



CITY OF KIRKLAND

Department of Planning and Community Development
123 Fifth Avenue, Kirkland, WA 98033 425-587-3235
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager
From: Dawn Nelson, Planning Supervisor
Date: February 18, 2014
Subject: ARCH 2013 HOUSING TRUST FUND RECOMMENDATION, FILE PLN14-00001

RECOMMENDATION

Staff recommends that the City Council adopts the enclosed resolution and approves the recommendations and conditions of approval of the ARCH Executive Board to allocate Kirkland funds as part of the Fall 2013 ARCH Housing Trust Fund:

- \$23,809 to the Friends of Youth Extended Foster Care project;
- \$95,235 to the Habitat for Humanity Sammamish Cottage Demonstration project; and
- \$138,443 to the Providence/SRI Redmond Senior Apartments project.

BACKGROUND DISCUSSION

As in previous funding rounds, general funds set aside by the Council for low and moderate income housing development projects are administered through the ARCH Housing Trust Fund. They have one application process each year in the fall. This year, there were five applications for funding from ARCH. The ARCH Executive Board has recommended that awards be made to three of the projects, all of which would use Kirkland funds. The total amount of Kirkland funds being committed is \$257,486, less than our budgeted set aside of \$300,000. The remaining funds will be available for preservation projects that might request funding from ARCH outside the normal trust fund cycle or for next fall's trust fund round.

Friends of Youth Extended Foster Care

This project includes construction of two new single-family homes to house 10 youth that are aging out of the traditional foster care system at age 18. It will allow them to be housed until they are 21. These residences are the final buildings in the new Friends of Youth Campus at NE 132nd Street and 132nd Avenue NE. Residents will be required to actively work toward their GED, high school diploma, college degree, or vocational certificate or be enrolled in a program promoting employment or removing barriers to employment. Friends of Youth will provide the stability they need to reach these milestones and additional tutoring and mentoring support as needed. Maximum income for residents will be 30% of King County median income.

Habitat for Humanity Sammamish Cottage Demonstration

Habitat for Humanity of Seattle King County proposes to build up to a 10 unit cottage development on city-donated surplus land in Sammamish. Funds would help pay for the infrastructure required for the project. The development would include a mix of 2-bedroom, 3-bedroom and 4-bedroom homes ranging in size from 1,000 to 1,400 square feet. Half of the

homes would be sold to households that earn less than 50% of King County median income and half to those that earn up to 60% of King County median. One of the homes would be ADA (Americans with Disabilities Act) adaptable.

Providence/SRI Redmond Senior Apartments

This project includes construction of 75 units of affordable rental housing for seniors aged 62 and older over ground floor commercial space. It includes a mix of studio, one and two bedroom units that will be affordable to those earning between 30% and 60% of King County median income. Up to 15 of the units will be set aside for seniors with disabilities. The commercial space will house a PACE (Program for All-inclusive Care for the Elderly) Center that will serve the community at large. This project will be on city-donated land near the Redmond Senior Center, Library and municipal campus. Providence Health and Services was selected by the City of Redmond after an extensive RFP process.

A summary of the Executive Board recommendation for these projects is included in Exhibit A to the attached Resolution. Additional information about all the projects and their financing is included as Attachment 1 to this memo. ARCH staff will be available to answer questions at the March 4th City Council meeting.

Cc: Arthur Sullivan, ARCH, 16225 NE 87th Street, Suite A-3, Redmond, Washington 98052

**ARCH HOUSING TRUST FUND (HTF) APPLICATIONS
 2013**

Applicant	Funding Recommendation (Grant/Loan)	Housing Type/ # of units/ bdrms	Income Served	Project Location	Duration of benefit	Total cost per unit	HTF cost per affordable unit	Project completion
Friends of Youth Extended Foster Care Housing	Recommendation: \$100,000 (Grant) Plus 2 Vouchers	New construction of two homes each housing 5 homeless young adults 10	10 @ 30%	13116 132nd St. Kirkland	50 Years	\$109,862/bed	\$10,000	Summer 2014
Habitat SKC Sammamish	Recommendation: \$400,000 (Grant) Plus fee waivers	New Construction Homeownership 10	6@50% 4 @ 60%	2004 228th Ave SE, Sammamish	75 Years	\$351,799 (Includes fair market value of donated labor and materials)	\$40,000	Winter 2017
Providence/SRI Redmond Senior Apartments	Recommendation: \$800,000 (Deferred Loan) Plus 8 Vouchers	New construction Senior rental housing in Downtown Redmond with 20% Frail Elderly set-aside 74 + 1 Mgr Unit	37 at 30% 20 at 40% 17 at 60% 1 mkt rate mgr unit (20% Disabled set aside)	8550 160th Ave NE, Redmond	50 Years	\$265,780/affordable unit	\$10,811	Spring 2016
Community Homes, Inc. 8 th Adult Family Home	Recommendation: \$0	Acq/Rehab of Home for Developmentally Disabled 4	5 @ 30%	ARCH Sphere of Influence – Site to be determined	50 Years	\$181,500/bed	\$25,000	Spring 2015
Parkview Services DD Home	Recommendation: \$0	Acq/Rehab of Home for Developmentally Disabled 3	3 @ 30%	ARCH Sphere of Influence – Site to be determined	50 Years	\$176,336/bed	\$58,433	Winter 2014

