

AM No. 10-025 (C5)

MEMO TO: City Council

FROM: John Marchione, Mayor

DATE: February 16, 2010

SUBJECT: **FALL 2010 HOUSING TRUST FUND \$168,500 ALLOCATION FOR ARCH (A REGIONAL COALITION FOR HOUSING)**

I. RECOMMENDED ACTION

Approve the allocation of \$168,500 from the General Government Capital Improvement Program (CIP), which was allocated for affordable housing in the 2009-2010 Budget. These funds are for the Fall 2010 Housing Trust Fund allocation for ARCH and are proposed to be used for three projects: Phase one of the Saint Andrews Housing Group (SAHG) Totem Lake Apartments, two group homes for developmentally disabled adults, and additional funding for the ARCH House Key Plus program which provides down-payment assistance to qualified first time home buyers. These projects will provide a variety of affordable housing options, as recommended by the ARCH Executive Board.

II. DEPARTMENT CONTACT PERSONS

Rob Odle, Director, Planning & Community Development, 425-556-2417
Lori Peckol, Policy Planning Manager, 425-556-2411
Sarah Stiteler, Senior Planner, 425-556-2469

III. DESCRIPTION/BACKGROUND

Specific Funding Requests:

During the Fall 2009 Housing Trust Fund cycle, A Regional Coalition for Housing (ARCH) received applications for funding three affordable projects on the Eastside. The ARCH Executive Board has recommended all of these projects. The SAHG apartment project was initially considered in the Spring 2009 ARCH Funding Round and was encouraged to resubmit an application for phase one of the project in the current round when additional funding sources would become available. The Foundation for the Challenged (FFC) is proposing to acquire and remodel two four-bedroom houses that will serve eight low-income individuals with developmental disabilities, in the northern portion of East King County. The ARCH/House Key Plus Program began in 2005, and this request will be the third round of funding for the homebuyer assistance program. The total amount of local funding currently being sought by the ARCH Executive Board from member jurisdictions is \$2,000,000 for the three projects: A \$1,500,000 loan for the Saint Andrews Totem Lake Apartments, a \$300,000 secured grant for the Foundation for the Challenged Group Home and a \$200,000 grant for a loan reserve fund for the ARCH House Key Plus down payment assistance program.

The City of Redmond has been requested to contribute \$168,500 for the three projects, including \$85,000 for the first phase of the Saint Andrews Totem Lake Apartments, \$55,000 for the FFC group homes and \$28,500 for the ARCH House Key Plus program.

Descriptions of the projects and recommended conditions of funding are provided in Attachment A. The following summarizes the projects recommended for funding by Redmond:

1. Saint Andrews Housing Group – Totem Lake Apartments

The ARCH Executive Board has recommended that the City of Redmond contribute \$85,000 toward this project.

Project Summary:

Saint Andrew Housing Group (SAHG), a non-profit corporation formed in 1987, is proposing to build 60 affordable family rental housing units located in the Totem Lake area of Kirkland. This proposal may be part of a larger two-phase development of the site being done by the SAHG that will have a total of approximately 165 residential units, the balance targeting seniors. The first phase will target low income persons and households at 30, 40, and 60 percent of the Area Median Income, with the 30 percent and 40 percent units being set aside for those coming out of homelessness. In addition, there will be a non-income restricted 61st unit for an onsite manager. Services to homeless residents will be provided by referring agencies.

ARCH funds are requested to help finance land acquisition, and development costs including appraisal, architectural and engineering studies, permits, impact fees and bridge loan interest. The total development cost for the first phase of the project is \$17.2 million. The project schedule calls for building permits to be issued by the end of the first quarter 2010 with occupancy anticipated in the fourth quarter of 2011.

The project is consistent with both the King County Consortium Consolidated Plan for Housing as well as the Kirkland Comprehensive Plan Housing Element. The Consolidated Plan states, “Consistent with the framework Countywide Planning Policies that require jurisdictions to work cooperatively to ensure that each sub-region has a fair share of affordable housing to meet the needs of the lowest income residents of the regions, the Consortium prefers that the new construction of affordable rental housing generally be focused in the East and North Urban Areas... the East Urban Area has the least amount of affordable housing of the three urban areas of the Consortium.”

Funding Rationale:

The CAB supported the intent of this application for the following reasons:

- There would be 60 units of affordable housing servicing a range of income levels, including a large set aside for homeless households;
- The site is centrally located and located close to transit, retail and employment;
- It is a project the City of Kirkland has shown support for, including grandfathering impact fees, continuing the building permit, and Council action to remove the land use requirement for non-residential first floor use for affordable housing;
- The project would be a pioneer project for the newly rezoned Totem Lake area;
- SAHG has a strong track record; and,
- The amount of ARCH funding within the total funding package is within normal proportions.

