

**SKHHP Executive Board
October 20, 2023, 1:00 – 3:00 PM
Virtual Meeting**

Video conference:

<https://us06web.zoom.us/j/99857398028?pwd=eXFiMmJpQm1abDZmMmRQbHNOYS8ydz09>

OR by phone: 253-205-0468

Meeting ID: 998 5739 8028

Password: 085570

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| I. | CALL TO ORDER | 1:00 |
| a. | ROLL CALL | |
| b. | INTRODUCTIONS OF ADVISORY BOARD MEMBERS AND STAFF WORK GROUP MEMBERS | |
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| II. | PUBLIC COMMENT | 1:05 |
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| III. | APPROVAL OF SEPTEMBER 15, 2023 MINUTES | 1:08 |
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- (ATTACHED)

Motion is to approve the September 15, 2023 SKHHP Executive Board meeting minutes

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| IV. | AGENDA MODIFICATIONS | 1:09 |
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| V. | BOARD BUSINESS | 1:10 |
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- a. Housing Capital Fund Project Application Review**

Purpose: Review a summary of project applications received and previewed by the SKHHP Advisory Board on October 5, 2023.

Background: Applications for the 2023 SKHHP Housing Capital Fund opened in July and closed September 15, 2023. The SKHHP Advisory Board will make a funding recommendation for use of pooled funds for consideration by the Executive Board on November 17, 2023.

For review, discussion, and Board feedback only, no action is proposed

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| b. | Adjusted Revenue Available for 2023 Housing Capital Fund | 2:25 |
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Purpose: Update on revised amounts of SHB 1406 revenue available for the 2023 Housing Capital Fund.

Background: SKHHP invoiced a member city for a larger amount than was owed for the pooled contribution in 2023, but the error wasn't identified until several months later after the available amount of funding was published and advertised by SKHHP. SKHHP staff has worked with the jurisdiction to determine options for the Executive Board's consideration.

For review, discussion, and Board feedback only, no action is proposed

c. Legislative Priorities

2:35

Purpose: Review and discuss revised SKHHP flyer for engaging state and federal delegations. Facilitate opportunity to discuss the impacts of HB 1110 across SKHHP members as requested by the Board.

Background: SKHHP has previously adopted state legislative priorities, though the Board has indicated a desire for SKHHP to remain neutral on legislation given the diverse positions of SKHHP's member jurisdictions. Other options exist for the Board to unify on legislative priorities and engage the state delegation on the affordable housing needs of South King County. At the July 21 Executive Board meeting, the Board supported the effort for SKHHP staff to develop a one-page flyer that Board Members and Administrators could use in their meetings with state and federal delegates. At the Aug 18, 2023 Executive Board meeting, the Board provided feedback on the development of a flyer to share SKHHP's legislative priorities. At the September 15, 2023 Executive Board meeting, members asked that a conversation on the impacts of HB 1110, and how to respond this legislative session, be brought back for discussion.

For review, discussion, and Board feedback only, no action is proposed

VI.	UPDATES/ANNOUNCEMENTS	2:55
VII.	ADJOURN	3:00



I. CALL TO ORDER

Chair Nancy Backus called the meeting to order at 1:02 PM.

a. ROLL CALL/ESTABLISHMENT OF QUORUM

Executive Board members present: Nancy Backus, City of Auburn; Colleen Brandt-Schluter, City of Burien; Traci Buxton, City of Des Moines; Brian Davis, City of Federal Way; Dana Ralph, City of Kent; Hannah Bahnmler, City of Renton (alternate); Kristina Soltys, City of Covington; Eric Zimmerman, City of Normandy Park; Sunaree Marshall, King County; Sean Kelley, City of Maple Valley.

Others present: Claire Goodwin, SKHHP; Dorsol Plants, SKHHP; Tim Walter, KCHA; Andrew Calkins, KCHA and SKHHP Advisory Board; Nora Gierloff, City of Tukwila; Merina Hanson, City of Kent; Sarah Bridgeford, City of Federal Way; Chaney Skadsen, City of Federal Way; Dafne Hernandez, City of Covington; Josh Steiner, City of Auburn; Matt Torpey, City of Maple Valley; Denise Lathrop, City of Des Moines; Kristen Holdsworth, City of Kent; McCaela Daffern, King County; Nicholas Matz, City of Normandy Park.

II. PUBLIC COMMENT

Ben Taylor from the Master Builders Association of King and Snohomish Counties (MBAKS) informed the Executive Board that MBAKS would be holding their annual Housing Solutions Breakfast on October 19. Sen. Mark Mullet will be the keynote speaker, and a panel featuring local mayors, including the Executive Board Chair, Nancy Backus, will follow.

III. APPROVAL OF AUGUST 18, 2023 MINUTES

Kristina Soltys moved to approve the August 18, 2023 minutes as presented, seconded by Traci Buxton. Motion passed (9-0)

IV. BRIEFING

a. King County Housing Authority (KCHA) Workforce Housing Strategy

Claire Goodwin introduced Andrew Calkins, Director of Policy and Intergovernmental Affairs, and Tim Walter, Senior Director of Asset Management and Development from KCHA, to review how the organization preserves affordable housing through its Workforce Housing Strategy. The presentation is the first in a two-part series, with the focus today being on an overview of KCHA's work and the challenges and opportunities for SKHHP to consider. The second part will be in November and will focus on the financial aspects of their preservation strategy.

Andrew Calkins provided a brief overview of KCHA, which formed in 1939 as an independent municipal corporation and is one of forty housing authorities across the state. Their service area includes King County, except for Renton and Seattle, which have their own housing authorities. KCHA is overseen by a board of commissioners, including one residential member, and is primarily funded through HUD and rent collection. KCHA has been designated as a "Moving to Work" housing authority by HUD, which provides increased flexibility when designing innovative housing programs.

Across all programs, KCHA serves 23,600 households and owns over 12,500 affordable homes, with 8,200 being workforce housing units. KCHA fulfills many roles in the community, the most well-known being the rental assistance programs. KCHA provides over \$120 million yearly in rental assistance in South King County alone. While housing is the primary focus, KCHA also serves as a social impact agent and provides workforce training and other educational programs to ensure residents can support their health and well-being.

KCHA supports the community with a wide range of affordable housing programs. Federally subsidized programs can be divided into two categories: Subsidized Housing and Housing Choice Vouchers. Subsidized Housing primarily serves seniors, people with disabilities, and families with children that earn below 30% AMI. KCHA fully manages these properties, and tenants usually pay around 28% of their income on rent and utilities. There are approximately 4,300 permanently affordable homes through this program. Housing Choice Vouchers, formerly Section 8, enable the holder to use the voucher at any private landlord willing to accept the voucher. There are over 11,000 tenant-based subsidies in use in King County.

The workforce housing program is unique compared to other housing authorities, which have a less extensive portfolio of non-subsidized housing units. KCHA has over 8,000 homes in this program, which collects monthly rent at a much more affordable level. Most properties are funded through tax-exempt bonds or the Low-Income Housing Tax Credit (LIHTC) program.

KCHA has refined its preservation strategy into two approaches: the preservation of existing affordable housing and the preservation of privately owned housing. In the first case, this refers to the need to preserve housing already in an affordability program such as a Low-Income Housing Tax Credit project. KCHA has had great success acquiring and maintaining properties with HUD Rental Assistance Contracts, intending to keep the valuable federal rental assistance here in our community. The second case involves the acquisition of existing naturally occurring affordable housing that has been privately funded here in King County. KCHA has been working to acquire and remove large multifamily rental projects from the private market.

Traci Buxton asked if KCHA groups properties together in a portfolio and averages out cost or if each property stands independently. Tim Walter responded that thirty years ago, the investment return on a rental was between 9% and 12%, but over time, that has gone down, and across all, King County cap rates are 4.5% to 5.5%, meaning gap funding for property can be around 40% of the total cost. KCHA pools property as a tool to re-amortize debt on properties that have already been paid down to help carry the burden.

Tim Walter reviewed several examples of workforce housing properties that KCHA has taken steps to preserve. Meadowbrook Apartments in Shoreline was acquired in 2011 and provides 115 workforce housing units. There is a \$604 difference in the monthly rent amount collected at Meadowbrook compared to other market-rate apartments in the same area. Units are affordable for residents earning 45% AMI. Auburn Square in Auburn is similar to Meadowbrook in South King County. When both properties were purchased, KCHA couldn't lower rents, but by maintaining or reducing the incremental increases, they have continued to build greater affordability over time.

Villages at South Station, located adjacent to the Tukwila Light Rail station, provide 191 affordable workforce units. This is an example of how incoming light rail can cause displacement; within one year of the station's opening, rent at the Villages at South Station increased by 20%. The property also had twelve residents using Section 8 vouchers, and within

one year of the station opening had zero residents with vouchers. KCHA acquired the property before it was listed on the market, and rents are below \$300 to \$400 a month compared to other apartments in the area. The property provides support to housing voucher holders, including the VASH Voucher, designed to support US Military Veterans.

