

CITY OF BELLEVUE, WASHINGTON

RESOLUTION NO. 10346

A RESOLUTION authorizing the application of \$86,200 of City funds for the Larus Senior Housing Project; approving terms recommended by the Executive Board of A Regional Coalition for Housing (ARCH) in the 2023 ARCH Trust Fund Recommendations Memo; and authorizing the City Manager to enter into an agreement for the Project and execute necessary documents consistent with approved terms.

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, pursuant to that certain Amended and Restated Interlocal Agreement for ARCH, effective July 1, 2010 (the "ILA"), the City of Bellevue is both a member and the duly appointed Administering Agency for ARCH; and

WHEREAS, the ARCH Executive Board has recommended that the City of Bellevue participate in the funding of certain affordable housing projects and programs, by applying the City's funds held by ARCH in the Housing Trust Funds account toward the recommended projects, including the project that is the subject of this Resolution; and

WHEREAS, the Larus Senior Housing Project shall mean TWG and Imagine Housing's project to develop 175 units of affordable housing for seniors (age 62+) at 40%, 50% and 60% AM located within a quarter mile from Kenmore Park and Ride and a future Sound Transit Bus Rapid Transit station, which project is described in more detail in the Project Summary at pages 5 and 19 of that certain ARCH Executive Board 2023 ARCH Trust Fund Recommendations memo, dated December 14, 2023, a copy of which is attached hereto as Exhibit A (the "2023 ARCH Trust Fund Recommendations Memo"); and

WHEREAS, the ARCH Executive Board has developed a number of recommended terms and conditions for approval by Council 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 wishes to authorize the application of \$86,200 of City funds held by ARCH in the Housing Trust Funds account to the Project; and

WHEREAS, pursuant to the ILA, the City's approved terms and conditions for the authorization of City funds held by ARCH in the Housing Trust Funds account to the Project must accompany the City Council's authorization, now, therefore

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES
RESOLVE AS FOLLOWS:

Section 1. The Administering Agency for A Regional Coalition of Housing (ARCH) is hereby authorized to apply \$86,200 of City funds held by ARCH in the Housing Trust Funds account for the Larus Senior Housing Project.

Section 2. To ensure that the City's funds are used for their intended purpose and that the Larus Senior Housing Project maintains affordability over time, the special conditions at pages 5-7, and the standard conditions at page 16, of the 2023 ARCH Trust Fund Recommendations Memo at Exhibit A, are incorporated here by reference, and are hereby approved.

Section 3. The City Manager is hereby authorized, on behalf of the Administering Agency for ARCH, to enter into an agreement and execute necessary documents for the Larus Senior Housing Project that are substantively consistent with the terms and conditions approved in Section 2.

Passed by the City Council this _____ day of _____, 2024,
and signed in authentication of its passage this _____ day of _____,
2024.

(SEAL)

Lynne Robinson, Mayor

Attest:

Charmaine Arredondo, City Clerk

EXHIBIT A



A Regional Coalition for Housing

Celebrating 30 years of bringing cities together to house East King County

Together Center Campus
16307 NE 83rd St, Suite 201
Redmond, WA 98052
(425) 861-3677

MEMORANDUM

TO: ARCH Executive Board
FROM: ARCH Community Advisory Board
DATE: December 14, 2023

RE: Fall 2023 Housing Trust Fund (HTF) Recommendation

The Community Advisory Board (CAB) has completed its review of the seven applications for the Fall 2023 Housing Trust Fund round. The CAB recommends full funding for two projects, partial funding for three projects, and zero funding for two projects. A total of \$4 million in ARCH funds was included in the recommendations, which were supplemented by an additional \$2.1 million in funds committed by the City of Redmond, resulting in awards totaling \$6.1 million. One of the recommended awards will supplement a prior \$350,000 commitment of 2022 HTF funds to the BRIDGE Housing Spring District TOD project.

This memo provides a summary of the applications, the CAB recommendations and rationales, and proposed contract conditions for the **five** proposals recommended for funding at this time. Also enclosed is an economic summary of the projects recommended for funding.

Attachments:

1. Proposed Funding Sources
2. Project Economic Summaries

Note that bolded text in proposed conditions shows unique conditions in otherwise standard text.

