

RESOLUTION R-4906

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

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

WHEREAS, the ARCH Executive Board has recommended that the City of Kirkland participate in the funding of certain affordable housing projects and programs 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 \$459,583 from City 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:

ARCH South Kirkland Transit Oriented Development in an amount not to exceed \$342,457; and

The Sophia Way – Sophia's Place in an amount not to exceed \$17,126; and

Low Income Housing Institute Bellevue Apartments in an amount not to exceed \$100,000.

Section 2. The Agreements entered into pursuant to Section 1 of this Resolution shall be funded in a combined amount not to exceed \$459,583. Such Agreements 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 Agreements, the duly-appointed administering agency of ARCH shall be guided by the recommendations set forth in the ARCH Executive Board's memorandum of December 9, 2011, a copy of which is attached hereto as Exhibit A.

Passed by majority vote of the Kirkland City Council in open meeting this 17th day of January, 2012.

Signed in authentication thereof this 17th day of January, 2012

  
MAYOR

Attest:

  
City Clerk



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

M E M O R A N D U M

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 Woodinville Council Members  
Town of Yarrow Point Council Members

FROM: Frederick Stouder, Chair, and ARCH Executive Board

DATE: December 9, 2011

RE: 2011 Housing Trust Fund (HTF) Recommendation

The ARCH Executive Board (EB) has completed its review of eight applications for funding through the 2011 Housing Trust Fund round. The Executive Board at its June and November meetings considered these projects and recommends funding for five projects. Recommendations total \$2,622,500 as summarized in the attached table: Proposed Funding Sources. The actual amount will depend on final action by the City Councils.

Following is a summary of the applications, the CAB recommendation and rationale, and proposed contract conditions for the four proposals recommended for funding at this time. Also enclosed is an evaluation matrix for each proposal, an economic summary for the four projects recommended for funding, leveraging charts, project summary table, and a summary of funded projects to date.

**1. ARCH – South Kirkland TOD**

Funding Request: \$1,000,000 (Contingent Loan) Plus 14 Section 8 Vouchers  
58 - 70 units

CAB Recommendation: \$940,367\* (Contingent Loan) Plus 14 Section 8 Vouchers  
See attached Funding Chart for distribution of City Funds

(\* Reduced recommendation offset by increase funding award from King County. Done to allow CDBG funds allocated through ARCH to fully fund two other projects)

**Project Summary:**

A Regional Coalition for Housing (ARCH) acting as stand-in developer for purposes of accessing funding in the current round, is proposing up to a 70 unit rental housing project as part of a larger transit oriented development at the South Kirkland Metro Park and Ride consisting of affordable and market-rate housing, commercial/retail space and structured parking for expanded capacity at the South Kirkland Park and Ride. Construction of the affordable units will be four stories of residential wood framed construction over structured parking with ground floor retail in a portion of the parking structure.

The site is served by numerous bus lines and is in close proximity to a range of in-town amenities such as stores, parks and recreational facilities, schools, and places of worship.

The affordable portion of project targets households earning below 30%, 40% and 60% of median income, 14 units (or 20% of the total) are being set aside for homeless housing with an additional 14 units for persons living with disabilities. A number of local agencies have indicated willingness to deliver services for those residents that they would refer to the set-aside units. The project will feature a range of unit sizes from studios to two bedroom units.

King County Metro has done an RFQ/RFP process for soliciting developer team proposals for the site, and selection of a preferred proposal is expected in October 2011. A partnership of Polygon and Imagine Housing has been selected by Metro as the preferred developer of the site. Imagine Housing has proposed rental housing with a similar unit and affordability mix as submitted by ARCH, but with potentially approximately 60 units instead of 70 units.

**Funding Rationale:**

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

- Supports implementation of a local housing/neighborhood plan. The creation of housing with an affordable component at the South Kirkland Park and Ride site has been a high priority for the City of Kirkland for a number of years.
- There is site control
- The project integrates very-low and low-income housing with market rate housing and retail/commercial in a gateway project for the Houghton neighborhood.
- The project has a portion of housing for homeless and disabled populations, which city has indicated an interest in providing on this site, and some of proposed funding sources state as priority needs.
- Proposal is an integral element of an overall TOD development
- The affordable component in an integral component of the overall plan to increase overall housing supply and expanded Park and Ride capacity on this site.
- Leverages funding from several other affordable housing sources, and also leverages federal funds to expand capacity of the Park and Ride.

