

CITY OF BELLEVUE, WASHINGTON

RESOLUTION NO. 10349

A RESOLUTION authorizing application of Housing Stability Program funding in the amount of \$13.5 Million for housing development costs and \$339,041 per year, for five years for Operations, Maintenance and Services costs, for the Aventine Apartments Project; approving conditions for funding recommended by staff; and authorizing the City Manager to enter into agreements for the Project and execute necessary documents consistent with approved conditions.

WHEREAS, pursuant to RCW 82.14.530, the City Council approved Resolution No. 9826 on October 12, 2020, which allows the city to collect up to 0.1 percent sales and use tax for housing, behavioral health facilities, operations and maintenance costs for new units and facilities, and housing-related program services for certain vulnerable population groups identified in RCW 82.14.530(2)(b); and

WHEREAS RCW 82.14.530 requires that a minimum of 60 percent of tax revenues collected under its authority be used for one of the three purposes in RCW 82.14.530(2)(a); and

WHEREAS RCW 82.14.530 additionally requires that affordable housing and facilities providing housing-related programs may only be provided to persons within certain identified vulnerable population groups who are at or below 60 percent of King County's area median income; and

WHEREAS the tax revenues collected within the City's jurisdiction under RCW 82.14.530 provide funding for the City's Housing Stability Program (HSP); and

WHEREAS, with Council approval, the Housing Stability Program can fund affordable housing and on-site support services for vulnerable and underserved populations earning less than 60% of the area median income, such as families and individuals exiting homelessness, people with intellectual and developmental disabilities, very low-income seniors, and low-income families; and

WHEREAS A Regional Coalition of Housing (ARCH) assisted an Interdepartmental Committee with representatives from the City Manager's Office, Community Development, Parks & Community Services (Human Services) and Development Services in the evaluation of three proposals submitted in 2023 for use of HSP funding; and

WHEREAS staff recommended that Council approve for the 2023 Housing Stability Program funding cycle a total of \$14,221,579 in capital and \$838,004 in

annual operations, maintenance, and services (OMS) funds to three projects, and the Aventine Apartments Project is one of those three recommended projects; and

WHEREAS, the Aventine Apartments Project shall mean Low Income Housing Institute (LIHI)'s project to acquire and rehabilitate an existing five-story 68-unit apartment community in Downtown Bellevue, which project is described in more detail on pages 5 and 6 of the Fall 2023 Housing Stability Program Funding Recommendations Background Information memo, a copy of which is attached hereto as Exhibit A (the 2023 Housing Stability Program Funding Recommendations Memo); and

WHEREAS the acquisition and rehabilitation of 10 units serving households that have members with physical disabilities and 22 units serving households exiting homelessness are elements of the Aventine Apartments Project that meet the City's priorities and criteria for HSP housing development capital funding (HSP Eligible Housing Development Capital Costs); and

WHEREAS funding for two full time equivalent case manager positions to support Aventine Apartments residents with social integration and accessing care resources for physical and behavioral health, and funding to provide onsite behavioral health services for the residents are elements of the Project that meet the City's priorities and criteria for HSP OMS funding (HSP Eligible OMS Costs); and

WHEREAS ARCH staff are expected to manage and administer HSP funding commitments, negotiate and finalize loan terms, review, and approve management, staffing, marketing and services plans, and finalize terms for OMS awards consistent with the conditions that City Council approves; and

WHEREAS the City Council intends to authorize application of specified amounts of HSP funds for the HSP Eligible Housing Development Capital Costs and the HSP Eligible OMS Costs, and approve the application of certain conditions as recommended by staff in the 2023 Housing Stability Program Funding Recommendations Memo, now, therefore

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES
RESOLVE AS FOLLOWS:

Section 1. For the Aventine Apartments Project, the City Manager is hereby authorized to apply Housing Stability Program funding in the amount \$13.5 Million for the HSP Eligible Housing Development Capital Costs and \$339,041 per year for five years for the HSP Eligible OMS Costs from revenues collected under RCW 82.14.530.

Section 2. To ensure that Housing Stability Program funds are used for their intended purposes and that the Aventine Apartments Project maintains affordability over time, the special conditions at pages 7-8, and the standard conditions at pages

13 and 14 of the 2023 Housing Stability Program Funding Recommendations Memo at Exhibit A, are incorporated herein by reference, and are hereby approved.

