



MEETING OF THE BOARD OF COMMISSIONERS

VIRTUAL MEETING

Monday, March 15, 2021

Zoom Meeting:

<https://zoom.us/j/91909076400?pwd=VVYwakVsTXo1ei9GdzltREpXV28xdz09>

PASSCODE: 659945

Meeting ID: 918 0907 6400

**Dial by your location
+1 253 215 8782 US (Tacoma)**

**King County Housing Authority
700 Andover Park West
Tukwila, WA 98188**



MEETING OF THE BOARD OF COMMISSIONERS AGENDA

Monday, March 15, 2021
8:30 a.m.

VIRTUAL MEETING

King County Housing Authority
700 Andover Park West
Tukwila, WA 98188

-
- I. Call to Order**
 - II. Roll Call**
 - III. Public Comment**
 - IV. Approval of Minutes** **1**
 - A. Board Meeting Minutes – February 16, 2021
 - B. Board Meeting Minutes – February 18, 2021 – Executive Session
 - C. Board Meeting Minutes – February 25, 2021 – Executive Session
 - D. Board Meeting Minutes – March 3, 2021 – Executive Session
 - E. Board Meeting Minutes – March 9, 2021 – Executive Session
 - V. Approval of Agenda**
 - VI. Consent Agenda**
 - A. Voucher Certification Reports for January 2021 **2**
 - VII. Resolution for Discussion and Possible Action**
 - A. **Resolution No. 5678** – **3**
A Resolution Authorizing Acquisition of the Trailhead TOD Property in Issaquah and determining related matters.
 - B. **Resolution No. 5679** – **4**
Resolution providing for the issuance of the Authority's Workforce Housing Preservation Tax-Exempt Revenue Note, 2021, in the Principal Amount of Not to Exceed \$161,500,000 and determining related matters.
 - C. **Resolution No. 5680** – A Resolution Authorizing Acquisition of The Carrington Apartments. **5**

D. Resolution No. 5681 – A Resolution Authorizing Acquisition of The Sandpiper East Apartments.	6
E. Resolution No. 5682 – A Resolution Authorizing Acquisition of The Argyle Apartments.	7
VIII. Briefings & Reports	
A. Fourth Quarter 2020 Executive Dashboard	8
B. Houghton Video https://vimeo.com/520747558/settings	
IX. Executive Session	
A. To receive and evaluate complaints or charges brought against a public officer or employee (RCW 42.30.110 (1) (f)) and to review the performance of public employees (RCW 42.30.110 (1) (g)).	
X. Executive Director Report	
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XII. Commissioner Comments	
XIII. Adjournment	

Members of the public who wish to give public comment: We are only accepting written comments for the time being due to COVID-19. Please send your written comments to kamir@kcha.org prior to the meeting date. If you have questions, please call 206-574-1206.

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**MEETING MINUTES
OF THE
KING COUNTY HOUSING AUTHORITY
SPECIAL BOARD OF COMMISSIONERS
VIRTUAL MEETING**

Tuesday, February 16, 2021

I. CALL TO ORDER

The Special meeting of the King County Housing Authority Board of Commissioners was held virtually on Tuesday, February 16, 2021. There being a quorum, the virtual meeting was called to order by Chair Doug Barnes at 8:30 a.m.

II. ROLL CALL

Present: Commissioner Doug Barnes (Chair) (via Zoom), Commissioner Susan Palmer (Vice-Chair) (via Zoom), Commissioner Michael Brown (via Zoom), Commissioner John Welch (via Zoom) and Commissioner TerryLynn Stewart (via Zoom).

III. Public Comment

None.

IV. APPROVAL OF MINUTES

- A. Board Meeting Minutes - January 19, 2021
- B. Board Meeting Minutes - January 19, 2021 - Executive Session
- C. Board Meeting Minutes - January 22, 2021 - Executive Session
- D. Board Meeting Minutes - February 4, 2021 - Executive Session

On motion by Commissioner Michael Brown, and seconded by Commissioner Susan Palmer the Board unanimously approved the January 19, 2021, January 19, 2021 Executive Session, January 22, 2021 Executive Session and February 4, 2021 Executive Session Board of Commissioners' Meeting Minutes.

V. APPROVAL OF AGENDA

On motion by Commissioner Susan Palmer, and seconded by Commissioner John Welch, the Board unanimously approved the February 16, 2021 virtual Special Board of Commissioners' meeting agenda.

VI. CONSENT AGENDA

On motion by Commissioner TerryLynn Stewart, and seconded by Commissioner Michael Brown, the Board unanimously approved the February 16, 2021 virtual Special Board of Commissioners' meeting consent agenda.

VII. RESOLUTION FOR DISCUSSION AND POSSIBLE ACTION

A. Resolution No. 5677 – Resolution Authorizing the Limited Payout of Accrued Vacation Leave in Excess of Maximum Annual Vacation Carryover Balances.

Craig Violante, Interim Deputy Executive Director-Chief Administrative Officer presented the resolution and explained that Resolution 5653, which was adopted by the Board on May 18, 2020, gave employees an additional five days of paid leave and allowed employees to carry all accrued vacation hours over into 2021 and again into 2022 regardless of normal maximum balance limitations. He further explained that Resolution 5653 did not address what would happen to these excess hours in the event of voluntary employee termination or retirement. This resolution clarifies what will be paid to employees when they voluntarily leave employment or retire.

On motion by Commissioner TerryLynn Stewart, and seconded by Commissioner Susan Palmer, the Board unanimously approved Resolution 5677.

VIII. BRIEFINGS AND REPORTS

A. 2020 Year End Investment Report

Craig Violante, Interim Deputy Executive Director-Chief Administrative Officer provided a detailed summary and analysis of the Agency's 2020 investment efforts.

Questions of commissioners were answered.

B. Greenbridge Update

John Eliason, Development Director, HOPE VI and Kevin Preston, Senior Development Manager, HOPE VI provided an update on the Greenbridge Division 8 land sale.

In January 2021 Conner Homes notified KCHA of difficulties financing their project related to the land sale. The sale is now envisioned in three phases:

1st phase – 27 lots at \$5,400,000
2nd phase - 29 lots at \$5,800,000
3rd phase - 51 lots \$10,200,000

Questions of commissioners were answered.

C. 2020 Construction Highlights

Dan Watson, Deputy Executive Director/Chief Development Officer introduced the team that will be giving the power-point presentation on construction highlights.

Nikki Parrot, Director of Capital Construction and Weatherization, gave an update on the 2020 projects managed by the Capital Construction department.

Jennifer Ramirez Robson, Director of Resident Services, provided an update of resident relocation efforts pertaining to these projects.

Dan Landes, Development Director gave the Development Report regarding Abbey Ridge, Bellevue Manor and Woodland North.

- Abbey Ridge – Completion date is still estimated for November 2021.
- Bellevue Manor – Completion delayed to September 2021.
- Woodland North – Was impacted by COVID and flooding. Completion delayed to July 2021.

Bill Cook, Director of Property Management and Matt Peterson, Maintenance Manager spoke regarding unit upgrades.

Questions of commissioners were answered.

D. Fourth Quarter 2020 Write-Off Summary Report

Bill Cook, Director of Property Management presented a summary and analysis of the report.

IX. EXECUTIVE SESSION

- A. To receive and evaluate complaints or charges brought against a public officer or employee (RCW 42.30.110 (1) (f)) and to review the performance of public employees (RCW 42.30.110 (1) (g)).

9:46 a.m. – Board meeting was suspended for the Executive Session.

10:30 a.m. – Board meeting was re-convened.

X. EXECUTIVE DIRECTOR REPORT

Executive Director Norman joined the Board in complimenting the staff that had presented items at today's meeting. He also acknowledged that while the rest of us had a three day weekend, property management and maintenance staff were out shoveling sidewalks, putting salt down and providing on-site fire watches where power had failed.

Director Norman briefed the Board on KCHA's efforts to provide mobile vaccination clinics in our senior buildings and on efforts to assure housing stability for both existing program participants and other lower income households in the community. The proposed funding for one-time use emergency vouchers included in the administration's COVID-19 Stimulus Bill will provide a critical additional resource.

He reviewed efforts to put together a partnership with the state's child welfare system and the YMCA that will apply for up to 75 new vouchers to house homeless youth, and on-going efforts to identify 500 additional units for potential acquisition as part of our partnership with the Amazon Corporation.

He noted that KCHA has closed on the acquisition of the former Oaks facility in Shoreline, and is working closely with King County and Lakeside Partners to get a men's shelter up and running on the site as quickly as possible. KCHA is also partnering with Neighborhood House to explore possible creation of additional Headstart classrooms at Greenbridge.

XI. KCHA IN THE NEWS

None.

XII. COMMISSIONER COMMENTS

Credit to the Virus Response Team (VRT) for the vaccination sites for our residents.

XIII. ADJOURNMENT

Chair Barnes adjourned the meeting at 11:00 a.m.

**THE HOUSING AUTHORITY OF THE
COUNTY OF KING, WASHINGTON**

DOUGLAS J. BARNES, Chair
Board of Commissioners

STEPHEN J. NORMAN
Secretary

**MEETING MINUTES
OF THE
KING COUNTY HOUSING AUTHORITY
SPECIAL BOARD OF COMMISSIONERS
VIRTUAL MEETING – EXECUTIVE SESSION ONLY**

February 18, 2021

I. CALL TO ORDER

The telephonic special Executive Session meeting of the King County Housing Authority Board of Commissioners was held on Thursday, February 18, 2021 via telephone/zoom. There being a quorum, the meeting was called to order by Chair Susan Palmer at 11:12 a.m.

II. ROLL CALL

Present: Commissioner Doug Barnes (Chair) (via Computer/zoom), Commissioner Susan Palmer (Vice-Chair) (via Computer/zoom), Commissioner John Welch (via Computer/zoom), Commissioner Michael Brown (via Computer/zoom) and Commissioner TerryLynn Stewart (via Computer/zoom)

IX. EXECUTIVE SESSION

This special meeting in executive session is held to receive and evaluate complaints or charges brought against a public officer or employee (RCW 42.30.110 (1) (f)) and to review the performance of a public employees (RCW 42.30.110 (1) (g)).

XIII. ADJOURNMENT

Chair Palmer adjourned the meeting at 12:47 p.m.

**THE HOUSING AUTHORITY OF THE
COUNTY OF KING, WASHINGTON**

DOUGLAS J. BARNES, Chair
Board of Commissioners

STEPHEN J. NORMAN
Secretary

**MEETING MINUTES
OF THE
KING COUNTY HOUSING AUTHORITY
SPECIAL BOARD OF COMMISSIONERS
VIRTUAL MEETING – EXECUTIVE SESSION ONLY**

February 25, 2021

I. CALL TO ORDER

The telephonic special Executive Session meeting of the King County Housing Authority Board of Commissioners was held on Thursday, February 25, 2021 via telephone/zoom. There being a quorum, the meeting was called to order by Chair Susan Palmer at 10:00 a.m.

II. ROLL CALL

Present: Commissioner Doug Barnes (Chair) (via Computer/zoom),
Commissioner Susan Palmer (Vice-Chair) (via Computer/zoom),
Commissioner John Welch (via Computer/zoom) and Commissioner
Michael Brown (via Computer/zoom)

Excused: Commissioner TerryLynn Stewart

IX. EXECUTIVE SESSION

This special meeting in executive session is held to receive and evaluate complaints or charges brought against a public officer or employee (RCW 42.30.110 (1) (f)) and to review the performance of a public employees (RCW 42.30.110 (1) (g)).

XIII. ADJOURNMENT

Chair Palmer adjourned the meeting at 12:00 p.m.

**THE HOUSING AUTHORITY OF THE
COUNTY OF KING, WASHINGTON**

DOUGLAS J. BARNES, Chair
Board of Commissioners

STEPHEN J. NORMAN
Secretary

**MEETING MINUTES
OF THE
KING COUNTY HOUSING AUTHORITY
SPECIAL BOARD OF COMMISSIONERS
VIRTUAL MEETING – EXECUTIVE SESSION ONLY**

March 3, 2021

I. CALL TO ORDER

The telephonic special Executive Session meeting of the King County Housing Authority Board of Commissioners was held on Wednesday, March 3, 2021 via telephone/zoom. There being a quorum, the meeting was called to order by Chair Susan Palmer at 4:01 p.m.

II. ROLL CALL

Present: Commissioner Doug Barnes (Chair) (via Computer/zoom), Commissioner Susan Palmer (Vice-Chair) (via Computer/zoom), Commissioner John Welch (via Computer/zoom), Commissioner Michael Brown (via Computer/zoom) and Commissioner TerryLynn Stewart (via Computer/zoom)

IX. EXECUTIVE SESSION

This special meeting in executive session is held to receive and evaluate complaints or charges brought against a public officer or employee (RCW 42.30.110 (1) (f)) and to review the performance of a public employees (RCW 42.30.110 (1) (g)).

XIII. ADJOURNMENT

Chair Palmer adjourned the meeting at 5:48 p.m.

**THE HOUSING AUTHORITY OF THE
COUNTY OF KING, WASHINGTON**

DOUGLAS J. BARNES, Chair
Board of Commissioners

STEPHEN J. NORMAN
Secretary

**MEETING MINUTES
OF THE
KING COUNTY HOUSING AUTHORITY
SPECIAL BOARD OF COMMISSIONERS
VIRTUAL MEETING – EXECUTIVE SESSION ONLY**

March 9, 2021

I. CALL TO ORDER

The telephonic special Executive Session meeting of the King County Housing Authority Board of Commissioners was held on Tuesday, March 9, 2021 via telephone/zoom. There being a quorum, the meeting was called to order by Chair Susan Palmer at 10:01 a.m.

II. ROLL CALL

Present: Commissioner Doug Barnes (Chair) (via Computer/zoom), Commissioner Susan Palmer (Vice-Chair) (via Computer/zoom), Commissioner John Welch (via Computer/zoom), Commissioner Michael Brown (via Computer/zoom) and Commissioner TerryLynn Stewart (via Computer/zoom)

IX. EXECUTIVE SESSION

This special meeting in executive session is held to receive and evaluate complaints or charges brought against a public officer or employee (RCW 42.30.110 (1) (f)) and to review the performance of a public employees (RCW 42.30.110 (1) (g)).

XIII. ADJOURNMENT

Chair Palmer adjourned the meeting at 11:43 a.m.

**THE HOUSING AUTHORITY OF THE
COUNTY OF KING, WASHINGTON**

DOUGLAS J. BARNES, Chair
Board of Commissioners

STEPHEN J. NORMAN
Secretary

T A B N U M B E R



To: Board of Commissioners

From: Ai Ly, Interim Assistant Director of Finance

Date: February 24, 2021

Re: **VOUCHER CERTIFICATION FOR JANUARY 2021**

I, Ai Ly, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, and that the claims represented by the vouchers listed below were just obligations of the Housing Authority of the County of King, and that I am authorized to authenticate and certify said claims.

 Ai Ly
 Interim Assistant Director of Finance
 February 24, 2021

Bank Wires / ACH Withdrawals		7,034,207.73
	<i>Subtotal</i>	7,034,207.73
Accounts Payable Vouchers		
Key Bank Checks - #332997-#333483		4,971,767.81
Tenant Accounting Checks - #11311-#11336		9,563.91
	<i>Subtotal</i>	4,981,331.72
Payroll Vouchers		
Checks - #92499-92528		41,597.92
Direct Deposit		1,719,204.05
	<i>Subtotal</i>	1,760,801.97
Section 8 Program Vouchers		
Checks - #632935-633309		229,492.74
ACH - #502400-505117		17,068,558.82
	<i>Subtotal</i>	17,298,051.56
Purchase Card / ACH Withdrawal		296,985.01
	<i>Subtotal</i>	296,985.01
	GRAND TOTAL	\$ 31,371,377.99

T A B N U M B E R

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To: Board of Commissioners

From: Dan Landes, Director of Development

Date: March 10, 2021

Re: **Resolution No. 5678:** A Resolution authorizing the acquisition of the TOD Site for the Trailhead Apartments.

Over the past four years KCHA has been working with the City of Issaquah and a private developer to develop a 355 unit mixed income residential community in Issaquah adjacent to the City's Transit Center. This is a highly complex transaction involving the relocation of the existing owner of the property, Century Link/Qwest (now called Lumen), to another site in the same vicinity. This resolution would approve the next steps in site acquisition and development.

Resolution No. 5678 authorizes the Executive Director to negotiate and enter into a purchase agreement with Lumen for a mixed-income, mixed-use Transit Oriented Development site in Central Issaquah, a portion of which would be developed by the Authority as the Trailhead Apartments and the remainder of which would be sold to Spectrum Development Solutions for additional residential and commercial development.

In November 2016, the City of Issaquah issued a Request for Proposals (RFP) for an "Issaquah Transit-Oriented Development Opportunity Site" with the following stated purpose:

The City of Issaquah ("City") is requesting preliminary proposals from select qualified developers with experience in affordable housing and transit-oriented development ("TOD"). The City will partner with a developer to create a mixed-use, multifamily development on a prime opportunity site to align with the Central Issaquah Plan vision. This privately owned development will be a catalyst to meet the Central Issaquah Plan vision by increasing housing opportunities and affordable housing, increasing transit usage, creating a vibrant, pedestrian friendly environment and connecting to public amenities.

The TOD Site was not owned by the City, but by Lumen, which uses the site as a maintenance facility. The City had initiated discussions with Lumen about their willingness to relocate to a new site in order to allow for this new mixed-use development. Lumen was evidently open to the idea, contingent on the City's ability to find an acceptable site for a replacement facility.

Spectrum Development Solutions, a mission-driven for-profit real estate development and advisory company based in Seattle, approached the Authority about its interest in collaborating on a response to the RFP. The proposal included 200 units of market rate and affordable housing to be developed by

Spectrum, 125 units of housing (subsequently increased to 155 units) to be developed by the Authority, and space for (i) a new childcare facility to be operated by Bright Horizons, (ii) an Opportunity Center to be developed by the City, and (iii) housing for persons with developmental disabilities to be owned by Life Enrichment Options. The original proposal also included a kidney dialysis center, but this use is no longer a part of the plan.

The Spectrum/KCHA team was selected by the City in January 2017, and a Memorandum of Understanding related to the relocation of Lumen and the development of the TOD project was signed by Spectrum, the Authority, the City and Lumen in June 2017.

The Authority applied for, and in December 2017 received, commitments of funding from King County for \$10,000,000 and from ARCH for \$2,000,000 towards the development of the Trailhead Apartments.

The City of Issaquah acquired a parcel of land from King County in July 2017, annexed it into the City's jurisdiction and rezoned it, all with the understanding from Lumen that the land would be an acceptable location for a replacement facility. Spectrum performed a thorough due diligence study on the proposed site and commissioned a design for the replacement facility.

In August 2019, Lumen informed the City that the newly-acquired land would not meet their needs and gave specific instructions about what was needed in a replacement site. A search for an alternative replacement site was conducted and the City eventually agreed to sell to Lumen a portion of an existing RV Park they own in Issaquah for Lumen's purpose. After due diligence and the creation of a new design, Lumen agreed to proceed with a deal that would relocate their maintenance facility to this site.

Lumen, Spectrum, the Authority and the City have been negotiating the terms of the transaction for the last year. The final agreed upon transaction agreements include the following terms:

1. The Authority will buy the TOD Site from Lumen for market value, which an agreed appraisal has set at \$12 million. The Authority will then create a condominium and sell a unit to Spectrum for their share of the purchase price (approximately 55% of the total).
2. Lumen will not contribute any cash to the deal and will be reimbursed for all out of pocket costs.
3. Lumen may continue to occupy its current site at nominal rent until the replacement facility is completed.
4. Lumen will maintain ownership and control of a cell tower on the site (and all associated revenues) and will have a perpetual easement for a communication hub located on the site.
5. The consideration for the \$12 million dollar value will include all of the following:
 - a. The value of the land where the replacement facility will be built;
 - b. The actual closing costs paid by Spectrum/the Authority on behalf of Lumen, including broker fees, real estate excise taxes, title insurance and escrow fees.
 - c. The actual cost of building the replacement facility, including hard costs, soft costs, entitlement costs and financing fees.
 - d. The actual cost of moving Lumen into the new facility.
 - e. The actual cost of furnishing the new facility.
 - f. The value of easements on the TOD Site for a cell tower and communications hub.
 - g. The actual cost of moving the existing cell tower to a new location.
 - h. The reimbursement of other third-party costs incurred by Lumen.
 - i. The legal and surveying costs associated with adjusting a boundary line with the property to the east of the TOD Site.
 - j. If the above amounts total less than \$12 million, the excess cash will be paid to Lumen.

Spectrum has prepared detailed estimates of the above costs and values. These estimates indicate that the total cash outlays required by Spectrum and the Authority to meet the above listed costs should be less than or equal to the \$12 million appraised value, although Spectrum and the Authority will be at risk for any cost overruns. When the acquisition closes, Spectrum and the Authority will be required to deposit into a closing escrow the estimated required funds (sale proceeds). The Authority's share of these costs is approximately 45%, based upon its share of the heated space in the development. If the funds deposited are more than the required cash outlay to meet the above listed costs, all amounts in excess of the \$12 million value will be returned to Spectrum and the Authority proportionally.

Resolution No. 5678 authorizes the Executive Director to proceed with this purchase and execute those documents that are needed to complete the transaction, including the purchase and sale agreement with Lumen, the lease back to Lumen, the easements benefiting Lumen, the joint venture agreement with Spectrum, the Development Agreement with the City of Issaquah, condominium documents to allow for the sale of portions of the property to other developers/owners, and ancillary documents. A project profile is attached, reviewing project specifics in greater detail and assessing development and operational risks to the Housing Authority.

Staff recommends approval of Resolution No. 5678.

Trailhead Apartments Project Profile

The Trailhead Apartments (“the Trailhead”) is a proposed development located in Central Issaquah that will be a part of a larger mixed-income, mixed-use Transit Oriented Development project (“TOD Project”) next door to the Issaquah Transit Center. King County Housing Authority is partnering with Spectrum Development Solutions (“Spectrum”) and the City of Issaquah (“City”) on the larger TOD Project. The Trailhead will including approximately 155 units of workforce housing owned by KCHA targeting households at 40% and 60% of Area Median Income. The development will be financed with funding from the King County TOD funds, ARCH Funding, 4% Low Income Housing Tax Credits and Tax-Exempt Bond Financing

Project History

In November 2016 the City of Issaquah released an RFP for qualified developers to build a mixed-use, mixed-income Transit Oriented Development on a site adjacent to the Issaquah Transit Center. KCHA partnered with Spectrum Development Solutions (together the “Development Team”) to submit a proposal, and the Development Team was eventually selected by the City to proceed with the development. The proposed site is owned by Century Link (now Lumen) and used as an operations facility, and the key to making the transaction work was finding an alternative location for the operations facility acceptable to Lumen. The City acquired an alternative site from King County in 2017 which initially appeared acceptable to Lumen, but in August 2019, Lumen decided that this site would not work for their needs. After looking broadly for alternative sites the City offered Lumen a portion of a different site they owned, which is currently operated as an RV Park. After significant due diligence, Lumen accepted the RV Park site as its replacement site and agreed to proceed with the transaction.

Purchase Status

Lumen agreed to the move to an agreed-upon replacement site subject to the following conditions:

1. Lumen would not be required to contribute any cash to the deal and the Development Team would have to cover all of Lumen’s closing costs, including broker fees and excise tax.
2. Lumen would have continued use of a cell tower and communications infrastructure located on the current site.
3. Lumen receives market value for its current site.
4. Spectrum would build them a new facility to their specifications at the RV Park Site.

