We do not have TOD as we do not have meaningful transit meeting the definitions of SB 5466.
- TOD is not currently defined in development regulations.
- N/A, or PSRC standards
- Not specifically defined, we have Urban Core which is a regional growth center.

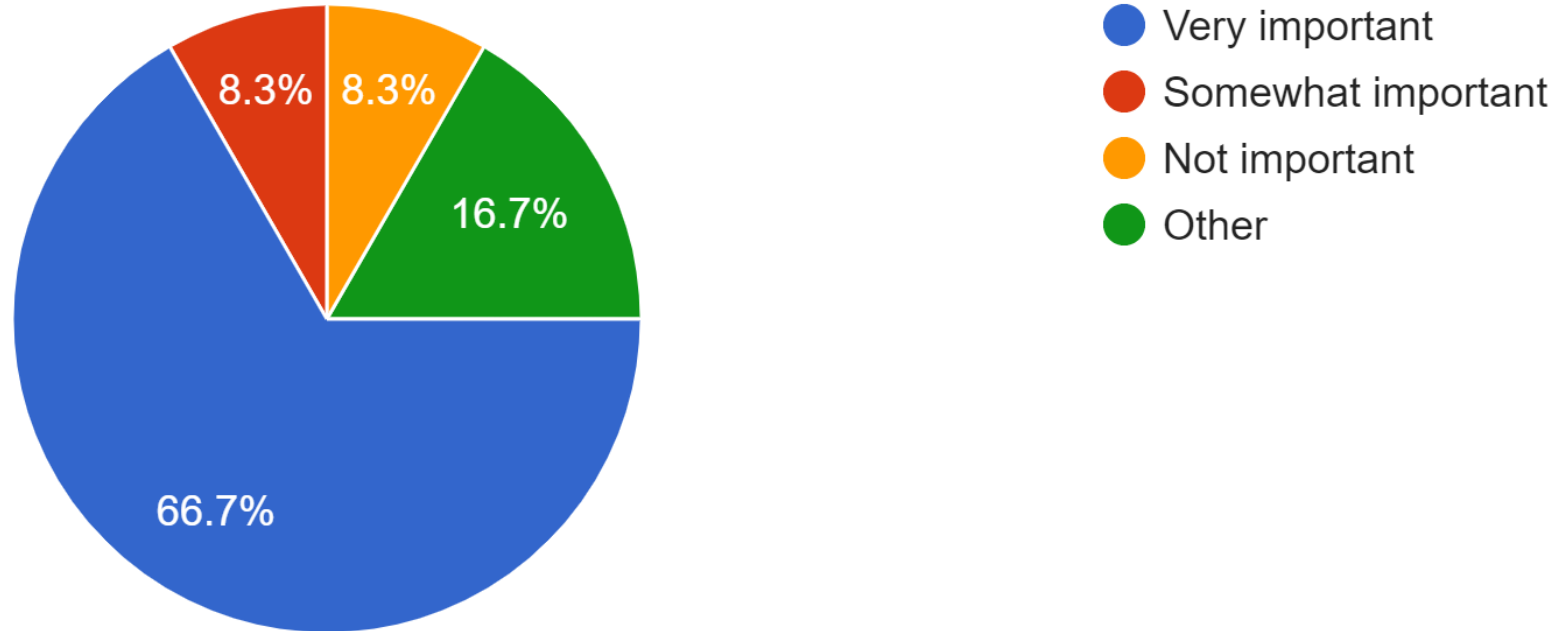
How important do you think it is to your jurisdiction to ensure that residential growth near transit includes affordable housing?

12 responses



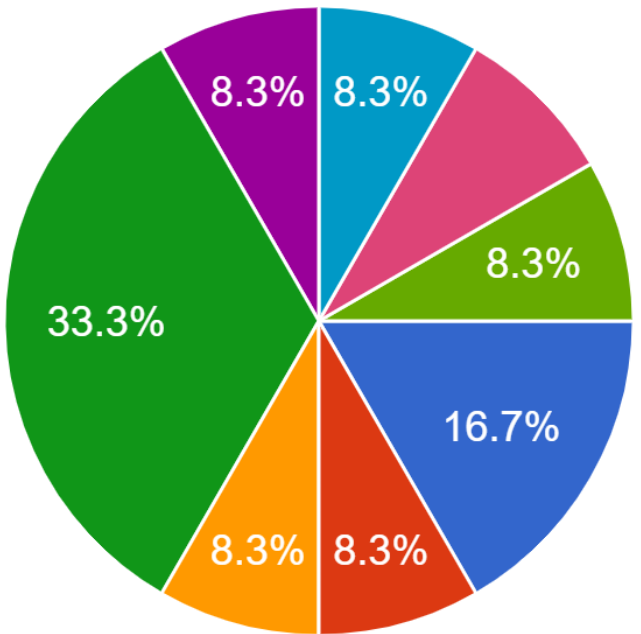
If a version of the TOD bill was passed into law, how important do you think it would be to your jurisdiction to ensure significant affordable housing outcomes?

12 responses



If mandating upzones near transit, what level of affordability requirements seem reasonable for the state to aim for, given the scale of upzones contemplated in the House version of the bill (relative to existing regulations), and given what affordable housing incentive programs already exist in your city?

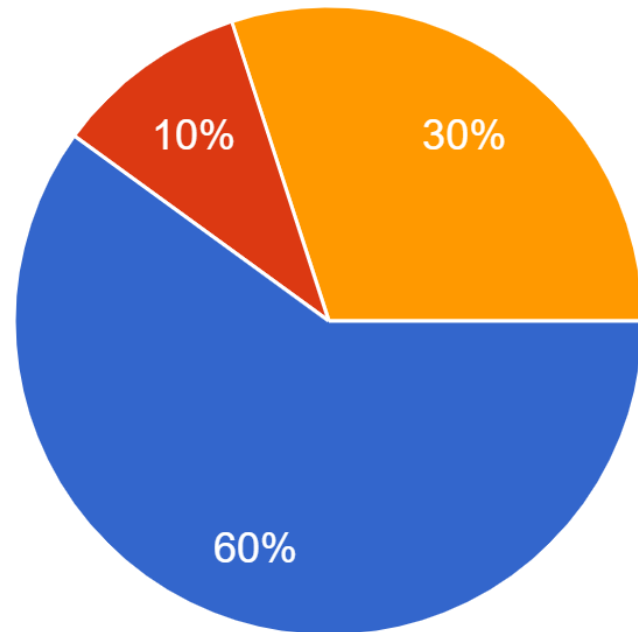
12 responses



- 10% at 80 AMI
- 10% at 60 AMI
- 10% at 50 AMI
- 20% at 60 AMI (House version)
- We are targeting 15% at 50% AMI overall in our station area plan with a f...
- Unknown
- It would vary by area, but could be up to 10-20% at 80% AMI with the ability to...
- Locally we have 12% at 60 AMI.

If the bill contained a standard affordable housing requirement, how could the bill offer flexibility to ease concerns about tailoring the requirement to local conditions?

10 responses



- Offer a menu or range of affordability options
- Include the ability to modify or opt out of requirements based on economic study conducted by local jurisdiction
- Allow jurisdictions to enable projects to utilize MFTE to satisfy the requirements.

Are there any other approaches to affordability that are worth discussing?

7 responses

- Mandating that Sound Transit remainder parcels be used for affordable housing projects at the 60% AMI level minimum. Allowing surplus Community Facility District funds to be used for affordable housing projects.
- Interesting to think about land dedication as way to satisfy requirement. Also, if commercial upzones occur, then a commercial fee in-lieu could be considered.
- Council is very interested in affordable ownership opportunities and the missing middle. Would like to see condo liability reform.
- The current relationship between a city's growth target, affordable housing allocation, and capacity is set up to cause failure in delivering affordability.
- A payment in lieu of approach. Also, any approach needs to be directly tied to implementation of HB 1220.
- Alternatives to constructing affordable housing within small city limits – option to contribute financially to affordable housing construction outside of city limits but still reasonably close by.
- Permanent affordability is important.

Are there any other comments you wish to share to help inform our discussion of TOD?

4 responses

- Bus stops are subject to change and can be added or removed at a moment's notice.
- From the perspective of a fringe community (see PSRC map) it would be great to see a commitment to bring meaningful transit to connect underserved cities to high capacity transit and get single occupancy vehicles off the roads.
- The timing of implementation of any new TOD bill vs the current Comprehensive Plan Periodic update deadline of December 31, 2024.
- A city like ours would support the REET option over a TOD bill with little flexibility to modify or opt-out.

ITEM 5B: Middle Housing and HB 1110 Opportunities Report

Report and presentation on opportunities to create affordable housing through HB 1110

Background

In April of 2023, the Washington State legislature adopted HB 1110, a bill that is intended to increase “middle housing” in areas traditionally dedicated to single-family detached housing. Middle housing spans a range of different housing types, including duplexes, triplexes, fourplexes, fiveplexes, sixplexes, townhouses, courtyard apartments, cottages, and stacked flats. The legislation sets minimum guideposts for how to accommodate more dense housing throughout jurisdictions of all sizes, specifying minimum allowed densities based on a jurisdiction’s size and local proximity to transit.

Affordable housing provisions are also included in the bill, with specific flexibility allowed for jurisdictions applying RCW 36.70A.540, which provides the authority for local affordable housing requirements to be established in concert with land use and other development incentives. Many ARCH members have already adopted programs under this statute, including Bothell, Bellevue, Issaquah, Kenmore, Kirkland, Mercer Island, Newcastle, Redmond and Sammamish. The expansion of allowed housing types, together with significant density increases and other incentives created by HB 1110, provides an important opportunity to promote more affordable homes.

The attached report provides an overview of the requirements established in HB 1110, examples of successful programs and projects already established in the region, and policy tools that local jurisdictions can consider to encourage the inclusion of affordability in future low density “middle” housing developments.

Staff Recommendation

Staff recommend the Board discuss the opportunity to coordinate implementation of HB 1110, including potential to pool some resources for economic analysis and design of affordable housing provisions.

Attachments

1. Middle Housing and Affordability Opportunities from HB 1110 (July 2023)



Middle Housing and Affordability Opportunities from HB 1110 Implementation *(July 2023)*

Background

In April of 2023, the Washington State legislature adopted HB 1110, a bill that is intended to increase “middle housing” in areas traditionally dedicated to single-family detached housing. “Middle housing” has become a popular way to describe a range of housing types that are compatible in scale, form, and character with single-family houses but offer more housing density than single-family homes. These can include duplexes up to six-plexes, townhouses, cottages, stacked flats, and courtyard apartments. To promote these housing types, the bill established various rules for local jurisdictions, most significantly requiring residential densities from 2 to 6 units per lot depending on the size of a city’s population and other factors.

To achieve these densities, cities must allow at least 6 of the defined middle housing types described in the bill and must allow zero lot line short subdivisions. Some exceptions are allowed, such as for lots that are designated with critical areas or their buffers, and areas at high risk of displacement. Cities may also request extension based on inadequate infrastructure. As an alternative to these requirements, cities may authorize the above densities on 75% of residential lots, subject to certain conditions, including that the excluded 25% includes all environmentally critical areas, and areas that are temporarily exempted due to infrastructure inadequacy. The bill also includes other measures to ease development of middle housing, including:

- Allowing only administrative design review
- Requiring the same permit and SEPA review processes as single-family homes
- Eliminating off-street parking requirements within a half mile of a major transit stop
- Barring requirements of more than 1 off-street parking space per unit on lots smaller than 6,000 SF, and 2 off-street parking spaces on lots greater than 6,000 SF
- Establishing a SEPA categorical exemption for removal of any other parking requirements for infill development

Importantly, the bill allows cities with affordable housing incentive programs authorized under RCW 36.70A.540 to apply the requirements of their own local program, even if those vary from those called for in the bill. These provisions create a significant opportunity for cities to expand existing affordable housing programs and promote more diverse homeownership opportunities.

This paper provides information on how existing affordable housing incentive programs have been implemented in lower-density residential areas, including case studies of various types of housing developments that have helped to create affordable homes in East King County. These examples shed light on the economics of mixed income developments, and important policy options that cities may wish to consider to maximize affordable housing as they implement HB 1110.

Affordable Housing Framework within HB 1110

One of the core purposes of HB 1110 was to increase housing options that are more affordable to various income levels. The bill itself directed cities to allow an additional density for units affordable at 60% AMI for rental housing and 80% AMI for ownership housing for at least 50 years. During the initial debate over HB 1110, housing advocates pointed out that these provisions would not be effective to entice most developers, since they additional density arguably does not allow enough additional market rate homes to offset the cost of the affordable homes, as shown in the chart below. Cities also raised concerns that the bill could preclude the use of local tools that allow cities to adopt affordable housing requirements when granting upzones.

Jurisdiction Size	Required Density - All Residential Lots	Required Density - Lots within 1/4 mile of a major transit stop	Required Bonus Density for Affordable Housing	Affordability Issues	City	2022 Population Estimate
Population of at least 75,000	4 units per lot	6 units per lot	6 units per lot if 2 units are affordable housing	In transit areas there is no bonus. In other areas there are 2 bonus units but both must be affordable.	Bellevue	153,900
					Kirkland	93,570
					Redmond	75,270
Population of at least 25,000 but less than 75,000	2 units per lot	4 units per lot	4 units per lot if 1 unit is affordable housing	In transit areas there is no bonus. In other areas there are 2 bonus units and 1 must be affordable.	Sammamish	68,150
					Issaquah	40,950
					Bothell	48,940
					Mercer Island	25,780
Population of less than 25,000	2 units per lot	N/A	N/A	No required affordability provisions even though allowed density may be doubling.	Kenmore	24,090
					Newcastle	13,560
					Woodinville	13,450
					Clyde Hill	3,110
					Medina	2,915
					Carnation	2,160
					Yarrow Point	1,125
					Hunts Point	460
Beaux Arts Village	315					

Because of these concerns, legislators adopted amendments allowing jurisdictions to vary their affordable housing requirements and adopt different requirements that expand or modify local programs. Specifically, Section 3(2) of the bill, which spells out qualifications for the affordable units required to be eligible for additional density, includes the following provision: “(c) If a city has enacted a program under RCW 36.70A.540, the terms of that program govern to the extent they vary from the requirements of this subsection.”

In addition to the explicit authorization to vary the terms of affordable unit requirements, Section 3(3) includes language calling out jurisdictions’ authority to set the terms of their local affordable housing programs and requirements, noting: “If a city has enacted a program under RCW 36.70A.540, subsection (1) of this section does not preclude the city from requiring any development, including development described in subsection (1) of this section, to provide affordable housing, either on-site or through an in-lieu payment, or limit the city’s ability to expand such a program or modify its requirements.

Incorporating Affordability into Low Density Housing Developments

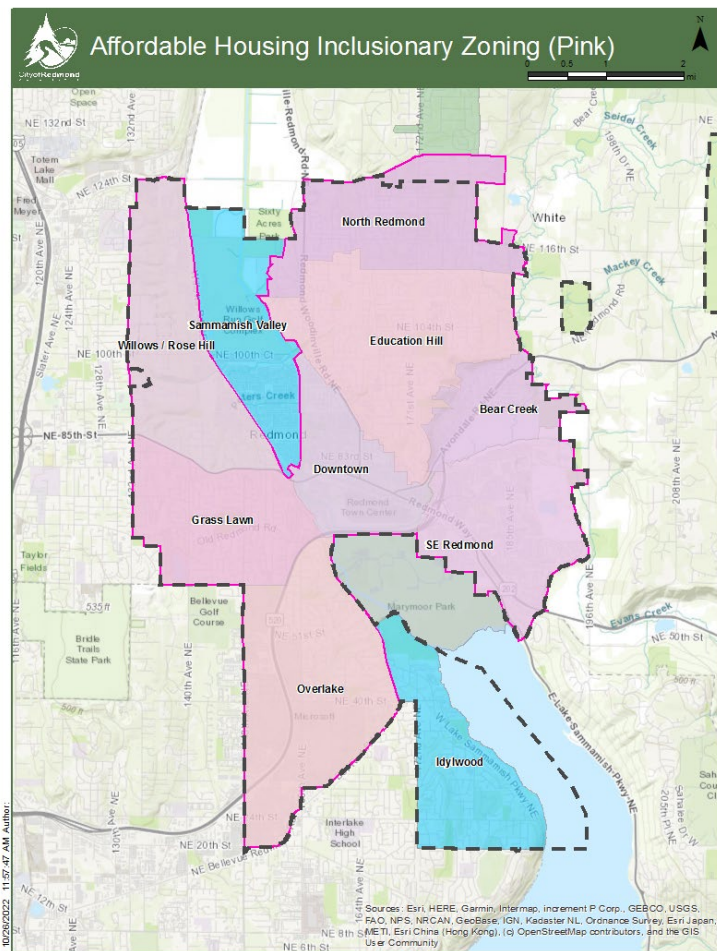
Many ARCH member cities have adopted affordable housing incentive programs under RCW 36.70A.540, including Bothell, Bellevue, Issaquah, Kenmore, Kirkland, Mercer Island, Newcastle, Redmond, and Sammamish. King County has also utilized development incentives to require affordability through development agreements in unincorporated areas. Some ARCH cities have had notable success applying these policies to homeownership developments of varying scales. Collectively, the result has been the creation of one of the largest regional shared equity homeownership programs on the West Coast, with roughly 800 homes affordable to buyers between 50% to 120% AMI. These homes were created without public investment and are stewarded by ARCH so that homes remain affordable while allowing owners to build equity.

