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Washington State Dept. of Commerce

2023 CONNECTING HOUSING TO INFRASTRUCTURE PROGRAM (CHIP) Deadline: 10/31/2023

City of Redmond Redmond Together Center

Jump to: Pre-Application Application Questions Budget Documents

City of Redmond

15670 Ne 85th Street

Redmond, WA 98073

PO Box 97010

United States

Angela Birney abirney@redmond.gov

Mayor

\$871,876.42 Requested

Submitted: 10/30/2023 5:27:32 PM (Pacific)

Project Contact Carol Helland <u>chelland@redmond.gov</u> Tel: 425-556-2107

Additional Contacts LMasters@bellevuewa.gov, johnf@inlandconstruction.com

Pre-Application top

1. Is the applicant a local government or public utility?
Local government (city or county)
Public utility
□ Neither of the above
2. Has the city or jurisdiction within which the affordable housing project is located imposed a sales and use tax under one of the following statutes?
RCW 82.14.530(1)(a)(ii)
RCW 82.14.530(1)(b)(i)(B)
RCW 82.14.540
RCW 84.52.105
□ None of the above
3. Does the housing project include construction of new multi-unit affordable housing? ✓ Yes
 4. Will at least 25% of housing units of the housing project serve and benefit low-income households? Low income is defined as at or below 80% of area median income. ✓ Yes ✓ No
 5. Will the affordable housing units serve the original income group for at least 25 years? Yes

No	
6 Will the affordabl	le housing development be able to begin construction within 24 months of the grant award, or
has it already begu	
	e is the date of the award letter; award letters will be sent in January 2024.
Construction ha	
Yes, constructio	on will begin within 24 months of award.
No, construction	n will not begin within 24 months of award.
7. Is your request fo	or one of the items that can be funded under this grant?
	nses can be found in the Program Guidelines.
Utility connectio	ns to drinking water, sewer, or stormwater
Waived system	development charges for public water, sewer, or stormwater
Both utility impression	ovements and waived system development charges
None of the abo	ve
8. Are eligible expe	nses expected to be incurred by:
June 30, 2025	
June 30, 2027	
After June 30, 2	027
9. If requesting rein waive fees for affor	nbursement for waived system development fees, does the jurisdiction have a program to dable housing?
	no fee waiver program in place, they may apply conditionally upon future adoption of a program. A fee
	st be in place before the CHIP contract with Commerce is signed.
Yes, there is a f	ee waiver program in place.
No, there is plar	n to adopt a fee waiver program in the next 12 months
	king utility connection funds only.
cation Questions <u>t</u>	
General Informati	on
Application contact (r	the city, county, or public utility district name, title, email, phone number). Please enter information on one line, separated by commas. or of Planning and Community Development, chelland@redmond.gov, 425-556-2107
2. Name, title, and e one line, separated	email of the person authorized to sign contracts for the applicant. Please enter information on by commas.
	abirney@redmond.gov
	unding for both utility connections and system development charge waivers. Should equal sur
of Questions 5 and	•
All fields must have a 871,876.42	a number. If requesting no funds for a category, please include '0'.
4 Please enter the	total funds requested for water, sewer, and stormwater connections.
	f the figures for water, sewer, and stormwater connections from Questions 31, 32, and 33, below.
Should be the sum of 40, below.	total reimbursement requested for waived system development charges (SDCs). f the figures for water, sewer, and stormwater system development charges from Questions 38, 39, and
N/A	
6. Statewide Vendo	
	t, recipients must establish a SWV through the WA State Office of Financial Management (OFM). OFM's website at: https://ofm.wa.gov/itsystems/statewide-vendorpayee-services or 360-407-8180.

SWV0003729 - 10

7. Washington State Unified Business Identifier (UBI) Number

A UBI # is required for a contract to be issued. If you don't have one at this time, list zeros in this field. 176-000-016

8. Tax ID Number

Please provide the applicant organization's Tax ID number. 91-6001492

9. Indicate the population of the city or county in which the project is located. This information will help determine which group of funding the project is eligible for.