Abby Ridge Apartments is the closest and largest multifamily rental property to the Sea-Tac light rail station and provides 146 affordable workforce housing units. KCHA used the LIHTC program to leverage capital investments and acquire the property before the station opened. Birch Creek, formerly known as Springwood Apartments, is on the East Hill in Kent. KCHA acquired the property in 1975 and did massive renovations about ten years ago using tax credit funding.

Riverstone Apartments in Federal Way is on the border of Federal Way and Kent and is located near the incoming light rail station. KCHA reached out to the owner in 2016 to attempt to acquire it, but the owner was initially unwilling to speak with them. After two to three years of coordination, the owner sold the property, providing 308 affordable workforce units serving residents at 51% AMI.

Andrew Calkins closed the discussion by identifying opportunities and challenges in preparation for the second half of the presentation in November. There are significant opportunities to lock in affordability across South King County. The challenge is that the steps to preserve affordable housing can be limited by the owner's lack of resources or willingness. KCHA has been able to grow affordability over time through non-profit or public ownership and believes it can lead to deeper affordability over the next decade.

Nancy Backus asked if KCHA supports HB1220 and HB1110 or if they have concerns about the displacement of naturally occurring affordable housing. Andrew Calkins responded that the Association of Washington Housing Authorities was supportive of HB1110. KCHA continues to talk about its preservation strategy and how the legislative changes will not create affordability on its own. Some types of NOAH properties that could be at risk by HB1110 would be smaller, and KCHA's preservation work has focused primarily on larger, multi-rental projects. Dana Ralph followed up that it was the smaller, single-family residence she had been worried would be at risk of displacement. Kent has a high demand for housing that supports multigenerational households, which often require larger spaces than a multifamily rental can provide.

Nancy Backus asked about concerns about the number of applicants for housing choice vouchers compared to the few available. Andrew Calkins responded that the last time KCHA opened their waitlist in 2020, there were over 2,500 people on the waitlist in the first two weeks. The demand for rental assistance is extreme. During the pandemic, the emergency housing choice vouchers were the most significant single increase in available vouchers in years. That support has ended and KCHA received 28 vouchers last month. Those were general vouchers available to serve families. Tim Walter added that the KCHA Section 8 program costs less by placing vouchers in KCHA housing where the rent has not increased. These savings go back into the program and provide support to additional residents.

V. BOARD BUSINESS

a. Subregional Affordable Housing Preservation Strategies

Claire Goodwin framed the discussion around the need to build a foundational understanding of the affordable housing preservation policies and needs in each SKHHP jurisdiction before

developing a subregional preservation strategy. To support that effort, planners from each SKHHP jurisdiction were invited to provide an overview and answer questions about affordable housing preservation. This information and the results of the Affordable Housing Preservation Surveys taken in August will help guide small group discussions to begin the subregional work.

Josh Steiner, City of Auburn, highlighted the adoption of the International Property Maintenance Code (IPMC), an optional element of international building codes. Secondly, the city adopted the National Healthy Housing Standards, a set of standards that further strengthen the bare minimum standards of the IPMC. The city has also adopted a rental licensing and inspection program, which empowers the city with the location of rentals and how to get ahold of property owners when there are concerns or issues. Auburn has also implemented a "Just Cause" eviction standard to help protect tenants' rights. All the mentioned policies are designed to protect and ensure that the living conditions for tenants are above par. The challenge is that these standards could be burdens on the owners, which may be further passed on to the tenant through rental increases. Property owners may see these policies as difficult and encourage them to sell.

Colleen Brandt-Schluter presented information on behalf of the planning staff for the City of Burien. Burien is concerned about the many affordable multifamily rentals that are aging or deteriorating. A significant amount of the housing in the city was constructed between 1940 and 1970 and needs redevelopment. The city needs more resources to go in and acquire or rehabilitate the property to preserve affordability. Burien lacks underdeveloped land, so preservation is crucial for providing affordable housing. The current preservation work includes a rental licensing and inspection program, and the city has also implemented "Just Cause" eviction strategies. Burien also has a "Notice of Intent to Sell" policy, which requires private owners of naturally occurring affordable housing properties to notify the city of an intent to sell six months before the property is listed for sale. This information is shared with SKHHP and other non-profit organizations, hoping the land will be acquired and preserved.

Dafne Hernandez, City of Covington, described the need for affordable housing preservation as low for the jurisdiction. There are only two affordable housing programs in Covington, both utilizing the city's Multifamily Tax Exemption Program; one project explicitly serves residents 55 years or older. The city has begun preliminary discussions about the next steps for when the affordability term expires for both properties in 2026. Covington hopes to learn more about the tax incentives and why the city has yet to see many developers applying to develop under the MFTE.

Denise Lathrop, City of Des Moines, mentioned that the city is one to two years behind other jurisdictions in terms of housing planning work due to limited staff capacity. Des Moines recently adopted its Housing Action Plan in June 2023, with housing preservation being one of the critical elements to mitigate displacement in the city. Des Moines has a minor home repair program, and the city has requirements for maintaining rental properties. Des Moines has also applied for the Middle Housing Grant from the Department of Commerce to help plan around the implementation of HB 1110 and increasing the city's housing supply. Anti-displacement will work in tandem with implementing HB 1110 into the Comprehensive Plan work. The city's biggest challenge is raising housing costs, which have grown by over 100% in the last few years.

Chaney Skadsen, City of Federal Way, explained that historically the city has had a lower residential production rate than other South King County cities. This has led to a low vacancy

rate and a higher demand for housing, which is the crux of Federal Way's housing issues. Reviewing the housing need by income band, the city has a high demand for housing in the lowest and highest tiers but is meeting the demand for the middle-income bands. This increased demand and two incoming light rail stations could cause the city to experience major housing market shifts. Federal Way also has between eight and ten mobile home parks; most are located near the incoming light rail. One option to support affordable housing is that the city has implemented an Inclusionary Zoning policy, which requires the inclusion of a set percentage of income-restricted units, currently 4%. The city also adopted a Housing Action Plan in 2021, which aims to increase regional collaboration through organizations such as SKHHP. Federal Way is considering a "Notice of Intent to Sell" policy.

Kristen Holdsworth, City of Kent, introduced the city as one of the last locations for affordable housing accessible to quality jobs and amenities. Kent has a sizeable single-family housing stock and some of the largest collections of naturally occurring affordable housing in the region. Roughly 60%-70% of the city's housing units are considered to be naturally occurring affordable housing. The city is also challenged by the multifamily rental market not producing units with three or more bedrooms for larger families. The housing stock is older, which helps with affordability, but there is an increased need for repairs. Kent does provide a home repair assistance program. The city has also implemented a rental housing inspection program to ensure each unit meets essential health and safety standards. Over a cycle of years, all rental units will be inspected throughout the city. Kent also has a "Notice of Sale" policy for the sale or closing of mobile home parks inside the city, including a requirement for a relocation plan from the seller. This policy currently exceeds the requirements recently established at the state level. City planners have engaged in analysis and discussion around HB 1110's impact on their housing market, and developers have stated they will need at least four units to justify demolishing an old house. This raises concerns about demolishing the larger, single-family homes and replacing them with a greater density of smaller units that cannot serve the displaced, multigenerational families. Yesterday's market-rate housing is today's affordable housing, and the city continues to want market-rate housing development alongside affordable housing.

Sunaree Marshall, King County, mentioned that King County serves in the role both as a regional government agency and a local one. Within the local realm, Skyway and North Highline tend to be where significant housing market forces are felt and the county has spent considerable time supporting those areas. Research has shown that the lowest income bands and renters are the most likely displaced in unincorporated King County. There are several income-restricted multifamily projects with expiring affordability terms, and the county is working to better track those. Preservation is crucial in the Comprehensive Plan because the projected housing need numbers assume no loss in current housing. King County has been able to implement more at the regional scale, such as providing funding for rehabilitation and an extensive home repair program. King County piloted community preference programs in Skyway and is looking for ways to expand it. The interim loan program, which can be used for acquisition prior to development is being looked at to make it more responsive to preservation needs.

Matt Torpey, City of Maple Valley, mentioned the city is young, and since incorporation in 1997, housing has been primarily detached single-family homes with few mixed or multifamily properties. A few years ago, the city took steps to require new development to have a 10% set

aside to serve residents at 70% AMI or less. Maple Valley has over 500 units in development, which means at least 50 units of affordable housing coming in the next few years. The city has one income-restricted property, which appears to have affordability expiring at the end of this year. Maple Valley has just begun discussing its land use and planning update for its Comprehensive Plan. The city appears set for affordability in the future, and it's just a matter of being built over time.

