King County

Housing Finance Program

2020 Capital Funding – Affordable Housing RFP

PROJECT REVIEW MEMO

I. OVERVIEW

1A. PROJECT INFO

Sponsor/owner	Community Roots Housing
Development consultant	White Center Community Development Association
Project name	White Center HUB Affordable Housing Project
Project location	10821 8th Ave SW, White Center, WA
Project type	☒ **Rental** ☒**TOD** ☐ **PSH** ☐**HO** ☐ **DPA**
Project activity	☒ **New Construction** ☐ **Rehabilitation** ☐ **Acquisition**

Brief description

A 76-unit new construction mixed use project in unincorporated King County with a majority of family size residential units and a multi-purpose social and human services facility. The property is currently owned by King County and the existing building on-site will be demolished.

1B. PROJECT COST

Total development cost (TDC)	$50,382,074
Total residential development cost	$33,506,026
Cost per residential unit/ per square foot	$440,869 per unit/ $446 per square foot
Total non-residential development cost	$16,887,048 / $603 per square foot

1C. KING COUNTY REQUEST

King County Funds requested	$9,000,000
% of TDC/ Cost per unit	17.86% TDC; 26.86% res costs; $118,421.05 per unit
KC Loan term/ interest rate	50 years / 1% interest deferred

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

Project previously awarded KC funds	Has a PSA with KC to transfer land for closing costs

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

The overall funding request is high but does not deviate from HFP guidelines.

II. PROJECT DESCRIPTION

2A. HOUSING MODEL

of residential units/ managers/ total units..... 76 total units

Project total square feet/ # of floors..... 103,063 sq ft, 4 residential floors, 3 non-res floors

Project residential/commercial square feet..... 75,063 sq ft residential, 28,000 sq ft commercial

Unit distribution - Income & AMI

Unit/Income	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI	**Total**	Mgr
Studio							
1 Bedroom			7	7		14	
2 Bedroom	10		14	8		32	
3 Bedroom	10		10	6		26	
4 Bedroom	1		3			4	
Total	21		34	21		76	

Average unit sizes/other type of units. ..... 1-br 550 sq ft; 2-br 790 sq ft
3-br 915 sq ft; 4-br 1,025 sq ft

Target population

Low income households, including families, that might otherwise be displaced from White Center.

2B. CONSTRUCTION TYPE, SITE, & LOCALITY CHARACTERISTICS

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

Construction begins/ Construction period..... 4/15/22; 16 months with completion on 8/31/23

Evergreen Sustainable Design Std. (ESDS) Score..... 65

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

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Development Processes

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

The residential project conforms with existing zoning. The Community HUB building may require a variance for a setback on the south property line – that review is underway. Several uses proposed in the Community HUB, notably an outpatient healthcare clinic, are allowed only with a conditional use permit.

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

The commercial structure may need to be set back further off the street than currently planned. The Developer is working with zoning to make a determination.

Neighborhood

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

Primarily relatively lower income and single family or small multi-family structures. Services and medical clinics within 2 miles, but project as designed would bring several services to the project site.

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

- ○ ½ mile to high capacity transit?..... ☒ **YES** ☐ **NO**
- ○ Multi-modal?..... ☐ **YES** ☒ **NO**
- ○ Walk/transit score..... 56 walk score, 41 transit score
- ○ Close proximity to community resources and/or services? ☒ **YES** ☐ **NO**

There are bus stops within half a mile that meet the TOD requirement. For services, while there are existing services in the neighborhood, the non-residential portion of this project will bring additional resources and services to this community. The plan for that space includes an outpatient primary and behavioral health clinic, family and youth counseling and educational programming, food justice programs, office space for the WCCDA, and a large community event facility.

Nonresidential

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

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The application includes construction of a 28,000 sq ft mixed-use facility to provide a variety of community-focused human services for residents of White Center. The facility will be known as the White Center HUB, short for "Hope, Unity, and Belonging." The space will serve as the headquarters of the White Center CDA and includes space for educational and family counseling programs, an outpatient Federally-Qualified Healthcare Center providing primary and behavioral healthcare for low-income residents of White Center, food justice programming, and a public event space with a community kitchen.

The proposed community building is three stories of Type VB Mixed-Use construction with the lower level partially constructed below grade. The lower level includes office and classroom space, the main level includes the main entrance and lobby, office space, a commercial kitchen and a large multipurpose event space, and the upper level includes counseling rooms and a medical clinic. An elevator will provide access to the upper and lower levels along with an active staircase in the main lobby and fire egress stairs on the west side of the building.