Funds in the form of a deferred contingent loan have been requested from the following cities in support of the SAHG Totem Lake Family Apartments.

Bellevue	\$372,500
Issaquah	\$ 75,000
Kirkland	\$382,190
Mercer Island	\$ 5,000
Redmond	\$ 85,000
Newcastle	\$ 60,000
Kenmore	\$160,000
Sammamish	\$ 75,000
Clyde Hill	<u>\$ 2,500</u>
General Fund:	\$1,217,190
CDBG:	<u>\$ 282,810</u>
Total:	\$1,500,000

2. Foundation For the Challenged – Community Housing

Project Summary:

Foundation for the Challenged (FFC) is proposing to acquire and remodel two four-bedroom houses that will serve up to eight low-income individuals with developmental disabilities. Specific homes will be identified once all funding is committed and will be located in the northern area of East King County within the ARCH sphere of influence. Tenants will be referred by the Washington State Division of Developmental Disabilities (DDD).

The residents will live in a shared-living arrangement, and each of the tenants will have their own bedroom. All the tenants will receive 24/7 support services to ensure their health and safety. The support services are funded by and contracted through DDD. FFC will be the owner of the homes, with contracted property management services.

Each house will be remodeled to include accessibility features necessary for the initial tenants and for future tenants. FFC will want to acquire rambler-style houses with a level lot and an open floor plan or a floor plan that can easily be modified for accessibility.

Funding Rationale:

The CAB supported this application for the following reasons:

- Serves a special needs population, an area in which ARCH has not been achieving its long term goals;
- Provides housing for developmentally disabled in an underserved area of the County;
- Serves neediest developmentally disabled residents by relying on referrals from the State DDD for new residents;
- Utilizes existing housing; and,
- Applicant has a strong track record of working with the State and County.

Funds in the form of a secured grant of \$300,000 are requested from the following cities:

Bellevue	\$60,000
Issaquah	\$50,000
Kirkland	\$60,000
Redmond	\$55,000
Kenmore	\$55,000
Woodinville	<u>\$20,000</u>
Total:	\$300,000

3. Eastside Homebuyer Assistance Program – House Key Plus ARCH

Project Summary:

The House Key Plus ARCH/Eastside Homebuyer Assistance Program is a continuation of a program launched in late 2005 to provide a program of down-payment assistance for potential homebuyers who are up to 80 percent of median income in East King County. Its main components are:

Eligible Homebuyers:

- First time homebuyer (has not owned a home during the past three years)
- Household Income at or below 80 percent of median income
- Household must have a demonstrated need for down payment assistance
- Home will be the buyer's principal residence

Down Payment Assistance Terms:

Down payment assistance provides second mortgages of up to \$30,000 per home. Actual amount is based on need and availability of funds. Funds are used for down payment, and other closing costs. The second mortgages have a deferred four percent interest rate. There are no monthly payments on the second mortgage. Balance is due when the owner sells, refinances or pays off the first mortgage. When the second mortgages are repaid, the funds return to the revolving loan pool, to fund new second mortgages on homeownership units. There are no resale restrictions for homes that are purchased, unless homes already have resale restrictions.

The program is administered by the Washington State Housing Finance Commission, and is paired with the Commission's House Key First Mortgage Program. In operating

the program, the Commission uses its existing community of lenders and its current marketing and outreach strategies. All first mortgages will be issued under the House Key program.

In the first two rounds of funding the Down Payment Assistance Program, the program included ARCH, County and State Housing Finance Program funds totaling \$1,640,000, which funded approximately 53 loans.

Funding Rationale:

The CAB supported this application for the following reasons:

- Currently, funds are exhausted; State Housing Finance Commission is currently taking reservations;
- Would fill a housing need not currently met in East King County, but identified by the community as an important issue. An evaluation of the first two rounds of the program indicates that overall it is achieving the original objectives of the program;
- It has been one of few ways that the Trust Fund has been able to be used to address ownership housing at this income level. At the proposed level, it seems like a good balance for the overall Trust Fund Program;
- Makes homeownership a viable option for households who would otherwise not have the resources to purchase a home. This could be even more important at this time because of changes in the broader ownership financing market which limits low/no down payment programs; and,
- Strong leverage of other public funding.

