

**2022 Action Plan Minor Amendment
North/East Sub-Region Recommended CDBG Housing Awards**

Issue:

A Regional Coalition for Housing (ARCH) recommends the annual award of North/East Sub-Region CDBG capital funds for affordable housing, through an annual competitive funding process administered by ARCH. The North/East Sub-Region establishes a portion of CDBG funds for housing capital, and a portion of CDBG funds for non-housing capital. Each of these portions of CDBG funds are allocated through competitive funding processes.

Background:

ARCH conducted its competitive process for affordable housing funding during the latter part of 2022. ARCH recommends that the following project receive CDBG funding award:

- King County Housing Authority

NE Sub-Region funding amounts are finalized based on HUD's published entitlement amount.

As this is predevelopment funding (architecture costs and permit fees) for non-construction activities, no Wage Rate monitoring will be required.

Kirkland Heights:

The Kirkland Heights Apartments is a 180-unit apartment complex located in Northeast Kirkland near the Totem Lake neighborhood. This proposal's scope includes the rehabilitation of all existing residential buildings, addition of a third story to eleven of the existing buildings, and the new construction of two three-story residential buildings and one community building. Upon project completion, the complex will consist of 276 units, thus utilizing more of the site's allowed density.

The project will include 103 units affordable for households at 30% AMI, 52 units at 60% AMI and 114 units at 80% AMI. This structure takes advantage of the available Project-based Section 8 rental assistance, which is targeted to the 106 units at 30% AMI, while allowing existing residents with incomes between 60% and 80% AMI to remain at Kirkland Heights.

KCHA is proposing \$24.2 million in public funds while contributing a significant (\$36.1 million) subordinate loan. King County has awarded \$11.2 million in funds for the project, and \$10 million is proposed from the State (of which \$5 million would fund the rehab project, and \$5 million would fund the new construction portion). In addition, as a Public Housing Authority (PHA), KCHA can issue tax exempt debt. At the time of application, 50% (\$110 million) of the total sources have been committed/secured.

ARCH and HHCDD staff have determined that the project is eligible based on 24 CFR 570.201(c). The project scope is rehabilitation and new construction. The project also will meet the national objective benefit criteria 24 CFR 570.208(a)(2)(A) for an award of CDBG funds for the benefit of clientele who are generally presumed low-income and families. The project will serve the low-income families with extremely low income, low-income and workforce income, as well as preserve existing affordability, and the proposed CDBG funds will be used for predevelopment costs.

Kirkland and Redmond CDBG:

In addition to the funding described above, King County administers Redmond and Kirkland CDBG funding. The amounts indicated in the budget for Kirkland and Redmond CDBG is being applied to the KCHA Kirkland Heights project as well.

CDBG funds contracted by King County will be subject to the following conditions:

1. King County Consortium CDBG funds must be repaid if a national objective is not met through this award.

2. The project shall be completed within 18 months of the start of the program year of the funds you are conditionally awarded: 2022 funds to be expended by 12/31/2023 and 2023 funds to be expended by 12/31/2024, unless an exception has been granted due to the timing of the receipt of the grant funds.
3. An environmental review must be completed by HHCDD prior to the execution of the contract.
4. As a recipient of federal funds, your agency is required to register in the System for Award Management (SAM) and maintain the currency of that information. Registration information can be found at <https://www.sam.gov>. The Data Universal Numbering System (DUNS) number registration information can be obtained at: <http://fedgov.dnb.com/webform>
5. Federal awards expended by sub-recipients are subject to 2 CFR 200 Uniform Administrative Rules. Please see Compliance Supplement, which states that a Schedule of Expenditures of Federal Awards (SEFA) must be completed if the agency expends over \$750,000 in federal awards in a year. This includes all federal funds received from all sources, not just from King County. Your agency must have a SEFA on file for our review during monitoring of your financial records.
6. The federal government requires that all federally funded expenditures be listed in a separate row in the SEFA. The CDBG Catalog of Federal Domestic Assistance (CFDA) number to use for this award is: CFDA 14.218. For your use in updating and/or registering this award, the King County Grant Number is: B-22-UC-53001.

JRC Action Requested:

The Regular CDBG members of the JRC are asked to review the proposed awards for approval. The JRC is requested to review, discuss and approve the ARCH Executive Board's recommendation of an award of to the 2022N/E Sub-regional Housing CDBG allocation of \$509,956 and 2023N/E Sub-regional Housing CDBG allocation of \$565,769 for the KCHA Kirkland Heights project.

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