



City of Kenmore - 18120 68th Avenue NE - Kenmore, WA 98028
Phone: 425-398-8900 - E-mail: cityhall@kenmorewa.gov

City Council Special and Regular Meeting

ON-SITE

MONDAY, DECEMBER 11, 2023 - 6:15 PM

In addition, we try to provide access to the meeting virtually:

ZOOM LINK: <https://kenmorewa-gov.zoom.us/j/83602584463>

ZOOM PASSWORD: cake

Or One tap Mobile: US: +12532158782,,83602584463#

Or Telephone Dial US: +1 253 215 8782

Callers please dial *9 to raise and lower hand

Webinar ID: 836 0258 4463

ZOOM PASSWORD: cake

SIGN UP FOR VIRTUAL PUBLIC COMMENT HERE:

<https://www.kenmorewa.gov/government/city-council/virtual-public-comment>

Technical Difficulties - If the virtual component of the meeting disconnects, and we cannot resolve technical difficulties to reconnect the virtual component, the in-person meeting will continue at City Hall if there is a quorum of the body to conduct business.

Land Acknowledgement to Honor First Peoples

We acknowledge that the City of Kenmore is situated upon the ancestral lands of the Snohomish, Snoqualmie, Sauk-Suiattle, Duwamish, Stillaguamish, Tulalip, Suquamish, Muckleshoot, and other tribes who are part of the Coast Salish Peoples. We recognize and express our deepest respect for their enduring stewardship and profound relationship with this land, which they have cherished and protected since time immemorial. We honor the First Peoples, acknowledge their vibrant cultures, and commit ourselves to learning from their wisdom in our journey to promote justice, equity, and mutual understanding. We pledge to stand alongside these communities in acknowledging past injustices and working towards a future that respects and celebrates the diverse heritage of this land.

I. CALL SPECIAL MEETING TO ORDER - 6:15 PM

- A. Pursuant to RCW 42.30.110(1)(i), the City Council will now enter an executive session to discuss potential litigation. This executive session is slated to last 45 minutes, until approximately 7:00 PM. No final action is expected.

EXECUTIVE SESSION HELD. NO FINAL ACTION.

II. ADJOURN SPECIAL MEETING

III. CALL REGULAR MEETING TO ORDER - 7:00 PM

IV. ROLL CALL

V. LAND ACKNOWLEDGEMENT

VI. FLAG SALUTE

VII. AGENDA APPROVAL

VIII. PRESENTATION

- A. Recognizing Outgoing Councilmembers and Break for Cake
PRESENTED

IX. WHERE'S THE FUN?

X. PUBLIC COMMENTS

We welcome our community members to the Council's meeting. In this forum, the Council does not engage or dialogue with the public; the primary role of the Council is to listen. We will hear from our on-site guests first, followed by our pre-registered virtual guests. All guests must address comments to the Mayor and City Council. The Clerk will acknowledge your request and call your name when it is your turn. Your time will start when we confirm that we can hear you. Please state your name and city of residence for the record and keep your comments to the allotted time. We will not split your time with others or reset your time except by express approval of the Presiding Officer. You can submit materials to the Council or Clerk in advance. This meeting is being recorded. Thank you for taking the time to express your comments.

NEW VIRTUAL PARTICIPATION PROCESS: To provide public comments virtually, please fill out the [Virtual Public Comment Request Form](#) in advance of the meeting. The form opens Tuesdays at 12:00 Noon and closes Mondays at 12:00 Noon. You will be confirmed by the City Clerk. If you are having difficulty, please reach out to the City Clerk at awarhol@kenmorewa.gov.

XI. CONSENT AGENDA

APPROVED BY UNANIMOUS CONSENT

- A. Approve City Council Regular Meeting Minutes from November 27, 2023.
[City Council Regular Meeting Minutes from November 27, 2023](#)
- B. Cancel the City Council Regular Meetings of December 18, 2023 and December 25, 2023 (December 26, 2023).
- C. Cancel the City Council Regular Meeting of January 15, 2024 (January 16, 2024). Call a Joint Special Meeting with the Planning Commission on Tuesday, January 16, 2024 from 6:00 PM - 7:30 PM.
- D. Authorize the City Manager to execute a maintenance and operation agreement with the Washington State Department of Transportation for the red light camera system at 61st Avenue NE and NE Bothell Way

(SR 522).

[Agenda Bill - WSDOT Agreement](#)

- E. Accept \$4,727,000 in federal grant funding from the Washington State Department of Transportation (WSDOT) Local Bridge Program for the Lower Swamp Creek Bridge Replacement Project (T-38) and authorize the City Manager to execute the appropriate agreements with WSDOT.
[Agenda Bill - Lower Swamp Creek Bridge Grant Award with Attachment 1 \(WSDOT Award Letter\)](#)
- F. Approve Total Check #s 53400 through 53462 totaling \$1,170,322.82 and Total Payroll/Taxes/Flexible Spending/Retirement & Health Savings Account Electronic Deposits Dated 12/01/2023 in the amount totaling \$237,583.37 and ACH Payments #1485 through 1503 totaling \$54,771.05.
(Added 12/09/2023)
[Voucher Certification and Approval 11/25/2023 - 12/08/2023](#)

XII. BUSINESS AGENDA

ORDINANCE 23-0596 ADOPTED

- A. Proposed Ordinance No. 23-0596, amending Title 9 of the Kenmore Municipal Code, Criminal Code, presented by Deputy City Manager Stephanie Lucash, Kenmore Police Chief Brandon Moen, City Attorney Dawn Reitan, and Prosecutor Sarah Roberts, *for discussion*
[Agenda Bill - Proposed Ordinance No. 23-0596, Amending Title 9 of the KMC](#)
[Attachment 1 - Proposed Ordinance No. 23-0596](#)
[Attachment 2 - Exhibit A to Proposed Ordinance No. 23-0596](#)
[Memo - Washington State and Kenmore Drug Statistics](#)
[Presentation - Proposed Ordinance No. 23-0596 \(added 12/11/2023\)](#)

XIII. PUBLIC HEARING

PUBLIC HEARING HELD

- A. Proposed Ordinance No. 23-0600, Development Agreement for real property located at 6532 Bothell Way NE (Plymouth), presented by Deputy City Manager Stephanie Lucash, Development Services Director Samantha Loyuk, Housing and Human Services Manager Tambi Cork, and guests from Plymouth Housing including CEO Karen Lee, COO Andrea Carnes, Vice President of Real Estate Karen Peterson, Real Estate Department Manager Elizabeth Murphy, Senior Director of Quality Assurance – Permanent Supportive Housing Katharine Revello, and Director of Government Relations Dennis Sills, *for second public hearing*
[Correspondence Added to the Official Record](#)

[Agenda Bill - Proposed Ordinance No. 23-0600, Plymouth Development Agreement](#)

[Attachment 1 - Development Agreement](#)

[Attachment 2 - Proposed Ordinance No. 23-0600](#)

[Attachment 3 - City Manager Letter of Recommendation](#)

[Attachment 4 - Conceptual Drawings..](#)

[Attachment 5 - Northshore Utility District \(NUD\) Easement Letter \(added 12/09/2023\)](#)

[Memo - Answers to Council's Questions](#)

[Presentation - Development Agreement \(added 12/11/2023\)](#)

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XIV. BUSINESS AGENDA (continued)

- B. Proposed Ordinance No. 23-0600, Development Agreement for real property located at 6532 Bothell Way NE (Plymouth), presented by Deputy City Manager Stephanie Lucash, Development Services Director Samantha Loyuk, Housing and Human Services Manager Tambi Cork, and guests from Plymouth Housing including CEO Karen Lee, COO Andrea Carnes, Vice President of Real Estate Karen Peterson, Real Estate Department Manager Elizabeth Murphy, Senior Director of Quality Assurance – Permanent Supportive Housing Katharine Revello, and Director of Government Relations Dennis Sills, *for adoption*

MOTION FAILED; ORDINANCE NOT ADOPTED

[Correspondence Added to the Official Record](#)

[Agenda Bill - Proposed Ordinance No. 23-0600, Plymouth Development Agreement](#)

[Attachment 1 - Development Agreement](#)

[Attachment 2 - Proposed Ordinance No. 23-0600](#)

[Attachment 3 - City Manager Letter of Recommendation](#)

[Attachment 4 - Conceptual Drawings..](#)

[Attachment 5 - Northshore Utility District \(NUD\) Easement Letter](#)

[Memo - Answers to Council's Questions \(added 12/09/2023\)](#)

[Presentation - Development Agreement \(added 12/11/2023\)](#)

- C. Proposed Resolution No. 23-409, Disposition of Surplus Property for City-owned property at 6532 Bothell Way NE ("Plymouth"), presented by Deputy City Manager Stephanie Lucash and Housing and Human Services Manager Tambi Cork, *for adoption*

**BUSINESS ITEM NOT ADDRESSED DUE TO VOTE ON
ITEM B (ABOVE)**

[Agenda Bill - Proposed Resolution No. 23-409, Disposition of Surplus Property \(updated 12/08/2023\)](#)

[Attachment 1 - Proposed Resolution No. 23-409](#)

[Attachment 2 - Real Property Transfer Agreement \(with Exhibits A-C\)](#)

- D. Proposed Ordinance No. 23-0601, amending Ordinance No. 21-0527 and Ordinance No. 23-0572, relating to the City of Kenmore's expenditure and reporting of American Rescue Plan Act (ARPA) funds, presented by Deputy City Manager Stephanie Lucash and ARPA Management Analyst Janet Quinn, *for adoption*

BUSINESS ITEM NOT ADDRESSED DUE TO VOTE ON ITEM B (ABOVE)

[Agenda Bill - Proposed Ordinance No. 23-0601 ARPA Expenditure and Reporting](#)

[Attachment 1 - Proposed Ordinance No. 23-0601](#)

[Attachment 2 - Ordinance No. 23-0572](#)

[Attachment 3 - Ordinance No. 21-0527](#)

- E. Proposed Resolution No. 23-410, approving City funds for the Plymouth Affordable Housing project and authorizing A Regional Coalition for Housing (ARCH) to administer funds on behalf of the City, presented by Deputy City Manager Stephanie Lucash and Housing and Human Services Manager Tambi Cork, *for adoption*

BUSINESS ITEM NOT ADDRESSED DUE TO VOTE ON ITEM B (ABOVE)

[Agenda Bill - Proposed Resolution No. 23-410](#)

[Attachment 1 - Proposed Resolution No. 23-410 with Exhibit A \(updated 12/08/2023\)](#)

- F. Love Where You Live Project Community Engagement Phase I, Phase II, and Next Steps, presented by City Manager Rob Karlinsey, Deputy City Manager Stephanie Lucash, and Communications Specialist Lauren Chomiak, *for approval*

OFFICIAL PRESENTATION TABLED TO JANUARY

[Agenda Bill - Love Where You Live Project Community Engagement Presentation - Love Where You Live Phase 1 Overview and Proposed Phase 2 Plan \(updated 12/11/2023\)](#)

XV. STAFF REPORTS

XVI. COUNCILMEMBER REPORTS & COMMENTS

XVII. ADJOURNMENT

UPCOMING MEETINGS

Monday, December 18, 2023 at 7:00 PM - City Council Regular Meeting

- TENTATIVELY CANCELED

Monday, December 25, 2023 at 7:00 PM - City Council Regular Meeting

- TENTATIVELY CANCELED

Monday, January 8, 2024 at 7:00 PM - City Council Regular Meeting

NOTICE OF POTENTIAL QUORUMS

[Click here for information about Potential Quorums of the City Council.](#) Now found on the City website under City Council Meetings.

**City of Kenmore
City Council Meeting
Regular Meeting Minutes
Monday, November 27, 2023**

These minutes are created to capture Council action. This is not a verbatim transcript.
Meeting video and audio is available on the City YouTube channel.

PRESENT:

Councilmembers: Mayor Nigel Herbig
Deputy Mayor Melanie O’Cain
Councilmember David Baker
Councilmember Joe Marshall
Councilmember Angela Kugler
Councilmember Corina Pfeil
Councilmember Debra Srebnik – Excused by unanimous consent

Staff: City Manager Rob Karlinsey
Deputy City Manager Stephanie Lucash
City Attorney Dawn Reitan
City Clerk Anastasiya Warhol
Deputy City Clerk Michelle Kang
Development Services Director Samantha Loyuk
Housing and Human Services Manager Tambi Cork
Finance and Administration Director Melinda Merrell
Community Development Director Debbie Bent
Events Specialist Nicole Suarez

Speaking Guests: Karen Peterson, Plymouth Housing Chief Real Estate Officer
Elizabeth Murphy, Plymouth Housing Senior Real Estate Developer
Elsa King, ARCH Representative

Public Comments Speaking Guests:
Carl Michelman, Brier Resident
Patrick O’Brien, Kenmore Resident
Laurie Sperry, Kenmore Resident
Janet Hays, Kenmore Resident

Public Hearing Speaking Guests:
Bob Donovan, Bothell Resident

Josh Kurcinka, Kenmore Resident
Carl Michelman, Brier Resident
Jeffrey Pooley, Kenmore Resident
Patrick O'Brien, Kenmore Resident
Laurie Sperry, Kenmore Resident
Andrea Carnes, Kenmore Resident
Jon Culver, Kenmore Resident

CALL REGULAR MEETING TO ORDER

Mayor Herbig called the regular meeting to order at 7 p.m.

LAND ACKNOWLEDGEMENT

Mayor Herbig read the Land Acknowledgement Honoring First Peoples.

FLAG SALUTE

Mayor Herbig led the Council in the flag salute.

AGENDA APPROVAL

The agenda was approved as presented.

WHERE'S THE FUN?

City Manager Rob Karlinsey highlighted Tracy Banaszynski's consistent effort to support habitat restoration in the City of Kenmore. Photos from the Swamp Creek Restoration Project were highlighted from this past Friday's volunteer event celebrating the Sno-King Watershed's fourth birthday.

PUBLIC COMMENTS

The City Council took comments from the public.

Timestamped link here:

<https://www.youtube.com/live/cRzfGb6fM5I?si=BB3WJnh6jMMd9BjP&t=1054>

PRESENTATION

Plymouth Housing Update, introduced by Housing and Human Services Manager Tambi Cork, and presented by Plymouth Housing Chief Real Estate Officer Karen Peterson and Plymouth Housing Senior Real Estate Developer Elizabeth Murphy

[Presentation - Plymouth Housing](#)

The Plymouth Housing Team highlighted the progress of the project. The model is housing first, and housing before everything else. The proposed Kenmore project includes a six-story building with five stories of residential units and the ground floor including commercial space; 100 residential units with a mix of one-bedroom and

studio units; Plymouth will provide onsite resident services for tenants and property management; and a courtyard area will be constructed and available for residential tenants.

The project team also highlighted an important requirement dictated by the funding agencies: to apply for a space, you must have an income is 30% or less of the Area Median Income (AMI) and be homeless at entry (staying in a shelter, hospital, transitional housing, "couch surfing").

CONSENT AGENDA

- A. Approve the City Council Special and Regular Council Meeting Minutes from November 13, 2023.
[City Council Special and Regular Meeting Minutes from November 13, 2023](#)
- B. Adopt Ordinance No. 23-0591 repealing and adopting a new Transportation Element; repealing and adopting a new Appendix D of the Transportation Element; adopting a new Climate Action Element; and amending the Public Services Element, the Utilities Element, and the Capital Facilities Element.
[Agenda Bill - Proposed Ordinance No. 23-0591, Comprehensive Plan Amendments Attachment 1 - Ordinance No. 23-0591](#)
[Exhibit A - Transportation Element](#)
[Exhibit B - Appendix D, Transportation Documentation](#)
[Exhibit C - Climate Action Element](#)
[Exhibit D - Table CF-C, Transportation Capital Improvements of the Capital Facilities Element](#)
[Exhibit E - Final Public Services Element](#)
[Exhibit F - Utilities Element](#)
- C. Authorize the City Manager to execute Contract No. 23-C2990, Consultant Services Agreement with Gordon Thomas Honeywell from January 1, 2024 through December 31, 2024.
[Agenda Bill - Contract No. 23-C2990 Gordon Thomas Honeywell](#)
[Attachment 1 - Contract No. 23-C2990](#)
- D. Approve Total Check #s 53247 through 53315 totaling \$2,121,265.50 and Total Payroll/Taxes/Flexible Spending/Retirement & Health Savings Account Electronic Deposits Dated 11/03/2023 in the amount totaling \$242,192.94 and ACH Payment to American Traffic Solutions in the amount of \$15,000.00.
[Voucher Certification and Approval 10/28/2023-11/10/2023](#)
- E. Approve Amendment No. 3 to the City Manager's employment agreement, Contract No. 16-C1631, effective January 1, 2024.
[Agenda Bill - Amendment No. 3 to Contract No. 16-C1631](#)

[Attachment 1 - Amendment No. 3 to City Manager's Employment Agreement](#)

MOTION: Deputy Mayor O'Cain moved to approve the consent agenda items A-E outlined above. Councilmember Kugler seconded the motion.

VOTE: Consent Agenda was approved by UNANIMOUS CONSENT. Councilmember Pfeil abstained.

PUBLIC HEARING

Plymouth Development Agreement, presented by Development Services Director Samantha Loyuk and Housing and Human Services Manager Tambi Cork, *for introduction and public hearing*

[Agenda Bill - Plymouth Development Agreement](#)

[Attachment 1 - Draft Development Agreement](#)

[Attachment 2 - Proposed Ordinance No. 23-0600](#)

[Attachment 3 - City Manager Letter of Recommendation](#)

[Attachment 4 - Conceptual Drawings](#)

[Attachment 5 - Northshore Utility District \(NUD\) Easement Letter](#)

[Presentation - Development Agreement for Property at 6532 Bothell Way NE](#)

City Attorney Reitan explained that state law and city code identify that a development agreement is a legislative decision. A development also has some elements of land use, it might also fall under the canopy of the quasi-judicial decision. To be conservative, we will be treating this as a quasi-decision means that the City Council must base the ultimate decision based on the presentation, documents, hearings, and the decision must be made fairly and objectively. The City Councilmembers confirmed to the City Attorney that they have no conflicts of interest.

There were two objections voiced from the audience. One member objected to Mayor Herbig's participation. One member objected to Councilmember Baker's participation. City Attorney's recommendation is that no one need to recuse themselves from the public hearing this evening, based on the information provided by each Councilmember. Finally, it was mentioned that a second public hearing for this topic will take place on Monday, December 11, 2023.

Samantha Loyuk and Tambi Cork outlined the following relating to the development agreement being discussed:

- Legal Basis for Development Agreement
 - RCW 36.70B.170 and Chapter 18.110 KMC enable development agreements between local governments and property owners to outline standards, public benefits, and duration.
- Public Hearings & Approval Process

- Two public hearings (11/27/2023 and 12/11/2023) are set to gather feedback on a proposed development agreement for 6532 Bothell Way NE ("Plymouth").
- Staff recommends to the Council, after the second hearing, to adopt Ordinance No. 23-0600, requiring a super-majority vote due to modifications in residential densities.
- Background
 - In response to the priority of boosting affordable housing, Kenmore pursued a Request for Proposals (RFP) for affordable housing on city-owned property.
 - Plymouth Housing Group's proposal for a six-floor apartment building with 100 residential units received council approval.
- Threshold Decision & Development Agreement Details
 - The Council's decision in October 2023 allowed further processing of the Affordable Housing Project's development agreement.
 - Plymouth's proposed project requests modifications to the city's code regarding setbacks, parking, architectural elements, and fee exemptions (details outlined in the agenda bill).
- Fiscal Considerations
 - \$3.2 million in city funds and additional funds from ARCH have been allocated for this affordable housing development.
- Council Actions
 - The Council is recommended to approve the development agreement, enabling the execution by the City Manager, with certain modifications and considerations made.

Mayor Herbig opened the Public Hearing at approximately 8:44 PM.
 The City Council received testimony from the public.
 Timestamped link here: <https://www.youtube.com/live/cRzfGb6fM5I?si=zPQVrBC9It-edCRE&t=6820>
 Mayor Herbig closed the Public Hearing at approximately 9:15 PM.

BUSINESS AGENDA

- A. Proposed Ordinance No. 23-0588, 2024 Regular Property Tax Levy, presented by Finance and Administration Director Melinda Merrell, *for adoption*
[Agenda Bill - Proposed Ordinance No. 23-0588 2024 Regular Property Tax Levy](#)
[Attachment 1 - Proposed Ordinance No. 23-0588](#)
[Presentation - 2024 Regular Property Tax Levy and Excess Property Tax Levy](#)

Finance and Administration Director Melinda Merrell noted that today marks the adoption of the regular property tax levy and excess property tax levy. Looking at the 2024 plan, the Proposed 2023-2024 Biennial Budget outlines a 3.28% increase in the

levy, drawing from unused tax capacity in previous years as per the recommendation from the 2020 Financial Sustainability Plan. This approach spans four years, starting in 2023, with the proposed 2024 levy tapping into \$129,326 of available banked capacity, leaving \$260,000 untapped. Preliminary figures suggest a 2024 property tax levy of \$5,884,218, inclusive of the 3.28% increase over 2023 (\$185,989) and new construction adding around \$31,929 to tax rolls.

Comparing the 3.28% levy to the 1% alternative, it yields an additional \$129,326 for the city in 2024 and promises compounded benefits in the future. Despite a 14.72% decrease in the city's assessed value from 2023, leading to a raised levy rate of roughly \$0.85 per \$1,000 of assessed value, the median home value has dropped from \$1.0M to \$850,000. For an \$850,000 home, with a 3.28% levy increase and the new rate, the annual tax would amount to \$725. Overall, the proposed 3.28% property tax levy aligns with the City Council's aim for financial sustainability and ongoing fiscal stability.

MOTION: Councilmember Kugler moved to adopt Ordinance No. 23-0588, relating to the 2024 Regular Property Tax Levy. Deputy Mayor O'Cain seconded the motion.
VOTE: 5 Yes – Kugler, O'Cain, Pfeil, Marshall, Herbig; 1 No – Baker; 0 Abstain.
MOTION PASSES

- B. Proposed Ordinance No. 23-0590, 2024 Excess Property Tax Levy, presented by Finance and Administration Director Melinda Merrell, *for adoption*
[Agenda Bill - Proposed Ordinance No. 23-0590 2024 Excess Property Tax Levy](#)
[Attachment 1 - Proposed Ordinance No. 23-0590](#)
[Presentation - 2024 Regular Property Tax Levy and Excess Property Tax Levy](#)

MOTION: Councilmember Kugler moved to adopt Ordinance No. 23-0590, Setting the 2024 Excess Property Tax Levy for the Purpose of Paying Debt Service on the Walkways and Waterways Bonds. Deputy Mayor O'Cain seconded the motion.
VOTE: 5 Yes – Kugler, Marshall, O'Cain, Pfeil, Herbig; 1 No – Baker; 0 Abstain.
MOTION PASSES

- C. Proposed Resolution No. 23-402, City of Kenmore 2024 Fee Schedule, presented by Development Services Director Samantha Loyuk, *for adoption*
[Agenda Bill - Proposed Resolution No. 23-402](#)
[Attachment 1 - Proposed Resolution No. 23-402](#)
[Exhibit A - 2024 Fee Schedule](#)
[Attachment 2 - Summary of Changes](#)
[Attachment 3 - Northshore School District 2023 Capital Facilities Plan](#)
[Attachment 4 - 2023 Fee Schedule \(version 2\)](#)

Development Services Director Samantha Loyuk highlighted the following major changes:

- Increase of 4.5% in most development and permit fees based on CPI-W.
- Addition of a new line item in mechanical permit fees to promote heat pump use, with the lowest fee among mechanical fees.
- Reduction in single-family residential school impact fee from \$17,963 to \$16,957, but an increase for multi-family units from \$2,625 to \$4,214.
- 1.43% increase in parks impact fee for single-family, multi-family, and mobile homes, with exemptions for affordable housing units.
- Reduction in transportation impact fees for single-family homes from \$11,773.39 to \$6,822.20, and for townhomes from \$7,314.04 to \$4,402.36.
- Addition of a new line item for "substantial engineering inspections" due to increased frequency.
- Inclusion of a new line item in Stormwater Capital Facilities for shelters or low-income housing projects with no stormwater fee.
- Reduction in significant tree removal permits fee to \$52.50 from approximately \$210 in 2023.

MOTION: Councilmember Baker moved to adopt Resolution No. 23-402, adopting the City of Kenmore 2024 Fee Schedule. Councilmember Pfeil seconded the motion.

VOTE: 6 Yes – Baker, Pfeil, Marshall, Kugler, O’Cain, Herbig; 0 No; 0 Abstain.

MOTION PASSES

D. Cozy Inn Property Options, presented by Community Development Director Debbie Bent, *for discussion and direction*

[Agenda Bill - Cozy Inn Property Options](#)

[Attachment 1 - 7/17/23 Staff Memo on Options for the Cozy Inn Property](#)

Community Development Director Debbie Bent shared the following proposals:

- **Mid-term Strategy #4 (3-5 Years)—Selling the Cozy Inn Property Post Appreciation:** The City considers selling the property in 3-5 years after its value increases. This period aligns with the launch of Stride Bus Rapid Transit and potential redevelopment nearby (such as Lakepointe). If sold within this timeframe, the City might impose conditions beyond existing zoning regulations.
- **Long-term Strategy #5 (10-20 Years) for Cozy Inn Property—Future Partnerships and Opportunities:** A staff-recommended approach, outlined in a memo during the June 2023 Council retreat, involves retaining the Cozy Inn property for a future partnership with adjacent property owners. Neighboring properties currently show no intent to sell, with businesses like Theorem (formerly Lakeview Yoga) and the Pho restaurant recently established. Even the vacant gas station is undergoing permit review for reopening. Although this strategy demands patience, it mirrors the City's previous purchase of the old Shell property at the northwest corner of 67th Avenue and Bothell Way, where redevelopment awaited

the right opportunity after its 2013 purchase. City Manager Rob Karlinsey mentioned that the demolition of the site is set to occur by end of year.

Councilmembers Kugler, Pfeil, O’Cain, Herbig, and Marshall approve of pursuing Option No. 4 (Mid-Term Strategy). Councilmember Baker was opposed.

STAFF REPORTS

Events Specialist Nicole Suarez provided a Farmer’s Market Recap. The Council agreed that the Farmer’s Market was a valuable and community - building program.

[Memo - Farmers Market 2023 Recap Summary and Future Planning](#)

ADJOURNMENT

Mayor Herbig adjourned the meeting at approximately 10:10 PM.

Nigel Herbig, Mayor

Anastasiya Warhol, City Clerk



City Council Agenda Bill

City of Kenmore, WA

Subject/Topic: Red-Light Camera System Maintenance & Operation Agreement with WSDOT	For Council Meeting Agenda of: December 11, 2023 Department: Public Works Engineering Prepared by: Tobin Bennett-Gold, PE City Traffic Engineer Initial & Date Approved by Department Head: <u>JFV</u> Approved by City Attorney: <u>DR 11/21/23</u> Approved by Finance Director: <u>N/A</u> Approved by City Manager: <u>RK</u> Exhibits/Attachments: (None)
Proposed Council Action/Motion: Authorize the City Manager to execute a maintenance and operation agreement with the Washington State Department of Transportation for the red light camera system at 61st Avenue NE and NE Bothell Way (SR 522)	
Summary: The planned red-light camera for the Kenmore Automated Photo Enforcement (KAPE) location at 61 st Avenue NE and NE Bothell Way (SR 522) requires a maintenance and operations agreement with the Washington State Department of Transportation (WSDOT) in order for the system to interface with the signal at that location. Staff is seeking council approval for entering into the maintenance and operation agreement with WSDOT, after which construction of the red light camera system can begin.	
Information/Background: On February 28 th , 2021, Kenmore City Council adopted ordinance 22-0542 for Implementation of the Automated Photo Enforcement Program and Amendment to Chapter 10 of the Kenmore Municipal Code; Council directed staff to proceed with implementing automated photo enforcement of school-zone speeding violations at two school zone locations (Arrowhead Elem. school zone on Juanita Drive NE, and Kenmore Elem. school zone on 73 rd Avenue NE), as well as automated photo enforcement of red-light-running violations for eastbound left-turning vehicles at the intersection 61 st Avenue NE and NE Bothell Way (SR 522). Photo enforcement for both school zone locations has been implemented successfully, and those locations are now in steady-state operation for school zone speeding violations. Implementing photo enforcement at the 61 st Avenue NE & NE Bothell Way intersection has had the additional requirement of partnering with WSDOT, who is the owner and operator of the 61 st Avenue NE & NE Bothell Way	
XI. D. Authorize the City Manager to execute a maintenance and operation...	

intersection. The City has executed a permit for the work of installing the red-light photo enforcement system and has drafted an agreement for maintenance and operation of the red-light photo enforcement system.

Red light enforcement at this location was identified as a countermeasure to address the safety hazard presented by eastbound left-turning drivers running the red light and creating conflicts with pedestrians crossing the north leg of the intersection. In an engineering study in March 2019, it was observed that over 80% of pedestrians crossing the north leg during peak traffic hours experienced a conflict, meaning that a legally-crossing pedestrian had to alter their path to avoid being hit by a vehicle running the red light. Pedestrian conflicts are a precursor to pedestrian crashes, and addressing this hazard is a proactive countermeasure to remove a significant source of crash risk before a serious pedestrian crash occurs. Following the study, a conspicuous enforcement presence at this location was implemented as a trial countermeasure and resulted in a complete resolution of the red light violations – when police were present, zero drivers ran the red light. Photo enforcement at this location is expected to be similarly effective and is feasible as a full-up-time solution to completely discourage eastbound left-turn violations without requiring the presence of in-person enforcement.

Upon execution of the maintenance and operation agreement with WSDOT, it is anticipated that construction will be completed early in 2024 and at that time the two-month warning period will begin. Following the two-month warning period, eastbound red light violations detected by the KAPE system and reviewed / approved by Kenmore police will result in a fine of \$100.

Fiscal Consideration:

There is no fiscal impact associated with entering into the maintenance and operation agreement with WSDOT.

City Council Priority or Budget Objective Being Addressed:

Priority #3: Focus on and emphasize multimodal transportation in the City of Kenmore with a specific focus on pedestrian, bicycle, and other means of travel.



City Council Business Agenda Item City of Kenmore, WA

<p>Subject/Topic: Lower Swamp Creek Bridge Replacement Grant Acceptance</p> <p>Proposed Council Action/Motion: Accept \$4,727,000 in federal grant funding from the Washington State Department of Transportation (WSDOT) Local Bridge Program for the Lower Swamp Creek Bridge Replacement Project (T-38) and authorize the City Manager to execute the appropriate agreements with WSDOT.</p>	<p>For Council Meeting Agenda of: December 11, 2023</p> <p>Departments: Public Works Engineering</p> <p>Prepared by: Kent Vaughan, Senior Civil Engineer</p> <table border="0" style="width: 100%;"> <tr> <td></td><td style="text-align: right;">Initial & Date</td></tr> <tr> <td>Approved by Department Head:</td><td style="text-align: right;"><u>JFV</u></td></tr> <tr> <td>Approved by City Attorney:</td><td style="text-align: right;"><u>N/A</u></td></tr> <tr> <td>Approved by Finance Director:</td><td style="text-align: right;"><u>N/A</u></td></tr> <tr> <td>Approved by City Manager:</td><td style="text-align: right;"><u>RK</u></td></tr> </table> <p>Exhibits/Attachments: WSDOT Award Letter dated October 9, 2023</p>		Initial & Date	Approved by Department Head:	<u>JFV</u>	Approved by City Attorney:	<u>N/A</u>	Approved by Finance Director:	<u>N/A</u>	Approved by City Manager:	<u>RK</u>
	Initial & Date										
Approved by Department Head:	<u>JFV</u>										
Approved by City Attorney:	<u>N/A</u>										
Approved by Finance Director:	<u>N/A</u>										
Approved by City Manager:	<u>RK</u>										
<p>Summary: City staff are requesting city council authorization to accept \$4,727,000 in federal grant funding from the Washington State Department of Transportation (WSDOT) Local Bridge Program for the Lower Swamp Creek Bridge Replacement project (T-38) and authorize the City Manager to execute the appropriate agreements with WSDOT.</p>											
<p>Information/Background: The Lower Swamp Creek Bridge is located on NE 175th Street, east of 73rd Avenue NE where it crosses Swamp Creek (near 80th Avenue NE and SR522, just south of Burke Gilman Trail). The existing bridge was originally constructed in 1951 and consists of three spans of precast concrete tub-girders, simply supported on timber pile bents and abutments, for a total length of 47 feet. The bridge is inspected annually by the King County Bridge Inspection group. In recent years, King County Bridge Inspection has downgraded the bridge from satisfactory condition to poor condition. The bridge is currently categorized as structurally deficient / functionally obsolete and is recommended for replacement.</p> <p>In 2016, the City consulted with Jacobs Engineering to conduct a bridge load rating and evaluate possible options and costs for bridge replacement.</p> <p>In 2023, the City consulted with KPFF Engineers to revisit Jacobs' findings and costs and evaluate additional bridge replacement options.</p>											

In April 2023, the City applied for grant funding from the Washington State Department of Transportation (WSDOT) Local Bridge Program to design and construct the Lower Swamp Creek Bridge Replacement project (T-38). The City was notified on October 9, 2023 that federal funds in the amount of \$4,727,000 were awarded to the City to complete the project.

A preliminary project timeline is provided below for reference:

- Design Start Q2 2024,
- Permitting Q3 2024 – Q2 2026,
- Fund Obligation (All Phases) Q3 2026,
- Advertise for Bids Q4 2026,
- Construction Q2 2027.

Fiscal Consideration:

The WSDOT Local Bridge Program will cover 100% of the project costs, provided all phases are obligated prior to September 2026. Any phase obligated after September 2026 will require a 13.5% local match.

Council Goal/Budget Being Addressed:

Council Priority 3: Enhance multimodal transportation implementation, including pedestrian and bicycle safety.

October 9, 2023

Mr. John Vicente, PE
City Engineer
City of Kenmore
18120 68th Ave NE
Kenmore, WA 98028-2071

**RE: Lower Swamp Creek
FFY 2023 Local Bridge Program Selections
Federal Funding**

Dear Mr. Vicente:

WSDOT is pleased to advise you that the above-mentioned bridge project is selected to receive funding through the federal Local Bridge Program. The federal funding is limited to the amount shown below:

Lower Swamp Creek	\$4,727,000
Structure ID #: 08138700	
Project Type: Replacement	

NOTE: This project is eligible for 100% federal funding of eligible costs for phases that are obligated prior to September 2026. Any phase obligated after September 2026 will require a 13.5% local match.

In order to meet state and federal requirements, the following are required:

- Project expenditures incurred before receiving notice from Local Programs of federal fund authorization are not eligible for reimbursement.
- Please refer to the Local Programs web page for detailed information, including: (<http://www.wsdot.wa.gov/localprograms/>)
 - ✓ Local Agency Guidelines (LAG) manual for the requirements regarding programming, authorization, reimbursement, etc.;
 - ✓ Projects utilizing federal funds must be included in your current Transportation Improvement Program (TIP) as a complete programmed project. Once your TIP amendment is approved, WSDOT will amend the Statewide Transportation Improvement Program (STIP);
 - ✓ Funding and billing forms;

Mr. John Vicente, PE
City of Kenmore
October 9, 2023

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- ✓ Local Project Report is required to be completed by the end of June and December each year. To access the database you will need an account name and password. Your account name is **Kenmore** and your password is **Kenmo985**. The password is case sensitive.
- If the project is not actively pursued, or becomes inactive ([23 CFR 630](#)), the project is at risk of being cancelled, funds repaid and reprogrammed.
- FHWA requires that all projects are ADA compliant upon completion or the federal funds must be repaid.

As a reminder, Local Programs requires all agencies to submit monthly progress billings to ensure timely reimbursement of eligible federal expenditures. Also, it is critical that your agency adhere to the project schedule previously provided, to ensure the delivery of the local federal program.

For assistance, please contact your Region Local Programs Engineer, Mehrdad Moini at 206.440.4734 or Mehrdad.Moini@wsdot.wa.gov.

