



CITY OF KIRKLAND

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MEMORANDUM

To: David Ramsay, City Manager

From: Dorian Collins, Senior Planner
Dawn Nelson, Planning Supervisor

Date: July 9, 2009

Subject: Status Update: St. Andrew's Housing Group - Affordable Housing
Development in Totem Lake

INTRODUCTION

The City Council has asked for a status report on the affordable housing development contemplated for a site in the Totem Lake area by St. Andrew's Housing Group. Information regarding this project was provided to the Council in the Reading File for the June 16th meeting. Much of that material is repeated here, along with an update on the plans to postpone the funding requests for this project to the latter half of 2009.

St. Andrew's Housing Group (SAHG) is a non-profit corporation, formed in 1987. SAHG owns 10 properties, representing 316 units of low-income housing in Bellevue, Issaquah, Kirkland, Mercer Island and Redmond. The group hopes to build a 165-unit project on a parcel on NE 124th Street in the Totem Lake area of Kirkland (see Attachment 1). Their proposal consists of two phases, each containing a four story wood frame tower over a common parking structure. The larger phase is a 104-unit building that would provide affordable housing to seniors earning up to 60% of median income. The other phase would add an additional 60 units of family housing for households earning between 30 and 60% of median income. St. Andrew's is also interested in targeting a number of units for households that have experienced homelessness.

BACKGROUND DISCUSSION

The total development cost for the larger phase of the SAHG Totem Lake project is estimated at about \$25 million, while the other, smaller phase is estimated to cost about \$17 million. A request to the ARCH Housing Trust Fund by SAHG was not recommended for funding by the ARCH Citizen's Advisory Board (CAB) in the Spring Housing Trust Fund round. The request was for a \$1,250,000 loan to allow development of the 104 unit phase. The total public funding request for the larger phase of the project, from local, county, state and federal sources, was about \$24 million.

The project was not recommended for funding by the CAB in this round because it was unlikely that the project would have been able to secure funding from other public sources and there were questions about the affordability level and quality of life issues.

The CAB did encourage a revised application for the Fall funding round. The CAB recommendation is included as Attachment 2.

St. Andrew's has planned to take over the designs for a market rate proposal for the site which is already under review by the City. Current market conditions have limited the ability of the original developer to obtain financing for the market rate project, so he has partnered with St. Andrews to convert the existing project into one that would be 100% affordable. At their meeting on June 16th, the City Council approved amendments to the TL 6A zone, which eliminated the restriction on ground-floor residential space. The original proposal included retail space on the ground floor of the structure.

The City Council's housing committee has discussed the St. Andrews project at several of the committee's recent monthly meetings. The committee members have been generally supportive of the concept for affordable housing.

St. Andrew's Housing Group held a neighborhood meeting on July 8th, on the Evergreen Hospital campus. At the meeting, representatives from SAHG discussed the project, answer questions and seek comments from the surrounding community. Staff will provide a brief report on the neighborhood meeting at the upcoming Council meeting.

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Notes: Dwg. 0714A300



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TOTEM LAKE SENIOR HOUSING
 10000 1st Avenue N.E.
 KIRKLAND, WA
 ST. ANDREW'S HOUSING GROUP