**Potential Conditions:**

**Special / Revised Conditions:**

1. The funding commitment shall continue for **twenty-four (24) 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. At that time, the selected developer will provide a status report on progress to date, and expected schedule for start of construction and project completion. City staff will consider an extension only on the basis of documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the selected developer will demonstrate that all capital funding has been secured or is likely to be secured within a reasonable period of time. City staff will grant up to a 12 month extension. If necessary a second extension of up to 6 months may be requested by following the same procedures as the first extension.
2. Funds will be in the form of a **deferred, contingent loan**. Loan terms will account for various factors, including loan terms from other fund sources and available cash flow. Final loan terms shall be determined prior to release of funds and must be approved by City Staff. Based on the preliminary development budget, it is anticipated that loan payments will be based on a set repayment schedule, and begin after repayment of deferred developer fee (approximately year 10), with 1% interest. The terms will also include a provision for 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.
3. Until such time as the any deferred developer fee structured into the sources is fully repaid, all cash flow after payment of operating expenses and debt service, shall be used to repay the deferred developer fee or project reserves as approved by City Staff.
4. A covenant is recorded ensuring affordability for at least 50 years, with affordability for the number of units in the proportion as shown in the following table which is for 70 units. In the event less units are provided, affordability mix would be a similar proportion as in the table. 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.

Median Income Level	Studio	1 Bedrm	2 Bedrm	Total
<b>Very Low Income 30% AMI</b>	<b>15</b>	<b>12</b>	<b>8</b>	<b>35</b>
<b>Low Income 31-40% AMI</b>	<b>8</b>	<b>6</b>	<b>4</b>	<b>18</b>
<b>Moderate Income 40-60% AMI</b>	<b>7</b>	<b>6</b>	<b>4</b>	<b>17</b>
<b>Total</b>	<b>30</b>	<b>24</b>	<b>16</b>	<b>70 *</b>

\* Up to 14 of the units can be Section 8 units, with a minimum of 7 of the Section 8 units being in two or three bedroom units.

5. Selected developer will explore the feasibility of incorporating some three bedroom units into the property.
6. Based on the availability of adequate support services, up to 20% of the units will be set-aside for homeless, unless otherwise approved by City Staff.

7. The design should reflect a conscious integration of the affordable units with the overall site design, and design of the affordable structure complementing the market rate housing.
8. The Agency shall submit a property management plan prior to release of funds for review by City staff. At a minimum, the property management plan will address:
  - Resident selection procedures including marketing and outreach process, including local targeted marketing outreach to local businesses and community organizations.
  - A short and long term strategy for covering operating expenses.
  - Management procedures to address resident needs, a description of the relationship of residents referred by agencies to those agencies' programs and services.
  - Overall transportation demand management for the affordable units (e.g. transit education, availability of bus passes, bicycle storage,) and management policies related to adequately managing resident and staff parking based on the approved amount of parking.
  - Description of the coordination of the management of the affordable housing with management of the market rate housing, retail and, if applicable transit facilities.
  - A summary of the City affordability requirements and annual monitoring procedures.
9. Submit documentation of the City's approval of the provision of parking for the affordable housing and overall project.

Standard Conditions:

10. Funds shall be used by the Agency toward project construction related costs as approved by City Staff. Funds may not be used for any other purpose unless city staff has given written authorization for the alternate use.
11. The Agency shall submit evidence of funding commitments from all proposed public and private 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 city staff, and describe the actions it will undertake to secure alternative funding and the timing of those actions subject to city staff's review and approval. Prior to initiating construction, the Agency shall submit evidence of all public and private resources needed to complete the project.
12. The Agency shall provide a revised development budget based upon actual funding commitments, which must be approved by City staff. If the Agency is unable to adhere to the budget, City staff must be immediately notified and a new budget shall be submitted by the Agency for the City's approval. The City shall not unreasonably withhold its approval to a revised budget, so long as such new budget 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 the City's commitment of funds.
13. 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.
14. 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 the City.

**2. Community Homes, Inc. (CHI) – 7<sup>th</sup> Residence**

Funding Request: \$100,000 (Secured Grant)  
5 beds

CAB Recommendation: \$100,000 (Secured Grant)  
King County CDBG Funds

**Project Summary:**

CHI is proposing to acquire and rehabilitate a single family residence for use as a shared home for five developmentally disabled individuals at or below 30% of King County Median Income. The home would also provide accommodation for a live-in care provider. The arrangement is similar to their prior six homes, of which five included city funding allocated through ARCH.

Services to residents will be provided by the live-in care provider, funded through a separate contract with the State. Residents' 'housing' payments include allowances for food and toiletries.

A home has not been selected as of this time. CHI will proceed with seeking a home that is located near transit and services once all funding is in place.