Redmond

The city of Redmond adopted inclusionary zoning in the city center (Downtown) in 1993 when the City Council raised building height limits and eliminated units-per-acre density limits. Ten (10) percent of all new units in projects of 10 units or more must be affordable at or below 80 AMI. Before the city required affordability in other neighborhoods, Redmond also used development agreements to gain 11 affordable homeownership units, a combination of flats and townhomes, at three properties.

Redmond established incentives for duplexes as early as 1996. Duplexes affordable at or below 80 AMI having at least three bedrooms were allowed in R-4, R-5, and R-6 zones and exempted from certain design and development standards. The first inclusionary zoning – mandatory affordability – in a single-family neighborhood was adopted for Willows/Rose Hill in 2002, following a neighborhood planning process. This required at least 10 percent of the units in new housing developments of 10 units or more to be affordable at or below 80 AMI. Developments were entitled to one bonus market-rate unit for each affordable unit provided, up to 15 percent above the maximum density allowed on the site. This code amendment also allowed builders to substitute one unit affordable at 50 AMI for two 80 AMI units required in a development. Another provision allowed the affordable units to be duplex or cottage units. These same

Redmond Neighborhoods with Inclusionary Zoning



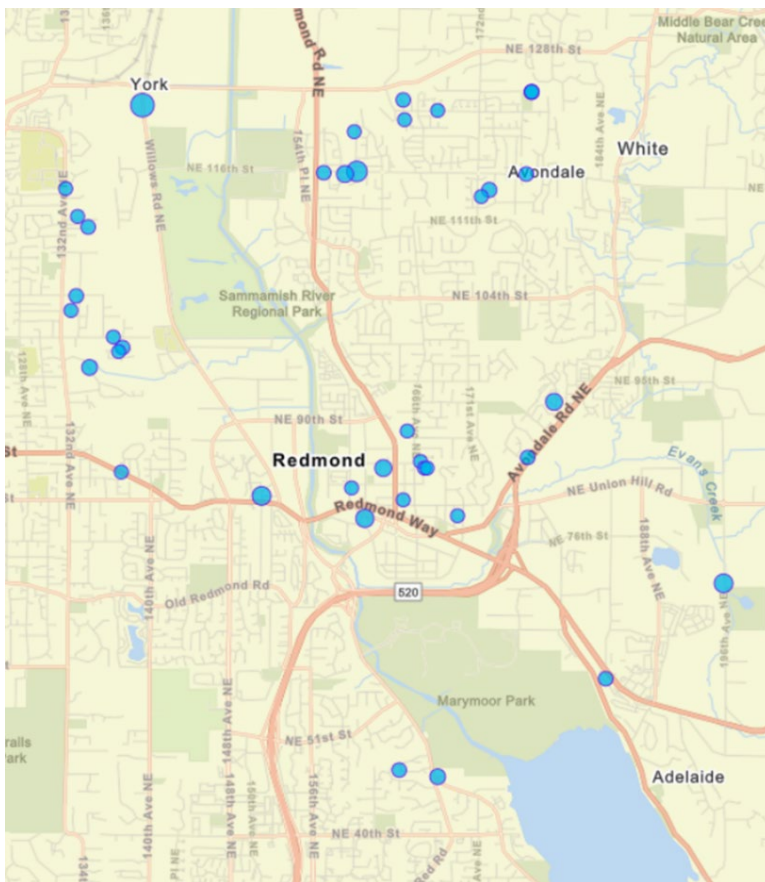
code amendments were extended, after neighborhood planning projects, to North Redmond in 2006 and to Education Hill, Grass Lawn, and Southeast Redmond in 2007.

The result of these policies has been the creation of a significant number of affordable ownership homes in private developments throughout Redmond. The table to the right shows a breakdown of the range of affordable middle housing units created from inclusionary zoning in Redmond, totaling 112 long-term resale restricted affordable ownership homes. **Exhibits 2** provides more detail on each of the 28 development projects with affordable units specifically provided in middle housing types. Projects with affordable flats are projects that also have townhomes. All other projects are a mix of middle housing and detached homes.

Affordable Middle Housing Types Created in Redmond

Affordable Units	Affordability	Housing Type
8	50 AMI	Carriage Homes
2 3	50 AMI 80 AMI	Cottages
8 26	50 AMI 80 AMI	Duplex Homes
2 11	50 AMI 80 AMI	Flats
5 25	50 AMI 80 AMI	Townhomes
1 8	50 AMI 80 AMI	Triplex Homes
112	Total	

Location of Affordable Ownership Units in Redmond



Because Redmond’s policy only applies to developments of 10 units or more, a fee in lieu policy has not been implemented to address fractional units. Nonetheless, the widespread application of Redmond’s inclusionary policy has been an important tool in distributing affordable housing opportunities throughout the city. The projects already completed to date in Redmond and other cities could provide important insights into what development conditions are needed to support feasible projects, and how affordable housing outcomes are shaped by local policy decisions. It should be noted that once inclusionary policies are put in place, affordable homes are required to be included whether or not a developer chooses to construct middle housing or traditional single family detached homes.

Kirkland

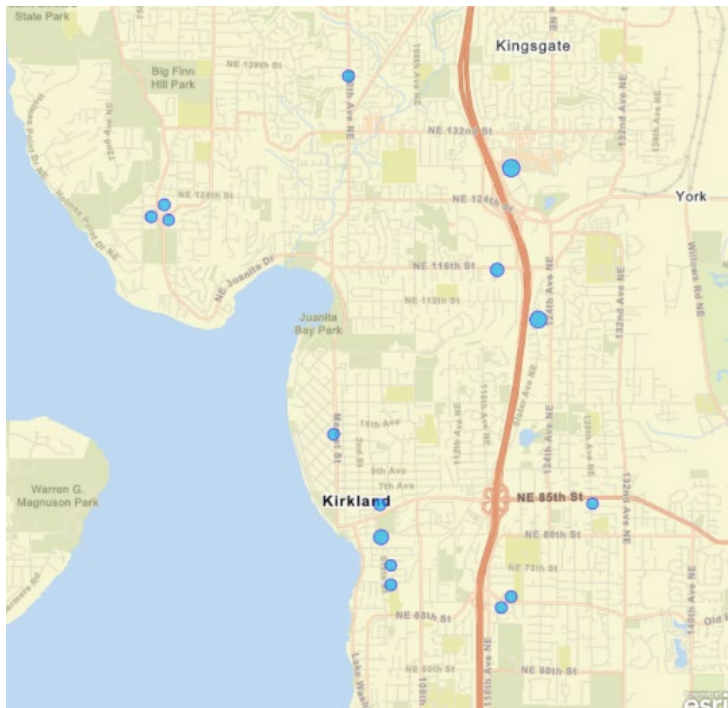
The city of Kirkland used voluntary incentives for affordable housing, with limited success, until 2009 when the City Council approved inclusionary zoning. This essentially “converted” the voluntary program to mandatory by changing certain bonuses to as-of-right increases to development capacity. Kirkland’s program is not as geographically extensive as Redmond’s and, where lake views command significantly higher prices, the affordability level is adjusted accordingly. In all middle- and higher-density zones except the Totem Lake Village project and parts of Central Kirkland, 10 percent of new housing in projects of four or more units must be affordable at or below 100 AMI where density is limited and at or below 80 AMI where development capacity is limited by building height. In density-limited zones, projects can earn two bonus units for each affordable unit. **Exhibit 2** shows the locations of these zones.

Because these are middle- and higher-density zones, no additional provisions have been needed to permit affordable middle housing types. Even without applying inclusionary policies in single family areas, the city has experienced lower-density projects that have included affordable for sale homes. Eight townhouse projects provide five units at 70 AMI, 13 at 80 AMI, and 12 at 100 AMI. (The builder of the 70 AMI units used a sliding scale in the code to set aside 8 percent at 70 AMI instead of 10 percent at 80 AMI.) These are shown in the **map** below.

Vareze Townhomes, Kirkland



Location of Affordable Ownership Units in Kirkland









While Kirkland’s inclusionary policy has not been applied in as many neighborhoods in Redmond, one important feature of Kirkland’s code has been to require developers to pay fees in lieu of fractional units below 0.66. Twenty-four (24) projects have paid more than \$4.8 million through this provision, which the city has invested in other projects across the community. The vast majority of these serve households earning 30 to 60 AMI.

Policy Tools to Accommodate Affordable Housing Outcomes

The programs and projects in this report highlight a range of policy tools cities have already utilized to ensure lower density developments can feasibly incorporate affordable homes. Significant flexibility can be provided to developers and property owners, as listed in the graphic below, to ensure that affordable housing requirements don't discourage development overall, but that some of the additional value created by increased density is captured for affordable housing. The most basic tools involve setting thresholds for participating developments, and adjusting income levels relative to market rate prices.

One tool worth highlighting that allows cities to capture value from smaller scale developments is a **fee in lieu** of providing affordable units. Even in developments with fewer than 10 units that may not be large enough to accommodate an affordable unit, payment of a fee can contribute valuable resources that may be pooled and leveraged to create affordable housing in the same region. Down payment assistance programs, for example, could readily be scaled up to support more affordable homeownership opportunities.

Flexible Options for Affordable Housing Requirements

-  Adjust income levels (up to 100% AMI for ownership and 80% AMI for rental housing)
-  Allow payment of a fee in lieu of fractional units
-  Vary unit types and square footage from affordable to market rate homes (with comparable bedrooms/bathrooms and exterior finishes)
-  Exempt smaller developments of less than four (4) units
-  Flexible phasing; allow affordable units required in multiple projects to be consolidated into a single development
-  Create sliding scale to select from a range of income levels

Cities may also choose to consider **additional incentives** beyond those mandated in HB 1110 that could further motivate developers to take advantage of newly allowed density rather than building more single-family homes. These may include modification of basic regulations such as allowed height, lot coverage/required open space, minimum lot size and setbacks. To further tip the balance toward middle housing types, cities may even consider reducing the scale of allowed single family homes. Each jurisdiction will need to evaluate existing barriers and weigh the policy goals of more housing against other considerations.

Conducting basic feasibility analyses and testing different affordability policies will be an important exercise for local jurisdictions to understand the value of additional capacity and the cost of an affordability requirement. Simply adjusting target income levels can make a significant difference in cost, as shown in the range of affordable prices in the table below.

2023 Household Incomes at 80% AMI to 100% AMI										
Household Size:	1 person		1.5 people		3 people		4.5 people		6 people	
80% AMI	\$82,040		\$87,900		\$105,480		\$117,200		\$131,264	
100% AMI	\$102,550		\$109,875		\$131,850		\$146,500		\$164,080	
Sample Affordable Prices based on Unit Size										
Interest Rate:	Studio		1 Bdrm		2 Bdrm		3 Bdrm		4 Bdrm	
	80% AMI	100% AMI	80% AMI	100% AMI	80% AMI	100% AMI	80% AMI	100% AMI	80% AMI	100% AMI
3.00%	\$351,296	\$448,609	\$369,610	\$473,874	\$453,021	\$578,138	\$508,629	\$647,648	\$575,358	\$731,059
5.00%	\$269,346	\$374,778	\$283,389	\$395,885	\$347,342	\$482,990	\$389,978	\$541,060	\$441,140	\$610,744
7.00%	\$247,972	\$316,663	\$260,900	\$334,498	\$319,778	\$408,096	\$359,030	\$457,161	\$406,133	\$516,039

Testing the Value of Additional Development Capacity

While new incentives are no guarantee that development will be able to overcome other difficult conditions such as high interest rates and limited availability of capital, the scale of potential upzones contemplated by HB 1110 has the potential to create significant value that cities have a one-time opportunity to capture for affordable housing. The table below is a hypothetical illustration of how the development value of a single site can change as density increases, given certain fixed assumptions (right) such as construction cost per SF.

Site SF (0.5 acres)	21,780
Soft Cost per unit	\$75,000
Construction Cost per SF	\$425
Sale price per SF	\$625
Affordable Sale Price (80% AMI)	\$375,000

	One Unit	Two Units	Four Units	Four Units (Three Market, One Affordable)	Four Units (with fee in lieu of 0.4 units)	Six Units (with fee in lieu of 0.6 units)	Ten Units (Nine Market, One Affordable)
SF per unit	3500	1800	1600	1600	1600	1500	1300
Total Building SF	3500	3600	6400	6400	6400	9000	13000
Construction Cost	\$1,487,500	\$1,530,000	\$2,720,000	\$2,720,000	\$2,720,000	\$3,825,000	\$5,525,000
Fees, Soft costs	\$75,000	\$150,000	\$300,000	\$300,000	\$300,000	\$450,000	\$750,000
Land	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Total Development Cost	\$1,862,500	\$1,980,000	\$3,320,000	\$3,320,000	\$3,320,000	\$4,575,000	\$6,575,000
Market Sale Price per Unit	\$2,187,500	\$1,125,000	\$1,000,000	\$1,000,000	\$1,000,000	\$937,500	\$812,500
Market Sale Proceeds	\$2,187,500	\$2,250,000	\$4,000,000	\$3,000,000	\$4,000,000	\$5,625,000	\$7,312,500
Affordable Sale Proceeds				\$375,000			\$375,000
Fee in Lieu Payment					-\$250,000	-\$337,500	
Net Profit	\$325,000	\$270,000	\$680,000	\$55,000	\$430,000	\$712,500	\$1,112,500

While this example is purely hypothetical, it does illustrate how the added value of additional units could allow for the inclusion of an affordable unit once development reaches the 4 to 10-unit scale. At the 4- to 6-unit scale, a fee in lieu payment is also likely to be reasonable (with the fee amount based on the difference between the market and affordable sale price times a fractional unit). This example also does not account for a potentially lower construction cost for an affordable unit if a city chooses to allow the affordable home to be built with less square footage.

A more rigorous analysis of real-world development conditions with input from builders who are active in the region would shed additional light on the potential value of new regulations. Engagement of home builders would also be worthwhile to learn what additional incentives would help ensure that future projects actually take advantage of allowed densities.

Conclusion

Understanding how to take advantage of the flexibility provided by HB 1110 will be critical for jurisdictions to maximize affordable housing opportunities over the long-term. ARCH expects that further study and analysis will be needed to determine the appropriate affordability provisions to apply in concert with upzones to allow middle housing. These will likely vary depending on what current codes already allow, how land values compare in different areas, which middle housing types cities decide to allow, and whether cities decide to add other development incentives to encourage these housing types. That said, the profiles of successful programs and projects presented in this paper demonstrate that a simple 10% requirement has been achievable, particularly with the significant value that will be unlocked by new development capacity, together with the range of flexible options that can be offered to developers.

Note: HB 1110 gives local jurisdictions until six months after their next required periodic comprehensive plan update to update their regulations (or twelve months after they have reached the population threshold in the bill, whichever is later). Significant questions remain to be answered about the intended application of various provisions in the bill, such as how subdivisions that create new lots interact with the basic requirements establishing minimum densities per lot. ARCH expects that updates to this report may be made as further guidance from the Department of Commerce is made available.

Exhibit 1

Middle Housing Developments with Affordable For Sale Homes in Redmond

Project Name	Neighborhood	Year Approved	Affordable Units	Affordability	Total Units
Development Agreements					
Ashford Park	Bear Creek	1995	2 Flats 4 Townhomes	85 AMI	101
The Meadows at Marymoor	Overlake	1998	4 Flats	85 AMI	62
Panorama Village	Education Hill	2005	1 Flat	50 AMI	25
Inclusionary Zoning					
Conover Commons	Willows/Rose Hill	2004	1 Carriage Home	50 AMI	13
Element	Willows/Rose Hill	2006	9 Townhomes	80 AMI	94
Urbane	Downtown	2006	2 Flats	80 AMI	
Indigo	Willows/ Rose Hill	2007	1 Townhome	50 AMI	26
Portulaca	Downtown	2007	1 Townhome	50 AMI	24
Marymoor Ridge	Southeast Redmond	2012	2 Flats	50 AMI	44
Woodlands Ridge	North Redmond	2012	2 Duplex Homes	80 AMI	25
Sycamore Park	North Redmond	2013	1 Duplex Home	80 AMI	12
Greystone Manor	North Redmond	2014 – 2018	2 Duplexes 8 Duplexes	50 AMI 80 AMI	124
Heathers Ridge	North Redmond	2014	4 Duplex Homes	80 AMI	41
The Retreat	Downtown	2014	1 Townhome	80 AMI	14
Benjamin Willow	Willows/Rose Hill	2015	1 Duplex Home	80 AMI	15
Sequoia Glen I	North Redmond	2015	1 Triplex; 5 Triplexes	50 AMI 80 AMI	28
Hedgewood East	North Redmond	2016	1 Duplex Home	50 AMI	15
Sequoia Glen II	North Redmond	2016	2 Cottage Homes	80 AMI	24
English Landing	North Redmond	2017	2 Duplexes; 2 Duplexes 1 Detached	50 AMI 80 AMI 80 AMI	75
Hawthorne Park	North Redmond	2017	3 Triplex Homes	80 AMI	38
Marymoor Vistas	Overlake	2017	2 Duplex Homes	80 AMI	19

Ray Meadows	North Redmond	2017	1 Duplex Home	50 AMI	28
66 Degrees	Downtown	2018	1 Townhome	50 AMI	18
Prelude at Rose Hill	Willows/Rose Hill	2019	1 Duplex; 1 Duplex	50 AMI 80 AMI	29
Versant	Willows/Rose Hill	2019	2 Duplex Homes	80 AMI	24
Soleil	Willows/Rose Hill	2020	1 Duplex Home	80 AMI	14
Croquet Club Cottages	Willows/Rose Hill	2022	1 Cottage 1 Cottage	50 AMI 80 AMI	33
Penny Lane II	Downtown	2022	1 Townhome	80 AMI	14
Rose Hill Cottages	Willows/Rose Hill	2022	1 Cottage	50 AMI	26
Woodside	Southeast Redmond	2022	7 Carriage Homes 2 Townhomes	50 AMI	170
Willows 124	Willows/Rose Hill	2023	17 Townhomes	80 AMI	170

The table above excludes three other single-family developments with detached affordable homes and three mid-rise, multifamily condominium properties in which all the units are flats.