Please refer to the Office of Financial Management's April 1 official population estimates found here: https://ofm.wa.gov/washington-data-research/population-demographics/population-estimates/april-1-official-populationestimates

77,490

Information about the Affordable Housing Project

10. Affordable housing project site location: *Address line 1, City/County, Zip, Parcel #(s)* 16225 & 16305 NE 87th Street Redmond, WA 98052 Parcel #: 8654108888

11. Please describe the project. Include the size of the parcel, the zoning, and the square footage of the development. If the project includes non-housing uses, please provide information about those (for example, retail or commercial space) and any amenities.

The Together Center is a 280-unit affordable housing community for households earning 60% Area Median Income or less. The project consists of 280 units, all of which are affordable. Two hundred of the units are workforce housing for households earning 60% AMI or less. Of the 200 units, 20% are set aside for large families. The remaining 80 units are very low-income housing for households earning 30-50% AMI or less. Of the 80 units, 75% are set aside for individuals and families exiting homelessness.

The community is made up of two components; 80 units financed through the 9% LIHTC program, and 200 units financed through the 4% LIHTC program. The property is 2.47 acres (107,593 square feet). The development is in the City of Redmond and is zoned Town Square (TSQ). The development also includes 49,740 square feet of non-profit service commercial space on the ground floor and community meeting/conference room space.

12. Please describe how this project may serve over-burdened communities, or overcome past racial disparities in housing.

The Together Center affordable housing includes 60 units dedicated to families and individuals exiting homelessness with incomes at 30% and 50% Area Median Income or less. These units serve the most vulnerable in the community and most are minorities. With the added non-profit service center on the ground floor which includes providers such as the Muslim Community Resource Center, Indian-American Community Services, Ikron and HealthPoint the residents have access to culturally appropriate services and resources to remain housed.

13. Housing unit information

Please provide the total number of housing units, both affordable and market rate, created by this housing development. The subsequent questions ask for a breakout of affordable and market rate units. The entire 280 units of the Together Center project are affordable.

14. Affordable housing unit information

Please provide a breakout of the affordable housing units by number of bedrooms. Use best available information known at the time of the application. Write NA for values that are unknown.

20	Number of Affordable Units - STUDIO
86	Number of Affordable Units - ONE BEDROOM
110	Number of Affordable Units - TWO BEDROOMS
64	Number of Affordable Units - THREE+ BEDROOMS
280	Number of Affordable Units - TOTAL
560.00	TOTAL

15. Market-rate housing unit information

Please provide a breakout of the market rate units. Use best available information known at the time of the application. Write NA for values that are unknown.

0	Number of Market Rate Units - STUDIO
0	Number of Market Rate Units - ONE BEDROOM
0	Number of Market Rate Units - TWO BEDROOMS
0	Number of Market Rate Units - THREE+ BEDROOMS
0	Number of Market Rate Units - TOTAL
0.00	TOTAL

16. What proportion of the units will be affordable to low-income households? Also identify the levels of affordability required and for how many units, for example, 20 units will be affordable households at 50% AMI. *"Affordable housing" means payment of monthly housing costs, including utilities other than telephone, are no more than thirty percent of the family's income. "Low-income households" means a single person, family or unrelated persons living together 200 units at 60% AMI; 40 units at 50% AMI; 40 units at 30% AMI.*

17. How long will the affordable units in the project be affordable?

50 years

18. Developer associated with the affordable housing project

Include: organization name, main point of contact and title, email, and phone number. If a non-profit or another partner is involved in the project, please include their contact information and their role in the project. Developer: Inland Group, John Fisher, Developer, johnf@inlandconstruction.com, 509-590-3449

The project also has a non-profit partner, who is the owner of the 80 units available at 30% AMI and 50% AMI, including 60 units dedicated for homeless families. Horizon Housing Alliance, John Pilcher, Executive Director, jpilcher@hhaofwa.org, 509-981-3537

19. Who will own the site and the affordable housing project?

Include: organization name, main point of contact and title, email, and phone number. Please enter information on one line, separated by commas.

