



CITY OF KIRKLAND
Planning and Building Department
123 Fifth Avenue, Kirkland, WA 98033
www.kirklandwa.gov

MEMORANDUM

To: City Council

From: Adam Weinstein, Planning and Building Director
Dawn Nelson, Planning Manager

Date: February 2, 2021

Subject: ARCH 2020 HOUSING TRUST FUND RECOMMENDATION, FILE PLN21-00001

RECOMMENDATION:

It is recommended that the City Council adopt the enclosed resolution and approve the recommendations and conditions of approval of the ARCH Executive Board to allocate Kirkland funds as part of the Fall 2020 ARCH Housing Trust Fund:

- \$321,600 to the Plymouth Housing Group/Horizon Housing Eastgate Supportive Housing project;
- \$321,600 to the Imagine Housing Samma Senior Apartments project; and
- \$2,573,100 to the Inland Group/Horizon Housing Totem Lake Apartments project.

These amounts are Kirkland's proportional share of the amount awarded to each project as part of this Housing Trust Fund process and are fully funded through the 2021-2022 budget, as well as other sources. Approval by each jurisdiction is required by the ARCH interlocal agreement.

BACKGROUND DISCUSSION:

As in previous years, general funds set aside by the City Council for low- and moderate-income housing development projects are administered through the ARCH Housing Trust Fund. ARCH has one application process each year in the fall. This year, there were four new applications for funding from ARCH. The ARCH Executive Board has recommended that awards be made to three of the four projects, all of which would use Kirkland funds. The total amount of Kirkland funds being committed is \$3,216,300 from a variety of sources, including a budgeted set aside of \$415,000 for 2020, unallocated set asides from previous years, money repaid to ARCH from previously funded projects, and payments received by the City in lieu of the construction of affordable housing. Even with this large distribution, the City has approximately \$1.25 million available for future funding rounds, primarily as a result of payment of in lieu funds from smaller market rate developments throughout Kirkland.

Short summaries of the projects recommended for funding are included below. Kirkland has traditionally approved the ARCH Trust Fund on consent. A PowerPoint presentation overview of the ARCH Trust fund that is being presented to other ARCH cities is included as an attachment to provide additional background. More thorough project descriptions, along with the Executive Board's rationale for not funding a request from Friends of Youth for redevelopment of their

New Ground Kirkland site at 11105 NE 68th Street, can be found in Exhibit A to the enclosed Resolution. Additional information about all the projects and their financing is included as Attachments 1 through 3 to this memo.

Plymouth Housing Group/Horizon Housing Eastgate Supportive Housing

The Eastgate Supportive Housing project includes 92 units of affordable apartments with permanent supportive services, including mental and behavioral health services. Rents will be affordable to those earning 30% to 50% of median income. The project is adjacent to the Eastside Men's Permanent Shelter and a 298-unit apartment for families, both of which received ARCH funding last year. At least 75% of the units in this project would be set aside for households transitioning out of homelessness. The funding award would be a deferred, contingent loan.

Imagine Housing Samma Senior Apartments

The Samma Senior Apartments project is a 76-unit affordable senior rental project for senior households with rents affordable at 50% of median income, including set asides of units for persons with disabilities. The site is located on a Bus Rapid Transit corridor that is part of the ST3 funding. The project will be built on property acquired from the City of Bothell at a reduced price. Funding in this round is in addition to \$750,000 awarded from the 2019 round for site acquisition. The number of affordable units in the project has increased from 54 units to 76 units. The award would be in the form of a deferred, contingent loan.

On January 21, 2021, ARCH and several member city councils (including the Kirkland City Council) received a letter from a group of community advocates outlining complaints about management at Imagine Housing properties throughout east King County. The ARCH Executive Board held a special meeting on February 2, 2021 to discuss those concerns and consider additional conditions that should be placed on the recommended funding award (see Attachment 4). The Executive Board added two new conditions for the project to address concerns about asset and property management, including establishing a tracking and resolution system for current and future tenant complaints. The revised conditions are included in Exhibit A to the enclosed resolution and are "Special Condition 7" for the Samma project. The key provision is that ARCH will not release any funding for the project until the Executive Board receives an update and determines that the problems have been resolved.

Inland Group/Horizon Housing Totem Lake Apartments

The Totem Lake Apartments project includes 299 affordable apartments affordable to those earning between 30% and 60% of median income. Approximately one quarter of the units will include three bedrooms to accommodate families. Funds will be used for site acquisition. The proposal is located on the former GMC dealership property near the Fred Meyer and will include development of an additional 168 units of workforce rental housing on an adjacent parcel. The award would be in the form of a deferred, contingent loan.

ATTACHMENTS

1. Funding Sources for Recommended Projects
2. Economic Summaries of Recommended Projects
3. Past Projects Funded Through ARCH Trust Fund
4. ARCH Executive Board Special Meeting Materials
5. ARCH Housing Trust Fund PowerPoint

Cc: Lindsay Masters, ARCH, lmasters@bellevuewa.gov

Attachment 1
Recommended Projects and Funding Sources

Recommended Projects

	Eastgate Supportive Housing	Samma Senior Apartments	Horizon at Totem Lake	Total 2020 Recommended Funding
<u>Member Cities</u>				
<u>Funding</u>				
Bellevue	\$62,200	\$62,200	\$497,500	\$621,900
Bothell	\$8,600	\$8,600	\$68,800	\$86,000
Clyde Hill	\$1,900	\$1,900	\$15,000	\$18,800
Hunts Point	\$500	\$500	\$3,900	\$4,900
Issaquah	\$11,800	\$11,800	\$94,700	\$118,300
Kenmore	\$10,700	\$10,700	\$85,400	\$106,800
Kirkland	\$321,600	\$321,600	\$2,573,100	\$3,216,300
Medina	\$1,000	\$1,000	\$8,300	\$10,300
Mercer Island	\$5,500	\$5,500	\$44,300	\$55,300
Newcastle	\$4,100	\$4,100	\$32,500	\$40,700
Redmond	\$50,800	\$50,800	\$406,700	\$508,300
Sammamish	\$15,600	\$15,600	\$124,600	\$155,800
Woodinville	\$4,800	\$4,800	\$38,300	\$47,900
Yarrow Point	\$900	\$900	\$6,900	\$8,700
	\$500,000	\$500,000	\$4,000,000	\$5,000,000
Prior Award		\$750,000		
Total Award	\$500,000	\$1,250,000	\$4,000,000	

ATTACHMENT 2: ECONOMIC SUMMARIES OF RECOMMENDED PROJECTS

ECONOMIC SUMMARY: PLYMOUTH HOUSING/PSH AT EASTGATE

1. Applicant/Description: New construction of 95 supportive housing units (92 affordable) for homeless individuals

2. Project Location: 13620 SE Eastgate Way, Bellevue

3. Financing Information:

Funding Source	Funding Amount	Commitment
ARCH	\$500,000	
King County	\$5,703,705	Committed
Commerce Trust Fund	\$2,000,000	Committed
Tax Credits	\$19,703,538	Committed
Private Debt	\$0	
Sponsor	\$2,211	Committed
TOTAL	\$27,909,454	

4. Development Budget:

ITEM	TOTAL	PER UNIT @ 92 units	HTF
Acquisition	\$2,300,000	\$25,000	
Construction	\$19,003,073	\$206,555	
Design	\$370,000	\$4,022	
Consultants/Other	\$434,750	\$4,726	
Developer fee	\$1,796,337	\$26,087	
Finance costs	\$1,070,233	\$11,633	
Reserves	\$1,191,398	\$12,950	
Permits/Fees	\$1,140,000	\$12,391	\$500,000
TOTAL	\$27,909,454	\$303,364	\$500,000

5. Debt Service Coverage: Debt service payments will be finalized upon commitment. Basic terms will include a 50-year amortization, cash flow loan, 1% interest, and ability to request a deferral of annual payment to preserve economic integrity of property.

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 loan amount upon non-compliance with any of the loan conditions.

7. Rental Subsidy: None

ATTACHMENT 2: ECONOMIC SUMMARIES OF RECOMMENDED PROJECTS

ECONOMIC SUMMARY: IMAGINE HOUSING / SAMMA SENIOR APARTMENTS

1. Applicant/Description: New construction of 76 affordable rental units for seniors

2. Project Location: 17816 Bothell Way NE, Bothell

3. Financing Information:

Funding Source	Funding Amount	Commitment
ARCH	\$1,250,000	\$750,000 of which committed in 2019
King County	\$5,350,000	Committed
Commerce Trust Fund	\$3,496,159	Committed
HDC Grant	40,000	Committed
Tax Credits	\$7,599,377	Proposed
Bonds/Private Debt	\$4,899,407	Proposed
Deferred Developer Fee/Sponsor	\$1,091,340	Committed
TOTAL	\$23,726,283	

4. Development Budget:

ITEM	TOTAL	PER UNIT	HTF
Acquisition	\$750,000	\$10,263	\$750,000
Demolition	\$55,000	\$724	
Construction	\$15,541,627	\$204,495	\$500,000
Design	\$1,482,997	\$19,513	
Consultants/Other	\$1,025,101	\$13,488	
Developer fee	\$1,796,337	\$23,636	
Finance costs	\$1,601,614	\$21,074	
Reserves	\$371,524	\$4,888	
Permits/Fees	\$1,072,083	\$14,106	
TOTAL	\$23,726,283	\$312,188	\$1,250,000

5. Debt Service Coverage: Debt service payments will be finalized upon commitment. Basic terms will include a 50-year amortization, deferral of payments until deferred developer fee is repaid, 1% interest, and ability to request a deferral of annual payment to preserve economic integrity of property.

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 loan amount upon non-compliance with any of the loan conditions.

