



King County Housing Finance Program

2019 Capital Funding Round – JRC Projects

Projects

LaFortuna Phase 3	2
Shared Living Home 1	13
Eastside Men's Shelter	23
Madison/Boylston	35
Redondo Heights TOD	51
DESC Hobson Place - Phase 2	63
Adult Family Home 8	76
Parkview Services XIV - Riverton Cascades	87
HomeSight Home Purchase Assistance	99
Waters Estates	110
DESC Bitter Lake	124
Yakima Avenue Townhomes	138
Samma Senior Apartments	152
Nesbit Family Housing	168
Parkview Services XV - East King County	181
12th & Spruce Supportive Housing	192
Sunset Gardens	205
North Lot (Pac Med)	216

Housing Finance Program

2019 Capital Funding – Affordable Housing RFP

Project Memo

I. OVERVIEW

1A. PROJECT INFO

Sponsor/owner.....	Habitat for Humanity SKC
Development consultant.....	N/A
Project name.....	LaFortuna - Phase 3
Project location.....	17286 127th Ave SE, Renton WA, 98058

1B. PROJECT COST

Total residential development cost.....	\$ 3,969,247
Cost per residential unit.....	\$ 330,770
King County Funds requested.....	\$ 620,000
Cost per KC-funded unit.....	\$ 51,666

Project applied for funding in prior rounds..... ☐ YES ☒ NO

Project eligible for TOD Funds..... ☐ YES ☒ NO

II. PROJECT DESCRIPTION

2A. HOUSING MODEL

# of units.....	12 homes for homeownership
-----------------	----------------------------

Target population..... ☐ VSHSL - Seniors ☐ VSHSL - Veterans ☐ MIDD ☒ Other

Unit distribution - Income

UNITS – INCOME DISTRIBUTION	≤ 80% AMI
# of Units	12

UNITS – BEDROOM DISTRIBUTION	Studio	1BR	2BR	3BR	4BR	MGR
# of Units	N/A					

Each townhome in La Fortuna will be either a 1,100 square foot 3-bedroom 1 ½ bath, or a 1,300 square foot 4-bedroom 2 bath unit

Permanent supportive housing? ☐ YES ☒ NO

Coordinated Entry for All (CEA) participation?.... ☐ YES ☒ NO

Community Spaces..... ☐ YES ☒ NO

Resident Services..... ☐ Referral Services ☐ Counseling ☐ Medical Services ☐ Financial Assistance

2B. PROJECT, SITE, & LOCALITY CHARACTERISTICS

Project type..... ☒ New Construction ☐ Rehabilitation ☒ Acquisition

Infrastructure

Building height (# of floors).....

Construction type..... ☒ Wood Frame ☐ Steel Construction ☐ Combo

Construction begins.....

Construction period.....

Evergreen Sustainable Design Std. (ESDS) Score.....

ESDS score sufficient for development in WA?.. ☒ YES ☐ NO

Development Processes

Project location/city.....

Is zoning compatible?..... ☒ YES ☐ NO

Challenges in development?..... ☐ YES ☒ NO

Neighborhood

Describe the neighborhood..... ☒ Single Family ☐ Multifamily ☒ Commercial ☐ Mixed-use

The La Fortuna property is located within the Cascade Neighborhood and close to Renton Park, in an area primarily composed of single-family homes but close to retail centers. The Cascade neighborhood is within the City of Renton's larger Benson Hill Community Planning Area on the southern end of the city, an area that is home to over 26,000 residents and over 10,500 households, according to the 2015 City of Renton demographic summary.

Families living in the La Fortuna homes will benefit from the strong Renton public school system and students are zoned for Renton Park Elementary School (.45 mile away), Nelsen Middle School (1.64 miles away), and Lindbergh Senior High School (.81 mile away). Both Renton Park Elementary and Lindbergh High School are U.S. Department of Education-recognized "Blue Ribbon Schools of Excellence." The site is also 1.5 miles from Cascade Elementary School, the future site of the new 25,000 sq. ft., \$15-million Family First Community Center, approved by the City of Renton and spearheaded by Seattle Seahawks player Doug Baldwin, which will provide free educational, recreational, health and wellness, and after-school education programming for the area. The neighborhood is convenient to multiple wooded areas, playgrounds, picnic areas, and other outdoor activities between the Renton Park green space, with its access to the Soos Creek Park and Trail, and Cascade Park.

For local services, La Fortuna is 1 mile from the Cascade Village Shopping Center, 1.5 miles from the Fairwood Shopping Center, and 2 miles from the Benson Plaza Shopping Center, which together comprise a large mix of retail, dining, and service business options.

The development's location is quickly accessible by car to the major east-west route of SE 176th St/SE Petrovitsky Road, as well as the major north-south route of Benson Road/108th Avenue, which crosses Interstate 405 to connect the area directly with the downtown Renton business district. In terms of transit, the neighborhood is served most closely by the 906 DART, 148, and 169 bus routes of the King County Metro System. It is also close to a Renton Commuter Park and Ride Lot.

TOD project?..... ☐ YES ☒ NO

o ½ mile to high capacity transit?..... ☐ YES ☒ NO

o Multi-modal?..... ☐ YES ☒ NO

o Walk/transit score..... 31/27

o Close proximity to community resources and/or services? ☒ YES ☐ NO

Nonresidential

Proposed commercial spaces?..... ☐ YES ☒ NO

Parking requirements?..... ☒ YES ☐ NO

2 spaces per unit

Environmental Properties

Soil report findings

Originally done in 2008 and found wetlands on site. Since then, mitigation plan has been developed and implemented.

Environmental concerns

Prior to Habitat's purchase of the property, an ESA was completed and identified that wetlands were present on the site. A monitoring program was developed, and the wetland was maintained in accordance with the mitigation plan and all local and federal regulations. Since acquiring the property, Habitat SKC has continued to maintain the wetlands according to this plan. A signoff report by The Watershed Company in 2016 concluded that the wetlands had been maintained successfully and the project should be released from future monitoring and maintenance obligations.

As part of the phase 3 development process another wetland survey was completed by the Watershed group in 2018. This survey is being used to develop the site plan and units for phase 3.

Proposed feasible mitigation measures (in budget) to address issues?..... ☒ YES ☐ NO

Development Incentives & Restrictions

Development incentive programs in project location?..... ☐ YES ☒ NO

Restrictions in development?..... ☐ YES ☒ NO

Benefits to community (besides affordable housing)?..... ☐ YES ☒ NO

2C. ROLES & RESPONSIBILITIES

Project development consultant? ☐ YES ☒ NO

General contractor selection process

None described in the application. Habitat SKC will likely act as the contractor.

Who will manage construction?

Habitat SKC

Who will manage property after construction?

LaFortuna HOA

Is sponsor a Community Housing Development Organization (CHDO)?..... ☒ YES ☐ NO

III. DEVELOPMENT BUDGET ANALYSIS

3A. SOURCES & USES

Total development cost.....	\$ 3,969,247
Cost per square foot.....	\$ 275
King County Funds (KCF) requested.....	\$ 620,000
% of total development cost.....	15.6 %

Does request deviate from HFP guidelines? ☐ YES ☒ NO

Sources of funding

Source	Proposed Amount	Committed Amount
King County	\$ 620,000	
State HTF	\$ 600,000	
SHOP (Self-help Homeownership Opportunity)		\$ 180,000
Habitat SKC subsidy	\$ 2,100,000	
Corporate Private Donations	\$ 469,247	
TOTAL	\$3,969,247	

Will federal wages be triggered?..... ☐ YES ☐ NO

HOME funds will trigger federal wages

Does project exceed TDC limits?..... ☐ YES ☒ NO

Proposed use of funds compatible with King County requirements?..... ☒ YES ☐ NO

3B. COST EFFECTIVENESS

Appraisal, Acquisition, & Construction

Site's Appraised Value..... None submitted with application

Appraisal value greater than (or equal to) acquisition costs?..... ☐ YES ☐ NO

Developer fee..... None indicated in application

Other fees (architecture, engineering, consulting) reasonable?..... ☐ YES ☒ NO

Omitted Development Budget Soft Costs include:

- Developer Fee
- Legal fees
- Permits, Inspections and Utility connection fees
- Sales Tax
- Traffic Study (if required by City)

Development Budget Hard Costs do not match construction cost estimate (\$297,493 delta)

Third-Party Report

Notable departures in construction costs with comparable projects?..... ☒ YES ☐ NO

General Conditions costs (11%) exceed typical range of 7% - 10%

Suggestions to revisions in project design or project team?..... ☒ YES ☐ NO

Several potential cost saving and value engineering ideas were provided in the independent construction report.

Competitiveness of projects as compared to other-like projects

Project is competitive.

Appropriateness of contingency

Contingency is higher than comparable projects, but this is due to the nature of having volunteers providing labor in the form of 'sweat equity'. Project could achieve some cost savings by lowering contingency from 11% Hard Costs to 6% - 8% of Hard Costs which is still greater than typical 5% contingency.

3C. FINANCING

How will construction be financed? ☐ Construction Loan ☐ LIHTC ☐ Bonds ☒ Other

King County Loan amount..... \$620,000

Loan term..... 50 years

Loan interest rate..... 1%

Amortization period..... deferred

Preliminary letters of interest and/or uncommitted funds? ☒ YES ☐ NO

LIHTC Project

Proposed use of LIHTC?..... ☐ YES ☒ NO

Projected LIHTC pricing..... N/A

4% LIHTC self-score.....

9% LIHTC self-score.....

How does pricing and self-scores compare to comparable projects?

Debt & Contributions

Amount of private debt proposed.....

Is debt coverage sufficient?..... ☒ YES ☐ NO

Can project support additional debt?..... ☐ YES ☒ NO

Sponsor contributions? ☒ YES ☐ NO

Proposed fundraising? ☒ YES ☐ NO

IV. PROJECT SERVICES & OPERATIONS

4A. OPERATING PRO FORMA

Operating expense total.....

Operating expense per unit.....

Rent schedule

Rents within HOME rent limits?..... ☐ YES ☐ NO

Utility allowance schedule.

Income sources other than residential rent?..... ☐ YES ☒ NO

Expected vacancy rate

Management fees

Not indicated in application

Overhead/administrative charges

N/A

Replacement & operating reserve payments

N/A

If TOD project, are TOD loan repayment terms included in proforma? ☐ YES ☐ NO ☒ N/A

Proposed rent subsidies? ☐ YES ☒ NO

N/A

4B. PROPERTY MANAGEMENT

Property Management Plan

None submitted with application.

4C. SERVICE MODEL & FUNDING ANALYSIS

Project seeking subsidies or operating funds for services? ☐ YES ☒ NO

Requests for service funding feasible? ☐ YES ☐ NO

Project competitive for ORS funding? ☐ YES ☐ NO

N/A

4C. REFERRALS & MARKETING PLAN

CEA participant? ☐ YES ☒ NO

Referrals/marketing

When a project nears readiness to build, Habitat holds Homeowner Information meetings in the communities surrounding the project. These meetings take place typically in libraries, community centers, or churches. Homeowners who had reached out to our Habitat office expressing an interest in homeownership are contacted to let them know the meetings are coming up. The meetings are also advertised by printed flyers hung in local coffee shops, libraries, supermarkets, etc.

At the Homeowner Information meetings, we introduce the basics of homeownership, explain the Habitat model, share how to apply, introduce expectations of our partner families, and refer to other resources and paths to homeownership. Annually, approximately 350 King County families attend our Homeowner Information meetings, and over 1,500 families that attended meetings or participated in phone screenings were referred to other organizations for opportunities more appropriate to their situations.

V. MARKET DEMAND ANALYSIS & COMPATIBILITY WITH FUNDING PRIORITIES

5A. MARKET DEMAND

Market study required? ☒ YES ☐ NO ☐ N/A

Market study conducted? ☐ YES ☒ NO ☐ N/A

Date conducted.....

King County to require either an independent market study or homebuyer pipeline list.

Project set-asides? ☒ YES ☐ NO

households earning 30 – 80% AMI

Capture rate..... Market study not submitted

Penetration rate..... Market study not submitted

Lease-up/absorption rate..... Market study not submitted

Notable findings

N/A

5B. FUNDING PRIORITIES

This project meets the following 2019 King County RFP priorities:

Homeownership Development

- ☒ Projects that expand the capacity of homeownership opportunities to Veterans or Services Members and their families as well as Vulnerable Populations who can become homeowners, be stably housed and avoid intergenerational poverty.

Homeless/Extremely Low-Income/Affordable Housing

- ☒ The proposed project leverage other resources for both the construction and operations of the project, including social services expenses

VI. SPONSOR CAPACITY**6A. PORTFOLIO & PERFORMANCE**

of sponsor projects in King County portfolio.... 5 properties totaling 23 homes

How have these KC projects performed?

King County Asset Management found no issues.

6B. PIPELINE & DEVELOPMENT CAPACITY

Does the sponsor have other projects under construction and/or under development? ... ☐ YES ☒ NO

of projects under construction..... 0

of projects under development..... 0

How is the sponsor staffed to handle multiple projects?

Habitat SKC has the capacity and experience to complete La Fortuna Phase 3.

6C. FINANCIAL SOUNDNESS

King County Fiscal Team audit showed no findings and/or corrective plan required? ☒ YES ☐ NO

Sponsor's financial audits consistently clear, steady, & revealed no material weaknesses? .. ☒ YES ☐ NO

Operating cash provides appropriate levels of liquidity for operations? ☒ YES ☐ NO

Portfolio maintains strong debt ratios? ☒ YES ☐ NO

Other notable audit findings.

None

6D. EQUITY & SOCIAL JUSTICE

DCHS Equity & Inclusion Review Score..... 10

In an effort to expand and integrate equity & social justice frameworks to the HFP proposal review process, applicants were asked to respond to five supplemental questions that both assessed their familiarity with King County's Equity & Social Justice Strategic Vision and validated their commitment to addressing root causes of housing inequity. Under the assessment of DCHS' Equity & Inclusion Manager, applicants were provided a final score using the following rating system:

Exceeds ESJI Expectations: 10 points

Meets ESJI Expectations Fully: 7.5 points

Meets ESJI Expectations Minimally: 5 points

Does not meet ESJI Expectations: <5 Points

Habitat for Humanity scored a total of 10 points, indicating that the agency exceeds ESJI expectations.

It should be noted that though the intent of the ESJ review was to provide an understanding of the applicant's commitment to equity & inclusion, the responses to the supplemental questions were ultimately a self-assessment; responses to the supplemental questions, framed mainly to capture the integration and operationalization of equity within agency composition, engagement, and procedures, provide the *applicant's* perspective and may not be reflective of King County's knowledge/opinion.

VII. SUMMARY

Recommendation: Fund

- Project has a projected construction start of April 2020
- Sponsor has the site control through a 99-yr land trust
- Project aligns with County affordable homeownership priorities and employs a Resale model that ensures permanent affordability
- Project has secured \$180,000 commitment in Self-help Homeownership Opportunity Program (SHOP) funding
- Sponsor must submit:
 - a market study demonstrating demand for the type, location and size of the units at the proposed sales prices
 - original LAPP acquisition loan terms and original property appraisal
 - list of pre-approved homebuyers or homebuyer waitlist
 - Updated CFA that includes all previously omitted development costs and corrects budget discrepancies

Housing Finance Program

2019 Capital Funding – Affordable Housing RFP

Project Memo

I. OVERVIEW

1A. PROJECT INFO

Sponsor/owner.....	Community Homes
Development consultant.....	N/A
Project name.....	Shared Living Home 1
Project location.....	None selected

1B. PROJECT COST

Total residential development cost.....	\$1,004,500
Cost per residential unit.....	\$334,833
King County Funds requested.....	\$492,000
Cost per KC-funded unit.....	N/A

Project applied for funding in prior rounds..... ☐ YES ☒ NO

Project eligible for TOD Funds..... ☐ YES ☒ NO

II. PROJECT DESCRIPTION

2A. HOUSING MODEL

# of units.....	One (1) single family house or townhome
-----------------	---

Target population..... ☐ VSHSL - Seniors ☐ VSHSL - Veterans ☐ MIDD ☒ Other

Unit distribution - Income

UNITS – INCOME DISTRIBUTION	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI
# of Units	1	0	0	0	0

Unit distribution – Bedrooms

UNITS – BEDROOM DISTRIBUTION	SRO	1BR	2BR	3BR	4BR	MGR
# of Units	0	3	0	0	0	1

Permanent supportive housing? ☐ YES ☒ NO

Coordinated Entry for All (CEA) participation?.... ☐ YES ☒ NO

Community Spaces..... ☐ YES ☒ NO

Resident Services..... ☐ Referral Services ☒ Counseling ☐ Medical Services ☐ Financial Assistance

The home will have a live-in, full-time caregiver who provides support for activities of daily living, meal preparation, transportation, activities and recreation, medication management, behavioral supports, etc. These services are paid for via Medicaid, via DSHS/DDA/RCS.

2B. PROJECT, SITE, & LOCALITY CHARACTERISTICS

Project type..... ☐ New Construction ☒ Rehabilitation ☒ Acquisition

Infrastructure

Building height (# of floors).....

Construction type..... ☒ Wood Frame ☐ Steel Construction ☐ Combo

Construction begins.....

Construction period.....

Evergreen Sustainable Design Std. (ESDS) Score.....

ESDS score sufficient for development in WA?.. ☒ YES ☐ NO

Development Processes

Project location/city.....

Is zoning compatible?..... ☐ YES ☐ NO

Zoning is unknown as site has yet to be chosen but most likely to be zoned for single-family

Challenges in development?..... ☒ YES ☐ NO

Locating a home that fits sponsor's program needs and budget

Neighborhood

Describe the neighborhood..... ☒ Single Family ☐ Multifamily ☐ Commercial ☐ Mixed-use

TBD

TOD project?..... ☐ YES ☒ NO

o ½ mile to high capacity transit?..... ☐ YES ☐ NO

o Multi-modal?..... ☐ YES ☐ NO

o Walk/transit score.....

o Close proximity to community resources and/or services? ☐ YES ☐ NO

TBD

Nonresidential

Proposed commercial spaces?..... ☐ YES ☒ NO

Parking requirements?..... ☐ YES ☐ NO

TBD

Environmental Properties

Soil report findings

TBD

Environmental concerns

TBD

Proposed feasible mitigation measures (in budget) to address issues?..... ☐ YES ☐ NO

TBD

Development Incentives & Restrictions

Development incentive programs in project location?..... ☐ YES ☐ NO

TBD

Restrictions in development?..... ☐ YES ☐ NO

TBD

Benefits to community (besides affordable housing)?..... ☐ YES ☒ NO

2C. ROLES & RESPONSIBILITIES

Project development consultant? ☐ YES ☒ NO

General contractor selection process

Community Homes will develop an RFP, solicit bids, develop evaluation criteria, and select a general contractor. Community Homes will utilize the WA State Office of Minority and Women's Business Enterprises to search for certified contractors and subcontractors.

Who will manage construction?

To be identified when contractor is selected.

Who will manage property after construction?

Community Homes

Is sponsor a Community Housing Development Organization (CHDO)?..... ☐ YES ☒ NO

III. DEVELOPMENT BUDGET ANALYSIS

3A. SOURCES & USES

Total development cost.....	\$1,004,500
Cost per square foot.....	TBD
King County Funds (KCF) requested.....	\$492,000
% of total development cost.....	49%

Does request deviate from HFP guidelines? ☐ YES ☒ NO

No site yet but they have identified a site in Newcastle they intend to acquire. Sponsor has a Purchase and Sale agreement with a patient Seller.

Sources of funding

Source	Proposed Amount	Committed Amount
Commerce HTF	\$395,000	
ARCH	\$ 100,500	
King County	\$ 492,000	
Community Homes Inc		\$ 17,000
TOTAL	\$ 1,004,504	

Will federal wages be triggered?..... ☐ YES ☒ NO

Does project exceed TDC limits?..... ☐ YES ☒ NO

Proposed use of funds compatible with King County requirements?..... ☒ YES ☐ NO

Project will serve single adults with intellectual or development disabilities earning up to 30% of Area Median Income

3B. COST EFFECTIVENESS

Appraisal, Acquisition, & Construction

Site's Appraised Value.....

TBD

Appraisal value greater than (or equal to) acquisition costs?..... ☐ YES ☐ NO

Developer fee.....

\$25,000 or (2% TDC)

Other fees (architecture, engineering, consulting) reasonable?..... ☒ YES ☐ NO

Third-Party Report

Notable departures in construction costs with comparable projects?..... ☐ YES ☐ NO

N/A

Suggestions to revisions in project design or project team?..... ☐ YES ☒ NO

N/A

Competitiveness of projects as compared to other-like projects

Project is more competitive than sponsor's other proposed project Adult Family Home 8.

Appropriateness of contingency

N/A

3C. FINANCING

How will construction be financed? ☐ Construction Loan ☐ LIHTC ☐ Bonds ☒ Other

King County Loan amount.....

\$492,000

Loan term.....

50 years

Loan interest rate.....

1%

Amortization period.....

N/A

Preliminary letters of interest and/or uncommitted funds? ☒ YES ☐ NO

LIHTC Project

Proposed use of LIHTC?..... ☐ YES ☒ NO

Projected LIHTC pricing.....

N/A

4% LIHTC self-score.....

9% LIHTC self-score.....

How does pricing and self-scores compare to comparable projects?

Debt & Contributions

Amount of private debt proposed.....

Is debt coverage sufficient?..... ☒ YES ☐ NO

Can project support additional debt?..... ☐ YES ☒ NO

Sponsor contributions? ☒ YES ☐ NO

Proposed fundraising? ☒ YES ☐ NO

IV. PROJECT SERVICES & OPERATIONS

4A. OPERATING PRO FORMA

Operating expense total.....

Operating expense per unit.....

Rent schedule

Rents within HOME rent limits?..... ☒ YES ☐ NO

Utility allowance schedule.

Income sources other than residential rent?..... ☐ YES ☒ NO

Expected vacancy rate

Management fees

52% lower

Overhead/administrative charges

Competitive with similar projects

Replacement & operating reserve payments

Reserve payments are more than adequate.

If TOD project, are TOD loan repayment terms included in proforma? ☐ YES ☐ NO ☒ N/A

Proposed rent subsidies? ☒ YES ☐ NO

Using project-based vouchers, this model is feasible to ensure long-term stability of the home and its residents.

4B. PROPERTY MANAGEMENT

Property Management Plan

Community Homes provides housing for adults with I/DD. Each home has a live-in, licensed care provider that provides on-site management and individualized support to residents at the home as previously described. Community Homes will select a live-in care provider licensed to provide Medicaid Personal Care services through DSHS. The partnership with DSHS includes case management services and oversight. The partnership with the care provider includes assistance for residents with: daily living skills, transportation arrangements, and engagement in employment, recreational and social activities. The care provider coaches residents on household tasks, personal care, appropriate meal choices and behavior. The care provider also buys groceries and prepares daily meals.

The Community Homes Director of Services oversees the management of each house to ensure organizational consistency and best practices.

Community Homes' Management Plan fully describes processes for annual maintenance as well as repairs and improvements. Management conducts an onsite inspection of each property annually.

4C. SERVICE MODEL & FUNDING ANALYSIS

Project seeking subsidies or operating funds for services? ☒ YES ☐ NO

Service Funding		
Funder	Type of Fund	Amount
DSHS/DDA Medicaid Personal Care	Funds follow resident	\$54,000

Requests for service funding feasible? ☒ YES ☐ NO

Project competitive for ORS funding? ☐ YES ☒ NO

4C. REFERRALS & MARKETING PLAN

CEA participant? ☐ YES ☒ NO

Referrals/marketing

Community Homes networks with other organizations who serve adults with I/DD. Their website and social media channels also promote their services and housing opportunities. Through our housing workshop series, they connect with hundreds of families each year who are seeking housing for their adult sons and daughters and they maintain a database of their interests and contact them with information about appropriate vacancies. They will rely on this database to inform families of housing opportunities available through Community Homes. They publicize all vacancies to the DDA case management team and accept DDA resident referrals.

V. MARKET DEMAND ANALYSIS & COMPATIBILITY WITH FUNDING PRIORITIES

5A. MARKET DEMAND

Market study required? ☐ YES ☐ NO ☒ N/A

Market study conducted? ☐ YES ☐ NO ☒ N/A

Date conducted.....

Project set-asides? ☒ YES ☐ NO

Capture rate.....

Penetration rate.....

Lease-up/absorption rate.....

Notable findings

5B. FUNDING PRIORITIES

This project meets the following 2019 King County RFP priorities:

Homeless/Extremely Low-Income/Affordable Housing

- ☒ The proposed project serves special needs population such as (but not limited to) households with a member with mental illness, is disabled and/or developmentally disabled, also experiencing homelessness
- ☒ The proposed project provides access to case management and behavioral health services

- ☒ The proposed project leverages other resources for both the construction and operations of the project, including social services expenses

VI. SPONSOR CAPACITY

6A. PORTFOLIO & PERFORMANCE

of sponsor projects in King County portfolio....

7

How have these KC projects performed?

KC Asset Management has indicated no issues.

6B. PIPELINE & DEVELOPMENT CAPACITY

Does the sponsor have other projects under construction and/or under development? ... ☒ YES ☐ NO

of projects under construction.....

1

Projects under construction or development		
Project Name	Location	Brief description
Adult Family Home 8	TBD	Housing for single DD adults

of projects under development.....

2

How is the sponsor staffed to handle multiple projects?

Sponsor is adequately staffed to manage two projects; the project is similar to the development of Adult Family Homes 5 + 6 in Redmond.

6C. FINANCIAL SOUNDNESS

King County Fiscal Team audit showed no findings and/or corrective plan required? ☒ YES ☐ NO

Sponsor's financial audits consistently clear, steady, & revealed no material weaknesses? .. ☒ YES ☐ NO

Operating cash provides appropriate levels of liquidity for operations? ☒ YES ☐ NO

Portfolio maintains strong debt ratios? ☒ YES ☐ NO

Other notable audit findings.

Fiscal review revealed no findings.

6D. EQUITY & SOCIAL JUSTICE

DCHS Equity & Inclusion Review Score.....

6.5 / 10

In an effort to expand and integrate equity & social justice frameworks to the HFP proposal review process, applicants were asked to respond to five supplemental questions that both assessed their familiarity with King County's Equity & Social Justice Strategic Vision and validated their commitment to addressing root causes of housing inequity. Under the assessment of DCHS' Equity & Inclusion Manager, applicants were provided a final score using the following rating system:

Exceeds ESJI Expectations: 10 points

Meets ESJI Expectations Fully: 7.5 points

Meets ESJI Expectations Minimally: 5 points

Does not meet ESJI Expectations: <5 Points

Community Homes scored a total of 6.5 points, indicating that the agency meets ESJI expectations minimally.

It should be noted that though the intent of the ESJ review was to provide an understanding of the applicant's commitment to equity & inclusion, the responses to the supplemental questions were ultimately a self-assessment; responses to the supplemental questions, framed mainly to capture the integration and operationalization of equity within agency composition, engagement, and procedures, provide the *applicant's* perspective and may not be reflective of King County's knowledge/opinion.

VII. SUMMARY

Sponsor indicated that they have found a home in Newcastle and should be ready to purchase within 12 months. Sponsor would need to go through the process of becoming a Section-8 landlord which they have not done before and secure the necessary vouchers. Alternatively, residents would bring their own HASP vouchers as rental income for the project.

Recommendation: Fund

- Sponsor has identified a home in Newcastle and has a Purchase & Sale Agreement with a patient seller
- Sponsor has \$17,000 of equity committed to the project
- Project also leverages other public funding sources
- Rental revenue will come either through project or tenant-based HASP sources
- Sponsor has partnership with DSHS for services through Medicaid Personal Care funding that follow residents
- Project is potentially eligible for HUD 811 NOFA which closes in Feb 2020 which can be award condition

Housing Finance Program

2019 Capital Funding – Affordable Housing RFP

Project Memo

I. OVERVIEW

1A. PROJECT INFO

Sponsor/owner.....	Congregations for the Homeless
Development consultant.....	Horizon Housing Alliance/ Inland Group
Project name.....	Eastside Mens' Shelter
Project location.....	13620 SE Eastgate Way Bellevue, WA 98005

1B. PROJECT COST

Total development cost.....	\$14,152,574
Cost per residential unit.....	\$141,525/shelter bed
King County Funds requested.....	\$5,802,574
Cost per KC-funded unit.....	N/A

Project applied for funding in prior rounds..... ☐ YES ☒ NO

Project eligible for TOD Funds..... ☐ YES ☒ NO

II. PROJECT DESCRIPTION

2A. HOUSING MODEL

# of units.....	100 shelter beds
-----------------	------------------

Target population..... ☒ VSHSL - Seniors ☒ VSHSL - Veterans ☒ MIDD ☒ Other

Unit distribution - Income

UNITS – INCOME DISTRIBUTION	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI
# of Units	100	0	0	0	0

Unit distribution – Bedrooms

UNITS – BEDROOM DISTRIBUTION	SRO	1BR	2BR	3BR	4BR	MGR
# of Units	0	0	0	0	0	0

Permanent supportive housing? ☐ YES ☒ NO

Coordinated Entry for All (CEA) participation?.... ☐ YES ☒ NO

CFH participates in the King County Continuum of Care (CoC). Referrals for single adults into shelter is not a part of the Coordinated Entry system. CFH will continue to participate in meetings and be involved in the CoC and adjust any referral processes to meet with changes in the county wide process. Individuals in CFH shelters are assessed and entered into the Coordinated Entry system for referral to potential housing options.

Community Spaces..... ☒ YES ☐ NO

Shelter: bathrooms, storage and donation areas, staff offices. Day Center: kitchen, dining area, bathrooms including showers, technology room, commercial laundry and client laundry.

Resident Services..... ☒ Referral Services ☒ Counseling ☒ Medical Services ☒ Financial Assistance

Current services in temporary day center & shelter include onsite employment services, Housing Navigator, mental health program, onsite addiction services.

2B. PROJECT, SITE, & LOCALITY CHARACTERISTICS

Project type..... ☒ New Construction ☐ Rehabilitation ☒ Acquisition

Infrastructure

Building height (# of floors).....

Construction type..... ☒ Wood Frame ☐ Steel Construction ☐ Combo

Construction begins.....

Construction period.....

Evergreen Sustainable Design Std. (ESDS) Score.....

ESDS score sufficient for development in WA?.. ☒ YES ☐ NO

Development Processes

Project location/city.....

Is zoning compatible?..... ☒ YES ☐ NO

Zoning is OLB-2; Homeless Services are a conditional use in OLB-2 outside of a development agreement. Social services are an allowed use. Max 75 ft. height, 35% lot coverage, 60% impervious surface coverage, FAR of 1.

Challenges in development?..... ☒ YES ☒ NO

Required "Good Neighbor Agreement" process is lengthy and involves many parties. The required preapplication meeting and process can't start until the pre-app for the entire master parcel, scheduled for Dec 2019. It is expected that CFH will need to work through a robust community engagement process.

Neighborhood

Describe the neighborhood..... ☐ Single Family ☐ Multifamily ☒ Commercial ☐ Mixed-use

Commercial/industrial uses to the west and north; commercial and a community college are to the east. South abuts SE Eastgate Way, then I-90.

TOD project?..... ☐ YES ☒ NO

o ½ mile to high capacity transit?..... ☐ YES ☒ NO

o Multi-modal?..... ☐ YES ☒ NO

o Walk score.....

37

o Close proximity to community resources and/or services? ☒ YES ☐ NO

Closest bus stop is 0.4 miles away Rt 240 travels between Renton and Bellevue TCs; 30 minute headways. Eastlake P&R is 0.8 miles away; service to downtown Seattle. KC's Eastgate public health center is 1 mile away to the east. Grocery/shopping is 1 mile south in Factoria.

Nonresidential

Proposed commercial spaces?..... ☐ YES ☒ NO

Office space for CFH staff and contracted service providers included in the 18,000 sf structure.

Parking requirements?..... ☒ YES ☐ NO

Bellevue Development Director will determine parking requirements per 20.20.455. 25 spaces are required- 17 for the shelter/day center and 8 for the office space (4/1000 sf generic office and 4.5/1000sf for health-related offices).

Environmental Properties

Soil report findings

Soil and groundwater contamination, including VOC's. Additionally, top 25-30 feet is low quality unstructured fill material including concrete pieces. The unstructured fill is a landslide hazard that has resulted in groundwater seepage; both of these hazards will need to be addressed in development plans.

Environmental concerns

In addition to soil contamination, there are wetlands onsite and steep slopes; both will require setbacks and mitigation measures. One wetland is east of the shelter portion of the site. Phase I environmental review was completed; Phase II is outstanding.

Proposed feasible mitigation measures (in budget) to address issues?..... ☒ YES ☐ NO

There will be a Remediation Plan prepared and overseen by DOE.

Development Incentives & Restrictions

Development incentive programs in project location?..... ☐ YES ☒ NO

Restrictions in development?..... ☒ YES ☐ NO

A Conditional Use Permit will be required to allow a homeless shelter. There is a chance this could be denied, or negotiations for a development agreement could be stalled. Or Development Agreement. CFH has been working to site a permanent men's shelter for several years.

Benefits to community (besides affordable housing)?..... ☒ YES ☐ NO

Remediation of a contaminated site, a permanent year round shelter with an onsite day center.

2C. ROLES & RESPONSIBILITIES

Project development consultant? ☒ YES ☐ NO

Horizon Housing Alliance- Patrick Tippy and John Pilcher: Assist in Master Site Planning, partnership development, coordinating entitlement and construction schedules.

Inland Group: Master Developer, binding site plan, environmental remediation, site feasibility, all technical studies, City of Bellevue permitting, general contractor for site improvements and shelter/day center building.

General contractor selection

CFH will work with Inland Construction as the General Contractor. Inland will be the master developer for the parcel and will be building their own development on another portion of the parcel. Inland uses a team of consultants and partners to design and build their developments. The team familiarity has demonstrated the ability to produce high quality projects at costs that are well below the total development cost limits.

Once a project is fully funded and CFH moves to construction, CFH will require Inland Construction to solicit bids for sub-contractors in an open and competitive manner. This is done through regional plan centers, website, and bid advertisements. CFH will require Inland to secure a three-bid minimum for each trade on the project and to select the most competitive price in relation to quality of work and construction schedule.

Who will manage construction?

Inland Group.

Who will manage property after construction?

This project will be owned and managed by CFH.

Is sponsor a Community Housing Development Organization (CHDO)?..... ☐ YES ☒ NO

III. DEVELOPMENT BUDGET ANALYSIS

3A. SOURCES & USES

Total development cost..... \$14,152,574 day center and shelter

Cost per square foot..... \$786k with land/ \$582k improvements only

King County Funds (KCF) requested..... \$5,802,574

% of total development cost..... 41%

Does request deviate from HFP guidelines? ☐ YES ☒ NO

Sources of funding

Source	Proposed Amount	Committed Amount	TOTAL
HTF	\$3,000,000		\$3,000,000
HTF Donation Match	\$500,000		\$500,000
Capital Campaign		\$1,500,000	\$1,500,000
ARCH	\$500,000	\$700,000	\$1,200,000
State Appropriation		\$1,400,000	\$1,400,000
King County	\$5,802,574		\$5,802,574
WA Building Communities Fund	\$750,000		\$750,000
Total			\$14,152,574

Will federal wages be triggered?..... ☐ YES ☒ NO

Project will not be funded with federal funds.

Does project exceed TDC limits?..... ☐ YES ☒ NO

Project does not exceed TDC limits.

Proposed use of funds compatible with King County requirements?..... ☒ YES ☐ NO

Project meets the County's goals to fund shelter capacity on the east side for single men through the VSHSL. Additional funds such as the RAHP could also be used to fund shelter activities.

3B. COST EFFECTIVENESS

Appraisal, Acquisition, & Construction

Site's Appraised Value..... **\$ 3,670,883 for shelter site inc. office space – buildable area**

Appraisal value greater than (or equal to) acquisition costs?..... ☐ YES ☒ NO

Developer fee..... **\$350k (2.4% of TDC)**

Appraisal has not been received yet. \$350k developer fee; \$150k in developer consultant fees.

Other fees (architecture, engineering, consulting) reasonable?..... ☒ YES ☐ NO

All soft costs account for 9% of TDC. 25k for environmental assessment might be low depending on soil samples needed.

Third-Party Report

Notable departures in construction costs with comparable projects?..... ☒ YES ☐ NO

Very high General Conditions and Electrical costs. HFP will work with CFH on budget outliers.

Suggestions to revisions in project design or project team?..... ☐ YES ☒ NO

- Could re-engineer the roof so there's less dead space to heat/cool. Lower attic volume.
- Brick veneer is listed as a cost but it's not shown on building plans.
- Project is paying 13% of total site work, but will not need to pump stormwater from lower elevations, etc.
- Foundation walls could also serve as shoring walls
- Engineer a sloped ramp access in lieu of elevator.
- \$10,000 for slab imaging and coring shouldn't be required, recommend deletion

Competitiveness of projects as compared to other-like projects

N/A – no other projects to compare in the portfolio at this time.

Appropriateness of contingency

Owner's contingency is 10%. Given the unanticipated remediation and earthwork this is likely appropriate.

3C. FINANCING

How will construction be financed? ☐ Construction Loan ☐ LIHTC ☐ Bonds ☒ Other

King County Loan amount..... **\$5,802,574 requested**

Loan term.....

Loan interest rate.....

Amortization period.....

Preliminary letters of interest and/or uncommitted funds? ☒ YES ☐ NO

LIHTC Project

Proposed use of LIHTC?..... ☐ YES ☒ NO

Projected LIHTC pricing.....

LIHTC self-score.....

KIHTC self-score.....

How does pricing and self-scores compare to comparable projects?

Debt & Contributions

Amount of private debt proposed.....

Is debt coverage sufficient?..... ☐ YES ☐ NO

Can project support additional debt?..... ☐ YES ☐ NO

Sponsor contributions? ☒ YES ☐ NO

Proposed fundraising? ☒ YES ☐ NO

IV. PROJECT SERVICES & OPERATIONS**4A. OPERATING PRO FORMA**

Operating expense total.....

Operating expense per unit.....

Rent schedule

Rents within HOME rent limits?..... ☐ YES ☐ NO

Utility allowance schedule.

N/A

Income sources other than residential rent?..... ☒ YES ☐ NO

All operating and service costs need to be paid through government contracts grants, fundraising or other leveraged contracts with service providers.

Expected vacancy rate

No vacancy rate is assumed.

Management fees

Fees appropriate for high capacity shelter with 24-hour staffing.

Overhead/administrative charges

Fees appropriate for high capacity shelter with 24-hour staffing.

Replacement & operating reserve payments

Replacement reserve is \$200/bed, no operating reserve is on the proforma, although their organization liquidity is 10:1.

If TOD project, are TOD loan repayment terms included in proforma? ☐ YES ☐ NO ☒ N/A

Proposed rent subsidies? ☒ YES ☐ NO

The proposed operating expenses (and subsidy needed) is \$1,627,011/annually (\$16,270/bed).

4B. PROPERTY MANAGEMENT

Property Management Plan

This project will be owned and managed by CFH. CFH plans to continue outsourcing its maintenance and janitorial services for ongoing maintenance and upkeep of the physical space which is overseen by Operations. CFH does have one in-house facility staff who primarily focuses on the leased homes and who has been used to help trouble shoot emergency situations. Program Services including the site managers and site coordinators will assist in routine upkeep as well as management of operational costs, procedures, and staffing. The Director of Programs and Mental Health Director will oversee services provided onsite. These services would include case management, mental healthcare, employment assistance and other supportive services to assist men in their pursuit of permanent housing.

