King County

Housing Finance Program

2020 Capital Funding for Affordable Housing Projects

PROJECT REVIEW MEMO

I. OVERVIEW

1A. PROJECT INFO

Sponsor/owner	Catholic Housing Services and First African Methodist Episcopal Church – Equity Alliance of Washington (FAME-EAW)
Development consultant	N/A
Project name	Elizabeth Thomas Homes
Project location	4524 S. Henderson Street, Seattle

Project type..... ☐ **Rental** ☒**TOD** ☐ **PSH** ☐**HO** ☐ **DPA**

Project activity..... ☒ **New Construction** ☐ **Rehabilitation** ☒ **Acquisition**

Brief description

Project plan calls for building 119 units ranging in size from studio to 3-bedroom family units on a currently vacant lot two blocks from the Rainier Beach light rail station. Will have a single commercial unit.

1B. PROJECT COST

Total development cost (TDC)	$49,786,360
Total residential development cost	$49,515,982
Cost per residential unit/ per square foot	$416,100 per unit / $460 per sq foot
Total non-residential development cost	$270,378

1C. KING COUNTY REQUEST

King County Funds requested	$1,000,000
% of TDC/ Cost per unit	2% of TDC / $8,403 per unit
KC Loan term/ interest rate	50 years, 1% simple interest

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

DRAFT

Project previously awarded KC funds..... No

Does request deviate from HFP guidelines.....☐ **YES** ☒ **NO**

II. PROJECT DESCRIPTION

2A. HOUSING MODEL

of residential units/ managers/ total units..... 119 residential units, no manager units

Project total square feet / # of floors..... 108,580 total sq ft / 7 floors

Project residential sf/commercial sf ..... 107,530 residential sq ft / 1,050 commercial sq ft

Unit distribution - Income & AMI

Unit/Income	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI	**Total**	Mgr/ CAU
Studio			5	5		**10**	
1 Bedroom			23	22		**45**	
2 Bedroom			16	16		**32**	
3 Bedroom			16	16		**32**	
4 Bedroom							
Total			**60**	**59**		**119**	

Average unit sizes ..... Studio – 384 sq/ft; 1-Bedroom – 528 sq/ft;

2-Bedroom – 744 sq/ft; 3-Bedroom – 1,008 sq/ft

Other type of unit. ..... 11 units will meet Type A accessibility standards. 3 units will be live-work units

Target population

20% of the units are set aside for people with disabilities, including physical disabilities, mental illness, and learning disabilities. 20% of the units are set aside for large households. The remainder of the units are for low income people at 50% and 60% AMI.

DRAFT

2B. CONSTRUCTION TYPE, SITE, & LOCALITY CHARACTERISTICS

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

Construction begins/ Construction period..... 10/15/21 / 18-month construction period

Evergreen Sustainable Design Std. (ESDS) Score..... 61

Project intends to meet higher energy standards (Net-Zero, Passive House, etc.) or include energy efficient systems (solar panels, water systems, etc.)?..... ☒ **YES** ☐ **NO**

Development Processes

Is zoning compatible?.....☒ **YES** ☐ **NO**

It was recently up-zoned.

Challenges in development of the site?..... ☒ **YES** ☒ **NO**

The site has a parking easement with the neighboring apartment building, which allows for the easement to be terminated if zoning changes reduce the apartment buildings parking requirements. With the rezoning of the site, there is no longer a minimum parking requirement and the project team has begun the process of removing the easement.

Neighborhood

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

The site for Elizabeth Thomas Homes (ETH) will be located at the intersection of S. Henderson St and Renton Ave S. just two blocks from the Rainier Beach Light Rail Station. This project, with seven floors of family housing with affordable rents, street-front commercial space, and a central plaza with an entrance on Henderson St., will be a welcoming gathering space for residents, community members, and business patrons. ETH will be less than two blocks away from South Shore K-8, Rainier Beach Community Center, and Rainier Beach High School.

