

Trailhead Apartments
Trailhead Apartments LLLP
Announcement for Market Rate Developer

Addendum No. 1
August 22, 2025

This Addendum modifies and forms part of the Central Issaquah TOD - Announcement for Market Rate Developer dated July 30, 2025.

Changes to the Announcement for Market Rate Developer

On Page 18 of the Announcement, the Interview of Finalists date was updated to October 1, 2025, and the Notification of Selected Development Team was updated to October 10, 2025.

Pre-Bid Meeting – added language to the KCHA website requesting interested parties not go beyond the fenced area of the property.

Questions from Proposers

Question 1

Does King County Housing Authority need a developer for the Affordable Rate building?

Answer: No, King County Housing Authority (KCHA) is developing the Affordable Rate Building. We are seeking proposals only for the Market Rate Building.

Question 2

What is KCHA's involvement in the development of the Market Rate site?

Answer: KCHA is responsible for the site development permit and has worked with our architect, Weber Thompson, to develop plans for the Market Rate Building up to that required to obtain a site development permit. The selected developer will be responsible for advancing, and if desired, modifying the design and submitting for the building permit.

Question 3

Is King County Housing Authority selling the site or ground leasing it? Who will be responsible for the site development and final plat recording? Do you have any development estimates you can share? How do you intend to finish the Market Rate portion of the site (sheet graded with stubbed utilities, or other..?) During construction, what is the lender's collateral? Is this an absolute requirement that we can't subdivide the property prior to closing?

Answer: King County Housing Authority owns the entire site, which currently consists of one parcel. Both the Affordable Building and the Market Rate Building are located on this one parcel. A land condominium will be created with two units, one with land for the Affordable

Building and the other with land for the Market Rate Building. The market rate developer will purchase fee ownership in their condo unit. There will be no ground lease. The lender's collateral will be the condominium unit.

A Design Development Cost Estimate is included in the Addendum that shows what work the will be performed by Trailhead Apartments LLLP. They are primarily building the Affordable Building, but the rightmost column of the estimate shows the cost of the work currently in the Walsh contract that will be charged to the market rate development. A description of the scope included in the Walsh contract can be found in the document titled Trailhead-South Building Scope. The Walsh scope includes the demolition of the existing building, but not the underlying slab and no rough grading of the site for the Market Rate Building.

Both buildings are included in the Site Development Permit, which allows the Market Rate Building to utilize excess zoning capacity attributable to the Affordable Building land and to benefit from most of the code concessions granted by the City to the Affordable Building. It also allows the Affordable Building to satisfy all of the mandatory affordable housing requirements for both buildings. This is why KCHA opted to transfer using the condominium structure, but KCHA is amenable to considering sub-platting the site earlier if that proves feasible and does not add burdens to the development of the Affordable Building.

Question 4

What is KCHA's preferred timing for closing on the site purchase? Are there any time constraints on the site work we should be aware of? Exp: does the final plat need to be submitted by a certain date? Can the sale closing of the market rate apartment site be designated to occur after building permit approvals are in place?

Answer: KCHA's preference is to close on the site purchase sooner rather than later. Trailhead Apartments LLLP is closing on construction financing for the Affordable Building in May 2026, and would be desirable to have the purchase closing prior to then. Proposers are free to propose an alternative timeline.

Question 5

Will KCHA be responsible for broker fees for the purchase?

Answer: KCHA will not pay broker fees. We have not engaged a broker to represent us.

Question 6

Will there be a development agreement?

Answer: Assuming this refers to the entitlement process with the City, no development agreement is required. We have resolved issues that otherwise might require a development agreement through the Housing Cooperation Agreement.

Question 7

Can the current building plan be revised? If so, are there any specific constraints on this that we should be aware of and what is the design review process for this?

Answer: The current building plan may be revised. The primary constraints are the available FAR (see calculations in Exh-A Plan Set Part 1, Page G1.10), the footprint shown in the drawings, the Issaquah Land Use Code (as modified by the Housing Cooperation Agreement), and the City's expressed desire that the buildings look similar. The Affordable Building selected the Northwest Contemporary Style, so the City will likely require the same style for the Market Rate Building.

Question 8

Is a commercial space required for the Market Rate Building?

Answer: No, commercial space is not required for the Market Rate Building.

Question 9

Are there any constraints on the Market Rate Building that would prohibit a for-sale product instead of a for-rent building?

Answer: KCHA has not researched this issue from a local code perspective, but we are not adding any constraints that would prohibit this.

Question 10

Would KCHA consider development plans such as an Independent Senior Living project or stacked flat condominiums for that site?

Answer: Yes, to extent permissible by code.

Question 11

How will the relationship between the Market Rate Building and Affordable Building be organized during the construction process (e.g. construction logistics, single point of contact)?

Answer: The primary points of contact for KCHA will be Nate Kraus for development activities and Victor Vo for construction activities.

Question 12

How do you anticipate the cost of maintaining the shared open space being accounted for after construction? If through the CC&Rs, do you have an overall structure for these agreements such as a master and a sub agreement for the Market Rate Building, or two separate sets of CC&Rs? How will security/incident response communication work between the two buildings for the common areas (protocols, points of contact, and cost responsibility)?