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

Requirements are for 76 residential stalls and 119 commercial stalls. The proposed parking is 65 residential and 33 commercial spaces. The parking proposal reflects King County's "right-sized" parking model and this approach was considered generally acceptable by zoning officials, who also confirmed that a 50% reduction in code required parking is possible if supported by a traffic and parking study. This study will be included in the permit application to justify the amount of proposed parking spaces, with detailed plans to mitigate peak parking demand and manage parking overflow.

King County Parks is currently pursuing acquisitions of properties adjacent to the project site and expressed a willingness to negotiate for additional parking area if necessary. Parks also suggested potential openness to a shared parking agreement, in which visitors to the site could use underutilized lots at Dick Thurnau Memorial Park.

Environmental

Environmental/site concerns

A 2018 Phase I ESA found no conditions. A limited HazMat survey found one of the two existing structures has asbestos in black mastic under floor tile, in coatings under sinks, door frame sealant, and roofing. Abatement must be conducted by the current owner (King County) prior to demolition.

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

There is currently $50,000 allocated in abatement in the budget, however the application also says that the current owner (King County) will be responsible for abatement. In either scenario, that seems to be an appropriate budget for the work.

Development Incentives & Restrictions

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

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Not directly. King County is putting resources into this project outside of this capital request and White Center is a priority area under the 2020-2024 King County Consortium Consolidated Housing and Community Development Plan,

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

No major impacts, although development must factor in the wetland buffer from the wetland located on the adjacent park that extends on to the development site. The project team has not consulted the Washington State Department of Ecology, but it has met with an ecologist with King County to discuss the potential project impacts on the adjacent park and wetlands.

2C. ROLES & RESPONSIBILITIES

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

Community Roots Housing (CRH) is the primary residential developer with strong support from its development partner, the White Center Community Development Association (WCCDA). CRH has primary responsibility for project financing and construction management and will serve as the initial property and asset manager once the project is completed. The WCCDA is primarily responsible for securing site control, managing community process, and is expected to assume property and asset management duties from CRH after several years of operating the property in partnership. All major decisions around design, financing, engagement, and operations will be made jointly between the two organizations.

General contractor selection process

Community Roots Housing conducts competitive bidding processes to select major contractors and consultants for its projects, with architects invited to bid on the project selected from an official roster of qualified firms maintained by CRH and with input from the WCCDA. The project held a competitive RFP process in early 2020, receiving proposals from four firms, and held multiple interviews with two teams. SKL Architects was selected based on their experience, pricing, project approach, women and minority owned business status, and their commitment to culturally appropriate and indigenous-centered design.

General Contractors will be invited to bid from a GC roster that CRH maintains based on their experience. The contractor will be brought in early to the project (during schematic design) to provide pre-construction services and to work with the architect and owner to deliver the most cost-effective and sustainable building possible. The project team will require the selected GC conduct competitive bidding for all subcontractors to ensure competitive pricing and will be able to document all bidding activities and information.

Who will manage construction?

A member of CRH's staff will be the primary project manager, taking responsibility for day-to-day activities. CRH executive staff will focus on government relations, partnership management, finance, and government relations. WCCDA is assigning a project manager to be the team lead on site control, community engagement, and marketing/leasing activities, as well as general assistance. CRH and WCCDA have an agreement to split developer fees accordingly.

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Who will manage property after construction?

CRH staff will be the primary property managers for the project in collaboration with WCCDA. The general partner ownership of the project will split it 51% to CRS and 49% to WCCDA.

III. FINANCING & MARKET ANALYSIS

3A. SOURCES & USES

Permanent Residential Sources of funding

Source	Proposed Amount	Committed Amount	TOTAL
King County	$9,000,000		$9,000,000
Permanent Loan	$7,047,607		$7,047,607
State Housing Trust Fund	$3,000,000		$3,000,000
FHLB/ Other	$388,634		$388,634
4%	$12,374,391		$12,374,391
Deferred Developer Fee	$1,694,394		$1,694,394
TOTAL	$33,505,026		$33,505,026

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

The projected development costs for the commercial section of the project are $16,887,048.They have raised $3.05 million of their funding goal and have two potential awards from the public sector in early annual budget proposals:

- Washington State Building Communities Fund Advisory Board recommended awarding $2.7M to the White Center HUB project.
- $1M appropriation for the White Center Community HUB has been included in the first draft of the King County Council Chair's capital budget.

Both awards need to make it through the respective budgeting processes before the awards can be considered final.