Transit Oriented Development Eligible project?..... ☒ **YES** ☐ **NO**

- ○ ½ mile to high capacity transit?..... ☒ **YES** ☐ **NO**
- ○ Multi-modal?..... ☒ **YES** ☐ **NO**
- ○ Walk/transit score..... Walk score 73, transit score 62
- ○ Close proximity to community resources and/or services? ☒ **YES** ☐ **NO**

DRAFT

Nonresidential

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

Proposing a single 1,050 square foot commercial space with final tenant improvement budget to be established once the final tenant is selected. Project staff have been working with Rainer Beach Action Coalition and the Rainier Beach Merchant's Association to match the right business with the space. Looking to charge fair market rates for the space, which is in the $17 to $20 a square foot range.

Parking requirements?..... ☐ **YES** ☒ **NO**

This neighborhood was recently rezoned, and in the process parking minimums were removed.

Environmental

Environmental/site concerns

None. The Phase I completed in 2013 identified historical uses on neighboring parcels that led the Environmental consultant to recommend a Phase II. The Phase II on the subject parcel, a vacant lot, does not indicate any issues with the soil or surrounding parcels. DCI Pre-app forms indicate that there is an existing row of trees along the eastern property line and additional trees along the southern property line. Trees will be evaluated by a certified arborist to determine if any qualify as "exceptional trees", which could impact project plans.

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

N/A

Development Incentives & Restrictions

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

N/A

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

The current site is a former parking lot and has some larger cottonwood trees that border the lot. The applicants have procured an arborist to review the site and issue a report, but it is unlikely any of those trees will meet the standard for "exceptional". Even if they do, the site design will not be impacted.

DRAFT

2C. ROLES & RESPONSIBILITIES

Project development consultant? .....☐ **YES** ☒ **NO**

They are using in house development and consulting staff, from both FAME and CHS.

- Evelyn Thomas Allen, Executive Director of FAME-EAW - will liaise with community groups and FAME-EAW board
- Chris Jowell, Vice President of Catholic Housing Services - will liaise with community, CHS board and leadership
- Jenny Weinstein, CHS Associate Director of Housing and Community Development – finance and budget
- Jeremy Oslund, CHS Housing & Community Developer – Project Manager
- Jeanne Le Duc, CHS Director of Catholic Real Estate – LIHTC

General contractor selection process

Walsh has been selected as the General Contractor. CHS and FAME - EAW comply with the regulations of 2 CFR 200 Sections 200.318 through 200.326, and Federal, State and local laws. In the event that state or local requirements conflict with the standards and procedures, CHS and FAME-EAW defer to federal requirements. CHS and FAME – EAW selected the general contractor through process that included a published Request for Proposals with criteria for selection, proposal review, and interviews of prospective contractors. The contractor was selected based on the published criteria in the RFP.

Who will manage construction?

Jeremy Oslund, CHS Housing & Community Developer will act as the Project Manager for the rest of the project, with staff and leadership from both organizations assisting as needed

DRAFT

III. FINANCING & MARKET ANALYSIS

3A. SOURCES & USES

Permanent Residential Sources of funding

Source	Proposed Amount	Committed Amount	TOTAL
King County	$1,000,000		
Permanent Loan	$15,987,378		
State Housing Trust Fund	$2,250,000		
City	$10,000,000		
Sponsor Loan (Commercial)	$270,378		
4% Equity	$17,463,604		
Deferred Developer Fee	$2,815,000		
TOTAL	$49,786,360		

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

Shell of commercial space to be built using a sponsor loan, with the budget finalized as the tenant is selected and any improvements are made.

Permanent Residential Uses of funding

Type	Amount	Comments
Acquisition Costs	$1,349,875	Includes $257,311 of land holding costs
Construction/ Rehab Costs	$38,265,868	
Soft Costs	$6,489,042	
Financing Costs	$1,984,443	Includes bridge, construction, permanent financing and bond related costs
Capitalized Reserves	$456,845	
Other Development Costs	$1,240,287	
TOTAL	$49,786,360	

DRAFT

3B. COST EFFECTIVENESS

Appraisal, Acquisition, & Construction

Appraised value/date/tax assessor value..... $2,500,000

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

Developer fee..... $4,430,476, with $2,815,000 deferred

63.5% of the developer fee will be deferred. The site for Elizabeth Thomas Homes was secured in 2014 using funding from the Washington State Finance Commission and a Seattle Cornerstone Grant through the Office of Housing. The carrying costs for holding the land in that time are included in the development budget. Those costs, plus the original land valuation are still less than the currently appraised value.