**Funding Rationale:**

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

- Serves very low income developmentally disabled individuals
- Provides housing for a population (Special Needs housing) that currently is below long term ARCH Trust goals
- Property will have live in care provider
- Acquisitions to be done near transit and community amenities
- Developer has 15 year track record and good reputation with funders and Department of Developmental Disabilities
- Department of Commerce Trust Fund has a special needs set aside and King County has already awarded funds to the project

**Potential Conditions:**

**Special / Revised Conditions:**

1. The funding commitment shall continue for six (6) 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. At that time, the applicant will provide a status report on progress to date, and expected schedule for start of construction and project completion. City staff will consider an extension only on the basis of documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the applicant will demonstrate that all capital funding has been secured or is likely to be secured within a reasonable period of time. City staff will grant up to a 12 month extension. If necessary a second extension of up to 6 months may be requested by following the same procedures as the first extension.
2. Funds shall be used by the Agency toward acquisition costs. Funds may not be used for any other purpose unless city staff has given written authorization for the alternate use.
3. CHI shall not proceed with searching for a home until all funding commitments have been received. The Agency shall only purchase unoccupied homes or owner occupied homes in order to not trigger local and federal relocation regulations.

4. Prior to acquisition, the Agency shall submit an appraisal by a qualified appraiser. The appraisal shall be equal to or greater than the purchase price.
5. Site control cannot be entered into until the completion of the HUD required Environmental Assessment. The option agreement shall contain language that addresses federal funds' "choice-limiting" restrictions.
6. Funds will be in the form of a **secured grant** with no repayment, so long as affordability and target population is maintained, and the service/care providers have a contract with DDD for funds necessary to provide services to this population.
7. A covenant is recorded ensuring **affordability for at least 50 years**, with five beds for developmentally disabled individuals at or below 30% of King County median income at move in.
8. Unless otherwise approved by City staff the development budget shall include:
  - The development budget will include a **minimum of \$16,200 of private sources** provided by the applicant.
  - \$694,000, combined for acquisition and construction cost. In the event that total acquisition and rehab costs, including contingency, exceeds this amount, additional costs shall be covered by private sources from the applicant.
  - Developer fee shall not exceed \$35,000 and Developer Consultant fee shall not exceed \$25,000.
9. Residents referred from DDD will not receive Section 8 assistance.
10. All cash flow after payment of operating expenses shall be placed into a project reserve account that can be used by the applicant for project related operating, maintenance or services expenses. Any other use of these reserves funds must be approved by City staff.
11. In the event that any operating support funding levels will be reduced, the Agency shall inform City Staff about the impacts the proposed reduction will have on the budget and plan for services to the DD clients, and what steps shall be taken to address the impacts. A new budget or services plan must be approved by the City.
12. The Agency will notify the City when they enter into an option or purchase and sale agreement for any home, providing information on the location of the home and terms for acquiring the home. No home considered for acquisition will be within two blocks of another home owned by Agency unless otherwise approved by City staff. The option and purchase and sales agreement shall contain language that addresses federal funds' "choice-limiting" restrictions.
13. Prior to closing on a home, an individualized outreach plan will be submitted to City staff for review and approval. The outreach plan will include provisions such as:
  - Provide written notification to neighbors upon mutual acceptance of the Purchase and Sales Agreement to include CHI's intention to purchase the house, description of the project, and information regarding CHI and the service provider that will include the website and contact number;
  - Provide an opportunity for neighbors to individually and/or as a group to meet with CHI and the service provider regarding the project; such as having an Open House after the tenants move-in and include invitations to the neighbors.
14. Once each home is selected the Agency shall include City Staff in the inspection of the property and development of the final scope of work for the rehab. The final scope of work for the basic construction budget shall include, at a minimum, all work necessary for licensing of the home and correction of substandard health and safety



conditions. Prior to start of construction, the Agency shall submit the final scope of work for City Staff approval, along with evidence that construction costs have been confirmed by a qualified contractor and are within the basic construction budget. All uses of construction contingency funds must be approved by City staff prior to authorization to proceed with such work.

15. Prior to release of funds, the Agency shall submit to City staff for review and approval drafts of all documents related to the provision of services to residents and management of the property, including the Memorandum of Understanding with the service provider, form of lease agreement with residents, and services agreement between DDD and the Service Provider. These documents shall at a minimum address: tenant selection procedures through DDD; 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 City's affordability requirements as well as annual monitoring procedure requirements. The plan shall also detail policies and procedures regarding resident turnover with the express purpose placing new residents in available beds and limiting vacancies.
16. With future applications for funding, Community Homes shall provide ARCH with an update on strategies towards a agency plan to address aging of residents.
17. With future applications for funding, Community Homes shall provide ARCH with an analysis of a Capital Needs Assessment for its properties, and strategies for addressing these capital needs long term through a combination of capital reserves and ongoing fundraising efforts.