ITEM 5C: HUD Grant Opportunity

Discussion of opportunity to join an application with King County and other jurisdictions for HUD funds

Background

The FY2023 HUD budget includes \$85 million in competitive grant funding through a program called [Pathways to Removing Obstacles to Housing](#) (PRO Housing). The program supports communities to remove barriers to affordable housing, such as:

- Barriers caused by outdated zoning, land use policies, or regulations;
- Inefficient procedures;
- Gaps in available resources for development;
- Deteriorating or inadequate infrastructure;
- Lack of neighborhood amenities; or
- Challenges to preserving existing housing stock such as increasing threats from natural hazards, redevelopment pressures, or expiration of affordability requirements.

Grantees may use awards to further develop, evaluate, and implement housing policy plans, improve housing strategies, and facilitate affordable housing production and preservation. Eligible applicants are local and state governments, metropolitan planning organizations (MPOs), and multijurisdictional entities.

Staff from King County will attend the September ARCH Board meeting to discuss a potential joint application with ARCH and the South King Housing and Homelessness Partners (SKHHP). The proposed parameters for use of funds would be to support cities to implement Comprehensive Plan requirements to accommodate housing at a range of income levels. ARCH can envision a wide range of needs among member cities for additional planning support, which could be achieved with funding for additional planning staff or consultant capacity.

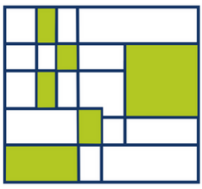
Applications are due October 30, which means the Board would need to formally indicate its approval to join the application at the October Board meeting.

Staff Recommendation

Staff recommend the Board discuss their support for joining in the application, and identify what priorities they would like to see for potential use of the funds.

Attachments

1. PRO Housing Quick Summary



PRO HOUSING

Pathways to Removing Obstacles



Through competitive grants, Pathways to Removing Obstacles to Housing (PRO Housing) will provide \$85 million in funding for communities across the country to identify and remove barriers to affordable housing production and preservation.

This first-of-its-kind funding supports the Biden-Harris Administration's Housing Supply Action Plan, and highlights the efforts of communities who have committed to housing-forward policies and practices. Consult the PRO Housing NOFO for specific application criteria and instructions.

Recognizing that every community has unique housing needs and community development challenges, HUD requires jurisdictions who receive annual formula grant funding to identify barriers to affordable housing as part of their Consolidated Plan. Barriers might include restrictive regulatory, zoning, or land use policies; outdated procedures or permitting processes; inadequate or deteriorating infrastructure; lack of financial resources, capacity, or economic investment; threats from environmental or natural hazards; or other impediments to affordable housing. PRO Housing provides funding explicitly for addressing these types of barriers and advancing local housing strategies.

Competition Goals and Objectives

- Elevate and enable promising practices for identifying and removing barriers to affordable housing production and preservation, while preventing displacement.
- Institutionalize state and local analysis and implementation of effective, equitable, and resilient approaches to affordable housing production and preservation.
- Provide technical assistance to help communities fulfill the Consolidated Plan's requirement of identifying barriers to affordable housing and to implement solutions.
- Facilitate collaboration and harness innovative approaches from jurisdictions, researchers, advocates, and stakeholders to further the national conversation on affordable housing.

Quick Summary

- **Grant Purpose:** Identification and removal of barriers to affordable housing production and preservation
 - **Eligible Applicants:** States and local governments, metropolitan planning organizations (MPOs), and multijurisdictional entities
 - **Eligible Uses:** Activities that further develop, evaluate, and implement housing policy plans, improve housing strategies, and facilitate affordable housing production and preservation
 - **Minimum Grant Size:** \$1 million
 - **Maximum Grant Size:** \$10 million
 - **Estimated Number of Awards:** 20
 - **NOFO Preview Publication:** July 27, 2023 on www.hud.gov/program_offices/comm_planning/pro_housing.
 - **Application Deadline:** October 30, 2023 at 11:59pm ET (8:59pm PT) on Grants.gov
-
- Affirmatively further fair housing by addressing and removing barriers that perpetuate segregation, inhibit access to areas of opportunity for protected class groups and vulnerable populations, and concentrate affordable housing in under-resourced areas.



Eligible Uses

PRO Housing incentivizes housing-forward actions to further develop, evaluate, and implement housing policy plans; address restrictive zoning or land use; improve housing strategies; and facilitate affordable housing production and preservation, including:

- Developing, updating, or advancing housing and community plans
- Creating transit-oriented development zones
- Incentivizing the development of vacant lots or the conversion of commercial properties to residential and mixed-use development
- Streamlining permitting processes and expanding by-right development
- Reducing barriers to development such as residential property height limitations, off-street parking requirements, density restrictions, and minimum lot sizes

Eligible Applicants

- Local governments, States, Metropolitan Planning Organizations (MPOs), and multijurisdictional entities may apply for PRO Housing
- Urban, suburban, and rural applicants are encouraged to apply
- Each applicant should identify its barriers based on local context and propose an approach to address those specific barriers to increase the supply of affordable housing

Additional Resources

HUD is hosting two webinar series in support of PRO Housing.

- The first series targeted current Community Development Block Grant recipients and focused on identifying and addressing barriers to affordable housing production and preservation (available via recording on HUD's [Barriers to Affordable Housing](#) webpage).
- The second series guides potential applicants through the PRO Housing application process.



- Allowing accessory dwelling units on lots with single family homes
- Adopting strategies to preserve and revitalize affordable housing
- Building capacity of local nonprofit organizations to increase housing supply
- Increasing community resilience and mitigating environmental/natural hazards

Addressing Acute Housing Demand

Priority will be given to applicants who demonstrate a commitment to and progress toward overcoming local barriers to affordable housing and have an acute demand for affordable housing.

HUD is providing an easy-to-use data resource that identifies jurisdictions with acute housing demand factors, which are:

- affordable housing not keeping pace with population growth;
- insufficient affordable housing; or
- widespread housing cost burden.



PRO HOUSING
Pathways to Removing Obstacles

Materials found at: www.hud.gov/program_offices/comm_planning/pro_housing
CDBG-PROHousing@hud.gov



ITEM 5D: ARCH First Quarter 2023 Report

Submission of ARCH First Quarter 2023 Report

Background

The ARCH Interlocal Agreement (ILA) requires the submission of “quarterly budget performance and progress reports on the status of the work program elements to the Executive Board and the governing body of each Party.”

In June of 2023, the Board discussed the format of the report and provided feedback to staff to shorten its length and make the report less text-heavy. Previous reports are available [online](#). Staff have developed a new template that is roughly half the length of the previous report, and is now seeking additional feedback to determine if it meets the Board’s needs.

Staff Recommendation

Staff recommend the Board discuss:

- Does the report provide the right level of information to show progress on ARCH’s work program?
- Is the report effective in educating the public on ongoing efforts to plan for and provide affordable housing in East King County?
- Is any key information missing?
- Is any information unnecessary?

Attachments

1. ARCH First Quarter 2023 Report

PREPARED BY:
A Regional Coalition for Housing



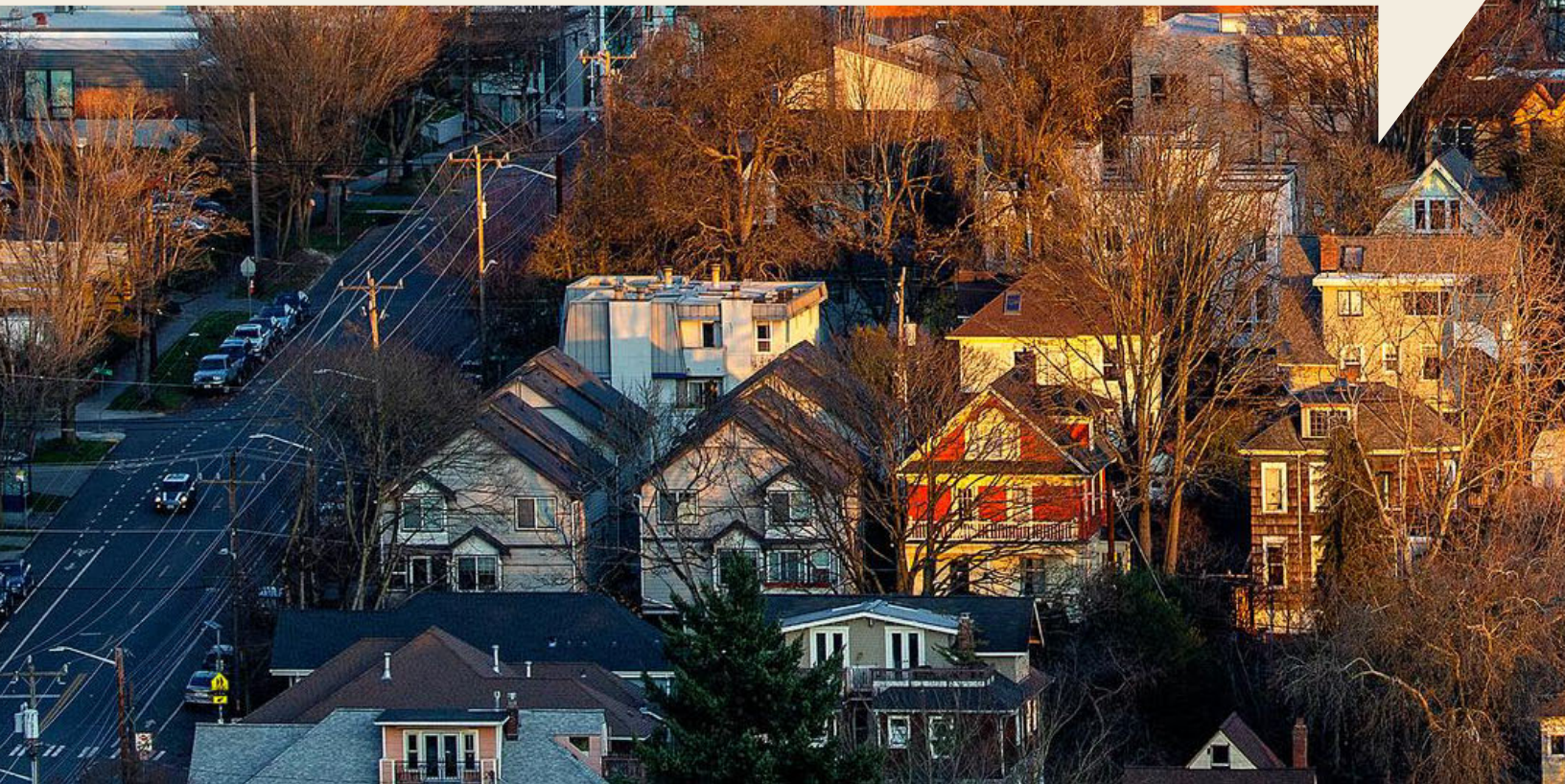
First Quarter Report

2023



Table of Contents:

- I. Affordable Housing Investment
- II. Housing Policy and Planning
- III. Housing Program Implementation
- IV. Education and Outreach
- V. ARCH Operations



I. Affordable Housing Investment

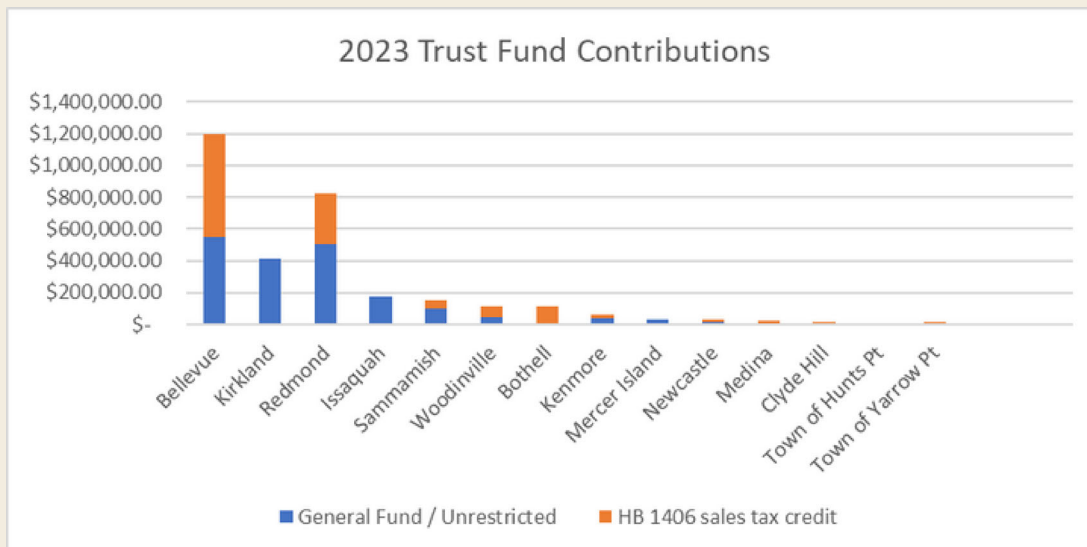
ARCH Housing Trust Fund

The Housing Trust Fund invests local funding from ARCH member cities in the creation and preservation of affordable homes for low and moderate income individuals and families in East King County.

Quarterly Activities:

- Council approvals for \$7.6 million in funding recommendations for seven projects proposing 819 affordable units from the 2022 funding round.
- Confirmation of \$3.2 million in member contributions to the ARCH Trust Fund (see Fig. 1).

Figure 1.1 Estimated Annual Member Contributions to the ARCH Trust Fund



Bellevue Housing Stability Program

The Housing Stability Program provides capital to targeted housing projects that serve Bellevue's most vulnerable residents, and funding for services that are critical for stable living.

Quarterly Activities:

- Finalized \$6.8 million in funding recommendations through a cross-departmental team for three projects from the 2022 RFP process:
 - \$6 million in capital funds for 40 units at the Spring District 120th Station TOD
 - \$208,976 in OMS funding for 25 units at Hope Starts Here
 - \$606,036 in OMS funding for 92 units at Plymouth Crossing

Project Activity

Figure 1.2 Status of Awarded Projects in Development

Project	City	Total Units	Status
Eastgate Shelter (CFH)	Bellevue	100	Under Construction
Plymouth Crossing	Bellevue	98	Under Construction
Samma Senior (Imagine)	Bothell	54	Under Construction
Together Center Redevelopment	Redmond	280	Under Construction
Hope Starts Here (LifeWire)	Bellevue	25	Under Construction
New Ground Kirkland (FOY)	Kirkland	8 units/14 rooms	Permitting
Horizon at Totem Lake	Kirkland	299	Permitting
Trailhead TOD (KCHA)	Issaquah	155	Site control complete
LEO at Trailhead	Issaquah	5	Funding applications
Ardea (TWG/Imagine)	Kirkland	170	Council approvals
Bellevue Homes (Habitat)	Bellevue	25	Council approvals
Kenmore Supportive Housing (Plymouth)	Kenmore	100	Council approvals
Kirkland Heights (KCHA)	Kirkland	276	Council approvals
Scattered Homes (Inclusion Homes / Alpha)	Scattered	26	Council approvals
Spring District TOD (BRIDGE)	Bellevue	235	Council approvals
Totem Six-Plex (Attain)	Kirkland	6	Council approvals
		1,859	

Special Project: Overlake Station TOD

- 2.4 acre Sound Transit Property adjacent to future Overlake Light Rail Station
- **Winning RFP Team:** Bellwether Housing in partnership with VIA Architects, Hopelink
- **Unit Mix:** 333 affordable units (30-80% AMI), including 10 IDD units



II. Housing Policy and Planning

ARCH assists members with a range of local planning efforts, including comprehensive planning, housing strategy and action plans, incentive program design, code amendments and other support.