ARCH MEMBERS

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

1. BRIDGE Housing – Spring District TOD

2022 Funding Request:	\$4,000,000 (Contingent Loan)
2023 Funding Request:	\$650,000 (Contingent Loan)
	234 Affordable Units
2022 CAB Recommendation:	\$350,000 (Contingent loan)
2023 CAB Recommendation:	\$650,000 (Contingent loan)
Total Recommended:	\$1,000,000 (Contingent loan)

Project Summary:

The proposed project includes two buildings as part of a larger Master Development on Sound Transit and City of Bellevue owned surplus property in the Spring District. BRIDGE proposes to develop Building 2 (7-story) and Building 6 (6-story) for a total of 234 units and 83 parking spaces (0.35 stalls per unit). Both buildings will be built with Type III construction over Type I concrete construction. The proposed unit mix consists of 86 studios, 75 one-bedroom units, 25 two-bedroom units, and 48 three-bedroom units. In October 2020, Sound Transit (ST) selected a development team led by BRIDGE to master plan and develop a 6.88-acre Sound Transit-owned site in the Spring District of Bellevue, Washington. Essex Residential Trust was the market-rate residential partner and Touchstone was the office partner. Although BRIDGE was successful in securing funding from Amazon, City of Bellevue, A Regional Coalition for Housing (ARCH), and King County for the affordable housing project, the market-rate projects were highly distressed coinciding with a global pandemic, unprecedented construction cost inflation, and a fundamental change in office demand. In December 2022, Essex exited the partnership citing increasing construction and financing costs. On June 2023, after extensive negotiations with Sound Transit and the City of Bellevue, Touchstone and BRIDGE agreed to dissolve the partnership and each developer will independently entitle, finance, and develop their own projects. On August 2023, BRIDGE submitted a revised pre-application to the City of Bellevue. As an independent project with no market-rate involvement, BRIDGE can develop on an accelerated timeline. Should funding be fully committed by public sources during this funding round, BRIDGE can commence construction by November 2024.

BRIDGE applied to HTF for capital funding in the fall of 2022 and was recommended to receive \$350,000 and reapply in 2023 for additional capital funding. BRIDGE's request in this application is for an additional \$650,000 in capital for a total request of \$1,000,000. The Committee is proposing to fund the full amount of the 2023 funding request.

Funding Rationale:

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

- Funding this year's request for additional capital demonstrates continued commitment from ARCH to this priority project that has nearly secured all other sources of leverage.
- The project advances key objectives in the City of Bellevue Affordable Housing Strategy, providing a large amount of low and moderate-income affordable housing units in a strategic location close to jobs and transportation.

- This project leverages significant investments from public and private funding sources, including King County TOD funds which are specifically set aside for the Bel-Red corridor and Amazon housing equity funds structured as a grant and a below market loan product.
- The project takes advantage of surplus public property provided at no cost by Sound Transit and the City and helps deliver additional City goals for development of retail and office.

Proposed Conditions (will supersede conditions from previous award):

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

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 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 a 12-month extension 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.
2. Funds shall be used by the Agency towards **soft costs and construction**. Funds may not be used for any other purpose unless ARCH staff has been given written authorization for the alternate use. Spending of construction contingency must be approved in advance by ARCH. If after the completion of the project there are budget line items with unexpended balances, ARCH and other public funders shall approve adjustments to the project capital sources, including potential reductions in public fund loan balances. Funds not expended at the end of the construction period will be de-obligated.
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. 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 repayment of the Amazon loan on or before year 20 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.
4. 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.
5. A covenant is recorded ensuring affordability for at least 55 years, with size and affordability distribution per the following table, and approximately 40 units reserved for persons with

disabilities. 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	1 BR	2 BR	3 BR	Total Units
30%	2	4	1	1	8
50%	24	19	7	14	64
60%	60	52	16	32	160
Total Low-Income Units	86	75	24	47	232
CAUs / Managers	-	-	1	1	2
Total Units	86	75	25	48	234

6. Agency must submit for ARCH staff approval a management and services plan which includes coordination of services with outside providers for special populations and parking management.
7. Agency shall submit applications to other potential sources of funding, at a minimum including to the State Housing Trust Fund for any available I/DD or other State funding that the project is eligible for.
8. On a monthly basis, Agency shall provide ARCH with updates on the following:
 - a. Status of management and services plan including service partnerships and development on formal MOUs and operating agreements.
 - b. Status update on negotiations with development partners.
 - c. Status update on other financing and financing partnerships negotiations.
 - d. Status update on entitlement and permitting progress.
9. Agency shall complete and submit the following deliverables by the dates indicated. Agency may request an extension of individual deadlines, and such extensions shall be considered based on reasonable justification and Agency's continuing efforts to make substantial progress toward each milestone.:
 - a. January 1, 2024 – Revised term sheet for property acquisition and development approved by Sound Transit
 - b. January 31, 2024 – Draft Management and Services Plan
 - c. May 31, 2024 – Final operating or other agreement with services provider(s)
 - d. June 30, 2024 – Final Development Agreement including all development partners.
 - e. Prior to closing- Provide a draft Affirmative Marketing Plan
 - f. 6 months prior to anticipate C of O- Provide a final Affirmative Marketing Plan
10. Agency will provide a transportation plan, as required by the City of Bellevue, to ARCH staff.