\$200,000 in the form of a grant, which will contribute to a loan reserve fund are requested from the following ARCH members:

Bellevue	\$45,000
Issaquah	\$25,000
Kirkland	\$30,000
Redmond	\$28,500
Newcastle	\$12,500
Kenmore	\$25,000
Sammamish	\$25,000
Woodinville	<u>\$ 9,000</u>
Total:	\$200,000

IV. IMPACT

- A. Service Delivery:** Allocation of funds to support the projects recommended by the ARCH Executive Board will help fund affordable housing that serves low income families and individuals on the Eastside.
- B. Fiscal:** As part of the 2009-2010 budget cycle, the Redmond City Council allocated a total of \$300,000 (\$150,000 for 2009 and \$150,000 for 2010) in the General Government CIP for affordable housing. In September, 2009 the City Council approved the allocation of \$150,000 for the YWCA Issaquah Highlands Family Village project. This project will not incur these funds until approximately mid-2010. In addition, in October 2008 the City Council approved the allocation of \$160,000 for the Kenmore Village project, which will not likely be spent as the project is on hold. The current balance (including 2010 allocation) within the Housing Trust Fund is \$559,660. With the expenditure for the YWCA request for \$150,000, there would be a balance of \$409,660. If the Kenmore Village project becomes viable, the previous request for \$160,000 would be covered, leaving a balance of \$249,660. The current Fall 2009 request for \$168,500 also would be sufficiently covered.

V. ALTERNATIVES

A. Approve the allocation as recommended by the ARCH Executive Board.

Approval of the projects recommended by the ARCH Executive Board will help implement plans to provide additional affordable housing on the greater Eastside. With the proposal for the SAHG Family Apartments in Totem Lake, the City of Redmond would assist in the construction of 60 units of housing that are affordable to individuals and families at very low incomes as well as provide for much needed permanent rental housing opportunities for persons transitioning out of homelessness. The two homes for developmentally disabled adults will provide housing for up to eight low income individuals. The additional funding for the ARCH/House Key Plus will continue to assist eligible homebuyers in East King County.

B. Decline to participate in the funding of the project through the ARCH 2009 Fall Housing Trust Fund Cycle.

Without the assistance of the City of Redmond, the Saint Andrews Housing Group will not have sufficient funds to construct the units that will serve families in need of low income and transitional housing. In addition, without Redmond's assistance, the Foundation for the Challenged (FFC) will not be able to acquire and remodel two homes to serve up to eight developmentally disabled persons. As well, the House Key Plus ARCH down payment assistance program will not be able to continue to provide funding assistance to eligible homes buyers. Staff recommends Alternative A.

City Council

RE: FALL 2010 HOUSING TRUST FUND \$168,500 ALLOCATION FOR ARCH (A REGIONAL COALITION FOR HOUSING)

February 16, 2009

Page 8

VI. TIME CONSTRAINTS

None.

VII. LIST OF ATTACHMENTS:

Attachment A: ARCH Executive Board Memorandum with Project Summary

Attachment B: Summary of Projects Receiving City of Redmond Financial Assistance

/s/ _____
Robert G. Odle, Planning Director

1/29/10 _____
Date

Approved for Council Agenda: /s/ _____
John Marchione, Mayor

2/5/10 _____
Date



Family Resource Center Campus
 16225 NE 87th Street, Suite A-3 ♦ Redmond, Washington 98052
 (425) 861-3677 ♦ Fax: (425) 861-4553 ♦ WEBSITE: www.archhousing.org

MEMORANDUM

TO: City of Bellevue Council Members
 City of Clyde Hill Council Members
 City of Issaquah Council Members
 City of Kenmore Council Members
 City of Kirkland Council Members
 City of Mercer Island Council Members
 City of Newcastle Council Members
 City of Redmond Council Members
 City of Sammamish Council Members
 City of Woodinville Council Members

FROM: Steve Anderson, Chair, and ARCH Executive Board

DATE: December 22, 2009

RE: Fall 2009 Housing Trust Fund (HTF) Recommendation

The ARCH Executive Board has completed its review of the three applications applicable to the Fall funding round of the 2009 Housing Trust Fund. The ARCH Executive Board recommends funding for all three projects. Recommendations total \$2,000,000 as summarized in the attached table, Proposed Funding Sources.

Following is a summary of the applications, the ARCH Executive Board recommendation and rationale, and proposed contract conditions for the three proposals recommended for funding at this time. Also enclosed is an evaluation matrix for each proposal, an economic summary for the two projects recommended for funding, leveraging charts, project summary table, and a summary of funded projects to date.

1. St. Andrew's Housing Group (SAHG) – Totem Lake Family Apartments

Funding Request: \$1,500,000 (Contingent Loan)
 60 affordable rental units

CAB Recommendation: \$1,500,000 (Contingent Loan)
 See attached Funding Chart for distribution of City Funds

Project Summary:

SAHG is proposing to build 60 affordable family rental housing units located in the Totem Lake area of Kirkland. This proposal may be part of a larger two phase development of the site being done by the SAHG that will have a total of approximately 165 residential units, the balance targeting seniors. That phase would likely not be funded for several years.