ATTACHMENT 2: ECONOMIC SUMMARIES OF RECOMMENDED PROJECTS

7. Rental Subsidy: None

ATTACHMENT 2: ECONOMIC SUMMARIES OF RECOMMENDED PROJECTS

ECONOMIC SUMMARY: INLAND/HORIZON TOTEM LAKE

1. Applicant/Description: New construction of 467 rental housing units (299 affordable units) with 60 units set aside for households exiting homelessness

2. Project Location: 12335 12-0th Ave Ne, Kirkland

3. Financing Information:

Funding Source	Funding Amount	Commitment
ARCH	\$4,000,000	
King County	\$0	
Commerce Trust Fund	\$0	
Tax Credits	\$65,425,544	Proposed
Private Debt	\$32,267,490	Proposed
Deferred Developer Fee	\$10,687.675	Committed
TOTAL	\$112,380,709	

4. Development Budget:

ITEM	TOTAL	PER UNIT @ 299 units	HTF
Acquisition	\$12,650,000	\$42,308	\$4,000,000
Construction	\$71,027,954	\$237,552	
Design	\$751,229	\$2,512	
Consultants/Other	\$2,663,337	\$8,907	
Developer fee	\$12,721,894	\$42,548	
Finance costs	\$7,594,171	\$25,399	
Reserves	\$596,524	\$1,995	
Permits/Fees	\$4,375,500	\$14,634	
TOTAL	\$112,380,609	\$375,855	\$4,000,000

5. Debt Service Coverage: Debt service payments will be finalized upon commitment. Basic terms will include a 50-year amortization, cash flow loan, 1% interest, and ability to request a deferral of annual payment to preserve economic integrity of property.

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 loan amount upon non-compliance with any of the loan conditions.

7. Rental Subsidy: None

Attachment 3: Past Projects Funded through the Trust Fund

Project name	Location	ARCH Contributions	Total Units	Population Type	Affordability Level (% median income)
30 Bellevue	Bellevue	\$ 1,012,926	62	Family	30/40/60
AIDS Housing	Bellevue/Kirkland	\$ 130,000	6	Special Needs	30
Andrew's Glen	Bellevue	\$ 1,587,187	40	Family/Homeless	30/40/60
Andrew's Heights	Bellevue	\$ 400,000	24	Family	25/50
Ashwood Court	Bellevue	\$ 1,070,000	51	Senior	35/60
Athene	Kirkland	\$ 1,147,126	91	Senior	30/40/60
August Wilson Place	Bellevue	\$ 1,058,539	56	Family/Homeless	30/50/60
Avon Villa Mobile Home Park	Redmond	\$ 525,000	76	Family	50/80
Avondale Park	Redmond	\$ 280,000	18	Homeless	30
Avondale Park Redevelopment	Redmond	\$ 1,502,469	60	Homeless	30
Bellevue Manor/Harris Manor	Bellevue/Redmond	\$ 1,334,749	107	Senior	30
Cambridge Court	Bellevue	\$ 160,000	20	Senior	50
				Family/Homeless/	
Capella at Esterra Park	Redmond	\$ 7,452,906	260	Special Needs	30/40/50/60
CHI Adult Family Home 8	Bothell	\$ 150,500	5	Special Needs	30
CHI Shared Living 1	Newcastle	\$ 100,500	3	Special Needs	30
Clark Street	Issaquah	\$ 355,000	30	Family	50/60
Coal Creek Terrace	Newcastle	\$ 240,837	12	Family	50
Copper Lantern	Kenmore	\$ 452,321	33	Family/Homeless	50/60/80
Crestline Apartments	Kirkland	\$ 195,000	22	Family	45/60
DD Group Home	Bellevue	\$ 40,000	5	Special Needs	50
DD Group Home 3	Bellevue	\$ 21,000	5	Special Needs	30
DD Group Home 4	Redmond	\$ 111,261	5	Special Needs	30
DD Group Home 7	Kirkland	\$ 100,000	5	Special Needs	30
DD Group Homes 5 & 6	Redmond/Bothell	\$ 250,000	10	Special Needs	30
Dixie Price Apartments	Redmond	\$ 71,750	14	Homeless	30
Eastwood Square	Bellevue	\$ 600,000	48	Family	50/60
Ellsworth House	Mercer Island	\$ 900,000	59	Senior	50
Evergreen Court	Bellevue	\$ 2,480,000	64	Senior	50/60/Medicaid

Attachment 3: Past Projects Funded through the Trust Fund

Project name	Location	ARCH Contributions	Total Units	Population Type	Affordability Level (% median income)
FFC DD Home II	Kirkland	\$ 168,737	4	Special Needs	30
FFC DD Homes	KC	\$ 300,000	4	Special Needs	30
Foster Care Home	Kirkland	\$ 35,000	4	Special Needs	50
FOY Extended Foster Care	Kirkland	\$ 112,624	10	Special Needs	30
FOY New Ground	Kirkland	\$ 250,000	7	Special Needs	30
FOY Transitional Housing	Kirkland	\$ 247,603	10	Special Needs	30
Francis Village	Kirkland	\$ 1,500,000	60	Family/Homeless	30/40/60
Garden Grove Apartments	Bellevue	\$ 180,000	18	Family	50/60
Glendale Apartments	Bellevue	\$ 300,000	82	Family	50/60/80
Greenbrier Family Apartments	Woodinville	\$ 286,892	50	Family	30/50/60
Greenbrier Senior Apartments	Woodinville	\$ 196,192	50	Senior	30/50/60
Habitat Issaquah Highlands	Issaquah	\$ 318,914	10	Family	50
Habitat Patterson Park	Redmond	\$ 446,629	24	Family	50
Habitat Sammamish	Sammamish	\$ 972,376	10	Family	50/60
Harrington House	Bellevue	\$ 290,209	9	Special Needs	30
Heron Landing	Kenmore	\$ 65,000	50	Senior	40
Hidden Village	Bellevue	\$ 200,000	78	Family	50
Highland Gardens	Sammamish	\$ 291,281	51	Family	30/45/60
Homeowner Downpayment Loan	Various	\$ 615,000	84	Family	30/50/60/80
Hopelink Place	Bellevue	\$ 500,000	20	Homeless	30
Houghton Apartments	Kirkland	\$ 2,827,250	15	Family	60
IERR DD Home	Issaquah	\$ 50,209	7	Special Needs	30
John Gabriel House	Redmond	\$ 2,330,000	74	Senior	30/40/60
Kensington Square	Bellevue	\$ 250,000	6	Homeless	30
Kirkland Plaza Apartments	Kirkland	\$ 610,000	24	Senior	50
Lauren Heights	Issaquah	\$ 730,381	50	Family	30/50/60
Men's Group Home	Kirkland	\$ 150,000	6	Homeless	30
Men's Shelter	Bellevue	\$ 1,200,000	50	Homeless	30
Mine Hill	Issaquah	\$ 482,380	28	Family	30/50/60

Attachment 3: Past Projects Funded through the Trust Fund

Project name	Location	ARCH Contributions	Total Units	Population Type	Affordability Level (% median income)
My Friend's Place	KC	\$ 65,000	10	Special Needs	30
Overlake Townhomes	Bellevue	\$ 120,000	10	Family	50
Oxford House	Bellevue	\$ 80,000	10	Special Needs	50
Pacific Inn	Bellevue	\$ 600,000	118	Family	50/60
Parkview DD Condos III	Bellevue	\$ 200,000	4	Special Needs	30/50
Parkview DD Homes VI	Bellevue/Bothell	\$ 150,000	6	Special Needs	30
Parkview DD Homes XI	Kenmore	\$ 200,800	3	Special Needs	30
Parkway Apartments	Redmond	\$ 100,000	41	Family	50
Petter Court	Kirkland	\$ 100,000	4	Homeless	50
Plum Court	Kirkland	\$ 1,000,000	60	Family	30/50/60
Polaris at Eastgate	Bellevue	\$ 575,000	298	Family	60
REDI TOD Land Loan	Various	\$ 500,000	100	Family	80
Riverside Landing	Bothell	\$ 225,000	50	Senior	50/60
Rose Crest	Redmond	\$ 1,148,558	50	Family/Homeless	30/50/60
Samma Senior Apartments	Bothell	\$ 750,000	54	Senior	40/50/60
Somerset Gardens (Kona)	Bellevue	\$ 700,000	198	Family	30/50/80
Sophia's Place	Bellevue	\$ 250,000	20	Homeless	30
Spiritwood Manor	Bellevue	\$ 400,000	129	Family	50
Stillwater House	Redmond	\$ 187,787	19	Special Needs	50
Summerwood	Redmond	\$ 1,187,265	112	Family	30/50/60
Terrace Hill	Redmond	\$ 442,000	18	Family	35/40/50
				Family/Homeless/	
Together Center Redevelopment	Redmond	\$ 6,750,000	280	Special Needs	30/50/60
Trailhead	Issaquah	\$ 4,710,000	155	Family	40/60
UCP Group Homes	Bellevue/Redmond	\$ 25,000	9	Special Needs	50
Vasa Creek	Bellevue	\$ 190,000	51	Senior	40
Velocity	Kirkland	\$ 1,126,744	58	Family/Homeless	30/40/60
Village at Overlake Station	Redmond	\$ 1,645,375	308	Family	50/60
Wildwood Apartments	Bellevue	\$ 270,000	36	Family	30

Attachment 3: Past Projects Funded through the Trust Fund

Project name	Location	ARCH Contributions	Total Units	Population Type	Affordability Level (% median income)
Women/Family Shelter	Kirkland	\$ 2,689,000	98	Homeless	50
Youth Haven	Kirkland	\$ 332,133	20	Special Needs	30
YWCA Family Apartments	Bellevue	\$ 100,000	12	Family	35/40
YWCA Family Village I	Issaquah	\$ 4,886,329	97	Family/Homeless	30/50/60
YWCA Family Village II	Issaquah	\$ 2,760,000	48	Family	50/60
Total		\$ 74,101,739	4591		



ARCH EXECUTIVE BOARD AGENDA

Special Meeting

February 2, 2021
--Virtual Meeting via Zoom--

11:00 a.m. – 12:00 p.m.

- 1) Call to Order
- 2) Approval of the Agenda
- 3) Reports / Action Items
 - a) 2020 Trust Fund Recommendations – Potential Revised Funding Condition for Imagine Housing Award
- 4) Adjournment

ITEM 3A: Imagine Housing Funding Recommendation

Potential revision to the 2020 Housing Trust Fund recommendations to include additional conditions for funding to Imagine Housing

Background

In December, the ARCH Executive Board unanimously approved the funding recommendations delivered by ARCH's Citizen Advisory Board (CAB), which included awards to three projects. These recommendations, which include a set of associated funding conditions, are in process to be considered by member city councils in the next two to three months. One council (Clyde Hill) has already approved the resolution. A summary of the recommended allocations is shown in the table below.