After months of negotiations, Lumen, the Development Team and the City of Issaquah have agreed on the terms of the transaction. Lumen will receive at least \$12 million in value for selling its existing site. This consideration will include the following:

1. The value of the land for the replacement site (which the City will be contributing);
2. Any closing costs paid by the Development Team on Lumen’s behalf, including broker fees, excise taxes, attorney fees, and title insurance;
3. The actual cost to Spectrum of financing, developing, designing, permitting and building the replacement facility;
4. The actual cost of moving Lumen to the new facility;
5. The actual cost of furnishing the new facility;
6. The value of the easements for cell tower and the communications hub;
7. The actual cost of moving the existing cell tower to a new location within the development site so that they do not interfere with the proposed new development.

8. Reimbursement of other third party costs incurred by Lumen
9. The legal and surveying costs associated with adjusting a boundary line with the property to the east.

If the total amount of these costs including the value of the replacement site land and existing site easements is below \$12 million, the Development Team will give Lumen cash to make up the difference. If the total costs exceeds \$12 million, the Development Team is required to cover the difference. Spectrum has prepared a detailed budget for all of the items listed above, including a healthy amount of contingency. The current estimate for the cost of the items listed above is \$14.17 million, including \$1.67 million in value for the replacement site land, \$500,000 in value for the easements, and \$12 million in cash outlays. KCHA's share of these cash outlays will be approximately 45%, or \$5.4 million.

The City of Issaquah and Lumen will be seeking final approval for the purchase agreement in early April, with execution of the agreement shortly after that. The closing will occur 240 days following the execution of the agreement.

After closing, Lumen will lease back their current site at a nominal rent while Spectrum builds their replacement facility. The construction of the replacement facility will be completed in 2022 with Lumen's move to the new facility taking place prior to construction beginning on the TOD Project in early 2023.

Due Diligence Status

KCHA received an appraisal of the TOD Project site from Kidder Mathews that sets the value at \$12 million. A Phase I Environmental assessment, a survey and preliminary soils report have also been completed and identified no significant issues. The purchase agreement will have an additional 120-day due diligence period which will allow the Development Team to refine initial designs and conduct additional testing as deemed necessary.

Project Description

The site for the TOD Project is approximately 4 acres. It is a rectangular site with street access on the north and south sides. The Issaquah Transit Center is immediately to the west and an office park is located to the east.

The site is zoned Urban Core and is subject to the Central Issaquah Plan overlay. The proposed project is fully permitted under the existing zoning and is consistent with the Planned Action Environmental Impact Statement which was approved for Central Issaquah.

The proposed development will include two 7-story towers. The southern tower (Tibbetts) will be developed by Spectrum and contain approximately 200 market rate units and a new daycare center. The other tower (Trailhead) will be developed by KCHA and contain approximately 155 KCHA units, 5 units for people with developmental disabilities to be owned by Life Enrichment Options, and an Opportunity Center which will house a Health Point clinic and a Valley Cities mental health center. The Opportunity Center will be owned and financed by the City of Issaquah.

Current budgets project that KCHA's housing will represent 45% of the rentable space in the full development, so 45% of the acquisition and site development costs will be borne by the Trailhead. The details of the relationship between Spectrum and KCHA will be fully written out in a joint venture agreement which will be finalized during the due diligence period. KCHA has already signed a contract with Spectrum detailing Spectrum's role as development manager for the construction of the Trailhead.

The design for the development will be refined during the due diligence period outlined above, and a Development Agreement will be submitted to the City of Issaquah prior to the closing of the acquisition. The entitlement and permitting process will continue during the building of the Lumen replacement facility. The Development Team and the City have agreed on a timeline that will allow construction to begin on the TOD Project as soon as the replacement facility has been built and Lumen is relocated.

Proposed KCHA Unit Configuration

The proposed Trailhead Apartments include 155 units and in the following unit mix:

- 5 studio units with one bath of approximately 400 square feet each,
- 80 one-bedroom, one bath units of approximately 580 square feet,
- 40 two-bedroom, one bath units of approximately 850 square feet,
- 30 three-bedroom, two bath units of approximately 1,100 square feet.

Neighborhood Description

The Trailhead is located between Maple Street and Newport Way, one block east of Highway 900. It sits within the Tibbetts Valley District in Central Issaquah. The district is currently a collection of low-rise shopping centers, office buildings and restaurants. The Central Issaquah Plan envisions a vibrant mix of higher density residential, office and retail uses and a transit center in the Tibbetts Valley District. In 2012 the City of Issaquah entered into a Development Agreement with Rowley Properties covering the redevelopment of approximately 78 acres of land just to the north of the Trailhead site. The Rowley master planned community will be an urban, pedestrian-oriented village providing a variety of distinctive building types, styles, and densities with a cohesive and unified community identity.

The Issaquah Transit Center is immediately to the west of the property, offering frequent, all-day, and high capacity transit to Seattle and other Eastside employment centers and services. Across the street to the south is Tibbetts Valley Park, a thirty acre active recreational community park with athletic fields, tennis courts, basketball court and a children's playground. The site provides close access to trailheads leading into Cougar Mountain Regional Wildland Park and Squak Mountain State Park. The Maple-Juniper Urban Trail across Maple Street provides direct access to Issaquah's extensive urban trail system and to forested trails in the nearby parks.

There are numerous grocery stores, department stores, banks, health care facilities, and professional office buildings within walking distance of the Trailhead.

Strategic Rationale for Acquisition

KCHA's Board of Commissioner's has identified the acquisition and development of affordable housing near or adjacent to light rail stations as a priority in order to address a shortage of affordable housing with access to transportation. The development of the Trailhead will allow KCHA to provide 155 units of affordable housing to households at or below 60% of the area median income next door to a transit center. Although the location has not been finalized, it is expected that the eventual Issaquah Light Rail Station will also be within a 10-minute walk of the Trailhead.

The Trailhead is also located in a "high opportunity neighborhood", with access to high-performing public schools and a growing high-wage employment base. Rents in Issaquah have been growing at a faster rate than those of the County as a whole, putting these opportunities out of reach for most lower income families.

Proposed Financing

Permanent Financing – The Trailhead project has already received two significant funding commitments. King County has committed \$10 million of TOD funds to this project, and ARCH has committed an additional \$2 million. In addition, the City of Issaquah will be waiving \$2 million in impact and permitting fees. The other financing will consist of 4% Low-Income Housing Tax Credits and Tax-Exempt Bond Financing. The Trailhead is located in a Difficult Development Area, resulting in a 130% boost in tax credits. It also will benefit from the recent changes to the 4% tax credit regulations that will result in about 25% increase in the tax credit equity that the project can generate. KCHA will need to secure an allocation of private activity bond cap, which has become very competitive. The project is currently listed on the Housing Authority bond cap priorities list. KCHA will also loan a portion of the \$7.5 million developer fee to the project, recouping these monies over time.

Sources & Uses

USES

Acquisition	\$5,400,000
Closing	100,000
Construction	50,015,000
Soft Costs	5,000,000
Financing Costs	2,800,000
Other Development	3,000,000
Developer Fee	7,500,000
Reserves	185,000
TOTAL	<u><u>\$74,000,000</u></u>

SOURCES

King County	\$10,000,000
ARCH	2,000,000
Issaquah Fee Waivers	2,000,000
Tax-Exempt Bonds	25,000,000
Tax Credit Equity	32,000,000
Developer Fee Loan	3,000,000
TOTAL	<u><u>\$74,000,000</u></u>

Risks & Mitigation

Acquisition Risks & Mitigation

- (Risk) The mixed-use project site has physical defects which are unforeseen/unknown.
- (Mitigation) Spectrum is experienced in these types of mixed-use residential projects and has completed thorough due diligence on the site. This due diligence has identified that the property has a high water table and potential soils issues, and the cost of mitigating these issues has been included in the development budget.
- (Risk) Lumen chooses to walk away from the deal after the 120-days due diligence period.
- (Mitigation) KCHA has attempted to minimize this risk by negotiating a purchase agreement that includes disincentives for Lumen to leave the deal without cause. Lumen's

primary business operations are reliant on maintaining a good relationship with the various jurisdictions in which it works, and the ongoing support for this TOD Project from the City of Issaquah makes it less likely that Lumen will act in bad faith.

Financing Risk & Mitigation

- (Risk) KCHA is unable to secure adequate private activity bond cap for this project.
- (Mitigation) Securing bond cap for 4% Low-Income Housing Tax Credit projects has never been more difficult, as recent changes to the program have made many more projects feasible. The housing authorities in Washington State have set up a collaborative process for allocating this scarce resource, but there are more housing authority projects that want bond cap than there is bond cap available. The Trailhead has been on the list of future projects for two years, greatly enhancing the chances that it will rise to the top of the list either in 2020 or 2021. KCHA is also participating in federal advocacy efforts that may ease some of the pressure on the limited bond cap.
- (Risk) Tax credit pricing might decrease, resulting in the Trailhead project attracting less tax credit equity than anticipated in the preliminary budgets.
- (Mitigation) The budgets assume a still conservative \$0.95 in credit pricing. If necessary, KCHA could defer more developer fee in order to cover the gap.
- (Risk) Interest rates rise significantly, lowering the amount of permanent debt available to the project.
- (Mitigation) The current operating budgets do not take into account recent increases in median income levels, so there is room to increase the tax credit rents and the Net Operating Income, if the projected 3.5% interest rate on KCHA borrowing is no longer achievable.
- (Risk) The Trailhead development cost will fall outside the total development cost limits set by the Washington State Housing Finance Commission.
- (Mitigation) KCHA is working closely with Spectrum and the design team to develop a cost effective project, but the costs will be high and many other new construction TOD projects have exceeded the limits. Additional design work is necessary before it will be clear whether the Trailhead is likely to exceed the cost limits. The Finance Commission has a waiver process for projects exceeding the limits, and they have been amenable to doing this on housing authority projects in the past. KCHA has been granted total development cost limit waivers on its last four 4% Low-Income Housing Tax Credit deals.

Construction Risk & Mitigation

- (Risk) Construction costs increase more than expected before the project is able to bid.
- (Mitigation) The current budget assumes continued cost increase until the bid date. The General Contractor will be brought on by Spectrum in the next few months to help lock in pricing as early as possible.

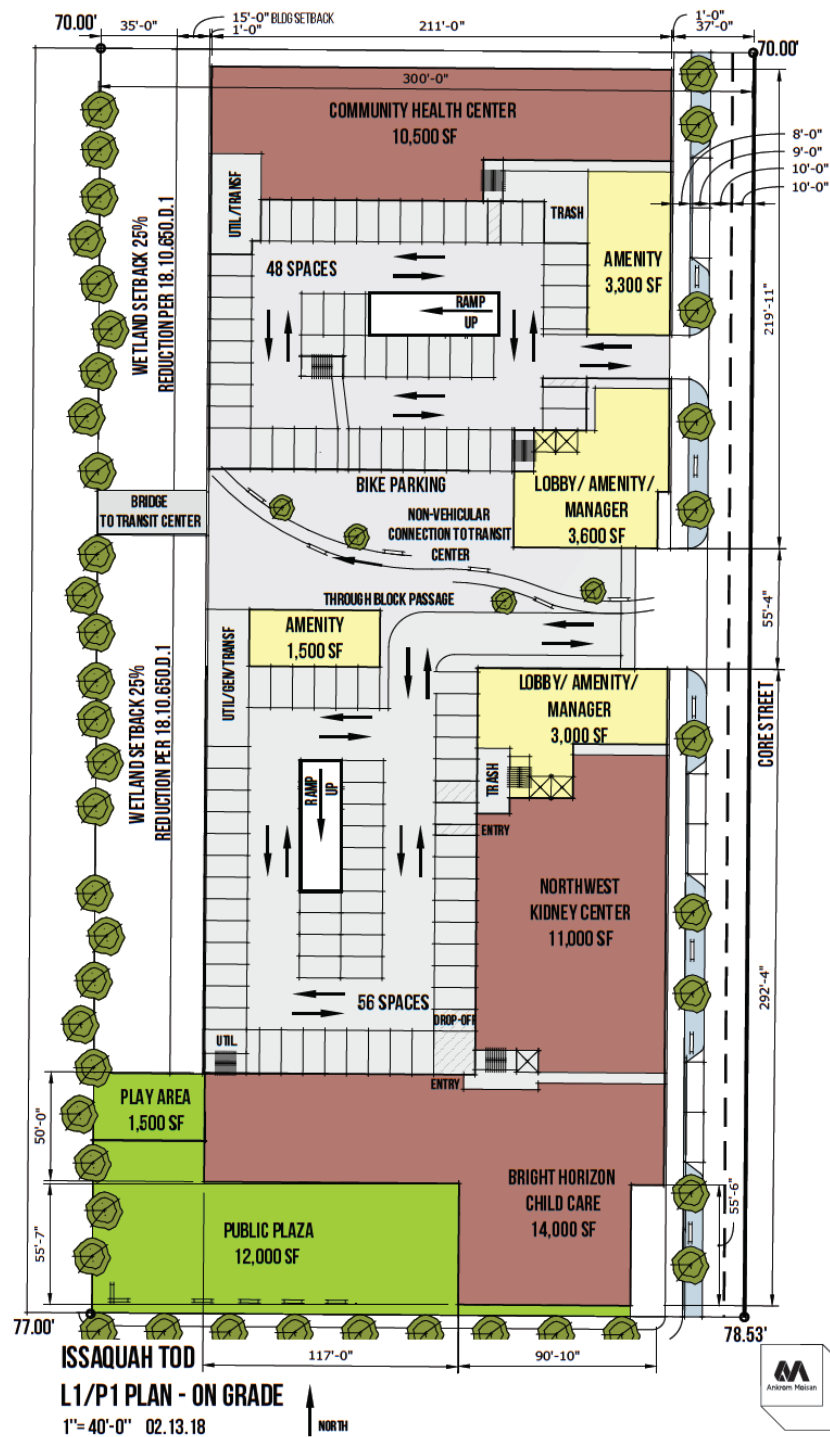
Joint Venture Risks

- (Risk) Spectrum fails to meet its obligation to deliver the replacement facility for Lumen by the scheduled delivery date, delaying the ability to start building the TOD Project and giving Lumen grounds for contract default.
- (Mitigation) Spectrum has a successful track record of bringing projects to completion on time and under budget, and all of the financing required for the replacement facility will be placed into escrow at closing. KCHA staff has worked with our outside counsel, Montgomery Purdue PLLC, to include language in Spectrum's development agreement with Lumen that would allow KCHA to step in and complete any unfinished work on the replacement facility should Spectrum be unable to do so.
- (Risk) Spectrum Development Services fails to perform in either building its portion of the TOD Project, Tibbetts tower, or in delivering its services as a development manager of the Trailhead tower to be owned by KCHA.
- (Mitigation) Spectrum has secured both an investor for the Tibbetts tower as well as below-market financing from Microsoft. It is unlikely that they will be unable to complete this construction for lack of financing. Spectrum has successfully completed, on time and on budget, many similar projects over the last few years. Should they be unable to proceed with one or both of the Tibbetts tower and the Trailhead tower, KCHA's tower can be built independently. In this situation, some site development costs that would otherwise be shared would have to be fully paid by KCHA and would not be recouped until the market rate housing was built. KCHA has the staff capacity to develop its own tower should Spectrum be unable to fulfill its role as a development manager on the Trailhead project.



Issaquah TOD Site



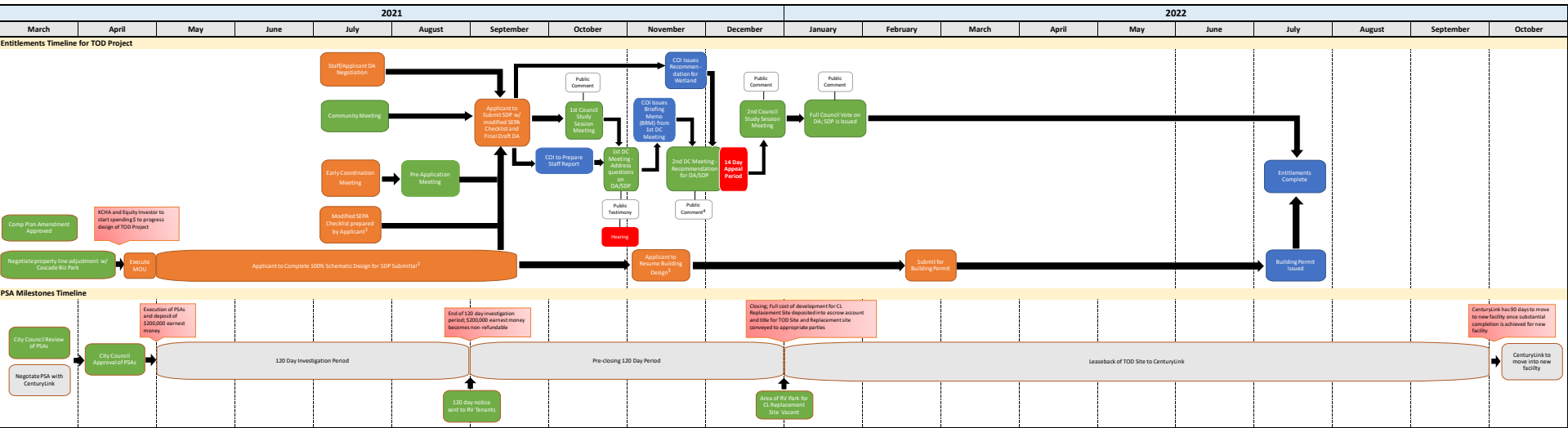


Architectural Rendering of Issaquah TOD



IssaTOD Timeline: Combined DA/SDP w/ Planned Action (13 Months)

Updated: 10/21/2020



Key Assumptions:

- Development Agreement (DA) is required
- Site Development Permit (SDP) and DA are combined
- Project is located within a Planned-Action Ordinance Area and is not required to obtain a SEPA threshold determination, prepare an EIS or be subject to further review pursuant to SEPA.
- DC Meetings are combined for DA and SDP
- Development is a workforce housing project and qualifies for 50% faster permit review times (4 months instead of 6 months)
- Assumes that DC meetings can be consolidated from four (4) to two (2). Refer to the TOD Flowchart 2 for timeline that assumes City standard of four (4) separate DC meetings for projects that combine DA and SDP.

Footnotes:

- ¹ Although the Project is located in a Planned Action area, Applicant is required to complete a modified SEPA checklist that the City reviews to insure that the Project is consistent with the uses and densities allowed in the Planned action EIS. No Land Use decision is required.
- ² Applicant to complete Building Design to 100% Schematic Design in order to provide necessary information for SDP application; Civil and Landscape critical subconsultants
- ³ Assumes public testimony period related to design standards is "closed" after 1st Development Commission Meeting so Applicant can proceed with building design. Building design can resume after Briefing Memo from COI is issued
- ⁴ Key distinction between Public Testimony and Public Comment is that Public Comment is not officially recorded and doesn't occur during a hearing

Color Key

- Orange Bubble = Applicant driven activity
- Green Bubble = City driven activity
- Blue Bubble = City action
- Gray Bubble = Development Team Action (KCHA/SDS/Equity Investor)

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5678

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF KING AUTHORIZING ACQUISITION OF THE TRAILHEAD TOD PROPERTY IN ISSAQUAH; AUTHORIZING THE DEVELOPMENT OF THE SITE INTO MULTIFAMILY HOUSING INCLUDING NON-RESIDENTIAL AND ANCILLARY FACILITIES; AND DETERMINING, NEGOTIATING AND EXECUTING THE FORM, TERMS COVENANTS, CONTRACTS, LEASES, FINANCING APPLICATIONS AND AGREEMENTS, AND OTHER ARRANGEMENTS NECESSARY TO CARRY OUT THE PURPOSES OF THIS RESOLUTION

WHEREAS, the King County Housing Authority (“Housing Authority”) is charged with providing quality affordable housing opportunities, equitably distributed within King County; and

WHEREAS, it is a goal of local government and the Housing Authority to further fair housing in the region affirmatively, in part through creating housing opportunities in areas with significantly appreciating housing costs; and

WHEREAS, RCW 35.82.070 (2) and (3) provide, in part, that a housing authority shall have the power to prepare, carry out, acquire, lease and operate housing projects and may provide for construction, reconstruction, improvement, alteration or repair of any housing project within its area of operations; and

WHEREAS, the Housing Authority has identified acquiring and developing housing along planned mass transit corridors and areas with frequent high capacity transit as a strategic priority to ensure the long-term availability of low-income housing near reliable public transportation; and

WHEREAS, there is a growing loss of affordable housing within transit corridors and around light rail stations in King County; and

WHEREAS, access to reliable public transportation is a critical resource for low-income households, providing access to work, services, school, shopping, cultural and other activities for these residents; and

WHEREAS, RCW 35.82.120 directs that, in the planning and creation of any housing project, a housing authority shall take into consideration the relationship of the project to any larger plan or long-range program for the development of the area in which the housing authority functions; and

WHEREAS, the Housing Authority and Spectrum Development Solutions LLC (“Spectrum”) jointly responded to a Request For Proposals issued by the City of Issaquah (“City”) for the construction of a mixed use, mixed income transit-oriented development (“TOD Development”) to be located at 1505 Newport Way NW, Issaquah, Washington (the “TOD Property”), the northern portion of which is referred to as the “Trailhead Property and would be owned by the Housing Authority and the southern portion of which is referred to as the “Tibbetts Property” and would be owned by a Spectrum affiliate; and

WHEREAS, the Housing Authority and Spectrum were selected by the City to construct the TOD Development at the TOD Property; and

WHEREAS, the Tibbetts Property is suitable for development of a multi-story tower (“Tibbetts Building”) that will provide multifamily apartments and a new day care center, and the Trailhead Property is suitable for development of a separate multi-story tower (“Trailhead Building”) that will provide approximately 155 housing units for low and moderate income households, five additional units for people with developmental disabilities, and an opportunity center containing a medical and/or mental health facilities (“Opportunity Center”); and

WHEREAS, the TOD Property is located within a transit corridor and close to forthcoming light rail where rents are increasingly unaffordable to low-income households; and

WHEREAS, the TOD Property is currently owned and occupied by Quest Corporation dba Lumen Technologies (“Lumen”) as a maintenance facility and Lumen has indicated a willingness to sell the TOD Property to the Housing Authority, provided the following conditions are met:

(i) Lumen is allowed to continue its operation of the maintenance facility under the terms of a lease with the Housing Authority for nominal rent until such time as a replacement facility is constructed and available for the relocation of Lumen's operations;

(ii) Lumen is not required to pay, as part of the transaction, any costs of due diligence, moving or closing, including broker fees and excise tax, or the costs of adjusting the record boundary of the TOD Property to conform to the boundaries of historical use;

(iii) Lumen will have perpetual use of a cell tower and a communications hub located on the TOD Property (including as each may be relocated to facilitate construction of the TOD Development);

(iv) Lumen receives a deed to the Replacement Property (defined below) from the City and, before vacating the TOD Property, a custom-designed Replacement Facility (defined below) constructed by Spectrum; and

(v) Lumen receives at least \$12,000,000 in value as consideration for its sale of the TOD Property to KCHA, which consideration the parties anticipate will be paid largely, if not entirely, by way of payment or contribution of those items described in clauses (ii) through (iv) of this recital; and

WHEREAS, the City has identified City-owned property in Issaquah ("Replacement Property") as a suitable site for development of a replacement facility ("Replacement Facility") for Lumen's maintenance facility on the TOD Property and is willing to sell the Replacement Property to Lumen in consideration of, and simultaneous with, the sale of the TOD Property to the Housing Authority, provided that the TOD Property includes space for the Opportunity Center; and

WHEREAS, Spectrum is willing to oversee construction of the Replacement Facility for Lumen, to oversee the development of the Trailhead Property and construction of the Trailhead Building for the Housing Authority, and to, directly or through one or more affiliates, purchase the

Tibbetts Property in exchange for a proportional contribution of the purchase price of the TOD Property; and

WHEREAS, acquisition of the Trailhead Property and construction of the Trailhead Building as part of the larger TOD Development would serve the mission of the Housing Authority and the housing goals of the region by increasing low income housing as part of the larger plan to support the housing needs of low-income persons throughout the County; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING, as follows:

Section 1: Acquisition of the TOD Property and construction of the Trailhead Building by the Housing Authority is necessary to provide housing for persons of low income that is equitably distributed in various areas of King County and particularly in areas of rising rents, planned mass transit corridors and high housing costs.