The first phase, family rental project, will have approximately 22% of its units targeting households with incomes at or below 30% AMI, 55% targeting those at or below 40% and 23% at or below 60%. The 30% and 40% units are being set aside for those coming out of homelessness. The unit mix includes 13% studio, 54% 1 bedroom and 33% 2 bedroom units. In addition there will be a non-income restricted 61st unit for an onsite manager.

Services to homeless residents will be provided by referring agencies. The operating budget does not include services delivery, however SAHG will provide certain resident services funded outside of the operating budget.

Construction of the first phase is projected for Spring 2010, and finishing in late 2011.

Funding Rationale:

The CAB supported the intent of this application for the following reasons:

- There would be 60 units of affordable housing serving a range of income levels, including a large set aside for homeless households.
- The site is centrally located and located close to transit, retail and employment.
- Is a project the City of Kirkland has shown support for, including grandfathering impact fees, extending the building permit, and Council action to remove the land use requirement for non-residential first floor use for affordable housing.
- The project would be a pioneer project for the rezoned Totem Lake area.
- SAHG has a strong track record.
- The amount of ARCH funding in the sources is within normal proportions.

Potential Conditions:

Special / Revised Conditions:

1. The funding commitment shall continue for **twelve (12) months** from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested to City Staff no later than sixty (60) days prior to the expiration date. At that time, the applicant will provide a status report on progress to date, and expected schedule for start of construction and project completion. City Staff will consider an extension only on the basis of documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the applicant will demonstrate that all capital funding has been secured or is likely to be secured within a reasonable period of time. City Staff will grant up to a 12 month extension. If necessary a second extension of up to 6 months may be requested by following the same procedures as the first extension.

2. Funds will be in the form of a deferred, contingent loan. Loan terms will account for various factors, including loan terms from other fund sources and available cash flow. Final loan terms shall be determined prior to release of funds and must be approved by City Staff. Based on the preliminary development budget, it is anticipated that loan payments will be based on a set repayment schedule, and

begin after repayment of deferred developer fee (approximately year 10), with 1% interest. The terms will also include a provision for SAHG (“the Agency”) to request a deferment of a payment if certain conditions are met (e.g. low cash flow due to unexpected costs). Any requested deferment of loan payment is subject to approval by City Staff, and any deferred payment would be repaid from future cash flow or at the end of the amortization period.

3. Until such time as the deferred developer fee is fully repaid, all cash flow after payment of operating expenses and debt service, shall be used to repay the deferred developer fee.

4. A covenant is recorded ensuring affordability for at least 50 years, with affordability as shown in the following table. Affordability levels will be defined using the requirements for tax credits, and utility costs will be based on King County Housing Authority allowances, unless otherwise approved by City Staff.

Median Income Level	Studio	1 Bedrm	2 Bedrm	Total
Very Low Income 30% AMI	4	8	1	13
Low Income 31-40% AMI	4	22	7	33
Moderate Income 40-60% AMI	0	2	12	14
Total	8	32	20	60

- **The manager’s unit will not be income restricted**

5. Based on the availability of adequate support services, up to 75% of the units will be set-aside for homeless, unless otherwise approved by City Staff. In the event a coordinated/centralized screening and referral system is adopted by the County, St Andrew’s Housing Group will participate in that program as a source for identifying homeless households for residency

6. Submit documentation of the City’s approval of the provision of parking for residents. Submit a copy of a parking management plan for City review and approval which will address issues such as: number of spaces (tenant and guest) likely required for proposed unit mix and affordability of development; if there will be leasing of surplus spaces, then a proposal of how parking will be managed.

7. Submit evidence of the Agency’s ability to access the funds necessary to complete this project, and any other projects in their pipeline.

8. Half of the project contingency will be funded through ARCH or other public funds. Prior to any use of the contingency funds, the Agency shall obtain approval for such use from the City. If any unused funds remain in this line item, up to the amount of City funds reserved for this line item, those funds will be returned to the City.

9. The Contractor selection process shall be by RFQ process acceptable to the County.

10. In order to assure that land acquisition is not above market, the Agency shall provide a revised appraisal in a format acceptable to ARCH prior to release of funds. The appraisal should assess the value of the entitlements coming with the property; consider a “highest and best use for number of residential units that can be developed and the market range for land on a per unit basis; and selecting from good comparables.

11. As a condition for funding, Agency shall provide a final development and operating budget for review and approval by the CAB at or prior to its March 2010 meeting.

12. The project shall include the resident amenities as represented in the funding application proposal such as arts and crafts room, exercise facilities, computer lab room, communal kitchen and dining room, and roof top garden.

Standard Conditions:

13. Funds shall be used by the Agency toward project, acquisition, construction contingency, appraisal, architecture and engineering design fees, permits, fees and hookups, bridge loan interest, as approved by City Staff. Funds may not be used for any other purpose unless City Staff has given written authorization for the alternate use.