Sincerely,



Jay Drye, PE
Director
Local Programs

JD:km:cdm

cc: Kelly McGourty, Transportation Director, PSRC
Mehrdad Moini, Northwest Region Local Programs Engineer



Voucher Certification and Approval

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City of Kenmore

DATE RANGE: 11/25/2023 - 12/08/2023

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and the claim is a just, due and unpaid obligation against the City of Kenmore and that I am authorized to authenticate and certify to said claim. The following checks and electronic payments are approved for payment:

Total ACH Payments #1485 through 1503: 54,771.05

Total Checks #53400 through 53462: 1,170,322.82

Total Payroll Electronic Deposits: Payroll/Taxes/Flex Spending/Health Savings/Retirement, Dated: 12/01/2023 237,583.37

Rob Karlinsey
Rob Karlinsey (Dec 8, 2023 16:57 PST)
City Manager / Date

Dec 8, 2023

Melinda Merrell
Melinda Merrell (Dec 8, 2023 16:34 PST)
Finance & Administrative Services Director / Date

Dec 8, 2023

Vendor Name	Payment Number	Payment Date	Description	Amount
AMERICAN TRAFFIC SOLUTIONS INC	1485	12/08/2023	Nov 2023 KAPE program services	15,000.00
CENTER FOR HUMAN SERVICES	1486	12/08/2023	Jul-Aug 2023 Human Services contribution	4,944.75
ELECTRONIC BUSINESS MACHINES	1487	12/08/2023	Oct & Nov 2023 copier overage	425.28
KBA INC.	1488	12/08/2023	Oct 2023 consulting services	1,715.63
U.S. BANK PURCHASE CARDS	1489	12/08/2023	software, hotel, misc supp, ITE membership	3,994.80
U.S. BANK PURCHASE CARDS	1490	12/08/2023	Misc. Office Supplies	347.96
U.S. BANK PURCHASE CARDS	1491	12/08/2023	Wellness, handrails, device accessor, job posting	5,774.28
U.S. BANK PURCHASE CARDS	1492	12/08/2023	laptops, ipad, Zoom, phone system, WATCH	7,412.98
U.S. BANK PURCHASE CARDS	1493	12/08/2023	Online Courses	279.95
U.S. BANK PURCHASE CARDS	1494	12/08/2023	Zoom, parking & taxi	116.99
U.S. BANK PURCHASE CARDS	1495	12/08/2023	Council supp/mtg/train; Hangar web, recruitment	1,139.28
U.S. BANK PURCHASE CARDS	1496	12/08/2023	Seattle Times subsc, Home Depot supplies	155.33
U.S. BANK PURCHASE CARDS	1497	12/08/2023	Software, event supplies, face painter	1,808.09
U.S. BANK PURCHASE CARDS	1498	12/08/2023	Park signs & sweeper, staff appreciation	2,947.05
U.S. BANK PURCHASE CARDS	1499	12/08/2023	Zoom, training, transportation, meetings	952.97
U.S. BANK PURCHASE CARDS	1500	12/08/2023	Fire resistance manual, WSAPT Membership-Daniel	159.95
U.S. BANK PURCHASE CARDS	1501	12/08/2023	Hangar/FC Maint, tools/equip, supplies, Veh Maint.	5,146.01
U.S. BANK PURCHASE CARDS	1502	12/08/2023	Wellness GC, WCMA mtg lunch	1,245.44
U.S. BANK PURCHASE CARDS	1503	12/08/2023	Website widget, Kenmore stickers	1,204.31

XI. F. Approve Total Check #s 53400 through 53462 totaling \$1,170,322.82...

Vendor Name	Payment Number	Payment Date	Description	Amount
KENMORE SENIOR CENTER	53400	11/27/2023	Q3 2023 Human Services Reimbursement	7,812.50
AMERICAN GENERAL LIFE GPO/400S	53401	12/01/2023	Life Insurance	220.33
MISSION SQUARE / 109964	53402	12/01/2023	City of Kenmore 401a	24,385.99
MISSION SQUARE 457 / 304745	53403	12/01/2023	457 Deferred Comp	6,182.59
ALPINE PRODUCTS INC.	53404	12/08/2023	Quick joint for stock	757.43
AM TEST, INC	53405	12/08/2023	Nov 2023 Swamp Creek TMDL	240.00
APPLEONE EMPLOYMENT SERVICES	53406	12/08/2023	9/18-9/22 Temp receptionist	1,175.52
ARCHIVESOCIAL, INC.	53407	12/08/2023	1 yr subc. Public Records requests	3,458.25
BENNETT GOLD, TOBIN	53408	12/08/2023	Travel TRB Annual Meeting Wash. DC	2,410.35
BULGER SAFE & LOCK, INC.	53409	12/08/2023	Padlock & keys for SW & Parks	810.34
CASCADE PEST CONTROL	53410	12/08/2023	Rhododendron Park Pest Control	167.35
CEDAR GROVE COMPOSTING, INC.	53411	12/08/2023	Wallac Swamp Creek Park materials	120.85
CITY OF BELLEVUE	53412	12/08/2023	Q4 2023 Human Services Pool & Aerials Imaging	24,854.46
CONFLUENCE ENVIRONMENTAL COMPANY	53413	12/08/2023	23-C2932 Jun/Jul/Aug 2023 Log Boom mitigation	6,969.16
FLEMINGS HOLIDAY LIGHTING LLC	53414	12/08/2023	2023 Holiday Lighting Installation pmt #2	4,999.29
GAYLYNN BRIEN	53415	12/08/2023	Sept 2023 Sales Tax Data Conversion Svcs	60.00
GORDON THOMAS HONEYWELL	53416	12/08/2023	Nov 2023 General Consulting	4,515.00
GRANICUS	53417	12/08/2023	2024 Gov-Delivery Website Hosting	24,789.86
GRIESEL, LEN	53418	12/08/2023	Refund of Cash Dep for Restoring Critical Areas	38,897.64
HEALTH MANAGEMENT ASSOCIATES INC	53419	12/08/2023	Oct & Nov 2023 Human Svcs Needs Assessment	10,091.25
HEIDELBERG MATERIALS	53420	12/08/2023	Asphalt for SW work	545.99
HILLIS CLARK MARTIN & PETERSON P.S.	53421	12/08/2023	Site Remediation Kenmore Village/Boyd's Dry Clean.	598.50
HORIZON DISTRIBUTORS INC	53422	12/08/2023	Yard hydrant TI'awh. Park SR22608	128.54
INSLEE, BEST, DOEZIE & RYDER, P.S.	53423	12/08/2023	Oct 2023 Legal Services	49,549.08
JASON RICHARD SPERLING	53424	12/08/2023	2023 Luminary Walk photos	400.00
JET CITY PRINTING	53425	12/08/2023	Winter craft market banners	175.06
JUDHA OF LION LANDSCAPING AND SERVICES	53426	12/08/2023	Apr-Nov 2023 ROW Landscaping	21,760.00
KANG, MICHELLE	53427	12/08/2023	Snacks for All Staff Training	51.45
KING COUNTY FINANCE	53428	12/08/2023	Q3 2023 Liquor Excise Tax	1,716.12
KING COUNTY SHERIFF	53429	12/08/2023	Nov & Dec 2023 KCSO Police Services	706,882.34
KPFF CONSULTING ENGINEERS	53430	12/08/2023	Sept & Oct 2023 engineering services	67,572.29
LIGHTHOUSE CONSULTING INC	53431	12/08/2023	Nov 2023 IT & Software Services	13,355.67
MARENAKOS ROCK CENTER	53432	12/08/2023	Engraved dedication boulder -TI'awh-ah-dees park	4,238.85
MINUTEMAN PRESS	53433	12/08/2023	Exceptional Tree Postcards	3,630.48
NARWHAL MET, LLC	53434	12/08/2023	Dec 2023 Weather Monitoring Services	425.00

XI. F. Approve Total Check #s 53400 through 53462 totaling \$1,170,322.82...

Vendor Name	Payment Number	Payment Date	Description	Amount
NELSON ELECTRIC, INC.	53435	12/08/2023	City Hall Lighting Electrical Work	6,038.50
NORTHSHORE UTILITY DIST	53436	12/08/2023	Water for City & Parks & ROW & Hangar(+sewer)	3,096.93
OLSON BROTHERS PRO VAC LLC	53437	12/08/2023	Vault cleaning	2,040.00
OUTCOMES BY LEVY, LLC	53438	12/08/2023	Oct & Nov 2023 Fed & State Grant Fund Assis.	3,850.00
PACE ENGINEERS, INC.	53439	12/08/2023	21-C2667 Oct 2023 On-call Engineering Services	39,961.25
PACIFIC AIR CONTROL, INC.	53440	12/08/2023	City Hall HVAC Repairs & Parts	6,712.66
PACIFIC TOPSOILS	53441	12/08/2023	ROW & Parks Material purchases & dumps	1,538.51
PLYWOOD SUPPLY	53442	12/08/2023	Parks materials	80.61
PUGET SOUND ENERGY	53443	12/08/2023	City Hall/Hangar/Traffic Signals/Parks	3,546.09
QUALITY WATER FINANCIAL	53444	12/08/2023	City Hall Filtered Water - 1st & 2nd Floors, PW Office	198.00
REGIONAL ANIMAL SERVICES OF KC	53445	12/08/2023	Nov 2023 Pet Licenses	255.00
REPUBLIC SERVICES #172	53446	12/08/2023	Solid Waste - Rhododendron Park, CH & PW Shop	1,593.86
SARAH ROBERTS	53447	12/08/2023	Nov 2023 Prosecution/DV Advocacy Svc	12,759.54
SCHINDLER ELEVATOR CORPORATION	53448	12/08/2023	CH Elevator Preventative Maintenance	1,880.83
SHRED IT, C/O STERICYCLE, INC>	53449	12/08/2023	Nov 2023 Shred Services	117.31
SMS CLEANING, INC.	53450	12/08/2023	City Hall, Hangar, & PW Office Janitorial Services	6,495.00
STOWE DEVELOPMENT & STRATEGIES LLC	53451	12/08/2023	23-C2976 Nov 2023 general consulting	900.00
STRATEGIES 360, INC.	53452	12/08/2023	Nov 2023 Federal Relations	6,500.00
TOTAL LANDSCAPE CORP	53453	12/08/2023	City Hall & Parks Landscaping Svcs	5,030.02
UPS STORE KENMORE	53454	12/08/2023	Shipping to recycle old radios	29.21
UTILITIES UNDERGROUND LOCATION CTR	53455	12/08/2023	Nov 2023 Utility Locating	150.93
VICENTE, JOHN	53456	12/08/2023	Travel TRB Annual Meeting Wash. Dc	1,638.30
WA STATE DEPT OF TRANSPORTATION	53457	12/08/2023	Oct 2023 Signal Maint 68th @ 175th & 181st	2,112.93
WASHINGTON STATE TREASURER	53458	12/08/2023	St Edward Park usage Summer 2023 concerts	3,901.00
WM CORPORATE SERVICES INC.	53459	12/08/2023	Sweeper Debris Disposal	11,025.64
ZIPLY FIBER	53460	12/08/2023	Internet @ PW Office	158.00
SHI INTERNATIONAL CORP.	53461	12/08/2023	Annual Adobe Sign License Renewal	6,309.17
TALOS DRONES	53462	12/08/2023	Mavic Multispectral Drone	8,456.00
DRS 457	DFT0001765	12/01/2023	DRS 457 Deferred Comp	615.00
AVIDIA HEALTH	DFT0001766	12/01/2023	Employee Health Savings Contribution	266.30
DEPARTMENT OF RETIREMENT SYSTEMS	DFT0001767-1775	12/01/2023	Public Employees Retirement	36,795.12
NAVIA	DFT0001776	12/01/2023	Employee Flexible Spending Account	1,077.28
BANK OF AMERICA 941	DFT0001777	12/01/2023	Federal Taxes	29,706.50
PAYROLL	Electronic Dep.	12/01/2023	Direct Deposit	169,123.17
TOTAL \$				1,462,677.24

XI. F. Approve Total Check #s 53400 through 53462 totaling \$1,170,322.82...

Voucher Purchasing Report

January 1, 2023 to December 8, 2023

Name	Amount
1901 WLD KENMORE 68TH LLC	7,500.00
4IMPRINT	5,903.29
58 STARS TRAVEL	2,477.60
A & A LIMOUSINE & BUS SERVICE	2,072.00
AA ASPHALTING LLC	34,000.00
AABCO BARRICADE COMPANY INC.	793.22
ABRACADABRA PRINTING	2,025.29
ACF WEST INC	2,557.23
ADVANCE TESTING & SERVICE INC	1,815.00
AFLAC	2,299.44
AL VAN EQUIP NORTHWEST	4,914.39
ALBIREO ENERGY LLC/AUTOMATED CONTROLS	4,688.70
ALEXA'S CATERING INC.	1,531.00
ALPHA SUPPORTED LIVING SERVICES	250.00
ALPHAGRAPHICS	1,219.51
ALPINE PRODUCTS INC.	1,529.29
ALWAYS ACTIVE SERVICES LLC	156,293.89
AM TEST, INC	6,795.00
AMADOR FARMS	383.00
AMERICALL	1,830.16
AMERICAN GENERAL LIFE GPO/400S	2,734.53
AMERICAN SOCIETY OF COMPOSERS	438.75
AMERICAN TRAFFIC SOLUTIONS INC	64,000.00
ANASTASIYA WARHOL	1,125.38
ANNA ARNOTT	83.90
APPLEONE EMPLOYMENT SERVICES	37,784.12
APPLIANCE REPAIR MM LLC	78.73
ARCHIVESOCIAL, INC.	3,458.25
ART SIMPSON	428.03
ARTS OF KENMORE	9,150.00
ASPECT CONSULTING LLC	7,025.00
ASSOCIATION OF WA CITIES	29,164.16
AURORA RENTS	14,892.54
AVIDIA HEALTH	4,744.20
AWC EMPLOYEE BENEFIT TRUST	1,024,951.84
AZTECA SYSTEMS, LLC/CITYWORKS	42,751.83
BAKER, BRIDGIT	501.56
BALDWIN DESIGN WORKS, LTD.	1,469.00
BANK OF AMERICA 941	711,617.44
BCN TELECOM, INC.	8,082.58
BEAU AND STELLA	2,500.00
BELMONT HOMES	7,500.00
BENEFICIAL SOUND	6,000.00

XI. F. Approve Total Check #s 53400 through 53462 totaling \$1,170,322.82...

Name	Amount
BENNETT GOLD, TOBIN	7,790.49
BEST BEST & KRIEGER LLP ATTORNEYS AT LAW	4,433.50
BFI 4 LLC	2,000.00
BIZDIVERSITY	750.00
BOAZ COFFEE	45.00
BOTHELL KENMORE CHAMBER OF COMMERCE	2,725.00
BRIGHT SPARK EARLY LEARNING SERVICES	1,275.00
BROOK ROCHELLE HOUSEKEEPING CLEANING CO.	2,500.00
BROTHER'S FARMS	153.00
BUILDERS EXCHANGE OF WASHINGTON INC	336.40
BULGER SAFE & LOCK, INC.	1,380.98
BUSINESS STREET, LLC	40,000.00
CABOT DOW ASSOCIATES	6,606.25
CALICO COOKIES - ERIN CALI	77.00
CALPORTLAND COMPANY	5,207.90
CAMP UNITED WE STAND	2,000.00
CANON FINANCIAL SERVICES, INC.	2,660.80
CAPITAL ONE TRADE CREDIT/MCLENDON	299.37
CASCADE PEST CONTROL	1,931.58
CASCADE RECREATION, INC	7,195.04
CASCADIA CONSULTING GROUP, INC.	77,666.25
CASCADIA LAW GROUP	18,951.56
CECCANTI, INC.	435,403.54
CEDAR GROVE COMPOSTING, INC.	1,196.77
CENTER FOR HUMAN SERVICES	36,793.41
CENTRICITY GIS, LLC	3,375.00
CERTAPRO PAINTERS	2,290.08
CHANIN KELLY-RAE CONSULTING LLC	52,770.00
CHARLIE PARKS	335.33
CHICAGO TITLE	430.98
CHILLZ LLC	2,380.00
CHRISTINE CABATIT	298.49
CITY OF BELLEVUE	224,544.11
CITY OF KENT	500.00
CITY OF KIRKLAND	41,049.69
CITY OF LAKE FOREST PARK	54,026.00
CITY WIDE FENCE COMPANY, INC	21,920.92
CIVICPLUS LLC	5,078.55
CODE PUBLISHING COMPANY	7,381.54
COMCAST	18,778.50
COMCAST BUSINESS	6,828.98
CONFLUENCE ENVIRONMENTAL COMPANY	17,749.95
CONSOLIDATED PRESS	20,914.81
CONTECH ENGINEERED SOLUTIONS, INC	16,668.00
COOKIES WITH TIFFANY	4.00
CORINA PFEIL	25.80
CORNELL'S QUALITY CONSTRUCTION	8,302.75
COSTCO WHOLESALE MEMBERSHIP	60.00

Name	Amount
CREATION ORGANICS, LLC	2,182.38
CUTE DUMPLINGS	335.00
D.P. NICOLI, INC.	1,366.59
DAILY JOURNAL OF COMMERCE	2,683.20
DAN MERIDIAN INC.	7,500.00
DANSOUND INC	5,990.00
DAVID BAKER	824.60
DAVIDSON MACRI SWEEPING, INC.	9,451.53
DAY WIRELESS SYSTEMS	1,271.68
DEBUG MOBILITY PRODUCTS	2,865.00
DELFINO'S	96.87
DEPARTMENT OF COMMERCE	47,219.75
DEPARTMENT OF ECOLOGY	30,829.00
DEPARTMENT OF LABOR AND INDUSTRIES	67,078.86
DEPARTMENT OF RETIREMENT SYSTEMS	837,031.85
DIGITAL REPROGRAPHICS SERVICES INC.	126.27
DILIGENT CORPORATION	36,005.82
DINH LIEU	50.00
DIVERSIFICATION INC	9,026.53
DIVYA GATTU	150.00
DON C SHIN	10,000.00
DRS 457	14,640.00
DTG RECYCLE	6,492.93
DYNAMIC CHIROPRACTIC CLINIC, PS	10,000.00
E SQUARED SYSTEMS, LLC	1,389.46
EARTHCRAFT SERVICES, INC.	6,606.00
EBIX, INC.	155.79
ECIVIS, INC.	4,000.00
ELECTRONIC BUSINESS MACHINES	2,342.83
ELIAS M. KAUHANE	700.00
ELISE JIANG	128.00
ENVIRONMENTAL SYSTEMS RESEARCH INST	32,022.60
ENVIROTECH	7,973.66
ERGOLOGY LLC	4,118.75
ESD - LTC	7,864.15
ESD - PFML	43,430.62
EVERETT OFFICE FURNITURE	1,138.43
EVERMARK, LLC	2,457.31
EXO CONTRACTING	111,494.75
FARM FRESH NW	94.00
FERGUSON WATERWORKS #3156	7,974.93
FIRE PROTECTION, INC	18,577.61
FIX AUTO KENMORE	6,440.95
FLEMINGS HOLIDAY LIGHTING LLC	9,349.90
FLYWAY RETAIL + LIVING	6,000.00
FOOTPRINT PROMOTIONS	1,052.58
GAMES2U	1,260.65
GAMETIME	1,914.94

Name	Amount
GARRETT OPPENHEIM	150.59
GAYLEN SAUVE	600.00
GAYLYNN BRIEN	620.00
GCP WW HOLDCO, LLC	4,229.27
GEOFFREY JOHNSON	100.00
GEORGE AND LIZ MCKINNON	1,495.00
GIRL SCOUTS OF WESTERN WA	150.00
GOLDEN NAILS	6,000.00
GOOD FOR CHOCOLATE	55.00
GOOD TO GO	6.50
GORDON THOMAS HONEYWELL	49,665.00
GOURAV MITRA	250.00
GOVERNMENT FINANCE RESEARCH GROUP	1,995.00
GRAINGER	3,222.24
GRAND EVENT RENTALS	11,595.95
GRANICUS	34,096.07
GRENLAR HOLDINGS, INC.	10,000.00
GRIESEL, LEN	38,897.64
GYPSY ROWS	104.00
H.D. FOWLER COMPANY	5,240.51
HAMPSON DEVELOPMENT SERVICES LLC	7,443.39
HAMPSON, BRYAN	299.55
HAYTON FARMS	97.00
HDR ENGINEERING, INC	345,447.79
HEALTH MANAGEMENT ASSOCIATES INC	10,091.25
HEIDELBERG MATERIALS	3,671.80
HERBIG, NIGEL	1,258.05
HESTON PHOTOGRAPHY	2,057.14
HIGHWIRE	2,059.70
HILLIS CLARK MARTIN & PETERSON P.S.	5,061.00
HOLMBERG COMPANY	7,055.76
HOME COMFORT ALLIANCE	228.48
HOME DEPOT CREDIT SERVICES	5,015.95
HONEY BUCKET	7,129.00
HORIZON DISTRIBUTORS INC	3,299.04
HP'S SMOKEHOUSE BBQ	169.50
HRA VEBA TRUST	45,085.59
HUANG, ANGELINA	59,859.80
HUNTINGTON TECHNOLOGY FINANCE	45,220.81
ICLEI	1,200.00
INSLEE, BEST, DOEZIE & RYDER, P.S.	342,409.37
INTERNATIONAL CITY/CNTY MGMT ASSOC	1,200.00
INTERNATIONAL CODE COUNCIL, INC	77.62
INTERNATIONAL INST OF MUNI CLERKS	350.00
INTERSECTION MEDIA, LLC	1,010.89
IRUM YASIR BUTT	250.00
iWORQ SYSTEMS	2,800.00
J. A. BRENNAN ASSOCIATES, PLLC	26,200.96

XI. F. Approve Total Check #s 53400 through 53462 totaling \$1,170,322.82...

Name	Amount
J3 ARCHITECTS LLC	2,500.00
JACOBS ENGINEERING GROUP	66,916.96
JAEDEN LUKE GARMANIAN	1,400.00
JAMIE NICOLE MASCHLER	1,800.00
JASON RICHARD SPERLING	3,060.00
JAY AND FAMILY INC	10,000.00
JAYMARC AV	2,042.36
JENNIFER LEIGH DIXON	8,273.66
JENSEN TOFFEE	23.00
JESSICA'S UNIQUE BITE	267.00
JET CITY CLEANING	7,186.24
JET CITY PRINTING	8,882.29
JONATHAN G. DOCTER	10,000.00
JUDHA OF LION LANDSCAPING AND SERVICES LLC	30,554.40
JULIANA FISHER	150.00
KALE CARLSON	2,320.06
KANG, MICHELLE	343.85
KANOM SAI	385.00
KARA VAN LUCHENE	150.00
KARACHI KITCHEN	30.00
KARIM E. BELLABIOD	10,000.00
KARLINSEY, ROB	766.10
KAT ZUO	100.00
KBA INC.	225,553.61
KDJ'S THE BAKERIE	195.00
KELLER ROHRBACK LAW OFFICES LLP	975.00
KELLEY, MIGUEL	250.00
KENMORE COMMUNITY CLUB	6,000.00
KENMORE CROSSFIT	6,000.00
KENMORE ELEMENTARY PTA	5,100.00
KENMORE HERITAGE SOCIETY	4,395.02
KENMORE MIDDLE SCHOOL	7,500.00
KENMORE SENIOR CENTER	7,812.50
KENNETH RIDOUT	7,500.00
KERALA ASSOCIATION OF WASHINGTON	250.00
KING COUNTY BAR ASSOCIATION	850.00
KING COUNTY DISTRICT COURT	66,170.00
KING COUNTY FINANCE	3,500.00
KING COUNTY FINANCE	5,357.25
KING COUNTY FINANCE	321,723.17
KING COUNTY FINANCE W.L.R.D.	15,381.21
KING COUNTY POLICE CHIEFS ASSOCIATION	50.00
KING COUNTY RADIO COMM SERVICES	959.52
KING COUNTY RECORDER'S OFFICE	277.50
KING COUNTY REGIONAL HOMELESSNESS AUTHOR	38,000.00
KING COUNTY SHERIFF	4,182,527.99
KING COUNTY TREASURY	61,227.82
KISHORE SERALATHAN	17,731.35

XI. F. Approve Total Check #s 53400 through 53462 totaling \$1,170,322.82...

Name	Amount
KLB CONSTRUCTION, INC.	250,413.87
KOMPAN, INC	165.46
KPFF CONSULTING ENGINEERS	433,687.87
KRISTA ESPIRITU	400.00
KVO INDUSTRIES, INC	2,833.00
LA CONNER INN	758.00
LADY A PRODUCTIONS	2,000.00
LAKE CITY PARTNERS ENDING HOMELESSNESS	38,625.00
LAKE DEFENSE FORCE CORP	43,078.92
LAKESIDE INDUSTRIES	1,185.78
LAKEVIEW YOGA LLC	10,000.00
LANDSCAPE FORMS, INC.	633.08
LANGUAGE LINE SERVICES, INC.	25.77
LEE JOHNSON	7,500.00
LIGHTHOUSE CONSULTING INC	154,685.17
LINA'S BAKERY	5.00
LINCOLN NATIONAL LIFE INSURANCE	21,668.07
LITTLE JACK FLOWER FARM	235.00
LIUBOV UZIK	300.00
LOUDEDGE, INC.	4,275.00
LUCIA KWONG	150.00
LUKASZ LISOWSKI	322.64
M MEDINA REMODELING LLC	2,500.00
MACDONALD MILLER FACILITY SOLUTIONS	1,191.28
MANIMOU CAMARA	600.00
MARENAKOS ROCK CENTER	4,238.85
MARIA SZABLYA RIVAS	300.00
MARIAH WATSON	100.00
MARTI GAMBLE	150.00
MASONS SUPPLY COMPANY	249.12
MCNAMARA SIGNS	2,235.03
MEADOWDALE MARINA LLC	7,500.00
MEEHAN, NANCY	46.04
MELINDA MERRELL	2,011.81
MERANDA DIRECTO	311.85
METROPOLITAN TRANS. COMMISSION	2,000.00
MICHAEL GOEDEL	1,377.54
MID SOUND FISHERIES	250.00
MIKAELA FOWLER	100.00
MILLER STEPHENS, MARY	11,250.00
MINUTEMAN PRESS	21,293.73
MISSION SQUARE / 109964	578,934.60
MISSION SQUARE 457 / 304745	129,169.91
MK FLOWERS	30.00
MORGAN SOUND INC	4,274.30
MORGAN STANLEY CAPITAL MANAGEMENT LLC	8,750.00
MORUP SIGNS, INC.	3,005.73
MOTT MACDONALD	104,075.08

XI. F. Approve Total Check #s 53400 through 53462 totaling \$1,170,322.82...

Name	Amount
MOXIE & OLIVER	10,000.00
MR. T'S TROPHIES & AWARDS LLC	10,358.70
MSR HIDDEN MEADOW 3 LLC	7,500.00
NAC INC	96,235.00
NAMI EASTSIDE	6,375.00
NARWHAL MET, LLC	1,650.00
NATIONAL BARRICADE CO., LLC	6,429.88
NATIONAL LEAGUE OF CITIES	2,126.00
NATIONAL LIFE INSURANCE CO.	1,354.87
NAVIA	42,895.63
NELSON ELECTRIC, INC.	21,724.30
NEW IDOL NAILS INC.	10,000.00
NICKOLAI MEDVEDITSKOV	10,786.60
NIYA CHACKO	250.00
NORTH AMERICAN SAFETY, INC.	3,098.50
NORTH LAKE LITTLE LEAGUE	121.00
NORTH SHORE PUB	10,000.00
NORTH URBAN HUMAN SVCS ALLIANCE	1,000.00
NORTHEND EXCAVATING INC	106,246.50
NORTHLAKE LUTHERAN CHURCH	10,000.00
NORTHSHORE SCHOOL DISTRICT	15,312.00
NORTHSHORE SCHOOLS FOUNDATION	2,250.00
NORTHSHORE SENIOR CENTER	41,562.50
NORTHSHORE UTILITY DIST	175,038.58
NORTHSHORE YMCA	10,000.00
NORTHSHORE YOUTH SOCCER ASSOC.	55.00
NORTHWEST AQUATIC MANAGEMENT LLC	4,725.00
NORTHWEST ARBORICULTURE LLC	22,731.11
NORTHWEST ENVIRONMENTAL TRAINING CENTER	195.00
NORTHWEST PAVEMENT MANAGEMENT ASSOCIAT	700.00
NW ENVIRONMENTAL TRAINING CENTER	195.00
O'CAIN, MELANIE	295.50
OFFICE DEPOT	5,815.31
OLBRECHTS & ASSOCIATES, PLLC	1,919.00
OLSON BROTHERS PRO VAC LLC	2,688.00
OLYMPIC ENVIRONMENTAL RESOURCES INC	61,453.56
OLYMPIC NURSERY INC	876.00
ONE DIVERSIFIED	5,941.26
ONTRA MARKETING GROUP	450.00
O'REILLY/FIRST CALL	332.79
ORION ENVIRONMENTAL COMPLIANCE & CONSULT	3,551.75
OSBORN CONSULTING INC.	505,959.68
OSTROMS	188.00
O'TIERNEY COMPANIES LLC	750.00
OUR FAMILY FARM	67.00
OUTCOMES BY LEVY, LLC	20,700.00
PACE ENGINEERS, INC.	70,436.75
PACIFIC AIR CONTROL, INC.	18,938.84

XI. F. Approve Total Check #s 53400 through 53462 totaling \$1,170,322.82...

Name	Amount
PACIFIC TOPSOILS	12,115.60
PACIFICA LAW GROUP LLP	3,160.00
PACWEST MACHINERY	77,578.04
PANE'N THE GLASS WINDOW CLEANING LLC	2,290.20
PANIC, ANXIETY, AND STRESS SUPPORT INC.	398.46
PAO DE QUEIJO	152.50
PARAMETRIX INC	55,058.75
PAT'S TREES AND LANDSCAPE INC.	1,541.40
PAUL LEE	43,255.10
PAWS	4,840.00
PENDLETON CONSULTING LLC	13,806.93
PENINSULA FINANCIAL CONSULTING	17,812.50
PERFORMANCE SYSTEMS INTEGRATION LLC	850.93
PETTY CASH CUSTODIAN	734.57
PH & N CORPORATION	10,000.00
PHOENIX UNITED INVESTMENT LLC	7,500.00
PLYWOOD SUPPLY	178.86
POLYGON WLH LLC	7,500.00
PRAIRIEFORM	165.00
PRECISION CONCRETE CUTTING	6,355.87
PREMIER MEDIA GROUP	1,595.00
PROMOTIONS NOW	236.05
PRR, INC	167,000.00
PSR MECHANICAL, LLC	1,288.18
PUBLIC AGENCY TRAINING COUNCIL	425.00
PUERTO ENSENADA	351.00
PUGET SOUND ENERGY	419,002.11
PUGET SOUND FINANCE OFFICERS ASSOC	75.00
PUGET SOUND PLANTS	1,678.11
PUGET SOUND REGIONAL COUNCIL	10,385.00
PULTEGROUP	1.00
PURE FUNGAL FRUITS	34.00
QUADIENT LEASING USA, INC.	2,423.12
QUALITY BUSINESS SYSTEMS / WELLS FARGO	2,768.32
QUALITY BUSINESS SYSTEMS INC.	1,914.38
QUALITY WATER FINANCIAL	2,085.54
RAENNETTE MARTINEZ NIRO	150.00
RANDALL, BRIAN	727.08
RAYMOND HANDLING CONCEPTS	28,773.00
RED BARN ENGINEERING, INC.	29,132.00
REGIONAL ANIMAL SERVICES OF KC	8,447.00
REGIONAL CRISIS RESPONSE AGENCY	123,148.89
REID, JAMES FALCONER	14,276.25
RELIABLE TRANSLATIONS, INC.	103.32
REPUBLIC SERVICES #172	20,215.30
RFI ENTERPRISES INC.	1,582.28
RHOMAR INDUSTRIES, INC.	42.96
RICH HARTMAN'S BELLINGHAM FORD LINCOLN	58,612.64

XI. F. Approve Total Check #s 53400 through 53462 totaling \$1,170,322.82...

Name	Amount
RICK BURNSTEAD CONSTRUCTION, LLC	10,432.00
ROAD CONSTRUCTION NW, INC.	9,856.46
ROBERT SAYRE-MCCORD	49.60
RRJ COMPANY, LLC	1,363,154.54
SAID HAMOOD	150.00
SALCIDO, LETICIA	80.32
SAMANTHA LOYUK	611.59
SAMUEL RODRIGUEZ	150.00
SANTIAGO FLORES	260.85
SARAH ROBERTS	149,614.48
SARAH WHITE	150.00
SCHEMATA WORKSHOP INC.	25,789.92
SCHINDLER ELEVATOR CORPORATION	5,818.54
SCHNEE, CARLA	370.06
SCHWARZWALTER, MARK	218.00
SCORE	154,857.17
SCOTT BOTHEL	8,368.00
SEATOWN DEVELOPMENT GROUP	7,500.00
SEATTLE & KING COUNTY PUBLIC HEALTH	833.00
SEATTLE METROPOLITAN CHAMBER OF COMMERC	1,100.00
SEATTLE POPS	71.00
SEATTLE PUMP & EQUIPMENT CO./JETTERS NORTH	577.37
SEATTLE TIMES	14,386.73
SECRETARY OF STATE	292.86
SEEKING FERMENTS	36.00
SELECT GOURMET FOODS INC	10,000.00
SETH THOMPSON	332.41
SHANNON & WILSON, INC.	18,240.00
SHARI BOTH	2,500.00
SHAW, MICHELLE	150.00
SHERWIN WILLIAMS CO.	781.57
SHI INTERNATIONAL CORP.	6,492.10
SHORELINE FIRE DEPT	2,980.00
SHRED IT, C/O STERICYCLE, INC>	3,049.90
SIGN CONNEXION LLC	477.80
SISKUN POWER EQUIPMENT	3,850.11
SKYCORP, LTD	26,864.40
SMS CLEANING, INC.	71,445.00
SNO KING WATERSHED COUNCIL	200.00
SNOHOMISH COUNTY	15,865.00
SOFTWAREONE, INC.	20,235.08
SOUND SAFETY PRODUCTS CO.	503.80
SREBNIK, DEBRA	1,670.99
SSI & MHA CORPORATION	2,500.00
STACEY VALENZUELA	100.00
STAPLES	14,731.16
STATE AUDITOR'S OFFICE	8,860.95
STATE OF WA DEPT. OF LICENSING	2.16

XI. F. Approve Total Check #s 53400 through 53462 totaling \$1,170,322.82...

Name	Amount
STEPHANIE BROWN	55.02
STEPHANIE LUCASH	1,822.27
STEPHENS & KLINGE LLP, IOLTA	728.00
STEWART MACNICHOLS HARMELL, INC.	45,000.00
STOWE DEVELOPMENT & STRATEGIES LLC	2,475.00
STRATEGIES 360, INC.	49,616.67
STREET CHARACTERS INC	6,903.00
STRIDER CONSTRUCTION CO., INC.	834,697.62
STUDIO 3 SIGNS	3,401.23
SUBLIME CORN COMPANY	2,860.00
SUNRISE LOCAL BERRIES FARM, LLC	173.00
SUPERION, LLC	27,688.21
SYDNEY DANZIGER	150.00
T MOBILE USA, INC.	15,400.69
TALOS DRONES	8,456.00
TAMI R ALLEN	700.00
TASTAD CONTRUCTION INC	1,848,533.69
THE EVP GROUP	7,500.00
THE NORTHWEST JUNIOR PIPE BAND	250.00
THE ORIGINAL POOP BAGS	2,919.74
THEARY'S FLOWERS & PRODUCE	9.00
THERESA TIMMES KING	150.00
THOMAS JOACHIMIDES	270.39
THOMCO CONSTRUCTION, INC.	1,414,861.41
TML INTERNATIONAL LLC	267.32
TOSHI'S TERIYAKI	6,000.00
TOTAL LANDSCAPE CORP	97,085.66
TRADE ROOT MUSIC GROUP LLC	3,800.00
TRC ENVIRONMENTAL CORPORATION	2,262.95
TRIBAL LINES	35,000.00
TRIPLE POINT LLC	35,360.40
TRUGREEN	2,994.73
TRUSTEES OF THE HAMLINE UNIVERSITY OF MINNE	4,513.87
TSEN, JULIE	150.00
TYLER TECHNOLOGIES, INC.	21,983.22
U.S. BANK N.A. / CUSTODY	354.00
U.S. BANK PURCHASE CARDS	295,390.62
ULINE	5,056.34
UNITED RENTALS NW, INC	1,360.31
UNITED WAY OF KING COUNTY	460.00
UPS STORE KENMORE	835.68
US POSTAL SERVICE	10,724.41
US POSTAL SERVICE (HASLER)	8,611.70
UTILITIES UNDERGROUND LOCATION CTR	2,191.71
VARI SALES CORPORATION	941.36
VENTILATION POWER CLEANING, INC.	29,309.50
VERIZON WIRELESS	800.70
VICENTE, JOHN	1,638.30

XI. F. Approve Total Check #s 53400 through 53462 totaling \$1,170,322.82...

Name	Amount
WA ASSOC OF BUILDING OFFICIALS	1,289.31
WA ASSOC OF PUBLIC RECORDS OFFICERS	25.00
WA CITIES INSURANCE AUTHORITY	643,692.00
WA FINANCE OFFICERS ASSOCIATION	250.00
WA RECREATION & PARK ASSOC.	1,855.00
WA STATE DEPT OF LABOR & INDUSTRIES	243.10
WA STATE DEPT OF TRANSPORTATION	14,890.28
WA STATE DEPT OF TRANSPORTATION	328.68
WA STATE PUBLIC HEALTH LABORATORIES	250.00
WAGNER ARCHITECTS	93,705.00
WALTER E. NELSON CO.	1,492.47
WASHINGTON AUDIOLOGY SERVICES, INC.	1,080.50
WASHINGTON CITY/COUNTY MGMT ASSOC	3,000.00
WASHINGTON FEDERAL BANK	25,959.06
WASHINGTON MUNICIPAL CLERKS ASSOC	200.00
WASHINGTON STATE DEPT OF REVENUE	22,770.22
WASHINGTON STATE FARMERS MARKET ASSOCIAT	350.00
WASHINGTON STATE OFFICE CASH MGMT	1,706.00
WASHINGTON STATE TREASURER	8,352.00
WELWEST CONSTRUCTION INC.	11,325.00
WESTERN DISPLAY FIREWORKS, LTD.	27,500.00
WESTLAKE HARDWARE WA-153	6,006.02
WHITNEY CONNORS	150.00
WILLIAMS, KASTNER & GIBBS PLLC	1,739.50
WM CORPORATE SERVICES INC.	41,484.38
WONDERLAND CHILD & FAMILY SERVICES	1,500.00
XEROX CORPORATION	3,936.07
YOURMEMBERSHIP.COM, INC	1,647.00
ZESBAUGH, INC.	1,646.00
ZIPLY FIBER	8,432.73
ZONAR SYSTEMS	528.21
ZUMAR	5,006.61



City Council Agenda Bill City of Kenmore, WA

<p>Subject/Topic: Ordinance Amending Title 9 of the Kenmore Municipal Code, Criminal Code.</p> <p>Proposed Council Action/Motion: Move to adopt Ordinance 23-0596 amending Chapter 9.05 KMC, of the City's Criminal Code, and repealing Chapter 9.60 KMC, relating to the adoption of state criminal code provisions for misdemeanor and gross misdemeanor enforcement within the City.</p>	<p>For Council Meeting Agenda of: December 11, 2023</p> <p>Department: City Attorney's Office</p> <p>Prepared by: Dawn Reitan, City Attorney</p> <table><tr><td></td><td>Initial & Date</td></tr><tr><td>Approved by Department Head:</td><td><u>DR, 9/19/23</u></td></tr><tr><td>Approved by City Attorney:</td><td><u>DR 9/19/23</u></td></tr><tr><td>Approved by Finance Director:</td><td><u>MM 9/26/23</u></td></tr><tr><td>Approved by City Manager:</td><td><u>RGK 9/28/23</u></td></tr></table> <p>Exhibits/Attachments:</p> <ol style="list-style-type: none">1. Ord. 23-05962. Exhibit A to Ord. 23-05963. Second Engrossed Second Substitute Senate Bill 5536. Link to Session Law: 5536-S2.SL.pdf (wa.gov)		Initial & Date	Approved by Department Head:	<u>DR, 9/19/23</u>	Approved by City Attorney:	<u>DR 9/19/23</u>	Approved by Finance Director:	<u>MM 9/26/23</u>	Approved by City Manager:	<u>RGK 9/28/23</u>
	Initial & Date										
Approved by Department Head:	<u>DR, 9/19/23</u>										
Approved by City Attorney:	<u>DR 9/19/23</u>										
Approved by Finance Director:	<u>MM 9/26/23</u>										
Approved by City Manager:	<u>RGK 9/28/23</u>										
<p>Summary:</p> <p>The City Council is requested to adopt proposed Ordinance 23-0596 (Ex. 1), which amends the City's criminal code to update and make consistent with state law misdemeanors and gross misdemeanors for enforcement within the City.</p>											
<p>Information/Background:</p> <p>On May 16, 2023, the Washington Legislature adopted Second Engrossed Second Substitution Senate Bill 5536 ("SB 5536") which made it a gross misdemeanor to: 1) knowingly possess counterfeit substances or controlled substances (prohibited substances); or 2) knowingly use prohibited substances in a public place.</p> <p>SB 5536 also prohibits the knowing possession of non-prescribed legend drugs, as well as their knowing use in a public place, which are classified as misdemeanors. In SB 5536, the Legislature preempted local regulation relating to using, selling, giving, delivery, and possession of drug paraphernalia, except for limited circumstances, declaring:</p>											

(1) The state of Washington hereby fully occupies and preempts the entire field of drug paraphernalia regulation within the boundaries of the state including regulation of the use, selling, giving, delivery, and possession of drug paraphernalia, except as provided in subsection (2) of this section. Cities, towns, and counties or other municipalities may enact only those laws and ordinances relating to drug paraphernalia that are specifically authorized by state law and are consistent with this chapter. Such local ordinances must have the same penalty as provided for by state law. Local laws and ordinances that are inconsistent with, more restrictive than, or exceed the requirements of state law may not be enacted and are preempted and repealed, regardless of the nature of the code, charter, or home rule status of such city, town, county, or municipality.