2013 HOUSING TRUST FUND: PROPOSED FUNDING SOURCES

SOURCE	PROJECT				TOTAL
	Habitat	Providence	FOY		
Request	\$ 200,000	\$ 100,000	\$ 100,000	\$ 400,000	
CAB Recommendation	\$ 400,000	\$ 800,000	\$ 100,000	\$ 1,300,000	
Current Funding					
Sub-Regional CDBG		\$ 200,000		\$ 200,000	
Bellevue					
CDBG				\$ -	
General Fund	\$ 128,602	\$ 100,000	\$ 32,150	\$ 260,752	
Issaquah					
General Fund	\$ 39,416	\$ 57,299	\$ 9,854	\$ 106,569	
Kirkland					
General Fund	\$ 95,235	\$ 138,443	\$ 23,809	\$ 257,486	
Mercer Is.					
General Fund	\$ 6,512	\$ 9,467	\$ 1,628	\$ 17,608	
Redmond					
General Fund	\$ 64,862	\$ 51,721	\$ 16,215	\$ 132,798	
CDBG *		\$ 148,038		\$ 148,038	
Newcastle					
General Fund	\$ 8,744	\$ 12,712	\$ 2,186	\$ 23,642	
Kenmore					
General Fund	\$ 36,784	\$ 53,472	\$ 9,196	\$ 99,452	
Woodinville					
General Fund	\$ 4,104	\$ 5,966	\$ 1,026	\$ 11,095	
Sammamish					
General Fund	\$ 4,897	\$ 7,118	\$ 1,224	\$ 13,239	
Clyde Hill					
General Fund	\$ 4,881	\$ 7,095	\$ 1,220	\$ 13,197	
Medina					
General Fund	\$ 3,882	\$ 5,643	\$ 971	\$ 10,496	
Yarrow Point					
General Fund	\$ 1,268	\$ 1,843	\$ 317	\$ 3,428	
Hunts Point					
General Fund	\$ 814	\$ 1,183	\$ 203	\$ 2,200	
TOTAL	\$ 400,000	\$ 800,000	\$ 100,000	\$ 1,300,000	
CDBG	\$ -	\$ 348,038	\$ -	\$ 348,038	
General Fund	\$ 400,000	\$ 451,962	\$ 100,000	\$ 951,962	

ARCH HOUSING TRUST FUND, 2013

Leveraging Funds - -

	Friends of Youth YYA Houses 3 and 4		Habitat Sammamish		Providence/SRI Redmond Senior Apts		TOTAL
City Land and Fee waiver			\$453,540		\$1,439,060		\$1,892,600
New ARCH Request	\$100,000		\$400,000		\$800,000		\$1,300,000
ARCH TOTAL	\$ 100,000	9%	\$ 853,540	24%	\$ 2,239,060	11%	\$ 3,192,600
King County							
Prior KC Commitment							\$0
HOF/HOME/CDBG	\$200,000		\$491,567		\$1,734,944		\$2,426,511
2060/2163							\$0
Veterans/Human Services							\$0
Other							\$0
KC TOTAL	\$ 200,000	18%	\$ 491,567	14%	\$ 1,734,944	9%	\$2,426,511
Prior WA Commitment							\$0
WA HAP							\$0
WA HTF	\$504,525						\$504,525
WA HFC (Equity Fund)							\$0
WSHFC Washington Works							\$0
WA TOTAL	\$ 504,525	46%	\$ -	0%	\$ -	0%	\$504,525
Federal/HUD							\$0
Section 811							\$0
McKinney							\$0
Other (VA Per Diem)							\$0
FEDERAL TOTAL	\$ -	0%	\$ -	0%	\$ -	0%	\$0
Tax Credits		0%		0%	\$13,662,294	69%	\$13,662,294
Prior Tax Credit Commitment		0%		0%		0%	\$0
TCAP		0%		0%		0%	\$0
Bonds		0%		0%		0%	\$0
Bank Loans		0%		0%	\$1,702,169	9%	\$1,702,169
Deferred Developer Fee		0%		0%	\$329,221	2%	\$329,221
Private	\$294,094	27%	\$2,172,884	62%		0%	\$2,466,978
Other		0%		0%		0%	\$0
TOTAL COST	\$ 1,098,619	100%	\$ 3,517,991	100%	\$ 19,667,688	100%	\$ 24,284,298

ECONOMIC SUMMARY: FRIENDS OF YOUTH – EXTENDED FOSTER CARE

1. Applicant/Description: FOY / Construction of two new homes each providing housing for 5 young adults in extended foster care

2. Project Location: 13116 NE 132nd Street, Kirkland

3. Financing Information:

Funding Source	Funding Amount	Commitment
ARCH	\$100,000	Applied for Fall 2013
King County	\$200,000	Committed 2013
Commerce Trust Fund	\$504,524	Committed 2013
From Capital Campaign	\$504,094	Underway
Owner Equity	\$124,744	Committed
TOTAL	\$1,098,618	

4. Development Budget:

ITEM	TOTAL	PER BED	HTF
Acquisition *	\$124,744	\$12,474	
Construction	\$775,698	\$77,570	\$53,044
Design	\$47,710	\$4,771	\$8,500
Consultants	\$42,189	\$4,219	\$4,100
Developer fee	\$0	\$0	
Finance costs	\$11,161	\$1,116	
Reserves	\$25,000	\$2,500	
Permits/Fees/Other	\$72,116	\$7,212	\$34,356
TOTAL	\$1,098,618	\$109,862	\$100,000

* Value of these lots, previously acquired by agency in the Youth Haven project (2011) and paid by FOY

5. Debt Service Coverage: Secured grant, no repayment if in compliance.

6. Security for City Funds:

- A recorded covenant to ensure affordability and use for targeted population for 50 years.
- A promissory note secured by a deed of trust. The promissory note will require repayment of the grant amount upon non-compliance with any of the funding conditions.

