



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: June 3, 2014
Subject: ARCH 2014 HOUSING TRUST FUND RECOMMENDATION, FILE PLN14-00001

RECOMMENDATION

Staff recommends that the City Council adopts the enclosed resolution and approves the recommendation and conditions of approval of the ARCH Executive Board to allocate Kirkland funds as part of an out of cycle ARCH Housing Trust Fund award for:

- \$44,193 to the King County Housing Authority Bellevue Manor and Patricia Manor preservation projects.

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 formal application process each year in the fall. Funding requests for preservation projects, such as that made by KCHA, may be made at any time because maintaining federal assistance to serve the needs of the lowest income residents of the community has been an ongoing priority of ARCH.

KCHA is requesting funds to renovate two properties built between 1977 and 1980 that it recently acquired from a private owner. The previous owner's original contract for federal assistance had expired and the owner had the option to end the contract and convert the properties to market rate housing. Acquisition of the two properties, located in downtown Bellevue and downtown Redmond, by the KCHA preserves the federal assistance to the tenants. Based on the federal assistance, residents pay 30% of their monthly gross income as rent. The difference between that and fair market rent is paid through the federal assistance program. The two projects together provide 105 units of affordable housing for seniors living independently. Ten percent of the units may be made available to persons with disabilities regardless of age.

The ARCH Executive Board has recommended that funds from Kirkland and 12 other ARCH cities, plus CDBG funds, be used for this project. The total amount of Kirkland funds being committed is \$44,193, less than our unallocated balance from previous years of just over \$50,000. In addition, the City's budgeted set aside for 2014 is \$300,000. These funds will be available for other preservation projects that might request funding from ARCH outside the normal trust fund cycle or for next fall's trust fund round.

A summary of the Executive Board recommendation is included in Exhibit A to the attached Resolution. In addition to the funding rationale, this includes proposed conditions to be incorporated into the funding agreement. Additional information about the project and its financing is included as Attachment 1 to this memo. ARCH staff will be available to answer questions at the June 17th City Council meeting.

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

ARCH HOUSING TRUST FUND (HTF) APPLICATIONS
Out of Cycle 2014

Applicant	Funds Requested (Grant/Loan) / Recommendation	Housing Type/ # of units/ bdrms	Income Served	Project Location	Duration of benefit	Total cost per unit	HTF cost per affordable unit	Project completion
King County Housing Authority Bellevue Manor and Patricia Harris Manor	Recommendation: \$1,334,749 o \$1,000,000 City funds /Bellevue CDBG (deferred loan) o \$334,749 KC / Redmond CDBG Funds	Preservation of 2 federally assisted senior rental properties 105 + 2 Mgr Units	105 @ 60% Project Based Section 8 Supported	143 Bellevue Way SE Bellevue 16304 NE 81 st St Redmond	50 Years	\$171,429/ affordable unit	\$12,712	Spring 2015

**2014 OUT OF CYCLE HOUSING TRUST FUND:
 PROPOSED FUNDING SOURCES**

SOURCE		KCHA Senior Preservation	
Sub-Regional CDBG		\$	259,749
Bellevue			
	CDBG	\$	157,902
	General Fund	\$	746,256
Issaquah			
	General Fund	\$	18,291
Kirkland			
	General Fund	\$	44,193
Mercer Is.			
	General Fund	\$	3,022
Redmond			
	General Fund		
	CDBG	\$	75,000
Newcastle			
	General Fund	\$	4,058
Kenmore			
	General Fund	\$	17,069
Woodinville			
	General Fund	\$	1,904
Sammamish			
	General Fund	\$	2,272
Clyde Hill			
	General Fund	\$	2,265
Medina			
	General Fund	\$	1,801
Yarrow Point			
	General Fund	\$	588
Hunts Point			
	General Fund	\$	378
TOTAL			
		\$	1,334,749
	CDBG	\$	492,651
	General Fund	\$	842,098