(2) Nothing in this chapter shall be construed to prohibit cities or counties from enacting laws or ordinances relating to the establishment or regulation of harm reduction services concerning drug paraphernalia.

The City's criminal code was adopted in 2001 under Title 9 KMC, and since then the State Legislature has added misdemeanor and gross misdemeanor crimes. The proposed Ordinance 23-0596 readopts and updates the City's criminal code to include misdemeanor and gross misdemeanor crimes for enforcement within the City, including SB 5536.

The adoption of SB 5536 by the State Legislature was in response to a change in case law for drug possession in Washington state made by the Washington Supreme Court in 2021. There has been a noticeable increase in drug-related crimes in the region since, and this change to state law was made in an effort to address these concerns. The use of alternatives to traditional criminal justice methods (such as Community Court) remains a viable and likely avenue for many of the drug-related cases to be impacted by this proposed ordinance.

Fiscal Consideration:

Financial impacts are anticipated to be fully contained within the existing public safety budget. These contained costs include those associated with increased jail costs and court filings, which are not anticipated to be substantial.

City Council Priority or Budget Objective Being Addressed:

2023-2024 Kenmore City Council Priority No. 6: Enhance public safety.

**CITY OF KENMORE
WASHINGTON
ORDINANCE NO. 23-0596**

**AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON,
AMENDING TITLE 9 OF THE KENMORE MUNICIPAL CODE,
CRIMINAL CODE TO AMEND CHAPTER 9.05 OF THE KENMORE
MUNICIPAL CODE AND REPEAL 9.60 OF THE KENMORE
MUNICIPAL CODE RELATING TO THE ADOPTION OF STATE
CRIMINAL CODE PROVISIONS FOR MISDEMEANOR AND GROSS
MISDEMEANOR ENFORCEMENT WITHIN THE CITY; PROVIDING
FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE**

WHEREAS, on May 16, 2023, the Washington Legislature adopted Second Engrossed Second Substitute Senate Bill 5536 ("SB 5536") which made it a gross misdemeanor to: 1) knowingly possess counterfeit substances or controlled substances ("prohibited substances"), or 2) knowingly use prohibited substances in a public place; and

WHEREAS, SB 5536 also prohibits the knowing possession of non-prescribed legend drugs, as well as their knowing use in a public place, which are classified as misdemeanors; and

WHEREAS, the Legislature preempted local regulation relating to using, selling, giving, delivery, and possession of drug paraphernalia, except for limited circumstances; and

WHEREAS, the City Council desires to update its criminal code to be consistent with state law, including SB 5536; and

WHEREAS, while the City has updated its criminal code over the years, the City desires to readopt misdemeanor and gross misdemeanor crimes for enforcement within the City; and

WHEREAS, the City Council finds that adoption of this Ordinance is in the best interests of the residents of Kenmore and will promote the public health, safety, and welfare of the City;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON ORDAINS AS FOLLOWS:

Section 1. Amendment. The City Council amends Chapter 9.05 of the Kenmore Municipal Code as set forth in Exhibit A, attached hereto and incorporated by reference as set forth in full.

Section 2. Repeal. The City Council repeals Chapter 9.60 of the Kenmore Municipal Code as set forth in Exhibit B, attached hereto and incorporated by reference as if set forth in full.

Section 3. Severability. If any provision of this Ordinance or its application to any person or circumstance is held invalid or unconstitutional by a court of competent jurisdiction, the remainder of the ordinance, or the application of the provision to other persons or circumstances, shall not be affected or affect the validity or constitutionality of any other section, sentence, clause, or phrase of this Ordinance.

Section 4. RCWs available to the public. The enactments of the State Legislature adopted by reference in this Ordinance are available in the Revised Code of Washington. A copy of the Revised Code of Washington containing such enactments shall be made available for use and examination by the public.

Section 5. Effective Date. This Ordinance shall be published in the official newspaper of the City and shall take effect and be in full force five (5) days after the date of publication.

PASSED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE
___ DAY OF _____ 2023.

CITY OF KENMORE

Nigel Herbig, Mayor

ATTEST/AUTHENTICATED:

Anastasiya Warhol, City Clerk

Approved as to form:

Dawn Reitan, City Attorney

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
ORDINANCE NO.:
DATE OF PUBLICATION:
EFFECTIVE DATE:

EXHIBIT A TO ORDINANCE 23-0596:

1. Chapter 9.05 of the Kenmore Municipal Code is amended to read as follows:

Chapter 9.05
GENERAL PROVISIONS – STATUTES ADOPTED BY REFERENCE

Sections:

- 9.05.010 Preliminary statement.
- 9.05.020 Purposes – Principles of construction; adoption.
- 9.05.030 City criminal jurisdiction.
- 9.05.040 Classes of crimes.
- 9.05.050 Punishment and restitution.
- 9.05.060 Limitation of action.
- 9.05.070 Proof beyond a reasonable doubt.
- 9.05.080 General provisions – Adoption by reference.
- 9.05.090 Principles of liability.
- 9.05.100 Defenses.
- 9.05.110 Anticipatory offenses.
- 9.05.120 Abandoned refrigeration equipment.
- 9.05.130 Advertising – Crimes relating to.
- 9.05.140 Alcoholic beverage control.
- 9.05.150 Animals – Crimes relating to.
- 9.05.160 Animals – Injury to.
- 9.05.170 Assault and other crimes relating to persons.
- 9.05.180 Competitive bidding.
- 9.05.190 Controlled substances.
- ~~9.05.200 Controlled substances – Minors.~~
- ~~9.05.210 Controlled substances – Minors excluded.~~
- ~~9.05.220 Controlled substances – Sale and display rooms.~~
- ~~9.05.230 Controlled substances – Sale restriction.~~
- ~~9.05.240 Controlled substances – Nuisance.~~
- 9.05.250 Corporations – Crimes relating to.
- 9.05.260 Custodial interference.
- 9.05.270 Disorderly conduct.
- 9.05.280 Disruption of school activities.
- 9.05.290 Domestic violence protection.
- 9.05.300 False representations.
- 9.05.310 False swearing and tampering.
- 9.05.320 Fire alarms – Crimes relating to.
- 9.05.330 Firearms and dangerous weapons.

[9.05.340 Shooting within the City limits.](#)
[9.05.350 Fraud.](#)
[9.05.360 Gambling offenses.](#)
[9.05.370 Harassment.](#)
[9.05.380 Inhaling toxic fumes.](#)
[9.05.390 Juries – Crimes relating to.](#)
[9.05.400 Littering and pollution.](#)
[9.05.410 Miscellaneous crimes.](#)
[9.05.420 Misconduct in signing a petition.](#)
[9.05.430 Obstructing governmental operation.](#)
[9.05.440 Obstructing public officers.](#)
[9.05.450 Bicycle helmets.](#)
[9.05.460 Public disturbance.](#)
[9.05.470 Public nuisances.](#)
[9.05.480 Reckless burning and malicious mischief.](#)
[9.05.490 Sexual offenses – Unlawful acts of prostitution or pandering.](#)
[9.05.500 Special offenses relative to minors.](#)
[9.05.510 Telephone credit cards.](#)
[9.05.520 Tobacco use by minors.](#)
[9.05.530 Theft and possession of stolen property.](#)
[9.05.540 Throwing objects at moving vehicles.](#)
[9.05.550 Trademarks and other marks.](#)
[9.05.560 Trespass and prowling.](#)
[9.05.570 Urinating in public.](#)
[9.05.580 Vehicles resembling police or fire vehicles.](#)
[9.05.590 Violating right of privacy.](#)
[9.05.600 Interference with health care facility.](#)
[9.05.610 Abandonment of a dependent person in the third degree.](#)
[9.05.620 Crimes not specifically referenced.](#)
[9.05.630 Copies to be available.](#)
[9.05.640 Certified copies to be furnished to court.](#)

* * *

9.05.020 Purposes – Principles of construction; adoption.

A. The general purposes of the provisions governing the definition of offenses are to:

1. Forbid and prevent conduct that inflicts or threatens substantial harm to individual or public interests;
2. Safeguard conduct that is without culpability from condemnation as criminal;

3. Give fair warning of the nature of the conduct declared to constitute an offense; and
4. Differentiate on reasonable grounds between serious and minor offenses, and to prescribe proportionate penalties for each.

B. The provisions of this code shall be construed according to the fair import of their terms, and when the language is susceptible to differing constructions, it shall be interpreted to further the general purposes stated in this code.

C. In adopting State statutes by reference, only those crimes and offenses under the City's jurisdiction, together with applicable definitions, procedures, and penalties, of a municipality are intended to be adopted and, in those sections adopted which define both misdemeanors and felonies, only the language applicable to misdemeanors and gross misdemeanors is to be applied. [Ord. 01-0101 § 2.]

D. The sections of the Revised Code of Washington (RCW) and the King County Code (KCC), now in effect and as subsequently amended, specifically enumerated in this chapter are adopted by reference into this code and incorporated herein as if set forth in full. The RCW sections necessary for the investigation, arrest, prosecution, sentencing, confinement, and enforcement of the adopted RCWs are also adopted by reference, now in effect and as subsequently amended, and incorporated herein as if set forth in full.

* * *

9.05.050 Punishment and restitution.

A. Unless specifically provided otherwise, every person convicted of a gross misdemeanor, or a crime not otherwise classified, shall be punished by imprisonment in jail for a maximum term of not more than one year, or by a fine in an amount of not more than \$5,000, or by both such imprisonment and fine.

B. Unless specifically provided otherwise, every person convicted of a misdemeanor shall be punished by imprisonment in jail for a maximum term of not more than 90 days, or by a fine in an amount of not more than \$1,000, or by both such imprisonment and fine.

~~C. A person who is convicted of a misdemeanor violation of any provision of Chapter 69.50 RCW adopted by reference shall be punished by imprisonment for not less than 24 consecutive hours, and by a fine of not less than \$250.00. On a second or subsequent conviction, the fine shall not be less than \$500.00. These fines shall be in addition to any other fine or penalty imposed. Unless the court finds that the imposition of the minimum imprisonment will pose a substantial risk to the defendant's physical or mental well-being or that local jail facilities are in an overcrowded condition, the term of imprisonment shall not be suspended or deferred. If~~

~~the court finds such risk or overcrowding exists, it shall sentence the defendant to a minimum of 40 hours of community service. If a minimum term of imprisonment is suspended or deferred, the court shall state in writing the reason for granting the suspension or deferral and the facts upon which the suspension or deferral is based. Unless the court finds the person to be indigent, the minimum fine shall not be suspended or deferred.~~

~~CD.~~ The court may impose restitution as provided in RCW [9A.20.030](#).

~~DE.~~ In the event there is a conflict in the penalties which can be imposed upon conviction for a specific offense between the provisions of the Kenmore criminal code and the RCW, the penalty provisions of the RCW shall apply. [Ord. 01-0101 § 5.]

* * *

9.05.190 Counterfeit substances; Controlled substances; Legend drugs; Drug paraphernalia.

The following provisions of the RCW as presently constituted or hereinafter amended, renumbered, or recodified are adopted by reference and incorporated as if such sections were set forth fully herein:

RCW

69.50.101 Definitions.

69.50.102 Drug paraphernalia – Definitions.

~~69.50.204(e)(14) — Schedule I — Marihuana or marijuana.~~

69.50.309 Containers.

69.50.4011 Counterfeit substances – Penalties.

69.50.4013 Possession of controlled substance – Penalty – Possession of useable cannabis, cannabis concentrates, or cannabis-infused products – delivery

69.50.4014 Possession of forty grams of marihuana – Penalty.

69.50.408 Second or subsequent offenses.

69.50.412 Prohibited acts – E-Penalties.

69.50.4121 Drug paraphernalia - Selling or giving - Penalty.

69.50.420 Violations – Juvenile driving privileges.

69.50.425 Misdemeanor violations – Minimum imprisonment.

69.50.505 Seizure and forfeiture.

69.50.506 Burden of proof, liabilities.

69.50.509 Search and seizure of controlled substances.

69.41.030 Sale, delivery, or possession of legend drug without prescription or order prohibited—Exceptions—Penalty.

[Ord. 04-0205 § 1; Ord. 01-0101 § 19.]

~~9.05.200 Controlled substances — Minors.~~

~~No owner, manager, proprietor or other person in charge of any room in any place of business where any device, contrivance, instrument or paraphernalia which is primarily designed for or intended to be used for the smoking, ingestion, or consumption of marijuana, hashish, PCP, or any controlled substance, other than prescription drugs and devices to ingest or inject prescription drugs, is sold, or displayed for the purpose of sale, may allow or permit any person under the age of 18 years to be in, remain in, enter or visit such room unless such minor person is accompanied by a parent or legal guardian. Any person convicted of violating this section shall be guilty of a misdemeanor. [Ord. 01-0101 § 20.]~~

~~9.05.210 Controlled substances — Minors excluded.~~

~~No person under the age of 18 years may be in, remain in, enter or visit any room in any place used for the sale or displaying for sale of devices, contrivances, instruments or paraphernalia which are primarily designed for or intended to be used for the smoking, ingestion or consumption of marijuana, hashish, PCP or any controlled substance, other than prescription drugs and devices to ingest or inject prescription drugs unless such person is accompanied by a parent or legal guardian. Any person convicted of violating this section shall be guilty of a misdemeanor. [Ord. 01-0101 § 21.]~~

~~9.05.220 Controlled substances — Sale and display rooms.~~

~~No person may maintain, in any place of business to which the public is invited, the display for sale or the offering to sell of devices, contrivances, instruments or paraphernalia which are primarily designed for or intended to be used for the smoking, ingestion or consumption of marijuana, hashish, PCP or any controlled substance, other than prescription drugs and devices to ingest or inject prescription drugs unless within a separate room or enclosure to which minors not accompanied by a parent or legal guardian are excluded. Each entrance to such a room or enclosure shall be posted with a sign in reasonably visible and legible words to the effect that items which are defined as drug paraphernalia under this chapter are being offered for sale in such a room and that minors, unless accompanied by a parent or legal guardian, are excluded. Any person convicted of violating this section shall be guilty of a misdemeanor. [Ord. 01-0101 § 22.]~~

~~9.05.230 Controlled substances — Sale restriction.~~

~~No person shall sell or give, or permit to be sold or given, to any person under the age of 18 years any device, contrivance, instrument or paraphernalia which is primarily designed for or intended to be used for the smoking, ingestion or consumption of marijuana, hashish, PCP, or any controlled substance, other than prescription drugs and devices to ingest or inject~~

~~prescription drugs. Any person convicted of violating this section shall be guilty of a misdemeanor. [Ord. 01-0101 § 23.]~~

9.05.240 Controlled substances — Nuisance.

~~The distribution or possession for the purpose of sale, exhibition or display, in any place of business from which minors are not excluded as set forth in this code, of devices, contrivances, instruments or paraphernalia which are primarily designed for or intended to be used for the smoking, ingestion or consumption of marijuana, hashish, PCP or any controlled substance, other than prescription drugs and devices to ingest or inject prescription drugs, is declared to be a public nuisance and may be abated by the City. This remedy shall be in addition to any other remedy provided by the law including the penalty provision applicable for the violation of the terms and provisions of this code. Any person convicted of violating this section shall be guilty of a misdemeanor. [Ord. 01-0101 § 24.]~~

* * *

9.05.620 Crimes not specifically referenced.

~~In addition to the RCW sections that are specifically adopted by reference in Title 9 KMC, a~~Any act or omission defined as a misdemeanor or gross misdemeanor in State law and not specifically identified in this chapter ~~are~~is also adopted by reference and incorporated herein as if set forth in full, and the RCW sections necessary for the investigation, arrest, prosecution, sentencing, confinement, and enforcement of the gross misdemeanors and misdemeanors, as they now exist or may be amended, renumbered, or recodified, are adopted by reference and incorporated herein as if set forth in full. [Ord. 01-0101 § 69.]

EXHIBIT B TO ORDINANCE 23-0596:

1. Chapter 9.60 of the Kenmore Municipal Code is repealed:

~~Chapter 9.60~~
~~CONTROLLED SUBSTANCES*~~

Sections:

~~9.60.010 Responsibility of persons in charge of sale or display rooms containing paraphernalia evincing intent to violate Chapter 69.50 RCW.~~

~~9.60.020 Minors prohibited unless with guardian in places selling or displaying for sale certain paraphernalia.~~

~~9.60.030 Sale and display room requirements.~~

~~9.60.040 Violation – Penalty.~~

~~*Code reviser's note: For additional provisions, see KMC 9.05.500.~~

~~9.60.010 Responsibility of persons in charge of sale or display rooms containing paraphernalia evincing intent to violate Chapter 69.50 RCW.~~

~~With respect to any owners, manager, proprietor, or other person in charge of any room or enclosure in any place of business selling, or displaying for the purpose of sale, any device, contrivance, instrument or paraphernalia for the smoking, ingestion, injection, or consumption of marijuana, hashish, PCP, or any controlled substance, as defined in Chapter 69.50 RCW (Uniform Controlled Substances Act), other than prescription drugs and devices to ingest or inject prescription drugs, as well as roach clips, and cigarette papers and rollers designed or commonly used for the smoking of the foregoing, no such person, under circumstances evincing his or her intent that any such item or items so sold or displayed be used or employed by another in the commission of a criminal violation of Chapter 69.50 RCW, shall allow or permit any person under the age of 18 years to be, remain in, enter, or visit such room or enclosure unless such minor person is accompanied by one of his or her parents, or by his or her legal guardian. [Ord. 02-0131 § 1; Ord. 01-0101 § 55(2) (KCC 12.81.010).]~~

~~9.60.020 Minors prohibited unless with guardian in places selling or displaying for sale certain paraphernalia.~~

~~No person under the age of 18 years shall be, remain in, enter or visit any room or enclosure in any place used for the sale, or displaying for sale, of any device, contrivance, instrument or paraphernalia for the smoking, ingestion, injection, or consumption of marijuana, hashish, PCP, or any controlled substance, as defined in Chapter 69.50 RCW (Uniform Controlled Substances Act), other than prescription drugs and devices to ingest or inject prescription drugs, as well as roach clips, and cigarette papers and rollers designed or commonly used for smoking the foregoing, under circumstances evincing the intent of the person in charge of such room or enclosure that any such item or items so sold or displayed be used or employed by another in the commission of a criminal violation of Chapter 69.50 RCW, unless such person under the age~~

~~of 18 years is accompanied by one of his or her parents, or by his or her legal guardian. [Ord. 02-0131 § 1; Ord. 01-0101 § 55(2) (KCC 12.81.020).]~~

~~9.60.030 Sale and display room requirements.~~

~~No person shall maintain in any place of business to which the public is invited the display for sale, or the offering to sell, of any device, contrivance, instrument or paraphernalia for the smoking, ingestion, injection, or consumption of marijuana, hashish, PCP, or any controlled substance, as defined in Chapter 69.50 RCW (Uniform Controlled Substances Act), other than prescription drugs and devices to ingest or inject prescription drugs, as well as roach clips, and cigarette papers and rollers designed or commonly used for smoking the foregoing, under circumstances evincing his or her intent that any such item or items so sold or displayed be used or employed by another in the commission of criminal violation of Chapter 69.50 RCW, unless within a separate room or enclosure to which minors not accompanied by a parent or legal guardian are excluded. At each entrance to such a room or enclosure shall be a sign posted in reasonably visible and legible words to the effect that minors unless accompanied by a parent or legal guardian are excluded. [Ord. 02-0131 § 1; Ord. 01-0101 § 55(2) (KCC 12.81.030).]~~

~~9.60.040 Violation — Penalty.~~

~~Any violation of this chapter is a misdemeanor, and the punishment shall be as provided by the laws of the State of Washington. [Ord. 02-0131 § 1; Ord. 01-0101 § 55(2) (KCC 12.81.040).]~~



Kenmore Police Department Memorandum

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Date: November 30, 2023

To: Deputy City Manager Stephanie Lucash

From: Police Chief Brandon Moen

Subject: Washington State and Kenmore Drug Statistics

There was recent discussion from the City Council regarding the potential adoption of the “Blake Fix” legislation, which would make the possession or use of illegal narcotics an offense that is prosecutable in the City of Kenmore. The *Washington v. Blake* decision was made by the Washington Supreme Court in 2021, effectively legalizing most drugs in the state. Prior to that, most drug possession cases were charged as felonious crimes. The Washington State Legislature passed a new law in 2023 making most future drug arrests a misdemeanor crime. This resulted in the need for Kenmore to adopt this state law in order for drug possession and drug use to be a prosecutable offense under our local judicial system.

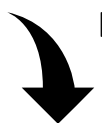
By maintaining local control of these drug arrests, the use of more effective means of accountability can be utilized. Community Court and the associated support partners are an example of the resources that can be made available should these drug offenses be filed within Kenmore’s criminal justice structure. The Community Court and Community Resource Center are able to provide tailored social service connections to defendants, in areas such as healthcare, housing, DSHS access, educational opportunities, job training, substance abuse treatment, transportation, and legal representation. Specific to drug offenses, Community Court has partnered with several entities for substance use disorder support, including:

- Center for Human Services
- Ideal Option Behavioral Health
- Celebrate Recovery
- IKRON Behavioral Health
- Recovery Career Services
- A Walk to Freedom

By getting persons arrested for drug offenses into Community Court, access to these resources and support will better equip them for the path to a long-term solution of drug treatment.

I thought it would be helpful to provide some context regarding the current and recent amount of drug arrests and drug overdoses in Kenmore, as well as state-wide.

How many drug arrests were made in Washington over the past 4 years in relation to fatal drug overdoses?



Drug Arrests

-88%

There has been a dramatic decrease in drug arrests (-88%) over the last 4 years. From 2019 to 2020, this is likely attributable to the impacts of COVID. The continued decrease from 2021-2023 was caused primarily by the result of the Blake decision, which effectively legalized drugs in most cases. Additional contributing factors include



Kenmore Police Department Memorandum

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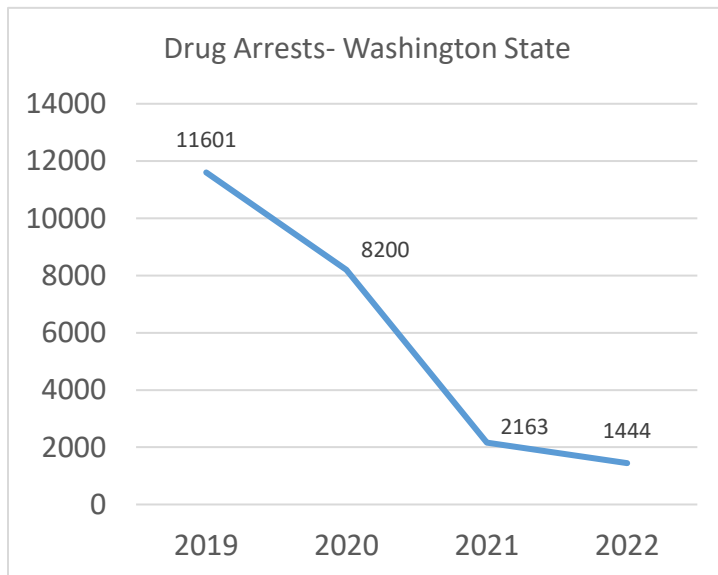


Fatal Drug
Overdoses

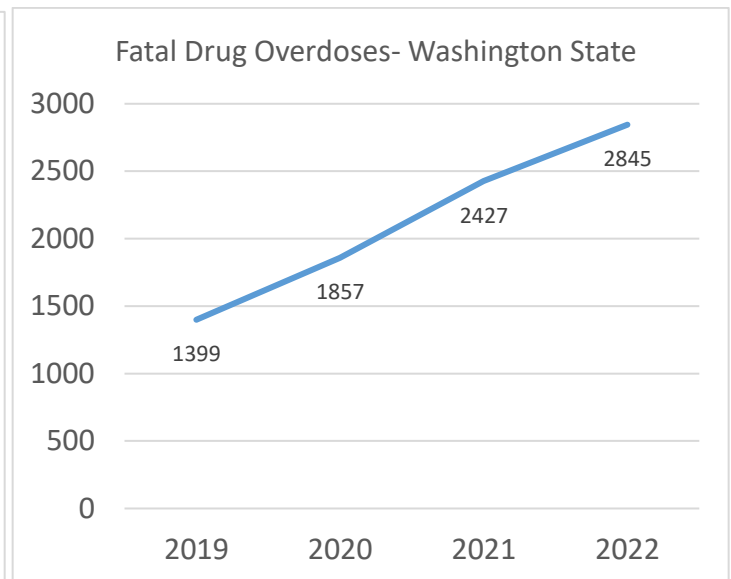
+103%

a reduced emphasis on drug enforcement, newly restrictive laws for law enforcement agencies, and reduced proactive policing.

During this same time period, there was a dramatic increase in fatal drug overdoses in Washington, a **+103%** percent increase from 2019-2022. This can be attributed to a variety of causes.



Source: WASPC Annual Crime in Washington Reports¹



Source: Washington State Department of Health (deaths)²

This same data is available for the past 10 years (2013-2022) for the entire State of Washington. A very similar correlation is found during this longer time period, with drug arrests falling **-84%**, while fatal drug overdoses increased **+177%** during that same period.

How Many Drug Arrests were made in Kenmore over the past 4 years in relation to fatal drug overdoses?



Drug Arrests

-60%

Similar trends were recorded in Kenmore as they were in Washington. From 2019-2022, there was a **-60%** decrease in drug arrests in Kenmore.

¹ https://waspc.memberclicks.net/index.php?option=com_content&view=article&id=121:crime-in-wa-archive-folder&catid=20:site-content

² https://adai.washington.edu/wadata/major_drug_deaths.htm

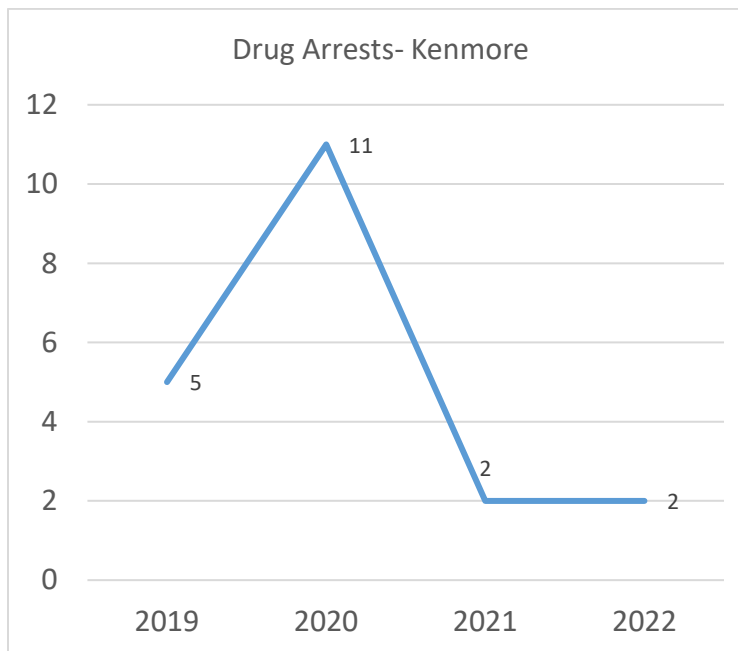


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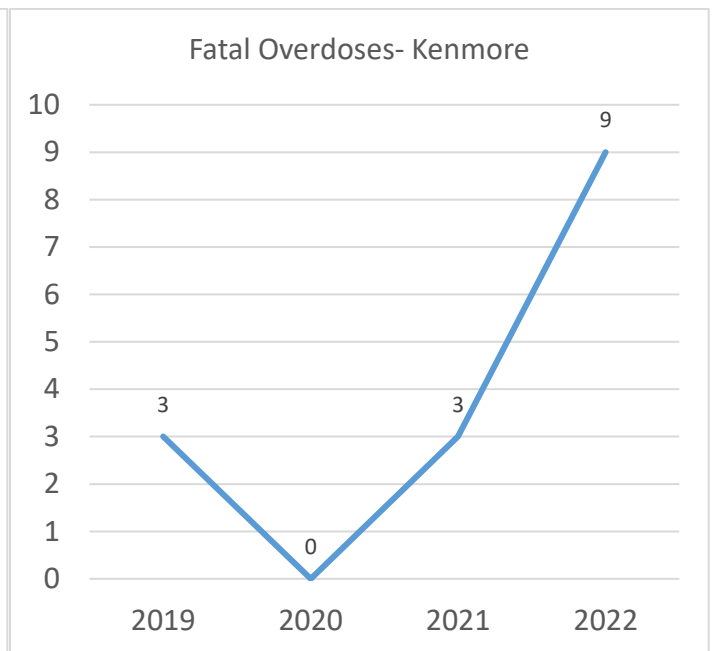
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Fatal Drug
Overdoses
+200%

During this same period, there was a **+200%** increase in fatal drug overdoses in Kenmore. As is the case state-wide, most fatal drug overdoses in the past several years involve fentanyl.



Source: WASPC Crime in Washington Reports³



Source: King County Medical Examiner's Office (deaths)⁴

Is there a correlation between an increase in property crime and the decrease in drug arrests?

Washington-
Crimes Against
Property
+35%

The connection between drug addiction, and the property crimes used to fund these addictions is well documented. A variety of property crimes are commonly correlated, including shoplifting, mail theft, burglaries, vehicle prowls, etc. According to WASPC Crime in Washington data reports, between 2019 and 2022, crimes against property increased **+35%** state-wide, while they increased **+29%** in Kenmore. These increases follow the same trend as noted between drug arrests and overdoses, correlating to the beforementioned *Blake* decision timeline.

Kenmore-
Crimes Against
Property
+29%

³ https://waspc.memberclicks.net/index.php?option=com_content&view=article&id=121:crime-in-wa-archive-folder&catid=20:site-content

⁴ King County Medical Examiner's Office Fatal Overdose Surveillance Program



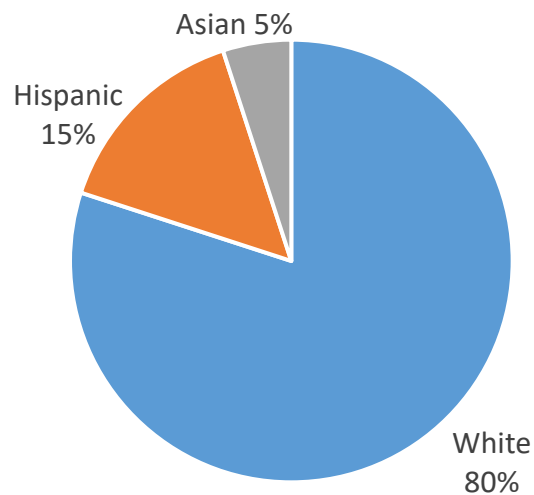
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What are the demographics of those contacted during Kenmore drug offenses?

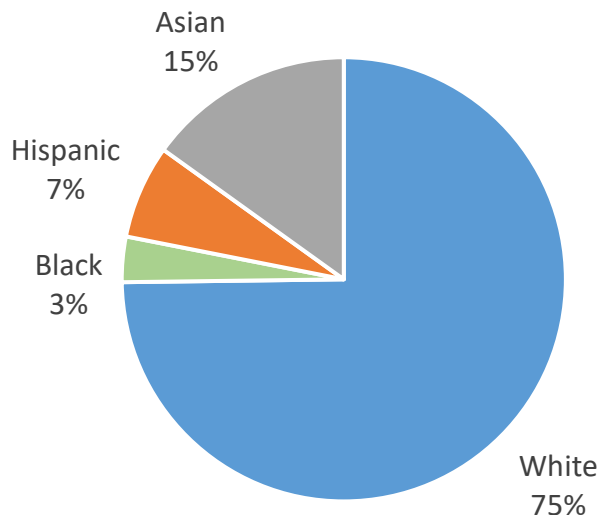
During the time period examined in Kenmore (2019-2022), those contacted for drug offenses were predominantly male (85%). From a racial perspective, 80% were white, while 15% were Hispanic, and 5% were Asian. These drug offense arrests are similar in proportion to the overall racial demographics of Kenmore, with Asian persons being underrepresented, and Hispanic persons overrepresented. However, due to the low number of data points, these percentage comparisons should be viewed with caution.

Kenmore Drug Offenses- Involved Person by Race (2019-2022)



Source: Kenmore Police Crime Data

Kenmore- Racial Demographics



Source: <https://www.census.gov/quickfacts/kenmorecitywashington>

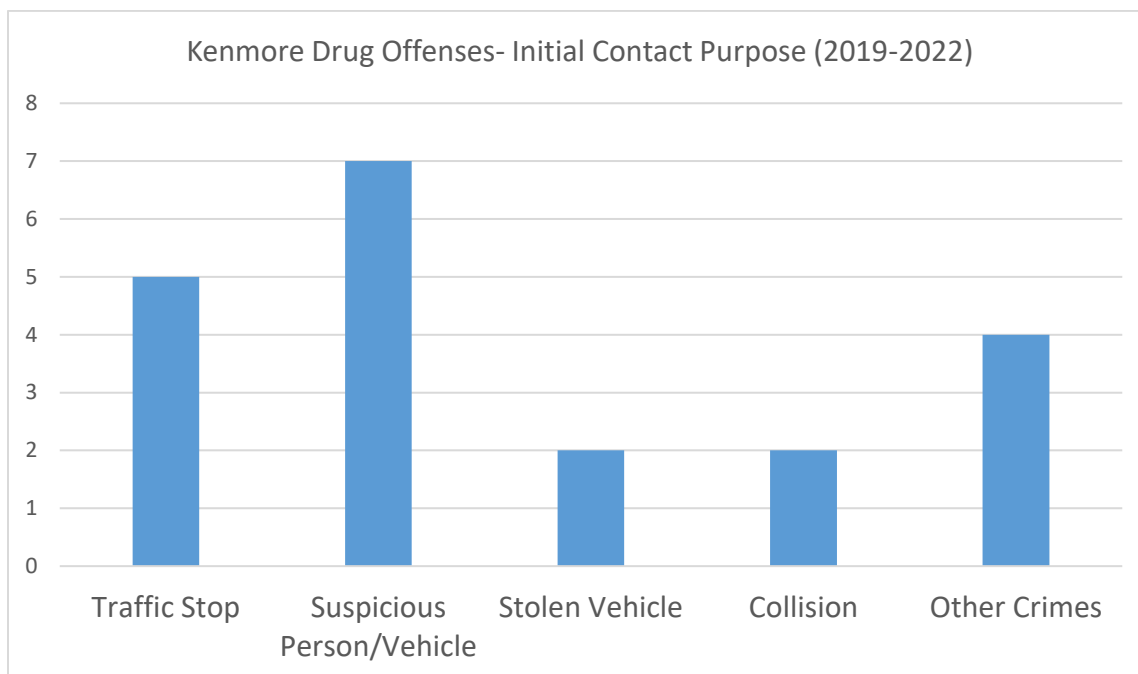


Kenmore Police Department Memorandum

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What was the initial purpose individuals were contacted during Kenmore drug offenses?

Persons contacted by police from 2019-2022 in Kenmore for drug offenses were done so for a variety of reasons. The most common was for a suspicious person or vehicle (i.e. a parked vehicle behind a closed business at night). Traffic stops conducted for a variety of traffic offenses was the second most common purpose. Other crimes that led to a drug offense included a trespass, a burglary investigation, and a suspected car prowling in-progress. The various causes for a contact were a mixture of on-views (generated by the Officer) or in response to a 911 call.



Source: Kenmore Police Crime Data

Summary

As Kenmore Municipal Code currently stands, Kenmore Police will not arrest a person using or possessing illegal narcotics (such as fentanyl, heroin, or methamphetamine), as the case cannot be prosecuted under Kenmore Municipal Code, and the King County Prosecutor's Office does not accept misdemeanor cases from municipal jurisdictions. This includes people actively engaging in the use of these drugs in a public place, such as a bus shelter, park, or trail. To my knowledge, Kenmore is the only city in the region to have not adopted the Legislature's revised drug law, effectively making drugs legal in Kenmore.

By handling drug-related crimes using a Prosecutor's Office and court system locally controlled, as opposed to felonious charges in King County Superior Court, Kenmore may better leverage recent investments in Community Court and alternatives to jail that may be desired by the city. A thoughtful approach to address treatment and support for those with addiction issues is advisable, not complete decriminalization. Without intervention by the criminal justice system in some respect, similar trends to those seen over the past few years in terms of fatal overdoses, and increased property crimes, is highly plausible.