<i>Project</i>	<i>Sponsor</i>	<i>City</i>	<i>Units/ Beds</i>	<i>Prior ARCH Commitment</i>	<i>Executive Board Recommendation</i>
Eastgate Supportive Housing	Plymouth Housing	Bellevue	92		\$500,000
Samma Senior Apartments	Imagine Housing	Bothell	76	\$750,000	\$500,000
Horizon at Totem Lake	Inland/ Horizon Housing	Kirkland	299		\$4,000,000
Total			491	\$750,000	\$5,000,000

Samma Senior Apartments, a project sponsored by Imagine Housing, was partially funded by ARCH in the previous funding round to support acquisition of the site. In the Board's previously adopted recommendation, the following reasons were listed as rationale for recommending funding:

- Aligns with local housing strategy.
- The City of Bothell is excited to support this affordable project through discounting land and having worked collaboratively to address land use issues.
- The project would increase affordability within the revitalized Bothell Landing.
- The project is sited at an excellent location for senior housing, with proximity to a major senior center, planned bus rapid transit, parks and trails, and shopping.
- The project will strive to achieve Ultra High Energy Efficiency.
- The project leverages significant funding from other public and private sources.
- The scale of project fits developer's past track record and capabilities.

A set of standard and special funding conditions was included with the recommendation, and is included in **Attachment 2** for reference.

The project remains an important opportunity and priority for the City of Bothell, which has provided significant support in the form of discounted land and zoning changes to enable additional building height. In addition to ARCH's award, Imagine was also successful in securing full awards from King County and the State Department of Commerce.

Past Investments

Founded as St. Andrew's Housing Group in 1992, Imagine has been an important community partner over the years. ARCH cities have made significant investments in properties developed by Imagine, and the housing they own and operate is a critical community asset.

Project Names	Location	Funding Year	ARCH Support*	Units	Population
30 Bellevue	Bellevue	2015/16	\$1,012,926	62	Family/Homeless
Andrew's Glen	Bellevue	2008	\$1,587,187	40	Family/Homeless
Andrews Heights Apartments	Bellevue	1993	\$400,000	24	Family
Athene (Totem 2)	Kirkland	2012/15	\$1,147,126	91	Senior/Homeless
Capella at Esterra	Redmond	2016/17	\$7,452,906	261	Family/Homeless
Chalet Apts	Bellevue	2003	\$210,000	18	Family/Homeless
Clark Street (Johnson Hill)	Issaquah	2006	\$355,000	30	Family
Ellsworth House (Grace Place)	Mercer Island	1999	\$900,000	59	Senior
Francis Village	Kirkland	2009	\$1,500,000	60	Family/Homeless
Highland Gardens (Klahanie)	Sammamish	1995	\$291,281	54	Family
Kirkland Plaza	Kirkland	1997	\$610,000	24	Senior
Lauren Heights	Issaquah	2003	\$657,343	45	Family
Mine Hill	Issaquah	2005	\$482,380	28	Family
Rose Crest (Talus)	Issaquah	2001	\$1,148,558	50	Family/Homeless
Samma Senior Apartments	Bothell	2019	\$750,000	54	Senior
Terrace Hills	Redmond	1997	\$442,000	18	Family
Velocity	Kirkland	2011	\$1,126,744	58	Family/Homeless
TOTAL			\$20,073,451	976	

Recent Concerns and Follow Up

On January 21, ARCH and several member city councils received a letter from a group of community advocates describing complaints from tenants regarding the management of Imagine Housing properties (see **Attachment 1**). ARCH and city human services staff were aware of related complaints in the fall of 2020, specifically at Imagine's Issaquah properties and their Athene property in Kirkland. At the same time, ARCH was aware of a leadership transition scheduled to occur at the end of 2020.

ARCH followed up on these issues during application review, and Imagine provided detailed responses to ARCH's questions on steps they had taken to respond to concerns presented by residents, as well as corrections to statements they felt were inaccurate. In the fall of 2020, Imagine also completed a transition of its property management for a number of its properties to Allied Residential, which was already managing the remainder of Imagine's portfolio. At the end of 2020, Imagine appointed a new Interim CEO, Sean Heron.

Since receipt of the Jan. 21 letter, ARCH has taken additional steps, as follows:

- Staff visited each Imagine property and documented satisfactory conditions surrounding the exterior of the buildings.
- Staff requested Imagine follow up on a specific tenant household with mold in their apartment, based on information shared by Eastside Legal Assistance Program (ELAP). Imagine communicated, and ELAP confirmed, that the tenant had been provided with hotel accommodations while repairs to the unit are made. No other tenant has yet shared specific complaints with ARCH.
- Staff confirmed that Imagine is in compliance with their contracts with other public funders, including King County and the State Department of Commerce. Funders are not currently performing physical unit inspections during the COVID pandemic. Earlier in 2020, King County followed up on a complaint of inadequate services being provided to a resident at Athene. County staff concluded that services were provided, contrary to the complaint from a concerned community member.
- Staff solicited information on the general reputation of Allied Residential, which manages both market rate and affordable housing portfolios for a wide range of providers. Allied has a very good reputation with the statewide agency that monitors the largest portfolio of affordable projects in Washington. In addition, the King County Housing Authority had very positive things to say about Allied, which manages a large portion of their portfolio, noting that the relationship has been carefully cultivated over many years.
- Staff contacted Debbie Lacey, the lead organizer of the letter, to discuss how best to coordinate efforts in response to the letter.

Overall, staff believe that Imagine is committed to addressing the concerns raised, and confident that current leadership is acting with appropriate swiftness. However, because the concerns raise questions about the strength of Imagine's property and asset management capacity, staff are recommending the Board consider additional funding conditions that would ensure confidence in the organization's capacity as we continue to support the creation of new affordable housing.

Options

The Executive Board has the option to:

1. Amend its previous recommendation to member city councils to incorporate new funding conditions, as drafted in the staff recommendation below.
2. Do not amend the funding recommendation, but direct staff to continue working with Imagine through voluntary cooperation in coordination with other funders.
3. Delay the recommendation to award funding for Samma.
4. Withdraw the funding award.

Staff Recommendation

Staff recommend Option 1 to approve the following funding conditions be added to the previous recommendation to City Councils:

1. To demonstrate Agency's capacity to provide appropriate asset management and property management over its properties, Agency shall provide ARCH with information related to active complaints regarding property conditions and management at existing properties, and shall prepare an implementation plan to address verified habitability complaints to be submitted by February 15, 2021. Agency will provide regular reporting on its implementation to ARCH. No funds will be contracted or disbursed until the ARCH has determined the Agency has sufficient property and asset management capacities.
2. Agency shall maintain the project in good and habitable condition for the duration of period of affordability.

Attachments

1. January 21 Letter from Community Advocates
2. Samma Senior Apartments Funding Conditions

January 21, 2021

Dear Mr. Heron and Members of the Imagine Housing Board of Directors,

We are advocates, organizers, and nonprofit providers in East King County who have spent the better part of 2020 responding to urgent requests from Imagine Housing (IH) residents regarding disturbing patterns of unresponsive and neglectful property management, lack of accountability, lack of transparency, and abuse of power.

Our attempts to address these issues directly with the former CEO, Villette Nolon, were unsuccessful. Similarly, communications sent to Board members were met with either no response or suggestions to contact Ms. Nolon.

Facing a myriad of problems including a lack of response to repairs that pose health and safety risks, residents received no support from Imagine Housing leadership in holding Allied Residential (the current property management company) accountable.

Some residents are working with legal advocates to address tenant rights violations. In these situations, the residents have tried for many months (in at least one case, years) to appeal to the property managers and Imagine Housing. Many of the complaints stem from a failure to make necessary repairs, including ones that put residents' safety and health at risk:

1. Black mold
2. Infestations including bats and bed bugs (It's estimated that 20-25% of Athene's units are infested with bed bugs and caregivers are unable to come to provide critical assistance to their elderly clients. There is also a significant cockroach infestation at Athene.)
3. Broken appliances (Washers and dryers in two buildings at Terrace Hill have been broken since May. We know of one mother who is spending \$40-\$50 per month at the laundromat. A woman who works as a nurse hand washes her uniform in the sink and air dries it every night. This is unacceptable at any time but particularly during a pandemic.)

Residents have been left to advocate for themselves with Allied Residential. When they get no response or an inadequate solution, they turn to Imagine Housing, but nothing gets resolved. Delay tactics are common, allowing months to pass with empty promises. After resident repair requests and injuries go unaddressed by management, residents have had to bring in specialists (at residents' own expense) to "prove" to management that repairs are required, and that health/safety concerns exist; this has happened with mold assessments, plumbing issues, and infestation problems.

The problems have gotten progressively worse since Allied took over management of all the IH properties.

1. Residents report absentee managers who are unresponsive at several properties, some of which do not have a maintenance person. In at least one instance, trash and recycling were no longer being picked up.
2. Residents' vehicles were getting towed regularly during the summer. Our understanding was that in some cases this was because property managers weren't on site to issue parking stickers. That didn't matter to the tow company; people paid hundreds of dollars to claim their cars. Residents' vehicles are still being towed at Rose Crest. A resident there just sold his car after the fifth time being towed.

3. *Athene is not wired for landline phones and cell phone service is unreliable in the building. Many seniors are not comfortable using cell phones, or can't afford to have minutes the entire month. They also cannot get life alert due to the weak signal. In the three years since Athene opened, there have been three medical emergencies where the person suffered a few days before dying in their unit alone.*

These are not isolated incidents. *There is a culture and practice that leaves residents with no voice and no recourse when their requests are unanswered. Furthermore, when they complain, they face retaliation and intimidation.*

In the first half of 2020, Imagine Housing announced successful fundraising for a rental assistance fund, but residents were told to seek help elsewhere first and apply for IH's funds as a last resort. When residents were able to get rental assistance from other nonprofits and from IH, there was a lack of communication about whether the money was being applied to residents' ledgers. The nonprofits were left to wonder what happened to the assistance provided.

The issue with ledgers and the lack of transparency around rent funding and pledges predates COVID; it's a longstanding issue that prevented people from getting assistance they needed even before the shutdowns. There are ongoing concerns regarding overall fiscal accountability and transparency.

The disenfranchisement, abuse of power, and complete lack of accountability are all the more disturbing given the makeup of the Imagine Housing population which includes many elderly, people with disabilities, people of color, new immigrants, and families who have recently exited homelessness. Many are trauma survivors. One single mother came to Imagine Housing hoping to heal and go back to school. Instead, Imagine Housing inflicted more trauma, resulting in chronic physical and mental health problems. Her life dreams are on hold.