14. The Agency shall submit evidence of funding commitments from all proposed public and private sources. In the event commitment of funds identified in the application cannot be secured in the time frame identified in the application, the Agency shall immediately notify City Staff, and describe the actions it will undertake to secure alternative funding and the timing of those actions subject to City Staff's review and approval. Prior to initiating construction, the Agency shall submit evidence of all public and private resources needed to complete the project.

15. The Agency shall provide a revised development budget based upon actual funding commitments, which must be approved by City Staff. If the Agency is unable to adhere to the budget, City Staff must be immediately notified and a new budget shall be submitted by the Agency for the City Staff's approval. The City shall not unreasonably withhold its approval to a revised budget, so long as such new budget does not materially adversely change the Project. This shall be a continuing obligation of the Agency. Failure to adhere to the budgets, either original, or as amended, may result in withdrawal of the City's commitment of funds.

16. In the event federal funds are used, and to the extent applicable, federal guidelines must be met, including but not limited to: contractor solicitation, bidding and selection; wage rates; and Endangered Species Act (ESA) requirements.

17. Submit monitoring reports quarterly through completion of the project, and annually thereafter. Submit a final budget upon project completion. If applicable, submit initial tenant information as required by the City.

2. Foundation for the Challenged (FFC) – 2 Group Homes for Developmentally Disabled

Funding Request: \$300,000 (Grant)

CAB Recommendation: \$300,000 (Grant)

See attached Funding Chart for distribution of City Funds

Project Summary:

The proposed project essentially replaces the Tessera project recommended in the Spring 2009 Round. Tessera withdrew their application in the late summer.

FFC is proposing to acquire and remodel 2 four-bedroom houses that will serve up to eight (8) low-income individuals with developmental disabilities. Specific homes will be identified once all funding is committed and will be located in the northern area of east King County within the ARCH sphere of influence. Tenants will be referred by the Division of Developmental Disabilities (DDD).

The residents will live in a shared living arrangement, and each of the tenants will have their own bedroom. All the tenants will receive 24/7 support services to ensure their health and safety. The support services are funded by and contracted through DDD. FFC will be the owner of the homes, and will use Scioto Management as property manager.

There currently is no site control but each house will be remodeled to include accessibility features necessary for the initial tenants and for future tenants. FFC will be looking to acquire rambler-style houses with a level lot and an open floor plan or a floor plan that can easily be modified for accessibility.

Funding Rationale:

The CAB supported this application for the following reasons:

- Serves a special needs population, an area in which we have not been achieving our long term goals.
- Provides housing for developmentally disabled in an underserved area of the County.
- Serves neediest developmentally disabled residents by relying on referrals from the State DDD for new residents.
- Utilizes existing housing.
- Applicant has a strong track record of working with the State and County.

Potential Conditions:

Special Conditions:

1. The funding commitment shall continue for **twelve (12) months** from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested to City Staff no later than sixty (60) days prior to the expiration date. City Staff will consider an extension only on the basis of documented, meaningful progress in bringing the project to readiness or completion.
2. Funds shall be used by FFC (“the Agency”) toward the acquisition and closing costs, construction, architectural design, developer fee, development period utilities. Funds may not be used for any other purpose unless City Staff has given written authorization for the alternate use.
3. Unless otherwise approved by City Staff the development budget shall include:
 - The development budget will include a minimum of \$12,500 of private sources provided by the applicant.

- \$432,500 per home combined for acquisition and construction cost. In the event that total acquisition and rehab costs, including contingency, for either home exceeds \$432,500, additional costs shall be covered by private sources from the applicant.
 - Developer fee shall not exceed \$90,000 for both homes combined (\$45,000 per home).
4. Reserves will be funded out of operations at \$1,000 per home for the first year with an annual increase of 2.5% per year for replacement reserves and \$1,000 per home for the first year with an annual increase of 2.5% per year for operating reserves.
 5. Funds will be in the form of a **secured grant** with no repayment, so long as affordability and target population is maintained, and the service/care providers have a contract with DDD for funds necessary to provide services to this population.
 6. For each home, a covenant is recorded ensuring affordability for four (4) beds of special needs single family housing for at least fifty (50) years. The beds shall be affordable to tenants at the time of occupancy with incomes at or below 30% of median income, adjusted for household size, and including an appropriate utility allowance.
 7. Residents referred from DDD will not receive Section 8 assistance.
 8. All cash flow after payment of operating expenses, including payment of off-site management fees of up to \$4,800 annually for both homes combined (adjusted for CPI) shall be placed into a project reserve account that can be used by the applicant for project related operating, maintenance or services expenses. Any other use of these reserves funds must be approved by City Staff.
 9. In the event that any operating support funding levels will be reduced, the Agency shall inform City Staff about the impacts the proposed reduction will have on the budget and plan for services to the DD clients, and what steps shall be taken to address the impacts. A new budget or services plan must be approved by City Staff.
 10. The applicant shall conduct their search for the homes within the northern area of east King County within the ARCH sphere of influence. The Agency will notify City Staff when they enter into an option or purchase and sale agreement for any home, providing information on the location of the home and terms for acquiring the home. The Agency will indicate if the property is large enough to be subdivided into more than one lot pursuant to existing zoning. No home considered for acquisition will be within two blocks of another home owned by Agency unless otherwise approved by City Staff.
 11. Prior to closing on a home, an individualized outreach plan will be submitted to City Staff for review and approval. The outreach plan will include provisions such as:
 - Provide written notification to neighbors upon mutual acceptance of the P&S Agreement to include FFC's intention to purchase the house, description of the project, and information regarding FFC and the service provider that will include the website and contact number;
 - Provide an opportunity for neighbors to individually and/or as a group to meet with FCC and the service provider regarding the project; such as having an Open House after the tenants move-in and include invitations to the neighbors.

