

April 3, 2017

## **CITY COUNCIL AGENDA MEMORANDUM**

### **SUBJECT**

Resolution authorizing the City Manager to enter into an agreement for the Imagine Housing Esterra Park low-income apartments in the amount of \$213,883, as recommended by the ARCH (A Regional Coalition for Housing) Executive Board.

### **STAFF CONTACTS**

Dan Stroh, Acting Planning Director, 452-5255

Arthur Sullivan, ARCH Program Manager, 861-3677

Janet Lewine, Associate Planner, 452-4884

*Department of Planning and Community Development*

### **FISCAL IMPACT**

The ARCH Executive Board is requesting Bellevue funding of \$213,883 for Esterra Park low-income apartments. The ARCH Executive Board is also recommending, in a separate action this evening, \$356,084 for 30Bellevue low-income apartments. 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 are sufficient resources in the City's 2017-2018 Housing Trust Fund Budget to support this expenditure.

### **POLICY CONSIDERATION**

Comprehensive Plan:

Bellevue funding for these two projects is consistent with Comprehensive Plan policies HO-21, 22, 25, 26 and 35 that:

- Address the entire spectrum of housing needs, including the need for housing affordable to very low, low, and moderate income households;
- Promote regional cooperation to create affordable housing;
- Provide funding to support housing needs, 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.

### **BACKGROUND**

*At its March 27 Study Session the Council reviewed the proposed funding for the recommended projects and directed staff to prepare legislation for Council's consideration and action at an upcoming meeting.*

**The following information was previously provided to Council at the March 27 Study Session.**

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 2015 application round, over \$46 million has been allocated through the ARCH Housing Trust Fund, helping to create over 3,200 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 2016 Funding Round:**

The ARCH CAB and Executive Board reviewed and recommended funding for two applications, as described in the ARCH Executive Board January 6, 2017 Housing Trust Fund Recommendation (Attachment A). For Esterra Part, ARCH funding totaling \$500,000 (\$213,883 from the City) is recommended. This amount is less than the \$3,115,661 requested by Imagine Housing. The Executive Board recognized that the application for funding is early in the development process, therefore a partial award was recommended with a requirement to apply for the remaining funds in a future round. ARCH funding is also requested by Imagine Housing for the 30Bellevue project in the amount of \$832,429, which includes a \$400,000 contingency to cover potential shortfall in Tax Credit Pricing. Funding for 30Bellevue includes a \$356,084 funding request for the City. Information on the 30Bellevue project is also being presented at the April 3 Study Session.

Included in this memo are brief descriptions and funding rational for Imagine Housing Esterra Park low-income apartments. More detailed information on these projects is attached including proposed funding conditions (Attachment A). 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 Esterra Park low income apartments**

**Project Summary:**

Imagine Housing has submitted a project concept on a parcel within the larger master planned development located in the Overlake area of Redmond (former Group Health site) and adjacent to the proposed Overlake light rail station. The project concept is a mixed income rental development of 220 units or more. It is proposed to be funded as two components linked by amenity space: a 180+ unit 4 percent Tax Credit project with a mix of units serving 60 percent AMI households and 20 or more unrestricted units intended to rent at somewhat below market rent levels; and a 40+ unit 9 percent Tax Credit project serving 30 percent and 50 percent AMI households. The 9 percent Tax Credit portion will make half of its units available to homeless households in response to King County's funding priorities. The proposal also includes a request for 8 Housing Choice vouchers for each component. The proposal responds to the TOD funding (Bonding of the Hotel/Stadium Tax) available from King County.

The proposed building is five levels of wood construction over one or two levels of structured parking. The ground level will include space for a YMCA-operated childcare facility. The development will contain shared courtyard, lobby, management office, laundry and possible retail space. A roof garden will be provided on both portions.

**Funding Rationale:**

Although the application is early and a number of details are still being considered; the Executive Board supported the application and recommends partial funding for the following reasons:

- Development targets a range of income levels for families and individuals, including set asides for homeless
- Well situated site which has easy access to transit, employment, shopping and services
- Increases the affordability in the master planned development and potential to significantly leverage resources through city housing provisions
- Contributes to distributing affordable housing throughout the community
- Site could accommodate childcare facility
- Project eligible for County TOD funds
- Project leverages a substantial amount of Tax Credit equity and debt
- Imagine Housing is pursuing private social investments for a portion of the capital costs
- Experienced applicant

**EFFECTIVE DATE**

If approved, this Resolution becomes effective immediately upon Council adoption.

**OPTIONS**

1. Adopt the Resolution authorizing the City Manager to enter into an agreement for the Imagine Housing Esterra Park low-income apartments in the amount of \$213,883, as recommended by the ARCH (A Regional Coalition for Housing) Executive Board.
2. Do not adopt the Resolution and provide alternative direction to staff.

**RECOMMENDATION**

Option 1

**MOTION**

Move to adopt Resolution No. 9258 authorizing the City Manager to enter into an agreement for the Imagine Housing Esterra Park low-income apartments in the amount of \$213,883, as recommended by the ARCH (A Regional Coalition for Housing) Executive Board.

**ATTACHMENTS**

A. ARCH Executive Board January 6, 2017 Housing Trust Fund Recommendation  
Proposed Resolution No. 9258

**AVAILABLE IN COUNCIL DOCUMENT LIBRARY**

N/A