Polaris at Together Center LLC, John Fisher, Developer, johnf@inlandconstruction.com, 509-590-3449 Horizon TC Housing, LLC, John Pilcher, Executive Director, jpilcher@hhaofwa.org, 509-981-3537

20. Who will operate and manage the affordable housing project?

Include: organization name, main point of contact and title, email, and phone number. Please enter information on one line, separated by commas.

Axis Residential, Ryan McIntyre, Asset Manager, ryanm@inlandconstruction.com , 509-981-0632

21. Does this affordable housing project have other local, state, or federal funds committed previously to the project? If yes, provide name/source and the amount of funds that you have applied for or have been committed. Be prepared to show documentation of awarded funding before contracting.

ARCH: \$2,750,000 – committed

City of Redmond: \$4,000,000 - committed

22. Complete the Budget Table and Budget Narrative for the affordable housing project under the Budget Tab. Has the developer of the affordable housing project secured all funds needed to complete the housing portion of the project (not including the portion covered by the CHIP grant) or will do so by the end of 2023.

If grant or loan applications are pending and you expect results by the end of 2023, include the amount and the date when you will have certainty. (Funding could include cash on hand/reserves, loans, federal/state grants, donations, etc.)

- Yes, all other funds are secured.
- Yes, though some funding is conditional.
- No, we're still in the early stages of funding.

23. Does the project have site control through either ownership or a long-term lease?

Ownership of the site?

- An executed long-term lease (25 years minimum)?
- Purchase or sale agreement (acquisition only)?
- Other

24. Is there any public debate about the proposed affordable housing project that could delay the project or any other risk factors that could significantly change the timeline schedule? For example, opposition by neighborhood businesses and residents, entitlement or permitting issues, environmental concerns, supply or labor constraints. If so, to what degree could these factors slow or stop your project's progress and what is the developer's plan to mitigate these risks?

The Together Center is complete and has received a certificate of occupancy. The development went through a robust public process and was well received within the community when it was being designed and permitted.

25. How will affordability be monitored over the long-term? If the affordable housing component will not be monitored for affordability by an organization such as the Housing Trust Fund, the operator will need to provide information about their record keeping and auditing system. In addition to monitoring, the developer will also need to execute a covenant and deed of trust noting affordability of designated units for a minimum of 25 years. Affordability of the units is required for 50 years through the regulatory agreement in place with A Regional Coalition for Housing (ARCH) and the Washington Housing Finance Commission. The property provides compliance reports to the regulators showing resident income qualifications on an annual basis.

26. Tell us about the status of the following activities FOR THE AFFORDABLE HOUSING PROJECT. For each activity, indicate the status of completion or expected completion date.

Enter month/year (text or numbers, limited to 10 characters each cell).

 Complete
 Financing

 Complete
 Site control (ownership or leasing real property)

 Complete
 Architecture and engineering

 Complete
 Environmental review

 Complete
 Zoning review/entitlement

 Complete
 City/County permitting

 Complete
 Archeological and historical review

 Complete
 Construction bid documents

 Complete
 Finalization of construction budget

 Complete
 Award construction contract

 Complete
 Start construction work

 Complete
 Certificate of occupancy

 0.00
 TOTAL

Utility Improvement or Fee Waiver Application Questions

27. When are eligible CHIP expenses expected to be incurred and invoiced if funding is awarded? Is there anything else we should know about the timeline or impediments to completing the project according to this schedule and the schedule noted in the question above?

The construction of the project has been completed and the eligible CHIP expenses have been invoiced by King County Wastewater. The project has experienced significant cost overruns during construction due to the concrete strike that occurred in early 2022. This caused substantial schedule delays and added costs for materials and labor. When the projects financing closed it had a construction loan interest reserve that has been completely used due to the increased interest rates we have experienced in the last year. The project is incurring \$300,000 a month in interest expenses, which needs to be paid through loan conversion expected in April 2024. This cost has depleted our interest reserve and has eaten into other items within the budget in order to continue to pay the monthly interest expense. One of those items is the King County Wastewater expense, which we are now unable to cover and are requesting CHIP funds to provide needed resources to make this project solvent and able to complete the final loan conversion for the project.