Figure 2 ARCH Member Ongoing Housing Policy and Planning Activities

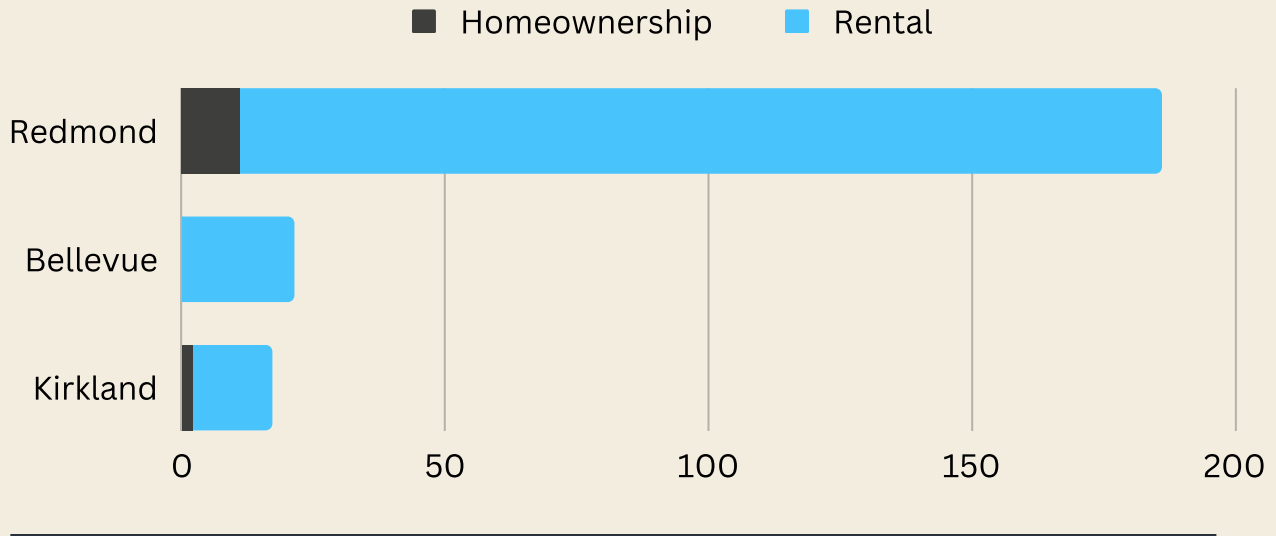
City	Project	Status
ARCH-wide	Rent Policy Development	Community outreach initiated
ARCH-wide	Eastside Homelessness Coordination with KCRHA	Ongoing consultant contract
Multi-city	Middle Housing CBO Outreach	RFP for CBO partners
Bellevue	C1 Strategy: Increasing Affordable Housing Capacity on Faith-Owned Properties LUCA	Planning Commission
Bellevue	Downtown IOC: increase residential FAR	City Council Review
Bellevue	Micro-Apartments LUCA	PC Public Hearing
Bothell	Middle Housing code amendments	Planning Commission
Kenmore	Holt Property planning	Staff analysis
Kirkland	85th Street Station Area Planning / inclusionary requirements	PC Study Session
Kirkland	Houghton Village Shopping Center future redevelopment	Community outreach initiated
Issaquah	Housing Action Plan Implementation Grant	Planning Commission
Redmond	Aff. Housing Parking Code Amendments	Planning Commission
Redmond	Overlake Urban Center Regulations	Staff/consultant analysis
Redmond	Housing Action Plan Implementation Grant	Staff/consultant analysis
Sammamish	Housing Action Plan Implementation Grant	Planning Commission

III. Housing Program Implementation

Housing Incentive & Inclusionary Programs

ARCH administers land use incentive and inclusionary housing programs, Multifamily Tax Exemption programs, and other development agreements for nine ARCH members. Affordable homes become part of the ARCH Rental and Homeownership Programs.

Figure 3.1 Units obligated under recorded Agreements (Q2 2022 through Q1 2023)



Project Openings



Bloom| Kirkland Rose Hill Rental

- Merit Homes
- 14 affordable, 121 market rate apartments
- Permanent affordability at 50% AMI
- 8-year MFTE

Westridge | Issaquah Highlands Homeownership

- Toll Brothers - Development Agreement
- 48 affordable homes (10 townhomes and 38 flats)
- 102 market rate homes
- 50-year affordability from 60-120% AMI
- 1 home closed in Q1; 46 sold in 2022; 1 remaining



III. Housing Program Implementation

ARCH Rental Program

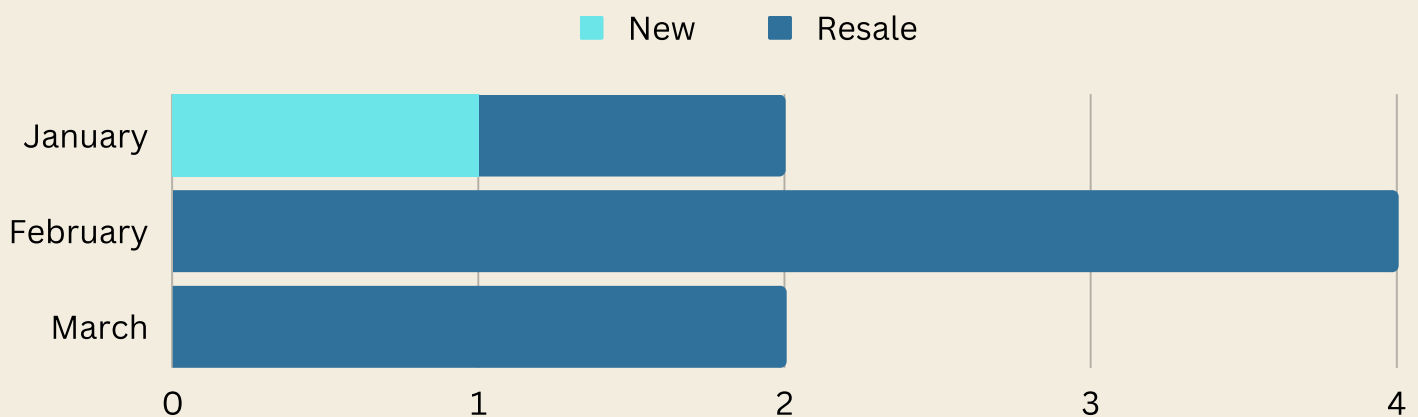
The ARCH Rental Program provides affordable rent-restricted housing for low and moderate-income households in mixed income developments throughout East King County.

New Properties <ul style="list-style-type: none">Bloom (Kirkland): MFTE rental property with 14 units at 50% AMI. Tenants began moving-in February.	Training <ul style="list-style-type: none">Two training sessions for 2022 Annual Compliance Report proceduresOngoing ARCH Rental Program Policies and Procedures training, Monthly Q & A
Compliance Monitoring <ul style="list-style-type: none">Distributed updated Annual Compliance Report for 2022 reportingReviewed Bloom's 90-Day Compliance Report	Renter Resources <ul style="list-style-type: none">Updated the Renter Resources webpage to show current rental assistance resources available in East King County.Apartment List updates

ARCH Homeownership Program

The ARCH Homeownership Program provides access to affordable homeownership in East King County for households with limited incomes and first-time homebuyers.

Figure 3.2 ARCH Homeownership Program Monthly Transactions



IV. Education and Outreach

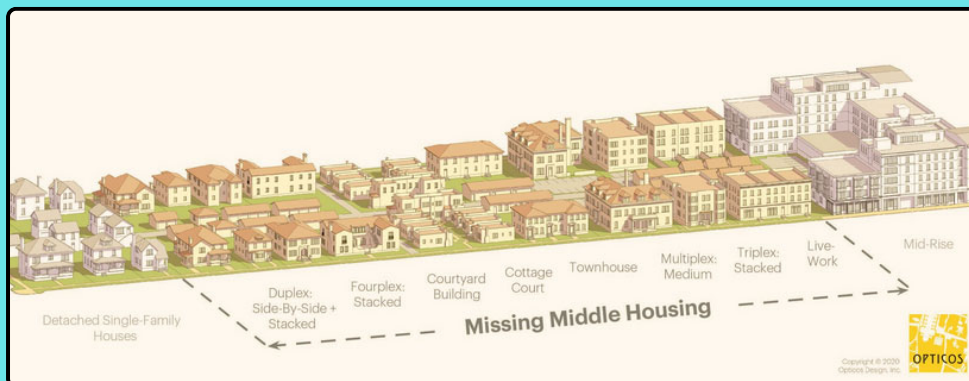
ARCH maintains information on affordable housing options in East King County; advertises new opportunities through the ARCH Mailing List and website; and provides support to community members in-person, through email and phone.

Figure 4 Households Seeking Housing on the ARCH Mailing List

	Q1	Q2	Q3	Q4	YTD
New applications for ARCH mailing list	742				742
Ownership Interest	504				504
Rental Interest	510				510
Total Number of Households seeking affordable housing in EKC	7,112				7,112

Middle Housing Outreach Project

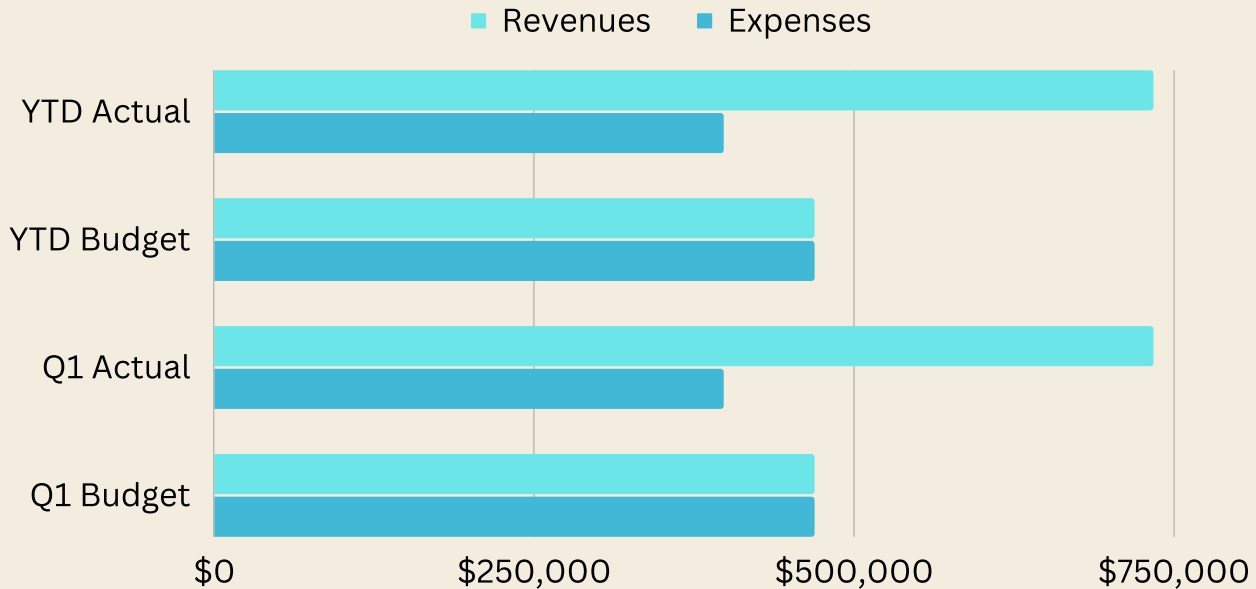
- Early outreach to identify community-based organizations for a middle housing outreach and engagement project with the cities of Bellevue, Bothell, Issaquah, Kenmore, Newcastle, and Redmond
- Issued RFP for \$100,000; selected Eastside for All to lead the project



V. ARCH Operations

ARCH Operating Fund. ARCH began the first quarter with a cash balance of \$917,294 and finished the quarter with a balance of \$1,252,941. In Q1, some members pre-paid dues for Q1-Q4.

Figure 5. Summary of Quarterly and YTD Revenues and Expenses





Thank you

to all member jurisdictions and their dedicated staff.


ARCH's mission is to preserve and increase the supply of housing for low and moderate income households in East King County by:

- Coordinating public resources and attracting greater private investment into affordable housing;
- Sharing technical resources and staff between jurisdictions to promote sound housing policy;
- Providing efficient shared administration of housing programs; and
- Directly engaging the community with information and expertise

 info@archhousing.org

 www.archhousing.org

 16305 NE 87th St. Suite 119, Redmond, WA 98052

 425-861-3677

TO: A Regional Coalition for Housing (ARCH)

FROM: Rebecca Deming, Community and Economic Development Director for the City of North Bend

DATE: September 7, 2023

RE: Proposal for ARCH to Enter into an Agreement with the City of North Bend for the Administration of Affordable Housing Units

The City of North Bend (“City”) is seeking ARCH services for the administration of the City’s multifamily tax exemption (“MFTE”) program, currently related to the River Run Apartments, a development owned by River Run Ventures, LLC (“Owner”). The River Run Apartments include 128 dwelling units, 28 of which are available as affordable rental units for low- and moderate-income households. A copy of the Multifamily Housing Limited Property Tax Exemption Contract between the City and Owner is attached hereto. The City requests ARCH’s assistance in providing for the administration of these units following ARCH standard operating practices consistent with a scope of services to be attached to an Agreement between the City and ARCH.

The Owner applied for a limited property tax exemption for twelve (12) years (with possible extension) as provided for in chapter 84.14 RCW and Chapter 3.78 of the North Bend Municipal Code for multifamily residential rental housing, which has been approved by the City. The following affordable units are available for rent at the River Run Apartments: 7 one-bedroom units and 21 two-bedroom units. The City supports the efforts to rent the affordable units to eligible households and is requesting the support of ARCH to achieve this goal.

The City requests that ARCH perform the technical assistance-related tasks to complete the City’s “monitoring” efforts related to these affordable housing units. Specifically, the City is asking ARCH to collect the initial Certificate of Household Eligibility (“Certificate”) from the Owner as well as the annual submittal of the Certificates from the Owner; independently investigate the veracity of Certificates submitted by the Owner, as necessary, in ARCH’s discretion; and complete all reporting requirements with the Department of Commerce as the City’s designee. Until 90% of the rental units are occupied, the Owner is required to file quarterly Project Certificates with the City, and the City requests that ARCH similarly collect and verify these certifications, as necessary. If the Owner is in default under the Multifamily Property Tax Exemption Covenant, a copy of which is attached hereto, the City desires that ARCH act as its designee to lease up to 28 units at the River Run Apartments as mutually selected between ARCH and the Owner. To comply with MFTE monitoring requirements, the City further seeks ARCH’s technical assistance in completing the annual recertification of the property consistent with compliance standards and all reports requested or required by the Department of Commerce, and supporting the City in any audit conducted by the Department of Commerce.

The City believes that entering into an Agreement with ARCH will advance mutually beneficial goals and policies including promoting long-term affordable housing opportunities for

residents with low- and moderate-incomes, increasing the supply of housing for low- and moderate-income households in East King County, and providing efficient shared administration of housing programs, technical resources, and staff.

Attachments: MFTE Contract Between City and River Run with the Multifamily Property Tax Exemption Covenant

**MULTIFAMILY HOUSING LIMITED
PROPERTY TAX EXEMPTION CONTRACT**

THIS CONTRACT, entered into this 16th day of August, 2023, between the City of North Bend, a State of Washington municipal corporation (“City”) and River Run Ventures, LLC, a Limited Liability Company (“Applicant”), and incorporated attachments and exhibits, contains all terms and conditions agreed to by the City and the Applicant to undertake the activities described herein.

RECITALS

1. Applicant has applied for a limited property tax exemption as provided for in Chapter 84.14 of the Revised Code of Washington (RCW) and Chapter 3.78 of the North Bend Municipal Code (“NBMC”) for multifamily residential rental housing (“Multifamily Housing”) in the North Bend Residential Target Area, and the City’s Director of Community and Economic Development (“Director”) has approved the application; and
2. Applicant has submitted to the City preliminary site plans and floor plans for new Multifamily Housing to be constructed as part of a 128 unit project (“Project”) on property situated at 1835 SE 136th St in North Bend, Washington (“Property”), and as more particularly described in **Exhibit A** which is attached hereto, and incorporated by reference herein; and
3. Applicant is the owner of the Property; and
4. No existing rental housing building that contained four (4) or more occupied dwelling units was demolished on the Property within eighteen (18) months prior to Applicant’s submission of its application for limited property tax exemption; and
5. The City has determined that the Multifamily Housing will, if completed, occupied, and owned as proposed, satisfy the requirements for a Final Certificate of Tax Exemption (“Final Certificate”).
6. This Contract is entered into pursuant to NBMC 3.78.070(b) and RCW 84.14.030(6).

NOW, THEREFORE, in consideration of the mutual promises herein, City and Applicant do mutually agree as follows:

1. **Definitions.**

A. Words and terms capitalized in this Contract, unless explicitly defined in this Contract, shall have the meanings ascribed to them by Chapter 3.78 NBMC as of the date this Contract was executed or as they are hereafter amended.

B. “Eligible Household.” One or more adults and their dependents, which adults certify that their household income does not exceed the applicable percent of the King County

Median Income given in Section 4 of this Contract.

C. “King County Median Income.” The median family income for the Seattle-Bellevue, WA HUD Metro FMR Area as most recently determined by the Secretary of Housing and Urban Development (“HUD”) under Section 8 of the United States Housing Act of 1937, as amended. In the event that HUD no longer publishes median family income figures for King County, the City may estimate the King County Median Income in such manner as the Director shall determine.

2. Conditional Certificate of Acceptance of Tax Exemption.

City agrees, upon execution of this Contract following approval by the City Council, to issue a Conditional Certificate of Acceptance of Tax Exemption (“Conditional Certificate”), which Conditional Certificate shall expire three (3) years from the date of approval of this Contract by the Council, unless extended by the Director as provided in NBMC 3.78.080.

3. Agreement to Construct Multifamily Housing.

A. Applicant agrees to construct the Project on the Property, including the Multifamily Housing, substantially as described in the site plans, floor plans, and elevations attached hereto in **Exhibit B**, subject to such modifications thereto as may be required to comply with applicable codes and ordinances, including the design review process. In no event shall Applicant provide fewer than four new dwelling units designed for permanent residential rental or ownership occupancy, nor shall permanent residential housing comprise less than fifty percent (50%) of the gross floor area of the Project constructed pursuant to this Contract.

B. Applicant agrees to construct the Project on the Property, including the Multifamily Housing, and to comply with all applicable zoning requirements, land use regulations, and building and housing code requirements contained in Titles 18, 19, and 20 NBMC or other applicable law. Applicant further agrees that approval of this Contract by the City Council, its execution by the Director, or issuance of a Conditional Certificate by the City pursuant to NBMC 3.78.070 in no way constitutes approval of proposed improvements on the Property with respect to applicable provisions of Titles 18, 19, and 20 NBMC or other applicable law or obligates the City to approve proposed improvements. Applicant agrees that the Multifamily Housing will be completed within three (3) years from the date of approval of this Contract by the City Council, unless extended by the Director for cause as provided in NBMC 3.78.080.

