

ARCH Trust Fund Exec Board Memo

December 2024

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MEMORANDUM

TO:	City of Bellevue Council Members	City of Medina Council Members
	City of Bothell Council Members	City of Mercer Island Council Members
	City of Newcastle Council Members	
	Town of Hunts Point Council Members	City of Redmond Council Members
	City of Issaquah Council Members	City of Sammamish Council Members
	City of Kenmore Council Members	City of Woodinville Council Members
	City of Kirkland Council Members	Town of Yarrow Point Council Members

FROM: Carol Helland, Chair, ARCH Executive Board

DATE: December 26, 2024

RE: Fall 2024 Housing Trust Fund (HTF) Recommendation

This year ARCH received \$11.7 million in funding requests from ten projects proposing an impressive 749 units of affordable housing. After careful deliberation, the ARCH Executive Board concurred with the recommendations of the ARCH Community Advisory Board (CAB), which provide full funding for three projects. Consistent with recent years, the demand for funding far exceeded available resources, with \$4.3 million in Trust Fund dollars included in the recommendations, plus an additional \$599,000 in CDBG funds, resulting in \$4.9 million available for awards.

Over the last three decades, the ARCH Trust Fund has supported over 6,000 units of affordable housing, creating housing access for thousands of families and individuals with limited incomes.

This year’s recommendations will support 246 units of housing in three projects that meet numerous priorities and needs throughout the region, including:

- Preservation of existing affordable housing
- Speedy delivery of projects to meet the urgent need for affordable housing
- Aligning and leveraging public dollars to maximize the impact of limited resources
- Local partnerships to serve diverse populations, including low-income seniors, families and individuals exiting homelessness, persons with intellectual and developmental disabilities, and veterans

In addition to Trust Fund resources, ARCH is also partnering to coordinate additional resources from member cities, including funding from the 0.1% sales tax collected by the cities of Bellevue and Issaquah. These resources are an important supplement to grow the overall production of our coalition. The Trust Fund also continues to bring a high return on local investment, with this year’s recommended projects expected to attract over \$90 million in other public and private funding.

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

Applicant and Project	Units	City	2024 Request Amount	2024 Recommendation
TWG/Imagine Housing- Larus	175	Kenmore	\$ 3,400,000	\$ 3,400,000 <i>(previous ARCH award, \$250,000)</i>
LIHI- Aventine Apartments	66	Bellevue	\$ 900,000	\$ 900,000 <i>(previous ARCH award, \$600,000)</i>
Life Enrichment Options- Emily House	5	Issaquah	\$ 482,687	\$ 482,687
Habitat for Humanity- Orchard Gardens	25	Bellevue	\$ 300,000	\$ - <i>(previous ARCH award, \$600,000)</i>
Shelter Resources- Catalina	96	Bellevue	\$ 1,000,000	\$ -
BRIDGE Housing- Bothell Urban	201	Bothell	\$ 1,500,000	\$ -
Inclusion Homes- Children's OHS Home 4	3	Scattered	\$ 150,000	\$ -
SRM- Altaire 118	46	Bellevue	\$ 1,000,000	\$ -
Acres of Diamonds- Family Renewal Home	24	Duvall	\$ 2,000,000	\$ -
LIHI- Crossroads Apartments	108	Bellevue	\$ 1,000,000	Withdrawn
Total	749		\$ 11,732,687	\$ 4,782,687

This memo provides a summary of the applications, the Executive Board recommendations and rationales, and proposed contract conditions for the **three** 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
3. ARCH Trust Fund Standard Conditions

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

1. TWG Larus Senior Housing, Kenmore

2023 Funding Request:	\$3,900,000 (Contingent Loan)
2024 Funding Request:	\$3,400,000 (Contingent Loan) 175 Affordable Rental Units for Seniors
2023 ARCH Award:	\$ 250,000 (Contingent loan)
2024 Executive Board Recommendation:	\$3,400,000 (Contingent loan)
Total Award:	\$3,650,000 (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 with Imagine Housing to be the non-profit development partner and service provider. ARCH awarded funding to the Ardea project in 2022, and the developer successfully assembled its financing and began construction in 2023.

