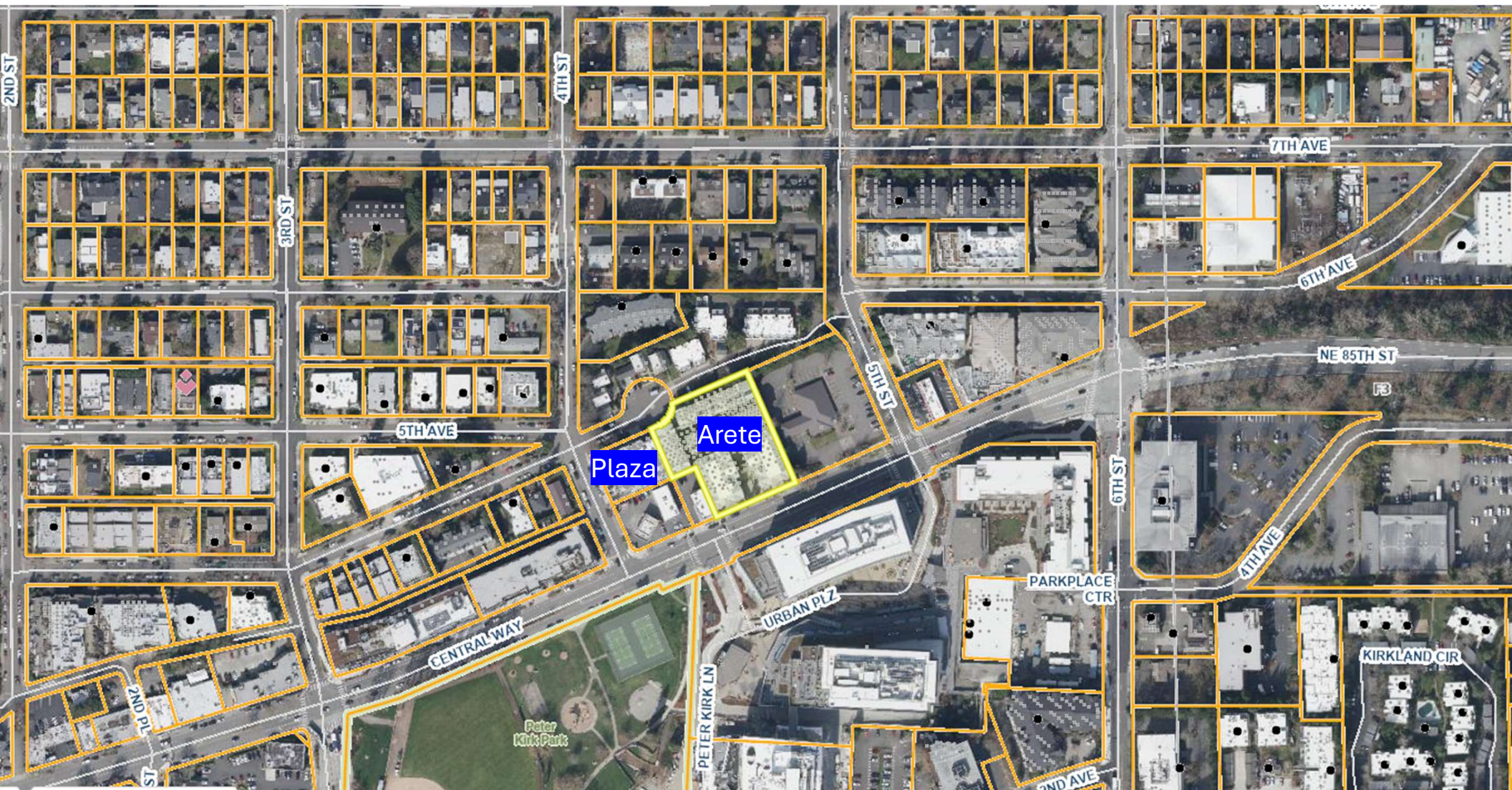




Briefing on Potential Affordable Housing Agreement at Arete Apartments

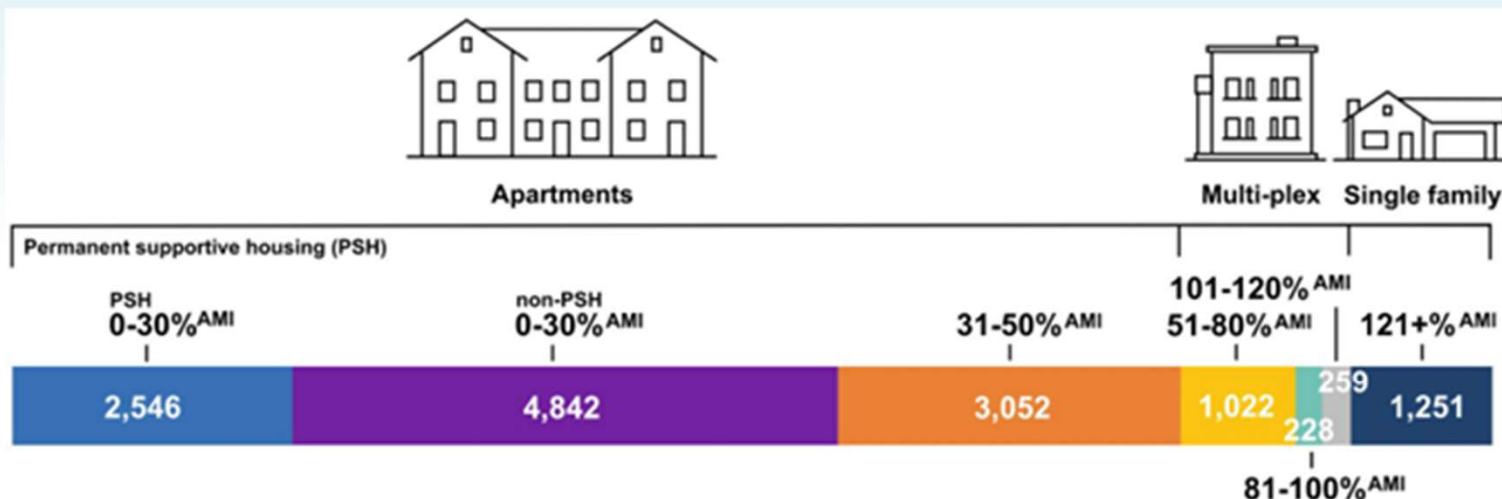
City Council

August 5, 2026



Kirkland's 2019-2044 Housing Needs Allocation

13,200 Net New Units



In addition, Kirkland's allocation of emergency housing is **2,522 units**, which is calculated as city's percent share of the countywide housing growth.

Sources: King County Dept of Community and Human Services, Performance Measurement and Evaluation, March 3, 2022
Image adapted from WA Dept of Commerce

10,440 Apartments
(79%) for households making **0-50% AMI**

1,509 Multi-plex
(11%) for households making **51-120% AMI**

1,251 Single family
(10%) for households making **+120% AMI**

Key Elements of Proposal



- **Affordability:** 218 units (out of 290 units) at 60% AMI
- **Tenant Turnover:** Over-income residents can remain at Arete
- **Income Growth:** Up to 80% AMI counts
- **Eligibility for Tax Exemption:** Exemption (improvement + land value) for as long as 75% threshold is achieved
- **Loan:** Up to 40-year, \$500,000, no-interest (interest rate would increase to 12% upon default)
- **Operations and Monitoring:** Management Plan

Implications of Tax Break

Preliminary/Estimated Annual Tax Break to Property Owner: approx. \$502,000

Summary

Project Impacts on City Taxes

■ Shifted Taxes ■ Foregone Taxes ● Exempted Taxes



Project Impacts on Median Taxpayer in Year 1 of Exemption

Shifted Taxes as a Percentage of Total City Levy: 0.123%

Taxes Shifted to Median-Value Home: \$1.2500

City Property Tax on Median-Value Home: \$1,019

City Tax Impacts During Exemption

Exemption Year:	1	2	3	4	5	6	7	8	9	10
Exempted Taxes	\$57,373	\$58,095	\$58,809	\$59,896	\$61,031	\$62,220	\$63,477	\$64,732	\$65,986	\$67,239