7. Rental Subsidy: Two Section 8 vouchers

ECONOMIC SUMMARY: HABITAT FOR HUMANITY SAMMAMISH COTTAGE DEMONSTRATION

1. Applicant/Description: Habitat for Humanity Seattle – King County / Construction of 10 units of affordable family ownership housing

2. Project Location: 2004 228th Ave, SE, Sammamish

3. Financing Information:

Funding Source	Funding Amount	Commitment
ARCH	\$400,000	Applied for Fall 2013
Donated Land and Fee Waivers	\$453,540	Land: Sammamish Council Action in 2012
King County	\$491,567	To be applied for in 2014, for home construction
Habitat Capital	\$406,496	Committed
In Kind/Private (primarily for home construction)	\$1,766,388	To be secured
TOTAL	\$3,517,991	

4. Development Budget:

ITEM	TOTAL	PER HOME	HTF
Acquisition	\$400,000	\$40,000	
Construction	\$2,681,615	\$268,162	\$400,000
Design	\$60,000	\$6,000	
Consultants	\$62,300	\$6,230	
Developer fee	\$0	\$0	
Finance costs	\$0	\$0	
Reserves	\$0	\$0	
Permits/Fees/Other	\$324,076	\$32,408	
TOTAL	\$3,517,991	\$351,800	\$400,000

5. Debt Service Coverage: Secured grant, no repayment if in compliance.

6. Security for City Funds:

- A recorded covenant for each unit to ensure affordability and use for targeted population for 75 years.
- A promissory note secured by a deed of trust. The promissory note will require repayment of the grant amount upon non-compliance with any of the funding conditions.

7. Rental Subsidy: None

ECONOMIC SUMMARY: PROVIDENCE/SRI REDMOND SENIOR APARTMENTS

1. Applicant/Description: Providence/SRI / Construction of 74 units of affordable senior rental housing, 1 manager unit, plus amenity spaces. Facility will include a PACE Center

2. Project Location: 8550 8550 160th Ave NE, Redmond

3. Financing Information:

Funding Source	Funding Amount	Commitment
ARCH	\$800,000	Applied for Fall 2013
Donated Land (Long-term Lease)	\$1,439,060	Redmond Council Action in 2013
King County	\$1,734,944	\$200,000 Contingent funds committed 2013, balance to be applied for in 2014
Commercial Loan	1,702,169	To be applied for
Deferred Developer Fee	\$329,221	Committed
Tax Credit Equity	\$13,662,294	To Apply for in 2014
TOTAL	\$19,667,688	

4. Development Budget:

ITEM	TOTAL	PER UNIT	HTF
Acquisition	\$1,461,676	\$19,752	
Construction	13,256,895	\$179,147	\$100,000
Design	\$794,970	\$10,743	
Consultants	\$209,988	\$2,838	
Developer fee	\$1,221,582	\$16,508	
Finance costs	\$1,158,042	\$15,649	
Reserves	\$341,847	\$4,620	
Permits/Fees/Other	\$1,222,688	\$16,523	\$700,000
TOTAL	\$19,667,688	\$265,780	

5. Debt Service Coverage: Deferred contingent loan. Repayment out of available cash flow, defer repayment to start year 18

6. Security for City Funds:

- A recorded covenant to ensure affordability and use for targeted population for 50 years.
- A promissory note secured by a deed of trust. The promissory note will require repayment of the grant amount upon non-compliance with any of the funding conditions.

7. Rental Subsidy: Two Section 8 vouchers

FIGURE 1
ARCH: EAST KING COUNTY TRUST FUND SUMMARY
 LIST OF CONTRACTED PROJECTS FUNDED (1993 - Fall 2012)