28. If Commerce receives more applications than available funding, Commerce will score and prioritize applications based on the criteria listed in the Program Guidelines, including access to public transportation. Describe the distance from the affordable housing project to the nearest transit (bus, light rail, commuter rail, etc.), indicate the type of transit service, and describe the frequency of the service during peak hours (7-9 a.m. and 4-6 p.m.).

For example, the project is 600 feet from a bus stop on Line H1 (South Hill to Federal Way) and 0.6 miles from bus stop on Line X5 (South Hill to Tacoma). Bus service is every 60 minutes for Line H1 and only once during the peak hour for Line X5. The Together Center is well located within the Redmond Downtown, which is designated as an urban center within the King County Urban Growth Area. It is an 8-minute walk (0.3 mile) to the Redmond Transit Center from the Together Center. King County Metro serves this station with routes 250, 545, and the B Line which operates between 4:22am - 11:44pm on Monday

through Friday. Saturday and Sunday B Line service is provided from the Redmond Transit Center from 5:45am - 11:45pm. The 542 and 545 Sound Transit routes also serve the Redmond Transit Center location and run every 20-30 minutes depending on the time of day. Service is available at 6:43AM – 11:13PM. A Sound Transit light rail station is currently under construction in Downtown Redmond with fare service scheduled to begin in 2025. The Downtown Redmond Light Rail Station is approximately 0.5 miles from the Together Center which is roughly a 15-minute walk.

29. Please describe why the funding requested is necessary to complete the proposed facility or project phase. What would happen if the project does not receive CHIP funds? How time-critical is it that these funds are available? Use budgetary and fundraising data to support your statement, as this is a critical question in the evaluation process.

The Together Center is an example of best practices in affordable housing by partnering with an existing non-profit service center and enhancing it with the addition of 280 affordable housing units. This project is a priority for the City of Redmond and is an innovative example of public/private partnership to create a long-term asset for the community. Prior to the redevelopment of the property there was no affordable housing in Downtown Redmond serving very low-income households. The Together Center created this housing while also developing a brand-new service center for 27 non-profits to operate and serve residents of Redmond and the greater Eastside.

The success of this project is a high priority for the City and because of external constraints related to construction and interest costs this project is at risk of not achieving a win-win for the partnership. If the project does not receive CHIP funds the project would be burdened with expenses that it cannot cover and could potentially impact the long-term success of the Together Center by burdening it with increased operational costs (namely new loans to cover the budget deficit) that would hinder the ability to achieve sustainable operations. The timing of these funds is important as the King County Wastewater expenses are due and there are currently no resources to cover these fees. The CHIP funds can be utilized immediately to solve the budget gap and ensure the Together Center starts on a sustainable path.

30. UTILITY CONNECTION APPLICANTS (Others write NA): Detail the CHIP funds requested for water connection improvements. Include the following information: (a) name of water service provider, (b) describe the connection that is needed, (c) cost of the connection, and (d) CHIP funds requested. N/A

31. UTILITY IMPROVEMENT APPLICANTS (Others write NA): Detail the CHIP funds requested for sewer connection improvements. Include the following information: (a) name of sewer service provider, (b) describe the connection that is needed, (c) cost of the connection, and (d) CHIP funds requested.

The City of Redmond is requesting CHIP funds to cover the King County Wastewater Sewer Treatment Capacity Charge. The total cost of this charge is \$871,876.42, which is the amount of CHIP funds the City of Redmond is requesting.