Nicholas Matz, City of Normandy Park, is working to review policies to prevent displacement and gentrification of its senior and renter population. The city has a unique makeup compared to other municipalities in the region. The city's future affordability is more in cottage-style homes, detached accessory dwelling units (ADUs), and different housing types through lot splitting. Much of the physical real estate in the city is single-family parcels characterized as being by water with views and not located near transit or commercial cores, which limits the city's ability to create greater concentrations of density. Additionally, given the type of housing, the real estate market forces may exceed impacts in similar-sized cities. One direction the city is considering is that while the rate of residents entering homelessness is nondetectable, data will be collected on residents' vulnerability to becoming homeless. Eric Zimmerman added that while the city is unique, Normandy Park does benefit from the regional collaboration and ability to share information through SKHHP.

Hannah Bahnmitter, City of Renton, mentioned that while the city does not have a preservation-specific strategy, preservation has been woven into the city's work through the Housing Action Plan and the revitalization work of the Sunset Neighborhood. Renton's most significant challenge with preservation has been the high cost of acquiring and renovating the older housing units. There is a high cost per unit in rehabilitation and with the naturally occurring affordable housing properties deferred maintenance costs have been a significant issue. The deferral has helped prevent an increase in rent in the short term but has raised the long-term costs of keeping the building safe and healthy for residents. Renton has a minor home repair program, which is eligible for homeowners. The city also has a rental health and safety inspection program. A pilot program the city used to support the revitalization of the Sunset Neighborhood was a partnership between the city, Renton Housing Authority, King County Housing Authority, and Rebuilding Together Seattle to do a weatherization demonstration project on a 1940s-era duplex in the Sunset Area of Renton. Improvements to the property would include an energy audit, foundation leveling, roof replacement, heat pump, foundation skirting, windows, doors, insulation, and other significant work totaling around \$100,000 in renovation. This remained a pilot program due to a need for more funding resources to continue it further. Renton is looking at finding ways to use their Multifamily Tax Exemption program to help finance rehabilitation projects, which is allowed under state statute but is not in the city's code. The city has also had an internal conversation about using home improvement funds to support rental projects that may come with a restrictive covenant or other ways to ensure affordability.

Nora Gierloff, City of Tukwila, said there was much alignment between the city and the other thoughts and concerns raised in the region. Tukwila has a rental inspection program that was paused during the COVID-19 pandemic, and since the program has restarted, there has been a deterioration in the properties. The city has several mobile home parks, which will also need support as they age, and the redevelopment pressures are rising. Tukwila has seen a pattern where residents are priced out of Seattle, which creates a cascade of current residents being

priced out of Tukwila and moving further south. The city has a small home repair program, which has been essential to keep some seniors in their homes. Tukwila has also adopted ADU reforms, and there is a significant interest in the community in developing them. The city has developed most of its vacant land, meaning that the options remaining to create affordable housing will require some form of redevelopment which creates a greater risk of displacement for the community.

Claire Goodwin acknowledged that time was short and asked the Board if they were willing to skip the small group discussions. The Board agreed not to have the small group discussions. Claire Goodwin provided an overview and summary of the Executive Board's August Affordable Housing Preservation survey results.

Question four: What is the outcome you would like to see with regards to a subregional affordable housing preservation strategy?

Answer: Comprehensive understanding of preservation options, avoiding displacement and maintaining affordability, city autonomy and tailored recommendations, collaboration and resource sharing, and preservation for vulnerable populations.

Question five: How would you describe the need in your jurisdiction for affordable housing preservation? What is the problem that needs to be solved?

Answer: There is a need to preserve existing affordable housing and add new market-rate housing, loss of naturally occurring affordable housing due to redevelopment, rising rents, and physical deterioration, and risk of redevelopment and displacement, especially for: low-income seniors, multigenerational households, households near light rail, mobile home park residents, fixed-income households, and households living in income-restricted units with expiring affordability.

Question six: Are there neighborhoods, specific populations, or housing types that you would prioritize for preservation?

Answer: Multifamily (4), mobile homes (2), single family residential (2), seniors/fixed incomes (2), locations with the greatest risk of displacement (2), properties that accommodate larger families (1), expiring affordability (1), populations that have been displaced previously through discriminatory practices like redlining (1), current and future light rail stations (1), veterans (1), and people with disabilities (1).

Dana Ralph stated that concerns were raised by each jurisdiction on the impacts of HB 1110 and expressed a desire to find a way to provide a unified voice to discuss the current and potential future effects on our region. Nancy Backus reinforced the desire to create a unified voice as South King County will likely be the first to see displacement impacts from legislation that will have widespread unintended consequences. Colleen Brandt-Schluter added that lack of funding continues to be an issue. The state will provide planning grants but not implementation grants, which means many ideas are never used. Colleen Brandt-Schluter asked what other tools could be used with HB 1110, such as requirements for new developments to include rooms for larger families. Claire Goodwin reminded the Executive Board about the draft legislative priority's flyer, which focuses on the need for increased funding for all aspects of affordable housing. Claire Goodwin stated that the conversation could be brought back to

determine if there was broad interest from the Board on taking a unified stance on the impacts of HB 1110.

b. Pathways to Removing Obstacles to Housing Grant

Claire Goodwin updated the Executive Board that the Department of Housing and Urban Development (HUD) is making \$85 million available to address affordable housing production and preservation barriers. King County is offering to be the grant holder and contract monitor and would provide staffing resources to benefit South King County directly. Funding would create a staff position supporting South King County on a regional level, including code updates, data analysis, policy development, and more. A draft letter of support was provided to the Executive Board to consider adoption at the November meeting.

Sunaree Marshall added that within the \$85 million available, the amount available to a jurisdiction is between \$1 to \$10 million, and the grant period goes from January 2024 to September 2029. King County is applying for funding, hoping to implement elements in the Comprehensive Plan for Unincorporated King County, which currently needs more resources. The County believes the application will be more robust by partnering with SKHHP and ARCH. King County is designated as a high-priority area for funding due to the high costs in our region. ARCH has circulated a letter of support like the draft presented to the Executive Board today.

Traci Buxton asked how the process to break funding further down by jurisdiction would be decided once funds were received at the county level. Sunaree Marshall responded that the county would have to create an application process and would partner directly with SKHHP to help develop that process.

Brian Davis suggested that since the letter was already consistent with SKHHP's approved mission and goals, rather than having each Board member sign, the Chair and Executive Manager could sign the letter of support. Colleen Brandt-Schluter added that SKHHP could send templates for each jurisdiction to sign and asked when the letter would be due. Claire Goodwin responded that King County will start their public comment period on October 13. The letter isn't required for the public comment period, but it would be helpful.

Nancy Backus said she would sign the SKHHP letter with the Executive Manager, and a template letter would go out to each SKHHP member for their show of support for the county application.

c. Housing Capital Fund Applications Update

Claire Goodwin drew attention to a document in the packet that reviews the seven anticipated applications due by 5 p.m. on September 15. Dorsol Plants confirmed that five applications had been received by the time of the Executive Board meeting. Requests total around \$11 million, with approximately \$6 million available. The Advisory Board will review applications at the October meeting. SKHHP staff will provide the Advisory Board with access to the full applications and also summary memos for their review prior to the October meeting. The SKHHP Advisory Board will make a funding recommendation at their November meeting.

VI. UPDATES/ANNOUNCEMENTS

Claire Goodwin requested volunteers to form a subcommittee to interview applicants to the SKHHP Advisory Board. Mayor Nancy Backus, Mayor Dana Ralph, and Brian Davis offered to serve on the subcommittee.

VII. ADJOURN

Nancy Backus adjourned the meeting at 3:09 PM.



South King Housing and Homelessness Partners

Memorandum

TO: SKHHP Executive Board
DATE: October 13, 2023
RE: 2023 SKHHP Housing Capital Fund Application Review

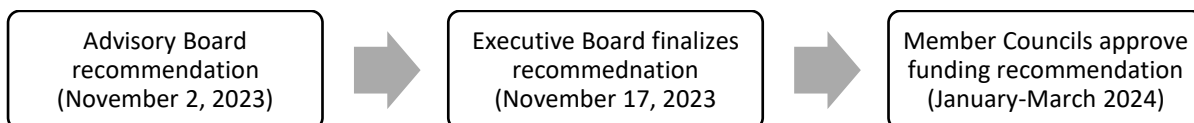
OVERVIEW

Six applications were submitted to SKHHP’s 2023 Housing Capital Fund. A summary of each project is attached. The applications include the following:

Applicant	Location	# of Units	Project type	HB 1590 Eligibility	SHB 1406 Eligibility	Amount requested
TWG	Kent	168	New Construction Rental	\$2,856,000	\$2,856,000	\$2,856,000
LIHI	Skyway	55	New Construction Rental	\$2,800,000	\$2,800,000	\$2,800,000
Mercy Housing NW	Kent	199	New Construction Rental	\$1,000,000	\$1,000,000	\$1,000,000
ecoTHRIVE	Burien	27	New Construction Homeownership	\$0	\$1,000,000	\$1,000,000
Multi-Service Center	Des Moines	20	Preservation Rental	\$0	\$500,000	\$500,000
Multi-Service Center	Auburn	24	Preservation Rental	\$0	\$500,000	\$500,000
TOTAL REQUESTED						\$8,656,000
TOTAL AVAILABLE: SHB 1406						\$1,000,000
TOTAL AVAILABLE: HB 1590						\$4,970,000

The SKHHP Advisory Board met on October 5, 2023 and reviewed each project application. Project sponsors were available for questions during the meeting. The Advisory Board began the evaluation of each project based on the established criteria and funding priorities adopted in the 2023 Housing Capital Fund Guidelines. A recommendation to the Executive Board by the Advisory Board is anticipated at the next meeting on November 2, 2023. Due to limited SKHHP staff capacity to manage a large number of contracts each year, the request was made to limit the number of project that are included in the recommendation to three or four.