Section 2: The Board of Commissioners hereby authorizes the Executive Director, Stephen J. Norman, on behalf of the Housing Authority, to purchase the TOD Property and in connection therewith to enter into: 1) any and all contracts, agreements, certifications or other documents in each case containing such terms and conditions as are customary in such transactions and as are deemed by the Executive Director to be in the best interests of the Housing Authority, including without limitation, a purchase and sale agreement for the TOD Property, 2) an agreement to escrow all or a portion of the purchase price (including appropriate construction contingencies) for use toward the cost of constructing the Replacement Facility and relocating Lumen thereto, 3) a leaseback of the TOD Property to Lumen pending construction of the Replacement Facility and 4) one or more communication system easements or similar agreements with respect to the TOD Property.

Section 3: The Board of Commissioners hereby authorizes the Executive Director, Stephen J. Norman, on behalf of the Housing Authority, to develop the Trailhead Property, to

construct the Trailhead Building, and to execute in connection therewith, any and all contracts, agreements, certifications or other documents, in each case containing such terms and conditions as are customary in such transactions and as are deemed by the Executive Director to be in the best interests of the Housing Authority, including without limitation, a development agreement for the construction of the Trailhead Building and development of the Trailhead Property.

Section 4: The Board of Commissioners hereby authorizes the Executive Director, Stephen J. Norman, on behalf of the Housing Authority, to convey or dispose of a portion of the TOD Property in order to facilitate separate ownership within the TOD Property (e.g. the Tibbetts Property), in exchange for a proportionate contribution of the purchase price of the TOD Property and to execute in connection therewith any and all contracts, agreements, certifications or other documents, in each case containing such terms and conditions as are customary in such transactions and as are deemed by the Executive Director to be in the best interests of the Housing Authority, including without limitation, condominium or other documents.

Section 5: The Board of Commissioners hereby authorizes the Executive Director, Stephen J. Norman, on behalf of the Housing Authority, to permit the City or its assigns to acquire and/or operate the Opportunity Center and to execute in connection therewith any and all contracts, agreements, certifications or other documents, in each case containing such terms and conditions as are customary in such transactions and as are deemed by the Executive Director to be in the best interests of the Housing Authority, including without limitation, condominium, lease, or other documents necessary to facilitate separate ownership and/or operation of the Opportunity Center from the remainder of the Trailhead Property.

Section 6: The Board of Commissioners hereby authorizes the Executive Director to execute any and all applications, agreements, certifications or other documents in connection with the submission of various funding and financing applications, in order to provide all or part of the interim financing of the acquisition of the TOD Property, and interim and/or permanent

financing for acquisition and development of the Trailhead Property and construction of the Trailhead Building pursuant to this Resolution.

**ADOPTED BY THE BOARD OF COMMISSIONERS OF THE HOUSING
AUTHORITY OF THE COUNTY OF KING AT AN OPEN PUBLIC MEETING THIS
15TH DAY OF MARCH, 2021.**

**THE HOUSING AUTHORITY OF THE
COUNTY OF KING**

DOUGLAS J. BARNES, Chair
Board of Commissioners

Attest:

STEPHEN J. NORMAN
Executive Director and Secretary-Treasurer

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director and Secretary-Treasurer of the Housing Authority of the County of King (the “Authority”), and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 5679 (the “Resolution”) is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on March 15, 2021 (the “Meeting”), and duly recorded in the minute books of the Authority;

2. That in accordance with RCW 43.06.220, and the Proclamations of the Governor of the State of Washington, as extended by the leadership of the Washington State Senate and House of Representatives (a) the Meeting was not conducted in person, (b) one or more options were provided for the public to attend the Meeting remotely, including by telephone access, which mean(s) of access provided the ability for all persons attending the Meeting remotely to hear each other at the same time, and (c) adoption of the Resolution is necessary and routine action of the Board of Commissioners of the Authority;

3. The public was notified of access options for remote participation in the Meeting via the Authority’s website and email to stakeholders; and

4. The Meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of the Meeting was given; that a quorum was present throughout the Meeting through telephonic and/or internet means of remote access, and a majority of the members of the Board of Commissioners of the Authority present at the Meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of March 2021.

Stephen J. Norman

Secretary-Treasurer and Executive Director of the
Authority

T A B N U M B E R



To: Board of Commissioners

From: Tim Walter, Sr. Director of Development & Asset Management

Date: March 8, 2021

Re: **Resolution No. 5679:** A Resolution providing for the issuance of the Authority's Workforce Housing Preservation Tax-Exempt Housing Revenue Note, 2021, in the principal amount of not to exceed \$161,500,000

A core strategic objective of the Housing Authority is the preservation of existing affordable housing across the region, with a particular focus on those housing markets where older, more affordable housing is most at risk of demolition or repositioning in the market. Last year's McKinsey & Company report estimated that King County has suffered a net loss of 112,000 affordable housing units over the past decade. The eastside of Lake Washington, with its expanding technology employment base, and the emerging south King County light rail corridor, are two key areas of concern. KCHA has increasingly partnered with local governments and major corporate interests headquartered in the region in seeking to preserve existing housing. The partnership with Amazon outlined below builds on the work started last year with the Microsoft Corporation.

Resolution No. 5679 authorizes the issuance of a tax-exempt revenue bond ("Note") to Amazon.com, Inc. or an affiliate thereof ("Lender") in the amount of \$161,500,000 to provide financing for a portion of the acquisition cost of approximately 1,000 units of workforce housing. The bond will bear a 1.875% "interest only" payment cost for 20 years and will require a balloon payment of the entire principal balance upon maturity. This rate, combined with grant funds Amazon is also pledging, will result in an effective rate of financing rate of 1% for these funds over the 20-year term.

In January, 2021, KCHA negotiated the proposed terms and conditions of a financing package with Amazon that would enable KCHA to preserve approximately 1,000 units of workforce housing in or near the City of Bellevue or adjacent to mass transit. This loan, which will be combined with the issuance of publicly issued tax-exempt bonds and approximately \$20 million in grant funds from Amazon, will support the permanent financing of the following properties ("Portfolio"):

Property	Location	Purchase Date	# Units	Purchase Price
Hampton Greens	Bellevue	12/31/2019	326	\$126,500,000
Pinewood Village	Bellevue	12/18/2020	108	\$38,000,000
Argyle	Federal Way	5/31/2021*	160	\$43,250,000*
Carrington	Bellevue	6/30/2021*	108	\$39,850,000*
Sandpiper East	Bellevue	5/31/2021*	224	\$70,000,000**
To Be Identified	Bellevue	6/30/2021***	150***	\$60,000,000***
			1,076	\$365,400,000

Notes: * Projected Date/Price
 ** Price includes estimate for anticipated renovation and repairs
 *** Additional acquisition to be included in Portfolio but yet to be identified. Purchase date, number of units and purchase price are estimates.

Proposed Financing

As previously discussed with the Board, the rental revenues from an affordable multifamily property acquired by KCHA generally support only 60% - 70% of the debt service needed to cover the total acquisition cost of the property. The remaining 30-40% of the acquisition cost must be covered by one or more additional long term financing sources. The aggregate financing of the tax-exempt bonds, Amazon Note and Amazon grant for the Portfolio are sized so that KCHA can fully cover and support 100% of the cost of the acquisition of the Portfolio solely with the net rental revenues of the Portfolio.

Sources and Uses

Uses

Finance/Refinance Acquisition of Portfolio	<u>\$365,400,000</u>
Total Uses	\$365,400,000

Sources

Amazon Note	\$161,500,000
Amazon Workforce Housing Grant	\$20,000,000
Tax-Exempt Municipal Bonds (already issued)	\$126,500,000
Tax-Exempt Municipal Bonds (to be issued)	<u>\$57,400,000</u>
Total Sources	\$365,400,000

Key terms and provisions of Note

Term: Interest only for 20 years from the date of closing.

Interest Rate: 1.875% (tax-exempt to Lender).

Security: The Note will be secured by a pledge of the Authority's general revenues (on parity with other lenders).

Repayment Terms: Interest due quarterly in arrears.

Optional Repayment: Prepayments of the Note permitted only upon approval by Lender.

Excess Return: Any surplus or excess revenues generated by the properties in excess of what is needed to cover operating costs, debt service and non-routine/capital replacements (including reserves) and reasonable overhead costs, will be dedicated to a) future workforce housing preservation investments and/or b) repayment of the Note with approval of the Lender.

Covenants: 100% of the units shall be affordable to households earning no more than 80% of the city Median Income for the city in which the property is located (or the Seattle-King County Area Median Income, whichever is greater) and at least 50% of the units shall be rented to households with incomes at initial occupancy that are earning no more than 80% of the city Median Income for the city in which the property is located (or the Seattle-King County Area Median Income, whichever is greater). The covenants shall remain in place for a term of 99 years.

Projected Terms of the Municipal Tax-Exempt Bonds (to be issued)

KCHA is still in the process of identifying one additional workforce housing acquisition within the City limits of Bellevue in order to meet its commitment to Amazon of preserving no less than 1,000 units of workforce housing. Because a portion of the tax-exempt municipal bonds have already been issued and the Amazon Note and grant are sized at a fixed amount, the residual financing needed to cover the balance of the total cost of the Portfolio will be covered by an additional municipal tax-exempt bond offering. The size of this bond issue will increase or decrease over the \$57.4 million amount reflected in the board memo by an amount equal to the portion of the acquisition price of the remaining property that is greater or less than the \$60 million purchase price estimated for the yet to be identified property (see Portfolio chart above). The proposed acquisition of this additional property will be brought to the Board for review once the property has been identified.

In order to balance the increase (or decrease) in overall debt service related to the bond issue, KCHA has the ability to either extend the bond amortization or reduce the bond amortization accordingly so that the resulting debt service will be able to be supported by the available net rental revenues of the Portfolio. KCHA has underwritten the projected tax-exempt bond interest rate at 2.75% for 20-year term bonds. Current indicative market interest rates for 20-year term bonds are approximately 2.5% – 2.6%.

A risk analysis of this financing will be contained in each project profile as individual properties are brought to the Board for review and approval.

Illahee Acquisition

Separate from the workforce housing preservation financing described above, Amazon has committed \$4 million in grant funding to KCHA to finance a portion of the acquisition of the Illahee Apartments in Bellevue. The Illahee is to be converted to federally assisted public housing targeting households earning below 30% of AMI using KCHA's banked operating subsidy and cannot support debt. The acquisition cost will therefore need to be 100% grant funded. KCHA is currently working with the City of Bellevue to identify sources of the additional grant funds necessary for KCHA to finance the cost of acquiring the property. The permanent financing for the Illahee project, including the long-term redevelopment plan for the site, will be brought to the Board of Commissioners for review and approval at a subsequent meeting of the Board.

Staff Recommendation

Staff recommends the passage of Resolution No. 5679.

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5679

(Workforce Housing Preservation Tax-Exempt Housing Revenue Note, 2021)

A RESOLUTION of the Board of Commissioners of the Housing Authority of the County of King providing for the issuance of the Authority's Workforce Housing Preservation Tax-Exempt Revenue Note, 2021, in the principal amount of not to exceed \$161,500,000, the proceeds of which will be used to finance or refinance the acquisition of housing and related improvements and facilities; determining the form, terms and covenants of the note; creating a note fund; approving the sale and providing for the delivery of the note to Amazon.com, Inc. or an affiliate thereof; authorizing and directing appropriate officers of the Authority to negotiate, execute and deliver such other documents as are useful or necessary to the purposes of this resolution; and determining related matters.

Adopted March 15, 2021

This document was prepared by:

*FOSTER GARVEY P.C.
1111 Third Avenue, Suite 3000
Seattle, Washington 98101
(206) 447-4400*

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5679

(Workforce Housing Preservation Tax-Exempt Housing Revenue Note, 2021)

A RESOLUTION of the Board of Commissioners of the Housing Authority of the County of King providing for the issuance of the Authority's Workforce Housing Preservation Tax-Exempt Revenue Note, 2021, in the principal amount of not to exceed \$161,500,000, the proceeds of which will be used to finance or refinance the acquisition of housing and related improvements and facilities; determining the form, terms and covenants of the note; creating a note fund; approving the sale and providing for the delivery of the note to Amazon.com, Inc. or an affiliate thereof; authorizing and directing appropriate officers of the Authority to negotiate, execute and deliver such other documents as are useful or necessary to the purposes of this resolution; and determining related matters.

WHEREAS, the Housing Authority of the County of King (the "Authority") seeks to encourage the provision of housing for low-income persons residing in King County, Washington (the "County"); and

WHEREAS, RCW 35.82.070(2) provides that a housing authority may acquire and operate housing projects; and

WHEREAS, RCW 35.82.070(5) provides that a housing authority may, among other things and if certain conditions are met, "own, hold, and improve real or personal property . . .," "purchase, lease, obtain options upon . . . any real or personal property or any interest therein" and "lease or rent any dwellings, houses, accommodations, lands, buildings, structures or facilities embraced in any housing project"; and

WHEREAS, RCW 35.82.020 defines "housing project" to include, among other things, "any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks, or other living accommodations for persons of low income" and

provides that the term “housing project” may be applied to the “acquisition of property, the demolition of existing structures, the construction, reconstruction, alteration and repair of improvements and all other work in connection therewith”; and

WHEREAS, RCW 35.82.020(11) and 35.82.130 together provide that a housing authority may issue bonds, notes or other obligations for any of its corporate purposes; and

WHEREAS, RCW 35.82.070(1) permits a housing authority to “make and execute contracts and other instruments . . . necessary or convenient to the exercise of the powers of the authority”; and

WHEREAS, RCW 35.82.040 authorizes the Authority to “delegate to one or more of its agents or employees such powers or duties as it may deem proper”; and

WHEREAS, the Board of Commissioners of the Authority deems it necessary and advisable and in the best interest of the Authority to issue its Workforce Housing Preservation Tax-Exempt Revenue Note, 2021 (the “Note”), in a principal amount not to exceed \$161,500,000, to provide funds required to finance and/or refinance the acquisition of housing projects of the Authority and related improvements and facilities; and

WHEREAS, Amazon.com, Inc. or an affiliate thereof (the “Purchaser”) has proposed to extend financing to the Authority to on the terms set forth in this resolution to provide money for those purposes;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING; as follows:

Section 1. Definitions. As used in this resolution, the following terms have the following meanings:

“Act” means chapter 35.82 of the Revised Code of Washington.

“Affordable Housing Covenant Agreement” or “Affordable Housing Covenant Agreements” means one or more Affordable Housing Covenant Agreements, as applicable, each governing the use of a Workforce Housing Project, to be made by the Authority for the benefit of the Purchaser, as any such agreement may be amended in accordance with its terms.

“Authority” means the Housing Authority of the County of King, a public body corporate and politic duly organized and existing under and by virtue of the laws of the State of Washington.

“Authorized Officers” means the Executive Director of the Authority and any Deputy Executive Director of the Authority.

“Board” means the Board of Commissioners of the Authority.

“Code” means the Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

“Continuing Covenant Agreement” means a Continuing Covenant and Note Purchase Agreement to be entered into between the Authority and the Purchaser with respect to the Note, as it may be amended in accordance with its terms.

“County” means King County, Washington.

“Draws” means incremental draws upon the Note.

“General Revenues” means all revenues of the Authority from any source, but only to the extent that those revenues are available to pay debt service on the Note and are not now or hereafter pledged, by law, regulation, contract, covenant, resolution, deed of trust or otherwise (including restrictions relating to funds made available to the Authority under the U.S. Housing Act of 1937), solely to another particular purpose.

“Hampton Greens Project” means the apartment complex containing 326 dwelling units located at 4747 148th Avenue NE, Bellevue, Washington, known as the Hampton Greens Apartments.

“Illahee Project” means the apartment complex containing 36 dwelling units located at 14049 Bel-Red Road, Bellevue, Washington 98007, known as the Illahee Apartments.

“Note” means the Workforce Housing Preservation Tax-Exempt Revenue Note, 2021.

“Note Fund” means the Workforce Housing Preservation Tax-Exempt Revenue Note Fund, 2021, created by this resolution for the purpose of paying principal of and interest on the Note.

“Note Register” means the books or records maintained by the Note Registrar containing the name and mailing address of the Registered Owner of the Note.

“Note Registrar” means the Executive Director of the Authority.

“Pinewood Project” means the apartment complex containing 108 dwelling units located at 14911 NE 1st Place, Bellevue, Washington 98007, known as the Pinewood Village Apartment Homes.

“Proposal Letter” means the proposal letter to the Purchaser from the Authority, dated January 4, 2021, as it may be amended, setting forth certain proposed terms upon which the Purchaser may purchase the Note and extend grant funding to the Authority.

“Purchaser” means Amazon.com, Inc., or an affiliate thereof, as registered owner of the Note.

“Refunded Obligations” means, those portions of the bonds, notes, or other obligations of the Authority used to finance the acquisition of one or more Workforce Housing Projects and to be refunded with proceeds of the Note.

“Workforce Housing Project” or “Workforce Housing Projects” means, as applicable, one or more of the Hampton Greens Project, the Illahee Project, the Pinewood Project, and one or more other workforce housing properties to be acquired as housing projects of the Authority, which other properties are expected to include approximately 530 additional dwelling units.

Section 2. Authorization and Description of the Note and Application of Proceeds.

The Authority shall issue the Note in a principal amount not to exceed \$161,500,000 for the purpose of providing a portion of the funds required to finance certain Workforce Housing Projects, and/or to effect the current refunding of a portion of the Refunded Obligations used to finance the acquisition of certain Workforce Housing Projects. Such Note financing is declared and determined to be important for the feasibility of the Workforce Housing Projects. The Board finds that it is in the best interest of the Authority to issue the Note for the purpose set forth in this resolution. The Authorized Officers, and each of them acting alone, are delegated the discretionary authority to determine which Workforce Housing Projects will be acquired with proceeds of the Note, which of the Refunded Obligations will be refunded with proceeds of the Note, and in either case, in what amounts.

Section 3. Description of the Note. The Note shall be called the Authority’s Workforce Housing Preservation Tax-Exempt Revenue Note, 2021; shall be in a principal amount of not to exceed \$161,500,000; shall be dated its date of delivery; shall be numbered R-1; and shall mature 20 years from its date of delivery (the “Maturity Date”). Each Draw on the Note shall bear interest at a rate of 1.875% per annum, calculated on the basis of a 360-day year of twelve 30-day months.

The interest rate on the Note shall be subject to adjustment upon the occurrence of a Determination of Taxability or an Event of Default (each as defined in the Continuing Covenant Agreement), as described in the Note and the Continuing Covenant Agreement.

Interest on the Note shall be payable quarterly, commencing not later than three months following the date of issue, and thereafter on each payment date specified in the Note, until the Maturity Date or earlier prepayment of the Note in full. The Authority finds that the fixing of the interest rate described herein is in the best interest of the Authority.

The Note shall be subject to redemption at a redemption price equal to par plus accrued interest (a) in whole, upon 30 days' prior notice (or such shorter period acceptable to the Purchaser), and (b) in part, from available Excess Revenues (as defined in the Continuing Covenant Agreement) if such redemption is required or permitted by the terms of the Continuing Covenant Agreement and the Note.

If the Note is not paid when properly presented at its Maturity Date, the Authority shall be obligated to pay interest on the Note at the default rate of interest thereon from and after the Maturity Date until the Note, both principal and interest, is paid in full.

The Note and the Continuing Covenant Agreement shall have such other provisions consistent with the purposes of this resolution as are set forth in the Note. The Authorized Officers, and each of them acting alone, are authorized to determine and approve the final terms of the Note. The execution or authentication of the Note by an Authorized Officer shall be conclusive evidence of approval of the terms of the Note as set forth therein.

Section 4. Draws on the Note. The Board authorizes the Authorized Officers, and each of them acting alone, as authorized signors for the Authority, to make one or more Draws on the Note. The Authority may make Draws upon the Note in any amounts during the term of the Note

for the purposes identified above, subject to the terms of the Continuing Covenant Agreement and the Note. No Draw may exceed the total amount of the costs to be paid (or refinanced) from such Draw, and the proceeds of each Draw shall be used promptly to pay (or refinance) those costs, or to reimburse the Authority for such costs paid by the Authority. Draws shall be recorded in such form as the Authority and the Purchaser may agree. Draws on the Note shall be limited to an aggregate amount of \$161,500,000.

Section 5. Note Registrar; Registration and Transfer of the Note. The Executive Director of the Authority shall serve as Note Registrar for the Note. The Note Registrar shall keep, or cause to be kept, at his or her office in Tukwila, Washington, sufficient books for the registration of the Note (the “Note Register”), which shall contain the name and mailing address of the registered owner of the Note. The Note Registrar is authorized, on behalf of the Authority, to authenticate and deliver the Note in accordance with the provisions of the Note and this resolution, to serve as the Authority’s paying agent for the Note and to carry out all of the Note Registrar’s powers and duties under this resolution.

The Note shall be issued only in registered form as to both principal and interest and recorded on the Note Register. The Note may be assigned or transferred by the Purchaser in whole (a) to a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended, (b) to an affiliate of the Purchaser, or (c) as otherwise agreed by the Purchaser and the Authority. In connection with any assignment or transfer, the Note must be endorsed in the manner provided thereon and surrendered to the Note Registrar, and the assignee or transferee shall deliver to the Authority an executed Certificate of Transferee in the form attached to the Note. The Note Registrar shall not be obligated to exchange or transfer the Note during the five days preceding any interest payment date, prepayment date or the maturity date.

Section 6. Place, Manner and Medium of Payment. Both principal of and interest on the Note shall be payable in lawful money of the United States of America and shall be paid in immediately available funds (which may include, without limitation, payments by wire transfer) delivered on or before each payment date, to the Registered Owner appearing on the Note Register on the date payment is delivered in accordance with wire transfer or other instructions provided by the Registered Owner. Upon the final payment of principal of and interest on the Note, the Registered Owner shall surrender the Note at the principal office of the Note Registrar, for destruction or cancellation in accordance with law.

Section 7. Note Fund; Security for the Note. The Note Fund is hereby established as a special fund of the Authority and is to be known as the Workforce Housing Preservation Tax-Exempt Revenue Note Fund, 2021. The Note Fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Note. The Authority pledges to deposit General Revenues into the Note Fund in amounts sufficient to pay the principal of and interest on the Note when due. This pledge of General Revenues shall be valid and binding from the time when it is made. The General Revenues so pledged and thereafter received by the Authority shall immediately be subject to the lien of the pledge without any physical delivery thereof or further action, and lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Authority, irrespective of whether the parties have notice thereof.

The Authority reserves without limitation the right to issue other obligations, the principal of and interest on which are to be paid from the General Revenues on a parity of lien with Note. The Authority may also pledge any specific revenues, which otherwise would be General Revenues, to

the payment of other obligations, such payments to have priority over the payments to be made under the Note from General Revenues.

The Authority covenants to create no lien upon, or pledge of, its General Revenues that is senior to the pledge of its General Revenues to the payment of the Note (except as expressly provided above with respect to pledges of specific revenues which would otherwise become General Revenues). In the event that the Authority fails to comply with this covenant, the Purchaser may, at its option, require that the Authority record a deed of trust encumbering the Authority's fee interest in one or more Workforce Housing Projects financed or refinanced with proceeds of Draws on the Note, which deed of trust would secure the Authority's obligation to repay the Note. Notwithstanding the foregoing, any such deed of trust, and the requirement therefor, would be subject to the use restrictions, bond covenants, deed of trust, and other encumbrances then of record with respect to the applicable Workforce Housing Project.