Section 3. The City Manager or designee is hereby authorized to enter into agreements and execute necessary documents for the Aventine Apartments Project that are substantively consistent with the conditions approved in Section 2.

Passed by the City Council this 5th day of FEBRUARY, 2024, and signed in authentication of its passage this 5th day of FEBRUARY, 2024.

(SEAL)



A handwritten signature in black ink, appearing to read "Lynne Robinson".

Lynne Robinson, Mayor

Attest:

A handwritten signature in black ink, appearing to read "Charmaine Arredondo".
Charmaine Arredondo, City Clerk

Exhibit A

Fall 2023 Housing Stability Program Funding Recommendations Memo
(Project Summaries, Special Conditions, Standard Conditions)

Spring District 120th Station TOD - BRIDGE Housing

Proposed Owner/Operator:	BRIDGE Housing Corp.		
Developer/Consultant:	BRIDGE Housing Corp.		
Project Name:	Spring District 120th Station TOD		
Project Address:	1601 120th Avenue NE, Bellevue WA		
Number of Units:	234	HSP Units:	40

Capital Award	Amount	per HSP-funded unit	Per unit
2022 HSP Funds Requested	\$8,000,000	\$200,000	\$34,188
2022 HSP Award	\$6,000,000	\$150,000	\$25,641
2023 HSP Funds Requested:	\$500,000	\$12,500	\$2,137
2023 HSP Funds Recommended Award:	\$500,000	\$12,500	\$2,137
Total HSP Recommended Award	\$6,500,000	\$162,500	\$27,778
Annual OMS Award	Amount	per unit/year	
HSP OMS Funds Requested:	\$485,851	\$12,146	
HSP OMS Funds Recommended:	\$485,851	\$12,146	

Project Summary:

In October 2020, Sound Transit selected BRIDGE and its partners, Essex and Touchstone, to master plan and develop a 6.9-acre site adjacent to the agency’s Operations and Maintenance Facility in BelRed. The site will be transferred to BRIDGE at no cost by Sound Transit and the City of Bellevue and is a major opportunity to create affordable housing options near the Spring District light rail station. Together, the project partners plan to deliver a mixed-use, mixed-income transit-oriented development that offers direct connections to a new transit station and Eastrail.

The proposed affordable housing project consists of 234 affordable units ranging from 30-60% AMI including 40 units serving people with intellectual and developmental disabilities, and two manager apartments. The proposed unit mix consists of 86 studios, 75 one-bedroom units, 25 two-bedroom units, and 48 three-bedroom units. The proposal was prepared in response to a 2019 Sound Transit Request for Proposals (RFP) conducted in partnership with the City of Bellevue, King County and ARCH and updated in Fall 2023 to provide more three-bedroom units. The RFP originally contained up to \$10 million in committed funding from King County. At the time, BRIDGE believed the project would be feasible without those funds, but in subsequent years, significant cost inflation has created a large financing gap in the project.

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The proposed HSP funding from the City of Bellevue would be dedicated specifically to 40 units serving eligible households with disabilities. BRIDGE has partnered both with the YMCA of Greater Seattle and Open Doors for Multicultural Families (ODMF) to provide on-site services, which include after-school programs, family services, counseling, and/or adult education depending on the needs of the residents.

Services:

The specific services to be provided by each organization will be described through a formal Memorandum of Understanding (MOU) between BRIDGE and its partners, with commitments including goals, objectives, activities and timelines. BRIDGE will be responsible for the overall contracting and coordination of services programming.

BRIDGE has a partnership with ODMF to provide holistic, progressive, onsite case management services to residents who have intellectual and/or developmental disabilities and their families, with a focus on families who come from immigrant/refugee backgrounds, communities whose first language is not English, and communities of color.

BRIDGE will also work with YMCA and its local and regional community partners to provide programs and services for residents with the goal of developing a stable and active community. Expected services include after school programming for young children and teens, family events, and a connection to Accelerator YMCA, the social services branch, to provide mental health services, drug and alcohol counseling, youth violence prevention, job skill training and many other resources, as needed based on needs evaluation during lease-up.

The project has submitted documents for permitting review, with an estimated construction start in late 2024. It is expected the project will have all funding commitments necessary by January 2024.