Shifted Taxes	\$57,476	\$58,051	\$58,631	\$59,218	\$59,810	\$60,408	\$61,012	\$61,622	\$62,239	\$62,861
Foregone Taxes (Based on Shifted Taxes)	-\$103	\$44	\$177	\$678	\$1,221	\$1,812	\$2,464	\$3,110	\$3,747	\$4,378
Foregone Taxes (Based on Deferred NC)	\$1,081	\$1,094	\$1,108	\$1,128	\$1,150	\$1,172	\$1,196	\$1,219	\$1,243	\$1,267

Issues for Council Consideration



- **Income Limits:** 89% of EcoFlat units currently rent at less than 60% AMI
- **Unit Types:** No 1-3 bedroom units included
- **Rent Increases:** Based on area median income
- **Loan:** Acceptable amount? Acceptable terms?
- **Term of Agreement:** Acceptable amount of time?

Backup Slide: Rent Limits

Rent limits* for projects that were executed <u>before May 1, 2019</u>						
Contact the property manager to find out if their building falls into this category						
	% of Area Median Income	Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
Very low-income	30%	\$863	\$986	\$1,110	\$1,233	\$1,332
	35%	\$1,007	\$1,151	\$1,295	\$1,439	\$1,554
	40%	\$1,151	\$1,315	\$1,480	\$1,644	\$1,776
	45%	\$1,295	\$1,480	\$1,665	\$1,850	\$1,997
Low-Income	50%	\$1,439	\$1,644	\$1,850	\$2,055	\$2,219
	55%	\$1,582	\$1,808	\$2,034	\$2,261	\$2,441
	60%	\$1,726	\$1,973	\$2,219	\$2,466	\$2,663
	65%	\$1,870	\$2,137	\$2,404	\$2,672	\$2,885
	70%	\$2,014	\$2,302	\$2,589	\$2,877	\$3,107
	75%	\$2,158	\$2,466		\$3,083	\$3,329
	80%	\$2,302	\$2,630	\$2,959	\$3,288	\$3,551
	85%	\$2,445	\$2,795	\$3,144	\$3,494	\$3,773
Moderate Income	90%	\$2,589	\$2,959	\$3,329	\$3,699	\$3,995
	95%	\$2,733	\$3,124	\$3,514	\$3,905	\$4,217
	100%	\$2,877	\$3,288	\$3,699	\$4,110	\$4,439
	105%	\$3,021	\$3,452	\$3,884	\$4,316	\$4,661
	110%	\$3,165	\$3,617	\$4,069	\$4,521	\$4,883
	120%	\$3,452	\$3,946	\$4,439	\$4,932	\$5,327