

Fall 2025 Housing Stability Program and Affordable Housing Fund 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.

Hopelink/SRM - Altaire at East Main

| Capital Award Recommended | Amount |
|--|---------------------|
| 2025 HSP Funds Requested | \$17,444,638 |
| 2025 HSP Funds Recommended Award | \$14,460,888 |
| 2025 AHF Funds Requested | - |
| 2025 AHF Funds Recommended Award | \$3,483,750 |
| Annual OMS Award | |
| HSP OMS Funds Requested | \$517,852 |
| HSP OMS Funds Recommended (per year, for 5 years) | \$517,852 |

Project Summary

The Altaire at East Main project aims to provide approximately 145 affordable rental apartments and one on-site manager unit, with a mix of one-bedroom plus den, two-bedroom, and three-bedroom homes affordable to households earning 30%, 40%, 50%, and 60% AMI. The project will include units designated for families exiting homelessness.

The building will include resident amenity spaces and on-site services to support housing stability and foster a strong sense of community. The site is near the Wilburton Park & Ride, Mercer Slough and just over a half mile from the East Main light rail station, south of downtown Bellevue. The project will be developed through a partnership with private developer SRM Development and Hopelink. SRM will bring their multifamily development, construction and property management experience to the partnership, while Hopelink brings the case management and supportive services experience to the ownership structure.

Funding Rationale

The Office of Housing recommends funding with conditions listed below for the following reasons:

- The project delivers a significant number of affordable housing units, with roughly half family-sized 2BR and 3BR units, and an anticipated construction start in the 4th quarter of 2026.
- The project provides permanent housing and supportive services for a significant number of families exiting homelessness through a partnership with an experienced local service provider.
- The project advances the City's affordable housing priorities by providing much-needed low-income housing.
- The development team is comprised of an experienced real estate developer/general contractor and a strong, community based supportive service provider.

Proposed Conditions

Standard Conditions: Please refer to page 11 of this document.

Special Conditions:**Prior to Contracting**

- a. 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 ARCH 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. ARCH staff will consider subsequent 12-month extensions only based on documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the applicant must demonstrate that all capital funding has been secured or is likely to be secured within a reasonable timeframe.
- b. 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. Agency shall provide final operating proforma and cashflow waterfall for ARCH staff review. 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 the repayment of the Amazon loan and the deferred developer fee with 1% interest. The terms will also include a provision for the Agency to 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.
- c. A covenant is recorded ensuring affordability for at least 55 years, with size and affordability distribution per the following table. Changes may be considered based on reasonable justification as approved by ARCH staff (such as changes to accommodate income averaging across the project).

| Affordability | 1BR | 2BR | 3BR | Total |
|-------------------------------|-----------|-----------|-----------|------------|
| 30% | 5 | 3 | 0 | 8 |
| 40% | 5 | 4 | 0 | 9 |
| 50% | 6 | 7 | 7 | 20 |
| 60% | 57 | 43 | 8 | 108 |
| Total Low-Income Units | 73 | 57 | 15 | 145 |
| CAU/Manager Units | 0 | 1 | 0 | 1 |
| Total Units | 73 | 58 | 15 | 146 |

Through Construction Period

- a. (blank)

Ongoing Requirements Through the Period of Affordability

- a. Project must have at least 37 HSP units for families at-risk or exiting homelessness as defined by WSHFC referred from Bellevue based referral partner.
- b. Prior to any disbursement of funds, Owner shall execute and deliver a written safety plan that is acceptable to the City, which acceptance shall not be unreasonably withheld. At a minimum, the safety plan shall: be developed in consultation with the Bellevue Police Department and Bellevue Fire Department; identify behavioral health crisis management protocols; identify all staff trained in de-escalation methods; and provide protocols for routine and emergency communications with first responders. Owner shall maintain and periodically update the safety plan throughout the term of this Agreement. Failure to maintain and implement a safety plan shall constitute a material breach of this Agreement, entitling the City to pursue all remedies available at law or in equity to compel performance. Should this condition subsequently be preempted by state action, this subsection will be considered null by the City of Bellevue.
- c. Prior to any disbursement of funds, Owner shall execute and deliver a written communication plan acceptable to the City. At a minimum, the communication plan shall: address public safety and neighborhood responsiveness; community engagement; strategies for mitigating potential impacts on nearby businesses and residences, including site upkeep and maintenance; identify a staff person to serve as a visible and accessible representative for the Project, attend community events, respond promptly to neighborhood complaints, and meet periodically with City staff to discuss reasonable community concerns and resolution thereof; and include names and contact information for on-site staff. Owner shall maintain and periodically update the communication plan throughout the term of this Agreement. Failure to maintain or implement the communication plan shall constitute a material breach of this Agreement, entitling the City to pursue all remedies available at law or in equity to compel performance. Should this condition subsequently be preempted by state action, this subsection will be considered null by the City of Bellevue.