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. ARCH made a partial award to this project last year, due to limited funding availability.

Funding Rationale:

The Executive Board 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 already secured other important sources of leverage.
- 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.
- The project leverages significant investments from public and private funding sources and is expected to be competitive for bonds/tax credit financing in 2025.
- The project produces a significant amount of affordable housing in a cost-effective manner.

Proposed Conditions:

Standard Conditions: See Attachment 3 ARCH Award Standard Conditions

Special Conditions (will supersede conditions from previous award):

Prior to Contracting

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 Agency will provide 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. **Agency must demonstrate loan commitment letters from Amazon Housing Equity Fund, or a replacement lender, and securing WSHFC Bond tiering placement by 5/1/25.** ARCH staff will consider a twelve-month extension only based on documented, meaningful progress in bringing the project to readiness or completion.

Through Construction Period

3. **Agency must submit a supportive services plan which includes coordination of services with outside providers to ARCH Staff for review three month prior to finance closing and an update six months before the opening of the property.**
4. Funds shall be used by the Agency towards **construction and soft costs**. 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.

Ongoing Requirement through Period of Affordability

5. 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 generally on or before year 15 and after repayment of earlier maturing senior loans 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.

6. A covenant is recorded ensuring affordability for at least 55 years, with size and affordability distribution per the following table, and **servicing residents 55 years old and older**. 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	1BR	Total
40%	10		10
50%	46	67	113
60%	24	28	52
Total	80	95	175

2. LIHI – Aventine Apartments

2023 Funding Request: \$1,500,000 (Contingent Loan)
 2024 Funding Request: \$ 900,000 (Contingent Loan)
 66 Affordable Rental Units

2023 ARCH Award: \$ 600,000 (Contingent loan)
 2024 Executive Board Recommendation: \$ 900,000 (Contingent loan)
 Total Award: \$1,500,000 (Contingent loan)

Project Summary:

The Aventine Apartments is an acquisition-rehab of an existing 68-unit apartment building located in Bellevue, WA. Roughly half of the prior residents were low-income, and this acquisition and minor renovation will result in preserving 66 units of affordable housing. Planned rehabilitation includes the conversion of two studio units on the second floor into office space for two case managers and a behavioral therapist to provide on-site supportive services to residents as well as repainting the building exterior and modernizing the elevator. The project will serve low-wage workers, families exiting homelessness, veterans experiencing homelessness, and people with disabilities. In 2023, the ARCH Executive Board recommended and member councils approved a \$600,000 award to this project. Full funding was not possible at the time due to limited funding availability.

LIHI acquired the property in May 2024 using proceeds from the City of Bellevue, including a \$3.5 million bridge loan, a tax exempt bond issuance, a loan from the Amazon Housing Equity Fund, and a short term bridge loan from a Private Foundation. The project also secured 32 project-based vouchers from the King County Housing Authority, which enhance additional funding from the Bellevue Housing Stability Program Operation, Maintenance, and Services (OMS) contract that pays for the supportive services personnel. The funding request to ARCH is proposed to repay the bridge loans used to acquire the property.

Funding Rationale:

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

- The project preserves and deepens affordability in existing unsubsidized housing, advancing key

objectives in the City of Bellevue’s Affordable Housing Strategy including providing units for households exiting homelessness, veterans experiencing homelessness, and people with disabilities.

- 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.
- The project is able to proceed in a timely fashion and deliver immediate affordable housing outcomes in a high-cost market.
- The project is well located near a transit facility and close to jobs, amenities and services.

Proposed Conditions:

Standard Conditions: See Attachment 3 ARCH Award Standard Conditions

Special Conditions:

Prior to Contracting

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.

Through Construction Period

2. **Agency must submit for ARCH staff approval a management, affirmative marketing, and services plans.**

Ongoing Requirement through Period of Affordability

3. Funds shall be used by the Agency towards **refinancing the acquisition bridge financing sources**. Funds may not be used for any other purpose unless ARCH staff has given written authorization for the alternate use. Spending on 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. 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.