There are too many stories to share. The documentation exists and can be provided.

Our first priority is to support the residents, and we'll continue to center their needs.

We call for an immediate and proactive response from Imagine Housing's leadership to address the following:

1. *Support residents' list of demands. (Residents sent a list to IH leadership in the spring of 2020.)*
2. *Repairs that pose health/hazard risks must be made **immediately**. In cases where residents cannot safely remain in their homes while repairs are being made (for example, when black mold is present), Imagine Housing needs to provide motel vouchers or a mutually acceptable alternative, with transportation for those who do not drive or have no access to a vehicle.*
3. *A secure and reliable way for seniors to call for help in a medical emergency.*
4. *Clarity and transparency with tenants and the public regarding rental assistance funds and holiday gift cards.*
5. *A thorough external assessment and documentation of the complaints and experiences of residents.*
6. *Significant organizational culture changes are required:*
 1. *There are fundamental conflicts that stem from having a for-profit company provide property management for a nonprofit housing community. What alternatives are*

being considered, and in the meantime, how will the many complaints against Allied be addressed?

2. *Tenants need to have a voice in the decisions that impact their lives. A transition to a resident-centered model for decision-making is long overdue. There is valuable leadership within the resident community; they have recommendations for solutions beyond what's in the above-mentioned list of demands.*

We look forward to your response and most importantly, to your communication with residents about how you will resolve the complaints and address their demands and suggestions.

Respectfully,

Debbie Lacy, Founder/CEO, Eastside For All

Karla Davis, Housing Justice Project

Katharine Nyden, Housing Attorney, WSBA #56409

Renay Ferguson, Terrace Hill resident

Kara Latchinian, Imagine Housing Tenants Union

Chris Lovings, Community Member

Cindy Charlebois, Imagine Housing Tenants Union

Elizabeth Maupin, Community Advocate

Isaac Organista, Community Advocate

Liliana Godinez, Community Advocate

Monik Martinez, Founder, 4 Tomorrow

Catherine Cruz, Community Advocate

CC:

1. ARCH
2. Bellevue, Redmond, Kirkland, Issaquah, and Sammamish City Councilmembers and human services staff
3. King County Councilmembers Balducci and Lambert

Samma Senior Apartments Funding Conditions

Special Conditions:

1. Funds shall be used by the Agency for construction.
2. ARCH's funding commitment shall continue for twelve (12) months from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested to ARCH staff no later than sixty (60) days prior to the expiration date. At that time, the Agency will provide a status report on progress to date. ARCH staff will consider up to a 12-month extension only on the basis of documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the Agency will demonstrate all capital funding is likely to be secured within a reasonable period of time.
3. Funds will be in the form of a deferred, contingent loan. It is anticipated that loan payments will be based on a set repayment schedule and begin after repayment of deferred developer fee with 1% interest. The terms will also include a provision for the Agency to a defer payment if certain conditions are met (e.g. low cash flow due to unexpected costs). Any requested deferment of loan payment is subject to approval by ARCH Staff, and any deferred payment would be repaid from future cash flow or at the end of the amortization period. Loan terms will account for various factors, including loan terms from other fund sources and available cash flow. Final loan terms shall be determined prior to release of funds and must be approved by ARCH Staff. The terms are expected to include a provision for the Agency to defer payment if certain conditions are met (e.g., low cash flow due to unexpected costs).
4. A covenant is recorded ensuring affordability for at least 50 years, with affordability generally as shown in the following table. Limited changes to the matrix may be considered based on reasonable justification as approved by ARCH staff.

Affordability	Studio	Total
50% AMI	76	76
TOTAL	76	76

5. Agency shall work with City to minimize parking requirements and dependence on private vehicles, but support residents with alternative modes of transportation, including exploring bus vouchers, shared electric bikes and a van.
6. The net developer fee shall be established at the time of finalizing the Contract Budget and will follow the schedule established by ARCH. Net developer fee is defined as that portion of the developer fee paid out of capital funding sources and does not include the deferred portion which is paid out of cash flow from operations after being placed in service.

Standard Conditions (Apply to all projects):

1. The Agency shall provide revised development and operating budgets based upon actual funding commitments, which must be approved by ARCH staff. If the Agency is unable to adhere to the budgets, ARCH must be immediately notified and (a) new budget(s) shall be submitted by the Agency for ARCH's approval. ARCH shall not unreasonably withhold its approval to (a) revised budget(s), so long as such new budget(s) does not materially adversely change the Project. This shall be a continuing obligation of the Agency. Failure to adhere to the budgets, either original or as amended may result in withdrawal of ARCH's commitment of funds.
2. The Agency 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 Agency shall immediately notify ARCH, and describe the actions it will undertake to secure alternative funding and the timing of those actions subject to ARCH review and approval.
3. In the event federal funds are used, and to the extent applicable, federal guidelines must be met, including but not limited to: 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 Agency shall maintain documentation of any necessary land use approvals and permits required by the city in which the project is located.
5. The Agency shall submit monitoring quarterly reports through completion of the project, and annually thereafter, and shall submit a final budget upon project completion. If applicable, Agency shall submit initial tenant information as required by ARCH.



A Regional Coalition for Housing

Trust Fund Recommendations

Kenmore City Council

February 8, 2021

Lindsay Masters, ARCH Executive Manager

Klaas Nijhuis, Senior Planner

Agenda

- Housing Trust Fund Program Overview
- 2020 Funding Recommendations:
 - Eastgate Supportive Housing
 - Samma Senior Apartments
 - Horizon at Totem Lake

ARCH Housing Trust Fund

- Senior Housing
- Family and Workforce Housing
- Homeless and Special Needs Housing
- Homeownership
- Transit-Oriented Development
- Shelter and Transitional Housing



Investment Principles

Cross-jurisdiction support - credit for joint investments in the region

Competition - advance best projects each year

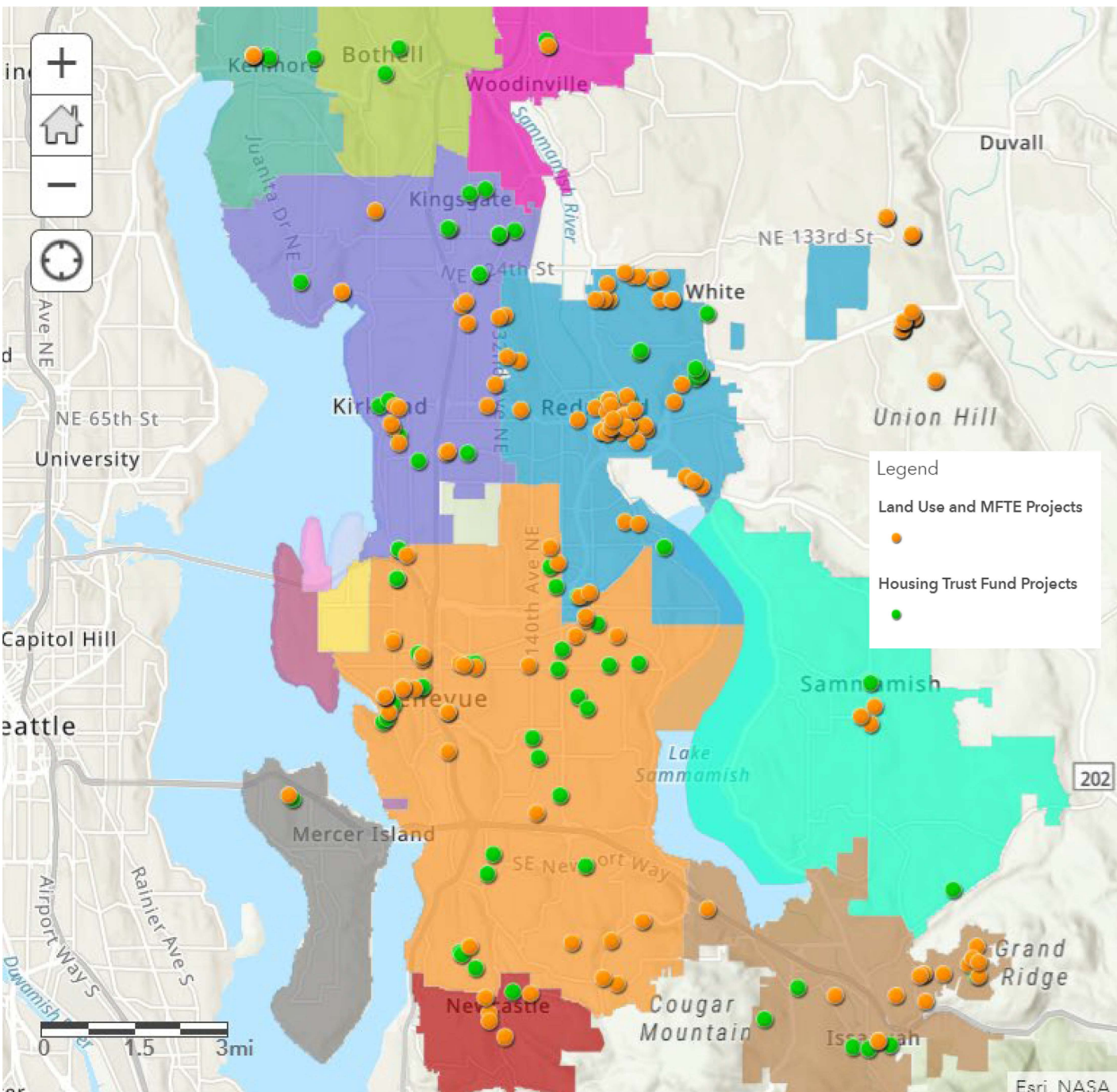
Leverage - maximize return on local investment