Third-Party Construction Consultant Report

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

This project was submitted to a 3rd party reviewer by the Office of Housing. The construction review report for this project has not been returned as of 11/16/20.

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

Revision discussion.

Competitiveness of projects as compared to other-like projects

Competitiveness of project.

Appropriateness of contingency

Appr. of project.

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

The current design and funding sources should not trigger federal wages.

3C. MARKET DEMAND

Market study required .....☒ **YES** ☐ **NO**

Date conducted..... 8/31/20

Capture rate/ Lease-up rate ..... .3% capture rate / Lease up rate of 15-30 units/month

DRAFT

Notable findings

High demand/need for these units. Market study recommends no modifications to project plan

3D. FINANCING

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

Preliminary letters of interest provided? .....☒ **YES** ☐ **NO**

LIHTC Project

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

Anticipated 4% round application.....	June 2021 4% round
Projected LIHTC pricing	$0.95
4% LIHTC self-score.....	**92**

Were Letters of Interest provided? How does pricing and self-score compare to comparable projects?

Projected score should be competitive based on the awards from the June 2020 4% round (most recent). Projects awarded allocation in that round had scores between 98 and 89. CHS and FAME – EAW have had preliminary discussions with US Bank and Raymond James. Tax credit investors are uncertain about the current market and are approaching LIHTC projects conservatively. CHS and FAME – EAW will solicit RFPs from equity investors in 2021 and are hoping for greater market clarity closer to the application deadline. Provided letters of interest are for permanent debt, not LIHTC pricing.

Is project subject WSHFC TDC limits?..... ☒ **YES** ☐ **NO**

WSHFC TDC Total limit = **$42,157,616** Total Residential Costs = $49,515,982, less acquisition ($1,349,875) & capitalized reserves ($456,845) = **$47,709,262** The current cost per unit does exceed the Washington State Housing Finance Commission's TDC limits. The current development budget is approximately 15% over the current WSHFC TDC. CHS and FAME – EAW will seek a waiver for the TDC limit prior to applying for 4% Low Income Housing Tax Credits**.** CHS and FAME – EAW will work with Walsh and Environmental Works to value engineer during design development and get closer to the TDC limit.

DRAFT

Debt & Contributions

Amount of private permanent debt proposed $15,987,378

Is debt coverage sufficient?..... ☒ **YES** ☐ **NO** ☐ **N/A**

Construction financing assumptions are based on the Seattle Office of Housing (OH) underwriting guidelines. US Bank is interested in financing the construction of the project and their terms are within OH's underwriting guidelines. The permanent financing rate is lower than OH's underwriting guidelines by 0.5%. The lower rate is supported by Northmarq who is interested in providing a Freddie Mac Tax-Exempt Loan for the project's permanent loan.

DCR, based on projected permanent debt payments is 1.15. After annual deferred developer fees are paid the DCR drops to 1.05, but the pro forma makes those payment after permanent debt payments.

Could project leverage other financial resources not yet identified? ..... ☐ **YES** ☒ **NO**

Despite the HTF award limit of $3,000,000, project chose to apply for only $2,250,000 because Catholic Housing Services submitted two projects to the Housing Trust Fund this year, both at that amount. CHS submitted a waiver for the per applicant yearly funding limit of $3,000,000 in order to do so. CHS was awarded $1,500,000 in 2019 and the combined $4,500,000 in applications for 2020 is all that remains left for CHS's 2-year limit of $6,000,000.

Sponsor contributions? ..... ☒ **YES** ☐ **NO**

Sponsors are deferring a portion ($2,815,000 of 4,430,476, or 63.5%) of the developer fee. There will also be a sponsor loan of $270,378 for work on the commercial space, to be repaid through commercial cash flow (see tab 7A).