The Note shall not be a debt of the County, the State of Washington or any political subdivision thereof (except the Authority from the source specified herein), and the Note shall so state on its face. Neither the County, the State of Washington nor any political subdivision thereof (except the Authority from the source specified herein) shall be liable for payment of the Note nor in any event shall principal of and interest on the Note be payable out of any funds other than the Note Fund of the Authority established herein. The owner of the Note shall not have recourse to any other fund of the Authority other than the Note Fund, or to any other receipts, revenues or properties of the Authority other than as described herein and in the Note. The Authority has no taxing power.

Neither the Authority (except to the extent of the pledge of its General Revenues) nor any of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the Note.

Section 8. Lost, Stolen or Destroyed Note. In case the Note shall be lost, stolen or destroyed after delivery to the Registered Owner, the Note Registrar may execute and deliver a new Note of like date and tenor to the Registered owner upon the Registered Owner filing with the Note Registrar evidence satisfactory to the Note Registrar that such Note was actually lost, stolen or destroyed and of the Registered Owner's ownership thereof, and upon furnishing the Authority with indemnity reasonably satisfactory to the Authority.

Section 9. Form and Execution of Note. The Note shall be in a form consistent with the provisions of this resolution and state law, shall bear the manual or facsimile signatures of the Chair of the Board and the Executive Director and shall be impressed with the seal of the Authority or shall bear a manual or facsimile thereof. The Note shall not be valid or obligatory for any purpose, or entitled to the benefits of this resolution, unless the Note bears a Certificate of Authentication manually signed by the Note Registrar stating "This Note is the fully registered Workforce Housing Preservation Tax-Exempt Revenue Note, 2021, of the Authority described in the Note Resolution." A minor deviation in the language of such certificate shall not void a Certificate of Authentication that otherwise is substantially in the form of the foregoing. The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Note so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this resolution.

If any officer whose facsimile signature appears on the Note ceases to be an officer of the Authority authorized to sign notes before the Note bearing his or her facsimile signature is authenticated or delivered by the Note Registrar or issued by the Authority, the Note nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the Authority as though that person had continued to be an officer of the Authority authorized to sign notes. The Note also may be signed on behalf of the Authority by any person

who, on the actual date of signing of the Note, is an officer of the Authority authorized to sign notes, although he or she did not hold the required office on the date of issuance of the Note.

Section 10. Preservation of Tax Exemption for Interest on Note. The Authority covenants that it will take all actions necessary to prevent interest on the Note from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Note or other funds of the Authority treated as proceeds of the Note at any time during the term of the Note which would cause interest on the Note to be included in gross income for federal income tax purposes. The Authority also covenants that it will, to the extent the arbitrage rebate requirement of Section 148 of the Code is applicable to the Note, take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with the Note, including the calculation and payment of any penalties that the Authority has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Note from being included in gross income for federal income tax purposes.

Section 11. Authorization of Documents and Execution Thereof. The Board authorizes the Authorized Officers, and each of them acting alone, to negotiate, approve, execute and deliver the Continuing Covenant Agreement, the Affordable Housing Covenant Agreements, and such other instruments and agreements as may be necessary or desirable in connection with the sale of the Note to the Purchaser, the issuance of the Note, and the proper use and application of proceeds of the Note. The Authority authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in, the Note, the Continuing Covenant Agreement, the Affordable Housing Covenant Agreements, and this resolution and the

consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the Note.

The Note will be prepared at the Authority's expense and will be delivered to the Purchaser together with the legal opinion of Foster Garvey P.C., municipal bond counsel of Seattle, Washington, regarding the validity of the Note and the tax-exempt status of interest on the Note.

Section 12. Approval of Transaction. The Purchaser has offered to purchase the Note at a price of par, and to provide \$24,000,000 of grant funding to the Authority, all in accordance with the terms and conditions contained in this resolution and the Proposal Letter, including the payment the fees and expenses of the Purchaser's legal counsel, and any other out-of-pocket costs incurred by the Purchaser, each payable at closing. The Board finds that the Purchaser's offer is in the best interest of the Authority and accepts such offer. Without limiting the generality of the foregoing and the authorization contained elsewhere in this resolution, the Board authorizes the Authorized Officers, and each of them acting alone, to negotiate, approve, execute and deliver a covenant agreement or other use restriction applicable to the Illahee Project.

Section 13. Acting Officers Authorized. Any action authorized by this resolution to be taken by the Executive Director of the Authority, may in his absence be taken by a duly authorized Deputy Executive Director of the Authority. Any action authorized by this resolution to be taken by a Deputy Executive Director of the Authority, may in his or her absence be taken by a duly authorized acting Deputy Executive Director of the Authority.

Section 14. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

Section 15. Severability. If any provision in this resolution is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall

be deemed separable from the remaining provision of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Note.

Section 16. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

**ADOPTED BY THE BOARD OF COMMISSIONERS OF THE HOUSING
AUTHORITY OF THE COUNTY OF KING AT AN OPEN PUBLIC MEETING THIS 15th
DAY OF MARCH, 2021.**

**THE HOUSING AUTHORITY OF THE
COUNTY OF KING**

DOUGLAS J. BARNES, Chair
Board of Commissioners

ATTEST:

STEPHEN J. NORMAN
Executive Director and Secretary-Treasurer

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Secretary and Executive Director of the Housing Authority of the County of King (the "Authority") and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 5679 (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on March 15, 2021 (the "Meeting"), and duly recorded in the minute books of the Authority;

2. That in accordance with RCW 43.06.220, and the Proclamations of the Governor of the State of Washington, as extended by the leadership of the Washington State Senate and House of Representatives (a) [the Meeting was not conducted in person], (b) one or more options were provided for the public to attend the Meeting remotely, including by telephonic access, and (c) the means of attending the Meeting provided the ability for all persons attending the Meeting to hear each other at the same time;

3. The public was notified of access options for remote participation in the Meeting via the Authority's website and email to stakeholders; and

4. The Meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of the Meeting was given; that a quorum was present throughout the Meeting through telephonic and/or internet means of remote access, and a majority of the members of the Board of Commissioners of the Authority present at the Meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of March, 2021.

STEPHEN J. NORMAN, Acting Secretary and
Deputy Executive Director of the Authority

CERTIFICATE

T A B N U M B E R

5



To: Board of Commissioners

From: Tim Walter, Sr. Director of Development & Asset Management

Date: March 8, 2021

Re: Resolution No. 5680 A Resolution authorizing the acquisition of The Carrington Apartments
Resolution No. 5681 A Resolution authorizing the acquisition of the Sandpiper East Apartments
Resolution No. 5682 A Resolution authorizing the acquisition of The Argyle Apartments

Resolution Nos. 5680, 5681 and 5682 authorize the Housing Authority to negotiate and enter into three separate purchase agreements for:

- 1) The Carrington Apartments, located at 2501 148th Ave SE, Bellevue 98007
- 2) Sandpiper East Apartments, located at 1312 139th Ave NE, Bellevue, 98005
- 3) The Argyle Apartments, located at 2517 S. 316th Lane, Federal Way, 98003

These three multi-family apartment complexes were built between 1969 and 1984, and comprise a total of 492 studio, one bedroom and two bedroom apartments to be acquired and financed as a part of a larger Amazon 1000+ workforce housing preservation initiative. The Amazon portfolio financing package is described in Resolution No. 5679 and related materials, and will be separately presented to the Board of Commissioners at the March meeting.

Two of the three acquisition properties are located in Bellevue along major transit corridors within an area of King County identified by KCHA as a high opportunity area, with excellent access to schools, jobs and other amenities in addition to transit. The third property is located in Federal Way, near the light rail extension station scheduled to open in 2024. All three properties would be added to KCHA's workforce housing portfolio.

A full Project Profile for each property is attached which describes the property, the proposed common financing plan and the risks and risk mitigations associated with these transactions. Staff will provide an overview of each property at the March Board of Commissioners' meeting.

Staff recommends approval of Resolution Nos. 5680, 5681 & 5682.

The Carrington Apartment Homes Project Profile

The Carrington Apartment Homes (“Carrington”) is a 108-unit multifamily apartment community located in Bellevue, WA. The property is managed by Allied Residential and lies on a single 5.54-acre parcel, fronting on 148th Avenue SE, one of Bellevue’s main transit routes, on the east and Bellevue College on the west. It is located less than a mile from the Eastgate Park and Ride and the proposed Eastgate Light Rail station scheduled to open in 2040. The complex is surrounded by other residential condominium and apartment communities and the property contains numerous amenities including a shared clubhouse, fitness center, swimming pool and picnic/recreation area. The property is directly to the south, across SE 24th Street, from KCHA’s Hidden Village Public Housing complex.

Purchase Status

The property is owned by GW Williams Co., which is headquartered in northern California. GW Williams Co. has owned the property for over 13 years. KCHA has been in discussions with the ownership regarding a sale of the property for a number of months. If acquisition of the property is authorized by KCHA’s Board of Commissioners, the purchase agreement would make the final acquisition dependent upon the Executive Director’s satisfaction with the results of KCHA’s full due diligence assessment.

The proposed sale terms under discussion include a purchase price of \$39,850,000 (\$368,980/per unit) and a 30-day due diligence inspection period to allow KCHA time to complete a comprehensive review of title, survey, the environmental and physical condition of the structures, and overall feasibility of the project. Earnest money, in the estimated amount of \$750,000, is expected to be deposited into escrow within three days of the mutual execution of a purchase and sale agreement, with an additional \$750,000 of earnest money deposited upon waiver of the due diligence contingency. The closing date is projected to be June 30, 2021, however, the seller will likely seek two one-month options to extend closing as they are seeking to locate and acquire a replacement investment property.

Due Diligence Status

KCHA will be ordering an appraisal, capital needs assessment, survey, Phase I environmental assessment, zoning and title review from third party consultants as well as conducting site inspections utilizing KCHA construction and maintenance staff. Assuming a purchase agreement can be negotiated and signed with the seller this month, KCHA will complete due diligence inspections and receive resulting reports for review by mid to late April, providing ample time to address any concerns that have been identified prior to the due diligence waiver date.

Property Description

Carrington is situated at 2501 148th Avenue SE in Bellevue on a single 5.54 acre parcel and is comprised of 108 dwelling units located within approximately ten two-story wood frame buildings.

The garden style apartments were built in 1969 for residential use, consistent with current zoning. The property features 4 - studio, 52 - one bedroom, and 52 - two bedroom units. Each unit comes equipped with a dishwasher, washer and dryer. All apartment units appear to have been upgraded in 2007 with new lighting, cabinets, countertops and appliances.

There are approximately 228 parking stalls available for resident use, 208 of which are open and 20 of which are covered, yielding a parking ratio of 2:1. The property includes a main central courtyard containing the leasing office, swimming pool, and clubhouse. Additional amenities include a tennis court, volleyball and pet park as well as an outdoor grill and playground areas.

The King County Department of Assessments rates the buildings in average/good condition, but KCHA will need to assess the property condition through its own independent due diligence inspections.

Unit Configuration

The unit mix includes (square footage based on information listed in Apartment Insights):

- 4 studios at 400 square feet each,
- 52 one-bedroom, one bath units of 704 square feet each,
- 4 two-bedroom, one bath units of approximately 744 square feet,
- 48 two-bedroom, one bath units of approximately 900 square feet.

Neighborhood Description

Carrington is situated in the Robinswood neighborhood of Bellevue, bordered by 148th Ave SE to the east, SE 24th St to the north, and 145th Pl SE to the west. Across 148th Ave to the east lies Robinswood Community Park which contains trails, play areas, off-leash dog spaces, soccer fields, and a tennis center and directly behind Carrington lies Bellevue College which is the third largest institution of higher education in the State of Washington. Within a mile of the property are numerous restaurants, churches, recreation areas, and health and other services, including a large full-service shopping center with a Safeway grocery store at Eastgate Plaza.

Carrington is surrounded by other residential condominiums and rental developments, and is close to other properties owned by KCHA, including the Hidden Village public housing complex located directly north of Carrington across 24th St SE. The site is also in close proximity to major Eastside employers including Amazon, T-Mobile, Boeing, Microsoft, Bellevue Public School District, Expedia and Nintendo.

The property lies within the highly-rated Bellevue School District. Local schools for children living at the Carrington include Spiritridge Elementary School, Tillicum Middle School and Sammamish High School. KCHA's Hidden Village Boys and Girls Club is located directly to the north of Carrington and an early learning center operates across the street on the west side of Carrington. Bellevue College makes up a large portion of the areas west and southwest of the property, and its central campus is a three to five minute walk away.

Carrington has excellent access to public transportation, with four Metro bus routes passing along the property's north and east borders. In addition, the Eastgate Park & Ride and BikeLink station lies less than one mile to the south, offering routes to Factoria, Downtown Bellevue, and Seattle's University District. In 2040, a new Eastgate Light Rail station is proposed to be opened at the same nearby location as the Eastgate Park & Ride and will provide direct access to SeaTac Airport, University of Washington and Redmond, among other destinations.

Strategic Rationale for Acquisition

After months of negotiations, in early January, KCHA entered into a proposed strategic partnership and financing arrangement with Amazon whereby Amazon agreed to provide sufficient below market financing to KCHA to allow KCHA to acquire and preserve 1,000+ units of workforce housing in key locations (primarily Bellevue) where housing is rapidly becoming or has already become unaffordable to lower and moderate income households.

KCHA's Board of Commissioners has prioritized the acquisition and development of affordable housing located in high opportunity areas and near or adjacent to transit (transit-oriented development "TOD") as a critical effort necessary to address a shortage of affordable housing with easy access to reliable public transportation. Carrington is located in a high opportunity community, defined by King County as a "community where households have access to good schools, transportation and economic opportunities to promote upward mobility." The proximity of the Carrington to the Eastgate Park and Ride and the coming Eastgate Light Rail station strategically positions the property to provide easy and convenient transportation to the larger Seattle-Bellevue metro region. With Amazon's announcement of its plan to locate up to 25,000 employees on the Eastside, acquisition of this type of well-located multi-family housing will help ensure the preservation of affordable TOD housing within a high opportunity neighborhood.

Carrington has been identified as a strategic acquisition under these criteria. The purchase of this property by KCHA will preserve 108 units of high quality and well situated rental housing as an ongoing affordable housing resource in the face of ever increasing market pressures in this particular submarket.

Proposed Financing

Interim Financing – To fund the acquisition of Carrington, KCHA intends to establish a new credit facility with KeyBank in an amount sufficient to finance the Carrington acquisition and up to three additional workforce housing preservation acquisitions. This interim financing will be refinanced with the permanent funding outlined below. The interim financing is expected to bear an interest rate comparable to KCHA's current short-term line of credit interest rate of approximately 1.5%. This interest rate will be variable and will change as the market benchmark index increases or decreases.

Permanent Financing – The permanent financing for Carrington will be part of the larger Amazon 1,000+ unit workforce housing preservation financing package which is comprised of (i) \$20 million in grant funding from Amazon; (ii) \$161.5 million in a 20-year 1.875% interest only tax-exempt loan from Amazon; and (iii) an estimated \$185 million in tax-exempt publicly issued municipal bonds (of which \$126.5 million has already been issued).

The grant funding and below market interest rate loan from Amazon will provide sufficient "gap" financing to allow the net operating revenues from the aggregate portfolio of properties (as more thoroughly described in the cover memo to Resolution No. 5679) to fully finance 100% of the cost of the aggregate debt service. In total, the portfolio's acquisition cost will be financed approximately 5% through grant proceeds, approximately 45% through the Amazon interest-only loan and the remaining 50% through amortizing publicly issued tax-exempt bonds.

While the overall financing is sized and structured to cover 100% of the debt service of the preservation portfolio, the individual financing facilities (i.e. grant, loan and bond proceeds) will not be allocated pro rata across the portfolio, but for timing and technical reasons (related to IRS

designation requirements), will instead be assigned uniquely by property.

Risks & Mitigation

Acquisition Risks & Mitigation

- (Risk) The condition of the property has title or physical defects unforeseen/unknown.
- (Mitigation) KCHA will obtain a full title report from a title insurance company insuring clean title with extended coverage.
- (Risk) KCHA overpays for the acquisition of the property.
- (Mitigation) KCHA will obtain an appraisal from a certified MAI appraiser to ensure the price KCHA ultimately pays for the property is within 105% of the appraised value.

Financing Risk & Mitigation

- (Risk) Short-term/Long-term interest rates spike.
- (Mitigation) KCHA expects to pursue permanent financing within the next 4 – 6 months. While interest rates may swing widely within a short window of time, short-term interest rates have negligible costs on the overall financing and long-term interest rates have been stable. Securing permanent financing as soon as reasonably possible will help mitigate exposure to increases in long-term interest rates. In addition, the majority of the overall permanent financing package has fixed interest rates that are not subject to change. Less than 25% of the overall debt service remaining is subject to interest rate exposure.
- (Risk) The expected Amazon financing does not materialize as planned.
- (Mitigation) KCHA has worked together in good faith with Amazon and has no indication Amazon will not perform as expected. This deal has already been publicly announced by Amazon. KCHA anticipates finalizing and entering into a binding loan agreement with Amazon within the next three to four weeks. In addition, if the Amazon financing were to completely fall through, KCHA could still finance 100% of the cost of the acquisition of the 1,000+ unit workforce housing portfolio by issuing 10 – 15 year interest-only tax-exempt bonds on the municipal market. Current indicative rates would be 2.8% - 3% which would additionally allow KCHA to amortize some, although likely a relatively small amount of, principal prior to the time it would need to refinance the original 10 – 15 year term debt.
- (Risk) At the end of the 20-year interest only term of the Amazon debt, interest rates have climbed to the point where the refinancing of remaining principal is not supportable from project cash flow.
- (Mitigation) Given that KCHA increases rents commensurate with increases in operating costs and not based on external market conditions, it is extremely likely that over the next 20 years, the property rents will not only be well below market but also well below KCHA's restricted rent levels. Although not desirable, it is anticipated KCHA would have the ability to raise rents, while still maintaining its required levels of affordability, sufficient to generate the net operating income necessary to cover any increased costs of debt service associated with higher than projected interest rates.

Rehab Risk & Mitigation

- (Risk) Additional repair and improvement costs are needed beyond what is visible from due diligence inspections.
- (Mitigation) KCHA will be obtaining and reviewing due diligence inspections of the property from experienced third party consultants and knowledgeable KCHA staff. Staff will analyze and estimate the cost of projected repairs and improvements needed to assure both short and long-term viability of the property and the impact these costs would have on the financial viability of the property. On-going routine repairs and replacements are projected to be expensed through net cash flow from property operations. Unforeseen repairs not able to be paid for from property operations would have to be funded from additional draws on a KCHA line of credit or from KCHA reserves. KCHA has extensive experience in assessing this type of property and in undertaking needed repairs and upgrades, and would bring any materials concerns of this nature back to the Board of Commissioners for review before proceeding with acquisition.

Operational Cash Flow Risk & Mitigation

- (Risk) The affordability covenant required by Amazon requires that 100% of the units be affordable to households earning at or below 80% of median income. There is a risk that operating costs will rise faster than incomes, reducing net operating income to the point where it cannot support project debt and operations.
- (Mitigation) The benchmark being used for the Amazon covenant is the Bellevue City Median Income. This index is higher than the regional Area Median Income. While KCHA anticipates that units will rent for well below this index, use of this benchmark provides KCHA with some flexibility in the event that regional median incomes rise at a slower rate than operating costs.

Balance Sheet Impact Risk & Mitigation

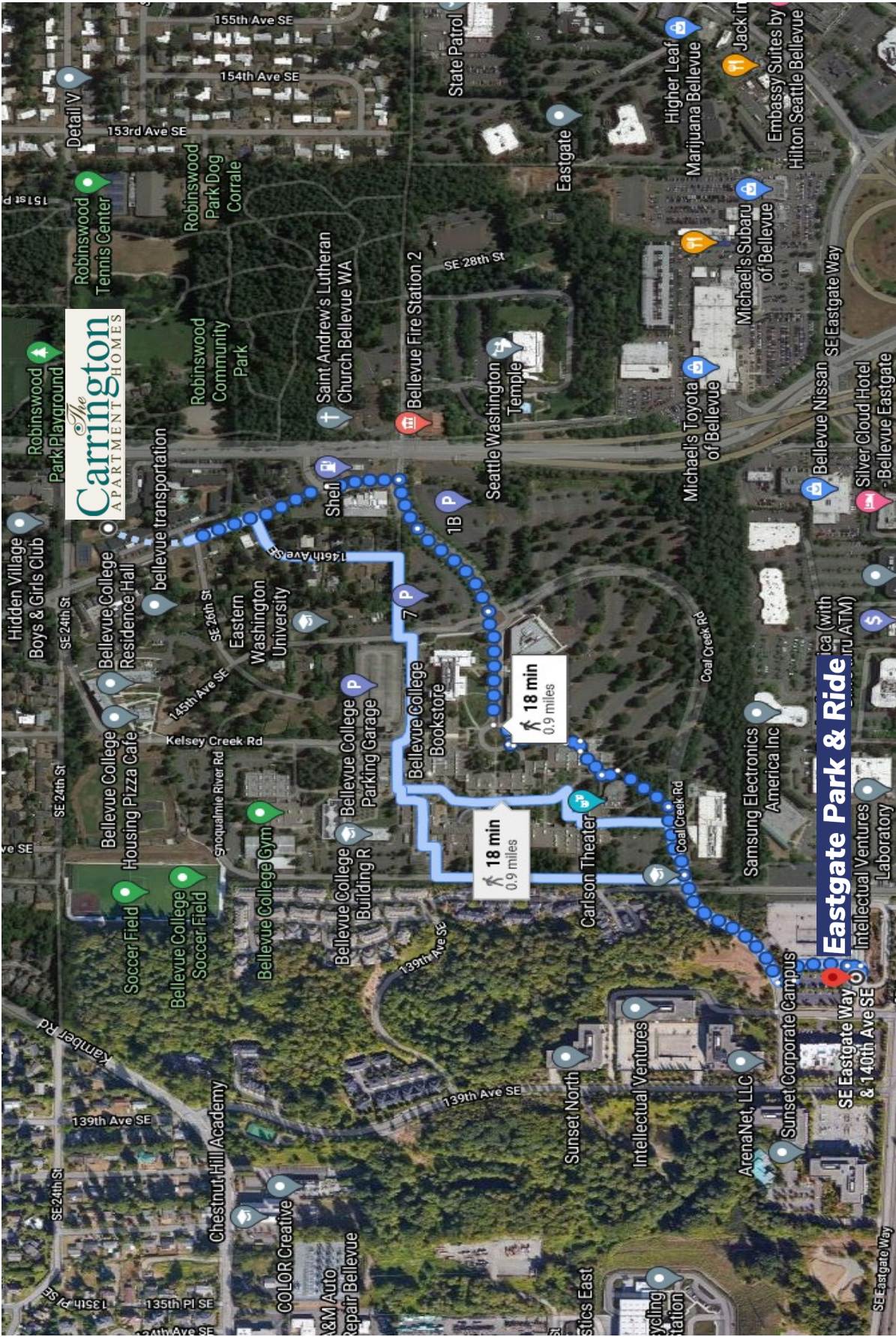
- (Risk) The combined additional debt from the acquisition of Carrington and the additional Amazon workforce housing preservation properties will push KCHA's debt service coverage ("DSCR") below the 1.1 ratio required under existing debt covenants or will jeopardize KCHA's current Standard and Poor's rating.
- (Mitigation) Once the Amazon financing package has been fully implemented, the general revenues currently supporting the gap financing for the Hampton Greens acquisition will no longer be needed because Hampton Greens will be included in the overall Amazon workforce housing preservation portfolio and its current debt service shortfall will be covered by the net rental revenues of the newly acquired Amazon property portfolio. This will actually serve to 'free-up' KCHA general revenues and have a positive impact to KCHA's overall DSCR. In addition, the KCHA DSCR remains significantly above the 1.1 required ratio and, even in a worst-case scenario, the additional debt from this preservation portfolio is not expected to impact KCHA's ability to meet its DSCR.