32. UTILITY CONNECTION APPLICANTS (Others write NA): Detail the CHIP funds requested for stormwater improvements. Include the following information: (a) name of stormwater service provider, (b) describe the improvement that is needed and why, (c) cost of the improvement, and (d) CHIP funds requested. N/A

33. UTILITY CONNECTION APPLICANTS (Others write NA): Please describe if the water, sewer, and stormwater improvements seeking funding will help only the affordable housing project, or do the improvements facilitate the development of other new housing or benefit other properties? N/A

34. UTILITY CONNECTION APPLICANTS (Others write NA): Do you plan to use a local improvement district or other means to collect late-comer fees from surrounding properties that connect to the project's utility improvements? If no other properties will connect to the utility improvements of this project, note that below. No other properties will connect to these utility improvements.

35. WAIVED SYSTEM DEVELOPMENT CHARGE APPLICANTS (Others write NA): Describe the system development charges and the jurisdiction's process for waiving these fees. Indicate when these fees were waived by the city or when they plan to be waived based on the current project schedule. If the jurisdiction has not yet adopted a program for waiving system development charges, describe the timeline for completing this work and if there are any projected obstacles to adopting such a program and how the applicant will address those obstacles. N/A

36. WAIVED SYSTEM DEVELOPMENT CHARGE APPLICANTS (Others write NA): Please describe how the system development charge fee structure takes into account the size of the housing unit, ie, so that small housing units are proportionally charged less.

This program may only reimburse for the system development charges, which are fees charged at the time of development to allow connection to a regional water, sewer, or stormwater system.

N/A

37. Project system development charges for WATER:

ZoomGrants may attempt to sum these numbers at the bottom, which you can disregard.

N/A	A. System	development	charges	normally	charged per	unit
-----	-----------	-------------	---------	----------	-------------	------

N/A B. System development charges per affordable unit

N/A	C. Waived fees per unit	(A-B

- N/A D. Number of affordable units
- N/A E. Total waived system development charges (C x D)
- N/A F. CHIP funds requested
- 0.00 **TOTAL**

38. Project system development charges for SEWER:

ZoomGrants may attempt to sum these numbers at the bottom, which you can disregard.

8,221.50	A. System development charges normally charged per unit:
3,113.84	B. System development charges per affordable unit
3,113.84	C. Waived fees per unit (A-B)
280	D. Number of affordable units
871,876.42	E. Total waived system development charges (C x D)
871,876.42	F. CHIP funds requested
1,758,482.02	TOTAL

Utility Improvement Readiness

39. Project system development charges for STORMWATER:

ZoomGrants may attempt to sum these numbers at the bottom, which you can disregard.

- N/A A. System development charges normally charged per unit:
- N/A B. System development charges per affordable unit
- N/A C. Waived fees per unit (A B)
 - N/A D. Number of affordable units
 - N/A E. Total waived system development charges (C x D)
- N/A F. CHIP funds requested
 - 0.00 **TOTAL**

40. Tell us about the status of the following activities FOR THE UTILITY PROJECT. For each activity, indicate the status of completion or expected completion date.

Enter month/year (text or numbers, limited to 10 characters each cell). Applicants may write NA for system development charge grant applications.

Complete	Financing
Complete	Site control (ownership or leasing real property), if necessary
Complete	Engineering
Complete	Environmental review
Complete	City/County permitting
Complete	Archeological and historical review
Complete	Construction bid documents
Complete	Finalization of construction budget
Complete	Award construction budget
Complete	Start utility work
0.00	TOTAL