Proposed fundraising? ..... ☐ **YES** ☒ **NO**

N/A

IV. PROJECT SERVICES & OPERATIONS

4A. OPERATING PRO FORMA

Annual operating expense total/ per unit... $758,991 total, $6,378 per unit

Rent & utility allowance schedule within AMI limits? ..... ☒ **YES** ☐ **NO**

Rents and utility allowance limits are within required ranges. Given current plans to use energy efficient components, CHS will engage an energy modeling consultant to determine utility demand and costs based on the specified building fixtures closer to operations.

DRAFT

Proposed project-based or tenant-based rent subsidies? ..... ☐ **YES** ☒ **NO**

No project-based rental subsides are currently proposed.

Expected vacancy rate

5% for the residential portion. No projections for the single commercial space.

Expense comparison

Expenses are 13.6% higher than the average for an affordable housing development of this size, an understandable variance considering over half of the units are 2 or 3 bedrooms in size.

Replacement & operating reserve payments

Annual replacement reserve deposits of $350/unit, no operating reserve commitments. 6 months of operating costs are built into the capitalized reserves

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

4B. PROPERTY MANAGEMENT

Property Management Plan

Catholic Housing Services of Western Washington will be the property management provider. Property management services will include building maintenance (maintenance, repairs, etc.) and on-site management (budget, and technical/administrative requirements). Preventative maintenance will take precedence, with the goal to focus enough attention on planned preventative maintenance to reduce the incidence of responsive maintenance. Staff will work with residents to modify behaviors that could be causing damage to their unit or the property. Facility maintenance includes annual unit, appliance, and mechanical equipment inspections. If deficiencies to any equipment are noted, the on-site staff or a contractor will make repairs. If a replacement is needed, it will be coordinated with on-site staff. Residents will be trained in the proper use of each appliance when initially occupying a unit. Property management will conduct a Capital Needs Assessment (CNA) every 5 years and it will be updated annually to establish life cycle markers for capital equipment and material. The CNA will be used in the budgeting process to determine replacement reserves needed to sustain the project.

4C. SERVICE MODEL & FUNDING ANALYSIS

Project seeking operating or service subsidies? ..... ☐ **YES** ☒ **NO**

Subsidized Units/ Funding per subsidized unit... **N/A**

DRAFT

Service Funding			
Funder	**Fund Type**	**Amount**	**Awarded?**
Total			

Requests for service funding feasible? ..... ☐ **YES** ☐ **NO** ☒ **N/A**

Project competitive for ORS funding? ..... ☐ **YES** ☐ **NO** ☒ **N/A**

Residents will have access to CHS's Village Spirt Center Services, which helps families set goals and achieve them, with goals typically focusing on education and asset acquisition. However, these services are at a different location, are optional for residents, and will not be paid for using project revenue.

4D. REFERRALS

Permanent supportive housing for homeless? .....☐ **YES** ☒ **NO**

Coordinated Entry for All (CEA) participation for ALL homeless units?.....☐ **YES** ☐ **NO** ☒ **N/A**

N/A

Referrals/marketing

This project hopes to use the Community Preference Policy to attract the desired tenant population. Applicant will continue their partnerships with the Rainier Beach community, with groups such as Rainier Beach Action Coalition (RBAC), Somali and Ethiopian Ethnic Community Centers, and the SE Effective Development.

Additionally, CHS and FAME-EAW plan to market unit openings to community-based organizations and non-mainstream organizations that serve the targeted population of low-income working families. Marketing for this project will include email notifications to a wide variety of list-serves, newspaper advertisements, and flyers. Advertising will attract residents of all minority groups who meet resident eligibility requirements, as set forth in the Affirmative Marketing Plan.

Community Spaces.....☒ **YES** ☐ **NO**

There will be a central plaza for resident use as a community space.

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

DRAFT

FAME-EAW and CHS bring partnerships with the CCS-Village Spirit Center (Life Skills Training/resources), the Rainier Beach Economic Development Roundtable, the Rainier Beach Action Coalition, the Food Innovation Center, Rainier Beach Learning Garden, Rainier Beach Urban Farm, Got Green, the Southeast Effective Development and area coordinated youth activities/groups. These partnerships will help bring resources of jobs and job training, activities that engage youth in service and leadership as well as healthy eating. The development team is currently in conversation with local Rainier Beach businesses who have expressed interest in the leasable Commercial Space such as the Food Innovation Center, Champs Resource Service Center (job training and resource center), and Fathers and Sons Together. These potential partnerships will have a direct, positive outcome for the ETH residents.