2. TWG and Imagine Housing – Larus Senior Housing

Funding Request: \$3,900,000 (Contingent Loan)
175 Affordable Units (including 1 manager unit)

CAB Recommendation: \$250,000 (Contingent Loan)

Project Summary:

The proposed Larus Senior Apartments is a transit-oriented senior housing development to be developed by TWG Housing in partnership with Imagine Housing. The development team elected to proceed with the same model for Larus as their previous partnership, Ardea at Totem Lake, by serving seniors and inviting Imagine Housing to be the non-profit development partner and service provider.

The project will consist of 175 units of affordable housing with a mix of studios and 1-bedroom units with affordability levels at 40% AMI, 50% AMI, and 60% AMI. Located within ¼ mile from the Kenmore Park & Ride and future Sound Transit BRT station, the project will aim to take advantage of future transportation options for its residents. In addition to its close proximity to the Kenmore transit hub, Larus Senior Apartments benefits from local groceries, shopping, and services within ¼ mile walking distance.

Funding Rationale:

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

- The project is strategically located near a future transit facility and close to amenities and services.
- The project advances the City's affordable housing priorities by providing much needed low-income housing for seniors in the area.
- This project leverages significant investments from public and private funding sources, including King County TOD funds and Amazon Housing Equity funds.
- The project is taking advantage of the Washington State Housing Finance Commission's Land Acquisition Program, which is a long-term, patient capital program. As such the project will be able to take the time needed to assembling full financing for the development.

Proposed Conditions:

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

Special Conditions:

1. The funding commitment shall continue for **thirty-six (36) 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 a 12-month extension 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.

2. Funds shall be used by the Agency towards **acquisition, construction, soft costs, financing, capitalized reserves, and other development costs**. Funds may not be used for any other purpose unless ARCH staff has given written authorization for the alternate use. Spending of construction contingency must be approved in advance by ARCH. If after the completion of the project there are budget line items with unexpended balances, ARCH and other public funders shall approve adjustments to the project capital sources, including potential reductions in public fund loan balances.
3. Funds will be in the form of a **deferred, contingent loan**. Loan terms will account for various factors, including loan terms from other fund sources and available cash flow. Final loan terms shall be determined prior to release of funds and must be approved by ARCH Staff. It is anticipated that loan payments will be based on a set repayment schedule and begin after repayment of deferred developer fee with 1% interest. The terms will also include a provision for the Agency to defer payments 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.
4. 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.
5. A covenant is recorded ensuring affordability for seniors 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	1 BR	Total Units
40%	10	-	10
50%	67	46	113
60%	28	24	52
Total	105	70	175

6. The final loan amount shall be up to \$250,000, subject to approval by ARCH staff based on a documented funding gap. ARCH reserves the right to reduce its total loan amount based on changes to the project sources and uses, and unit mix.
7. Agency shall provide ARCH with quarterly updates on status of MOUs with partners and other funding sources.

8. Agency shall provide a sustainability plan which details eco-friendly materials, transportation options and partnerships which would benefit the project's eco-sustainability, such as EV stations.

3. LIHI – The Aventine

Initial Funding Request: \$1,500,00 (Contingent Loan)
66 Affordable Units (including 1 manager unit)

CAB Recommendation: \$600,000 (Contingent Loan)

Project Summary:

The Aventine is an existing 5-story, 68-unit apartment community with 69 underground parking spaces located in downtown Bellevue. Currently over half the residents are low-income (below 80% AMI). LIHI is proposing to purchase the Aventine to preserve and make all the housing units affordable for households at 30%, 50% and 80% of area median income. The project intends to house low wage workers, disabled households, and households exiting homelessness. A total of 10 units will be set aside for households with members that have physical disabilities. The building is ADA accessible and additional units will be made accessible if needed. LIHI is proposing 22 of the 66 units be for households exiting homelessness (33% of the total units in the property), including families and veterans exiting homelessness.

The current owners, who previously obtained funding through Microsoft's affordable housing initiative and maintained a set-aside of units at 80% AMI, put the property on the market for sale in 2023 and five for-profit developers submitted bids to convert it to market rate housing, losing the existing affordable units. Fortunately, LIHI was selected as the buyer and has signed a PSA with the seller. Funding from the City of Bellevue and ARCH will allow for the long-term preservation of affordable housing in downtown Bellevue and avoid the displacement of the existing residents.

LIHI's planned acquisition and rehabilitation includes the conversion of two rental units into a case manager's offices to provide on-site service to residents leaving 66 affordable rental units. Additionally, minor refreshing of the building interiors will be completed.