Standard Conditions:

18. The Agency shall provide revised development and operating budgets based upon actual funding commitments, which must be approved by city staff. **The operating budget will include \$2,500 for the first year with an annual increase of 3.5% per year for replacement reserves and \$1,500 for the first year with an annual increase of 3.5% per year for operating reserves.** If the Agency is unable to adhere to the budgets, city staff must be immediately notified and (a) new budget(s) shall be submitted by the Agency 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 Agency. Failure to adhere to the budgets, either original or as amended may result in withdrawal of the City's commitment of funds.
19. 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 city staff, and describe the actions it will undertake to secure alternative funding and the timing of those actions subject to city staff's review and approval.
20. 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.
21. The Agency shall maintain documentation of any necessary land use approvals and permits required by the city where the homes are located.
22. Submit monitoring reports quarterly through completion of the project, and annually thereafter. Submit a final budget upon project completion.

### **3. Friends of Youth – Youth Haven**

Funding Request: \$272,500 (Secured Grant)  
10 beds (potential for 17)  
plus land banking for 4 group homes

CAB Recommendation: \$323,133 (Secured Grant) \*  
King County CDBG Funds

(\* Increased recommendation offset by decreased funding award from King County. Done to allow CDBG funds allocated through ARCH to fully fund two projects, including this project.)

#### **Project Summary:**

Friends of Youth (FOY) is a local agency providing counseling and shelter to homeless youth. Their application is for funding a consolidation of its two homeless shelters for that population (Youth Haven program). One, a five bed staffed residential home for boys is located in Bellevue, and a second, a five bed facility for girls, is in Kenmore. Maintaining and staffing two separate facilities has an impact on operating costs and staffing needs for the organization. They are proposing the consolidation of their shelters as a part of their strategic plan and to preserve current capacity and potentially expand capacity for runaway and homeless youth on the East and North side of King County. The Youth Haven program operates at a deficit and FOY must reduce costs and find efficiencies to continue to provide this service for youth.

Their proposal is for the acquisition of a 1.7 acre former church property located in the Kingsgate area of Kirkland and converting the existing facility to administrative offices and building a new 2 story, 10 bed group home (with capacity to expand to 17 beds) with living area, recreation rooms/studies, kitchen and dining and supporting office spaces along with laundry and bathroom facilities. The property also affords the future opportunity to develop four additional single family homes which could serve as group homes for young adults or other affordable housing. Costs for the acquisition and renovation for the administration building are financed separately.

The design focuses on creating a home-like environment where homeless youth can feel safe, grounded and allows them to develop a sense of belonging. At the new facility, a Program Manager provides oversight and supervision of the program and a Therapeutic Case Manager provides on-site individual, group and family counseling services. Reunification of the youth with their family is a primary goal of the program. If reunification is not appropriate, then the case manager works closely with the youth to identify other safe, alternative housing options, including transitional living programs or job corps.

#### **Funding Rationale:**

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

- This acquisition would consolidate in one site, two interim residences for youth aged 11 through 17, allowing agency to save staffing and other operating costs
- Developer is experienced and successful in serving this population
- Provides housing for a population (Special Needs housing) that currently is below long term ARCH Trust Fund goals, and in particular a population group youth/young adult that have only funded on a limited basis in the past
- Location of proposed project has good access to public transportation, hospital, schools, library and employment opportunities nearby
- The site and proposed building offer potential for additional housing for youth and young adult
- Forwards overall organizational objectives to consolidate facilities while also providing opportunities for growth to meet needs in the community. Is also a proactive solution to containing costs in order to deal with constricting resources

**Potential 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 FoY (Agency) toward the acquisition. Funds may not be used for any other purpose unless city staff has given written authorization for the alternate use.
3. Funds will be in the form of a **secured grant** with no repayment, so long as affordability and target population is maintained, and the service funds necessary to provide services to this population are available.
4. A covenant is recorded ensuring affordability for ten (10) beds of homeless youth housing for at least fifty (50) years at 30% King County median income.
5. In the event that any operating support funding levels will be reduced, the Agency shall inform City Staff about the impacts the proposed reduction will have on the budget and plan for services to clients, and what steps shall be taken to address the impacts. A new budget or services plan must be approved by the City.
6. Site control cannot be entered into until the completion of the HUD required Environmental Assessment. The option agreement shall contain language that addresses federal funds' "choice-limiting" restrictions.
7. Prior to closing on the site, submit a community outreach plan to City staff for review and approval. The outreach plan will include provisions such as notification to neighbors and providing an opportunity for neighbors to individually and/or as a group to meet with FoY regarding the project; such as having an Open House.
8. The agency shall reserve future use of the undeveloped lots created through the development process for affordable housing. The intent is to utilize these parcels for additional housing for youth or young adult to be developed by FoY. In the event these parcels are not developed by FoY within 10 years, FoY shall consult with public funders regarding utilizing these parcels for other affordable housing that could be compatible with the other uses on the property. Assuming these parcels are developed with affordable housing, FoY shall make these parcels available as an equity contribution toward the overall budget. Sale of these parcels shall require approval from public funders, subject to some portion of any sale proceeds being returned to public funders.
9. Prior to release of funds, the Agency shall submit to City staff for review and approval drafts of all documents related to the provision of services to residents and management of the property, including any licensing-related management and service provider plans. These documents shall at a minimum address: management procedures to address tenant needs; services provided for or required of tenants; management and operation of the premises; community and neighbor relations procedures; a summary of City's affordability requirements as well as annual monitoring procedure requirements.