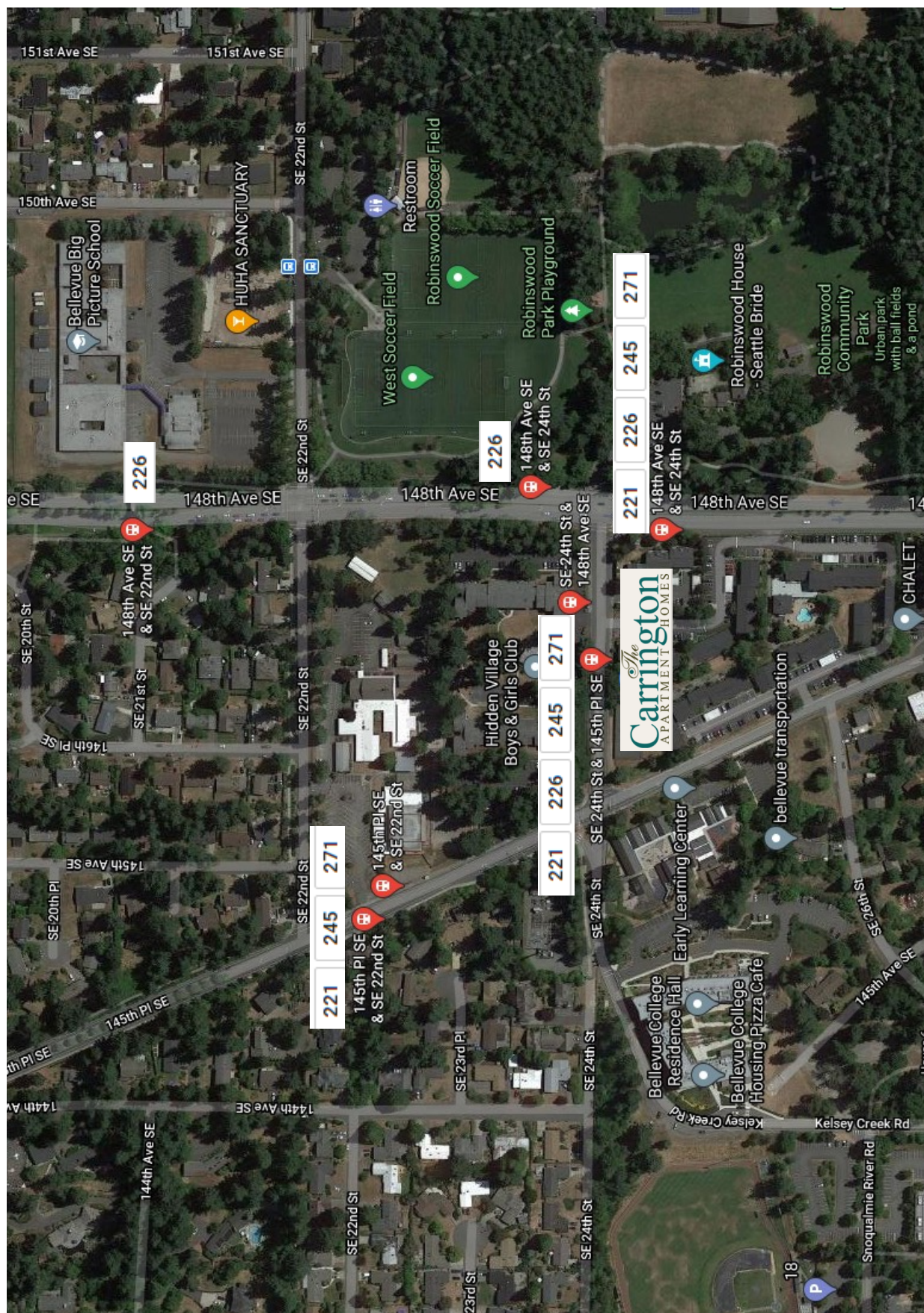
The Carrington Apartment Homes





The Carrington Apartment Homes





THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5680

**A RESOLUTION AUTHORIZING ACQUISITION OF
THE CARRINGTON APARTMENTS**

WHEREAS, there is an increasingly serious shortage of affordable housing in King County, which the King County Housing Authority (“Housing Authority”) is charged with addressing pursuant to its mission of providing quality affordable housing opportunities equitably distributed within King County; and

WHEREAS, it is a goal of local government and the Housing Authority to further fair housing in the region affirmatively, in part through preservation of existing affordable housing opportunities in areas with significantly appreciating housing costs; and

WHEREAS, The Carrington Apartments (the “Property”) is a 108-unit apartment complex located at 2501 148th Ave SE, Bellevue, Washington, in an area of King County where rents are increasingly unaffordable to low-income households; and

WHEREAS, rents in high opportunity areas are expected to continue to escalate, making the Property increasingly less affordable to low income households; and

WHEREAS, there is a growing loss of affordable housing within transit corridors and around high capacity transit in King County; and

WHEREAS, access to reliable public transportation is a critical resource for low-income households, providing access to work, services, school, shopping, cultural and other activities for these residents; and

WHEREAS, the Housing Authority has identified acquiring and developing housing along planned mass transit corridors and areas with frequent high capacity transit

as a strategic priority to ensure the long-term availability of low-income housing near reliable public transportation; and

WHEREAS, the Property is located within a transit corridor and close to high capacity mass transit where rents are increasingly unaffordable to low-income households; and

WHEREAS, RCW 35.82.070(2) provides, in part, that a housing authority shall have the power to acquire housing projects within its area of operations, and RCW 35.82.070(5) authorizes a housing authority to acquire real property by exercise of the power of eminent domain or by purchase in lieu of exercise of the power of eminent domain; and

WHEREAS, acquisition of the Property by the Housing Authority will serve the mission of the Housing Authority and the housing goals of the region through an approach that is considerably less expensive than constructing the same number of new housing units.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING, as follows:

Section 1: Acquisition of the Property by the Housing Authority is necessary to preserve and provide housing for persons of low income that is equitably distributed in various areas of its operations and in areas of high opportunity, high and escalating rents, and good mass transit in particular.

Section 2: The Board of Commissioners hereby authorizes the Executive Director (i) to give notice to the current owner of the Property of the Housing Authority's intention to acquire the Property by eminent domain if it is unsuccessful in acquiring the Property

on satisfactory terms through negotiation and purchase in lieu of condemnation; and (ii) to acquire the Property by condemnation through exercise of the Housing Authority's power of eminent domain, if it is unsuccessful in acquiring the Property on satisfactory terms through negotiation with and purchase from the owner in lieu of condemnation.

Section 3: The Executive Director, Stephen J. Norman, is hereby vested with the authority, and with discretion in the exercise of such authority, to make a final determination after reviewing the results of inspection of the Property as to whether to proceed with the purchase of the Property if he deems it in the best interest of the Housing Authority and the region's housing goals to do so. The Executive Director shall notify the Board of Commissioners in writing of the final determination he has made as well as the agreed upon purchase price, prior to final acquisition of the Property. If the Executive Director makes a final determination to proceed, the Board of Commissioners hereby further authorizes the Executive Director to take any and all actions necessary to acquire the Property, and authorizes, approves and/or ratifies the execution of a purchase and sale agreement at an estimated price of Thirty-Nine Million Eight Hundred Fifty Thousand Dollars (\$39,850,000) or such other amount as determined by the Executive Director to be in the best interest of the Housing Authority so long as the price does not exceed 105% of the appraised value of the Property pursuant to an appraisal completed by a Washington State licensed MAI appraiser.

Section 4: If the Executive Director is successful in negotiation of the purchase of the Property from the owner in lieu of condemnation for the price authorized above, then the Executive Director is hereby authorized (a) to acquire the Property on such terms and conditions as are customary in such transactions and as are deemed by the Executive

Director to be in the best interests of the Housing Authority, and (b) to pay into the purchase escrow the earnest money deposit for the purchase of the Property provided for under the Purchase and Sale Agreement under terms that would permit the earnest money to be forfeited to the seller as liquidated damages if the sale fails to close through no fault of the seller.

Section 5: The Board of Commissioners hereby authorizes the Executive Director to execute any and all applications, agreements, certifications or other documents in connection with the submission of various funding and financing applications, in order to provide all or part of the interim and/or permanent financing of the acquisition of the Property pursuant to this Resolution.

Section 6: The Board of Commissioners hereby authorizes the Executive Director, Stephen J. Norman, and in his absence, Deputy Executive Director Daniel R. Watson or Temporary Deputy Executive Director Craig Violante, to execute on behalf of the Housing Authority any and all contracts, agreements, certifications or other documents in connection with the Housing Authority's acquisition and financing of the Property pursuant to this Resolution.

**ADOPTED BY THE BOARD OF COMMISSIONERS OF THE HOUSING
AUTHORITY OF THE COUNTY OF KING AT AN OPEN PUBLIC MEETING
THIS 15TH DAY OF MARCH, 2021.**

**THE HOUSING AUTHORITY OF THE
COUNTY OF KING**

DOUGLAS J. BARNES, Chair
Board of Commissioners

Attest:

STEPHEN J. NORMAN,
Executive Director and Secretary-Treasurer

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director and Secretary-Treasurer of the Housing Authority of the County of King (the "Authority"), and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 5680 (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on March 15, 2021 (the "Meeting"), and duly recorded in the minute books of the Authority;

2. That in accordance with RCW 43.06.220, and the Proclamations of the Governor of the State of Washington, as extended by the leadership of the Washington State Senate and House of Representatives (a) the Meeting was not conducted in person, (b) one or more options were provided for the public to attend the Meeting remotely, including by telephone access, which mean(s) of access provided the ability for all persons attending the Meeting remotely to hear each other at the same time, and (c) adoption of the Resolution is necessary and routine action of the Board of Commissioners of the Authority;

3. The public was notified of access options for remote participation in the Meeting via the Authority's website and email to stakeholders; and

4. The Meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of the Meeting was given; that a quorum was present throughout the Meeting through telephonic and/or internet means of remote access, and a majority of the members of the Board of Commissioners of the Authority present at the Meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of March 2021.

Stephen J. Norman
Secretary-Treasurer and Executive Director
of the Authority

T A B N U M B E R

6

Sandpiper East Apartments Project Profile

The Sandpiper East Apartments (“Sandpiper East”) is a 224-unit multifamily apartment community located in Bellevue, WA. The property consists exclusively of studio and one-bedroom apartments. It is located on a single 9.74-acre parcel, south of Bel-Red Road, and between 140th Ave NE and 134th Ave NE, approximately one-half mile from the Bel-Red/130th St Light Rail station scheduled to open in 2023. The complex is surrounded by other residential condominium and apartment communities and the property contains numerous amenities including a shared clubhouse/game room, fitness center, swimming pool and picnic/recreation area.

Purchase Status

The property is owned by Lin Investment & Management, Inc., a local real estate investor who has owned the property for almost 30 years. KCHA has been in discussions with the ownership regarding a sale of the property for a number of months. If acquisition of the property is authorized by KCHA’s Board of Commissioners, the purchase agreement would make the final acquisition dependent upon the Executive Director’s satisfaction with the results of KCHA’s full due diligence assessment. The Executive Director will notify the Board in writing of his decision upon completion of the review.

The proposed sale terms under discussion include a purchase price of \$57,800,000 (\$258,036/per unit) and a 30-day due diligence inspection period to allow KCHA time to complete a comprehensive review of title, survey, the environmental and physical condition of the structures, and overall feasibility of the project. Earnest money, in the estimated amount of \$750,000, is expected to be deposited into escrow within three days of the mutual execution of a purchase and sale agreement, with an additional \$750,000 of earnest money deposited upon waiver of the due diligence contingency. The closing date is projected to be May 31, 2021.

Due Diligence Status

KCHA will be ordering an appraisal, capital needs assessment, survey, Phase I environmental assessment, zoning and title review from third party consultants as well as conducting site inspections utilizing KCHA construction and maintenance staff. Assuming a purchase agreement can be negotiated and signed with the seller this month, KCHA will complete due diligence inspections and receive resulting reports for review by mid to late April, providing ample time to address any concerns that have been identified prior to the due diligence waiver date.

Property Description

Sandpiper East is situated at 1312 139th Ave NE in Bellevue on a 9.74-acre parcel and is comprised of 224 dwelling units located within approximately two dozen one-and two-story wood frame buildings. The garden style apartments were built in 1974 for residential use, consistent with current zoning. The property features 28 - studio, 140 - one bedroom, and 56 - one bedroom “loft-style” units. Each unit comes equipped with a dishwasher and private balcony or patio.

There are approximately 375 open (no covered) parking stalls available for resident use for a parking ratio of 1.67. The property includes a leasing office, swimming pool, and clubhouse with billiards and game room. Additional amenities include a tennis court, common laundry facilities as

well as an outdoor grill and playground areas. Similar to Illahee and Pinewood Village, Kelsey Creek runs through Sandpiper East. The creek does not initially appear to have a history of flooding but this will need to be assessed during the due diligence investigation.

The King County Department of Assessments rates the buildings in average condition, but KCHA will need to assess the property condition through its own independent due diligence inspections. While the property owner has done some recent minor renovations, it appears the property will require some amount of capital improvement work in the not too distant future.

Unit Configuration

The unit mix includes (square footage based on information listed in Apartment Insights):

- 28 studios at approximately 400 square feet each,
- 140 one-bedroom, one bath units of approximately 500 square feet each,
- 56 one-bedroom, one bath loft-style units of approximately 700 square feet.

Neighborhood Description

Sandpiper East is situated in Bellevue and fronts on 140th Ave NE. The property lies between NE 14th St. and NE 13th St., just south of Bel-Red Road. About a half mile north, across Bel-Red Road is the Bellevue Highlands Park which contains trails, play areas, soccer and baseball fields, a skate park, tennis courts and a community center. The natural areas and farm located at Kelsey Creek Park are two miles to the south of Sandpiper East. Within a mile of the property are numerous restaurants, churches, health facilities and other services, including a large Safeway grocery store at Evergreen Village that is within walking distance.

Sandpiper East is surrounded by other residential condominiums and rental developments, and is close to other properties owned by KCHA, including the recently acquired Illahee Apartments, Highland Village and Eastside Terrace. It is also in close proximity to major Eastside employers including Amazon, T-Mobile, Boeing, Microsoft, Bellevue Public School District, Expedia and Nintendo.

The property lies within the highly-rated Bellevue School District. Local schools for children living at the Sandpiper East include Stevenson Elementary School, Odle Middle School and Sammamish High School.

Sandpiper East has excellent access to public transportation, with Metro bus stops along Bel-Red Road, a major traffic route, located within a block or two of the property's north and east borders. In addition, the new Bel-Red/130th St Station and Park & Ride lot for the Bellevue Light Rail Extension, which is scheduled to open in 2023, lies less than a half mile to the west.

Strategic Rationale for Acquisition

In early January 2021, KCHA entered into a proposed strategic partnership with Amazon whereby Amazon agreed to provide sufficient below market financing to KCHA to allow the Authority to acquire and preserve 1,000+ units of workforce housing in key locations (primarily Bellevue) where housing is rapidly becoming or has already become unaffordable to lower and moderate income households.

KCHA's Board of Commissioners has prioritized the acquisition and development of affordable housing located in high opportunity areas and near or adjacent to transit (transit-oriented

development “TOD”) as a critical effort necessary to address a shortage of affordable housing with easy access to reliable public transportation. Sandpiper East is located in a high opportunity community, defined by King County as a “community where households have access to good schools, transportation and economic opportunities to promote upward mobility.” The proximity of the Sandpiper East to the Bel-Red/130th Light Rail station strategically positions the property to provide easy and convenient transportation to the larger Seattle-Bellevue metro region. With Amazon’s announcement of its plan to locate up to 25,000 employees on the Eastside, acquisition of this type of well-located multi-family housing will help ensure the preservation of affordable TOD housing within a high opportunity neighborhood.

Sandpiper East has been identified as a strategic acquisition under these criteria. The purchase of this property by KCHA will preserve 224 units of quality and well situated rental housing as an ongoing affordable housing resource in the face of ever increasing market pressures in this particular submarket.

Proposed Financing

Interim Financing – To fund the acquisition of Sandpiper East, KCHA intends to establish a new credit facility with KeyBank in an amount sufficient to finance the Sandpiper East acquisition and up to three additional workforce housing preservation acquisitions. This interim financing will be refinanced with the permanent funding outlined below. The interim financing is expected to bear an interest rate comparable to KCHA’s current short-term line of credit interest rate of approximately 1.5%. This interest rate will be variable and will change as the market benchmark index increases or decreases.

Permanent Financing – The permanent financing for Sandpiper East will be part of the larger Amazon 1,000+ unit workforce housing preservation financing package which is comprised of (i) \$20 million in grant funding from Amazon; (ii) \$161.5 million in a 20-year 1.875% interest only tax-exempt loan from Amazon; and (iii) an estimated \$185 million in tax-exempt publicly issued municipal bonds (of which \$126.5 million has already been issued).

The grant funding and below market interest rate loan from Amazon will provide sufficient “gap” financing to allow the net operating revenues from the aggregate portfolio of properties (as more thoroughly described in the cover memo to Resolution No. 5679) to fully finance 100% of the cost of the aggregate debt service. In total, the portfolio’s acquisition cost will be financed approximately 5% through grant proceeds, approximately 45% through the Amazon interest-only loan and the remaining 50% through amortizing publicly issued tax-exempt bonds.

Risks & Mitigation

Acquisition Risks & Mitigation

- (Risk) The condition of the property has title or physical defects unforeseen/unknown.
- (Mitigation) KCHA will obtain a full title report from a title insurance company insuring clean title with extended coverage.
- (Risk) KCHA overpays for the acquisition of the property.
- (Mitigation) KCHA will obtain an appraisal from a certified MAI appraiser to ensure the price KCHA ultimately pays for the property is within 105% of the appraised value.

Financing Risk & Mitigation

- (Risk) Short-term/Long-term interest rates spike.
- (Mitigation) KCHA expects to pursue permanent financing within the next 4 – 6 months. While interest rates may swing widely within a short window of time, short-term interest rates have negligible costs on the overall financing and long-term interest rates have been stable. Securing permanent financing as soon as reasonably possible will help mitigate exposure to increases in long-term interest rates. In addition, the majority of the overall permanent financing package has fixed interest rates that are not subject to change. Less than 25% of the overall debt service remaining is subject to interest rate exposure.
- (Risk) The expected Amazon financing does not materialize as planned.
- (Mitigation) KCHA has worked together in good faith with Amazon and has no indication Amazon will not perform as expected. This deal has already been publicly announced by Amazon. KCHA anticipates finalizing and entering into a binding loan agreement with Amazon within the next three to four weeks. In addition, if the Amazon financing were to completely fall through, KCHA could still finance 100% of the cost of the acquisition of the 1,000+ unit workforce housing portfolio by issuing 10 – 15 year interest-only tax-exempt bonds on the municipal market. Current indicative rates would be 2.8% - 3% which would additionally allow KCHA to amortize some, although likely a relatively small amount of, principal prior to the time it would need to refinance the original 10 – 15 year term debt.
- (Risk) At the end of the 20-year interest only term of the Amazon debt, interest rates have climbed to the point where the refinancing of remaining principal is not supportable from project cash flow.
- (Mitigation) Given that KCHA increases rents commensurate with increases in operating costs and not based on external market conditions, it is extremely likely that over the next 20 years, the property rents will not only be well below market but also well below KCHA's restricted rent levels. Although not desirable, it is anticipated KCHA would have the ability to raise rents, while still maintaining its required levels of affordability, sufficient to generate the net operating income necessary to cover any increased costs of debt service associated with higher than projected interest rates.

Rehab Risk & Mitigation

- (Risk) Additional repair and improvement costs are needed beyond what is visible from due diligence inspections.
- (Mitigation) KCHA will be obtaining and reviewing due diligence inspections of the property from experienced third party consultants and knowledgeable KCHA staff. Staff will analyze and estimate the cost of projected repairs and improvements needed to assure both short and long-term viability of the property and the impact these costs would have on the financial viability of the property. On-going routine repairs and replacements are projected to be expensed through net cash flow from property operations. Unforeseen repairs not able to be paid for from property operations would have to be funded from additional draws on a KCHA line of credit or from KCHA reserves. KCHA has extensive experience in assessing this type of property and in undertaking needed repairs and upgrades, and would bring any material concerns of this nature back to the Board of Commissioners for review before proceeding with acquisition.

Operational Cash Flow Risk & Mitigation

- (Risk) The affordability covenant required by Amazon requires that 100% of the units be affordable to households earning at or below 80% of median income. There is a risk that operating costs will rise faster than incomes, reducing net operating income to the point where it cannot support project debt and operations.
- (Mitigation) The benchmark being used for the Amazon covenant is the Bellevue City Median Income. This index is higher than the regional Area Median Income. While KCHA anticipates that units will rent for well below this index, use of this benchmark provides KCHA with some flexibility in the event that regional median incomes rise at a slower rate than operating costs.

Balance Sheet Impact Risk & Mitigation

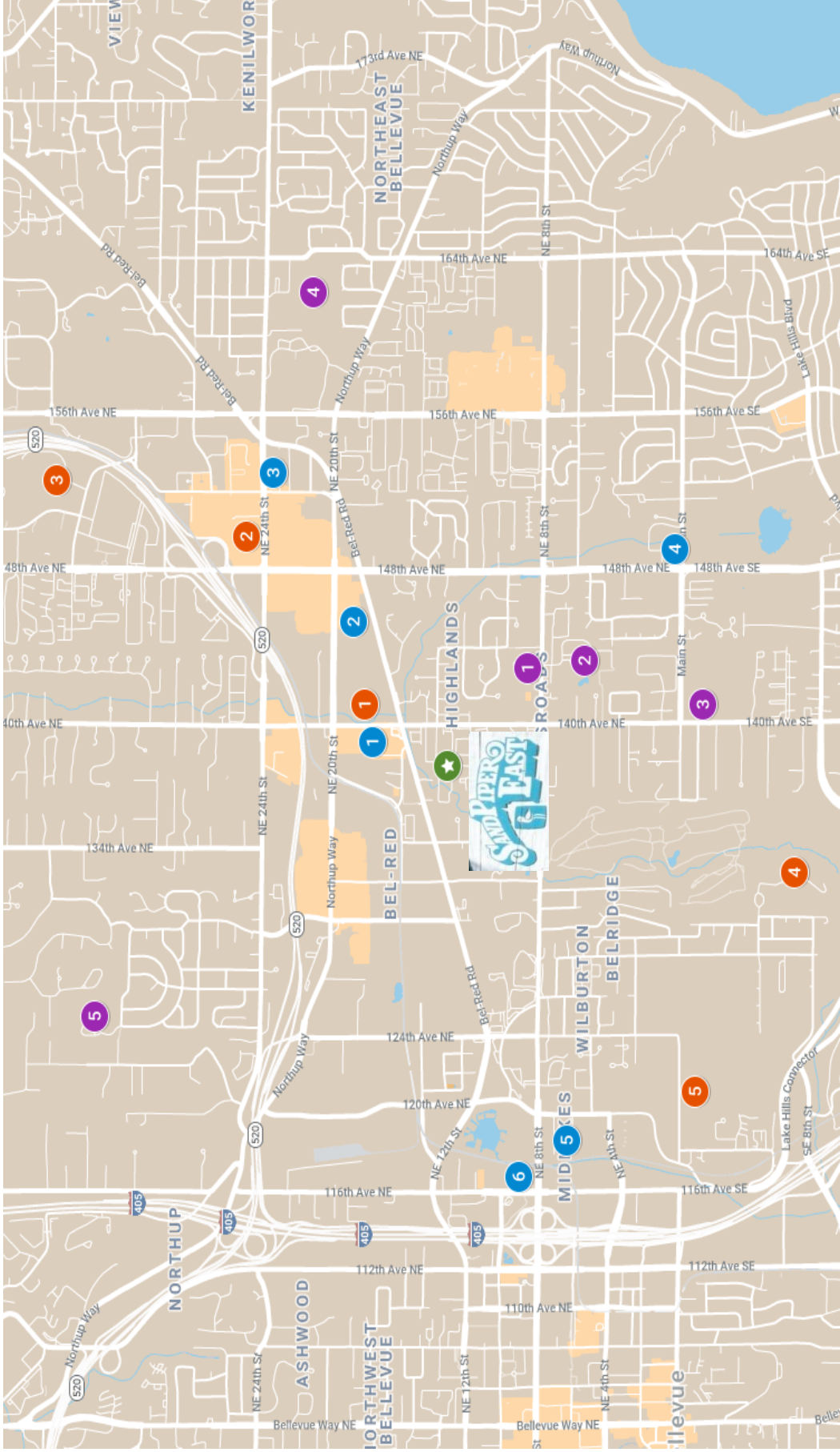
- (Risk) The combined additional debt from the acquisition of Sandpiper East and the additional Amazon workforce housing preservation properties will push KCHA's debt service coverage ("DSCR") below the 1.1 ratio required under existing debt covenants or will jeopardize KCHA's current Standard and Poor's rating.
- (Mitigation) Once the Amazon financing package has been fully implemented, the general revenues currently supporting the gap financing for the Hampton Greens acquisition will no longer be needed because Hampton Greens will be included in the overall Amazon workforce housing preservation portfolio and its current debt service shortfall will be covered by the net rental revenues of the newly acquired Amazon property portfolio. This will actually serve to 'free-up' KCHA general revenues and have a positive impact to KCHA's overall DSCR. In addition, the KCHA DSCR remains significantly above the 1.1 required ratio and, even in a worst-case scenario, the additional debt from this preservation portfolio is not expected to impact KCHA's ability to meet its DSCR.