4C. SERVICE MODEL & FUNDING ANALYSIS

Project seeking subsidies or operating funds for services? ☒ YES ☐ NO

Service Funding				
Funder	Type of Fund	Proposed Amount	Committed Amount	TOTAL
Eastside Cities	Service		\$177,120	\$177,120
Fundraising	Service		\$89,500	\$89,500
Eastside Cities	Operating	\$181,600	\$533,595	\$715,195
King County	Operating	\$500,000	\$46,000	\$546,000
United Way	Operating	\$20,000		\$20,000
Foundations, corporations	Operating		\$28,980	\$28,980
Fundraising	Operating		\$336,837	\$446,837
TOTAL:				\$2,023,632

Requests for service funding feasible? ☒ YES ☐ NO

Project competitive for ORS funding? ☒ YES ☐ NO

ORS funding is very competitive but Homeless Service staff is aware that this a high priority project serving homeless on the east side. Operating support of up to \$500K a year is available out of the VSHSL for up to 4 years.

4C. REFERRALS & MARKETING PLAN

CEA participant? ☐ YES ☒ NO

Referrals/marketing

Not a permanent or temporary housing project, so no CEA referrals.

V. MARKET DEMAND ANALYSIS & COMPATIBILITY WITH FUNDING PRIORITIES

5A. MARKET DEMAND

Market study required? ☐ YES ☒ NO ☐ N/A

Market study conducted? ☐ YES ☒ NO ☐ N/A

Date conducted.....

Project set-asides? ☐ YES ☒ NO

Project will be all men over 18 yrs old.

Capture rate..... N/A

Penetration rate..... N/A

Lease-up/absorption rate..... N/A

Notable findings

N/A.

5B. FUNDING PRIORITIES

This project meets the following 2019 King County RFP priorities:

Enhanced Shelter

- ☒ The proposed project is for an enhanced shelter in East King County that serves men who meet the literally homeless definition, and is on track to begin construction by spring 2020

Homeless/Extremely Low-Income/Affordable Housing

- ☒ The proposed project serves special needs population such as (but not limited to) households with a member with mental illness, is disabled and/or developmentally disabled, also experiencing homelessness
- ☒ The proposed project provides access to case management and behavioral health services
- ☒ The proposed project leverages other resources for both the construction and operations of the project, including social services expenses

VI. SPONSOR CAPACITY**6A. PORTFOLIO & PERFORMANCE**

of sponsor projects in King County portfolio....

4+

KC - Sponsor Projects	
Project Name	Brief Description
Emergency Winter Shelter	Since 2008; Shelters 100 men.
Day Center	Since 2013; serves 100 men.
Rotating Shelter	Since 1993; shelters 35 men.
Permanent Housing in SF homes	Since 2006; Houses 60 men in leased sf homes throughout the Eastside cities.

6B. PIPELINE & DEVELOPMENT CAPACITY

Does the sponsor have other projects under construction and/or under development? ... ☐ YES ☒ NO

of projects under construction.....

0

of projects under development.....

0

How is the sponsor staffed to handle multiple projects?

SFH has 35 FTE's. Existing staff would be relocated to this new center which would combine shelter and day center operations.

6C. FINANCIAL SOUNDNESS

King County Fiscal Team audit showed no findings and/or corrective plan required? ☒ YES ☐ NO

Sponsor's financial audits consistently clear, steady, & revealed no material weaknesses? .. ☒ YES ☐ NO

Operating cash provides appropriate levels of liquidity for operations? ☒ YES ☐ NO

Portfolio maintains strong debt ratios? ☒ YES ☐ NO

Other notable audit findings.

N/A

6D. EQUITY & SOCIAL JUSTICE

DCHS Equity & Inclusion Review Score..... **7.5 / 10**

In an effort to expand and integrate equity & social justice frameworks to the HFP proposal review process, applicants were asked to respond to five supplemental questions that both assessed their familiarity with King County's Equity & Social Justice Strategic Vision and validated their commitment to addressing root causes of housing inequity. Under the assessment of DCHS' Equity & Inclusion Manager, applicants were provided a final score using the following rating system:

Exceeds ESJI Expectations: 10 points

Meets ESJI Expectations Fully: 7.5 points

Meets ESJI Expectations Minimally: 5 points

Does not meet ESJI Expectations: <5 Points

Congregations for the Homeless scored a total of 7.5 points, indicating that the agency meets ESJI expectations fully.

It should be noted that though the intent of the ESJ review was to provide an understanding of the applicant's commitment to equity & inclusion, the responses to the supplemental questions were ultimately a self-assessment; responses to the supplemental questions, framed mainly to capture the integration and operationalization of equity within agency composition, engagement, and procedures, provide the *applicant's* perspective and may not be reflective of King County's knowledge/opinion.

VII. SUMMARY

The CFH Eastside Men's Shelter project is a regional high priority project which aims to provide King County's Eastside with its first-ever **year-round** men's shelter and associated day center operating 24 hours per day, 7 days per week. The proposed **100 bed shelter project (100% of the project will serve single men age 18 or older)** will include a 125 person Day Center and offices for support services and CFH administration.

The proposed CFH Eastside Men's Shelter is contemplated on a large King County owned (King parcel in Bellevue. The current parcel is 427,000 sf, topographically separated into two plateaus, is far larger than what CFH needs for its shelter. In order to meet CFH's mission objectives, CFH selected Inland Group as a development partner to get the site through the entitlement process. The City of Bellevue provides for essentially three paths to segregate: 1) short plat, 2) binding site plan with another entitlement process (i.e., Master Development Plan) and 3) Boundary Line Adjustment. Due to several factors, the MDP/BSP was chosen as the preferred path forward. Inland Group to take the lead on the master development / binding site plan with a commitment to work diligently toward meeting the schedule. The City of Bellevue has estimated this MDP/BSP process to take approximately 12 months which has been built into the current schedule.

The current request to King County DCHS of \$5,802,574 is meant to cover the costs associated with the acquisition and remediation of the King County parcel. Staff recommends funding the shelter but notes that King County has only prioritized \$2million in capital from VSHSL funds so meeting the full request will need to be funded with other resources.

Housing Finance Program

2019 Capital Funding – Affordable Housing RFP

Project Memo

I. OVERVIEW

1A. PROJECT INFO

Sponsor/owner.....	Plymouth Housing
Development consultant.....	Bellwether Housing
Project name.....	Madison/Boylston 9%
Project location.....	1014 Boylston Ave, Seattle, WA 98104

1B. PROJECT COST

Total development cost.....	\$37,363,215 - 9%, \$125,761,298 – 9% & 4%
Cost per residential unit.....	\$324,897 – 9%, \$340,816 – 9% & 4%
King County Funds requested.....	\$4,000,000
Cost per KC-funded unit.....	\$34,782

Project applied for funding in prior rounds..... ☒ YES ☐ NO

Project eligible for TOD Funds..... ☐ YES ☒ NO

II. PROJECT DESCRIPTION

2A. HOUSING MODEL

# of units.....	112 low income units + 3 common area units = 115
-----------------	--

Target population..... ☒ VSHSL - Seniors ☒ VSHSL - Veterans ☒ MIDD ☒ Other

Unit distribution - Income

UNITS – INCOME DISTRIBUTION	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI
# of Units	112	0	0	0	0

Unit distribution – Bedrooms

UNITS – BEDROOM DISTRIBUTION	SRO	1BR	2BR	3BR	4BR	MGR
# of Units	112	0	0	0	0	3

Permanent supportive housing? ☒ YES ☐ NO

Coordinated Entry for All (CEA) participation?.... ☒ YES ☐ NO

Plymouth anticipates that the leasing of the project will utilize King County's Coordinated Entry for All (CEA) system which prioritizes referral of chronically homeless single adults with the highest needs (i.e. physical and mental health disabilities, chemical dependency) for placement in permanent supportive housing. Any units not filled through the CEA system will be filled through applicant referrals from Plymouth's contracted mental health agencies.

Community Spaces..... ☒ YES ☐ NO

The ground floor of this building will include 6,400 of commercial space. The remainder of the ground floor will be divided among Bellwether and Plymouth property management and service staff offices and uses. Plymouth will operate a 670 sf community room on the first floor. The 17th Floor of the Bellwether project will include 3,250sf of community space. Many back-of-house maintenance and storage spaces will be shared, resulting in cost savings. The second floor will have 1,860 sf of outdoor terrace for Plymouth residents to access during the day.

Resident Services..... ☒ Referral Services ☐ Counseling ☒ Medical Services ☐ Financial Assistance

Plymouth's Housing Support Program provides intensive, comprehensive, and individualized support services. All residents have an assigned housing case manager and engage with 24/7 support staff. Residents receive many services, such as; on-site nursing, connections to community medical, dental, legal and social series, and diverse selection of classes that build skills, wellness, positive relationships and community. All Housing Support services are tailored to each resident's needs and goals, and include: intensive medical and social services during the first weeks off the streets, help preparing stellar residents to move to more independent living, veterans' counseling, support for staying cleans and sober, family reunification, and hospice care.

For the residents which regular employment is feasible, the Housing Support Program provides coaching on job searches, applications, interviewing, and workplace expectations. The ground floor will include space for housing case manager offices, a nursing exam room, and a computer room.

There will be nine full-time Property Management staff including a live-in Building Manager, a live-in Building Coordinator and 6 Building Assistants (one of whom will live on site). This also includes a full-time janitor. This number of staff allows for 24/7 staffing at the front desk. There will also be four FTE Housing Case Managers at the building, who provide the social services support to tenants. The housing case managers will be supported by a Tenant Support Aide who provides chore services to tenants within the Plymouth portfolio, a Program Manager who provides supervision at multiple properties, and the Clinical Development Manager, who provides training to building team staff. There will be .50 FTE Maintenance staff allocated to this building. These staff are only on site for assigned Work Orders or unit turns, during regular business hours.

2B. PROJECT, SITE, & LOCALITY CHARACTERISTICS

Project type..... ☒ New Construction ☐ Rehabilitation ☒ Acquisition

Infrastructure

Building height (# of floors).....

Construction type..... ☐ Wood Frame ☒ Steel Construction ☐ Combo

Construction begins.....

Construction period.....

Evergreen Sustainable Design Std. (ESDS) Score.....

ESDS score sufficient for development in WA?.. ☒ YES ☐ NO

Development Processes

Project location/city.....

Is zoning compatible?..... ☒ YES ☒ NO

Zoning for the project site is NC3P-200, adopted in 2019. Proposed project meets current site's zoning. Site contains two existing structures, which will be demolished. The commercial entities on the site include a small office space leased by Money Tree and surface parking. Also on site, is a vacant, former medical facility. The two commercial tenants will require relocation. The relocation budget is \$111,475. The 9% Plymouth project will cover \$33,445 of the total. Relocation plan was approved January 17, 2019.

Challenges in development?..... ☐ YES ☒ NO

The project schedule is contingent upon securing several commitments of public funding. If the developer is unsuccessful in securing financing for this development, Sound Transit may take back the property and sell it to a market-rate developer.

Neighborhood

Describe the neighborhood..... ☐ Single Family ☒ Multifamily ☒ Commercial ☒ Mixed-use

Site is located in the First Hill neighborhood of Seattle in walking distance to hospitals, grocery stores, job centers, schools, and public transit. The site is extremely walkable. First Hill boasts some of the highest rents of any Seattle neighborhood, and one of the greatest demands from the community is the need for more mixed-income affordable housing. The development aims to provide an alternative and comprehensive solution for the multitude of homeless individuals around the streets of First Hill and the surrounding urban core of Seattle.

Neighborhood notification is required. First Hill Improvement Association (FHIA) has strongly supported this affordable housing project at several public meetings. Plymouth and Bellwether have present frequent updates to future neighbors, notified more than 400 residents of the First Hill Neighborhood with printed mailed fliers.

TOD project?..... ☐ YES ☒ NO

o ½ mile to high capacity transit?..... ☒ YES ☐ NO

o Multi-modal?..... ☒ YES ☐ NO

o Walk score..... 98

o Close proximity to community resources and/or services? ☒ YES ☐ NO

Site is in close proximity to several hospitals, grocery stores, schools, and public transit. Project does not qualify for TOD funding since it intends to serve individuals at 30% and below.

Nonresidential

Proposed commercial spaces?..... ☒ YES ☐ NO

This project will include 3 commercial spaces on the ground floor. These commercial spaces will be fully financed, owned and operated by Plymouth Housing, separate from the residential space. Two spaces will be designed to eventually accommodate a restaurant and another commercial tenant. Commercial tenants not currently known. The non-affordable housing space will be treated as a condominium separate from the affordable housing project. The 9% project has a TDC of \$3M for commercial development, to be paid for with private donations.

Parking requirements?..... ☐ YES ☒ NO

Project is located in Seattle and does not require parking. The close proximity to transit and a variety of walkable neighborhoods justified not including residential parking on-site. Project will include 10 parking stalls for staff.

Environmental Properties

Soil report findings

Soils report confirms the site is buildable. The proposed building structures may be supported on conventional shallow foundations bearing on a layer of undisturbed glacially consolidated soils. Temporary shoring during the excavation can be completed using soldier pile shoring.

Environmental concerns

The site covers an estimated total of 0.50 acre in area and is occupied by two existing buildings and surface parking lot. Adapt Engineering performed their Phase I ESA on August 9, 2018, and found that this site contains no evidence of historical recognized environmental condition, no controlled recognized environmental condition, no environmental issues, and no Recognized Environmental Conditions (REC's), in connection with the property except for the following:

- The reported use of heating oil at the Site, with the documented former or current presence of two heating oil USTs located on the northern Site parcel, is considered to be a recognized environmental condition.
- The historical review documents 'high-risk' uses of the eastern portion of the Site, including a rug cleaning business and auto repair use. The 'high-risk' uses are considered to be a recognized environmental condition.
- Adapt is recommended additional subsurface assessment of the property, including potential soil and groundwater sampling.

Phase I recommended a Phase II be completed. The Phase II report, conducted on September 27, 2000, revealed the presence of 2 subsurface anomalies, one of them potentially a UST and another, buried debris, but further exploration techniques would be necessary to confirm the geophysical results. The Phase II revealed no evidence of recognized environmental conditions except the potential presence of heating oil USTs associated with the former residences on the 1014 Boylston property.

Limited Survey for Asbestos completed August 9, 2018. The Phase I included a limited visual survey for suspect asbestos-containing materials (ACMs) associated with the Site building. While an EPA accredited Asbestos Hazard Emergency Response Act (AHERA) building inspector performed the limited visual survey for suspect ACMs, it does not satisfy the "Good Faith Inspection" requirements specified in Chapter 296-62-07721 of the WAC, and other federal, state, and local regulations for buildings that are to be renovated or demolished.

If future renovation or demolition of the onsite building is planned, the local clean air agency and other federal and state regulations will likely require that a more thorough asbestos survey be performed by a U.S. EPA AHERA Building Inspector. The survey would involve the collection and analytical testing of bulk samples of all suspect asbestos containing building materials (ACBMs). If an asbestos survey confirms the presence of ACBMs in a building, the ACBMs must first be removed in accordance with applicable regulations prior to renovation or demolition. Potential costs for addressing asbestos/lead-based paint issues are undetermined currently. Depending on the type of ACBMs and the removal method, the removal may need to be performed by state certified asbestos workers. If ACBMs are present and not damaged, such materials can usually be managed in place with implementation of an appropriate operations and Maintenance Plan (O&M).

Limited survey for Lead based Paint completed August 9, 2018. Possible lead-based paint present on the existing buildings (constructed in 1953 and 1979). It is recommended that OSHA regulations be followed during demolition.

Limited Survey for Mold completed August 9, 2018. Adapt Engineering did not enter the interior of the existing building due to health and safety concerns including the reported presence of mold. Plymouth and Bellwether intend to remediate the site as needed. Since the existing structure will be demolished, no further limited survey for mold has been requested.

Limited Survey for Wetland N/A.

Proposed feasible mitigation measures (in budget) to address issues?..... ☒ YES ☐ NO

Environmental abatement budget \$100k for the building portion and \$74,931 for the land. Plymouth will cover \$28K for the building portion and \$21k for the land, total abatement costs will be shared by Bellwether, Plymouth and the commercial portion of the building.

Development Incentives & Restrictions

Development incentive programs in project location?..... ☒ YES ☐ NO

In 2015, the Washington State Legislature directed Sound Transit to advance equitable Transit Oriented Development (TOD) goals, setting forth specific financial and procedural requirements, and giving new tools to the agency to advance equitable development through prioritizing affordable housing in surplus property disposition. Those statute changes took effect upon the November 2016 voter-approved ST3 Regional Transit System Plan. Sound Transit adopted an Equitable TOD Policy in 2018. Sound Transit's 2017 TOD Work Program identified the Madison/Boylston TOD site as a property that could implement equitable TOD. In 2017, Sound Transit took an action to determine that the property was suitable for housing and that it should first be offered to qualified entities. Sound Transit solicited development proposals to qualified entities for a mixed-use project that maximized affordable housing production and affordability and took advantage of the site's zoning that allows for high-rise construction.

Bellwether and Plymouth submitted a proposal with an ambitious plan to develop transit-oriented affordable housing at the Madison/Boylston site. Subsequently, Sound Transit authorized staff to negotiate a no-cost transfer to the joint venture of Bellwether Housing and Plymouth Housing in support of their ambitious proposal to build a high-rise, mixed-use affordable housing project that served households earning at or below 60% AMI and included both a significant number of units affordable at or below 30% AMI as well as family-sized units.

Restrictions in development?..... ☒ YES ☐ NO

Bellwether and Plymouth are in negotiation with Sound Transit to execute a Transit Oriented Development Agreement (TODA). Once this TODA is executed, the developers will be restricted to the type of development that is to be built on the Madison/Boylston site. Restrictions include an affordability covenant, limitations on parking stalls and similar development guidelines.

Benefits to community (besides affordable housing)?..... ☒ YES ☐ NO

The project will meet a diverse range of neighborhood needs by incorporating both permanent supportive housing and independent housing for lower income families and individuals. The project will include retail along the ground floor facing both Madison Street and Boylston Ave as well as a community meeting room that will host neighborhood public meetings, celebrations, and other gatherings.

2C. ROLES & RESPONSIBILITIES

Project development consultant? ☒ YES ☐ NO

Bellwether is the project's development consultant. Bellwether and Plymouth have been working together, and have assigned roles for the project, as split between the 9%, 4% and non-residential. Bellwether is managing the project budgeting, accounting and contracting for both Bellwether's component as well as Plymouth's. Plymouth will handle the community meetings and outreach efforts around Madison/Boylston.

General contractor selection process

Bellwether and Plymouth administered a competitive RFP whereby general contractors, architects, and consultants have been solicited to respond. A minimum of two responses and evaluated proposals based on scoring criteria that includes price, related experience and WNBE and Section 3 considerations. Turner construction was selected to provide the cost estimate for the application. Total construction cost estimate was \$82,818,072 for the cost of the work plus a fee with a guaranteed maximum price. High-rise constructions have cost premiums compared to typical wood-farm buildings, but Plymouth and Bellwether have taken steps to reduce costs such as maximizing density on site, and selecting a cost-efficient floorplate design.

Subcontractor bids will be handled by the general contractor. Developers will evaluate the GC proposals based on the criteria below:

- Fee and general conditions
- Prior experience building affordable housing for nonprofits
- Cost estimating accuracy from concept to final contract buyout
- Previous records of keeping projects on-schedule
- Experience in meeting community goals, such as building capacity for local and WMBE companies, and experience tracking WMBE goals and wage reporting

Who will manage construction?

Bellwether will be the primary construction manager; however, Bellwether will work with Plymouth to make any decisions on their section of the building. Bellwether and Plymouth will have a construction management agreement in place before closing.

Who will manage property after construction?

Plymouth Housing will take on the property management of the Plymouth portion of the building.

Is sponsor a Community Housing Development Organization (CHDO)?..... ☐ YES ☒ NO

N/A

III. DEVELOPMENT BUDGET ANALYSIS

3A. SOURCES & USES

Total development cost..... \$37,363,215 9% and \$88,398,083 4%

Cost per square foot.....	\$581.33 9% and \$573.25 4%
King County Funds (KCF) requested.....	\$4,000,000
% of total development cost.....	10.7%

Does request deviate from HFP guidelines? ☐ YES ☒ NO

Funding request below 50% of project TDC.

Sources of funding

Source	Amount	Proposed or Committed?
9% LIHTC	\$20,475,365	Proposed
City of Seattle	\$10,817,850	Committed
State HTF – Private Match	\$2,000,000	Proposed
King County	\$4,000,000	Proposed
Deferred Developer Fee	\$70,000	Committed
Total	\$37,363,215	

Will federal wages be triggered?..... ☐ YES ☒ NO

Market wage rates for high-rise are typically higher than residential prevailing (or even commercial prevailing wage). The majority of subs who perform high-rise are union subcontractors. Residential prevailing will be the floor prevailing wage rates, but almost all subs will be higher than that.

Does project exceed TDC limits?..... ☒ YES ☐ NO

TDC is higher than the Commissions' limit due to higher construction costs in the City of Seattle, and the density and durability of the housing type (high-rise, steel frame). Higher costs of finishes that are intended to be durable for long-term operations and ownership for the intended population. Building type A+ units adds to costs.

Proposed use of funds compatible with King County requirements?..... ☒ YES ☐ NO

VSHSL seniors, VSHSL vets, 2331, RAHP

3B. COST EFFECTIVENESS

Appraisal, Acquisition, & Construction

Site's Appraised Value.....	\$8,640,000
-----------------------------	-------------

Appraisal value greater than (or equal to) acquisition costs?..... ☒ YES ☐ NO

Developer fee.....	5% on the 9% and 8.5% on the 4%
--------------------	---------------------------------

No issues with developer fee.

Other fees (architecture, engineering, consulting) reasonable?..... ☒ YES ☐ NO

Soft costs appear to be reasonable for this project.

Third-Party Report

Notable departures in construction costs with comparable projects?..... ☐ YES ☒ NO

Overall, the report states the budget is appropriate for the project, and provides some cost saving measures through design efficiencies and efficiencies of scale.

Suggestions to revisions in project design or project team?..... ☐ YES ☒ NO

Report suggests changes in certain materials for costs savings.

Competitiveness of projects as compared to other-like projects

Budget is appropriate for this project, report states costs per SF of hard costs this high-rise are about 14% higher than average.

Appropriateness of contingency

Contingency is appropriate for this project.

3C. FINANCING

How will construction be financed? ☒ Construction Loan ☒ LIHTC ☐ Bonds ☒ Other

King County Loan amount..... \$4,000,000

Loan term..... 50 year

Loan interest rate..... 1%

Amortization period..... 0 months

Preliminary letters of interest and/or uncommitted funds? ☒ YES ☐ NO

LIHTC Project

Proposed use of LIHTC?..... ☒ YES ☐ NO

Projected LIHTC pricing..... \$0.95

LIHTC self-score..... 178

How does pricing and self-scores compare to comparable projects?

Project is self-scoring at 178, second highest score for project submitted to the County in this round. Project should be competitive to receive LIHTC award.

Debt & Contributions

Amount of private debt proposed..... **\$70,000 in deferred developer fee**

Is debt coverage sufficient?..... ☒ YES ☐ NO

Can project support additional debt?..... ☐ YES ☒ NO

As is typical with Permanent Supportive Housing projects, Madison/Boylston is not anticipated to produce substantial cash flow. However, Plymouth projects the deferred developer fee could be paid from the sale of construction easements with neighboring developers and the possible sale of development rights. Plymouth has been successful in the past on such transactions and having the deferred developer fee allows Plymouth to get paid back for such efforts. The deferred developer fee is not included in LIHTC eligible basis. At least \$100,000 of operating subsidy is assumed to be coming from King County through VSHSL. County services team anticipates being able to fund the project.

Sponsor contributions? ☒ YES ☐ NO

Plymouth has committed \$1.34M for a pre-development loan. Plymouth will defer \$70,000 of their development fee. Plymouth has committed \$3M in private donations for permanent financing of the 9% project.

Proposed fundraising? ☒ YES ☐ NO

\$3M of private donations has been committed for financing of the non-residential portion. With the private donation, Plymouth will seek \$2M from the State's HTF Private Match funds.

IV. PROJECT SERVICES & OPERATIONS**4A. OPERATING PRO FORMA**

Operating expense total..... **\$1,636,718 in year one**

Operating expense per unit..... **\$14,232 (115 units)**

Rent schedule

115 units at 30% AMI – Rents up to \$526/ month. The population intended to be served is formerly homeless, and cannot pay full 30% AMI rents, so project is underwritten with tenants paying rents of \$49/ month. This amount is based on the average tenant portion of rents paid at a similar project, Plymouth on First Hill. Actual tenant contribution is 30% of the tenant's income.

Rents within HOME rent limits?..... ☒ YES ☐ NO

Utility allowance schedule.

\$2.1M for 5 years request for operating subsidies. Plymouth will pay all utilities for the 9% project. Plymouth is estimating higher utility costs due to additional costs with High-Rise buildings, but also believe they can achieve economies of scale due to the size, and possibly lower costs.

Income sources other than residential rent?..... ☐ YES ☒ NO

No rental assistance is listed in the application.

Expected vacancy rate

5% residential vacancy rate. This is appropriate to similar projects.

Management fees

On-site \$632,859 and Off-site \$216,753 budgeted for this project seem appropriate.

Overhead/administrative charges

Costs seem appropriate for this project.

Replacement & operating reserve payments

Replacement reserves in year one is \$40,250, \$350 per unit per year, and escalate 3% each year.

Operating reserves is \$942,192. Plymouth's budget included 6 months of operating reserves and one year of replacement reserves.

No issues with amounts budgeted for reserves.

If TOD project, are TOD loan repayment terms included in proforma? ☐ YES ☐ NO ☒ N/A

Proposed rent subsidies? ☐ YES ☒ NO

The project is not requesting rental subsidies in this application.

4B. PROPERTY MANAGEMENT

Property Management Plan

Plymouth Housing will take on the property management of the 9% building. The ground floor will include space for property management for Plymouth and Bellwether. All Property Management and Social Services staff at the building will be employees of Plymouth Housing.

Madison/Boylston will be owned and managed under a condominium association. The association manager has yet to be selected, but once selected, that agency will coordinate an annual condo budget and facilitate the cooperative management of the building for building-wide maintenance contracts and common area maintenance contracts. Given the scale of the building and necessity of coordinated management of certain systems, Bellwether and Plymouth will work to identify where they can achieve efficiencies to optimize staffing and maintenance costs.

Plymouth will manage the tenants and building maintenance of the first 4 residential floors, and be responsible for the qualification of tenants, staffing the building, supporting tenants, providing maintenance, and completing funder reports. The building manager will have overall responsibility for building management, security, unit turns, and light maintenance. The building coordinator and building assistants will work staggered hours and monitor building security and safety into the evening, and provide back-up responsibility for leasing, rent collection and tenant income-recertification.

There will be an on-site janitor and maintenance crew support. Higher level maintenance needs will be addressed by Plymouth's nine-person maintenance team which includes skilled plumbers, electricians, painters, and carpenters. Capital budgeting and capital improvements will be overseen by Plymouth's Facilities Director. The property management staff will also have access and support from Plymouth's central staffing for Compliance and Accounting Managers.

Services at the building will be provided by Housing Case Managers, who offer information and referral to community resources and respond to the tenants during times of need, which even the most stable tenants experience from time to time.

4C. SERVICE MODEL & FUNDING ANALYSIS

Project seeking subsidies or operating funds for services? ☒ YES ☐ NO

Service Funding		
Funder	Type of Fund	Amount
Operating Subsidies	Grant	\$2,140,398

Requests for service funding feasible? ☐ YES ☒ NO

Project competitive for ORS funding? ☒ YES ☐ NO

Plymouth cannot operate the building and properly serve the intended target population of Madison/Boylston without the full service/operating funding requested in the application.

County services team has reviewed the ORS request and deems the project suitable for partial services funding. The balance needed will need to come from the City of Seattle.

Plymouth intends to utilize other service resources, such as Site-Based Care Coordination by working with partners, DSHS-ALISA, DESC and Full-Life Care. Plymouth partners with Kelley Ross pharmacy for senior medication education and naloxone access. Plymouth is coordination with the Queen Ann Food Bank to implement a food delivery system to tenants who have barriers accessing their food bank.

Plymouth is exploring the possibility of utilizing a Medicaid funded Supportive Housing benefit, as part of the Medicaid Transformation Demonstration. This has the potential to bring additional resources into the project, but it is of limited scope and uncertain longevity. Private fundraising supports many critical administrative and finance functions that Plymouth requires to continue to build and operate permanent supportive housing and permanent housing for individuals who are formerly homeless.

King County will require Plymouth to consider applying to Foundational Community Support (FCS) to received service dollars to possibly reduce the ask of ORS to the County.

4C. REFERRALS & MARKETING PLAN

CEA participant? ☒ YES ☐ NO

Referrals/marketing

Plymouth currently expects that all units will be filled through the operation of CEA in King County, and through applicant referral agreements with service agencies that provide services to chronically homeless adults with disabilities. The referral agreements are executed only with qualified 501(c)3 and public entities with explicit policies prohibiting discrimination against members of protected classes identified above. Plymouth no longer operates a waitlist or directly accept self-referred applicants due to the change in County-wide coordination efforts.

Plymouth annually notifies the Seattle Housing Authority, shelters and transitional housing programs throughout King County, and area social services providers of the availability of housing units in all its properties. Plymouth advertises the availability of its units in mailing as well as in online and print publications of general circulation.

Referrals/ marketing plan seems appropriate.

V. MARKET DEMAND ANALYSIS & COMPATIBILITY WITH FUNDING PRIORITIES

5A. MARKET DEMAND

Market study required? ☒ YES ☐ NO ☐ N/A

Market study conducted? ☒ YES ☐ NO ☐ N/A

Date conducted..... January 18, 2019

Project set-asides? ☒ YES ☐ NO

112 Units at 30% AMI. Project intends to serve seniors age 55 and over, equipped to serve veterans, individuals with mental illness, and individuals with physical disabilities.

Capture rate..... 1.3% - 5.3%

Penetration rate.....

Lease-up/absorption rate..... 15-30 units per month

Notable findings

No notable findings. Study states; Demand is high for affordable housing in the market as rents continue to outpace income growth. Based on the market demand for affordable housing, concluded market rate rents and projected restricted rents, the project is viable.

5B. FUNDING PRIORITIES

This project meets the following 2019 King County RFP priorities:

Homeless/Extremely Low-Income/Affordable Housing

- ☒ Units are set-aside for homeless individuals and families and participate in CEA
- ☒ The proposed project serves special needs population such as (but not limited to) households with a member with mental illness, is disabled and/or developmentally disabled, also experiencing homelessness
- ☒ The proposed project provides access to case management and behavioral health services
- ☒ The proposed project leverage other resources for both the construction and operations of the project, including social services expenses

System-connected housing

- ☒ The proposed project will be **veteran housing**, serving veterans and their family members; the project expects to receive referrals from King County or a King County-approved agency
- ☒ The proposed project will be **housing for seniors and their caregivers**; the project expects to receive referrals from King County or a King County-approved agency
- ☒ The proposed project will serve **seniors who are also veterans** or military services members

VI. SPONSOR CAPACITY

6A. PORTFOLIO & PERFORMANCE

of sponsor projects in King County portfolio.... 8

How have these KC projects performed?

Asset Management did not see any issues in Plymouth's project performance.

6B. PIPELINE & DEVELOPMENT CAPACITYDoes the sponsor have other projects under construction and/or under development? ... ☒ YES ☐ NO

of projects under construction.....

2

Projects under construction or development		
Project Name	Location	Brief description
501 Rainer Supportive Housing	Seattle	Permanent Supportive Housing in Seattle. 105 units. Under construction, expected completion date Spring 2020.
K Site Affordable Housing	Seattle	Affordable Housing in Seattle. 92 units. In predevelopment. Expected completion date March 2021.

of projects under development.....

0

How is the sponsor staffed to handle multiple projects?

Plymouth and Bellwether have a fully staffed real estate development team with many years of experience. Plymouth plans to development many housing projects in the next few years. In order to meet their housing goals. The agency has appropriately staffed their team to meet the extra work that will come with the development of more projects.

6C. FINANCIAL SOUNDNESSKing County Fiscal Team audit showed no findings and/or corrective plan required? ☒ YES ☐ NOSponsor's financial audits consistently clear, steady, & revealed no material weaknesses? .. ☒ YES ☐ NOOperating cash provides appropriate levels of liquidity for operations? ☒ YES ☐ NOPortfolio maintains strong debt ratios? ☒ YES ☐ NO

Other notable audit findings.

The last 3 years of Plymouth's organizational financial audits have been consistently clean and steady, with an organizational increase in reserves from fundraising, every year. No notable audit findings.

6D. EQUITY & SOCIAL JUSTICE

DCHS Equity & Inclusion Review Score.....

10

In an effort to expand and integrate equity & social justice frameworks to the HFP proposal review process, applicants were asked to respond to five supplemental questions that both assessed their familiarity with King County's Equity & Social Justice Strategic Vision and validated their commitment to addressing root causes of housing inequity. Under the assessment of DCHS' Equity & Inclusion Manager, applicants were provided a final score using the following rating system:

Exceeds ESJI Expectations: 10 points

Meets ESJI Expectations Fully: 7.5 points

Meets ESJI Expectations Minimally: 5 points

Does not meet ESJI Expectations: <5 Points

Plymouth Housing scored a total of 10 points, indicating that the agency exceeds ESJI expectations.

It should be noted that though the intent of the ESJ review was to provide an understanding of the applicant's commitment to equity & inclusion, the responses to the supplemental questions were ultimately a self-assessment; responses to the supplemental questions, framed mainly to capture the integration and operationalization of equity within agency composition, engagement, and procedures, provide the *applicant's* biased perspective and may not be reflective of King County's knowledge/opinion.

VII. SUMMARY

Staff recommends funding of Plymouth's Madison/Boylston project. Plymouth submitted a solid proposal to build 112 (115 total) units of permanent supportive housing for formerly homeless seniors, age 55 and over, whose income is at 30% AMI and below. Plymouth is also equipped to serve veterans, individuals with mental illness, and individuals with physical disabilities. Plymouth will work with Bellwether on developing this all affordable housing high-rise in Seattle's high-opportunity First Hill neighborhood. Project site was awarded to the agencies by Sound Transit through a competitive RFP process at no costs with the requirement that affordable housing be built on site.

Housing Finance Program

2019 Capital Funding – Affordable Housing RFP

Project Memo

I. OVERVIEW

1A. PROJECT INFO

Sponsor/owner.....	Multi Service Center (MSC)
Development consultant.....	Robin Corak and Len Brannen
Project name.....	Redondo Heights TOD
Project location.....	27606 Pacific Highway South, Federal Way, 98003

1B. PROJECT COST

Total development cost.....	\$88,844,866
Cost per residential unit.....	\$341,711
King County Funds requested.....	\$7,000,000
Cost per KC-funded unit.....	\$26,923

Project applied for funding in prior rounds..... ☒ YES ☐ NO

Project eligible for TOD Funds..... ☒ YES ☐ NO

II. PROJECT DESCRIPTION

2A. HOUSING MODEL

# of units.....	260
-----------------	-----

Target population..... ☒ VSHSL - Seniors ☐ VSHSL - Veterans ☐ MIDD ☒ Other

Unit distribution - Income

UNITS – INCOME DISTRIBUTION	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI
# of Units	28	0	30	140	62

Unit distribution – Bedrooms

UNITS – BEDROOM DISTRIBUTION	Studio	1BR	2BR	3BR	4BR	MGR
# of Units	6	74	126	54	0	2

Permanent supportive housing? ☐ YES ☒ NO

Coordinated Entry for All (CEA) participation?.... ☐ YES ☒ NO

Community Spaces..... ☒ YES ☐ NO

Community Spaces include: Secured and covered Bike Storage; Fitness Center; common area with a classroom for the residents and a computer center and study area; and community garden and dog wash station. Supportive service program areas and offices will also be located in this facility.

Resident Services..... ☒ Referral Services ☐ Counseling ☐ Medical Services ☐ Financial Assistance

MSC will provide basic services linking residents to resources as needed including: information related to education, employment, housing, health, transportation, food, etc. MSC currently provides a variety of programs and services that will be available to eligible residents including but not limited to rent assistance, utility assistance, GED classes, youth and young adult supports, assistance applying for public benefits, and food and clothing. Group workshops like hiring events, resume and interview workshops, youth engagement activities, nutritional education and cooking classes will also be available to residents. These services will be funded out of project cash flow.

2B. PROJECT, SITE, & LOCALITY CHARACTERISTICS

Project type..... ☒ New Construction ☒ Rehabilitation ☐ Acquisition

Infrastructure

Building height (# of floors).....

Construction type..... ☒ Wood Frame ☐ Steel Construction ☐ Combo

Construction begins.....

Construction period.....

Evergreen Sustainable Design Std. (ESDS) Score.....

ESDS score sufficient for development in WA?.. ☒ YES ☐ NO

Development Processes

Project location/city.....

Is zoning compatible?..... ☒ YES ☒ NO

Silver Shadows is an existing development but Redondo Heights (new construction) is in need of a rezone for the proposed New Construction phase (5 acres) of the project. The rezone is underway with the City of Federal Way. In order for the re-zone to be approved road access must be created to link the properties together. City Staff have viewed the proposed solution favorably and it is believed that the rezone will be approved in the first quarter of 2020.

Challenges in development?..... ☒ YES ☐ NO

The most significant challenge has been providing adequate access to the site. However, with the acquisition of Silver Shadows (adjacent to the west of the Redondo Heights 5 acre property), MSC will be able to provide direct access to Pacific Highway for all units. In discussions with the City of Federal Way, this access should be sufficient given specific site layout which proposes a drive through loop solution.

Neighborhood

Describe the neighborhood..... ☒ Single Family ☒ Multifamily ☐ Commercial ☐ Mixed-use

The project is located within ½ mile distance parameters from the proposed 272nd Star Lake Link Station and other neighborhood amenities including a Safeway, Bartell Drugs, public library, Chase Bank, Bank of America, various eateries, LA Fitness, and a number of other retail stores. With easy access north and south, the property has access to many local shopping necessities and area amenities. In addition to the proposed park and ride, the Redondo Heights Park & Ride and Metro's Rapid Ride A-Line is located just to the north of the property.

TOD project?..... ☒ YES ☐ NO

o ½ mile to high capacity transit?..... ☒ YES ☐ NO

o Multi-modal?..... ☒ YES ☐ NO

o Walk score.....

62

o Close proximity to community resources and/or services? ☒ YES ☐ NO

The project is somewhat walkable, scoring a 62 walk score. Existing transit score is low at 39 and the area is considered bikable. However, the project is located within ½ mile distance parameters from the proposed 272nd Star Lake Link Station.

Nonresidential

Proposed commercial spaces?..... ☐ YES ☒ NO

Parking requirements?..... ☒ YES ☐ NO

421 Parking Stalls, all above ground. Seems high for 260 units, but most are existing.

Environmental Properties

Soil report findings

Geotech Study is forthcoming. Only info is wetlands survey.

Environmental concerns

None identified.

Proposed feasible mitigation measures (in budget) to address issues?..... ☐ YES ☒ NO

Development Incentives & Restrictions

Development incentive programs in project location?..... ☐ YES ☐ NO

Unknown.

Restrictions in development?..... ☒ YES ☐ NO

Check Parking issue identified above.

Benefits to community (besides affordable housing)?..... ☒ YES ☐ NO

MSC office.

2C. ROLES & RESPONSIBILITIES

Project development consultant? ☒ YES ☐ NO

MSC is the project sponsor / owner and SRI is the developer. SRI has a long and successful history of affordable housing development across Washington State. The organization currently has one development in its pipeline, scheduled for completion by the end of April, 2020. This proposal appears to be well within the capacity of SRI.

MSC has ten housing projects within the Housing Finance Program portfolio. As of December 2018, King County asset management staff report no issues with site-inspections, and MSC submits timely reports. As of December, 2018, a review of MSC's annual reports outlining operating expenses, rental income, subsidies, vacancy rates, net operating income, net cash flow, management costs, and reserve accounts show no issues of concern.

General contractor selection process

The project will use an RFQ process for the selection of a General Contractor. The selected Contractor will then enter into a pre-construction agreement with the owner to work with the design team to formalize pricing with the owner and the design team. The formalized pricing will include Contractor Design Build MEP, Life Safety, CCTV, and, low Voltage systems, etc. A stipulated sum Construction Contract will then be utilized.