Project	Location	Owner	Units/Bed s	Funding	Pct of Total Allocation	Distribution Target
1. Family Housing						
Andrews Heights Apartments	Bellevue	Imagine Housing	24	\$400,000		
Garden Grove Apartments	Bellevue	DASH	18	\$180,000		
Overlake Townhomes	Bellevue	Habitat of EKC	10	\$120,000		
Glendale Apartments	Bellevue	DASH	82	\$300,000		
Wildwood Apartments	Bellevue	DASH	36	\$270,000		
Somerset Gardents (Kona)	Bellevue	KC Housing Authority	198	\$700,000		
Pacific Inn	Bellevue *	Pacific Inn Assoc. *	118	\$600,000		
Eastwood Square	Bellevue	Park Villa LLC	48	\$600,000		
Chalet Apts	Bellevue	Imagine Housing	14	\$163,333		
Andrew's Glen	Bellevue	Imagine Housing	10 /11	\$387,500		
Bellevue Apartments	Bellevue ***	LIHI	45	\$800,000		
YWCA Family Apartments	K.C. (Bellevue Sphere)	YWCA	12	\$100,000		
Highland Gardens (Klahanie)	K.C. (Issaquah Sphere)	Imagine Housing	54	\$291,281		
Crestline Apartments	K.C. (Kirkland Sphere)	Shelter Resources	22	\$195,000		
Parkway Apartments	Redmond	KC Housing Authority	41	\$100,000		
Habitat - Patterson	Redmond	Habitat of EKC **	24	\$446,629		
Avon Villa Mobile Home Park	Redmond **	MHCP **	93	\$525,000		
Terrace Hills	Redmond	Imagine Housing	18	\$442,000		
Village at Overlake Station	Redmond **	KC Housing Authority **	308	\$1,645,375		
Summerwood	Redmond	DASH	166	\$1,187,265		
Coal Creek Terrace	Newcastle **	Habitat of EKC **	12	\$240,837		
RoseCrest (Talus)	Issaquah **	Imagine Housing **	40	\$918,846		
Mine Hill	Issaquah	Imagine Housing	28	\$450,000		
Clark Street	Issaquah	Imagine Housing	30	\$355,000		
Lauren Heights (Iss Highlands)	Issaquah **	Imagine Housing/SRI **	45	\$657,343		
Habitat Issaquah Highlands	Issaquah ***	Habitat of EKC **	10	\$318,914		
Issaquah Family Village I	Issaquah ***	YWCA **	87	\$4,382,584		
Issaquah Family Village II	Issaquah ***	YWCA **	47	\$2,760,000		
Greenbrier Family Apts	Woodinville **	DASH **	50	\$286,892		
Plum Court	Kirkland	DASH	61 /66	\$1,000,000		
Francis Village	Kirkland	Imagine Housing ***	15	\$375,000		
South Kirkland Park n Ride	Kirkland ***	Imagine Housing ***	46	\$752,294		
Copper Lantern	Kenmore **	LIHI **	33	\$452,321		
Homeowner Downpayment Loan	Various	KC/WSHFC/ARCH	87 est	\$615,000		
SUB-TOTAL			1,932	\$23,018,414	58.6%	(56%)
2. Senior Housing						
Cambridge Court	Bellevue	Resurrection Housing	20	\$160,000		
Ashwood Court	Bellevue *	DASH/Shelter Resources *	50	\$1,070,000		
Evergreen Court (Assisted Living)	Bellevue	DASH/Shelter Resources	64 /84	\$2,480,000		
Vasa Creek	K.C. (Bellevue Sphere)	Shelter Resources	50	\$190,000		
Riverside Landing	Bothell **	Shelter Resources **	50	\$225,000		
Kirkland Plaza	Kirkland	Imagine Housing	24	\$610,000		
Totem Lake Phase 2	Kirkland ***	Imagine Housing	80	\$736,842		
Heron Landing	Kenmore	DASH/Shelter Resources	50	\$65,000		
Ellsworth House Apts	Mercer Island	Imagine Housing	59	\$900,000		
Greenbrier Sr Apts	Woodinville **	DASH/Shelter Resources **	50	\$196,192		
SUB-TOTAL			497	\$6,633,034	16.9%	(19%)

FIGURE 1
ARCH: EAST KING COUNTY TRUST FUND SUMMARY
LIST OF CONTRACTED PROJECTS FUNDED (1993 - Fall 2012)

Project	Location	Owner	Units/Beds	Funding	Pct of Total Allocation	Distribution Target
3. Homeless/Transitional Housing						
Hopelink Place	Bellevue **	Hopelink **	20	\$500,000		
Chalet	Bellevue	Imagine Housing	4	\$46,667		
Kensington Square	Bellevue	Housing at Crossroads	6	\$250,000		
Andrew's Glen	Bellevue	Imagine Housing	30	\$1,162,500		
Bellevue Apartments	Bellevue ***	LIHI	12	\$200,000		
Sophia Place	Bellevue	Sophia Way	20	\$250,000		
Dixie Price Transitional Housing	Redmond	Hopelink	4	\$71,750		
Avondale Park	Redmond	Hopelink (EHA)	18	\$280,000		
Avondale Park Redevelopment	Redmond **	Hopelink (EHA) **	60	\$1,502,469		
Petter Court	Kirkland	KITH	4	\$100,000		
Francis Village	Kirkland	Imagine Housing	45	\$1,125,000		
South Kirkland Park n Ride	Kirkland ***	Imagine Housing	12	\$188,073		
Totem Lake Phase 2	Kirkland	Imagine Housing	15	\$138,158		
Rose Crest (Talus)	Issaquah **	Imagine Housing	10	\$229,712		
Lauren Heights (Iss Highlands)	Issaquah ***	SRI **	5	\$73,038		
Issaquah Family Village I	Issaquah ***	YWCA **	10	\$503,745		
SUB-TOTAL			257	\$6,621,112	16.8%	(13%)
4. Special Needs Housing						
My Friends Place	K.C.	EDVP	6 Beds	\$65,000		
Stillwater	Redmond	Eastside Mental Health	19 Beds	\$187,787		
Foster Care Home	Kirkland	Friends of Youth	4 Beds	\$35,000		
FOY New Ground	Kirkland	Friends of Youth	6 Units	\$250,000		
DD Group Home 7	Kirkland	Community Living	5 Beds	\$100,000		
Youth Haven	Kirkland	Friends of Youth	10 Beds	\$332,133		
FOY Transitional Housing	Kirkland	Friends of Youth	10 Beds	\$240,000		
DD Group Home 4	Redmond	Community Living	5 Beds	\$111,261		
DD Group Homes 5 & 6	Redmond/KC (Bothell)	Community Living	10 Beds	\$250,000		
United Cerebral Palsy	Bellevue/Redmond	UCP	9 Beds	\$25,000		
DD Group Home	Bellevue	Residence East	5 Beds	\$40,000		
AIDS Housing	Bellevue/Kirkland	Aids Housing of WA.	10 Units	\$130,000		
Harrington House	Bellevue	AHA/CCS	8 Beds	\$290,209		
DD Group Home 3	Bellevue	Community Living	5 Beds	\$21,000		
Parkview DD Condos III	Bellevue	Parkview	4	\$200,000		
IERR DD Home	Issaquah	IERR	6 Beds	\$50,209		
FFC DD Homes	NE KC	FFC	8 Beds	\$300,000		
Oxford House	Bothell	Oxford/Compass Ctr.	8 Beds	\$80,000		
Parkview DD Homes VI	Bothell/Bellevue	Parkview	6 Beds	\$150,000		
FFC DD Home II	TBD	FFC	4 Beds	\$168,737		
SUB-TOTAL			148 Beds/Units	\$3,026,336	7.7%	(12%)
TOTAL			2,834	\$39,298,896	100.0%	