Agency must submit for ARCH staff approval a management, affirmative marketing, and services plans.

Imagine Housing – Forest Edge Apartments

| Capital Award Recommended | Amount |
|---|--------------------|
| 2025 HSP Funds Requested | \$2,261,600 |
| 2025 HSP Funds Recommended Award | \$6,083,890 |
| 2025 AHF Funds Requested | \$10,104,000 |
| 2025 AHF Funds Recommended Award | \$6,104,471 |
| Annual OMS Award | |
| HSP OMS Funds Requested | \$120,000 |
| HSP OMS Funds Recommended (per year, for 5 years) | \$120,000 |

Project Summary

The Forest Edge development is a partnership of Imagine Housing and Saint Andrews Lutheran Church (SALC), whose members were the original founders of Imagine Housing. The project includes approximately 100 units of new construction affordable rental units to be developed on an underutilized portion of the SALC property in Bellevue. This project will be one of the first to utilize Bellevue’s land use code allowing affordable housing to be expanded on faith-owned property and will include studios, one-bedroom, two-bedroom, and three-bedroom homes affordable at 60% AMI.

The development will include onsite parking, an onsite resident service coordinator, and units dedicated for households with disabilities. This project creates workforce housing options in southeast Bellevue with easy access to schools, Bellevue College, grocery stores, and other amenities.

Funding Rationale

The Office of Housing recommends funding with conditions listed below for the following reasons:

- The project delivers a significant number of affordable housing units, with an anticipated construction start in the 1st or 2nd quarter of 2027.
- The project advances Bellevue’s first development using their land use incentive for increased density on faith-owned land.
- The project includes 25 units for households with disabilities through the use of the City of Bellevue’s Housing Stability Program funding.
- The project takes advantage of underutilized land owned by a local church with a long-term commitment to the creation and sustainable operation of affordable housing.

Proposed Conditions:

Standard Conditions: Please refer to page 11 of this document.

Special Conditions:

Prior to Contracting

- a. 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 ARCH 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. ARCH staff will consider subsequent 12-month extensions only based on documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the applicant must demonstrate that all capital funding has been secured or is likely to be secured within a reasonable timeframe.
- b. 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. Agency shall provide final operating proforma and cashflow waterfall for ARCH staff review. 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 the repayment of the Amazon loan and deferred developer fee with 1% interest. The terms will also include a provision for the Agency to 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.
- c. A covenant is recorded ensuring affordability for at least 55 years, with size and affordability distribution per the following table. Changes may be considered based on reasonable justification as approved by ARCH staff (such as changes to accommodate income averaging across the project).

| Affordability | Studio | 1BR | 2BR | 3BR | Total |
|-------------------------------|---------------|------------|------------|------------|--------------|
| 60% | 20 | 32 | 27 | 21 | 100 |
| Total Low-Income Units | 20 | 32 | 27 | 21 | 100 |
| Total Units | 20 | 32 | 27 | 21 | 100 |

Through Construction Period

- a. (blank)

Ongoing Requirements Through the Period of Affordability

- a. (blank)

Habitat for Humanity – Orchard Gardens

| Capital Award Recommended | Amount |
|---|--------------------|
| 2025 HSP Funds Requested | - |
| 2025 HSP Funds Recommended Award | - |
| 2025 AHF Funds Requested | \$2,000,000 |
| 2025 AHF Funds Recommended Award | \$1,715,400 |
| Annual OMS Award | |
| HSP OMS Funds Requested | N/A |
| HSP OMS Funds Recommended (per year, for 5 years) | N/A |

Project Summary

This Orchard Gardens development will create twenty-five (25) new permanently affordable ownership homes for households earning up to 80% of the area median income. Each home will have three-bedrooms with on-site parking. Habitat for Humanity purchased the 3.13 acre property from the Holy Cross Lutheran Church in December 2024 and is finalizing permits with the City of Bellevue. The development includes preservation of an existing community garden, apple orchard and green spaces for the benefit of the community. The property is located in Bellevue’s Newport neighborhood near schools, transit, the Factoria shopping center, and employment centers.