V. FUNDING PRIORITIES

5A. FUNDING PRIORITIES

Which source(s) of King County funds is the project compatible with?

☐ **2331 Document Recording Fee** ☒ **RAHP** ☐ **HOME** ☒ **VSHSL** ☒ **MIDD 2** ☒ **TOD**

Project is designed for households at either 50% or 60% AMI. This would make the eligible for TOD funds. RAHP would be eligible for the 50% AMI units, Given the plan to include accessible units, VSHSL would be a possibility with set asides for veterans, seniors, or vulnerable populations. Would require some level of additional tenant eligibility verification, but there will already be LIHTC reporting requirements. MIDD is an option as 20% of the units are set aside for people with disabilities, including physical disabilities, mental illness, and learning disabilities.

This project meets the following 2020 King County RFP priorities:

Homeless/Extremely Low-Income/Affordable Housing

- ☐ A majority of the units (50% or more) 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 V**eteran housing**, serving Veterans, Military Service members, and their family members.

DRAFT

☒ 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

Transit-Oriented Development

☒ Project leverages present and future public investment in transit infrastructure.

☐ Repurpose under-utilized publicly owned property or other community assets

☐ Utilize alternative housing models and cost saving construction methods

☐ Serve lower income households between 30% to 50% AMI.

☒ Project is within ½ mile of a high capacity transit station, and is eligible for the:

☐ All-County South pool (2016 TOD)

☐ All-County North/East pool (2016 TOD)

☒ Geographic Set-aside (N/E/S/Seattle) (2019 TOD)

☐ Projects funded with 2016 TOD Allocation Plan funding will be required to set aside 10% of the TOD Bond-funded units for tenant referrals from King County or a King County-approved agency operating criminal justice system diversion programs.

Homeownership Development

☐ Projects that expand homeownership opportunities for 1) Veterans and their families or

☐ 2) Vulnerable Populations who can become homeowners, be stably housed, and avoid intergenerational poverty.

5B. Federal HOME funds

HOME funding requested?..... ☐ **YES** ☐ **NO** ☒ **N/A**

Rents and UA within HOME rent/utility allowance limits?..... ..... ☐ **YES** ☐ **NO** ☒ **N/A**

Within HOME maximum per unit subsidy limits?..... ☐ **YES** ☐ **NO** ☒ **N/A**

N/A

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

N/A

DRAFT

VI. SPONSOR CAPACITY

6A. PORTFOLIO & PERFORMANCE

of sponsor projects in King County portfolio... 1

KC - Sponsor Projects	
Project Name	**Brief Description**
Kirkland Shelter for Women and Families	98 units, PSH

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**
Kent Veterans Housing	Kent, WA	PSH

# of projects under development..... 4, including this one

How is the sponsor staffed to handle multiple projects?

CHS has an experienced development team with dedicated in house project management staff, with their ability to staff this project enhanced by the partnership with FAME-EAW. The active CHS project, Kent Veterans Housing, is ahead of schedule and expected to finish construction in November 2020, freeing up additional organizational capacity.

6C. SPONSOR FINANCIAL SOUNDNESS

Audit findings, material weaknesses and/or corrective action plan required? ..... ☐ **YES** ☒ **NO**

Sponsor's financial audits consistently clear, steady? ..... ☒ **YES** ☐ **NO**

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

Portfolio maintains strong debt ratios? ..... ☒ **YES** ☐ **NO**

Summary of audited info for the past two years (Assets, Liabilities, Net Worth, Liquidity, Debt Ratios)

DRAFT

Catholic Housing Services of Western WA (CHSWW) is a subsidiary of a much Larger Archdiocese organization that includes Catholic Community Services and Catholic Charities and affiliates.

For the year ended June 30, 2019, CHSWW had Net Assets of $104M, an increase of $9M over 2018, and Total liabilities of $78.2M, an increase of $6.5M. Total liabilities includes $10.M of forgivable mortgage notes. The net operating income was $1.3M, a decrease of $124K from 2018.