**Standard Conditions**

10. The Agency shall provide revised development and operating budgets based upon actual funding commitments, which must be approved by city staff. **The Operating budget will include \$5,950 for the first year with an**

**annual increase of 2.5% per year for replacement reserves and \$2,000 for the first year with an annual increase of 2.5% per year for operating reserves. If the Agency is unable to adhere to the budgets, city staff must be immediately notified and (a) new budget(s) shall be submitted by the Agency 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 Agency. Failure to adhere to the budgets, either original or as amended may result in withdrawal of the City's commitment of funds.**

11. Prior to the start of construction, 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 city staff, and describe the actions it will undertake to secure alternative funding and the timing of those actions subject to city staff's review and approval.
12. Prior to acquisition, the Agency shall submit an appraisal by a qualified appraiser. The appraisal shall be equal to or greater than the purchase price.
13. 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.
14. The Agency shall maintain documentation of any necessary land use approvals and permits required by the city where the homes are located.

**4. Sophia Way – Sophia’s Place**

Funding Request: \$250,000 (Secured Grant)  
20 beds

CAB Recommendation: \$250,000 (Secured Grant)  
See attached Funding Chart for distribution of City Funds

**Project Summary:**

The Sophia Way is the only organization in East King County that provides emergency shelter to unaccompanied adult women who are homeless. They focus on the chronically homeless, currently providing them with shelter at night and then moving them into permanent housing as quickly as possible and supporting them with case management and referrals to help them remain successful in that housing. Some of that permanent is also provided through the program in addition to the shelter. The Sophia Way started in December 2008, housed in First Congregational Church of Bellevue, and currently serves 10 women at a time and turns away persons regularly for lack of capacity. The women who come into the shelter are often dealing with the aftermath of domestic violence, have mental illness or physical disabilities, or are suffering from the ramifications of substance abuse and generally do not have any income when they come into the shelter. In the current shelter, the shelter is nights only (7 pm to 7 am). During the day on weekdays, the women may take advantage of the co-located YWCA day center which opens at 9 and closes at 3. Hence the women must be away for extended periods of time during the weekday as well as 12 hours on the weekend days. Currently the women sleep on pads on the floor and have to set up each night and break down each morning. There is no private space for the women.

The new project would double the capacity, and create the potential to extend the shelter to a 24 hour shelter, seven days a week. It involves building out the existing daylight basement of St. Luke’s church with bathrooms, kitchen, laundry, dining area, day space and a sleeping area for 20 sleeping carrels (low partitions, yet affording privacy and place to permanently keep possessions) ) along with office and meeting space. At a minimum, the property will operate at the same hours as the current shelter and drop in center. Sophia Way is pursuing funding options with the goal to have full time access for residents. Even operating on the current schedule, with the new space, residents will be allowed to keep their personal possessions in their personal spaces at all times. The YWCA will partner with The Sophia Way to provide services.

Site control will be in the form of a long-term lease (15 years with ability to automatically renew for an extended period). The space is being offered rent-free by the church with Sophia Way paying its share of utilities.

**Funding Rationale:**

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

- Doubles women’s shelter capacity in the community and increases the quality of life with semi-private sleeping areas, and potential for 24/7 operations
- The public funds leverage a substantial amount of private funding and in-kind donations
- Group is respected, and has been successful over nearly three years of operation in serving this population
- Location of proposed project has good access to public transportation, shopping, and other community amenities nearby. With the program co-located at the church, Sophia Way will likely benefit from their ongoing support.
- Relatively low per unit capital and ongoing operating costs. Significant operating cost savings per person with the expanded capacity at the same level of service.

**Potential Conditions:**

**Special Conditions:**

1. The funding commitment shall continue for **six (6) 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 Sophia Way toward the construction (including construction contingency and sales tax), environmental assessment, permits and hookups, insurance, development period utilities, replacement reserves and developer fee. Funds may not be used for any other purpose unless city staff has given written authorization for the alternate use.
3. In the final budget, a fixed amount will be identified for those costs to be paid from funds for non-construction related costs. Preliminarily, this figure is estimated to be \$22,000. The balance of the commitment of funds from ARCH will be used for construction/improvement costs. Funding up to this amount will be available for construction costs in excess of costs covered through in-kind contributions and donations. The final funding award will be reduced to the extent all of these funds are not needed for construction costs.
4. Funds will be in the form of a **secured grant** with no repayment, so long as affordability and target population is maintained, and the service funds necessary to provide services to this population are available. At the sole discretion of the City, in the first 15 years, should the facility no longer be used as a continuous homeless shelter, funds are subject to being repaid in full; and if the facility stops serving as a shelter between years 15 and 30, funds shall be subject to repayment less 1/30<sup>th</sup> the amount of the award for each year the shelter has operated. After 30 years, the entire obligation is forgiven.
5. A covenant is recorded ensuring affordability for twenty (20) beds of homeless housing for at least thirty (30) years at 30% King County median income.
6. In the event that any operating support funding levels will be reduced, the Agency shall inform City Staff about the impacts the proposed reduction will have on the budget and plan for services to clients, and what steps shall be taken to address the impacts. A new budget or services plan must be approved by the City.