PROCESS



SPONSOR: TWG Development

PROJECT NAME: Pandion at Star Lake

ADDRESS: 2526 S 272nd Street, Kent, WA 98059

FUNDING REQUEST (dollar amount): \$2,856,000

ELIGIBILITY OF SKHHP FUNDING SOURCES (1590/1406/both): Both

PROJECT SUMMARY

The South Building (building one of two) of Pandion at Star Lake is a multifamily rental, mixed use project consisting of 168 affordable housing units for households earning between 30% and 60% area median income (AMI) in Kent. The project is located adjacent to the Kent/Star Lake Link light rail station. This transit-oriented development (TOD) project will provide a mix of studio, one, two and three-bedroom units. The project will include ground floor commercial space consisting of an early learning center for low-income children and other non-profit tenants. The property was purchased by the developer in December 2022. The project is a seven-story building with six stories of affordable housing over one story of commercial space, plus basement level parking.

Pandion at Star Lake is a partnership between TWG Development and Vision House, with Vision House providing on-site supportive services for the 4% Low Income Housing Tax Credit (LIHTC) households (140 units). In collaboration with the City of Kent, an additional service provider will be selected to serve residents of the 9% LIHTC households (28 units). The request is for \$2,856,000 in the form of a deferred, contingent, forgivable loan. SKHHP funds are requested for new building construction.

LOCATION

The project is in Kent off South 272nd Street and is a transit-oriented development (TOD) project that will be located adjacent to the future Star Lake Link light rail station. Mark Twain Elementary School, the West Hill Medical Clinic, Safeway, UPS Store, a pet hospital, Great Clips, Bartell Drugs, Planet Fitness, an international grocery store, a faith-based organization, and other commercial amenities are located within 0.5 mile of the project. Woodmont Library, a coffee shop, and another gym are located within one mile of the project.

The project will provide underground parking stalls and will have three points of vehicle access.

POPULATION SERVED

168 units will be comprised of 30 studios, 78 one-bedrooms, 24 two-bedrooms, 36 three-bedrooms serving households earning between 30% AMI and 60% AMI.

Includes 109 units for the general population, 30 units for families with children, 25 units for families with children that require permanent supportive services and who are transitioning out

of homelessness or are at-risk of homelessness, and 4 units supporting households with an I/DD requiring supportive services.

RELOCATION

Project does not result in relocation.

SERVICES/PARTNERSHIPS

Vision House has been selected to provide case management and supportive services for the 4% LIHTC units. TWG and the City of Kent are working to determine an appropriate partner to provide case management and supportive services for the 9% LIHTC units. At minimum, four units will be provided for families with I/DD and TWG is working with the Washington State Developmental Disabilities Administration to identify an appropriate service partner for those units. The South Building will include an early learning facility on-site with priority for residents.

PROJECT SCHEDULE

Activity	Date
Site Control	12/6/2022
Building Permits Issued	10/1/2025
Begin Construction	12/31/2025
Certificate of Occupancy Issued	12/31/2027
Placed in service	1/1/2028
First LIHTC Year	2028

FUNDING SOURCES AND USES

SKHHP funds would be used for new construction of the South Building.

Funding source	Proposed Amount	Status
SKHHP	\$2,856,000	Applied
LIHTC & Energy Credits	\$31,023,163	Will apply
Amazon	\$22,000,000	Applied
Permanent Loan	\$15,340,000	Applied
State HTF	\$4,218,915	Applied
King County	\$4,500,000	Applied
Deferred Development Fee	\$2,355,370	Self-funded
Non-Residential Commercial	\$4,856,260	--
TOTAL	\$87,149,708	

Proposed use	Amount	Per Unit
Land acquisition	\$3,435,523	\$20,450
Construction costs	\$63,626,629	\$378,730
Soft costs	\$9,689,519	\$57,676
Development costs	\$6,902,268	\$41,085
Other Development costs	\$3,154,594	\$18,777
4% Bond Issuance	\$341,175	\$2,031
TOTAL	\$87,149,708	\$518,749

PROJECT OPERATING BUDGET

Numbers reflect year one of the operating budget.

Revenues	Amount	Per Unit
Rent	\$2,695,548	--
Rent subsidies	\$0	--
Other	\$30,160	--
Annual Vacancy Losses	(\$136,285)	--
TOTAL	\$2,589,423	--
Expenses	Amount	Per Unit
Off-site management	\$103,577	\$617
On-site management	\$444,000	\$2,643
Utilities	\$264,000	\$1,571
Taxes and insurance	\$61,800	\$368
Other	\$190,887	\$1,136
Reserves	\$50,400	\$300
Asset management fee	\$11,000	\$66
Resident services	\$0	\$0
TOTAL PROJECT EXPENSES	\$1,125,664	\$6,701
FUNDS AVAILABLE FOR DEBT SERVICE	\$1,463,758	\$8,713
Debt service	Amount	Per Unit
Hard	\$1,275,659	--
Soft	\$188,099	--
TOTAL	\$1,463,758	--

DEVELOPMENT TEAM

Sponsor: TWG Development and Vision House (co-sponsors)

Developer: TWG Development

Architect: Jackson Main Architecture, Steve Schmitz

Construction: TWG Construction

Legal: Ice Miller and Kantor Taylor

Property Management: TWG Property Management

TWG Development has sixteen years of development experience with 107 developments across 18 states and \$2.1 billion in development costs. In 2022, TWG closed on 20 projects, 15 of which were both 4% and 9% LIHTC buildings similar to this project. This is TWG's first time applying to the SKHHP Housing Capital Fund.

TWG Property Management oversees 86 properties, 80 of which are LIHTC properties. The property management plan includes an onsite property manager and onsite maintenance technician five days of the week.

OBSERVATIONS, ISSUES, AND CONCERNS

- 29 units are eligible to use HB 1590 funds. These are the 25 units for families with children transitioning out of homelessness or are at-risk of homelessness and require permanent supportive services and the 4 units set-aside for I/DD households.
- A second building supporting 173 units for seniors earning 80% to 100% AMI is part of the overall larger project, but is not part of the application to public funders.
- The project is a combination 4% and 9% LIHTC project. Project sponsor divided budget by these two types, including the funding request from SKHHP. For purposes of summarizing the information in the memo, numbers have been combined.
- Once tax credit investor exits project after 15 years, Vision House has the option to purchase the property.
- Transit-oriented development project with easy access to future Link light rail.
- South Building will include 24 ADA accessible units equally divided among the floors and unit type (six studios, six one-bedrooms, six two-bedrooms, and six three-bedrooms).
- Project sponsors have been in close communication with the City of Kent on project feasibility and zoning requirements since property was purchased in December 2022.
- As a requirement of mixed-use developments in the City of Kent, this property must include commercial space. At least 5% of the whole project gross floor area is to be designated as a ground floor commercial use.
- From City of Kent: "The project sponsor has agreed to voluntarily meet the design standards for properties zoned as 'Midway Transit Community,' which is a higher degree of development than what is required under general mixed-use commercial. The purpose of the Midway Transit Community zones is to establish "a place and create environmental conditions which will promote the location of dense and varied retail, office, or residential activities, and recreational activities in support of rapid light rail and mass transit options, to ensure a primarily pedestrian-oriented character, and to

implement the goals and policies of the Midway Subarea Plan (Kent City Code 15.03.010).”

- Completed recent market study report in August 2023 which is included in application materials.
- The early learning facility will give enrollment priority to children living in the South Building.
- The number of required parking spaces is still being analyzed by the City of Kent. The project is proposing 175 residential parking stalls and 20 commercial stalls.

SPONSOR: Low Income Housing Institute (LIHI)

PROJECT NAME: Skyway Affordable Housing and Early Learning Center

ADDRESS: 12712-12724 & 12742 Renton Ave. South, Seattle, WA 98178

FUNDING REQUEST (dollar amount): \$2,800,000

ELIGIBILITY OF SKHHP FUNDING SOURCES (1590/1406/both): Both

PROJECT SUMMARY

Skyway Affordable Housing and Early Learning Center is a multifamily rental project in Unincorporated King County. The project will provide 55 total units, including 12 studios, 19 one-bedroom, 13 two-bedroom, and 11 three-bedroom units of affordable housing for households earning between 30%-50% area median income (AMI) with a 75% set-aside (42 units) for households transitioning out of homelessness. An early learning center will be located on the ground floor of the building, featuring four classrooms to accommodate up to 80 children, a parent resource room, and offices. Additional amenities include a community room, case manager offices, and a roof deck for resident use. The request is for \$2,800,000 in the form of a deferred, contingent, forgivable loan. SKHHP funds are requested for new building construction.