Ord. 23-0596 “Blake Fix”

Background:

- In February 2021, the Washington State Supreme Court in *State v. Blake* declared unconstitutional Washington's strict liability drug possession law, which criminalized (as a felony) the unintentional, unknowing possession of a controlled substance.
- In July 2021, the Legislature adopted temporary legislation set to expire July 1, 2023, making it a misdemeanor to knowingly possess prohibited substances and requiring that law enforcement to refer the individual to assessment and treatment for their first two arrests for simple possession. Upon the third arrest, the individual could be prosecuted. I understand this was very difficult for law enforcement to implement because there was no state-wide tracking system for referrals.
- In May 2023, the Legislature passed what is known as the "Blake Fix" (SB 5536), now State Law:

Controlled Substances

- For controlled substances it **unlawful for a person to:**
 - **knowingly possess a controlled substance w/o prescription**
 - **knowingly use a controlled substance in a public place w/o prescription**
 - **A violation of either is a gross misdemeanor – 180 days and/or \$1,000 fine**
 - Penalty goes up to 364 days and/or \$1,000 with 2 or more convictions occurring after 7/1/23
 - May not be charged with both for same course of conduct
- State law encourages police to refer for treatment instead of referring charges; and encourages prosecutor to divert cases for assessment, treatment, or other services
- Att. A to Ord. 23-0596 - Section 9.05.190 adopting RCW 69.50.4013

Legend Drugs (w/o prescription)

- Unlawful for a person to knowingly possess or knowingly use a legend drug without a prescription in public
- Punishable as a misdemeanor 90 days and/or \$1,000. Cannot be charged with both
- State law encourages police to refer for treatment instead of referring charges; and encourages prosecutor to divert cases for assessment, treatment, or other services
- Att. A to Ord. 23-0596 - Section 9.05.190 adopting RCW 69.41.030

Counterfeit Drugs

- For counterfeit drugs it is unlawful for a person to knowingly possess a counterfeit substance; or knowingly use a counterfeit substance in a public place
- A violation is a gross misdemeanor punishable by up to 180 days in jail or \$1,000 or both. If there are 2 or more convictions occurring after 7/1/23, punishable up to 364 days or \$1,000 or both
- State law encourages police to refer for treatment instead of referring charges; and encourages prosecutor to divert cases for assessment, treatment, or other services
- May not be charged for both. (RCW 69.50.4011)
- Att. A to Ord. 23-0596 - Section 9.05.190 adopting RCW 69.50.4011

Drug Paraphernalia

- State law now fully **preempts and occupies entire field of drug paraphernalia regulation** within state. Only allows cities to enact laws “relating to the establishment or regulation of harm reduction services concerning drug paraphernalia”
- Att. 1 to Ord. 23-0596 - Revised Chap. 9.05 KMC; and repealed Chap. 9.06 KMC to remove inconsistent regulations relating to drug paraphernalia

Definitions

- RCW 66.04.010(37) "Public place" **includes streets and alleys of incorporated cities and towns; state or county or township highways or roads; buildings and grounds used for school purposes; public dance halls and grounds adjacent thereto; those parts of establishments where beer may be sold under this title, soft drink establishments, public buildings, public meeting halls, lobbies, halls and dining rooms of hotels, restaurants, theaters, stores, garages and filling stations which are open to and are generally used by the public and to which the public is permitted to have unrestricted access; railroad trains, stages, and other public conveyances of all kinds and character, and the depots and waiting rooms used in conjunction therewith which are open to unrestricted use and access by the public; publicly owned bathing beaches, parks, and/or playgrounds; and all other places of like or similar nature to which the general public has unrestricted right of access, and which are generally used by the public.**
- "use a controlled substance" means to introduce the substance into the human body by injection, inhalation, ingestion, or any other means.

Incorporation into code & clean up of code

- Cities must adopt or incorporate state statutes to have authority to prosecute misdemeanors or gross misdemeanors. *City of Auburn v. Gaunt*, 174 Wn.2d 321 (2012) (holding that cities do not have the authority to prosecute violations of state statutes if not adopted or incorporated into municipal codes)
- The ordinance before you adopts the applicable State Statutes by reference and cleans up outdated sections about paraphernalia and cannabis

QUESTIONS??



City Council Agenda Bill City of Kenmore, WA

<p>Subject/Topic:</p> <p>Approving a Development Agreement for real property located at 6532 Bothell Way NE, Kenmore, Washington, 98028 between the City of Kenmore, Plymouth Housing Group and Kenmore Housing, LLC and authorizing the City Manager to execute the Development Agreement</p> <p>Proposed Council Action/Motion:</p> <ol style="list-style-type: none">1) Hold the second of two public hearings on proposed Development Agreement; and2) Adopt Ordinance No. 23-0600, approving the proposed Development Agreement in accordance with KMC 18.110 for the real property located at 6532 Bothell Way NE, Kenmore, Washington, 98028 between the City of Kenmore, Plymouth Housing Group and Kenmore Housing, LLC	<p>For Council Meeting Agenda of: 12/11/2023</p> <p>Department: City Manager's Office</p> <p>Prepared by: Tambi Cork, HHS Manager</p> <p>Initial & Date</p> <p>Approved by Department Head: SLL 11/30/2023</p> <p>Approved by City Attorney: DFR, 11/28/2023</p> <p>Approved by Finance Director: MM, 12/1/2023</p> <p>Approved by City Manager: RK, 12/1/2023</p> <p>Exhibits/Attachments:</p> <ol style="list-style-type: none">1. Development Agreement2. Ordinance 23-06003. City Manager Letter of Recommendation4. Conceptual Drawings of Building5. Northshore Utility District Easement Letter
<p>Summary:</p> <p>RCW 36.70B.170 and Chapter 18.110 KMC authorize the execution of a development agreement between a local government and a person having ownership or control of real property within its jurisdiction. A development agreement must set forth the development standards and other provisions that shall apply to, govern, and vest the development, the public benefits derived from the development of the real property, and the duration of the agreement.</p> <p>A public hearing was held at the 11/27/2023 Council meeting to receive public comment on the proposed development agreement for real property at 6532 Bothell Way NE, Kenmore, Washington, 98028. A second public hearing is scheduled for 12/11/2023. Following the second public hearing, staff recommends that Council passes a motion adopting Ordinance 23-0600 (Attachment 2), which approves the development agreement (Attachment 1) and authorizes the City Manager to execute the</p>	

same. Per KMC 18.110.030.A, the vote of a majority plus one of the whole City Council is necessary to approve the proposed Development Agreement because it seeks to modify code required residential densities.

Information/Background:

The Kenmore City Council's number one priority for 2021-2022 was to *increase and preserve the options for affordable housing stock*. In support of this goal, the City developed a Request for Proposals (RFP) for affordable housing on City-owned property at 6532 Bothell Way NE following Council discussions on October 25, 2021, and November 15, 2021.

RFP Process:

The City of Kenmore issued a Request for Proposal (RFP) #22-C2789 seeking partners to help build affordable housing units in Kenmore at real property located at 6532 Bothell Way NE, Kenmore, WA, 98028. RFP #22-C2789 is located at: [RFP 22-C2789 Affordable Housing Development Proposal \(kenmorewa.gov\)](https://kenmorewa.gov/rfp/22-C2789-Affordable-Housing-Development-Proposal)

The City received three RFP responses and presented the RFP Affordable Housing Development Proposal from Plymouth Housing Group (Plymouth) to the City Council at the May 31, 2022, meeting. The May 31, 2022, agenda materials, which include Plymouth's RFP Response to construct and operate a six-floor apartment building to include one hundred (100) residential units and approximately 2,184 SF of commercial space and also includes site construction and design depictions, are located at: [Kenmore - Document Center \(civicweb.net\)](https://kenmore.civicweb.net/document/121367).

At the City Council's June 21, 2022, meeting, City staff again presented Plymouth's proposed Affordable Housing Project. Council approved the selection of the Proposal submitted by Plymouth Housing in response to City RFP 22-2789, and authorized the City to move forward with creating a partnership with Plymouth Housing and A Regional Coalition for Housing to develop affordable housing consistent with the Plymouth Housing Proposal; allocated \$3.2 million in City funds for the development of affordable housing in the City consistent with the Plymouth Housing Proposal, and provided staff direction to initiate negotiations with Plymouth Housing and/or ARCH for a property transfer agreement, development agreement, and any other necessary agreements. The June 21, 2022, agenda materials are located at: <https://kenmore.civicweb.net/document/121367>

When the partnership with Plymouth was approved by the Kenmore City Council on June 21, 2022, the proposal was described as serving those at or below 30% Area Median Income (AMI) with a focus on seniors, veterans, individuals with disabilities and those who were formerly homeless.

Funding for the project took over a year to secure and came from a complex variety of sources, including the City of Kenmore and ARCH. As a condition of the funding from the Department of Commerce and the Washington State Housing Finance Commission (WSHFC), the project is now required to serve single adults with no children with an income of 30% or less of Area Median Income and are homeless at entry (which can include "couch surfing", living in transitional housing, and staying in a shelter). This project is Permanent Supportive Housing, which means that Plymouth will provide tenants with supportive services in addition to housing, and 24/7 onsite staffing of the building.

Threshold Determination:

In accordance with KMC 18.110.050.B, at its October 23, 2023, Council Meeting, the City Council approved the threshold decision to move forward with processing the application for the Affordable Housing Project development agreement. The threshold decision approved further processing of the agreement but was not a decision to approve or deny a development agreement. A development agreement provides flexibility from specific zoning code regulations pursuant to Chapter 18.110 KMC to allow for public benefits, such as the provision of affordable housing. The October 23, 2023, agenda materials are located at: <https://kenmore.civicweb.net/document/202298>

Development Agreement:

Process: As required by KMC 18.110, the following process is in place for this development agreement decision:

Notice of the public hearing: Notice of the public hearing was provided in accordance with KMC 18.110.050.G. A legal notice for the hearing was published in the Seattle Times on 11/17/2023, a sign board was posted on the property on 11/17/2023 and notices regarding the hearing were mailed prior to 11/17/2023 to surrounding property owners. The City Manager's recommendation (Attachment 3) to approve the development agreement was also available beginning 11/17/2023 at City Hall and on the City's website.

A public hearing was held at the 11/27/2023 Council meeting to receive public comment on the proposed development agreement for real property at 6532 Bothell Way NE, Kenmore, Washington, 98028. At that meeting, Council directed staff to correct an error in the street identified in Section 8.D.5. That error has been corrected in Exhibit 1. A second public hearing is scheduled for 12/11/2023. Following the second public hearing, staff recommends that Council passes a motion adopting Ordinance 23-0600 (Attachment 2), which approves the proposed Development Agreement (Attachment 1), and authorizes the City Manager to execute the same. Approval of the development agreement requires a Council super-majority (5 votes).

The proposed project in the Development Agreement includes:

- A six-story building with five stories of residential units and the ground floor including commercial space;
- 100 residential units with a mix of one-bedroom and studio units;
- Plymouth will provide onsite resident services for tenants and property management;
- A courtyard area will be constructed and available for residential tenants.

Plymouth has requested the following modifications the City's Code:

	Kenmore Municipal Code (KMC) Requirement	Proposed Deviation
1.	KMC 18.25.020 Footnote 9(b) (depth) & KMC 18.25.040 Table B (density & setbacks): The required nonresidential use shall extend at least 30 feet in depth at street level from the street front facade of the structure; provided, that the minimum required depth may be averaged, with no depth less than 15 feet. The maximum density is 75 dwelling units for this .50-acre property (150 dwelling units per gross acre).	The proposed Commercial Space frontage that abuts SR 522 ranges in depths from 21'-0" to 26'-4". The Project density is one hundred (100) Residential Units, as described Section.

2.	KMC 18.25.040 Table B (setbacks): Minimum 10 ft. from SR-522, unless otherwise allowed through Chapter 18.52 KMC, Design Standards; other streets 0 ft. Maximum 10 ft. unless otherwise allowed through Chapter 18.52 KMC, Design Standards. The City may authorize intrusions of structural elements into the public right-of-way, subject to review and conditions.	The street setbacks for the ground floor of the building fronting SR 522 are ten (10) feet. The street setbacks for all upper floors of the building (other than the ground floor) fronting SR 522 are 5 feet. The street setback for all floors of the building fronting 67 th Avenue NE exceed ten (10) feet at the area of the Courtyard.
3.	KMC 18.40.030.A, KMC 18.40.030.E, KMC 18.80.080.D.1 (parking): Standard parking requirements require 122 parking spaces for the development (KMC 18.40.030). However, 100% affordable housing projects qualify for a reduction. In this case, the project is required to provide 100 parking spaces (KMC 18.80.080). In any development required to provide six or more parking spaces, bicycle parking shall be provided. Bicycle parking shall be bike rack or locker-type parking facilities unless otherwise specified.	Nine (9) off-street parking spaces are proposed. The Project includes eight (8) bicycle parking spaces (bike racks) and Plymouth will install in each Residential Unit a wall-mounted bike hook.
4.	KMC 18.52.150 (setbacks): Properties Fronting SR-522. Parcels fronting SR-522 shall be set back 10 feet from the right-of-way to allow for sidewalks. Ground floors shall maintain a minimum and maximum setback of 10 feet. For facades above the ground floor (minimum elevation of 15 feet above street level), the minimum setback at any one point shall be no less than five feet, and the maximum setback at any one point shall be no greater than 10 feet. The setback may be averaged between a minimum of five feet and a maximum of 10 feet for purposes of modulation, but shall not be less than or greater than the minimum or maximum setbacks at any one point.	A 10-foot setback is proposed on the ground floor fronting SR 522; a 5-foot setback is proposed for upper floors along SR 522. Setbacks along 67 th Ave NE exceed 10 feet at the area of the public plaza.
5.	KMC 18.52.220 (roof form), KMC 18.52.300 (building materials), KMC 18.52.310.B (upper level setbacks, mass and bulk), KMC 18.52.100 (pedestrian walkways) and KMC 18.52.210 (building corners): Buildings which contain predominantly residential uses shall use certain architectural elements to break up the massiveness of an uninterrupted flat roof. For mixed use building, the façade of commercial levels shall be primarily masonry materials. A minimum of two of techniques shall be applied to facades visible from public rights-of-way and public spaces to minimize the apparent bulk and mass of	The design incorporates a flat roof with a consistent parapet height. The base of the building is expressed through a 12-foot datum line that separates the ground floor from the upper floors, which may be further expressed with a change of materials at ground floor, including vertical wood siding and storefront glazing. As part of an intentional architectural design, masonry materials are not proposed. As part of an intentional architectural design, the techniques applied to facades visible from public rights-of-way and public spaces to

	a building. See KMC 18.52.310.B.1-5 for a list of techniques. Building sides that face corners of public streets shall be treated architecturally to emphasize the corner location. Walkways shall be a minimum of eight feet wide with a minimum average width of 12 feet. The minimum/average walkway width does not include additional areas which may be required for landscaping or site furnishings.	minimize apparent bulk and mass of building are not proposed. Pedestrian walkways varies in width through the site at eight (8) feet or greater, but several areas of the walkway narrow to six (6) feet in width. As part of an intentional architectural design, the courtyard opens up to 76 th Avenue NE and the building sides that face corners of public streets are not treated architecturally to emphasize the corner location.
6.	Modification to Chapter 20.47 KMC Transportation, Park, and School Impact Fees.	Pursuant to KMC 20.47.040.A.6, the Project has a broad public purpose by providing low-income housing. Accordingly, the Project proposes an exemption from payment of transportation impact fees and park impact fees. An independent fee calculation was requested for school impact fees pursuant to KMC 20.47.140. The Northshore School District ("NSD") adjusted the school impact fees to \$0 with the understanding that the Project is designed to serve a resident population where no students will be generated. Plymouth will record a restrictive covenant prior to occupancy documenting the basis for the independent fee calculation and agreeing to the collection of school impact fees if the Project ever fails certification, or if the Residential Units are converted to a use that no longer meets the basis for the approved adjustment.
7.	Modification of KMC 18.110.050 Processing procedure.	Requests that the City Council modifies KMC 18.110.050 to waive minor procedural irregularities in the processing of this Development Agreement.

Consistent with KMC 18.110.020.C, the modifications requested by Plymouth are offset by the public benefits of the Project's provision of 100% of the 100 residential units as affordable housing.

KMC 18.110.060.B requires that any person or corporation with a "substantial beneficial interest in the property" must submit a document stating that they concur with the request and will not object to, contest or appeal any terms and conditions of the approved development agreement. There are two easement holders that have been identified for this property: The Northshore Utility District and the City of Kenmore. Required documentation from the Northshore Utility District is included (Attachment 5). For the second easement, while the City is the owner of the easement, it is the City Council that shall make such statement of no objection. The development agreement has no effect on the City easement and the approval of this Development Agreement indicates that the City concurs

in the request and will not object to, contest or appeal any terms or conditions of the approved development agreement.

Fiscal Consideration:

The City has allocated \$3.2 million in City funds for the development of this affordable housing in partnership with Plymouth. In addition, ARCH has designated more than \$3 million in ARCH Trust Fund dollars for the project. In addition to the development agreement, staff will bring to Council the conveyance agreement and funding documents for future discussion and consideration.

City Council Priority or Budget Objective Being Addressed:

2. Increase and preserve the options for affordable housing stock

**DEVELOPMENT AGREEMENT
BY AND BETWEEN THE CITY OF KENMORE,
PLYMOUTH HOUSING GROUP, AND KENMORE HOUSING LLC FOR
AFFORDABLE HOUSING DEVELOPMENT**

THIS Development Agreement is made and entered into this ____ day of _____, 20____, by and between the City of Kenmore, a Washington municipal corporation, Plymouth Housing Group, a Washington nonprofit corporation and Kenmore Housing LLC, a Washington limited liability company.

RECITALS

WHEREAS, RCW 36.70B.170 and Chapter 18.110 KMC authorize the execution of a development agreement between a local government and a person having ownership or control of real property within its jurisdiction; and

WHEREAS, a development agreement must set forth the development standards and other provisions that shall apply to, govern, and vest the development, the public benefits derived from the development of the real property, and the duration of the agreement; and

WHEREAS, this Development Agreement relates to the development of real property located at 6532 Bothell Way NE, Kenmore, Washington, 98028, to provide for affordable housing within the City; and

WHEREAS, the City Council finds that the Development Agreement is consistent with the goals and policies of the Kenmore Comprehensive Plan; and

WHEREAS, the City Council finds that this Development Agreement is necessary for the health, safety, and welfare of its residents;

AGREEMENT

Now, therefore, in consideration of the mutual benefits and agreements contained herein, as well as other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

Section 1. Recitals. The recitals set forth above and in the Adopting Ordinance are incorporated by reference as if set forth in full.

Section 2. Parties to the Development Agreement. The parties (collectively, the “Parties”) to this Agreement are:

- A. The City of Kenmore, 18120 68th Ave NE, Kenmore, WA, 98028, (hereinafter, the “City”).
- B. Plymouth Housing Group, a Washington public benefit nonprofit corporation, 2113 Third Avenue, Seattle WA, 98121 (“PHG”).

- C. Kenmore Housing LLC, 2113 Third Avenue, Seattle, Washington, 98121 (the “LLC”). PHG is the sole member of the managing member of the LLC and hereinafter, PHG and the LLC shall be collectively referred to as “Plymouth”).

Section 3. Exhibits. The following Exhibits to this Agreement are attached hereto and incorporated by reference as if set forth in full:

- Exhibit 1 – Legal Description of the Property
- Exhibit 2 – Conceptual Site Plan
- Exhibit 3 – Project Schedule

Section 4. Definitions. As used in this Development Agreement, the following terms, phrases, and words shall have the meanings and be interpreted as set forth in this Section:

- A. “Adopting Ordinance” means the ordinance which approves this Development Agreement, as required by RCW 36.70B.200 and KMC 18.110.050.C.
- B. “Affordable Housing” means affordable housing as defined by A Regional Coalition for Housing (“ARCH”), which will administer and monitor the affordability of the Project on behalf of the City.
- C. “Development Agreement” or “Agreement” means this Development Agreement approved by the Adopting Ordinance.
- D. “Development Regulations” means the same as defined in KMC 19.10.070.
- E. “Effective Date” means the date of passage of the Adopting Ordinance.

Section 5. The Property. The City owns real property that is located at 6532 NE Bothell Way, Kenmore, Washington, 98028, King County Tax Parcel Nos. 794630-0195 and 794630-0196, and which is legally described as set forth in Exhibit 1 (“Property”). The Property is located in the Downtown Commercial Zone.

Section 6. The Project. Consistent with the terms and conditions of this Development Agreement, Plymouth is authorized to construct, operate, and maintain the following on the Property:

- A. **Six-story building:** A five-story, Type V-A wood-framed, 100-unit permanent supportive housing building atop a one-story, Type I-A concrete-framed podium base with on-site property management offices, resident services, and interior and exterior resident amenity spaces.
- B. **Residential Units:** The building shall include not less than one hundred (100) residential units with a mix of one-bedroom units and studio units (the “Residential Units”).
- C. **Affordability.** One hundred percent (100%) of the Residential Units shall be Affordable Housing.
- D. **Resident Services.** PHG shall provide resident services to tenants of the Project.
- E. **Property Management.** PHG shall provide on-site property management services.
- F. **Commercial Space.** The ground floor of the building shall include commercial space consistent with the uses permitted in the Downtown Commercial Zone (hereinafter, the “Commercial Space”); provided, however, the Commercial

Space shall not include a use that is incompatible with the Project, including, but not limited to, firearms sales/service, adult entertainment, and automotive, small engine, or marine sales or service, which uses are hereby determined to be incompatible with the Project.

G. Courtyard Area. A courtyard area shall be constructed and available for residential tenants of the Project (the “Courtyard”) .
(Collectively, the “Project”). The Project is depicted in the Conceptual Site Plan as set forth in Exhibit 2.

Section 7. Applicable Development Regulations. Except as modified in Section 8 of this Agreement, the Project shall be consistent with applicable Development Regulations to the fullest extent possible, including but not limited to zoning regulations set forth in Title 18 KMC, Zoning, Chapter 19.35 KMC, Environmental Procedures, Title 15 KMC, Buildings and Construction, and Title 13 KMC, Utilities and Public Works.

Section 8. Modifications to Development Regulations. Pursuant to KMC 18.110.030, this Development Agreement is intended to provide flexibility in the development of the Property to achieve public benefits. Accordingly, the City Council approves the following modifications to the KMC:

- A. Modifications to KMC 18.25.020 Footnote 9(b) (depth) & KMC 18.25.040 Table B (density & setbacks):
 1. Commercial Frontage – SR 522.
The proposed Commercial Space frontage that abuts SR 522 may range in depths from 21’-0” to 26’-4”.
 2. Maximum Density. The Project density shall be a maximum of one hundred (100) Residential Units, as described Section 6.B.1 -.2.
 3. Street Setbacks.
 - a. The street setbacks for the ground floor of the building fronting SR 522 shall be ten (10) feet.
 - b. The street setbacks for all upper floors of the building (other than the ground floor) fronting SR 522 shall be 5 feet.
 - c. The street setback for all floors of the building fronting 67th Avenue NE may exceed ten (10) feet at the area of the Courtyard.
- B. Modifications to KMC 18.40.030.A & KMC 18.80.080.D.1 (parking) & KMC 18.40.030.E (bike racks). The required off-site parking and bicycle parking for the Project shall be:
 1. Nine (9) off-street parking spaces.
 2. Plymouth shall include eight (8) bicycle parking spaces (bike racks).
 3. Plymouth shall install in each Residential Unit a wall-mounted bike hook.
- C. Modification to KMC 18.52.150 Building locations/setbacks. KMC 18.52.150 is modified to allow the Project’s building locations/setbacks to be consistent with the modifications authorized in Section 8.A of this Development Agreement.
- D. Modification to KMC 18.52.220 (roof form), KMC 18.52.300 (building materials), KMC 18.52.310.B (upper level setbacks, mass and bulk), KMC

18.52.100 (pedestrian walkways) and KMC 18.52.210 (building corners). The Project may deviate from design standards as follows:

1. The design may incorporate a flat roof with a consistent parapet height. The base of the building may be expressed through a 12-foot datum line that separates the ground floor from the upper floors, which may be further expressed with a change of materials at ground floor, including vertical wood siding and storefront glazing.
2. As part of an intentional architectural design, masonry materials are not required.
3. As part of an intentional architectural design, the techniques applied to facades visible from public rights-of-way and public spaces to minimize apparent bulk and mass of building are not required.
4. The pedestrian walkway may vary in width through the site to be eight (8) feet or greater, but several areas of the walkway may narrow to six (6) feet in width.
5. As part of an intentional architectural design, the Courtyard may face and open up to 67th Avenue NE and the building sides that face corners of public streets are not required to be treated architecturally to emphasize the corner location.

E. Modification to Title 21 KMC Financial Guarantees.

The Project is exempt from the requirements of Title 21 KMC Financial Guarantees; provided, however, that Plymouth shall meet Section 9.B.3 of this Agreement to ensure construction and maintenance of site improvements.

F. Modification to Chapter 20.47 KMC Transportation, Park, and School Impact Fees. Pursuant to KMC 20.47.040.A.6, the City Council finds and determines that the Project has a broad public purpose by providing low-income housing. Accordingly, the Project is exempt from payment of transportation impact fees and park impact fees. The City Council acknowledges that an independent fee calculation was requested for school impact fees pursuant to KMC 20.47.140. The Northshore School District (“NSD”) adjusted the school impact fees to \$0 with the understanding that the Project is designed to serve a resident population where no students will be generated. Plymouth shall record a restrictive covenant prior to occupancy documenting the basis for the independent fee calculation and agreeing to the collection of school impact fees if the Project ever fails certification, or if the Residential Units are converted to a use that no longer meets the basis for the approved adjustment.

G. Modification of KMC 18.110.050 Processing procedure. The City Council modifies KMC 18.110.050 to waive minor procedural irregularities in the processing of this Development Agreement.

Section 9. Public Benefit. Pursuant to KMC 18.110.020.C, any requested modifications from existing Development Regulations must be offset by the provision of a public benefit to the City. Accordingly, the City Council finds and determines that the public benefits provided by the construction and operation of Affordable Housing as required herein substantially offsets the code modifications approved in Section 8 of this

Development Agreement and meets the criteria of KMC 18.110.020.C. The approval of this Development Agreement is expressly contingent on the following:

- A. Affordability. One hundred percent (100%) of the Residential Units shall be Affordable Housing.
- B. Covenants. If a transfer of the Property occurs pursuant to Section 13 from the City to Plymouth, Plymouth shall:
 - 1. Record the Development Agreement;
 - 2. Record a Condominium Sale Prohibition Covenant;
 - 3. Execute any necessary documentation from other funders, including, but not limited to, ARCH; and
 - 4. Record a restrictive covenant as required pursuant to Section 8.F of this Agreement relating to the independent fee calculation decision for school impact fees.

The covenants required herein shall be in a form acceptable to the City Attorney's Office.

- C. Services. PHG agrees to provide the resident services and on-site property management.
- D. Community engagement. PHG agrees to commence a community engagement plan for the Project in 2023 to help educate Kenmore residents on the benefits of affordable housing development.

Section 10. Vested Rights.

A. General. Except as modified in Section 8 of this Agreement, the Project shall be vested to City's local land use control ordinances, regulations and resolutions existing on the effective date of this Agreement ("Vested Laws"), including, but not limited to, the City's Comprehensive Plan, Zoning Use Tables, and Development Regulations. Provided, however, that Vested Laws do not include any regulation that is not considered a land use control under state law, including but not limited to taxes, other development, administrative and regulatory fees, connection charges, and City enactments that are adopted pursuant to state or federal mandates (such as the City's NPDES Municipal Stormwater Permits) that preempt the City's authority to vest regulations.

B. Amendment. During the vested period, if any Vested Laws are amended, modified, or changed, Plymouth may elect to have a permit or approval for the Project considered under all such Vested Laws, as amended, in effect on the date of application for the permit or approval.

C. Reservation of rights. Notwithstanding the foregoing, the City reserves the authority under RCW 36.70B.170(4) to impose new or different regulations to the extent required by a serious threat to public health and safety.

Section 11. Schedule. The Parties acknowledge a shared goal of the prompt development of the Project. Accordingly, the Parties agree to the Project Schedule as set forth in Exhibit 3, which identifies the KMC deadlines for anticipated actions associated with this Agreement.

Section 12. Project Review. Plymouth shall be responsible, at its sole cost, to apply for all applicable permits, including but not limited to, applications for planning

and zoning permits, clearing and grading permits, building permits and other such permits and approvals required under KMC and necessary to authorize development of the Project (“Project Permits”). The Project Permits must demonstrate consistency with the Development Regulations and this Agreement, including any modifications authorized in Section 8 of this Agreement. The City will review the Project Permits as provided by the KMC.

Section 13. Affordable Housing Property Transfer. Pursuant to RCW 39.33.015 and KMC 3.55.075, the City may surplus the Property for affordable housing purposes if the City Council finds that affordable housing is needed in the City and is in the best interests of the City and its residents. If the City Council, in its sole discretion, transfers the Property to Plymouth pursuant to KMC 3.55.075, then the transfer shall be conditioned on:

- A. Plymouth’s execution and recording of this Agreement;
- B. Executing and recording of the covenants and agreements required in Section 8.B of this Development Agreement at the sole cost of Plymouth;
- C. Executing project financing documents recommended by ARCH, which will administer and monitor affordability on behalf of the City; and
- D. Executing a transfer agreement in a form approved by the City Attorney’s Office.

Section 14. Term. This Agreement shall commence upon the Effective Date of this Agreement and shall continue in force for a period of ten (10) years, unless extended by way of amendment. Following the expiration of the term, this Agreement shall have no force and effect subject, however, to post-termination obligations of Plymouth.

Section 15. Default; Remedies for default.

A. Events of default. The following shall constitute events of default under this Agreement (“Events of Default”):

- 1. A default by a party in keeping, observing, or timely performing any of its duties and/or obligations under this Agreement;
- 2. The appointment of a receiver or trustee for Plymouth, which appointment shall not be vacated or stayed within twelve (12) months; or
- 3. The filing of a petition in bankruptcy by or against Plymouth or for its reorganization under any bankruptcy or insolvency law which shall not be dismissed or stayed by the court within twelve (12) months after such filing.

B. Remedies in the event of default. If an Event of Default shall occur, or in the event of a dispute, claim or controversy arising out of, or relating to this Agreement, then the party alleging the Event of Default shall give the other party not less than sixty (60) days’ notice in writing, specifying the nature of the Event of Default and the manner in which the Event of Default may be cured. After notice and the expiration of the thirty-day period, if the Event of Default has not been cured or if the cure is not being diligently pursued, the party alleging the Event of Default may, at its option, institute legal or equitable proceedings to enforce this Agreement or to seek damages, and shall have all rights, remedies and causes of action, at law or in equity, available under the laws of the State of Washington.

Section 16. Indemnity. Plymouth agrees to defend, hold harmless, and indemnify the City, and its officers, officials, employees, agents, and consultants from and against any claims, demands, penalties, fees, liens, damages, losses, expenses, including reasonable attorneys' fees and costs of any nature whatsoever, incurred by the City which result from or arise out of any breach of or failure to comply with, or any negligent act or omission in performing, the duties or obligations set forth in this Agreement by Plymouth, except to the extent the claims, demands, penalties, fees, liens, damages, losses, or expenses are caused by the breach of this Agreement, negligence or willful misconduct of the City. This indemnity provision shall survive expiration of this Agreement.

Section 17. Assignment. Plymouth shall not have the right to sell, assign or transfer this Agreement to any person, firm, or corporation at any time during the term of this Agreement, unless approved in writing by the City. Plymouth shall provide the City with written notice of any intent to sell, assign, or transfer this Agreement at least 90 days in advance of such action.

Section 18. Covenants Running with the Land. The conditions and covenants set forth in this Agreement shall run with the land and the benefits and burdens shall bind and inure to the benefit of the Parties, their respective heirs, successors, and assigns. The Parties, and every purchaser, assignee, or transferee of an interest in the Property, or any portion thereof, shall be obligated and bound by the terms and conditions of this Agreement. Any such purchaser, assignee, or transferee shall observe and fully perform all of the duties and obligations contained in this Development Agreement.

Section 19. Amendment. This Agreement may be amended consistent with the procedures of KMC 18.110.060, and by mutual consent of the Parties. Minor modifications, which do not include changes to uses, parking, residential densities, or maximum structure height, may be approved administratively, and shall not require an amendment to the Agreement. Approved permits relating to the Project may be amended in accordance with the provisions of the KMC and shall not require an amendment to this Agreement.

Section 20. Notices. Notices, demands, correspondence to the City and Plymouth shall be sufficiently given if dispatched by pre-paid first-class mail to the following addresses:

If to Plymouth:

Plymouth Housing Group
Attn: VP of Real Estate
2113 Third Avenue
Seattle, WA 98121

If to the City:

City of Kenmore
Attn: City Manager
18120 68th Avenue NE
Kenmore, WA 98028

Kenmore Housing LLC

c/o Plymouth Housing Group
Attn: VP of Real Estate
2113 Third Avenue
Seattle, WA 98121

The Parties may, from time to time, advise the other of new addresses for such notices, demands or correspondence.

Section 21. Applicable Law and Attorneys' Fees. This Agreement shall be construed and enforced in accordance with the laws of the State of Washington. If litigation is initiated to enforce the terms of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs from the non-prevailing party. Venue for any action shall lie in King County Superior Court or the U.S. District Court for Western Washington.

Section 22. Specific Performance. The Parties specifically agree that damages are not an adequate remedy for breach of this Agreement, and that the parties are entitled to compel specific performance of all material terms of this Development Agreement by any party in default hereof.

Section 23. Severability. If any phrase, provision, or section of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, or if any provision of this Agreement is rendered invalid or unenforceable according to the terms of any statute of the State of Washington which became effective after the effective date of the Adopting Ordinance, such invalidity shall not affect the validity of the remainder of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Development Agreement to be executed as of the dates set forth below:

PLYMOUTH HOUSING GROUP

CITY OF KENMORE:

By: _____
Its: _____
Date: _____

By: _____
Its: City Manager
Date: _____

KENMORE HOUSING LLC

By: Kenmore Housing MM LLC, a
Washington limited liability company
Its: Managing Member

By: Plymouth Housing Group, a
Washington nonprofit corporation

Its: Manager

By: _____

Name: _____

Title: _____

Date: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me and acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of Plymouth Housing Group, manager of Kenmore Housing MM LLC, managing member of **Kenmore Housing LLC**, a Washington limited liability company, to be the free and voluntary act of such nonprofit corporation on behalf of such company on behalf of such company for the uses and purposes mentioned in the instrument.

DATED this _____ day of _____, 2022.

(Seal or Stamp)

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

NOTARY PUBLIC in and for the State of
Washington

My Commission

Expires:

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me and acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of **Plymouth Housing Group**, a Washington nonprofit corporation, to be the free and voluntary act of such nonprofit corporation for the uses and purposes mentioned in the instrument.

DATED this _____ day of _____, 2022.

(Seal or Stamp)

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

NOTARY PUBLIC in and for the State of Washington
My Commission Expires:

STATE OF WASHINGTON)

) ss.

COUNTY OF _____)

I certify that I know or have satisfactory evidence that Rob Karlinsey is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the City Manager of the City of Kenmore, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: _____

Printed: _____

NOTARY PUBLIC in and for Washington

Residing at: _____

My appointment expires: _____

EXHIBIT 1 - PROPERTY LEGAL DESCRIPTION:

PARCEL 794630-0195:

LOTS 10 AND 11, BLOCK 6, W.C. SQUIRE'S PLAT OF KENMORE, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 20 OF PLATS, PAGE 62, IN KING COUNTY, WASHINGTON;

EXCEPT THE SOUTH 70.00 FEET THEREOF;

SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.

PARCEL 794630-0196:

THE SOUTH 70.00 FEET OF LOTS 10 AND 11, BLOCK 6, W.C. SQUIRE'S PLAT OF KENMORE, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 20 OF PLATS, PAGE 62, IN KING COUNTY, WASHINGTON

EXCEPT THAT PORTION THEREOF CONVEYED TO THE CITY OF KENMORE PURSUANT TO STATUTORY WARRANTY DEED RECORDED UNDER RECORDING NUMBER 20070122002204.

SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.

EXHIBIT 2 – CONCEPTUAL PLANS:

The Building Permit Application (BLD23-0614) plan set on file at the City of Kenmore is hereby incorporated by reference as if set forth in full as the “Conceptual Plans” for the Project.

EXHIBIT 3 – PROJECT SCHEDULE:

The Project Schedule shall comply with all applicable timelines set forth the KMC for the Project Permits, which include but are not limited to the following KMC:

15.30.235 Time limitation of application – Building Permits

A. Applications for which no permit is issued within 18 months following the date of application shall expire by limitation and plans and other data submitted for review may thereafter be returned to the applicant or destroyed in accordance with State law by the building official.

B. Applications may be canceled for inactivity, if an applicant fails to respond to the department's written request for revisions, corrections, actions, or additional information within 90 days of the date of request. The building official may extend the response period beyond 90 days if within the original 90-day time period the applicant provides and subsequently adheres to an approved schedule with specific target dates for submitting the full revisions, corrections or other information needed by the department.

C. The building official may extend the life of an application if any of the following conditions exist:

1. Compliance with the State Environmental Policy Act is in progress; or
2. Any other City review is in progress; provided the applicant has submitted a complete response to City requests or the building official determines that unique or unusual circumstances exist that warrant additional time for such response, and the building official determines that the review is proceeding in a timely manner toward final City decision; or
3. Litigation against the City or applicant is in progress, the outcome of which may affect the validity, or the provisions of any permit issued pursuant to such application; or
4. At the sole discretion of the building official when there have not been newly adopted codes, fees, ordinances or laws which affect the application. [Ord. 20-0518 § 4 (Exh. D); Ord. 16-0423 § 4 (Exh. D); Ord. 13-0360 § 6 (Exh. C); Ord. 10-0310 § 4 (Exh. C).]

15.30.245 Permit expiration – Building Permits

A. Every permit issued shall expire two years from the date of issuance. The building official may approve a request for an extended expiration date where a construction schedule is provided by the applicant and approved prior to permit issuance.

B. Every permit which has been expired for less than one year may be renewed for a period of one year from the expiration date for an additional fee as long as no changes have been made to the originally approved plans and new building codes have not been adopted. For permits that have expired for longer than one year, a new permit must be obtained, and full new fees paid. No permit shall be renewed more than once, except at the sole discretion of the building official when there have not been newly adopted codes, fees, ordinances or laws which affect the permit.

C. Mechanical and plumbing permits shall expire at the same time as the associated building permit, except that if no associated building permit is issued, the mechanical and/or plumbing permit shall expire 12 months from the date of issuance. [Ord. 20-0518 § 4 (Exh. D); Ord. 16-0423 § 4 (Exh. D); Ord. 13-0360 § 6 (Exh. C); Ord. 10-0310 § 4 (Exh. C); Ord. 09-0301 § 1 (Att. A).]

15.25.100 Time limitation of application – Engineering permit

A. Applications for which no permit is issued within 18 months following the date of application shall expire by limitation and plans and other data submitted for review may thereafter be returned to the *applicant* or destroyed in accordance with State law by the *city manager*.

B. Applications may be canceled for inactivity, if an *applicant* fails to respond to the *department's* written request for revisions, corrections, actions or additional information within 90 days of the date of request. The *city manager* may extend the response period beyond 90 days if within the original 90-day time period the *applicant* provides and subsequently adheres to an approved schedule with specific target dates for submitting the full revisions, corrections or other information needed by the *department*.