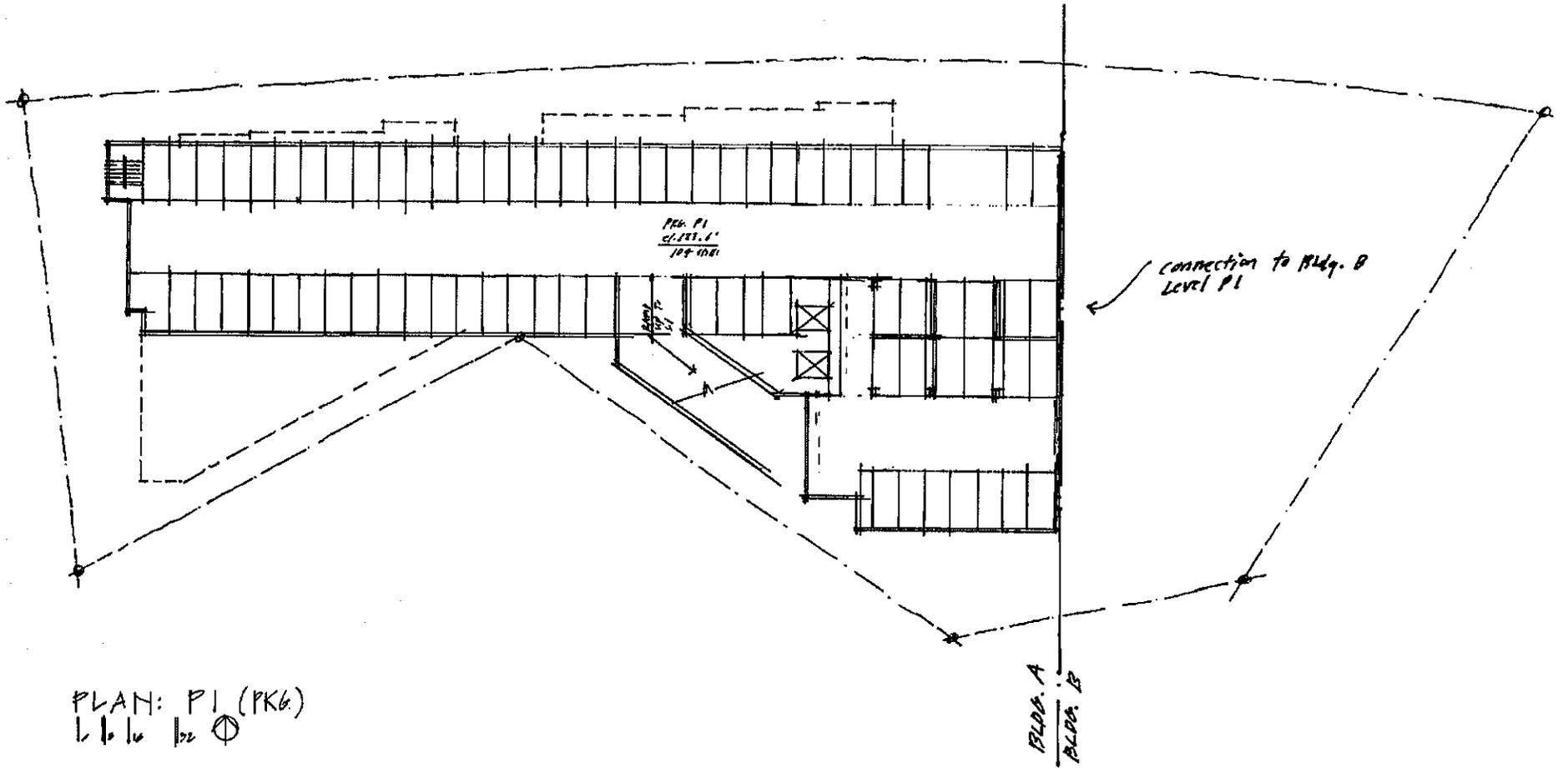
ELEVATION:
 NORTH BLDG. A

DATE: 02/14/14
 DRAWN BY: D214
A300

ELEV: NORTH-BLDG A
 1/8" = 1'-0"
 10' 10' 10' 10'