Sandpiper East Apartments





Sandpiper East Apartments



Attractions

- 1 Bellevue Highlands Park
- 2 Overlake Village
- 3 Microsoft
- 4 Kelsey Creek Park
- 5 Bellevue Botanical Garden

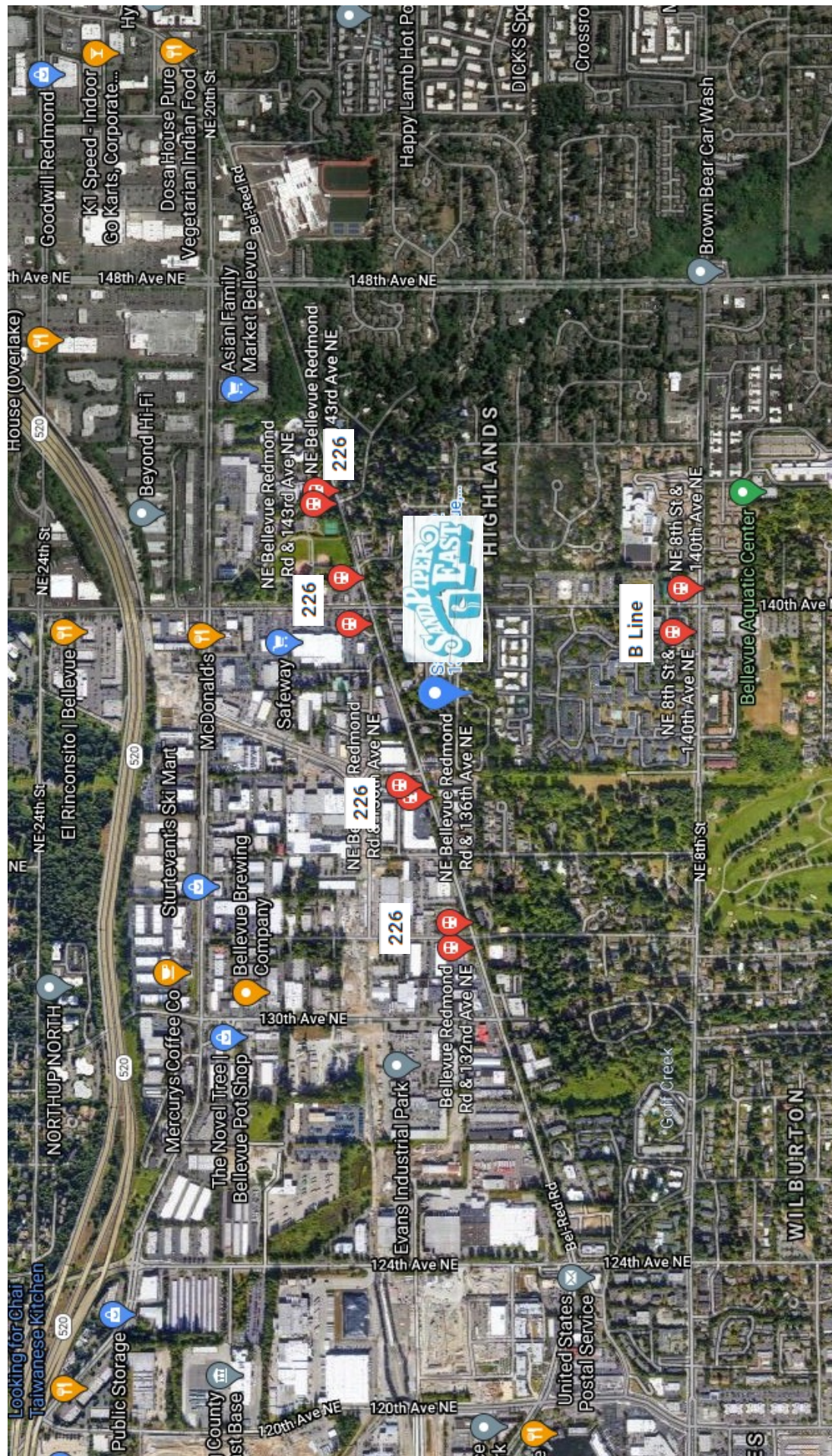
Schools

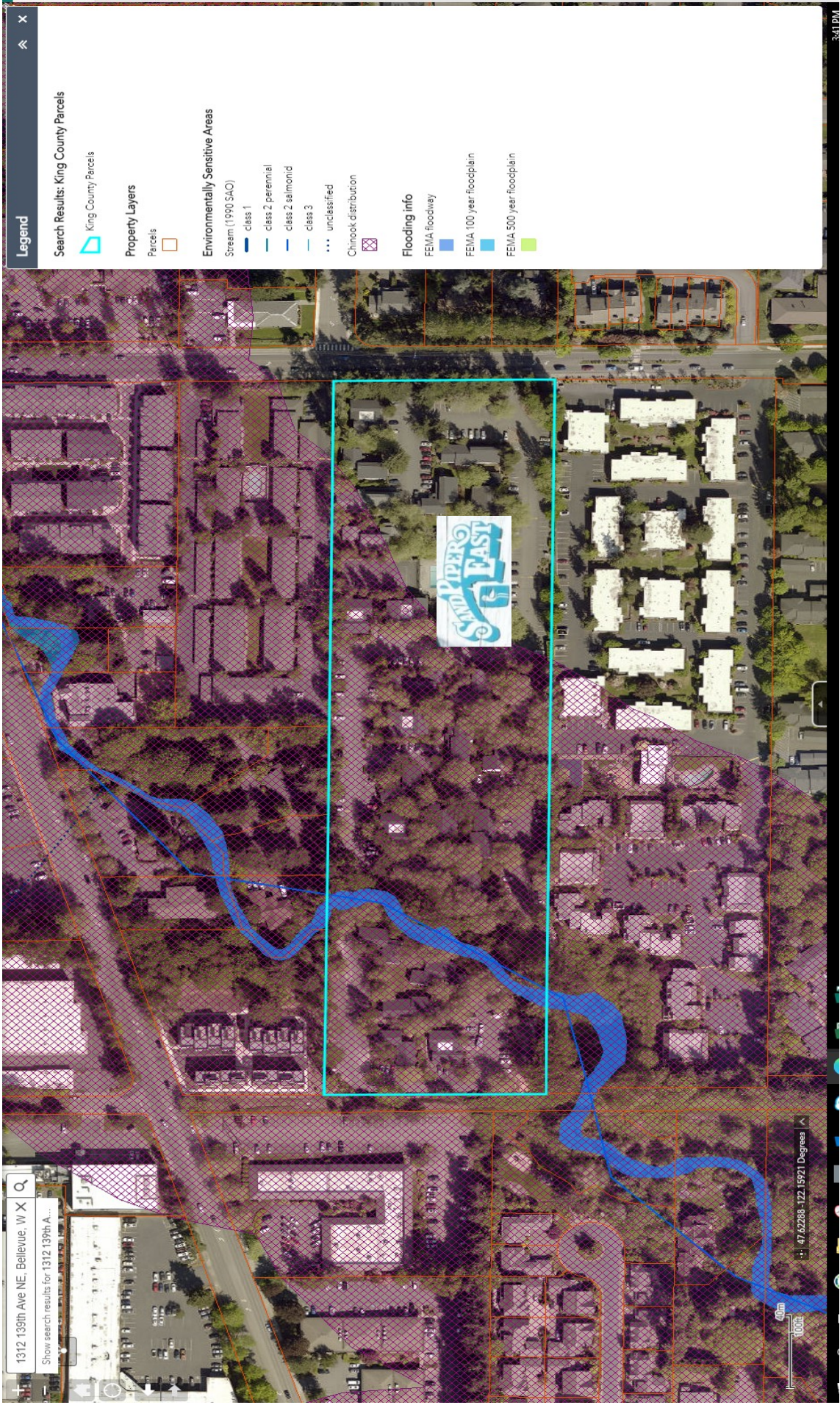
- 1 Stevenson Elementary School
- 2 Odle Middle School
- 3 Sammamish High School
- 4 Interlake High School
- 5 Cherry Crest Elementary School

Groceries and Resources

- 1 Safeway
- 2 Asian Family Market Bellevue
- 3 Goodwill Redmond
- 4 Hopelink
- 5 Uwajimaya Bellevue
- 6 Whole Foods Market







THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5681

**A RESOLUTION AUTHORIZING ACQUISITION OF
SANDPIPER EAST APARTMENTS**

WHEREAS, there is an increasingly serious shortage of affordable housing in King County, which the King County Housing Authority (“Housing Authority”) is charged with addressing pursuant to its mission of providing quality affordable housing opportunities equitably distributed within King County; and

WHEREAS, it is a goal of local government and the Housing Authority to further fair housing in the region affirmatively, in part through preservation of existing affordable housing opportunities in areas with significantly appreciating housing costs; and

WHEREAS, the Sandpiper East Apartments (the “Property”) is a 224-unit apartment complex located at 1312 139th Ave NE, Bellevue, Washington, in an area of King County where rents are increasingly unaffordable to low-income households; and

WHEREAS, rents in high opportunity areas are expected to continue to escalate, making the Property increasingly less affordable to low income households; and

WHEREAS, there is a growing loss of affordable housing within transit corridors and around high capacity transit in King County; and

WHEREAS, access to reliable public transportation is a critical resource for low-income households, providing access to work, services, school, shopping, cultural and other activities for these residents; and

WHEREAS, the Housing Authority has identified acquiring and developing housing along planned mass transit corridors and areas with frequent high capacity transit

as a strategic priority to ensure the long-term availability of low-income housing near reliable public transportation; and

WHEREAS, the Property is located within a transit corridor and close to high capacity mass transit where rents are increasingly unaffordable to low-income households; and

WHEREAS, RCW 35.82.070(2) provides, in part, that a housing authority shall have the power to acquire housing projects within its area of operations, and RCW 35.82.070(5) authorizes a housing authority to acquire real property by exercise of the power of eminent domain or by purchase in lieu of exercise of the power of eminent domain; and

WHEREAS, acquisition of the Property by the Housing Authority will serve the mission of the Housing Authority and the housing goals of the region through an approach that is considerably less expensive than constructing the same number of new housing units.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING as follows:

Section 1: Acquisition of the Property by the Housing Authority is necessary to preserve and provide housing for persons of low income that is equitably distributed in various areas of its operations and in areas of high opportunity, high and escalating rents, and good mass transit in particular.

Section 2: The Board of Commissioners hereby authorizes the Executive Director (i) to give notice to the current owner of the Property of the Housing Authority's intention to acquire the Property by eminent domain if it is unsuccessful in acquiring the Property

on satisfactory terms through negotiation and purchase in lieu of condemnation; and (ii) to acquire the Property by condemnation through exercise of the Housing Authority's power of eminent domain, if it is unsuccessful in acquiring the Property on satisfactory terms through negotiation with and purchase from the owner in lieu of condemnation.

Section 3: The Executive Director, Stephen J. Norman, is hereby vested with the authority, and with discretion in the exercise of such authority, to make a final determination after reviewing the results of inspection of the Property as to whether to proceed with the purchase of the Property if he deems it in the best interest of the Housing Authority and the region's housing goals to do so. The Executive Director shall notify the Board of Commissioners in writing of the final determination he has made prior to final acquisition of the Property. If the Executive Director makes a final determination to proceed, the Board of Commissioners hereby further authorizes the Executive Director to take any and all actions necessary to acquire the Property, and authorizes, approves and/or ratifies the execution of a purchase and sale agreement at a price of no more than (a) Fifty-Seven Million, Eight Hundred Thousand Dollars (\$57,800,000), or (b) 105% of the appraised value of the Property pursuant to an appraisal completed by a Washington State licensed MAI appraiser, whichever is less.

Section 4: If the Executive Director is successful in negotiation of the purchase of the Property from the owner in lieu of condemnation for the price authorized above, then the Executive Director is hereby authorized (a) to acquire the Property on such terms and conditions as are customary in such transactions and as are deemed by the Executive Director to be in the best interests of the Housing Authority, and (b) to pay into the purchase escrow the earnest money deposit for the purchase of the Property provided for under the

Purchase and Sale Agreement under terms that would permit the earnest money to be forfeited to the seller as liquidated damages if the sale fails to close through no fault of the seller.

Section 5: The Board of Commissioners hereby authorizes the Executive Director to execute any and all applications, agreements, certifications or other documents in connection with the submission of various funding and financing applications, in order to provide all or part of the interim and/or permanent financing of the acquisition of the Property pursuant to this Resolution.

Section 6: The Board of Commissioners hereby authorizes the Executive Director, Stephen J. Norman, and in his absence, Deputy Executive Director Daniel R. Watson or Temporary Deputy Executive Director Craig Violante, to execute on behalf of the Housing Authority any and all contracts, agreements, certifications or other documents in connection with the Housing Authority's acquisition and financing of the Property pursuant to this Resolution.

**ADOPTED BY THE BOARD OF COMMISSIONERS OF THE HOUSING
AUTHORITY OF THE COUNTY OF KING AT AN OPEN PUBLIC MEETING
THIS 15TH DAY OF MARCH, 2021.**

**THE HOUSING AUTHORITY OF THE
COUNTY OF KING**

DOUGLAS J. BARNES, Chair
Board of Commissioners

Attest:

STEPHEN J. NORMAN,
Executive Director and Secretary-Treasurer

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director and Secretary-Treasurer of the Housing Authority of the County of King (the "Authority"), and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 5681 (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on March 15, 2021 (the "Meeting"), and duly recorded in the minute books of the Authority;

2. That in accordance with RCW 43.06.220, and the Proclamations of the Governor of the State of Washington, as extended by the leadership of the Washington State Senate and House of Representatives (a) the Meeting was not conducted in person, (b) one or more options were provided for the public to attend the Meeting remotely, including by telephone access, which mean(s) of access provided the ability for all persons attending the Meeting remotely to hear each other at the same time, and (c) adoption of the Resolution is necessary and routine action of the Board of Commissioners of the Authority;

3. The public was notified of access options for remote participation in the Meeting via the Authority's website and email to stakeholders; and

4. The Meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of the Meeting was given; that a quorum was present throughout the Meeting through telephonic and/or internet means of remote access, and a majority of the members of the Board of Commissioners of the Authority present at the Meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of March 2021.

Stephen J. Norman
Secretary-Treasurer and Executive Director
of the Authority

T A B N U M B E R

7

The Argyle Apartments Project Profile

The Argyle Apartments (“Argyle”) is a 160-unit multifamily apartment community located in Federal Way, WA. The property is located on a single 4.95-acre parcel, just south of Steel Lake and north of S. 320th Street, one of Federal Way’s main transit routes. It is located within a three to four minute walk from the Federal Way Transit Center which is also the location of the new Federal Way Transit Center Light Rail station and Park and Ride scheduled to open in 2024. The complex is surrounded by other residential condominium and apartment communities and the property contains numerous amenities including a shared clubhouse, fitness center, swimming pool and picnic/recreation area.

Purchase Status

The property is owned by Pathfinder Argyle Holdings, which is headquartered in California. KCHA has been in discussions with the ownership regarding a sale of the property for a number of months. If acquisition of the property is authorized by KCHA’s Board of Commissioners, the purchase agreement would make the final commitment to acquire dependent upon the Executive Director’s satisfaction with the results of KCHA’s full due diligence assessment. The Executive Director will notify the Board in writing of his decision upon completion of the review.

The proposed sale terms under discussion include a purchase price of \$43,250,000 (\$270,312/per unit) and a 30-day due diligence inspection period to allow KCHA time to complete a comprehensive review of title, survey, the environmental and physical condition of the structures, and overall feasibility of the project. Earnest money, in the estimated amount of \$500,000, is expected to be deposited into escrow within three days of the mutual execution of a purchase and sale agreement, and may be increased upon waiver of the due diligence contingency. The closing date is projected to be May 31, 2021, however, the seller will likely seek at least two one-month options to extend closing as they are seeking to locate and acquire a replacement investment property.

Due Diligence Status

KCHA will be ordering an appraisal, capital needs assessment, survey, Phase I environmental assessment, zoning and title review from third party consultants as well as conducting site inspections utilizing KCHA construction and maintenance staff. Assuming a purchase agreement can be negotiated and signed with the seller this month, KCHA will complete due diligence inspections and receive resulting reports for review by mid to late April, providing ample time to address any concerns that have been identified prior to the due diligence waiver date.

Property Description

The Argyle is situated at 2517 S. 316th Lane in Federal Way on a single 4.95 acre parcel and is comprised of 160 dwelling units located within thirteen two- and three-story wood frame buildings. The garden style apartments were built in 1984 for residential use, consistent with current zoning. The property features 80 - one bedroom, and 79 - two bedroom units. Each unit comes equipped

with a dishwasher.

There are approximately 148 covered parking stalls available for resident use as well as a number of uncovered surface parking spaces. Property amenities include a leasing office, swimming pool, clubhouse and sports court (tennis, basketball and racquetball), common laundry and outdoor picnic/play area.

The King County Department of Assessments rates the buildings in average/good condition, but KCHA will need to assess the property condition through its own independent due diligence inspections.

Unit Configuration

The unit mix includes (square footage based on information listed in Apartment Insights):

- 81 one-bedroom, one bath units of approximately 608 square feet each,
- 47 two-bedroom, one bath units of approximately 860 square feet,
- 2 two-bedroom, one bath 'loft-style' units of approximately 1,100-1,259 square feet,
- 30 two-bedroom, two bath units of approximately 970 square feet.

Neighborhood Description

Argyle is situated in the Steel Lake neighborhood of Federal Way, bordered by undeveloped property to the north, Truman Gardens and the Federal Way High School Truman Career Campus to the east, 316th Lane to the south and a SHAG senior housing development directly to the west. Across S. 312th Street to the north lies Steel Lake Park which adjoins Steel Lake and contains trails, play areas, off-leash dog spaces, a swimming beach, and tennis courts. Within a mile of the property are numerous restaurants, churches, and health and other services, including large full-service shopping centers at Gateway Center and the Commons at Federal Way.

Argyle is surrounded by residential condominiums and rental developments, including the Chelsea Court Condominiums directly to the west, and is within a three-mile radius of KCHA's Cove East, Laurelwood Gardens, Kings Court, Campus Green, Southridge House and Evergreen Court apartment communities.

The property lies within the Federal Way School District. Local schools for children living at the Argyle include Wildwood Elementary School, Sacajawea Middle School and Federal Way High School. The Internet Academy and the Federal Way Head Start program both operate as a part of Federal Way's Truman Campus on the east boundary of the property.

Argyle Apartments is located on a number of Metro bus routes and is less than a 5-minute walk from the Federal Way Transit Center which is also the planned location of the new Federal Way Transit Center light rail station scheduled to open in 2024. The Transit Center will be the primary central Federal Way stop on the light rail, offering access to SeaTac airport, the Eastside, Seattle and cities in between.

Strategic Rationale for Acquisition

In early January 2021, KCHA entered into a strategic partnership with Amazon whereby Amazon agreed to provide sufficient below market financing to KCHA to allow the Authority to acquire and preserve 1,000+ units of workforce housing in key locations (primarily Bellevue although also adjacent to light rail outside of Bellevue) where housing is rapidly becoming or has already become

unaffordable to lower and moderate income households.

KCHA's Board of Commissioners has prioritized the acquisition and development of affordable housing located near or adjacent to transit (transit-oriented development "TOD") as a critical effort necessary to address a shortage of affordable housing with easy access to reliable public transportation. Argyle is the closest workforce housing apartment complex in Federal Way to the planned Federal Way Transit light rail station.

Argyle has been identified as a strategic acquisition under these criteria. Rents charged by existing rental complexes located adjacent to planned light rail stations in South King County have been climbing steeply. The purchase of this property by KCHA will preserve 160 units of quality and well situated rental housing as an ongoing affordable housing resource in the face of ever increasing market pressures in this particular submarket.

Proposed Financing

Interim Financing – To fund the acquisition of Argyle, KCHA intends to establish a new credit facility with KeyBank in an amount sufficient to finance the Argyle acquisition and up to three additional workforce housing preservation acquisitions. This interim financing will be refinanced with the permanent funding outlined below. The interim financing is expected to bear an interest rate comparable to KCHA's current short-term line of credit interest rate of approximately 1.5%. This interest rate will be variable and will change as the market benchmark index increases or decreases.

Permanent Financing – The permanent financing for Argyle will be part of the larger Amazon 1,000+ unit workforce housing preservation financing package which is comprised of (i) \$20 million in grant funding from Amazon; (ii) \$161.5 million in a 20-year 1.875% interest only tax-exempt loan from Amazon; and (iii) an estimated \$185 million in tax-exempt publicly issued municipal bonds (of which \$126.5 million has already been issued).

The grant funding and below market interest rate loan from Amazon will provide sufficient "gap" financing to allow the net operating revenues from the aggregate portfolio of properties (as more thoroughly described in the cover memo to Resolution No. 5679) to fully finance 100% of the cost of the aggregate debt service. In total, the portfolio's acquisition cost will be financed approximately 5% through grant proceeds, approximately 45% through the Amazon interest-only loan and the remaining 50% through amortizing publicly issued tax-exempt bonds.

While the overall financing is sized and structured to cover 100% of the debt service of the preservation portfolio, the individual financing facilities (i.e. grant, loan and bond proceeds) will not be allocated pro rata across the portfolio, but for timing and technical reasons (related to IRS designation requirements), will instead be assigned uniquely by property.

Risks & Mitigation

Acquisition Risks & Mitigation

- (Risk) The condition of the property has title or physical defects unforeseen/unknown.
- (Mitigation) KCHA will obtain a full title report from a title insurance company insuring clean title with extended coverage.
- (Risk) KCHA overpays for the acquisition of the property.