 41. Contracting Requirements: Will state (Applicant may select NA for waived syst Yes No N/A 		
Local Government/Public Utility Risk	Assessment Questions	
 42. Contracting Requirements: If the utilit project manager consulted with the Depa tribes? (Applicant may write NA for syste Yes Plans to consult with DAHP at appropria NA 	rtment of Archeology and Historic Preser m development charge grant applications	vation (DAHP) and affected
 43. Local government's experience admining 0 to <1 year 1 to 2 years 3+ years 	nistering federal funds. Please mark only	one answer.
 44. Local government's experience admin 0 to <1 year 1 to 2 years 3+ years 45. Do you have an accounting system the source/award by required budget catego ✓ Yes No 46. Do you have written accounting polic ✓ Yes No 47. Do you intend to request grant or defendent for the source select Uncertain - grant or defendent for the source select Uncertain - grant or defendent for the source select Uncertain - grant or defendent for the source select uncertain - grant or the source select uncertain - grant or	at is capable of recording revenues and e ries? Please mark only one answer. ies and procedures? Please mark only on erred loans from Commerce?	xpenditures for each funding
Budget <u>top</u>		
Funding Sources for Project 4% Tax Credit Equity 4% Tax Exempt Bond (Citibank) 4% ARCH & City of Redmond 4% Deferred Developer Fee 9% Tax Credit Equity 9% ARCH 9% Taxable Loan 9% Deferred Developer Fee	Applied for Funding	Committed or In-hand \$ 24,544,847.00 \$ 37,200,000.00 \$ 4,250,000.00 \$ 8,858,444.00 \$ 19,025,544.00 \$ 2,500,000.00 \$ 5,800,000.00 \$ 1,818,672.00
CHIP Total	\$ 871,876.42 \$ 871,876.42	\$ 103,997,507.00

Budget Narrative

The Together Center is a non-profit service center in Redmond, WA that had a vision to redevelop their campus and create affordable housing for the community. In 2019, they issued an RFP for a development partner and chose Horizon Housing Alliance and the Inland Group to develop a plan that would create new and larger space for the Together Center on the ground floor and add 280 units of affordable housing. The partnership closed on the financing in December 2020 and opened its doors to the new Together Center and associated tenants in the Summer of 2023. During the construction timeframe, there were many outside forces that caused financial stress to the project and has required the partnership to seek out additional funding to fill the current budget gap. This is a unique situation where the development appears to be a success from the outside, but the financial picture tells a different story. The additional CHIP funds will ensure that the partnership starts operations on a sound footing.

Once construction started, the project endured 3+ months of the concrete strike, which caused time delays and added cost for those delays and material costs. The original construction budget for the project was \$56,761,341 and the final construction costs totaled \$61,746,247 a \$4,984,906 increase from budget. Also, the interest rate environment changed dramatically during the course of construction. The floating interest rate for the construction loan went from 3.75% to over 7%. The interest rate reserve was quickly used, adding to the ongoing budget deficit the project now has. The interest reserve available was \$4,587,014 and we are projected to spend \$6,863,239 through the loan conversion. This is a \$2,276,225 budget increase.

Documents top

Documents Requested *	Required	?Attached Documents *
Map of the affordable housing project location and existing utilities (water, sewer, stormwater) in the surrounding area, with street labels. Map should include the address and parcel number of the project and show within the UGA if applicable.	✓	Project Map and utility locations
Documentation of project funding for the project for all	✓	ARCH Microsoft Promissory Note
ndividual sources of funding over \$10,000. Include award letters, bank statements, loan documents, etc. (Prior to contract execution, records must be provided to show full project funding.)		<u>Citi - Together Center 4 Percent MF Note Tax</u> Exempt
		ARCH Promissory Note Horizon TC Housing
		Conversion Notice with Amortization Schedule TC
		TC 9 Percent RAC
		Redmond Letter
Proof of site control (e.g., an executed property title,	~	Polaris TC 4 Percent Ground Lease
lease agreement, or purchase/sale agreement)		HHA TC 9 Percent Ground Lease
For requests for system development charges or		Polaris Invoice
fees, provide documentation of charges/fees waived by the city, or letter from the city with how much and when these fees will be waived, if applicable. (REQUIRED for waived system development charges.)		Horizon Invoice
For construction of utility improvements: (All documents REQUIRED for utility improvement projects) + Schematic of planned utility construction + Project schedule, including projected start of construction		
Documents showing status of zoning and permitting of the site. This is an optional part of the application.		
Construction estimates or bids to support your utility construction budget numbers. Though optional, documenting the costs by showing estimates or bids will support your application.		

* ZoomGrants[™] is not responsible for the content of uploaded documents.

Application ID: 453856

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