ATTACHMENT 1
 SAHQ - Totem Lake

Attachment 1
 SAHG



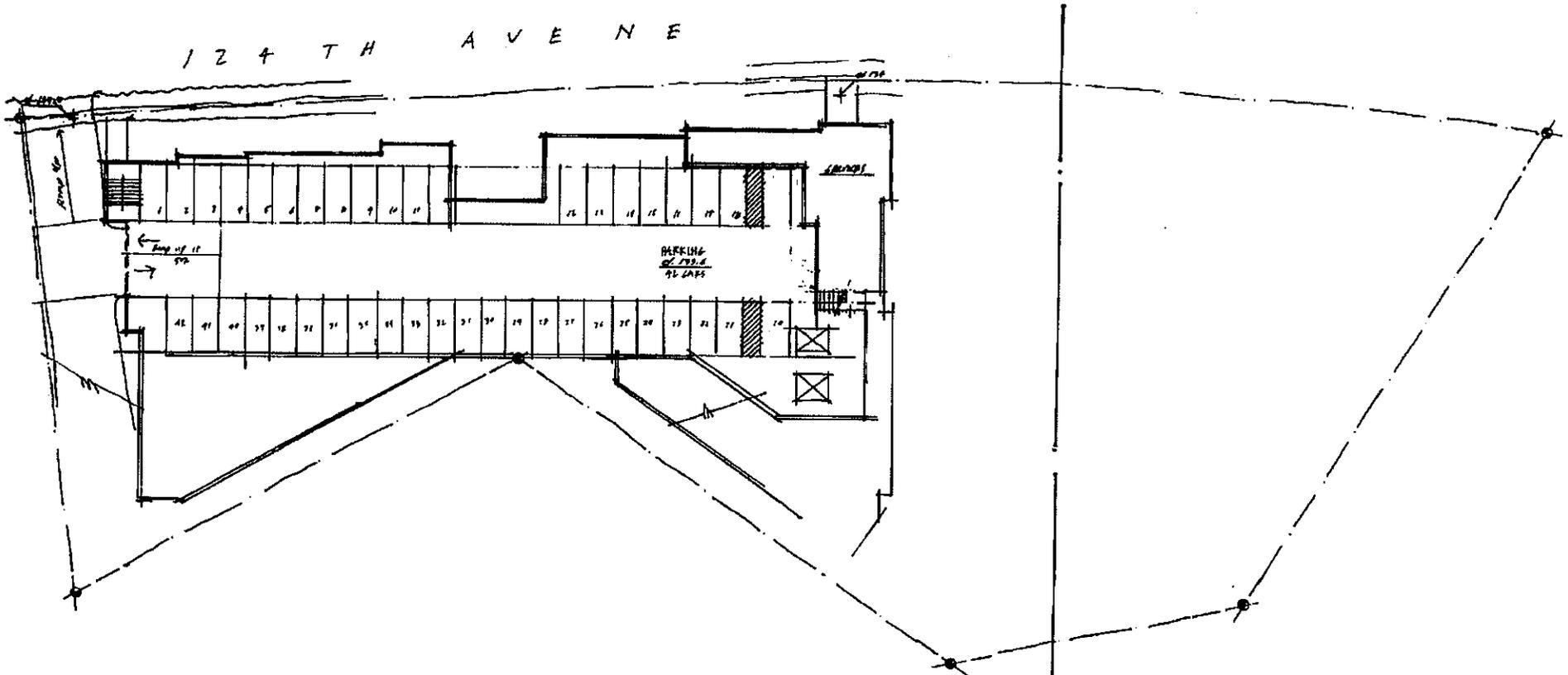
PLAN: P1 (PK6)
 1/4" = 1'-0"