Funding Recommendation:

Staff determined that the project meets the City's priorities and criteria for HSP funding and recommend awarding capital and OMS funding for the following reasons:

- The project will provide a large amount of low- and moderate-income affordable housing units in a strategic location close to jobs, transportation and amenities.
- The proposed funding will create opportunities for individuals with intellectual or developmental disabilities and their families to be served within a larger integrated affordable housing development.
- The project includes partnerships with established service providers with experience serving the proposed project populations.
- This project leverages significant investments from public and private funding sources, including King County TOD funds which are specifically set aside for the BelRed corridor.
- The project takes advantage of surplus public property provided at no cost by Sound Transit and the City.

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- The project design incorporates cost and sustainability considerations such as reduced parking.
- The project advances key objectives in the City's Affordable Housing Strategy.

Proposed Conditions:

Standard Conditions: Refer to list of standard capital award conditions found at the end of this document.

Special Conditions:

1. The capital funding commitment shall continue for twelve (12) months from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested from ARCH staff no later than sixty (60) days prior to the expiration date. At that time, the applicant will provide a status report on progress to date and expected schedule for start of construction and project completion. ARCH staff will consider up to a 12-month extension only based on documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the applicant must demonstrate that all capital funding has been secured or is likely to be secured within a reasonable timeframe.
2. Capital funds shall be used by the Agency towards soft costs and construction. Funds may not be used for any other purpose unless ARCH staff has given written authorization for the alternate use. Spending of construction contingency must be approved in advance by ARCH. If after the completion of the project there are budget line items with unexpended balances, ARCH and other public funders shall approve adjustments to the project capital sources, including potential reductions in public fund loan balances. Funds not expended at the end of the construction period will be de-obligated.
3. Capital funds will be in the form of a deferred, contingent loan. Loan terms will account for various factors, including loan terms from other fund sources and available cash flow and ability to pay for supportive services. Final loan terms shall be determined prior to release of funds and must be approved by ARCH Staff. It is anticipated that loan payments will be based on a set repayment schedule and begin after repayment of the Amazon loan on or before year 20 and deferred developer fee with 1% interest. The terms will also include a provision for the Agency to defer payment if certain conditions are met (e.g., low cash flow due to unexpected costs). Any requested deferment of loan payment is subject to approval by ARCH Staff, and any deferred payment would be repaid from future cash flow or at the end of the amortization period.

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4. The net developer fee shall be established at the time of finalizing the Contract Budget and will follow the ARCH Net Developer Fee Schedule. Net developer fee is defined as that portion of the developer fee paid out of capital funding sources and does not include the deferred portion which is paid out of cash flow from operations after being placed in service.
5. A covenant is recorded ensuring affordability for at least 55 years, with a total of 40 units reserved for persons with disabilities affordable up to 50% AMI. Limited changes may be considered, however, any reduction in units for eligible populations may result in a reduced funding award.
6. Agency must submit for ARCH staff approval a management and services plan which includes coordination of services with outside providers for special populations.
7. Agency shall submit applications to other potential sources of funding, at a minimum including to the State Housing Trust Fund for any available intellectual or developmental disabilities funding or other State funding that the project is eligible for.
8. On a monthly basis, Agency shall provide ARCH with updates on the following:
 - a. Status of management and services plan including service partnerships and development on formal MOUs and operating agreements.
 - b. Status update on negotiations with development partners.
 - c. Status update on other financing and financing partnerships negotiations.
 - d. Status update on entitlement and permitting progress.
9. Agency shall complete and submit the following deliverables by the dates indicated. Agency may request an extension of individual deadlines, and such extensions shall be considered based on reasonable justification and Agency's continuing efforts to make substantial progress toward each milestone:
 - a. January 31, 2024 – Revised term sheet for property acquisition and development approved by Sound Transit
 - b. January 31, 2024 – Draft Management and Services Plan
 - c. May 31, 2024 – Final operating or other agreement with services provider(s)
 - d. June 30, 2024 – Final Development Agreement including all development partners
 - e. Prior to closing – Provide a draft Affirmative Marketing Plan
 - f. 6 months prior to anticipate – C of O- Provide a final Affirmative Marketing Plan

