



## **INFORMATIONAL MEMORANDUM**

**TO: Committee of the Whole**

**FROM: Claire Goodwin, Executive Manager, SKHHP**  
**Laurel Humphrey, Legislative Analyst**

**DATE: February 18, 2025**

**SUBJECT: Resolution authorizing allocation from SKHHP Housing Capital Fund**

### **ISSUE**

The proposed resolution authorizes the allocation of \$91,832.00 from the City's existing contributions to the South King Housing and Homelessness Partners (SKHHP) Housing Capital Fund to finance affordable housing projects.

### **SUMMARY**

SKHHP was created in 2019 through an interlocal agreement of several cities and King County to address housing needs in South King County. There are currently 12 member jurisdictions: Auburn, Burien, Covington, Des Moines, Federal Way, Kent, Maple Valley, Normandy Park, Renton, SeaTac, and Tukwila, and King County. SKHHP provides a meaningful opportunity to pool funds together with neighboring cities to collaboratively make an impact on the subregion's affordable housing shortage. To date, SKHHP has pooled over \$11.2 million to house our low-income neighbors or rehabilitate deteriorating multifamily buildings. Mayor McLeod serves as Tukwila's representative on the SKHHP Executive Board, with Councilmember Martinez serving as alternate.

#### *Housing Capital Fund*

In 2019, RCW 82.14.540 (SHB 1406) became law allowing jurisdictions to enact a local sales and use tax for the purpose of supporting affordable housing. In 2021, eight of the nine SKHHP member cities entered into a second interlocal agreement for purposes of pooling sales tax receipts authorized by RCW 82.14.540 with SKHHP to create the Housing Capital Fund (Pooling ILA – SHB 1406). In 2024, an additional member city entered into the Pooling ILA – HB 1590 and a new member city made a contribution from municipal general funds.

In 2023, two of the four SKHHP member cities who are able to collect RCW 82.14.530 (HB 1590) revenues desired to pool a portion of those funds with SKHHP for the 2023 funding round of the Housing Capital Fund to add to existing SHB 1406 pooled revenue and entered into an additional interlocal agreement (Pooling ILA – HB 1590).

The Establishing ILA and Pooling ILAs established the SKHHP Housing Capital Fund, set parameters for the process for the selection of awards involving pooled funds, and determined the approval process. Pursuant to the ILAs, the SKHHP Executive Board recommends allocations for funding affordable housing projects to the participating City Councils. Even though the Council has already contributed funds to the 2024 Housing Capital Fund funding round, Council approval is needed to authorize the allocation of funds to specific projects.

*Funding Recommendations*

The SKHHP Executive Board adopts annual funding guidelines and priorities for each funding round. The SKHHP Advisory Board subsequently reviewed applications and provided a funding recommendation based on adopted priorities to the SKHHP Executive Board. The SKHHP Executive Board concurred with the SKHHP Advisory Board's recommendation and recommends funding four projects \$4,100,000 as described in the 2024 SKHHP Housing Capital Fund Recommendation memo dated January 23, 2025 (attached).

The SKHHP Executive Board requests approval to use \$91,832 of the total \$89,289 contributed funds from 2024 and \$3,002 of the carry-over from 2023 from the City of Tukwila for the following recommended projects:

<b>Project Sponsor and Project Name</b>	<b>Location</b>	<b># of Units</b>	<b>Total Development Cost</b>	<b>2024 SKHHP Contribution</b>	<b>2024 City Contribution</b>
Mercy Housing NW – Burien Family Housing	Burien	91	\$58,048,463	\$2,000,000	\$0
TWG – Pandion at Star Lake	Kent	251	\$126,720,200	\$770,000	\$0
Multi-Service Center – White River Apartments	Auburn	24	\$975,939	\$775,000	\$69,097
Habitat for Humanity – Burien Miller Creek	Burien	40	\$26,193,686	\$555,000	\$22,735

As outlined in the attached memo, sales and use tax receipts from Tukwila have already been contributed to SKHHP's 2024 Housing Capital Fund, and with this Council approval, \$91,832 of those funds may be allocated to the projects recommended by the SKHHP Executive Board. Detailed descriptions of the projects, funding requests, rationale, and recommended conditions of funding for projects by the SKHHP Executive Board are included in the attached memo.

**RECOMMENDATION**

Staff is seeking Council approval of the proposed resolution with possible final action on March 17, 2025.

**ATTACHMENTS**

1. Draft Resolution

# **South King Housing and Homelessness Partners (SKHHP) Housing Capital Fund Recommendations**

Claire V. Goodwin, SKHHP Executive Manager





## SKHHP's Housing Capital Fund

- Meaningful opportunity to pool funds together with neighboring cities to collaboratively make an impact on the subregion's affordable housing shortage.
- Funds pooled from eleven member jurisdictions:
  - Auburn
  - Burien
  - Covington
  - Des Moines
  - Federal Way
  - Kent
  - Maple Valley
  - Normandy Park
  - Renton
  - SeaTac
  - Tukwila
- 2019: SHB 1406 (RCW 82.14.540) became law allowing jurisdictions to enact a local sales tax for the purpose of affordable housing; sales tax is a recapture of a portion of existing sales tax
- 2020: HB 1590 (RCW 82.14.530) became law allowing jurisdictions to impose a 0.1% local sales and use tax to support affordable housing; limited window to act before County collected revenue



## 2024 Housing Capital Fund

- The SKHHP Advisory Board reviewed and made recommendations to the SKHHP Executive Board to fund four of the six projects.
- City of Renton to directly support two projects with HB 1590 funds.
- The SKHHP Executive Board agreed with recommendation and is seeking concurrence from each jurisdiction.
- The recommendation totals \$4,100,000
  - \$1,030,000 from SHB 1406
  - \$2,770,000 from HB 1590
  - \$300,000 from GF



## Recommended Projects

1. **Mercy Housing NW – Burien Family Housing: Burien**
  - 91-unit multifamily rental development adjacent to Mary's Place emergency shelter
  - 30%-60% of area median income (AMI); 34 units set-aside for families exiting homelessness and 18 units set-aside for households with physical disability. Previously awarded project.
  - \$2,000,000
2. **TWG – Pandion at Star Lake: Kent**
  - 251-unit multifamily rental development adjacent to the future Kent/Star Lake Link light rail station
  - 30%-80% AMI; set-asides for families and families at-risk of homelessness. Previously awarded project.
  - \$770,000
3. **Multi-Service Center – White River Apartments: Auburn**
  - 24-unit rehabilitation and preservation project
  - 3 units up to 30% AMI; 16 units up to 45% AMI; 5 units up to 60% AMI
  - \$775,000
4. **Habitat for Humanity – Burien Miller Creek: Burien**
  - 40 units for affordable homeownership
  - 20 units at an average 50% AMI and 20 units up to 80% AMI. Previously awarded project.
  - \$555,000



