



A Regional Coalition for Housing

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

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MEMORANDUM

TO: City of Bellevue Council Members
 City of Bothell Council Members
 City of Clyde Hill Council Members
 Town of Hunts Point Council Members
 City of Issaquah Council Members
 City of Kenmore Council Members
 City of Kirkland Council Members

City of Medina Council Members
 City of Mercer Island Council Members
 City of Newcastle Council Members
 City of Redmond Council Members
 City of Sammamish Council Members
 City of Woodinville Council Members
 Town of Yarrow Point Council Members

FROM: Carol Helland, Chair, ARCH Executive Board

DATE: July 19, 2024

RE: Plymouth Redmond Supportive Housing- Housing Trust Fund (HTF) Recommendation

After careful deliberation, the ARCH Executive Board concurred with the recommendation of the ARCH Community Advisory Board (CAB) regarding funding for the Redmond Supportive Housing Project. This recommendation re-allocates \$3,279,700 previously approved by member councils for the Kenmore Supportive Housing project developed by Plymouth Housing. The re-allocation of funds is needed to accommodate the project’s change in the location and updated funding conditions. The project will continue to provide 100 new units of housing affordable at 30% AMI and meet several key priorities, as outlined in this memo.

A summary of the recommendation is shown in the table below:

Project Applicant	City	Units	Previous Award	Executive Board Recommendation
Redmond Supportive Housing <i>Plymouth Housing</i>	Redmond	100	\$3,279,700	Re-allocate \$3,279,700 previously awarded to Plymouth Housing to the Redmond Supportive Housing Project with revised conditions

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

This memo provides an updated summary of the application, the Executive Board recommendation and rationale, recommended funding conditions and funding sources. Also enclosed is an updated economic summary of the project.

Attachments:

1. Proposed Funding Sources
2. Project Economic Summaries

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

1. Plymouth Housing – Redmond PSH

Funding Request: \$3,279,700 (Deferred Loan)

Previously Recommended: \$3,279,700

100 affordable rental units

Executive Board Recommendation: \$3,279,700 (Deferred Loan)

See attached Proposed Funding Sources for distribution of City Funds

Project Summary:

Redmond Supportive Housing is a new construction 100-unit permanent supportive housing project that will serve individuals earning up to 30% AMI who are exiting homelessness. The project was previously awarded ARCH funding when it was proposed on a site offered by the City of Kenmore. Since the initial ARCH award for the development, Plymouth assembled significant funding from other sources for the development, which ultimately did not move forward in that location. The City of Redmond stepped in to make a city-owned surplus site available to Plymouth Housing for the purposes of continuing the development and preserving funding for the project.

Since identifying the site in Redmond, Plymouth has been working to adapt the previously proposed project to the new site. In April 2024, Plymouth Housing and the City of Redmond signed a land transfer option agreement. Plymouth has been working with funders to retain the previously awarded funds to ensure the new project quickly breaks ground. Plymouth is currently preparing new plans to submit for permitting and engaging with the community about the planned development.

Plymouth Housing plans to provide supportive and operational services to the residents of the building. The organization has a long track record of providing property management, maintenance, and supportive services to residents, and has built an organizational culture that focuses on the dignity of residents. All residents will have the opportunity to engage with onsite case managers employed by Plymouth on an ongoing basis. Plymouth anticipates collaborating to fill units through applicant referral agreements with local governments and service agencies that provide services to homeless households. The proposal anticipates providing high levels of services designed for individuals who require extensive ongoing support

Updates to the Project:

Following are updates to the project that have been made since ARCH's original award and are reflected in updated funding conditions:

1. Change to unit mix to provide substitute 10 studios for 10 1BR units.
2. The service staffing includes 24/7 front desk staffing and case management for residents.

3. Entitlements require adhering to the Redmond Supportive Housing Code requirements related to community engagement and commitments during operations, including a required Operations Agreement, Safety & Security Plan, Community Relations Plan, and Code of Conduct.

Overall, the Executive Board finds that the project is materially similar to the initial proposal awarded by ARCH and continues to align with several funding priorities, as described below.

Funding Rationale:

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

- Project provides 100 units of deeply affordable housing at 30% AMI for people exiting homelessness
- Project is located in a prime location in Redmond adjacent to a future light rail station with excellent access to services and amenities.
- The project serves special needs populations (people exiting homelessness including veterans and persons with disabilities).
- The project secured a highly competitive 9% LIHTC allocation, the most valuable source of investment available for affordable housing developments, and leverages significant local investments from the City of Redmond.
- Project will allow a dependable, long-standing non-profit service provider to expand services into Redmond, building on a first successful project in Bellevue and expanding the availability of supportive housing within east King County

Proposed Conditions:

Standard Conditions:

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.
7. ARCH, through its Administering Agency, may negotiate, approve, execute, and record amendments or releases of any ARCH loan documents as may be needed for the project; provided the project still provides the anticipated affordable housing and there is sufficient collateral to secure the members' financial investment, all as determined by ARCH staff.
8. 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.
9. Agency must submit for ARCH staff approval a management, affirmative marketing, and services plan.