TOTEM LAKE APTS.
 INLAND GROUP
 BLDG. A

PA/PI 0714
 MD 7/24/09
 SK 4-242

Attachment 1
 SAHG

124TH AVENUE



PLAN: BASEMENT
6/6/12 12 ①

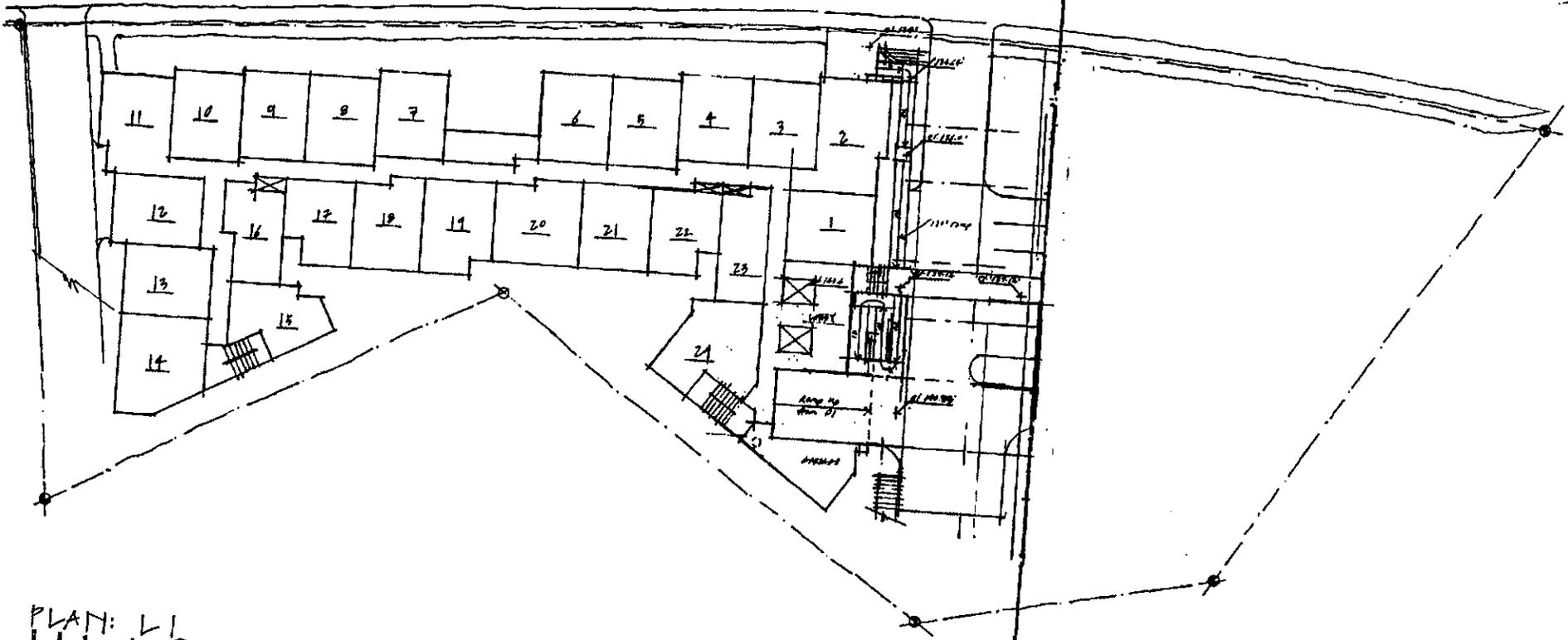
BLDG. A
BLDG. B

TOTEM LAKE APTS.
INLAND GROUP
BLDG. A

DATE 0714
NOV 9/24/09
SK 4-24b

Attachment 1
SAHG

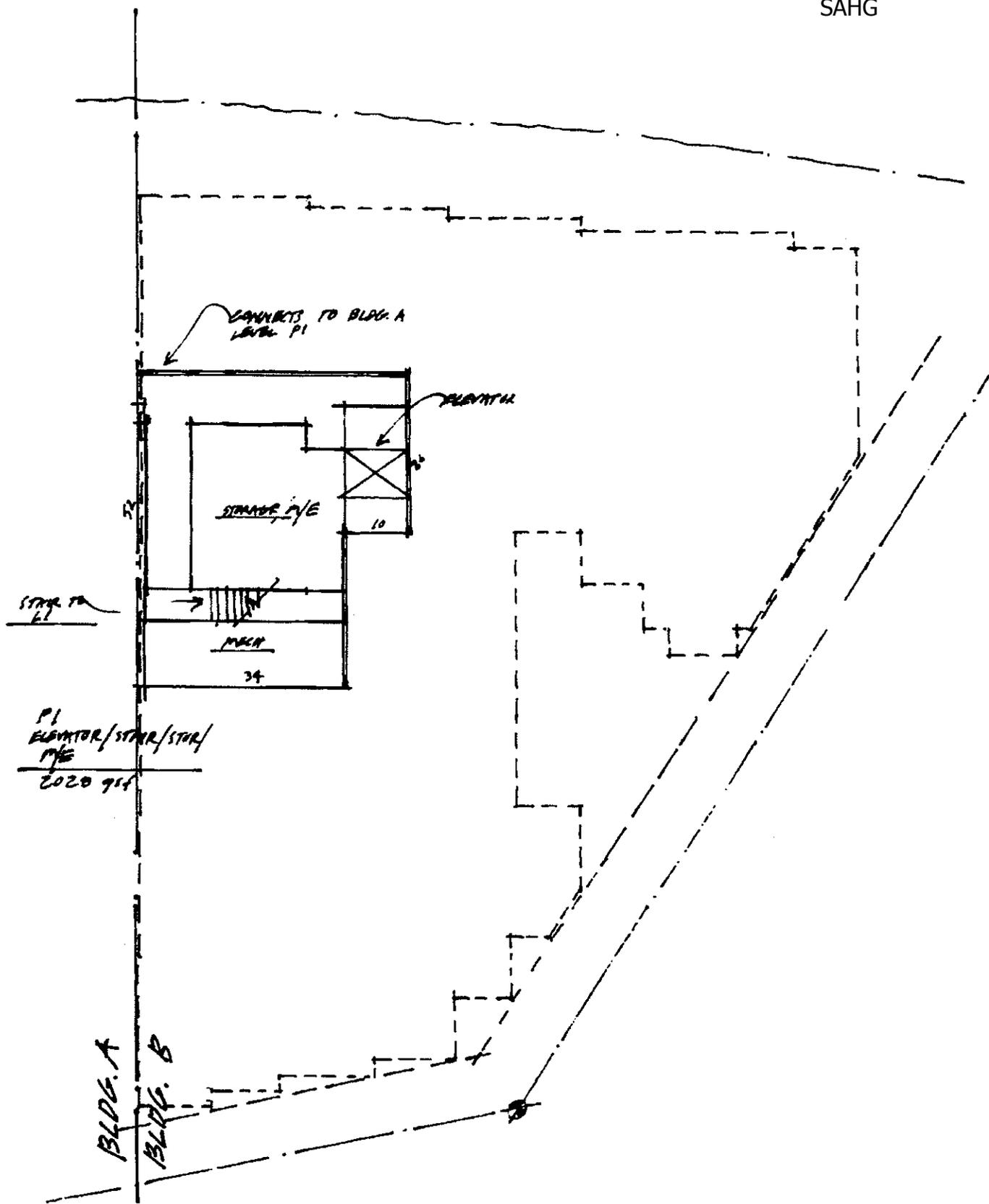
124TH AVENUE



PLAN: L1
L 6 16 12

TOTEM LAKE APTS
