

Fall 2022 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.

Applicant:	LifeWire
Project Name:	Hope Starts Here
Project Address:	Bellevue, Washington
Funding Request:	\$208,976/year OMS funds (\$8,359 per unit per year)
Staff Recommendation:	\$208,976/year OMS funds (\$8,359 per unit per year)
Previous Funds Awarded*:	\$1,600,000 (\$64,000 per unit)

* In 2021 the City of Bellevue committed \$1.6M towards capital for the construction of the project.

Project Summary:

The Hope Start Here project is the rehabilitation of an existing property in Bellevue into 25 one and two-bedrooms units of affordable housing, plus the new construction of a building for providing on-site services to domestic violence survivors. The project will serve single women and women with children impacted by domestic violence who do not have other options for housing. The location of the project has access to transit and amenities. Due to the nature of the population the exact location of the project must be kept confidential. Earlier this year, the City approved capital funding for the project. LifeWire is now requesting ongoing funding for project operations, maintenance, and on-site supportive services (OMS). The project is currently under construction and is expected to move residents into the units starting May 2023.

LifeWire will operate the building with a mix of low barrier emergency and transitional housing. Priority will be given to survivors with the highest risks for lethality and homelessness and those who have the greatest barriers to other housing, earning less than 30% and 50% AMI. The project is the culmination of several years of planning by LifeWire to consolidate two existing programs located in less-than-ideal facilities, currently located in other jurisdictions, plus add capacity with five additional units to serve the overwhelming need among DV survivors. The consolidation of scattered housing into one location will dramatically improve the agency's effectiveness in serving domestic violence survivors.

On-site supportive services are integral to the proposed project. LifeWire offers weekly DV support groups, therapy groups, one-on-one support, assistance towards any other personal goals, and basic needs support including food, clothing, and other items. A full-time children's advocate will also coordinate weekly children's support groups, serve as an education liaison, provide parenting support, and forge connections to enrichment activities, including partnerships with Kinderling, HealthPoint, and other community organizations.

Existing funding for supportive services comes primarily from existing King County and Washington Department of Social and Health Services grants, with some additional funds from private fundraising and pooled funding. The proposed funds from Bellevue will ensure that LifeWire can provide

Fall 2022 Housing Stability Program Funding Recommendations

competitive living wages to attract and retain staff, which has been a major challenge for service providers in the region. In addition, the ongoing funding will help ensure stability in operations of the program, which is otherwise dependent on funding sources that can increase or decrease year to year.

Funding Recommendation:

Staff determined that the project meets the City's priorities for funding and are recommending funding the application for the following reasons:

- The population served by this project falls within the HSP funding priorities.
- The project will provide 25 units for families who would otherwise remain in an abusive situation, including 20 units for families earning less than 30% AMI and five units at 50% AMI.
- The project will provide 15 units of emergency housing for women with high barriers to housing, and 10 units of transitional housing for domestic violence survivors with children who are also recovering from substance abuse.
- The project will prioritize survivors with the greatest safety risks and highest barriers to housing and services, who are disproportionately Black, Indigenous, People of Color, LGBTQ, immigrants, refugees, and people with disabilities.
- The project will allow a dependable, long standing non-profit service provider the ability to consolidate its resources and provide more efficient services to residents.
- The project will quickly deploy funds and create immediate housing opportunities for families in need.
- The project follows best practices by providing secure, private living spaces for families with wrap-around services.
- The site has convenient access to transit, shopping, and services.

Proposed Conditions:

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

Fall 2022 Housing Stability Program Funding Recommendations

Applicant:	Plymouth Housing
Project Name:	Plymouth Crossing
Project Address:	13638 SE Eastgate Way, Bellevue, Washington
Funding Request:	\$606,036/year OMS funds (\$6,587 per unit per year)
Staff Recommendation:	\$606,036/year OMS funds (\$6,587 per unit per year)

Previous Funds Awarded*: \$562,200

* *In 2021 the City of Bellevue awarded \$500,000 towards the construction of the project, in addition to \$62,200 awarded in 2020 as part of a larger ARCH award.*

Project Summary:

Plymouth Crossing is a permanent supportive housing development with 92 studio units for individuals exiting homelessness plus three manager units for on-site staff. Tenants will be disabled and coming out of homelessness with incomes near zero at move-in. A total of five units will be reserved for homeless veterans. The project is owned and operated by Plymouth Housing, a national leader in permanent supportive housing. Plymouth operates with a Housing First approach that lowers barriers to housing (e.g., criminal background, challenging housing history, etc.).