12. Once each home is selected the Agency shall include City Staff in the inspection of the property and development of the final scope of work for the rehab. The final scope of work for the basic construction budget shall include, at a minimum, all work necessary for licensing of the home and correction of substandard health and safety conditions. Prior to start of construction, the Agency shall submit the final scope of work for City Staff approval, along with evidence that construction costs have been confirmed by a qualified contractor and are within the basic construction budget. All uses of construction contingency funds must be approved by City Staff prior to authorization to proceed with such work.
13. Prior to release of funds, the Agency shall submit to City Staff for review and approval drafts of all documents related to the provision of services to residents and management of the property, including the Memorandum of Understanding with the service provider, form of lease agreement with residents, and services agreement between DDD and the Service Provider. These documents shall at a minimum address: tenant selection procedures through DDD; management procedures to address tenant needs; services provided for or required of tenants; management and operation of the premises; community and neighbor relations procedures; a summary of City's affordability requirements as well as annual monitoring procedure requirements.

Standard Conditions

14. The Agency shall provide revised development and operating budgets based upon actual funding commitments, which must be approved by City Staff. If the Agency is unable to adhere to the budgets, City Staff must be immediately notified and (a) new budget(s) shall be submitted by the Agency for the City's approval. The City shall not unreasonably withhold its approval to (a) revised budget(s), so long as such new budget(s) does not materially adversely change the Project. This shall be a continuing obligation of the Agency. Failure to adhere to the budgets, either original or as amended may result in withdrawal of the City's commitment of funds.
15. The Agency shall submit evidence of funding commitments from all proposed public sources. In the event commitment of funds identified in the application cannot be secured in the time frame identified in the application, the Agency shall immediately notify City Staff, and describe the actions it will undertake to secure alternative funding and the timing of those actions subject to City Staff's review and approval.
16. For each home, and prior to acquisition, the Agency shall submit an appraisal by a qualified appraiser. The appraisal shall be equal to or greater than the purchase price.
17. The Agency shall only purchase unoccupied homes or owner occupied homes in order to not trigger local and federal relocation regulations.
18. In the event federal funds are used, and to the extent applicable, federal guidelines must be met, including but not limited to: contractor solicitation, bidding and selection; wage rates; and Endangered Species Act (ESA) requirements. CDBG funds may not be used to repay (bridge) acquisition finance costs.
19. The Agency shall maintain documentation of any necessary land use approvals and permits required by the city where the homes are located.

Submit monitoring reports quarterly through completion of the project, and annually thereafter. Submit a final budget upon project completion.

3. A Regional Coalition for Housing (ARCH) –House Key Plus ARCH (down payment assistance)

Funding Request: \$200,000 (Grant)

CAB Recommendation: \$200,000 (Grant)
See attached Funding Chart for distribution of City Funds

Project Summary:

The House Key Plus ARCH/Eastside Homebuyer Assistance Program is a continuation of a program launched in late 2005, to provide a program of down-payment assistance for potential homebuyers who are up to 80% of median income in East King County. Its main components are:

Eligible Homebuyers

- First time homebuyer (has not owned a home during the past 3 yrs)
- Household Income at or below 80% of median income
- Household must have a demonstrated need for down payment assistance
- Home will be the buyers principal residence

Down Payment Assistance Terms

Downpayment assistance provides second mortgages of up to \$30,000 per home. Actual amount is based on need and availability of funds. Funds are used for down payment, closing costs, and pre-pays. The second mortgages have a deferred 4% interest rate. There are no monthly payments on the second mortgage. Balance is due when the owners sells, refinances or pays off the first mortgage. When the second mortgages are repaid, the funds return to the revolving loan pool, to fund new second mortgages on homeownership units. There are no resale restrictions for homes that are purchased, unless homes already have resale restrictions.