2. Aventine Apartments – Low Income Housing Institute

Proposed Owner/Operator:	Low Income Housing Institute (LIHI)		
Developer/Consultant:	Low Income Housing Institute		
Project Name:	Aventine Apartments		
Project Address:	211 112th Ave NE		
Number of Units:	66	HSP Units:	32

Capital Award	Amount	per HSP-funded unit	Per unit
2023 HSP Funds Requested:	\$13,500,000	\$421,875	\$204,545
2023 HSP Funds Recommended Award:	\$13,500,000 (\$10,000,000 permanent loan and a \$3,500,000, three-year bridge loan)	\$421,875 (\$312,500)	\$204,545 (\$151,515)
Annual OMS Award	Amount	per unit/year	
HSP OMS Funds Requested:	\$339,041	\$10,595	
HSP OMS Funds Recommended:	\$339,041	\$10,595	

The Aventine is a 5-story, 68-unit apartment community with 69 underground parking spaces located in Downtown Bellevue. Currently over half the residents are low-income (below 80% AMI). LIHI’s purchase of the Aventine will preserve housing for households at 30%, 50%, 60% and 80% of area median income.

The owners put the property on the market for sale and five for-profit developers submitted offers to convert it to market rate housing, losing the existing affordable units. LIHI’s offer was ultimately selected by the seller to acquire the property. The purchase and sale agreement requires acquisition to occur by the end of April 2024.

This project also applied for funding through the 2023 ARCH Housing Trust Fund process. Funding from the City and ARCH will allow for long-term preservation of affordable housing in downtown Bellevue and avoid the displacement of the existing residents. In addition to housing low-wage workers, LIHI proposes to serve families and veterans exiting homelessness.

The LIHI application to Bellevue/ARCH also included a request for 32 Project Based Vouchers (PBVs) through KCHA. KCHA will be providing an award letter for all 32 PBVs valued at approximately \$708,000 per year. The KCHA rental subsidy provides revenue to support \$10,000,000 in private debt placed through WSHFC’s 501c3 bond program. The final sources of funds secured to complete acquisition include a \$600,000 commitment from the ARCH Housing Trust Fund and a \$6,000,000 private, below-market-rate loan.

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The proposed acquisition sources anticipate a \$3,500,000 temporary bridge loan from the City of Bellevue (included in the recommended HSP Capital award) and \$3,700,000 bridge loan from a private foundation. LIHI identifies they will apply to both the State Housing Trust Fund and King County for funding in 2024 as well as seek a legislative appropriation as a repayment source for the City temporary bridge loan. Unfortunately, the marketing for this site and securing site control in August 2023 did not allow LIHI to submit applications to the State Housing Trust Fund and King County sources during the 2023 funding round. ARCH will work with LIHI to secure additional permanent sources to repay the \$3,500,000 bridge loan to HSP.

LIHI's planned acquisition and rehabilitation includes the conversion of two rental units into a case manager and behavioral health staff offices to provide on-site services to residents leaving 66 affordable rental units including 32 HSP units with the following set asides:

- The project will serve 10 households with members that have physical disabilities.
- The project will serve 22 households exiting homelessness, 33% of the total units in the property. The family-sized units will be filled through referrals from Bellevue School District.

In total, the property will provide 12 units at 30% AMI, 20 units at 50% AMI, 19 units at 60% AMI, and 15 units at 80% AMI.

Services:

There will be 2 FTE Case Manager positions to support residents to foster social integration, prevent isolation, and access care resources for physical and behavioral health. Case Managers across LIHI buildings assist tenants in stabilizing within and retaining permanent housing, improving health and self-sufficiency and fostering the growth and development of a supportive community. Case Managers provide culturally appropriate, voluntary, and confidential services to residents that elect to participate. Case Management will be paid as part of the OMS award for the project. Additionally, LIHI has a signed MOU with SeaMar Community Health to provide onsite behavioral health services for residents of the property and will be paid as part of the OMS award for the project.

Funding Recommendation:

Staff determined that the project meets the City's priorities and criteria for HSP funding and recommend awarding capital and OMS funding for the following reasons:

- The application proposes housing that meets all three priorities established by Council for the HSP funding: providing housing for households earning below 30% of median income, addressing and prevent homelessness and housing instability, and focusing on underserved, vulnerable residents in Bellevue (e.g., homeless families with children and other eligible populations).
- The property provides 22 units for households exiting homelessness and an additional 10 for people with physical disabilities.
- Funding an acquisition brings affordable units online and into the Bellevue portfolio much more quickly than funding new construction. Conservatively, the Aventine will

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bring affordable units online 18-24 months sooner than a similar new construction.