5. 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	1BR	2BR	Total
30%	5	5	2	12
50%	10	10	-	20
60%	15	4	-	19
80%	9	6	-	15
Total	39	25	2	66

3. Life Enrichment Options – Emily House

2024 Funding Request: \$482,687 (Contingent Loan)
4 Affordable Rental Units and 1 Common Area Unit

2024 Executive Board Recommendation: \$482,687 (Contingent loan) CDBG

Project Summary:

Life Enrichment Options (LEO) is proposing to acquire a single-family home known as Emily House in Issaquah to provide long term affordable housing for individuals with Intellectual and Developmental Disabilities (IDD). The property initially began operations as an independently owned and operated group home serving IDD residents in 2000. LEO’s acquisition of the Emily House will preserve four low-income housing units for adults with IDD, allowing current residents to maintain connection to their community and supports in the City of Issaquah, and creating a long-term community asset for future residents with IDD.

The property is already an established shared living household with five tenants, including four individuals with intellectual and developmental disabilities. Three IDD tenants have housing choice vouchers from the King County Housing Authority at 30% AMI. The 4th resident makes slightly more than the maximum amount to be eligible for their voucher, however, they are charged the same amount as other residents. One of the vouchers includes reasonable accommodation to add a live-in caregiver to the voucher, and it is fully subsidized by KCHA.

The property is in an excellent location, where residents benefit from several nearby public facilities, including the Issaquah Community Center, the City swimming pool, the senior center (used for IDD dance parties), walking and hiking trails, outdoor athletic facilities, the public green for summer movies and concerts, and a public library. There is bus service about four blocks from the house, serving both Issaquah and the Issaquah transit center, from which residents can transfer for bus access to Bellevue and Seattle. Many businesses provide employment opportunities within walking distance and a short bus/car ride. King County Access buses have good access to the front and rear of the house.

Funding Rationale:

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

- The project preserves much needed IDD housing for people with very low incomes.
- This project leverages investments from public sources including State capital funds.
- The project is undertaken by a local organization with a strong reputation and commitment to expanding IDD housing opportunities in the community.

Proposed Conditions:

Standard Conditions: See Attachment 3 ARCH Award Standard Conditions.

Special Conditions:

Prior to Contracting

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 Agency will provide 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. 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.

3. **Agency must work with a development consultant or demonstrate staff experience and capacity to contract with public funders’ capital awards.**

Through Construction Period

(Intentionally Omitted)

Ongoing Requirement through Period of Affordability

4. Funds shall be used by the Agency towards **acquisition, soft costs, 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. Funds not expended at the end of the construction period will be de-obligated.
5. Funds will be in the form of a **deferred, contingent loan**. Agency shall provide final operating proforma and cashflow waterfall for ARCH staff review. So long as Borrower is in good standing payment of interest and principal under loan shall be deferred through the period of affordability. Final loan terms shall be determined prior to release of funds and must be approved by ARCH Staff.
6. A covenant is recorded ensuring affordability for at least 55 years, with size and affordability distribution per the following table, and serving residents with intellectual or developmental 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	Beds	Total
30%	3	3
40%	1	1
Common Area	1	1
Total	5	5

4. Shelter Resources, Inc. – Catalina Apartments

2024 Funding Request: \$1,000,000 (Contingent Loan)
96 Affordable Rental Units

2024 Executive Board Recommendation: \$0

Project Summary:

The Catalina project intends to convert an existing, non-restricted, naturally occurring affordable housing building in Bellevue into a fully affordable building serving households earning between 30% and 80% of the area median income or below. The building, built in 1992 as a nursing home, was converted to 96 apartments in the 2000s. The applicant, Shelter Resources, has a purchase and sale agreement and anticipates closing in spring 2025 if funding applications are successful. The building is currently occupied, and the applicant believes most of the existing residents will qualify to stay on the property, with those that don't qualify receiving relocation assistance. The planned acquisition and rehabilitation includes addressing capital needs identified in third party reports including updating mechanical equipment and replacing the roofing.