Funding Rationale:

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

- The application proposes housing that meets the City of Bellevue's priorities for its Housing Stability Program Funding; providing housing for households earning below 30% of median income, addressing and prevent homelessness and housing instability, and focusing on underserved, vulnerable residents in Bellevue (e.g., homeless families with children and other eligible populations).
- The property provides 22 units for households exiting homelessness, including both two-bedroom units for families. Further, the proposed project will have 10 units set-aside for veterans and an additional 10 for people with physical disabilities.

- Funding an acquisition brings affordable units online and into the Bellevue portfolio much more quickly than funding new construction. Conservatively, the Aventine will bring affordable units online 18-24 months sooner than a similar new construction.
- The acquisition of the property will mitigate displacement of existing renters who are living in units previously advertised as affordable, workforce units.

Proposed Conditions:

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

Special Conditions:

1. The funding commitment shall continue for **twelve (12) months** from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested from 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 a 12-month extension 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.

Funds shall be used by the Agency towards **acquisition, construction, soft costs, financing, capitalized reserves and other development costs**. Funds may not be used for any other purpose unless ARCH staff has given written authorization for the alternate use. Spending of furnishings, fixtures, and equipment, rehab, remediation and construction contingency must be approved in advance by ARCH. If after the completion of the project there are budget line items with unexpended balances, ARCH and other public funders shall approve adjustments to the project capital sources, including potential reductions in public fund loan balances. Funds not expended at the end of the construction period will be de-obligated.

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 ARCH Staff. It is anticipated that loan payments will be based on a set repayment schedule and begin after repayment of deferred developer fee with 1% interest. The terms will also include a provision for the Agency to defer payments 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.
3. 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.

4. A covenant is recorded ensuring affordability for at least 55 years, with size and affordability distribution per the following table, including approximately 22 units for households exiting homelessness. 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	1 BR	2 BR	Total Units
30%	5	5	2	12
50%	10	10	-	20
60%	15	4	-	19
80%	9	6	-	15
Total	39	25	2	66

5. Agency must submit for ARCH staff approval a management, affirmative marketing, and services plans.
6. On a monthly basis, Agency shall provide ARCH with updates on the following:
- Status of management and services plan including service partnerships and development on formal MOUs and operating agreements.
 - Status update on other financing and financing partnerships negotiations.
 - Agency will provide a Capital Needs Assessment (CNA) for staff review and approval.

4. Catholic Housing Services (CHS) – Emma McRedmond Manor

Funding Request:	\$2,150,000 (Contingent Loan) 32 Affordable Units (including 1 manager unit)
CAB Recommendation:	\$500,000 (Contingent Loan)
Additional City Investment via ARCH Housing Trust Fund:	\$600,000 (Contingent Loan)

Project Summary:

Emma McRedmond Manor is an existing three-story senior housing project with 32 apartments located in downtown Redmond. Built in 1988, the building is nearly 35 years old and has yet to be substantially rehabilitated, other than re-cladding and window replacement performed in 2010. CHS is proposing a substantial renovation to improve the building's energy efficiency and extend the remaining useful life of the structure by approximately 20 years. The scope of work consists of upgrades to the building exterior, building systems (plumbing and mechanical), common areas, units, and landscaping/site work. In addition, the project will convert one manager's unit to an affordable unit, resulting in 32 1BR units affordable at 50% AMI, of which 31 will receive Section 8 Project-Based Rental Assistance through July 2032. The proposal includes financing under the HUD 221 program (Mortgage Insurance for Rental or

Cooperative Housing). The program provides insurance on mortgages that support new construction or substantial rehabilitation of multifamily rental or cooperative housing for moderate-income families, elderly households, and disabled households.

Funding Rationale:

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

- The project preserves much-needed housing for low-income seniors and persons with disabilities in a very desirable, amenity-rich area of East King County.
- The project preserves valuable ongoing HUD support in the form of grant funding for the Resident Services Coordinator and Section 8 Project-Based Rental Assistance.
- The project is permit ready and has a HUD Section 221(d)(4) loan already committed, with additional funds leveraged from King County.
- The City of Redmond has indicated its willingness to allocate \$600,000 in funding that will help close the project's funding gap.