- The acquisition of the property will mitigate displacement of residents who are living in units previously leased as unregulated, affordable units.
- The supportive services program proposed will offer residents services necessary for their long-term housing stability.

Proposed Conditions:

Standard Conditions: Refer to list of standard capital award conditions found at the end of this document.

Special Conditions:

1. The capital funding commitment shall continue for twelve (12) months from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested from ARCH staff no later than sixty (60) days prior to the expiration date. At that time, the applicant will provide a status report on progress to date and expected schedule for start of construction and project completion. ARCH staff will consider up to a 12-month extension only based on documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the applicant must demonstrate that all capital funding has been secured or is likely to be secured within a reasonable timeframe.
2. Capital funds shall be used by the Agency towards acquisition, construction, soft costs, financing, capitalized reserves and other development costs. Funds may not be used for any other purpose unless ARCH staff has given written authorization for the alternate use. If the Agency uses City Bridge Loan for the acquisition of the property, the City reserves the right to delay payment of the developer fee until the Bridge Loan is repaid in full or subject to City approval. Spending for furnishings, fixtures, and equipment, rehab, remediation and construction contingency must be approved in advance by ARCH staff. If after the completion of the project there are budget line items with unexpended balances, ARCH and other public funders shall approve adjustments to the project capital sources, including potential reductions in public fund loan balances. Funds not expended at the end of the construction period will be de-obligated.
3. The permanent capital funds will be in the form of a deferred, contingent loan. Loan terms will account for various factors, including loan terms from other fund sources and available cash flow. Final loan terms shall be determined prior to release of funds and must be approved by ARCH Staff. It is anticipated that loan payments will be based on a set repayment schedule and begin after repayment of deferred developer fee with 1% interest. The terms will also include a provision for the Agency to defer payments if certain conditions are met (e.g., low cash flow due to unexpected costs). Any requested deferment

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of loan payment is subject to approval by ARCH Staff, and any deferred payment would be repaid from future cash flow or at the end of the amortization period.

4. The net developer fee shall be established at the time of finalizing the Contract Budget and will follow the ARCH Net Developer Fee Schedule. Net developer fee is defined as that portion of the developer fee paid out of capital funding sources and does not include the deferred portion which is paid out of cash flow from operations after being placed in service.
5. A covenant is recorded ensuring affordability for at least 55 years, with a total of 32 units reserved for households exiting homelessness, veterans exiting homelessness, persons with disabilities affordable, and households earning up to 50% AMI. Limited changes may be considered, however any reduction in units for eligible populations may result in a reduced funding award.
6. Agency must also contract for the funds as recommended through the ARCH Fall 2023 Housing Trust Fund round including executing the loan agreement and covenant.
7. Agency must submit for ARCH staff approval a management, affirmative marketing, and services plans.
8. If the City contracts for the Bridge Loan to acquire the property, the Agency shall submit applications to other potential sources of funding, at a minimum the State Housing Trust Fund and King County Housing Finance Program for any available funding that the project is eligible for as the Agency's first priority project.
9. The OMS award is an up-to amount. The Agency and City staff shall work to update the program model, staffing plan, and confirm other secured sources of rental subsidy and committed supportive services. Final OMS terms shall be determined prior to release of funds and must be approved by ARCH and City Staff.
10. On a monthly basis, Agency shall provide ARCH with updates on the following:
 - a. Status of management and services plan including service partnerships and development on formal MOUs and operating agreements.
 - b. Status update on other financing and financing partnerships negotiations.