Geographic equity - create diverse housing choices across the Eastside

Community - projects shaped by professional expertise and community perspectives

Sustainability of projects and investments

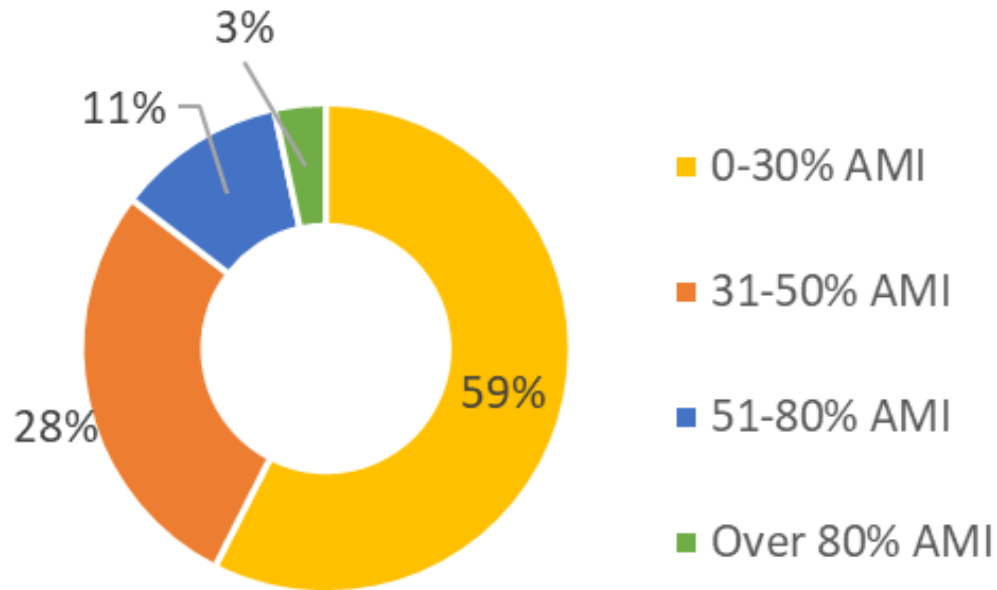
Coordination between local, county and state priorities - elevate Eastside projects



Housing Trust Fund Projects by Location		
Project Location	Units/ Beds	ARCH Member Contributions
Bellevue	1,441	\$15,203,846
Bothell	117	\$1,205,500
Issaquah	473	\$15,441,771
Kenmore	86	\$718,121
Kirkland	482	\$12,441,217
Mercer Island	59	\$900,000
Newcastle	15	\$341,337
Redmond	1,410	\$23,528,206
Sammamish	64	\$1,263,657
Scattered/Multiple Locations	241	\$2,185,000
Woodinville	100	\$483,084
Grand Total	4,488	\$73,711,739
Note: Includes projects in development. Contributions include grants/loans, land, and fee waivers		
Land Use and MFTE Projects by Tenure		Affordable Units
Tenure		
Rental		1,616
Ownership		758
Grand Total		2,374

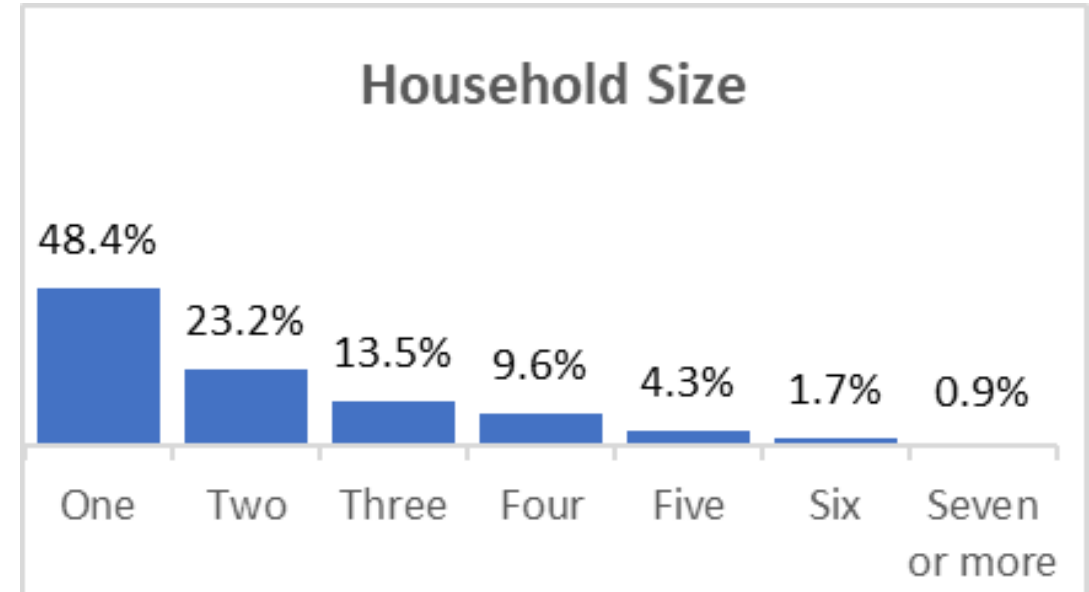
Housing Trust Fund: Who is Served?

Household Income
(Percent of Median Income)



HH Size	1 Person	2 People	3 People	4 People	5 People
30% AMI [VERY LOW INCOME]					
Household Income	\$23,793	\$27,192	\$30,591	\$33,990	\$36,709
50% AMI [LOW INCOME]					
Household Income	\$39,655	\$45,320	\$50,985	\$56,650	\$61,182
60% AMI					
Household Income	\$47,586	\$54,384	\$61,182	\$67,980	\$73,418
80% AMI [MODERATE INCOME]					
Household Income	\$63,448	\$72,512	\$81,576	\$90,640	\$97,891

Housing Trust Fund: Who is Served?

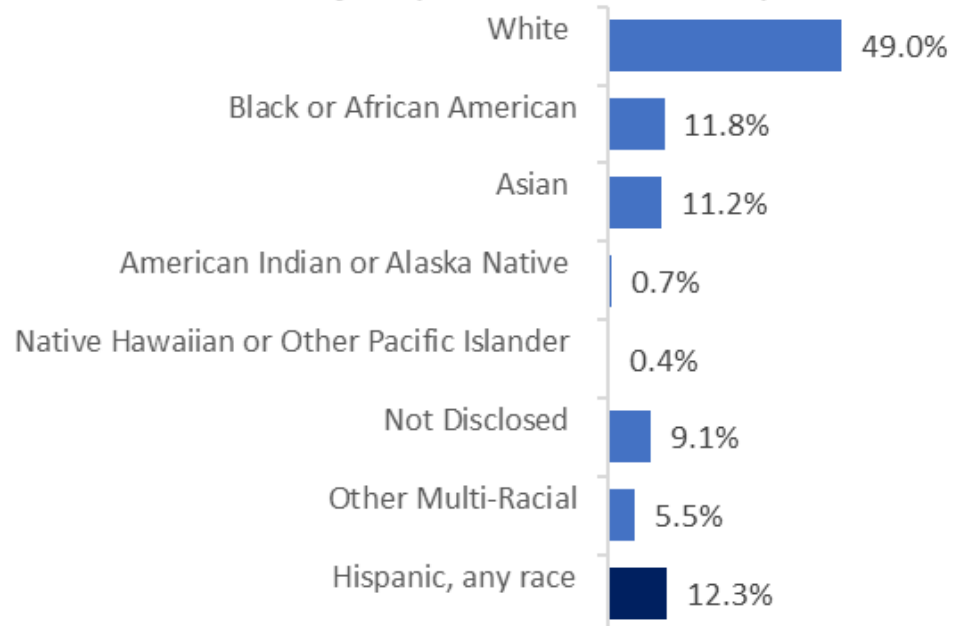


Number of Single Parent Households	Percent of Total Households Served
408	13.6%

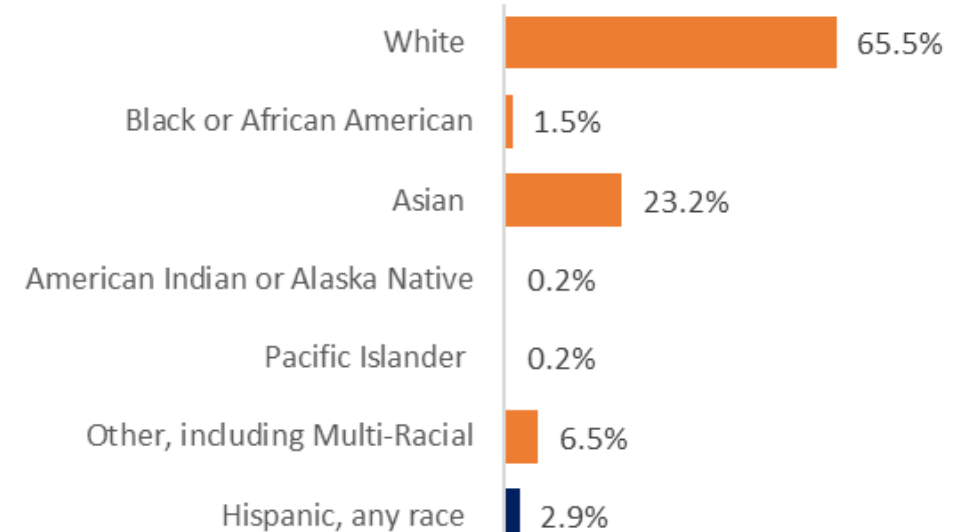
Household Type	Number of Homeless Households	Percent of Total Households Served
Homeless Family	170	5.7%
Homeless Individual	309	10.3%
All	479	16.0%

Housing Trust Fund: Who is Served?