## Proposed Funding Sources for Recommended Projects – HB 1590

Jurisdiction	1. Mercy Housing-Burien Family	2. TWG-Pandion	Total Contributed in 2024	Carry-Over from 2023	Unallocated
Covington	\$ 153,964	\$ 59,276	\$ 213,657	\$ 43	\$ 460
Kent	\$ 1,485,801	\$ 572,034	\$ 2,061,827	\$ 442	\$ 4,434
Maple Valley	\$ 360,235	\$ 138,690	\$ 500,000	\$ -	\$ 1,075
<b>Total</b>	<b>\$ 2,000,000</b>	<b>\$ 770,000</b>	<b>\$ 2,775,484</b>	<b>\$ 485</b>	<b>\$ 5,969</b>



## Proposed Funding Sources for Recommended Projects – SHB 1406

Jurisdiction	3. MSC-White River	4. Habitat-Miller Creek	Total Contributed in 2024	Carry-Over from 2023	Unallocated
Auburn	\$ 121,507	\$ 39,980	\$ 135,475	\$ 26,819	\$ 807
Burien	\$ 57,595	\$ 18,950	\$ 64,623	\$ 12,304	\$ 382
Des Moines	\$ 29,955	\$ 9,856	\$ 34,012	\$ 5,998	\$ 199
Federal Way	\$ 116,047	\$ 38,184	\$ 131,715	\$ 23,286	\$ 770
Kent	\$ 173,408	\$ 57,057	\$ 194,889	\$ 36,726	\$ 1,150
Normandy Park	\$ 4,930	\$ 1,622	\$ 5,426	\$ 1,158	\$ 32
Renton	\$ 202,461	\$ 66,616	\$ 228,107	\$ 42,313	\$ 1,343
Tukwila	\$ 69,097	\$ 22,735	\$ 89,289	\$ 3,002	\$ 459
<b>Total</b>	<b>\$ 775,000</b>	<b>\$ 255,000</b>	<b>\$ 883,536</b>	<b>\$ 151,606</b>	<b>\$ 5,142</b>





## Proposed Funding Sources for Recommended Projects – General Funds

Jurisdiction	4. Habitat-Miller Creek	Total Contributed in 2024	Unallocated
SeaTac	\$ 300,000	\$ 300,000	\$ -
Total	\$ 300,000	\$ 300,000	\$ -

# Thank you

Claire V. Goodwin, SKHHP Executive Manager  
[cvgoodwin@skhhp.org](mailto:cvgoodwin@skhhp.org)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, AUTHORIZING THE DULY-APPOINTED ADMINISTERING AGENCY FOR SOUTH KING HOUSING AND HOMELESSNESS PARTNERS (SKHHP) TO EXECUTE ALL DOCUMENTS NECESSARY TO ENTER INTO AGREEMENTS FOR THE FUNDING OF AFFORDABLE HOUSING PROJECTS, AS RECOMMENDED BY THE SKHHP EXECUTIVE BOARD, UTILIZING FUNDS CONTRIBUTED BY THE CITY OF TUKWILA TO THE SKHHP HOUSING CAPITAL FUND.**

**WHEREAS**, on February 21, 2019, the City of Tukwila entered into an Interlocal Agreement to form South King Housing and Homelessness Partners (SKHHP) to help coordinate the efforts of South King County cities to provide affordable housing; and

**WHEREAS**, on May 17, 2021, the City of Tukwila entered into an Interlocal Agreement for the purposes of pooling sales tax receipts with SKHHP to administer funds through the SKHHP Housing Capital Fund; and

**WHEREAS**, the SKHHP Executive Board has recommended that the City of Tukwila participate in the funding of certain affordable housing projects and programs hereinafter described; and

**WHEREAS**, the SKHHP Executive Board has developed recommended conditions to ensure the City's affordable housing funds are used for their intended purpose and that projects maintain their affordability over time; and

**WHEREAS**, pursuant to the SKHHP formation Interlocal Agreement, each legislative body participating in funding a project or program through SKHHP's Housing Capital Fund must authorize the application of a specific amount of the City's funds contributed to the SKHHP Housing Capital Fund to a specific project or program; and

**WHEREAS**, the City Council desires to use \$91,832 from funds contributed to the SKHHP Housing Capital Fund as designated below to finance the projects recommended by the SKHHP Executive Board;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:**

**Section 1.** Pursuant to the Interlocal Agreement, the City Council authorizes the duly-appointed administering agency of SKHHP to execute all documents and take all necessary actions to enter into agreements on behalf of the City and to utilize the City's SHB 1406 contribution of \$91,832 (the sum of the City's 2024 contribution in the amount of \$89,289 plus \$2,543 of carry-over funds from 2023) to fund the rehabilitation of the Multi-Service Center's White River Apartments in the amount of \$69,097 and to support the development of Habitat for Humanity's Burien Miller Creek in the amount of \$22,735, leaving \$459 of the City's contributions unallocated, as described below.

Jurisdiction	3. MSC-White River	4. Habitat-Miller Creek	Total Contributed in 2024	Carry-Over from 2023	Unallocated
Auburn	\$ 121,507	\$ 39,980	\$ 135,475	\$ 26,819	\$ 807
Burien	\$ 57,595	\$ 18,950	\$ 64,623	\$ 12,304	\$ 382
Des Moines	\$ 29,955	\$ 9,856	\$ 34,012	\$ 5,998	\$ 199
Federal Way	\$ 116,047	\$ 38,184	\$ 131,715	\$ 23,286	\$ 770
Kent	\$ 173,408	\$ 57,057	\$ 194,889	\$ 36,726	\$ 1,150
Normandy Park	\$ 4,930	\$ 1,622	\$ 5,426	\$ 1,158	\$ 32
Renton	\$ 202,461	\$ 66,616	\$ 228,107	\$ 42,313	\$ 1,343
Tukwila	\$ 69,097	\$ 22,735	\$ 89,289	\$ 3,002	\$ 459
<b>Total</b>	<b>\$ 775,000</b>	<b>\$ 255,000</b>	<b>\$ 883,536</b>	<b>\$ 151,606</b>	<b>\$ 5,142</b>

**Section 2.** The agreements entered into, pursuant to Section 1 of this resolution, shall include terms and conditions to ensure that the City's funds are used for their intended purpose and that the projects maintain affordability over time. In determining what conditions should be included in the agreements, the duly-appointed administering agency of SKHHP shall be guided by the recommendations set forth in the SKHHP Executive Board's memorandum dated January 23, 2025, a copy of which is attached hereto as Exhibit A.

**Section 3.** This resolution shall take effect and be in full force immediately upon passage and signatures.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at a Regular Meeting thereof this \_\_\_\_\_ day of \_\_\_\_\_, 2025.