Proposed funding sources for the project include a private first mortgage (Amazon), deferred developer fee, ARCH Housing Trust Fund, and the City of Bellevue. The applicant has engaged Amazon and submitted an application simultaneously to ARCH and the City of Bellevue.

Funding Rationale:

Given limited resources for an award in this year's funding round, the Executive Board supports the intent of the project but does not recommend funding the project for the following reasons:

- Project is unlikely to secure other sources of funds necessary to complete the acquisition.
- The project requested nearly 50% of the total project cost from ARCH and Bellevue.

5. Habitat for Humanity – Orchard Gardens

2022 Funding Request:	\$600,000 (Secured Grant)
2024 Funding Request:	\$1,300,000 (Secured Grant) 25 Affordable Homeownership Units
2022 ARCH Award	\$600,000 (Secured Grant)
2024 Executive Board Recommendation:	\$0

Project Summary:

Orchard Gardens is a proposed 25-unit development of new single-family homes in the Factoria neighborhood of Bellevue. Habitat for Humanity of Seattle-King & Kittitas County (Habitat SKKC) intends to construct and sell the units to income-qualified Habitat homebuyers who have a critical housing need, and earn less than 80% of the Seattle-Metro area median income (AMI). These homes will be permanently affordable to individuals and families at or below 80% AMI – with Habitat SKKC stewarding the resale/income qualification of future home buyers.

The Orchard Gardens project began in partnership with Holy Cross Lutheran Church in Bellevue. The plan originally included the demolition of existing buildings and rebuilding the church as a gathering space. Holy Cross Lutheran Church subsequently disbanded, so the decision was made (and approved by the

church) to no longer include rebuilding the religious space. The project now proposes to preserve the P-Patch alongside an apple orchard maintained by the community for long term community benefit. The site design intends to maintain these distinctive land features, and Habitat homeowners will have the opportunity to maintain a connection to the land, including gardening, tending to the orchard, and enjoying the green space in a largely urban area.

Habitat SKKC anticipates finalizing the acquisition of the property in Q4 2024 and has already executed a purchase and sale agreement to that effect. ARCH made an award for the 25-unit development in 2022 application round in the amount of \$600,000, which has not yet been contracted with Habitat SKKC. An initial State funding award followed in the 2023 application round, however the estimated cost of the project has increased, leading to a continued funding gap.

Funding Rationale:

Given limited resources for an award in this year’s funding round, the Executive Board supports the intent of the project but does not recommend funding the project for the following reasons:

- Project is unlikely to secure other sources of funds necessary to construct the project on the proposed timeline and will need to re-apply for those funds in 2025.
- Project is unlikely to obtain building permits in the next year. ARCH encourages the applicant to continue to make progress on permitting.
- The application did not include a third-party construction cost estimate, and the project may have opportunity for revisions to add more units and/or create a more cost-effective design.
- ARCH encourages the applicant to reapply when the project schedule is more finalized and when a cost estimate detailing the funding gap is available.

6. BRIDGE Housing – Bothell Urban

2024 Funding Request: \$1,500,000 (Contingent Loan)
200 Affordable Rental Units and 1 Common Area Unit

2024 Executive Board Recommendation: \$0

Project Summary:

Bothell Urban is a new construction, 201-unit development proposal located in Bothell, WA. Just over 50% of the apartments will be family-sized units (2BR and 3BR) while 50% of the units will be targeted to very low-income households earning 30%-50% AMI. The project will be the realization of a community vision led by Bothell United Methodist Church (BUMC) to provide housing and other community benefits in the heart of downtown Bothell. Residents will benefit from a proposed 6,000 SF community center as

well as on-site amenities including bike storage, community rooms, a south-facing outdoor terrace, resident services office, EV charging stations, outdoor playground, and resident dog park.

BUMC selected BRIDGE Housing as the lead development partner responsible for execution of the project financing, entitlement and construction. BRIDGE is a successful nonprofit housing developer based in California that has expanded its development pipeline to the Pacific Northwest and currently has significant developments underway in Seattle and Bellevue. As of the time of funding application the applicants were in the process of developing a purchase and sale agreement for the acquisition of property owned by the City of Bothell.