ARCH HOUSING TRUST FUND, Out of Cycle 2014

Leveraging Funds - -

King County Housing Authority Bell. Manor & Patricia Harris	
City Land and Fee waiver New ARCH Request	\$1,334,749
ARCH TOTAL	\$ 1,334,749
King County Prior KC Commitment HOF/HOME/CDBG 2060/2163 Veterans/Human Services Other	\$665,251
KC TOTAL	\$ 665,251
Prior WA Commitment WA HAP WA HTF WA HFC (Equity Fund) WSHFC Washington Works	
WA TOTAL	\$ -
Federal/HUD Section 811 McKinney Other (VA Per Diem)	
FEDERAL TOTAL	\$ -
Tax Credits	
Prior Tax Credit Commitment	
TCAP	
Bonds	
Bank Loans	\$5,800,000
Deferred Developer Fee	
Private	
Other	\$10,200,000
TOTAL COST	\$ 18,000,000

ECONOMIC SUMMARY: KCHA PRESERVATION OF SENIOR APARTMENTS

1. Applicant/Description: KCHA proposes renovation of 105 units of affordable senior rental housing, plus 2 manager units, in two properties acquired by KCHA to preserve existing affordable units with expiring contracts

2. Project Location: 143 Bellevue Way SE, Bellevue
16304 NE 81st St., Redmond

3. Financing Information:

Funding Source	Funding Amount	Commitment
ARCH	\$1,334,749	Applied for Jan 2014
King County	\$665,251	Committed Fall 2013
Commercial Loan	\$5,800,000	Committed
Organization Operations	\$10,200,000	Committed
TOTAL	\$18,000,000	Total

4. Development Budget:

ITEM	TOTAL	PER UNIT	HTF
Acquisition	\$16,000,000	\$152,381	
Construction	\$1,728,686	\$16,464	\$1,063,435
Design	\$233,372	\$2,223	\$233,372
Consultants	\$30,442	\$290	\$30,442
Developer fee	\$0	\$0	
Finance costs	\$0	\$0	
Reserves	\$0	\$0	
Permits/Fees/Other	\$7,500	\$71	\$7,500
TOTAL	\$18,000,000	\$171,429	\$1,334,749

5. Debt Service Coverage: Deferred loan. Repayment year 21 out of available cash flow.

6. Security for City Funds:

- A recorded covenant to ensure affordability and use for targeted population for 50 years.
- A promissory note with KCHA but not secured by a deed of trust due to structure of KCHA corporate loan used to acquire the properties.

7. Rental Subsidy: Project-based Section 8

FIGURE 24

EAST KING COUNTY: HUD SECTION 8 - PROJECT BASED HOUSING

PROJECT NAME	CITY	TOTAL UNITS	SECTION 8 UNITS	POPULATION SERVED	EXPIRATION YEAR (1)	PRIVATE OWNER	Preservation
Hidden Village	Bellevue	78	60	Fam/Individuals	1996		X
Newport Apts	Bellevue	23	16	Fam/Individuals	1997		X
Spiritwood Manor	Bellevue	130	119	Fam/Individuals	1997		X
Bellevue Manor	Bellevue	65	65	Elderly/Disable	2008		X
Eastwood Square	Bellevue	48	48	Fam/Individuals	2000	X	X
Wildwood Court	Bellevue	36	36	Fam/Individuals	2002		X
Champion House	Bellevue	8	8	DD	2003		
Elbert House	Bellevue	50	49	Elderly/Disable	2003		
Halcyon Group Home	Bellevue	8	8	DD	2007		
UCP Eastside Homes	Bellevue	9	9	DD	2016		
Heritage Park Apts	Bothell	77	36	Fam/Individuals	2001	X	X
Alpine Ridge	Bothell	42	19	Fam/Individuals	2001	X	X
Northwood	Bothell	34	34	Elderly/Disable	2003		
Northlake House	Bothell	38	38	Elderly/Disable	2011		
Issaquah Gardens	Issaquah	21	21	Elderly/Disable	1996	X	
Residence East	Issaquah	9	8	DD	2003		
Mine Hill	Issaquah	27	27	Fam/Individuals	2008		X
Hutchinson House	Issaquah	90	90	Elderly/Disable	2002		
Juniperwood Apts	Issaquah	20	20	CMI	2012		
Juanita View	Kirkland	94	60	Fam/Individuals	1996		
Kirkland Heights	Kirkland	180	107	Fam/Individuals	1996		
Kirkland Plaza	Kirkland	24	24	Elderly/Disable	1997		X
Westwood Square	Kirkland	70	14	Fam/Individuals	2003	X	
Ellsworth House	Mercer Is.	59	59	Elderly/Disable	1997		X
Parkway	Redmond	41	41	Fam/Individuals	2000		X
Patricia Harris Manor	Redmond	40	40	Elderly/Disable	2010		X
Willowmoor Manor	Redmond	80	16	Fam/Individuals	2002	Converted 2006	
Emma McRedmond Manor	Redmond	32	32	Elderly/Disable	2008		
	TOTAL	1433	1104	(35: Privately owned/ 590:Preserved / 463 Non profit owned / 16 converted)			