ATTEST/AUTHENTICATED:

\_\_\_\_\_  
Andy Youn-Barnett, CMC, City Clerk

\_\_\_\_\_  
Tosh Sharp, Council President

APPROVED AS TO FORM BY:

Filed with the City Clerk: \_\_\_\_\_

Passed by the City Council: \_\_\_\_\_

Resolution Number: \_\_\_\_\_

\_\_\_\_\_  
Office of the City Attorney

Attachment: Exhibit A – SKHHP Executive Board memorandum dated January 23, 2025



## South King Housing and Homelessness Partners

## Memorandum

**TO:** City of Auburn City Council  
City of Burien City Council  
City of Covington City Council  
City of Des Moines City Council  
City of Federal Way City Council  
City of Kent City Council  
City of Maple Valley City Council  
City of Normandy Park City Council  
City of Renton City Council  
City of SeaTac City Council  
City of Tukwila City Council

**FROM:** SKHHP Executive Board

**DATE:** January 23, 2025

**RE:** 2024 SKHHP Housing Capital Fund Recommendation

### OVERVIEW

2024 was the third annual funding round of the SKHHP Housing Capital Fund made possible by pooling resources among SKHHP member jurisdictions. 2024 was the first year every member city contributed pooled funds towards the Housing Capital Fund and contributions totaled \$3,959,020. With the remaining unused funds from the 2023 funding round, SKHHP made \$4,100,000 available in the 2024 funding round. SKHHP received six applications for funding representing over \$9.2 million in requests to develop or preserve 431 units of housing. The SKHHP Executive Board recommends funding four projects totaling \$4,100,000 (see Table 1). Of this total, the Executive Board recommends using \$1,030,000 of the total \$1,035,141 sourced from SHB 1406 revenue contributions for one homeownership and one preservation project; \$2,770,000 of the total \$2,775,969 sourced from HB 1590 revenue contributions for two new construction projects; and \$300,000 of the total \$300,000 sourced from general funds to be applied to the homeownership project. This recommendation leaves a balance of \$5,141 in SHB 1406 funds and \$5,969 in HB 1590 funds in the Housing Capital Fund that will rollover into the next funding round in 2025 (see Tables 2 and 3). A summary of the recommended projects, funding rationale, and the conditions for funding are described in this memo. Included as attachments are the economic summaries of the recommended projects, summary changes of previously awarded projects that reapplied and are recommended for funding, and standard conditions for funding.

Table 1: Recommended Projects and Recommended Funding Level

Project sponsor and name	Location	# of units	Project type	Amount Requested	Recommended Funding – HB 1590	Recommended Funding – SHB 1406 & GF
Mercy Housing NW – Burien Family Housing	Burien	91	New Construction Rental	\$2,000,000	\$2,000,000	--
TWG – Pandion at Star Lake	Kent	251	New Construction Rental	\$2,000,000	\$770,000	--
Multi-Service Center – White River Apts.	Auburn	24	Preservation Rental	\$975,939	--	\$775,000
Habitat for Humanity – Burien Miller Creek	Burien	40	New Construction Homeownership	\$1,300,000	--	\$300,000-GF \$255,000-SHB 1406
<b>TOTAL</b>	--	<b>406</b>	--	--	<b>\$2,770,000</b>	<b>\$1,330,000</b>

Table 2: Proposed HB 1590 Allocations by Jurisdiction for Recommended Projects

Jurisdiction	1. Mercy Housing-Burien Family	2. TWG-Pandion	Total Contributed in 2024	Carry-Over from 2023	Unallocated
Covington	\$ 153,964	\$ 59,276	\$ 213,657	\$ 43	\$ 460
Kent	\$ 1,485,801	\$ 572,034	\$ 2,061,827	\$ 442	\$ 4,434
Maple Valley	\$ 360,235	\$ 138,690	\$ 500,000	\$ -	\$ 1,075
<b>Total</b>	<b>\$ 2,000,000</b>	<b>\$ 770,000</b>	<b>\$ 2,775,484</b>	<b>\$ 485</b>	<b>\$ 5,969</b>

Table 3: Proposed SHB 1406 Allocations by Jurisdiction for Recommended Projects

Jurisdiction	3. MSC-White River	4. Habitat-Miller Creek	Total Contributed in 2024	Carry-Over from 2023	Unallocated
Auburn	\$ 121,507	\$ 39,980	\$ 135,475	\$ 26,819	\$ 807
Burien	\$ 57,595	\$ 18,950	\$ 64,623	\$ 12,304	\$ 382
Des Moines	\$ 29,955	\$ 9,856	\$ 34,012	\$ 5,998	\$ 199
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Tukwila	\$ 69,097	\$ 22,735	\$ 89,289	\$ 3,002	\$ 459
<b>Total</b>	<b>\$ 775,000</b>	<b>\$ 255,000</b>	<b>\$ 883,536</b>	<b>\$ 151,606</b>	<b>\$ 5,142</b>

Table 4: Proposed Unrestricted/General Fund Allocations by Jurisdiction for Recommended Projects

Jurisdiction	3. Habitat-Miller Creek	Total Contributed in 2024	Unallocated
SeaTac	\$ 300,000	\$ 300,000	\$ -
<b>Total</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ -</b>

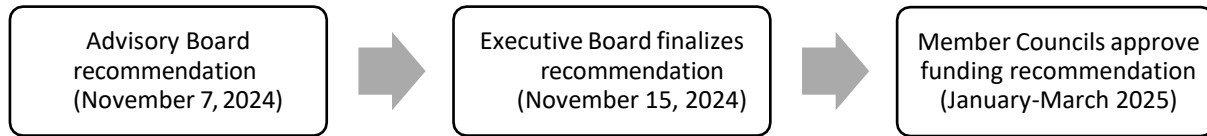
## BACKGROUND

The SKHHP Advisory Board met on October 3, 2024 and November 7, 2024 to review each project application and develop a funding recommendation for the SKHHP Executive Board's consideration. The SKHHP Executive Board met on October 18, 2024 and November 15, 2024 to review each project and consider the recommendations of the Advisory Board. The Advisory Board adopted its recommendation on November 7, 2024 and the Executive Board took final action on November 15, 2024.

Of the six applications received, two are located in Renton and both project applications are eligible to receive HB 1590 funds. The City of Renton collects HB 1590 funds but does not currently pool those funds with SKHHP. SKHHP pools HB 1590 funds from three of the four South King County cities that collect it. Because of this, the City of Renton plans to directly financially support these two projects. These projects include Homestead Community Land Trust's Willowcrest II and St. Stephen Housing Association & Way Back Inn's Steele House.

These two projects were removed from SKHHP’s competitive list of projects under consideration prior to the Advisory Board and Executive Board making their funding recommendation.

