

January 25, 2016

## **CITY COUNCIL STUDY SESSION ITEM**

### **SUBJECT**

Discussion of Housing Fund allocation recommended by the ARCH (A Regional Coalition for Housing) Executive Board for the Imagine Housing Totem Lake low-income senior apartments, and for Imagine Housing 30Bellevue low-income apartments at St. Luke's.

### **STAFF CONTACT**

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### **FISCAL IMPACT**

The ARCH Executive Board is requesting Bellevue funding of \$120,000 for the two recommended projects: \$70,000 in general funds for Imagine Housing Totem Lake (Phase 2) low-income senior apartments; and \$50,000 in federal Community Development Block Grant (CDBG) funds for Imagine Housing 30Bellevue low-income apartments at St. Luke's. If approved by Council, the funds would be allocated to these projects from the City's Housing Fund to the ARCH Fund. The City established the Housing Fund in 1991 to fund the creation and preservation of affordable housing for low- and moderate-income households. There is sufficient budget authority for this expenditure.

### **POLICY ISSUES**

#### Comprehensive Plan:

Bellevue funding for these two projects is consistent with Comprehensive Plan policies HO-20, 22, 25, 26 and 35 that:

- Encourage a range of housing types for seniors at a variety of income levels;
- Promote regional cooperation to create affordable housing;
- Provide funding to support housing need, especially for low and very low income households;
- Partner with not-for-profit agencies to provide permanent low-and moderate-income housing; and
- Provide a range of housing options to support efforts to move homeless persons to long-term financial independence.

### **DIRECTION NEEDED FROM COUNCIL**

<input type="checkbox"/>	Action
<input checked="" type="checkbox"/>	Discussion
<input checked="" type="checkbox"/>	Information

**No action is requested tonight.** This item is tentatively scheduled for Council action at the next Regular Session.

## **BACKGROUND/ANALYSIS**

Council approval is requested for ARCH's funding request for Bellevue housing funds.

ARCH is the entity that receives and reviews applications for the City's available housing dollars. Because ARCH represents many Eastside cities, funds are pooled and made available to the applicants for qualifying projects.

The ARCH Citizen Advisory Board (CAB) reviews the applications and forwards its funding recommendations to the ARCH Executive Board. The CAB and Executive Board's review and recommendations reflect the policies and lending criteria adopted by the ARCH Executive Board and member city councils. Through the spring 2015 application round over \$45 million has been allocated through the ARCH Housing Trust Fund, helping to create over 3,100 units of affordable housing. In addition, projects funded through the ARCH Trust Fund have secured hundreds of millions of dollars in other public and private sector housing investments.

### Fall 2015 Funding Round

The ARCH CAB and Executive Board reviewed three applications for funding, as described in the ARCH Executive Board December 22, 2015 Housing Trust Fund Recommendation (Attachment 1). Both the CAB and Executive Board recommended two of the three projects for funding at this time. The Parkview XII home for adults with developmental disabilities was not recommended.

Included in this memo are brief descriptions and funding rational for the two projects recommended for funding. More detailed information on these projects, and the Parkview XII home proposal, is attached including proposed funding conditions (Attachment 1), other sources of funding (Attachment 3), and allocation of recommended funding amount among ARCH members (Attachment 6). Funding conditions address a range of issues such as duration of affordability (typically 50 years), timing of release of city funds relative to commitment of other funding sources, if the city funds are made in the form of a grant or loan, and other project-specific issues such as providing management plans.

### **Imagine Housing Totem Lake senior low income apartments (amendment)**

#### Project Summary

Imagine Housing (IH) – an East King County based non-profit corporation – is coming back for additional funding for a project funded through ARCH in 2012, but was stalled for available funding from other sources including Tax Credits. In the initial funding round, ARCH provided \$875,000 including \$250,000 from City of Bellevue (Resolution No. 8510, approved 2/4/2013). The additional funding request is due to holding costs on the land and increased construction costs resulting from not getting full funding earlier.

