

## Fall 2024 Housing Stability Program Funding Recommendations

### BACKGROUND INFORMATION

*This attachment includes additional information regarding funding applications and the review process to supplement the summary found in the agenda memo.*

#### **Amani Home – Congolese Integration Network**

Proposed Owner/Operator:	Congolese Integration Network		
Developer/Consultant:	To be selected		
Project Name:	Amani Home		
Project Address:	To Be Determined		
Number of Units:	5	HSP Units:	5
Total Development Cost (TDC)	\$3,264,495	TDC/Unit	\$652,899

Capital Award Recommended	Amount	per HSP-funded unit	Per unit
2024 HSP Funds Requested:	\$1,305,798	\$261,160	\$261,160
<b>2024 HSP Funds Recommended Award:</b>	<b>\$1,305,798</b>	<b>\$261,160</b>	<b>\$261,160</b>
Annual OMS Award	Amount	per unit/year	
HSP OMS Funds Requested:	\$67,590	\$13,506	
<b>HSP OMS Funds Recommended:</b>	<b>\$67,590</b>	<b>\$13,506</b>	

#### **Project Summary:**

Amani Home, sponsored by Congolese Integration Network (CIN), will fund the acquisition of a to-be-determined five-bedroom single family home to operate as transitional housing serving families experiencing homelessness. The target population is five households earning less than 30% AMI to live in single bedrooms. Funding for this project will include five HSP-supported units along with an onsite, culturally- and linguistically-specific<sup>1</sup> case manager. This program will provide an up to two-year transition period to participants while helping them move on to more permanent housing.

CIN has successfully tested a similar model in previous years using a home temporarily allocated for the proposed use and in doing so, provided a culturally-competent home environment that honored the residents' culture and customs. That home was sold leading CIN to explore options providing more stability to program participants by purchasing their own property.

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<sup>1</sup> Culturally and Linguistically Specific Services: Services that are designed for a particular linguistic or cultural community and delivered by individuals from that community. (See Human Services 2024-2030 Strategic Plan, p. 13; See also Human Services 2023-2024 Needs Update).

Intended residents for this program will be among newly arriving immigrants and refugees experiencing homelessness and having significant difficulty finding transitional housing that fits their needs. CIN aims to serve those earning 30% of the area median income or less, however most or all program participants will likely be without a source of income.

CIN's work with the intended population has shown that due to their vulnerability and the need for additional support, it would require support beyond what would usually be a 90-day intake process. Many come from the Democratic Republic of Congo, which continues to experience high conflict and violence. Without a longer-term supportive residence program in place, many are often forced into homelessness again. Amani Home will provide a longer-term residency to encourage and support stability for its residents.

### **Services:**

CIN will provide 24-hour support in the form of a trauma-informed case manager. The case manager will live amongst the residents, speak the same languages, and help them navigate an array of systems and services in a new country. The case manager will also teach residents how to use modern appliances unfamiliar to them and what is expected of them as a tenant. Case management services will incorporate routines, varied activities, and overall assistance with activities critical to stable living. The case manager also helps the residents keep track of and attend necessary appointments and obligations.

In addition to the on-site case manager, CIN's existing catalogue of wrap-around services will also be available to residents through the organization. CIN's focus has so far been to provide assistance with housing, childcare, learning English, health care, job training and education, and socialization and recreation – all of which will be available to residents of the proposed program.

### **Funding Recommendation:**

Staff determined that the project aligns with the City Council's approved priorities and criteria for HSP funding and recommend awarding capital and OMS funding for the following reasons:

- The application proposes housing that meets all three priorities established by Council for the HSP funding; providing housing for households earning below 30% of median income, addressing and prevent homelessness and housing instability, and focusing on marginalized, vulnerable residents in Bellevue (e.g., homeless families with children and other eligible populations).
- The project advances key objectives in the City's adopted Comprehensive Plan (2024) and Affordable Housing Strategy (2017) by providing an alternative housing option to a growing population with unique needs.
- Funding an acquisition brings affordable units online and into the Bellevue portfolio much more quickly than funding new construction.
- The supportive services program proposed will offer residents services necessary for their long-term housing stability.

**Proposed Conditions:**

Standard Conditions: Please refer to the end of this document for a list of standard capital award conditions.

Special Conditions:

**I. Prior to contracting**

- a. The City's allocation of capital funding to this Project shall continue for twenty-four (24) months from the date of Council approval of the Funding Resolution for Project and shall expire thereafter if all conditions in the Funding Resolution are not satisfied unless an extension is approved by designated City staff. To be timely, a request for extension of the expiration date of the funding allocation must be submitted to the attention of designated City staff no later than sixty (60) days prior to the expiration date. A request for extension must be accompanied by a report on progress to date and expected schedule for start of construction and project completion. Up to a twelve-month extension of the expiration date of the funding allocation may be approved by designated City staff provided there is a finding of meaningful progress in bringing the project to readiness or completion. At a minimum, to be granted an extension the Agency must demonstrate that all capital funding has been secured or is likely to be secured within a reasonable timeframe.
- b. Agency must work with a development consultant or demonstrate similar staff experience and capacity to (1) identify an appropriate site, (2) perform appropriate due diligence on the site, and (3) contract with public funders for capital awards.
- c. Agency should aim to acquire a large enough lot such as to allow the agency to explore partnerships with development partners that will maximize the number of units on the site and benefit from the upcoming implementation of [HB 1110](#). This is not to be construed as a requirement for the agency to build additional units on the site and is instead intended to encourage potential partnerships that could lead to additional units in the future.
- d. Full appraisal supporting proposed purchase price.