LOCATION

The project is in an area of Unincorporated King County commonly referred to as Skyway adjacent to Renton Ave. South. The racially diverse neighborhood has a population that is majority BIPOC, with the highest population of Black residents in King County (26%) as of the 2020 census¹. The project is located along King County Metro Route 106 which provides transportation to downtown Seattle. Bryn Mawr Elementary School, Dimmitt Middle School, Skyway Library, and the soon to open Skyway Community Center are within 0.5 mile of the project. Skyway Park, a grocery store, along with commercial services and religious centers are located within one mile of the project.

POPULATION SERVED

The project will serve individuals (25 units) and families (17 units) exiting homelessness earning 30% AMI (42 total units) and will support general population households earning up to 50% AMI (12 units). A common room will support all residents (1 unit).

RELOCATION

Project does not result in relocation.

¹ <https://www.seattletimes.com/seattle-news/data/percentage-of-blacks-living-in-seattle-at-lowest-point-in-50-years/>

SERVICES/PARTNERSHIPS

LIHI will provide on-site case management. The Case Managers are responsible for assisting formerly homeless families and individuals to stabilize in permanent supportive housing.

PROJECT SCHEDULE

Activity	Date
Site Control	1/30/2023
Building Permits Issued	1/23/2025
Begin Construction	6/1/2025
Begin Lease Up	9/15/2026
Certificate of Occupancy Issued	10/15/2026

FUNDING SOURCES AND USES

SKHHP funds would be used to support the new construction.

Funding source	Proposed Amount	Status
SKHHP	\$2,800,000	Applied
State HTF	\$7,465,748	Will apply in fall 2024
King County 2023	\$2,500,000	Applied
9% LIHTC	\$13,080,144	Will apply
King County 2022 (pre-development funds)	\$2,500,000	Received
Direct Appropriations-Federal	\$700,000	Received
Direct Appropriations-State	\$3,000,000	Received
Wyncote Foundation	\$1,000,000	Received
PSTAA	\$300,000	Received
TOTAL	\$36,295,892	

Proposed use	Amount	Per Unit
Land acquisition	\$2,041,000	\$37,109
Construction costs	\$26,761,254	\$486,568
Soft costs	\$4,624,073	\$84,074
Development costs	\$1,737,565	\$31,592
Other development costs	\$1,132,000	\$20,582
TOTAL	\$36,295,892	\$659,925

PROJECT OPERATING BUDGET

Numbers reflect year one of the operating budget.

Revenues	Amount	Per Unit
Rent	\$505,716	--
Rent subsidies	\$294,612	--
Other	\$0	--
Annual vacancy losses	(\$40,016)	--
TOTAL	\$760,312	--
Expenses	Amount	Per Unit
Off-site management	\$6,075	\$110
On-site management	\$162,675	\$2,958
Utilities	\$80,000	\$26
Taxes and insurance	\$55,000	\$18
Other	\$130,500	\$43
Reserves	\$19,250	\$350
Asset management fee	\$14,000	\$255
Resident services	\$192,625	\$3,502
TOTAL PROJECT EXPENSES	\$467,500	\$8,500
Funds available for debt service	\$100,187	\$1,822

DEVELOPMENT TEAM

Sponsor: LIHI

Developer: LIHI

Architect: Third Place Design

Construction: Deacon Construction

Legal: Stoel Rives

Property Management: LIHI

LIHI develops, owns, and operates housing for low-income, homeless, and formerly homeless individuals and families in Washington state. LIHI is an experienced property management organization and currently manages over 3,400 units.

LIHI manages and maintains their own properties and will use their model internal management plan that is used at other projects which includes a description of the long-term maintenance plan of the property, building security and emergency plans, and tenant screening and selection process among other items.

4.15 FTEs will comprise the daily operations including case managers (1.5 FTE), janitor (1 FTE), property manager (1 FTE), relief staff (0.5 FTE), a compliance manager (0.05 FTE), and an area supervisory manager (0.1 FTE).

OBSERVATIONS, ISSUES, AND CONCERNS

- Project has strong funding commitments, including from King County.
- Project includes 1.5 FTE case managers for 55 units, which may be a challenging case load.
- If not awarded local funding this round, LIHI will delay tax credit applications by one year to re-apply for local funding. LIHI has a pre-development grant that will allow them to continue designing for one year. As with all other projects, the request to public funders will increase over time due to inflation and potentially higher interest rates.
- The project will prioritize residents with a connection to the neighborhood.
- No overnight guests are permitted and each resident is allowed one guest at a time. Guests are only permitted if security is onsite to check them in. If no security is present, the guest is not allowed to enter the building to visit until staff is present to sign them in.
- Marketing materials will be available in a variety of languages and planned community meeting materials will be in Spanish, Somali, and Vietnamese.
- Previously awarded predevelopment and acquisition funds from King County.
- Childhaven plans to lease the ELC and relocate their program. They will assist in applying for local funding for the ELC portion of the project. The ELC space will be “condominiumized” meaning it will be financed separately from the residential space, without using tax credits on the commercial space.
- Project development budget listed application to State Housing Trust Fund this year, but project sponsor chose to postpone application until next year.
- Project application to SKHHP qualifies as an eligible use for HB 1590 funds when applied only to the units supporting the households transitioning out of homelessness, or the 42 units set-aside to serve this population.

SPONSOR: Mercy Housing NW

PROJECT NAME: Kent Multicultural Village

ADDRESS: 23446 Pacific Highway South, Kent, WA 98032

FUNDING REQUEST (dollar amount): \$1,000,000

ELIGIBILITY OF SKHHP FUNDING SOURCES (1590/1406/both): Both

PROJECT SUMMARY

Kent Multicultural Village is a 199-unit multifamily rental project in Kent adjacent to the future Kent Des Moines Link light rail station opening in 2026. The project will support households earning 30% AMI to 80% AMI with a 20% set-aside (39 units) for households with an intellectual and/or developmental disability (I/DD) with on-site supportive services. The project includes studios, 1-bedrooms, 2-bedrooms, and three-bedroom units. The site is comprised of eight stories and will include a community center, a family resource center, and a licensed early learning facility with six classrooms to accommodate 96 infants and children with a focus on serving children with I/DD.

The project is a partnership between Mercy Housing NW and Open Doors for Multicultural Families, who will provide support to the I/DD households and will relocate their headquarters to the property. The project will be located on surplus land from Sound Transit. The request is for \$1,000,000 in the form of a deferred, contingent, forgivable loan. SKHHP funds are requested for new building construction.

LOCATION

The project is in Kent off Pacific Highway South and is a transit-oriented development project adjacent to the future Kent Des Moines Link light rail station. Highline Community College, a UW Primary Care Facility, a SeaMar Community Clinic, Walgreens, Lowe's, Dollar Tree, and a grocery store are within 0.5 mile of the project's location. Midway Elementary, Pacific Middle School, Mt Rainier High School, another grocery store, and a park are within one mile of the project's location.

The project will provide underground parking and has added additional accessible van parking stalls to accommodate residents with disability.

POPULATION SERVED

199 units will be comprised of households earning 30%-80% AMI. Set-asides include 39 units for households with an intellectual and/or development disability (I/DD) and 61 units for families with children. Over 90% of the units will be affordable to households earning below 60% AMI and over 20% of the units will be affordable to households earning below 30% AMI.

Of the 199 units, 40 units will serve household up to 30% AMI; 44 units at 50% AMI; 100 units at 60% AMI; and 15 units at 80% AMI.

The project will serve socially disadvantaged groups through partnership with Open Doors for Multicultural Families, a non-profit organization dedicated to meeting the needs of persons of color living with I/DD, especially immigrants and refugees.

RELOCATION

Project does not result in relocation.

SERVICES/PARTNERSHIPS

Mercy Housing NW will encourage residents to take part in their “Family Program Model” which provides services focused on the areas of housing stability, health, community building, out-of-school-time, and employment.

The site will include an Early Learning Facility that will provide services to the residents and the surrounding community.

Open Doors for Multicultural Families has been selected as the service partner for the units set aside to support families with I/DD. As part of this partnership, Open Doors for Multicultural Families will be transitioning their family resource center and headquarters to the building.

Open Doors for Multicultural Families will also operate the Community Center which will include space for recreational activities and community-focused programming. Amenities will include: a fitness room with locker facilities; a large multi-purpose room for community events; meeting and program spaces (including a music room and an arts/crafts room); a teen room for after-school activities; an assistive technology lab for individuals with I/DD to try out technologies such as enhanced mobility devices and adaptive computer devices; and a sensory room, which is a space specifically designed for individuals experiencing heightened anxiety responses to their surroundings. The Community Center will also include a community kitchen designed to serve as a business incubator for BIPOC residents modeled off the Spice Bridge Center in Tukwila.