* Funded through Bellevue Downtown Program

** Also, includes in-kind contributions (e.g. land, fee waivers, infrastructure improvements)

*** Amount of Fee Waiver still to be finalized

RESOLUTION R-5039

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND AUTHORIZING THE DULY-APPOINTED ADMINISTERING AGENCY FOR A REGIONAL COALITION FOR HOUSING (ARCH) TO EXECUTE ALL DOCUMENTS NECESSARY TO ENTER INTO AGREEMENTS FOR THE FUNDING OF AFFORDABLE HOUSING PROJECTS, AS RECOMMENDED BY THE ARCH EXECUTIVE BOARD, UTILIZING FUNDS FROM THE CITY'S HOUSING TRUST FUND.

WHEREAS, A Regional Coalition for Housing (ARCH) was created by interlocal agreement to help coordinate the efforts of Eastside cities to provide affordable housing; and

WHEREAS, the ARCH Executive Board has recommended that the City of Kirkland participate in the funding of certain affordable housing projects described below; and

WHEREAS, the ARCH Executive Board has developed a number of recommended conditions to ensure that the City's affordable housing funds are used for the intended purpose and that the affordability of projects is maintained over time; and

WHEREAS, the City Council approved Resolution R-4804 on March 2, 2010, approving the Amended and Restated Interlocal Agreement for ARCH; and

WHEREAS, the City Council desires to use \$257,486 from the City's Housing Trust Funds as designated below to finance the projects recommended by the ARCH Executive Board;

NOW, THEREFORE, be it resolved by the City Council of the City of Kirkland as follows:

Section 1. The City Council authorizes the duly-appointed administering agency of ARCH, pursuant to the Amended and Restated Interlocal Agreement for ARCH, to execute all documents and take all necessary actions to enter into Agreements on behalf of the City with:

Friends of Youth Extended Foster Care in an amount not to exceed \$23,809; and

Habitat for Humanity Sammamish Cottage Demonstration in an amount not to exceed \$95,235; and

Providence/SRI Redmond Senior Apartments in an amount not to exceed \$138,443.

Section 2. The agreements entered into pursuant to Section 1 of this Resolution shall be funded in a total amount not to exceed \$257,486. Such agreements shall include terms and conditions to ensure that the City's funds are used for the intended purpose and

that the affordability of projects is maintained over time. In determining what conditions should be included in the agreements the duly-appointed administering agency of ARCH shall be guided by the recommendations set forth in the ARCH Executive Board's memorandum of January 10, 2014, a copy of which is attached as Exhibit A.

Passed by majority vote of the Kirkland City Council in open meeting this ____ day of _____, 2014.

Signed in authentication thereof this ____ day of _____, 2014.

MAYOR

Attest:

City Clerk



Together Center Campus
16225 NE 87th Street, Suite A-3 ♦ Redmond, Washington 98052
(425) 861-3677 ♦ Fax: (425) 861-4553 ♦ WEBSITE: www.archhousing.org

MEMORANDUM

TO: City of Bellevue Council Members
City of Clyde Hill Council Members
Town of Hunts Point Council Members
City of Issaquah Council Members
City of Kenmore Council Members
City of Kirkland Council Members
City of Medina Council Members
City of Mercer Island Council Members
City of Newcastle Council Members
City of Redmond Council Members
City of Sammamish Council Members
City of Woodinville Council Members
Town of Yarrow Point Council Members

FROM: Kurt Triplett, Chair, and ARCH Executive Board

DATE: January 10, 2014

RE: Fall 2013 Housing Trust Fund (HTF) Recommendation

The ARCH Executive Board (EB) has completed its review of the five applications and two amendments for the Fall 2013 Housing Trust Fund round. In light of two likely preservation projects totaling 105 units, two projects on city-donated land, and a funding landscape at the County and State level that is most challenging, the EB recommends funding three projects currently. Recommendations total \$1,300,000 as summarized in the attached table, Proposed Funding Sources. The actual amount will depend on final action by the City Councils.

Following is a summary of the applications, the EB recommendation and rationale, and proposed contract conditions for the three proposals recommended for funding at this time. Also enclosed is an economic summary for the three projects recommended for funding, leveraging charts, project summary table, and a summary of funded projects to date. It is noted that for two of the proposals, the EB is recommending funding levels greater than originally requested. There are several for these recommendations. First, overall State funding was decreased in the current biennium budget, and the State is using a prescribed list of projects with few priority projects located in East King County. Second, given the number of projects applying to the County, the County is unable to offset reductions in potential State funding. Therefore, for local projects to proceed they may need more local funding than has been typical in the past. Third, changes in federal guidelines have impacted how the County can make some of its funds available.

1. Friends of Youth Extended Foster Care

Funding Request: \$100,000 (Secured Grant) Plus 2 Section 8 Vouchers
10 beds

EB Recommendation: \$100,000 (Secured Grant) Plus 2 Section 8 Vouchers
See attached Funding Chart for distribution of City Funds

Project Summary:

Friends of Youth is a local agency providing counseling and shelter to homeless youth and young adults. The application is for funding construction of two new single-family homes to serve youth in extended foster care on their campus in the Kingsgate neighborhood of Kirkland. This is in addition to the two homes funded in the prior round. The project will expand the safety net for youth aging out of traditional foster care, allowing young people up to age 21 referred through the foster care system and in need of enhanced services offered by Friends of Youth. Each home will house 5 young people and provide residential staff, specialized case managers, on-site mental health services, like skills classes, and employment and education support.