Funding Rationale:

Given limited resources for an award in this year’s funding round, the Executive Board supports the intent of the project but does not recommend funding the project for the following reasons:

- Applicant has made substantial progress but has not yet obtained full site control with the City of Bothell at the time of Executive Board Recommendation, though negotiations are underway.
- Project is unlikely to secure the funding necessary to achieve full funding in the current application round but would likely be competitive for these funds in next year’s funding round.
- The proposed construction start time (Q4 2026) is nearly 24 months away.
- ARCH encourages the applicant to reapply when site control has been secured and the project schedule is further along.

7. Inclusion Housing – Children’s OHS Home 4

2024 Funding Request: \$150,000 (Contingent Loan)
3 Affordable Rental Units

2024 Executive Board Recommendation: \$0

Project Summary:

The Inclusion Housing application includes requests for the acquisition of three properties to be financed largely by the Department of Commerce. Of these, one site (the Children’s OHS Home 4) is targeted to be in an ARCH member city, and therefore eligible for an ARCH award. The proposed project would consist of three units for children with Intellectual and Developmental Disabilities (IDD)

For the Children’s OHS Home, this targeted area is near the provider’s three existing Children’s Homes, thus allowing staff to easily work between homes, coordinate care for the children in the program, and collaborate with school districts where Inclusion has an established working relationship. All sites were selected because of their proximity to employment opportunities as well as access to public transportation and community activities.

It should be noted that Inclusion was funded by ARCH along with the Department of Commerce for the acquisition of two homes in the 2022-2023 cycle, a children’s home and a supported living home. Since then, Inclusion has purchased one home (the above-mentioned Children’s Intensive Habilitation Services home in Woodinville) located in the ARCH catchment area. The supported living home in unincorporated Bothell is located outside of ARCH’s jurisdiction. Inclusion still plans to use the ARCH’s previously awarded funding and the Commerce funding from the last round (2023-2024), to purchase and renovate a property to fulfill the previous award made by ARCH.

Funding Rationale:

Given the limited resources for an award in this year’s funding round, the Executive Board supports the intent of the project but does not recommend funding the project for the following reasons:

- Applicant appears likely to be able to obtain funding necessary for the project from other sources.
- Applicant has taken steps to utilize previous 2022 ARCH award but has not yet expended all of the dollars. ARCH would like to see completion of the previously awarded projects prior to making another award.
- ARCH didn’t want the small ARCH award to constrict their site selection to member cities only in the case that Inclusion can meet their resident needs in other locales.

8. SRM – Altaire 118

2024 Funding Request: \$1,000,000 (Contingent Loan)
46 Affordable Rental Units

2024 Executive Board Recommendation: \$0

Project Summary:

The proposed project, Altaire 118, involves the construction of a mixed-use, 6-story building featuring the KidsQuest Children's Museum on the bottom three floors. The top three floors include 46 family sized units consisting of 2 to 3-bedroom apartment affordable at 40-80% of the area median income, with half designated for those earning 50% AMI and below. The project is designed to support families, especially those transitioning out of homelessness, providing much-needed affordable housing in the area. Additionally, SRM intends to partner with Hopelink to help connect residents with services such as food assistance, housing stability support, and financial assistance to foster long-term stability for these families.

SRM purchased the site in December 2021 with plans to finish construction of a partially built Holiday

Inn into permanent housing. Delays in the project entitlement and financing led to the original plan becoming infeasible. SRM has since subdivided the site to pursue two complementary projects. On the west side of the site, SRM is developing the Nuovo Apartments, which will offer 135 workforce housing units affordable to households earning from 80-100% AMI. Supported by Microsoft's Affordable Housing Initiative and the City of Bellevue's multifamily tax exemption program, Nuovo is expected to finish construction by Q1 2025. On the east side of the site, Altaire 118 is a proposed new 6-story building, with the KidsQuest Children's Museum occupying the bottom three floors.