RACE & ETHNICITY
HTF Projects, Head of Household, 2019



RACE & ETHNICITY
East King County, Head of Household
2019 ACS 5-year estimate, Renter Occupied HHs





Eastgate Supportive Housing

Plymouth Housing / Horizon Housing

Funding Request: \$500,000

Recommendation: \$500,000

93 studio units (30% AMI), 2 manager units

Permanent Supportive Housing Model

Population: Homeless single adults

Partnership with
Congregations for the
Homeless, Sophia Way

Location: 13520 SE Eastgate
Way, Bellevue, WA

Permanent Supportive Housing

- Housing is “permanent” or non-time limited
- Housing is paired with wrap-around supportive services
- No or low barriers to tenancy (aka “Housing First”)
- Designed for homeless individuals with significant barriers to housing stability (mental illness, substance abuse, or other health conditions)
- Common building features:
 - Secure entry with 24-hour staffing
 - Designated space for social services
 - Ample community space / common kitchen
- Research supports effectiveness in:
 - Housing retention
 - Health outcomes
 - Overall cost savings across systems

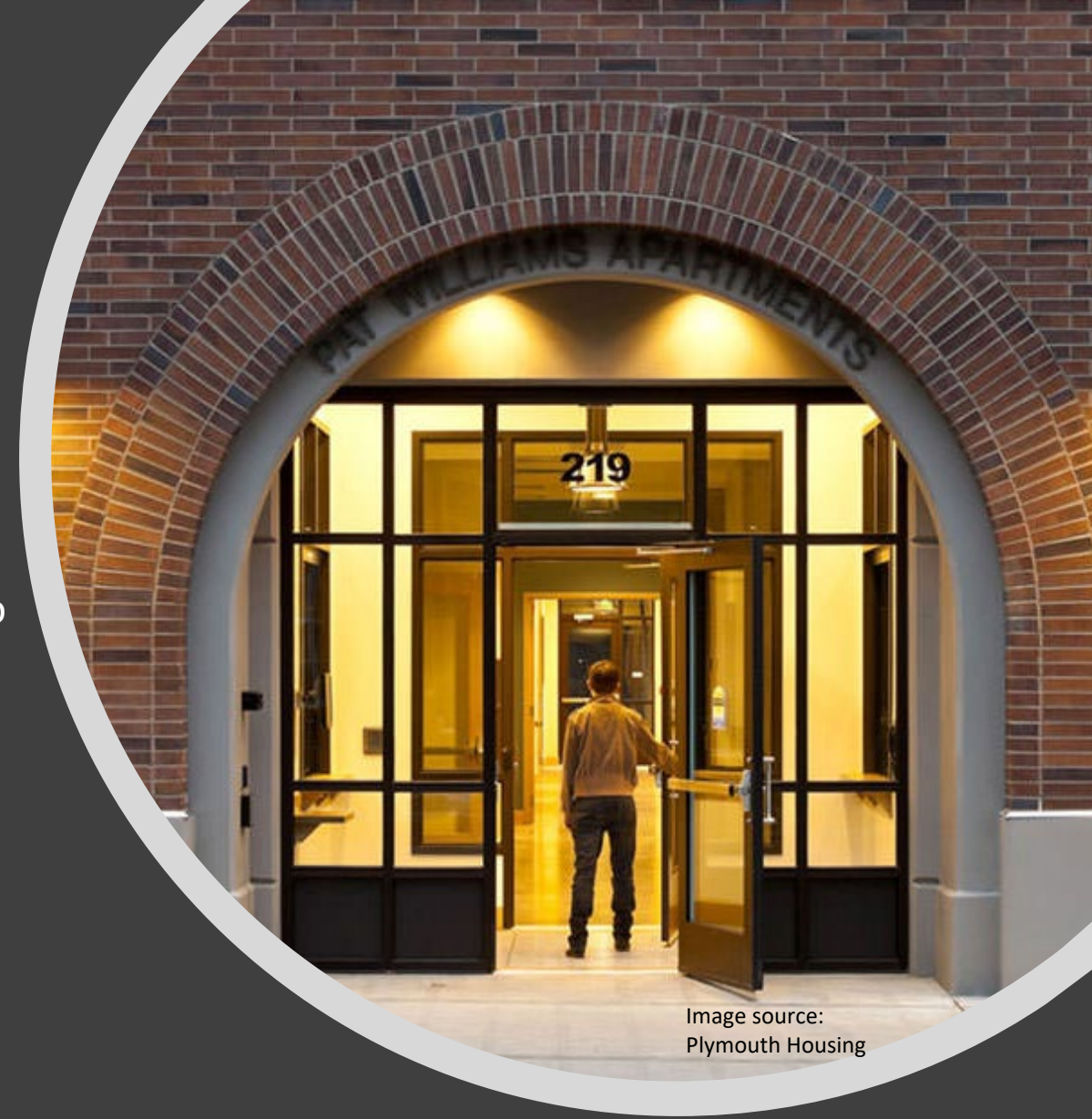
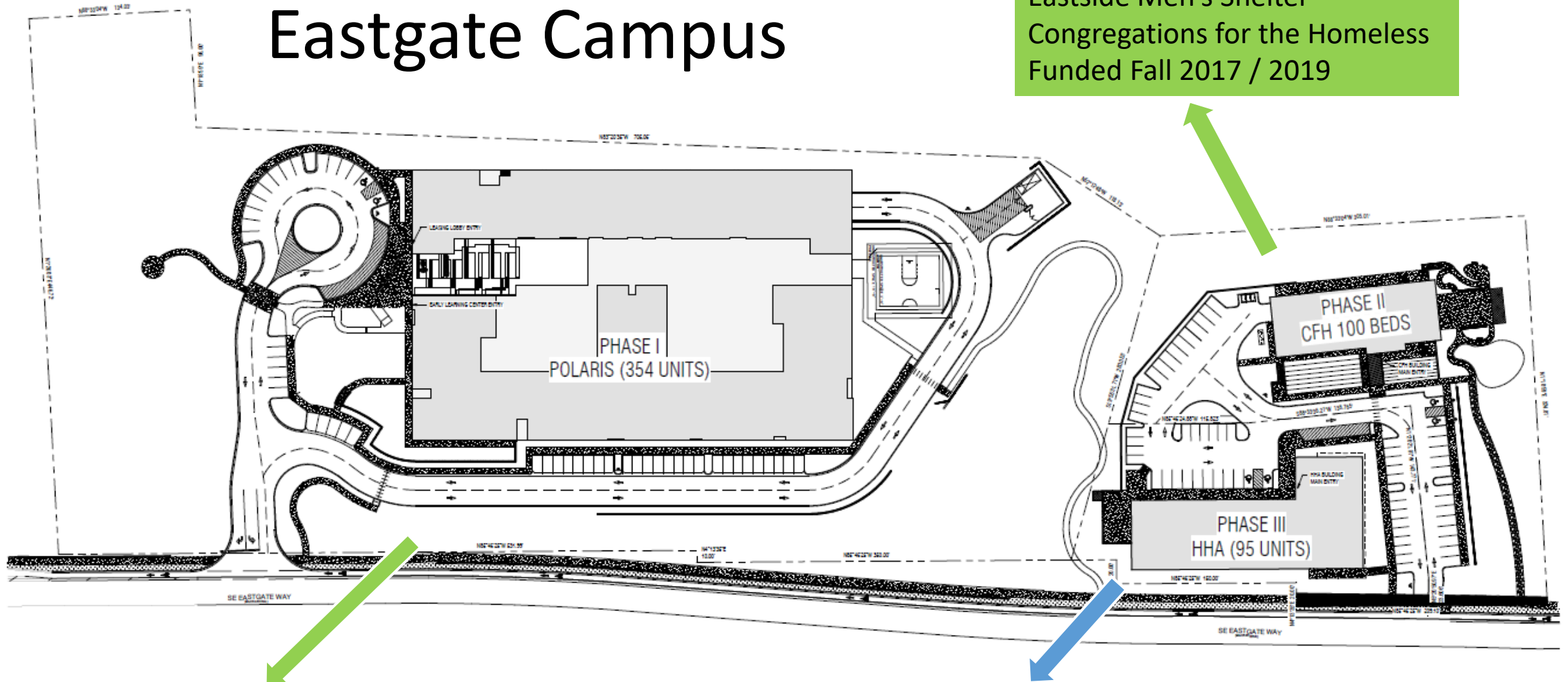


Image source:
Plymouth Housing

Eastgate Campus

Eastside Men's Shelter
Congregations for the Homeless
Funded Fall 2017 / 2019

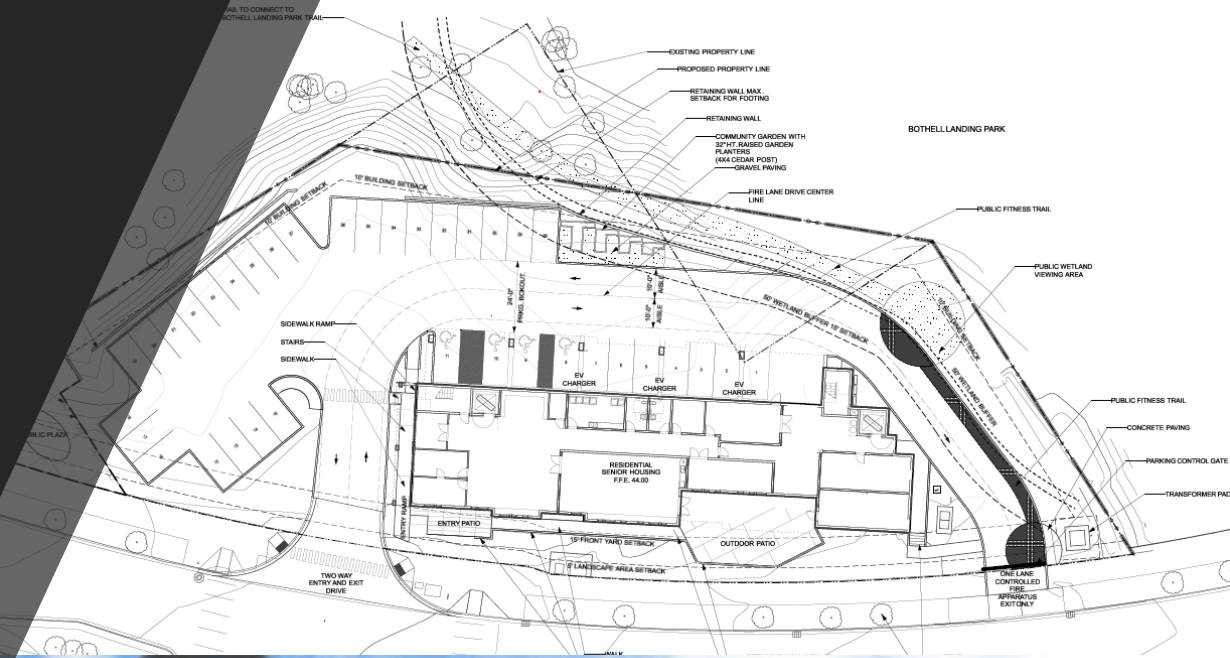


Polaris Workforce Housing
Inland Group
Funded Fall 2019

Eastgate Supportive Housing
Plymouth Housing / Horizon Housing Alliance
Fall 2020 Recommendation

Samma Senior Apartments Imagine Housing

- Funding Request: \$500,000
- Recommendation: \$500,000
 - Previous award \$750,000
 - Total \$1.25 million award
- 76 studio units (50% AMI)
- Population: Seniors
- Ultra High Energy Efficiency project
- Location: 17816 Bothell Way NE, Bothell WA