Who will manage construction?

Len Brannen, President and sole shareholder of Shelter Resources, Inc will be the principal link between construction and management activities and passive corporate or individual limited partner investors in the project partnership. SRI developer Corey Baldwin has 10 years' experience in affordable housing resulting in the acquisition and preservation of over 1,000 affordable housing units across the country. Mr. Baldwin will oversee construction with architects, contractors and funders.

Who will manage property after construction?

It is anticipated that Cirrus Asset Management will be hired to manage the property. Dan Gavin oversees Cirrus' affordable housing department and holds both the C3P and HCCP designations. In addition, he previously worked with the Cesar Chavez Foundation, which focused on high-quality affordable housing. The company appears to have extensive experience in managing Low Income Housing Tax Credit Projects including six properties in Washington State in for properties in other areas of the U.S.

Is sponsor a Community Housing Development Organization (CHDO)?..... ☐ YES ☒ NO

III. DEVELOPMENT BUDGET ANALYSIS

3A. SOURCES & USES

Total development cost.....	\$88,444,866
Cost per square foot.....	\$384
King County Funds (KCF) requested.....	\$7,000,000
% of total development cost.....	8%

Does request deviate from HFP guidelines? ☐ YES ☒ NO

Sources of funding

Source	Amount	Proposed or Committed?
Perm HUD D4	\$43,370,000	Proposed

King County TOD	\$7,000,000	Proposed
Deferred Development Fee	\$7,578,805	Proposed
NOI During Construction	\$3,422,855	Proposed
LIHTC Equity	\$27,473,206	Proposed
Total	\$88,444,866	

Will federal wages be triggered?..... ☒ YES ☐ NO

HUD 221 4D loan which requires Davis Bacon.

Does project exceed TDC limits?..... ☐ YES ☒ NO

The Project is about 7.5% lower than TDC cost limits.

Proposed use of funds compatible with King County requirements?..... ☒ YES ☐ NO

Yes, pending confirmation from Metro and Sound Transit concerning light rail.

3B. COST EFFECTIVENESS

Appraisal, Acquisition, & Construction

Site's Appraised Value..... \$19,250,000

Appraisal value greater than (or equal to) acquisition costs?..... ☐ YES ☒ NO

Developer fee..... 12%

Total Developer Fee is being loaned back to the project as deferred developer fee Need Appraisal on Silver Shadows.

Other fees (architecture, engineering, consulting) reasonable?..... ☒ YES ☐ NO

Yes.

Third-Party Report

Notable departures in construction costs with comparable projects?..... ☐ YES ☒ NO

The 3rd party reviewer states the construction budget appears reasonable and appropriate but notes roof shingle replacement is noted in the CNA as needing to occur very soon. No budget line item is in the renovation estimate for roof replacement.

Suggestions to revisions in project design or project team?..... ☐ YES ☒ NO

--

Competitiveness of projects as compared to other-like projects

The project competes well in terms of estimated costs.
--

Appropriateness of contingency

May be able to get by with 5% construction contingency although all of the developer fee is tied up by being deferred.
--

3C. FINANCING

How will construction be financed? ☒ Construction Loan ☒ LIHTC ☒ Bonds ☒ Other

King County Loan amount.....

\$7,000,000 or less if VSHSL

Loan term.....

50 year

Loan interest rate.....

1%

Amortization period.....

Interest Only

Preliminary letters of interest and/or uncommitted funds? ☒ YES ☐ NO

LIHTC Project

Proposed use of LIHTC?..... ☒ YES ☐ NO

Projected LIHTC pricing.....

\$0.95

4% LIHTC self-score.....

71

9% LIHTC self-score.....

N/A

How does pricing and self-scores compare to comparable projects?

Self-score could be on the low end of passing.
--

Debt & Contributions

Amount of private debt proposed.....

\$21,656,936.25 (Silver Shadow) + \$21,713,064 (New)
--

Is debt coverage sufficient?..... ☐ YES ☒ NO

Can project support additional debt?..... ☒ YES ☐ NO

--

Sponsor contributions? ☒ YES ☐ NO

Deferred Developer Fee

Proposed fundraising? ☐ YES ☒ NO

IV. PROJECT SERVICES & OPERATIONS

4A. OPERATING PRO FORMA

Operating expense total..... \$697,712.35 Silver Shadows 627,000 New units

Operating expense per unit..... \$5,285 Silver Shadows \$4,823 New units

Rent schedule

Rent schedule meets affordability standards.

Rents within HOME rent limits?..... ☒ YES ☐ NO

Utility allowance schedule.

Utility allowances appear reasonable for each bedroom size.

Income sources other than residential rent?..... ☐ YES ☒ NO

Expected vacancy rate

5%

Management fees

Management Fees seem reasonable, overall operating expenses appear to achieve economy of scale.

Overhead/administrative charges

Overhead seems reasonable, overall operating expenses appear to achieve economy of scale.

Replacement & operating reserve payments

Operating reserve is capitalized at \$1,262,127 and replacement reserves at \$52,400. These numbers may shift pending investor requirements.

If TOD project, are TOD loan repayment terms included in proforma? ☐ YES ☒ NO ☐ N/A

Proposed rent subsidies? ☒ YES ☐ NO

7 Section 8 Vouchers.

4B. PROPERTY MANAGEMENT

Property Management Plan

It is anticipated that Cirrus Asset Management will be hired to manage the property. Dan Gavin oversees Cirrus' affordable housing department and holds both the C3P and HCCP designations. In addition, he previously worked with the Cesar Chavez Foundation, which focused on high-quality affordable housing. The company appears to have extensive experience in managing Low Income Housing Tax Credit Projects including six properties in Washington State in for properties in other areas of the U.S The company will employ one Manager, One Assistant manager, one Maintenance Super, one Assistant Maintenance, and one Porter on site.

4C. SERVICE MODEL & FUNDING ANALYSIS

Project seeking subsidies or operating funds for services? ☐ YES ☒ NO

Service Funding		
Funder	Type of Fund	Amount

Requests for service funding feasible? ☒ YES ☐ NO

Project competitive for ORS funding? ☐ YES ☒ NO

MSC will provide a basic level of services to help tenants maintain their housing.

4C. REFERRALS & MARKETING PLAN

CEA participant? ☐ YES ☒ NO

Referrals/marketing

Marketing and tenant selection process appear to be adequate.

V. MARKET DEMAND ANALYSIS & COMPATIBILITY WITH FUNDING PRIORITIES

5A. MARKET DEMAND

Market study required? ☒ YES ☐ NO ☐ N/A

Market study conducted? ☒ YES ☐ NO ☐ N/A

Date conducted..... September 9, 2019

Project set-asides? ☐ YES ☒ NO

--

Capture rate..... 2.17%

Penetration rate..... 2.2%

Lease-up/absorption rate..... .76%

Notable findings

Per the Market study the absorption rate indicates a tremendous level of unmet demand that will still exist even with the Subject entering the market.

5B. FUNDING PRIORITIES

This project meets the following 2019 King County RFP priorities:

Transit-Oriented Development

- ☒ Project leverages present and future public investment in transit infrastructure and is within ½ mile of a high capacity transit station

VI. SPONSOR CAPACITY**6A. PORTFOLIO & PERFORMANCE**

of sponsor projects in King County portfolio.... 10

How have these KC projects performed?

Asset management confirms compliance.

6B. PIPELINE & DEVELOPMENT CAPACITYDoes the sponsor have other projects under construction and/or under development? ... ☒ YES ☐ NO

of projects under construction..... 1

Projects under construction or development		
Project Name	Location	Brief description
College Glen Apartments	Lacey, WA	164 units to be completed in April, 2020

of projects under development..... 1

How is the sponsor staffed to handle multiple projects?

SRI has a long and successful history of affordable housing development across Washington State. The organization currently has one development in its pipeline, scheduled for completion by the end of April, 2020. This proposal appears to be well within the capacity of SRI.

6C. FINANCIAL SOUNDNESS

King County Fiscal Team audit showed no findings and/or corrective plan required? ☒ YES ☐ NO

Sponsor's financial audits consistently clear, steady, & revealed no material weaknesses? .. ☒ YES ☐ NO

Operating cash provides appropriate levels of liquidity for operations? ☒ YES ☐ NO

Portfolio maintains strong debt ratios? ☒ YES ☐ NO

Other notable audit findings.

No audit findings

6D. EQUITY & SOCIAL JUSTICE

DCHS Equity & Inclusion Review Score.....

10

In an effort to expand and integrate equity & social justice frameworks to the HFP proposal review process, applicants were asked to respond to five supplemental questions that both assessed their familiarity with King County's Equity & Social Justice Strategic Vision and validated their commitment to addressing root causes of housing inequity. Under the assessment of DCHS' Equity & Inclusion Manager, applicants were provided a final score using the following rating system:

Exceeds ESJI Expectations: 10 points

Meets ESJI Expectations Fully: 7.5 points

Meets ESJI Expectations Minimally: 5 points

Does not meet ESJI Expectations: <5 Points

MSC scored a total of 10 points, indicating that the agency exceeds ESJI expectations.

It should be noted that though the intent of the ESJ review was to provide an understanding of the applicant's commitment to equity & inclusion, the responses to the supplemental questions were ultimately a self-assessment; responses to the supplemental questions, framed mainly to capture the integration and operationalization of equity within agency composition, engagement, and procedures, provide the *applicant's* perspective and may not be reflective of King County's knowledge/opinion.

VII. SUMMARY

Staff recommends funding at the requested amount. MSC and SRI have been working on this project for three years. They have a good understanding of rehabilitation costs and the project is within their capacity. The project will provide 262 units of housing, 132 existing and 130 new construction in South King County. The project is ½ mile from a proposed light rail station and it makes sense to purchase this property now as the cost of acquisition will likely rise as light rail extends to the area. Funding should be conditioned upon receiving an updated appraisal and geotechnical report.

Housing Finance Program

2019 Capital Funding – Affordable Housing RFP

Project Memo

I. OVERVIEW

1A. PROJECT INFO

Sponsor/owner.....	DESC
Development consultant.....	Michele Morlan
Project name.....	DESC Hobson Place – Phase 2
Project location.....	1923 22nd Ave South, Seattle

1B. PROJECT COST

Total development cost.....	\$32,212,980
Cost per residential unit.....	\$353,989
King County Funds requested.....	\$1,295,500
Cost per KC-funded unit.....	\$14,236

Project applied for funding in prior rounds..... ☒ YES ☐ NO

Project eligible for TOD Funds..... ☐ YES ☒ NO

II. PROJECT DESCRIPTION

2A. HOUSING MODEL

# of units.....	91
-----------------	----

Target population..... ☒ VSHSL - Seniors ☐ VSHSL - Veterans ☒ MIDD ☒ Other

Unit distribution - Income

UNITS – INCOME DISTRIBUTION	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI
# of Units	91	0	0	0	0

Unit distribution – Bedrooms

UNITS – BEDROOM DISTRIBUTION	Studio	1BR	2BR	3BR	4BR	MGR
# of Units	91	0	0	0	0	0

Permanent supportive housing? ☒ YES ☐ NO

Coordinated Entry for All (CEA) participation?.... ☒ YES ☐ NO

DESC works with the Coordinated Entry system as part of King County's implementation of Coordinated Entry for All (CEA). The VI-SPDAT has been mandated as the common assessment and triage tool, and housing placements will be allocated based on the duration of homeless and the individual's VI-SPDAT score. All units will be filled through CEA referral, no project waitlist will be established or maintained. DESC has a dedicated Housing Placement Manager position to ensure positive housing outcomes with the CEA and this dedicated FTE allows DESC to be responsive to matching housing with the need.

Community Spaces..... ☒ YES ☐ NO

The proposal consists of 4 floors of 92 studio units built over three floors of Integrated Behavioral/Primary Healthcare Clinic. The Plum Street PSH will be a distinct Low Income Housing Tax Credit and the health clinic will be a separate commercial condominium, owned by DESC and jointly operated with Harborview Medical Center. The Clinic will be funded separately from the housing.

Resident Services..... ☒ Referral Services ☒ Counseling ☒ Medical Services ☐ Financial Assistance

DESC employs a Housing First approach: tenants participate in case management to the best of their abilities and at a pace that they can tolerate. Under the Housing First model, new service components are introduced when the client shows that she or he is ready to become further engaged. Services will be delivered onsite in tenant apartments, in DESC offices onsite, or in the case of group activities such as community meals and discussion groups, in the community rooms. As appropriate, some services will be delivered offsite.

All tenants will have access to the Integrated Health Clinic that is co-located on this site. DESC mental health, Substance Use Disorder, and supported employment teams will have a presence and be fully integrated with Harborview Medical Center staff to provide comprehensive care.

2B. PROJECT, SITE, & LOCALITY CHARACTERISTICS

Project type..... ☒ New Construction ☐ Rehabilitation ☐ Acquisition

Infrastructure

Building height (# of floors).....

Construction type..... ☒ Wood Frame ☒ Steel Construction ☐ Combo

Construction begins.....

Construction period.....

Evergreen Sustainable Design Std. (ESDS) Score.....

ESDS score sufficient for development in WA?.. ☒ YES ☐ NO

Development Processes

Project location/city..... **Seattle**

Is zoning compatible?..... ☒ YES ☐ NO

DESC will build 92 units of permanent supportive housing adjacent and connected to the existing Phase 1 building which includes 85 units. The 92 residential units will feature kitchenettes with full size refrigerators, electric range and range hood with timed auto shut-off and stainless sinks. Baths will include a shower/tub combination in all non-ADA units, showers with low curbs in ADA units, resilient sheet vinyl flooring with coved base and floor drains in all bathrooms.

Challenges in development?..... ☐ YES ☒ NO

None Identified.

Neighborhood

Describe the neighborhood..... ☐ Single Family ☐ Multifamily ☐ Commercial ☒ Mixed-use

The site is located in a mixed-use neighborhood. See below for more details on amenities in the neighborhood.

TOD project?..... ☐ YES ☒ NO

o ½ mile to high capacity transit?..... ☒ YES ☐ NO

o Multi-modal?..... ☒ YES ☐ NO

o Walk score.....

56

o Close proximity to community resources and/or services? ☒ YES ☐ NO

The site is located in the North Rainier HUB Urban Village, a rapidly redeveloping area in close proximity to transit and amenities but is not eligible for TOD funds due to serving people with incomes below 30 percent median. The site's proximity to Rainier Avenue connects it to several major bus routes, as well as the light rail station to the south (Mt. Baker Station is 0.8 miles) and soon to the East Link light rail station that will be built about .25 miles to the north. Food access in the area includes the Rainier Produce & Farmers Market 0.2 miles south, a QFC grocery store 0.5 miles to the south on Rainier; a 7-Eleven located a half block away; several fast food restaurants with 2-5 blocks. A Bartell's pharmacy is located 0.4 miles away on Rainier Avenue.

Nonresidential

Proposed commercial spaces?..... ☒ YES ☐ NO

The residential units will be built above a three-story integrated Behavioral Health and Primary Care Clinic that will be jointly operated by DESC and Harborview Medical Center (HMC). The Clinic will be accessible to the public but will primarily serve their shared client/patient base, including adults living with severe health and behavioral health or substance use challenges whose needs are not met by the broader healthcare delivery system. The clinic will include ground floor lobby area with central reception, financial/benefits counselor offices, pharmacy and consult rooms for quick access by DESC and HMC staff. An open stairway will draw patients up to the second floor where DESC and HMC staff will work alongside one another, seeing clients in exam and consult rooms to provide seamless healthcare delivery. The second floor will also include laboratory, procedure rooms and other support staff areas as well as group meeting rooms of varying sizes, while the third floor will provide additional office space for DESC and HMC staff and consult/meeting rooms for client support.

Parking requirements?..... ☒ YES ☐ NO

One level of structured below grade parking is being provided for clinic staff whose primary responsibilities include outreach and services to homeless and formerly homeless people throughout King County. The below-grade parking structure will also accommodate the required bicycle parking for the residential units.

Environmental Properties

Soil report findings

Soils report confirms the site is buildable as was Phase 1 adjacent to the proposed development.

Environmental concerns

Phase 1 noted the potential for soil gasses and recommended a Phase II which was completed and confirmed that there was no such issue.

Proposed feasible mitigation measures (in budget) to address issues?..... ☐ YES ☒ NO

NA

Development Incentives & Restrictions

Development incentive programs in project location?..... ☐ YES ☒ NO

Unknown.

Restrictions in development?..... ☐ YES ☒ NO

Benefits to community (besides affordable housing)?..... ☒ YES ☐ NO

A three-story integrated Behavioral Health and Primary Care Clinic that will be jointly operated by DESC and Harborview Medical Center (HMC) will provide the community with a full array of primary care, intensive behavioral health and substance use treatment and other services.

2C. ROLES & RESPONSIBILITIES

Project development consultant? ☒ YES ☐ NO

DESC hired Lotus Development Partners as development consultant. Lotus Principal Michelle Morlan has over 25 years of experience in development, finance and project management for affordable housing of all types, as well as a wide array of community facility, mixed use, commercial and other development. She has been a lead project manager on more than 40 projects over the past 12 years, including large scale and highly specialized projects that involve multiple complex financing sources. Development Project Manager, JoAnna Martin, has over 25 years of real estate development, project management and architectural design experience, and is well-versed in multiple affordable housing financing mechanisms as well as design and construction oversight for traditional, mixed-use and special needs multifamily developments. At Lotus, JoAnna leads development teams through site assessment, procurement, financing, design, permitting and construction processes. Lotus team member MJ Kiser has directly overseen the development of eight major development projects for Compass Housing Alliance. She brings the perspective of an owner/developer of homeless housing and services, complementing DESC's experience as an informed owner in the design process.

General contractor selection process

DESC procured Walsh Construction as the general contractor for this phased development in October 2018, through a solicitation process (Request for Qualifications), where pre-qualified firms were identified. Interested firms submitted their qualifications including examples of similar clients, similar types of development, compliance with public funding contract requirements and other qualifications specific to construction of supportive housing and healthcare clinics. In addition, DESC evaluated qualifications along with other criteria detailed in the solicitation, including the ability of the GC team to work collaboratively with the owner's team and experience working with nonprofit clients on similar projects in Seattle.

Gathering specific business terms to prequalify the GC enables the project team to identify the firm that meets DESC's required and desired qualifications as well as the team whose business terms align with the overarching goal of achieving efficiencies across all project areas to promote a cost effective, durable project that maximizes operating efficiencies for DESC over its useful life. **Walsh Construction was identified through this process as the best-qualified GC firm and DESC notified them of their selection.**

Contractor Design Services (Preconstruction) Agreement during Design Phase:

It is DESC's practice to execute a preconstruction services agreement with the selected GC, for the duration of the design phase. In DESC's experience, involving a GC early yields greater accuracy of cost estimating since the GC can be involved throughout the design phase to consult on constructability. This early involvement reduces the potential for costly change orders related to building systems during construction.

Who will manage construction?

Brad Reuling, Construction Manager, assists with construction administration. Brad has over 20 years of construction management experience, primarily in large multi-use, multi-family residential, and condominium projects.

Who will manage property after construction?

DESC will manage the property. More information is provided in the Property Management Plan section.

Is sponsor a Community Housing Development Organization (CHDO)?..... ☐ YES ☒ NO

III. DEVELOPMENT BUDGET ANALYSIS

3A. SOURCES & USES

Total development cost.....	\$32,212,980
Cost per square foot.....	\$619
King County Funds (KCF) requested.....	\$1,295,000
% of total development cost.....	.04%

Does request deviate from HFP guidelines? ☐ YES ☒ NO

Sources of funding

Source	Amount	Proposed or Committed?
9% LIHTC Equity	\$19,108,372	Proposed
City Of Seattle OH	\$6,371,083	Committed
Seattle City Light	\$332,000	Proposed
King County	\$1,295,500	Proposed
FHLB	\$750,000	Committed
HTF	\$3,000,000	Proposed
HTF UHEE	\$1,356,026	Proposed
Total	\$32,212,980	

Will federal wages be triggered?..... ☐ YES ☒ NO

Does project exceed TDC limits?..... ☒ YES ☐ NO

The Project is about 18% (\$2.6M) higher than TDC cost limits possibly due to the pursuit of funds for Ultra-Efficient Affordable Housing.

Proposed use of funds compatible with King County requirements?..... ☒ YES ☐ NO

3B. COST EFFECTIVENESS

Appraisal, Acquisition, & Construction

Site's Appraised Value..... \$5,070,000

Appraisal value greater than (or equal to) acquisition costs?..... ☒ YES ☐ NO

Developer fee..... 3%

Other fees (architecture, engineering, consulting) reasonable?..... ☒ YES ☐ NO

Third-Party Report

Notable departures in construction costs with comparable projects?..... ☐ YES ☒ NO

None identified.

Suggestions to revisions in project design or project team?..... ☐ YES ☒ NO

None identified.

Competitiveness of projects as compared to other-like projects

None identified as third-party report chose not to comment on estimates with a lack of backup documentation available to compare.

Appropriateness of contingency

May be able to get by with 5% construction contingency although all of the developer fee is tied up by being deferred.

3C. FINANCINGHow will construction be financed? ☒ Construction Loan ☐ LIHTC ☐ Bonds ☐ Other

King County Loan amount..... \$1,259,000

Loan term..... 50 years

Loan interest rate..... 0%

Amortization period..... 50 Years Deferred

Preliminary letters of interest and/or uncommitted funds? ☒ YES ☐ NO**LIHTC Project**Proposed use of LIHTC?..... ☒ YES ☐ NO

Projected LIHTC pricing..... \$0.92

4% LIHTC self-score..... N/A

9% LIHTC self-score..... 177

How does pricing and self-scores compare to comparable projects?

Both score and pricing seem comparable to other projects.

Debt & Contributions

Amount of private debt proposed..... \$0

Is debt coverage sufficient?..... ☒ YES ☐ NOCan project support additional debt?..... ☐ YES ☒ NO
Sponsor contributions? ☐ YES ☒ NO
Proposed fundraising? ☐ YES ☒ NO
IV. PROJECT SERVICES & OPERATIONS**4A. OPERATING PRO FORMA**

Operating expense total..... \$1,033,086

Operating expense per unit..... **\$10,902**

Rent schedule

Extremely low rents at \$100 / month.

Rents within HOME rent limits?..... ☒ YES ☐ NO

Utility allowance schedule.

DESC pays utilities

Income sources other than residential rent?..... ☐ YES ☒ NO

Operating Personnel Subsidy and Service subsidy both seem unclear.

Expected vacancy rate

5%

Management fees

Management Fees appear reasonable.

Overhead/administrative charges

These costs appear reasonable.

Replacement & operating reserve payments

Capitalized at reasonable levels.

If TOD project, are TOD loan repayment terms included in proforma? ☐ YES ☒ NO ☒ N/A

Proposed rent subsidies? ☒ YES ☐ NO

Typically DESC projects rely on a combination or rental subsidies.

4B. PROPERTY MANAGEMENT

Property Management Plan

DESC will manage the property. The full Management Plan for Hobson Place will be finalized three months prior to opening and will include sections on the following three areas of priority: (1) program description and eligibility for the housing; (2) management and maintenance of the physical plant; and (3) client responsibilities, rules and regulations to continue residency at Hobson Place.

The Management Plan will include: the purpose of the supportive housing program; a description of the specific target population; tenant screening and selection process; and involvement of service partners or amenities unique to the project. The document also describes the management philosophy; a description of staff roles and responsibilities; a description of the facility; the building's security and emergency plans; a description of long-term maintenance plan. Tenant support information includes: the grievance procedure; house rules; criteria and processes leading to eviction; on-going community education and involvement; and on-site services.

4C. SERVICE MODEL & FUNDING ANALYSIS

Project seeking subsidies or operating funds for services? ☒ YES ☐ NO

Service Funding		
Funder	Type of Fund	Amount
ORS	Services	\$602,820
Mckinney	Services	\$75,819

Requests for service funding feasible? ☒ YES ☐ NO

Project competitive for ORS funding? ☒ YES ☐ NO

This permanent supportive housing is unique in that it will include three floors of Integrated Behavioral/Primary Healthcare Clinic. The Clinic will enable easy access to a full array of primary care, intensive behavioral health and substance use treatment and other services for residents and the broader population of homeless people in the community.

County's services team reviewed ORS request and deems it reasonable and likely to receive funding.

4C. REFERRALS & MARKETING PLAN

CEA participant? ☒ YES ☐ NO

Referrals/marketing

DESC works with the Coordinated Entry system as part of King County's implementation of Coordinated Entry for All (CEA). All units will be filled through CEA referral, no project waitlist will be established or maintained. DESC successfully utilized the CEA system to fully lease-up the Estelle and Clement Place projects and is adept in navigating the complexities of the program to ensure the target population is achieved for unit placement.

V. MARKET DEMAND ANALYSIS & COMPATIBILITY WITH FUNDING PRIORITIES**5A. MARKET DEMAND**Market study required? ☐ YES ☐ NO ☒ N/AMarket study conducted? ☒ YES ☐ NO ☐ N/ADate conducted..... **November 2015**Project set-asides? ☒ YES ☐ NO

None proposed but all units will be filled with most vulnerable including people with serious and persistent mental illness, co-occurring substance disorders and/or other physical health conditions

Capture rate..... **New study in process**Penetration rate..... **New study in process**Lease-up/absorption rate..... **New study in process**

Notable findings

5B. FUNDING PRIORITIES

This project meets the following 2019 King County RFP priorities:

Homeless/Extremely Low-Income/Affordable Housing

- ☒ Units are set-aside for homeless individuals and families and participate in CEA
- ☒ The proposed project serves special needs population such as (but not limited to) households with a member with mental illness, is disabled and/or developmentally disabled, also experiencing homelessness
- ☒ The proposed project provides access to case management and behavioral health services
- ☒ The proposed project leverage other resources for both the construction and operations of the project, including social services expenses

VI. SPONSOR CAPACITY**6A. PORTFOLIO & PERFORMANCE**# of sponsor projects in King County portfolio.... **5**

How have these KC projects performed?

Asset Management confirms conformance.

6B. PIPELINE & DEVELOPMENT CAPACITYDoes the sponsor have other projects under construction and/or under development? ... ☒ YES ☐ NO

of projects under construction.....

3

Projects under construction or development		
Project Name	Location	Brief description
Morrison Hotel Renovation	Seattle, WA	Renovation of existing project.
Bitter Lake Supportive Housing	Seattle, WA	85 Units to be completed this November
Bitter Lake Supportive Housing	Shoreline, WA	In Predevelopment Applied to us this Round.

of projects under development.....

1

How is the sponsor staffed to handle multiple projects?

DESC has hired Lotus Development Partners as development consultant. Lotus Principal Michelle Morlan has over 25 years of experience in development, finance and project management for affordable housing of all types, as well as a wide array of community facility, mixed use, commercial and other development.

6C. FINANCIAL SOUNDNESSKing County Fiscal Team audit showed no findings and/or corrective plan required? ☒ YES ☐ NOSponsor's financial audits consistently clear, steady, & revealed no material weaknesses? .. ☒ YES ☐ NOOperating cash provides appropriate levels of liquidity for operations? ☒ YES ☐ NOPortfolio maintains strong debt ratios? ☒ YES ☐ NO

Other notable audit findings.

Fiscal review showed no findings.

6D. EQUITY & SOCIAL JUSTICE

DCHS Equity & Inclusion Review Score.....

10

In an effort to expand and integrate equity & social justice frameworks to the HFP proposal review process, applicants were asked to respond to five supplemental questions that both assessed their familiarity with King County's Equity & Social Justice Strategic Vision and validated their commitment to addressing root causes of housing inequity. Under the assessment of DCHS' Equity & Inclusion Manager, applicants were provided a final score using the following rating system:

Exceeds ESJI Expectations: 10 points

Meets ESJI Expectations Fully: 7.5 points

Meets ESJI Expectations Minimally: 5 points

Does not meet ESJI Expectations: <5 Points

DESC Hobson Place scored a total of 10 points, indicating that the agency exceeds ESJI expectations.

It should be noted that though the intent of the ESJ review was to provide an understanding of the applicant's commitment to equity & inclusion, the responses to the supplemental questions were ultimately a self-assessment; responses to the supplemental questions, framed mainly to capture the integration and operationalization of equity within agency composition, engagement, and procedures, provide the *applicant's* perspective and may not be reflective of King County's knowledge/opinion.

VII. SUMMARY

Staff recommends funding at the requested amount. This is an exceptional proposal that integrates 92 units of permanent supportive housing while leveraging easy access to a full array of primary care, intensive behavioral health and substance use treatment and other services for residents and the broader population of homeless people in the community by partnering with Harborview Medical Center to incorporate a Clinic.

Phase 1 of the project is already underway and will soon be completed. This application represents Phase 2 and is submitted with almost all funds committed. It is rare that HFP receives a proposal as fully developed in both design, cost estimates and committed funds.

DESC is a leader in providing permanent supportive housing and their development consultant brings 25 years of experience to the project.

Housing Finance Program

2019 Capital Funding – Affordable Housing RFP

Project Memo

I. OVERVIEW

1A. PROJECT INFO

Sponsor/owner.....	Community Homes
Development consultant.....	N/A
Project name.....	Adult Family Home 8
Project location.....	Looking for site

1B. PROJECT COST

Total development cost.....	\$1,705,500
Cost per residential unit.....	\$341,100
King County Funds requested.....	\$858,500
Cost per KC-funded unit.....	\$171,500

Project applied for funding in prior rounds..... ☐ YES ☒ NO

Project eligible for TOD Funds..... ☐ YES ☒ NO

II. PROJECT DESCRIPTION

2A. HOUSING MODEL

# of units.....	1 home with 5 bedrooms
-----------------	------------------------

Target population..... ☐ VSHSL - Seniors ☐ VSHSL - Veterans ☐ MIDD ☒ Other

Unit distribution - Income

UNITS – INCOME DISTRIBUTION	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI
# of Units	5	0	0	0	0

Unit distribution – Bedrooms

UNITS – BEDROOM DISTRIBUTION	SRO	1BR	2BR	3BR	4BR	MGR
# of Units	0	5	0	0	0	2

Permanent supportive housing? ☐ YES ☒ NO

Coordinated Entry for All (CEA) participation?.... ☐ YES ☒ NO

Referrals come through the State- DDA.

Community Spaces..... ☒ YES ☐ NO

The 5 bedrooms for I/DDA clients would share a common living room and kitchen. The space for the live-in caregiver and their family would have a living room and kitchen area to be accessed only by the family.

Resident Services..... ☐ Referral Services ☐ Counseling ☒ Medical Services ☐ Financial Assistance

The home will have a live-in, full-time caregiver who provides support for activities of daily living, meal preparation, transportation, activities and recreation, medication management, behavioral supports, etc. These services are paid for via Medicaid, via DSHS/DDA/RCS.

2B. PROJECT, SITE, & LOCALITY CHARACTERISTICS

Project type..... ☐ New Construction ☒ Rehabilitation ☒ Acquisition

Infrastructure

Building height (# of floors)..... 1 or 2, SFH

Construction type..... ☒ Wood Frame ☐ Steel Construction ☐ Combo

Construction begins..... Dec 2020

Construction period..... 9 months

Evergreen Sustainable Design Std. (ESDS) Score..... N/A

ESDS score sufficient for development in WA?.. ☒ YES ☐ NO

Development Processes

Project location/city..... Somewhere on the Eastside

Is zoning compatible?..... ☒ YES ☐ NO

This project is the acquisition of a single-family home with remodeling. Zoning should not be an issue.

Challenges in development?..... ☐ YES ☒ NO

Locating a home that fits sponsor's program needs and budget

Neighborhood

Describe the neighborhood..... ☒ Single Family ☐ Multifamily ☐ Commercial ☐ Mixed-use

Single family homes on the eastside are typically in neighborhoods comprised entirely or mostly of other single-family homes.

TOD project?..... ☐ YES ☒ NO

o ½ mile to high capacity transit?..... ☐ YES ☒ NO

o Multi-modal?..... ☐ YES ☒ NO

o Walk score..... ☐ YES ☒ NO

N/A

o Close proximity to community resources and/or services? ☒ YES ☒ NO

SFH has not been selected yet; Community Homes would look for a home to remodel to house 5 DD adults plus a live-in caregiver and their family after funding has been secured.

Nonresidential

Proposed commercial spaces?..... ☐ YES ☒ NO

N/A

Parking requirements?..... ☐ YES ☒ NO

N/A

Environmental Properties

Soil report findings

N/A

Environmental concerns

N/A

Proposed feasible mitigation measures (in budget) to address issues?..... ☐ YES ☒ NO

N/A

Development Incentives & Restrictions

Development incentive programs in project location?..... ☐ YES ☒ NO

N/A

Restrictions in development?..... ☐ YES ☒ NO

N/A

Benefits to community (besides affordable housing)?..... ☒ YES ☐ NO

Greater awareness of the lives of and community contributions of DD adults.

2C. ROLES & RESPONSIBILITIES

Project development consultant? ☐ YES ☒ NO

No development team members have been selected, although conversations have started with Environmental Works (non-profit committed to socially and environmentally sustainable design) to be the architect for this project. There is \$50k budgeted for project management/developer consultant fees.

General contractor selection process

Community Homes will develop an RFP, solicit bids, develop evaluation criteria, and select a general contractor. Community Homes will utilize the WA State Office of Minority and Women's Business Enterprises to search for certified contractors and subcontractors.

Who will manage construction?

Community Homes would hire a General Contractor.

Who will manage property after construction?

Community Homes

Is sponsor a Community Housing Development Organization (CHDO)?..... ☐ YES ☒ NO

III. DEVELOPMENT BUDGET ANALYSIS

3A. SOURCES & USES

Total development cost..... **\$1,705,500**

Cost per square foot..... **TBD**

King County Funds (KCF) requested..... **\$858,500**

% of total development cost..... **50%**

Does request deviate from HFP guidelines? ☐ YES ☒ NO

The max % of housing construction costs KC can pay for is 50%, though exceptions are possible.

Sources of funding

Source	Proposed Amount	Committed Amount
Commerce HTF	\$670,000	
ARCH	\$150,500	
KC HFP	\$858,500	
Community Homes- Sponsor		\$26,500
Total	\$1,705,500	

Will federal wages be triggered?..... ☐ YES ☒ NO

It's not likely that federal funds will be triggered, however, the proposal assumes Davis-Bacon wage rates.

Does project exceed TDC limits?..... ☒ YES ☐ NO

If a 4+ bedroom, the development would exceed the TDC limit of King County of \$429,834. If each client bedroom is counted as a one-bedroom, then costs are above the TDC limit of \$327,414. Though since TDC is price per unit excluding land, I think it's likely that the project costs are below the TDC limit for 1-bedroom units, but not 4+ bedroom units.

Proposed use of funds compatible with King County requirements?..... ☒ YES ☐ NO

Project will serve single adults with intellectual or development disabilities earning up to 30% of Area Median Income

3B. COST EFFECTIVENESS

Appraisal, Acquisition, & Construction

Site's Appraised Value..... **\$1,000,000 (estimated)**

Appraisal value greater than (or equal to) acquisition costs?..... ☐ YES ☐ NO

Developer fee..... **3%/\$50,000**

Other fees (architecture, engineering, consulting) reasonable?..... ☒ YES ☐ NO

Proposed construction budget estimates \$10k for the architect, \$50k for development consultant fees, \$10k for a capital needs assessment.

Third-Party Report

Notable departures in construction costs with comparable projects?..... ☐ YES ☐ NO

N/A

Suggestions to revisions in project design or project team?..... ☐ YES ☐ NO

N/A

Competitiveness of projects as compared to other-like projects

N/A

Appropriateness of contingency

N/A

3C. FINANCING

How will construction be financed? ☐ Construction Loan ☐ LIHTC ☐ Bonds ☒ Other

King County Loan amount..... \$858,500

Loan term..... 50 year

Loan interest rate..... 1%

Amortization period..... N/A

Preliminary letters of interest and/or uncommitted funds? ☐ YES ☒ NO

LIHTC Project

Proposed use of LIHTC?..... ☐ YES ☒ NO

Projected LIHTC pricing..... N/A

LIHTC self-score..... N/A

KIHTC self-score..... N/A

How does pricing and self-scores compare to comparable projects?

N/A

Debt & Contributions

Amount of private debt proposed..... No private debt proposed

Is debt coverage sufficient?..... ☒ YES ☐ NO

Can project support additional debt?..... ☐ YES ☒ NO

Project is for 30% AMI, so the project can support permanent debt.

Sponsor contributions? ☒ YES ☐ NO

Sponsor contributes \$26,500.

Proposed fundraising? ☒ YES ☐ NO

Fundraising is incorporated into the proposed sponsor contribution.

IV. PROJECT SERVICES & OPERATIONS

4A. OPERATING PRO FORMA

Operating expense total..... **\$31,200**

Operating expense per unit..... **\$6,240**

Rent schedule

Tenants/clients would pay \$701/month for their bedroom in a home with 4 other DD adults and a live-in caregiver and their family. The pro forma assumes no rent subsidies.

Rents within HOME rent limits?..... ☐ YES ☒ NO

Utility allowance schedule.

Community Homes will pay all utilities.

Income sources other than residential rent?..... ☒ YES ☐ NO

The service costs of the in-home caregiver would be paid via Medicaid, through DSH/DDA, for a net zero balance of service costs.

Expected vacancy rate

5%

Management fees

The project assumes no management fees, but 20% of an "entity representative's time, who makes a \$80k/annual salary but does not have a benefit allowance.

Overhead/administrative charges

\$14k entity representative charge is the only administrative cost shown on the pro forma/CFA.

Replacement & operating reserve payments

Replacement reserve at \$800/bedroom is at the median replacement reserve amount for DD homes. Operating expense reserve is \$400/unit.

If TOD project, are TOD loan repayment terms included in proforma? ☐ YES ☐ NO ☒ N/A

Proposed rent subsidies? ☐ YES ☒ NO

Model proposes no rent subsidies; though the client rents would be paid via Medicaid.

4B. PROPERTY MANAGEMENT

Property Management Plan

Community Homes will manage the property and the service/operations. The Community Homes Director of Services oversees the management of each home.

4C. SERVICE MODEL & FUNDING ANALYSIS

Project seeking subsidies or operating funds for services? ☐ YES ☒ NO

Service Funding		
Funder	Type of Fund	Amount
DSHS/DDA Medicaid personal care	Subsidy/entitlement/grant	\$140,440

Requests for service funding feasible? ☒ YES ☐ NO

Project competitive for ORS funding? ☐ YES ☒ NO

Community Homes has developed and managed 7 homes using this model, with DSHS/DDA operating funds.

4C. REFERRALS & MARKETING PLAN

CEA participant? ☐ YES ☒ NO

Referrals/marketing

DDA makes resident referrals and Medicaid funding automatically follows the resident.

V. MARKET DEMAND ANALYSIS & COMPATIBILITY WITH FUNDING PRIORITIES

5A. MARKET DEMAND

Market study required? ☐ YES ☐ NO ☒ N/A

Market study conducted? ☐ YES ☐ NO ☒ N/A

Date conducted.....

Project set-asides? ☒ YES ☐ NO

Capture rate.....

Penetration rate.....

Lease-up/absorption rate.....

Notable findings

5B. FUNDING PRIORITIES

This project meets the following 2019 King County RFP priorities:

Homeless/Extremely Low-Income/Affordable Housing

- ☒ The proposed project serves special needs population such as (but not limited to) households with a member with mental illness, is disabled and/or developmentally disabled, also experiencing homelessness
- ☒ The proposed project provides access to case management and behavioral health services
- ☒ The proposed project leverages other resources for both the construction and operations of the project, including social services expenses

System-connected housing

- ☒ The proposed project will be **housing for vulnerable populations**, who are susceptible to reduced health, housing, financial or social stability outcomes. The project expects to receive referrals from King County or a King County-approved agency

VI. SPONSOR CAPACITY

6A. PORTFOLIO & PERFORMANCE

of sponsor projects in King County portfolio....

KC - Sponsor Projects

Project Name	Brief Description

6B. PIPELINE & DEVELOPMENT CAPACITY

Does the sponsor have other projects under construction and/or under development? ... ☒ YES ☐ NO

of projects under construction.....