NOTE: Shaded rows indicates Project Based, Section 8 Housing that is privately owned.

(1) Year that original HUD contract expires

data/housingdata/kcha/section 8 expiring use

FIGURE 1
ARCH: EAST KING COUNTY TRUST FUND SUMMARY
LIST OF CONTRACTED PROJECTS FUNDED (1993 - Fall 2013)

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	\$901,395		
Copper Lantern	Kenmore **	LIHI **	33	\$452,321		
Habitat Sammamish	Sammamish ** ***	Habitat of KC ***	10	\$853,000		
Homeowner Downpayment Loan	Various	KC/WSHFC/ARCH	87 est	\$615,000		
SUB-TOTAL			1,942	\$24,020,516		56.3% (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		
Providence Senior Housing	Redmond **	Providence **	74	\$2,239,000		
Greenbrier Sr Apts	Woodinville **	DASH/Shelter Resources **	50	\$196,192		
SUB-TOTAL			571	\$8,872,034		20.8% (19%)

FIGURE 1
ARCH: EAST KING COUNTY TRUST FUND SUMMARY
LIST OF CONTRACTED PROJECTS FUNDED (1993 - Fall 2013)

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	\$225,349		
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	\$6,658,387		15.6% (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	\$252,624		
FOY Extended Foster Care	Kirkland **	Friends of Youth **	10 Beds	\$112,624		
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			158 Beds/Units	\$3,151,584		7.4% (12%)
TOTAL			2,928	\$42,702,521		100.0%
* Funded through Bellevue Downtown Program				10%		
** Also, includes in-kind contributions (e.g. land, fee waivers, infrastructure improvements)						
*** Amount of Fee Waiver still to be finalized						

RESOLUTION R-5060

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 AN AGREEMENT 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 a certain affordable housing project hereinafter described; 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 their intended purpose and that projects maintain their affordability 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 \$44,193 from City funds as designated below to finance the project 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 an Agreement on behalf of the City with King County Housing Authority in an amount not to exceed \$44,193.

Section 2. The Agreement entered into pursuant to Section 1 of the Resolution shall be funded in an amount not to exceed \$44,193. Such Agreement shall include terms and conditions to ensure that the City's funds are used for their intended purpose and that the project maintains its affordability over time. In determining what conditions should be included in the Agreement, the duly-appointed administering agency of ARCH shall be guided by the recommendations set forth in the ARCH Executive Board's memorandum as of April 29, 2014, a copy of which is attached hereto 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: Lyman Howard, Chair, and ARCH Executive Board

DATE: April 29, 2014

RE: Out of Cycle 2014 Housing Trust Fund (HTF) Recommendation

The ARCH Executive Board (EB) has completed its review of the King County Housing Authority (KCHA) application to the Trust Fund for funding renovations to two recently acquired federally assisted preservation properties. The EB recommends funding for these projects. Recommendations total \$1,334,749 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 application, the EB recommendation and rationale, and proposed contract conditions for the proposal. Also enclosed is an economic summary for the project recommended for funding, leveraging chart, project summary table, and a summary of funded projects to date.