- (Mitigation) KCHA will obtain an appraisal from a certified MAI appraiser to ensure the price KCHA ultimately pays for the property is within 105% of the appraised value.

Financing Risk & Mitigation

- (Risk) Short-term/Long-term interest rates spike.
- (Mitigation) KCHA expects to pursue permanent financing within the next 4 – 6 months. While interest rates may swing widely within a short window of time, short-term interest rates have negligible costs on the overall financing and long-term interest rates have been stable. Securing permanent financing as soon as reasonably possible will help mitigate exposure to increases in long-term interest rates. In addition, the majority of the overall permanent financing package has fixed interest rates that are not subject to change. Less than 25% of the estimated overall debt remaining in service is subject to interest rate exposure.
- (Risk) The expected Amazon financing does not materialize as planned.
- (Mitigation) KCHA has worked together in good faith with Amazon and has no indication Amazon will not perform as expected. This deal has already been publicly announced by Amazon. KCHA anticipates finalizing and entering into a binding loan agreement with Amazon within the next three to four weeks. In addition, if the Amazon financing were to completely fall through, KCHA could still finance 100% of the cost of the acquisition of the 1,000+ unit workforce housing portfolio by issuing 10 – 15 year interest-only tax-exempt bonds on the municipal market. Current indicative rates would be 2.8% - 3% which would additionally allow KCHA to amortize some, although likely a relatively small amount of, principal prior to the time it would need to refinance the original 10 – 15 year term debt.
- (Risk) At the end of the 20-year interest only term of the Amazon debt, interest rates have climbed to the point where the refinancing of remaining principal is not supportable from project cash flow.
- (Mitigation) Given that KCHA increases rents commensurate with increases in operating costs and not based on external market conditions, it is extremely likely that over the next 20 years, the property rents will not only be well below market but also well below KCHA's restricted rent levels. Although not desirable, it is anticipated KCHA would have the ability to raise rents, while still maintaining its required levels of affordability, sufficient to generate the net operating income necessary to cover any increased costs of debt service associated with higher than projected interest rates.

Rehab Risk & Mitigation

- (Risk) Additional repair and improvement costs are needed beyond what is visible from due diligence inspections.
- (Mitigation) KCHA will be obtaining and reviewing due diligence inspections of the property from experienced third party consultants and knowledgeable KCHA staff. Staff will analyze and estimate the cost of projected repairs and improvements needed to assure both short and long-term viability of the property and the impact these costs would have on the financial viability of the property. On-going routine repairs and replacements are projected to be expensed through net cash flow from property operations. Unforeseen repairs not able to be paid for from property operations would have to be funded from additional draws on a KCHA line of credit or from KCHA reserves. KCHA has extensive experience in assessing this type of property and in undertaking

needed repairs and upgrades, and would bring any materials concerns of this nature back to the Board of Commissioners for review before proceeding with acquisition.

Operational Cash Flow Risk & Mitigation

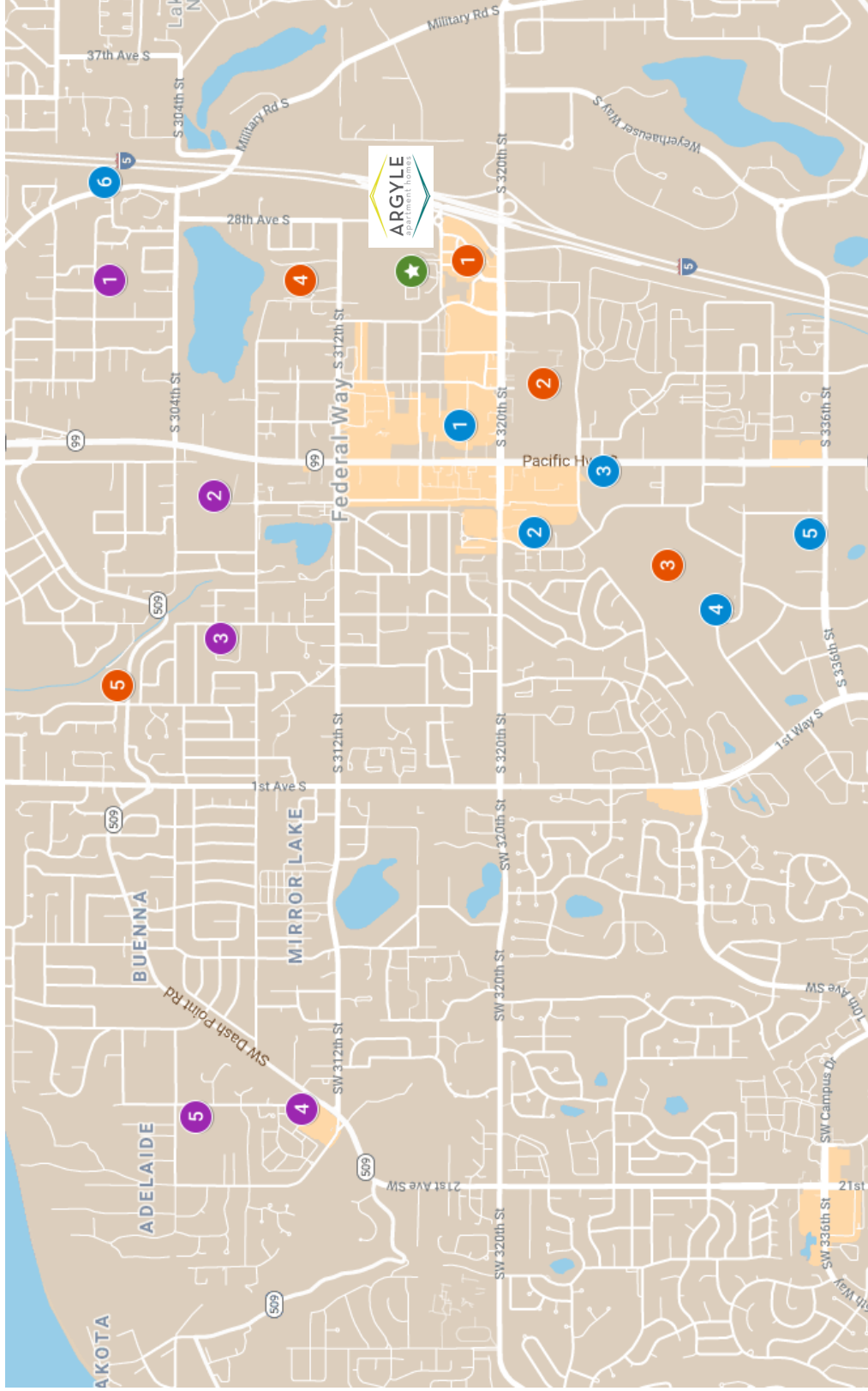
- (Risk) The affordability covenant required by Amazon requires that 100% of the units be affordable to households earning at or below 80% of median income. There is a risk that operating costs will rise faster than incomes, reducing net operating income to the point where it cannot support project debt and operations.
- (Mitigation) The covenant with Amazon restricting rents may be suspended, subject to Amazon's approval, if the amount of revenue needed to cover operating costs and debt exceeds what can be supported by the restricted rents. Any suspension of the restricted rents is intended to be temporary and only in place for such minimum amount of time as is necessary to cover the increased costs of operations and debt service.

Balance Sheet Impact Risk & Mitigation

- (Risk) The combined additional debt from the acquisition of Argyle and the additional Amazon workforce housing preservation properties will push KCHA's debt service coverage ("DSCR") below the 1.1 ratio required under existing debt covenants or will jeopardize KCHA's current Standard and Poor's rating.
- (Mitigation) Once the Amazon financing package has been fully implemented, the general revenues currently supporting the gap financing for the Hampton Greens acquisition will no longer be needed because Hampton Greens will be included in the overall Amazon workforce housing preservation portfolio and its current debt service shortfall will be covered by the net rental revenues of the newly acquired Amazon property portfolio. This will actually serve to 'free-up' KCHA general revenues and have a positive impact to KCHA's overall DSCR. In addition, the KCHA DSCR remains significantly above the 1.1 required ratio and, even in a worst-case scenario, the additional debt from this preservation portfolio is not expected to impact KCHA's ability to meet its DSCR.







Attractions

- 1 Gateway Center
- 2 The Commons At Federal Way
- 3 Celebration Park
- 4 Steel Lake Park
- 5 PowellsWood Garden

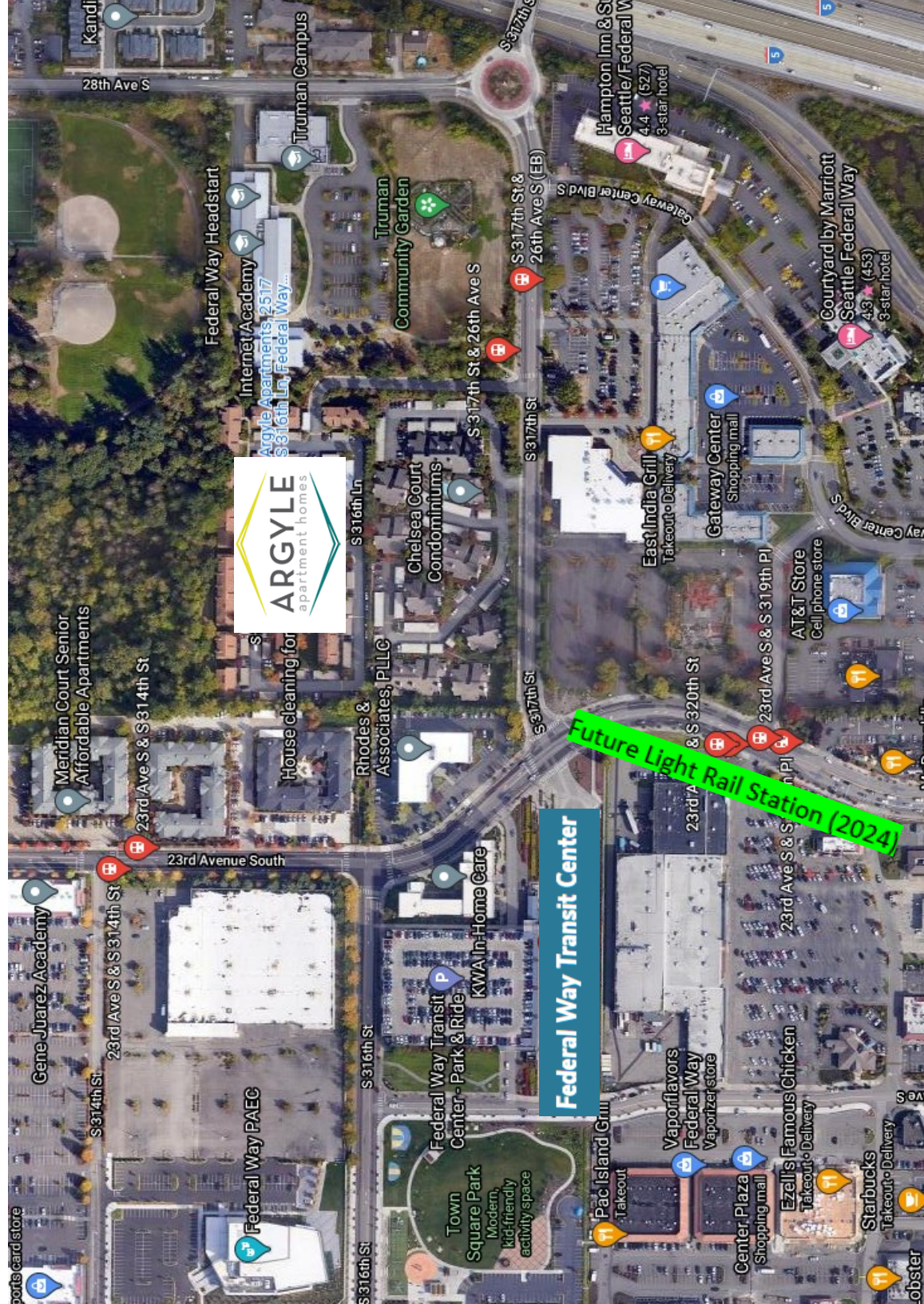
Schools

- 1 Wildwood Elementary School
- 2 Federal Way High School
- 3 St. Vincent De Paul School
- 4 Compass Montessori School
- 5 Adelaide Elementary School

Food and Resources

- 1 Trader Joe's
- 2 Safeway
- 3 Federal Way Goodwill
- 4 Federal Way Community Center
- 5 Multi-Service Center
- 6 Church of Christ at Federal Way





= Bus Routes

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5682

**A RESOLUTION AUTHORIZING ACQUISITION OF
THE ARGYLE APARTMENTS**

WHEREAS, there is an increasingly serious shortage of affordable housing in King County, which the King County Housing Authority (“Housing Authority”) is charged with addressing pursuant to its mission of providing quality affordable housing opportunities equitably distributed within King County; and

WHEREAS, it is a goal of local government and the Housing Authority to further fair housing in the region affirmatively, in part through preservation of existing affordable housing opportunities; and

WHEREAS, there is a growing loss of affordable housing within transit corridors and around light rail stations in King County; and

WHEREAS, access to reliable public transportation is a critical resource for low-income households, providing access to work, services, school, shopping, cultural and other activities for these residents; and

WHEREAS, the Housing Authority has identified acquiring and developing housing along planned mass transit corridors as a strategic priority to ensure the long-term availability of low-income housing near reliable public transportation; and

WHEREAS, The Argyle Apartments (the “Property”) is a 160-unit apartment complex located at 2517 S 316th Lane, Federal Way, Washington, in an area of King County that is within a transit corridor and close to a future light rail station where rents are increasingly unaffordable to low-income households; and

WHEREAS, RCW 35.82.070(2) provides, in part, that a housing authority shall have the power to acquire housing projects within its area of operations, and RCW 35.82.070(5) authorizes a housing authority to acquire real property by exercise of the power of eminent domain or by purchase in lieu of exercise of the power of eminent domain; and

WHEREAS, acquisition of the Property by the Housing Authority will serve the mission of the Housing Authority and the housing goals of the region through an approach that is considerably less expensive than constructing the same number of new housing units.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING, as follows:

Section 1: Acquisition of the Property by the Housing Authority is necessary to preserve and provide housing for persons of low income that is equitably distributed in various areas of its operations and in areas of escalating rents and good mass transit in particular.

Section 2: The Board of Commissioners hereby authorizes the Executive Director (i) to give notice to the current owner of the Property of the Housing Authority's intention to acquire the Property by eminent domain if it is unsuccessful in acquiring the Property on satisfactory terms through negotiation and purchase in lieu of condemnation; and (ii) to acquire the Property by condemnation through exercise of the Housing Authority's power of eminent domain, if it is unsuccessful in acquiring the Property on satisfactory terms through negotiation with and purchase from the owner in lieu of condemnation.

Section 3: The Executive Director, Stephen J. Norman, is hereby vested with the authority, and with discretion in the exercise of such authority, to make a final determination after reviewing the results of inspection of the Property as to whether to proceed with the purchase of the Property if he deems it in the best interest of the Housing Authority and the region's housing goals to do so. The Executive Director shall notify the Board of Commissioners in writing of the final determination he has made prior to final acquisition of the Property. If the Executive Director makes a final determination to proceed, the Board of Commissioners hereby further authorizes the Executive Director to take any and all actions necessary to acquire the Property, and authorizes, approves and/or ratifies the execution of a purchase and sale agreement at a price of no more than (a) Forty-Three Million, Two Hundred Fifty Thousand Dollars (\$43,250,000), or (b) 105% of the appraised value of the Property pursuant to an appraisal completed by a Washington State licensed MAI appraiser, whichever is less.

Section 4: If the Executive Director is successful in negotiation of the purchase of the Property from the owner in lieu of condemnation for the price authorized above, then the Executive Director is hereby authorized (a) to acquire the Property on such terms and conditions as are customary in such transactions and as are deemed by the Executive Director to be in the best interests of the Housing Authority, and (b) to pay into the purchase escrow the earnest money deposit for the purchase of the Property provided for under the Purchase and Sale Agreement under terms that would permit the earnest money to be forfeited to the seller as liquidated damages if the sale fails to close through no fault of the seller.

Section 5: The Board of Commissioners hereby authorizes the Executive Director to execute any and all applications, agreements, certifications or other documents in connection with the submission of various funding and financing applications, in order to provide all or part of the interim and/or permanent financing of the acquisition of the Property pursuant to this Resolution.

Section 6: The Board of Commissioners hereby authorizes the Executive Director, Stephen J. Norman, and in his absence, Deputy Executive Director Daniel R. Watson or Temporary Deputy Executive Director Craig Violante, to execute on behalf of the Housing Authority any and all contracts, agreements, certifications or other documents in connection with the Housing Authority's acquisition and financing of the Property pursuant to this Resolution.

**ADOPTED BY THE BOARD OF COMMISSIONERS OF THE HOUSING
AUTHORITY OF THE COUNTY OF KING AT AN OPEN PUBLIC MEETING
THIS 15TH DAY OF MARCH, 2021.**

**THE HOUSING AUTHORITY OF THE
COUNTY OF KING**

DOUGLAS J. BARNES, Chair
Board of Commissioners

Attest:

STEPHEN J. NORMAN,
Executive Director and Secretary-Treasurer

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director and Secretary-Treasurer of the Housing Authority of the County of King (the "Authority"), and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 5682 (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on March 15, 2021 (the "Meeting"), and duly recorded in the minute books of the Authority;

2. That in accordance with RCW 43.06.220, and the Proclamations of the Governor of the State of Washington, as extended by the leadership of the Washington State Senate and House of Representatives (a) the Meeting was not conducted in person, (b) one or more options were provided for the public to attend the Meeting remotely, including by telephone access, which mean(s) of access provided the ability for all persons attending the Meeting remotely to hear each other at the same time, and (c) adoption of the Resolution is necessary and routine action of the Board of Commissioners of the Authority;

3. The public was notified of access options for remote participation in the Meeting via the Authority's website and email to stakeholders; and

4. The Meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of the Meeting was given; that a quorum was present throughout the Meeting through telephonic and/or internet means of remote access, and a majority of the members of the Board of Commissioners of the Authority present at the Meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of March 2021.

Stephen J. Norman
Secretary-Treasurer and Executive Director
of the Authority

T A B N U M B E R

8



KCHA Executive Dashboard

2020 Q4

October - December 2020

Households Served
point in time as of December , 2020¹ **22,426**

Finance

	Budgeted	Actual	Actual to Budget	
Revenue year-to-date <i>Compared to mid-year forecast</i>	\$405,915,693	\$409,992,973	101.0%	
Expenditure year-to-date <i>Compared to mid-year forecast</i>	\$329,751,190	\$323,918,730	98.2%	
LGIP Rate Investments	1.75%	0.16%	-1.59%	
Non-LGIP Investments	1.75%	0.73%	-1.02%	

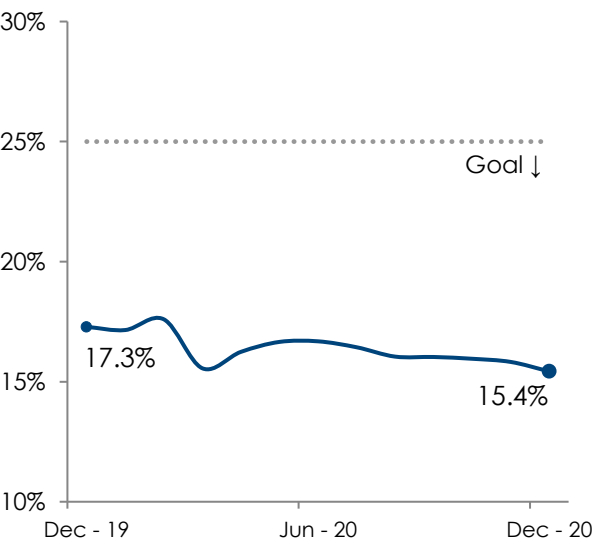
Housing Management

	Scope	Target	Dec '20	
Public Housing Occupancy ²	3,730 units	98.0%	98.9%	
Local Programs Occupancy	7,995 units	96.5%	97.0%	
Total Units Online ³	11,725 units	11,105	11,725	

Housing Choice Voucher Program Operations

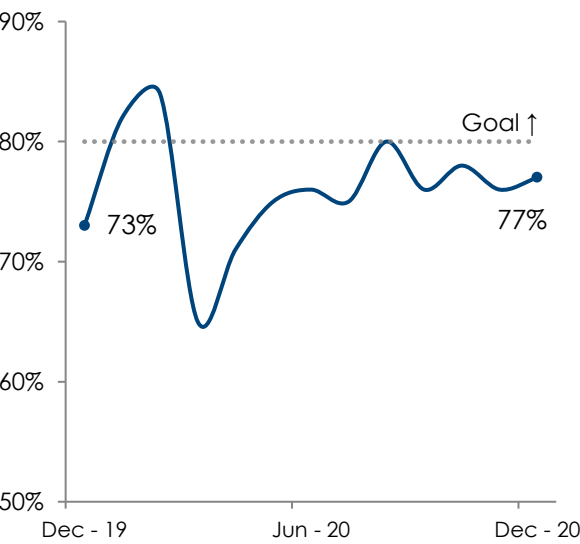
Shelter Burden

Households paying more than 40% of income for rent and utilities.



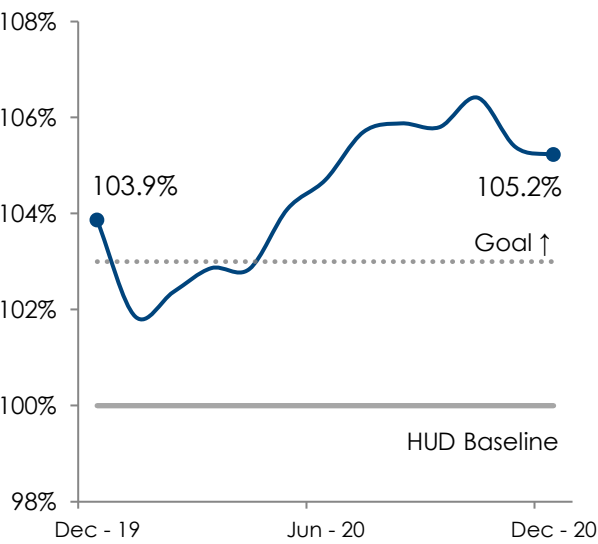
Shopping Success

Lease-up within 240 days after voucher issuance, by cohort.



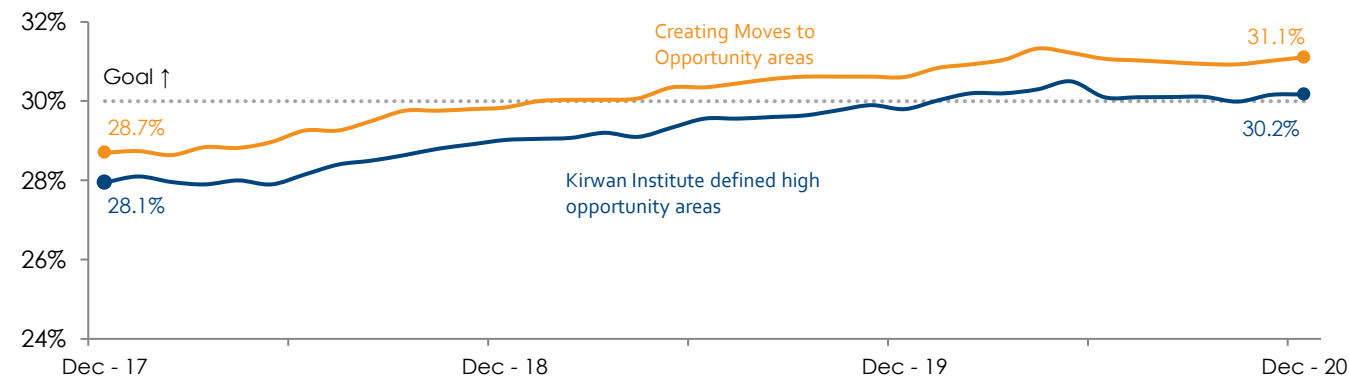
Utilization Rate

Percentage of HUD ACC leased by month.