**Standard Conditions**

7. The Agency shall provide revised development and operating budgets based upon actual funding commitments, which must be approved by city staff. The operating budget will include \$8,000 for the first year with an annual increase of 2.5% per year for replacement reserves and \$12,000 for the first year with an annual increase of 2.5% per year for operating reserves. If the Agency is unable to adhere to the budgets, city staff must be immediately notified and (a) new budget(s) shall be submitted by the Agency 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 Agency. Failure to adhere to the budgets, either original or as amended may result in withdrawal of the City's commitment of funds.
8. 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 city staff, and describe the actions it will undertake to secure alternative funding and the timing of those actions subject to city staff's review and approval.

9. 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.
10. The Agency shall maintain documentation of any necessary land use approvals and permits required by the city where the homes are located.
11. 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 the City.

**5. Low Income Housing Institute (LIHI) Bellevue Apartments**

Funding Request: \$1,000,000 (Contingent Loan) Plus 8 Section 8 Certificates  
56 affordable rental units

CAB Recommendation: \$1,000,000 (Contingent Loan) Plus 8 Section 8 Certificates  
See attached Funding Chart for distribution of City Funds

**Project Summary:**

The Low Income Housing Institute (LIHI) is proposing to build a 57-unit (56 affordable units, 1 unrestricted manager's unit) six story building on a quarter acre downtown Bellevue site which LIHI purchased in July of 2009. There will be five floors of residential above a ground level floor with common areas and underground parking for 23 cars.

The project targets households earning at 30%, 50% and 60% of median area income. Eight units at 30% of median will receive Section 8 assistance and are prioritized for homeless households supported with services through Sound Mental Health. In total 12 units will be set aside for households transitioning out of homelessness, and 12 units will be set aside for households with persons living with disabilities. Most of the units are studios or open one-bedroom units. This configuration was partly chosen to minimize the amount of required structured parking for the building. Common area features include a lobby, leasing office, computer room/library, community gathering room, children's play area and counseling offices.

**Funding Rationale:**

- The CAB supported this application for the following reasons:
- LIHI is an experienced developer and has capacity to front pre-development costs
- Developer owns the site
- The Project fits 9% Low Income Tax Credit criteria
- Project would provide new affordable units in Bellevue's downtown
- Project includes up to 12 homeless set-asides
- Project cash flows and could have ability to pay back public funds over time
- Site is near transit and downtown amenities
- ARCH request is relatively low per unit.

**Recommended Conditions:**

**Special / Revised 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. At that time, the applicant will provide a status report on progress to date, and expected schedule for start of construction and project completion. City staff will consider an extension only on the basis of documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the applicant will demonstrate that all capital funding has been secured or is likely to be secured within a reasonable period of time. City staff will grant up to a 12 month extension. If necessary a second extension of up to 6 months may be requested by following the same procedures as the first extension.
2. Unless otherwise approved by Bellevue staff, funding is conditioned on written confirmation by Sound Transit and City of Bellevue before June 1, 2011 that project site will not be physically impacted by Sound Transit Light Rail alignment.
3. Funds will be in the form of a deferred, contingent loan. Loan terms will account for various factors, including loan terms from other fund sources and available cash flow. Final loan terms shall be determined prior to



release of funds and must be approved by City Staff. Based on the preliminary development budget, it is anticipated that loan payments will be based on set payment schedule and begin approximately in Year 12 after the project is placed in service, with 1% simple interest. For the period 2023 to 2030 payment can be deferred in whole or in part to the extent required so that net cash flow (cash flow after operating, reserves and financing expenses) is not less than \$10,000 (indexed for inflation) for an asset management fee to the Agency. After year 2030 at the sole discretion of the City, an annual repayment of City funds may be deferred, in whole or in part, if the economic vitality of the Project is threatened because annual project income is insufficient to pay all operating expenses, including reserves and pre-approved debt. Any deferred payment would be repaid from future cash flow or at the end of the amortization period.