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Permanent Residential Uses of funding

Type	Amount	Comments
Acquisition Costs	$91,020	
Construction/ Rehab Costs	$26,099,651	
Soft Costs	$4,325,184	
Financing Costs	$1,633,837	Includes pre-dev/bridge financing, permanent financing, construction financing, and bond related costs
Capitalized Reserves	$551,478	
Other Development Costs	$803,856	
TOTAL	$33,505,026.00	

3B. COST EFFECTIVENESS

Appraisal, Acquisition, & Construction

Appraised value/date/tax assessor value..... $100,000

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

Developer fee..... $3,929,974

The developer fee equates to 8% of TDC and will be split between CRH and WCCDA. CRH and WCCDA will split the non-deferred $2,235,580 fee with 70% going to CRH and 30% to WCCDA. The deferred developer fee of $1,694,394 will be split 60% (CRH) and 40% (WCCDA) and will be paid out annually over the 15-year compliance period.

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

Project is 19.14% over WSHFC TDC limits. Applicant plans to apply for a waiver in advance of tax credit and bond application, citing large unit sizes and a relatively low number of total units driving up per unit costs.

Third-Party Construction Consultant Report

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

Third party report considers the total proposed budget to be within the reasonable range for a project of this type, though note that the cost for General Conditions, rough carpentry, and siding to be “significantly higher” than anticipated range.

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

N/A

Appropriateness of contingency

Contingency of 5% or $1,040,595 of the hard cost budget is appropriate.

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

Building height and projected funding sources should not trigger federal wages.

3C. MARKET DEMAND

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

Date conducted..... 7/31/20

Capture rate/absorption rate ..... .7% / 25 units/month

Notable findings and Lease-up rate

Full occupancy is expected after three months of operations.

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% ..... End of 2021

Projected LIHTC pricing..... $0.97

4% LIHTC self-score..... 90

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

The projected score is higher than the June 2020 round funding cutoff score of 89.

At $0.97 the LIHTC valuation is higher than seen in many other projects in this funding round. Applicant says they will not be seeking equity investors until late 2021, so they are anticipating a market returning to historic pricing norms of $0.95 to $1.00 per credit. The provided letter of interest from Key Bank is only for the construction loan and permanent debt, it does not cover LIHTCequity.

Debt & Contributions

Amount of private debt proposed..... $7,047,607

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

The letter of interest says they are willing to offer a loan of $6,600,000 at a 1.15 DCR. The project can make debt service payments on a loan the size of the offer letter, but there is still a $447,607 gap between what Key Bank offered and what the applicant development budget says is necessary. The applicant is confident that debt providers will cover that gap in their loan, saying the submitted letters of interest do not reflect subsequent changes to unit mix and operating expense projections made after the preliminary pro forma was shared.

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

N/A

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

Of the $3,929,974 developer fee, $1,694,394 will be deferred and paid out over the 15-year compliance period. CRH and WCCDA will split the deferred fee 60%-40% respectively.

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

Plan to raise $16,877,048 in funds for the non-residential portion of this project through the Rise Together campaign, of which this project is one of three recipients. The campaign is planning several additional major philanthropic requests in the next 18 months, including a multi-million-dollar proposal to the Ballmer Group that would result in $1-2 million for the White Center Community HUB. They are also planning a 6-figure request to the Norcliffe Foundation. Campaign has also had preliminary conversations with the Group Health Foundation, Brettler Family Foundation, Joshua Green Foundation, and Premera about possible gifts to Rise Together, which include allocations for the White Center Community HUB. Beyond these potential sources, the project was recommended for a $2.7 million award by the Washington state Building Communities Fund Advisory Board, but that will need to be approved by the Washington legislature as part of the capital budget.

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IV. PROJECT SERVICES & OPERATIONS

4A. OPERATING PRO FORMA

Annual operating expense total/ per unit $7,176/unit

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

The plan for calculating utility allowances depends on the project's ability to secure UHEE funding from the state HTF in pursuit of Net-Zero energy certification. If the project can achieve Net-Zero performance, the utility allowance will be established using actual usage estimates from an approved energy-modeling method. If they are unable to secure UHEE funding, the standard KCHA utility allowances will be applied.

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

N/A

Expected vacancy rate

5% was used in the operating pro forma, though the market study suggests a vacancy rate less than 3%.

Expense comparison

26% higher than in affordable housing projects with more than 80 units (the more apt comparison due to the larger units in this project). Marketing expenses at $258 a unit, or $19,625, are significantly higher than the average per unit cost for projects of this size.

Replacement & operating reserve payments

Annual contributions of $350/unit for replacement reserves, no operating reserves.