The project was previously approved for capital funding by the City of Bellevue and other ARCH member cities. Plymouth was originally selected by Congregations for the Homeless (CFH) as one of the development partners for a large master development in the Eastgate neighborhood, which will also include the region's first permanent year-round low-barrier shelter and day center for homeless men. CFH first chose Horizon Housing Alliance and Inland Group to be the Master Developer of the site in 2019, bringing Plymouth as the supportive housing partner in June of 2020, which resulted in the addition of over 400 units of affordable housing and the creation of a housing continuum from shelter to permanent supportive housing, to affordable workforce housing on a campus with access to services and amenities.

Plymouth expects that referrals will come both through the Coordinated Entry for All (CEA) system, and through applicant referral agreements with CFH, The Sophia Way, and other service agencies that provide services to homeless adults with disabilities. All units are supported with project-based Section 8 vouchers that ensure rent is set at 30% of a tenant's income. Many tenants are expected to have incomes near zero at move-in, though income restrictions are set up to 30% AMI and 50% AMI. Tenants are expected to sign a lease which is intended to support the safety and security of tenants and each building community.

The project is located under a one-mile walking distance from five different bus stops serving nine different bus routes. Numerous other neighborhood amenities exist within walking distance, including Factoria Village which contains a QFC grocery store and pharmacy as well as restaurants and other businesses. Bellevue College is a 0.6 mile walk away. The development started construction in fall 2021 and will complete construction by early spring 2023.

In addition to Section 8 subsidies, Plymouth anticipates utilizing Medicaid funding and OMS funds from the Department of Commerce to support the project. The proposed funds from Bellevue would be

Fall 2022 Housing Stability Program Funding Recommendations

utilized to enhance the level of services from Plymouth's standard PSH model by creating an on-site behavioral health services program that brings counseling, therapy and prescription medication (if needed) to residents within the building. This proposal responds to feedback from the Eastgate community and offers an opportunity to create shared benefits by partnering with CFH to bring behavioral health services to PSH residents and guests at the CFH shelter. Plymouth's goal is to make this program a model for buildings across their portfolio.

Funding Recommendation:

Staff determined that the project meets the City's priorities for funding and are recommending funding the application for the following reasons:

- Aligns with City's program goals to serve the most vulnerable populations and house people earning no more than 30% AMI.
- Funding helps to support bringing a dependable, long standing non-profit service provider to expand services into Bellevue.
- Additional subsidies will allow the project to provide enhanced services to residents in partnership with CFH.
- The project provides robust wrap-around support with integrated health services that will be a model for future projects serving the most vulnerable individuals.

Proposed Conditions:

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

Fall 2022 Housing Stability Program Funding Recommendations

Applicant:	BRIDGE Housing
Project Name:	Spring District 120 th Station TOD
Project Address:	1601 120th Avenue NE, Bellevue, Washington
Funding Request:	\$8,000,000 capital funds (\$200,000 per unit) \$500,000 OMS funds (\$12,500 per unit per year)
Staff Recommendation*:	\$6,000,000 capital funds (\$150,000 per unit) \$0 OMS funds

* *The recommended funding will support 40 units dedicated to serving HSP eligible populations within the project.*

Project Summary:

In October 2020, Sound Transit selected BRIDGE and its partners, Essex and Touchstone, to master plan and develop a 6.9-acre site adjacent to the agency's Operations and Maintenance Facility in the Spring District. The site includes land donated by the City of Bellevue, and is a major opportunity to create affordable housing options near a future Link Light Rail station. Together, the project partners plan to deliver a mixed-use, mixed-income transit-oriented development that offers direct connections to a new transit station and a regional multi-modal trail corridor.