Marketing / Education:

Marketing is targeted to households working or living in East King County through locally distributed fliers, information distributed through City web-sites and newsletters, contacting residents of affordable rental housing and manufactured housing. All homebuyers must complete a general home ownership education program and a counseling session regarding the Downpayment Assistance Program.

The program is administered by the Washington State Housing Finance Commission. The program is mated with the Commission's House Key First Mortgage Program. In operating the program, the Commission uses its existing community of lenders and its current marketing and outreach strategies. All first mortgages will be issued under the House Key program.

In the first two rounds of funding of the Downpayment Assistance Program, included ARCH, County and State Housing Finance Program funds, totaling \$1,640,000, which funded approximately 53 loans. The proposed recapitalization by ARCH, County and State Housing Finance Commission would add another \$800,000 bringing the total funds in the program to \$2.4 million, plus any recycling of existing loans.

Funding Rationale:

The CAB supported this application for the following reasons:

- Funds are exhausted; Housing Finance Commission is currently taking reservations.
- Would fill a housing need not currently met in East King County, but identified by the community as an important issue. An evaluation of the first two rounds of the program indicates that overall it is achieving the original objectives of the program.
- It has been one of few ways that the Trust Fund has been able to be used to address ownership housing at this income level. At the proposed level, seems like a good balance for the overall Trust Fund Program
- Makes homeownership a viable option for households who would otherwise not have the resources to purchase a home. This could be even more important at this time because of changes in the broader ownership financing market which limits low/no downpayment programs.
- Strong leverage of other public funding.

Potential Conditions:

1. Funds shall be used by A Regional Coalition for Housing for down payment assistance, made available through the existing 'House Key Plus ARCH' program, administered by the Washington State Housing Finance Commission. Funds may not be used for any other purpose unless City Staff have given written authorization for the alternate use.
2. Provide annual monitoring reports that include: the number of households receiving down-payment assistance during the year, the jurisdictions homes were purchased within, the amount of down-payment assistance issued during the year, and the amount of education funds used during the year. The annual report shall include the total of repayments to the revolving loan fund during the year.
3. Update the education program in order to respond to the issues identified in the program evaluation. The primary update to consider is to complete the one on one counseling session earlier in the buying process.
4. Revisit the marketing program. Provide written marketing plan based on evaluating and seeking input from local groups serving the targeted population.
5. The Agency shall submit evidence of funding commitments from proposed public sources. In the event commitment of funds identified in the application cannot be secured in the time frame identified in the application, the Agency shall immediately notify City Staff, and describe the actions it will undertake to secure alternative funding and the timing of those actions subject to City Staff's review and approval. It must be noted that it is likely that in the current round, given available funding, the County will not be able to commit to providing additional funding at this time, but that the County has committed to the House

Key Plus ARCH program being the number one contingency project in 2010 for under-expended or recaptured HOME funds, and very high priority in the 2010 funding round if the program is not able to be funded with under-expended or recaptured funds earlier in the year.

6. In the event federal funds are used, and to the extent applicable, federal guidelines must be met, including but not limited to: contractor solicitation, bidding and selection; wage rates; and Endangered Species Act (ESA) requirements.