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

4B. PROPERTY MANAGEMENT

Property Management Plan

Community Roots Housing staff will be the property manager for this project. Current staffing plan calls for a full-time site manager will handle day-to-day operations under the direction of a Portfolio Property Manager, who is supervised by CRH's Vice President of Property Management. A full time Maintenance Supervisor will be assigned to supervise all custodial duties and respond to work orders for basic repairs and maintenance. This position is also responsible for managing all vendors, equipment maintenance contracts, and adhering to a strict preventative maintenance schedule

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4C. SERVICE MODEL & FUNDING ANALYSIS

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

Subsidized Units/ Funding per subsidized unit...

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

Requests for service funding feasible? ..... ☐ **YES** ☐ **NO**

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

N/A

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

The WCCDA will lead efforts to conduct marketing and outreach in the refugee and immigrant communities the project is intended to serve, including providing language assistance and other culturally appropriate means of sharing information and communicating with potential residents. The site staff for the project will also be members of the White Center community and reflect the overall demographics of WCCDA staff.

Additionally, Community Roots Housing's Individual Assessment (IA) Initiative strives to admit households with barriers to accessing affordable housing such as criminal histories and housing history issues. To date, numerous applicants have been accepted through the IA process; however, some approved applicants were unable to move in to housing with CRH because the unit they originally applied for was leased to someone else during the time their IA was being processed. To resolve this problem, CRH will implement a waitlist exclusively for households approved through the IA process who are seeking to move into non-HUD properties (which maintain their own waitlists).

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

The project is designed to be in a V-shape with a courtyard falling within the V with an alignment that optimizes sunshine and daylight. The project itself was designed with significant community input and the HUB/commercial portion of the project will have space for educational and family counseling programs, an outpatient Federally-Qualified Healthcare Center providing primary and behavioral healthcare for low-income residents of White Center, food justice programming, and a public event space with a community kitchen.

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

N/A

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**

TOD debt service payments were included in the pro forma, but only for half ($4,500,000) of the requested $9 million.

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.
- ☐ 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

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Transit-Oriented Development

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

☒ All-County South pool

☐ All-County North/East pool

☐ Geographic Set-aside (N/E/S/Seattle)

☐ 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**

Federal wages were not used in the development estimates, so any potential HOME award would need to be limited to 11 units, in order to not trigger Davis-Bacon wages on this project. Based on 2020 HOME unit limits, the max award is $2,615,789.

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

N/A

VI. SPONSOR CAPACITY

6A. PORTFOLIO & PERFORMANCE

# of sponsor projects in King County portfolio.... **1**

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KC - Sponsor Projects	
Project Name	**Brief Description**
Station House	110 units, opened in 2020

How have these KC projects performed?

No concerns in performance/compliance reported from Asset Management.

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**
Bonanza	Seattle	87 units, no KC funds

# of projects under development..... 4, including Senior LGBTQ project that was previously awarded and South Annex, an applicant in this round

How is the sponsor staffed to handle multiple projects?

Community Roots has a well-established development group that has been handling multiple projects for years. For this project, the partnership with WCCDA allows for CRS to focus on the construction and financial components of the project, while WCCDA handles community and stakeholder engagement.

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**

Other notable audit findings.

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Community Roots Housing was formerly Capital Hill Housing but changed name in the summer of 2020.

CRH Total assets were $104.3M in 2019, $88.9M in 2018. Total liabilities were $65.1M in 2019 and $$68.6M in 2018. Their Net Position was $39.2M in 2019 and $20.3M in 2018, an $18.9M increase

Net income was $18.9M in 2019, $515.7K in 2018

The positive change in net position and increase in net income is largely attributable to revenue from property sale of $13M

There were no findings or concerns raised in the 2019 audit.

VII. EQUITY & SOCIAL JUSTICE

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

White Center is an urban area located in unincorporated King County, lying just outside the city limits of Seattle between West Seattle and Burien. It is one of the most ethnically and income-diverse neighborhoods in the state of Washington. Home to a large immigrant and refugee population, it has historically always been a place where working people with modest incomes could reside. Of resident families, 59% have at least one foreign-born parent, and over 40% of all households are bilingual. White Center is a community in high need of investment and supportive services. Being ineligible for City of Seattle resources and other targeted investments within city limits, White Center struggles with the same problems of income inequality, gentrification and affordability as Seattle, but without the same resources

The project will have a beneficial impact on the surrounding community by introducing 76 new units of housing and a community hub to the neighborhood. The site was identified as an area for increased residential development in the King County Comprehensive Plan subarea update of 2019-2020 and is located adjacent to a large park, a middle and high school, and is approximately a half mile from the White Center downtown core.