4. Agreement to Provide Affordable Housing.

Applicant agrees to provide 28 dwelling units (“Affordable Units”) for rent, reserved for occupancy by Eligible Households and having a monthly housing expense, including rent, parking for one car, utilities other than telephone or an applicable utility allowance, and other expenses required by the Owner as a condition of tenancy, that is no greater than thirty percent (30%) of the monthly average of the King County Median Income given in the table, adjusted for household size.

Affordability Level		Affordable Units
Income Level	Percent of King County Median Income	
Low-Income	80%	28

5. Location and design of Affordable Units – Affordability Covenant – Conversion.

A. The Affordable Units shall be those units indicated in **Exhibit C**. The Affordable Units shall be evenly distributed throughout the Project and shall not be grouped together such that the Affordable Units are adjacent to one another. The Applicant may propose to change the particular units dedicated for the Affordable Units, provided that a total of 28 units are designated for Affordable Units, and the same unit mix and minimum sizes of Affordable Units is maintained. The Applicant shall request in writing the City's approval of any proposed change to the units dedicated for the Affordable Units. The City will review the proposed changes and shall base its approval or disapproval of the proposed changes upon the criteria set forth in this section.

B. The exterior designs of the Affordable Units are to be compatible and comparable with the market rate units. The interior finish of the Affordable Units shall at a minimum include standard features and result in a totally finished and livable home.

C. Prior to issuing a certificate of occupancy, an agreement in a form acceptable to the city attorney (“Covenant”) and substantially in the form of **Exhibit D** that addresses price restrictions, Eligible Household qualifications, long-term affordability, and any other applicable topics of the Affordable Units shall be recorded with the King County department of records and elections. This Contract shall be a covenant running with the land and shall be binding on the assigns, heirs and successors of the Applicant. Affordable Units that are provided under this section shall remain as affordable housing for twelve (12) years.

D. In the event the Project is proposed for conversion to condominium, owner-occupied, or non-rental residential use, the Applicant must submit to the City for its approval a plan for preserving the Affordable Units. The City can consider options which would convert the Affordable Units to owner-occupied Affordable Units. In the event a condominium conversion occurs during the period of the property tax exemption and owner-occupied Affordable Units are provided at the affordability levels as defined in NBMC 3.78.020.

6. Requirements for Final Certificate of Tax Exemption.

Applicant may, upon completion of the Project and upon issuance by the City of a temporary or permanent certificate of occupancy, request a Final Certificate of Tax Exemption. The request shall be in a form approved by the City and directed to the City’s Community and Economic Development Department and at a minimum include the following:

A. A statement of expenditures made with respect to the overall Project and the residential and non-residential portions of the Project.

B. A description of the completed work, including floor area of residential and non-

residential area, and a statement of qualification for the exemption.

C. Documentation that the Multifamily Housing was completed within the required three-year period or any authorized extension and in compliance with the terms of this Contract.

D. Information regarding Applicant's compliance with the affordability requirements in NBMC 3.78.090 and this Contract, which shall include the following:

(1) Identification of all Affordable Units, whether rented or held vacant to be rented by Eligible Households, the size of the Affordable Units, and the maximum rents and household incomes for each affordable unit at time of initial leasing;

(2) Rents (or offering rents, as applicable) for all Affordable Units; and

(3) A copy of the application and income verification form used for rental of Affordable Units; and a copy of the form of lease or rental agreement to be used for Affordable Units.

E. Any such further information that the Director deems necessary or useful to evaluate eligibility for the Final Certificate.

7. Agreement to Issue Final Certificate.

The City agrees to issue a Final Certificate granting a limited property tax exemption for a period of twelve (12) years, and to file said Final Certificate with the King County Assessor within forty (40) days of submission of all materials required by Paragraph 6, if Applicant has:

A. Successfully completed the Multifamily Housing in accordance with the terms of this Contract and Chapter 3.78 NBMC;

B. Filed a request for a Final Certificate with the Director and submitted the materials described in Paragraph 6 above;

C. Paid to the City a fee in the amount necessary to cover the Assessor's administrative costs; and

D. Met all other requirements provided in Chapter 3.78 NBMC for issuance of the Final Certificate.

8. Annual Certification.

Within thirty (30) days after the first anniversary of the date the City filed the Final Certificate of Tax Exemption and each year thereafter for the term of the Covenant, Applicant agrees to file a certification or declaration with the Director, verified upon oath or affirmation, with respect to the accuracy of the information provided therein, containing at a minimum the following:

A. A statement of the occupancy and vacancy of the Multifamily Housing units during

the previous year; and

B. A statement that the Multifamily Housing has not changed use since the date of filing of the Final Certificate; and

C. A statement that the Multifamily Housing continues to be in compliance with this Contract and the requirements of Chapter 3.78 NBMC; and

D. A description of any improvements or changes to the Project made after the filing of the Final Certificate or the previous certification; and

E. A statement of the change in ownership of all or any part of the property since the Final Certificate was filed; and Information and documentation sufficient to demonstrate, to the satisfaction of the Director, compliance with the affordability requirements of NBMC 3.78.090 and this Contract, which shall, at minimum, include the following:

(1) Identification of each Affordable Unit, and any substitution of Affordable Units during the previous year and for each Affordable Unit, the current Household Income limits and maximum allowed rent.

(2) For each Affordable Unit that was initially occupied or that had a change of tenancy during the previous year, the date of each tenant's initial occupancy, the household size and Household Income of each tenant household at initial occupancy, and the rent charged at initial occupancy.

(3) For each Affordable Unit that was occupied by the current tenant prior to the previous year, the date of each tenant's initial occupancy, the tenant's current Household Income, the tenant's Household Income at initial occupancy, and current contract rent.

F. Information and documentation sufficient to demonstrate, to the satisfaction of the Director, compliance with the agreement to provide additional, substantial public benefits set forth in Section 6, above.

9. No Violations for Duration of Exemption.

For the duration of the exemption granted under Chapter 3.78 NBMC, Applicant agrees that the Project and that portion of the Property on which the Project is constructed will have no violations of applicable zoning requirements, land use regulations, and building and housing code requirements contained in NBMC Titles 18, 19, and 20 or other applicable law for which the Community and Economic Development Department or its functional successor shall have issued a notice of violation, citation or other notification that is not resolved by a certificate of compliance, certificate of release, withdrawal, or another method that proves either compliance or that no violation existed, within the time period for compliance, if any, provided in such notice of violation, citation or other notification or any extension of the time period for compliance granted by the Director.

10. Notification of Transfer of Interest or Change in Use.

Applicant agrees to notify the Director within thirty (30) days of any transfer of Applicant's ownership interest in the Project or that portion of the Property on which the Project is constructed. Applicant further agrees to notify the Director and the King County Assessor within sixty (60) days of any change of use of any or all of the Multifamily Housing on the Property to another use. Applicant acknowledges that such a change in use may result in cancellation of the tax exemption and imposition of additional taxes, interest and penalties pursuant to State law.

11. Cancellation of exemption - Appeal.

A. The City reserves the right to cancel the Final Certificate if at any time the Multifamily Housing, the Project or that portion of the Property on which the Project is constructed no longer complies with the terms of this Contract or with the requirements of Chapter 3.78 NBMC, or for any other reason no longer qualifies for an exemption.

B. If the exemption is canceled for non-compliance, Applicant acknowledges that state law requires that an additional real property tax is to be imposed in the amount of: (1) the difference between the tax paid and the tax that would have been paid if it had included the value of the non-qualifying improvements, dated back to the date that the improvements became non-qualifying; (2) a penalty of 20% of the difference calculated under paragraph (a) of this paragraph; and (3) interest at the statutory rate on delinquent property taxes and penalties, calculated from the date the tax would have been due without penalty if the improvements had been assessed without regard to the exemptions provided by Chapter 84.14 RCW and 3.78 NBMC. Applicant acknowledges that, pursuant to RCW 84.14.110, any additional tax owed, together with interest and penalty, become a lien on that portion of the Property on which the Project is constructed and attach at the time the portion of the Property is removed from multifamily use or the amenities no longer meet applicable requirements, and that the lien has priority to and must be fully paid and satisfied before a recognizance, mortgage, judgment, debt, obligation, or responsibility to or with which the Property may become charged or liable. Applicant further acknowledges that RCW 84.14.110 provides that any such lien may be foreclosed in the manner provided by law for foreclosure of liens for delinquent real property taxes.

C. Upon determining that a tax exemption is to be canceled, the Director, on behalf of the City Council, shall notify the property owner by certified mail, return receipt requested. The property owner may appeal the determination in accordance with NBMC 3.78.120(c).

12. Amendments.

No modification of this Contract shall be made unless mutually agreed upon by the parties in writing and unless in compliance with the provisions of NBMC 3.78.050.

13. Binding Effect.

The provisions, covenants, and conditions contained in this Contract are binding upon the parties hereto and their legal heirs, representatives, successors, assigns, and subsidiaries.

14. Audits and inspection of records.

Applicant understands and agrees that the City has the right to audit or review appropriate records to assure compliance with this Contract and Chapter 3.78 NBMC and to perform evaluations of the effectiveness of the Multifamily Limited Property Tax Exemption program. Applicant agrees to make appropriate records available for review or audit upon seven days' written notice by the City.

15. Notices.

All notices to be given pursuant to this Contract shall be in writing and shall be deemed given when hand-delivered within normal business hours, when actually received by facsimile transmission, or two business days after having been mailed, postage prepaid, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing.

River Run Ventures, LLC
Attn: Aaron Keeler
800 Fifth Ave, Suite 4000
Seattle, WA 98104

CITY
City of North Bend
Attn: Director
Department of Community and Economic Development
920 SE Cedar Falls Way
North Bend, WA 98045

16. Severability.

In the event that any term or clause of this Contract conflicts with applicable law, such conflict shall not affect other terms of this Contract that can be given effect without the conflicting terms or clause, and to this end, the terms of the Contract are declared to be severable. However, if the severable term prevents the City from receiving the benefits of having affordable housing as set forth in Chapter 84.14 RCW and Chapter 3.78 NBMC, then this Contract shall be deemed terminated, or may be terminated, as soon as possible in compliance with any applicable law.

17. Exhibits.

The following exhibits are attached to this Contract and incorporated herein by this reference:

Exhibit A	Legal Description
Exhibit B	Project Site Plan
Exhibit C	Designation of Affordable Units
Exhibit D	Form of Declaration of Affordable Housing Covenants

IN WITNESS WHEREOF, the parties hereto have executed this Contract on the dates indicated below.

THE CITY OF NORTH BEND

RIVER RUN VENTURES, LLC

Rob McFarland, Mayor

Aaron Keeler, Vice President

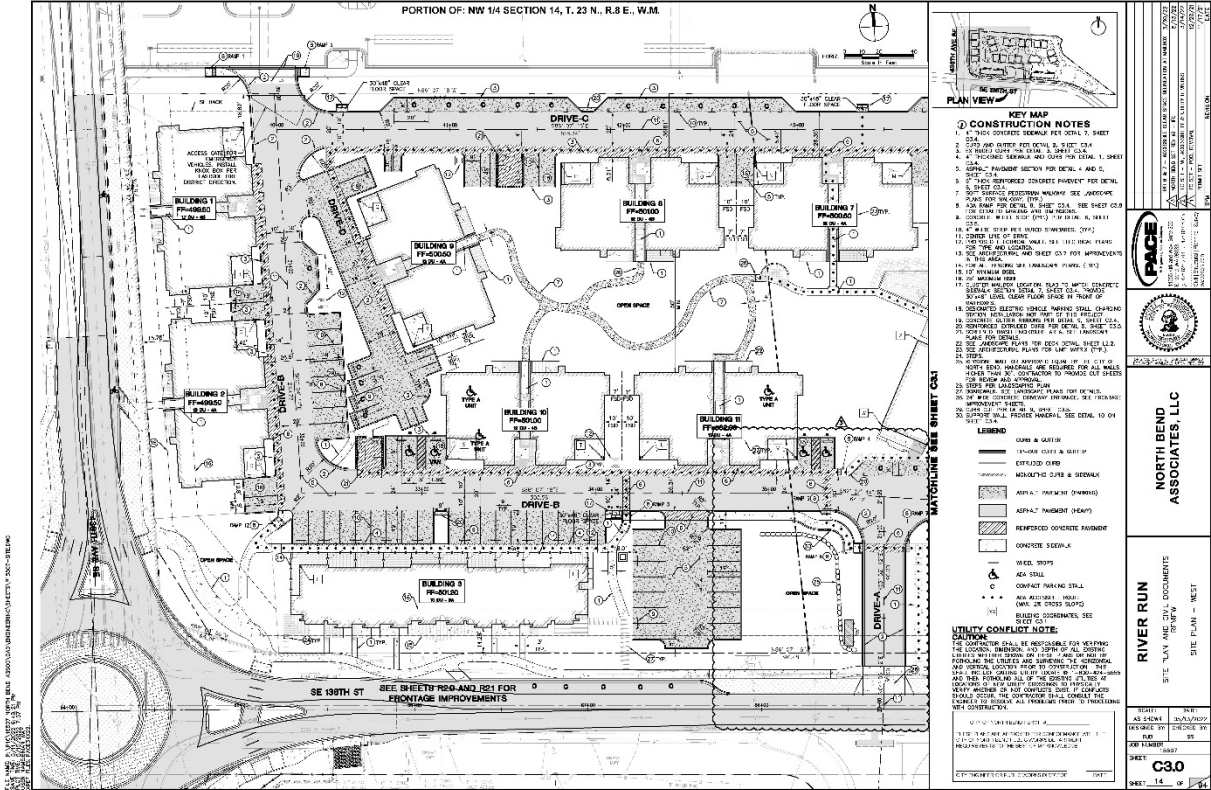
Approved as to Form

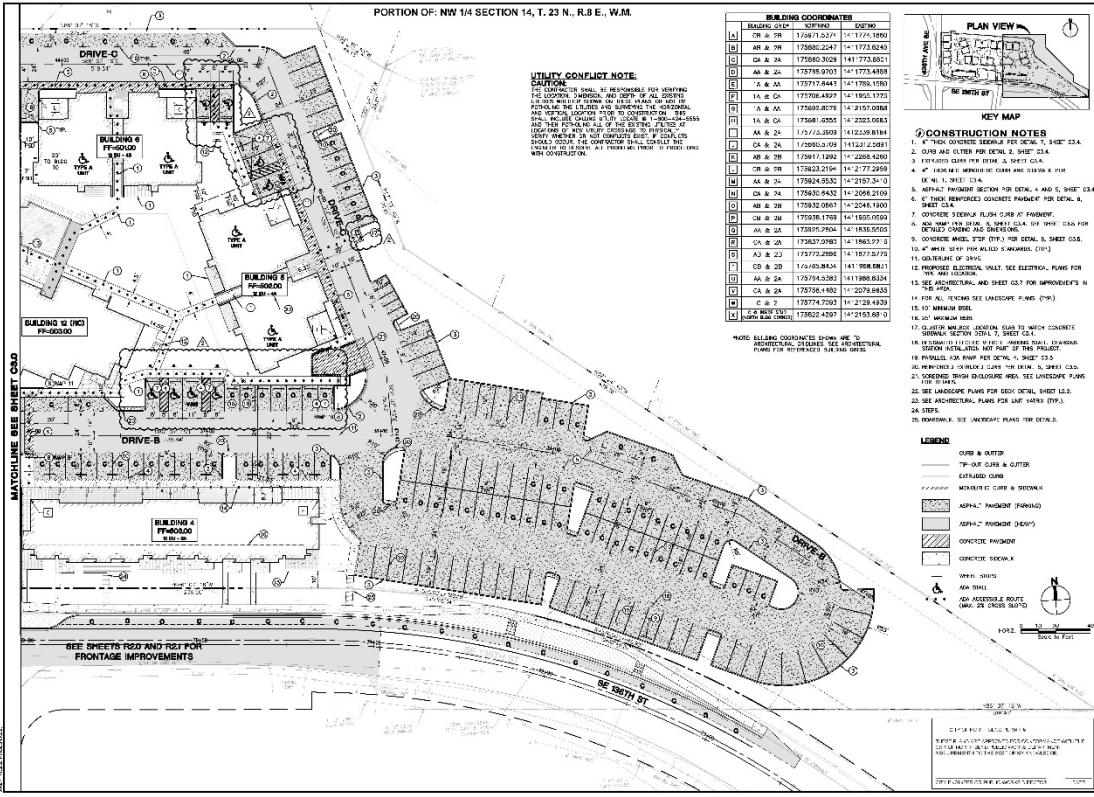
Lisa M. Marshall, City Attorney

Exhibit A Legal Description

LOTS 1, 2 AND 3 OF KC SHORT PLAT NO 982016 RECORDING NO
8303150541 SD SHORT PLAT DAF - POR SW 1/4 OF NW 1/4 - BAAP
OPPOSITE HWY ENGR STA CFR 37 + 50 ON CFR-LN SURVEY OF ST HWY
PROPERTY ADDRESS 43600 SE 136TH ST

Exhibit B Project Site Plan





PLAN VIEW

KEY MAP

CONSTRUCTION NOTES

1. 4" THICK CONCRETE DECK FOR DETAIL 7, SHEET C3.1.
2. 6" THICK CONCRETE DECK FOR DETAIL 8, SHEET C3.1.
3. 6" THICK CONCRETE DECK FOR DETAIL 9, SHEET C3.1.
4. 4" THICK CONCRETE DECK FOR DETAIL 10, SHEET C3.1.
5. 4" THICK CONCRETE DECK FOR DETAIL 11, SHEET C3.1.
6. 4" THICK CONCRETE DECK FOR DETAIL 12, SHEET C3.1.
7. 4" THICK CONCRETE DECK FOR DETAIL 13, SHEET C3.1.
8. 4" THICK CONCRETE DECK FOR DETAIL 14, SHEET C3.1.
9. 4" THICK CONCRETE DECK FOR DETAIL 15, SHEET C3.1.
10. 4" THICK CONCRETE DECK FOR DETAIL 16, SHEET C3.1.
11. 4" THICK CONCRETE DECK FOR DETAIL 17, SHEET C3.1.
12. 4" THICK CONCRETE DECK FOR DETAIL 18, SHEET C3.1.
13. 4" THICK CONCRETE DECK FOR DETAIL 19, SHEET C3.1.
14. 4" THICK CONCRETE DECK FOR DETAIL 20, SHEET C3.1.
15. 4" THICK CONCRETE DECK FOR DETAIL 21, SHEET C3.1.
16. 4" THICK CONCRETE DECK FOR DETAIL 22, SHEET C3.1.
17. 4" THICK CONCRETE DECK FOR DETAIL 23, SHEET C3.1.
18. 4" THICK CONCRETE DECK FOR DETAIL 24, SHEET C3.1.
19. 4" THICK CONCRETE DECK FOR DETAIL 25, SHEET C3.1.
20. 4" THICK CONCRETE DECK FOR DETAIL 26, SHEET C3.1.
21. 4" THICK CONCRETE DECK FOR DETAIL 27, SHEET C3.1.
22. 4" THICK CONCRETE DECK FOR DETAIL 28, SHEET C3.1.
23. 4" THICK CONCRETE DECK FOR DETAIL 29, SHEET C3.1.
24. 4" THICK CONCRETE DECK FOR DETAIL 30, SHEET C3.1.
25. 4" THICK CONCRETE DECK FOR DETAIL 31, SHEET C3.1.
26. 4" THICK CONCRETE DECK FOR DETAIL 32, SHEET C3.1.