To participate in the Extended Foster Care program, youth must agree to actively work toward their GED, high school diploma, college degree, or vocational certificate or be enrolled in a program promoting employment or removing barriers to employment. Friends of Youth will provide the stability they need to reach these milestones and additional tutoring and mentoring support as needed.

Friends of Youth is purposely designing these new homes to create a shared living experience and home-like environment. The homes best meets the developmental needs of youth in Extended Foster Care by creating opportunities to build permanent connections with caring adults and peers and improving their emotional wellbeing through a positive and structured living environment.

Funding Rationale:

The EB supported the intent of this application for the following reasons:

- This project increases the number of extended foster care beds by 10 for young adults, which will be supported through State operating assistance.
- Developer is experienced and successful in serving this population. Provides special needs housing which is an area we are short of our long term goals.
- Developer has raised 67% of private funding towards the four component projects on the site along with the Teen Drop-In Center in Redmond. One foundation's pledge commitment for a substantial portion of funding for these homes has timing constraints.
- Location of project has access to public transportation, hospital, schools, library and employment opportunities nearby.
- Should operating support go away, these houses as designed could become income-restricted rental properties.

- Project is first Alternate on the State LEAP list, and thus able to access State funding.

Potential Conditions:

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

Special Conditions:

1. The funding commitment shall be for twelve (12) months from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested to ARCH staff no later than sixty (60) days prior to the expiration date. ARCH staff will consider an extension only on the basis of documented, meaningful progress in bringing the project to readiness or completion
2. Funds will be in the form of a secured grant with no repayment, so long as affordability and target population is maintained, and the service funds necessary to provide services to this population are available.
3. A covenant is recorded ensuring affordability for ten (10) beds for at least fifty (50) years at 30% AMI maximum income.
4. Funds shall be used by Friends of Youth toward construction, architecture, engineering, geotechnical, development and other consultant fees, insurance, permits, fees and hookups, development period utilities and accounting costs. Funds may not be used for any other purpose unless ARCH staff has given written authorization for the alternate use.
5. Friends of Youth shall submit quarterly to ARCH updates on the progress of the Capital Campaign demonstrating active solicitation and amounts pledged and secured against campaign targets.
6. Prior to starting construction on individual buildings, the Agency shall provide evidence of commitment of all public and private funds to complete the building(s). Friends of Youth shall provide documentation of funds raised through the Friends of Youth capital campaign and/or a corporate guarantee approved by City staff prior to funding.
7. Reserves will be funded out of operations at \$4,000 for the first year with an annual increase of 2.5% per year for replacement reserves and \$3,500 for the first year with an annual increase of 2.5% per year for operating reserves.
8. The Agency shall submit an updated operating budget which demonstrates sufficient commitment of all public and private operating support in the project including Section 8 subsidy from the King County Housing Authority, and reimbursement rate for extended foster care. In the event that any operating support funding levels will be reduced, the Agency shall inform ARCH Staff about the impacts the proposed reduction will have on the budget and plan for services to clients, and what steps shall be taken to address the impacts. A new budget or services plan must be approved by the ARCH. In the event of loss of funding homes could be re-purposed as foster homes.
9. Friends of Youth shall continue with its outreach plan for the campus as submitted to ARCH with the prior award. The agency shall host an open house to inform neighbors of the new Extended Foster Care program.
10. Prior to release of funds, the Agency shall submit to ARCH staff for review and approval drafts of all documents related to the provision of services to residents and management of the property, including any licensing-related management and service provider plans. These documents shall at a minimum address: management procedures to address tenant needs;

services provided for or required of tenants; management and operation of the premises; community and neighbor relations procedures; a summary of ARCH's affordability requirements as well as annual monitoring procedure requirements.

2. Habitat Sammamish Cottage Demonstration Project

Funding Request: \$200,000 (Secured Grant)
10 Homeownership Units

EB Recommendation: \$400,000 (Secured Grant)
See attached Funding Chart for distribution of City Funds

Project Summary:

Habitat for Humanity of Seattle King County proposes to build up to a 10 unit cottage development on city-donated surplus land on 228th Ave SE in Sammamish. There would be a mix of 2-bedroom, 3-bedroom units and 4-bedroom units ranging in size from 1,000 to 1,400 square feet. Half of the homes would be sold to households at less than 50% of area median income and half at 60%. One of the homes would be ADA (Americans with Disabilities Act) adaptable.

Habitat uses a land trust model. Habitat owns the land and sells the units built on the land. Habitat carries the mortgage at no-interest, and at resale holds the rights to purchase the unit or assign the right to purchase to a qualified buyer. Habitat also maintains a fund for such purchases if the need arises. If Habitat chooses not to buy then King County and ARCH then have that right to purchase or assign its right to a qualified buyer. In all cases, the price and the income for the buyer is restricted.

Proposed funding would help pay for the infrastructure. Habitat would use volunteers to construct the units, and each of the families selected to own homes would be required to perform at least 500 hours of sweat equity in the development of the homes. Habitat intends to start fundraising for the construction of the homes as soon as they break ground.

The EB recommends a funding amount larger than requested for several reasons. First, changes in federal regulations limit the ability for County funds to be used for infrastructure and more appropriate for home construction. Application for home construction needs to wait until closer to start of home construction. Second, the request for County funding was relatively large in order to help offset the project not being able to apply for State funding in this biennium. King County indicated it would be unable to make up all this difference, so requested a smaller request from Habitat in any future application. Third, in order for the project to proceed in a timely manner, Habitat indicated that with the level of proposed support, they would be able to private fundraise the balance of the infrastructure costs and maintain the current schedule.