#### PROCESS



#### ATTACHMENTS

1. Economic summaries of recommended projects
2. Summary changes of previously awarded projects that reapplied
3. Standard conditions for funding



## 1. Mercy Housing Northwest - Burien Family Housing

**Funding request:** \$2,000,000

**Executive Board recommendation:** \$2,000,000 (forgivable loan)

**Address:** 12845 Ambaum Blvd SW Burien, WA 98146

### PROJECT SUMMARY

Burien Family Housing is a new multifamily 91-unit rental project located near high frequency transit in Burien. The project will support households earning between 30% area median income (AMI) and 60% AMI with a focus on households with children, including 34 units set-aside for families with children exiting homelessness and 18 units set-aside for households with a physical disability.

The project includes the redevelopment of a 4.23 acre site currently owned by Mary's Place which operates an emergency shelter on-site. Mary's Place will be donating 2-acres of the project site to Mercy Housing Northwest for the development of new affordable housing, while retaining 1.31 acres of the site for the development of a new shelter to replace the existing one. The project will be four stories in size. The development is comprised of a mix of one-, two-, three-, and four-bedroom units. 52% of the units are family-sized two-, three-, and four-bedroom units.

This project received a financial award from SKHHP during the 2022 funding round and secured funding from King County, the Washington State Department of Commerce, the 9% Low Income Housing Tax Credit (LIHTC) program, and the Amazon Housing Equity Fund (HEF) program over the course of 2023 and 2024. The project is a combination 4% and 9% LIHTC project. The project also secured 34 project-based vouchers from the King County Housing Authority and a Resident Services award from King County to support the families exiting homelessness.

### PROJECT SCHEDULE

Activity	Date
Purchase and Sales Agreement	8/29/2022
Zoning Approval	2/1/2024
Site Plan Approval	8/18/2022
Building Permits Issued	2/25/2025
Begin Construction	4/1/2025
Begin Lease-up	6/1/2026
Issued Certificate of Occupancy	8/1/2026

### FUNDING RATIONALE

The Executive Board supports the intent of this application for the following reasons:

- The project has been awarded significant financial contributions from King County, State Department of Commerce (Housing Trust Fund), Amazon, and was awarded \$1,093,308 from SKHHP in the 2022 funding round. Additionally, the project received a 9% bond allocation in the 2024 funding round through the Washington State Housing Finance Commission.
- The project is ready to begin construction in the first half of 2025.

- The sponsor's partnership with Mary's Place demonstrates a commitment to serving households experiencing homelessness and will develop a pipeline of permanent housing for Mary's Place clients.
- Project-based vouchers have been secured which increases the financial stability of the project.
- 75% of the units will be constructed using advanced universal design principals.
- The project includes set-asides for four-bedroom units which are greatly needed to serve larger families.
- The project strongly aligns with SKHHP Housing Capital Fund adopted priorities including: collaboration with local community-based organizations, connections and direct experience with populations the project is proposing to serve, addressing the needs of populations most disproportionately impacted by housing costs, advancing economic opportunity due to its proximity to transit and other amenities, providing rental housing for individuals and families earning 0-30% AMI and incorporating supportive services, and the leverage of private and public investment.
- The site has convenient access to transit, shopping, and services.

## PROPOSED CONDITIONS

Standard conditions apply to all projects and are included as Attachment 3 at the end of this memo.

### Special Conditions

1. SKHHP will provide project funds to the Contractor in the form of a **deferred, contingent, forgivable 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 SKHHP staff. The loan will be secured by a deed of trust recorded against the development property to ensure that Contractor maintains the project's affordability and target population. Contractor shall not be required to repay the loan so long as it maintains these project requirements.
2. Timeframe for funding commitment. The funding commitment continues for **thirty-six (36) months from the date of Council approval of original award** and shall expire thereafter if all conditions are not satisfied. An extension may be requested to SKHHP staff no later than sixty (60) days prior to the expiration date. At that time, the Contractor will provide a status report on progress to date and expected schedule for start of construction and project completion. The SKHHP Executive Board will consider a twelve-month extension only on the basis of documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the Contractor will demonstrate that all capital funding has been secured or is likely to be secured within a reasonable period of time.
3. Project description of original award from 2022 funding round will be replaced by current description of the project. Previous funding award shall be combined with current recommended award but will retain eligibility of use under RCW. 82.14.540.
4. At least 34 of the housing units shall be set-aside for families with children exiting homelessness who earn no more than 60% AMI and 18 of the housing units shall be set-aside for households with a physical disability who earn no more than 60% AMI. Use of funds and population eligibility must be in-alignment with RCW 82.14.530 for 2024 award.

5. SKHHP funds shall be used solely for new construction, unless otherwise approved by SKHHP staff.
6. A covenant is recorded ensuring affordability for at least 50 years with size and affordability distribution per the following table. Changes may be considered based on reasonable justification as approved by SKHHP.

AMI	1-bedroom	2-bedroom	3-bedroom	4-bedroom	Total Units
30%	6	14	5	3	28
50%	30	11	7	--	48
60%	7	4	3	--	14
Manager Units	1	--	--	--	1
Total Units	44	29	15	3	91

## **2. TWG Development - Pandion at Star Lake**

**Funding request:** \$2,000,000

**Executive Board recommendation:** \$770,000 (loan)

**Address:** 2526 S 272nd St., Kent, WA 98032

### **PROJECT SUMMARY**

Pandion at Star Lake is a 251-unit multifamily, mixed-use rental project in Kent located adjacent to the Kent/Star Lake Link light rail station. The project will support households earning between 30% AMI and 80% AMI. 47 units will support households up to 80% AMI. The project has been proposed as a 4% Low Income Housing Tax Credit (LIHTC) development. The project secured an award from SKHHP in the 2023 Housing Capital Fund funding round totaling \$1,170,000, although the project was modified for the 2024 funding round. The project did not secure the needed public and private funds in 2024 to move forward towards beginning construction. The timeline for beginning construction has been moved out until funds can be secured to fill a \$30 million gap. SKHHP's awards will assist the project in future applications to funders.

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 a K-12 learning center for low-income children operated by the Renton-based STEM Paths Innovation Network (SPIN). The property was purchased by the developer in December 2022. The project is a six-story building with five stories of affordable housing over one story of commercial space which also includes ten units of housing at the residential lobby level, plus basement level parking.

The 251 units includes 163 units for the general population, 59 units for families with children, and 29 units for families with children that require permanent supportive services and are at-risk of being homeless. 24 units would be accessible units. The project includes 92 studios, 71 1-bedrooms, 36 2-bedrooms, and 52 3-bedrooms.

29 units of the project are eligible for HB 1590 funds which includes those units for families with children at-risk of homelessness and require permanent supportive services who earn up to 30% AMI. Those units would be served by Vision House which would provide on-site supportive services. Of the 29-units, 20-units would be 2-bedroom units and 9-units would be 3-bedroom units to accommodate families.