Funding Rationale:

Given limited resources for an award in this year's funding round, the Executive Board supports the intent of the project but does not recommend funding the project for the following reasons:

- Proposed project does not yet have appropriate zoning for the site.
- The estimated total cost of the residential units significantly exceeds the cost limits set by other important funding sources, which could affect the project's competitiveness.
- The proposed land cost allocated to the residential portion of the Altaire project was not supported by an appraisal.
- Project is unlikely to receive the other sources of leverage necessary to complete project financing.

9. Acres of Diamonds – Family Renewal Home

2024 Funding Request: \$2,000,000 (Secured Grant)
24 Transitional, Single Room Occupancy Units

2024 Executive Board Recommendation: \$0

Project Summary:

Acres of Diamonds (AOD) plans to build a new transitional housing project to serve young mothers and their children coming out of poverty and domestic violence. The proposed Family Renewal Home will be located on the AOD campus alongside an existing community home. This new facility will allow AOD to house additional families and increase the efficacy of services through adding dedicated program space for women and an onsite trauma-informed daycare. The structure will consist of single rooms for each household with shared toilets, bathing, and dining areas.

This project envisions constructing a new 3-story, 21,153 SF multi-family home. Family Renewal Home will include a daycare program alongside 24 rooms for families. There are currently two structures on the proposed development site. The existing apartment structure will be demolished to make way for this new larger building and the existing multi-family home, Pearl Tadema House, will remain onsite.

AOD's community living model places a premium on resident safety for all the mothers and children living in the community, and ensuring residents are drug and alcohol-free. Additionally, the agency follows a "do with" model where staff help equip and empower resident mothers transform their lives through obtaining knowledge and skills that foster lifelong self-sufficiency. This approach facilitates the process of healing from past trauma; learning important life skills on parenting, finance, and job/renter readiness; attending school (optional yet encouraged); and working as a means of participating in the one's own recovery.

Funding Rationale:

Given the limited resources for an award in this year's funding round, the Executive Board supports the intent of the project does not recommend funding the project for the following reasons:

- Project is unlikely to secure other sources of funds, nearly 50% of the total development costs, necessary to construct the project on the proposed timeline.
- Application did not clarify how costs are allocated between the residential portion of the building and the non-residential childcare portion of the project.
- The "transitional housing" program model may have challenges securing operating funds for a large increase in transitional units.

Attachment 1: Proposed Funding Sources

PROJECTS RECOMMENDED FOR 2024 FUNDING				
	Aventine	Emily House	Larus	Funds Recommended
Bellevue	378,900	-	1,432,000	1,810,900
Bothell	26,100	-	98,600	124,700
Hunts Point	1,500	-	5,700	7,200
Issaquah	62,900	-	237,400	300,300
Kenmore	15,200	-	57,700	72,900
Kirkland	97,400	-	367,800	465,200
Medina	7,500	-	28,200	35,700
Mercer Island	11,000	-	41,400	52,400
Newcastle	6,200	-	23,200	29,400
Redmond	221,200	-	835,600	1,056,800
Sammamish	39,200	-	148,000	187,200
Woodinville	30,500	-	115,400	145,900
Yarrow Point	2,400	-	9,000	11,400
ARCH HTF	900,000	-	3,400,000	4,300,000
CDBG	-	482,687	-	482,687
IHIP	-	482,687	-	482,687
2023 HTF Award	600,000	-	250,000	850,000
Grand Total	1,500,000	965,374	3,650,000	6,115,374

Attachment 2: Project Economic Summaries

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 at 40%, 50% and 60% AMI

Project Sources	Amount	Status
Perm Loan	\$ 18,400,000	Proposed
Amazon Hard	\$8,750,000	Proposed
Amazon Soft	\$8,750,000	Proposed
King County TOD Hard	\$2,480,373	Committed
King County TOD Soft	\$2,500,000	Committed
ARCH	\$3,650,000	Proposed
Deferred Developer Fee	\$3,995,492	Committed
Federal Energy Equity	\$ 153,000	Proposed
LIHTC Equity	\$ 24,124,397	Proposed
Total Capital Sources	\$ 72,803,262	