KCHA Bellevue Manor and Patricia Harris Manor

Funding Request: \$1,400,000 unspecified
105 Units, plus two unrestricted manager's units

EB Recommendation: \$1,334,749
\$1,000,000 City general funds and Bellevue CDBG (deferred loan)
\$ 334,749 King County and Redmond consortium CDBG Funds
See attached Funding Chart for distribution of City Funds

Project Summary:

KCHA is proposing renovations of two recently acquired three story projects totaling 105 affordable senior units located in downtown Bellevue and downtown Redmond. Both properties are within walking distance of shopping, public transportation, employment and services.

The properties were built by a private developer between 1977 and 1980 and are supported by Federal rental assistance. The previous owner's original contract for federal assistance has expired and the owner had the option to opt out of the contract and convert the property to market rate housing. Preserving privately owned, federally assisted housing has been an ongoing priority use of the ARCH Trust Fund.

The residential projects are designed to serve seniors living independently, aged 55 or over and 10 percent of the units may be available to disabled persons without age restriction. Because of the federal assistance, residents pay 30% of their monthly gross income as rent. Federal rental assistance makes up the difference between what the residents can afford and a fair market rent.

Funding will be used for rehabilitation costs such as site repairs, windows, flooring, water heaters, plumbing fixtures, cabinets, fire alarm systems, etc.

Funding Rationale:

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

- Preserves existing federally assisted affordable housing which assists households with very low incomes.
- Preservation of privately owned, federally assisted housing has been an ongoing top priority of ARCH Trust Funds. Completion of this project will mean that of 641 privately owned, federally assisted, privately owned affordable housing units in East King County, 590 will have been preserved long term for federal assistance.
- Experienced applicant
- Applicant owns the site and is well located near transit, shopping and services.
- City funds will be highly leveraged because the Agency is using a creative financing structure that results in KCHA internally financing \$10 million of the acquisition cost. This results in a relatively small amount of ARCH funding per unit. In addition the financing structure results in repayment of \$600,000 to Bellevue for two other projects funded in the past that can be reused for this project.

Proposed Conditions:

Special Conditions:

1. The funding commitment shall continue for twelve (12) months from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested to 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 KCHA toward design, construction management, construction and permitting/impact fees. Funds may not be used for any other purpose unless city staff has given written authorization for the alternate use.

3. Terms for making funds available will account for various factors, including terms from other fund sources and available cash flow. Final 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 on City general revenues and Bellevue CDBG will be based on a set repayment schedule, with repayment starting in year 21 with 0% interest in years 1 through 20, and 1% interest thereafter with a 20 year amortization period. There will be separate loans for each property. The King County subregional CDBG and Redmond CDBG funds shall be administered by King County and with terms comparable to other funds made available by the County for the project. The City terms will also include a provision for the Agency to a deferment of a payment if certain conditions are met (e.g. low cash flow due to unexpected costs). Any requested deferment of loan payment is subject to approval by City Staff, and any deferred payment would be repaid from future cash flow or at the end of the amortization period.

4. Submit for review and approval a management plan for each property. The plan for Patricia Harris should include how the office building will be used and managed. Each plan shall address how parking will be managed on an ongoing basis including monitoring/controlling use by non-residents. Each plan shall also include 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.

5. A covenant is recorded ensuring affordability for at least 50 years, with affordability as shown in the following tables. During this time, the project shall maintain Section 8 federal funding so long as it is available and the contract rents, less normal operating costs, are sufficient to cover debt service. If Section 8 federal funding is no longer available, or no longer feasible for reasons stated above, then all of the units shall be at 60% of median income. Affordability levels will be defined using the requirements for tax credits, and utility costs will be based on King County Housing Authority allowances, unless otherwise approved by City Staff.

<u>BELLEVUE MANOR</u>		<u>Number of Bedrooms</u>		<u>Number of Units</u>
<u>Percent of Median</u>				
Section 8 or 60%		1		65
Mgr Units		1		1
TOTAL				66

<u>PATRICIA HARRIS MANOR</u>		<u>Number of Bedrooms</u>		<u>Number of Units</u>
<u>Percent of Median</u>				
Section 8 or 60%		1		40
Mgr Units		1		1
TOTAL				41

Standard Conditions

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. 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.
3. The Applicant shall maintain documentation of any necessary land use approvals and permits required by the city where the homes are located.
4. 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.