### **FUNDING RATIONALE**

The Executive Board supports the intent of this application for the following reasons:

- The project secured a prior funding award from SKHHP and additional funds will assist the project to leverage other funding sources.
- The project is located adjacent to the future Kent/Star Lake Link light rail station and has convenient access to transit, schools, grocery stores, and services.
- The construction start date is anticipated farther out than other projects and the sponsor may have more time to secure the additional funds than other recommended projects prior to beginning construction.

- The project has strong partnerships with Vision House who will provide on-site supportive services for 29 families with children and SPIN who will operate a K-12 learning center in the commercial space.
- The project will support 29 families with children at-risk of homelessness.
- The project is large and will provide a high number of affordable units near areas with high displacement risk potential.
- The project sponsor has been in close communication with the City of Kent on project feasibility and zoning requirements since the property was purchased in December 2022.
- 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 standards for the City of Kent.
- The project strongly aligns with SKHHP Housing Capital Fund adopted priorities including: being a transit-oriented development (TOD) project, collaboration with local community-based organizations, addressing the needs of populations most disproportionately impacted by housing costs, advancing economic opportunity due to its proximity to the future Link light rail station and other amenities, and providing rental housing for individuals and families earning 0-30% AMI and incorporating supportive services.

## PROPOSED CONDITIONS

Standard conditions apply to all projects and are included as Attachment 3 at the end of this memo.

### Special Conditions

1. SKHHP will provide project funds to the Contractor in the form of a **deferred, 1% interest, non-forgivable loan to the LIHTC partnership**. The form of the funds are subject to change, but shall be agreed upon prior to contract execution. 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 SKHHP staff. The loan will be secured by a deed of trust recorded against the development property to ensure that Contractor maintains the project's affordability and target population.
2. Timeframe for funding commitment. The funding commitment continues for **thirty-six (36) months from the date of Council approval of original award** and shall expire thereafter if all conditions are not satisfied. An extension may be requested to SKHHP staff no later than sixty (60) days prior to the expiration date. At that time, the Contractor will provide a status report on progress to date and expected schedule for start of construction and project completion. The SKHHP Executive Board will consider a twelve-month extension only on the basis of documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the Contractor will demonstrate that all capital funding has been secured or is likely to be secured within a reasonable period of time.

3. Project description of original award from 2023 funding round will be replaced by current description of the project. Previous funding award shall be combined with current recommended award.
4. At least 29 housing units of the total shall be set-aside for families with children at-risk of homelessness who earn no more than 30% AMI per the requirements of RCW 82.14.530 and the U.S. Department of Housing and Urban Development's definition of "at-risk of homelessness."
5. SKHHP funds shall be used solely for new construction, unless otherwise approved by SKHHP staff.
6. A covenant is recorded ensuring affordability for at least 50 years with size and affordability distribution per the following table. Changes may be considered based on reasonable justification as approved by SKHHP.

AMI	Studio	1-bedroom	2-bedroom	3-bedroom	Total Units
30%	--	--	20	9	29
50%	52	41	1	20	114
60%	23	17	8	13	61
80%	17	13	7	10	47
<b>Total Units</b>	92	71	36	52	251

### 3. Multi-Service Center - White River Apartments

**Funding request:** \$975,939

**Executive Board recommendation:** \$775,000 (grant)

**Address:** 1301 31st St SE, Auburn, WA

#### PROJECT SUMMARY

The White River Apartments is a multifamily, preservation and rehabilitation 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 24 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% AMI and those units would shift to income restricted up to 60% AMI once funding is awarded. The project would not displace current residents.

SKHHP funds are requested to support the rehabilitation of the 24 units including: siding replacement, site lighting, parking lot improvements including curbs and seal coating, replacing domestic hot water tanks in all units, re-grading areas adjacent to siding and replacement of exterior entry doors. This project previously applied to SKHHP's 2023 funding round.

The project is located within walking distance of a bus route that connects to the Auburn Transit Center and Sounder Commuter Rail Station. South Auburn Elementary School, Game Farm Park, and Ballard Park are within 0.5 mile of the project. A grocery store is located one mile from the project.

#### PROJECT SCHEDULE

Activity	Date
Site Control	1/1/1996
Building Permit Issued	End of 2025
Begin Rehabilitation and Renovation	End of 2025
End Rehabilitation and Renovation	End of 2025

#### FUNDING RATIONALE

The Executive Board supports the intent of this application for the following reasons:

- The property is in need of rehabilitation to support the health and safety of the residents.
- The project is made up of 2-bedroom units to support larger household sizes.
- 79% of the households at White River Apartments earn no more than 45% AMI.
- The property is close to parks, an elementary school, and transit access to the Auburn Transit Center and the Auburn Sounder train station.
- The project includes a fenced play area with an accessible ramp into the play yard with recently installed play equipment.
- Limited SKHHP funds available this funding round required a partial award which will still allow most of the residential building rehabilitation to move forward.

- There are limited funding sources available for preservation and rehabilitation – SKHHP is the only funder on this project. The focus for larger public funders has historically been on creating new units of affordable housing. Smaller preservation projects like this one are not as competitive against larger preservation projects competing for the same funds. The project applied for funding in early 2024 to the State Department of Commerce Housing Trust Fund and SKHHP provided a letter of support, but was not successful in securing funding at that time.
- The rehabilitation will not displace current residents.
- Preservation and rehabilitation of affordable housing is a high-priority for SKHHP.
- The project strongly aligns with SKHHP Housing Capital Fund adopted priorities including: the project sponsor's community connection and engagement with the populations they intend to serve, advancing racial equity, addressing the needs of populations most disproportionately impacted by housing costs, advancing geographic equity of the Housing Capital Fund, providing rental housing for extremely-low income households, and preservation.
- Multi-Service Center is a well-established South King County-based nonprofit that owns and operates over 650 units of affordable housing.
- Multi-Service Center's housing programs have a history of serving BIPOC community members with 45% of residents of Multi-Service Center properties identifying as BIPOC.

## PROPOSED CONDITIONS

Standard conditions apply to all projects and are included as Attachment 3 at the end of this memo.