Horizon Housing / Polaris at Totem Lake Inland/Horizon Housing Alliance

- ARCH Funding Request: \$4,000,000
- Recommendation: Up to \$4,000,000
- Total units: 467 units
 - 80 units at 30% AMI and 50% AMI
 - 219 units at 60% AMI
 - 168 units at 60-100% AMI
- Service Provider: Hopelink
- Location: 12335 120th Ave NE, Kirkland, WA
- Additional \$8 million committed by Microsoft for ARCH Bridge Funding Program

Funding Sources

Project	Affordable Units	Prior ARCH Award	2020 ARCH Request	Other Public Funds	Private Funds	Sponsor Funds/Deferred Fee	Total Cost	ARCH % of Total Cost	ARCH \$\$ per Unit/Bed
Plymouth Eastgate Supportive Housing	92		\$500,000	\$7,703,705	\$19,703,538	\$2,211	\$27,909,454	2%	\$5,435
Imagine Samma Senior Apartments	76	\$750,000	\$500,000	\$8,846,159	\$12,538,784	\$1,090,580	\$23,725,523	5%	\$16,447
Inland Horizon at Totem Lake	299		\$4,000,000	\$0	\$97,532,116	\$10,848,593	\$112,380,709	4%	\$13,378
Total	467	\$750,000	\$5,000,000	\$16,549,864	\$129,774,438	\$11,941,384	\$164,015,686	3%	\$10,707

	Recommended Projects				
	Eastgate Supportive Housing	Samma Senior Apartments	Horizon at Totem Lake		Total 2020 Recommended Funding
<u>Member Cities Funding</u>					
Bellevue	\$62,200	\$62,200	\$497,500		\$621,900
Bothell	\$8,600	\$8,600	\$68,800		\$86,000
Clyde Hill	\$1,900	\$1,900	\$15,000		\$18,800
Hunts Point	\$500	\$500	\$3,900		\$4,900
Issaquah	\$11,800	\$11,800	\$94,700		\$118,300
Kenmore	\$10,700	\$10,700	\$85,400		\$106,800
Kirkland	\$321,600	\$321,600	\$2,573,100		\$3,216,300
Medina	\$1,000	\$1,000	\$8,300		\$10,300
Mercer Island	\$5,500	\$5,500	\$44,300		\$55,300
Newcastle	\$4,100	\$4,100	\$32,500		\$40,700
Redmond	\$50,800	\$50,800	\$406,700		\$508,300
Sammamish	\$15,600	\$15,600	\$124,600		\$155,800
Woodinville	\$4,800	\$4,800	\$38,300		\$47,900
Yarrow Point	\$900	\$900	\$6,900		\$8,700
	\$500,000	\$500,000	\$4,000,000		\$5,000,000
Prior Award		\$750,000			
Total Award	\$500,000	\$1,250,000	\$4,000,000		

RESOLUTION R-5463

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 \$3,216,300 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:

Plymouth Housing Group/Horizon Housing Eastgate Supportive Housing in an amount not to exceed \$321,600;

Imagine Housing Samma Senior Apartments in an amount not to exceed \$321,600; and

Inland Group/Horizon Housing Totem Lake Apartments in an amount not to exceed \$2,573,100.;

Section 2. The agreements entered into pursuant to Section 1 of this Resolution shall be funded in a total amount not

43 to exceed \$3,216,300. Such agreements shall include terms and
44 conditions to ensure that the City's funds are used for their
45 intended purpose and that the affordability of projects is
46 maintained over time. In determining what conditions should be
47 included in the agreements, the duly-appointed administering
48 agency of ARCH shall be guided by the recommendations set forth
49 in the ARCH Executive Board's memorandum as of December 17,
50 2020, a copy of which is attached hereto as Exhibit A.

51
52 Passed by majority vote of the Kirkland City Council in open
53 meeting this ____ day of _____, 2021.

54
55 Signed in authentication thereof this ____ day of
56 _____, 2021.

Penny Sweet, Mayor

Attest:

Kathi Anderson, City Clerk



TOGETHER CENTER CAMPUS
16225 N.E. 87TH STREET, SUITE A-3
REDMOND, WA 98052
425-861-3677

MEMORANDUM

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

FROM: Kurt Triplett, Chair, ARCH Executive Board

DATE: December 17, 2020

RE: Fall 2020 Housing Trust Fund (HTF) Recommendation

The 2020 ARCH Housing Trust Fund round again demonstrated high demand for funding to support affordable housing development in East King County, with four applications representing requests for over six million dollars in local funds to develop close to 500 units of affordable housing. After careful deliberation, the ARCH Executive Board concurred with the recommendations of the ARCH Citizen Advisory Board (CAB), and is recommending funding of \$5,000,000 for three projects, including one project that received a partial award last year.

These recommendations advance projects that meet urgent local priorities, including mixed income workforce housing, affordable housing for seniors, and the first permanent supportive housing project for homeless individuals on the Eastside, which will be developed as part of a master planned community that also includes the previously funded permanent year-round emergency shelter for men.

In the last three decades, the ARCH Trust Fund has supported nearly 4,500 units of affordable housing and shelter beds, more than any other program in East King County, notably creating housing for those with the greatest needs and the fewest opportunities to live in our community. At a time when public resources are scarce but the needs in the community have only grown, your investments will be amplified by the other public and private funding leveraged by these projects, with every \$1 of local funding matched by an estimated \$27 of other funding.

Following is a description of the applications received, the Executive Board recommendation and rationale, and proposed contract conditions for the proposals recommended for funding at this time. Also enclosed is an economic summary of the projects recommended for funding, and a summary of past projects funded through the Trust Fund to date.

ARCH MEMBERS

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

December 17, 2020

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1. Plymouth Housing Group/Horizon Housing Eastgate Permanent Supportive Housing

Funding Request: \$500,000 (Deferred, Contingent Loan)
92 Affordable Units; 3 Manager Units

Executive Board Recommendation: \$500,000 (Deferred, Contingent Loan)

Project Summary:

Horizon Housing Alliances is proposing to develop and turn over to Plymouth Housing– a non-profit corporation with a 40-year history of serving the homeless in Seattle King County – a 95-unit permanent supportive housing project located adjacent to the Eastside Men’s Shelter by Congregations for the Homeless. Plymouth is an established owner and operator of permanent supportive housing, a model that provides critical wrap-around supportive services such as mental and behavioral health services in a permanent housing setting.

The building will be sited on the upper shelf of the 10-acre King County Solid Waste site in the Eastgate area of Bellevue. The site comprises a larger master development with three components, including the Eastside Men’s Shelter, which will share a surface parking lot. Another 300 units for workforce housing on the lower portion of the site completes the development. ARCH has previously awarded funding for the shelter and workforce housing components of the project.

Funding Rationale:

The Executive Board supports the intent of this application for the following reasons:

- The project is the last component necessary to realize the shelter at this location, which remains a high priority for ARCH and its member jurisdictions, particularly the City of Bellevue and King County.
- The project creates permanent supportive housing with a very experienced provider, and benefits from the thoughtful community outreach process coordinated by Congregations for the Homeless
- The project benefits from being built simultaneously with other components by a vertically integrated developer.
- The project scores well for very competitive 9% tax credits.
- The project provides significant financial leverage of other resources.
- Site has convenient access to transit, shopping, and services.

Proposed Conditions:

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

Special Conditions:

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

December 17, 2020

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progress in bringing the project to readiness or completion. At a minimum, the Agency will demonstrate that all capital funding has been secured or is likely to be secured within a reasonable period of time.

2. Funds shall be used by Agency toward soft costs, design, permits and construction. Funds may not be used for any other purpose unless ARCH staff has given written authorization for the alternate use. Spending of construction contingency must be approved in advance by City or Administering Agency. If after the completion of the project there are budget line items with unexpended balances, the public funders shall approve adjustments to the project capital sources, including potentially reductions in public fund loan balances.
3. Funds will be in the form of a deferred, contingent loan. Loan terms will account for various factors, including loan terms from other fund sources, available cash flow and receipt of an asset management fee or deferred developer fee to the Agency and project reserves. Final loan terms shall be determined prior to release of funds and must be approved by ARCH Staff. Based on the preliminary development budget, it is anticipated that loan payments will be deferred throughout the life of the loan.
4. The net developer fee shall be established at the time of finalizing the Contract Budget and will follow ARCH Net Developer Fee Schedule. Net developer fee is defined as that portion of the developer fee paid out of capital funding sources and does not include the deferred portion which is paid out of cash flow from operations after being placed in service.
5. A covenant is recorded ensuring affordability for at least 50 years, with size and affordability distribution per the following table. Limited changes to the matrix may be considered based on reasonable justification as approved by ARCH staff.

Affordability	Studio	Total
30%	46	46
50%	46	46
Non-restricted	3	3
Total	95	95

6. Based on the availability of adequate support services, at least 75% of the units may be set aside for occupancy for households transitioning out of homelessness, unless otherwise approved by ARCH. Plymouth will work with the Coordinated Entry for All system to seek preference for homeless individuals from Sophia Way and Congregations For the Homeless shelters, while maintaining flexibility to change how units may be filled based on actual experiences at the site and within the community.

2. Imagine Housing Samma Senior Apartments

Funding Request: \$500,000 additional to \$750,000 awarded in 2019 (Deferred, Contingent Loan)
76 affordable rental units

Executive Board Recommendation: \$500,000 (Deferred, Contingent Loan)

Project Summary:

Imagine Housing is proposing a 76-unit affordable 55 and older senior rental project utilizing 4% tax credits and tax-exempt bond financing. The project includes set asides of apartments for disabled persons. The project will be built on land to be acquired from the City of Bothell at a reduced price. The site is located on the Bus Rapid Transit corridor which is being expanded with ST3 funding. The City has indicated its strong support for the project including zoning changes for increased height and reduced parking.

The proposed affordable building is five levels of wood construction. Imagine is pursuing an Ultra High Energy Efficiency (UHEE) rating for this building. The design envisions around 40 surface parking spaces. Imagine has also submitted applications for funding from King County and the State Housing Trust Fund. ARCH believes the application will be competitive for King County Transit-Oriented Development housing funds, as well as State funds designated for UHEE projects. Imagine has made substantial progress working through site, design and environmental issues, and is poised to move quickly on the project, if successful in securing a tax credit allocation.