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

In the remainder of 2018, a CRS Task Force administered an all-staff assessment, created recommendations for de-biasing hiring panels, and advocated seeing every open position as an opportunity to interrupt cycles of power. Per the Task Force's suggestion, the all-White executive team attended a two-day Undoing Institutional Racism training provided by the Peoples Institute in Winter of 2019. Throughout 2020 the Task Force has continued to develop and seek feedback on internal policy reforms, including an equitable decision-making framework, racial grievance policy, equitable promotion policy, all-staff racial equity training, and organization racial equity report card.

CCDA, is also committed to operating through a social justice lens. The WCCDA was created with the vision of being community led and value of resident engagement. Over 70% of WCCDA staff either live or grew up in White Center, and 50% of the Board of Directors grew up in White Center. This level of connectedness to the work helps maintain their ability to be accountable to community. Their unique understanding of the "nuances" of a community like White Center gives richness to what we do and helps ground our community work with humanity. WCCDA shares a belief in community and believe that projects like this are also owned by the community.

What is the diversity of the board and senior leadership?

The 15-member CRH Board includes 7 members representing a community of color and 6 members who identify as women. They state a commitment to continually improving representation on their board and ensuring it reflects the communities CRH serves as to better understand their needs. CRH has 18 staff considered senior leadership, which includes 4 staff who identify as people of color and 8 staff who identify as women. This same demographic ratio is represented in the 10 staff considered executive leadership. They acknowledge an underrepresentation of people of color in their senior leadership and admit it has been a persistent point of concern and one of the top priorities of their Racial Equity Task Force. Since last fall, CRH has hired two new women to the senior leadership team; one identifying as a POC and the other White.

For the WCCDA, approximately 90% of staff have deep ties to White Center and either were raised, currently live, or currently work in the community. The executive director, Sili Savusa, is an active member of the Pacific Islander community and brings a commitment to centering voices of color to the strategic direction of the organization. A majority of the White Center CDA Board of Directors identify as part of the BIPOC community, and specifically represent the Pacific Islander, Native American, and African American communities. Approximately 70% of the Board also live or work in White Center, with many growing up in the area.

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VIII. SUMMARY AND RECOMMENDATION

County staff does not recommend this project for funding at this time due to a lack of available funds that match the project's current design. The applicant states the project cannot support federal wages, limiting the amount of HOME funds that can be placed in this project. Current cash flow projections limit the amount of TOD funds that can be awarded to this project due to debt service payments required by that fund source and the project private loan. The project team is open to additional population set-asides, provided they have an opportunity to discuss with their community partners, but those proposed set-asides were not outlined in the application.

- **How well the proposed housing model meets the County's priorities established in the RFP –** This project qualifies as a TOD project given nearby bus routes, including the 120 which will soon be upgrading to the Rapid Ride H line in 2021. Project will seek to expand affordable housing for families, however the application did not include any targeted population set-asides for Veterans which is a priority of available VSHSL funds.

- **Financial feasibility & Leverage of other public and private sources** – Being in unincorporated King County, this project has fewer public sector resources to draw on than many other applicants in this round. However, they do look to leverage the Housing Trust Fund, 4% LIHTC, a private loan for the residential portion, along with a significant capital campaign to finance the non-residential portion of the project. The application made clear that this project is unable to support Davis-Bacon wages, asking that any HOME funds be capped at eleven units, capping a maximum HOME award at $2,615,789. While this project is projected to have significant cash flow, much of that will go towards debt service on the private loan, limiting the amount of possible TOD funds, as those also carry a required debt service payment. Finally, the application includes a projected LIHTC valuation of 97 cents per credit, which is reflective of past values, but of the not the current market.

- **Organizational capacity, financial and experience/pipeline –** Community Roots Housing (formerly Capitol Hill Housing) has significant experience developing projects in the City of Seattle, but this is their first project outside of the city. They have a team of experienced developers and should be able to manage this development. White Center CDA has significant experience in their community, but this is their first housing project. Duties are split between the two groups, increasing overall capacity.

- **Readiness** – Project has a targeted start in April of 2022 due their intention to apply for LIHTC in the Winter 21/22 round. The HUB portion of the project also needs to complete a significant capital campaign before work can begin and the project team would like to coordinate site work to economize on issues like permits, contractor mobilization costs, insurance, and other costs that could be spread over both parts of the project. As King County owns the project site, there are no concerns around the project site being sold to another party.

- **Additional considerations** – The 2020 – 2024 King County Consortium Consolidated Plan names White Center a priority area for investment of County resources. Additionally, White Center is considered an area of unincorporated King County suspectable to development driven displacement.

King County staff will continue to work with CRH and the WCCDA to strengthen their application for the next funding round.

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