1

Projects under construction		
Project Name	Location	Brief description
Shared Living Home 1	Newcastle	Purchasing home to act as property owner and to rent rooms to those with developmental disability .

of projects under development.....

2

How is the sponsor staffed to handle multiple projects?

N/A

6C. FINANCIAL SOUNDNESS

King County Fiscal Team audit showed no findings and/or corrective plan required? ☒ YES ☐ NO

Sponsor's financial audits consistently clear, steady, & revealed no material weaknesses? .. ☒ YES ☐ NO

Operating cash provides appropriate levels of liquidity for operations? ☒ YES ☐ NO

Portfolio maintains strong debt ratios? ☒ YES ☐ NO

Other notable audit findings.

Fiscal review revealed no findings.

6D. EQUITY & SOCIAL JUSTICE

DCHS Equity & Inclusion Review Score..... 6.5 / 10

In an effort to expand and integrate equity & social justice frameworks to the HFP proposal review process, applicants were asked to respond to five supplemental questions that both assessed their familiarity with King County's Equity & Social Justice Strategic Vision and validated their commitment to addressing root causes of housing inequity. Under the assessment of DCHS' Equity & Inclusion Manager, applicants were provided a final score using the following rating system:

Exceeds ESJI Expectations: 10 points

Meets ESJI Expectations Fully: 7.5 points

Meets ESJI Expectations Minimally: 5 points

Does not meet ESJI Expectations: <5 Points

Community Homes scored a total of 6.5 points, indicating that the agency meets ESJI expectations minimally.

It should be noted that though the intent of the ESJ review was to provide an understanding of the applicant's commitment to equity & inclusion, the responses to the supplemental questions were ultimately a self-assessment; responses to the supplemental questions, framed mainly to capture the integration and operationalization of equity within agency composition, engagement, and procedures, provide the *applicant's* perspective and may not be reflective of King County's knowledge/opinion.

VII. SUMMARY

Community Home's Adult Family Homes is a project model that King County has reviewed and funded through different iterations (AFH 1 – 7). Adult Family Homes 8 is **requesting \$858,000** to purchase a single-family home, remodel the property to include 6 bedrooms, and provide dedicated living spaces for **five adults with I/DD** and a caretaker/caretaker's family. They are currently seeking a property.

We recommend funding this project to serve 5 adults with intellectual or developmental disabilities in East King County earning up to 30% AMI. However, if there is not enough funding for both this project and Community Homes' other project, Shared Living Home 1, we would prioritize Shared Living 1 because they have identified a potential site while Adult Family Homes 8 is still looking for a site. If funding is available for both projects, we recommend funding both.

Housing Finance Program

2019 Capital Funding – Affordable Housing RFP

Project Memo

I. OVERVIEW

1A. PROJECT INFO

Sponsor/owner.....	Parkview- Riverton Cascade
Development consultant.....	N/A
Project name.....	Parkview- Riverton Cascade
Project location.....	3118 S. 140 th St Tukwila

1B. PROJECT COST

Total residential development cost.....	\$1,631,650
Cost per residential unit.....	\$203,956
King County Funds requested.....	\$410,500
Cost per KC-funded unit.....	\$51,312

Project applied for funding in prior rounds..... ☒ YES ☐ NO

Project eligible for TOD Funds..... ☐ YES ☒ NO

II. PROJECT DESCRIPTION

2A. HOUSING MODEL

# of units.....	8; 2x 4-bedroom houses -purchased from Homestead
-----------------	--

Target population..... ☐ VSHSL - Seniors ☐ VSHSL - Veterans ☐ MIDD ☒ Other

Unit distribution - Income

UNITS – INCOME DISTRIBUTION	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI
# of Units	8	0	0	0	0

Unit distribution – Bedrooms

UNITS – BEDROOM DISTRIBUTION	SRO	1BR	2BR	3BR	4BR	MGR
# of Units	0	8	0	0	0	0

Permanent supportive housing? ☐ YES ☒ NO

Coordinated Entry for All (CEA) participation?.... ☐ YES ☒ NO

All initial (8) tenants for this project were selected by DDA. Parkview has an on-going Referral Agreement in place with DDA whereby they will refer all prospective tenants as vacancies occur who have a dual diagnosis of a chronic mental illness and intellectual and developmental disability.

Community Spaces..... ☐ YES ☒ NO

No spaces for use by non-residents.

Resident Services..... ☐ Referral Services ☒ Counseling ☐ Medical Services ☐ Financial Assistance

All tenants receive case management and 24/7 support service. Those with CMI diagnosis also receive behavioral health services. All services are provided by third-party providers that contract directly with DSHS who fully funds the needed services.

Parkview Services will not be providing any tenant support services. Parkview partners with third-party supportive living service providers who are directly contracted with the tenant for care support services. The third-party supportive living service provider for these two properties will be ResCare. ResCare will be responsible for determining what activities will be most beneficial for the improving health, education and employment outcomes for the tenants.

Parkview Services worked collaboratively with three health care entities, ResCare, DSHS Developmental Disabilities Administration (DDA), and Sound (formerly, Sound Mental Health) in the planning of this project. ResCare care contracts directly with DDA to provide 24/7 support services to the tenants. DDA provides the case management for the tenants. Sound provides the behavior health services. Parkview Services has been developing this project since 2017.

Parkview met with management level representatives of all three health care entities who have informed the physical layout and floor plans of the two properties, and provided input on space separation needs, accessibility issues, materials and finishes and in general have had a high level of input into the project design since its beginnings.

2B. PROJECT, SITE, & LOCALITY CHARACTERISTICS

Project type..... ☒ New Construction ☒ Rehabilitation ☒ Acquisition

Infrastructure

Building height (# of floors).....

Construction type..... ☒ Wood Frame ☐ Steel Construction ☐ Combo

Construction begins.....

Construction period.....

Evergreen Sustainable Design Std. (ESDS) Score.....

ESDS score sufficient for development in WA?.. ☒ YES ☐ NO

Development Processes

Project location/city..... Tukwila

Is zoning compatible?..... ☒ YES ☐ NO

Parkview is purchasing the two homes from Homestead, who has a development agreement with Tukwila to allow increased density.

Challenges in development?..... ☒ YES ☐ NO

Building permit issues, grading, boundaries. Development Agreement between Homestead and Tukwila. Parking minimums. These have largely been worked out with the City of Tukwila.

Neighborhood

Describe the neighborhood..... ☒ Single Family ☐ Multifamily ☐ Commercial ☐ Mixed-use

The neighborhood is mostly single-family homes. Site is collocated with Riverton Methodist Church. Cemetery immediately left, elementary school immediately north.

TOD project?..... ☐ YES ☒ NO

o ½ mile to high capacity transit?..... ☐ YES ☒ NO

o Multi-modal?..... ☐ YES ☒ NO

o Walk/transit score..... 55/38

o Close proximity to community resources and/or services? ☐ YES ☒ NO

1 block away from bus #128 (Southcentral-White Center-West Seattle), with 30 minute headways on weekdays & weekends. 6-7 blocks to TIB to the east, with shops & services. Light rail is 1 mile south.

Nonresidential

Proposed commercial spaces?..... ☐ YES ☒ NO

Parking requirements?..... ☒ YES ☐ NO

Required: 2 spaces for 3 bedrooms and 3 spaces for 4 bedrooms

Proposed: 2.3 spaces per property up to 4 bedrooms

Environmental Properties

Soil report findings

N/A

Environmental concerns

none

Proposed feasible mitigation measures (in budget) to address issues?..... ☐ YES ☒ NO

N/A

Development Incentives & Restrictions

Development incentive programs in project location?..... ☐ YES ☒ NO

Restrictions in development?..... ☒ YES ☐ NO

Parking; homes must be single family homes and detached. This may make it harder & more expensive to get to net zero energy use/get the biggest gains from the Ultra-High Energy Efficiency (UHEE) grant.

Benefits to community (besides affordable housing)?..... ☒ YES ☐ NO

Integration of people with developmental disabilities and mental illness with larger community.

2C. ROLES & RESPONSIBILITIES

Project development consultant? ☐ YES ☒ NO

Marc Cote' will have the day-to-day project oversight, coordinate the development team, make final project-related decisions, and liaison with the Board of Directors.

Peter Catterall will have day-to-day responsibility for overseeing design and providing construction oversight of the two Parkview properties being acquired.

Erin Nathan Coordinate with service providers, tenants, and DDA; perform the initial lease-ups.

Valerie Thiel will develop the plans and specifications for the two Parkview properties being acquired, and be responsible for ESDS/UHEE/Net Zero compliance.

General contractor selection process

Homestead will construct all 18 homes in the Riverton development; Homestead will select the general contractor.

Who will manage construction?

Parkview's Peter Catterall will have day-to-day responsibility for overseeing design and providing construction oversight of the two Parkview properties being acquired.

Who will manage property after construction?

Parkview will manage the property using their own in-house property management team that includes two full-time maintenance persons. The organization currently has 57 homes in their portfolio. Each home has a maintenance and replacement plan based on a Capital Needs Assessment (CNA). The organization has extensive experience working with DSHS to fill vacancies, verifying tenant eligibility including income, and signing leases; resolving tenant-related issues between neighbors and roommates; completing funder reporting as necessary and maintaining funder contract compliance; and providing monthly financial and narrative reporting to the Executive Director and as necessary for Board oversight.

Is sponsor a Community Housing Development Organization (CHDO)?..... ☐ YES ☒ NO

III. DEVELOPMENT BUDGET ANALYSIS

3A. SOURCES & USES

Total development cost.....	\$1,631,650
Cost per square foot.....	\$596
King County Funds (KCF) requested.....	\$410,500
% of total development cost.....	25%

Does request deviate from HFP guidelines? ☐ YES ☒ NO

Leveraged many sources; no permanent debt.

Sources of funding

Source	Proposed Amount	Committed
Commerce HTF	\$590,650	
King County	\$410,500	
FHLB		\$320,000
Parkview Services		\$9,000
King County WaterWorks	\$250,000	
State UHEE	\$51,500	
Total	\$1,631,650	\$329,000

Will federal wages be triggered?..... ☐ YES ☒ NO

No federal funding sources. If KC invested HOME funds, it wouldn't meet the minimum threshold for triggering Davis-Bacon.

Does project exceed TDC limits?..... ☒ YES ☒ NO

Parkview is getting the land value for free. TDC limits set by WSHFC are difficult to measure against a single family home acquisition, costs seem reasonable for this type of housing model

Proposed use of funds compatible with King County requirements?..... ☒ YES ☐ NO

Could use HOME, 2331, RAHP, MIDD, VSHSL as potential funding sources. Will need to be careful with HOME funds to not go over maximum limits on federal funds used for Homestead Riverton combined with Parkview Riverton.

3B. COST EFFECTIVENESS

Appraisal, Acquisition, & Construction

Site's Appraised Value.....

Appraisal value greater than (or equal to) acquisition costs?..... ☐ YES ☐ NO

Developer fee.....

Other fees (architecture, engineering, consulting) reasonable?..... ☒ YES ☐ NO

Homestead is contributing the two lots to Parkview Services, and Homestead will construct the two homes as part of the larger Riverton Cascade development. The sale price of the completed homes will be negotiated between Homestead and Parkview based on the actual cost to complete the associated infrastructure, site work, and build the structures. The objective of both parties is to construct the homes as cost effectively as possible and deliver them to Parkview at cost.

Third-Party Report

Notable departures in construction costs with comparable projects?..... ☐ YES ☒ NO

N/A- was not analyzed by 3rd party reviewer in time to be included in the memo.

Suggestions to revisions in project design or project team?..... ☐ YES ☒ NO

Competitiveness of projects as compared to other-like projects

N/A This project is unique in that Parkview is purchasing a new home from another nonprofit under a negotiated agreement based on the actual cost to complete infrastructure improvements and build the homes.

Appropriateness of contingency

Rehabilitation contingency is 15 percent which may be a little high for the relatively limited amount of rehabilitation.

3C. FINANCING

How will construction be financed? ☐ Construction Loan ☐ LIHTC ☐ Bonds ☒ Other

King County Loan amount..... \$410,500

Loan term..... 50 yrs

Loan interest rate..... 1% simple interest, soft debt

Amortization period.....

Preliminary letters of interest and/or uncommitted funds? ☒ YES ☐ NO

LIHTC Project

Proposed use of LIHTC?..... ☐ YES ☒ NO

Projected LIHTC pricing.....

4% LIHTC self-score.....

9% LIHTC self-score.....

How does pricing and self-scores compare to comparable projects?

N/A

Debt & Contributions

Amount of private debt proposed..... N/A

Is debt coverage sufficient?..... ☒ YES ☐ NO

Can project support additional debt?..... ☐ YES ☒ NO

No permanent debt; all funding sources are sponsor contributions, grants, or soft debt.

Sponsor contributions? ☒ YES ☐ NO

Parkview will contribute \$9k.

Proposed fundraising? ☐ YES ☒ NO

No capital campaign proposed.

IV. PROJECT SERVICES & OPERATIONS

4A. OPERATING PRO FORMA

Operating expense total..... \$13,192

Operating expense per unit..... \$1,649

Rent schedule

Operating budget based on experience with 50 existing properties.

Rents within HOME rent limits?..... ☒ YES ☐ NO

Utility allowance schedule.

Tenant paid

Income sources other than residential rent?..... ☒ YES ☐ NO

DSHS Contracts with Supported Living Service Provider and Behavioral Health Service Provider to fully fund all needed service.

Expected vacancy rate

5%

Management fees

Management fees at \$1,649 are reasonable.

Overhead/administrative charges

Standard for Parkview model

Replacement & operating reserve payments

Replacement reserves at \$350 per unit and operating reserve at \$690 per unit are reasonable.

If TOD project, are TOD loan repayment terms included in proforma? ☐ YES ☐ NO ☒ N/A

Proposed rent subsidies? ☐ YES ☒ NO

Parkview sets rent at 30% of AMI minus a utility allowance. Parkview also accepts tenants with Section 8 subsidies. Rents are determined based on each' tenant's income. The process is as follows: tenant annual income is multiplied by 30%. This number is divided by 12 months and a utility allowance is subtracted from the result. Tenants with section 8 are subject to the same process, initiated by the Public Housing Authority (PHA). PHA rents include tenant rent plus a Housing Assistance Payment (HAP) which totals the Contract Rent.

4B. PROPERTY MANAGEMENT

Property Management Plan

Parkview will manage the property using their own in-house property management team that includes two full-time maintenance persons. The organization currently has 57 homes in their portfolio. Each home has a maintenance and replacement plan based on a Capital Needs Assessment (CNA). The organization has extensive experience in working with DSHS to fill vacancies, verifying tenant eligibility including income, and signing leases; resolving tenant-related issues between neighbors and roommates; completing funder reporting as necessary and maintaining funder contract compliance; and providing monthly financial and narrative reporting to the Executive Director and as necessary for Board oversight.

4C. SERVICE MODEL & FUNDING ANALYSIS

Project seeking subsidies or operating funds for services? ☐ YES ☒ NO

Service Funding		
Funder	Type of Fund	Amount
DSHS contract with supported living provider		Fully covered
Case management by DSHS staff		Fully covered

Requests for service funding feasible? ☒ YES ☐ NO

Project competitive for ORS funding? ☐ YES ☒ NO

4C. REFERRALS & MARKETING PLAN

CEA participant? ☐ YES ☒ NO

Referrals/marketing

As a condition of funding Parkview Services must enter into a referral agreement with DSHS/DDA. DDA identifies individuals with a dual diagnosis of chronic mental illness and an intellectual and developmental disability that need housing and refers them to Parkview Services when vacancies arise.

V. MARKET DEMAND ANALYSIS & COMPATIBILITY WITH FUNDING PRIORITIES**5A. MARKET DEMAND**

Market study required? ☐ YES ☒ NO ☐ N/A

Market study conducted? ☐ YES ☒ NO ☐ N/A

Date conducted.....

Project set-asides? ☒ YES ☐ NO

Developmentally disabled, filled through DDA

Capture rate.....

Penetration rate.....

Lease-up/absorption rate.....

Notable findings

5B. FUNDING PRIORITIES

This project meets the following 2019 King County RFP priorities:

Homeless/Extremely Low-Income/Affordable Housing

- ☒ The proposed project serves special needs population such as (but not limited to) households with a member with mental illness, is disabled and/or developmentally disabled, also experiencing homelessness
- ☒ The proposed project provides access to case management and behavioral health services
- ☒ The proposed project leverage other resources for both the construction and operations of the project, including social services expenses

VI. SPONSOR CAPACITY

6A. PORTFOLIO & PERFORMANCE

of sponsor projects in King County portfolio.... 10 projects with 135 units total

How have these KC projects performed?

Asset management review confirms projects are meeting performance requirements

6B. PIPELINE & DEVELOPMENT CAPACITY

Does the sponsor have other projects under construction and/or under development? ... ☒ YES ☐ NO

of projects under construction..... 1- XII. . King & Snohomish Counties

Projects under construction		
Project Name	Location	Brief description
Parkview Homes XIII	Everett	Apartment building
Parkview Homes XV - East King County	Kenmore	DD rental
Parkview Homes XVI - Spokane	Spokane	DD rental
Parkview Homes XVII - Snohomish County	Everett	DD rental

Parkview Homes XIV - Riverton Cascade	Tukwilla	DD rental
Parkview Homeownership 9	Skagit	DD rental

of projects under development.....

5

How is the sponsor staffed to handle multiple projects?

While the project scope is typically light relative to new construction or multifamily rehab, six projects in development may be pushing the envelope for a development team of two staff and one executive director.

6C. FINANCIAL SOUNDNESSKing County Fiscal Team audit showed no findings and/or corrective plan required? ☒ YES ☐ NOSponsor's financial audits consistently clear, steady, & revealed no material weaknesses? .. ☒ YES ☐ NOOperating cash provides appropriate levels of liquidity for operations? ☒ YES ☐ NOPortfolio maintains strong debt ratios? ☒ YES ☐ NO

Other notable audit findings.

Fiscal review confirms sound financial operations

6D. EQUITY & SOCIAL JUSTICE

DCHS Equity & Inclusion Review Score..... 5.5 / 10

In an effort to expand and integrate equity & social justice frameworks to the HFP proposal review process, applicants were asked to respond to five supplemental questions that both assessed their familiarity with King County's Equity & Social Justice Strategic Vision and validated their commitment to addressing root causes of housing inequity. Under the assessment of DCHS' Equity & Inclusion Manager, applicants were provided a final score using the following rating system:

Exceeds ESJI Expectations: 10 points

Meets ESJI Expectations Fully: 7.5 points

Meets ESJI Expectations Minimally: 5 points

Does not meet ESJI Expectations: <5 Points

Parkview Services scored a total of 5.5 points, indicating that the agency meets ESJI expectations minimally.

It should be noted that though the intent of the ESJ review was to provide an understanding of the applicant's commitment to equity & inclusion, the responses to the supplemental questions were ultimately a self-assessment; responses to the supplemental questions, framed mainly to capture the integration and operationalization of equity within agency composition, engagement, and procedures, provide the *applicant's* perspective and may not be reflective of King County's knowledge/opinion.

VII. SUMMARY

Parkview's Riverton is a solid project providing 8 units for developmentally disabled and chronically mental ill people in Homestead's larger Riverton project. We recommend full funding for this project.

Parkview submitted two proposals to King County in this round and this one is their priority and already has FHLB committed funds. King County already has funds in the larger HCLT Riverton project, which needs these Parkview funds to move forward.

One concern is whether the State will also prioritize this Parkview project and it needs their funding to move forward.

Housing Finance Program

2019 Capital Funding – Affordable Housing RFP

Project Memo

I. OVERVIEW

1A. PROJECT INFO

Sponsor/owner.....	HomeSight
Development consultant.....	N/A
Project name.....	HomeSight Home Purchase Assistance (VSHSL)
Project location.....	King County

1B. PROJECT COST

Total residential development cost.....	\$5,434,400
Cost per residential unit.....	\$319, 671
King County Funds requested.....	\$800,000
Cost per KC-funded unit.....	\$47,059

Project applied for funding in prior rounds..... ☐ YES ☒ NO

Project eligible for TOD Funds..... ☐ YES ☒ NO

II. PROJECT DESCRIPTION

2A. HOUSING MODEL

# of units.....	17
-----------------	----

Target population..... ☒ VSHSL - Seniors ☒ VSHSL - Veterans ☐ MIDD ☐ Other

Unit distribution - Income

UNITS – INCOME DISTRIBUTION	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI
# of Home Loans	0	0	3	6	8

Unit distribution – Bedrooms - TBD

UNITS – BEDROOM DISTRIBUTION	SRO	1BR	2BR	3BR	4BR	MGR
# of Units	-	-	-	-	-	-

Permanent supportive housing? ☐ YES ☒ NO

Coordinated Entry for All (CEA) participation?.... ☐ YES ☒ NO

N/A

Community Spaces..... ☐ YES ☒ NO

N/A

Resident Services..... ☐ Referral Services ☐ Counseling ☐ Medical Services ☐ Financial Assistance

N/A

2B. PROJECT, SITE, & LOCALITY CHARACTERISTICS

Project type..... ☐ New Construction ☐ Rehabilitation ☒ Acquisition

Infrastructure

Building height (# of floors)..... N/A

Construction type..... ☐ Wood Frame ☐ Steel Construction ☐ Combo

Construction begins..... N/A

Construction period..... N/A

Evergreen Sustainable Design Std. (ESDS) Score..... N/A

ESDS score sufficient for development in WA?.. ☐ YES ☐ NO ☒ N/A

Development Processes

Project location/city..... Seattle

Is zoning compatible?..... ☒ YES ☐ NO

TBD

Challenges in development?..... ☐ YES ☒ NO

Neighborhood

Describe the neighborhood..... ☐ Single Family ☐ Multifamily ☐ Commercial ☐ Mixed-use

N/A

TOD project?..... ☐ YES ☒ NO

o ½ mile to high capacity transit?..... ☐ YES ☒ NO

o Multi-modal?..... ☐ YES ☒ NO

o Walk/transit score.....

o Close proximity to community resources and/or services? ☐ YES ☐ NO

TBD

Nonresidential

Proposed commercial spaces?..... ☐ YES ☐ NO

N/A

Parking requirements?..... ☐ YES ☐ NO

N/A

Environmental Properties

Soil report findings

N/A

Environmental concerns

N/A

Proposed feasible mitigation measures (in budget) to address issues?..... ☐ YES ☐ NO

N/A

Development Incentives & Restrictions

Development incentive programs in project location?..... ☐ YES ☐ NO

N/A

Restrictions in development?..... ☐ YES ☐ NO

N/A

Benefits to community (besides affordable housing)?..... ☐ YES ☐ NO

N/A

2C. ROLES & RESPONSIBILITIES

Project development consultant? ☐ YES ☐ NO

N/A

General contractor selection process

N/A

Who will manage construction?

N/A

Who will manage property after construction?

N/A

Is sponsor a Community Housing Development Organization (CHDO)?..... ☐ YES ☐ NO

N/A

III. DEVELOPMENT BUDGET ANALYSIS

3A. SOURCES & USES

Total development cost.....	\$5,434,400
Cost per square foot.....	
King County Funds (KCF) requested.....	\$800,000
% of total development cost.....	14.7%

Does request deviate from HFP guidelines? ☐ YES ☒ NO

\$35,000 of request will be used to cover program delivery costs to HomeSight. Remaining \$765,000 will be used on 17 homebuyers, equating to roughly \$45,000 of down payment assistance to each homebuyer (amount varies based on eligibility/home/etc.)

Sources of funding

Source	Proposed Amount	Committed Amount	TOTAL
1 st Mortgages		\$4,080,000	\$4,080,000
WSHFC 2 nd	\$100,000		\$100,000
WA HTF – HomeSight RLF		\$340,000	\$340,000
King County VSHSL	\$800,000		\$800,000
FHLB – Des Moines Start	\$60,000		\$60,000

Buyer's Cash		\$54,400	\$54,400
Total	\$960,000	\$4,474,400	\$5,434,400

Will federal wages be triggered?..... ☐ YES ☒ NO

Does project exceed TDC limits?..... ☐ YES ☒ NO

Proposed use of funds compatible with King County requirements?..... ☒ YES ☐ NO

Changes to HOME Program Income may cause issues with HomeSight's Revolving Loan Fund. If awarded strictly VSHSL money, there should be no issues.

3B. COST EFFECTIVENESS

Appraisal, Acquisition, & Construction

Site's Appraised Value.....

Appraisal value greater than (or equal to) acquisition costs?..... ☐ YES ☐ NO

Developer fee.....

Other fees (architecture, engineering, consulting) reasonable?..... ☐ YES ☐ NO

Third-Party Report

Notable departures in construction costs with comparable projects?..... ☐ YES ☐ NO

Suggestions to revisions in project design or project team?..... ☐ YES ☒ NO

Competitiveness of projects as compared to other-like projects

Appropriateness of contingency

3C. FINANCING

How will construction be financed? ☐ Construction Loan ☐ LIHTC ☐ Bonds ☐ Other

King County Loan amount.....

Loan term.....

Loan interest rate.....

Amortization period.....

Preliminary letters of interest and/or uncommitted funds? ☒ YES ☐ NO

LIHTC Project

Proposed use of LIHTC?..... ☐ YES ☒ NO

Projected LIHTC pricing.....

4% LIHTC self-score.....

9% LIHTC self-score.....

How does pricing and self-scores compare to comparable projects?

Debt & Contributions

Amount of private debt proposed.....

Is debt coverage sufficient?..... ☒ YES ☐ NO

Can project support additional debt?..... ☒ YES ☐ NO

Sponsor contributions? ☒ YES ☐ NO

Proposed fundraising? ☐ YES ☒ NO

IV. PROJECT SERVICES & OPERATIONS**4A. OPERATING PRO FORMA**

Operating expense total.....

Operating expense per unit.....

Rent schedule

Rents within HOME rent limits?..... ☐ YES ☐ NO

Utility allowance schedule.

N/A

Income sources other than residential rent?..... ☐ YES ☐ NO

N/A

Expected vacancy rate

N/A

Management fees

N/A

Overhead/administrative charges

\$35,000 in program delivery costs to HS (~4.4%). Overhead/administrative fee is reasonable.

Replacement & operating reserve payments

N/A

If TOD project, are TOD loan repayment terms included in proforma? ☐ YES ☐ NO ☒ N/A

Proposed rent subsidies? ☐ YES ☐ NO

N/A

4B. PROPERTY MANAGEMENT

Property Management Plan

N/A

4C. SERVICE MODEL & FUNDING ANALYSIS

Project seeking subsidies or operating funds for services? ☐ YES ☒ NO

Service Funding		
Funder	Type of Fund	Amount

Requests for service funding feasible? ☐ YES ☐ NO

Project competitive for ORS funding? ☐ YES ☐ NO

N/A

4C. REFERRALS & MARKETING PLAN

CEA participant? ☐ YES ☒ NO

Referrals/marketing

As a place-based community development corporation, HomeSight focuses on serving low-income, African-American, and refugee and immigrant communities in our market. We focus on serving those groups who are traditionally underserved by mainstream financial institutions including racial, ethnic, and religious groups, and those with disabilities. We reach these audiences through traditional advertising, digital communications/social media, and direct marketing through partner organizations and businesses that serve these target groups.

HomeSight employs a number of marketing tactics to increase awareness of our first-time homebuyer program offerings; they include, but are not limited to, the following:

- Media kit including standardized newsletter stories, social media posts, and print materials for use by HomeSight, its affiliates, and partner organizations.
- Digital and social media campaigns on HomeSight-owned media, dedicated digital outreach to key stakeholders (partner organizations, realtors, general client lists), and devoted website landing page with information on the Program to be used as part of HomeSight homepage photo slider and as a redirect for digital advertising (as part of larger lending campaign).

HomeSight's media plans include reaching underserved groups online and in-person through partner organizations' social media handles, websites (guest blog posts/newsletter articles), tabling at partner and target community events, and through partner direct mail campaigns. HomeSight's partnerships stem from past and present work with organizations and coalitions such as:

- Multi-cultural Community Coalition
- Communities of Opportunity
- Asian Counseling and Referral Service
- Parkview Services
- Ethiopian Community in Seattle
- Habitat for Humanity Seattle-King County
- Vietnamese Friendship Association
- Eritrean Association of Seattle
- King County Housing Authority
- Outreach to Veterans / Active Military:

HomeSight has a long history of collaboration and is looking forward to partnering with agencies focused on serving veterans and active military service members. With no current direct relationships with veteran agencies HomeSight will reach out to our non-profit partners who serve veterans, such as Habitat for Humanity of Seattle King County, Catholic Community Services and the Low Income Housing Institute among others. HomeSight will seek state and county veterans' offices and other sources to reach out through as many channels as possible.

V. MARKET DEMAND ANALYSIS & COMPATIBILITY WITH FUNDING PRIORITIES

5A. MARKET DEMAND

Market study required? ☐ YES ☒ NO ☒ N/A

Market study conducted? ☐ YES ☐ NO ☒ N/A

Date conducted.....

Project set-asides? ☐ YES ☒ NO

N/A

Capture rate.....	N/A
Penetration rate.....	N/A
Lease-up/absorption rate.....	N/A
Notable findings	
N/A	

5B. FUNDING PRIORITIES

This project meets the following 2019 King County RFP priorities:

Homeownership Development

- ☒ Projects that expand the capacity of homeownership opportunities to Veterans or Services Members and their families as well as Vulnerable Populations who can become homeowners, be stably housed and avoid intergenerational poverty.

VI. SPONSOR CAPACITY

6A. PORTFOLIO & PERFORMANCE

of sponsor projects in King County portfolio....

How have these KC projects performed?

HomeSight has been a sub-recipient of county funds for down payment assistance for many years. While the program has been successful, there is some concern over slow deployment of remaining revolving federal program income.

6B. PIPELINE & DEVELOPMENT CAPACITY

Does the sponsor have other projects under construction and/or under development? ... ☐ YES ☒ NO

of projects under construction.....

Projects under construction or development		
Project Name	Location	Brief description
Foreclosure Prevention	Countywide	New Program providing loans to prevent foreclosure – VSHSL funded.
Limited Equity Coop	Seattle	Pilot Limited Equity Co-Op Model

of projects under development.....

How is the sponsor staffed to handle multiple projects?

HomeSight has sufficient staffing to administering down payment assistance

6C. FINANCIAL SOUNDNESS

King County Fiscal Team audit showed no findings and/or corrective plan required? ☒ YES ☐ NO

Sponsor's financial audits consistently clear, steady, & revealed no material weaknesses? .. ☒ YES ☐ NO

Operating cash provides appropriate levels of liquidity for operations? ☒ YES ☐ NO

Portfolio maintains strong debt ratios? ☒ YES ☐ NO

Other notable audit findings.

No financial concerns raised in audit review.

6D. EQUITY & SOCIAL JUSTICE

DCHS Equity & Inclusion Review Score..... **9.5 / 10**

In an effort to expand and integrate equity & social justice frameworks to the HFP proposal review process, applicants were asked to respond to five supplemental questions that both assessed their familiarity with King County's Equity & Social Justice Strategic Vision and validated their commitment to addressing root causes of housing inequity. Under the assessment of DCHS' Equity & Inclusion Manager, applicants were provided a final score using the following rating system:

Exceeds ESJI Expectations: 10 points

Meets ESJI Expectations Fully: 7.5 points

Meets ESJI Expectations Minimally: 5 points

Does not meet ESJI Expectations: <5 Points

HomeSight scored a total of 9.5 points, indicating that the agency meets ESJI expectations fully.

It should be noted that though the intent of the ESJ review was to provide an understanding of the applicant's commitment to equity & inclusion, the responses to the supplemental questions were ultimately a self-assessment; responses to the supplemental questions, framed mainly to capture the integration and operationalization of equity within agency composition, engagement, and procedures, provide the *applicant's* biased perspective and may not be reflective of King County's knowledge/opinion.

VII. SUMMARY

The HomeSight Purchase Assistance Project is a good project that aims to serve vulnerable populations throughout King County. HomeSight has a long history of serving those who are underserved by conventional financial institutions (assisting more than 2,650 families buy their first homes) and the HFP team is confident that the proposed program can replicate these results throughout the County.

HomeSight is requesting \$800,000 - \$35,000 of the request will be used for program delivery & the remaining \$765,000 will be used to provide 17 households with roughly \$45,000 of down payment assistance. Though programmatic changes to HOME program income may cause issues with HomeSight's Revolving Loan Fund structure, the project can function as proposed as long as we award VSHSL funds. Any issues with existing unused HOME program income will need to be addressed for contracting with more County funding.

Housing Finance Program

2019 Capital Funding – Affordable Housing RFP

Project Memo

I. OVERVIEW

1A. PROJECT INFO

Sponsor/owner.....	Sons of Haiti
Development consultant.....	Low Income Housing Institute (LIHI)
Project name.....	Waters Estates
Project location.....	301 S 3rd Street, Renton

1B. PROJECT COST

Total development cost.....	\$18,883,372
Cost per residential unit.....	\$385,375
King County Funds requested.....	\$5,690,000
Cost per KC-funded unit.....	\$115,306

Project applied for funding in prior rounds..... ☐ YES ☒ NO

Project eligible for TOD Funds..... ☐ YES ☒ NO

II. PROJECT DESCRIPTION

2A. HOUSING MODEL

# of units.....	48
-----------------	----

Target population..... ☒ VSHSL - Seniors ☐ VSHSL - Veterans ☐ MIDD ☒ Other

Unit distribution - Income

UNITS – INCOME DISTRIBUTION	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI
# of Units	37	0	11	0	0

Unit distribution – Bedrooms

UNITS – BEDROOM DISTRIBUTION	Studio	1BR	2BR	3BR	4BR	MGR
# of Units	29	19	0	0	0	1

Permanent supportive housing? ☒ YES ☐ NO

Coordinated Entry for All (CEA) participation?.... ☒ YES ☐ NO

The homeless units will be filled through King County's Coordinated Entry program. Tenants will also be screened (there is no charge to applicants for any credit report/background check) and must qualify as homeless through third party verification before signing a lease.

Community Spaces..... ☒ YES ☐ NO

The building will include an early learning center with three classrooms for toddlers and preschool age children. The early learning center operated by Montessori in partnership with El Centro de la Raza, which will serve children from low-income families.

Resident Services..... ☒ Referral Services ☒ Counseling ☒ Medical Services ☐ Financial Assistance

Office space for on-site case management and behavioral health services is incorporated into the design. Case management and supportive services will be provided on site to residents of the housing units by LIHI and funded by the project's rental income as well as by King County ORS and Veterans and Human Services Levy funding, which LIHI has used for many years to fund services at various LIHI developments. SOUND, a licensed behavioral health provider, will provide on-site behavioral health care services for residents with developmental disabilities, which will be partially funded by Medicaid. LIHI's property management staff will also provide on-site programming and events for residents

2B. PROJECT, SITE, & LOCALITY CHARACTERISTICS

Project type..... ☒ New Construction ☐ Rehabilitation ☐ Acquisition

Infrastructure

Building height (# of floors).....

Construction type..... ☒ Wood Frame ☐ Steel Construction ☐ Combo

Construction begins.....

Construction period.....

Evergreen Sustainable Design Std. (ESDS) Score.....

ESDS score sufficient for development in WA?.. ☒ YES ☐ NO

Development Processes

Project location/city.....

Is zoning compatible?..... ☒ YES ☐ NO

The subject property is located within the Commercial & Mixed Use (CMU) land use designation and Center Downtown (CD) zoning designation. Attached multi-family dwelling units are permitted uses in the CD zone.

Challenges in development?..... ☒ YES ☐ NO

The location in the Airport Influence Area will result in increased costs related to noise attenuation. City of Renton's geography (i) in a liquefaction zone with poor soils requires the use of an auger cast pile-based foundation system at an estimated added cost of \$168,000.

Neighborhood

Describe the neighborhood..... ☐ Single Family ☐ Multifamily ☐ Commercial ☒ Mixed-use

The property is located in a mixed use commercial and residential neighborhood.

TOD project?..... ☒ YES ☐ NO

o ½ mile to high capacity transit?..... ☒ YES ☐ NO

o Multi-modal?..... ☒ YES ☐ NO

o Walk score..... **92 "walker's paradise" with good transit and bikeable**

o Close proximity to community resources and/or services? ☒ YES ☐ NO

The property is within one mile from many amenities including grocery stores, big box stores and restaurants in an area where daily errands do not require a car with a walk score of 92 the site has good transit and is very bikeable.

Project is in TOD area but cannot use TOD funds because 75% of units are at or below 30% AMI.

Nonresidential

Proposed commercial spaces?..... ☐ YES ☒ NO

The non-residential space on the ground floor of the building will serve a three-classroom early learning center.

Parking requirements?..... ☒ YES ☐ NO

The City's required number of parking spaces includes a code-based parking reduction for low-income housing so the development will provide 6 rather than the 13 required under current zoning.

Environmental Properties

Soil report findings

City of Renton's geography (i) in a liquefaction zone with poor soils requires the use of an auger cast pile-based foundation system at an estimated added cost of \$168,000.

Environmental concerns

Airport Influence Area requires noise attenuation.

Proposed feasible mitigation measures (in budget) to address issues?..... ☐ YES ☒ NO

The Phase I ESA revealed no ASTM recognized environmental conditions (RECs), historical recognized environmental conditions (HRECs), or ASTM controlled recognized environmental conditions (CRECs). However, the ESA noted that it is possible that some of the building materials in the existing building on the project site may contain asbestos or lead-based paint. Therefore, an asbestos, lead-based paint, and mold building inspection will be performed prior to demolishing or renovating the existing structure. Budget line items for building and land abatement have been included in the budget as well as the cost of building on soils prone to liquefaction and noise attenuation.

Development Incentives & Restrictions

Development incentive programs in project location?..... ☐ YES ☒ NO

Unknown.

Restrictions in development?..... ☐ YES ☒ NO

None identified.

Benefits to community (besides affordable housing)?..... ☒ YES ☐ NO

Helps an established nonprofit build capacity to own and develop affordable housing.

2C. ROLES & RESPONSIBILITIES

Project development consultant? ☒ YES ☐ NO

Sharon Lee, Executive Director, initiated the relationship with the Sons of Haiti. Sharon directed the site selection process and negotiated the site acquisition.

Robin Amadon, Development Director, oversees the entire development process and provides support to the project team as needed, assisting with negotiating deal terms, and reviewing project budgets and schedules.

Brad Reuling, Construction Manager, assists with construction administration. Brad has over 20 years of construction management experience, primarily in large multi-use, multi-family residential, and condominium projects.

Steven Strickland, Real Estate Project Manager, assists with the financing and predevelopment of the project. Aisaya Corbray, Housing Development Associate, recently joined LIHI and will assist with project administration.

The Sons of Haiti has no full-time employees at this time; however, Sons of Haiti directors will provide owner oversight and attend meetings with the LIHI development team in order to build the Sons of Haiti's real estate development capacity.

General contractor selection process

Contract language from each public funder is included within the first section of the Project Manual (Division 0) and the general contractor's contracts with their subcontractors. For this project, this will include contract language from King County and the State. Sons of Haiti's pre-qualification requirements include demonstrating a successful record of Section 3 and WMBE hiring goals of 22% or better, and Sons of Haiti will require a sample of the contractor's Section 3 plan from a prior project, Section 3 monthly report, WMBE report, final Section 3 utilization report, and apprenticeship utilization report. Additionally, in selecting consultants, Sons of Haiti will do affirmative outreach to WMBE firms.

Who will manage construction?

Brad Reuling, Construction Manager, assists with construction administration. Brad has over 20 years of construction management experience, primarily in large multi-use, multi-family residential, and condominium projects.

Who will manage property after construction?

LIHI will manage the property after construction and will Employ a Program Coordinator, Maintenance Person and On-Site Housing Assistant.

The Program Coordinator oversees the project's daily operations, coordinates efforts to support resident stability, supervises janitorial and maintenance services, leases vacant units, collects rents, issues late notice; processes tenant work orders; and receives referrals from Coordinated Entry and screens residents for the homeless units.