### Special Conditions

1. SKHHP will provide project funds to the Contractor in the form of a **secured grant with no repayment**. Final Contract terms shall be determined prior to release of funds and must be approved by SKHHP staff. The grant will be secured by a deed of trust recorded against the property to ensure that Contractor maintains the project's affordability and target population. Contractor shall not be required to repay the grant so long as it maintains these project requirements.
2. Timeframe for funding commitment. The funding commitment continues for **thirty-six (36) months** from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested to SKHHP staff no later than sixty (60) days prior to the expiration date. At that time, the Contractor will provide a status report on progress to date and expected schedule for start of construction and project completion. The SKHHP Executive Board will consider a twelve-month extension only on the basis of documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the Contractor will demonstrate that all capital funding has been secured or is likely to be secured within a reasonable period of time.
3. SKHHP funds shall be used solely for the rehabilitation of the property and may include the following, unless otherwise approved by SKHHP staff:
  - a. Landscaping improvements
  - b. Seal coating and restriping the parking lot



- c. Site lighting improvements
  - d. Recoating breezeways and replacing railings
  - e. New siding
  - f. Exterior paint
  - g. Replacing gutters and downspouts
  - h. Replacing unit entry doors and install metal screen doors
  - i. Replace in-unit and laundry water heaters
4. SKHHP funds shall be prioritized to support building improvements - parking lot improvements shall not be funded in favor of residential building rehabilitation.
  5. SKHHP and Contractor shall agree to the specifics on what will be funded prior to executing a contract to ensure eligibility of expenses in alignment with RCW 82.14.540 and to mitigate cost-overruns.
  6. A covenant is recorded ensuring affordability for at least 50 years with size and affordability distribution per the following table. Changes may be considered based on reasonable justification as approved by SKHHP.

AMI	2-bedroom units	Total Units
30%	3	3
45%	16	16
60%	5	5
<b>Total Units</b>	24	24

7. Should cost overruns occur that require funds above SKHHP's contribution, sponsor will work towards filling the funding need through their capital budget process or seeking funds through other sources.

#### 4. Habitat for Humanity Seattle-King & Kittitas Counties - Burien Miller Creek

**Funding request:** \$1,300,000

**Executive Board recommendation:** \$555,000 (grant)

**Address:** 511 S 136<sup>th</sup> St Burien, WA 98168

##### PROJECT SUMMARY

Burien Miller Creek is a 40-unit homeownership project in Burien. The project is comprised of three- and four-bedroom homes for purchase: 20 units for households earning an average 50% AMI and 20 units for households earning up to 80% AMI. The project is currently under construction and SKHHP awarded the project \$300,000 in the 2022 funding round which has been requested to support the construction of five units for households earning an average of 50% AMI not to exceed 60% AMI. All homebuyers must have lived in King County for a least one year and 25% of the homes are reserved for households with a connection to the community – being defined as within two miles from the project.

The project will provide permanent affordability through the execution of a ground lease upon sale of the home. Habitat will have the Right of First Option to buy the home at an appreciated rate of 1.5% per year. When the home is resold, the price is set at the cost of acquisition and any rehab needed, allowing the home to be affordable to low- and moderate-income buyers in perpetuity. Habitat requires that the home must be the buyer's primary residence and must be owner occupied for the life of the home. The buyer's housing costs will be kept at or below 35% of gross household income.

The project has secured awards totaling \$23 million and reports a funding gap of \$3.3 million. The funding gap is due to increased construction costs, higher interest rates on construction loans, and lower mortgage revenue due to Habitat's commitment to serve families at lower AMIs in this development.

##### PROJECT SCHEDULE

Activity	Date
Site Control	3/26/2021
Building Permit Issued	3/24/2023
Begin Construction	11/08/2022
End Construction	2/1/2026
Full Occupancy	6/30/2026

##### FUNDING RATIONALE

The Executive Board supports the intent of this application for the following reasons:

- Homeownership is a high priority for SKHHP.
- Over \$7 million has been invested in the site and over \$23 million has been committed.
- Historically, out of the total number of households the sponsor has served, 65% identify as BIPOC families.
- Habitat has implemented a community preference policy to help guide homeowner selection. All applicants must have been residents of King County in the past year and 25% of the homes

are reserved for those with a connection to the community (being defined as within a 2-mile radius of the project site).

- The project began vertical construction in October 2024 and is fully permitted.
- Every homebuyer will have a sale price and mortgage set at no more than 35% of their household income based on household size.
- Limited funds available from SKHHP required a partial award to be made to balance the need of other priority projects with consideration of geographic equity.
- SKHHP awarded this project \$300,000 in the 2022 funding round. Habitat reports a funding gap due to construction cost overruns and interest rates impacting the mortgages at the AMI levels they wanted to serve. SKHHP funds will help the project close the gap and enable them to serve the lower AMI households they have committed to serve.
- The 32 3-bedrooms and 8 4-bedrooms spread across 10 buildings will provide badly needed larger, family sized homes.
- The project was approved for participation in the City of Burien affordable housing demonstration program.
- The project strongly aligns with SKHHP Housing Capital Fund adopted priorities including: the project sponsor's community connection and engagement with the populations they intend to serve, advancing racial equity, addressing the needs of populations most disproportionately impacted by housing costs, leverage of public and private funds, and homeownership.

## PROPOSED CONDITIONS

Standard conditions apply to all projects and are included as Attachment 3 at the end of this memo.

### Special Conditions

1. SKHHP will provide project funds to the Contractor in the form of a **secured grant with no repayment**. Final Contract terms shall be determined prior to release of funds and must be approved by SKHHP staff. The grant will be secured by a deed of trust recorded against the property to ensure that Contractor maintains the project's affordability and target population. Contractor shall not be required to repay the grant so long as it maintains these project requirements.
2. Timeframe for funding commitment. The funding commitment continues for **thirty-six (36) months from the date of Council approval of original award** and shall expire thereafter if all conditions are not satisfied. An extension may be requested to SKHHP staff no later than sixty (60) days prior to the expiration date. At that time, the Contractor will provide a status report on progress to date and expected schedule for start of construction and project completion. The SKHHP Executive Board will consider a twelve-month extension only on the basis of documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the Contractor will demonstrate that all capital funding has been secured or is likely to be secured within a reasonable period of time.

3. Project description of original award from 2022 funding round will be replaced by current description of the project. Previous funding award shall be combined with current recommended award.
4. The recommended \$300,000 (2024) from general fund contributions shall support the development of five (5) housing units at an average 50% AMI on initial sale (among the 20 units with an average 50% AMI restriction) and be permanently restricted at 70% AMI upon resale.
5. The recommended \$255,000 (2024) and the previously awarded \$300,000 (2022) shall support the development of five (5) units at an average 50% AMI on initial sale (among the 20 units with an average 50% AMI restriction) and be permanently restricted not to exceed 60% AMI upon resale.
6. SKHHP funds shall be used solely for new construction, soft costs, or other development costs, unless otherwise approved by SKHHP staff.