Funding Rationale:

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

- Aligns with local housing strategy.
- The City of Bothell is excited to support this affordable project through discounting land and having worked collaboratively to address land use issues.
- The project would increase affordability within the revitalized Bothell Landing.
- The project is sited at an excellent location for senior housing, with proximity to a major senior center, planned bus rapid transit, parks and trails, and shopping.
- The project will strive to achieve Ultra High Energy Efficiency.
- The project leverages significant funding from other public and private sources.
- The scale of project fits developer's past track record and capabilities.

Proposed Conditions:

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

Special Conditions:

1. Funds shall be used by the Agency for construction.
2. ARCH's funding commitment shall continue for twelve (12) months from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested to ARCH

December 17, 2020

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staff no later than sixty (60) days prior to the expiration date. At that time, the Agency will provide a status report on progress to date. ARCH staff will consider up to a 12-month extension only on the basis of documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the Agency will demonstrate all capital funding is likely to be secured within a reasonable period of time.

3. Funds will be in the form of a deferred, contingent loan. It is anticipated that loan payments will be based on a set repayment schedule and begin after repayment of deferred developer fee with 1% interest. The terms will also include a provision for the Agency to a defer payment if certain conditions are met (e.g. low cash flow due to unexpected costs). Any requested deferment of loan payment is subject to approval by ARCH Staff, and any deferred payment would be repaid from future cash flow or at the end of the amortization period. Loan terms will account for various factors, including loan terms from other fund sources and available cash flow. Final loan terms shall be determined prior to release of funds and must be approved by ARCH Staff. The terms are expected to include a provision for the Agency to defer payment if certain conditions are met (e.g., low cash flow due to unexpected costs).
4. A covenant is recorded ensuring affordability for at least 50 years, with affordability generally as shown in the following table. Limited changes to the matrix may be considered based on reasonable justification as approved by ARCH staff.

Affordability	Studio	Total
50% AMI	76	76
TOTAL	76	76

5. Agency shall work with City to minimize parking requirements and dependence on private vehicles, but support residents with alternative modes of transportation, including exploring bus vouchers, shared electric bikes and a van.
6. The net developer fee shall be established at the time of finalizing the Contract Budget and will follow the schedule established by ARCH. Net developer fee is defined as that portion of the developer fee paid out of capital funding sources and does not include the deferred portion which is paid out of cash flow from operations after being placed in service.
7. To demonstrate Agency's capacity to provide appropriate asset management and property management over its properties, Agency shall:
 - A. Establish and maintain an internal system of complaint tracking including documentation of resolution;
 - B. Provide ARCH with information related to active complaints regarding property conditions and management at existing properties and prepare an implementation plan to address verified habitability complaints, to be submitted to ARCH by February 15, 2021; and
 - C. Provide regular reporting on implementation to ARCH. No funds will be contracted or disbursed until the ARCH has determined the Agency has sufficient property and asset

management capacities and has adequately addressed resident complaints regarding life safety and livability issues.

8. Agency shall maintain the project in good and habitable condition for the duration of period of affordability.

3. Inland Group/Horizon Housing Totem Lake Development

Initial Funding Request: \$4,000,000 (Deferred, Contingent Loan)
80 affordable rental units in 9% deal and 219 affordable units in 4% deal

Executive Board Recommendation: Up to \$4,000,000 based on documented gap (Deferred, Contingent Loan)

Project Summary:

Based on their successful proposal for the Together Center redevelopment, Inland/Horizon seek to create a similarly configured affordable development comprising approximately 300 income-restricted units supplemented by an additional 168 workforce rental units in the redeveloping Totem Lake neighborhood of Kirkland.

The proposed project is located at the site of a former new car dealership will consist of three residential towers with level 1 of sub-grade parking and 2 levels of above grade parking. The first floor will consist of common areas/commercial space and the majority of the residential units will be on the third floor and above. The project proposes to utilize 9% tax credits in 80 units affordable at 30% and 50% AMI, of which 60 would be set aside for those exiting homelessness. Another 219 units is proposed at 60% AMI, which will be funded through 4% tax credits and tax-exempt bond financing. The developer is in conversations with Hopelink to provide services to the formerly homeless.

Microsoft has indicated interest in financing the workforce component of the project, as well as supplying bridge financing through ARCH for the tax credit portion of the development, similar to the loan provided to the Together Center development.

Funding Rationale:

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

- The project has the opportunity to deliver mixed income housing on a significant scale in a location with access to transit and other amenities.
- The project leverages a significant amount of tax credit and other private financing.
- If successful in obtaining a 9% allocation, the project would provide housing for homeless families as well as other low-income families and individuals.
- If unsuccessful in obtaining a 9% allocation, the project would still deliver a significant amount of housing affordable to a range of incomes.
- The project will deliver a large amount of family-sized, 3-bedroom units.

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- The developer is vertically integrated bring economies to the development. The project will be co-located with workforce housing creating a project of around 470 units built simultaneously, bringing an economy of scale.
- The project envisions bringing social services and behavioral health services to the Totem Lake neighborhood.
- The project would allow timely investment of in lieu fees collected from downtown development to invest in another redeveloping neighborhood.
- The project maximizes utilization of the site per zoning.

Proposed Conditions:

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

Special Conditions:

1. The funding commitment shall continue for 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 ARCH staff no later than sixty (60) days prior to the expiration date. ARCH staff will grant up to a 12-month extension.
2. Funds shall be used by the Agency towards acquisition. Funds may not be used for any other purpose unless ARCH 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 ARCH Staff. It is anticipated that loan payments will be based on a set repayment schedule and begin after repayment of deferred developer fee with 1% interest. The terms will also include a provision for the Agency to a defer payment if certain conditions are met (e.g. low cash flow due to unexpected costs). Any requested deferment of loan payment is subject to approval by ARCH Staff, and any deferred payment would be repaid from future cash flow or at the end of the amortization period.
5. The net developer fee shall be established at the time of finalizing the Contract Budget and will follow the ARCH Net Developer Fee Schedule. Net developer fee is defined as that portion of the developer fee paid out of capital funding sources and does not include the deferred portion which is paid out of cash flow from operations after being placed in service.
6. A covenant is recorded ensuring affordability for at least 50 years, with affordability generally as shown in the following table. Limited changes to the unit mix may be considered based on reasonable justification as approved by ARCH staff. If the project is unsuccessful in securing 9% tax credits in the current round, the project may shift the allocation of units set aside at 30% AMI to either 50% or 60% AMI. The total number of units affordable up to 60% AMI may not be decreased by more than 10% without ARCH Board approval. The total number of units affordable up to 50% AMI may also not be decreased by more than 10% without ARCH Board approval. Decreases of 50% and 60% AMI units greater than 10% may be approved by the ARCH Board, but shall not exceed 20%.

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Affordability	Studio	1 BR	2BR	3BR	Total
30%		8	20	12	40
50%		8	20	12	40
60%	22	42	108	47	219
Total	22	58	148	71	299

7. The final loan amount shall be up to \$4 million, subject to approval by ARCH staff based on a documented funding gap. ARCH reserves the right to reduce its total loan amount based on changes to the project sources and uses, and unit mix.
8. The Agency shall submit evidence of private funding commitments for all components of the project, including the workforce housing. In the event commitment of funds cannot be secured consistent with the timeframe identified in the application, the Agency shall immediately notify ARCH, and describe the actions it will undertake to secure alternative funding and the timing of those actions subject to ARCH review and approval.
9. Agency must submit for ARCH staff approval a management and services plan which includes coordination of services with outside providers and parking management.
10. Agency shall submit a marketing plan for approval by ARCH staff. The plan should include how the Agency will do local targeted marketing outreach to local, media business and community organizations.
11. The Agency shall work with the city to minimize required parking and to provide alternative transportation options for the residents that reduce reliance on private automobiles, such as provision of public transit passes, bike storage, car sharing programs and other incentives. The Agency may charge for parking, subject to approval by ARCH staff, provided that the Agency has minimized the overall cost burden on residents with the lowest incomes.
12. In the interest of discouraging segregation of residents by income within the project, the Agency shall look for ways to integrate the population across the project with shared amenities, unifying esthetics and other programmatic features to build community within the project.

4. Friends of Youth New Ground Kirkland Redevelopment

Funding Request: \$1,069,979 additional to previously invested \$250,000 awarded in 2005 (Secured Grant)
24 total affordable beds replacing existing 8 beds

Executive Board Recommendation: \$0

Project Summary:

Friends of Youth proposes to redevelop a site currently occupied by their 8-unit transitional living program in the Houghton neighborhood of Kirkland. The existing building would be razed and replaced

by a similarly sized building configured to have 8 suites of congregate housing, each with 3 private bedrooms, for a total of 24 residences. The target population would be clients who are ready for more independent living, likely pursuing education or entry level employment, including young adults who are not current clients of the agency. This would represent a re-balancing of the agency's housing portfolio.

Funding Rationale:

The CAB potentially supports the concept of the Friends of Youth proposal but does not recommend funding at this time. The CAB would welcome an application in the next round. This would provide an opportunity for Friends of Youth to address the issues identified below. In the event Friends of Youth does provide an application to ARCH in the upcoming round, the application should address the following issues:

- Building design, siting and parking and conformance with zoning requirements
- Interior arrangement for congregate/independent living
- On site management necessary for successful congregate living
- Neighborhood outreach
- Capital campaign plan that includes this project and the permanent relocation of the youth shelter, which the agency has indicated is its other top priority

Standard Conditions (Apply to all projects):

1. The Agency shall provide revised development and operating budgets based upon actual funding commitments, which must be approved by ARCH staff. If the Agency is unable to adhere to the budgets, ARCH must be immediately notified and (a) new budget(s) shall be submitted by the Agency for ARCH's approval. ARCH shall not unreasonably withhold its approval to (a) revised budget(s), so long as such new budget(s) does not materially adversely change the Project. This shall be a continuing obligation of the Agency. Failure to adhere to the budgets, either original or as amended may result in withdrawal of ARCH's commitment of funds.
2. The Agency 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 Agency shall immediately notify ARCH, and describe the actions it will undertake to secure alternative funding and the timing of those actions subject to ARCH review and approval.
3. In the event federal funds are used, and to the extent applicable, federal guidelines must be met, including but not limited to: 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 Agency shall maintain documentation of any necessary land use approvals and permits required by the city in which the project is located.
5. The Agency shall submit monitoring quarterly reports through completion of the project, and annually thereafter, and shall submit a final budget upon project completion. If applicable, Agency shall submit initial tenant information as required by ARCH.