Ownership Model: Habitat employs a community land trust model to preserve long-term affordability, retaining ownership of the land and selling homes to eligible buyers through ground leases. When homeowners decide to sell, Habitat has a right of first refusal wherein Habitat will purchase the home, perform any necessary rehabilitation, and find an income-qualified buyer before reselling, thus, preserving long term affordability.

Funding Rationale

The Office of Housing recommends funding with conditions listed below for the following reasons:

- Creates 25 new permanently affordable homeownership opportunities for households earning up to 80% AMI in Bellevue where median home prices exceed \$1 million. Such opportunities are rare and allow households with modest incomes to achieve stability through homeownership.
- Helps close a funding gap on a project that is ready to start construction in 2026.
- Habitat’s sweat equity model allows volunteers and potential buyers to gain valuable skills and experience in homebuilding, while allowing for cost savings when compared to traditional construction.
- Habitat’s land trust model ensures perpetual affordability, which is especially important in a high cost, high growth city like Bellevue.
- Habitat’s approach to marketing helps to address historic barriers to home ownership and preserve cultural diversity in the community.

Proposed Conditions

Standard Conditions: Please refer to page 11 of this document.

Special Conditions:

Prior to Contracting

- a. 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 ARCH 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. ARCH staff will consider subsequent 12-month extensions only based on documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the applicant must demonstrate that all capital funding has been secured or is likely to be secured within a reasonable timeframe.
- b. Funds will be in the form of a secured grant. Agency shall provide final operating proforma and cashflow waterfall for ARCH staff review. Final grant terms shall be determined prior to release of funds and must be approved by ARCH Staff.
- c. A covenant is recorded ensuring affordability for at least 55 years, with size and affordability distribution per the following table. Changes may be considered based on reasonable justification as approved by ARCH staff (such as changes to accommodate income averaging across the project).

| Affordability | 3BR | Total |
|------------------------|------------|--------------|
| 80% | 25 | 25 |
| Total Low-Income Units | 25 | 25 |
| Total Units | 25 | 25 |

- d. A third-party cost estimate to be reviewed and approved by ARCH staff as a condition of the ARCH funding award.
- e. Construction contracts for work to be performed by outside vendors to be reviewed and approved by ARCH staff.

Through Construction Period

- a. (blank)

Ongoing Requirements Through the Period of Affordability

- a. (blank)

Bellwether Housing – Bellevue TOD

| Capital Award Recommended | Amount |
|---|--------------------|
| 2025 HSP Funds Requested | \$2,000,000 |
| 2025 HSP Funds Recommended Award | \$2,000,000 |
| 2025 AHF Funds Requested | - |
| 2025 AHF Funds Recommended Award | - |
| Annual OMS Award | |
| HSP OMS Funds Requested | N/A |
| HSP OMS Funds Recommended (per year, for 5 years) | N/A |

Project Summary

The proposed development will be a 127-unit, 8-story residential building, located on the corner of 120th Ave NE and Bel Red Road in Bellevue’s Wilburton neighborhood on city-owned land. The proposed project sets aside units for a broad range lower income individuals and families with earnings less than 30%, 50%, 60%, and 80% AMI. The majority of units serve residents earning less than 50% and 60% AMI. This development will also include a focus on larger-sized units for families.

The design includes ground-floor retail space for community partners – Bellwether is collaborating with Bellevue Boys & Girls Club and WheelLab to create a community-focused space to provide education and job-training opportunities centered around cycling for families and young adults.

Project History:

- In 2014, the City of Bellevue secured the site as part of work to realign Bel Red Road and held the property for subsequent development.
- In 2025, the City of Bellevue issued an RFP for development proposals for the site and awarded the project to Bellwether Housing.
- Bellwether Housing is currently negotiating a development agreement with City of Bellevue Staff and is in the early stages of design development work on the project.

Bellwether’s request is for predevelopment funds to advance the design and entitlement processes for the project. Bellwether Housing will apply for additional capital funds from Bellevue and ARCH in 2026.

Funding Rationale

The Office of Housing recommends funding with conditions listed below for the following reasons:

- This proposal advances key objectives in the City’s Affordable Housing Strategy providing a large amount of low- and moderate-income units in a strategic location close to jobs and transportation.
- The project will take advantage of City surplus public property provided to advance affordable housing goals.

- Bellwether’s proposal design incorporates cost and sustainability considerations such as reduced parking.