The proposed affordable housing project is comprised of Building 6 and Building 3, which consist of 235 permanently affordable units at 50%-60% AMI including 40 units serving people with intellectual and developmental disabilities (I/DD), and two manager apartments. The proposed unit mix consists of 71 studios, 101 one-bedroom units, 37 two-bedroom units, and 24 three-bedroom units. The proposal was prepared in response to a 2019 Sound Transit Request for Proposals (RFP) conducted in partnership with the City of Bellevue, King County and ARCH. The RFP originally contained up to \$10 million in committed funding from King County and \$4 million from ARCH. At the time, BRIDGE believed the project would be feasible without those funds, but in subsequent years, significant cost inflation has created a large financing gap in the project.

The proposed funding from the City of Bellevue would be dedicated specifically to 40 units serving eligible households with disabilities. BRIDGE has partnered both with the YMCA of Greater Seattle and Open Doors for Multicultural Families (ODMF) to provide on-site services, which may include after-school programs, family services, counseling, and/or adult education depending on the needs of the residents.

The partnership with ODMF contemplates on-site case management services to residents who have I/DD and their families, with a focus on families who come from immigrant/refugee backgrounds and communities of color. I/DD Systems navigation case management may include access to resources/benefits related to housing, government benefits, special education or post-secondary opportunities, or other needs as determined by the residents.

Other services provided by ODMF include the following programs:

Fall 2022 Housing Stability Program Funding Recommendations

- Family events that engage all members of a family in activities that build community and connection both within the family unit and across the site.
- Brain Food, an engaging and interactive afterschool program that includes homework support, targeted academic interventions, STEM projects, crafts and creativity activities, and physical exercise and group games.
- Teen Takeover, which includes job skills, facilitated Talk Time sessions, group games, sports tournaments and more.

BRIDGE will also work with YMCA and its local and regional community partners to provide programs and services for residents with the goal of developing a stable and active community. Expected services include after school programming for young children and teens, family events, and a connection to Accelerator YMCA, the social services branch, to provide mental health services, drug and alcohol counseling, youth violence prevention, job skill training and many other resources, as needed based on needs evaluation during lease-up.

The project is still in the preliminary phases of design and permitting, with an estimated construction start in late 2024. In addition, BRIDGE is still exploring potential sources of operating, rental and services subsidies that the project may be eligible for.

Funding Recommendation:

Staff determined that the project meets the City's priorities for funding and recommend awarding capital funding for the following reasons:

- The project will provide a large amount of low- and moderate-income affordable housing units in a strategic location close to jobs, transportation and amenities.
- The proposed funding will create opportunities for I/DD families to be served within a larger integrated affordable housing development.
- The project includes partnerships with established service providers with experience serving the proposed project populations.
- 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.
- The project takes advantage of surplus public property provided at no cost by Sound Transit and the City.
- The project design incorporates cost and sustainability considerations such as reduced parking.
- The project advances key objectives in the City's Affordable Housing Strategy.
- The project will have opportunities to seek additional funding from other sources in 2023 to fill the remaining gap, including both capital and operating funds. The project timeline also accommodates the option of re-applying for additional City and ARCH funds in the fall 2023 round.

Proposed Conditions:

Standard Conditions: Refer to list of standard capital award 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

Fall 2022 Housing Stability Program Funding Recommendations

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 up to 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, construction and other development related activities. 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. If funds not expended at the end of the construction period, will be 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.
5. 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.
6. A covenant is recorded ensuring affordability for at least 55 years, with a total of 40 units reserved for persons with disabilities affordable up to 50% AMI. Limited changes may be considered, however any reduction in units for eligible populations may result in a reduced funding award.
7. Agency must submit for ARCH staff approval a management and services plan which includes coordination of services with outside providers for special populations.
8. 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.
9. 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.

Fall 2022 Housing Stability Program Funding Recommendations

10. 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. August 31, 2023 – Selection of replacement market rate housing development partner.
 - b. September 15, 2023 – Final MOU with services provider(s)
 - c. October 1, 2023 – Revised term sheet for property acquisition and development approved by Sound Transit
 - d. January 31, 2024 – Draft Management and Services Plan
 - e. May 31, 2024 – Final operating or other agreement with services provider(s)
 - f. June 30, 2024 – Final Development Agreement including all development partners.