The agency is proposing a 91 unit new construction project adjacent to Francis Village in the Totem Lake region of Kirkland. The building is five levels of wood construction over one level of structured parking, lobby entrance, lounge, services office, and management spaces. It is designed to serve seniors living independently, aged 62 or over, at 30%, 40% and 50% of Area

Median Income (AMI). Twenty percent of the units will be restricted for seniors who have faced homelessness. The unit mix consists of 26 studios, 60 one bedroom and five two bedroom units.

The community space and residential units are designed according to the principles of universal design. It is intended that the residents will be able to continue living in the units even when physical capabilities decline and the units may be adapted (such as changing kitchen cabinets to accommodate) to meet their changing physical needs. The amenity space will have a flexible design to meet the social and physical interests of the population. The property will contain a rooftop garden that will provide passive recreational opportunities as well as gardening and educational opportunities.

#### Funding Rationale

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

- Development targets range of lower income senior households
- Homeless unit set-asides
- The project expands residential development within the Totem Lake area
- Site has access to transit, shopping and is near a major hospital/medical complex
- Total development cost comparable to other similar projects
- Project leverages a substantial amount of Tax Credit equity
- Applicant has continued to make meaningful progress on advancing the project
- Relatively low per unit ask to ARCH
- Carrying costs and cost increases are justifiable
- Applicant has site control and entitlement process well underway
- Experienced applicant.

#### **Imagine Housing 30Bellevue low income apartments at St. Luke's**

##### Project Summary

IH also is proposing a 60+ unit building co-located with St. Luke's Lutheran Church, which also houses the Sophia's Place homeless shelter for women. The proposed building is two and four levels of wood construction over one level of structured parking. The project features a lobby, leasing office, computer room/library, community gathering room, children's play area and counseling offices.

The project targets households earning below 30%, 40% and 60% of median income. Twenty percent of the units are proposed to be set aside for homeless and another 20% of the units are proposed to be set aside for households with disabilities. Imagine Housing is also exploring the feasibility of three bedroom units.

#### Funding Rationale

The CAB and Executive Board recognize that this application for funding is early, and that a number of details are still being considered. Therefore, an award for predevelopment work is recommended with a requirement to apply for the balance of funding in a future round.

The CAB and Executive Board supported this application and recommends partially funding for predevelopment and acquisition costs for the following reasons:

- Development targets range of lower income family households including set asides for homeless and disabled
- Church and applicant have worked with city and neighborhood in process of applying for and receiving comprehensive and zoning updates for the site
- Site has access to transit, shopping and is near a highway interchange
- Contributes to distributing affordable housing throughout the community
- Site could accommodate children's play areas
- Project leverages a substantial amount of Tax Credit equity
- Applicant has site control with a patient seller
- Proposed uses of funding are eligible uses of CDBG funding for affordable housing
- Experienced applicant.

## **ALTERNATIVES**

1. Direct staff to prepare legislation approving the ARCH funding request for Council's consideration and action at the February 1 Regular Session.
2. Direct staff to prepare legislation approving some but not all projects within the ARCH funding request.
3. Provide alternative direction to staff.

## **RECOMMENDATION**

Alternative 1

## **MOTION**

Move to direct staff to prepare legislation approving the ARCH funding request for Council's consideration and action at the February 1 Regular Session.

## **ATTACHMENTS**

- Attachment 1. ARCH Executive Board December 22, 2015 Housing Trust Fund Recommendation
- Attachment 2. ARCH 2015 Housing Trust Fund Applications
- Attachment 3. ARCH 2015 Leveraging Funds
- Attachment 4. Economic Summaries:
  - Imagine Housing Totem Lake (Phase 2) Senior Apartment Amendment
  - Imagine Housing 30Bellevue at St. Luke's
- Attachment 5. ARCH: East King County Trust Fund Summary 1993 – 2014
- Attachment 6. ARCH 2015 Proposed Funding Sources