INLAND GROUP
BLDG. A

DAW
KOB
SK
0714
4/24/09
4-24c



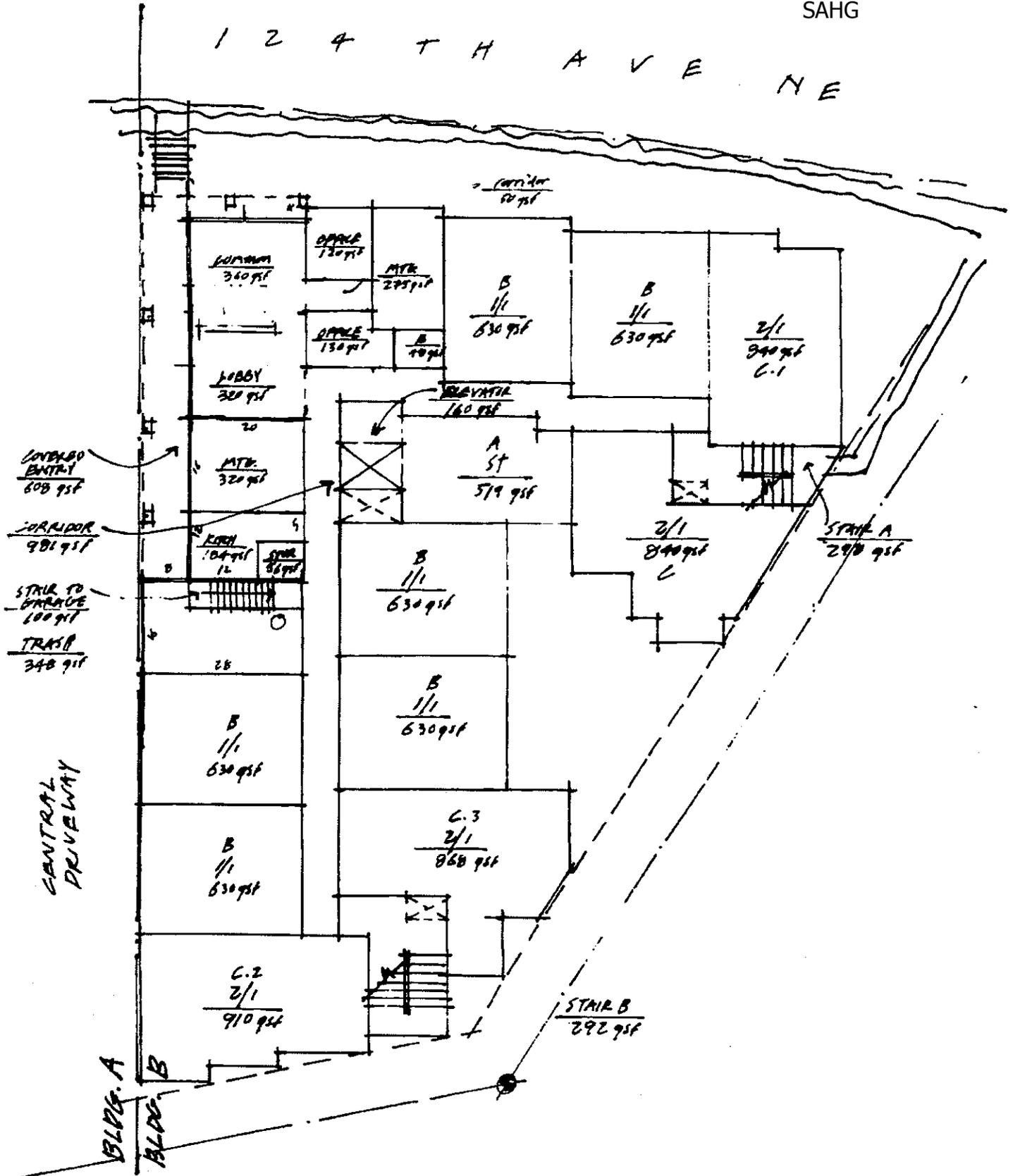
PLAN: P1



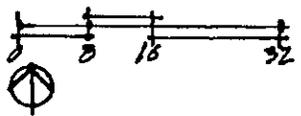
TOTEM LAKE
BLDG. B

DA/ps 0714
MD 4/24/09
HK 4-24e

1 2 4 T H A V E N E

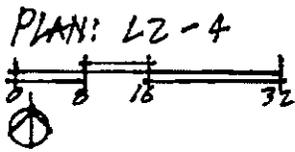
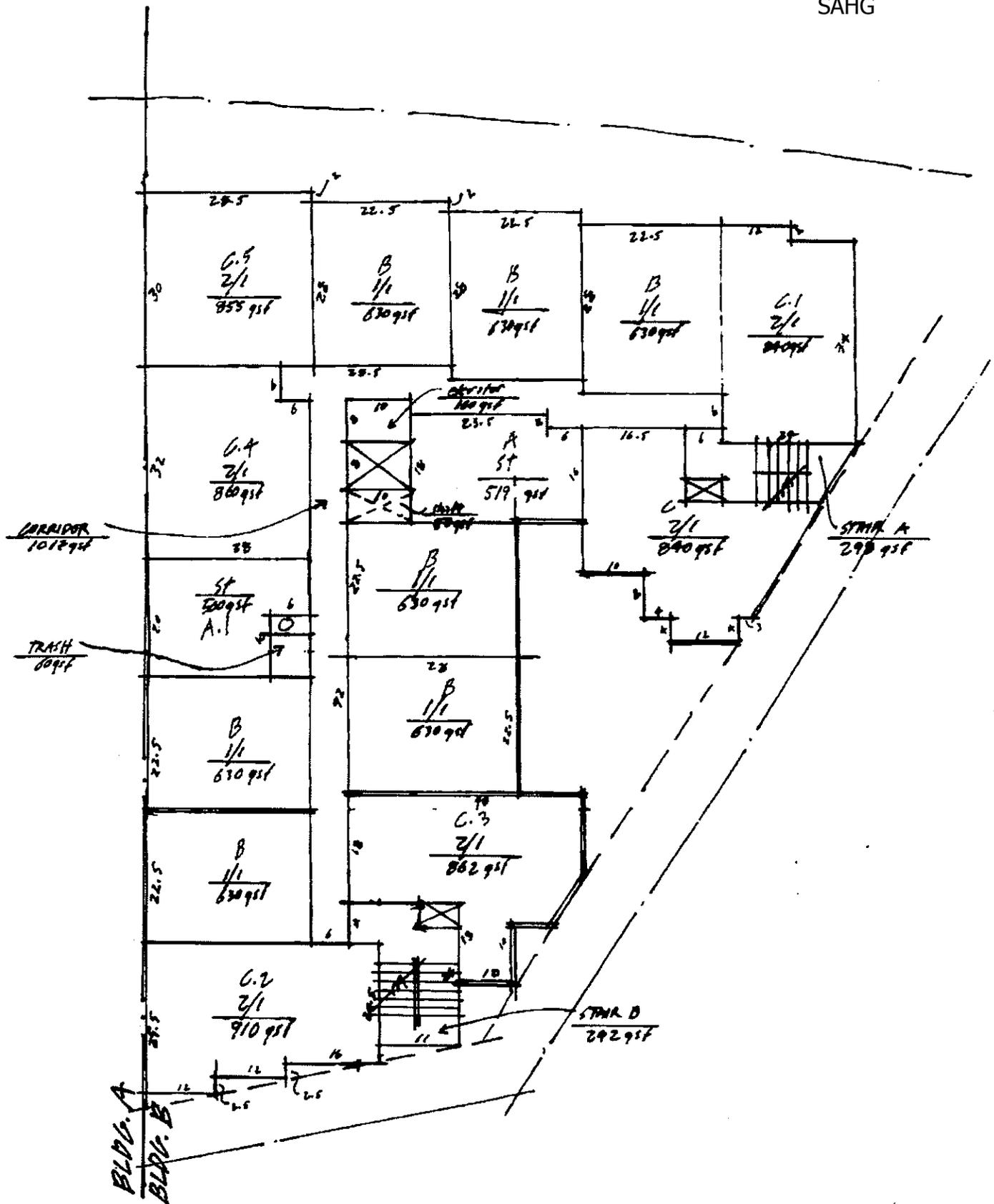


PLAN: L1



TOTEM LAKE
BLDG. B

DA/ps 0714
mp 4/24/09
SK 4-24f



TOTEM LAKE
BLDG. B

DA/RS 0714
MB 4/24/09
SK 4-24g

Saint Andrew's Housing Group Totem Lake Apartments, Building A

Funding Request: \$1,250,000 (Loan)

CAB Recommendation: Welcome an application in the Fall Round for a project that addresses the issues listed below

Project Summary:

Saint Andrews Housing Group (SAHG) – a non-profit corporation formed in 1987 and which owns 10 properties, representing 316 units of low-income housing in Bellevue, Issaquah, Kirkland, Mercer Island and Redmond is proposing to build a 104-unit four story wood frame over structured parking building to be located on a parcel in the Totem Lake area of Kirkland, The proposed building represents the first phase of a two-phased project. Phase II (on the remaining parcel) would add an additional 60 units.