LEGEND

- GRID & BIRTH
- TRUCK DRIVE & CUTTER
- EXISTING CURB
- MINOR CURB & DRIVEWAY
- ASPHALT PAVEMENT (FINISH)
- ASPHALT PAVEMENT (DECK)
- CONCRETE PAVEMENT
- CONCRETE DRIVEWAY
- WALK DRIVE
- ADA TRAIL
- ADA ACCESSIBLE ROUTE
- LANDSCAPE PLANT

SCALE
 1" = 20' (AS SHOWN)
 1" = 40' (AS SHOWN)

DATE 10/15/2024
BY J.S. BROWN
CHECKED BY J.S. BROWN
SCALE AS SHOWN
SHEET C3.1
OF 31

NORTH BEND ASSOCIATES, LLC
 RIVER RUN
 SITE PLAN AND CIVIL DOCUMENTS
 REVIEW
 SITE PLAN - EAST
 SHEET 15 OF 31

Exhibit C Designation of Affordable Units

<i>River Run MFTE Units</i>					
<u>#</u>	<u>Unit Number</u>	<u>Unit Type</u>		<u>Unit Type</u>	<u>Total Units</u>
1	A101	1x1		1x1	7
2	A102	1x1		2x1	10
3	B103	2x1		2x2	11
4	B104	2x1		Total	28
5	B101	1x1			
6	B102	1x1			
7	D103	2x1			
8	D104	2x1			
9	D203	2x2			
10	D204	2x2			
11	D303	2x2			
12	D304	2x2			
13	D102	1x1			
14	D101	1x1			
15	E104	2x1			
16	E204	2x2			
17	E304	2x2			
18	E103	2x1			
19	E101	1x1			
20	F103	2x1			
21	F104	2x1			
22	F203	2x2			
23	F204	2x2			
24	F303	2x2			
25	F304	2x2			
26	J103	2x1			
27	J104	2x1			
28	J203	2x2			

Exhibit D Form of Declaration of Affordable Housing Covenants

WHEN RECORDED, MAIL TO:

City of North Bend
920 SE Cedar Falls Way
North Bend, WA 98045

ATTN: Director of Community and Economic Development

WASHINGTON STATE COUNTY AUDITOR/RECORDER/S INDEXING FORM

Document Title(s) <i>(or transactions contained therein):</i> MULTIFAMILY PROPERTY TAX EXEMPTION COVENANT-TRAVERSE
Reference Number(s) of Documents assigned or released: <input type="checkbox"/> Additional reference numbers on page ____ of document.
Grantor(s) <i>(Last name first, then first name and initials):</i> 1. _____ <input type="checkbox"/> Additional names on page __ of document.
Grantee(s) <i>(Last name first, then first name and initials):</i> 1. <u>CITY OF NORTH BEND, WASHINGTON</u> <input type="checkbox"/> Additional names on page __ of document.
Legal Description <i>(abbreviated form; i.e., lot, block, plat name, section-township-range):</i> _____ <input checked="" type="checkbox"/> Additional legal on Exhibit "A" of document.
Assessor's Property Tax Parcel Account Number(s): <u>1423089135, 1423089136, and 1423089132</u>

*The Auditor/Recorder will rely on the information provided on the form.
The staff will not read the document.*

MULTIFAMILY PROPERTY TAX EXEMPTION COVENANT

TRAVERSE

SECTION 1 –	DEFINITIONS AND INTERPRETATION
SECTION 2 –	RESIDENTIAL RENTAL PROPERTY
SECTION 3 –	AFFORDABLE UNITS FOR ELIGIBLE HOUSEHOLDS
SECTION 4 –	REPORTING REQUIREMENTS
SECTION 5 –	SECTION 8 CERTIFICATE HOLDERS
SECTION 6 –	LEASE PROVISIONS
SECTION 7 –	SALE OR TRANSFER OF THE PROJECT
SECTION 8 –	TERM
SECTION 9 –	NO DISCRIMINATION
SECTION 10 –	COVENANTS RUN WITH LAND
SECTION 11 –	ENFORCEMENT
SECTION 12 –	SUBORDINATION, TERMINATION, RIGHTS RESERVED BY HUD
SECTION 13 –	ESTOPPEL CERTIFICATE
SECTION 14 –	AGREEMENT TO RECORD
SECTION 15 –	RELIANCE
SECTION 16 –	GOVERNING LAW
SECTION 17 –	NO CONFLICT WITH OTHER DOCUMENTS
SECTION 18 –	AMENDMENTS
SECTION 19 –	NOTICES
SECTION 20 –	MFTE CONTRACT
SECTION 21 –	SEVERABILITY
SECTION 22 –	CONSTRUCTION
SECTION 23 –	TITLES AND HEADINGS

EXHIBITS

“A”	LEGAL DESCRIPTION OF PROPERTY
“B”	DESIGNATION OF AFFORDABLE UNITS
“C”	CERTIFICATE OF HOUSEHOLD ELIGIBILITY
“D”	ANNUAL PROJECT CERTIFICATION

**MULTIFAMILY PROPERTY TAX EXEMPTION COVENANT
TRAVERSE**

THIS MULTIFAMILY PROPERTY TAX EXEMPTION COVENANT (the “Covenant”) is made and entered into as of this 16th day of August, 2023, by and between the CITY OF NORTH BEND, a Municipal Corporation of the State of Washington (the “City”); and River Run Ventures, LLC, a Limited Liability Company, (the “Owner”).

WITNESSETH:

This Covenant is predicated upon the following facts:

A. The Owner is the owner of property located at 1835 SE 136th St in North Bend, Washington (the “Property”). The Owner intends to develop said property by constructing and renting 128 dwelling units (the “Project”), subject to City approval and such other approvals by State and local agencies as required.

B. The Owner’s proposed Project shall include 28 affordable rental units for Low- and Moderate-Income Households (“Eligible Households,” as the term is defined below). Such affordable rental units. The affordable unit(s) shall be intermingled with all other dwelling units and shall have a unit mix comparable to the overall mix of units in the Project. Affordable rental units shall be of such bedroom quantity and quality as are in proportion to the overall proportion of bedroom quantity and quality of all of the rental units in the Project.

C. The City finds that the Project will benefit the City by providing affordable rental housing for Eligible Households.

D. The Owner has indicated its willingness to accept certain conditions affecting the use of the Property. It is the purpose of this Covenant to set forth the conditions under which the City has approved the Project and to impose enforceable restrictions on the use and occupancy of the rental portion of the Project.

E. The project may also have a Development Agreement pursuant to NBMC Chapter 18.27 which may provide for adjustments to design standards in return for providing affordable housing, which is a condition of approval for the Project that applies for the life of the Project.

F. The Owner has applied for a limited property tax exemption for twelve (12) years as provided for in Chapter 84.14 Revised Code of Washington (“RCW”) and Chapter 3.78 North Bend Municipal Code (“NBMC”) for multifamily residential rental housing (“Multifamily Housing”) in the Residential Targeted Area pursuant to NBMC 3.78.020(O), and the Director of Community and Economic Development has approved the application.

NOW, THEREFORE, for and in consideration of the mutual promises aforesaid and made and relied upon by the parties hereto, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Owner and the City agree as follows:

SECTION 1 – DEFINITIONS AND INTERPRETATION

Capitalized terms used herein shall have the following meanings unless the context in which they are used clearly requires otherwise.

“Affordable Rent” means a monthly housing expense, including Utilities other than telephone or an applicable Utility Allowance for tenant-paid utilities, parking for one car, and any expenses required by the Owner as a condition of tenancy (including but not limited to renter’s insurance, pest control, and sewer system capacity charges), that is no greater than thirty percent (30%) of the monthly King County Median Income level(s) for Eligible Households, as determined by HUD, adjusted for Household Size. If a tenant pays for Utilities separately from rent, the Affordable Rent will be reduced by the amount of the applicable Utility Allowance.

“Affordable Units” means the number units in the Project as selected by the Owner and as approved by the City or its Designee, as set forth in **Exhibit B**, and reserved for occupancy by Eligible Households pursuant to Section 3.

“City” means the City of North Bend.

“Completion Date” means the date of the completion of the acquisition, construction, purchase, reconstruction and equipping, as the case may be, of the Project, as that date shall be certified as provided in Section 4.

“Covenant” means this Declaration of Affordable Housing Covenants between the City and the Owner.

“Designee” means an agency as may be designated by the City in writing to the Owner.

“Eligible Household” means one or more adults and their dependents, which adults certify that they meet the qualifications for eligibility set forth below in this definition, in Section 3.F. of this Covenant, and as set forth in substantially the same form as shown on the Certificate of Household Eligibility attached hereto as **Exhibit C** and incorporated by reference herein, and who certify that their Household Income does not exceed the applicable percent of the King County Median Income, as set forth in this definition and Section 3.F. of this Covenant, adjusted for Household Size.

Maximum Household Incomes at Initial Occupancy

Income Level	Percent of King County Median Family Income
Low-Income	At or below 80%

“Household Income” means all income from all household members over the age of eighteen (18) residing in the household. Income consists of those items listed in **Exhibit C**, Certificate of Household Eligibility (e.g., wages, interest income, etc.). Income of dependents who reside within a household for less than four (4) months of the year will not be counted toward Household Income.

“Household Size” means the household size assumed for purposes of calculating Affordable Rents as follows:

<u>UNIT TYPE</u>	<u>ASSUMED HOUSEHOLD SIZE</u>
Studio or Very Small Unit	1-2 Persons
1 Bedroom or Open 1 Bedroom	1-2 Persons
2 Bedroom or Urban 2 Bedroom	2-4 Persons

3 Bedroom

3-6 Persons

“HUD” means the U.S. Department of Housing and Urban Development.

“King County Median Income” means the median family income for the Seattle-Bellevue, WA HUD Metro FMR Area as most recently determined by the Secretary of Housing and Urban Development (“HUD”) under Section 8(f)(3) of the United States Housing Act of 1937, as amended. In the event that HUD no longer publishes median family income figures for King County, the Director may estimate the King County Median Income, in such manner as the Director shall determine.

“Lender” means HUD/FHA, Veterans Administration (“VA”), Federal National Mortgage Association (“FNMA”), Federal Home Loan Mortgage Corporation (“FHLMC”), or another party acquiring such loan upon foreclosure of a deed of trust or mortgage (“Deed of Trust”) insured, made or held by HUD/FHA, VA, FNMA, FHLMC; or an institutional third-party lender or investor.

“MFTE Contract” means that agreement titled Multifamily Housing Limited Property Tax Exemption Contract between the City and Owner dated [date].

“Owner” means River Run Ventures, LLC and its successors and assigns, and any surviving, resulting or transferee entity.

“Owner Representative” means the person or persons (who may be employees of the Owner) designated from time to time to act hereunder on behalf of the Owner in a written certification furnished to the City or its Designee, containing a specimen signature of such person or persons and signed by the Owner or on behalf of the Owner by a duly authorized representative of the Owner.

“Project” means the building, structures, and other improvements to be constructed on the Property, and all equipment, fixtures and other property owned by the Owner and located on, or used in connection with, such buildings, structures, and other improvements and all functionally related and subordinate facilities.

“Property” means the real property which will be devoted to the Project as more particularly described in **Exhibit A** which is attached hereto, and incorporated by reference herein, and all rights and appurtenances thereunto appertaining.

“Qualified Project Period” means for the life of the Project.

“Utilities” means basic residential utility services, including heat, gas, electricity, water, sewer, and solid waste and recycling services, but excluding sewer system capacity charges and telephone, internet, and television services.

“Utility Allowance” means a deduction to Affordable Rent, established by the City or its Designee, for tenant-paid Utilities.

SECTION 2 – RESIDENTIAL RENTAL PROPERTY

A. General Description. The Owner will acquire and construct the Project for purposes of providing multi-family rental housing, and the Owner shall own, manage and operate (or cause the management and operation of) the Project to provide multi-family rental housing comprising a building or

structure or several inter-related buildings or structures, each consisting of more than one dwelling unit and facilities functionally related and subordinate thereto, and no other facilities. As used herein “facilities functionally related and subordinate” to the Project shall include facilities for use by the tenants, including, for example, recreational facilities, parking areas, and other facilities which are reasonably required for the Project, for example, heating and cooling equipment, trash disposal equipment, or units of resident managers or maintenance personnel.

B. Similar Quality Construction. All of the dwelling units in the Project shall be constructed of similar quality, and each dwelling unit in the Project shall contain facilities for living, sleeping, eating, cooking, and sanitation for a single person or a household which are complete, separate, and distinct from other dwelling units in the Project.

C. Conversion to Condominium. In the event the Project is proposed for conversion to condominium, owner-occupied, or non-rental residential use, the Owner must submit to the City for its review a plan for preserving the Affordable Units. The City can consider options which would convert the Affordable Units to owner occupancy by Eligible Households. The Owner must receive authorization from the City prior to conversion to condominium, owner-occupied, or non-rental residential use. This section does not waive the Owner’s obligations to comply with any other law or regulations pertaining to conversion to ownership use.

SECTION 3 – AFFORDABLE UNITS FOR ELIGIBLE HOUSEHOLDS

A. Number of Affordable Units. The Owner shall lease or rent, or make available for lease or rental, to the general public, all of the Affordable Units in the Project. The Owner shall designate all of the Affordable Units, reserved for occupancy by Eligible Households, as follows:

Dwelling Units

	Affordable Units
Unit Type (Bedrooms)	
1-bedroom	7
2-bedroom	21
Total	28

B. Designation/Re-designation of Affordable Units.

1. The Owner agrees to rent or lease the dwelling units designated in **Exhibit B** as Affordable Units. Units so designated shall have substantially the same equipment and amenities as other dwelling units in the Project with the comparable number of rooms. The Affordable Unit(s) shall be intermingled with all other dwelling units and shall have a unit mix comparable to the overall mix of units in the Project. The City or its Designee shall approve or deny the proposed Affordable Units based upon the criteria set forth in this section.

2. The Owner, from time to time, may propose to change the particular units designated as Affordable Units provided that at all times at least 28 of all of the residential units in the Project are designated as Affordable Units, and provided that at all times the same unit mix and affordability mix is retained. The Owner shall notify the City or its Designee of the proposed change in writing for the

City's or its Designee's approval. The City or its Designee will review the proposed changes and shall approve or deny the proposed changes based upon the criteria set forth in this Section.

C. Affordable Units Rent Level. The monthly rent for the Affordable Units occupied by Eligible Households shall not exceed the applicable Affordable Rent, and for each specific tenant, shall be adjusted no more than once every twelve (12) months, and in no event within the first 12 months of occupancy.

D. Renting Affordable Units to Eligible Households. During the Qualified Project Period, the Owner shall rent or lease the Affordable Units to Eligible Households and, if at any time the Owner is unable to rent or lease the Affordable Units, the Affordable Units shall remain vacant pending rental or lease to Eligible Households.

E. Renting Affordable Units to Eligible Households. If, despite diligent efforts on the part of the Owner and the City to lease an Affordable Unit, such Affordable Unit has been vacant and available for six (6) consecutive months, the City may relax the income restriction required for the Affordable Unit from the Maximum Initial Income Level to the Maximum Recertification Income Level, as defined in Section 3F of this Covenant. At the expiration of the lease of such Affordable Unit, the income restriction will be restored to the Maximum Initial Income Level. In the event the income restrictions are relaxed by the City pursuant to this Section, there will be no change in the Affordable Units rent level established pursuant to Section 3.C of this Covenant.