## ATTACHMENT 1: Economic Summaires of Recommended Projects

### Project: Mercy Housing Northwest - Burien Family Housing

#### Proposed Funding Sources by Amounts and Status

Funding source	Proposed Amount	Status
SKHHP (2024)	\$2,000,000	Recommended
SKHHP (2022)	\$1,093,308	Committed
4% LIHTC Equity	\$9,405,093	Committed
9% LIHTC Equity	\$13,446,619	Committed
State HTF	\$4,000,000	Committed
King County (2023)	\$6,000,000	Committed
Permanent Amortizing Loan	\$5,892,060	Committed
Amazon HEF Loan	\$9,500,000	Committed
Mercy Loan Fund	\$999,999	Committed
Land Contribution	\$1,800,000	Committed
Deferred Developer Fee	\$1,011,384	Committed
National Housing Trust Fund	\$1,000,000	Committed
King County 2024/CHIP Pass Thru	\$1,900,000	Committed
<b>TOTAL</b>	<b>\$58,048,463</b>	

#### Proposed Use of Funds and Total Residential Cost Per Unit

Proposed use	Amount	Per Unit
Acquisition	\$1,820,000	--
Construction	\$42,217,570	--
Soft Costs	\$8,634,716	--
Other Development Costs	\$5,376,177	--
<b>TOTAL</b>	<b>\$58,048,463</b>	<b>\$637,895</b>

#### Residential Cost Per Square Foot

Item	Amount
Residential square footage	86,543
Residential development cost	\$58,048,463
Cost per square foot	\$670.75

#### Residential Cost Per Unit Based on Unit Size

Unit Size	Number of Units	Unit Square Footage	Cost per Unit
Average 1-bedroom	44	526	\$352,813
Average 2-bedroom	29	788	\$528,549
Average 3-bedroom	15	1062	\$712,333
Average 4-bedroom	3	1291	\$865,934
Common area and other residential spaces, including parking	--	20,380	\$13,669,825

**Project: TWG – Pandion at Star Lake**Proposed Use of Funds and Total Residential Cost Per Unit

Proposed use	Amount	Per Unit
Acquisition	\$6,207,361	--
Construction	\$87,306,025	--
Soft Costs	\$15,032,371	--
Construction Financing	\$9,298,009	--
Other Development Costs	\$8,876,434	--
<b>TOTAL</b>	<b>\$126,720,200</b>	<b>--</b>
<b>TOTAL NON-RESIDENTIAL</b>	<b>\$4,413,357</b>	<b>--</b>
<b>TOTAL RESIDENTIAL (includes common areas)</b>	<b>\$122,306,843</b>	<b>\$487,278</b>

Residential Cost Per Square Foot

Item	Amount
Residential square footage	278,255
Residential development cost	\$122,306,843
Cost per square foot	\$439.55

Residential Cost Per Unit Based on Unit Size

Unit Size	Number of Units	Unit Square Footage	Cost per Unit
Average Studio	92	415	\$182,413
Average 1-bedroom	71	650	\$285,707
Average 2-bedroom	36	926	\$407,023
Average 3-bedroom	52	1,139	\$500,647
Common area and other residential spaces, including parking	--	107,767	\$47,368,930

**Project: Multi-Service Center – White River Apartments**Proposed Funding Sources by Amounts and Status

Funding source	Proposed Amount	Status
SKHHP (2024)	\$975,939	Recommended
<b>TOTAL</b>		

Proposed Use of Funds and Total Residential Cost Per Unit

Proposed use	Amount	Per Unit
Rehabilitation	\$747,939	--
Rehabilitation Contingency	\$150,000	--
Soft Costs	\$50,000	--
Other Development Costs	\$28,000	--
<b>TOTAL</b>	<b>\$975,939</b>	<b>\$40,664</b>

**Project: Habitat for Humanity Seattle-King & Kittitas Counties - Burien Miller Creek**

Proposed Funding Sources by Amounts and Status

Funding source	Proposed Amount	Status
SKHHP (2022)	\$300,000	Committed
SKHHP (2024)	\$550,000	Recommended
King County	\$3,547,282	Committed
HTF	\$3,125,000	Committed
CHIP	\$1,934,500	Committed
HUD	\$850,000	Committed
HTF Unit Subsidy (2024)	\$1,000,000	Committed
Construction Financing	\$12,562,607	Committed
Habitat for Humanity	\$2,324,297	Committed
<b>TOTAL</b>	<b>\$26,193,686</b>	

Proposed Use of Funds and Total Residential Cost Per Unit

Proposed use	Amount	Per Unit
Acquisition	\$2,086,758	\$52,169
Construction	\$20,931,597	\$523,290
Soft Costs	\$1,906,163	\$47,654
Other Development Costs	\$1,269,168	\$31,729
<b>TOTAL</b>	<b>\$26,193,686</b>	<b>\$654,842</b>

Residential Cost Per Square Foot

Item	Amount
Residential square footage	54,662
Residential development cost	\$26,193,686
Cost per square foot	\$479.19

## ATTACHMENT 2: Summary Changes of SKHHP Awarded Projects that Reapplied

### **Project: Mercy Housing Northwest - Burien Family Housing**

Project changes between the awarded project from the 2022 SKHHP funding round and the 2024 application are as follows:

	<b>2024</b>	<b>2022</b>	<b>Changes</b>
Populations served	34 – families with children exiting homelessness 16 – families with children 18 – households with a physical disability 22 – general population	35 – families with children exiting homelessness 54 – families with children	<ul style="list-style-type: none"> <li>• Fewer units for families with children</li> <li>• Added units for households with a disability and general population</li> </ul>
Total units	91	89	<ul style="list-style-type: none"> <li>• One unit added for an on-site manager</li> <li>• One additional affordable unit</li> </ul>
AMI	0-60%	0-60%	<ul style="list-style-type: none"> <li>• No change</li> </ul>
AMI/unit count	0-30% - 28 30-50% - 48 50-60% - 14	0-30% - 35 30-50% - 28 50-60% - 26	<ul style="list-style-type: none"> <li>• More 50% units and fewer 30% and 60% units</li> </ul>
LIHTC	4%/9%	4%	<ul style="list-style-type: none"> <li>• Added 9% LIHTC</li> </ul>
Cost	\$59.7m	\$47.4m	<ul style="list-style-type: none"> <li>• Higher budget</li> </ul>



**Project: TWG – Pandion at Star Lake**

Project changes between the 2023 awarded project and the 2024 application are as follows:

	<b>2024</b>	<b>2023</b>	<b>Changes</b>
Number of buildings	1	2	<ul style="list-style-type: none"> <li>Modified from 2 buildings to 1</li> </ul>
Populations served	163 units - general population 59 units - families with children 29 units - families with children that require permanent supportive services and are at-risk of being homeless	Building 1: 109 units - general population 30 units - families with children 25 units - families with children that require permanent supportive services and who are transitioning out of homelessness or are at-risk of homelessness 4 units - households with I/DD Building 2: 173 units – seniors earning 80-100% AMI	<ul style="list-style-type: none"> <li>No seniors at 80-100% AMI</li> <li>No families that are transitioning out of homelessness</li> <li>No IDD units</li> <li>Larger number of general population units in lower income building</li> <li>More units for families with children</li> </ul>
Total units	251	341 (168 and 173)	<ul style="list-style-type: none"> <li>90 fewer units</li> </ul>
AMI	0-80%	0-100%	<ul style="list-style-type: none"> <li>No 80-100% AMI units</li> </ul>
AMI/unit count	0-30% - 29 30-50% - 114 50-60% - 61 60-80% - 47	0-30% - 29 30-50% - 97 50-60% - 42 80-100% - 173	<ul style="list-style-type: none"> <li>Number of 0-30% units unchanged</li> <li>More 30-60% units</li> <li>Added 80% units</li> <li>Removed 80-100% units</li> </ul>
LIHTC	4%	4%/9%	<ul style="list-style-type: none"> <li>Not applying for 9% LIHTC</li> </ul>