The project is SAHG's response to the various Federal and State funding sources' priorities placed on "shovel ready" projects. This project is being bought from a private, for profit developer that had already prepared plans and applied for building permits. The development was originally conceived as market-rate family housing. SAHG has redefined the project to include housing for seniors (Phase I) and family housing (Phase II). .

The first phase is targeted to be affordable to senior households at 60% Area Median Income (AMI). It is targeted to seniors who do not need assistance with day to day living and would include independent living apartment units, with a mix of studio, one and two bedroom units, and common areas for resident activities on the ground level. Phase II. will target low-income households with units available at 30% to 60% of median income with a goal that some portion of the units will be made available to households transitioning out of homelessness. It is anticipated to include a combination of studio, one and two bedroom units.

To facilitate the proposal, the applicant has been working with the City of Kirkland on several items. The City is reviewing a modification to zoning requirements to eliminate ground floor commercial requirements. The City is also considering extending entitlements that came along with the market-rate development plans in order to save design costs and also retain lower, vested impact fees. Construction of the first phase is scheduled to start in late 2009, with lease up starting March 2011.

Funding Rationale:

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

- There would be 104 units of affordable housing for seniors, with a second phase that would target low- and very low-income individuals and families including the homeless, providing an additional 60 units.
- Long-term affordability to a generally fixed-income population.
- The site would be a pioneer project in the redevelopment of the Totem Lake area of Kirkland and is located convenient to services, shopping and transit.

The CAB potentially supports the concept of the SAHG proposal, it does not recommend making a funding recommendation at this time. The current proposal for Phase I is structured on several funding sources for which the likelihood of being awarded funding at this point in time as currently proposed seems unrealistic. The CAB would welcome an application in the fall round for a first phase structured around the funding sources available at that time (e.g. 9% credits), and thereafter a reapplication for a second phase with a revised funding structure. This would also provide an opportunity for SAHG to further develop the proposal and address issues/questions raised with this application including “quality of life” issues around amenities for the project. In the event SAHG does provide an application to ARCH in the upcoming round, the application should address the following issues:

- Broaden the mix incomes of tenants in the senior Phase to include lower income levels. To achieve this, consider a broader sources of funding, possibly including HUD Section 202 funding.
- Further development of the building to ensure it is the best configuration for the targeted population mix of the entire project, including more detailed information on types of interior and exterior common areas. Also include a plan for facilitating transportation access to nearby shopping and other amenities, especially for seniors.
- Revisit the operating budget to address concerns raised regarding certain operationing costs. (e.g.: property taxes, overall operating costs).
- Description of the process and reasons for selecting a property manager, including experience of the property management company with the operation of this type of property. Also describe what actions will be taken to ensure the property manager will provide the expected services and to do so within the proposed budget (e.g. performance guarantee).
- Put together a more detailed proposal for site control of both Phases, which includes a strategy for securing that portion of the site for the second phase until funding can be secured. This also needs to address avoiding any potential for conflict of interest issues that could result if employing the Seller as Contractor.
- Demonstrate compliance with County requirements regarding Contractor selection.
- Describe the plan SAHG will use to oversee the construction phase, including overseeing subcontracting, procurement, change orders and entitlement process.
- While the current strategy anticipates the application this fall would be for the phase with the family housing, willing to consider a proposal for senior housing that meets funding criteria of funders.
- Clarify any relocation requirements for existing uses on the property.