The Maintenance Person conducts daily maintenance, interior cleaning, and exterior site pick-up and oversees preventative maintenance, cycle replacements, and service contracts for third party contracted work. The Maintenance Person reports to the Program Coordinator.

The On-Site Housing Assistant assists the Program Coordinator with office duties, conducts outreach for vacancies, arranges for repairs, processes maintenance requests, and assists with light janitorial duties.

Is sponsor a Community Housing Development Organization (CHDO)?..... ☐ YES ☒ NO

LIHI is a Community Housing Development Organization (CHDO) but Sons of Haiti is not.

III. DEVELOPMENT BUDGET ANALYSIS

3A. SOURCES & USES

Total development cost.....	\$18,883,372
Cost per square foot.....	\$531
King County Funds (KCF) requested.....	\$5,650,000
% of total development cost.....	30%

Does request deviate from HFP guidelines? ☐ YES ☒ NO

Sources of funding

Source	Amount	Proposed or Committed?
9% LIHTC Equity	\$9,983,945	Proposed
King County	\$5,650,000	Proposed
State HTF	\$3,000,000	Proposed
FHLB	\$249,427	Proposed
Total	\$18,883,372	

Will federal wages be triggered?..... ☒ YES ☐ NO

If the project receives the requested number of project-based rent vouchers, it would pay Davis-Bacon building wages. Since this is unknown at this time, the project was priced at State Residential Prevailing wage rates and adjustments in this estimate will be made at a later date once funding resources are secured. However, this may not be an issue if Davis-Bacon wage rates remain lower than prevailing wage.

Does project exceed TDC limits?..... ☒ YES ☐ NO

The Project is about 18% (\$2.6M) higher than TDC cost limits due to a variety of unique factors for developing within the city of Renton including: the use of turreted shed roofs for aesthetic reasons; required commercial space that has a 30' depth, 18' height, and a minimum 25% frontage on each adjacent street, which requires more ground floor concrete and storefront glazing; building the commercial space to accommodate a potential restaurant use even though the commercial space will be used by an early learning center; requiring new projects to pay for new water and sewer lines and sidewalk improvements; and not waiving permit fees.

Proposed use of funds compatible with King County requirements?..... ☒ YES ☐ NO

3B. COST EFFECTIVENESS

Appraisal, Acquisition, & Construction

Site's Appraised Value.....

Appraisal value greater than (or equal to) acquisition costs?..... ☐ YES ☒ NO

Developer fee.....

Other fees (architecture, engineering, consulting) reasonable?..... ☒ YES ☐ NO

Third-Party Report

Notable departures in construction costs with comparable projects?..... ☐ YES ☒ NO

Suggestions to revisions in project design or project team?..... ☐ YES ☒ NO

The 3rd party reviewer notes that underpinning of adjacent building may be less expensive than shoring (an easement would be required, likely in both scenarios, underpinning and shoring). Another possibility is to explore a way to orient the new building footprint to not require shoring or underpinning of adjacent existing building. It is also recommended removing the Roof Deck feature as a cost savings measure –this is probably a good idea considering HUD will not allow the deck to be used without noise attenuation.

Competitiveness of projects as compared to other-like projects

The project has higher costs for the reasons already stated earlier in this document and its tax credit score of 173 places it in mid- to low-range of the 9% projects we've received.

Appropriateness of contingency

May be able to get by with 5% construction contingency although all of the developer fee is tied up by being deferred.

3C. FINANCING

How will construction be financed? ☒ Construction Loan ☒ LIHTC ☐ Bonds ☒ Other

King County Loan amount..... \$5,650,000

Loan term..... 50 years

Loan interest rate..... 1%

Amortization period..... 50 Years Deferred

Preliminary letters of interest and/or uncommitted funds? ☒ YES ☐ NO

LIHTC Project

Proposed use of LIHTC?..... ☒ YES ☐ NO

Projected LIHTC pricing..... \$0.93

4% LIHTC self-score..... N/A

9% LIHTC self-score..... 173

How does pricing and self-scores compare to comparable projects?

173 score places the project in mid-range of the 9% projects in our funding round.

Debt & Contributions

Amount of private debt proposed..... \$0

Is debt coverage sufficient?..... ☐ YES ☐ NO

Can project support additional debt?..... ☐ YES ☒ NO

Sponsor contributions? ☒ YES ☐ NO

Acquisition cost is lower than appraised value.

Proposed fundraising? ☐ YES ☒ NO

IV. PROJECT SERVICES & OPERATIONS

4A. OPERATING PRO FORMA

Operating expense total..... \$341,446

Operating expense per unit..... \$6,968

Rent schedule

Depends on 348,816 in VASH Subsidy.

Rents within HOME rent limits?..... ☒ YES ☐ NO

Utility allowance schedule.

Appears to meet standards for the size of units.

Income sources other than residential rent?..... ☒ YES ☐ NO

VASH Vouchers

Expected vacancy rate

7%

Management fees

Management Fees appear reasonable.

Overhead/administrative charges

Overhead/administrative costs are comparable to similar projects.

Replacement & operating reserve payments

Capitalized at \$267,954 and \$17,150 respectively.

If TOD project, are TOD loan repayment terms included in proforma? ☐ YES ☐ NO ☒ N/A

Proposed rent subsidies? ☒ YES ☐ NO

Section 8, VASH.

4B. PROPERTY MANAGEMENT

Property Management Plan

LIHI will manage the property. All LIHI Management Plans include the following sections: Description of Facility; Description of Target Population; Management Philosophy, and Description of Roles and Experience; Identification of Key Roles; Rent Structure; Policies for Making Budget Adjustments; Description of Long-Term Maintenance Plan; Building Security and Emergency Plans; Tenant Screening and Selection Process; Grievances Procedure; House Rules; Evictions; Ongoing Community Education and Involvement Strategy; Social Services; Lease Riders Explanation; and Affirmative Marketing Plan.

4C. SERVICE MODEL & FUNDING ANALYSIS

Project seeking subsidies or operating funds for services? ☒ YES ☐ NO

Service Funding		
Funder	Type of Fund	Amount
ORS	Homeless Housing	\$200,000 / Year for Homeless Services

Requests for service funding feasible? ☒ YES ☐ NO

Project competitive for ORS funding? ☒ YES ☐ NO

County's ORS team's initial review projects \$80,000/year for five years may be available for this project and notes it should be viable at this service funding level.

4C. REFERRALS & MARKETING PLAN

CEA participant? ☒ YES ☐ NO

Referrals/marketing

Marketing and At the time lease-up begins (90 days prior to Certificate of Occupancy), neighborhood employers, schools, social service agencies, and faith-based institutions will be sent fliers and posters regarding the availability of units. Advertising will be done through Craigslist and various local websites. If it is anticipated that leasing applications will significantly exceed the number of available units, a lottery may be held. Sons of Haiti and LIHI will affirmatively market the development to the racial/ethnic groups, income classes, veterans, and economically disadvantaged populations that are under-represented in the local market. The Property Manager will be available on-site to lease up the building.

The homeless units will be filled through King County's Coordinated Entry program. Tenants will also be screened (there is no charge to applicants for any credit report/background check) and must qualify as homeless through third party verification before signing a lease.

Developmentally disabled individuals will be referred by SOUND, which specializes in supportive services for individuals living with developmental disabilities tenant selection process appear to be adequate.

V. MARKET DEMAND ANALYSIS & COMPATIBILITY WITH FUNDING PRIORITIES

5A. MARKET DEMAND

Market study required? ☒ YES ☐ NO ☐ N/A

Market study conducted? ☒ YES ☐ NO ☐ N/A

Date conducted..... **September 9, 2019**

Project set-asides? ☒ YES ☐ NO

Veterans, Homeless, Developmentally Disabled.

Capture rate..... **15.24%**

Penetration rate..... **2.2%**

Lease-up/absorption rate..... **20-25 units per month. / 15.24%**

Notable findings

The subject site, proposed improvements and market for affordable housing have no perceived weaknesses. The supply of affordable apartment units in the South Seattle and Downtown Renton market area, is anticipated to fall significantly short of demand from 2019 through 2023, creating vacancy levels critically below the frictional level (below 5%).

Based on the preceding strengths and weaknesses, the subject property's specific outlook is considered positive, while the general outlook for the overall affordable housing market is concluded to be improving as well.

5B. FUNDING PRIORITIES

This project meets the following 2019 King County RFP priorities:

Homeless/Extremely Low-Income/Affordable Housing

- ☒ Units are set-aside for homeless individuals and families and participate in CEA
- ☒ The proposed project serves special needs population such as (but not limited to) households with a member with mental illness, is disabled and/or developmentally disabled, also experiencing homelessness
- ☒ The proposed project provides access to case management and behavioral health services
- ☒ The proposed project leverages other resources for both the construction and operations of the project, including social services expenses

System-connected housing

- ☒ The proposed project will be **veteran housing**, serving veterans and their family members; the project expects to receive referrals from King County or a King County-approved agency

VI. SPONSOR CAPACITY

6A. PORTFOLIO & PERFORMANCE

of sponsor projects in King County portfolio....

0

Brief Description
Sons of Haiti has no portfolio of affordable housing projects. This is their first development and they are partnering with LIHI, an established low-income housing developer. King County's portfolio includes 19 LIHI projects.

How have these KC projects performed?

This is Sons of Haiti's First Project.

6B. PIPELINE & DEVELOPMENT CAPACITY

Does the sponsor have other projects under construction and/or under development? ... ☒ YES ☐ NO

of projects under construction.....

1 -by LIHI

Projects under construction		
Project Name	Location	Brief description
An Lạc (Little Saigon)	Seattle, WA	69 units to be completed in 2020
Nesbit	Seattle, WA	118 Units to be completed in 2022
Othello MLK	Seattle, WA	190 Units to be completed in 2023
Skagit County	Mt. Vernon, WA	50 Units to be completed in 2023
Kingston	Kingston, WA	50 Units to be completed in 2023
Waters Estates	Renton, WA	48 units to be completed in 2023

of projects under development.....

5- by LIHI

How is the sponsor staffed to handle multiple projects?

LIHI has the capacity to handle the projects in their pipeline because five of the projects are in predevelopment and are unlikely to be funded all at once.

6C. FINANCIAL SOUNDNESS

King County Fiscal Team audit showed no findings and/or corrective plan required? ☒ YES ☐ NO

Sponsor's financial audits consistently clear, steady, & revealed no material weaknesses? .. ☒ YES ☐ NO

Operating cash provides appropriate levels of liquidity for operations? ☒ YES ☐ NO

Portfolio maintains strong debt ratios? ☒ YES ☐ NO

Other notable audit findings.

6D. EQUITY & SOCIAL JUSTICE

DCHS Equity & Inclusion Review Score.....

10

In an effort to expand and integrate equity & social justice frameworks to the HFP proposal review process, applicants were asked to respond to five supplemental questions that both assessed their familiarity with King County's Equity & Social Justice Strategic Vision and validated their commitment to addressing root causes of housing inequity. Under the assessment of DCHS' Equity & Inclusion Manager, applicants were provided a final score using the following rating system:

Exceeds ESJI Expectations: 10 points

Meets ESJI Expectations Fully: 7.5 points

Meets ESJI Expectations Minimally: 5 points

Does not meet ESJI Expectations: <5 Points

LIHI/Sons of Haiti scored a total of 10 points, indicating that the agency exceeds ESJI expectations.

It should be noted that though the intent of the ESJ review was to provide an understanding of the applicant's commitment to equity & inclusion, the responses to the supplemental questions were ultimately a self-assessment; responses to the supplemental questions, framed mainly to capture the integration and operationalization of equity within agency composition, engagement, and procedures, provide the *applicant's* perspective and may not be reflective of King County's knowledge/opinion.

VII. SUMMARY

Although this project meets our highest funding priorities and is a great opportunity to provide homeless housing with services in King County outside of Seattle, there are several reasons why staff is not recommending this project for funding at this time.

Recommendation: Do Not Fund at this time

The project scores at the middle to low end of the pack for 9% tax credits and we have a concern that it will not receive tax credit funding this round. In addition, it is not scoring well with other public funders, so it would not be fully funded to allow it to compete for tax credits in 2020.

The project is more expensive than most projects due to a variety of unique site-related issues unique to the city of Renton and the site's proximity to the airport, which brings the costs of the project 18% over the tax credit total development cost limits. LIHI has experience navigating housing development in Renton and may be able to negotiate cost-saving measures over the next year, to get the project within the required TDC limits.

For these reasons, the project is not competitive for this funding round.

Because the project meets our highest funding priorities and offers the added benefit of giving Sons of Haiti – an existing nonprofit – an entry into being a future affordable housing provider, King County staff will continue to work with LIHI and Sons of Haiti to strengthen their application for next year's funding rounds.

Housing Finance Program

2019 Capital Funding – Affordable Housing RFP

Project Memo

I. OVERVIEW

1A. PROJECT INFO

Sponsor/owner.....	DESC
Development consultant.....	Bellwether Housing
Project name.....	DESC Bitter Lake
Project location.....	924 N 143 rd Street – Seattle, WA 98133

1B. PROJECT COST

Total residential development cost.....	\$ 42,837,797
Cost per residential unit.....	\$ 274,601
King County Funds requested.....	\$ 5,977,663
Cost per KC-funded unit.....	\$ 38,318

Project applied for funding in prior rounds..... ☐ YES ☒ NO

Project eligible for TOD Funds..... ☐ YES ☒ NO

II. PROJECT DESCRIPTION

2A. HOUSING MODEL

# of units.....	156 chronically homeless
-----------------	--------------------------

Target population..... ☐ VSHSL - Seniors ☐ VSHSL - Veterans ☒ MIDD ☒ Other

Unit distribution - Income

UNITS – INCOME DISTRIBUTION	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI
# of Units	156	0	0	0	0

Unit distribution – Bedrooms

UNITS – BEDROOM DISTRIBUTION	STU	1BR	2BR	3BR	4BR	MGR
# of Units	156	0	0	0	0	0

Permanent supportive housing? ☒ YES ☐ NO

Coordinated Entry for All (CEA) participation?.... ☒ YES ☐ NO

Full participation in CEA.

Community Spaces..... ☐ YES ☒ NO

Resident Services..... ☒ Referral Services ☒ Counseling ☒ Medical Services ☐ Financial Assistance

Tenants will all receive housing support and case management services from DESC. As in all of DESC's PSH buildings, this project will have 24 hour, 7 days a week on-site personnel who can assist and support tenants with the challenges of daily living: providing nutritional support with daily meals, giving reminders for medications and appointments, counseling on personal and apartment hygiene, monitoring visitors and enforcing visiting policies, organizing resident apartments and preventing unsafe situations, assisting with communication and inter-resident communication, encouraging social engagement and community outings, and a host of other everyday tasks.

2B. PROJECT, SITE, & LOCALITY CHARACTERISTICS

Project type..... ☒ New Construction ☐ Rehabilitation ☒ Acquisition

Infrastructure

Building height (# of floors).....

7

Construction type..... ☐ Wood Frame ☐ Steel Construction ☒ Combo

Construction begins.....

1/28/2021

Construction period.....

16 months

Evergreen Sustainable Design Std. (ESDS) Score.....

55

ESDS score sufficient for development in WA?.. ☒ YES ☐ NO

Development Processes

Project location/city.....

Seattle

Is zoning compatible?..... ☒ YES ☐ NO

Challenges in development?..... ☐ YES ☒ NO

3rd party report raised timing issues for permits and a temporary easement to demolish existing structure on site. Project is not ready to start within 12 months.

NeighborhoodDescribe the neighborhood..... ☐ Single Family ☐ Multifamily ☐ Commercial ☒ Mixed-use

The site's proximity to Aurora Ave connects it to major frequent service bus routes, including the Metro Transit RapidRide "E" Line, a High Capacity Transit Corridor with service to Downtown Seattle. Other nearby Metro Transit-defined Frequent Services include Route 5, and combined Routes 345/346. It is an ideal location for DESC staff with its proximity to other DESC supportive housing projects, such as Aurora House (10507 Aurora Ave N) and the recently completed Clement Place (937 N 96th St). Access to neighborhood amenities include a Grocery Outlet, Dollar Tree, Walgreens, Bitter Lake Community Center, and a U.S. Post office. Attached to this application is a map depicting amenities within a roughly 2-mile radius from the project site.

TOD project?..... ☐ YES ☒ NOo ½ mile to high capacity transit?..... ☒ YES ☐ NOo Multi-modal?..... ☐ YES ☒ NO

o Walk/transit score.....

75

o Close proximity to community resources and/or services? ☒ YES ☐ NO

Noted above.

NonresidentialProposed commercial spaces?..... ☐ YES ☒ NOParking requirements?..... ☐ YES ☒ NO

1:1 long-term bicycle parking stall ratio would create 156 spaces but are unlikely to be used by resident population

Environmental Properties

Soil report findings

Findings indicate that conventional footings are concrete slab-on-grade are feasible to support the proposed buildings. Over-excavation might be required in some areas to reach bearing soils.

Environmental concerns

Evidence of Recognized Environmental Conditions and historical RECs. Historic use of an oil burner fuel heating system for the former residence at 928 N 143rd St. It is possible that a UST was associated with the heating system for this residence.

Prior env report indicates that approx. 66.7 metric tons of lead impacted soil was removed from a portion of the site in 2015.

Proposed feasible mitigation measures (in budget) to address issues?..... ☐ YES ☒ NO

The lead impacted soil cleanup project received a No Further Action determination from Ecology on September 2015

Development Incentives & Restrictions

Development incentive programs in project location?..... ☒ YES ☐ NO

All parcels have Qualified Census Tract (QCT) and Difficult Development Area (DDA) designations which are advantageous for LIHTC basis boost

Restrictions in development?..... ☐ YES ☒ NO

Benefits to community (besides affordable housing)?..... ☐ YES ☒ NO

2C. ROLES & RESPONSIBILITIES

Project development consultant? ☒ YES ☐ NO

DESC is an experienced developer of permanent supportive housing (PSH) and has extensive experience managing large consultant and design teams. As Executive Director, Daniel Malone will provide overall oversight for all DESC development projects.

Sondra Nielsen, Director of Facilities and Asset Management, will provide direction and communication to consultants for each development task, including input and internal coordination as Owner's rep and supervision of Property Development activities. To support this effort a Housing Development Coordinator position was added and Julie Nordgren joined the team in January 2019 to provide day to day support. Nicole Macri, Deputy Director of Strategy, will provide historical information and support with external stakeholder engagement. This DESC team has 40 years of combined experience working at DESC and thoroughly understands its clients' needs and the unique challenges they bring to long term asset management.

As the project development consultant, Bellwether is responsible for coordinating all aspects of the development of this project at the direction of DESC. Real Estate Director, Richard Loo, has over 30 years of experience in Real Estate Development as an architect, market-rate developer and affordable housing developer. Senior Housing Developer, Jovan Ludovice, has extensive experience in affordable housing and community development in California and Washington. Jovan has lead a number of 4% LIHTC/Tax-Exempt Bond, historic credits, new construction, and rehabilitation projects. Lach Foss, Construction Manager, has over 30 years of experience in construction. Lach most recently oversaw the construction of DESC's Estelle, Compass Housing's Broadview, and Bellwether's Arbora Court. Development Associate, Jonathan Smith, will assist the project managers in all aspects of the project.

During the first 15 years, the sponsor will be the General Partner and the investor will be the Limited Partner. At the end of the 15-year compliance period, DESC will purchase the tax credit investor's interest and assume 100% ownership of the project.

General contractor selection process

DESC will prequalify a general contractor through a public solicitation process (Request for Qualifications). Firms interested in submitting qualifications will be asked to provide examples of similar clients, similar types of development, compliance with public funding contract requirements and other qualifications specific to construction of supportive housing. In addition, DESC will consider the ability of the GC team to work collaboratively with the owner's team and experience working with nonprofit clients on similar projects in Seattle.

Who will manage construction?

Bellwether Housing

Who will manage property after construction?

DESC

Is sponsor a Community Housing Development Organization (CHDO)?..... ☐ YES ☒ NO

III. DEVELOPMENT BUDGET ANALYSIS

3A. SOURCES & USES

Total development cost.....	\$ 42,837,797
Cost per square foot.....	\$ 514
King County Funds (KCF) requested.....	\$ 5,977,663
% of total development cost.....	14%

Does request deviate from HFP guidelines? ☐ YES ☒ NO

High ask of County funds for City of Seattle project.

Sources of funding

Source	Proposed Amount	Committed Amount
9% LIHTC	\$ 20,475,264	
City of Seattle	\$ 13,384,868	
King County	\$ 5,977,663	
State HTF	\$ 3,000,000	
TOTAL	\$42,837,797	

Will federal wages be triggered?..... ☐ YES ☒ NO

Does project exceed TDC limits?..... ☐ YES ☒ NO

Development cost savings of up to 10%. Cost savings can primarily be attributed to the project's use of Cost-Efficient Design & Construction which is a proprietary combination of design and construction methods that seeks out maximum efficiencies and cost savings through standardization, repetition, and in some case, prefabrication

Proposed use of funds compatible with King County requirements?..... ☒ YES ☐ NO

3B. COST EFFECTIVENESS**Appraisal, Acquisition, & Construction**

Site's Appraised Value..... \$ 2,450,349

Appraisal value greater than (or equal to) acquisition costs?..... ☒ YES ☐ NO

Developer fee..... \$ 1,750,000 (4% TDC)

Adequate

Other fees (architecture, engineering, consulting) reasonable?..... ☒ YES ☐ NO**Third-Party Report**Notable departures in construction costs with comparable projects?..... ☒ YES ☐ NO

Comparing the cost estimate to current pricing for recent projects reveals the budget is 23% higher than average costs for projects providing both apartments and supportive services spaces.

Suggestions to revisions in project design or project team?..... ☐ YES ☒ NO

Several potential cost saving and value engineering ideas were provided in the independent construction report.

Competitiveness of projects as compared to other-like projects

Project could be more competitive with lower development costs and a lower unit count. Project is less competitive than Hobson Place, Plum Street PSH – another DESC project which already has other public funds committed.

Appropriateness of contingency

Escalators and contingency can be reduced as the design details are further developed and the market timing for the start of construction is identified.

3C. FINANCINGHow will construction be financed? ☒ Construction Loan ☒ LIHTC ☐ Bonds ☐ Other

King County Loan amount..... \$5,977,663.65

Loan term.....	<input type="text" value="50 years"/>
Loan interest rate.....	<input type="text" value="1%"/>
Amortization period.....	<input type="text" value="n/a"/>
Preliminary letters of interest and/or uncommitted funds? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	

LIHTC Project

Proposed use of LIHTC?.....	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Projected LIHTC pricing.....	<input type="text" value="\$0.95 - \$0.98"/>
4% LIHTC self-score.....	<input type="text" value="N/A"/>
9% LIHTC self-score.....	<input type="text" value="183"/>

How does pricing and self-scores compare to comparable projects?

Very competitive – high ranking score

Debt & Contributions

Amount of private debt proposed.....	<input type="text" value="\$0"/>
Is debt coverage sufficient?.....	<input type="checkbox"/> YES <input type="checkbox"/> NO
Can project support additional debt?.....	<input type="checkbox"/> YES <input type="checkbox"/> NO
<input type="text" value="N/A"/>	

Sponsor contributions? ☐ YES ☒ NO

N/A

Proposed fundraising? ☐ YES ☒ NO

--

IV. PROJECT SERVICES & OPERATIONS**4A. OPERATING PRO FORMA**

Operating expense total.....	<input type="text" value="\$1,838,245.71 (Year 2)"/>
Operating expense per unit.....	<input type="text" value="\$11,783(Year 2)"/>

Rent schedule

\$100 per month for all 156 studio units
--

Rents within HOME rent limits?..... ☒ YES ☐ NO

Utility allowance schedule.

Tenants pay no utilities

Income sources other than residential rent?..... ☒ YES ☐ NO

ORS, Medicaid, McKinney – (proposed)

Expected vacancy rate

3%

Management fees

Insurance, fire safety, telephone, landscaping, turnover are all substantially higher than other PSH 80+ unit projects

Overhead/administrative charges

Management costs are competitive

Replacement & operating reserve payments

Slightly lower (15%) than other PSH 80+ unit buildings.

If TOD project, are TOD loan repayment terms included in proforma? ☐ YES ☐ NO ☒ N/A

Proposed rent subsidies? ☐ YES ☒ NO

N/A

4B. PROPERTY MANAGEMENT

Property Management Plan

As both property manager and service provider, DESC believes in a staffing model that promotes integration and constant coordination between operations and service staff. Instead of having separate staff for these two functions, DESC integrates support services with property management.

The full Management Plan for DESC Bitter Lake PSH will be finalized three months prior to opening and will include sections on the following three areas of priority: (1) program description and eligibility for the housing; (2) management and maintenance of the physical plant; and (3) client responsibilities and, rules and regulations to continue residency at DESC Bitter Lake PSH.

The Management Plan will also include: the purpose of the supportive housing program; a description of the specific target population; tenant screening and selection process; and involvement of service partners or amenities unique to the project. The document also describes the management philosophy; a description of staff roles and responsibilities; a description of the facility; the building's security and emergency plans; and a description of long-term maintenance plan. Tenant support information includes: the grievance procedure; house rules; criteria and processes leading to eviction; on-going community education and involvement; and on-site services.

4C. SERVICE MODEL & FUNDING ANALYSIS

Project seeking subsidies or operating funds for services? ☒ YES ☐ NO

Service Funding		
Funder	Type of Fund	Amount
County and City (ORS & O&M)	Operating personnel subsidies	\$ 1,776,537
(McKinney, ORS, Medicaid)	Service Subsidy	\$ 1,367,424

Requests for service funding feasible? ☒ YES ☐ NO

Project competitive for ORS funding? ☐ YES ☒ NO

County services team has concern about the type of staffing for services, for example DESC is not showing the intensive behavioral health counseling that's necessary for this population. They also have not broken out operating from services subsidies, so project not competitive for services funding at this time.

4C. REFERRALS & MARKETING PLAN

CEA participant? ☒ YES ☐ NO

Referrals/marketing

DESC works with the Coordinated Entry system as part of King County's implementation of Coordinated Entry for All (CEA). All units will be filled through CEA referrals – no project waitlist will be established or maintained. DESC successfully utilized the CEA system to fully lease-up the Estelle and Clement Place projects and is adept in navigating the complexities of the program to ensure the target population is achieved for unit placement. DESC has a dedicated Housing Placement Manager position to ensure positive housing outcomes with the CEA and this dedicated FTE position allows DESC to be responsive to matching housing with the need.

V. MARKET DEMAND ANALYSIS & COMPATIBILITY WITH FUNDING PRIORITIES

5A. MARKET DEMAND

Market study required? ☐ YES ☐ NO ☒ N/A

Market study conducted? ☐ YES ☐ NO ☒ N/A

Date conducted.....

Project set-asides? ☒ YES ☐ NO

Single adults earning 0 – 30% AMI

Capture rate.....

N/A

Penetration rate.....

N/A

Lease-up/absorption rate.....

N/A

Notable findings

N/A

5B. FUNDING PRIORITIES

This project meets the following 2019 King County RFP priorities:

Homeless/Extremely Low-Income/Affordable Housing

- ☒ Units are set-aside for homeless individuals and families and participate in CEA
- ☒ The proposed project serves special needs population such as (but not limited to) households with a member with mental illness, is disabled and/or developmentally disabled, also experiencing homelessness
- ☒ The proposed project provides access to case management and behavioral health services
- ☒ The proposed project leverage other resources for both the construction and operations of the project, including social services expenses

VI. SPONSOR CAPACITY

6A. PORTFOLIO & PERFORMANCE

of sponsor projects in King County portfolio.... **10 projects comprising approximately 750 units**

King County Asset Management found no issues with DESC portfolio properties.

6B. PIPELINE & DEVELOPMENT CAPACITY

Does the sponsor have other projects under construction and/or under development? ... ☒ YES ☐ NO

of projects under construction..... **1**

Projects under development		
Project Name	Location	Brief description
Hobson Place – Plum Street PSH	1923 22 nd Ave S, Seattle	92-studio units for persons with multiple special needs

of projects under development..... **1**

How is the sponsor staffed to handle multiple projects?

Priority should be given to completing Hobson Place Phase II especially considering limited staff capacity.

6C. FINANCIAL SOUNDNESS

King County Fiscal Team audit showed no findings and/or corrective plan required? ☒ YES ☐ NO

Sponsor's financial audits consistently clear, steady, & revealed no material weaknesses? .. ☒ YES ☐ NO

Operating cash provides appropriate levels of liquidity for operations? ☒ YES ☐ NO

Portfolio maintains strong debt ratios? ☒ YES ☐ NO

Other notable audit findings.

N/A

6D. EQUITY & SOCIAL JUSTICE

DCHS Equity & Inclusion Review Score..... **10 / 10**

In an effort to expand and integrate equity & social justice frameworks to the HFP proposal review process, applicants were asked to respond to five supplemental questions that both assessed their familiarity with King County's Equity & Social Justice Strategic Vision and validated their commitment to addressing root causes of housing inequity. Under the assessment of DCHS' Equity & Inclusion Manager, applicants were provided a final score using the following rating system:

Exceeds ESJI Expectations: 10 points

Meets ESJI Expectations Fully: 7.5 points

Meets ESJI Expectations Minimally: 5 points

Does not meet ESJI Expectations: <5 Points

DESC Bitterlake scored a total of 10 points, indicating that the agency exceeds ESJ expectations.

It should be noted that though the intent of the ESJ review was to provide an understanding of the applicant's commitment to equity & inclusion, the responses to the supplemental questions were ultimately a self-assessment; responses to the supplemental questions, framed mainly to capture the integration and operationalization of equity within agency composition, engagement, and procedures, provide the *applicant's* perspective and may not be reflective of King County's knowledge/opinion.

VII. SUMMARY

Project will serve a priority population that is homeless single adults with special needs including but not limited to mental illness or behavioral health issues. It will provide case management and other services with the goal of allow residents to have more stable, normalized day-to-day apartment living.

Although the project scores very high in the 9% LIHTC credit pool and has demonstrated some cost savings through building design, it will not be ready to start within the next 12 months and does not have other public funding commitments at this time. Per 3rd party report, DESC can apply for relevant permits and associated easements needed for demolition to remove existing structure. DESC will obtain site control from Bellwether incurring no holding costs aside from any projected escalation.

Recommendation: Do Not Fund at this time, needs more work

- Project budgets, building design and program do not demonstrate robust efforts in value engineering to reduce costs
- Total development cost for the proposed building scheme exceeds available King County HFP funding sources for this population
- Project has no existing public funding commitments
- HFP staff have concerns about DESC's growing portfolio with limited staff capacity
- Recommend prioritizing other DESC project (Hobson Place) which is ready to start construction in first half of 2020

Housing Finance Program

2019 Capital Funding – Affordable Housing RFP

Project Memo

I. OVERVIEW

1A. PROJECT INFO

Sponsor/owner..... **Homestead CLT (Homestead) and Edge Community Developers (Edge)**

Development consultant..... **N/A**

Project name..... **Yakima Ave Townhomes (homeownership)**

Project location..... **1312-1326 Yakima Avenue South, Seattle, WA 98144**

1B. PROJECT COST

Total residential development cost. **\$5,682,000 (10 afford.) \$9,386,338 (10 afford. + 6 market rate)**

Cost per residential unit..... **\$568,000**

King County Funds requested..... **\$400,000**

Cost per KC-funded unit..... **\$40,000**

Project applied for funding in prior rounds..... ☐ YES ☒ NO

Project eligible for TOD Funds..... ☒ YES ☐ NO

II. PROJECT DESCRIPTION

2A. HOUSING MODEL

of units..... **10 affordable townhomes + 6 Market Rate townhomes**

Target population..... ☐ VSHSL - Seniors ☐ VSHSL - Veterans ☐ MIDD ☒ Other

Unit distribution - Income

UNITS – INCOME DISTRIBUTION	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI
# of Units	0	0	0	2	8

Unit distribution – Bedrooms

UNITS – BEDROOM DISTRIBUTION	SRO	1BR	2BR	3BR	4BR	MGR
# of Units	0	0	0	10	0	0

Permanent supportive housing? ☐ YES ☒ NO

Coordinated Entry for All (CEA) participation?.... ☐ YES ☒ NO

N/A

Community Spaces..... ☐ YES ☒ NO

N/A

Resident Services..... ☐ Referral Services ☒ Counseling ☐ Medical Services ☐ Financial Assistance

Homestead will provide pre-purchase counseling and education to prepare applicants for owning a home. Homestead will also provide transaction support as homebuyers purchase their homes and post-purchase monitoring to ensure success. Homestead maintains relationships with the homeowners throughout their ownership and provide support with the resale process when a homeowner decides to sell.

2B. PROJECT, SITE, & LOCALITY CHARACTERISTICS

Project type..... ☒ New Construction ☐ Rehabilitation ☒ Acquisition

Infrastructure

Building height (# of floors).....

Construction type..... ☒ Wood Frame ☐ Steel Construction ☐ Combo

Construction begins.....

Construction period.....

Evergreen Sustainable Design Std. (ESDS) Score.....

ESDS score sufficient for development in WA?.. ☒ YES ☐ NO

Development Processes

Project location/city.....

Is zoning compatible?..... ☒ YES ☐ NO

The property is zoned LR1 which allows townhomes. The entitlement process is underway and land use and building permits are in review with the city.

The development site consists of 7 parcels with a total of 16,306 sf. However, a lot boundary adjustment has been approved that creates 3 development lots of approximately 5,300 sf each which will be further divided into the 16 lots, one for each of the ground-oriented townhomes.

Challenges in development?..... ☒ YES ☐ NO

The project site is has a steep slope that has never been developed. The budget includes a significant amount for site work.

Neighborhood

Describe the neighborhood..... ☒ Single Family ☒ Multifamily ☐ Commercial ☐ Mixed-use

Project site is located in the Judkins Park area of the Leschi/Central District neighborhood of Seattle. It is within walking distance of a public elementary school, museum, and several parks. Recreation, shopping, dining, and job centers are easily accessible by public transit.

TOD project?..... ☒ YES ☐ NO

o ½ mile to high capacity transit?..... ☒ YES ☐ NO

o Multi-modal?..... ☒ YES ☐ NO

o Walk/transit score..... 68/62

o Close proximity to community resources and/or services? ☒ YES ☐ NO

Site is located near walking distance of multiple bus stops. Many routes provide easy access to downtown, making for an easy commute to work for many. This project is sited an easy walk (less than .25 miles) to the future LINK light rail station at I-90 and Rainier Ave. S. The project site provides easy access to major North/South and East/West freeways, the regional LINK light rail network, frequent METRO bus service, and bicycle connections to Downtown. While the project is in a TOD area, TOD funding may not be feasible with homeownership because it requires annual interest payment.

Nonresidential

Proposed commercial spaces?..... ☐ YES ☒ NO

Parking requirements?..... ☐ YES ☒ NO

The affordable homes will not include parking garages. The market rate units will include parking garages. Plenty of off-street parking is available.

Environmental Properties

Soil report findings

Application did not include Geotech Report, will need to request report from Homestead.

Environmental concerns

A Phase I was conducted November 2016 and recommended a Phase II, which has been completed and concluded that no additional study or action is required at this time

The Phase II report found the following:

1. The shallow soil from test pit TP1 beneath surficial debris on the southern portion of the subject property did not contain contaminants of concern above regulatory cleanup levels. The debris appears to be limited to the surface and no fill material was encountered beneath the debris.
2. Petroleum and VOC contaminants of concern were not detected in groundwater on the northeastern portion of the subject property. This finding indicates that the up-slope former gasoline stations and heating oil USTs have not affected site groundwater.
3. No contaminants of concern were detected above regulatory cleanup levels in soil samples from borings B1 and B2. This information indicates that up-slope contaminant sources and/or fill material have not led to contamination of the subject property.
4. Based on the information presented in this report, EHSI recommends no additional study or action at this time.

Based on the information presented in this Phase II ESA report, no additional study or action is required at this time.

Limited Survey for Lead Based Paint, Mold, and Asbestos not applicable.

NEPA revealed no wetlands on site or in the vicinity.

Proposed feasible mitigation measures (in budget) to address issues?..... ☐ YES ☒ NO

No additional study or action is required, therefore no funds for environmental abatement needed. Site work for this project will need to be worked out, which is accounted for in the budget.

Development Incentives & Restrictions

Development incentive programs in project location?..... ☒ YES ☐ NO

The City of Seattle, through an RFP process, awarded Homestead the right to acquire at no cost and develop the property in exchange for delivering a minimum of 9 units of housing affordable to households earning 80% or below AMI. A draft purchase and sale agreement has been negotiated between the City and Homestead, and legislation was passed by City Council on 9/3/19, and signed by the Mayor on 9/5/19, and will allow the Office of Housing to execute the transfer of the property.

Restrictions in development?..... ☒ YES ☐ NO

A minimum of 9 units of affordable housing must be built on site. 2 of the units are required to be affordable at 60% AMI and below as a condition to the FHLB funding award.

Benefits to community (besides affordable housing)?..... ☐ YES ☒ NO

This project will allow for homeownership opportunities to lower income households who are “least likely to apply”, and in a neighborhood that has seen tremendous cost escalation in the last decade.

2C. ROLES & RESPONSIBILITIES

Project development consultant? ☐ YES ☒ NO

N/A

General contractor selection process

Homestead will work with Africatown who is conducting outreach to local minority owned firms to participate in the construction of the homes. Homestead CLT, EDGE and Africatown are committed to attaining a minimum of 17% local minority subcontractor participation in the Yakima Ave. Townhome construction.

Who will manage construction?

Homestead and Edge.

Who will manage property after construction?

During construction Homestead will own all the land. Edge will initially lease the market rate parcels and will purchase them from Homestead at the end of construction. No property management is proposed. Homestead will provide stewardship of the affordable homes.

Is sponsor a Community Housing Development Organization (CHDO)?..... ☐ YES ☒ NO

N/A

III. DEVELOPMENT BUDGET ANALYSIS

3A. SOURCES & USES

Total development cost..... \$5,682,000 (10 affordable) \$9,386,338 total (16 homes)

Cost per square foot..... Approx. \$507, units vary in size

King County Funds (KCF) requested..... \$400,000

% of total development cost..... 7%

Does request deviate from HFP guidelines? ☐ YES ☒ NO

--

Sources of funding

Source	Proposed Amount	Committed Amount	TOTAL
WA State HTF	\$1,000,000		\$1,000,000
HUD SHOP	\$0	\$150,000	\$150,000
King County	\$400,000		\$400,000
FHLB	\$350,000		\$350,000
Seattle OH	\$0	\$900,000	\$900,000
Construction Loan	\$2,882,000		\$2,882,000
Total	\$4,632,000	\$1,050,000	\$5,682,000

Will federal wages be triggered?..... ☐ YES ☒ NO

--

Does project exceed TDC limits?..... ☐ YES ☒ NO

WSHFC's TDC limit is not applicable for this project.

Proposed use of funds compatible with King County requirements?..... ☐ YES ☒ NO

Project is not compatible with King County funding. The three funding sources that could typically be used for homeownership projects include HOME, VSHSL, and TOD funding. HOME cannot be used for projects in Seattle, as Seattle is its own Participating Jurisdiction, and has jurisdiction over funding HOME funds in Seattle. In this 2019 funding round, King County made available \$1.6M in VSHSL funding for homeownership for veterans and vulnerable populations. Homestead is not be able to guarantee the homes would be occupied by veteran or vulnerable population households. Lastly, TOD funding is limited in the City of Seattle, and requires annual interest payments, which homeownership projects typically cannot support.

3B. COST EFFECTIVENESS**Appraisal, Acquisition, & Construction**

Site's Appraised Value..... N/A due to free cost of land

Appraisal value greater than (or equal to) acquisition costs?..... ☒ YES ☐ NO

Developer fee..... \$500,000

Developer fee is \$500,000 based on the affordable residential budget. The developer will also include a fee of \$169,702 on the market rate budget. Fee is appropriate for this project.

Other fees (architecture, engineering, consulting) reasonable?..... ☒ YES ☐ NO

Fees are reasonable for this project.