C. The *city manager* may extend the life of an application if any of the following conditions exist:

1. Compliance with the State Environmental Policy Act is in progress; or
2. Any other City review is in progress; provided, that the *applicant* has submitted a complete response to City requests, or the *city manager* determines that unique or unusual circumstances exist that warrant additional time for such response, and the *city manager* determines that the review is proceeding in a timely manner toward final City decision; or
3. Litigation against the City or applicant is in progress, the outcome of which may affect the validity, or the provisions of any permit issued pursuant to such application. [Ord. 22-0547 § 2 (Exh. A); Ord. 12-0345 § 3 (Exh. A).]

15.25.120 Permit expiration – engineering permit

A. Stand-alone *land alteration*, except *tree removal*, permits shall expire two years from the date of issuance. *Tree removal* permits shall expire one year from the date of issuance. *Land alteration* permits issued and associated with another land use permit or approval shall expire in conjunction with the land use permit or approval. The *city manager* may approve a request for an extended expiration date where a construction schedule is provided by the *applicant* and approved prior to permit issuance.

B. Stand-alone *land alteration* permits which have expired for less than one year may be renewed for a period of one year from the expiration date for an additional fee, as long as no changes have been made to the originally approved plans. *Land alteration* permits associated with a land use permit or approval which has been expired for less than one year may be renewed for an additional fee as long

as no changes have been made to the originally approved *land alteration* plans and the originally approved land use permit or approval is not expired. For permits that have been expired for longer than one year, a new permit must be obtained and full new fees paid. No permit shall be renewed more than once. [Ord. 22-0547 § 2 (Exh. A); Ord. 12-0345 § 3 (Exh. A).]

CITY OF KENMORE
WASHINGTON
ORDINANCE NO. 23-0600

**AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON,
APPROVING A DEVELOPMENT AGREEMENT BY AND BETWEEN THE
CITY OF KENMORE, PLYMOUTH HOUSING GROUP, AND KENMORE
HOUSING LLC FOR AFFORDABLE HOUSING DEVELOPMENT;
AUTHORIZING THE CITY MANAGER TO EXECUTE THE
DEVELOPMENT AGREEMENT; AND ESTABLISHING AN EFFECTIVE
DATE**

WHEREAS, RCW 36.70B.170 and Chapter 18.110 KMC authorize the execution of a development agreement between a local government and a person having ownership or control of real property within its jurisdiction; and

WHEREAS, a development agreement must set forth the development standards and other provisions that shall apply to, govern, and vest the development, the public benefits derived from the development of the real property, and the duration of the agreement; and

WHEREAS, this Development Agreement relates to the development of real property located at 6532 Bothell Way NE, Kenmore, Washington, 98028, to provide for affordable housing within the City; and

WHEREAS, the City Council finds that the Development Agreement is consistent with the goals and policies of the Kenmore Comprehensive Plan; and

WHEREAS, the City Council finds that this Development Agreement is necessary for the health, safety, and welfare of its residents;

WHEREAS, on November 20, 2023, the City's SEPA Responsible Official issued a Threshold Determination relating to the Development Agreement; and

WHEREAS, on October 23, 2023, the City Council approved the threshold decision to move forward with the processing of the Development Agreement; and

WHEREAS, on November 17, 2023, the City Manager prepared a recommendation to the City Council on a proposed Development Agreement with the Developer; and

WHEREAS, a development agreement for the Property is authorized by RCW 36.70B.170 and Chapter 18.110 of the Kenmore Municipal Code; and

WHEREAS, as required by RCW 36.70B.200 and KMC 18.110.050, and pursuant to notice published in the Seattle Times on November 17, 2023, the City Council held a public hearing on November 27, 2023, and December 11, 2023, regarding the development of the Property pursuant to the Development Agreement; and

WHEREAS, the City Council has considered the testimony and comments made at the public hearings and the documents submitted at the public hearings, and reviewed the Development Agreement; and

WHEREAS, the City Council hereby finds and determines that the Development Agreement: (1) is consistent with applicable development regulations to the fullest extent possible, while allowing for development standards that are different from those standards in order to provide flexibility to achieve public benefits; (2) responds to changing community needs, and provides the functional equivalent or adequately achieves the purposes of those standards, and (3) complies with the requirements of RCW 36.70B.200 and Chapter 18.110 KMC; and

WHEREAS, the City Council desires to approve the Development Agreement and finds it to be in the best interests of the City and its residents as a whole;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Recitals. The recitals set forth above are incorporated herein by reference as findings in support of this ordinance.

Section 2. Approval of Development Agreement. The City Council approves the Development Agreement with the City of Kenmore, Plymouth Housing Group, and Kenmore Housing LLC as set forth in Exhibit 1, attached hereto and incorporated by reference as if set forth in full.

Section 3. Execution of Agreement. The City Manager is authorized and directed to execute a Development Agreement with the City of Kenmore, Plymouth Housing Group, and Kenmore Housing LLC substantially in the form of the Development Agreement attached as Exhibit 1 to this Ordinance.

Section 4. Effective Date. This Ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after the date of publication.

PASSED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE 11th DAY OF DECEMBER, 2023.

[signatures to follow on next page]

CITY OF KENMORE

Nigel Herbig, Mayor

ATTEST/AUTHENTICATED:

Anastasiya Warhol, City Clerk

Approved as to form:

Dawn Findlay Reitan, City Attorney

Filed with the City Clerk:
Passed by the City Council:
Ordinance No. 23-0600
Date of Publication:
Effective Date:



City of Kenmore, Washington

November 17, 2023

To: Mayor and City Council

From: Rob Karlinsey, City Manager

Re: City Manager's Recommendation for the Development Agreement for 6532 Bothell Way NE, Kenmore WA 98028

Recommendation: The City Manager recommends that on December 11, 2023, the City Council approve the Development Agreement (Ordinance 23-0600) with the City of Kenmore, Plymouth Housing Group, and Kenmore Housing LLC. The City's development agreement process requires a Council super-majority approval (five votes). Council adoption of Ordinance 23-0600 would approve the Development Agreement and authorize the City Manager to execute the Agreement on behalf of the City.

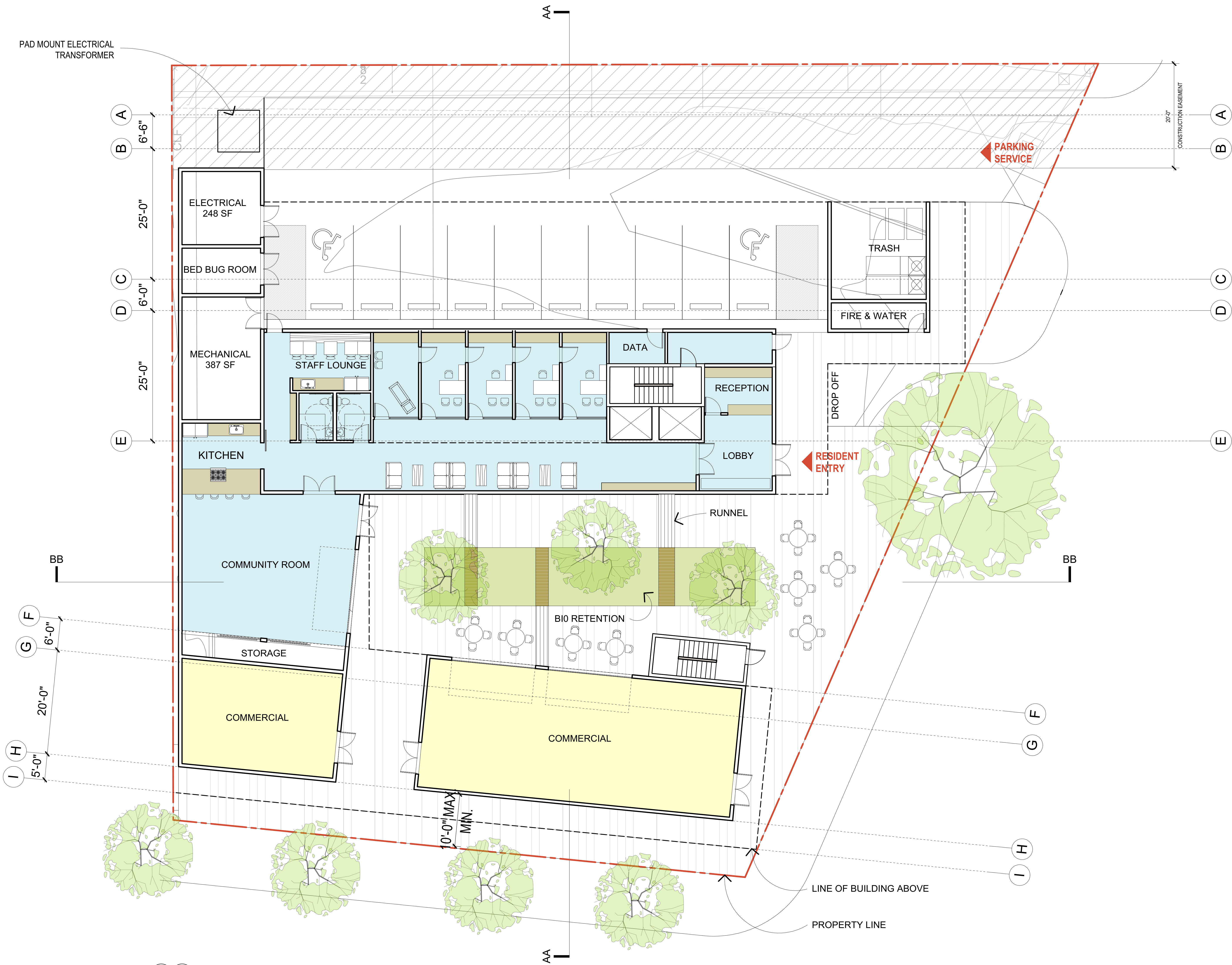
Background: The Kenmore City Council's number one priority for 2021-2022 was to *increase and preserve the options for affordable housing stock*. This is the Council's number two priority for 2023 and will return to its number one priority in 2024. In support of this Council priority, the City issued a Request for Proposals (RFP) for affordable housing on City-owned property at 6532 Bothell Way NE in spring 2022. The City selected the Plymouth Housing Group proposal to construct and operate a development that includes:

- A six-story building with five stories of residential units and the ground floor including commercial space;
- 100 residential units with a mix of one-bedroom and studio units, all intended for individuals at or below 30% of Area Median Income;
- On site resident services and property management provided by Plymouth;
- An outdoor courtyard area constructed and available for residential tenants

The City is processing a building permit application (BLD23-0614), a Type 1 decision concurrently with this Development Agreement. The application includes Conceptual Plans, incorporated herein by reference, which depict the Affordable Housing Project. The proposed Development Agreement provides flexibility from specific zoning code regulations pursuant to Chapter 18.110 KMC to allow for public benefits; in this case, the public benefit is the provision of affordable housing.

18120 68th Ave NE, Kenmore, WA 98028





Plymouth Housing
Building Hope. Transforming Lives.



Environmental Works
COMMUNITY DESIGN CENTER

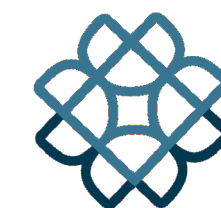
402 15th Avenue East
Seattle, Washington 98112
206.325.6300
206.325.5494 fax

Kenmore Supportive Housing
New Construction

6532 Bothell Way
Kenmore WA 98028

Date
XX Month 20XX
Drawing Issue
Revisions

Drawn by:
ABC / DEF
Checked by (P.M.):
XXX
Checked by (Q.C.):
XXX
Project No.
XX-XXXX



402 15th Avenue East
Seattle, Washington 98112
206.325.6300
206.325.5494 fax

**Kenmore Supportive
Housing**
New Construction

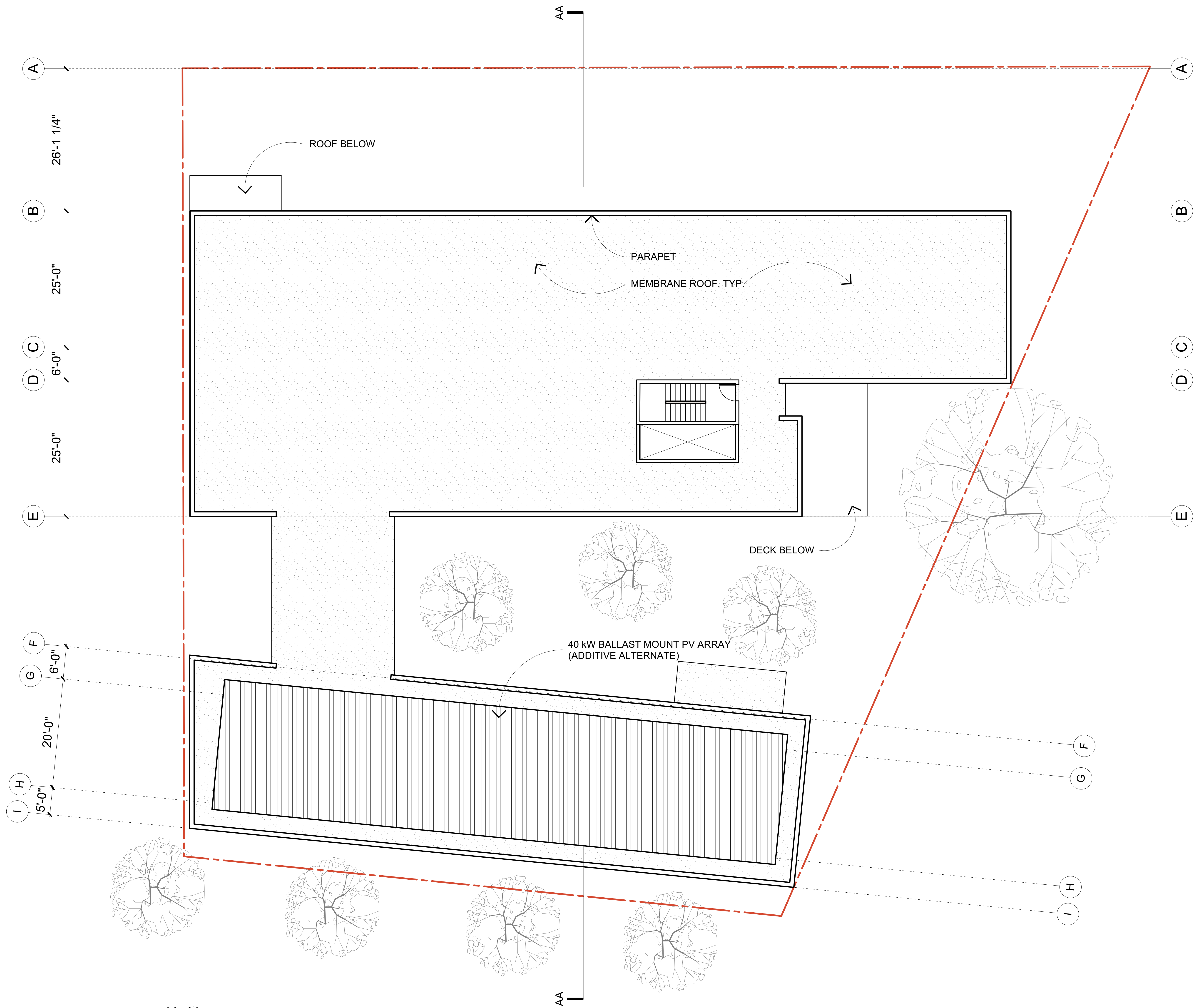
6532 Bothell Way
Kenmore WA 98028

Date
XX Month 20XX
Drawing Issue
Revisions

Drawn by:
ABC / DEF
Checked by (P.M.):
XXX
Checked by (Q.C.):
XXX
Project No.
XX-XXXX







402 15th Avenue East
Seattle, Washington 98112
206.329.8300
206.329.5494 fax

Kenmore Supportive Housing

New Construction

6532 Bothell Way
Kenmore WA 98028

Date
XX Month 20XX
Drawing Issue
 Revisions

Drawn by
ABC / DEF
 Checked by (P.M.):
XXX
 Checked by (Q.C.):
XXX
 Project No.
XX-XXXX



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Environmental Works
COMMUNITY DESIGN CENTER

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206.325.5494 fax

Kenmore Supportive Housing
New Construction

6532 Bothell Way
Kenmore WA 98028

Date
XX Month 20XX
Drawing Issue
Revisions

Drawn by:
ABC / DEF
Checked by (P.M.):
XXX
Checked by (Q.C.):
XXX
Project No.
XX-XXXXA



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Environmental Works
COMMUNITY DESIGN CENTER

402 15th Avenue East
Seattle, Washington 98112
206.325.6300
206.325.5494 fax

Kenmore Supportive Housing
New Construction

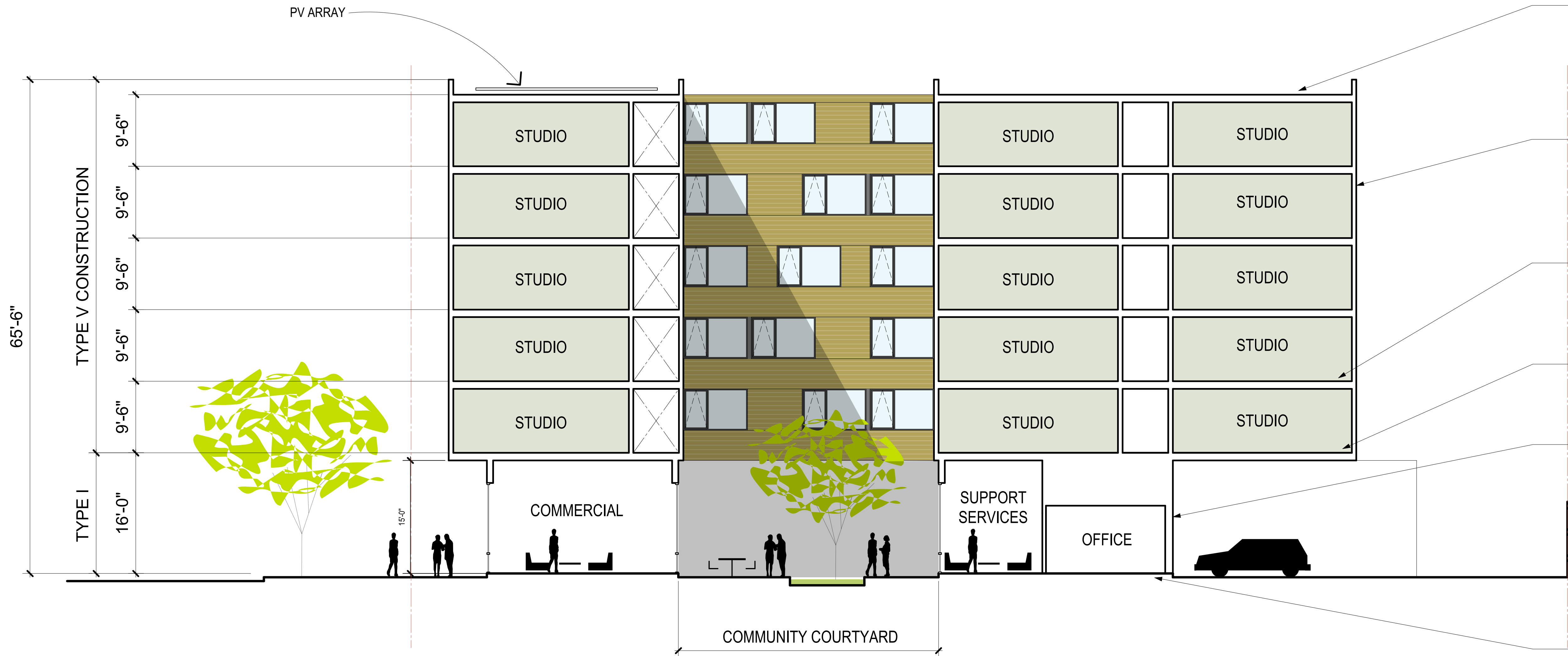
6532 Bothell Way
Kenmore WA 98028

Date
XX Month 20XX
Drawing Issue
Revisions

Drawn by:
ABC / DEF
Checked by (P.M.):
XXX
Checked by (Q.C.):
XXX
Project No.
XX-XXXXA



2 SECTION BB - NORTH ELEVATION COURTYARD
SCALE: 1/8" = 1'-0"



1 SECTION AA - WEST ELEVATION COURTYARD
SCALE: 1/8" = 1'-0"

ROOF ASSEMBLY
SINGLE PLY MEMBRANE ROOFING
TAPERED RIGID INSULATION (R38 MIN.)
SELF-ADHERED AIR BARRIER
1/2" STRUCUTRAL SHEATHING
12" PLYWOOD WEB/JOIST FRAMING @ 24" O.C.
(2) LAYERS 5/8" TYPE X' GWB

TYP. WALL ASSEMBLY (FLOORS 2-6)
SIDING PER ELEVATIONS
1x4 P.T. RAINSCREEN FURRING STRIPS @ 24" O.C.
SHEET AIR/WEATHER BARRIER
1/2" STRUCTURAL SHEATHING
R25 BATT INSULATION
2x8 STUD WALL @ 24" O.C.
SHEET VAPOR RETARDER
(1) LAYER 5/8" TYPE X' GWB

TYP. FLOOR ASSEMBLY (FLOORS 3-6)
FINISH FLOORING
1" GYPCRETE OVER 1/4" SOUND MAT
3/4" PLYWOOD SHEATHING
11-7/8" PLYWOOD WEB JOISTS @ 16" O.C.
3-1/2 BATT ACOUSTICAL INSULATION
1/2" FURRING CHANNELS
(2) LAYER 5/8" TYPE X' GWB

FLOOR ASSEMBLY (2ND FLOOR)
10" P.T. CONCRETE SLAB
R38 BATT INSULATION (OVER UNHEATED SPACE)
SUSP. ACT CEILING AT COMMON AREAS AND OFFICES

WALL ASSEMBLY (1ST FLOOR)
10" CONC. WALL
R6 RIGID INSULATION
3-5/8" MTLSTUD FRAMING W/ R15 BATT INSULATION
SHEET VAPOR RETARDER
5/8" TYPE X' GWB

SLAB-ON-GRADE ASSEMBLY (1ST FLOOR)
4" CONC. SLAB ON GRADE
OVER R10 PERIMETER RIGID INSULATION
15 MIL VAPOR RETARDER
4"-6" FREE DRAINING MATERIAL PER SOILS REPORT



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Environmental Works
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402 15th Avenue East
Seattle, Washington 98112
206.325.6300
206.325.5494 fax

Kenmore Supportive Housing
New Construction

6532 Bothell Way
Kenmore WA 98028

Date
XX Month 20XX
Drawing Issue
Revisions

Drawn by:
ABC / DEF
Checked by (P.M.):
XXX
Checked by (Q.C.):
XXX
Project No.:
XX-XXXX

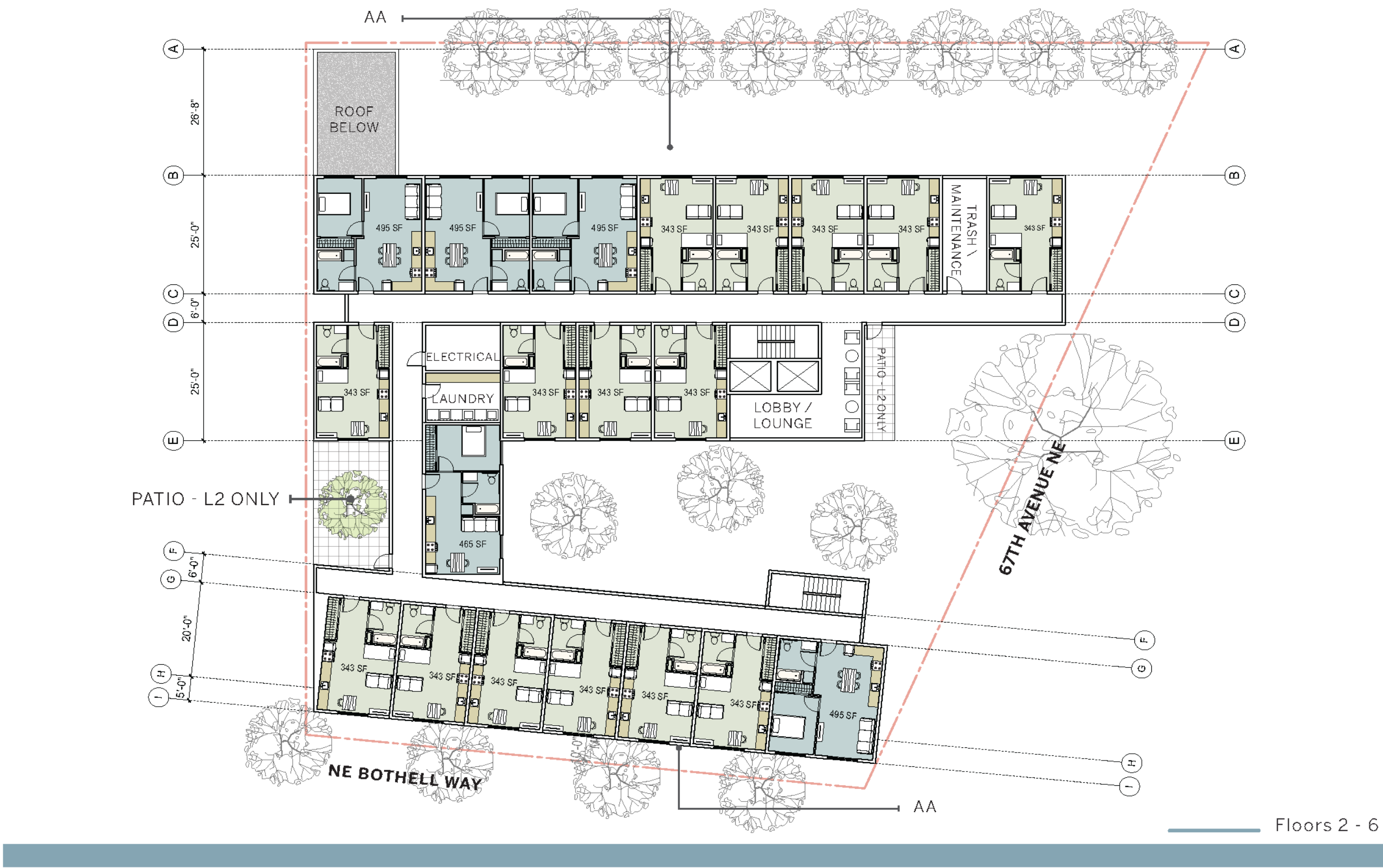






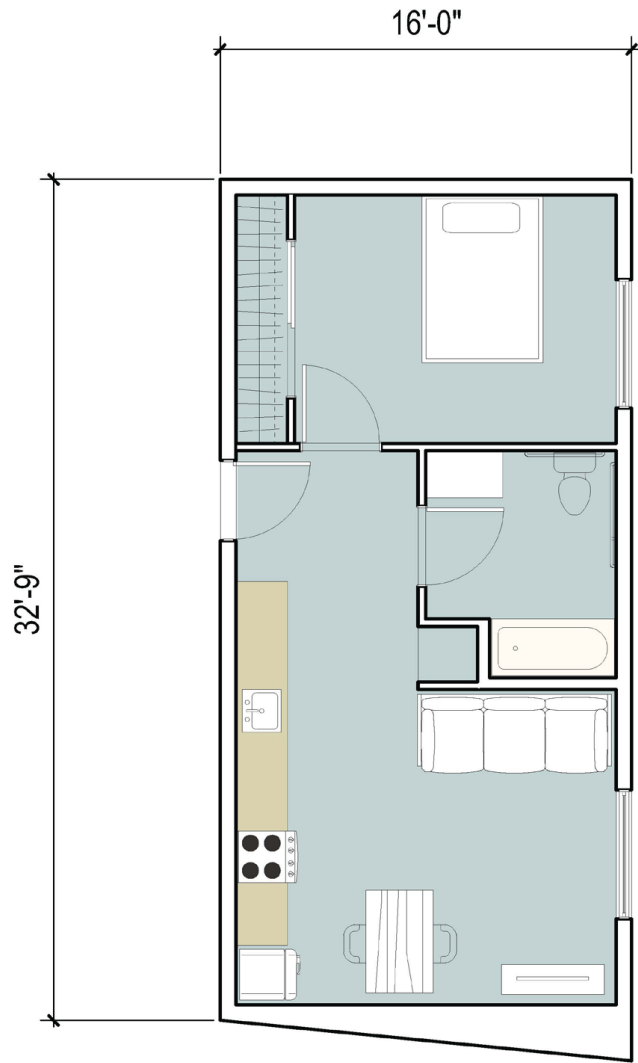
Affordable Living for Seniors in Downtown Kenmore
Kenmore Senior Housing



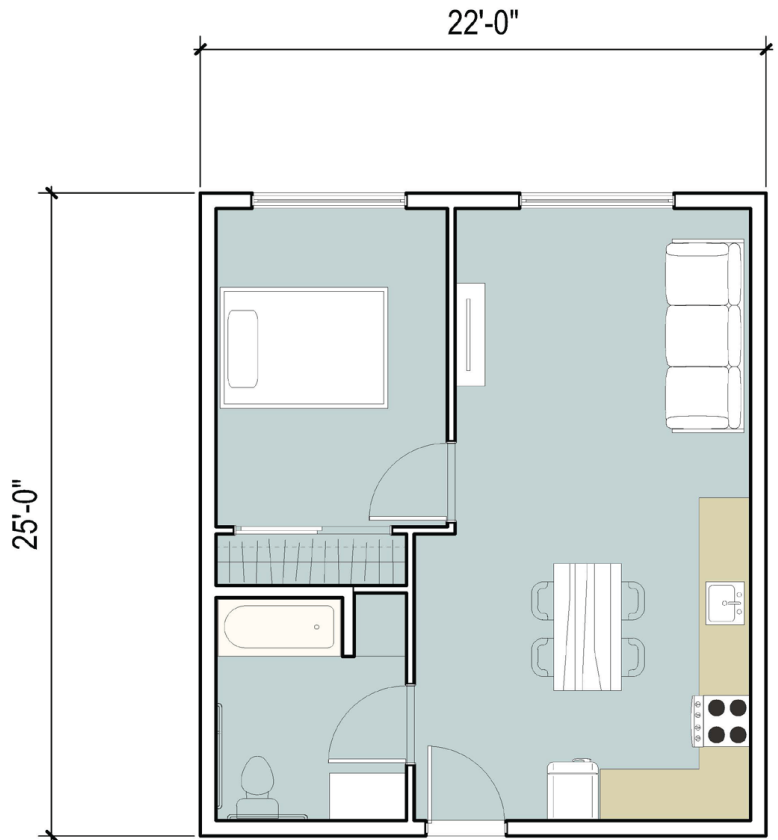


Affordable Living for Seniors in Downtown Kenmore
Kenmore Senior Housing

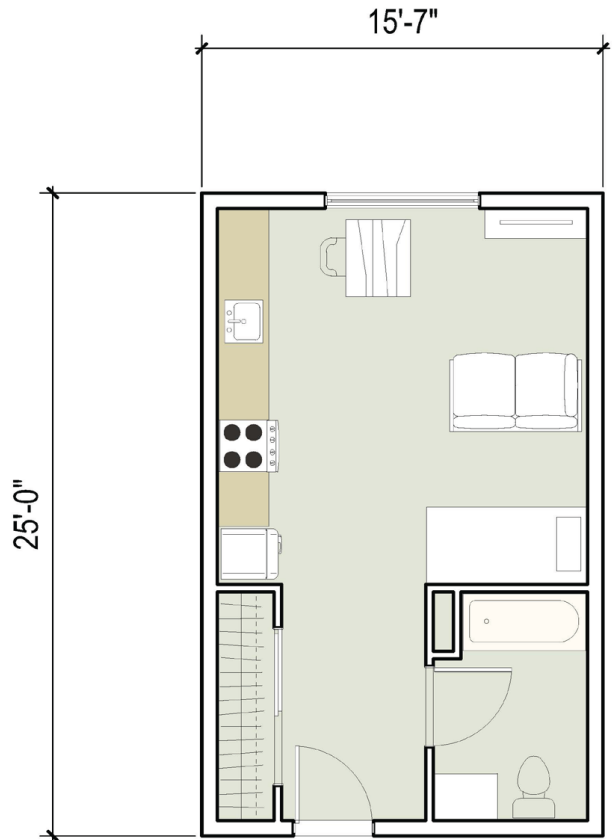




A
1 BEDROOM: 465 SF.



B
1 BEDROOM: 495 SF.

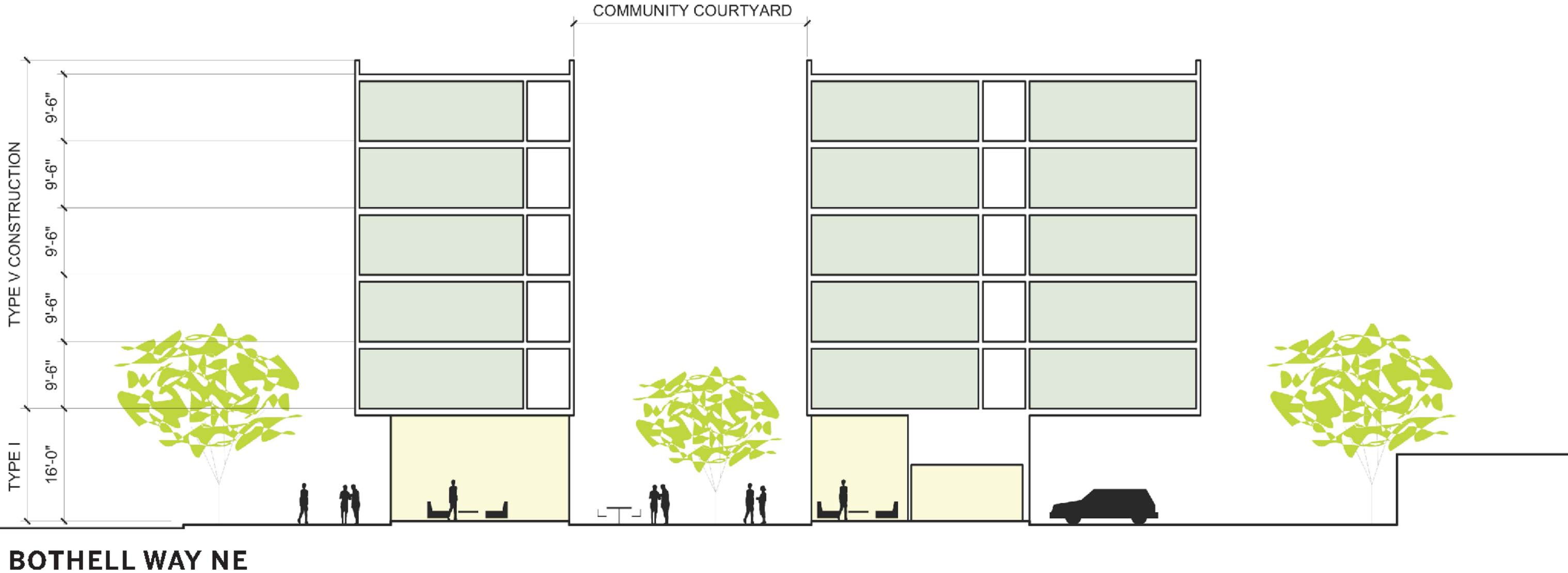


C
STUDIO: 343 SF.

Unit Plans

Affordable Living for Seniors in Downtown Kenmore
Kenmore Senior Housing





Section AA

Affordable Living for Seniors in Downtown Kenmore
Kenmore Senior Housing





VIEW @ BOTHELL WAY



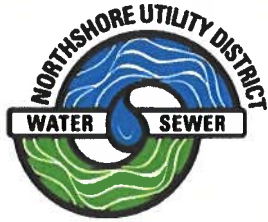
VIEW @ 67TH AVENUE NE

COMMUNITY COURTYARD









NORTHSHORE UTILITY DISTRICT

Page 106 of 236

6830 NE 185th St. | Kenmore, WA 98028
Ph: (425) 398-4400 | www.nud.net

November 14, 2023

Tambi Cork
City of Kenmore
18120 68th Ave NE
Kenmore, WA 98028

**Re: City of Kenmore – 6532 NE Bothell Way
Development Agreement – Northshore Utility District (NUD) Easement**

Dear Ms. Cork,

This letter is to confirm that if the Development Agreement at 6532 NE Bothell Way does not revise or terminate the existing sewer easement on the real property located 6532 Bothell Way NE, Kenmore, Washington, 98028, Recording No. 5888275, NUD will not object to, contest or appeal any terms and conditions of the approved development agreement.

Any new development will trigger the review and approval of the District's utility design including any existing and proposed easement per NUD's Policy and Procedures.

If you have any questions, please contact me at acampbell@nud.net or at (425) 521-3728.

Sincerely,

Amanda Campbell
General Manager



City of Kenmore, Washington

Memorandum

Date: December 8, 2023

To: Kenmore City Council

Cc: Rob Karlinsey, City Manager

From: Samantha Loyuk, Development Services Director 

Re: **Plymouth Housing Q & A**

Background: City Council's number one priority for 2021-2022 was to increase and preserve the options for affordable housing stock. In support of this goal, the City developed a Request for Proposals (RFP) for affordable housing on City-owned property at 6532 Bothell Way NE. The City received three responses to the RFP. At the June 21, 2022 City Council meeting, Council unanimously approved the selection of the proposal submitted by Plymouth Housing (Plymouth) in response to the RFP and authorized the City to move forward with creating a partnership with Plymouth and A Regional Coalition for Housing (ARCH) to develop affordable housing consistent with Plymouth's proposal. When the partnership with Plymouth was approved by Council on June 21, 2022, the proposal was described as serving those at or below 30% Area Median Income (AMI) with a focus on seniors, veterans, individuals with disabilities and those who were formerly homeless.

The two main funders of affordable housing projects in Washington State are the Washington State Department of Commerce (Commerce) and the Washington State Housing Finance Commission (WSHFC). This affordable housing project competed in the September 2022 state funding round and was partially funded; Mayor Herbig, Councilmember Baker, Karen Peterson from Plymouth, City lobbyist Shelly Helder, and City staff then lobbied the Legislature for a direct appropriation. The Plymouth team also explored and applied for other funding. In the end, those efforts were successful and the project was one of only a handful projects (out of 60 proposed) that were fully funded this year by Commerce and WSHFC; 75% of the project funding (\$30 million) comes from these two sources. Our partners at A Regional Coalition for Housing tell us it is extremely rare for a project like this to be funded in its first funding round.