PROJECT SCHEDULE

Activity	Date
Site Control	3/2024 – to be coordinated in Sound Transit negotiations
Building Permits Issued	4/2025
Begin Construction	6/2025
Begin Lease Up	2/2027
Certificate of Occupancy Issued	6/2027
First LIHTC Year Start	6/2027
100% Lease Up	2/2028

FUNDING SOURCES AND USES

SKHHP funds would be used for construction of a new building.

Funding source	Proposed Amount	Status
SKHHP	\$1,000,000	Applied
4% LIHTC Equity	\$48,849,278	Will apply
King County (2022)	\$5,000,000	Received
GP Equity	\$1,000	Self-funded
Permanent Loan	\$23,500,000	Applied
State HTF	\$8,000,000	Applied
Deferred Fee	\$4,850,000	Self-funded
Amazon Grant	\$2,000,000	Applied
Amazon Loan	\$11,369,574	Applied
Private: Non-Residential	\$7,841,869	Will Apply
State: Non-Residential	\$10,735,000	Will Apply
Federal: Non-Residential	\$2,552,000	Will Apply
County: Non-Residential	\$3,150,000	Will Apply
Debt: Non-Residential	\$5,474,735	Will Apply
TOTAL	\$134,323,456	

Proposed use	Amount	Per Unit
Land acquisition	\$384,504	\$1,932
Construction costs	\$98,698,553	\$495,973
Soft costs	\$12,761,870	\$64,130
Development costs	\$8,372,636	\$42,074
Other development costs	\$4,002,261	\$20,112
Community facility	\$9,402,356	\$47,248
4% bond issuance	\$701,276	\$3,392
TOTAL	\$134,323,456	\$674,993

PROJECT OPERATING BUDGET

Numbers reflect year one of the operating budget.

Revenues	Amount	Per Unit
Rent	\$3,530,076	--
Other: Parking, Laundry, Resident Charges	\$236,324	--
Annual Residential Vacancy	(\$188,320)	--
TOTAL	\$3,578,080	--
Expenses	Amount	Per Unit
Off-site management	\$119,400	\$600
On-site management	\$400,737	\$2,014
Utilities	\$230,445	\$1,158
Taxes and insurance	\$294,954	\$1,482
Other	\$237,965	\$1,196
Reserves	\$69,650	\$350
Asset management fee	\$7,500	\$38
Resident services	(\$75,284)	(\$378)
TOTAL PROJECT EXPENSES	\$1,285,367	\$6,837
FUNDS AVAILABLE FOR DEBT SERVICE	\$2,217,429	--
Debt service	Amount	Per Unit
Hard	\$1,940,772	--
Soft	\$276,657	--
TOTAL	\$2,217,429	--

DEVELOPMENT TEAM

Mercy Housing NW has over thirty years of experience in affordable housing development. Since 2016, Mercy Housing NW has completed construction on seven projects totaling 719 units. This is Mercy Housing NW’s second time applying to SKHHP’s Housing Capital Fund. The Burien Family Housing project was awarded \$1,093,3081 in the 2022 funding round.

Sponsor: Mercy Housing NW

Developer: Mercy Housing NW

Construction: Walsh Construction

Property Management: Mercy Housing Management Group

Mercy Housing Management Group manages 50 multi-family housing properties across Washington and Idaho, and a total of 350 properties across the United States. Mercy Housing Management Group employs a double-verification process for all compliance certifications and

third-party verifications, with both on-site management staff as well as with Windsor Compliance, a third-party company specializing in affordable housing compliance. The property management plan includes an onsite property manager, onsite residential services manager, and maintenance that is on call 24/7.

OBSERVATIONS, ISSUES, AND CONCERNS

- Project received a waiver from the Department of Commerce to request more than the per project limit of \$5 million. The project sponsor was notified by the Department of Commerce that such a waiver makes the project less competitive among competing Housing Trust Fund projects. A letter of support for the waiver request was submitted by the Washington State Department of Social and Health Services-Developmental Disabilities Administration.
- Will be applying for funding to Amazon’s Housing Equity Fund and if awarded, funds must be spent by 2025.
- Surveys collected from 300 families with I/DD by Open Doors for Multicultural Families demonstrated that many individuals and families struggle to find adequately accessible, affordable housing in locations accessible to everyday services and amenities.
- Eligibility of SKHHP funds include:
 - 39 units of I/DD up to 60% AMI is eligible for HB 1590.
 - 184 units serving households up to 60% AMI are eligible for SHB 1406.
- The project sponsor was awarded the RFP by Sound Transit, but the terms of development still need to be worked out. Sound Transit has “conditionally accepted” the project for the site.
- King County conditionally committed \$5 million for the RFP in 2022 in a show of strong commitment for the project. Once Sound Transit finalizes the negotiation, King County will release the funds.
- Open Doors for Multicultural Families will provide on-site services to the households with I/DD to ensure that they can remain stably housed, access the resources they need, and thrive in an inclusive, welcoming community.
- Regarding ADA accessibility, the project thoughtfully incorporates added accessibility components into 38 units above what is required in addition to two accessible van parking spaces.

SPONSOR: ecoTHRIVE

PROJECT NAME: Burien Cooperative Village

ADDRESS: 12230 Military Road South, Burien, WA 98168

FUNDING REQUEST (dollar amount): \$1,000,000

ELIGIBILITY OF SKHHP FUNDING SOURCES (1590/1406/both): SHB 1406

PROJECT SUMMARY

Burien Cooperative Village is a 27-unit cottage homeownership project in Burien. The cottages will include three studios, eleven one-bedroom, and thirteen two-bedroom units ranging in size from 320 square feet to 650 square feet, including two ADA accessible units. The cottages will be affordable to purchase for households earning an average of 50% AMI, not to exceed 60% AMI. Ownership will be through a Limited Equity Cooperative (LEC). The project is designed to be climate adaptive with water catchment, organic gardens, and energy efficient buildings, with renewable energy capacity. The project will include a 12 duplex units, three stand-alone units, a common building, a playground, and onsite landscaping of native and edible plants.

The project was accepted into the City of Burien's Affordable Housing Demonstration Program by the Burien City Council on March 27, 2023. The land was purchased in 2023 by ecoTHRIVE using funds from the Land Acquisition Program administered by the Washington State Housing Finance Commission (WSHFC).

The request is for \$1,000,000 in the form of a grant to support the construction of new buildings and to cover permit and development fees.

LOCATION

The project is in Burien off Military Road near two major transit stops that connect to local and regional transit hubs, including the Tukwila International Boulevard Link light rail station. Hilltop Elementary School and Hilltop Park are within five-minute walking distance. The King County Public Library and commercial sites such as Dollar Green and restaurants are located within fifteen-minute walking distance.

POPULATION SERVED

No specific population is served, except for households earning up to 60% AMI who also income-qualify and can afford to make on-going mortgage payments.

RELOCATION

The project does not result in displacement.

SERVICES/PARTNERSHIPS

ecoTHRIVE will collaborate with community partners, including the Black Home Initiative, Burien’s Creative District Committee, and Lake Burien Presbyterian Church to identify potential residents and select the residents.

ecoTHRIVE will provide one year of convening support and partnership to establish the governing structure to prepare the owners for self-governance through an LEC. An LEC is a homeownership model in which residents purchase a share in a development (rather than an individual unit) and commit to resell their share at a price determined by formula in order to maintain affordability over the long term. Trainings during the year would include those related to financial literacy, microenterprise, anti-racism, permaculture, healthy cooking, and food preservation.

PROJECT SCHEDULE

Activity	Date
Land Acquisition	2/14/2023
Building Permits Issued	2/15/2024
Construction Begins	4/1/2024
Certificate of Occupancy	7/1/2025
Last Building Placed in Service	12/11/2025

FUNDING SOURCES AND USES

SKHHP funds would be used to support the construction of new buildings, soft costs, bridge loan fees, and permit and development fees.

Funding source	Proposed Amount	Status
SKHHP	\$1,000,000	Applied
CHIP	\$1,350,000	Applied
Direct Appropriations- Federal	\$3,200,000	Applied
FHLB Des Moines Grant	\$973,074	Applied
Federal & State Solar Grant	\$473,000	Applied
TOTAL	\$6,996,074	

Proposed use	Amount	Per Unit
Land acquisition	\$725,000	\$26,852
Construction costs	\$5,348,000	\$198,074
Soft costs	\$535,500	\$19,833
Development costs	\$18,500	\$685
Other development costs	\$369,074	\$13,669
TOTAL	\$6,996,074	\$259,114

OPERATIONS AND MAINTENANCE PLAN

The project is an LEC and will be self-managed by the resident co-owners. Ongoing maintenance will be provided by the individual property owners through monthly fees to a reserve fund.