Proposed Conditions:

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

Special Conditions:

1. The funding commitment shall continue for **twelve (12) months** from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested from 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 a 12-month extension 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.
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 ARCH Staff. It is anticipated that loan payments will be based on a set repayment schedule and begin after repayment of deferred developer fee with 1% interest. The terms will also include a provision for the Agency to defer payments 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.
3. Funds shall be used by the Agency towards **acquisition, construction, soft costs, financing, capitalized reserves, and other development costs**. Funds may not be used for any other purpose unless ARCH staff provides written authorization for the alternate use. Spending of

furnishings, fixtures, and equipment, rehab, remediation, and construction contingency must be approved in advance by ARCH. If - after the completion of the project - there are budget line items with unexpended balances, ARCH and other public funders shall approve adjustments to the project capital sources, including potential reductions in public fund loan balances. Funds not expended at the end of the construction period will be de-obligated.

4. 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.
5. A covenant is recorded ensuring affordability for seniors 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

Affordability	1BR	Total
50%	32	32
Total	32	32

6. Agency must submit for ARCH staff approval of management, affirmative marketing, and services plans.
7. Agency shall submit updates to ARCH regarding other potential funders, including HUD and King County.
8. Agency shall provide an updated Project Architectural and Cost Analysis Report and updated development budget, both of which are HUD approved, prior to commencement of construction.

5. Bellwether Housing – Overlake TOD

Funding Request: \$3,500,000 (Contingent Loan)
333 Affordable Units (including 3 manager units)

CAB Recommendation: \$2,000,000 (Contingent Loan)

Additional City Investment
via ARCH Housing Trust Fund: \$1,500,000 (Contingent Loan)

Project Summary:

Bellwether Overlake Apartments is located in the Overlake Village neighborhood of Redmond directly across from the future Overlake Village light rail station. The project will provide 333 homes for low- to moderate-income households (30-80% AMI), including set-asides and services specific to people living with physical, intellectual and developmental disabilities (IDD), and much-needed two- and three-

bedroom family-sized units, achieving an average of 50% AMI across the site. The project is located on Sound Transit surplus property.

In collaboration with a coalition of nonprofit partners and the City of Redmond, the ground floor commercial spaces will incorporate small business incubation, non-profit organizational support, culturally informed community services, and services provided by the City of Redmond. An adjacent open space parcel will complement the ground floor uses and potentially consist of a food truck corral, food garden, cultural night markets. Programming of the adjacent open space will be provided by the community partners in the project for the benefit of the community.

Services for the project residents will be provided primarily by Hopelink, a service provider who has served homeless and low-income families, children, seniors, and people with disabilities on the Eastside since 1971. In addition, SAILS Washington, a DDA-contracted service provider, will provide supported living services for the project's ten IDD residents.

The project will be financed with a combination of public and private financing sources, including but not limited to 4% Low Income Housing Tax Credits, Amazon Housing Equity Fund, Evergreen Impact Housing Fund, senior private lender loan, ARCH funds, King County TOD fund, and the State Housing Trust Fund.

Funding Rationale:

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

- Funding this year's request for additional capital demonstrates continued commitment from ARCH to this priority project and will allow the project to secure other sources of leverage.
- The project advances key objectives in the City of Redmond Affordable Housing Strategy, providing a large amount of low and moderate-income affordable housing units in a strategic location close to jobs and transportation.
- This project leverages significant investments from public and private funding sources, including King County TOD funds which are specifically set aside for the Overlake TOD and Amazon housing equity funds structured as a grant and a below market loan product.
- The project takes advantage of surplus public property provided at no cost by Sound Transit and the City and helps deliver additional City goals for development of retail and office.
- The project will provide a significant number of units affordable to very low-, low- and moderate-income households, as well as IDD units, within a high-opportunity area near good jobs, various transportation options, and other public and private amenities.
- The project is a priority for the City of Redmond, which has indicated a willingness to invest additional funding to move the project forward.

Proposed Conditions:

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

Special Conditions:

1. The funding commitment shall continue for **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 from 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 a 12-month extension 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.

2. Funds shall be used by the Agency towards **construction, soft costs, financing, capitalized reserves, and other development costs**. Funds may not be used for any other purpose unless ARCH staff has given written authorization for the alternate use. Spending of furnishings, fixtures, and equipment, rehab, remediation, and construction contingency must be approved in advance by ARCH. If after the completion of the project there are budget line items with unexpended balances, ARCH and other public funders shall approve adjustments to the project capital sources, including potential reductions in public fund loan balances. If funds are not expended at the end of the construction period, will be de-obligated.
3. Funds will be in the form of a **deferred, contingent loan**. Loan terms will account for various factors, including loan terms from other fund sources and available cash flow. Final loan terms shall be determined prior to release of funds and must be approved by ARCH Staff. It is anticipated that loan payments will be based on a set repayment schedule and begin after repayment of deferred developer fee with 1% interest. The terms will also include a provision for the Agency to defer 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 ARCH Staff, and any deferred payment would be repaid from future cash flow or at the end of the amortization period.
4. 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.
7. A covenant is recorded ensuring affordability for at least 55 years, with size and affordability distribution per the following table, including approximately ten units set-aside for people with disabilities. 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	1 BR	2 BR	3 BR	Total
30%	25	15	10	5	55
50%	30	130	48	33	241
80%	5	8	11	13	37
Total	60	153	69	51	333