4. Starting in the first year the project is placed in service; all cash flow will go towards paying the deferred developer fee. Once the deferred developer fee is paid off, all net cash flow after payment of operating and financing costs, including a \$10,000 annual asset management fee to the Agency, will be placed into a separate reserve account (Stabilization Fund) controlled by the Public Funders. Those reserves may be used to cover unanticipated property operating or capital costs, increase project reserves, or other project related costs approved by public funders. Starting in Year 12, and occurring every two years thereafter, Public Funders will meet jointly to determine if there are sufficient reserves in this account to apply any of the reserve for repayment of loans made by the Public Funders or to release funds to the Agency for designated (e.g. capital repair to a specific property or undesignated purposes..
5. City Funds shall be used by the Agency toward construction and, architectural fees, as approved by City or ARCH Staff. Funds may not be used for any other purpose unless City or ARCH Staff has given written authorization for the alternate use.
6. A covenant is recorded ensuring affordability for at least 50 years. Unit mix and affordability shall be:

Affordability (Percent of Median)	Studio	Studio+	2 Bedroom	3 Bedroom	Number of Units
30%	8*	16	2*	2*	28
50%	2	15	0	0	17
60%	0	5	3	3	11
Unrestricted (Manager Unit)		1			1
<b>TOTAL</b>	<b>10</b>	<b>37</b>	<b>5</b>	<b>5</b>	<b>57</b>

\* 8 Section 8 Certificates to go to 4 30% AMI studio units and 2 each to the 30% AMI 2- and 3-Bedroom units. Proposed rental subsidies will go towards these units which are prioritized for those transitioning out of homelessness.

7. Based on the availability of adequate support services, up to 12 of the units will be set-aside for homeless, unless otherwise approved by City Staff.
8. Development costs and potential savings will be addressed as follows:
  - Unless approved by public funders, total construction costs, off-site improvements, environmental abatement, sales tax and equipment and furnishings shall not exceed \$8,946,910.
  - All Change Orders, expenditures of contingency funds and final construction costs are subject to review and approval by project funders.
  - Any changes to individual line items in the development budget are subject to review and approval by public funders.

- Any savings in construction, contingency, or other costs shall be documented prior to completion of the Final Cost Certification. All or a portion of any cost savings will be used to reduce funding commitments by public funders as determined by the public funders.
9. LIHI shall submit a parking management plan for review and approval by the public funders prior to funding. The plan shall address management of limited parking capacity through mechanisms such as screening residents for car ownership and assigning spaces. If at any time in the future fees are considered for parking, LIHI will get approval from the County and ARCH related to how parking fees are accounted for in determining affordable rent levels. LIHI shall also investigate the feasibility of making this a "Zipcar" location.
  10. LIHI shall prepare a marketing and management plan for review and approval by ARCH that includes addressing how the project can be staffed by an on-site property manager. Unless otherwise approved by public funders, the property shall have a resident manager. The Owner shall submit a complete management plan and updated operating budget for review and approval by Administering Agency or Designee staff. At a minimum the plan shall describe: (1) the physical plan including number and size of units, amenities, and accessibility; (2) the tenant population to be served; (3) description of housing programs and services available for residents, and a description of the relationship of residents to the program and services; (4) management and operation of the premises including description of management entity and staffing, tenant selection and eligibility determination, rules for operation of the premises, enforcement procedures, and maintenance and repair program; (5) An overall plan for marketing the units including local targeted marketing efforts to local businesses, community organizations and the broader community of prospective tenants, as well as a timeline for all marketing activities, including local outreach; (6) a short and long term strategy for covering operating expenses; (7) a summary of the ARCH annual monitoring procedures; and (8) a plan for initial outreach and ongoing communication with local residents (homeowner associations) and business groups. LIHI shall meet with the public funders to review the marketing and management plan before marketing activity commences.

Standard Conditions:

11. The Agency shall provide revised development and operating budgets based upon actual funding commitments, which must be approved by city staff. If the Agency is unable to adhere to the budgets, city staff must be immediately notified and (a) new budget(s) shall be submitted by the Agency 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 Agency. Failure to adhere to the budgets, either original or as amended may result in withdrawal of the City's commitment of funds.
12. 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 city staff, and describe the actions it will undertake to secure alternative funding and the timing of those actions subject to city staff's review and approval.
13. 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.
14. The Agency shall maintain documentation of any necessary land use approvals and permits required by the city where the homes are located.
15. Submit monitoring reports quarterly through completion of the project, and annually thereafter. Submit a final budget upon project completion.

**6. Imagine Housing-- Totem Lake Senior Apartments**

Funding Request: \$0 and 8 Section 8 certificates  
76 affordable rental units

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

**Project Summary:**

Imagine Housing (IH) is proposing a 76 unit new construction project adjacent to Francis Village (Phase 1) in the Totem Lake region of Kirkland. The building is four levels of wood construction over one level of structured parking and community, amenity and service space. It is designed to serve seniors, aged 55 or over, at 50%, 40% and 30% of King County Median Income. Twenty percent (15 units) will be restricted for seniors with disabilities and 6 units will be restricted to serve senior veterans who have faced homelessness.