Third-Party Report

Notable departures in construction costs with comparable projects?..... ☐ YES ☒ NO

Construction costs estimate excluding tax is \$5,835,315 for the 16 homes, or \$364,707 per unit. Based on the per-unit cost, the construction cost estimate is \$3,647,070 for the ten affordable homes.

Based on the construction documents and experience with similarly completed projects, the total proposed budget appears to be within the reasonable range of anticipated costs in the subject locale for a project of this scope.

The report notes that the units are not designed to ADA specifications. There are no elevators within the units, nor accessible paths to the entries, common areas, or upper levels. If it is determined this is required, the budget will increase.

Report comments include:

1. The provided budget does not include a hard cost contingency. A 10% contingency is held in the development budget. Report recommends a Stipulated Sum contract with the General Contractor if the contingency is entirely held within the development budget.
2. The costs included for Sitework and Clearing appear to be lower than the anticipated range for the scope of work.
3. The costs included for Finishes appear to be lower than the anticipated range.
4. The plans show that Fire Protection is required according to City of Seattle Fire Code, however the budget does not include it. Clarification should be provided.

Suggestions to revisions in project design or project team?..... ☐ YES ☒ NO

Possible design revisions might be needed, as mentioned previously.

Competitiveness of projects as compared to other-like projects

Project is competitive, budget looks adequate, but might need some adjusting based on possible design modifications.

Appropriateness of contingency

The provided budget does not include a hard cost contingency. A 10% contingency is held in the development budget. The third party report recommends a Stipulated Sum contract with the General Contractor if the contingency is entirely held within the development budget.

3C. FINANCINGHow will construction be financed? ☒ Construction Loan ☐ LIHTC ☐ Bonds ☒ Other

King County Loan amount..... \$400,000

Loan term..... Not listed

Loan interest rate..... Not listed

Amortization period..... Not listed

Preliminary letters of interest and/or uncommitted funds? ☒ YES ☐ NO**LIHTC Project**Proposed use of LIHTC?..... ☐ YES ☒ NO

Projected LIHTC pricing..... N/A

4% LIHTC self-score..... N/A

9% LIHTC self-score..... N/A

How does pricing and self-scores compare to comparable projects?

N/A

Debt & Contributions

Amount of private debt proposed..... \$900,000

Is debt coverage sufficient?..... ☒ YES ☐ NOCan project support additional debt?..... ☐ YES ☒ NO

N/A

Sponsor contributions? ☐ YES ☒ NO

Project does not include sponsor contributions.

Proposed fundraising? ☒ YES ☐ NO

Funds have been pledged, but not committed for solar panels, and are not included in the capital budget. Project will fundraise as much as possible and at a minimum have solar panels for the affordable homes.

IV. PROJECT SERVICES & OPERATIONS**4A. OPERATING PRO FORMA**

Operating expense total.....

Operating expense per unit.....

Rent schedule

Rents within HOME rent limits?..... ☐ YES ☐ NO

Utility allowance schedule.

Income sources other than residential rent?..... ☐ YES ☒ NO

Expected vacancy rate

Management fees

Overhead/administrative charges

Replacement & operating reserve payments

If TOD project, are TOD loan repayment terms included in proforma? ☐ YES ☒ NO ☐ N/A

Proposed rent subsidies? ☐ YES ☒ NO

4B. PROPERTY MANAGEMENT

Property Management Plan

The project will not include property management, homeowners will maintain their homes. However, Homestead will provide stewardship of the homes.

4C. SERVICE MODEL & FUNDING ANALYSIS

Project seeking subsidies or operating funds for services? ☐ YES ☒ NO

Service Funding		
Funder	Type of Fund	Amount
N/A	N/A	N/A

Requests for service funding feasible? ☐ YES ☐ NO

Project competitive for ORS funding? ☐ YES ☐ NO

N/A

4C. REFERRALS & MARKETING PLAN

CEA participant? ☐ YES ☒ NO

Referrals/marketing

Homestead has developed an affirmative, fair marketing plan that: 1) Identifies the Target segment of the eligible population least likely to apply, 2) Develops outreach strategy, and 3) Determines indicators of success.

Target: The eligible population are those first-time homebuyers with incomes between 60 to 80% of Area Median Income with credit profiles that permit them to qualify for a 30-year fixed-rate mortgage. Those least likely to apply are those who have experienced racial or ethnically based housing discrimination, are long-time subsidized rental beneficiaries, have language or physical barriers, and those who have been displaced or are at risk of displacement.

Outreach: Homestead will work with Africatown, as well as a network of supporting agencies and institutions who have relationships of trust with prospective candidates including those that work with people with disabilities and those for whom English is a second language. Beginning at the start of construction, Homestead will work with our network of agencies to recruit for and hold one or two Homebuyer Clubs to help candidates set and achieve goals that prepare them to become homeowners.

Key partners for outreach include Africatown, Asian Counseling and Referral Service, El Centro De La Raza, Homesight, King County Housing Authority, Seattle Housing Authority, Parkview Services, Wellspring Family Services, and the Urban League.

In addition to working with the potential buyers, Africatown is reaching out to local minority owned firms to participate in the construction of the homes. Homestead CLT, EDGE and Africatown are committed to attaining a minimum of 17% local minority subcontractor participation in the Yakima Ave. Townhome construction.

Indicators: Utilizing our Homekeeper CRM system, Homestead will benchmark additions to their pre-approved interest list by source of referral, current housing status, homeownership history and other indicators before outreach begins. They will measure progress against the benchmark 1) six months prior to construction completion, 2) at certificate of occupancy, and 2) after sales are completed.

V. MARKET DEMAND ANALYSIS & COMPATIBILITY WITH FUNDING PRIORITIES

5A. MARKET DEMAND

Market study required? ☒ YES ☐ NO ☐ N/A

Market study conducted? ☐ YES ☒ NO ☐ N/A

Date conducted..... **If awarded County funds, Homestead will provide a market study**

Project set-asides? ☒ YES ☐ NO

2 homes will be available at 60% AMI, as required by FHLB. Homes will need to meet the homeless definitions as defined in the 2019 AHP Implementation Plan.

Capture rate.....	N/A
Penetration rate.....	N/A
Lease-up/absorption rate.....	N/A
Notable findings	
N/A	

5B. FUNDING PRIORITIES

This project meets the following 2019 King County RFP priorities:

Homeownership Development

- ☒ Projects that expand the capacity of homeownership opportunities to Veterans or Services Members and their families as well as Vulnerable Populations who can become homeowners, be stably housed and avoid intergenerational poverty.

Transit-Oriented Development

- ☒ Project leverages present and future public investment in transit infrastructure and is within ½ mile of a high capacity transit station

VI. SPONSOR CAPACITY

6A. PORTFOLIO & PERFORMANCE

# of sponsor projects in King County portfolio....	0
How have these KC projects performed?	
Homestead does not have any development projects in the King County portfolio.	

6B. PIPELINE & DEVELOPMENT CAPACITY

Does the sponsor have other projects under construction and/or under development? ... ☒ YES ☐ NO

# of projects under construction.....	0
# of projects under development.....	2 (with King County investments)

How is the sponsor staffed to handle multiple projects?

Sponsor has a new development manager, Eric Pravitz, who has previous experience working on real estate development projects. Edge is also working with Homestead on this project.
--

6C. FINANCIAL SOUNDNESS

King County Fiscal Team audit showed no findings and/or corrective plan required? ☒ YES ☐ NO

Sponsor's financial audits consistently clear, steady, & revealed no material weaknesses? .. ☒ YES ☐ NO

Operating cash provides appropriate levels of liquidity for operations? ☒ YES ☐ NO

Portfolio maintains strong debt ratios? ☒ YES ☐ NO

Other notable audit findings.

Fiscal review found no notable audit findings.

6D. EQUITY & SOCIAL JUSTICE

DCHS Equity & Inclusion Review Score..... **10/10**

In an effort to expand and integrate equity & social justice frameworks to the HFP proposal review process, applicants were asked to respond to five supplemental questions that both assessed their familiarity with King County's Equity & Social Justice Strategic Vision and validated their commitment to addressing root causes of housing inequity. Under the assessment of DCHS' Equity & Inclusion Manager, applicants were provided a final score using the following rating system:

Exceeds ESJI Expectations: 10 points

Meets ESJI Expectations Fully: 7.5 points

Meets ESJI Expectations Minimally: 5 points

Does not meet ESJI Expectations: <5 Points

Homestead scored a total of 10 points, indicating that the agency **exceeds ESJI expectations**.

It should be noted that though the intent of the ESJ review was to provide an understanding of the applicant's commitment to equity & inclusion, the responses to the supplemental questions were ultimately a self-assessment; responses to the supplemental questions, framed mainly to capture the integration and operationalization of equity within agency composition, engagement, and procedures, provide the *applicant's* perspective and may not be reflective of King County's knowledge/opinion.

VII. SUMMARY

While this is a terrific homeownership project in Seattle's Central District, staff recommends not funding it because current County funding sources are incompatible with the proposed project.

The Yakima Townhomes Project is not compatible with current King County funding. The three funding sources that can typically be used for homeownership projects include HOME, VSHSL, and TOD funding. HOME cannot be used for projects in Seattle, as Seattle is its own Participating Jurisdiction, and has jurisdiction over funding HOME funds in Seattle. In this 2019 funding round, King County made available \$1.6M in VSHSL funding for homeownership for veterans and vulnerable populations. Homestead is not able to guarantee the homes would be occupied by a veteran household or vulnerable household. Lastly, TOD funding is limited in the City of Seattle, and requires repayment, which homeownership projects typically cannot support.

King County would like to see this project move forward and has talked with Seattle's Office of Housing (OH) about covering the \$400,000 ask to the County in order to fully fund the project. OH fully supports the project and thinks it can cover this gap to ensure that the project moves forward.

Housing Finance Program

2019 Capital Funding – Affordable Housing RFP

Project Memo

I. OVERVIEW

1A. PROJECT INFO

Sponsor/owner.....	Imagine Housing Communities
Development consultant.....	Imagine Housing
Project name.....	Samma Senior Apartments 4%
Project location.....	17816 Bothell Way NE, Bothell, WA 98011

1B. PROJECT COST

Total residential development cost.....	\$21,232,873
Cost per residential unit.....	\$393,201 (54 units)
King County Funds requested.....	\$3,000,000
Cost per KC-funded unit.....	\$55,555

Project applied for funding in prior rounds..... ☐ YES ☒ NO

Project eligible for TOD Funds..... ☒ YES ☐ NO

II. PROJECT DESCRIPTION

2A. HOUSING MODEL

# of units.....	54
-----------------	----

Target population..... ☒ VSHSL - Seniors ☒ VSHSL - Veterans ☐ MIDD ☒ Other

Unit distribution - Income

UNITS – INCOME DISTRIBUTION	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI
# of Units	0	8	30	16	0

Unit distribution – Bedrooms

UNITS – BEDROOM DISTRIBUTION	SRO	1BR	2BR	3BR	4BR	MGR
# of Units	29	24	1	0	0	0

Permanent supportive housing? ☐ YES ☒ NO

Coordinated Entry for All (CEA) participation?.... ☒ YES ☐ NO

Project could serve individuals from CEA. Imagine has set-aside 6 units for homeless seniors.

Community Spaces..... ☐ YES ☒ NO

The project will not include community space. The project will include a small private outdoor patio, an outdoor garden, a shared community room with a kitchen that can seat up to 40 people and a lounge area to be used as the residents prefer.

Resident Services..... ☒ Referral Services ☐ Counseling ☐ Medical Services ☐ Financial Assistance

Services will include case management, care coordination, assistance in accessing public transportation, referrals to resources, basic need items, enriching classes, community meals, and community building activities. Funding for case management is provided from three sources: stability grants from the county, human services grants from the city in which they operate, and property operations.

Another key partnership in its third year is the Farms for Life program. Through this summer program, they provide fresh produce to residents during the summer/fall growing season.

Wellness and health care-related partnerships are extremely important for seniors, and Imagine currently works with NAMI, IKRON, WeSpeakMedicare, and Providence Elder Place.

Through a relationship with Hopelink, emergency food to those in need will be provided.

2B. PROJECT, SITE, & LOCALITY CHARACTERISTICS

Project type..... ☒ New Construction ☐ Rehabilitation ☒ Acquisition

Infrastructure

Building height (# of floors).....

4

Construction type..... ☒ Wood Frame ☐ Steel Construction ☐ Combo

Construction begins.....

9/16/2020

Construction period.....

20 months

Evergreen Sustainable Design Std. (ESDS) Score.....

59

ESDS score sufficient for development in WA?.. ☒ YES ☐ NO

Development Processes

Project location/city.....

Bothell

Is zoning compatible?..... ☒ YES ☐ NO

This single project site is zoned "SR522 Corridor District" within the Bothell Downtown Subarea Plan. Zoning is compatible with the proposed project, zoning code amendments will allow variances needed.

The zoning code amendment process will commence in Q3 2019 and will require City Council approval. It is anticipated the City Council will support the zoning code amendments to help facilitate affordable housing development on the property. Neighborhood notification information for a zoning code amendment has not been determined at the time of this application.

There are three components to the proposed site plan that do not currently conform to the current zoning standards and require zoning code amendments.

1. Request for two access points to the property from Bothell Way NE. Currently, there is only one point of access permitted using the existing right-in right-out access located on a semi-blind curve on the highway.
2. The zoning code does not currently allow for on-site parking directly adjacent to Bothell Way NE.
3. Request for reduced parking density.

The plan to procure necessary zoning code amendments is:

- i. Zoning code amendment process will begin at the time of the planning pre-application submittal late October 2019. The amendment process will take approximately 6 months and run concurrently with the site plan approval process.
- ii. Zoning code amendments are approved by City Council and are not considered a comprehensive plan amendment.
- iii. The added access driveway and zoning approvals for the proposed plan are contingency waivers in the Purchase and Sale Agreement with the City. If any one of the zoning code amendment requests fail, the project becomes infeasible and then Imagine will not close on the property. The City has committed to ensuring none of them fail.

Challenges in development?..... ☐ YES ☒ NO

No physical development challenges. Obtaining rezoning for variances by city council approval will require some time, but City is in favor of the project, so should not be difficult to accomplish. Variances required listed below;

1. A portion of a 75' wetland buffer encroachment along the southern property lines. Exact location of buffer is not determined and buffer averaging will be allowed to accommodate the proposed driveway and parking lot.
2. A very small portion of the Sammamish River 200' Shoreline Justification Line encroaches a few feet into the property at the SE corner closest to Sammamish River. This encroachment is within the 75' wetland buffer encroachment.
3. The property is subject to the City of Bothell Shorelines Master Program that establishes view corridors between Bothell Way NE (SR-522) and the Sammamish River.
4. The title report shows a PSE easement (Recording No.: 20151008001149) for electrical equipment adjacent to Bothell Way NE (SR-522).

Encumbrances do not impair the ability to provide clear title.

Neighborhood

Describe the neighborhood..... ☐ Single Family ☐ Multifamily ☐ Commercial ☒ Mixed-use

The site is located in the 522 Corridor District, intended for mixed-use red-development in Downtown Bothell. The site is near the Northshore Senior Center, just ½ mile away (13 minute walk from the site), which provides excellent programming for seniors. Located near the site is another senior housing project that only serves a few low-income seniors and has a long waitlist. The site is located next to the Bothell Landing Park green space and the Sammamish River corridor.

TOD project?..... ☒ YES ☐ NO

o ½ mile to high capacity transit?..... ☒ YES ☐ NO

o Multi-modal?..... ☒ YES ☐ NO

o Walk/transit score.....

71/46

o Close proximity to community resources and/or services? ☒ YES ☐ NO

The site is in the 522 Corridor District intended for mixed-use re- development in Downtown Bothell. Located close to shopping, restaurants, entertainment, outdoor recreation on or near Bothell's historic Main Street. Personal, convenience and grocery shopping at Bothell Mall, Regency Centers, The Junction and Six Oaks. Wayne Sammamish Regional Park and the Park at Bothell Landing are within a short walk.

Nonresidential

Proposed commercial spaces?..... ☐ YES ☒ NO

No commercial space on site.

Parking requirements?..... ☒ YES ☐ NO

Parking required is 1 stall / bedroom, for a total of 55 stalls. Imagine is proposing 38 stalls of surface parking for residents, below the minimum required by City Code. The site plan is designed to minimize the parking cost impact to the project. This is achieved by not providing any structured or covered parking, and by seeking authorization to provide fewer parking stalls than required by the zoning code.

Environmental Properties

Soil report findings

Embankment Slope Stability was analyzed and recommendations made for methods of mitigation against potential embankment failures. Evaluations of the liquefaction susceptibility were made at each boring. The following recommendations were made:

- The realignment of SR 522 will require construction of new fill embankments up to 10-feet thick.
- Ground improvement or other type of mitigation will be required to provide for global wall stability.

Environmental concerns

Environmental Phase I was completed on 9/6/2019, the following Recognized Environmental Concerns (RECs) were identified:

1. The site was used for automobile repair and sales for more than 40 years. Soil excavation was conducted near the storm drain at the SE corner of the property and samples indicate that contaminated soil was removed. A Phase II ESA conducted in 2008 concluded that gasoline-contaminated soil is present at a depth of 18.5 feet near the storm drain. This contamination was not cleaned up and remains on-site. A Phase II ESA conducted in 2016 indicates that oil – and diesel-range hydrocarbons were detected in groundwater above the adopted cleanup level.
2. The adjacent property to the north (Bothell Paint and Decorating) was used as a painting and sandblasting facility. Phase II ESAs conducted in 2008 and 2016 at the subject property concluded that contaminants were not present above cleanup levels, suggesting that contamination has not migrated to the subject property.
3. The gasoline station to the northwest is a listed LUST site. Benzene was detected in exceedance of the cleanup level in groundwater. Phase II ESAs conducted in 2008 and 2016 found that no contaminants of concern are present above adopted cleanup levels in the NW portion of the subject property.

The following Historical Recognized Environmental Conditions were identified:

1. In 2008, petroleum hydrocarbons, lead and cadmium were identified in soil adjacent to a storm drain on the subject property. In 2010, the contaminated soil was removed, and results of confirmation samples indicate that no contaminated soil remained. Due to the successful removal of the contaminated soil, the storm drain area is considered an HREC.

A Phase II ESA is recommended be conducted to further characterize site conditions in the vicinity of previously identified contamination. Previous Phase II investigations identified contamination in soil and groundwater in the eastern portion of the subject property. The Phase II ESA may include sampling of groundwater from existing on-site monitoring wells or the advancement of additional test borings.

Limited survey for asbestos, lead -based paint, and wetlands conducted 9/6/2019. Limited survey for lead-based paint and asbestos was performed, and while no lead based paint was detected, due to the age of the structure built in 1962, there is an assumption asbestos and lead-based paint exists in the structure and will be abated according to State demolition and disposal regulations.

Limited wetland survey found no wetlands on the property. There are wetlands adjacent to the property and portions of the wetland buffer encroach into the property. No further action required

Limited survey for mold not applicable. Any mold discovered within the existing building during demolition, will be abated according to state demolition and disposal regulations.

Imagine has budgeted funds for land and building abatement.

Proposed feasible mitigation measures (in budget) to address issues?..... ☒ YES ☐ NO

The budget includes \$50,000 for building abatement and \$75,000 for land abatement.

Development Incentives & Restrictions

Development incentive programs in project location?..... ☒ YES ☐ NO

The City of Bothell has agreed to sell the property to Imagine Housing below fair market value as an incentive to develop affordable housing.

Restrictions in development?..... ☐ YES ☒ NO

No restrictions. Site will require affordable housing be built.

Benefits to community (besides affordable housing)?..... ☒ YES ☐ NO

Project will provide much needed affordable housing to seniors on the east side of the County. This project will help with the re-development of Downtown Bothell.

2C. ROLES & RESPONSIBILITIES

Project development consultant? ☐ YES ☒ NO

N/A

General contractor selection process

Pre-qualified General Contractor will be selected through competitive process of at least 3 candidate contractors that includes bid evaluation, delivery proposals, team & sub-contractor proposal, and candidate interviews.

Professional service contracts are negotiated through a comprehensive scope and fee proposal process. Three proposals are solicited to ensure the most cost effective services are delivered to the project from qualified professional firms and in accordance with the funding requirements.

Process is aligned with King County requirements.

Who will manage construction?

Imagine Housing.

Who will manage property after construction?

Imagine would hire either Allied Residential or Quantum Residential to manage the property once construction is completed. Imagine has experience working with both agencies in previous projects.

Imagine Housing Communities will serve as the Managing Member of the Limited Liability Corporation that will be the owner of Samma Senior Apartments affordable housing, with the tax credit investor serving as the Investor Member.

Is sponsor a Community Housing Development Organization (CHDO)?..... ☒ YES ☐ NO

Imagine Housing is eligible to receive CHDO funding through Imagine Housing Communities, their established CHDO.

III. DEVELOPMENT BUDGET ANALYSIS

3A. SOURCES & USES

Total development cost.....	\$21,232,871
Cost per square foot.....	\$595
King County Funds (KCF) requested.....	\$3,000,000
% of total development cost.....	14%

Does request deviate from HFP guidelines? ☐ YES ☒ NO

Sources of funding

Source	Proposed Amount	Committed Amount	TOTAL
4% LIHTC	\$7,521,213	\$0	\$7,521,213
WCRA Permanent Debt	\$4,230,498	\$0	\$4,230,498
King County	\$3,000,000	\$0	\$3,000,000
Deferred Developer Fee	\$287,726	\$279,581	\$567,308
WA Commerce - HTF	\$3,500,000	\$0	\$3,500,000
ARCH	\$2,413,853	\$0	\$2,413,853
Total	\$20,953,290	\$279,581	\$21,232,781

Will federal wages be triggered?..... ☐ YES ☒ NO

Project is assuming residential prevailing wage.

Does project exceed TDC limits?..... ☒ YES ☐ NO

TDC limits is \$16,409,699, and the project Adjusted TDC is \$19,910,842. If adjusted for the Passive House increase to total costs, the TDC is approximately 15% above the Commission's TDC limit. Imagine Housing will be requesting a waiver from the Commission once project is awarded. Imagine is continuously working to reduce costs through effective design and construction.

Imagine is working with Walsh's Cost Efficient Design and Construction model, with the EB, UHEE, PH consultant and architect constantly exploring and comparing options for building systems and materials.

Proposed use of funds compatible with King County requirements?..... ☒ YES ☐ NO

Project would be eligible for VSHSL seniors and veterans funding, as well as RAHP, HOME and TOD.

3B. COST EFFECTIVENESS

Appraisal, Acquisition, & Construction

Site's Appraised Value..... **\$1,050,000, Purchase price \$750,000**

Appraisal value greater than (or equal to) acquisition costs?..... ☒ YES ☐ NO

Developer fee..... **\$1,308,630**

Developer fee is 6% of TDC. Deferred developer's fee is \$287,726. This is appropriate for this type of project.

Other fees (architecture, engineering, consulting) reasonable?..... ☒ YES ☐ NO

Third-Party Report

Notable departures in construction costs with comparable projects?..... ☐ YES ☒ NO

Based on the third-party report the review of the construction documents and experience with similarly completed projects, the total proposed budget appears to be within the reasonable range of anticipated costs in the subject locale for a project of this scope.

Suggestions to revisions in project design or project team?..... ☐ YES ☒ NO

Report makes suggestions for cost saving opportunities, but no substantial changes to building design.

Competitiveness of projects as compared to other-like projects

Report suggest project is comparable to similar type projects, but could possibly lower costs.

Appropriateness of contingency

Report recommends a 5% design contingency and a 10% hard cost construction contingency for a project of this scope and size on a GMP or Guaranteed Maximum Price contract. Imagine will need to adjust contingency amount.

3C. FINANCING

How will construction be financed? ☒ Construction Loan ☒ LIHTC ☐ Bonds ☒ Other

King County Loan amount.....

Loan term.....

Loan interest rate.....

Amortization period.....

Preliminary letters of interest and/or uncommitted funds? ☒ YES ☐ NO

LIHTC Project

Proposed use of LIHTC?..... ☒ YES ☐ NO

Projected LIHTC pricing.....

4% LIHTC self-score.....

9% LIHTC self-score.....

How does pricing and self-scores compare to comparable projects?

LIHTC score is high for the 4%, the project is the highest scoring project in the King County round.
Imagine submitted a 9% scenario, but does not score very well, would likely not be competitive enough to get 9% LIHTC, unless project is reworked and can score higher.

Debt & Contributions

Amount of private debt proposed.....

Is debt coverage sufficient?..... ☒ YES ☐ NO

Can project support additional debt?..... ☐ YES ☒ NO

County will need to work out repayment of debt with Imagine based on funding source awarded.

Sponsor contributions? ☒ YES ☐ NO

\$567,308 in deferred developer's fee is included as source. Imagine has also provided a predevelopment loan.

Proposed fundraising? ☐ YES ☒ NO

N/A

IV. PROJECT SERVICES & OPERATIONS

4A. OPERATING PRO FORMA

Operating expense total..... **\$376,731 in year 1**

Operating expense per unit..... **\$6,976**

Rent schedule

Rents are based on 2019 King County rent limits. All units will be set at 40, 50 and 60% AMI and below.

Rents within HOME rent limits?..... ☒ YES ☐ NO

Utility allowance schedule.

Project will utilize the Energy Consumption Model – Method 8.

Income sources other than residential rent?..... ☒ YES ☐ NO

8 project based vouchers/ VASH will be requested, as well as Other Misc., Laundry, and Application fees.

Expected vacancy rate

5% vacancy rate, this is in line with this type of project.

Management fees

On-site management fee \$164,700 in year one, and \$34,715 for off-site management in year one. Off-Site management Costs are not show to escalate, but the amount is already 5% of Effective Gross Income. Costs are appropriate for this this project.

Overhead/administrative charges

Costs are reasonable and in line with most projects of this type.

Replacement & operating reserve payments

\$18,900 for replacement reserves in year 1 with an escalator of 3%. Capitalized operating reserves \$173,272. Appropriate for this project.

If TOD project, are TOD loan repayment terms included in proforma? ☐ YES ☒ NO ☐ N/A

Proposed rent subsidies? ☒ YES ☐ NO

8 project based vouchers/ VASH.

4B. PROPERTY MANAGEMENT

Property Management Plan

Imagine Housing Communities will hire Quantum Residential or Allied Residential to serve as their property management company. IHC has worked with Quantum Residential and Allied Residential in previous projects.

Operating personnel expenses for the project include;

- 1 FTE – Off-site management fee (5% of EGI)
- 1 FTE – Property Manager
- 1 FTE – Maintenance Tech
- 1 FTE – Janitor Contract

Staffing is appropriate for this building.

4C. SERVICE MODEL & FUNDING ANALYSIS

Project seeking subsidies or operating funds for services? ☒ YES ☐ NO

Service Funding		
Funder	Type of Fund	Amount
King County and City of Bothell	ORS	\$124,186

Requests for service funding feasible? ☒ YES ☐ NO

Project competitive for ORS funding? ☒ YES ☐ NO

ORS from King County is dependent on the amount of ORS awarded from the City of Bothell. The request of \$124,186 is too high for King County to fund alone. King County expects the City of Bothell to fund a significant portion, and are requesting that Imagine apply for Foundational Community Support (FCS) as well. King County will continue to work with Imagine to provide service funding appropriate households requiring services.

County's services team has reviewed request for ORS funding and deems it reasonable and appropriate for this project.

4C. REFERRALS & MARKETING PLAN

CEA participant? ☒ YES ☐ NO

Referrals/marketing

Prospective renters shall be recruited through an affirmative marketing strategy designed to ensure equal access to all appropriate-sized housing units for all persons in any category protected by federal, state, or local laws governing discrimination. Imagine has a comprehensive affirmative fair housing marketing plan that includes print, online media, outreach, referral program, and internal waitlist activities.

Marketing will begin approximately 6 months before property operations are expected to start. The waitlist will open for 2-3 months with a set closure date 3-4 months before operations. If Imagine receives more applications for unit types and set asides than units available, a random order lottery will be generated. People who are not selected in the lottery will be placed on a waiting list.

Homeless units will be filled through Coordinated Entry for All (CEA). For units that are not homeless set-asides, referrals will be received from many service providers in East King County including Congregations for the Homeless, The Sophia Way, YWCA, Hopelink and the Veterans Administration.

V. MARKET DEMAND ANALYSIS & COMPATIBILITY WITH FUNDING PRIORITIES

5A. MARKET DEMAND

Market study required? ☒ YES ☐ NO ☐ N/A

Market study conducted? ☒ YES ☐ NO ☐ N/A

Date conducted..... **September 9, 2019**

Project set-asides? ☒ YES ☒ NO

This all senior project will include set-asides for; 20% (11 units) disabled; 20% (11 units) veterans; 10% (6 units) homeless.

Capture rate..... **1%**

Penetration rate..... **N/A**

Lease-up/absorption rate..... **10 units per month**

Notable findings

No notable findings. The project appears viable with respect to the demand analysis and projected rents.

5B. FUNDING PRIORITIES

This project meets the following 2019 King County RFP priorities:

Homeless/Extremely Low-Income/Affordable Housing

☒ Units are set-aside for homeless individuals and families and participate in CEA

- ☒ The proposed project leverage other resources for both the construction and operations of the project, including social services expenses

System-connected housing

- ☒ The proposed project will **be veteran housing**, serving veterans and their family members; the project expects to receive referrals from King County or a King County-approved agency
- ☒ The proposed project will be **housing for seniors and their caregivers**; the project expects to receive referrals from King County or a King County-approved agency
- ☒ The proposed project will serve **seniors who are also veterans** or military services members

Transit-Oriented Development

- ☒ Project leverages present and future public investment in transit infrastructure and is within ½ mile of a high capacity transit station
- ☒ Project meets the preference under the TOD Bond Allocation Plan to serve or integrate units serving tenants referred by King County or a King County-approved agency operating criminal justice system diversion programs

VI. SPONSOR CAPACITY

6A. PORTFOLIO & PERFORMANCE

of sponsor projects in King County portfolio... **3 with a total of 212 units**

How have these KC projects performed?

Asset Management confirms conformance.

6B. PIPELINE & DEVELOPMENT CAPACITY

Does the sponsor have other projects under construction and/or under development? ... ☒ YES ☐ NO

of projects under construction..... **2**

Projects under construction or in development		
Project Name	Location	Brief description
Esterra Park 9%	Redmond	9% multi-family rental housing.
Esterra Park 4%	Redmond	4% multi-family rental housing.

of projects under development..... **0**

How is the sponsor staffed to handle multiple projects?

Sponsor has several development staff working on different projects. Service staff has had turn-over in the last few years, but Imagine has recently hired a new director of supportive services with a great track record and many years of experience in this field.

6C. FINANCIAL SOUNDNESS

King County Fiscal Team audit showed no findings and/or corrective plan required? ☒ YES ☐ NO

Sponsor's financial audits consistently clear, steady, & revealed no material weaknesses? .. ☒ YES ☐ NO

Operating cash provides appropriate levels of liquidity for operations? ☒ YES ☐ NO

Portfolio maintains strong debt ratios? ☒ YES ☐ NO

Other notable audit findings.

Fiscal confirmed compliance. No notable audit findings.

6D. EQUITY & SOCIAL JUSTICE

DCHS Equity & Inclusion Review Score..... **10 / 10**

In an effort to expand and integrate equity & social justice frameworks to the HFP proposal review process, applicants were asked to respond to five supplemental questions that both assessed their familiarity with King County's Equity & Social Justice Strategic Vision and validated their commitment to addressing root causes of housing inequity. Under the assessment of DCHS' Equity & Inclusion Manager, applicants were provided a final score using the following rating system:

Exceeds ESJI Expectations: 10 points

Meets ESJI Expectations Fully: 7.5 points

Meets ESJI Expectations Minimally: 5 points

Does not meet ESJI Expectations: <5 Points

Imagine Housing scored a total of 10 points, indicating that the agency **exceeds ESJI expectations**.

It should be noted that though the intent of the ESJ review was to provide an understanding of the applicant's commitment to equity & inclusion, the responses to the supplemental questions were ultimately a self-assessment; responses to the supplemental questions, framed mainly to capture the equitableness of agency composition, engagement, and procedures, provide the *applicant's* perspective and may not be reflective of King County's knowledge/opinion.

VII. SUMMARY

Staff recommends NOT funding Imagine Housing's Samma Senior project at this time. Although Imagine submitted a great proposal to build 54 units of senior housing in Bothell, the project will not be competitive for full funding from other public funders this round, which would not allow it to compete for tax credits.

For this project, Imagine Housing submitted two proposals to King County; a 4% LIHTC and a 9% LIHTC scenario. Both scenarios were similar in most aspects of the project such as total development costs, units, AMI and households served. The differences in the two scenarios included:

- The difference in LIHTC. The 4% scenario would include \$7.5M in tax credits at a pricing of \$.97. The self-score on the 4% scenario was a 91, one of the highest scoring. The 9% scenario included \$12.6M in LIHTC at a pricing of \$.95. The self-score on the 9% scenario was 165, not very competitive.
- The other major difference in the two scenarios was the funding ask to King County. The 4% requests \$3M, while the 9% requests \$2M.

King County recommends waiting until the project can be more competitive under the 9% scenario, as this scenario would be more likely to receive full funding from other public funders.

The project site is surplus property owned by the City of Bothell, which has seen increasing land costs, which has led to the displacement of seniors in the neighborhood. This City-owned surplus property was recently created out of the SR-522 re-alignment through downtown Bothell as part of their new Downtown Revitalization Plan. Bothell placed the property on the open market in spring 2019 and Imagine Housing became aware of the property availability in June 2019. Imagine Housing submitted a purchase offer in August 2019 for \$750k, much less than market value. The City entered into exclusive negotiations with Imagine to develop affordable housing for seniors at the site.

City Bothell is in full support of this project, as their City Council voted 7-0 to give the City Manager authority to continue Purchase Sale Agreement (PSA) negotiations and execute the PSA with Imagine Housing. The project also intends to meet Passive House Certification and the Exemplary Building requirements, in order to create a more comfortable living environment for tenants and potentially save on operating costs. The building will also follow universal design, which will allow for seniors to age in place.

Housing Finance Program

2019 Capital Funding – Affordable Housing RFP

Project Memo

I. OVERVIEW

1A. PROJECT INFO

Sponsor/owner.....	LIHI
Development consultant.....	Alsaya Corbay
Project name.....	Nesbit Family Housing
Project location.....	8620 Nesbit Avenue, Seattle

1B. PROJECT COST

Total development cost.....	\$40,879,948
Cost per residential unit.....	\$346,436
King County Funds requested.....	\$2,000,000
Cost per KC-funded unit.....	\$14,236

Project applied for funding in prior rounds..... ☒ YES ☐ NO

Project eligible for TOD Funds..... ☐ YES ☒ NO

II. PROJECT DESCRIPTION

2A. HOUSING MODEL

# of units.....	118
-----------------	-----

Target population..... ☐ VSHSL - Seniors ☐ VSHSL - Veterans ☐ MIDD ☒ Other

Unit distribution - Income

UNITS – INCOME DISTRIBUTION	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI
# of Units	12	0	24	81	0

Unit distribution – Bedrooms

UNITS – BEDROOM DISTRIBUTION	Studio	1BR	2BR	3BR	4BR	MGR
# of Units	7	82	25	4	0	1

Permanent supportive housing? ☐ YES ☒ NO

Coordinated Entry for All (CEA) participation?.... ☐ YES ☒ NO

Nesbit will house 12 homeless individuals who likely will be managing disabilities. Nesbit Family Housing is suited to mid-range need individuals and couples who are not served by CEA but the organization is prepared to participate if required.

Community Spaces..... ☒ YES ☐ NO

A community room, multi-purpose space and common kitchen will accommodate community programming including after-school homework support, parent education and guest speakers, pot lucks and resident and community meetings on topics of interest.

Resident Services..... ☒ Referral Services ☒ Counseling ☒ Medical Services ☐ Financial Assistance

Case management available for voluntary services, most specifically geared to those renting the modest number of 12 replacement units for homeless individuals. LIHI's resident services department will provide services and case management. These units will require slightly less than the 30% AMI rent for Studio and 1BRs, and income will be required to verify ability to pay rent. As in all LIHI developments, any resident can access assistance from enhanced property management staff and ask to communicate with a case manager in the resident services department. LIHI will have on-site case management hours specifically geared toward helping stabilize and support the households in our 12-unit homeless set-aside. **The service model is lighter in touch than in PSH-type buildings;** tenants referred to occupy these units will be capable of sustaining some rent payment and independent living.

2B. PROJECT, SITE, & LOCALITY CHARACTERISTICS

Project type..... ☒ New Construction ☐ Rehabilitation ☐ Acquisition

Infrastructure

Building height (# of floors).....

Construction type..... ☒ Wood Frame ☐ Steel Construction ☐ Combo

Construction begins.....

Construction period.....

Evergreen Sustainable Design Std. (ESDS) Score.....

ESDS score sufficient for development in WA?.. ☒ YES ☐ NO

Development Processes

Project location/city.....

Is zoning compatible?..... ☒ YES ☐ NO

The Nesbit Family Housing project is located on the site of the former No Barrier Licton Springs encampment/Tiny House Village. Nesbit Family Housing is a mid-block 8-story building consisting of 6 levels of Type III wood frame construction above 2 level of concrete Type I concrete construction.

Challenges in development?..... ☒ YES ☐ NO

Neighborhood

Describe the neighborhood..... ☐ Single Family ☐ Multifamily ☐ Commercial ☒ Mixed-use

Nesbit Family Housing is located on the I-99/Aurora transit corridor that has historically been a thoroughfare lined with commercial uses--car repair and body shops, used auto dealerships, equipment rental and small-scale motels. New construction along Aurora and its feeder streets has recently become more active, redeveloping under-utilized sites into multi-family housing including market rate development.

TOD project?..... ☒ YES ☐ NO

o ½ mile to high capacity transit?..... ☒ YES ☐ NO

o Multi-modal?..... ☒ YES ☐ NO

o Walk score.....

86

o Close proximity to community resources and/or services? ☒ YES ☐ NO

The site is located adjacent to the Rapid Ride E Line--direct express south to downtown Seattle, and north to Shoreline; near Greenlake Park, the Evans Community Center with indoor pool, toddler groups and recreational leagues for youth, teens and adults and year-round boating programs for all ages, Greenlake & Greenwood Public Libraries; public, private and parochial schools at all levels, PCC, and Fred Meyer supermarkets, Food Banks, smaller groceries, ethnic take-outs, restaurants, pharmacies, medical clinics and behavioral health clinics in the immediate neighborhood.

Nonresidential

Proposed commercial spaces?..... ☐ YES ☒ NO

Parking requirements?..... ☒ YES ☐ NO

Only two stalls are required and many bike racks will be provided.

Environmental Properties

Soil report findings

Soils report confirms the site is buildable as was Phase 1 adjacent to the proposed development.

Environmental concerns

The Phase I environmental engineer used Ground Penetrating Radar to assess that there is just one UST on site and the Phase 2 subsurface investigation soil testing revealed no leakage.

Proposed feasible mitigation measures (in budget) to address issues?..... ☐ YES ☒ NO

Cost, if any of disposing of any contaminated soils is expected to be moderate. LIHI has experience in addressing such issues.

Development Incentives & Restrictions

Development incentive programs in project location?..... ☐ YES ☒ NO

Unknown.

Restrictions in development?..... ☐ YES ☒ NO

Benefits to community (besides affordable housing)?..... ☐ YES ☒ NO

2C. ROLES & RESPONSIBILITIES

Project development consultant? ☐ YES ☒ NO

Robin Amadon, Development Director, oversees the entire development process and provides support to the project team as needed, assisting with negotiating deal terms, and reviewing project budgets and schedules. Robin joined LIHI in 1998 and has worked on 22 Low Income Housing Tax credit projects (both 9% and 4% models), several congregate homes, and mixed-use developments. Robin holds a B.A. in Politics, an M.P.A. from Princeton University, and a Certificate in Project Management from University of Washington.