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

6. On a monthly basis, Agency shall provide ARCH with updates on the following:
- a. Status of management and services plan including service partnerships and development on formal MOUs and operating agreements.
 - b. Status update on other financing and financing partnerships negotiations.
 - c. Updates on commercial leases and partnerships with commercial tenants including operating budgets and development budgets including tenant's prorata share of costs and expenses within the overall budget.

6. Attain Housing – Totem Six Plex

Funding Request: \$750,000 (Secured Grant)
6 Affordable Units

CAB Recommendation: \$0

Project Summary:

The proposed project is the new construction of a three-story structure with six two-bedroom units of transitional housing for homeless families earning up to 30% of area median income (AMI). The property currently contains an existing four-plex building owned and managed by Attain Housing. Attain also manages the four plex on the lot next to the proposed construction site. The proposed new building will sit on what is currently a lawn between the two four plex buildings. The project represents an expansion of existing programs operated by Attain, with overall capacity growing from 8 to 14 units across the three buildings.

Funding Rationale:

The Community Advisory Board supports the concept of the Attain Housing proposal but does not recommend funding at this time. CAB would welcome an application in a future round so that Attain Housing can address the issues identified below:

- ARCH awarded funds for technical assistance in the previous funding round to assist with a variety of tasks. These funds have not yet been utilized and the application submitted in 2023 was unchanged from the previous year. Prior to a new application, Attain is encouraged to address the following:
 - Secure project management capacity, including recommended engagement of a development consultant who will assist with the financing and project management of the project through construction completion.
 - Further develop building design, permitting, siting and parking in conformance with zoning requirements.
 - Pursue and obtain funding commitments of other public funding sources and make progress on the needed capital campaign.
 - Further development of development budgets and operating budgets based on current construction market and industry conditions.

- Development of a project schedule consistent with the proposed funding and local permitting requirements.
- Further evaluate the long-term strategy for funding supportive services for transitional housing.

7. Inclusion Housing – Scattered Sites

Funding Request: \$400,000 (Secured Grant)
7 Affordable Beds

CAB Recommendation: \$0

Project Summary:

The proposed project will serve individuals with Intellectual and Developmental Disabilities (IDD) in King County where there is a large demand for Supported Living services and affordable, stable housing. The acquisition includes the purchase of a total of six homes. ARCH's funding, (in conjunction with State and other local sources) will only be used for the Alpha SLS South Branch and the Children's IHS Homes, described below. Inclusion is proposing the purchase of the other four homes utilizing other local and State sources of funding.

The Alpha SLS South Branch is proposed to be a 3-bedroom home located in around the Kirkland/Redmond area that will serve three adults with developmental disabilities receiving Supported Living services from Alpha. The Children's IHS Home is proposed to be a 4-bedroom home located around the Bothell/Kenmore/Woodinville area that will serve children with developmental disabilities between the age of 11 and 20. Alpha will provide residential services through the DDA Intensive Habilitation Services program. The fourth bedroom must be used as an agency office to provide the required in-home oversight.

Funding Rationale:

The CAB supports the intent of the Inclusion Housing proposal but does not recommend funding at this time for the reasons described below:

- In 2023, the ARCH Trust Fund is significantly oversubscribed and CAB was not able to meet the needs of all the requests. It is anticipated that the State will be able to provide additional funding to this project to help fill its funding gap and proceed without ARCH funding.

Standard Conditions: (will apply to all projects)

1. Agency shall provide revised development and operating budgets based upon actual funding commitments, which must be approved by ARCH staff. If the Agency is unable to adhere to the budgets, ARCH must be immediately notified and (a) new budget(s) shall be submitted by the Agency for ARCH's approval. ARCH shall not unreasonably withhold its approval to (a) revised budget(s), so long as such new budget(s) does not materially adversely change the Project. This shall be a continuing obligation of the Agency. Failure to adhere to the budgets, either original or as amended may result in withdrawal of ARCH's commitment of funds.
2. 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.
3. 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 not be used to refinance acquisition costs.
4. Agency shall maintain documentation of any necessary land use approvals and permits required by the city in which the project is located.
5. 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.
6. Agency shall maintain the project in good and habitable condition for the duration of the period of affordability. Changes to the unit and affordability mix can are subject to change with Staff approval.
7. ARCH may approve amendments or releases of the covenant if necessary to accommodate alley or right away dedications, or other routine changes so long as the project still provides the anticipated affordable housing.