**II. Through the construction period**

- a. None

**III. Ongoing requirements through the 55-year term of affordable housing covenant**

- a. Rental housing units funded by the Housing Stability Program must serve target populations identified at the King County area median income levels identified below, consistent with City Council priorities reflected in City policies and the Funding Resolution:
- b. At least five rental units reserved for persons experiencing homelessness at or below 30 percent AMI.
- c. Rental housing units funded by HSP must be reserved for qualified households that meet not only income eligibility requirements but also have a household member who falls within the target population eligibility requirement.
- d. Agency must not charge rents that would be more than 30 percent of the monthly median income imputed to an eligible tenant household in the Seattle-Bellevue, WA HUD Metro FMR Area. Rent limits must be based on the imputed tenant incomes as adjusted for presumed household size and as published annually by HUD for the applicable area median income level. For HSP-funded rental units in this Project, the applicable AMI would be 30 percent AMI.
- e. The maximum rent can be adjusted no more than once every twelve (12) months.
- f. Tenant households whose income, after initial occupancy, exceeds 60 percent AMI will be deemed Over Income Tenants. The occupation of HSP-funded rental units by Over Income Tenants who pay rents affordable to 30 percent AMI households may be allowed by Agency if the Project has secured other sources of funding that are governed by laws or regulations that prohibit eviction or nonrenewal of a lease of Over-Income Tenants. Even in such cases, if an Over-Income Tenant can be evicted or the lease not renewed for good cause, the Agency must make a good faith effort to restore the units funded by HSP for the target population and the AMI level that are the intended beneficiaries of HSP funding. To the extent not otherwise in conflict with laws and regulations applicable to other sources of Project financing, Agency will either not renew the lease of Over Income Tenants or adjust the rent to be paid by the Over Income Tenant to 30 percent of actual income of the Over Income Tenant's household.
- g. Should housing with the restricted use become no longer viable during the affordability period, the City shall have first right of refusal to acquire the property for the assumption of loans and grants used to acquire the property.

**Terms of City HSP Recoverable Grant:**

Recoverable Grant Amount: \$1,305,798

Grant Term (Years): 55 Years

Interest: 0%

Interest Calculating Method: NA

Deferral Period: 55 years

**Other Notes:**

- Interest does not accrue during Deferral Period.
- The Recoverable Grant amount will be forgiven at the of the Grant Term if Agency operates the property in accordance with the Funding Agreement.

## Fall 2024 Housing Stability Program Applications

### Catalina Apartments- Shelter Resources Inc.

Proposed Owner/Operator:	Shelter Resources Inc.		
Developer/Consultant:	NA		
Project Name:	Catalina Apartments		
Project Address:	2210 132nd Ave SE, Bellevue		
Number of Units:	96	HSP Units:	24
Total Development Cost (TDC)	\$34,703,595	TDC/Unit	\$361,496

Capital Award Requested	Amount	per HSP-funded unit	Per unit
HSP Funds Requested:	\$5,750,000	\$ 239,583	
Unrestricted Funds Requested	\$10,580,358		<b>\$141,071</b>
Total Funds Requested	\$16,330,358	\$ 239,583	<b>\$170,108</b>
<b>Total Funds Recommended:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Annual OMS Award	Amount	per unit/year	
HSP OMS Funds Requested:	\$0	\$0	
<b>HSP OMS Funds Recommended:</b>	<b>\$0</b>	<b>\$0</b>	

#### **Project Summary:**

The Catalina project proposed to convert an existing, non-restricted, naturally occurring affordable housing building in Bellevue into a fully affordable building serving households earning between 30% and 80% of the area median income or below. The 24 HSP eligible units were proposed to be nine units serving seniors earning up to 30% of the area median income and 15 units serving seniors earning up to 50% of the area median income. The building, built in 1992 as a nursing home, was converted to 96 apartments in the 2000s. The applicant, Shelter Resources, had a purchase and sale agreement in place and anticipated closing in spring 2025, if funding applications were successful. The proposal included a relocation plan for those existing residents that would not have been income-qualified.

The proposal anticipated other funding sources for the project including a private first mortgage and a loan from the Amazon Housing Equity Fund.