Fall 2022 Housing Stability Program Funding Recommendations

Applicant:	SRM Development/CIRC
Project Name:	Bellevue Workforce Housing
Project Address:	991 118th Avenue SE Bellevue, Washington
Funding Request:	\$21,219,423 capital funds (\$265,243 per unit)
Staff Recommendation:	\$0

Project Summary:

In December 2021, SRM purchased a partially developed property located at 991 SE 118th Street in Bellevue with a short-term land acquisition loan and seller's note. The property was initially under development by the previous owner with two structures: a Holiday Inn Express hotel which began construction in 2019, and a 135-unit apartment which was permitted but had not yet begun construction. SRM is the lead developer, and CIRC (formerly known as Downtown Action to Save Housing, or DASH) is a project partner in the ownership and operation of the project.

SRM is currently proceeding with construction of the 135-unit apartment as permitted. In addition, the team is proposing to convert the partially constructed 150-unit Holiday Inn Express hotel on the east side of the property into an 80-unit affordable housing project for residents earning up to 60% area median income (AMI). The site has split zoning, with the zoning underlying the partially constructed building (OLB) currently not permitting residential uses at the proposed density. To accommodate the proposed project, SRM is currently pursuing a zoning change from OLB to OLB-2 to enable conversion of the permitted hotel to housing.

SRM and CIRC submitted a request for \$21.2 million in City funding for the redevelopment of the partially constructed hotel building. This level of funding is based on developing the project with 4% Low Income Housing Tax Credits (LIHTC), which requires all units to be affordable at no greater than 60% AMI. The proposed development would consist of six floors of residences over one sub-grade parking level with 50 parking spaces. One level of underground parking and two levels above grade have already been constructed. The unit mix features 22 studio units, six open one-bedroom units, 36 one-bedroom units, and 16 three-bedroom units for a total of 80 units. The apartment building will include on-site amenities and landscaped outdoor open space for play and gathering.

The project was envisioned as a potential location to provide housing for tenants temporarily or permanently displaced from other affordable housing redevelopment projects planned for redevelopment by CIRC in the next few years. Approximately 10% of those households are expected to earn less than 30% AMI, and to have access to tenant based rental subsidy. Specific residents expected to move from other CIRC properties were not identified in the application, and staff were unable to verify a firm alignment of redevelopment timelines.

The project as proposed would offer basic resident services as customary in an affordable housing project but does not include "case management". Basic resident services will concentrate on maintaining housing stability. Resident Service Coordinators (RSC) will offer referrals and community support centered around six key areas, including Medical needs, Educational needs, Technology needs, Resident Fitness, Food Security and Access to Nutrition, and Community Building. CIRC also provides

Fall 2022 Housing Stability Program Funding Recommendations

transportation options to assist tenants with shopping, recreation and health care. Services include a transportation program with a van and part-time driver. The RSCs, Program Managers, and Transportation Program assist residents in maintaining their housing and increasing their wellness.

Funding Recommendation:

Staff were unable to confirm a clear path for the project to make firm commitments to the funding priorities and populations outlined in the RFP and are not recommending funding at this time. The level of City funding necessary for the project as proposed exceeded total available City resources, however, staff recognize the property still presents an opportunity to generate affordable housing, and have committed to continued discussion with the applicant.

Staff have begun discussions with the applicant to evaluate other available City incentives, and will collaborate in engagement of other potential funding partners. If HSP funds are sought in the future, a future application should address the following issues:

- Agency should propose a project that clearly meets HSP funding eligibility and priorities, including a consideration for underserved, vulnerable residents and households earning less than 30% of median income.
- Agency should provide a clear outline of the relocation of the existing residents at other CIRC properties into the new development.
- Agency should clearly define the timelines and process associated with the rezone and permitting processes.
- Agency should provide a clear financing feasibility path for the new development.

Fall 2022 Housing Stability Program Funding Recommendations

Standard Capital Award Conditions (Apply to all projects receiving capital 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. 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.
3. 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.
4. 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.
5. Agency shall maintain documentation of any necessary land use approvals and permits required by the city in which the project is located.
6. 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.
7. Agency shall maintain the project in good and habitable condition for the duration of the period of affordability.

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 five-year term, and may be renewed in the future for additional five-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.