Proposed Conditions

Standard Conditions: Please refer to page 11 of this document.

Prior to Contracting

- a. The award shall not be contracted until the Development Agreement is finalized and signed by City and Bellwether.
- b. 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 ARCH 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. ARCH staff will consider subsequent 12-month extensions only based on documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the applicant must demonstrate that all capital funding has been secured or is likely to be secured within a reasonable timeframe.
- c. 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. Agency shall provide final operating proforma and cashflow waterfall for ARCH staff review. It is anticipated that loan payments will be based on a set repayment schedule and begin after the repayment of the Amazon loan and the deferred developer fee with 1% interest. The terms will also include a provision for the Agency to 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.

Through Construction Period

- a. Reimbursement payments to be tied to feasibility phases in the Pre-Development Agreement. No expenses before the RFP selection date.
 - i. Up to \$60,000 after feasibility contingency waived
 - ii. Up to \$800,000 after 60% design completion
 - iii. Up to \$700,000 after 90% design completion and Land Use permit submission
 - iv. Up to \$440,000 after Construction Documents completion
- b. Any work product produced prior to the permanent financing shall be property of Bellevue.

Ongoing Requirements Through the Period of Affordability

- a. Project must have at least 13 HSP units for families at-risk or exiting homelessness as defined by WSHFC referred from Bellevue based referral partner Agency must submit for ARCH staff approval a management, affirmative marketing, and services plans.

Standard Capital Award Conditions (Apply to all projects receiving capital awards):**I. Prior to Contracting**

- a. 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 City/City's designee, and describe the actions it will undertake to secure alternative funding and the timing of those actions subject to City/City's designee review and approval.
- b. In the event federal funds are used, and to the extent applicable, all federal laws, regulations and 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.
- c. AGENCY must submit a draft management, affirmative marketing, and services plan, if applicable, for approval by staff designated by the City .

II. Through Construction Period

- a. None

III. Ongoing Requirement through Period of Affordability

- a. **(HSP ONLY)** 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.
- b. AGENCY shall provide revised acquisition/development and operating budgets based upon actual funding commitments, which must be approved by staff designated by the City. If AGENCY is unable to adhere to the budgets, the City/City's designee must be immediately notified and (a) new budget(s) shall be submitted by AGENCY for City approval. The City's designee 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 City. Failure to adhere to the budgets, either original or as amended may result in withdrawal of City's commitment of funds.
- c. AGENCY shall maintain documentation of any necessary land use approvals and permits required by the city in which the project is located.
- d. City shall retain, and not release, five percent (5%) of the award amount until the project completion and satisfaction of the close out terms.
- e. Owner/AGENCY shall submit quarterly monitoring reports until the opening of the housing/building to occupancy, and annually thereafter, and shall submit a final budget after closing on the acquisition and upon project completion. Owner shall submit initial tenant information as required by the City/City's designee.

- f. Owner/AGENCY shall maintain the project in good and habitable condition for the duration of the period of affordability.
- g. Owner/AGENCY must submit for approval by the City/City's designee a final management, affirmative marketing, and services plan at least 60 days prior to occupancy.
- h. Agency may negotiate, approve, execute, and record amendments or releases of any Bellevue loan documents as may be needed for the project; provided the project still provides the anticipated affordable housing and there is sufficient collateral to secure the members' financial investment, all as determined by City/City's designee.
- i. 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.
- j. A covenant is recorded ensuring affordability for at least 55 years, with size and affordability distribution per award letter.

It is further acknowledged that projects may change in any number of ways from the time of award until signing of the funding agreement. In order to continue support of projects after legislative approval, the following changes may be approved by the party identified below.

| Type of Change | Proposed Approver |
|---|-------------------|
| Change to proposed population | City Manager |
| Change to total number of units or bedrooms of less than 20% | OH Director |
| Change to total number of units or bedrooms greater than 20% | City Manager |
| Change to affordability levels resulting in average AMI increasing 10% AMI or less change | OH Director |
| Change to affordability levels resulting in average AMI increasing over 10% AMI | City Manager |

| | |
|--|--|
| Increase in funding amount up to 20%** | (subject to funding availability) City Manager |
| Change in project sponsor | City Manager |

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

- I. 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.
- II. 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.
- III. An annual inflation factor shall be allowed based on annual guidance provided by the City's Finance and Asset Management Department.
- IV. AGENCY/Owner 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.
- V. Contract conditions shall generally be consistent with City of Bellevue Human Services standard contracts.