#### Funding Rationale:

Given limited resources for an award in this year's funding round and upcoming City priority projects, staff supports the intent of the project but does not recommend funding the project at this time for the following reasons:

- The project requested a significant amount of HSP funds and nearly the entire amount of non-restricted affordable housing capital funds.
- The project proposes to serve HSP eligible households but only a limited number of households identified in the Council identified priority populations.
- The project requested nearly 47% of the total project cost from Bellevue.

**SRM – Altaire 118**

Proposed Owner/Operator:	SRM Development		
Developer/Consultant:	NA		
Project Name:	Altaire 118		
Project Address:	991 118TH AVE SE		
Number of Units:	46	HSP Units:	28
Total Development Cost (TDC)	\$44,027,576	TDC/Unit	\$ 957,121

Capital Award	Amount	per HSP-funded unit	Per unit
HSP Funds Requested:	\$ 5,356,807	\$ 191,315	
Unrestricted Funds Requested	\$ 2,000,000		\$43,478
Total Funds Requested	\$7,356,807	\$ 191,315	<b>\$159,930</b>
<b>Total Funds Recommended:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Annual OMS Award	Amount	per unit/year	
HSP OMS Funds Requested:	\$ 378,168	\$ 13,506	
<b>HSP OMS Funds Recommended:</b>	<b>\$0</b>	<b>\$0</b>	

Project Summary:

The proposed project, Altaire 118, involves the construction of a mixed-use, six-story building featuring the KidsQuest Children's Museum on the bottom three floors. The top three floors include 46 family-sized units consisting of two to three-bedroom apartment affordable at 40-80% of the area median income, with half designated for those earning 50% AMI and below. The project is designed to support families, especially those transitioning out of homelessness, providing much needed affordable housing in the area. Additionally, SRM intends to partner with Hopelink to help connect residents with services such as food assistance, housing stability support, and financial assistance to foster long-term stability for these families.

SRM purchased the site in December 2021 with plans to finish construction of a partially built Holiday Inn into permanent housing. Delays in the project entitlement and financing led to the original plan becoming infeasible. SRM has since separated the site to pursue two complementary projects. On the west side of the site, SRM is developing the Nuovo Apartments, which will offer 135 workforce housing units affordable to households earning from 80-100% AMI. Nuovo is supported by Microsoft's Affordable Housing Initiative and the City of Bellevue's multifamily tax exemption program and is expected to finish construction by Q1 2025. Altaire 118 will be a new six-story building on the east side of the site, with the KidsQuest Children's Museum occupying the bottom three floors.



Funding Rationale:

Given limited resources for an award in this year's funding round, staff supports the intent of the project but does not recommend funding the project at this time for the following reasons:

- Proposed project does not yet have appropriate zoning for the site.
- The estimated total cost of the residential units significantly exceeds the cost limits set by other important funding sources, which affects the project's competitiveness to secure all sources.
- The proposed land cost allocated to the residential portion of the Altaire project was not supported by an appraisal.
- Project is unlikely to receive the other sources of leverage necessary to complete project financing this round.

**Standard Capital Award Conditions** (Apply to all projects receiving capital awards):

**Prior to Contracting**

1. Agency shall submit evidence of funding commitments from all proposed sources. In the event commitment of funds identified in the application cannot be secured in 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.
2. In the event federal funds are used, and to the extent applicable, federal guidelines must be met, including but not limited to the following: contractor solicitation, bidding, and selection; wage rates; and Endangered Species Act (ESA) requirements. CDBG funds may be used, subject to program requirements.
3. Agency must submit for ARCH staff approval a draft management, affirmative marketing, and services plan, if applicable.

**Through Construction Period**

(Intentionally Omitted)

**Ongoing Requirement through Period of Affordability**

4. The project must serve the target population and income levels required by the funding source, the sales and use tax for housing and related services authorized by RCW 82.14.530.
5. 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 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 City's commitment of funds.
6. Agency shall maintain documentation of any necessary land use approvals and permits required by the city in which the project is located.
7. City shall retain five percent (5%) of the award amount until the project completion and satisfaction of the close out terms.
8. Agency shall submit quarterly monitoring 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.

9. Agency shall maintain the project in good and habitable condition for the duration of the period of affordability.
10. Agency must submit for ARCH staff approval a final management, affirmative marketing, and services plan at least 60 days prior to occupancy.

**Standard OMS Award Conditions** (Apply to all projects receiving OMS awards):

1. The project must serve the target population and income levels required by the funding source, the sales and use tax for housing and related services authorized by RCW 82.14.530.
2. Funds shall be contracted for an initial 5-year term, and may be renewed in the future for additional 5-year increments, or other mutually agreeable term, subject to approval by the City Manager or his/her designee.
3. An annual inflation factor shall be allowed based on annual guidance provided by the City's Finance and Asset Management Department.
4. Agency shall inform ARCH and Human Services staff if there are changes to funding commitments that jeopardize operations and services that were reflected in the funding application.
5. Contract conditions shall generally be consistent with City of Bellevue Human Services standard contracts.