**Project: Habitat for Humanity Seattle-King & Kittitas Counties - Burien Miller Creek**

Project changes between the awarded project from the 2022 SKHHP funding round and the 2024 application are as follows:

	<b>2024</b>	<b>2022</b>	<b>Changes</b>
Number of buildings	10	10	<ul style="list-style-type: none"><li>No change</li></ul>
Populations served	Homebuyers with connection to the community	Homebuyers with connection to the community	<ul style="list-style-type: none"><li>No change</li></ul>
Total units	40	Phase 1 – 20 units Phase 2 – 20 units	<ul style="list-style-type: none"><li>Removed Phase 1 and 2 and are considering the project a single project.</li></ul>
AMI	20 units - average of 50% AMI 20 units - 80% AMI	Phase 1 (20 units) – up to 50% AMI Phase 2 (20 units) – 80% AMI	<ul style="list-style-type: none"><li>Changed from 20 units at 50% AMI to an average 50% AMI</li></ul>
Cost	\$26.2m	\$8.4m (First 20 units only)	<ul style="list-style-type: none"><li>Higher development cost</li></ul>
SKHHP funding request	Request: \$1.3m for 20 units at average 50% AMI.  Recommended: Partial award of \$300,000 (GF) for 5 units at average 50% AMI with resale up to 70% AMI & \$255,000 for 5 units at average 50% AMI with resale up to 60% AMI	\$300k applied to 20 units up to 50% AMI > \$300k applied to 20 units at average 50% AMI > \$300,000 applied to 5 units at average 50% AMI	<ul style="list-style-type: none"><li>Request to fund fewer of the 20 total units. Total project units unchanged.</li></ul>

### ATTACHMENT 3: Standard Conditions for Funding

1. Contractor shall provide SKHHP with development and operating budgets based upon actual funding commitments for approval by SKHHP staff. Contractor must notify SKHHP staff immediately if it is unable to adhere to these budgets and must submit new budget(s) to SKHHP staff for approval. SKHHP staff shall not unreasonably withhold its approval of these budget(s), so long as they do not materially or adversely change the Project. This shall be a continuing obligation of the Contractor, and shall survive the transfer or assignment of the Contract. Contractor's failure to adhere to budgets (either original or new/amended) may result in SKHHP's withdrawal of its funding commitment. Contractor must prepare and submit final budgets to SKHHP at the time it starts project construction and at the project's completion.
2. Contractor shall submit to SKHHP evidence of funding commitments from all proposed public and private funding sources. If Contractor cannot secure an identified commitment within an application's time frame, Contractor shall immediately notify SKHHP staff and describe its anticipated actions and time frame for securing alternative funding.
3. Contractor shall use SKHHP provided funds toward specific project costs as included in the Contract and consistent with RCW 82.14.540 and/or 82.14.530, as applicable. Contractor may not use SKHHP funds for any other purpose unless SKHHP staff authorizes such alternate use in writing. If budget line items with unexpended balances exist after completion of the project, SKHHP and other public funders shall approve adjustments to the project capital sources (including potential reductions in public fund loan balances).
4. Contractor shall evaluate and consider maximizing sustainability features for the Project (such as an efficient building envelope and heat pumps) and shall propose a plan to maximize the Project's sustainability.
5. Contractor shall use and document an open and competitive bidding process (consisting of at least three bids) for construction and related consultant services associated with the project, regardless of the source of funds used to pay their costs. Contractor shall pay RCW 39.12 prevailing wages in all projects funded by SKHHP that include construction activities, unless federal funds awarded to the project mandate use of federal prevailing wage rates.
6. If Contractor uses federal funds toward the Project, it must meet applicable federal guidelines, including but not limited to: contractor solicitation; bidding and selection; wage rates; and federal laws and regulations.
7. Contractor shall maintain documentation of any necessary land use approvals, permits, and licenses required by the jurisdiction in which the project is located.
8. Contractor shall submit to SKHHP project monitoring reports quarterly through its completion of the project, and annually thereafter. Contractor shall submit a final

budget to SKHHP upon project completion. If applicable, Contractor shall submit initial tenant information as required by SKHHP.

9. Contractor is required to provide SKHHP with quarterly status reports for projects funded through SKHHP's Housing Capital Fund during the project's development stage (from the time funds are awarded until the project's completion and occupancy). These quarterly reports must include at a minimum the status of funds expended and progress to date. SKHHP will rely on these quarterly reports to determine whether Contractor is making satisfactory progress on the project.
10. SKHHP may inspect the project site during the project's construction.
11. After occupancy, the Contractor will submit annual reports to SKHHP summarizing the number of project beneficiaries, housing expenses for the target population, and the proportion of those beneficiaries that are low- and/or moderate-income and that meet other eligibility criteria established in the Contract. In addition, the Annual Report shall include certifications to SKHHP that it is in compliance with the Covenant, which shall include the most current occupancy information, rent schedule (showing which Units are in each income class), a calculation justifying any increases in rents from the previous rent schedule, consistent with the Covenant and the Contract, and the actual rents being charged to each unit. SKHHP shall have the right to review rents for compliance and approve or disapprove them every year. In the event the Contractor submits annual certifications to satisfy the reporting requirements of multiple funders, Contractor will designate and report all units at the income class required by the most restrictive funder as well as the classification for purposes of the Covenant and this Contract. The Contractor shall also include with such certification any changes in the management policies for the Property and such other information covering the prior calendar year as SKHHP may request by notice at least ninety (90) days in advance of the due date, and with such accompanying documentation as SKHHP may request. The Annual Reports shall be submitted by June 30 of each year and will be required for the full duration of the Affordability Period. SKHHP will also periodically evaluate all projects for long term sustainability.
12. For rental projects, Contractor shall maintain the project in good and habitable condition for the duration of its affordability term.
13. SKHHP shall reimburse the Contractor for satisfactory completion of the requirements specified in the Contract and upon Contractor's submission to SKHHP of invoices and supporting documentation of eligible expenses.
14. SKHHP shall retain 5% of the funding award ("retention") and shall release the retention only after construction is complete and all other obligations outlined in the contract have been satisfied.
15. A covenant is recorded ensuring affordability for at least 50 years, with unit size, number of units, and affordability distribution established prior to executing Contract.