In CHSWW's 2019 audit, there was a significant deficiency in reporting for non-cash transactions that were not properly reported in the current fiscal year related to property development and acquisition. Management agreed with the finding and implemented actions that will address this proper recording of these non-cash transactions. There were no findings or questions costs for federal programs, nor deficiencies on internal control over compliance.

In addition to audit reports, were unaudited financial statements also reviewed? ☒ **YES** ☐ **NO**

If unaudited financial statements were reviewed, did they show the same trends as audits? ☒ **YES** ☐ **NO**

If Audits were not available, were unaudited financial statements reviewed? ☐ **N/A** ☒ **YES** ☐ **NO**

If more than one applicant submitted financial statements for review summarize the second applicant's financial statements below. ☒ **N/A**

VII. EQUITY & SOCIAL JUSTICE

How will this project impact the target population of residents and the surrounding community?

The project plans to use Community Preference Plan to combat displacement in the neighborhood by providing affordable family sized units.

Outreach materials translated to seven languages (Amharic, Cantonese, Mandarin, Oromo, Somali, Spanish, and Tigrinya). Marketing and outreach to involve local groups such as the Rainier Beach Action Coalition, Southeast Effective Development (SEED), and the Somalian and Ethiopian Community Centers.

The Rainier Beach neighborhood:

- 82% identify as People of Color;
- 57.2% speak a language other than English in the home;
- 27.1% of community members are unemployed compared to 14% Citywide;
- The median household income is $43,041 (compared to $65,277 Citywide).

Does the applicant have a plan for reviewing structures, policies, and programs with an equity and social justice lens? ☒ **YES** ☐ **NO**

The two applicant organizations both have experience mitigating the displacement and gentrification of historically ethnic and low-income communities. Partnership highlights CHS strength operating housing, with FAME-EAW's lived experience helping in community engagement and project operations.

DRAFT

What is the diversity of the board and senior leadership?

- FAME-EAW is a Black lead organization with the majority of its board members identifying as Black or Brown. 140 years of history in the central area of Seattle.
- Catholic Housing Services is led by its President, Michael Reichert, an enrolled member of the Minnesota Chippewa Tribe, White Earth Indian Reservation alongside a senior leadership team comprising of women and men, the majority of whom identify as White. CHS' Board comprises a mix of 13 White and Latinx members, five of whom identify as women

VIII. SUMMARY AND RECOMMENDATION

Elizabeth Thomas Homes is a good project creating 119 units of affordable housing in the Rainer Beach neighborhood of Seattle. If not for the low availability of funds to award in the City of Seattle, staff would recommend this project for funding. The low request, the adjacency to a light rail station, and the intent to build family sized units make this a competitive project in an area facing displacement due to rapid changes from growth and development.

King County has prioritized funding PSH outside Seattle and has an opportunity to fund two County projects in this round. Due to limited funding available for City of Seattle projects and the County's geographic priority, staff recommends not funding this project at this time.

- **How well the proposed housing model meets the County's priorities established in the RFP –** This project leverages existing transit infrastructure with a two-minute walk to Rainier Beach light rail station. It will also set aside 20% of units for people with disabilities.

- **Financial feasibility & Leverage of other public and private sources** – Aside from an allocation of 4% LIHTC, the project has applied for HTF, SOH, and King County funds, and will be using deferred developer fee and a sponsor loan as their development sources. The private debt used a low interest rate of 4.5% based on a conversation with Northmarq, who is interested in providing a Freddie Mac Tax-Exempt Loan for the project's permanent loan.

- **Organizational capacity, financial and experience/pipeline –** CHS has the experience to develop this project and their partnership with FAME-EAW allows for CHS to focus on the physical development while FAME-EAW works with the community and other stakeholders.

- **Readiness** – This project is ready aside from the funding needed. CHS has been holding the project site since 2014 and has made modifications to the project based on feedback from the Seattle Office of Housing (SOH).

- **Additional considerations** – This project has support from the Rainier Beach community, an area that is vulnerable to displacement due to development. In addition, the project will be using a Community Preference Policy and will be working with the Rainier Beach Action Coalition and the Rainier Beach Economic Development Roundtable to establish the criteria and documents required to prove eligibility.

DRAFT