Funding Rationale:

The EB supported the intent of this application for the following reasons:

- Provides ownership opportunity to low income families in a high cost area and is the first project funded through the ARCH Trust Fund located in Sammamish
- Would serve as a cottage demonstration project in the community
- City donated site to Habitat
- Convenient to shopping and schools
- Close to transit
- City donated the site

Potential Conditions:

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

Special Conditions:

1. The funding commitment shall continue for nine (9) months from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested to ARCH staff no later than sixty (60) days prior to the expiration date. ARCH staff will consider an extension only on the basis of documented, meaningful progress in bringing the project to readiness or completion. Commitment shall end if City terminates its contract with Habitat.
2. Habitat shall demonstrate having all available funding for all predevelopment and infrastructure work prior to release of funds. This shall include Habitat submitting updated cost estimates for infrastructure work along with engineered drawings and specifications for City staff to review for cost reasonableness.
3. Prior to starting construction on individual buildings, the Agency shall provide evidence that it has sufficient resources to complete the building.
4. Funds shall be used by Habitat toward infrastructure construction. Funds may not be used for any other purpose unless city staff has given written authorization for the alternate use.
5. The cumulative amount of other public funds from King County and the State awarded to this project shall not exceed \$500,000. In the event more funds are awarded from these sources, the funding award from City funds will be reduced by the amount of funds awarded by the County and State in excess of \$500,000 up to a maximum amount of \$200,000. In the event city funds have already been dispersed in excess of the final loan amount, Habitat will reimburse any difference.
6. Funds will be in the form of a secured grant with no repayment, so long as affordability and target population is maintained. Repayment is required if the property is no longer used for its intended purpose.
7. A resale agreement is recorded ensuring affordability for each of the ten (10) homeownership units for families for at least 75 years. The units shall be affordable to and made available to families with incomes at or below 60% of median income, with the majority of units affordable and made available to families at or below 50% of median income. Form of resale agreements to ensure long term affordability will be submitted to City staff for their review and approval.
8. Submit a copy of proposed land trust and Homeowner Association documents. Homeowner Association documents must provide for ongoing maintenance of property and buildings and

set forth the ongoing role of Habitat in the operations and management of the property, as well as identify how the Homeowner Association's budgets decisions, including the use of Dues, will be controlled so that appropriate property management is assured throughout the duration of affordability.

9. Prior to the release of funds, prior to any marketing or screening of potential buyers, submit for review and approval a marketing and outreach plan setting forth Habitat's strategies for identifying potential homebuyers and that emphasizes identifying homebuyers with east King County association (e.g. current residency, employment, family). For example, local targeted marketing outreach to local business and community organizations.

3. Providence/SRI Redmond Senior Apartments

Funding Request: \$100,000 (Deferred, Contingent Loan) plus 8 Section 8 Vouchers
74 units plus unrestricted manager's unit

EB Recommendation: \$800,000 (Deferred, Contingent Loan) plus 8 Section 8 Vouchers
See attached Funding Chart for distribution of City Funds

Project Summary:

Providence Health and Services - Washington – a non-profit health care provider has been in the affordable housing business since 1985 and now owns 14 properties with 713 units of low-income housing in Washington. They were selected by the City of Redmond through an extensive RFP process, and are proposing a 75 unit new construction project for seniors. It is located across the street from the Redmond Library, municipal campus and Redmond Senior Center in Redmond on City-donated land (the city will hold a long-term nominal cost lease on the property). The site is also on the Rapid Ride transit line, and benefits from having medical, shopping and recreational facilities very nearby.

The proposed building is four levels of wood construction over structured below grade parking and ground floor community, amenity and commercial space. The commercial space, an 8,000 square foot PACE (Program for All-inclusive Care for the Elderly) Center, will be separate in ownership and operationally from the housing, but managed by Providence. The PACE center will serve the community at large.

The residential project is designed to serve seniors living independently, aged 62 or over, at 30%, 40% and 60% of Area Median Income (AMI). There shall be a 20% set aside for disabled elderly. Providence wants to set aside eight (8) of those units to serve frail elderly in concert with having the PACE center in the building.

The ground floor will have manager's unit, management offices, lobby/sitting area, coffee bar, community meeting rooms and dog wash area. These community spaces will be oriented towards the southern part of the site, where they connect with the existing downtown pedestrian trail system. The city adopted a reduced parking ratio for this project given its transit

oriented/urban location and senior population. The facility will be designed according to Universal Design principles, allowing residents to age in place.

The EB recommends a higher level of funding than requested based on funding availability at the State and County as described previously.

Funding Rationale:

The EB supported the intent of this application for the following reasons:

- Experienced applicant.
- Financially strong development sponsor.
- Donated site by the City.
- Serves a range of lower income senior households.
- The project expands affordable residential development within the downtown.
- Site has access to transit, shopping and is near a major hospital/medical complex.
- Project leverages a substantial amount of Tax Credit equity.
- The PACE center provides services to the region's qualified seniors

Potential Conditions:

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

Special Conditions:

1. The funding commitment shall continue for eighteen (18) months from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested to City staff no later than sixty (60) days prior to the expiration date. City staff will consider an extension only on the basis of documented, meaningful progress in bringing the project to readiness or completion.
2. Funds shall be used by Providence toward infrastructure costs, impact and mitigation fees. Funds may not be used for any other purpose unless city staff has given written authorization for the alternate use.
3. Funds will be in the form of a deferred, contingent loan. Loan terms will account for various factors, including loan terms from other fund sources and available cash flow. Final loan terms shall be determined prior to release of funds and must be approved by City Staff. Based on the preliminary development budget, it is anticipated that loan payments will be based on a set repayment schedule, and begin after repayment of the deferred developer fee (approximately year 15), with 1% interest. The terms will also include a provision for the Agency to a deferment of a payment subject to approval by City staff, if certain conditions are met (e.g. low cash flow due to unexpected costs). Any deferred payment would be repaid from future cash flow or at the end of the amortization period.
4. Until such time as the any deferred developer fee structured into the sources is fully repaid, all cash flow after payment of operating expenses and debt service, shall be used to repay the deferred developer fee or go towards project reserves as approved by City Staff.
5. Submit for review and approval a management plan that includes types of services and programs that will be available for the residents, and how it integrates with the operation of

EB Recommendation: Not to fund at this time, but to have agency reapply in the next funding round

Project Summary:

Community Homes, Inc. (CHI) is proposing to acquire and remodel a home that will serve five (5) low-income aging adults with developmental disabilities. The group home setting accommodates those can no longer live in other settings. The community within the home allows them to live as independently as possible. A specific home will be identified once funding is committed. Criteria for selecting the particular property includes a minimum size of 2,500 square feet, the physical layout and ease of renovation of the house as well as neighborhood amenities such as sidewalks, access to stores, public services, transportation and recreation.

The residents will live in a shared living arrangement, along with a live-in care provider. Each tenant will have their own bedroom. Residents will share two bathrooms and a resident community living area with kitchen. If necessary, as in the case of prior homes, the existing garage may be converted to living space.

Rationale for not funding:

The EB supported the intent of this application for the following reasons:

- Serves aging developmentally disabled residents
- Provides housing for a population (Special Needs housing) that currently is below long term ARCH Trust Fund goals
- Property will have live in care provider supplemented by day staff
- Acquisitions to be done near transit and community amenities
- Developer has eighteen year track record with properties in King County and good reputation with funders and Department of Developmental Disabilities
- Private funding is a major portion of the sources. Agency will fundraise for capital funding

The EB supports the concept of the CHI proposal; but given current round funding constraints, it does not recommend making a funding recommendation at this time. The EB would welcome an application in the next round. This would also provide an opportunity for CHI to organize and begin their capital campaign. In the event CHI does provide an application to ARCH in the upcoming round, the application should provide a description of the capital campaign and progress to date.

2. Parkview Homes XI

Funding Request: \$175,300 (Secured Grant)
3 Beds

EB Recommendation: Not to fund at this time, but to have agency reapply in the next funding round

Project Summary:

Parkview Services, a Shoreline-based non-profit organization which to date has done 158 beds in 53 properties in the region, with this project is proposing to develop three homes in two counties. The ARCH application is to help fund one of those homes, a Supportive Living Services Home in Newcastle, Bellevue or Redmond. For the East King County home they plan to acquire and remodel a three-bedroom house that will serve three (3) low-income individuals with developmental disabilities. A specific home will be identified once all funding is committed. Improvements will include remodeling to meet both Evergreen sustainability and ADA (Americans with Disabilities Act) accessibility standards, and a monitored fire suppression system.

There currently is no site control. The house to be bought will be remodeled to include accessibility features necessary for the initial tenants and for future tenants. Parkview will be looking to acquire suitably laid out minimum 1,500 square foot rambler-style houses that can easily be modified for accessibility.

Rationale for not funding:

The EB supported the intent of this application for the following reasons:

- Serves neediest developmentally disabled residents by relying on referrals from the State DDA for new residents
- Provides housing for a population (Special Needs housing) that currently is below long term ARCH Trust Fund goals
- Property will have 24/7 non-resident care provider coverage
- Acquisitions to be done near transit and community amenities
- Developer has long track record with properties in King County and good reputation with funders and Developmental Disabilities Administration
- Is on the Department of Commerce Trust list in the special needs set aside as incorporated in the state capital budget.

The EB supports the concept of the Parkview proposal; but given current round funding constraints, it does not recommend making a funding recommendation at this time. The EB would welcome an application in the next round. This would also provide an opportunity for Parkview to identify and secure additional capital funds.

Standard Conditions applicable to all projects

1. The Applicant shall provide revised development and operating budgets based upon actual funding commitments, which must be approved by city staff. If the Applicant is unable to adhere to the budgets, City or Administering Agency must be immediately notified and (a) new budget(s) shall be submitted by the Applicant for the City's approval. The City shall not unreasonably withhold its approval to (a) revised budget(s), so long as such new budget(s) does not materially adversely change the Project. This shall be a continuing obligation of the Applicant. Failure to adhere to the budgets, either original or as amended may result in withdrawal of the City's commitment of funds.

2. The Applicant shall submit evidence of funding commitments from all proposed public sources. In the event commitment of funds identified in the application cannot be secured in the time frame identified in the application, the Applicant shall immediately notify City or Administering Agency, and describe the actions it will undertake to secure alternative funding and the timing of those actions subject to City or Administering Agency's review and approval.
3. In the event federal funds are used, and to the extent applicable, federal guidelines must be met, including but not limited to: contractor solicitation, bidding and selection; wage rates; and Endangered Species Act (ESA) requirements. CDBG funds may not be used to repay (bridge) acquisition finance costs.
4. The Applicant shall maintain documentation of any necessary land use approvals and permits required by the city where the homes are located.
5. Submit monitoring reports quarterly through completion of the project, and annually thereafter. Submit a final budget upon project completion. If applicable, submit initial tenant information as required by City or Administering Agency.