F. Equal Access to Common Facilities. Tenants in the Affordable Units shall have equal access to enjoyment of all common facilities of the Project.

G. Qualifying Eligible Household Income for Affordable Units at Initial Occupancy and Recertification. Qualifying Eligible Household Income at time of occupancy may not exceed the applicable percent of King County Median Income set forth in the table below, adjusted for Household Size. At time of annual recertification, a household will remain eligible for an Affordable Unit as long as Household Income does not exceed the Maximum certification Income set forth in the table below, adjusted for Household Size.

1. If at the time of recertification Household Income exceeds the Maximum certification Income limit under which the household initially qualified, but qualifies under a different Eligible Household income level, then such household must within 90 days either (a) pay the lowest Affordable Rent for which they qualify, and the Owner must rent the next available comparable Affordable Unit at the household's previous Affordable Rent level; or (b) vacate the unit, unless otherwise prohibited by law, to make it available for an Eligible Household.

2. If, however, at the time of recertification Household Income exceeds the Maximum certification Income for an MFTE Moderate-Income Affordable Unit, then such household must within 90 days of recertification either (a) pay the market rent provided that another available comparable market rate unit is available to be rented as an Affordable Unit within 90 days of recertification or (b) vacate the unit, unless otherwise prohibited by law, to make it available for an Eligible Household.

H. Rent Relocation Assistance. The Owner shall provide rent relocation assistance to Eligible Households occupying Affordable Units as follows:

- (i) Except as provided in (ii) of this subsection, at the expiration of the Qualifying Project Period, the Owner must provide tenant relocation assistance, in an amount equal to one month's Affordable rent, to an Eligible Household within the final month of the Eligible Household's lease. To be eligible for tenant relocation assistance under this subsection, the Eligible Household must (1) occupy an Affordable Unit at the time the Qualified Project Period expires, and (2) qualify as an Eligible Household under this Covenant.
- (ii) If affordability requirements consistent with those required under this Covenant remain in place for the Affordable Unit after the expiration of the Qualifying Project Period, then relocation assistance in an amount equal to one month's Affordable Rent, must be provided to each Eligible Household, within the final month of the Eligible Household's lease, that occupies an Affordable Unit at the time those affordability requirements cease to apply to the unit.

SECTION 4 – REPORTING REQUIREMENTS

A. Notice of Occupancy Permit. Within thirty (30) days of issuance of any final inspection or, if applicable, occupancy permits, the Owner shall notify the City's Community Development Department [Attn: Director] or its Designee, of receipt of the first certificate of occupancy for the Project.

B. Mailing List. The City or its Designee maintains a mailing list of households interested in occupying Affordable Units. From time to time the City or its Designee will provide to the Owner the names of persons from the mailing list. In determining which eligible applicants shall be rented Affordable Units, the Owner shall, subject to Section 4.C. below, reasonably consider persons on the mailing list, and when they were placed on the mailing list.

C. Completion of Certificate of Household Eligibility. Prior to allowing any household to occupy any Affordable Unit, the Owner shall require the prospective tenant to complete a Certificate of Household Eligibility that shall be substantially in the form set forth in **Exhibit C**. The Owner shall also undertake a good faith effort to verify the applicant's Household Income, as reported on the completed Certificate. The Owner's obligation to verify the reported Household Income shall be limited to requesting copies of and reviewing the applicant's federal income tax returns, unless the Owner has actual knowledge, or reason to believe, that the information provided by the applicant is materially inaccurate. In the event federal income tax returns are not available, the Owner shall verify Household Income using wage or salary statements, or other income records that the City or its Designee may consider appropriate.

D. Annual Recertification of Residents. On an annual basis, the Owner shall require all households occupying Affordable Units to complete and return to the Owner an updated Certificate of Household Eligibility. The Owner shall undertake a good faith effort to verify the reported Household Income, as reported in the completed Certificate. The Owner's obligation to verify the Household Income shall be limited to obtaining a copy of and reviewing the tenant's federal income tax returns, unless the Owner has actual knowledge or reason to believe that the information provided by the household is materially inaccurate. In the event federal income tax returns are not available, the Owner shall verify Household Income using wage or salary statements, or other income records the City or its Designee may consider appropriate.

The Owner shall file certifications with the City or its Designee, by attachment to the Annual Project Certification required pursuant to Subsection E of this Section. The City or its Designee may investigate independently to verify certifications submitted by the Owner.

E. Annual Project Certification. After the Completion Date and until 90% of the rental units are occupied, the Owner shall, on a quarterly basis, file with the City or its Designee an Annual Project Certification, in substantially the form of **Exhibit D**. Thereafter, the Owner shall file such certification annually on or before March 31st, which must set forth the required information for the preceding year.

F. Maintain Complete Records. The Owner shall maintain complete and accurate records pertaining to the Affordable Units and shall permit any duly authorized representative of the City, including, without limitation, its Designee, to inspect the books and records of the Owner pertaining to the Affordable Units, and if applicable, incomes of Eligible Households residing in the Project. The Owner's failure to maintain such records or failure to allow examination by the City or any duly authorized representative shall constitute a default hereunder.

G. Form of Certification. Notwithstanding anything in this Section to the contrary, the Owner shall submit all documentation required by this Section on the forms designated herein, which may be modified by the City or its Designee from time to time. Changes to forms by the City or its Designee shall not significantly enlarge the Owner's obligations hereunder.

H. Monitoring Fee. Pursuant to NBMC 3.78.110(B) the City reserves the right to establish monitoring fees for the Affordable Units for compliance with income and affordability restrictions of this Covenant

SECTION 5 – SECTION 8 CERTIFICATE HOLDERS

The Owner shall accept as tenants for Affordable Units, on the same basis as all other prospective households, households who are recipients of Federal certificates for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, as amended. The Owner shall not apply or permit the application of management policies or lease provisions with respect to the Project which have the effect of precluding occupancy of Units by holders of Section 8 certificates.

SECTION 6 – LEASE PROVISIONS

A. It is the Owner's responsibility to screen and select tenants for desirability and credit worthiness. Except as restricted in this Covenant, such selection is within the Owner's discretion. If written management policies exist, or exist in the future, with respect to the Project, the City or its Designee may review such written policies and may require changes in such policies, if necessary, so that they comply with the requirements of this Covenant.

B. All leases for Affordable Units shall contain clauses wherein each individual lessee: (i) certifies the accuracy of the statements made in the Certificate of Household Eligibility, (ii) agrees that the household income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy, and (iii) agrees that misrepresentation in the certification is a material breach of the lease, entitling the Owner to terminate the lease for the Affordable Unit.

SECTION 7 – SALE OR TRANSFER OF THE PROJECT

The Owner hereby covenants and agrees not to sell, transfer, or otherwise dispose of the Project or any portion thereof without first providing a written notice from the purchaser stating that the purchaser understands, and will comply with the Owner's duties and obligations under this Covenant. Such notice must be received by the City or its Designee at least 10 days prior to the close of escrow.

SECTION 8 – TERM

This Covenant shall become effective upon its execution and delivery and shall continue in full force and effect throughout the Qualified Project Period, unless sooner modified or terminated in accordance with Section 12 hereof.

SECTION 9 – NO DISCRIMINATION

The Owner shall not discriminate on the basis of race, creed, religion, color, sex, sexual orientation, age, national origin, marital status, or presence of any mental or physical handicap as set forth in RCW 49.60.030, as now existing and as may be amended, in the lease, use, or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

SECTION 10 – COVENANTS RUN WITH LAND

A. The City and Owner hereby declare their understanding and intent that the covenants, conditions and restrictions set forth herein directly benefit the land (i) by enhancing and increasing the enjoyment and use of the Project by certain Eligible Households, and (ii) by furthering the public purposes of providing housing for Eligible Households.

B. The City and the Owner hereby declare that the covenants and conditions contained herein shall bind and the benefits shall inure to, respectively, the Owner and their successors and assigns and all subsequent owners of the Project or any interest therein, and the City and its successors and assigns, all for the Qualified Project Period. Except as provided in Section 12 of this Covenant, each and every contract, deed or other instrument hereafter executed conveying the Project or any portion thereof or interest therein shall contain an express provision making such conveyance subject to the covenants and conditions of this Covenant, provided however, that any such contract, deed or other instrument shall conclusively be held to have been executed, delivered and accepted subject to such covenants and conditions, regardless of whether or not such covenants and conditions are set forth or incorporated by reference in such contract, deed or other instrument.

SECTION 11 – ENFORCEMENT

A. Enforcement Provisions. The Owner shall exercise reasonable diligence to comply with the requirements of this Covenant and shall correct any such noncompliance within sixty (60) days after such noncompliance is first discovered by the Owner or would have been discovered by the exercise of reasonable diligence, or within 60 days after the Owner receives notice of such noncompliance from the City or its Designee; provided, however, that such period for correction may be extended by the City if the Owner is exercising due diligence to correct the noncompliance. If such noncompliance remains uncured after such period, then the Owner shall be in default and the City on its own behalf may take any one or more of the following steps:

1. By any suit, action, or proceeding at law or in equity, require the Owner to perform its obligations under this Covenant or the MFTE Contract, or enjoin any acts or things which may be unlawful or in violation of the rights of the City hereunder; it being recognized that the beneficiaries of the Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of the Owner's default;

2. Have access to, and inspect, examine, and make copies of, all of the books and records of the Owner pertaining to the Project; provided, however, the City or its Designee shall not divulge such information to any third party unless required by law or unless the same is necessary to enforce the City's rights hereunder; and

3. Take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants, conditions, and agreements of the Owner under this Covenant.

4. The Owner hereby grants to the City or the Designee the option, upon Owner's default under this Covenant, for the Qualified Project Period to lease up to 28 of the units in the Project as mutually selected by the City or its Designee and the Owner for the purpose of subleasing such units to Eligible Households, but only to the extent necessary to comply with the provisions of this Covenant. The City or its Designee may lease from the Owner the units at the Affordable Rent level less a reasonable management fee to reimburse the City or its Designee for any expenses incurred in connection with such sublease. The City or its Designee may terminate its lease of the units in the Project upon determination that the Owner is no longer in default pursuant to this Covenant.

B. Assignment of Rents. Owner hereby assigns to the City or the Designee the right to receive the rents due or collected during the entire period an Affordable Unit or Units are occupied in violation of this Covenant. Any funds collected shall be deposited into the City's housing fund for use consistent with the City's affordable housing policies, plans, or initiatives. Owner shall be responsible for all costs to the City, including reasonable attorney fee, to recover such rents.

C. Hold Harmless. The Owner hereby agrees to defend, indemnify, and hold the City and its Designee and any other party authorized hereunder to enforce the terms of this Agreement harmless from any and all costs, expenses, and fees, including all attorneys' fees which may be incurred by the City or the Designee or any other party in enforcing or attempting to enforce this Agreement following any default hereunder on the part of the Owner or its successors, whether the same shall be enforced by suit or otherwise; together with all costs, fees, and expenses which may be incurred in connection with any amendment to this Agreement or otherwise by the City at the request of the Owner.

D. No Third-Party Beneficiaries. The provisions of this Covenant and of the documents to be executed and delivered in connection herewith are and will be for the benefit of the Owner, the City and its Designee only and are not for the benefit of any third party (including, without limitation, any tenants or tenant organizations), and accordingly, no third party shall have the right to enforce the provisions of this Covenant or of the documents to be executed and delivered in connection herewith.

SECTION 12 – SUBORDINATION, TERMINATION, RIGHTS RESERVED BY HUD

A. Notwithstanding any provision in this Covenant to the contrary, all of the provisions of this Covenant shall terminate and have no further force and effect upon the occurrence of one of the following events:

1. Foreclosure of a HUD/FHA insured loan is initiated under which the Project is held as a security.

2. Title to the Project is acquired by Lender or HUD/FHA by deed in lieu of foreclosure of the Deed of Trust.

3. Title to the Project is acquired by HUD/FHA, Veterans Administration (“VA”), Federal National Mortgage Association (“FNMA”), Federal Home Loan Mortgage Corporation (“FHLMC”) or another party upon foreclosure of a deed of trust or mortgage (“Deed of Trust”) insured, made, or held by HUD/FHA, VA, FNMA, FHLMC; or an institutional, third-party lender or investor (collectively, “Lender”).

4. The Deed of Trust, if insured by HUD/FHA, is assigned to HUD/FHA.

B. Notwithstanding anything in this Covenant to the contrary, enforcement of this Covenant shall not serve as a basis for (i) default under the Deed of Trust insured by HUD/FHA or any other Lender, or (ii) an acceleration of the loan secured by the Deed of Trust (“Loan”), or result in any claim against the Project, the Loan proceeds, any reserve or deposit required by HUD/FHA or any other Lender in connection with the Loan transaction or the rents or other income from the Project other than from available surplus cash as that term is defined by HUD/FHA or any other Lender.

C. Notwithstanding anything in this Covenant to the contrary:

1. All of the provisions of this Covenant are subordinate and subject to the Deed of Trust, the Loan, and all documents relating to the Loan (“Loan Documents”), if any, as well as all applicable HUD/FHA mortgage insurance regulations, related HUD/FHA administrative requirements, Section 8 of the U.S. Housing Act of 1937, as amended, and the regulations thereunder, as amended, and the rights of the Lender thereunder. In the event of any conflict between this Covenant and the provisions of any applicable HUD/FHA mortgage insurance regulations, related HUD/FHA administrative requirements, Section 8 of the U.S. Housing Act of 1937, as amended, and the regulations thereunder, as amended, the applicable HUD/FHA mortgage insurance regulations, related HUD/FHA administrative requirements, Section 8 of the U.S. Housing Act of 1937, as amended, and the regulations thereunder, as amended will control.

2. Lender shall take no role in monitoring compliance with state and federal use and occupancy requirements; nor shall Lender be required to provide notice to third parties of actions under the Deed of Trust, if any.

3. No amendment to this Covenant will be effective without the prior written consent of Lender, if any.

4. The Owner, its successors or assigns, will take all steps necessary to comply with this Covenant; provided that the Owner, its successors or assigns, shall not be required to take action prohibited by, or to refrain from action required by Lender, pursuant to the National Housing Act (as amended), applicable HUD/FHA mortgage insurance regulations, related administrative requirements, Section 8 of the Housing Act of 1937, as amended, and the regulations thereunder, as amended, or the Loan and the Loan Documents.

SECTION 13 – ESTOPPEL CERTIFICATE

The City agrees, upon the request of the Owner or its successor in interest, to promptly execute and deliver to the Owner or its successor in interest or to any potential or actual purchaser, mortgagor or encumbrance of the Project, a written certificate stating, if such is true, that the City has no knowledge of any violation or default by the Owner of any of the covenants or conditions of this Covenant, or if there are such violations or defaults, the nature of the same.

SECTION 14 – AGREEMENT TO RECORD

The Owner shall cause this Covenant to be recorded in the real property records of King County, Washington. The Owner shall pay all fees and charges incurred in connection with such recording and shall provide the City or its Designee with a copy of the recorded document.

SECTION 15 – RELIANCE

The City and the Owner hereby recognize and agree that the representations and covenants set forth herein may be relied upon by City and the Owner. In performing its duties and obligations hereunder, the City may rely upon statements and certificates of the Owner and Eligible Households, and upon audits of the books and records of the Owner pertaining to occupancy of the Project. In performing its duties hereunder, the Owner may rely on the Certificates of Household Eligibility unless the Owner has actual knowledge or reason to believe that such Certificates are inaccurate.

SECTION 16 – GOVERNING LAW

This Covenant shall be governed by and construed in accordance with the laws of the State of Washington, except to the extent such laws conflict with the laws of the United States or the regulations of federally insured depository institutions or would restrict activities otherwise permitted in relation to the operation of federally insured depository institutions. Code sections from the RCW referenced in this Covenant shall refer to those in effect on the date of this Covenant.

SECTION 17 – NO CONFLICT WITH OTHER DOCUMENTS

The Owner warrants that it has not executed and will not execute, any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that in any event the requirements of this Covenant are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith except for the MFTE Contract referenced in Section 20 herein.

SECTION 18 – AMENDMENTS

This Covenant shall be amended only by a written instrument executed by the parties hereto or their respective successors in title, and duly recorded in the real property records of King County, Washington. Amendments to **Exhibit B** shall be considered to be approved in writing when the revised **Exhibit B** is signed by the Owner and the City or its Designee without the need for a further written document attaching the revised exhibit and striking prior versions of the exhibit. In the event of conflict between versions of **Exhibits B**, the version maintained by the City or its Designee as the then-current version, signed by Owner and City or its Designee, shall prevail.

SECTION 19 – NOTICE

Any notice or communication hereunder, except legal notices, shall be in writing and may be given by registered or certified mail. The notice or communication shall be deemed to have been given and received when deposited in the United States Mail, properly addressed with postage prepaid. If given otherwise, it shall be deemed to be given when delivered to and received by the party to whom addressed. Such notices and communications shall be given to the parties hereto at their following addresses:

If to the City:	Department of Community and Economic Development City of North Bend 920 SE Cedar Falls Way North Bend, WA 98045
If to the Owner:	River Run Ventures, LLC 800 Fifth Ave, Suite 4000 Seattle, WA 98104 Attn: Adam Behrman

Any party may change its address for notices upon ten (10) days prior written notice to the other parties. Legal counsel for a party may deliver notices on behalf of the represented party and such notice shall be deemed delivered by such party.