Attachment 1: Proposed Funding Sources

PROJECTS RECOMMENDED FOR 2023 FUNDING

	Spring District TOD	Larus	Aventine	Emma McRedmond Manor	Overlake TOD	2023 Recommended Funds
Bellevue	224,100	86,200	206,900	172,300	689,700	1,379,200
Bothell	23,700	9,100	21,900	18,200	72,900	145,800
Clyde Hill	3,500	1,400	3,300	2,700	10,900	21,800
Hunts Point	1,500	600	1,300	1,100	4,500	9,000
Issaquah	80,800	31,100	74,500	62,100	248,500	497,000
Kenmore	3,600	1,400	3,400	2,800	11,200	22,400
Kirkland	97,900	37,600	90,300	75,300	301,100	602,200
Medina	4,100	1,600	3,800	3,200	12,600	25,300
Mercer Island	7,900	3,000	7,300	6,100	24,300	48,600
Newcastle	3,100	1,200	2,900	2,400	9,600	19,200
Redmond	155,200	59,700	143,300	119,400	477,600	955,200
Sammamish	21,800	8,400	20,100	16,800	67,100	134,200
Woodinville	21,400	8,200	19,700	16,500	65,800	131,600
Yarrow Point	1,400	500	1,300	1,100	4,200	8,500
Local Funds	650,000	250,000	600,000	500,000	2,000,000	4,000,000
Redmond Add'l				600,000	1,500,000	2,100,000
2023 ARCH Awards	650,000	250,000	600,000	1,100,000	3,500,000	6,100,000
Prior 2022 Award	350,000					350,000
Award Totals	1,000,000	250,000	600,000	1,100,000	3,500,000	6,450,000

Attachment 2: Project Economic Summaries

Applicant: BRIDGE Housing
Project Name: Spring District TOD
Location: 1601 120th Avenue NE, Bellevue, WA
Project Description: New construction of Buildings 2 and 6, which consist of 235 permanently affordable units at 30%-60% AMI.

Project Sources	Amount	Status
Low Income Housing Tax Credits (4%)	\$62,318,118	Proposed
Amazon Housing Equity Fund - Loan	\$22,100,000	Committed
Amazon Housing Equity Fund - Grant	\$3,750,000	Committed
City of Bellevue	\$6,500,000	Proposed
ARCH	\$1,000,000	Proposed
King County TOD	\$10,000,000	Proposed
State Dept. of Commerce HTF	\$8,000,000	Proposed
BRIDGE General Partner Equity	\$6,792,535	Committed
Deferred Developer Fee	\$1,750,000	Committed
Perm Loan	\$16,215,207	Proposed
Total Sources	\$138,425,860	

Project Uses	Amount	Per Unit	Per SF
Acquisition Costs	\$70,000	\$298	\$0.31
Construction	\$97,012,064	\$412,817	\$432.68
Soft Costs	\$18,806,285	\$80,027	\$83.88
Pre-Development / Bridge Financing	\$26,958	\$115	\$0.12
Construction Financing	\$11,223,605	\$47,760	\$50.06
Permanent Financing	\$805,615	\$3,428	\$3.59
Capitalized Reserves	\$1,053,598	\$4,483	\$4.70
Other Development Costs	\$9,267,735	\$39,437	\$41.34
Bond Related Costs	\$160,000	\$681	\$0.71
Total Uses	\$138,425,860	\$589,046	\$617.39

Applicant: TWG and Imagine Housing
Project Name: Larus Senior Housing
Location: 7520 NE Bothell Way, Kenmore, WA
Project Description: 175 units of affordable housing for seniors (62+) at 40%, 50% and 60% AMI

Project Sources	Amount	Status
ARCH	\$3,900,000	Proposed
King County TOD	\$4,980,000	Proposed
Amazon Housing Equity Fund	\$15,200,000	Proposed
Deferred Developer Fee	\$3,829,635	Proposed
Federal Energy Equity	\$153,000	Proposed
Low Income Housing Tax Credits (4%)	\$21,872,953	Proposed
Perm Loan	\$16,350,000	Proposed
City/CHIP	550,000	Proposed
Total Sources	\$66,835,588	

Project Uses	Amount	Per Unit	Per SF
Acquisition Costs:	\$4,506,827	\$25,753	\$35.47
Construction:	\$46,583,103	\$266,189	\$366.60
Soft Costs:	\$8,980,017	\$51,314	\$70.67
Pre-Development / Bridge Financing	\$539,128	\$3,081	\$4.24
Construction Financing	\$3,335,814	\$19,062	\$26.25
Permanent Financing	\$375,379	\$2,145	\$2.95
Capitalized Reserves	\$765,750	\$4,376	\$6.03
Other Development Costs	\$1,366,444	\$7,808	\$10.75
Bond Related Costs	\$383,126	\$2,189	\$3.02
Total Uses	\$66,835,588	\$381,918	\$525.98