Project Uses	Amount	Per Unit	Per SF
Acquisition Costs	\$4,509,855	\$25,771	\$ 30
Construction	\$50,478,407	\$288,448	\$ 335
Soft Costs	\$9,384,019	\$53,623	\$ 62
Pre-Development/Bridge Financing	\$ 628,605	\$ 3,592	\$ 4
Construction Financing	\$4,637,247	\$26,499	\$ 31
Permanent Financing	\$ 492,107	\$ 2,812	\$ 3
Capitalized Reserves	\$ 909,866	\$ 5,199	\$ 6
Other Development Costs	\$1,102,266	\$ 6,299	\$ 7
Bond Related Costs	\$ 660,890	\$ 3,777	\$ 4
Total Development Costs	\$ 72,803,262	\$ 416,019	\$ 483

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
State HTF	\$3,703,027	Proposed
King County	\$1,500,000	Proposed
City of Bellevue	\$10,000,000	Committed
ARCH 2023	\$ 600,000	Committed
WSHFC 501(C)3	\$9,500,000	Committed
Amazon Housing Equity Fund	\$6,800,000	Committed
ARCH 2024	\$ 900,000	Proposed
Total Capital Sources	\$ 33,003,027	

Project Uses	Amount	Per Unit	Per SF
Acquisition Costs	\$ 29,379,488	\$ 445,144	\$ 421
Construction	\$1,105,915	\$16,756	\$ 16
Soft Costs	\$ 832,711	\$12,617	\$ 12
Pre-Development/Bridge Financing	\$ 298,000	\$ 4,515	\$4
Construction Financing	\$ 406,500	\$ 6,159	\$6
Permanent Financing	\$ -	\$ -	\$ -
Capitalized Reserves	\$ 527,200	\$ 7,988	\$8
Other Development Costs	\$ 57,000	\$ 864	\$1
Bond Related Costs	\$ 396,213	\$ 6,003	\$6
Total Development Costs	\$33,003,027	\$ 500,046	\$ 473

Applicant: Life Enrichment Options
Project Name: Emily House
Location: 240 1st AVE NE, Issaquah
Project Description: Acquisition of a single-family home for use as a group home for people with intellectual and developmental disabilities

Residential Source Name	Amount	Status
State	\$ 965,374	Proposed
ARCH	\$ 482,687	Proposed
City of Issaquah- IHIP	\$ 482,687	Proposed
Total Capital Sources	\$1,930,748	

Project Uses	Amount	Per Unit/Bed	Per SF
Acquisition Costs	\$1,705,000	\$ 341,000	\$ 478
Construction	\$ -	\$ -	\$ -
Soft Costs	\$ 190,123	\$38,025	\$ 53
Pre-Development/Bridge Financing	\$ -	\$ -	\$ -
Construction Financing	\$ -	\$ -	\$ -
Permanent Financing	\$ -	\$ -	\$ -
Capitalized Reserves	\$ 3,625	\$ 725	\$1
Other Development Costs	\$ 32,000	\$ 6,400	\$9
Community/Nonresidential Space	\$ -	\$ -	\$ -
Bond Related Costs	\$ -	\$ -	\$ -
Total Development Costs	\$1,930,748	\$ 386,150	\$ 541

Attachment 3- ARCH Award Standard Conditions

The ARCH Award Standard Conditions will apply to all project awards.

Prior to Contracting

1. 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.
2. 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.
3. Agency must submit for ARCH staff approval a draft management, affirmative marketing, and services plan, if applicable.

Through Construction Period

(Intentionally Omitted)

Ongoing Requirement through Period of Affordability

4. 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.
5. Agency shall maintain documentation of any necessary land use approvals and permits required by the city in which the project is located.
6. ARCH shall retain five percent (5%) of the award amount until the project completion and satisfaction of the close out terms.
7. 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.

8. Agency shall maintain the project in good and habitable condition for the duration of the period of affordability.
9. 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.
10. 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.
11. Agency must submit for ARCH staff approval a final management, affirmative marketing, and services plan at least 60 days prior to occupancy.