ATTACHMENT B

ARCH PROJECTS RECEIVING CITY OF REDMOND ASSISTANCE - THROUGH FALL 2009

Project Location	Year Funded	No. Units		REDMOND ALLOCATIONS				PROJECTS LOCATED IN REDMOND			Redmond Contributions to Other Cities	HTF Cycle
		Total	In Redmond	HTF/CIP	CDBG	Other	Redmond Total	Funding from Redmond	Funding from Other Cities	Total ARCH Funding		
		a.	b.	c.	(a + b + c)	d.	e.	(d + e)				
Redmond	1993	41	41	\$ 100,000			\$ 100,000	\$ 100,000	\$ -	\$ 100,000		1993, Spring
Redmond	1993	19	19		\$ 23,303		\$ 23,303	\$ 23,303	\$ 164,485	\$ 187,788		1993, Fall
Bellevue	1993	10			\$ 9,400		\$ 9,400				\$ 9,400	1993, Fall
Redmond	1994	4	4	\$ 71,750			\$ 71,750	\$ 71,750	\$ -	\$ 71,750		1994, Spring
UKC-Iss.	1995	54			\$ 75,000		\$ 75,000				\$ 75,000	1995, Spring
UKC - Bell.	1996	12			\$ 10,000		\$ 10,000				\$ 10,000	1996, Fall
Redmond	1996	18	18	\$ 280,000			\$ 280,000	\$ 280,000	\$ -	\$ 280,000		1996, Fall
Redmond	1997	24	24	\$ 70,000	\$ 216,683		\$ 286,683	\$ 286,683	\$ -	\$ 286,683		1997, Spring
Redmond	1997	93	93	\$ 50,000		\$ 326,000 ¹	\$ 376,000	\$ 376,000	\$ 150,000	\$ 526,000		1997, Spring
Redmond	1997	18	18	\$ 66,353			\$ 66,353	\$ 66,353	\$ 375,647	\$ 442,000		1997, Fall
Kirkland	1997	24		\$ 33,647			\$ 33,647				\$ 33,647	1997, Fall
Bellevue	1996/98	20			\$ 115,000		\$ 115,000				\$ 115,000	1998, Fall (1996, Fa
Bothell	1999	8		\$ 50,000	\$ 7,265		\$ 57,265				\$ 57,265	1999, Spring/Fall
Mercer Island	1999	59		\$ 100,000			\$ 100,000				\$ 100,000	Spring 1999
Woodinville	1999	50		\$ 50,000			\$ 50,000				\$ 50,000	Spring 1999
Newcastle	2000	12			\$ 85,401		\$ 85,401				\$ 85,401	Spring 2000
Woodinville	2000	50			\$ 6,475		\$ 6,475				\$ 6,475	Spring 2000
Redmond	2000	308	308			\$ 1,573,375 ²	\$ 1,573,375	\$ 1,573,375	\$ 72,000	\$ 1,645,375		2000 Fall
Issaquah	2001	50			\$ 40,107		\$ 40,107				\$ 40,107	Spring 2001
Redmond	Fall 2001	60	60		\$ 100,000		\$ 100,000	\$ 100,000	\$ 150,000	\$ 250,000		Fall 2001
Redmond	Spring 2002	Incl ^		\$ 105,255	\$ 192,309	\$ 226,762 ⁵	\$ 524,326	\$ 524,326	\$ 752,436	\$ 1,276,762		Spring 2002
Kirkland	Spring 2002	66		\$ 100,000			\$ 100,000				\$ 100,000	Spring 2002
Redmond	N/A	Incl ^				\$ 125,344 ⁵	\$ 125,344	\$ 125,344		\$ 125,344		N/A
Redmond	2000	1	1			\$ 400	\$ 400	\$ 400		\$ 400		N/A
Redmond	N/A	Incl ^		\$ 50,000			\$ 50,000	\$ 50,000		\$ 50,000		Fall 2003
Redmond	N/A	5	5	\$ 50,000			\$ 50,000	\$ 50,000	\$ 25,000	\$ 75,000		Fall 2003
Redmond	Fall 2006	5	5	\$ 75,000			\$ 75,000	\$ 75,000	\$ 175,000	\$ 250,000		Fall 2006
Bothell	(See #35 above)	5										
Various	N/A			\$ 85,000			\$ 85,000	\$ 85,000	\$ 165,000	\$ 250,000	\$ 50,000	Fall 2003
Redmond	N/A	166	166	\$ 150,000			\$ 150,000	\$ 150,000	\$ 1,000,000	\$ 1,150,000		Spring 2004
Issaquah	N/A	Incl ^		\$ 150,000			\$ 150,000				\$150,000	Fall 2004
Issaquah		28		\$ 40,000			\$ 40,000	\$ 40,000	\$ 410,000	\$ 450,000	\$40,000	Fall 2005
Kirkland	Fall 2007	6		\$ 40,000			\$ 40,000				\$40,000	Fall 2007
Bellevue	Fall 2007	6		\$ 25,000			\$ 25,000				\$25,000	Fall 2007
Kenmore	Spring 2008	90 (indefinite)		\$ 160,000			\$ 160,000				\$160,000	Spring 2008
Issaquah	Spring 2009	47		\$ 150,000			\$ 150,000				\$150,000	Spring 2009
Kirkland	Fall 2009	60 (proposed)		\$ 85,000			\$ 85,000				\$85,000	Fall 2009
NE King Co.	Fall 2009	2 (proposed)		\$ 55,000			\$ 55,000				\$55,000	Fall 2009
TOTAL³		1421	762	\$ 2,142,005	\$ 930,943	\$ 227,439,981	\$ 5,324,829 ⁴	\$ 3,977,534	\$ 3,439,568	\$ 7,417,102	\$ 1,437,295	

D assessment for sewer improvements on Avondale

f Building, Planning, and Impact Fees

ments with Redmond funding.

2104: Total units funded since 1993 through ARCH (includes all cities)

705: Total units funded located in Redmond (31%)

1120: Units that include funding by Redmond (53% of total)

for all projects is approximately \$20 million

Redmond has provided approximately 23% of total assistance to all ARCH projects.

Projects located in Redmond have received approximately 34% of the total from all cities.

amount of city waiver for Building, Planning, and Impact Fees