3. Maurice Elbert House – Catholic Housing Services of Western Washington

Proposed Owner/Operator:	Archdiocesan Housing Authority d/b/a Catholic Housing of Western Washington ("CHS")		
Developer/Consultant:	Real Estate Development Center, Catholic Community Services Western WA ("CCS")		
Project Name:	Maurice Elbert House		
Project Address:	16000 NE 8th St, Bellevue, 98008		
Number of Units:	50	HSP Units:	1

Capital Award	Amount	per HSP-funded unit	Per unit
2023 HSP Funds Requested:	\$221,579	\$221,579	\$4,432
2023 HSP Funds Recommended Award:	\$221,579	\$221,579	\$4,432
Annual OMS Award	Amount	per unit/year	
HSP OMS Funds Requested:	\$13,112	\$13,112	
HSP OMS Funds Recommended:	\$13,112	\$13,112	

CHS is requesting capital and OMS support to complete the preservation and rehabilitation of Elbert House, a housing project serving very low-income senior residents in Bellevue. City funds are requested to assist in the capital cost of converting the manager’s office to a residential unit. This will provide one additional affordable unit at 30% AMI for senior residents in the City. The project meets the City’s funding priorities by providing for underserved, marginalized populations (low-income senior residents).

Elbert House is a project for low-income senior residents constructed in the mid-1980s currently with 49 affordable, one-bedroom units. The property has never been substantially rehabilitated. The Elbert House rehabilitation began in Fall of 2023 with financing under Department of Housing and Urban Development (HUD) Section 221(d)4 loan program. If CHS is not successful in securing an award from the Bellevue HSP program, CHS will lease the new unit at market rent which is what was approved and underwritten by HUD.

Services:

The HSP OMS funds requested will help fund the CHS Resident Service Coordinator (RSC) position to provide service and connect with third party organizations so that the residents at the property can live as independently as possible and age in place, if the resident desires. The RSC also works to provide activities for residents through partnerships with other organizations, including health and wellness programs, exercise classes, food and nutrition access, and group activities. Examples of previous activities include a smoking cessation program, ESL classes, chorus groups, vaccination clinics, and weekly on-site tai-chi classes. By providing an affordable place to live and supportive services through an RSC, CHS is increasing the stability of senior residents’ health and

wellbeing.

Funding Recommendation:

Staff determined that the project meets the City's priorities and criteria for HSP funding and recommend awarding capital and OMS funding for the following reasons:

- This project is a rehabilitation of a long-standing housing community housing community for senior residents in Bellevue that accommodates low-income and first-generation immigrant elders. HSP funds would target program priorities by providing a 30% AMI unit for senior residents.
- The project advances key objectives in the City's Affordable Housing Strategy, preserving and creating affordable housing units for senior residents.
- The rehabilitation of the 40-year-old building is being significantly leveraged through private debt. Bellevue is being asked for \$221,579 of a total of \$10,801,508 in project rehabilitation costs (2%).
- The rehabilitation of the existing 49 units will occur with or without Bellevue's support; however, the HSP award will increase the number of affordable units and provide critical OMS support to continue the Resident Services Coordinator position for the property serving primarily immigrant senior residents. 86% of the property's residents speak a primary language other than English (Korean, Russian, Chinese).
- Bellevue would record an affordability covenant on a property where there is no existing covenant from Bellevue, ARCH, King County or the State, ensuring Bellevue would be involved in conversations regarding future use of the property if a refinance or change of use is considered.

Proposed Conditions:

Standard Conditions: Refer to list of standard capital award conditions found at the end of this document.

Special Conditions:

1. The capital funding commitment shall continue for twelve (12) months from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested from ARCH staff no later than sixty (60) days prior to the expiration date. At that time, the applicant will provide a status report on progress to date and expected schedule for start of construction and project completion. ARCH staff will consider up to a 12-month extension only based on documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the applicant must demonstrate that all capital funding has been secured or is likely to be secured within a reasonable timeframe.