Brad Reuling, Development Construction Project Manager, will assist with construction administration. Brad has over 20 years of construction management experience, primarily in large multi-use, multi-family residential, and condominium projects. Brad has successfully overseen the completion of over \$220 million worth of projects including 234 condos at Waterfront Landing, 73 units at the Ellipse Apartments, 153 condos at The Braeburn, and 161 units at Central Way Apartments. Brad has his B.S. in Construction Management from Cal Poly State University.

General contractor selection process

General contractor selection will occur through an open solicitation process for qualified general contractors who are then ranked, rated, and short-listed for interviews leading to a selection. Advertising for both the general contractor and subcontractors will involve outreach to WMBE contractors. LIHI also directly reaches out to all general contractors who have demonstrated an interest in building affordable housing, in the event that they do not respond to the solicitation.

Who will manage construction?

Robin Amadon, Development Director, see summary of experience above.

Who will manage property after construction?

LIHI will manage the property. LIHI manages about 2,000 units of housing in over 60 different properties. The organization will provide a Program Coordinator (Site Manager) (1 FTE) to oversee the project's daily operations, coordinate efforts to support resident stability, supervise janitorial and maintenance services, lease vacant units, collect rents, issue late notices, and process tenant work orders. A Housing Assistant (0.5 FTE) assists the Program Coordinator with office duties, conducts outreach for vacancies, arranges for repairs, processes maintenance requests, and assists with light janitorial duties. A Janitor/Maintenance Technician

(1 FTE) conducts daily maintenance, interior cleaning, and exterior site pick-up and oversees preventative maintenance, cycle replacements, and service contracts for third party contracted work. The Janitor/Maintenance Technician reports to the Program Coordinator. When maintenance requests are beyond capability of the site's Janitor, LIHI's Maintenance Technicians respond to work orders.

Is sponsor a Community Housing Development Organization (CHDO)?..... ☒ YES ☐ NO

III. DEVELOPMENT BUDGET ANALYSIS

3A. SOURCES & USES

Total development cost.....	\$40,879,948
Cost per square foot.....	\$425
King County Funds (KCF) requested.....	\$2,000,000
% of total development cost.....	5%

Does request deviate from HFP guidelines? ☐ YES ☒ NO

Sources of funding

Source	Amount	Proposed or Committed?
Permanent Loan-Residential	\$10,350,000	Proposed
4% LITHC	\$14,812,684	Proposed
King County Bonds	\$2,000,000	Proposed
Sponsor (YMCA Purchase)	\$400,000	Committed
Deferred Fee	\$1,608,819	Committed
City of Seattle	\$10,707,995	Proposed
State of WA	\$1,000,000	Proposed
Total	\$40,879,948	

Will federal wages be triggered?..... ☐ YES ☒ NO

Does project exceed TDC limits?..... ☐ YES ☒ NO

The project's total development cost is 5.13% under the TDC limit, 2020 WSHFC cost limits for the analysis.

Proposed use of funds compatible with King County requirements?..... ☒ YES ☐ NO

3B. COST EFFECTIVENESS**Appraisal, Acquisition, & Construction**

Site's Appraised Value.....

Appraisal value greater than (or equal to) acquisition costs?..... ☒ YES ☐ NO

Developer fee.....

Donating half of developer fee.

Other fees (architecture, engineering, consulting) reasonable?..... ☒ YES ☐ NO

Third-Party Report

Notable departures in construction costs with comparable projects?..... ☒ YES ☐ NO

The 3rd Party reviewer noted that costs for the storefront, flooring, and utilities appear to be lower than the anticipated range for similar projects calculating savings by using existing utilities. It is recommended an allowance to cover additional costs if it is determined the existing utilities cannot be reused.

Suggestions to revisions in project design or project team?..... ☐ YES ☒ NO

No significant revisions in design were recommended by Hillman.

Competitiveness of projects as compared to other-like projects

The project is competitive to similar projects, see below for tax credit competitiveness which is low.

Appropriateness of contingency

Good at 5%

3C. FINANCING

How will construction be financed? ☒ Construction Loan ☐ LIHTC ☐ Bonds ☐ Other

King County Loan amount..... \$2,000,000

Loan term..... 50 years

Loan interest rate..... 1%

Amortization period..... 50 Years Deferred Principal and interest

Preliminary letters of interest and/or uncommitted funds? ☒ YES ☐ NO

LIHTC Project

Proposed use of LIHTC?..... ☒ YES ☐ NO

Projected LIHTC pricing..... \$0.95

4% LIHTC self-score..... 47 current and 63 revised score looks low

9% LIHTC self-score.....

How does pricing and self-scores compare to comparable projects?

Their 63 score is the lowest of projects in our funding round, making them noncompetitive at this time.

Debt & Contributions

Amount of private debt proposed..... \$10,350,000

Is debt coverage sufficient?..... ☒ YES ☐ NO

Can project support additional debt?..... ☐ YES ☒ NO

Sponsor contributions? ☒ YES ☐ NO

Developer fee.

Proposed fundraising? ☐ YES ☒ NO

IV. PROJECT SERVICES & OPERATIONS

4A. OPERATING PRO FORMA

Operating expense total..... **\$758,879**

Operating expense per unit..... **\$6,431**

Rent schedule

Conforms to standard.

Rents within HOME rent limits?..... ☒ YES ☐ NO

Utility allowance schedule.

Conforms to standard.

Income sources other than residential rent?..... ☐ YES ☒ NO

Expected vacancy rate

5%

Management fees

Management Fees appear reasonable.

Overhead/administrative charges

Appear reasonable

Replacement & operating reserve payments

Capitalized at reasonable levels.

If TOD project, are TOD loan repayment terms included in proforma? ☐ YES ☒ NO ☒ N/A

Proposed rent subsidies? ☒ YES ☐ NO

Operating and Management funds from Seattle Office of Housing for the 12 homeless replacement units.

4B. PROPERTY MANAGEMENT

Property Management Plan

The LIHI Management Plan appears to be adequate and includes the following sections: Description of Facility; Description of Target Population; Management Philosophy, and Description of Roles and Experience; Identification of Key Roles; Rent Structure; Policies for Making Budget Adjustments; Description of Long-Term Maintenance Plan; Building Security and Emergency Plans; Tenant Screening and Selection Process; Grievances Procedure; House Rules; Evictions; Ongoing Community Education and Involvement Strategy; Social Services; Lease Riders Explanation; and Affirmative Marketing Plan.

4C. SERVICE MODEL & FUNDING ANALYSIS

Project seeking subsidies or operating funds for services? ☒ YES ☐ NO

Service Funding		
Funder	Type of Fund	Amount
City of Seattle	O&M	\$30,000

Requests for service funding feasible? ☐ YES ☒ NO

Project competitive for ORS funding? ☐ YES ☒ NO

Not asking for services funding. 12 units for homeless. LIHI will provide a moderate level of services with a case manager subsidized through cash flow.

4C. REFERRALS & MARKETING PLAN

CEA participant? ☐ YES ☒ NO

Referrals/marketing

At the time lease-up begins (90 days prior to Certificate of Occupancy), neighborhood employers, schools, social service agencies, and faith-based institutions will be sent fliers and posters regarding the availability of units. Advertising will be done through Craigslist and units will be posted on the free Seattle/King County HousingSearchNW.org web site. If it is anticipated that leasing applications will significantly exceed the number of available units, a lottery will be held. Except for as required by the First-Come/First Served section of the Source of Income Discrimination Bill there will be no waitlist at the property. LIHI will affirmatively market the development to the racial/ethnic groups, income classes, veterans, and economically disadvantaged populations that are under-represented in the local market.

Community preference approaches will be implemented in the lease up of Nesbit Family Housing per Office of Housing encouragement to address communities' concern about displacement and economic dislocation.

V. MARKET DEMAND ANALYSIS & COMPATIBILITY WITH FUNDING PRIORITIES

5A. MARKET DEMAND

Market study required? ☒ YES ☐ NO ☐ N/A

Market study conducted? ☒ YES ☐ NO ☐ N/A

Date conducted..... July 2018.

Project set-asides? ☒ YES ☐ NO

12 homeless replacement units

Capture rate..... 1.2%

Penetration rate..... 29.6% of the income-qualified population

Lease-up/absorption rate..... 20 units / month

Notable findings

The Market Study makes a strong case that with a capture rate as low as 1.2% demand is strong for units renting at our rent levels among those eligible in the market area to apply. The Market Study notes, "Based on a market capture analysis, there are 9,543 existing income qualified renter households within the Prime Market Area (PMA) with the potential to rent a unit if it existed today at the 30%, 50%, and 60% income level. The rule of thumb used by analysis and market participants is that if a development needs to capture more than 10% of the qualified market, the project carries some additional risk. The capture rate calculated for the subject is 1.2% indicating no risk in the renter market for the subject development, Nesbit Family Housing."

5B. FUNDING PRIORITIES

This project meets the following 2019 King County RFP priorities:

Homeless/Extremely Low-Income/Affordable Housing

- ☒ The proposed project serves special needs population such as (but not limited to) households with a member with mental illness, is disabled and/or developmentally disabled, also experiencing homelessness
- ☒ The proposed project provides access to case management and behavioral health services
- ☒ The proposed project leverages other resources for both the construction and operations of the project, including social services expenses

Transit-Oriented Development

- ☒ Project leverages present and future public investment in transit infrastructure and is within ½ mile of a high capacity transit station

VI. SPONSOR CAPACITY**6A. PORTFOLIO & PERFORMANCE**

of sponsor projects in King County portfolio....

19

KC - Sponsor Projects

LIHI has a diverse and successful portfolio of homeless and affordable housing developments with King County ranging from homeownership to permanent supportive housing.

How have these KC projects performed?

Asset Management Confirms Compliance.

6B. PIPELINE & DEVELOPMENT CAPACITYDoes the sponsor have other projects under construction and/or under development? ... ☒ YES ☐ NO

of projects under construction.....

1

Projects under construction/development

Project Name	Location	Brief description
An Lạc (Little Saigon)	Seattle, WA	69 units to be completed in 2020
Nesbit	Seattle, WA	118 Units to be completed in 2022
Othello MLK	Seattle, WA	190 Units to be completed in 2023
Skagit County	Mt. Vernon, WA	50 Units to be completed in 2023
Kingston	Kingston, WA	50 Units to be completed in 2023
Waters Estates w/ Sons of Haiti	Renton, WA	48 units to be completed in 2023

of projects under development.....

5

How is the sponsor staffed to handle multiple projects?

LIHI has the capacity to handle the projects in their pipeline because five of the projects are in predevelopment and are unlikely to be funded all at once.

6C. FINANCIAL SOUNDNESS

King County Fiscal Team audit showed no findings and/or corrective plan required? ☒ YES ☐ NO

Sponsor's financial audits consistently clear, steady, & revealed no material weaknesses? .. ☒ YES ☐ NO

Operating cash provides appropriate levels of liquidity for operations? ☒ YES ☐ NO

Portfolio maintains strong debt ratios? ☒ YES ☐ NO

Other notable audit findings.

6D. EQUITY & SOCIAL JUSTICE

DCHS Equity & Inclusion Review Score..... 10 / 10

In an effort to expand and integrate equity & social justice frameworks to the HFP proposal review process, applicants were asked to respond to five supplemental questions that both assessed their familiarity with King County's Equity & Social Justice Strategic Vision and validated their commitment to addressing root causes of housing inequity. Under the assessment of DCHS' Equity & Inclusion Manager, applicants were provided a final score using the following rating system:

Exceeds ESJI Expectations: 10 points

Meets ESJI Expectations Fully: 7.5 points

Meets ESJI Expectations Minimally: 5 points

Does not meet ESJI Expectations: <5 Points

LIHI scored a total of 10 points, indicating that the agency exceeds ESJI expectations.

It should be noted that though the intent of the ESJ review was to provide an understanding of the applicant's commitment to equity & inclusion, the responses to the supplemental questions were ultimately a self-assessment; responses to the supplemental questions, framed mainly to capture the integration and operationalization of equity within agency composition, engagement, and procedures, provide the *applicant's* perspective and may not be reflective of King County's knowledge/opinion.

VII. SUMMARY

Nesbit is a well-conceived proposal well within LIHI's capacity.

However, their low tax credit score of 63 places them lowest of the eight 4% projects in our funding round, and unlikely to secure tax credits in this round.

The project will not start construction within the next 12 months, start slated for 6/2021.

While the project sets aside 12 units (of 118) for replacement homeless households, it falls below other projects in the round that better meet our funding priorities of serving higher percentages of homeless, vets, seniors, and systems-connected and special needs households.

For these reasons, funding is not recommended at this time.

Housing Finance Program

2019 Capital Funding – Affordable Housing RFP

Project Memo

I. OVERVIEW

1A. PROJECT INFO

Sponsor/owner.....	Parkview Services
Development consultant.....	N/A
Project name.....	Parkview XV - East King County
Project location.....	Parkview XV - East King County + two sites TBD

1B. PROJECT COST

Total development cost.....	\$2,370,277
Cost per residential unit.....	\$790,092
King County Funds requested.....	\$492,000
Cost per KC-funded unit.....	\$164,000

Project applied for funding in prior rounds..... ☐ YES ☒ NO

Project eligible for TOD Funds..... ☐ YES ☒ NO

II. PROJECT DESCRIPTION

2A. HOUSING MODEL

# of units.....	3 Homes to house 10 people
-----------------	----------------------------

Target population..... ☒ VSHSL - Seniors ☐ VSHSL - Veterans ☐ MIDD ☒ Other

Unit distribution - Income

UNITS – INCOME DISTRIBUTION	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI
# of Units	3	0	0	0	0

Unit distribution – Bedrooms

UNITS – BEDROOM DISTRIBUTION	Studio	1BR	2BR	3BR	4BR	MGR
# of Units	10	0	0	0	0	0

Permanent supportive housing? ☐ YES ☒ NO

Coordinated Entry for All (CEA) participation?.... ☐ YES ☒ NO

Parkview has an on-going Referral Agreement in place with DDA whereby they will refer all prospective tenants as vacancies occur who have a dual diagnosis of a chronic mental illness and intellectual and developmental disability.

Community Spaces..... ☐ YES ☒ NO

Resident Services..... ☒ Referral Services ☒ Counseling ☐ Medical Services ☐ Financial Assistance

Parkview tenants receive case management services provided by DSHS Developmental Disabilities Administration staff and a third-party supported living service provider (SLSP) and a behavioral health services provider (BHSP) both under contract with DCHS.

2B. PROJECT, SITE, & LOCALITY CHARACTERISTICS

Project type..... ☐ New Construction ☒ Rehabilitation ☒ Acquisition

Infrastructure

Building height (# of floors).....

Construction type..... ☒ Wood Frame ☐ Steel Construction ☐ Combo

Construction begins.....

Construction period.....

Evergreen Sustainable Design Std. (ESDS) Score.....

ESDS score sufficient for development in WA?.. ☒ YES ☐ NO

Development Processes

Project location/city.....

Is zoning compatible?..... ☒ YES ☐ NO

The project involves acquisition and rehabilitation of a home for developmentally disabled tenants and two as yet unidentified single-family homes in areas zoned for single family residential use and as such would be consistent with the intended use.

Challenges in development?..... ☒ YES ☐ NO

No challenges are apparent for acquisition and rehabilitation of the existing property. Challenges regarding the unidentified properties are unknown but could include cost increases due to a rising real estate market and / or rehabilitation needs.

NeighborhoodDescribe the neighborhood..... ☒ **Single Family** ☐ **Multifamily** ☐ **Commercial** ☐ **Mixed-use**

The existing property is located in a single-family neighborhood. Both of the two yet to be identified properties are expected to be located in similar single-family residential neighborhoods where the prospective tenants already reside.

TOD project?..... ☐ **YES** ☒ **NO**o ½ mile to high capacity transit?..... ☐ **YES** ☐ **NO**o Multi-modal?..... ☐ **YES** ☐ **NO**o Walk score..... **31**o Close proximity to community resources and/or services? ☒ **YES** ☐ **NO**

The property is in a car- dependent area with services and shopping located about a mile away or more. Parkview will provide transportation access.

NonresidentialProposed commercial spaces?..... ☐ **YES** ☒ **NO**Parking requirements?..... ☐ **YES** ☒ **NO**

NA

Environmental Properties

Soil report findings

NA

Environmental concerns

Mold was identified in the bathrooms likely due to ventilation issues. Lead Based paint was identified in interior doors and trim work.

Proposed feasible mitigation measures (in budget) to address issues?..... ☒ **YES** ☐ **NO**

Both issues are addressed under rehabilitation activities.

Development Incentives & RestrictionsDevelopment incentive programs in project location?..... ☐ **YES** ☒ **NO**

Unknown.

Restrictions in development?..... ☐ **YES** ☒ **NO**

None Identified.

Benefits to community (besides affordable housing)?..... ☐ YES ☒ NO

None identified.

2C. ROLES & RESPONSIBILITIES

Project development consultant? ☐ YES ☒ NO

Marc Cote' from Parkview Services will have the day-to-day project oversight, coordinate the development team, make final project-related decisions, and liaison with the Board of Directors. Peter Catterall will have day-to-day responsibility for overseeing design and providing construction oversight of the two Parkview properties being acquired. The team has already worked together to develop 6 other properties working with hired development professionals such as architects, general contractors, and third-party cost consultants.

General contractor selection process

Parkview uses a Request For Qualifications (RFQ) process. Both a RFQ notice and a set of questions are sent to potential contractors for consideration and submittal. The responses are reviewed and scored. Based on the overall scoring, either a contractor is selected or interviews are scheduled to further determine a contractor. The selected contractor is given the opportunity to price the scope of work, negotiate any differences with Parkview, and with agreement sign a contract. If a contract cannot be agreed upon, Parkview would then go to the contractor who finished second in the RFQ scoring and repeat the process. Before this RFQ process is used, Parkview requests the approval of the process from all funders. The other significant contractors in the development of this project, the development consultant and the architect, have already been selected prior to this application's submittal.

Who will manage construction?

Marc Cote' will have the day-to-day project oversight and Peter Catterall will have day-to-day responsibility for overseeing design and providing construction oversight of the two Parkview properties being acquired.

Who will manage property after construction?

Parkview will manage the property using their own in-house property management team that includes two full-time maintenance persons. The organization currently has 57 homes in their portfolio. Each home has a maintenance and replacement plan based on a Capital Needs Assessment (CNA). The organization has extensive experience working with DSHS to fill vacancies, verifying tenant eligibility including income, and signing leases; resolving tenant-related issues between neighbors and roommates; completing funder reporting as necessary and maintaining funder contract compliance; and providing monthly financial and narrative reporting to the Executive Director and as necessary for Board oversight.

Is sponsor a Community Housing Development Organization (CHDO)?..... ☐ YES ☒ NO

III. DEVELOPMENT BUDGET ANALYSIS

3A. SOURCES & USES

Total development cost.....	\$2,370,277
Cost per square foot.....	\$502
King County Funds (KCF) requested.....	\$492,000
% of total development cost.....	8%

Does request deviate from HFP guidelines? ☐ YES ☒ NO

Sources of funding

Source	Amount	Proposed or Committed?
Dept of Commerce	\$ 1,583,827	Proposed
King County	\$492,000	Proposed
ARCH Eastside	\$225,450	Proposed
Parkview Services	\$69,000	Committed
Total	2,370,277	

Will federal wages be triggered?..... ☐ YES ☒ NO

Does project exceed TDC limits?..... ☒ YES ☐ NO

Proposed use of funds compatible with King County requirements?..... ☒ YES ☐ NO

3B. COST EFFECTIVENESS

Appraisal, Acquisition, & Construction

Site's Appraised Value..... Unknown.

Appraisal value greater than (or equal to) acquisition costs?..... ☐ YES ☒ NO

Developer fee..... 10%

Other fees (architecture, engineering, consulting) reasonable?..... ☒ YES ☐ NO

Third-Party Report

Notable departures in construction costs with comparable projects?..... ☐ YES ☒ NO

Suggestions to revisions in project design or project team?..... ☐ YES ☒ NO

Competitiveness of projects as compared to other-like projects

The project is comparable to other similar single-family acquisition rehabilitation projects.

Appropriateness of contingency

15% appears more than adequate. Developer fee is large for work being done – compromise may be to lower contingency.

3C. FINANCING

How will construction be financed? ☐ Construction Loan ☐ LIHTC ☐ Bonds ☒ Other

King County Loan amount..... NA Acquisition Rehab funded by public funders

Loan term.....

Loan interest rate.....

Amortization period.....

Preliminary letters of interest and/or uncommitted funds? ☒ YES ☐ NO

LIHTC Project

Proposed use of LIHTC?..... ☐ YES ☒ NO

Projected LIHTC pricing..... NA

4% LIHTC self-score..... NA

9% LIHTC self-score..... NA

How does pricing and self-scores compare to comparable projects?

Debt & Contributions

Amount of private debt proposed.....

Is debt coverage sufficient?..... ☒ YES ☐ NO

Can project support additional debt?..... ☐ YES ☒ NO

Sponsor contributions? ☒ YES ☐ NO

Proposed fundraising? ☐ YES ☒ NO



IV. PROJECT SERVICES & OPERATIONS

4A. OPERATING PRO FORMA

Operating expense total.....

Operating expense per unit.....

Rent schedule

Rents within HOME rent limits?..... ☒ YES ☐ NO

Utility allowance schedule.

Income sources other than residential rent?..... ☐ YES ☒ NO

Expected vacancy rate

Management fees

Overhead/administrative charges

Replacement & operating reserve payments

Operating reserve at \$250 per unit and replacement reserve at \$250 per unit is reasonable.

If TOD project, are TOD loan repayment terms included in proforma? ☐ YES ☐ NO ☒ N/A

Proposed rent subsidies? ☒ YES ☐ NO

Parkview sets rent at 30% of AMI minus a utility allowance. Parkview also accepts tenants with Section 8 subsidies. Rents are determined based on each' tenant's income. The process is as follows: tenant annual income is multiplied by 30%. This number is divided by 12 months and a utility allowance is subtracted from the result. Tenants with section 8 are subject to the same process, initiated by the Public Housing Authority (PHA). PHA rents include tenant rent plus a Housing Assistance Payment (HAP) which totals the Contract Rent.

4B. PROPERTY MANAGEMENT

Property Management Plan

Parkview will manage the property using their own in-house property management team that includes two full-time maintenance persons. The organization currently has 57 homes in their portfolio. Each home has a maintenance and replacement plan based on a Capital Needs Assessment (CNA). The organization has extensive experience in working with DSHS to fill vacancies, verifying tenant eligibility including income, and signing leases; resolving tenant-related issues between neighbors and roommates; completing funder reporting as necessary and maintaining funder contract compliance; and providing monthly financial and narrative reporting to the Executive Director and as necessary for Board oversight.

4C. SERVICE MODEL & FUNDING ANALYSIS

Project seeking subsidies or operating funds for services? ☐ YES ☒ NO

Service Funding		
Funder	Type of Fund	Amount

Requests for service funding feasible? ☐ YES ☐ NO

Project competitive for ORS funding? ☐ YES ☐ NO

DSHS Contracts with Supported Living Service Provider and Behavioral Health Service Provider to fully fund all needed services.

4C. REFERRALS & MARKETING PLAN

CEA participant? ☐ YES ☒ NO

Referrals/marketing

Parkview has an on-going Referral Agreement in place with the state whereby DCHS DDA will refer all prospective tenants with a dual diagnosis of a chronic mental illness and intellectual and developmental disability who reside in the vicinity of the property.

V. MARKET DEMAND ANALYSIS & COMPATIBILITY WITH FUNDING PRIORITIES

5A. MARKET DEMAND

Market study required? ☐ YES ☒ NO ☐ N/A

Market study conducted? ☐ YES ☒ NO ☐ N/A

Date conducted.....

Project set-asides? ☒ YES ☐ NO

Developmentally Disabled

Capture rate.....

Penetration rate.....

Lease-up/absorption rate.....

Notable findings

5B. FUNDING PRIORITIES

This project meets the following 2019 King County RFP priorities:

Homeless/Extremely Low-Income/Affordable Housing

- ☒ The proposed project serves special needs population such as (but not limited to) households with a member with mental illness, is disabled and/or developmentally disabled, also experiencing homelessness
- ☒ The proposed project provides access to case management and behavioral health services

VI. SPONSOR CAPACITY

6A. PORTFOLIO & PERFORMANCE

of sponsor projects in King County portfolio....

10 projects with 135 units total

How have these KC projects performed?

Asset management review confirms projects are meeting performance requirements.

6B. PIPELINE & DEVELOPMENT CAPACITY

Does the sponsor have other projects under construction and/or under development? ... ☒ YES ☐ NO

of projects under construction.....

0

Projects under construction or development		
Project Name	Location	Brief description
Parkview Homes XV - East King County	Kenmore	DD rental
Parkview Homes XVI - Spokane	Spokane	DD rental
Parkview Homes XVII - Snohomish County	Everett	DD rental DD rental
Parkview Homes XIII	Everett	
Parkview Homes XIV - Riverton Cascade	Tukwilla	DD Rental
Parkview Homeownership 9	TBD King, Snohomish, Skagit	

of projects under development.....

6

How is the sponsor staffed to handle multiple projects?

While the project scope is typically light relative to new construction or multifamily rehab, six projects in development may be pushing the envelope for a development team of two staff and one executive director.

6C. FINANCIAL SOUNDNESS

King County Fiscal Team audit showed no findings and/or corrective plan required? ☒ YES ☐ NO

Sponsor's financial audits consistently clear, steady, & revealed no material weaknesses? .. ☒ YES ☐ NO

Operating cash provides appropriate levels of liquidity for operations? ☒ YES ☐ NO

Portfolio maintains strong debt ratios? ☒ YES ☐ NO

Other notable audit findings.

Fiscal review confirms sound financial operations

6D. EQUITY & SOCIAL JUSTICE

DCHS Equity & Inclusion Review Score..... 5.5 / 10

In an effort to expand and integrate equity & social justice frameworks to the HFP proposal review process, applicants were asked to respond to five supplemental questions that both assessed their familiarity with King County's Equity & Social Justice Strategic Vision and validated their commitment to addressing root causes of housing inequity. Under the assessment of DCHS' Equity & Inclusion Manager, applicants were provided a final score using the following rating system:

Exceeds ESJI Expectations: 10 points

Meets ESJI Expectations Fully: 7.5 points

Meets ESJI Expectations Minimally: 5 points

Does not meet ESJI Expectations: <5 Points

Parkview Services scored a total of 5.5 points, indicating that the agency meets ESJI expectations minimally.

It should be noted that though the intent of the ESJ review was to provide an understanding of the applicant's commitment to equity & inclusion, the responses to the supplemental questions were ultimately a self-assessment; responses to the supplemental questions, framed mainly to capture the integration and operationalization of equity within agency composition, engagement, and procedures, provide the *applicant's* perspective and may not be reflective of King County's knowledge/opinion.

VII. SUMMARY

Staff recommends partial funding at \$160,000 if funds are available and if the state is also funding the project so that the one home Parkview owns can move forward. This is a relatively simple and straight forward model that Parkview has used successful for decades. This proposal has a higher level of certainty than their standard model which relies heavily on housing market stability between time of application and time of contracting (about 6 to 8 months) because Parkview already purchased one of the homes. The organization has a longstanding relationship with the state Department of Social and Human Services.

Housing Finance Program

2019 Capital Funding – Affordable Housing RFP

Project Memo

I. OVERVIEW

1A. PROJECT INFO

Sponsor/owner.....	Plymouth Housing
Development consultant.....	N/A
Project name.....	12 th & Spruce
Project location.....	169 12 th Ave Seattle, WA 98122

1B. PROJECT COST

Total development cost.....	\$31,233,407 residential portion
Cost per residential unit.....	\$303,236
King County Funds requested.....	\$1,000,000
Cost per KC-funded unit.....	\$9,709

Project applied for funding in prior rounds..... ☒ YES ☐ NO

Project eligible for TOD Funds..... ☐ YES ☒ NO

II. PROJECT DESCRIPTION

2A. HOUSING MODEL

# of units.....	100 affordable + 3 staff units
-----------------	--------------------------------

Target population..... ☒ VSHSL - Seniors ☒ VSHSL - Veterans ☒ MIDD ☐ Other

Unit distribution - Income

UNITS – INCOME DISTRIBUTION	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI
# of Units	100	0	0	0	0

Unit distribution – Bedrooms

UNITS – BEDROOM DISTRIBUTION	STUDIO	1BR	2BR	3BR	4BR	MGR
# of Units	100	0	0	0	0	3

Permanent supportive housing? ☒ YES ☐ NO

Coordinated Entry for All (CEA) participation?.... ☒ YES ☐ NO

100% of units will be referred through CEA. Plymouth intends to set aside 40% of the units for those with a mental illness. Developer is very open to accommodating set-aside populations from KC funding sources including VSHSL- seniors, veterans, vulnerable populations, MIDD, 2331, RAHP.

Community Spaces..... ☒ YES ☐ NO

Community space will be for the St. Francis House condo on floors 1& 2 (not accessible to residents directly), and two community rooms and a community kitchen on floor 2. There is also a bike storage room and a computer/quiet room on the second floor, in addition to program staff offices. Laundry rooms are available on floors 3-7.

Resident Services..... ☒ Referral Services ☒ Counseling ☒ Medical Services ☐ Financial Assistance

Housing Case Managers (HCMs) will provide many of the services for tenants within the building. HCMs work with the tenant to meet their goals by helping the tenant access medical, dental and mental health care; substance use treatment; veterans' services; legal services; food banks; etc. HCMs also help tenants qualify for income support programs (ABD, SSI, VA benefits), and support tenants to improve skills needed to maintain stable housing. Employment coaching and assistance. Life skills classes.

2B. PROJECT, SITE, & LOCALITY CHARACTERISTICS

Project type..... ☒ New Construction ☐ Rehabilitation ☒ Acquisition

Infrastructure

Building height (# of floors).....

Construction type..... ☐ Wood Frame ☐ Steel Construction ☒ Combo

Construction begins.....

Construction period.....

Evergreen Sustainable Design Std. (ESDS) Score.....

ESDS score sufficient for development in WA?.. ☒ YES ☐ NO

Development Processes

Project location/city.....

Is zoning compatible?..... ☒ YES ☐ NO

Zoning is NC3P-75(M), congregate care facilities owned by nonprofit entities with supportive services are permitted outright.

Challenges in development?..... ☐ YES ☒ NO

Neighborhood

Describe the neighborhood..... ☒ **Single Family** ☒ **Multifamily** ☒ **Commercial** ☐ **Mixed-use**

There are larger apartment buildings nearby, as well as older craftsman-era single family homes. Across the intersection of 12th and Spruce is King County's juvenile detention complex (KC Youth Services Center).

TOD project?..... ☒ **YES** ☐ **NO**

o ½ mile to high capacity transit?..... ☒ **YES** ☐ **NO**

o Multi-modal?..... ☒ **YES** ☐ **NO**

o Walk score..... **93**

o Close proximity to community resources and/or services? ☒ **YES** ☐ **NO**

The site is a 4 minute walk to the First Hill Streetcar (Broadway and Terrace stop), and several bus lines and stops are within ¼ mile. St. Francis House is collocated in the development; they provide food, clothing, and resources for people experiencing or exiting from homelessness. Several pharmacies, supermarkets, and a food bank are located within 3/4ths of a mile.

Nonresidential

Proposed commercial spaces?..... ☒ **YES** ☐ **NO**

There will be a condo for the nonresidential space in the development which St. Francis House will own. This provision is included in their purchase and sale agreement.

Parking requirements?..... ☒ **YES** ☐ **NO**

Seattle doesn't require parking, but the terms of the agreement with St. Francis House specify 10 parking spaces will be created for exclusive use by St. Francis House staff.

Environmental Properties

Soil report findings

"Conventional continuous/spread footings may be used to support the proposed building. It is our opinion that a combination of temporary shoring and conventional open cuts with temporary slopes can be used to accomplish the planned building area excavation. Underpinning of the adjacent residence to the south will likely be needed."

Environmental concerns

Steep slopes at rear, interior side of property. Consider a vapor membrane because of historic adjacent dry cleaning business. Complete materials testing- though no lead-based paint found yet. There is some asbestos. Soil management plan in case groundwater or contaminated soils are encountered.

Proposed feasible mitigation measures (in budget) to address issues?..... ☒ YES ☐ NO

See above.

Development Incentives & Restrictions

Development incentive programs in project location?..... ☐ YES ☒ NO

.

Restrictions in development?..... ☐ YES ☒ NO

Typical design review restrictions- awnings over sidewalks, minimum glazing, street trees, etc.

Benefits to community (besides affordable housing)?..... ☒ YES ☐ NO

St. Francis House will have a new space for their services including food bank, classes, clothes, meal service, etc.

2C. ROLES & RESPONSIBILITIES

Project development consultant? ☐ YES ☒ NO

Tim Parham, Director of Real Estate will be the lead on project development.

General contractor selection process

Plymouth Housing is committed to fair contracting policies for all projects. Plymouth selected W.G. Clark as the contractor for this project through a competitive RFP/SOQ process. Plymouth released an RFP that provided information about the project and criteria for decisions on July 1, 2019. W.G. Clark and Walsh Construction submitted responses. After reviewing submissions and conducting interviews with the two respondents, members of the development team filled out a weighted matrix of decision-making points, giving emphasis to costs of overhead/profit and general conditions, experience with publicly-funded projects, and plan for the site. W.G. Clark matched Walsh's quote for overhead, profit, and preconstruction services and showed experience with publicly funded projects, and their thoughtful approach to the site proved more impressive and gave them an edge in weighted scoring.

W.G. Clark will bid out all the sub-contracts and select the lowest bidders, excepting the prioritization of WMBE and local firms. Plymouth's goals for these areas are detailed in question 6.13.

Plymouth is working with W.G. Clark (general contractor), Reid Middleton (Structural Engineering), and KPFF (Civil Engineering) to analyze site conditions and develop an approach to construction that minimizes costs.

Plymouth has established community hiring and contracting goals for this project. W.G. Clark will provide opportunities to socially and economically disadvantaged businesses and Section 3 certified businesses within the vicinity of the project. This will be accomplished through outreach to minority contracting groups, the State OMWBE office, Section 3 business registries, SBA and HUB zone registries at Seattle.gov (business search). Prevailing Wage Rates will be applicable to the project as well as the State-approved apprenticeship programs. W.G. Clark will also be required to advertise for labor in the 12th Ave/Yesler Terrace/Squire Park neighborhood. The WMBE utilization goal for this project will be 14%.

Who will manage construction?

The Director of Real Estate and/or the three real estate developers Plymouth employs full-time.

Who will manage property after construction?

Plymouth will operate the development and provide supportive services and housing case management, as it does with the 14 other developments they currently own and operate.

Is sponsor a Community Housing Development Organization (CHDO)?..... ☐ YES ☒ NO

III. DEVELOPMENT BUDGET ANALYSIS

3A. SOURCES & USES

Total development cost.....	\$34,160,675 total \$31,233,407 residential
Cost per square foot.....	\$553
King County Funds (KCF) requested.....	\$1,000,000

% of total development cost..... **3%**

Does request deviate from HFP guidelines? ☐ YES ☒ NO

Sources of funding

Source	Amount	Proposed or Committed?
LIHTC Equity	\$19,729,498	Proposed
City of Seattle OH	\$4,930,179	Proposed
King County	\$1,000,000	Proposed
State Housing Trust Fund	\$3,000,000	Proposed
State HTF MATCH	\$1,274,494	Proposed
Deferred Developer Fee	\$549,235	Proposed
Federal Home Loan Bank	\$750,000	Proposed
Total	\$31,233,406	

Will federal wages be triggered?..... ☐ YES ☒ NO

Does project exceed TDC limits?..... ☐ YES ☒ NO

Per-unit cost excluding land and capitalized reserves is \$27,333,737/103 units= \$265,376/studio.
The TDC limit for studios in King County is \$282,891.

Proposed use of funds compatible with King County requirements?..... ☒ YES ☐ NO

Developer is very open to accommodating set-aside populations from KC funding sources including VSHSL- seniors, veterans, vulnerable populations, MIDD, 2331, RAHP.

3B. COST EFFECTIVENESS

Appraisal, Acquisition, & Construction

Site's Appraised Value..... **\$3,969,358**

Appraisal value greater than (or equal to) acquisition costs?..... ☒ YES ☐ NO

Developer fee..... **8%**

\$2,753,293 is the developer fee; only \$549,234 will be deferred.

Other fees (architecture, engineering, consulting) reasonable?..... ☒ YES ☐ NO

\$188,000 for equipment and furnishings is low , but Plymouth provides furnishings in all the apartments (~\$1,000 of furniture per unit), beyond the costs identified in the Furnishings category in the WG Clark cost estimate. Plymouth also purchases Common Area Furnishings for the staff administrative area (e.g. desks, computers, cabinetry), (\$85,000) which is not included in the WG Clark cost estimate.

All other costs are based in recent projects/market studies, etc. and seem reasonable.

Third-Party Report

Notable departures in construction costs with comparable projects?..... ☐ YES ☒ NO

Suggestions to revisions in project design or project team?..... ☐ YES ☒ NO

Competitiveness of projects as compared to other-like projects

Based upon our review of the construction documents and experience with similarly completed projects, the total proposed budget appears to be within the reasonable range of anticipated costs in the subject locale for a project of this scope, subject to the comments below.

Appropriateness of contingency

The provided budget includes a hard cost contingency in the amount of \$329,183, or 2% of the total hard cost budget. The proposed contingency is adequate as there is an additional 5% contingency held within the Developer's Budget.

3C. FINANCING

How will construction be financed? ☒ Construction Loan ☒ LIHTC ☒ Bonds ☐ Other

King County Loan amount.....

Loan term.....

Loan interest rate.....

Amortization period.....

Preliminary letters of interest and/or uncommitted funds? ☒ YES ☐ NO

LIHTC Project

Proposed use of LIHTC?..... ☒ YES ☐ NO

Projected LIHTC pricing.....

4% LIHTC self-score.....

9% LIHTC self-score.....

How does pricing and self-scores compare to comparable projects?

9% LIHTC; within QCT so eligible for boost. Plymouth has been in discussions with WSHFC about receiving an exemption from the maximum 9% LIHTC allocation per applicant, given that the Madison/Boylston project is in need of a full allocation in 2020. Should a full LIHTC allocation not be feasible, Plymouth is prepared to pursue development using a partial allocation of 9% LIHTC to remain under the per applicant limit for LIHTC allocation. The finance structure for the partial allocation of LIHTC scenario would require increased funding from the City and State Public-Private Match program. Plymouth can provide a budget for the partial allocation scenario upon request.

Debt & Contributions

Amount of private debt proposed..... **No permanent hard debt proposed.**

Is debt coverage sufficient?..... ☐ YES ☐ NO

Can project support additional debt?..... ☐ YES ☒ NO

Positive NOI through year 15 to support potential debt repayment.

Sponsor contributions? ☒ YES ☐ NO

Plymouth projects the deferred developer fee could be paid from the sale of construction easements with neighboring developers and the possible sale of development rights. Plymouth has been successful in the past on such transactions and having the deferred developer fee allows Plymouth to get paid back for such efforts. The deferred developer fee is not included in LIHTC eligible basis.

Proposed fundraising? ☒ YES ☐ NO

For this project, Plymouth proposes using the Public-Private Match program from the Washington State Housing Trust Fund, which will match any private donations brought into the project. Plymouth is able to bring a significant donation of \$1,274,494 to this project from its current capital campaign, of which this project is a stated beneficiary. These funds will be matched by a grant from the State. Plymouth will use these funds to pay for additional costs to the St. Francis House commercial condominium, which is essential to the residential development at this project.

Plymouth Housing Group is proposing that \$1,274,494 from the capital campaign be used for the 12th & Spruce project. These funds cover escalation on costs for the build out of the St Francis House condo unit beyond the fixed price negotiated in 2018. St Francis House will use the proceeds of the land sale towards the commercial space and parking.