The condition that came with the funding for this building from both Commerce and the WSHFC is that all the individuals that become tenants of this residents must be "exiting homelessness" – which means they may be couch surfing, living in a shelter or transitional housing, or imminently at risk of becoming homeless (that last piece is new information, and Plymouth will be sure to explain this more fully in their presentation

Monday). These funding requirements, which we learned about recently when the official funding letters arrived, have made some of the realities of the Plymouth proposal appear more stark, but are consistent with the intent of this project from the beginning, which was to include some formerly homeless individuals in the project. The only difference is that we didn't know how many formerly homeless or exiting homeless individuals would be included. The question about how many formerly homeless or exiting homeless individuals to be served was answered definitively with the Commerce and WSHFC funding requirement that all residents must be exiting homelessness.

We have been consistent about this project serving those at 30% AMI, and seniors, veterans and individuals with disabilities, along with those who were formerly homeless, and that focus is still the case. Seniors will always be a primary focus; 60% of Plymouth residents are seniors across all of their buildings. Plymouth remains dedicated to these goals and has the referral process in place to make this a reality in 2025 when the building begins leasing up.

In addition, [HB 1220](#) (2021) requires cities to plan for and accept all ranges of affordable housing, including 0-30% AMI and Permanent Supportive Housing. King County [calculated](#) the number of 0-30% AMI housing units that Kenmore is required to plan for and accept over the next 20 years, which is over 1600 units. More than 500 of the 0-30% AMI units must be Permanent Supportive Housing, which is what Plymouth is providing in this proposal. This development helps the City comply with the state requirement.

[RCW 35.21.689](#), which was adopted in 2019, states that "a city may not prohibit permanent supportive housing in areas where multifamily housing is permitted."

In accordance with KMC 18.110.050.B, on October 23, 2023, Council approved the threshold decision to move forward with processing the Plymouth development agreement application. A public hearing was held on November 27, 2023, to receive public comment on the proposed development agreement. A second public hearing is scheduled for December 11, 2023.

Questions: The following questions were received via email from City Council members. Responses to questions are provided by Plymouth and City staff.

Mayor Herbig

1. I've seen other cities have some number of units be "set aside" for local placements. Usually it's a percentage of units for some amount of time as a project opens, to help ensure that people living in the community are given a chance to live in the new development. Could you please check in with Plymouth to see if this is something that could be done with their proposed project, and if so, how they would recommend it be done/structured/etc?

Response: We can prioritize local referrals for the Kenmore project. For instance, at the Plymouth Crossing property, Plymouth committed to a goal of housing at least 60% of the residents from local referral partners (though the number ended up being much higher). While this can be a goal, we can't legally designate that certain units are for certain people based on where they currently live. Plymouth is committed to a

goal of 100% of residents being housed in partnership with local referral partners from inside of Kenmore and the surrounding area (Mary's Place in Kenmore is an example). Should the development agreement pass, we would start working with local partners immediately to sign MOUs committing them and us to start a pipeline of referrals from the local community as soon as the building opens.

Council Member Kugler

1. Do you have any information on what "low barrier" housing means and entails?

Response: At Plymouth, we believe in the "Housing First Model." In short, it's exactly that: housing before anything else. Plymouth offers homes to people experiencing homelessness because we believe that everybody deserves a home.

We know that stable housing transforms lives. Without a home, people cannot meet their basic needs. Sleeping, eating, and bathing become monumental tasks. And many people experiencing homelessness also live with disabilities and other challenges that make it hard to find stable housing. Instead of getting the support they need, their challenges are furthered by life on the street.

Once somebody has experienced homelessness, they often have more of a challenge securing future housing due to barriers like rental history requirements, credit checks, and up-front security deposits. At Plymouth, we lower barriers so that our housing is accessible to the people that need it. Our model of permanent housing, coupled with wraparound supportive services and on-site health care, gives our residents the solid base they need to rebuild their lives and leave homelessness behind forever.

An individual qualifies as exiting homelessness if they are: living in a temporary shelter, living outside, living in an automobile, living with family or friends in an overcrowded situation or at imminent risk of homelessness.

We know that this model works, as 97% of our residents stay housed once they enter a Plymouth building.

2. Would it be possible for Councilmembers to tour the Plymouth development in Bellevue (or one similar to what is proposed in Kenmore)?

Response: We are more than happy to provide tours for anyone who would like them. Since we can't possibly do this before the Council considers the project on Monday, you are welcome to watch a recording of a tour at Simons Senior Apartments: https://www.youtube.com/watch?v=jS_a16yh848.

3. What if this decision were delayed for a month to better communicate the changes to the community?

Response: First and foremost, we regret that there was low turnout at our first Community Engagement event that we held in September ([a recording of which is available on our website](#)). We had hoped that having it on the City's calendar of events and mailing out postcards to residents within a 500-foot radius of the building

Page 110 of 336
would be enough to get the word out. We will be holding [another Community Engagement meeting on Sunday, 12/10 at 7:00](#) due to the uptick in interest and questions surrounding the project. Plymouth staff have also met with individual residents and responded to all questions received from the community over the last few months.

There would be several consequences to delaying this vote by a month. First, our funding commitments are tied to project completion date/year and financial market conditions. Delaying the project could inhibit our ability to utilize some of the funding we are anticipating spending by a certain date, meaning we may need to reapply for certain funding sources. Additionally, we have received terms such as equity pricing and interest rates from our investor/lender partners that are only available to us for a certain period of time before we close on the financing. Should there be a delay in closing, the terms we receive may change exponentially, especially in light of fluctuating interest rates. Perhaps most damaging would be a fluctuation in construction pricing. Over the past year, we have seen construction costs rise at an alarming rate. Our contractor and subcontractors are only able to provide an estimate and hold on their pricing for a short amount of time. By delaying a decision, even by a month, we run the risk of prices increasing even further.

4. In the recent affordable housing proposal from Imagine Housing and SKCHH, they said that they could use a tie/connection to the community as a factor for prioritizing residents. How does that differ from what Plymouth said is discrimination in housing based on geography? Could we also use a tie/connection to the community when scoring potential residents?

Response: I think we are both saying the same thing. Imagine and SKCHH may also be utilizing community partnerships (what we refer to as “referral partnerships”) to find qualified tenants for their building, so it is likely very similar to the strategy we are proposing. Again, Plymouth is committed to a goal of 100% of residents being housed in partnership with local referral partners from inside of Kenmore and the surrounding area (Mary’s Place in Kenmore is an example). Should the development agreement pass, we would start working with local partners immediately to sign MOUs committing them and us to start a pipeline of referrals from the local community as soon as the building opens. Currently, none of our funding requires that this development utilizes the Coordinated Entry for All system. We are able to access the system, but are not required to do so, which allows more flexibility with how we identify our lease-up and referral process. We do not implement a “scoring” process to select residents. This could be potentially harmful and discriminatory.

5. How do the services and service levels that Plymouth planned to offer on-site differ between when they originally proposed the project and after we found out about the Commerce Department’s funding criteria for all residents to have been unhoused? I’m not sure if this question is clear, I’m assuming that support services would need to be greater, so if Plymouth does not perceive this to be true, then may I understand why?

Response: Nothing has changed about the services and service levels from the original project proposal and where we are today. We are planning to offer the same robust level of services that we do at every Plymouth building. Our service model,

perfect over 40 years of experience in affordable housing, does not fluctuate significantly between buildings, we simply cater our regular model to suit the needs of the residents. At the Kenmore building, we anticipate a staffing model of at least 4 Case Managers, 5 Resident Specialists (front desk employees who staff the front desk 24/7), a Tenant Support Aide, Community Specialist, Safety Ambassador, and Site Director. This services-focused staff is in addition to our property management and maintenance staff, who will be responsible for the ongoing maintenance and care of the physical building.

6. Residents were very supportive of the original proposal, so it seems that it is the requirement that all residents be unhoused that is causing concern. I'm wondering where we go from here, if we don't accept that funding and its terms. What options are available to us, if we decline the Commerce funding?

Response: If we do not accept this funding, this project, and possibly any future affordable housing in Kenmore, are not likely to happen. There is no alternate funding source for 30% AMI housing in Washington State. This is what that housing looks like, how it is funded, and we worked very hard – together – to secure that funding. If we refuse these funding conditions, this development (and possibly others) will not happen.

Commerce is prioritizing funding for projects that provide housing for those most in need: *those who are unhoused*. In order to be competitive, we must meet that priority. Simply put, projects that are unwilling to offer housing to people experiencing homelessness are not competitive for funding. There are insufficient funding sources available to build 30% AMI housing without these requirements.

We would like to highlight to the Council that in general, households who are making 30% or less of the Area Median Income (\$28,800 annually) are housing insecure or already experiencing homelessness. For example, if a resident is paying \$1,200/month in rent, that leaves them only \$14,400 to cover their other expenses for the year; this often requires people to make impossible decisions about whether to retain housing or pay for other basic needs.

Plymouth's mission is to "work to eliminate homelessness and address its causes by preserving, developing and operating safe, quality, supportive housing and by providing homeless adults with opportunities to stabilize and improve their lives." They have been excellent partners to the City through this entire journey and have met with the City team every week to work out countless questions, issues and challenges along this journey. Plymouth's team has come to Council at least six times to present on this project and to answer questions. They held a community engagement session and have a very robust website with information, FAQs and details about who they are and this project specifically. We cannot control the requirements for state funding, but we can control the choice of an excellent, trusted partner in Plymouth who has more than 40 years of experience in affordable housing. We need to trust our expert partners as we navigate this moment and proceed to provide much needed housing and to be part of the regional solution to our affordable housing crisis.

Another important consideration is that the funders of this project (Commerce and WSHFC) are the same funders that we would enlist for any affordable housing project moving forward. The efforts we all made to secure this funding meant that our project leap-frogged over housing developments that have been seeking funding for years – these funds are extremely competitive, and the City’s support gave the Plymouth project a huge advantage in the funding decisions. If we decline this \$30 million from Commerce and WSHFC, it is very possible that future funding requests for projects in Kenmore would not receive similar favorable consideration by those two funders. Without Commerce and WSHFC funding, it is virtually impossible to get affordable housing projects completed in Washington State.

Council Member Srebnik

1. Could you please provide an update re: the possible tenants/uses for the Plymouth project ground floor (given that Bastyr pulled out of the project). In particular, I am wondering what uses are being considered that could be open to the public and considered an amenity. Along these lines, might there be an opportunity to have a rooftop view use that could be open to the public?

Response: Plymouth would still like to lease the commercial space to a health-care related organization that is open to the public. We are currently in preliminary conversations with [Vituity](#), a physician-owned healthcare entity dedicated to building a more equitable healthcare system for all. Plymouth partners with Vituity at Plymouth Crossing in Bellevue to provide medical service to our residents. In this clinic, we imagine a space that can be utilized by our residents and the community alike. We hope that this partnership will come to fruition in the new year and will keep the council engaged in our progress. A rooftop deck was not part of the original proposal and is not possible to include.

2. Could Plymouth also provide the statistics about how many police calls they have needed for projects of similar size and demographics?

Response: As we look at the future Plymouth building in Kenmore and how it may add to emergency response and incidents in the neighborhood, we have the below data from the past 365 days to share with you from the three buildings in our portfolio that are most like the population we plan to serve at the Kenmore building.

Building	AMR or PD Transfer	EMS Response	Fire Response
Building A (Senior Building, most residents are 65+)	20	59	1
Building B	5	28	8
Building C	10	15	17

As you can see, most calls to emergency services at our other buildings are health related. This is unsurprising as our residents who have experienced homelessness often face more health challenges than people who are housed. When people are stably housed, their health outcomes improve significantly because they are

Page 113 of 236

sheltered from the elements, can rest, and have a place to practice good hygiene (in addition to the case management services we provide). We also know as an industry that permanent supportive housing is cost effective – the cost for 16 days in the hospital is equal to the cost of one year of housing at a Plymouth building.

Council Member Pfeil

1. Is it possible to get a Memorandum of Understanding for: a set # or % of beds for Kenmore Residents, and/ or an ILA?

Response: See answer to Mayor Herbig's question above.

2. How many jobs will be produced with this development and construction?

Response: According to our contractor, this project will provide jobs for approximately 50 FTEs. It is difficult to say how many employees total will work on the project at this point.

3. How many or % will be Union Labor & how many will be apprenticeship will be made available?

Response: This project will be paying union scale wages so there is an opportunity for a high level of union participation. Our goal on these projects is to provide an apprenticeship opportunity for approximately 15% of the workforce.

4. Fueling the local job force - how many jobs will be filled or fueled by local residents and union workers for priority employment through the contract?

Response: We do not have a priority to employ Kenmore residents. If the Council knows of any kind of organizations that our contractor could work with, they would be happy to put on a job fair. We are proud to pay Washington State Prevailing Wage to all workers on the project. Plymouth itself is a union employer.

While there has been robust discussion at various City Council meetings, no questions were received via email from Deputy Mayor O'Cain, Council Member Baker, and Council Member Marshall.

Development Agreement for Property at 6532 Bothell Way NE Kenmore Supportive Housing

Kenmore City Council Meeting
Second Public Hearing
December 11, 2023



Action Requested Tonight

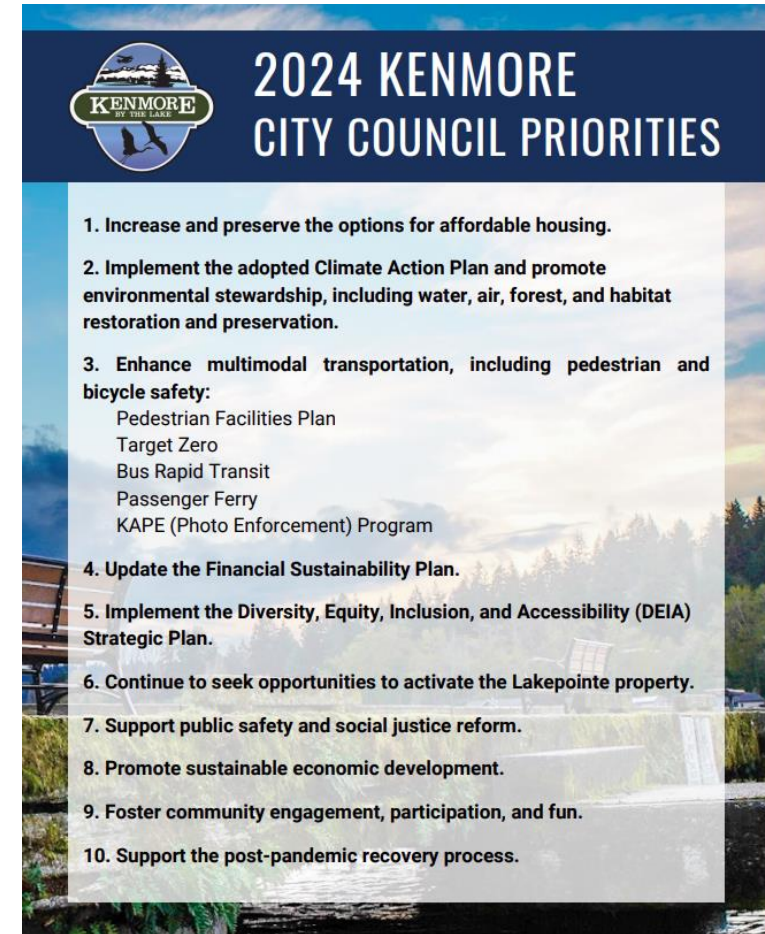
Adopt Ordinance No. 23-0600, approving the proposed Development Agreement in accordance with KMC 18.110 for the real property located at 6532 Bothell Way NE, Kenmore, Washington, 98028 between the City of Kenmore, Plymouth Housing Group and Kenmore Housing, LLC



Why We Are Here: City's #1 Priority for 2024 is Affordable Housing

Recognizing the affordable housing crisis

- Affordable housing is the Kenmore City Council's number two priority for 2023
- It was the City Council's number one priority for 2021-2022
- It will return to the City Council's number one priority for 2024
- This proposed development is specifically called out in 7.3.3 of the DEIA Five-Year roadmap



City Council's Direction on Affordable Housing

Directed city staff to do two things:

- Create affordable housing policies
- Build affordable housing units on the ground
 - Building units on the ground is expensive and requires State and other funding
 - That funding is extremely competitive and comes with requirements
 - Building units on the ground requires a partner
 - RFP process and selected Plymouth
 - Plymouth is a trusted partner with 40 years of experience



Thank You Council for Your Leadership

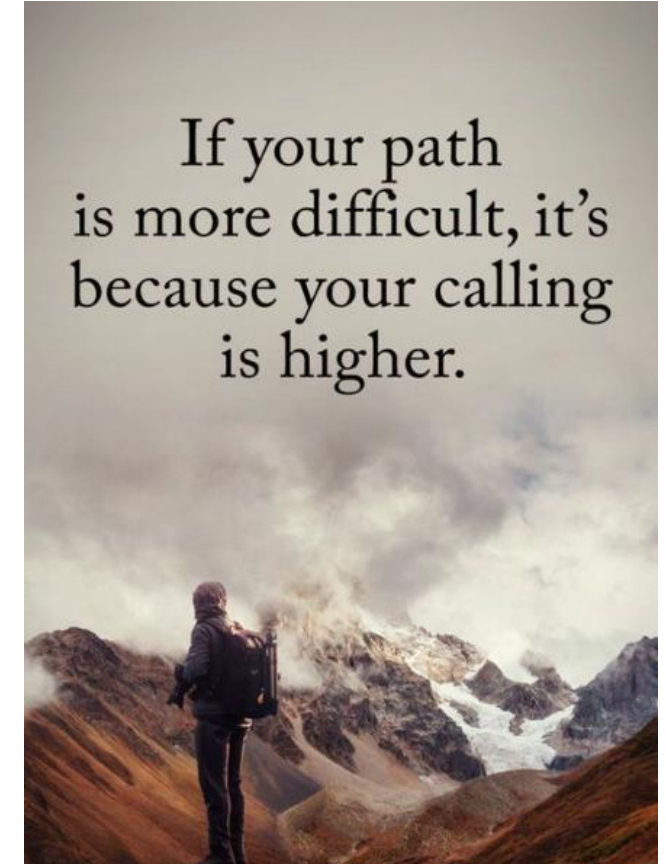
A leader is one who
knows the way,
goes the way, and
shows the way.
—JOHN MAXWELL

- Recognizing the regional affordable housing crisis
- Making affordable housing the City's top priority
- Directing staff to build affordable units on the ground and to utilize City property and funds in support of your goal
- Adding the Kenmore Supportive Housing project to your 2023 Legislative agenda
- Joining in lobbying visits with legislators to seek funding for the project
- We faced *many obstacles* along this two-year journey
- Your leadership, vision and efforts led to **full funding for the project**
- ***This is a legacy project that will benefit generations to come***
- Other cities across Washington are watching us as we lead by example



The Journey to Fully Funding This Project

- We climbed *a mountain* to get this project fully funded
- 18 months of work
- Funding for affordable housing projects is *extremely competitive*
- Washington State's affordable housing funders:
 - Department of Commerce (Housing Trust Fund)
 - Washington State Housing Finance Commission (Low Income Housing Tax Credits)
- For the September 2022 round, 60 projects were proposed statewide and only a handful were fully funded (including ours)
- It is *extraordinary* to get a project fully funded on the first round
- Thank you to Mayor Herbig, Councilmember Baker, lobbyist Shelly Helder, and Karen Peterson from Plymouth for joining us in lobbying meetings
- This project received **\$30 million in state funding** and sets us up for success with future projects, too



The Journey to Fully Funding This Project

State Funding Requirements

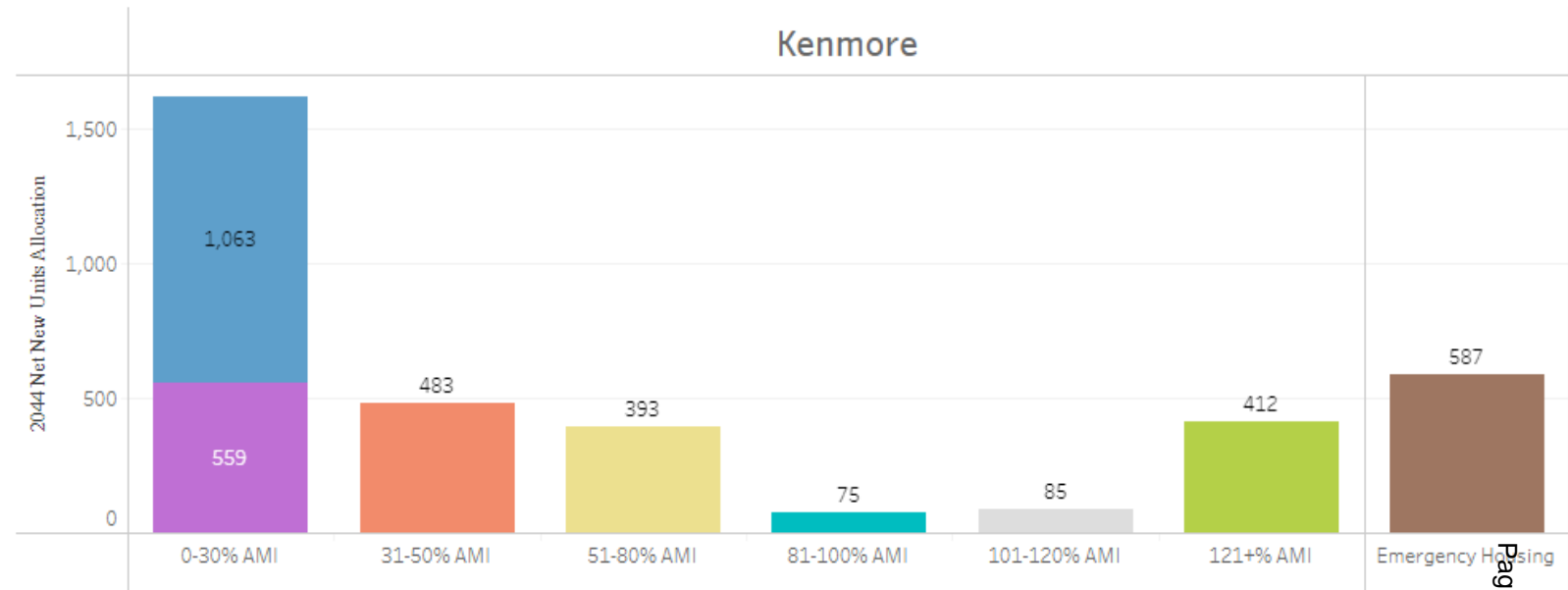
- The \$30 million in State funding came with requirements:
 - Income of 30% or less of Area Median Income
 - Homeless at Entry
 - “couch surfing”
 - living in transitional housing
 - staying in a shelter, or
 - Being at imminent threat of homelessness
 - Single adults with no children
 - Must maintain affordability for 50 years

Populations Assisted		
Population Type	Not Homeless at Entry	Homeless at Entry
General		**100
<i>Common Area / Manager*</i>		
Subtotals =		100
Total =	100	
<i>**Units identified as permanent supportive housing.</i>		



Doing Our Part and Complying with State Requirements

- [House Bill 1220](#) requires cities to plan for and accept all ranges of affordable housing
- [Kenmore](#) is required to plan for and accept over 1,600 units at 0-30% AMI over the next 20 years
- This includes 559 units of Permanent Supportive Housing, which is the type of housing Plymouth is providing in this proposal
- This development helps us comply with these state requirements



Data Notes: See Appendix 1 for Local Factors used.

Produced by King County Department of Community and Human Services, Performance Measurement and Evaluation, March 3, 2023



This is What Building Units on the Ground Looks Like

- Do our part to meet the region's affordable housing crisis
- Meet state mandates for cities to build affordable units
- Need outside funding and must comply with funding requirements
- Funding usually takes two or more years to secure
- Funding for future projects is dependent on our funding this one
- Select a trusted partner to lead us on this journey: Plymouth
 - Plymouth has 40 years of experience
 - Housing First model
 - Plymouth has been a wonderful partner in this work and we trust their leadership and expertise
 - Plymouth currently houses over 1,200 people in their 19 buildings



Kenmore City Council

December 11, 2023

Plymouth Housing



Wendy Tyau-Dumlao, left, a housing case manager for Plymouth Housing, with Leo, a Plymouth Housing resident who has achieved stability after homelessness.

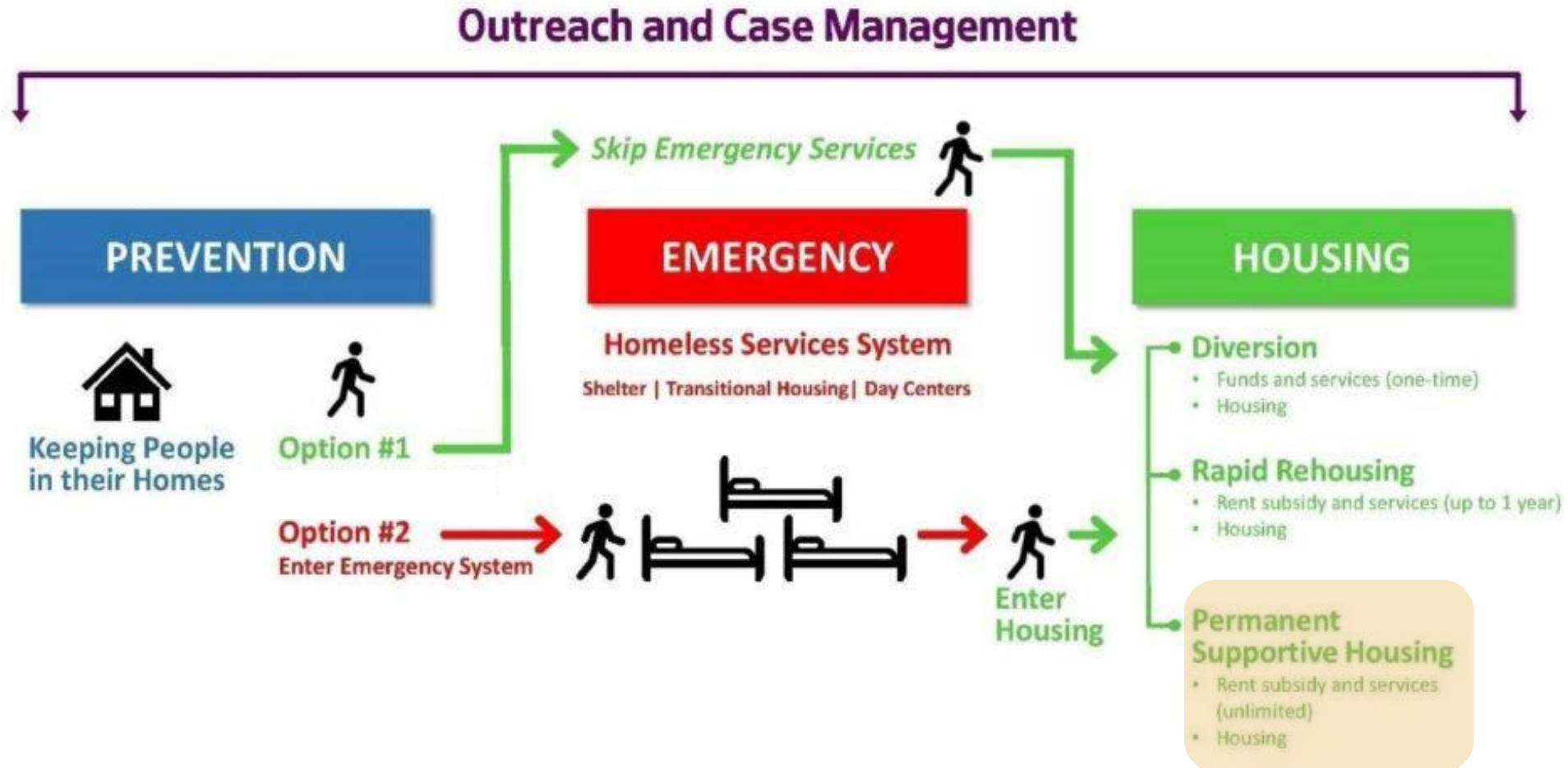
(Photo Credit: Rolan Wong)

Our Mission

Plymouth Housing Group works to eliminate homelessness and address its causes by preserving, developing and operating safe, quality, supportive housing and by providing homeless adults with opportunities to stabilize and improve their lives.



Addressing Homelessness Requires a Continuum of Care System



Housing + Support = Permanent Supportive Housing

Our model of permanent housing, coupled with wraparound supportive services, gives our residents the solid base they need to rebuild their lives and leave homelessness behind forever.

- By “**permanent**,” we mean that there is no time limit on our housing.
- By “**supportive**,” we mean that we connect our residents with services that can help them thrive.

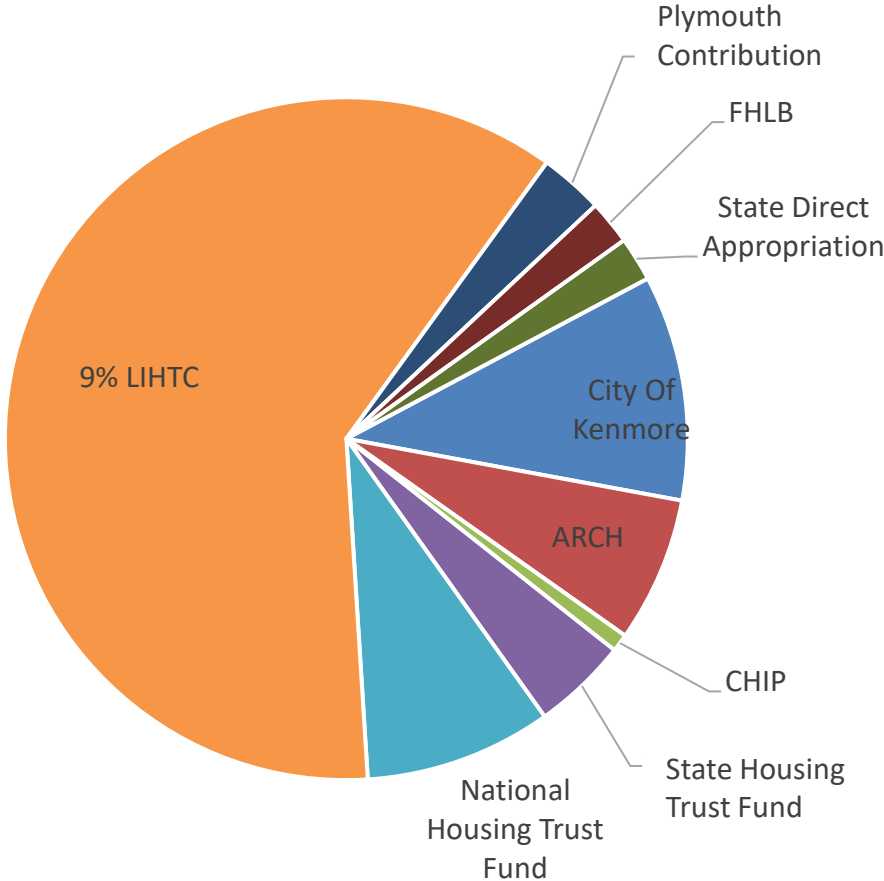
97%

of Plymouth's
residents
succeed in
maintaining a
permanent home
after leaving
homelessness.

Funding and Regulation

Kenmore Financing Sources*

Source	% of Total Funding
Washington State Housing Finance Commission (LIHTC Equity)	61%
City of Kenmore (Land & Funding)	11%
National Housing Trust Fund (NHTF)	9%
A Regional Coalition for Housing (ARCH)	7%
Washington State Department of Commerce (Housing Trust Fund)	5%
Plymouth Housing Contribution	3%
Federal Home Loan Bank AHP (FHLB)	2%
State Direct Appropriation	2%
Connecting Housing to Infrastructure (CHIP)	1%



*Pre-closing sources as of December 2023

Impact of Priorities in a Competitive Funding Environment

**For the last 10+ years to compete in the King County Pool,
Developments Must Serve Homeless**

Year	Scoring Range	Number of King County Developments Funded
2020	181-186	4
2021	188-189	4
2022	185-190	5
2023	180-188	4

- Highest Weighted Priority:
 - Housing Commitment for Priority Populations
 - Permanent Supportive Housing for Homeless
 - 35 Points in King County
 - One Point Makes a Difference
- Kenmore Supportive Housing Example:
 - Kenmore Points: 181
 - Kenmore Points without Selecting Priority Population: 146

State Funding Requirements for the Plymouth Kenmore Building

- Single Adult
- Making 30% or less of the Area Median Income (\$28,800 annually)
- Exiting Homelessness
- Must maintain affordability for **50 years**



Populations Assisted		
Population Type	Not Homeless at Entry	Homeless at Entry
General**	0	100**
<i>Common Area / Manager*</i>	0	0
Subtotals =	0	100
Total =	100	
<i>**Units identified as permanent supportive housing.</i>		

*Excerpt from
State Award
Letter
regarding
population
requirements.*

What does it mean to make 30% AMI or less in Kenmore?

- 30% of the Area Median Income in Kenmore is a **household income of \$28,800 annually**
- The cost of housing in Kenmore is 66% higher than the national average
- On average, rent for a Studio apartment in Kenmore is around \$1,200/month or 14,400 annually (not including utilities)
- The cost of living has increased for everyone; forcing many people into housing insecurity or homelessness at higher rates



What qualifies someone as “homeless”?

- Living outside (i.e., no fixed roof, in a park, in a tent, etc.);
- Living in a shelter or transitional housing
- Living in an automobile or recreational vehicle
- Living with family or friends in an overcrowded situation (does not meet occupancy standards)
- **At imminent risk of homelessness**



Plymouth Building Operations

Local Referral Partnership Commitment

- Plymouth works with local referral partners to find qualified residents
- Most residents referred to us have been working with a case manager to find adequate housing
- We have a **100% local referral goal** to fill the Kenmore building
- Targeting seniors, veterans, and people with disabilities in our outreach



Neighborhood Safety

- Monitored entry for residents and mandatory check in for guests
- Interior and exterior security cameras
- Regular coordination with neighbors
- 24-hour front desk
- Plymouth Safety Ambassador assigned to building
- Proactively maintain relationship with Kenmore Emergency Services



Resident Expectations

- All residents sign leases and follow building rules
- Our residents have rights and responsibilities
- In turn, Plymouth Housing follows Landlord-Tenant Laws and recognizes resident's rights to privacy
- King County Housing Authority requires and performs background checks



Parking

- Plymouth buildings typically do not offer parking to residents
- Owning a vehicle is often out of reach for residents (insurance, gas, maintenance)
- This site is walkable and close to transit
- Services are offered at the building to limit need for transportation
- Plymouth vehicle at the building to assist with transporting residents to appointments and activities
- Loading zone & access to rideshare on 67th Ave NE





**"I have a future. And I have
Plymouth Housing to thank for that."**

Deb White, Resident Board Member

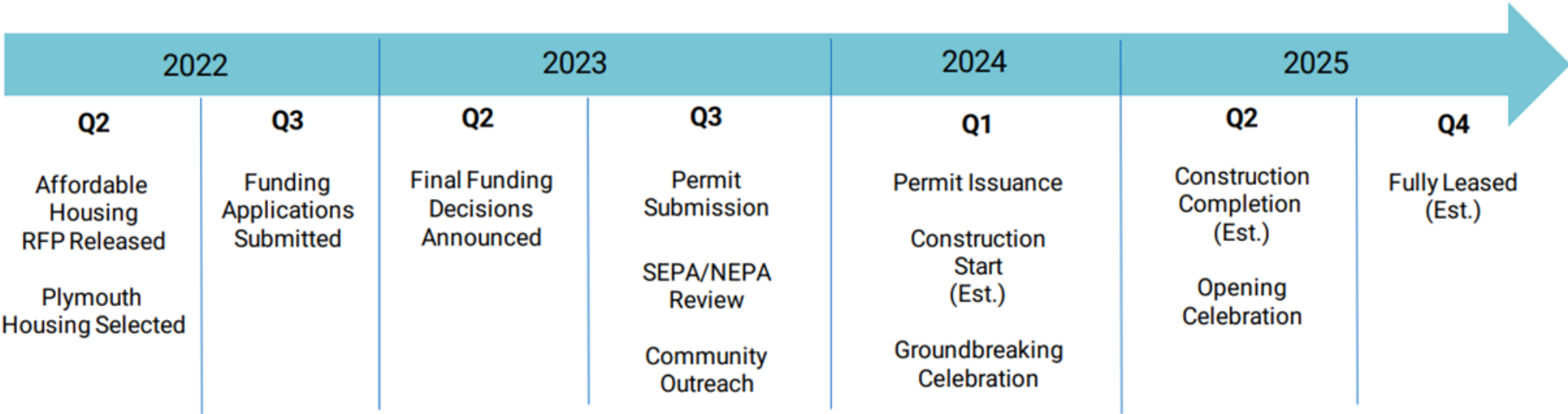
Overview of Kenmore Supportive Housing



- City parcel at 6532 Bothell Way
- Unique Partnership/Coalition
 - City of Kenmore
 - Plymouth Housing
 - ARCH
- Six-story building
- 100 affordable housing units
- Ground floor commercial space
- Onsite resident services
- Courtyard area



How Far We've Come and the Planned Timeline



Development Agreement Timeline

- Permit Application – 10/18/2023, as authorized by Council 6/21/2022
- Threshold Determination – 10/23/2023
- Development Agreement "approved as to form" - 10/27/2023
- City Manager Recommendation – 11/17/2023
- Public Notice
 - Mailed to property owners within 1,000 feet of the property:
 - Posted to the property as required by KMC 19.25.065:
 - Published in the Seattle Times: 11/17/2023 & 11/27/2023
 - City Manager's Recommendation available for review: beginning 11/17/2023
- Public Hearing #1 – 11/27/2023
- Plymouth hosts Community Engagement Meeting #2 – 12/10/2023 (first one was held 9/21/2023)
- Public Hearing #2 – scheduled for 12/11/2023
- Ordinance Adoption – scheduled for 12/11/2023



Modifications

Kenmore Municipal Code (KMC) Requirement	Proposed Deviation
KMC 18.25.020 Footnote 9(b) (depth) & KMC 18.25.040 Table B (density & setbacks)	The proposed Commercial Space frontage that abuts SR 522 ranges in depths from 21'-0" to 26'-4". The Project density is one hundred (100) Residential Units, as described Section.
KMC 18.25.040 Table B (setbacks)	The street setbacks for the ground floor of the building fronting SR 522 are ten (10) feet. The street setbacks for all upper floors of the building (other than the ground floor) fronting SR 522 are 5 feet. The street setback for all floors of the building fronting 67 th Avenue NE exceed ten (10) feet at the area of the Courtyard.
KMC 18.40.030.A, KMC 18.40.030.E, KMC 18.80.080.D.1 (parking)	Nine (9) off-street parking spaces are proposed. The Project includes eight (8) bicycle parking spaces (bike racks) and Plymouth will install in each Residential Unit a wall-mounted bike hook.
KMC 18.52.150 (setbacks): Properties Fronting SR-522.	A 10-foot setback is proposed on the ground floor fronting SR 522; a 5-foot setback is proposed for upper floors along SR 522. Setbacks along 67 th Ave NE exceed 10 feet at the area of the public plaza.
KMC 18.52.220 (roof form), KMC 18.52.300 (building materials), KMC 18.52.310.B (upper level setbacks, mass and bulk), KMC 18.52.100 (pedestrian walkways) and KMC 18.52.210 (building corners)	The design incorporates a flat roof with a consistent parapet height. The base of the building is expressed through a 12-foot datum line that separates the ground floor from the upper floors, which may be further expressed with a change of materials at ground floor, including vertical wood siding and storefront glazing. As part of an intentional architectural design, masonry materials are not proposed. As part of an intentional architectural design, the techniques applied to facades visible from public rights-of-way and public spaces to minimize apparent bulk and mass of building are not proposed. Pedestrian walkways varies in width through the site at eight (8) feet or greater, but several areas of the walkway narrow to six (6) feet in width. As part of an intentional architectural design, the courtyard opens up to 76 th Avenue NE and the building sides that face corners of public streets are not treated architecturally to emphasize the corner location.
Modification to Chapter 20.47 KMC Transportation, Park, and School Impact Fees.	Pursuant to KMC 20.47.040.A.6, the Project has a broad public purpose by providing low-income housing. Accordingly, the Project proposes an exemption from payment of transportation impact fees and park impact fees. An independent fee calculation was requested for school impact fees pursuant to KMC 20.47.140. The Northshore School District ("NSD") adjusted the school impact fees to \$0 with the understanding that the Project is designed to serve a resident population where no students will be generated. Plymouth will record a restrictive covenant prior to occupancy documenting the basis for the independent fee calculation and agreeing to the collection of school impact fees if the Project ever fails certification, or if the Residential Units are converted to a use that no longer meets the basis for the approved adjustment.
Modification of KMC 18.110.050 Processing procedure.	Requests that the City Council modifies KMC 18.110.050 to waive minor procedural irregularities in the processing of this Development Agreement.