DEVELOPMENT TEAM

Sponsor: ecoTHRIVE

Developer: ecoTHRIVE

Architect: James Raptis

Formed in 2016, this is ecoTHRIVE's first project and the second year the project sponsor has applied to the SKHHP Housing Capital Fund. Dara Ith, ecoTHRIVE's lead developer, has over thirty years of conventional real estate development in the Pacific Northwest.

PROPERTY MANAGEMENT

The project is an LEC and will be self-managed by the resident co-owners.

OBSERVATIONS, ISSUES, AND CONCERNS

- Project sponsor didn't apply to other major funders like King County or Housing Trust Fund. This is the sponsor's second time applying to the SKHHP Housing Capital Fund.
- Estimate of cash flow during development has project showing a consistent monthly profit with an ending profit of \$4.8 million. This is likely an error since ecoTHRIVE is a registered 501c3 nonprofit.
- Organization does not have experience with the development of this type of project.
- Since this is ecoTHRIVE's first project, and SKHHP's second year funding projects, challenges will likely arise that neither party has experience or expertise in addressing or navigating and will require additional time to address.
- Sponsors are seeking more funding than they need to account for potential of not being awarded funds. If contributions exceed expenses, sponsor will return funds to source. Unsure where SKHHP would fall on this list.
- The WSHFC loan and other bridge financing, would be paid off from permanent financing sources.
- ecoTHRIVE to provide one year of support to LEC beginning before the first owner moves in and continuing once the LEC is established. ecoTHRIVE might consider how to support the project ongoing to ensure a strong foundation and ongoing sustainability and organization. Two residents of the project will serve on the ecoTHRIVE Housing/Community Land Trust Board to guide future projects and programs, including recommending workshop and training topics for project residents.

- Sponsor defines “ecoCottage” as a small, passive solar, energy-efficient, all electric home.
- Sponsor’s banking lender partners (Verity Credit Union, HomeSight, BECU) will conduct financial assessments of potential buyers to ensure they income-qualify and can afford to make mortgage payments.
- As a condition of sale of a unit, seller must report future resales to ecoTHRIVE to ensure compliance of income eligibility. This is a requirement of the City of Burien’s Affordable Housing Demonstration Program and the WSHFC’s Land Acquisition Program.
- Potential buyers who indicate using a wheelchair or have a disability-related need for an ADA accessible unit will be prioritized for those ADA accessible units.

SPONSOR: Multi-Service Center

PROJECT NAME: Victorian Place II

ADDRESS: 24517 26th Place South, Des Moines, WA 98198

FUNDING REQUEST (dollar amount): \$500,000

ELIGIBILITY OF SKHHP FUNDING SOURCES (1590/1406/both): SHB 1406

PROJECT SUMMARY

Victorian Place II is a multifamily, preservation 20-unit rental project in Des Moines. Since 1996, the nonprofit Multi-Service Center has owned the two adjacent buildings that comprise the project which includes five units for households earning up to 35% AMI, ten units for households up to 40% AMI, and five units for households up to 50% AMI. The 20 three bedroom/two bath affordable rental units are in active use.

The request is for \$500,000 in the form of a grant. SKHHP funds are requested to support the rehabilitation of the two buildings including: landscape improvements, staircase repairs, installation of new railings, seal coating the parking lot, upgrading external lighting, recoating tenant decks, installation of new siding, replacing gutters and downspouts, replacing windows, replacing sliding glass doors, replacing unit entry doors, and replacing baseboard heating with energy-efficient heating systems.

LOCATION

The project is in Des Moines located on 26th Place South. Pacific Highway is within walking distance and features multiple transit connections including the King County Rapid-Line Route A. Highline Community College and Salt Air Vista Park are located within 0.5 mile of the project. A large supermarket, a Halal and Latinx market, and commercial spaces are located within one mile of the project.

The Kent Des Moines Link light rail station, scheduled to open in 2026, is 1.3 miles away.

POPULATION SERVED

Families with children in households earning between 35% AMI and 50% AMI.

RELOCATION

No relocation is associated with the project.

SERVICES/PARTNERSHIPS

All residents are offered support from the Multi-Service Center, but there are not direct services associated with tenancy.

PROJECT SCHEDULE

Activity	Date
Site Control	1/1/2000
Building Permit Issued	Mid-2024
Begin Rehabilitation and Renovation	Mid-late 2024
End Rehabilitation and Renovation	Mid-late 2025

FUNDING SOURCES AND USES

SKHHP funds would be used for the rehabilitation of the two existing structures.

Funding source	Proposed Amount	Status
SKHHP	\$500,000	Applied
Multi-Service Center	\$7,819	Self-Funded
TOTAL	\$507,819	

Proposed use	Amount	Per Unit
Title document recording fees	\$5,000	\$250
Rehabilitation costs	\$502,819	\$25,141
TOTAL	\$507,819	\$25,391

PROJECT OPERATING BUDGET

Numbers shown are the annual amounts for year one of the project.

Revenues	Amount	Per Unit
Rent	\$309,240	--
Annual Residential Vacancy Losses	(\$15,462)	--
TOTAL	\$293,778	--
Expenses	Amount	Per Unit
Off-site management	\$19,438	\$972
On-site management	\$29,060	\$1,453
Utilities	\$46,866	\$2,343
Taxes and insurance	\$27,016	\$1,351
Other	\$64,398	\$3,220
Reserves	\$31,200	\$1,560
Asset management fee	\$15,000	\$750
Resident services	\$0	\$0
TOTAL PROJECT EXPENSES	\$232,978	\$11,649
FUNDS AVAILABLE FOR DEBT SERVICE	\$60,801	--

Debt service	Amount	Per Unit
Hard	\$0	--
Soft	\$4,450	--
TOTAL	\$4,450	--

DEVELOPMENT TEAM

Sponsor: Multi-Service Center

Developer: Multi-Service Center

Legal: Kantor Taylor

Property Management: Allied Residential

Multi-Service Center owns and operates over 650 units of affordable housing. Multi-Service Center provides a diverse array of housing program services such as rental assistance, emergency housing, transitional housing, and permanent supportive housing. This is Multi-Service Center’s first time applying to the SKHHP Housing Capital Fund and has submitted two applications this funding round.

Allied Residential has been in operation since 1987 and manages several affordable housing projects. Allied Residential provides the day-to-day management to rent, lease operate, manage onsite concerns, and maintain the property.

OBSERVATIONS, ISSUES, AND CONCERNS

- SKHHP and Multi-Service Center would need to agree to the specifics on what would be funded prior to entering into a contract to ensure eligibility of expenses in alignment with RCW 82.14.540.
- Cost estimates submitted are from 2018 and are likely higher due to inflation. The submitted capital needs assessment identified a need of \$902k over 20 years. SKHHP requested an updated cost estimate on 10/2/2023. The scope of work may need to be updated and prioritized once updated numbers are received.
- Proximity to future Link light rail station an asset (1.3 miles).
- Of the two applications submitted, Multi-Service Center has indicated the Victorian Place II is the higher of the two priorities since the larger units are more difficult for families in need to access, and the current safety concerns at Victorian Place are more immediate.
- Multi-Service Center’s housing programs have a history of serving BIPOC community members with 72% of clients self-identifying as BIPOC.
- Multi-Service Center’s staff speak a total of ten languages, increasing accessibility to non-native English speakers.

- Tenants must pass a criminal record screening threshold.
- When Multi-Service Center originally acquired the property, they received funds from the State Housing Trust Fund and King County for acquisition and rehabilitation. The existing rent restriction covenant is in place through 2049. A SKHHP covenant would provide affordability for 50 years.
- No other funding sources were sought this year. Applied to the State Housing Trust Fund in 2021, but was denied funding due to a high-volume of competing applications. At the time, two of the sponsor's other projects were selected.
- A Limited Hazardous Materials Survey was conducted and found possible areas of black mold detected and did not detect asbestos in the two units sampled. Depending on the scope of renovation, additional testing may be requested.
- Sponsor reported that it is difficult to be awarded funding for rehabilitation projects such as this since the focus for many public funders is on creating new units of affordable housing. Larger preservation projects are often more competitive than smaller preservation projects when competing for the same funds.

SPONSOR: Multi-Service Center

PROJECT NAME: White River Apartments

ADDRESS: 1301 31st St SE, Auburn, WA 98002

FUNDING REQUEST (dollar amount): \$500,000

ELIGIBILITY OF SKHHP FUNDING SOURCES (1590/1406/both): SHB 1406

PROJECT SUMMARY

The White River Apartments is a multifamily, preservation 24-unit rental project in Auburn. The building was constructed in 1978, and the nonprofit Multi-Service Center took over ownership in 2000. The project consists of two bedroom/one bathroom units in active use which includes three units serving households earning up to 30% AMI, sixteen units at 45% AMI, and five units at 80% AMI. The 80% AMI units are currently occupied by households earning less than 60% and those units would shift to income restricted up to 60% AMI if funds are awarded. The project would not displace current residents.