Applicant: Low Income Housing Institute (LIHI)
Project Name: The Aventine
Location: 211 112th Ave NE, Bellevue WA
Project Description: Renovation and acquisition of an existing 5-story, 68-unit apartment community for the preservation of housing for households at 30%, 50% and 80% AMI

Project Sources	Amount	Status
City of Bellevue	\$8,500,000	Proposed
ARCH	\$1,500,000	Proposed
State HTF	\$5,000,000	Proposed
King County	\$5,000,000	Proposed
WSHFC 501(C)3	\$13,000,000	Proposed
Total Sources	\$33,000,000	

Project Uses	Amount	Per Bed	Per SF
Acquisition Costs	\$29,300,000	\$430,882	\$751.09
Construction	\$1,220,400	\$17,947	\$31.28
Soft Costs	\$915,800	\$13,468	\$23.48
Pre-Development / Bridge Financing	\$750,000	\$11,029	\$19.23
Permanent Financing	\$150,000	\$2,206	\$3.85
Capitalized Reserves	\$273,800	\$4,026	\$7.02
Other Development Costs	\$390,000	\$5,735	\$10.00
Total Uses	\$33,000,000	\$485,294	\$845.94

Applicant: Catholic Housing Services of Western Washington (CHS)
Project Name: Emma McRedmond Manor
Location: 7960 169th Ave NE, Redmond, WA 98052
Project Description: Rehabilitation of an existing three-story senior housing project with 32 apartments for seniors up to 50% AMI.

Project Sources	Amount	Status
HUD	\$6,288,200	Proposed
ARCH HTF	\$1,100,000	Proposed
Sponsor (existing reserves)	\$306,738	Proposed
King County	\$1,150,000	Proposed
Deferred Developer Fee	\$250,000	Committed
Total Sources	\$9,094,938	

Project Uses	Amount	Per Home	Per SF
Acquisition Costs	\$667,507	\$20,860	\$16.28
Construction	\$7,146,312	\$223,322	\$174.29
Soft Costs	\$441,850	\$13,808	\$10.78
Construction Financing	\$272,489	\$8,515	\$6.65
Permanent Financing	\$253,644	\$7,926	\$6.19
Capitalized Reserves	\$64,000	\$2,000	\$1.56
Other Development Costs	\$249,136	\$7,786	\$3.41
Total Uses	\$9,094,938	\$284,217	\$219.26

Applicant: Bellwether
Project Name: Overlake TOD
Location: 15218 NE Shen Street, Redmond, WA
Project Description: New construction of 333 homes for low- to moderate-income households (30-80% AMI), including set-asides and services specific to people living with physical, intellectual and developmental disabilities (IDD).

Residential Project Sources	Amount Total	Amount per Unit
4% LIHTC Equity	\$ 67,588,520	\$2,048,137
Senior Private Lender Loan	\$ 21,000,000	\$636,364
Amazon Housing Equity Fund	\$ 36,630,000	\$1,110,000
Evergreen Impact Housing Fund	\$ 13,458,054	\$407,820
Developer Fee Note	\$ 2,500,000	\$75,758
King County TOD Fund	\$ 5,000,000	\$151,515
WA State HTF	\$ 5,000,000	\$151,515
ARCH HTF	\$ 3,500,000	\$106,061
IDD HTF	\$ 2,900,000	\$87,879
Bellwether Sponsor Note	\$ 3,968,062	\$120,244
Total Sources	\$ 161,544,636	\$4,895,292

Commercial Project Sources	Amount Total	Amount per SF
Senior Private Lender Loan (taxable)	\$ 4,015,146	\$101
Microsoft Grant	\$ 1,000,000	\$25
The City of Redmond	\$ 509,597	\$13
Bellwether Sponsor Note	\$ 31,938	\$1
Total Sources	\$ 5,556,681	\$139

Project Uses	Amount	Per Unit	Per SF
Acquisition Costs	\$340,000	\$1,021	\$1.00
Construction	\$128,667,759	\$386,390	\$379.81
Soft Costs	\$ 14,768,733	\$44,351	\$43.60
Pre-Development / Bridge Financing	\$300,000	\$901	\$0.89
Financing and Bond Related Costs	\$18,204,709	\$54,669	\$53.74
Other Development Costs	\$4,820,116	\$14,475	\$14.23
Total Development Costs	\$167,101,317	\$501,806	\$493.26