IV. PROJECT SERVICES & OPERATIONS

4A. OPERATING PRO FORMA

Operating expense total..... **\$1,428,400 Year 2**

Operating expense per unit..... **\$13,867**

Rent schedule

All rents paid will be at or below 30% of AMI. Based on their portfolio of similar projects, Plymouth anticipates tenant-paid rent to be \$49/unit/month.

Rents within HOME rent limits?..... ☒ YES ☐ NO

Utility allowance schedule.

Utilities paid by Plymouth

Income sources other than residential rent?..... ☒ YES ☐ NO

The project assumes substantial operating and service dollars from KC, OH and others, including \$100,000/annually from VSHSL.

Expected vacancy rate

5% is assumed which is standard.

Management fees

On and off-site management fees are 40% higher and 32% lower than average, respectively as compared to other PSH operating developments of 80+ units.

Overhead/administrative charges

Accounting and security costs are higher than average. Other than those two outliers, the rest of the administrative costs seem to be roughly in line with similar PSH projects.

Replacement & operating reserve payments

Replacement reserves for comparable projects are 6.3% higher than in 12th & Spruce. There are no ongoing operating reserves anticipated, which is also typical of these kinds of projects.

If TOD project, are TOD loan repayment terms included in proforma? ☐ YES ☐ NO ☒ N/A

Proposed rent subsidies? ☐ YES ☒ NO

The project assumes no rent subsidies, but substantial operating subsidies. Typically PSH projects rely on a combination of project based Section 8 vouchers and other operating subsidies.

4B. PROPERTY MANAGEMENT

Property Management Plan

3 FTEs will live-in; total of 13 FTE's dedicated solely to service at 12th & Spruce, and several part-time employees and general organization staff who will work on 12th & Spruce part-time.

4C. SERVICE MODEL & FUNDING ANALYSIS

Project seeking subsidies or operating funds for services? ☒ YES ☐ NO

Service Funding		
Funder	Type of Fund	Amount
Operating subsidy sources	Grant	\$821,783
KC VSHSL/ORS	Grant	\$100,000

Requests for service funding feasible? ☒ YES ☐ NO

Project competitive for ORS funding? ☒ YES ☐ NO

Project serves people currently experiencing homelessness and provides full support services. Fully CEA-referred.

4C. REFERRALS & MARKETING PLAN

CEA participant? ☒ YES ☐ NO

Referrals/marketing

100% CEA. Expects: 40 w/ chronic mental illness, and 60 people experiencing homelessness.

V. MARKET DEMAND ANALYSIS & COMPATIBILITY WITH FUNDING PRIORITIES

5A. MARKET DEMAND

Market study required? ☐ YES ☒ NO ☐ N/A

Market study conducted? ☐ YES ☒ NO ☐ N/A

Date conducted..... N/A

Project set-asides? ☒ YES ☐ NO

40 units for individuals with chronic mental illness.

5B. FUNDING PRIORITIES

This project meets the following 2019 King County RFP priorities:

Homeless/Extremely Low-Income/Affordable Housing

- ☒ Units are set-aside for homeless individuals and families and participate in CEA
- ☒ The proposed project serves special needs population such as (but not limited to) households with a member with mental illness, is disabled and/or developmentally disabled, also experiencing homelessness
- ☒ The proposed project provides access to case management and behavioral health services
- ☐ The proposed project leverages other resources for both the construction and operations of the project, including social services expenses

System-connected housing

- ☒ The proposed project serves a MIDD-eligible population (individuals/households exiting treatment facilities or other institutionalized settings); the sponsor is or is partnering with a State-licensed certified mental health provider

VI. SPONSOR CAPACITY

6A. PORTFOLIO & PERFORMANCE

of sponsor projects in King County portfolio....

7

6B. PIPELINE & DEVELOPMENT CAPACITY

Does the sponsor have other projects under construction and/or under development? ... ☒ YES ☐ NO

of projects under construction.....

1

Projects under construction or development		
Project Name	Location	Brief description
501 Rainier	Seattle	Apartment building - PSH
Mad/Boy	Seattle	High rise apartment building- PSH
2 nd & Mercer	Seattle	Apartment building - move on PSH

of projects under development.....

2- Mad/Boy; 2nd & Mercer.

How is the sponsor staffed to handle multiple projects?

Plymouth has developed many projects themselves and has several developers on staff. No concerns to develop or staff the operations of the projects. They do have a robust pipeline.

6C. FINANCIAL SOUNDNESS

King County Fiscal Team audit showed no findings and/or corrective plan required? ☒ YES ☐ NO

Sponsor's financial audits consistently clear, steady, & revealed no material weaknesses? .. ☒ YES ☐ NO

Operating cash provides appropriate levels of liquidity for operations? ☒ YES ☐ NO

Portfolio maintains strong debt ratios? ☒ YES ☐ NO

Other notable audit findings.

N/A

6D. EQUITY & SOCIAL JUSTICE

DCHS Equity & Inclusion Review Score.....

10 / 10

In an effort to expand and integrate equity & social justice frameworks to the HFP proposal review process, applicants were asked to respond to five supplemental questions that both assessed their familiarity with King County's Equity & Social Justice Strategic Vision and validated their commitment to addressing root causes of housing inequity. Under the assessment of DCHS' Equity & Inclusion Manager, applicants were provided a final score using the following rating system:

Exceeds ESJI Expectations: 10 points

Meets ESJI Expectations Fully: 7.5 points

Meets ESJI Expectations Minimally: 5 points

Does not meet ESJI Expectations: <5 Points

Plymouth Housing scored a total of 10 points, indicating that the agency **exceeds ESJI expectations.**

It should be noted that though the intent of the ESJ review was to provide an understanding of the applicant's commitment to equity & inclusion, the responses to the supplemental questions were ultimately a self-assessment; responses to the supplemental questions, framed mainly to capture the integration and operationalization of equity within agency composition, engagement, and procedures, provide the *applicant's* perspective and may not be reflective of King County's knowledge/opinion.

VII. SUMMARY

The 12th & Spruce project is a strong proposal, proposed by an established agency, that aims to serve a priority population. The project is proposing 100 units at $\leq 30\%$ AMI for those with chronic mental illness. Plymouth Housing is an experienced development team with a history of serving traditionally hard-to-serve populations. Plymouth Housing has access to a strong capital campaign which means potential for a lot of financial resources to invest in this and other developments.

Despite Plymouth's experience, the project is possibly overleveraged in projects under development and in terms of LIHTC distribution by agency. This could result in the project not receiving the full 9% credit allocation. There are no other committed funds other than what has been raised from the capital campaign.

With both a \$1,000,000 King County request from this project and a \$4,000,000 request from the Mad/Boy project (both located in Seattle), it is unlikely that both projects can be funded (Mad/Boy is a priority for both King County and the City).

Given the Mad/Boy priority and the competition for funds within Seattle, 12th and Spruce is not recommended for funding from King County at this time. The project *could* be funded if excess funds are identified and if the final pool of recommended projects is not oversaturated with Seattle projects (geographic equity).

Housing Finance Program

2019 Capital Funding – Affordable Housing RFP

Project Memo

I. OVERVIEW

1A. PROJECT INFO

Sponsor/owner.....	Renton Housing Authority
Development consultant.....	Brawner and Company
Project name.....	Sunset Gardens
Project location.....	2900 NE 10 th Street, Renton, 98056

1B. PROJECT COST

Total development cost.....	\$36,196,210
Cost per residential unit.....	\$458,179
King County Funds requested.....	\$ 2,630,000
Cost per KC-funded unit.....	\$33,291

Project applied for funding in prior rounds..... ☐ YES ☒ NO

Project eligible for TOD Funds..... ☒ YES ☐ NO

II. PROJECT DESCRIPTION

2A. HOUSING MODEL

# of units.....	79
-----------------	----

Target population..... ☒ VSHSL - Seniors ☐ VSHSL - Veterans ☐ MIDD ☐ Other

Unit distribution - Income

UNITS – INCOME DISTRIBUTION	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI
# of Units	40	0	39	0	0

Unit distribution – Bedrooms

UNITS – BEDROOM DISTRIBUTION	SRO	1BR	2BR	3BR	4BR	MGR
# of Units	0	70	9	0	0	0

Permanent supportive housing? ☐ YES ☒ NO

Coordinated Entry for All (CEA) participation?.... ☐ YES ☒ NO

N/A

Community Spaces..... ☐ YES ☒ NO

N/A

Resident Services..... ☐ Referral Services ☐ Counseling ☐ Medical Services ☐ Financial Assistance

N/A

2B. PROJECT, SITE, & LOCALITY CHARACTERISTICS

Project type..... ☒ New Construction ☐ Rehabilitation ☐ Acquisition

Infrastructure

Building height (# of floors).....

3

Construction type..... ☒ Wood Frame ☐ Steel Construction ☐ Combo

Construction begins.....

2/6/2021

Construction period.....

17 months

Evergreen Sustainable Design Std. (ESDS) Score.....

73

ESDS score sufficient for development in WA?.. ☒ YES ☐ NO

Development Processes

Project location/city.....

Renton

Is zoning compatible?..... ☒ YES ☐ NO

N/A

Challenges in development?..... ☐ YES ☒ NO

N/A

Neighborhood

Describe the neighborhood..... ☐ Single Family ☐ Multifamily ☒ Commercial ☐ Mixed-use

Located in the East Highlands area of Renton, the future Sunset Gardens development is near public transportation, health services, recreational amenities, and shopping. The walkability, access to services, and shared site with Renton Housing Authority's central operations makes an ideal location for the future elderly population of the project.

TOD project?..... ☐ YES ☒ NO

o ½ mile to high capacity transit?..... ☒ YES ☐ NO

o Multi-modal?..... ☐ YES ☒ NO

o Walk score.....

75

o Close proximity to community resources and/or services? ☒ YES ☐ NO

Project is well-located downtown close to grocery stores, local businesses, Renton highlands library, churches, drug stores, etc. but TOD funding is incompatible with high percentage of units under 30% AMI.

Nonresidential

Proposed commercial spaces?..... ☒ YES ☐ NO

Renton Housing Authority office space

Parking requirements?..... ☒ YES ☐ NO

57 required, 67 proposed. The project aims to maximize parking for its community and the commercial consistent with local zoning laws: 50 residential stalls, 17 commercial stalls.

Environmental Properties

Soil report findings

No evidence of recognized environmental conditions (RECs), historical recognized environmental conditions (HRECs), controlled recognized environmental conditions (CRECs), significant data gaps, or significant business environmental risks in connection with the Project.

Environmental concerns

No wetlands present. No Geotech report submitted.

Proposed feasible mitigation measures (in budget) to address issues?..... ☐ YES ☐ NO

N/A

Development Incentives & Restrictions

Development incentive programs in project location?..... ☐ YES ☒ NO

N/A

Restrictions in development?..... ☐ YES ☒ NO

N/A

Benefits to community (besides affordable housing)?..... ☐ YES ☒ NO

N/A

2C. ROLES & RESPONSIBILITIES

Project development consultant? ☒ YES ☐ NO

Brawner and Company

General contractor selection process

The Renton Housing Authority will follow all their procurement guidelines in soliciting bids and selecting a general contractor as well as other consultants and professional services. Will secure at least three bids and select the highest qualified firm. All procurement will be completed by the partnership.

Who will manage construction?

TBD

Who will manage property after construction?

Renton Housing Authority, Asset Management

Is sponsor a Community Housing Development Organization (CHDO)?..... ☐ YES ☒ NO

N/A

III. DEVELOPMENT BUDGET ANALYSIS

3A. SOURCES & USES

Total development cost..... \$ 36,196,210

Cost per square foot..... \$459

King County Funds (KCF) requested..... \$ 2,630,000

% of total development cost..... 7.3%

Does request deviate from HFP guidelines? ☐ YES ☒ NO

N/A

Sources of funding

Source	Proposed Amount	Committed Amount
Permanent Debt	\$ 9,250,000	
State HTF	\$ 3,000,000	
King County	\$ 2,630,000	
Sponsor Financing (loan)		\$3,392,031
9% LIHTC	\$ 17,924,178.4	
TOTAL	\$ 36,196,210	

Will federal wages be triggered?..... ☒ YES ☐ NO

Vouchers will trigger Davis Bacon wages

Does project exceed TDC limits?..... ☐ YES ☐ NO

CFA Excel tab 11A is password protected preventing further analysis of cost containment.

Proposed use of funds compatible with King County requirements?..... ☒ YES ☐ NO

Project is prioritizing senior housing.

3B. COST EFFECTIVENESS**Appraisal, Acquisition, & Construction**

Site's Appraised Value..... N/A

Appraisal value greater than (or equal to) acquisition costs?..... ☐ YES ☐ NO

Developer fee..... 6% (\$ 2,413,481)

Developer fee does not exceed ten percent of total development cost of the project

Other fees (architecture, engineering, consulting) reasonable?..... ☐ YES ☒ NO

One notably high cost is the *Development Consultant fee* of \$857,000 (2% total development cost)

Third-Party Report

Notable departures in construction costs with comparable projects?..... ☒ YES ☐ NO

Third-party construction report finds development budget costs significantly higher than comparable projects:

- Development Consultant fee: 10% of Hard Costs with market rate fees in the range of 2% - 4%
- General Conditions: 11% of Hard Costs; typical estimates vary between 7% – 10%

Suggestions to revisions in project design or project team?..... ☐ YES ☒ NO

Competitiveness of projects as compared to other-like projects

Project is not competitive when compared against similar sized projects. Markedly higher cost per unit. \$458,179 per unit.

Appropriateness of contingency

Hard Costs contingency falls within reasonable range (5-10%) for project budgeting at this conceptual level.

3C. FINANCING

How will construction be financed? ☒ Construction Loan ☒ LIHTC ☐ Bonds ☒ Other

King County Loan amount.....

Loan term.....

Loan interest rate.....

Amortization period.....

Preliminary letters of interest and/or uncommitted funds? ☒ YES ☐ NO

LIHTC Project

Proposed use of LIHTC?..... ☒ YES ☐ NO

Projected LIHTC pricing.....

4% LIHTC self-score.....

9% LIHTC self-score.....

How does pricing and self-scores compare to comparable projects?

RBC sponsor letter indicated tax credit pricing of \$0.98

9% tax credit score of 168 is low because not serving homeless, so is not competitive for LIHTC

Debt & Contributions

Amount of private debt proposed.....

Is debt coverage sufficient?..... ☐ YES ☐ NO

Can project support additional debt?..... ☒ YES ☐ NO

Debt Service ratios are marginally higher than the minimum typically required for projects that typically cash flow

Sponsor contributions? ☒ YES ☐ NO

Sponsor is proposing to loan \$3,392,031 to the project

Proposed fundraising? ☐ YES ☒ NO

N/A

IV. PROJECT SERVICES & OPERATIONS

4A. OPERATING PRO FORMA

Operating expense total..... \$ 536,687 (Year 2)

Operating expense per unit..... \$ 6,793 (Year 2)

Rent schedule

The proposed rent schedule for each unit type far exceeds the maximum allowable rent limits for King County in 2019.

Rents within HOME rent limits?..... ☐ YES ☒ NO

Utility allowance schedule.

Utility allowance schedule based on HUD schedule for local jurisdiction (Renton) dated 7/13/2019.

Income sources other than residential rent?..... ☒ YES ☐ NO

Project-based vouchers for 100% of housing units. 20 years remaining on rental contract.

Expected vacancy rate

5%

Management fees

Management fees are somewhat higher than average

Overhead/administrative charges

Marketing and Insurance are higher than average

Replacement & operating reserve payments

15.4% higher than average

If TOD project, are TOD loan repayment terms included in proforma? ☐ YES ☐ NO ☒ N/AProposed rent subsidies? ☒ YES ☐ NO

Project-based vouchers issued by Renton Housing Authority

4B. PROPERTY MANAGEMENT

Property Management Plan

Property management plan is appropriate as described in the application.

4C. SERVICE MODEL & FUNDING ANALYSISProject seeking subsidies or operating funds for services? ☐ YES ☒ NO

Service Funding		
Funder	Type of Fund	Amount

Requests for service funding feasible? ☐ YES ☒ NOProject competitive for ORS funding? ☐ YES ☒ NO

N/A

4C. REFERRALS & MARKETING PLANCEA participant? ☐ YES ☒ NO

Referrals/marketing

When the project is ready for lease-up, RHA staff will advertise the property in accordance with the Affirmative Fair Housing Marketing Plan.

V. MARKET DEMAND ANALYSIS & COMPATIBILITY WITH FUNDING PRIORITIES**5A. MARKET DEMAND**Market study required? ☒ YES ☐ NO ☐ N/AMarket study conducted? ☒ YES ☐ NO ☐ N/A

Date conducted..... 9/7/2019

Project set-asides? ☒ YES ☐ NO

79 units are intended to serve senior households at or below 30% & 50% of AMI

Capture rate..... 2.3% (combined) 30% AMI (2.3 %), 50% AMI (1.7%)

Penetration rate..... 6.1%

Lease-up/absorption rate..... 5%: -7 units/month achieving stabilized occupancy in 11.3 months

Notable findings

N/A

5B. FUNDING PRIORITIES

This project meets the following 2019 King County RFP priorities:

System-connected housing

- ☒ The proposed project will be housing **for seniors and their caregivers**; the project expects to receive referrals from King County or a King County-approved agency
- ☒ The proposed project will be **housing for vulnerable populations**, who are susceptible to reduced health, housing, financial or social stability outcomes. The project expects to receive referrals from King County or a King County-approved agency

VI. SPONSOR CAPACITY

6A. PORTFOLIO & PERFORMANCE

of sponsor projects in King County portfolio....

4

KC - Sponsor Projects

Renton Housing Authority has a diverse and growing portfolio serving a broad range of households.

How have these KC projects performed?

Asset Management review found no concerns with project performance.

6B. PIPELINE & DEVELOPMENT CAPACITY

Does the sponsor have other projects under construction and/or under development? ... ☒ YES ☐ NO

of projects under construction.....

2

Projects under construction or development

Project Name	Location	Brief description
Golden Cedars Portfolio	Renton	369 units projected to be PIS 12/2019
Renton Crest	Renton	274 units projected to be PIS 12/2020

of projects under development.....

1 (predevelopment)

How is the sponsor staffed to handle multiple projects?

RHA is properly staffed to handle all projects.

6C. FINANCIAL SOUNDNESS

King County Fiscal Team audit showed no findings and/or corrective plan required? ☒ YES ☐ NO

Sponsor's financial audits consistently clear, steady, & revealed no material weaknesses? .. ☒ YES ☐ NO

Operating cash provides appropriate levels of liquidity for operations? ☒ YES ☐ NO

Portfolio maintains strong debt ratios? ☒ YES ☐ NO

Other notable audit findings.

6D. EQUITY & SOCIAL JUSTICE

DCHS Equity & Inclusion Review Score.....

10

In an effort to expand and integrate equity & social justice frameworks to the HFP proposal review process, applicants were asked to respond to five supplemental questions that both assessed their familiarity with King County's Equity & Social Justice Strategic Vision and validated their commitment to addressing root causes of housing inequity. Under the assessment of DCHS' Equity & Inclusion Manager, applicants were provided a final score using the following rating system:

Exceeds ESJI Expectations: 10 points

Meets ESJI Expectations Fully: 7.5 points

Meets ESJI Expectations Minimally: 5 points

Does not meet ESJI Expectations: <5 Points

Renton Housing Authority scored a total of 10 points, indicating that the agency exceeds ESJI expectations.

It should be noted that though the intent of the ESJ review was to provide an understanding of the applicant's commitment to equity & inclusion, the responses to the supplemental questions were ultimately a self-assessment; responses to the supplemental questions, framed mainly to capture the integration and operationalization of equity within agency composition, engagement, and procedures, provide the *applicant's* perspective and may not be reflective of King County's knowledge/opinion.

VII. SUMMARY

The project aligns with King County HFP priorities by targeting seniors earning up to 30% and 50% AMI. Although located in downtown Renton the affordability is too low to be considered TOD eligible. Sponsor commits to loaning \$3.3M to the project in addition to 79 vouchers prioritizing formerly relocated residents of Sunset Terrace.

Recommendation: Do Not Fund at this time

- Project is low scoring in the 9% LIHTC credit pool because it's not serving homeless, and therefore not competitive. Sponsor has considered potentially restructuring the project as a more competitive 4% bond deal for a future funding round.
- Unit rents are significantly higher than 2019 King County Income & Rent Limits per Unit Size and inconsistent with the targeted affordability of 30% and 50% AMI.
- Construction is not projected to start until February 2021; schedule for demolition of the existing 1-storey structure and/or abatement is unknown
 - Demolition costs are not included in budget
- No Manager's Unit and/or on-site service agreements demonstrated for a resident population described as 'frail elderly'
- Omissions in due diligence and/or plans submitted include:
 - No Geotechnical report
 - No MEP drawings
 - No Demolition and associated abatement expenses and schedule
 - Project development costs are higher than similar projects and likely triggered by Davis Bacon wage rates. Third-party construction report finds development budget costs to be significantly higher than comparable projects: Development Consultant fee: 10% of Hard Costs with market rate fees in the range of 2% - 4%
 - General Conditions: 11% of Hard Costs; typical estimates vary between 7% – 10%
- Third-party construction report also finds the budget for plumbing system & fixture costs are understated at \$290K; estimates should be closer to \$2.3M

For all these reasons, the project is not competitive for this funding round.

Housing Finance Program

2019 Capital Funding – Affordable Housing RFP

Project Memo

I. OVERVIEW

1A. PROJECT INFO

Sponsor/owner.....	SCIDpda
Development consultant.....	Joel Ing (Edge Developers)
Project name.....	North Lot (Pac Med)
Project location.....	1200 21th Ave S, Seattle, WA 98144

1B. PROJECT COST

Total development cost.....	\$ 110, 039,880
Cost per residential unit.....	\$419,999
King County Funds requested.....	\$10,850,000 (+ \$2,500,000) = \$13,350,000
Cost per KC-funded unit.....	\$50,954

Project applied for funding in prior rounds..... ☒ YES ☐ NO

Project eligible for TOD Funds..... ☒ YES ☐ NO

II. PROJECT DESCRIPTION

2A. HOUSING MODEL

# of units.....	262
-----------------	-----

Target population..... ☒ VSHSL - Seniors ☐ VSHSL - Veterans ☐ MIDD ☒ Other

Project seeks to house families with children and seniors and align with County priorities where those include vulnerable populations e.g. seniors, immigrant and/or refugee families. It also fits well with demographics of the neighborhood.

Unit distribution - Income

UNITS – INCOME DISTRIBUTION	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI
# of Units	0	0	0	262	0

Unit distribution – Bedrooms

UNITS – BEDROOM DISTRIBUTION	OBR	1BR	2BR	3BR	4BR	MGR
# of Units	53	49	113	42	3	2

Permanent supportive housing? ☐ YES ☒ NO

Coordinated Entry for All (CEA) participation?.... ☐ YES ☒ NO

N/A

Community Spaces..... ☒ YES ☐ NO

José Martí Child Development Center

Resident Services..... ☐ Referral Services ☐ Counseling ☒ Medical Services ☐ Financial Assistance

AiPACE Center providing all-inclusive care for seniors

2B. PROJECT, SITE, & LOCALITY CHARACTERISTICS

Project type..... ☒ New Construction ☐ Rehabilitation ☐ Acquisition

Infrastructure

Building height (# of floors).....

6

Construction type..... ☐ Wood Frame ☐ Steel Construction ☒ Combo

Construction begins.....

6/1/2020

Construction period.....

24 months

Evergreen Sustainable Design Std. (ESDS) Score.....

61

ESDS score sufficient for development in WA?.. ☒ YES ☐ NO

Development Processes

Project location/city.....

Seattle

Is zoning compatible?..... ☒ YES ☐ NO

C1-65, C1-85

Challenges in development?..... ☒ YES ☐ NO

Sloping site, proximity to historic landmark building, parcel not yet established via lot line adjustment

Neighborhood

Describe the neighborhood..... ☐ Single Family ☐ Multifamily ☐ Commercial ☒ Mixed-use

Although situated at the northern most tip of Beacon Hill, the project site is positioned to also serve the CID. This portion of the Beacon Hill neighborhood is roughly bounded by Interstate 5, Interstate 90, Rainier Ave. S., and Martin Luther King Jr. Way S. This location is predominantly residential, with the Beacon Hill Residential Urban Village located about a mile slightly southeast of the site.

Directly adjacent to the project site is the Pacific Medical Center and a variety of not-for-profit organizations, including FareStart, NeighborCare Health, programs of Seattle Central College, 501 Commons, and Building Changes. The site is surrounded by several parks and is just up the hill from at least four different grocery store options in the Little Saigon neighborhood that cater to the large API communities in around both the CID and Beacon Hill. It is also near both Beacon Hill International and Bailey Gatzert Elementary Schools, Summit Sierra High School, and the Goodwill Training Facility.

TOD project?..... ☒ YES ☐ NO

○ ½ mile to high capacity transit?..... ☒ YES ☐ NO

○ Multi-modal?..... ☒ YES ☐ NO

○ Walk score.....

73

○ Close proximity to community resources and/or services? ☒ YES ☐ NO

The project is on the 60 and 36 King County Metro bus lines; .5 mile from the First Hill Streetcar; and one mile from the Beacon Hill Light Rail Station. It is also one mile from the International District Chinatown Station, the largest transit hub in the state, accessible by walking or a quick trip on the 36, which is one of the most frequent buses in the Metro system with 8-minute frequency during peak times, and 15 minute all other days.

Nonresidential

Proposed commercial spaces?..... ☒ YES ☐ NO

The ground floor of Building A will include both the PACE facility (23,000 SF) and the early childhood education center (10,000 SF), along with the residential lobby for the 154 units (113,183 rentable SF) on floors 2-7.

Parking requirements?..... ☒ YES ☐ NO

70 parking spaces between both buildings (57 in Building A, 13 in Building B)

Environmental Properties

Soil report findings

Based on our understanding of the proposed development, it is our opinion that conventional footings will be adequate for supporting the proposed buildings. Locally, existing loose fill may be present at footing subgrade elevations. Where present, the existing loose fill should be completely removed from below the footings and backfilled with compacted structural fill or control density fill (CDF).

Based on the results of the test borings, the site is underlain by sand overlying clay and silt. This is a geologic condition that is considered prone to landslide, especially when perched groundwater is present at the sand/clay contact, and if the plane of sand-clay contact is quite steep. The results of the test borings indicate that no consistent perched water is present at the sand/clay contact. In addition, the inclination of the sand/clay contact across the site is quite level (i.e., less than 5 degrees). As such, it is our opinion that factors can contribute to slippage along the sand/clay contact is not present at the site.

Environmental concerns

No recognized environmental conditions observed.

Proposed feasible mitigation measures (in budget) to address issues?..... ☐ YES ☒ NO

N/A

Benefits to community (besides affordable housing)?..... ☒ YES ☐ NO

Promoting Diversity through Family Sized Housing The primary public benefits provided by this project include the infusion of much needed family-sized affordable housing units in two communities that need it, either to house multigenerational households, or households with children. As a community development organization, SCIDpda's focus is providing housing that serves our community's needs, and as such, most of the units in the Project will be two-, three-, or four- bedroom units (family units), with rents set at an average of 60% AMI. This emphasis is supported by OPCD's **Seattle 2035 - Comprehensive Plan** goals, the Seattle Planning Commission "**Family Sized Housing**" white paper and action agenda, and SCIDpda's 2017-2020 Strategic Plan.

Culturally-Competent Elderly Care By partnering with AiPACE to build a new facility on the project site, the North Lot provides the large number of seniors to age in place in the communities they and their families call home. The PACE center will provide transportation services that will pick up seniors at the doorsteps of their homes Monday through Friday and safely transport them just across the Jose Rizal bridge to the brand-new state of the art facility. Once there, they will receive the same high quality and attentive care they could receive in a nursing home. Not only does the PACE center provide a more affordable option for the senior and their families but affords them autonomy while receiving the care they need.

Culturally-Competent Early Childhood Education - El Centro de la Raza's early childhood education program provides a bilingual, multicultural curriculum that aims to develop their children's self-awareness, cultural pride, self-esteem, while building important cognitive development skills. As noted, both the communities in the CID and Beacon Hill report a much higher percentage of immigrants and communities of color than citywide averages. This childcare facility will further build on the stabilizing work of AiPACE and ensure that the children that are already here have a safe place to grow and learn in their rapidly changing community.

2C. ROLES & RESPONSIBILITIES

Project development consultant? ...Joel Ing (Edge Developers) ☒ YES ☐ NO

Edge Developers has been involved in this project from since its inception with the for-profit lead developer. To address the organization's lack of current real estate development experience, SCIDpda selected Edge as a consultant to ensure the successful development of the affordable housing section of the project. Edge has been instrumental in ensuring that SCIDpda has the resources it needs to successfully navigate the financing and project management required to make this project a reality.

The project will be owned and managed by **SCIDpda** to ensure that the public benefits remain within a public entity.

General contractor selection process

Per SCIDpda Policies and Procedure manual, for purchases of goods or services over \$150,000 a cost or price analysis, including independent estimates, is required. Procurement for construction or facility improvement contracts, or subcontracts exceeding \$150,000, shall include a bid guarantee equivalent to 5% of the bid price from each bidder (such as bid bond or certified check), a performance bond on the part of the contractor for 100% of the contract price, a payment bond on the part of the contractor for 100% of the contract price, and SCIDpda listed as an additional insured. Time and material type contracts shall be used only after determination that no other contract is suitable. Furthermore, the contract shall include a ceiling price that the contractor exceeds at its own risk, unless a revised scope of work exceeds the original scope of work.

SCIDpda intends to use the General Contractor/Construction Manager public works system in this project to support early involvement of a contractor with designer in the process and the team approach to projects.

Who will manage construction?

MARPAC Construction

Who will manage property after construction?

SCIDpda will manage the property with the following staff:

- Building Manager, responsible for the property's overall physical condition, operations, assisting with budget preparation, maintaining costs within budget, compliance, resident satisfaction, developing and maintaining service agency relationships when needed, inspecting units annually and at unit turnover, resolving disputes and concerns, and maintaining adherence with applicable landlord-tenant laws and funder requirements.
- Assistant Manager, responsible for leasing, income certifications, information requests, invoice coding, and front desk activities such as answering phones, taking maintenance requests, and ordering supplies.

Maintenance Technician is responsible for performing general repairs, scheduling and performing routine service and building system repairs, coordinating vendors for non-routine maintenance.

Assistant Maintenance Technician is responsible for making general repairs, scheduling and performing routine service and repair of building systems, maintaining property and site conditions to HQS, and assisting Maintenance Technician with general administrative support.

- Custodian is responsible for ensuring that common areas and grounds are clean with high curb appeal standards, maintaining general landscaping, and cleaning vacant units for occupancy.

Is sponsor a Community Housing Development Organization (CHDO)?..... ☐ YES ☒ NO

N/A

III. DEVELOPMENT BUDGET ANALYSIS**3A. SOURCES & USES**

Total development cost.....	\$110,039,880
Cost per square foot.....	\$ 410
King County Funds (KCF) requested.....	\$10,850,000 (+ \$2,500,000) = \$13,350,000
% of total development cost.....	12.1%

Does request deviate from HFP guidelines? ☐ YES ☒ NO

King County has invested \$5.5 M in project to date (\$2.5M through the County's 2019-2020 Budget process and a \$3M loan made to the Pacific Hospital PDA for the development)

Sources of funding

Source	Proposed Amount	Committed Amount
4% LIHTC	\$42,339,880	
City of Seattle	\$13,350,000	
Permanent Debt	\$30,000,000	
King County	\$10,850,000	\$2,500,000
State (HTF)	\$2,000,000	\$9,000,000
Deferred Developer Fee	\$ 6,650,000	
TOTAL		\$110,039,880

Will federal wages be triggered?..... ☐ YES ☒ NO

N/A

Does project exceed TDC limits?..... ☒ YES ☐ NO

By 26.7%

Proposed use of funds compatible with King County requirements?..... ☒ YES ☐ NO

Includes seniors, immigrants, and vulnerable populations.

3B. COST EFFECTIVENESS**Appraisal, Acquisition, & Construction**

Site's Appraised Value..... \$9,830,000

Appraisal value greater than (or equal to) acquisition costs?..... ☒ YES ☐ NO

Developer fee..... 3 % or \$ 3,583,724

Developer fee much higher than initially indicated (\$9.75M on supplemental budget submitted)

Other fees (architecture, engineering, consulting) reasonable?..... ☐ YES ☒ NO

High total development costs have the impact of increasing both hard and soft costs & fees

Third-Party ReportNotable departures in construction costs with comparable projects?..... ☒ YES ☐ NO

Construction costs are markedly higher than other projects of this scale. This is likely due to the combination of scale, location, population and commercial uses included in the development scheme.

Suggestions to revisions in project design or project team?..... ☒ YES ☐ NO

Consistency in unit and floor layouts

Competitiveness of projects as compared to other-like projects

Project is not competitive compared to others. E.g. Madison-Boylston: similar total unit count but more efficient cost per unit

Appropriateness of contingency

Hard Cost Contingency is too low

3C. FINANCINGHow will construction be financed? ☒ Construction Loan ☒ LIHTC ☐ Bonds ☐ Other

King County Loan amount..... \$ 10,850,000

Loan term..... 50 years

Loan interest rate..... 1 %

Amortization period..... 50 years

Preliminary letters of interest and/or uncommitted funds? ☒ YES ☐ NO**LIHTC Project**Proposed use of LIHTC?..... ☒ YES ☐ NO

Projected LIHTC pricing..... \$0.95

4% LIHTC self-score 78

9% LIHTC self-score..... N/A

How does pricing and self-scores compare to comparable projects?

Not competitive given the scale of the project

Debt & Contributions

Amount of private debt proposed..... \$ 30 M

Is debt coverage sufficient?..... ☒ YES ☐ NO

Can project support additional debt?..... ☒ YES ☐ NO

Sponsor could loan more developer fee into the project

Sponsor contributions? ☒ YES ☐ NO

Deferred Developer fee could be higher.

Proposed fundraising? ☐ YES ☒ NO

IV. PROJECT SERVICES & OPERATIONS

4A. OPERATING PRO FORMA

Operating expense total..... \$1,431,525 (Year 2)

Operating expense per unit..... \$ 5,464 (Year 2)

Rent schedule

Proposed unit rents do not exceed Seattle Office of Housing allowable rent limit schedule

Rents within HOME rent limits?..... ☐ YES ☒ NO

Utility allowance schedule.

Based on Seattle Housing Authority 2019 utility estimates

Income sources other than residential rent?..... ☐ YES ☒ NO

N/A

Expected vacancy rate

Residential = 5%, Non-residential = 10%

Management fees

\$ 382,774 (Yr. 2) \$1,505 per Unit (Expenses per Year).
--

Overhead/administrative charges

Overhead charges are reasonable.

Replacement & operating reserve payments

\$350 Per Unit per Year. Adequate

If TOD project, are TOD loan repayment terms included in proforma? ☒ YES ☐ NO ☐ N/AProposed rent subsidies? ☐ YES ☒ NO

N/A

4B. PROPERTY MANAGEMENT

Property Management Plan

- | |
|--|
| <ul style="list-style-type: none"> • Management is low capacity: 5 full-time, On-Site FTEs to manage 262 units • No Operating funding Sources shown for 5 On-Site FTEs |
|--|

4C. SERVICE MODEL & FUNDING ANALYSISProject seeking subsidies or operating funds for services? ☐ YES ☒ NO

Service Funding		
Funder	Type of Fund	Amount
N/A	N/A	N/A

Requests for service funding feasible? ☐ YES ☐ NOProject competitive for ORS funding? ☐ YES ☐ NO

N/A

4C. REFERRALS & MARKETING PLANCEA participant? ☐ YES ☒ NO

Referrals/marketing

SCIDpda will utilize both “old tech” – e.g. word of mouth and flyers – and “new tech” – e.g. social media and websites, including:

- post and update available units on our website on a weekly basis so potential residents can see availability, rent amounts, and maximum income levels. It will show ways to contact property management in a variety of ways, based on what experience has shown how our residents and applicants typically prefer to communicate.
- distribute brochures and flyers (translated) with general information to our neighbors, including those noted in our community engagement plan
 - attend community meetings and community events
 - utilize neighborhood and community-specific/ethnic media
 - post targeted opening date and contact information on construction site signage and A-boards

They would also rely on partners at this project – PHPDA, El Centro, and AiPACE to help market the property.

V. MARKET DEMAND ANALYSIS & COMPATIBILITY WITH FUNDING PRIORITIES

5A. MARKET DEMAND

Market study required? ☒ YES ☐ NO ☐ N/A

Market study conducted? ☒ YES ☐ NO ☐ N/A

Date conducted..... **September 19, 2018**

Project set-asides? ☐ YES ☒ NO

N/A

Capture rate..... **0.4 %**

Penetration rate..... **N/A**

Lease-up/absorption rate..... **22-30 units per month**

Notable findings

N/A

5B. FUNDING PRIORITIES

This project meets the following 2019 King County RFP priorities:

Transit-Oriented Development

- ☒ Project leverages present and future public investment in transit infrastructure and is within ½ mile of a high capacity transit station

VI. SPONSOR CAPACITY

6A. PORTFOLIO & PERFORMANCE

of sponsor projects in King County portfolio....

2

How have these KC projects performed?

King County contracted funding for the acquisition of the leasehold interest in the North Lot in 2016. Additionally, set aside funding out of the 2019-2020 biennium budget from TOD funding (\$2.5M) and is now applying for additional funding.

Asset Management found no issues with Legacy House.

6B. PIPELINE & DEVELOPMENT CAPACITY

Does the sponsor have other projects under construction and/or under development? ... ☐ YES ☒ NO

of projects under construction.....

0

Projects under construction or development		
Project Name	Location	Brief description

of projects under development.....

0

How is the sponsor staffed to handle multiple projects?

Edge staffs each project with a primary and backup project manager. Staff capacity is expanding with the recent new hires.

6C. FINANCIAL SOUNDNESS

King County Fiscal Team audit showed no findings and/or corrective plan required? ☒ YES ☐ NO

Sponsor's financial audits consistently clear, steady, & revealed no material weaknesses? .. ☒ YES ☐ NO

Operating cash provides appropriate levels of liquidity for operations? ☒ YES ☐ NO

Portfolio maintains strong debt ratios? ☒ YES ☐ NO

Other notable audit findings.

No findings identified in financial review.

6D. EQUITY & SOCIAL JUSTICE

DCHS Equity & Inclusion Review Score.....

10

In an effort to expand and integrate equity & social justice frameworks to the HFP proposal review process, applicants were asked to respond to five supplemental questions that both assessed their familiarity with King County's Equity & Social Justice Strategic Vision and validated their commitment to addressing root causes of housing inequity. Under the assessment of DCHS' Equity & Inclusion Manager, applicants were provided a final score using the following rating system:

Exceeds ESJI Expectations: 10 points

Meets ESJI Expectations Fully: 7.5 points

Meets ESJI Expectations Minimally: 5 points

Does not meet ESJI Expectations: <5 Points

SCID pda scored a total of 10 points, indicating that the agency exceeds ESJI expectations.

It should be noted that though the intent of the ESJ review was to provide an understanding of the applicant's commitment to equity & inclusion, the responses to the supplemental questions were ultimately a self-assessment; responses to the supplemental questions, framed mainly to capture the equitableness of agency composition, engagement, and procedures, provide the *applicant's* perspective and may not be reflective of King County's knowledge/opinion.

VII. SUMMARY

Project seeks to house families with children and seniors and aligns with County priorities where those groups lack affordable housing in high-opportunity neighborhoods and/or under threat of displacement. It also fits well with demographics of the Beacon Hill neighborhood.

Recommendation: Do Not Fund at this time:

- Project 4% Bond Credit score (78) is not competitive
- Total development cost for the proposed two-building scheme exceeds WSHFC Cost Limits and is available King County HFP funding sources
- Project budgets, building design and program do not demonstrate robust efforts in value engineering to reduce costs
- On its own, SCIDpda lacks the staff capacity and development experience to deliver the project as currently proposed. We have recommended they find a partner.
- The project needs more work and there are recent conversations about changing design.