The request is for \$500,000 in the form of a grant. SKHHP funds are requested to support the rehabilitation of the 24 units including: installation of new washers and dryers, modernization of plumbing systems, replacement of shower surrounds, siding replacement, refurbishment of cabinetry, replacement of entry doors, incorporation of screen doors, replacement of gutters and downspouts, renewal of walkway railings, and refinishing of the parking lot through seal coating.

LOCATION

The project is in Auburn off 31st St SE. King County Metro Route 184 is located within walking distance and connects to the Auburn Transit Center and Sounder Commuter Rail Station. South Auburn Elementary School and Game Farm Park are within 0.5 mile of the project. A grocery store is located one mile from the project.

POPULATION SERVED

The project does not serve any one population but serves households earning between 30% AMI and 60% AMI. Five units could serve households up to 80% AMI, but are currently serving 60% AMI households and would be formally shifted to 60% AMI if awarded SKHHP funds.

RELOCATION

Project does not result in relocation.

SERVICES/PARTNERSHIPS

All residents are offered support from the Multi-Service Center, but there are not direct services associated with tenancy.

PROJECT SCHEDULE

Activity	Date
Site Control	1/1/1996
Building Permit Issued	Mid-2024
Begin Rehabilitation and Renovation	Mid-late 2024
End Rehabilitation and Renovation	Mid-late 2025

FUNDING SOURCES AND USES

SKHHP funds would be used for the rehabilitation of the existing structure.

Funding source	Proposed Amount	Status
SKHHP	\$500,000	Applied
Multi-Service Center	\$7,411	Self-Funded
TOTAL	\$507,411	

Proposed use	Amount	Per Unit
Title document recording fees	\$5,000	\$208
Rehabilitation costs	\$502,411	\$20,934
TOTAL	\$507,411	\$21,142

PROJECT OPERATING BUDGET

Numbers reflect year one of the operating budget.

Revenues	Amount	Per Unit
Rent	\$392,316	-
TOTAL	\$392,316	-
Expenses	Amount	Per Unit
Off-site management	\$0	\$0
On-site management	\$78,574	\$3,274
Utilities	\$50,064	\$2,086
Taxes and insurance	\$22,758	\$948
Other	\$55,570	\$2,315
Reserves	\$3,600	\$150

Asset management fee	\$15,000	\$625
TOTAL PROJECT EXPENSES	\$225,566	\$9,399
FUNDS AVAILABLE FOR DEBT SERVICE	\$166,750	--
Debt service	Amount	Per Unit
Hard	\$0	\$0
Soft	\$0	\$0
TOTAL	\$0	\$0

DEVELOPMENT TEAM

Sponsor: Multi-Service Center

Developer: Multi-Service Center

Legal: Kantor Taylor

Property Management: Allied Residential

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OBSERVATIONS, ISSUES, AND CONCERNS

- Of the two applications submitted, Multi-Service Center has indicated the Victorian Place II is the higher of the two priorities since the larger units are more difficult for families in need to access, and the current safety concerns at Victorian Place are more immediate.
- No other funding sources were sought this year. Applied to the State Housing Trust Fund in 2021, but was denied funding due to a high-volume of competing applications. At the time, two of the sponsor’s other projects were selected.
- Other renovation projects of the sponsor have been funded by Pierce County and the City of Federal Way CDBG funds.
- Average rent in Auburn in 2014 was \$954 according to the City of Auburn’s Comprehensive Plan. In 2023 the average apartment costs \$1,818 according to RentCafe. Auburn, along with most other South King County cities, have seen a quickly rising rental rate over the past ten years.

- Tenants must pass a criminal record screen threshold.
- When Multi-Service Center originally acquired the property, they received funds from the State Housing Trust Fund and King County for acquisition and rehabilitation. The existing rent restriction covenant is in place through 2051. A SKHHP covenant would provide affordability for 50 years.
- Cost estimate was conducted in 2021 and may be outdated due to inflation. Sponsor has requested an updated cost estimate. The scope of work may need to be updated and prioritized once updated numbers are received.



South King Housing and Homelessness Partners

Memorandum

TO: SKHHP Executive Board
FROM: Claire Vanessa Goodwin, SKHHP Executive Manager
DATE: October 13, 2023
RE: Adjusted Revenue Available for 2023 Housing Capital Fund

Summary: SKHHP staff invoiced a member city for a larger amount than was owed for the pooled contribution in 2023 towards the Housing Capital Fund. The error was not identified by either party until several months later after the available amount of funding was published and advertised by SKHHP in the 2023 Housing Capital Fund Guidelines.¹ Accounting for the difference between original amount published available sourced from SHB 1406 (\$1,060,000) and the total based on the revised amount (\$928,812), the difference is: \$131,188. SKHHP staff has worked with the jurisdiction to determine options for the Executive Board's consideration.

- **Option 1: City to advance funds to get total to \$1,000,000.**
 - The respective jurisdiction has offered to advance SKHHP the SHB 1406 revenues collected in 2023 to make up the difference to get the total available in SHB 1406 revenues to \$1,000,000 for this year's funding round.
 - Pros: Total available matches funding requests; builds trust with applicants.
 - Cons: Less revenue pooled from this member jurisdiction next year (~\$72,000); additional administrative work for both parties.

- **Option 2: No action.**
 - If no action is taken, the total available SHB 1406 revenues in the 2023 funding round would be \$928,812.
 - Pros: Less administrative work for both parties; total available matches cadence of collection; larger amount available next year than would otherwise happen.
 - Cons: Project applicants shaped their proposals based off SKHHP published amounts available and doing nothing could break trust with current and future applicants; the difference in published available versus actual available noticeable.

¹ 2023 SKHHP Housing Capital Fund Guidelines: https://skhhp.org/wp-content/uploads/2023/07/Adopted_Final_2023HousingCapitalFundGuidelines_2023_7_21.pdf



South King Housing and Homelessness Partners (SKHHP)

Auburn • Burien • Covington • Des Moines • Federal Way • Kent • Maple Valley • Normandy Park • Renton • Tukwila • King County

Legislative Priorities

South King County is facing a growing affordable housing crisis. In order to address this crisis, we need to fund all aspects of affordable housing, including:

- Homeownership for moderate income households and below
- Preservation of naturally occurring affordable housing (NOAH)
- Land acquisition to secure permanent affordability
- Permanent supportive housing (PSH)
- Infrastructure around affordable housing developments
- Workforce housing

Our Communities

- Residents in South King County face rising housing costs and decreasing affordable supply in ways not found elsewhere in King County.¹
- SKHHP member cities are under intense pressure to support their residents' ability to remain in the community.
- 52% of South King County residents identify as persons of color.²
- SKHHP member cities' average household income is 36% lower than King County's (\$97,975 vs \$154,122).³
- Life expectancy among South King County residents declined between 2011 and 2021.⁴
- In King County, infant mortality is highest in South King County, where babies are twice as likely to die before their first birthday than babies born in East King County.⁵

Housing Capital Fund

SKHHP member cities pool funds to support the production and preservation of affordable housing in South King County through the SKHHP Housing Capital Fund. Funding supports the needs of low-income households earning up to 60% of area median income. Funding priorities include projects that advance racial equity, geographic equity, and economic opportunity. To date, 109 units of affordable housing in South King County have been supported by SKHHP and over \$7 million has been pooled.

Executive Board

SKHHP is governed by a joint board, referred to as the Executive Board, created by an Interlocal Agreement. Each SKHHP partner jurisdiction appoints an elected official or administrator to serve as their representative to guide the work of SKHHP staff. The Executive Board sets SKHHP's workplan and budget and makes final recommendations on Housing Capital Fund projects.

Community Advisory Board

An advisory board made up of members of the community and local housing organizations provides guidance to the Executive Board and informs the selection of Housing Capital Fund projects. The Advisory Board ensures representation of South King County's diverse communities with SKHHP's work.

Who We Are

Formed in 2019 by an Interlocal Agreement, we are a collaboration between 10 South King County cities and King County united under the common goal to ensure the availability of housing for all income levels of residents in South King County. We achieve this through a focus on the production and preservation of affordable housing, partnership with public and private organizations, pooling and sharing resources, and advancing housing policies.

Purpose

Create a coordinated, comprehensive, and equitable approach to increasing housing stability, reducing homelessness, and producing and preserving quality affordable housing in South King County.

SKHHP Staff Contact

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Claire Vanessa Goodwin
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dplants@skhhp.org



For more info:
Scan QR Code
or visit skhhp.org

1 Puget Sound Regional Council: [Regional Housing Strategy 2022 Monitoring Report](#) (p. 31)
2 2021 American Community Survey 5-year Estimates: [P1 - Race](#)
3 Calculated the weighted average household income of SKHHP member cities using total number of households by city and average household income by city as published in the 2021 ACS: [S1901 - Income in the Past 12 Months](#)
4 [King County Community Health Needs Assessment 2021/2022](#) (p. 115-116)
5 [King County Community Health Needs Assessment 2021/2022](#) (p. 115)