Action Requested Tonight

Adopt Ordinance No. 23-0600, approving the proposed Development Agreement in accordance with KMC 18.110 for the real property located at 6532 Bothell Way NE, Kenmore, Washington, 98028 between the City of Kenmore, Plymouth Housing Group and Kenmore Housing, LLC



Thank You and Questions





City Council Agenda Bill City of Kenmore, WA

Subject/Topic:

Approving a Development Agreement for real property located at 6532 Bothell Way NE, Kenmore, Washington, 98028 between the City of Kenmore, Plymouth Housing Group and Kenmore Housing, LLC and authorizing the City Manager to execute the Development Agreement

Proposed Council Action/Motion:

- 1) Hold the second of two public hearings on proposed Development Agreement; and
- 2) Adopt Ordinance No. 23-0600, approving the proposed Development Agreement in accordance with KMC 18.110 for the real property located at 6532 Bothell Way NE, Kenmore, Washington, 98028 between the City of Kenmore, Plymouth Housing Group and Kenmore Housing, LLC

For Council Meeting Agenda of: 12/11/2023

Department: City Manager's Office

Prepared by: Tambi Cork, HHS Manager

Initial & Date

Approved by Department Head: SLL 11/30/2023

Approved by City Attorney: DFR, 11/28/2023

Approved by Finance Director: MM, 12/1/2023

Approved by City Manager: RK, 12/1/2023

Exhibits/Attachments:

1. Development Agreement
2. Ordinance 23-0600
3. City Manager Letter of Recommendation
4. Conceptual Drawings of Building
5. Northshore Utility District Easement Letter

Summary:

RCW 36.70B.170 and Chapter 18.110 KMC authorize the execution of a development agreement between a local government and a person having ownership or control of real property within its jurisdiction. A development agreement must set forth the development standards and other provisions that shall apply to, govern, and vest the development, the public benefits derived from the development of the real property, and the duration of the agreement.

A public hearing was held at the 11/27/2023 Council meeting to receive public comment on the proposed development agreement for real property at 6532 Bothell Way NE, Kenmore, Washington, 98028. A second public hearing is scheduled for 12/11/2023. Following the second public hearing, staff recommends that Council passes a motion adopting Ordinance 23-0600 (Attachment 2), which approves the development agreement (Attachment 1) and authorizes the City Manager to execute the

same. Per KMC 18.110.030.A, the vote of a majority plus one of the whole City Council is necessary to approve the proposed Development Agreement because it seeks to modify code required residential densities.

Information/Background:

The Kenmore City Council's number one priority for 2021-2022 was to *increase and preserve the options for affordable housing stock*. In support of this goal, the City developed a Request for Proposals (RFP) for affordable housing on City-owned property at 6532 Bothell Way NE following Council discussions on October 25, 2021, and November 15, 2021.

RFP Process:

The City of Kenmore issued a Request for Proposal (RFP) #22-C2789 seeking partners to help build affordable housing units in Kenmore at real property located at 6532 Bothell Way NE, Kenmore, WA, 98028. RFP #22-C2789 is located at: [RFP 22-C2789 Affordable Housing Development Proposal \(kenmorewa.gov\)](https://kenmorewa.gov/RFP-22-C2789-Affordable-Housing-Development-Proposal)

The City received three RFP responses and presented the RFP Affordable Housing Development Proposal from Plymouth Housing Group (Plymouth) to the City Council at the May 31, 2022, meeting. The May 31, 2022, agenda materials, which include Plymouth's RFP Response to construct and operate a six-floor apartment building to include one hundred (100) residential units and approximately 2,184 SF of commercial space and also includes site construction and design depictions, are located at: [Kenmore - Document Center \(civicweb.net\)](https://kenmore.civicweb.net/document/121367).

At the City Council's June 21, 2022, meeting, City staff again presented Plymouth's proposed Affordable Housing Project. Council approved the selection of the Proposal submitted by Plymouth Housing in response to City RFP 22-2789, and authorized the City to move forward with creating a partnership with Plymouth Housing and A Regional Coalition for Housing to develop affordable housing consistent with the Plymouth Housing Proposal; allocated \$3.2 million in City funds for the development of affordable housing in the City consistent with the Plymouth Housing Proposal, and provided staff direction to initiate negotiations with Plymouth Housing and/or ARCH for a property transfer agreement, development agreement, and any other necessary agreements. The June 21, 2022, agenda materials are located at: <https://kenmore.civicweb.net/document/121367>

When the partnership with Plymouth was approved by the Kenmore City Council on June 21, 2022, the proposal was described as serving those at or below 30% Area Median Income (AMI) with a focus on seniors, veterans, individuals with disabilities and those who were formerly homeless.

Funding for the project took over a year to secure and came from a complex variety of sources, including the City of Kenmore and ARCH. As a condition of the funding from the Department of Commerce and the Washington State Housing Finance Commission (WSHFC), the project is now required to serve single adults with no children with an income of 30% or less of Area Median Income and are homeless at entry (which can include "couch surfing", living in transitional housing, and staying in a shelter). This project is Permanent Supportive Housing, which means that Plymouth will provide tenants with supportive services in addition to housing, and 24/7 onsite staffing of the building.

Threshold Determination:

In accordance with KMC 18.110.050.B, at its October 23, 2023, Council Meeting, the City Council approved the threshold decision to move forward with processing the application for the Affordable Housing Project development agreement. The threshold decision approved further processing of the agreement but was not a decision to approve or deny a development agreement. A development agreement provides flexibility from specific zoning code regulations pursuant to Chapter 18.110 KMC to allow for public benefits, such as the provision of affordable housing. The October 23, 2023, agenda materials are located at: <https://kenmore.civicweb.net/document/202298>

Development Agreement:

Process: As required by KMC 18.110, the following process is in place for this development agreement decision:

Notice of the public hearing: Notice of the public hearing was provided in accordance with KMC 18.110.050.G. A legal notice for the hearing was published in the Seattle Times on 11/17/2023, a sign board was posted on the property on 11/17/2023 and notices regarding the hearing were mailed prior to 11/17/2023 to surrounding property owners. The City Manager's recommendation (Attachment 3) to approve the development agreement was also available beginning 11/17/2023 at City Hall and on the City's website.

A public hearing was held at the 11/27/2023 Council meeting to receive public comment on the proposed development agreement for real property at 6532 Bothell Way NE, Kenmore, Washington, 98028. At that meeting, Council directed staff to correct an error in the street identified in Section 8.D.5. That error has been corrected in Exhibit 1. A second public hearing is scheduled for 12/11/2023. Following the second public hearing, staff recommends that Council passes a motion adopting Ordinance 23-0600 (Attachment 2), which approves the proposed Development Agreement (Attachment 1), and authorizes the City Manager to execute the same. Approval of the development agreement requires a Council super-majority (5 votes).

The proposed project in the Development Agreement includes:

- A six-story building with five stories of residential units and the ground floor including commercial space;
- 100 residential units with a mix of one-bedroom and studio units;
- Plymouth will provide onsite resident services for tenants and property management;
- A courtyard area will be constructed and available for residential tenants.

Plymouth has requested the following modifications the City's Code:

	Kenmore Municipal Code (KMC) Requirement	Proposed Deviation
1.	KMC 18.25.020 Footnote 9(b) (depth) & KMC 18.25.040 Table B (density & setbacks): The required nonresidential use shall extend at least 30 feet in depth at street level from the street front facade of the structure; provided, that the minimum required depth may be averaged, with no depth less than 15 feet. The maximum density is 75 dwelling units for this .50-acre property (150 dwelling units per gross acre).	The proposed Commercial Space frontage that abuts SR 522 ranges in depths from 21'-0" to 26'-4". The Project density is one hundred (100) Residential Units, as described Section.

2.	KMC 18.25.040 Table B (setbacks): Minimum 10 ft. from SR-522, unless otherwise allowed through Chapter 18.52 KMC, Design Standards; other streets 0 ft. Maximum 10 ft. unless otherwise allowed through Chapter 18.52 KMC, Design Standards. The City may authorize intrusions of structural elements into the public right-of-way, subject to review and conditions.	The street setbacks for the ground floor of the building fronting SR 522 are ten (10) feet. The street setbacks for all upper floors of the building (other than the ground floor) fronting SR 522 are 5 feet. The street setback for all floors of the building fronting 67 th Avenue NE exceed ten (10) feet at the area of the Courtyard.
3.	KMC 18.40.030.A, KMC 18.40.030.E, KMC 18.80.080.D.1 (parking): Standard parking requirements require 122 parking spaces for the development (KMC 18.40.030). However, 100% affordable housing projects qualify for a reduction. In this case, the project is required to provide 100 parking spaces (KMC 18.80.080). In any development required to provide six or more parking spaces, bicycle parking shall be provided. Bicycle parking shall be bike rack or locker-type parking facilities unless otherwise specified.	Nine (9) off-street parking spaces are proposed. The Project includes eight (8) bicycle parking spaces (bike racks) and Plymouth will install in each Residential Unit a wall-mounted bike hook.
4.	KMC 18.52.150 (setbacks): Properties Fronting SR-522. Parcels fronting SR-522 shall be set back 10 feet from the right-of-way to allow for sidewalks. Ground floors shall maintain a minimum and maximum setback of 10 feet. For facades above the ground floor (minimum elevation of 15 feet above street level), the minimum setback at any one point shall be no less than five feet, and the maximum setback at any one point shall be no greater than 10 feet. The setback may be averaged between a minimum of five feet and a maximum of 10 feet for purposes of modulation, but shall not be less than or greater than the minimum or maximum setbacks at any one point.	A 10-foot setback is proposed on the ground floor fronting SR 522; a 5-foot setback is proposed for upper floors along SR 522. Setbacks along 67 th Ave NE exceed 10 feet at the area of the public plaza.
5.	KMC 18.52.220 (roof form), KMC 18.52.300 (building materials), KMC 18.52.310.B (upper level setbacks, mass and bulk), KMC 18.52.100 (pedestrian walkways) and KMC 18.52.210 (building corners): Buildings which contain predominantly residential uses shall use certain architectural elements to break up the massiveness of an uninterrupted flat roof. For mixed use building, the façade of commercial levels shall be primarily masonry materials. A minimum of two of techniques shall be applied to facades visible from public rights-of-way and public spaces to minimize the apparent bulk and mass of	The design incorporates a flat roof with a consistent parapet height. The base of the building is expressed through a 12-foot datum line that separates the ground floor from the upper floors, which may be further expressed with a change of materials at ground floor, including vertical wood siding and storefront glazing. As part of an intentional architectural design, masonry materials are not proposed. As part of an intentional architectural design, the techniques applied to facades visible from public rights-of-way and public spaces to

	a building. See KMC 18.52.310.B.1-5 for a list of techniques. Building sides that face corners of public streets shall be treated architecturally to emphasize the corner location. Walkways shall be a minimum of eight feet wide with a minimum average width of 12 feet. The minimum/average walkway width does not include additional areas which may be required for landscaping or site furnishings.	minimize apparent bulk and mass of building are not proposed. Pedestrian walkways varies in width through the site at eight (8) feet or greater, but several areas of the walkway narrow to six (6) feet in width. As part of an intentional architectural design, the courtyard opens up to 76 th Avenue NE and the building sides that face corners of public streets are not treated architecturally to emphasize the corner location.
6.	Modification to Chapter 20.47 KMC Transportation, Park, and School Impact Fees.	Pursuant to KMC 20.47.040.A.6, the Project has a broad public purpose by providing low-income housing. Accordingly, the Project proposes an exemption from payment of transportation impact fees and park impact fees. An independent fee calculation was requested for school impact fees pursuant to KMC 20.47.140. The Northshore School District ("NSD") adjusted the school impact fees to \$0 with the understanding that the Project is designed to serve a resident population where no students will be generated. Plymouth will record a restrictive covenant prior to occupancy documenting the basis for the independent fee calculation and agreeing to the collection of school impact fees if the Project ever fails certification, or if the Residential Units are converted to a use that no longer meets the basis for the approved adjustment.
7.	Modification of KMC 18.110.050 Processing procedure.	Requests that the City Council modifies KMC 18.110.050 to waive minor procedural irregularities in the processing of this Development Agreement.

Consistent with KMC 18.110.020.C, the modifications requested by Plymouth are offset by the public benefits of the Project's provision of 100% of the 100 residential units as affordable housing.

KMC 18.110.060.B requires that any person or corporation with a "substantial beneficial interest in the property" must submit a document stating that they concur with the request and will not object to, contest or appeal any terms and conditions of the approved development agreement. There are two easement holders that have been identified for this property: The Northshore Utility District and the City of Kenmore. Required documentation from the Northshore Utility District is included (Attachment 5). For the second easement, while the City is the owner of the easement, it is the City Council that shall make such statement of no objection. The development agreement has no effect on the City easement and the approval of this Development Agreement indicates that the City concurs

in the request and will not object to, contest or appeal any terms or conditions of the approved development agreement.

Fiscal Consideration:

The City has allocated \$3.2 million in City funds for the development of this affordable housing in partnership with Plymouth. In addition, ARCH has designated more than \$3 million in ARCH Trust Fund dollars for the project. In addition to the development agreement, staff will bring to Council the conveyance agreement and funding documents for future discussion and consideration.

City Council Priority or Budget Objective Being Addressed:

2. Increase and preserve the options for affordable housing stock

**DEVELOPMENT AGREEMENT
BY AND BETWEEN THE CITY OF KENMORE,
PLYMOUTH HOUSING GROUP, AND KENMORE HOUSING LLC FOR
AFFORDABLE HOUSING DEVELOPMENT**

THIS Development Agreement is made and entered into this ____ day of _____, 20____, by and between the City of Kenmore, a Washington municipal corporation, Plymouth Housing Group, a Washington nonprofit corporation and Kenmore Housing LLC, a Washington limited liability company.

RECITALS

WHEREAS, RCW 36.70B.170 and Chapter 18.110 KMC authorize the execution of a development agreement between a local government and a person having ownership or control of real property within its jurisdiction; and

WHEREAS, a development agreement must set forth the development standards and other provisions that shall apply to, govern, and vest the development, the public benefits derived from the development of the real property, and the duration of the agreement; and

WHEREAS, this Development Agreement relates to the development of real property located at 6532 Bothell Way NE, Kenmore, Washington, 98028, to provide for affordable housing within the City; and

WHEREAS, the City Council finds that the Development Agreement is consistent with the goals and policies of the Kenmore Comprehensive Plan; and

WHEREAS, the City Council finds that this Development Agreement is necessary for the health, safety, and welfare of its residents;

AGREEMENT

Now, therefore, in consideration of the mutual benefits and agreements contained herein, as well as other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

Section 1. Recitals. The recitals set forth above and in the Adopting Ordinance are incorporated by reference as if set forth in full.

Section 2. Parties to the Development Agreement. The parties (collectively, the “Parties”) to this Agreement are:

- A. The City of Kenmore, 18120 68th Ave NE, Kenmore, WA, 98028, (hereinafter, the “City”).
- B. Plymouth Housing Group, a Washington public benefit nonprofit corporation, 2113 Third Avenue, Seattle WA, 98121 (“PHG”).

- C. Kenmore Housing LLC, 2113 Third Avenue, Seattle, Washington, 98121 (the “LLC”). PHG is the sole member of the managing member of the LLC and hereinafter, PHG and the LLC shall be collectively referred to as “Plymouth”).

Section 3. Exhibits. The following Exhibits to this Agreement are attached hereto and incorporated by reference as if set forth in full:

- Exhibit 1 – Legal Description of the Property
- Exhibit 2 – Conceptual Site Plan
- Exhibit 3 – Project Schedule

Section 4. Definitions. As used in this Development Agreement, the following terms, phrases, and words shall have the meanings and be interpreted as set forth in this Section:

- A. “Adopting Ordinance” means the ordinance which approves this Development Agreement, as required by RCW 36.70B.200 and KMC 18.110.050.C.
- B. “Affordable Housing” means affordable housing as defined by A Regional Coalition for Housing (“ARCH”), which will administer and monitor the affordability of the Project on behalf of the City.
- C. “Development Agreement” or “Agreement” means this Development Agreement approved by the Adopting Ordinance.
- D. “Development Regulations” means the same as defined in KMC 19.10.070.
- E. “Effective Date” means the date of passage of the Adopting Ordinance.

Section 5. The Property. The City owns real property that is located at 6532 NE Bothell Way, Kenmore, Washington, 98028, King County Tax Parcel Nos. 794630-0195 and 794630-0196, and which is legally described as set forth in Exhibit 1 (“Property”). The Property is located in the Downtown Commercial Zone.

Section 6. The Project. Consistent with the terms and conditions of this Development Agreement, Plymouth is authorized to construct, operate, and maintain the following on the Property:

- A. **Six-story building:** A five-story, Type V-A wood-framed, 100-unit permanent supportive housing building atop a one-story, Type I-A concrete-framed podium base with on-site property management offices, resident services, and interior and exterior resident amenity spaces.
- B. **Residential Units:** The building shall include not less than one hundred (100) residential units with a mix of one-bedroom units and studio units (the “Residential Units”).
- C. **Affordability.** One hundred percent (100%) of the Residential Units shall be Affordable Housing.
- D. **Resident Services.** PHG shall provide resident services to tenants of the Project.
- E. **Property Management.** PHG shall provide on-site property management services.
- F. **Commercial Space.** The ground floor of the building shall include commercial space consistent with the uses permitted in the Downtown Commercial Zone (hereinafter, the “Commercial Space”); provided, however, the Commercial

Space shall not include a use that is incompatible with the Project, including, but not limited to, firearms sales/service, adult entertainment, and automotive, small engine, or marine sales or service, which uses are hereby determined to be incompatible with the Project.

- G. Courtyard Area. A courtyard area shall be constructed and available for residential tenants of the Project (the “Courtyard”) .

(Collectively, the “Project”). The Project is depicted in the Conceptual Site Plan as set forth in Exhibit 2.

Section 7. Applicable Development Regulations. Except as modified in Section 8 of this Agreement, the Project shall be consistent with applicable Development Regulations to the fullest extent possible, including but not limited to zoning regulations set forth in Title 18 KMC, Zoning, Chapter 19.35 KMC, Environmental Procedures, Title 15 KMC, Buildings and Construction, and Title 13 KMC, Utilities and Public Works.

Section 8. Modifications to Development Regulations. Pursuant to KMC 18.110.030, this Development Agreement is intended to provide flexibility in the development of the Property to achieve public benefits. Accordingly, the City Council approves the following modifications to the KMC:

- A. Modifications to KMC 18.25.020 Footnote 9(b) (depth) & KMC 18.25.040 Table B (density & setbacks):

1. Commercial Frontage – SR 522.
The proposed Commercial Space frontage that abuts SR 522 may range in depths from 21’-0” to 26’-4”.
2. Maximum Density. The Project density shall be a maximum of one hundred (100) Residential Units, as described Section 6.B.1 -.2.
3. Street Setbacks.
 - a. The street setbacks for the ground floor of the building fronting SR 522 shall be ten (10) feet.
 - b. The street setbacks for all upper floors of the building (other than the ground floor) fronting SR 522 shall be 5 feet.
 - c. The street setback for all floors of the building fronting 67th Avenue NE may exceed ten (10) feet at the area of the Courtyard.

- B. Modifications to KMC 18.40.030.A & KMC 18.80.080.D.1 (parking) & KMC 18.40.030.E (bike racks). The required off-site parking and bicycle parking for the Project shall be:

1. Nine (9) off-street parking spaces.
2. Plymouth shall include eight (8) bicycle parking spaces (bike racks).
3. Plymouth shall install in each Residential Unit a wall-mounted bike hook.

- C. Modification to KMC 18.52.150 Building locations/setbacks. KMC 18.52.150 is modified to allow the Project’s building locations/setbacks to be consistent with the modifications authorized in Section 8.A of this Development Agreement.

- D. Modification to KMC 18.52.220 (roof form), KMC 18.52.300 (building materials), KMC 18.52.310.B (upper level setbacks, mass and bulk), KMC

18.52.100 (pedestrian walkways) and KMC 18.52.210 (building corners). The Project may deviate from design standards as follows:

1. The design may incorporate a flat roof with a consistent parapet height. The base of the building may be expressed through a 12-foot datum line that separates the ground floor from the upper floors, which may be further expressed with a change of materials at ground floor, including vertical wood siding and storefront glazing.
2. As part of an intentional architectural design, masonry materials are not required.
3. As part of an intentional architectural design, the techniques applied to facades visible from public rights-of-way and public spaces to minimize apparent bulk and mass of building are not required.
4. The pedestrian walkway may vary in width through the site to be eight (8) feet or greater, but several areas of the walkway may narrow to six (6) feet in width.
5. As part of an intentional architectural design, the Courtyard may face and open up to 67th Avenue NE and the building sides that face corners of public streets are not required to be treated architecturally to emphasize the corner location.

E. Modification to Title 21 KMC Financial Guarantees.

The Project is exempt from the requirements of Title 21 KMC Financial Guarantees; provided, however, that Plymouth shall meet Section 9.B.3 of this Agreement to ensure construction and maintenance of site improvements.

F. Modification to Chapter 20.47 KMC Transportation, Park, and School Impact Fees. Pursuant to KMC 20.47.040.A.6, the City Council finds and determines that the Project has a broad public purpose by providing low-income housing. Accordingly, the Project is exempt from payment of transportation impact fees and park impact fees. The City Council acknowledges that an independent fee calculation was requested for school impact fees pursuant to KMC 20.47.140. The Northshore School District (“NSD”) adjusted the school impact fees to \$0 with the understanding that the Project is designed to serve a resident population where no students will be generated. Plymouth shall record a restrictive covenant prior to occupancy documenting the basis for the independent fee calculation and agreeing to the collection of school impact fees if the Project ever fails certification, or if the Residential Units are converted to a use that no longer meets the basis for the approved adjustment.

G. Modification of KMC 18.110.050 Processing procedure. The City Council modifies KMC 18.110.050 to waive minor procedural irregularities in the processing of this Development Agreement.

Section 9. Public Benefit. Pursuant to KMC 18.110.020.C, any requested modifications from existing Development Regulations must be offset by the provision of a public benefit to the City. Accordingly, the City Council finds and determines that the public benefits provided by the construction and operation of Affordable Housing as required herein substantially offsets the code modifications approved in Section 8 of this

Development Agreement and meets the criteria of KMC 18.110.020.C. The approval of this Development Agreement is expressly contingent on the following:

- A. Affordability. One hundred percent (100%) of the Residential Units shall be Affordable Housing.
- B. Covenants. If a transfer of the Property occurs pursuant to Section 13 from the City to Plymouth, Plymouth shall:
 - 1. Record the Development Agreement;
 - 2. Record a Condominium Sale Prohibition Covenant;
 - 3. Execute any necessary documentation from other funders, including, but not limited to, ARCH; and
 - 4. Record a restrictive covenant as required pursuant to Section 8.F of this Agreement relating to the independent fee calculation decision for school impact fees.

The covenants required herein shall be in a form acceptable to the City Attorney's Office.

- C. Services. PHG agrees to provide the resident services and on-site property management.
- D. Community engagement. PHG agrees to commence a community engagement plan for the Project in 2023 to help educate Kenmore residents on the benefits of affordable housing development.

Section 10. Vested Rights.

A. General. Except as modified in Section 8 of this Agreement, the Project shall be vested to City's local land use control ordinances, regulations and resolutions existing on the effective date of this Agreement ("Vested Laws"), including, but not limited to, the City's Comprehensive Plan, Zoning Use Tables, and Development Regulations. Provided, however, that Vested Laws do not include any regulation that is not considered a land use control under state law, including but not limited to taxes, other development, administrative and regulatory fees, connection charges, and City enactments that are adopted pursuant to state or federal mandates (such as the City's NPDES Municipal Stormwater Permits) that preempt the City's authority to vest regulations.

B. Amendment. During the vested period, if any Vested Laws are amended, modified, or changed, Plymouth may elect to have a permit or approval for the Project considered under all such Vested Laws, as amended, in effect on the date of application for the permit or approval.

C. Reservation of rights. Notwithstanding the foregoing, the City reserves the authority under RCW 36.70B.170(4) to impose new or different regulations to the extent required by a serious threat to public health and safety.

Section 11. Schedule. The Parties acknowledge a shared goal of the prompt development of the Project. Accordingly, the Parties agree to the Project Schedule as set forth in Exhibit 3, which identifies the KMC deadlines for anticipated actions associated with this Agreement.

Section 12. Project Review. Plymouth shall be responsible, at its sole cost, to apply for all applicable permits, including but not limited to, applications for planning

and zoning permits, clearing and grading permits, building permits and other such permits and approvals required under KMC and necessary to authorize development of the Project (“Project Permits”). The Project Permits must demonstrate consistency with the Development Regulations and this Agreement, including any modifications authorized in Section 8 of this Agreement. The City will review the Project Permits as provided by the KMC.

Section 13. Affordable Housing Property Transfer. Pursuant to RCW 39.33.015 and KMC 3.55.075, the City may surplus the Property for affordable housing purposes if the City Council finds that affordable housing is needed in the City and is in the best interests of the City and its residents. If the City Council, in its sole discretion, transfers the Property to Plymouth pursuant to KMC 3.55.075, then the transfer shall be conditioned on:

- A. Plymouth’s execution and recording of this Agreement;
- B. Executing and recording of the covenants and agreements required in Section 8.B of this Development Agreement at the sole cost of Plymouth;
- C. Executing project financing documents recommended by ARCH, which will administer and monitor affordability on behalf of the City; and
- D. Executing a transfer agreement in a form approved by the City Attorney’s Office.

Section 14. Term. This Agreement shall commence upon the Effective Date of this Agreement and shall continue in force for a period of ten (10) years, unless extended by way of amendment. Following the expiration of the term, this Agreement shall have no force and effect subject, however, to post-termination obligations of Plymouth.

Section 15. Default; Remedies for default.

A. **Events of default.** The following shall constitute events of default under this Agreement (“Events of Default”):

1. A default by a party in keeping, observing, or timely performing any of its duties and/or obligations under this Agreement;
2. The appointment of a receiver or trustee for Plymouth, which appointment shall not be vacated or stayed within twelve (12) months; or
3. The filing of a petition in bankruptcy by or against Plymouth or for its reorganization under any bankruptcy or insolvency law which shall not be dismissed or stayed by the court within twelve (12) months after such filing.

B. **Remedies in the event of default.** If an Event of Default shall occur, or in the event of a dispute, claim or controversy arising out of, or relating to this Agreement, then the party alleging the Event of Default shall give the other party not less than sixty (60) days’ notice in writing, specifying the nature of the Event of Default and the manner in which the Event of Default may be cured. After notice and the expiration of the thirty-day period, if the Event of Default has not been cured or if the cure is not being diligently pursued, the party alleging the Event of Default may, at its option, institute legal or equitable proceedings to enforce this Agreement or to seek damages, and shall have all rights, remedies and causes of action, at law or in equity, available under the laws of the State of Washington.

Section 16. Indemnity. Plymouth agrees to defend, hold harmless, and indemnify the City, and its officers, officials, employees, agents, and consultants from and against any claims, demands, penalties, fees, liens, damages, losses, expenses, including reasonable attorneys' fees and costs of any nature whatsoever, incurred by the City which result from or arise out of any breach of or failure to comply with, or any negligent act or omission in performing, the duties or obligations set forth in this Agreement by Plymouth, except to the extent the claims, demands, penalties, fees, liens, damages, losses, or expenses are caused by the breach of this Agreement, negligence or willful misconduct of the City. This indemnity provision shall survive expiration of this Agreement.

Section 17. Assignment. Plymouth shall not have the right to sell, assign or transfer this Agreement to any person, firm, or corporation at any time during the term of this Agreement, unless approved in writing by the City. Plymouth shall provide the City with written notice of any intent to sell, assign, or transfer this Agreement at least 90 days in advance of such action.

Section 18. Covenants Running with the Land. The conditions and covenants set forth in this Agreement shall run with the land and the benefits and burdens shall bind and inure to the benefit of the Parties, their respective heirs, successors, and assigns. The Parties, and every purchaser, assignee, or transferee of an interest in the Property, or any portion thereof, shall be obligated and bound by the terms and conditions of this Agreement. Any such purchaser, assignee, or transferee shall observe and fully perform all of the duties and obligations contained in this Development Agreement.

Section 19. Amendment. This Agreement may be amended consistent with the procedures of KMC 18.110.060, and by mutual consent of the Parties. Minor modifications, which do not include changes to uses, parking, residential densities, or maximum structure height, may be approved administratively, and shall not require an amendment to the Agreement. Approved permits relating to the Project may be amended in accordance with the provisions of the KMC and shall not require an amendment to this Agreement.

Section 20. Notices. Notices, demands, correspondence to the City and Plymouth shall be sufficiently given if dispatched by pre-paid first-class mail to the following addresses:

If to Plymouth:

Plymouth Housing Group
Attn: VP of Real Estate
2113 Third Avenue
Seattle, WA 98121

If to the City:

City of Kenmore
Attn: City Manager
18120 68th Avenue NE
Kenmore, WA 98028

Kenmore Housing LLC

c/o Plymouth Housing Group
Attn: VP of Real Estate
2113 Third Avenue
Seattle, WA 98121

The Parties may, from time to time, advise the other of new addresses for such notices, demands or correspondence.

Section 21. Applicable Law and Attorneys' Fees. This Agreement shall be construed and enforced in accordance with the laws of the State of Washington. If litigation is initiated to enforce the terms of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs from the non-prevailing party. Venue for any action shall lie in King County Superior Court or the U.S. District Court for Western Washington.

Section 22. Specific Performance. The Parties specifically agree that damages are not an adequate remedy for breach of this Agreement, and that the parties are entitled to compel specific performance of all material terms of this Development Agreement by any party in default hereof.

Section 23. Severability. If any phrase, provision, or section of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, or if any provision of this Agreement is rendered invalid or unenforceable according to the terms of any statute of the State of Washington which became effective after the effective date of the Adopting Ordinance, such invalidity shall not affect the validity of the remainder of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Development Agreement to be executed as of the dates set forth below:

PLYMOUTH HOUSING GROUP

CITY OF KENMORE:

By: _____
Its: _____
Date: _____

By: _____
Its: City Manager
Date: _____

KENMORE HOUSING LLC

By: Kenmore Housing MM LLC, a
Washington limited liability company
Its: Managing Member

By: Plymouth Housing Group, a
Washington nonprofit corporation

Its: Manager

By: _____
Name: _____
Title: _____
Date: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

STATE OF WASHINGTON)

) ss.

COUNTY OF _____)

I certify that I know or have satisfactory evidence that Rob Karlinsey is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the City Manager of the City of Kenmore, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: _____

Printed: _____

NOTARY PUBLIC in and for Washington

Residing at: _____

My appointment expires: _____

EXHIBIT 1 - PROPERTY LEGAL DESCRIPTION:

PARCEL 794630-0195:

LOTS 10 AND 11, BLOCK 6, W.C. SQUIRE'S PLAT OF KENMORE, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 20 OF PLATS, PAGE 62, IN KING COUNTY, WASHINGTON;

EXCEPT THE SOUTH 70.00 FEET THEREOF;

SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.

PARCEL 794630-0196:

THE SOUTH 70.00 FEET OF LOTS 10 AND 11, BLOCK 6, W.C. SQUIRE'S PLAT OF KENMORE, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 20 OF PLATS, PAGE 62, IN KING COUNTY, WASHINGTON

EXCEPT THAT PORTION THEREOF CONVEYED TO THE CITY OF KENMORE PURSUANT TO STATUTORY WARRANTY DEED RECORDED UNDER RECORDING NUMBER 20070122002204.

SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.

EXHIBIT 2 – CONCEPTUAL PLANS:

The Building Permit Application (BLD23-0614) plan set on file at the City of Kenmore is hereby incorporated by reference as if set forth in full as the “Conceptual Plans” for the Project.

EXHIBIT 3 – PROJECT SCHEDULE:

The Project Schedule shall comply with all applicable timelines set forth the KMC for the Project Permits, which include but are not limited to the following KMC:

15.30.235 Time limitation of application – Building Permits

A. Applications for which no permit is issued within 18 months following the date of application shall expire by limitation and plans and other data submitted for review may thereafter be returned to the applicant or destroyed in accordance with State law by the building official.

B. Applications may be canceled for inactivity, if an applicant fails to respond to the department's written request for revisions, corrections, actions, or additional information within 90 days of the date of request. The building official may extend the response period beyond 90 days if within the original 90-day time period the applicant provides and subsequently adheres to an approved schedule with specific target dates for submitting the full revisions, corrections or other information needed by the department.

C. The building official may extend the life of an application if any of the following conditions exist:

1. Compliance with the State Environmental Policy Act is in progress; or
2. Any other City review is in progress; provided the applicant has submitted a complete response to City requests or the building official determines that unique or unusual circumstances exist that warrant additional time for such response, and the building official determines that the review is proceeding in a timely manner toward final City decision; or
3. Litigation against the City or applicant is in progress, the outcome of which may affect the validity, or the provisions of any permit issued pursuant to such application; or
4. At the sole discretion of the building official when there have not been newly adopted codes, fees, ordinances or laws which affect the application. [Ord. 20-0518 § 4 (Exh. D); Ord. 16-0423 § 4 (Exh. D); Ord. 13-0360 § 6 (Exh. C); Ord. 10-0310 § 4 (Exh. C).]

15.30.245 Permit expiration – Building Permits

A. Every permit issued shall expire two years from the date of issuance. The building official may approve a request for an extended expiration date where a construction schedule is provided by the applicant and approved prior to permit issuance.

B. Every permit which has been expired for less than one year may be renewed for a period of one year from the expiration date for an additional fee as long as no changes have been made to the originally approved plans and new building codes have not been adopted. For permits that have expired for longer than one year, a new permit must be obtained, and full new fees paid. No permit shall be renewed more than once, except at the sole discretion of the building official when there have not been newly adopted codes, fees, ordinances or laws which affect the permit.

C. Mechanical and plumbing permits shall expire at the same time as the associated building permit, except that if no associated building permit is issued, the mechanical and/or plumbing permit shall expire 12 months from the date of issuance. [Ord. 20-0518 § 4 (Exh. D); Ord. 16-0423 § 4 (Exh. D); Ord. 13-0360 § 6 (Exh. C); Ord. 10-0310 § 4 (Exh. C); Ord. 09-0301 § 1 (Att. A).]

15.25.100 Time limitation of application – Engineering permit

A. Applications for which no permit is issued within 18 months following the date of application shall expire by limitation and plans and other data submitted for review may thereafter be returned to the *applicant* or destroyed in accordance with State law by the *city manager*.

B. Applications may be canceled for inactivity, if an *applicant* fails to respond to the *department's* written request for revisions, corrections, actions or additional information within 90 days of the date of request. The *city manager* may extend the response period beyond 90 days if within the original 90-day time period the *applicant* provides and subsequently adheres to an approved schedule with specific target dates for submitting the full revisions, corrections or other information needed by the *department*.

C. The *city manager* may extend the life of an application if any of the following conditions exist:

1. Compliance with the State Environmental Policy Act is in progress; or
2. Any other City review is in progress; provided, that the *applicant* has submitted a complete response to City requests, or the *city manager* determines that unique or unusual circumstances exist that warrant additional time for such response, and the *city manager* determines that the review is proceeding in a timely manner toward final City decision; or
3. Litigation against the City or applicant is in progress, the outcome of which may affect the validity, or the provisions of any permit issued pursuant to such application. [Ord. 22-0547 § 2 (Exh. A); Ord. 12-0345 § 3 (Exh. A).]

15.25.120 Permit expiration – engineering permit

A. Stand-alone *land alteration*, except *tree removal*, permits shall expire two years from the date of issuance. *Tree removal* permits shall expire one year from the date of issuance. *Land alteration* permits issued and associated with another land use permit or approval shall expire in conjunction with the land use permit or approval. The *city manager* may approve a request for an extended expiration date where a construction schedule is provided by the *applicant* and approved prior to permit issuance.

B. Stand-alone *land alteration* permits which have expired for less than one year may be renewed for a period of one year from the expiration date for an additional fee, as long as no changes have been made to the originally approved plans. *Land alteration* permits associated with a land use permit or approval which has been expired for less than one year may be renewed for an additional fee as long

as no changes have been made to the originally approved *land alteration* plans and the originally approved land use permit or approval is not expired. For permits that have been expired for longer than one year, a new permit must be obtained and full new fees paid. No permit shall be renewed more than once. [Ord. 22-0547 § 2 (Exh. A); Ord. 12-0345 § 3 (Exh. A).]