Increasing Access to Opportunity Areas

Percentage of federally-subsidized families with children living in high opportunity areas.



Notes

- 1) Includes households in federally subsidized programs, workforce housing, and local programs.
- 2) Excludes 49 units in portfolio where turnover is not tracked monthly. 3) 11,105 represents the agency's acquisition stretch goal by the end of 2020. 4) Represents success of latest cohort to reach 240 days after voucher issuance. 5) Adjusted for 12-month incremental lease-up of new vouchers.

T A B N U M B E R

9



KCHA IN THE NEWS

March 15, 2021

TIME

Millions of Tenants Behind on Rent, Small Landlords Struggling, Eviction Moratoriums Expiring Soon: Inside the Next Housing Crisis



Landlord Rian de Laat, left, and tenant Ollie Aldama, in front of the condo that Aldama rents from de Laat in Seattle. Jovelle Tamayo for TIME

BY **ABBY VESOULIS/SEATTLE**

FEBRUARY 18, 2021 5:29 AM EST

In late November, Rian de Laat reached the end of her rope. Over the past year, her mom had received a cancer diagnosis, her dad had undergone major surgery, and de Laat, 44, had been laid off from her job at a biotech startup. But her chief concern was the fact that she was now responsible for the mortgage not only on her own home—a quaint one-story bungalow just south of Seattle’s Ballard neighborhood—but also on an investment property, an unassuming two-bedroom condo eight miles north in Shoreline. Her tenant, Ollie Aldama, had lost his job at the beginning of the coronavirus pandemic in mid-March, began struggling to make his utility payments and ultimately

stopped paying his monthly rent of \$1,800. By Thanksgiving, he owed de Laat

NEXT UP NEXT'S PICK



What the Fight for the Richest City in Town's Handling of COVID-19 Shows

State and national eviction moratoriums prevented de Laat from kicking Aldama out amid the COVID-19 pandemic. Yet her own financial situation wasn't flush enough to float him indefinitely. After months of anxiety, she decided to use a loophole in the law: she could force him out by moving into her rental condo herself.

But when it came time to deliver the final notice of eviction on Nov. 30, de Laat, who has previously faced housing insecurity, broke down. De Laat had become friends with Aldama, who had been the bar manager at a local goth club where she was a regular. She knew if she evicted him, he and his partner, who is laid up with bad hips, would have nowhere to go. "He teared up, and I teared up," de Laat recalls. "I couldn't do it. I just couldn't, in the middle of a pandemic, evict them."

Landlords and tenants across the country are navigating similar situations. As COVID-19 shuttered bars and restaurants and devastated the blue collar job market, millions of Americans watched their financial security vanish. While the unemployment rate has leveled off in recent months, more than a third of U.S. adults are still struggling to pay basic household expenses, according to a January Census Bureau survey, and 11% reported that their households didn't get enough to eat the prior week. Nearly 12 million U.S. renters were expected to owe an average of almost \$6,000 in late rent and utility payments per household by January, according to a December analysis by the economic research firm Moody's Analytics.

So far, many of those tenants have gotten a reprieve. Several cities, like Seattle, and states, including Washington, have made it temporarily illegal for landlords to evict most tenants for nonpayment during the pandemic. In September 2020, the Centers for Disease Control and Prevention strengthened these protections by issuing a federal ban on most evictions through January, which President Joe Biden extended through March 31. But these short-term fixes leave open the question of what happens when the eviction moratoriums expire in the coming months. Housing advocates predict both a tsunami of evictions and a significant rise in homelessness. "If we do not find a way to keep people in their homes, it's going to be overload," says Jeanice Hardy, regional director of family and related services for the YWCA serving Seattle and King and Snohomish counties. "There's not enough shelters to go around."

On social media, the looming eviction crisis is often rendered in Dickensian caricature: greedy fat-cat landlords pushing vulnerable tenants into the street amid the worst health crisis in a century, while activists demand that the

government “cancel rent” entirely. The reality, as the case of Aldama and de

NEXT READER PICK

fewer rental units aren't owned by fat cats at all, according to the National Association of Realtors, but rather people like de Laat: mom-and-pop landlords who often live nearby; manage the property themselves; and rely on the rental income to pay their own mortgages, health care bills and monthly expenses. Almost half the nearly 49 million rental units in the U.S. are owned by individuals, who tend to offer more affordable housing in their communities than the billion-dollar conglomerates that build high-rises with marble counters and rooftop pools.

These small landlords are shouldering a huge burden during the pandemic. For many, it's increasingly untenable. De Laat, who has since found a good new job working in gene therapy for a pharmaceutical company, is on better financial footing now. She remains “morally opposed to putting people out if they can't pay, especially under these circumstances,” she says, but notes that “every bit” of the extra income she's making goes toward paying for Aldama's housing. “It's not sustainable,” she says. “But I also don't see a means for them ever to be able to work on paying stuff back.”



PAID PARTNER CONTENT

What Is Your Ultimate Weekend Activity? [Quiz]

BY KING COUNTY TOURISM RECOVERY

Ollie Aldama's story may sound painfully familiar to millions of working-class Americans. After suffering a severe bout of necrotizing pancreatitis in 2014 that left him in a three-month coma, he struggled to get back on his feet, plagued by a rare condition that causes his bones to grow where they shouldn't. His knees, basically fossilized, preclude him from taking a trade job, and his weakened immune system makes in-person roles particularly dangerous amid a pandemic. While he was once a phlebotomist, his health certifications have long since expired.

Before COVID-19, Aldama took home about \$35,000 a year on average. Now he's bringing in about a third of that, delivering takeout through DoorDash and Postmates. “I don't really ever buy new things,” says Aldama, 40, noting that everything that he's wearing, except his socks and underwear, is used. But no amount of thriftiness is enough to take him out of the red now, he adds, puffing on a half-dozen cigarettes over the course of an hour-long interview.

"There's never been a point in my adult life," he says, "where I ever thought I

NEXT UP RECOMMENDATIONS PICK



While the Fight for the Best City's Handling of COVID-19 Shows

While COVID-19 has impacted almost all Americans in some way, those with the lowest incomes have been the hardest hit—both by the virus and by the financial crisis that it precipitated. According to an analysis by the Federal Reserve Bank of New York, financially vulnerable counties—as measured through delinquency patterns on debts like credit-card bills and car loans—saw higher ratios of COVID-19 infections and deaths than counties with lower delinquency rates. As of mid-July, the high-delinquency counties saw an average of 4.3 cases per 1,000, while other counties saw 2.8 cases out of 1,000, according to the report. Likewise, while 14% of upper-income earners reported in August that they or someone in their household had lost their job or wages as a result of the pandemic, the share of low-income people in that position was 33%, according to the Pew Research Center. People of color have had it even worse. Black individuals as a whole are nearly twice as likely as non-Hispanic white individuals to die from a COVID-19 infection, and Black and Hispanic people are more likely than white people—by margins of 5 and 9 percentage points, respectively—to have lost their jobs at the outset of the pandemic, according to a Washington Post–Ipsos poll.

Stephen Musa, 29, embodies these racial disparities. After a welding job he'd been promised in Seattle disappeared in October, he fell more than \$4,000 behind on rent and has since struggled to provide for himself and his 5-month-old son. His dream job is opening and running a food truck that serves West African soul food, but right now, just getting by is tough. "Everything you hear is that the rest of the world is trying to go to the U.S. to get a better future," says Musa, who immigrated as a teenager from Liberia. "[But] you come here and see that it is not that easy."

Musa is grateful to the YWCA, a nonprofit that works to eliminate racism, empower women and advance equity, for working with his rental-property company to forgive his back rent. But settling that debt is just the beginning, he says. Despite applying for at least a dozen jobs, he has yet to secure a consistent source of income and worries about keeping a roof over his family's head when the eviction moratoriums end this spring. The management of the apartment complex has been sympathetic so far, he says, but that hospitality is unlikely to last forever. "The people that own these buildings have to pay their mortgages," he says. "They have to make money."

Racial inequities in housing—a legacy, in part, of decades of racist mortgage and zoning laws—are visible in the eviction threat. Black people account for 13% of the U.S. population, but Black renters like Musa make up 35% of the evictions carried out since March, despite the moratoriums, according to

Princeton's Eviction Lab. The risk is especially high for Black women, who

NEXT READER'S PICK

local moratoriums took effect last spring and summer.

The Fight for Seattle's Richest City's Handling of COVID-19 Shows



Meanwhile, roughly 75% of landlords across the U.S. are white, according to a survey by Foremost Insurance Group. The share of white landlords is even higher in Seattle, per the city auditor. This creates an uncomfortable dynamic, says Edmund Witter, the managing attorney of the King County Bar Association's Housing Justice Project, which provides free legal aid to renters facing eviction. When one racial group is "dependent on the other for a basic need," he says, "there is something that feels inherently wrong about that." Musa's rental complex is owned by a trust that lists an all-white senior leadership team on its website.

The federal government has yet to address the looming eviction crisis with a viable long-term plan. In December, Congress allocated \$25 billion in emergency rental assistance, which state and local governments can use to reimburse landlords whose tenants haven't paid rent. This comes after some local governments received block grants from the CARES Act to stave off evictions. But neither contribution is likely to be enough, says Mark Ellerbrook, the division director of housing and community development for King County, home to Seattle.

In an effort to ensure the federal money is distributed equitably, local governments have imposed a patchwork of stipulations. For example, 78% of emergency rental-assistance programs require that landlords not evict their non-rent-paying tenants, with 10% of those programs requiring an agreement not to evict for a period of seven months or longer, according to the National Low Income Housing Coalition (NLIHC). Other areas require landlords to freeze rent. In King County, tenants must earn 50% or less of the area's median income and landlords must agree to accept 80% of the rent they are owed to be eligible. De Laat, who is considering applying for the funds, notes that even if she received the aid, she would not be made whole, since Aldama now owes more than the county's reimbursement cap, which is around \$20,000.

Another problem is that most local governments, facing their own budget crises, lack the staff to distribute the cash in a timely manner. Instead, some counties are leaning on nonprofits, many of which are also understaffed and underfunded, to manage the new program. Meanwhile, in pricey areas like Seattle, plenty of tenants make more than the local median income yet still can't afford their rent, Ellerbrook points out. And some landlords may be put off by the bureaucratic hurdles of applying for aid—a reality that may drive mom-and-pop landlords out of the rental market, leading to a long-term

decrease in affordable rental housing in communities where it was already

NEXT READ NEXT'S PICK



Why the Fight for the Right to Stay in Town's Handling of COVID-19 Shows

ALEX BRENDON, who owns an investment property in the Seattle area, is among a growing group of small landlords considering getting out of the rental game altogether. After losing his own job in July and struggling to support two toddlers, Brendon was unable to evict his tenant, even though that tenant had stopped paying rent three months before COVID-19 began spreading rapidly in the U.S. After 10 months—and more than \$18,000 in unpaid rent—Brendon took back ownership of his unit by moving into it himself.

On the presidential campaign trail, Biden proposed ambitious solutions that would ease conditions for both Americans struggling to afford rent and for their landlords. Among those suggestions was making Housing Choice Vouchers an entitlement benefit, akin to Medicaid and Social Security. Colloquially known as Section 8 vouchers, the current program does not guarantee that low-income people who qualify for help will receive it. On average, eligible families wait 1½ years before obtaining a voucher. For some, the delay is much longer: a quarter of the largest public-housing authorities in the country have waiting lists that stretch at least seven years, according to the NLIHC. To avoid making families wait that long, the King County housing authority opts to use a computer-randomized lottery system. But in 2020, that meant only about 2,500 of the 20,000 eligible families who applied for housing vouchers made it onto the waiting list, which attempts to place families in about five years' time. Expanding the program would ensure that low-income tenants like Aldama and Musa were housed regardless of their employment situation and that landlords like de Laat and Brendon got paid at least part of the rent they were owed—even if tenants fell behind.

Biden has also suggested building new public-housing communities that don't resemble the dilapidated projects of yesteryear. Low-income housing advocates envision 100-acre, mixed-income neighborhoods sprinkled with coffeehouses, doctors' offices, public schools, community centers and library branches, all within walking distance.

Greenbridge, a housing community in unincorporated King County just south of Seattle's city limits, is something of a model. It has 325 subsidized housing units scattered among hundreds of other affordable homes. Families from different socioeconomic groups share parks and more than five dozen public art installations. The subsidized residents are shielded in periods of economic duress: they pay up to 30% of their income toward rent, while public-housing authorities pick up the remainder. If a resident's income declines because of a layoff or reduction in work hours, their monthly rental burden follows suit. The system is designed to boost residents out of poverty and to prevent their

children from falling into the same trap. “We like to say that if we’re raising the

NEXT UP: EDITOR'S PICK

Norman, the executive director of the King County housing authority, which

When the Lights Go Out, It's Hard to Sleep: How Seattle's Handling of COVID-19 Shows



Affordable-housing advocates are enthusiastic about Biden’s proposals but caution that they would be expensive and complicated to implement. Nationally, less than a quarter of American families who meet eligibility requirements for public-housing assistance are beneficiaries of it, according to a 2014 report from the Urban Institute, a left-leaning think tank, and on average, those who do benefit from public-housing projects wait nine months to be placed, according to the NLIHC. Within the idealistic Greenbridge neighborhood, placement takes much longer: if Aldama met the qualifications for a subsidized one-bedroom unit there, he’d be joining a queue that is currently more than 10 years long.

Like more than 10 million Americans in a similar situation, Aldama doesn’t have that kind of time. The federal eviction moratorium will expire at the end of March, and it’s unclear whether state and local governments or the federal government will extend their bans, or for how long. “I know how close we are to not having a roof over our heads,” Aldama says, adding that he is aware that he and his partner remain in their home largely because of de Laat’s patience. “There’s not a day that I don’t think about how grateful I am,” he says.

But, like de Laat, Aldama knows the current arrangement is unsustainable in the long run. And neither of them sees an easy way out. Aldama will continue to do food deliveries as long as his clunker of a car starts, and he plans to apply for more in-person jobs after he’s vaccinated. But for now, the possibility of making enough to pay his rent next month—much less his back rent—would be laughable if it weren’t so scary. When I set out to leave his condo, he suggests I stop by a homeless encampment down the road. “There’s probably 150 people living there,” Aldama says of the intersection of Lake City Way and NE 125th Street.

Look closely, he adds. He may join them soon.

—With reporting by Mariah Espada/Washington

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Community groups call for more equitable COVID-19 vaccine distribution for people with limited English, technology access

By Chetanya Robinson March 4, 2021



Photo by Auriza Ugalino.

Community organizer Sokha Danh has been helping Cambodian elders get vaccinated for COVID-19. The process has been frustrating – even though he is relatively tech savvy, and knowledgeable about the workings of the City and nonprofit worlds.

Recently, with the help of a private Facebook group, Danh helped a Buddhist monk who lives in Tacoma get the vaccine in Seattle. The elders Danh helps often don't speak English well, and may not know how to use a computer.

"I honestly don't know how else they would have gotten a vaccine," Danh said.

He wishes there was an easier way to get community members vaccinated, and thinks about early in the pandemic, when King County announced it would place one of its two quarantine facilities in White Center, a diverse community, near low-income housing. The lack of prior communication with the community galvanized Danh and others to organize a two-hour [community meeting](#), where residents expressed their concerns.

"That was just a big slap in the face," Danh said. "The county was so quick to jump at justifying a quarantine facility in White Center, but when it came down to building a mass vaccination movement in White Center, it's taken a very long time to do it."

The difference raises questions about equity, Danh said. "We say equity, but we don't really mean it."

"COVID-19 has really shown the disparity for BIPOC communities, and this has been a life and death situation for our community," he continued.

On February 11, a coalition of organizations that serve communities of color, immigrants and refugees in King County sent a letter to County Executive Dow Constantine, raising concern about "barriers and significant inequities" in vaccine distribution. It followed an earlier letter to Governor Jay Inslee and state Health Secretary Umail Shah.



At a vaccination site in Seward Park. Photo by Auriza Ugalino.

People “often shut out” of the vaccine process include those who don’t speak English, or lack access to transportation and technology, according to the letter. As a result, communities of color who are most at risk of COVID-19 are under-vaccinated, the letter said.

The letter was signed by leaders of 30 organizations, including APICAT for Health, Asian Counseling and Referral Service, Coalition of Immigrants, Refugees & Communities of Color (CIRCC), Helping Link, International Community Health Services, Khmer Health Board, Vietnamese Health Board, Kin On Health Care Center, Pacific Islander Community Association of WA, and dozens of community leaders.

The Chinese Information and Services Center (CISC) serves clients who speak Cantonese, Mandarin, Russian, Spanish, and Vietnamese. “They need support in terms of language, culture and technology to be able to get an appointment for the vaccine,” said Michael Itti, CISC executive director. Itti said he signed the letter to get local leaders to understand the hurdles many BIPOC community members face.

For example, the Department of Health’s Phase Finder tool is only available in English and Spanish. And people without the technology to access it face yet another barrier to getting an appointment.

Bilingual staff at CISC are helping clients get vaccine appointments and the information they need about the vaccine. Since January, they have also worked with the Seattle Housing Authority, King County Housing Authority, Seattle Fire Department and the City of Bellevue to set up pop up vaccine events in buildings to serve older adults who are low income or disabled and may need language or technology help. Bilingual staff at CISC will do outreach with residents and coordinate the appointments.

Itti wants to see local government continue working with trusted organizations like CISC. “From the get go, I wish the strategies they’re using now had been available at the very beginning,” he said. He also wants local government to collect and analyze data about language and cultural disparities in vaccination. If the county moves to the next phase of vaccination too quickly, it will be hard for seniors and other vulnerable people to get access to the limited supply, Itti said.

The letter thanked King County for making a plan to distribute the vaccine more equitably, including putting the first two mass vaccination sites in south King County, and allowing family caregivers of their elders to get the vaccine early as well, and tracking vaccination data by race and ethnicity.

Signatories to the letter asked the state Department of Health to create its own Vaccine Finder Tool with regular updates about vaccine availability, to create a waitlist of BIPOC (Black, Indigenous and People of Color) individuals that healthcare providers can use to distribute extra doses, and partner with community organizations who can serve as trusted messengers, with cultural and language proficiency, to encourage hesitant individuals to get the vaccine.

Seattle announced February 23 that it will use a new mapping tool developed by University of Washington researchers to target pop up vaccine clinics in places they're most needed. The data combines information rates of COVID-19 cases with census tracts that score high on social vulnerability factors identified by the CDC.

Local elected leaders also partnered with philanthropy, nonprofits and businesses to create a public-private "Vaccine Equity Fund," intending to raise \$15 million dollars to distribute the vaccine more equitably. The effort will likely include new mobile pop-up vaccine teams, and will target funding for "trusted, community-based organizations" to do culturally-informed vaccine outreach.

"I think that's exactly the right strategy," said Min Chang, CEO of Kin On, of this new push. "I think we all need to kind of pitch in if we want to get to herd immunity in our community."

So far, the majority of people vaccinated in Seattle identify as BIPOC, according to the City. Statewide, people who are Hispanic, Black and multiracial in Washington have been vaccinated for COVID-19 at lower rates than their percentage of the population, [according to](#) the Department of Health.

In a February 17 announcement, Mayor Jenny Durkan acknowledged that mobility challenges, lack of health insurance and English proficiency are other barriers.

Sarya Soa, program manager at the Cham Refugees Community in Seattle, was another leader who signed the letter. She said language and access to technology are barriers for many members of the Cham community, a ethnic minority in Vietnam and

Cambodia, which established a community center in the Rainier Valley. COVID-19 took a heavy toll on the community, Soa said.

“Just getting appointments scheduled is a large barrier already for many of our community members, especially with the lack of English,” she said.

Soa has been helping set up appointments for community members. Many got a chance to get the vaccine at a pop up clinic in Holly Park, which was targeted toward the Somali community.

Notices about upcoming vaccine pop ups aren’t written in Cham. “They have to hear it from me or somebody else,” Soa said. And it’s crucial for her or others who can translate the language to help answer questions for Cham speakers getting the vaccine, such as about allergic reactions.

Still, some members of the community would prefer to get the vaccine from their doctor, rather than a pop up.

Soa pays close attention to vaccine distribution lists via email. An opportunity to get the vaccine – via a community clinic or otherwise – will sometimes open up. It’s up to her to sign people up who need it.



Puget Sound Energy Awards More Than \$1 Million in Solar Installation Grants

By LocalTalk Contributor

Submitted by [Puget Sound Energy](#)

As an ongoing effort to provide assistance to our communities, an effort that is heightened by the ongoing impacts of the COVID-19 pandemic, [Puget Sound Energy \(PSE\)](#) is committed to supporting organizations that serve families and individuals in need. The company, through its Green Power and Solar Choice programs, has awarded more than \$1 million in grant funding to 15 organizations in its service area to install new solar projects—the highest amount distributed through the programs to date. Recipients range from local non-profits, housing authorities and tribal entities serving low-income and Black, Indigenous and People of Color (BIPOC) community members and projects that further clean energy in the region.

The annual generation of the projects will total nearly 560,000 kWh, equivalent to powering nearly 50 average homes each year with newly installed solar from the Puget Sound region. The goal is to help local organizations reduce operating costs while also reducing their carbon footprint by using renewable energy they've generated.

"These grants are possible because of our customers who have chosen to support clean, renewable power by participating in the PSE Green Power and Solar Choice Programs," said PSE Director of Product Development Will Einstein. "Their

participation in PSE's voluntary renewables programs allows us to help these agencies fund new solar projects that create energy cost savings that they can use to support their core mission."

The 15 recipients are: Lummi Nation School, Hopelink, El Centro de la Raza, King County Housing Authority, Sustainable Connections, Helping Hands Food Bank, Skagit Valley Hospitality House Association, Camp Korey, Boys & Girls Clubs of Skagit County, Institute for Washington's Future, Friends of the Manchester Library, Boys & Girls Club of South Puget Sound, Nisqually Indian Tribe, South Whidbey Good Cheer Food Bank, and YWCA Olympia.

"For 50 years Hopelink has been focused on helping people as they do the work to create stability in times of crisis and build a path out of poverty," said Meghan Altimore, vice president of Community Services at Hopelink. "PSE's support helps us continue this mission along with helping us continue to be good stewards of our environment."

Recipients partnered with local solar installation companies such as Banner Power Solutions, Ecotech Solar, Power Trip Energy, Puget Sound Solar, RedLine Solar, Solar by Barron, South Sound Solar, Sphere Solar Energy and Western Solar. The solar companies partnered with recipients to help complete their grant applications and will work to have their solar panels installed and producing energy by July 2021.

In addition to the \$1 million in grants awarded this year, PSE has provided an additional \$1.4 million in grant funding to 20 organizations in the last 3 years, resulting in almost 600 kW of newly installed solar capacity, and nearly 600,000 kWh of annual generation. PSE's Green Power program will offer another competitive funding cycle later in 2021.

List of Recipients

Organization	County
Lummi Nation School	Whatcom
Hopelink	King

El Centro de la Raza	King
King County Housing Authority	King
Sustainable Connections	Whatcom
Helping Hands Food Bank	Skagit
Skagit Valley Hospitality House Association	Skagit
Camp Korey	Skagit
Boys & Girls Clubs of Skagit County	Skagit
Institute for Washington's Future	Whatcom
Friends of the Manchester Library	Kitsap
Boys & Girls Clubs of South Puget Sound	Kitsap
Nisqually Indian Tribe	Thurston
South Whidbey Good Cheer Food Bank	Island
YWCA Olympia	Thurston