Answer: We have tried to design this with very little common space between the two condominium units. We anticipate that, as much as possible, KCHA will be responsible for maintaining all the space within the footprint of their condo unit and the Market Rate Building

owner will be responsible for maintaining the space within their condo unit. Anything that does not fall neatly within one condo unit will be covered by CC&Rs, which will be drafted in conjunction with the Market Rate Building owner.

There will be a Property Manager contact and an Asset Management contact assigned to the Affordable Housing Building for purposes of communication with the Market Rate Building managers.

Question 13

How much money is the Market Rate apartment committed to contributing to site improvements in conjunction with Trailhead Apartments LLLP? Will the Market Rate developer have the option to construct the site improvements themselves, or will that be completed by Walsh Construction prior to construction of the market rate apartments?

Answer: We have included in this Addendum the current 50% Design Development cost estimate, which has a column showing what we anticipate will be included in the contract for the Affordable Building. If the timing of the Market Rate Building construction allows for it, we are amenable to those items being built by the Market Rate developer, provided it does not delay the construction and final sign off of the Affordable Building.

Question 14

The RFP mentioned the established wetland on site. Has the footprint of the market rate apartment building been confirmed by city staff to be outside of this wetland, or is the exact footprint of the project and the related development potential still needing to be approved by the city?

Answer: The wetland delineation and the associated buffer and set backs were all included in the original site development permit application. Per the drawings included in the Announcement, the footprint of the Market Rate Building is fully outside the set back. We have included in this Addendum the responses to the first round of comments, and this includes a letter from our consultant Wet.land addressing all of the issues raised by the City. None of the five corrections requested by Facet, the firm engaged by the City of Issaquah to review the wetland report, related to the footprint, buffer or set back for the wetland, so we assume they do not have any issues with that part of the report.

Question 15

Are there any developer requirements for critical areas? How much money is the Market Rate Building committed to spending to restore the wetland in conjunction with Trailhead Apartments LLLP? Is there a Phase I Environmental Site Assessment?

Answer: The portions of the wetland within the Market Rate Building condominium unit must be restored and maintained by the Market Rate Building developer. Please see Exhibit E for the Phase I Environmental Site Assessment.

Question 16

Are there any off-site conditions we should be aware of that could impact site development, or is there vertical constriction?

Answer: The southern and western façades of the Market Rate Building are in a Natural Context zone due to facing the wetland and Tibbetts Valley Park. There are specific requirements that come with this, some of which were lessened through the Housing Cooperation Agreement. There are existing electrical transmission lines along Newport Way in front of the building.

Question 17

Evaluation Criteria on page 18 of the Announcement – what priority are those factors ranked?

Answer: The criteria are listed in order of importance, with Acquisition Price being the most important.

Question 18

Are there specific tenant requirements for both the Market Rate and Affordable building? Are there a minimum number of market rate units that must be built? What are the exact AMI levels targeted for the Trailhead Apartments project?

Answer: The Affordable Rate Building is targeting 40-60% AMI for all units. It is the expectation that the Market Rate Building will be majority market rate units and not primarily affordable units. A portion of the units in the Market Rate Building may be dedicated to affordability at lower income levels as long as it is not a majority of the units. See page 9 of the Announcement.

Question 19

For the MFTE program (optional), can you confirm that the term of any affordability would match the term of the property tax exemption? What is the MFTE for this property?

Answer: There is a 12-year MFTE as long as the required minimum number of units are kept at required affordability levels. 15% of the units need to be affordable at 60% AMI and an additional 5% affordable at 80% AMI. See page 9 of the Announcement.

Question 20

What are the required parking ratio requirements for the Market Rate building? Is there relief given the transit station is adjacent to the building? Is above grade parking excluded from the chargeable area for FAR calculations?

Answer: Reductions in parking are possible due to the proximity to the transit station. Please see Issaquah Land Use Code Chapter 18.604 for the specific requirements. Please see section 18.404.707 of the Land Use Code for what is included in FAR.

Question 21

Are we allowed to reach out to your development team, specifically Weber Thompson?

Answer: Yes, you can reach out to Nicole Winn at nwinn@weberthompson.com.

Question 22

How will the ongoing entitlement and future construction of Trailhead Apartments be impacted if LIHTC, or other funding sources, are not secured in the expected timeframe? How will this impact the market rate apartment project entitlements and potential for breaking ground in construction?

Answer: The Affordable Building project has financing commitments from King County and ARCH and has a reservation for tax-exempt bond financing, which will allow it to access Low-Income Housing Tax Credit financing. Barring substantial, unforeseen increases in construction costs, sufficient financing has been secured to ensure that this project will move forward as scheduled.

Question 23

Does KCHA have a goal for pricing? Would that change if the project pursued MFTE affordability units?

Answer: KCHA has invested a significant amount of money into the acquisition and entitlement of this site, and our goal is to recover those costs. This specific goal does not depend on whether MFTE units are proposed or not.

Question 24

Does KCHA have a survey for the property?

Answer: Yes, see Exhibit I Site Topographic Survey.

Addendum 1 Documents

1. Revised Selection Process dates
2. Groundwater Monitoring
3. Site Development Permit Round 1 comments and responses
 - a. SDP Rd 1 Response – Architect
 - b. SDP Rd 1 Response – Traffic
 - c. SDP Rd 1 Response – Wetland
4. Permit-Construction Schedule
5. Design Development Cost Estimate
6. Trailhead-South Building Scope