SECTION 20 – MFTE CONTRACT

This Covenant is subject to the terms and conditions of the MFTE Contract. In the event of any conflict between the terms of this Covenant and the terms of the MFTE Contract, the terms of the MFTE Contract shall control. All amounts payable hereunder shall be paid without any set-off or deduction of any nature. This provision shall survive termination of the Covenant prior to expiration of the Qualified Project Period. Termination of this Covenant before termination of the MFTE Contract, for any reason, including foreclosure on the Project, shall have no effect on the terms of the MFTE Contract, including the imposition of additional taxes, interest, penalties, and other obligations pursuant to the MFTE Contract and State law.

SECTION 21 – SEVERABILITY

If any provision of this Covenant shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

SECTION 22 – CONSTRUCTION

Unless the context clearly requires otherwise, words of the masculine, feminine or neuter gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. All the terms and provisions hereof shall be construed to effectuate the purposes set forth in this Covenant and to sustain the validity hereof.

SECTION 23 – TITLES AND HEADINGS

The titles and headings of the sections of this Covenant have been inserted for convenience of reference only, are not to be considered a part hereof and shall not in any way modify or restrict any of the

terms or provisions hereof or be considered or given any effect in the construing this document or any provision hereof or in ascertaining intent, if any question of intent shall arise.

IN WITNESS WHEREOF, the Owner and City have each executed this Declaration of Affordable Housing Covenants on the Date first above written.

Owners/River Run Ventures, LLC:

The City of North Bend:

Aaron Keeler, Vice President

Rob McFarland, Mayor

Approved as to Form:

City Attorney

STATE OF WASHINGTON }
 }
COUNTY OF KING } ss.

On this _____ day of _____, _____, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared before me _____ known to me to be the _____ of the CITY OF NORTH BEND, who executed the foregoing document on behalf of said City, and acknowledged the said document to be the free and voluntary act and deed of said City, for the uses and purposes therein mentioned, and on oath stated that he or she was authorized to execute said document.

IN WITNESS WHEREOF I have given under my hand and official seal this ___ day of _____, _____.

Notary Public in and for the State of Washington.

Print Name _____

Residing at _____

My commission expires _____

STATE OF WASHINGTON }
 }
COUNTY OF KING } ss.

On this _____ day of _____, _____, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the _____ of _____, corporation, who executed the foregoing instrument on behalf of the said corporation, and acknowledged the said document to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he or she was authorized to execute said document.

IN WITNESS WHEREOF I have given under my hand and official seal this ____ day of _____, _____.

Notary Public in and for the State of Washington.

Print Name _____

Residing at _____

My commission expires _____

EXHIBIT A

LEGAL DESCRIPTION

LOTS 1, 2 AND 3 OF KC SHORT PLAT NO 982016 RECORDING NO
8303150541 SD SHORT PLAT DAF - POR SW 1/4 OF NW 1/4 - BAAP
OPPOSITE HWY ENGR STA CFR 37 + 50 ON CFR-LN SURVEY OF ST
HWY PROPERTY ADDRESS 43600 SE 136TH ST

EXHIBIT B

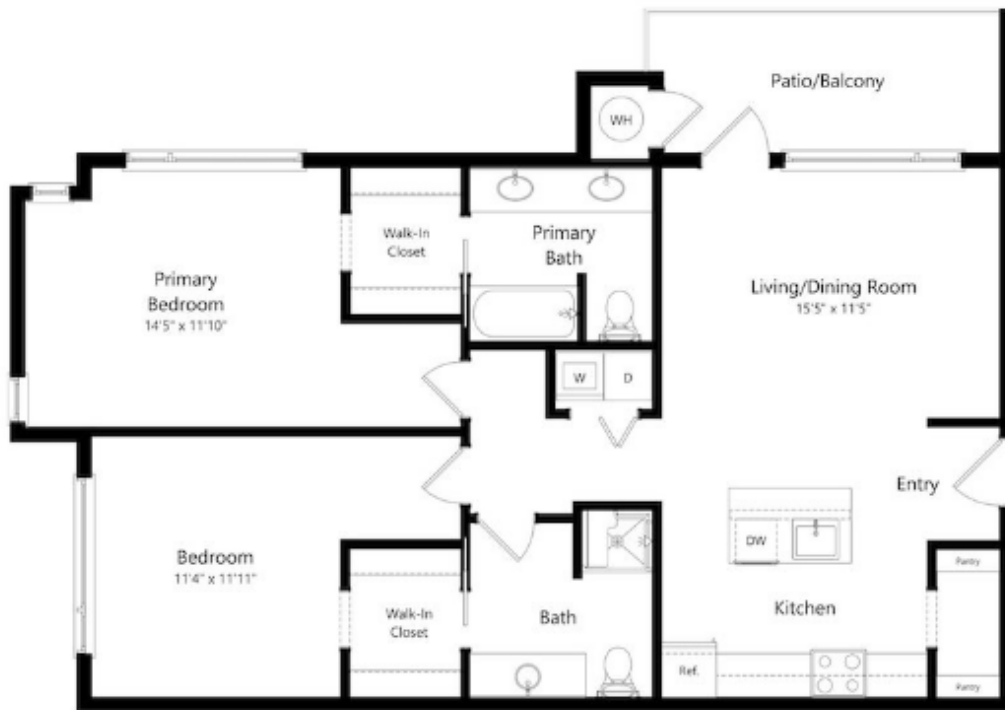
DESIGNATION OF AFFORDABLE UNITS

Unit Number	Unit Type	Unit Size (sq ft)
A101	1x1	
A102	1x1	
B103	2x1	
B104	2x1	
B101	1x1	
B102	1x1	
D103	2x1	
D104	2x1	
D203	2x2	
D204	2x2	
D303	2x2	
D304	2x2	
D102	1x1	
D101	1x1	
E104	2x1	
E204	2x2	
E304	2x2	
E103	2x1	
E101	1x1	
F103	2x1	
F104	2x1	
F203	2x2	
F204	2x2	
F303	2x2	
F203	2x2	
J103	2x1	
J104	2x1	
J203	2x2	

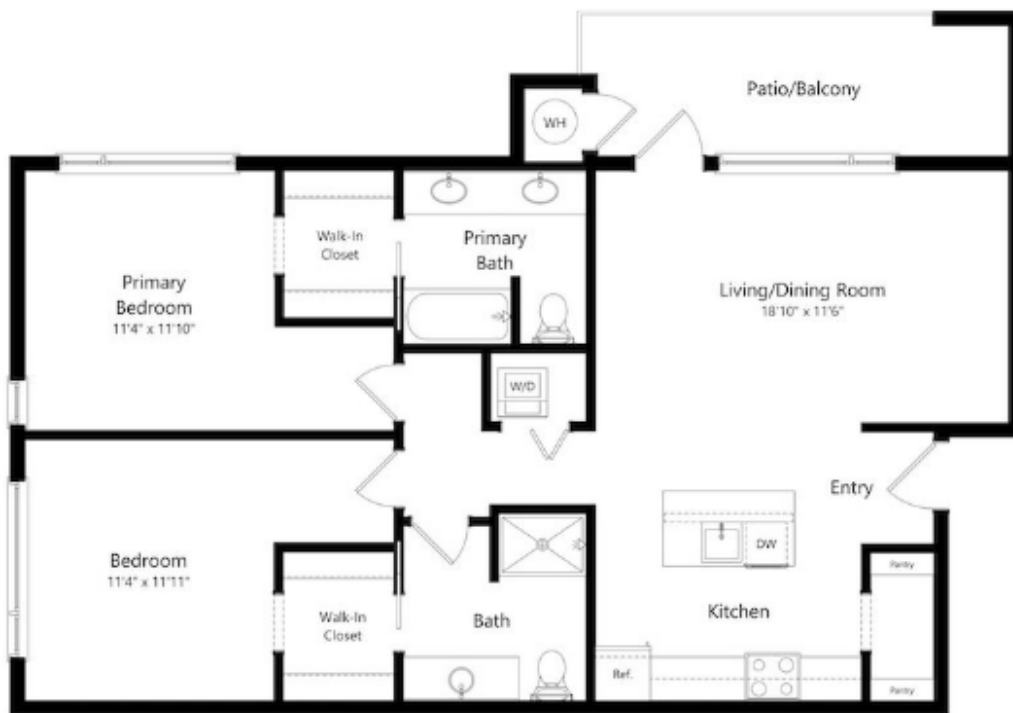
See attached diagram(s).



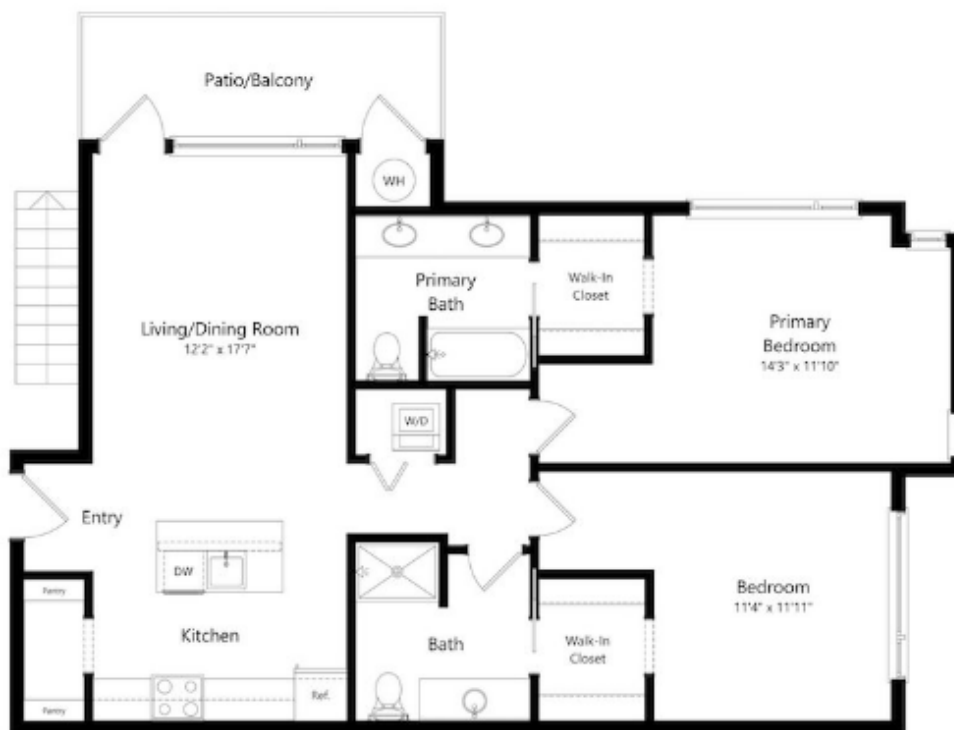
835 sqft



1105 sqft



1111 sqft



1105 sqft

EXHIBIT C

Sample Affordable Rental Housing Eligibility Form

1. *Head of household contact information*

Name: _____ Contact Phone Number: _____

Email: _____

2. *Name and Age of all Occupants (Household Member-HHM):*

1. _____, _____
2. _____, _____
3. _____, _____
4. _____, _____
5. _____, _____

3. *What was your last city of residency?* _____

4. *What is your current living situation?*

- Renting a market rate apartment
- Renting a rent restricted apartment in another property (If yes, which one: _____)
- Renting a room
- Owning a home / Downsizing
- Other (Please explain: _____)

5. *How did you learn about this affordable housing opportunity?*

- ARCH (mailing list and/or apartment list)
- City newsletters and/or website
- Word of mouth
- On site signage
- Craigslist or other online marketing
- Other (Please explain: _____)

Household Income Sources

"Household income" includes all items listed below, from all annual household members over the age of 18. Income of dependents over 18, who reside in the unit for less than four (4) months of the year will not be counted toward household income.

Yes	No	Income Source
<input type="checkbox"/>	<input type="checkbox"/>	I have a job or a verifiable start date within the next 12 months and receive wages, salary, overtime pay, commissions, fees, tips, bonuses and/or other compensation: Annual Gross Wages/Salary
<input type="checkbox"/>	<input type="checkbox"/>	I am presently employed at an additional job. (NOT self-employed)
<input type="checkbox"/>	<input type="checkbox"/>	I am self employed (Attach most recent signed tax return and appropriate schedules) Name of Business: _____
<input type="checkbox"/>	<input type="checkbox"/>	I am receiving or I have applied or will apply in the next 12 months: (check all that apply): <input type="checkbox"/> Social Security (SSA) <input type="checkbox"/> Supplemental Social Security (SSI) <input type="checkbox"/> WA State (SSI)
<input type="checkbox"/>	<input type="checkbox"/>	Do you receive child support? If no and there are children in the household, are you eligible for child support or is there a court order for child support? <input type="checkbox"/> Yes <input type="checkbox"/> No Number of court-ordered child support cases: _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive alimony/spousal payments.
<input type="checkbox"/>	<input type="checkbox"/>	I receive Public Assistance Income (TANF, GAU, FIP, ADATSA).
<input type="checkbox"/>	<input type="checkbox"/>	I receive unemployment, Labor & Industries or disability benefits (not SSI).
<input type="checkbox"/>	<input type="checkbox"/>	I am receiving income from a pension, annuity, retirement fund, insurance policy payments, death benefits or Veteran's Benefits (not GI Bill benefits) Source of Benefits: Source of Benefits:
<input type="checkbox"/>	<input type="checkbox"/>	I am receiving money regularly from family, church, friends, or any other form of regular/periodic income (such as utility payments)
<input type="checkbox"/>	<input type="checkbox"/>	I have income or sources of income, other than those listed above.

EXHIBIT D

SAMPLE FORM OF ANNUAL PROJECT CERTIFICATION

Affordable Housing Certification Report

Owner Information

Date: _____

Property Name: _____

Owner Entity: _____

Property Address: _____

Owner Address: _____

Owner Authorized Representative: _____

Position: _____

Agency: _____

Phone: _____

E-mail: _____

Leasing website: _____

Report prepared by: _____

Phone: _____

Email: _____

~~ E- CERTIFICATION ~~

The undersigned hereby certifies that he/she has verified the information provided in the Annual Project Certification to be true, and that the _____ Project is in compliance with the Affordable Housing Covenant or Agreement.

E- Signature of Authorized Representative: _____

Print Name: _____

Title, Company: _____

Date: _____

Let the "X" remain to answer each question accurately and delete the others.

Does contract rent include electricity and/or gas utilities?

- Yes
- No; tenants pay extra for electricity and/or gas.
If no:
 - Cost is variable.
 - Cost is fixed:
 - \$ - Amount
 - Period (e.g., month, quarter)

Does contract rent include water and sewer utilities?

- Yes
- No; tenants pay extra for water and sewer.
If no:
 - Cost is variable.
 - Cost is fixed:
 - \$ - Amount
 - Period (e.g., month, quarter)

Does contract rent include any King Co. Sewer Capacity Charge?

- Yes
- No; tenants pay extra for King Co. Sewer Capacity Charge.
If no:
 - \$ - Monthly Amount

Does contract rent include garbage and/or recycling services?

- Yes
- No; tenants pay extra for garbage and/or recycling.
If no:
 - Cost is variable.
 - Cost is fixed:
 - \$ - Amount
 - Period (e.g., month, quarter)

Are affordable-unit tenants required to carry renter's insurance?

- Yes
- No

Do tenants have any mandatory charges after occupancy besides rent and utilities?

- Yes
- No
If yes, list the monthly amount and purpose of each charge:
 - \$ -
 - \$ -
 - \$ -
 - \$ -
 - \$ -
 - \$ -

Does the property have payment plans available for tenants behind on rent?

What internet access is available onsite?

If yes, how many tenants are in payment plans?

What parking type(s) is/are provided in the Project?

- Surface
- Structured
- Automated-secured
- Electric
- Compact
- Large vehicle parking
- Other:

Are you concerned about any tenants being unable to keep up with recent rent increases?

- Yes
- No

Other:

Are you interested in keeping a Tenant Resource brochure on site for tenants interested in accessing additional renter resources (e.g., rental assistance, utility discounts, etc.)?

- Yes
- No

Other:

Parking for affordable tenants:

- One stall per unit
- Parking allowance deducted from rent
- Other:

How are available ARCH units marketed? (e.g., waitlist at property, Craigslist)

Based on recent feedback from properties and those seeking affordable housing, would your property be interested in updating vacancy information on ARCH's website (or other portal) so that prospective applicants know when units are available?

- Yes
- No

Other:

Do you have other suggestions for how to help applicants save time calling properties with no available vacancies?

Project Name:	
Project City:	
Number of Affordable Units:	
Number of Market Rate Units:	
Affordability Level(s):	

Reporting Range:	
------------------	--

Unit Number	Affordability Level	Unit Type	Tenant Name (last name, first initial)	Is this tenant an employee of your company?	Move-in Date	Most Recent Lease Date	Most Recent Lease Length	Move-Out Date (if applicable)	Most Recent Contract Rent
123	80%	1-BR	Smith, J	No	3/1/2020	3/2/2022	12 mos	N/A	\$ 2,050.00

Does this Tenant Use Parking	Are there additional fees not included in base rent?	What services or amenities are the additional fees for? (Pet fees, amenity fees, etc.)	Total amount of additional fees? (i.e. pet rent + storage = XXXX)	Annual Household Income at Latest Certification	Date of Latest Income Certification	Annual Household income at Move-In
Yes	Yes	Pet rent	\$ 50.00	\$ 65,000.00	1/14/2022	\$ 59,250.00

Household Size at latest income certification	Household Size at Move-In	Ethnicity of Householder	Race of Householder	Household includes one or more people under 18 years of age	Household includes one or more people 65 years or older	Notes on the unit/additional information:
2	2	Non-Hispanic	Other	No	No	N/A