The community space and residential units are designed according to the principles of universal design. It is intended that the residents will be able to continue living in the units even with physical deterioration and the units may be adapted (such as changing kitchen counter heights and adding grab bars) to meet their changing physical needs..The property will contain a rooftop garden that will provide passive recreational opportunities as well as gardening and educational opportunities.

**Funding Rationale:**

The CAB potentially supports the concept of the Imagine Housing proposal, it does not recommend making a funding recommendation at this time. The CAB acknowledges that the project would further advance city plans for residential development in Totem Lake, and the focus on seniors meets an area of need. The current proposal for this second phase at Totem Lake is structured on several funding sources for which the likelihood of being awarded funding at this point in time as currently proposed seems unlikely. The CAB would welcome an application in a future round. This would also provide an opportunity for Imagine Housing to further develop the proposal and address issues/questions raised with this application including the community life envisioned for this project. In the event Imagine Housing does provide an application to ARCH in the upcoming round, the application should address the following issues:

- Need to strengthen their concept of the community within the proposed building and across the two phases. Develop a strong logic for the population and proposed age levels of seniors that will be served with this building (i.e. age limit of 55 or 62).
- Further analysis and development of the building to ensure it is the best configuration for the targeted population mix of the entire project, including the use of rent subsidies
- What and how to pay for value of infrastructure improvements to the site provided through the public funding that went into the first phase
- On-site parking requirements and how parking will be managed

**7. Foundations for the Challenged --Group Homes for Developmentally Disabled**

Funding Request: \$100,000 (Secured Grant)  
4 beds in ARCH sphere (21 beds total)

CAB Recommendation: The project is not recommended for funding at this time.

**Project Summary:**

FFC is proposing to acquire and remodel 6 three- and four-bedroom houses over three counties (3 of the homes would be in King County) that will serve up to twenty one (21) low-income individuals with developmental

disabilities. One of the homes in the ARCH sphere will be identified once all funding is committed. Tenants will be referred by the Division of Developmental Disabilities (DDD).

The residents will live in a shared living arrangement, and each of the tenants will have their own bedroom. There is no live-in care provider. However, all the tenants will receive 24/7 support services through an agency providing awake staffing at the site to ensure their health and safety. The support services are funded by and contracted through DDD. FFC will only be the owner of the homes, and will use Scioto Management as property manager.

There currently is no site control but each house will be remodeled to include accessibility features necessary for the initial tenants and for future tenants. FFC will be looking to acquire rambler-style houses with a level lot and an open floor plan or a floor plan that can easily be modified for accessibility.

**Funding Rationale:**

The CAB potentially supports the concept of the FFC proposal; but does not recommend making a funding recommendation at this time. The current proposal is structured on receiving a challenging combination of funding from multiple local and state funders serving a wide geographic area. There are also some changes in approach to funding operating and services costs that do not appear possible at this time. In the event FFC does provide an application to ARCH in an upcoming round, the application should address the following issues:

- Funding strategies for operations and capital replacements that are sustainable and work over scattered properties over a range of jurisdictions.
- Improvements to community outreach and community relations

**7. Imagine Housing – Barron Ridge Apartments**

**Funding Request:** \$1,500,000 (Contingent Loan) and 8 Section 8 certificates  
69 affordable rental units

**CAB Recommendation:** The project is not recommended for funding

**Project Summary:**

Imagine Housing (IH) is proposing a 70 unit new rental housing project adjacent to its Andrew Heights project in the Factoria neighborhood of Bellevue. The proposed building is four levels of wood construction over one level of structured parking and community space. It will house persons at or below 30%, 40% and 50% of Median Income. Seventy-five percent of the units are set aside for persons transitioning out of homelessness. Twenty of those units would be for Veterans who have timed out of Imagine Housing's other Homeless Veterans units. .

The included community space will have a flexible design allowing rooms to be used to meet the shifting needs and interests of the population. The amenity space will have several meeting/class rooms for support activities or group interest functions. Residents will be able to update work or school skills at the computer/business center. In addition to these community based opportunities, the amenity space will include a community kitchen for community meals and special events and a roof top garden. There will be a play structure on site for resident children. Structured and on grade parking for 38 cars is provided.

Services to homeless residents will be provided by referring agencies. The operating budget does not include services delivery, however Imagine Housing will provide certain resident services funded outside of the operating budget.

**Funding Rationale:**

The CAB does not recommend making a funding recommendation at this time for the following reasons:

- **Imagine Housing withdrew its application for funding with the Department of Commerce so would not have the necessary sources of funding to proceed**
- **The proposal had several zoning related issues including not zoned for the number of units proposed and less parking than required by zoning, with no provisions currently in City code to reduce parking requirements**
- **The operating budget did not include services in a building predominantly serving persons who had experienced homelessness**