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2. Capital funds shall be used by the Agency towards acquisition, construction, soft costs, financing, capitalized reserves and other development costs. Funds may not be used for any other purpose unless ARCH staff has given written authorization for the alternate use. Spending of construction contingency must be approved in advance by ARCH. If after the completion of the project there are budget line items with unexpended balances, ARCH and other public funders shall approve adjustments to the project capital sources, including potential reductions in public fund loan balances. Funds not expended at the end of the construction period will be de-obligated.
3. Capital funds will be in the form of a deferred, contingent loan. Loan terms will account for various factors, including loan terms from other fund sources and available cash flow. Final loan terms shall be determined prior to release of funds and must be approved by ARCH Staff. It is anticipated that loan payments will be based on a set repayment schedule and begin after repayment of deferred developer fee with 1% interest. The terms will also include a provision for the Agency to defer payments if certain conditions are met (e.g., low cash flow due to unexpected costs). Any requested deferment of loan payment is subject to approval by ARCH Staff, and any deferred payment would be repaid from future cash flow or at the end of the amortization period.
4. The net developer fee shall be established at the time of finalizing the Contract Budget and will follow the ARCH Net Developer Fee Schedule. Net developer fee is defined as that portion of the developer fee paid out of capital funding sources and does not include the deferred portion which is paid out of cash flow from operations after being placed in service.
5. A covenant is recorded ensuring affordability for at least 50 years, with a total of one (1) unit reserved for seniors up to 30% AMI. Limited changes may be considered, however any reduction in units for eligible populations may result in a reduced funding award. The Agency may work with the City to accommodate future conditions if the Agency chooses to redevelop the site.

If the project receives, or is expected to receive, Federal Section 8 assistance or any other similar rental assistance, should the Agency's Section 8 or other rental assistance eligibility or participation be reduced or terminated, this Contract may be amended to reflect changed conditions.

In the event rental assistance to the Project is reduced or terminated, the one (1) unit funded through this award will be adjusted to serve seniors at or below 50% AMI. It is the responsibility of the Agency to notify the City and ARCH in a timely manner of any termination or reduction in Section 8 or other rental assistance and whether such termination or reduction results in changes to the population served.

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6. Agency must submit for ARCH staff approval a management, affirmative marketing, and services plan.
7. On a monthly basis, Agency shall provide ARCH with updates on the following:
 - a. Status of management and services plan.
 - b. Status of construction improvements.

Standard Capital Award Conditions

(Apply to all projects receiving capital awards):

1. The project must serve the target population and income levels required by the funding source, the sales and use tax for housing and related services authorized by RCW 82.14.530.
2. Agency shall provide revised development and operating budgets based upon actual funding commitments, which must be approved by ARCH staff. If the Agency is unable to adhere to the budgets, ARCH must be immediately notified and (a) new budget(s) shall be submitted by the Agency for ARCH approval. ARCH shall not unreasonably withhold its approval to (a) revised budget(s), so long as such new budget(s) does not materially adversely change the Project. This shall be a continuing obligation of the Agency. Failure to adhere to the budgets, either original or as amended may result in withdrawal of City's commitment of funds.
3. Agency shall submit evidence of funding commitments from all proposed sources. In the event commitment of funds identified in the application cannot be secured in the timeframe identified in the application, the Agency shall immediately notify ARCH, and describe the actions it will undertake to secure alternative funding and the timing of those actions subject to ARCH review and approval.
4. In the event federal funds are used, and to the extent applicable, federal guidelines must be met, including but not limited to the following: contractor solicitation, bidding, and selection; wage rates; and Endangered Species Act (ESA) requirements. CDBG funds may be used, subject to program requirements.
5. Agency shall maintain documentation of any necessary land use approvals and permits required by the city in which the project is located.
6. Agency shall submit quarterly monitoring reports through completion of the project, and annually thereafter, and shall submit a final budget upon project completion. If applicable, Agency shall submit initial tenant information as required by ARCH.
7. Agency shall maintain the project in good and habitable condition for the duration of the period of affordability.

ARCH, through its Administrative Agency, may negotiate, approve, execute, and record amendments or releases of any City loan documents as may be needed for the project; provided the project still provides the anticipated affordable housing and there is sufficient collateral to secure the members' financial investment, all as determined by ARCH staff.

Standard OMS Award Conditions (Apply to all projects receiving OMS awards):

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1. The project must serve the target population and income levels required by the funding source, the sales and use tax for housing and related services authorized by RCW 82.14.530.
2. Funds shall be contracted for an initial 5-year term, and may be renewed in the future for additional 5-year increments, or other mutually agreeable term, subject to approval by the City Manager or his/her designee.
3. An annual inflation factor shall be allowed based on annual guidance provided by the City's Finance and Asset Management Department.
4. Agency shall inform ARCH and Human Services staff if there are changes to funding commitments that jeopardize operations and services that were reflected in the funding application.
5. Contract conditions shall generally be consistent with City of Bellevue Human Services standard contracts.