Special Conditions:

1. The funding commitment shall continue for **eighteen (18) 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 Agency will provide a status report on progress to date and expected schedule for start of construction and project completion. ARCH staff will consider a twelve-month extension only based on documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the Agency will demonstrate that all capital funding has been secured or is likely to be secured within a reasonable timeframe.
2. Funds shall be used by Agency toward **reserves, soft costs, design, permits and construction**. Funds may not be used for any other purpose unless ARCH staff has given written authorization for the alternate use. 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 potentially reductions in public fund loan balances.
3. Funds will be in the form of a **deferred loan**, so long as affordability and target population is maintained, and the service funds necessary to provide services to this population are available.

4. A covenant is recorded ensuring affordability for at least 55 years, with size and affordability distribution per the following table. Changes may be considered based on reasonable justification as approved by ARCH (e.g., accommodating income averaging across the units within the project).

Affordability	studio	1-bedroom	Total
30%	85	15	100
Total	85	15	100

5. Based on the availability of adequate support services, the project will contain 100 units for formerly homeless residents, unless otherwise approved by ARCH. Plymouth will work with service providers, municipal homeless services engagement staff, and other agencies working in East King County to establish referral mechanisms, or other referral method as approved by ARCH.
6. ARCH shall review and approve the services budget and services plan for consistency with application.
7. **The Agency will establish a services reserve account in the amount of no less than \$500,000 to be used in the event of shortfalls in project income to pay for necessary services expenses. A services reserve budget must be approved by ARCH at the close of permanent financing and will be monitored for consistency with the services plan ARCH will review.**
8. **If service funding decreases at any point during the term of the contract, Agency shall submit for review and approval a service plan which provides continuity of services within the project.**
9. **The Agency shall at all times keep the project compliant with the City of Redmond requirements for Supportive Housing properties for the duration of the period of affordability, so long as the property operates as a Supportive Housing property. This includes operating and maintaining the property according to the Operations Agreement, Safety & Security Plan, Community Relations Plan, and Code of Conduct necessary to achieve initial Certificate of Occupancy.**

Attachment 1: Proposed Funding Sources

	Original Award	2024 Recommended Funds
Bellevue	995,500	995,500
Bothell	137,000	137,000
Clyde Hill	16,000	16,000
Hunts Point	3,400	3,400
Issaquah	135,200	135,200
Kenmore	17,000	17,000
Kirkland	816,200	816,200
Medina	15,600	15,600
Mercer Island	53,300	53,300
Newcastle	76,100	76,100
Redmond	857,400	857,400
Sammamish	86,200	86,200
Woodinville	64,700	64,700
Yarrow Point	6,100	6,100
Local Funds	3,279,700	3,279,700
CDBG		
Award Totals	3,279,700	3,279,700

Attachment 2: Project Economic Summaries

Applicant: Plymouth Housing
Project Name: Redmond Supportive Housing
Location: 16725 Cleveland Street, Redmond, WA
Project Description: New construction of 100 affordable housing units for formerly homeless individuals at 30% area median income.

Source Name	Amount	Originally Committed	Proposed Status
Tax Credit Equity	\$28,747,728	\$0	Committed
State	\$7,178,000	\$0	Committed
Plymouth Sponsor Loan	\$1,410,699	\$0	Committed
Commercial (sponsor loan)	\$1,500,000	\$0	Committed
City of Redmond	\$8,900,000	\$5,090,000	Committed
ARCH	\$3,279,700	\$3,279,700	Proposed
FHLB	\$3,000,000	\$0	Proposed
CHIP	\$1,200,000	\$0	Proposed
Total Sources	\$55,216,127	\$8,369,700	

Development Cost	Amount	per unit	per SF
Acquisition Costs	\$ 5,730,000	\$57,300	\$90
Construction	\$34,016,413	\$355,164	\$560
Soft Costs:	\$5,787,912	\$57,879	\$91
Construction Financing	\$3,613,448	\$36,134	\$57
Permanent Financing	\$525,000	\$5,250	\$8
Capitalized Reserves	\$1,577,000	\$15,770	\$25
Other Development Costs	\$2,466,354	\$24,664	\$39
Commercial/Nonresidential Space	\$1,500,000	\$15,000	\$24
Total Dev. Costs	\$55,216,127	\$552,161	\$870