CITY OF KENMORE
WASHINGTON
ORDINANCE NO. 23-0600

**AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON,
APPROVING A DEVELOPMENT AGREEMENT BY AND BETWEEN THE
CITY OF KENMORE, PLYMOUTH HOUSING GROUP, AND KENMORE
HOUSING LLC FOR AFFORDABLE HOUSING DEVELOPMENT;
AUTHORIZING THE CITY MANAGER TO EXECUTE THE
DEVELOPMENT AGREEMENT; AND ESTABLISHING AN EFFECTIVE
DATE**

WHEREAS, RCW 36.70B.170 and Chapter 18.110 KMC authorize the execution of a development agreement between a local government and a person having ownership or control of real property within its jurisdiction; and

WHEREAS, a development agreement must set forth the development standards and other provisions that shall apply to, govern, and vest the development, the public benefits derived from the development of the real property, and the duration of the agreement; and

WHEREAS, this Development Agreement relates to the development of real property located at 6532 Bothell Way NE, Kenmore, Washington, 98028, to provide for affordable housing within the City; and

WHEREAS, the City Council finds that the Development Agreement is consistent with the goals and policies of the Kenmore Comprehensive Plan; and

WHEREAS, the City Council finds that this Development Agreement is necessary for the health, safety, and welfare of its residents;

WHEREAS, on November 20, 2023, the City's SEPA Responsible Official issued a Threshold Determination relating to the Development Agreement; and

WHEREAS, on October 23, 2023, the City Council approved the threshold decision to move forward with the processing of the Development Agreement; and

WHEREAS, on November 17, 2023, the City Manager prepared a recommendation to the City Council on a proposed Development Agreement with the Developer; and

WHEREAS, a development agreement for the Property is authorized by RCW 36.70B.170 and Chapter 18.110 of the Kenmore Municipal Code; and

WHEREAS, as required by RCW 36.70B.200 and KMC 18.110.050, and pursuant to notice published in the Seattle Times on November 17, 2023, the City Council held a public hearing on November 27, 2023, and December 11, 2023, regarding the development of the Property pursuant to the Development Agreement; and

WHEREAS, the City Council has considered the testimony and comments made at the public hearings and the documents submitted at the public hearings, and reviewed the Development Agreement; and

WHEREAS, the City Council hereby finds and determines that the Development Agreement: (1) is consistent with applicable development regulations to the fullest extent possible, while allowing for development standards that are different from those standards in order to provide flexibility to achieve public benefits; (2) responds to changing community needs, and provides the functional equivalent or adequately achieves the purposes of those standards, and (3) complies with the requirements of RCW 36.70B.200 and Chapter 18.110 KMC; and

WHEREAS, the City Council desires to approve the Development Agreement and finds it to be in the best interests of the City and its residents as a whole;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Recitals. The recitals set forth above are incorporated herein by reference as findings in support of this ordinance.

Section 2. Approval of Development Agreement. The City Council approves the Development Agreement with the City of Kenmore, Plymouth Housing Group, and Kenmore Housing LLC as set forth in Exhibit 1, attached hereto and incorporated by reference as if set forth in full.

Section 3. Execution of Agreement. The City Manager is authorized and directed to execute a Development Agreement with the City of Kenmore, Plymouth Housing Group, and Kenmore Housing LLC substantially in the form of the Development Agreement attached as Exhibit 1 to this Ordinance.

Section 4. Effective Date. This Ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after the date of publication.

PASSED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE 11th DAY OF DECEMBER, 2023.

[signatures to follow on next page]

CITY OF KENMORE

Nigel Herbig, Mayor

ATTEST/AUTHENTICATED:

Anastasiya Warhol, City Clerk

Approved as to form:

Dawn Findlay Reitan, City Attorney

Filed with the City Clerk:
Passed by the City Council:
Ordinance No. 23-0600
Date of Publication:
Effective Date:



City of Kenmore, Washington

November 17, 2023

To: Mayor and City Council

From: Rob Karlinsey, City Manager

Re: City Manager's Recommendation for the Development Agreement for 6532 Bothell Way NE, Kenmore WA 98028

Recommendation: The City Manager recommends that on December 11, 2023, the City Council approve the Development Agreement (Ordinance 23-0600) with the City of Kenmore, Plymouth Housing Group, and Kenmore Housing LLC. The City's development agreement process requires a Council super-majority approval (five votes). Council adoption of Ordinance 23-0600 would approve the Development Agreement and authorize the City Manager to execute the Agreement on behalf of the City.

Background: The Kenmore City Council's number one priority for 2021-2022 was to *increase and preserve the options for affordable housing stock*. This is the Council's number two priority for 2023 and will return to its number one priority in 2024. In support of this Council priority, the City issued a Request for Proposals (RFP) for affordable housing on City-owned property at 6532 Bothell Way NE in spring 2022. The City selected the Plymouth Housing Group proposal to construct and operate a development that includes:

- A six-story building with five stories of residential units and the ground floor including commercial space;
- 100 residential units with a mix of one-bedroom and studio units, all intended for individuals at or below 30% of Area Median Income;
- On site resident services and property management provided by Plymouth;
- An outdoor courtyard area constructed and available for residential tenants

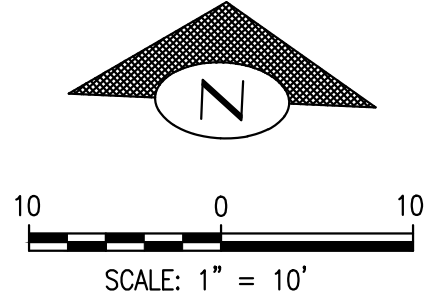
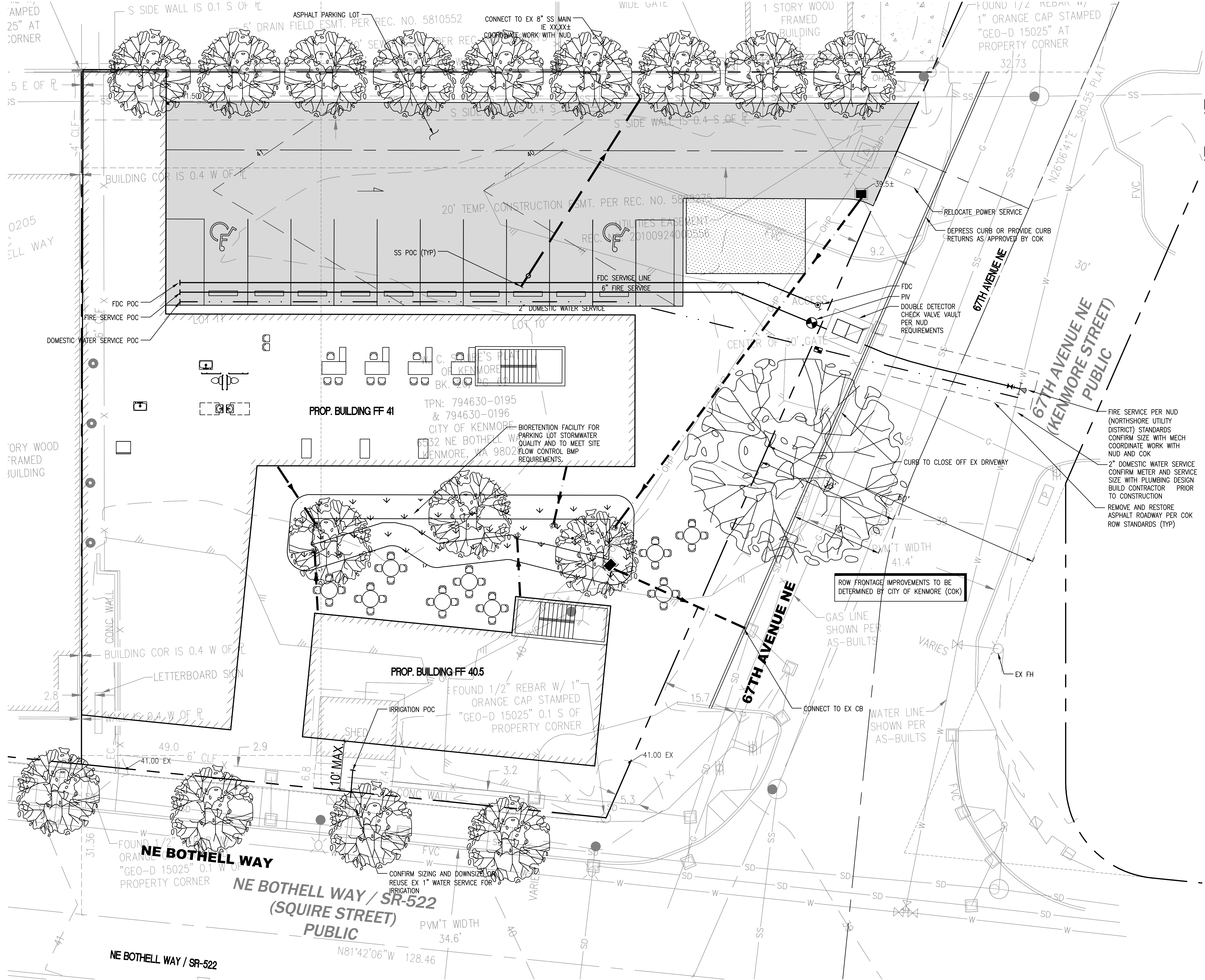
The City is processing a building permit application (BLD23-0614), a Type 1 decision concurrently with this Development Agreement. The application includes Conceptual Plans, incorporated herein by reference, which depict the Affordable Housing Project. The proposed Development Agreement provides flexibility from specific zoning code regulations pursuant to Chapter 18.110 KMC to allow for public benefits; in this case, the public benefit is the provision of affordable housing.

18120 68th Ave NE, Kenmore, WA 98028

Office: (425) 398-8900

cityhall@kenmorewa.gov

www.kenmorewa.gov



DATUM

NAVD 88
LEGEND

BIORETENTION PLANTER

CEM. CONC. SIDEWALK
4" CL 3000 CEM.
CONC. OVER 3" CSTC

CEM. CONC. PAVEMENT
6" CL 3600 CEM. CONC. OVER
6" 1-1/4" MINUS CSBC

ASPHALT CONC. PAVEMENT
3" HMA CLASS 1 1/2" PG 64-22 OVER
4" ATB AND 2" 1-1/4" CSBC

TYPE A CONC. CURB PER COK STD PLANS

WATER/FIRE SERVICE
WATER VALVE
CONC THRUST BLOCKING HORIZ
WATER TEE
SANITARY SIDE SEWER

CLEANOUT
STORM DRAIN
SAWCUT LINE

CB TYPE 1
PER COS STD PLAN 241

PIV
FDC

PROP. F.G. CONTOUR

PROPOSED F.G. ELEVATION

TOP OF WALL/BOTTOM OF
WALL ELEVATION

NOTES

1. ALL WORK SHALL CONFORM TO CITY OF KENMORE STANDARDS AND REQUIREMENTS.
2. REMOVE EXISTING FEATURES AS REQUIRED FOR CONSTRUCTION OF NEW IMPROVEMENTS.
3. COORDINATE WORK WITH ARCHITECTURAL AND LANDSCAPE ARCHITECTURAL DRAWINGS.
4. SEE ARCHITECTURAL SITE PLAN FOR ADDITIONAL SITE INFO.
5. ALL EARTHWORK AND SUBGRADE PREPARATION SHALL BE PERFORMED IN ACCORDANCE WITH THE REQUIREMENTS AND RECOMMENDATIONS OF THE GEOTECHNICAL REPORT PREPARED FOR THIS PROJECT.
6. FINISH GRADE INDICATED IS FINAL SURFACE ELEVATION FOLLOWING PLACEMENT OF ALL SURFACING MATERIALS.
7. GRADE ALL AREAS TO PROVIDE DRAINAGE AWAY FROM THE BUILDING. FINISH GRADE AREAS TO DRAIN DRAINAGE TO DRAINAGE STRUCTURES.
8. WALKWAYS SHALL HAVE MAXIMUM LONGITUDINAL SLOPE OF 5% AND MAXIMUM CROSS SLOPE OF 2%. ADA PARKING AREAS SHALL SLOPE NO GREATER THAN 2% IN ALL DIRECTIONS.

CIVIL PLAN

coterra
ENGINEERING PLLC

6413 Phinney Ave N
Seattle, Washington 98103
ph 206.596.7715
coterraengineering.com



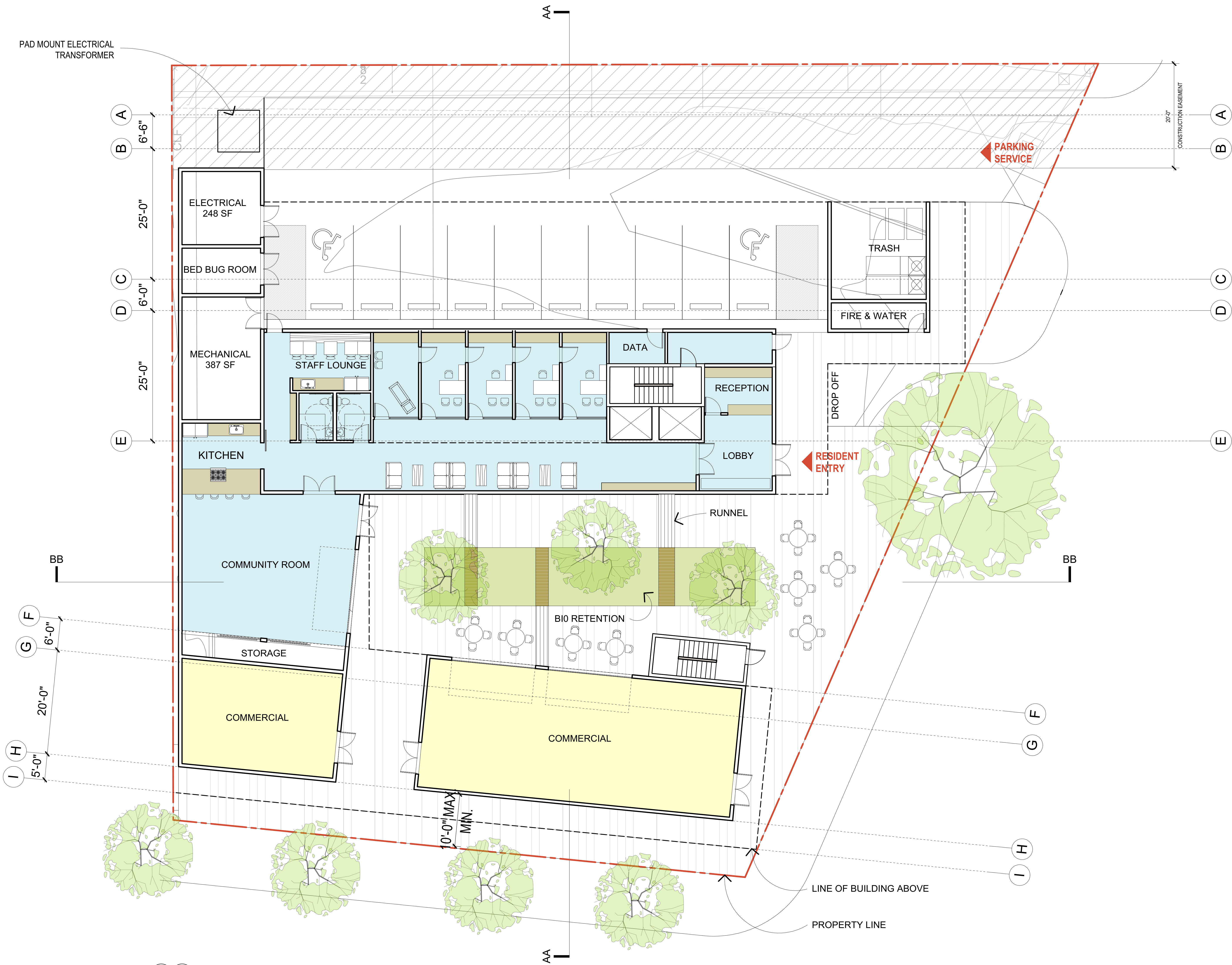
Kenmore Supportive Housing

New Construction

6532 Bothell Way
Kenmore WA 98028

Date
20 July 2022
Preliminary
Revisions

Drawn by: **MEB**
Checked by (P.M.): **PMA**
Checked by (QC): **PMA**
Coterra Project No. **22011**



Plymouth Housing
Building Hope. Transforming Lives.



Environmental Works
COMMUNITY DESIGN CENTER

402 15th Avenue East
Seattle, Washington 98112
206.325.6300
206.325.5494 fax

Kenmore Supportive Housing
New Construction

6532 Bothell Way
Kenmore WA 98028

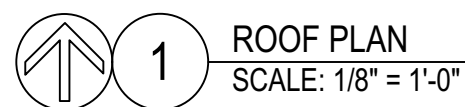
Date
XX Month 20XX
Drawing Issue
Revisions

Drawn by:
ABC / DEF
Checked by (P.M.):
XXX
Checked by (Q.C.):
XXX
Project No.
XX-XXXX









402 15th Avenue East
Seattle, Washington 9811
206.329.8300
206.329.5494 fax

Kenmore Supportive Housing

New Construction

6532 Bothell Way
Kenmore WA 98028

Date: _____
XX Month 20XX
Drawing Issue
 Revisions: _____

Drawn by
ABC / DEF

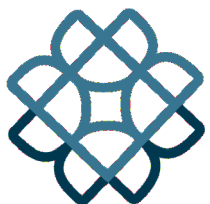
Checked by (P.M.)
XXX

Checked by (Q.C.)
XXX

Project No
XX-XXXX



Plymouth Housing
Building Hope. Transforming Lives.



Environmental Works
COMMUNITY DESIGN CENTER

402 15th Avenue East
Seattle, Washington 98112
206.325.6300
206.325.5494 fax

Kenmore Supportive Housing
New Construction

6532 Bothell Way
Kenmore WA 98028

Date
XX Month 20XX
Drawing Issue
Revisions

Drawn by:
ABC / DEF
Checked by (P.M.):
XXX
Checked by (Q.C.):
XXX
Project No.
XX-XXXXA



Plymouth Housing
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Environmental Works
COMMUNITY DESIGN CENTER

402 15th Avenue East
Seattle, Washington 98112
206.325.6300
206.325.5494 fax

Kenmore Supportive Housing
New Construction

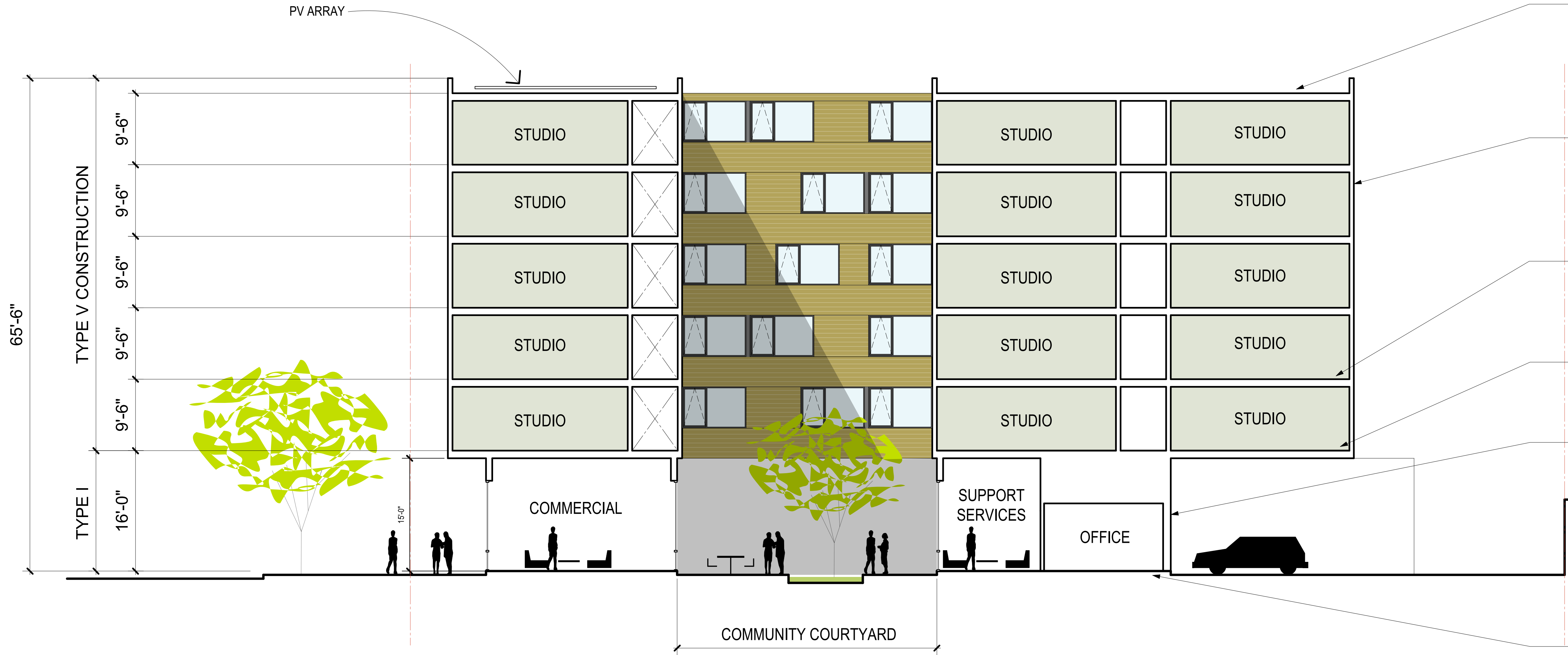
6532 Bothell Way
Kenmore WA 98028

Date
XX Month 20XX
Drawing Issue
Revisions

Drawn by:
ABC / DEF
Checked by (P.M.):
XXX
Checked by (Q.C.):
XXX
Project No.
XX-XXXXA



2 SECTION BB - NORTH ELEVATION COURTYARD
SCALE: 1/8" = 1'-0"



1 SECTION AA - WEST ELEVATION COURTYARD
SCALE: 1/8" = 1'-0"

ROOF ASSEMBLY
SINGLE PLY MEMBRANE ROOFING
TAPERED RIGID INSULATION (R38 MIN.)
SELF-ADHERED AIR BARRIER
1/2" STRUCUTRAL SHEATHING
12" PLYWOOD WEBJOIST FRAMING @ 24" O.C.
(2) LAYERS 5/8" TYPE X' GWB

TYP. WALL ASSEMBLY (FLOORS 2-6)
SIDING PER ELEVATIONS
1x4 P.T. RAINSCREEN FURRING STRIPS @ 24" O.C.
SHEET AIR/WEATHER BARRIER
1/2" STRUCTURAL SHEATHING
R25 BATT INSULATION
2x8 STUD WALL @ 24" O.C.
SHEET VAPOR RETARDER
(1) LAYER 5/8" TYPE X' GWB

TYP. FLOOR ASSEMBLY (FLOORS 3-6)
FINISH FLOORING
1" GYPCRETE OVER 1/4" SOUND MAT
3/4" PLYWOOD SHEATHING
11-7/8" PLYWOOD WEB JOISTS @ 16" O.C.
3-1/2 BATT ACOUSTICAL INSULATION
1/2" FURRING CHANNELS
(2) LAYER 5/8" TYPE X' GWB

FLOOR ASSEMBLY (2ND FLOOR)
10" P.T. CONCRETE SLAB
R38 BATT INSULATION (OVER UNHEATED SPACE)
SUSP. ACT CEILING AT COMMON AREAS AND OFFICES

WALL ASSEMBLY (1ST FLOOR)
10" CONC. WALL
R6 RIGID INSULATION
3-5/8" MTLSTUD FRAMING W/ R15 BATT INSULATION
SHEET VAPOR RETARDER
5/8" TYPE X' GWB

SLAB-ON-GRADE ASSEMBLY (1ST FLOOR)
4" CONC. SLAB ON GRADE
OVER R10 PERIMETER RIGID INSULATION
15 MIL VAPOR RETARDER
4"-6" FREE DRAINING MATERIAL PER SOILS REPORT



Plymouth Housing
Building Hope. Transforming Lives.



Environmental Works
COMMUNITY DESIGN CENTER

402 15th Avenue East
Seattle, Washington 98112
206.325.6300
206.325.5494 fax

Kenmore Supportive Housing
New Construction

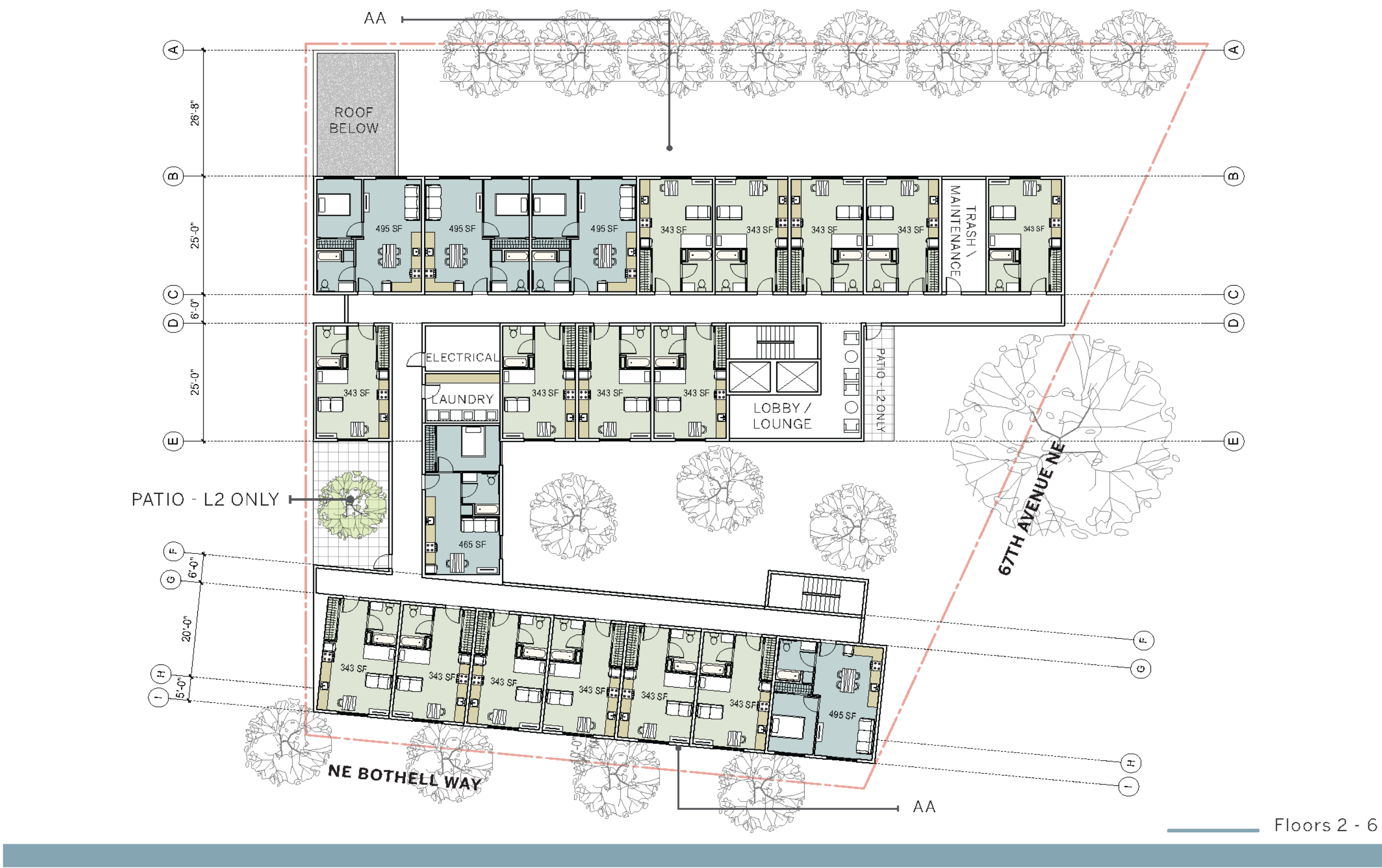
6532 Bothell Way
Kenmore WA 98028

Date
XX Month 20XX
Drawing Issue
Revisions

Drawn by:
ABC / DEF
Checked by (P.M.):
XXX
Checked by (Q.C.):
XXX
Project No.:
XX-XXXX

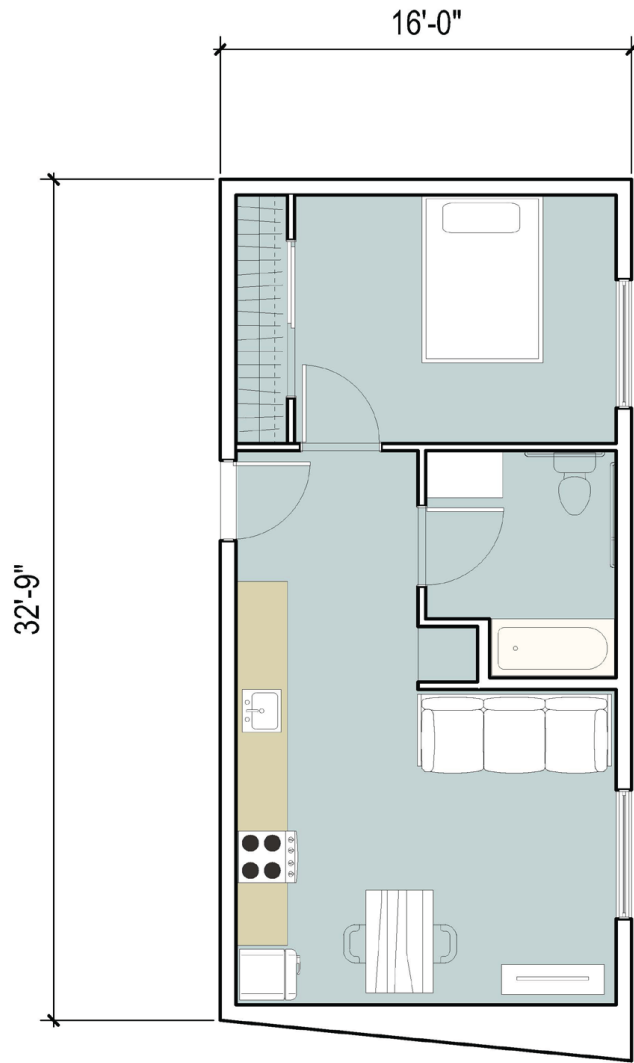




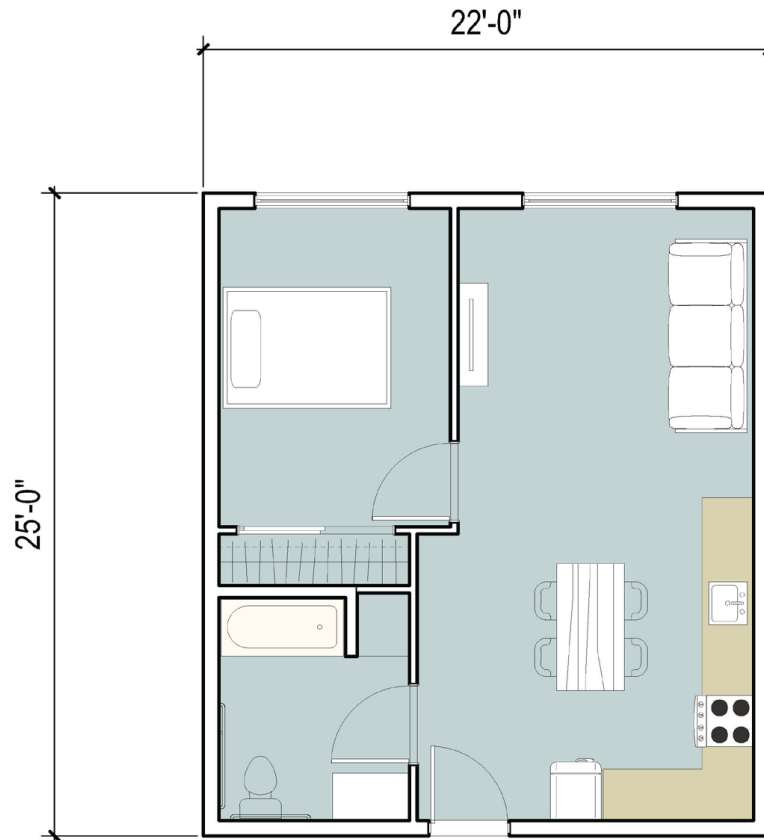


Affordable Living for Seniors in Downtown Kenmore
Kenmore Senior Housing

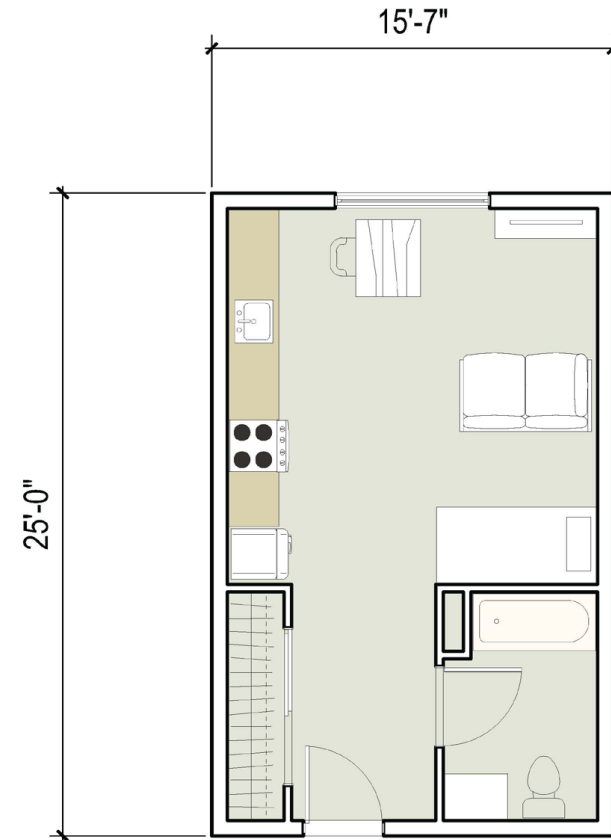




A
1 BEDROOM: 465 SF.



B
1 BEDROOM: 495 SF.

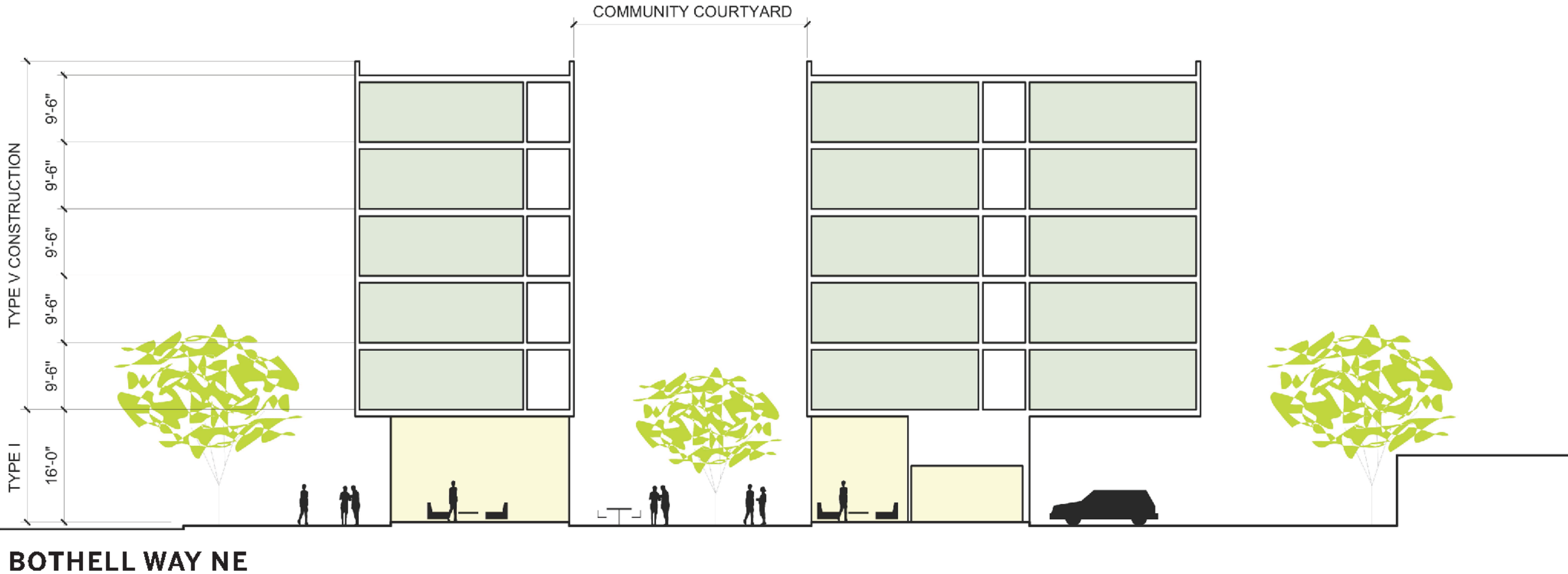


C
STUDIO: 343 SF.

Unit Plans

Affordable Living for Seniors in Downtown Kenmore
Kenmore Senior Housing





Section AA

Affordable Living for Seniors in Downtown Kenmore
Kenmore Senior Housing





VIEW @ BOTHELL WAY



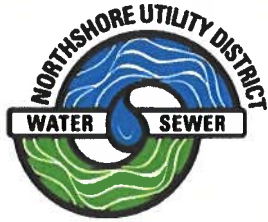
VIEW @ 67TH AVENUE NE

COMMUNITY COURTYARD









NORTHSHORE UTILITY DISTRICT

Page 190 of 236

6830 NE 185th St. | Kenmore, WA 98028
Ph: (425) 398-4400 | www.nud.net

November 14, 2023

Tambi Cork
City of Kenmore
18120 68th Ave NE
Kenmore, WA 98028

**Re: City of Kenmore – 6532 NE Bothell Way
Development Agreement – Northshore Utility District (NUD) Easement**

Dear Ms. Cork,

This letter is to confirm that if the Development Agreement at 6532 NE Bothell Way does not revise or terminate the existing sewer easement on the real property located 6532 Bothell Way NE, Kenmore, Washington, 98028, Recording No. 5888275, NUD will not object to, contest or appeal any terms and conditions of the approved development agreement.

Any new development will trigger the review and approval of the District's utility design including any existing and proposed easement per NUD's Policy and Procedures.

If you have any questions, please contact me at acampbell@nud.net or at (425) 521-3728.

Sincerely,

Amanda Campbell
General Manager



City of Kenmore, Washington

Memorandum

Date: December 8, 2023

To: Kenmore City Council

Cc: Rob Karlinsey, City Manager

From: Samantha Loyuk, Development Services Director 

Re: **Plymouth Housing Q & A**

Background: City Council's number one priority for 2021-2022 was to increase and preserve the options for affordable housing stock. In support of this goal, the City developed a Request for Proposals (RFP) for affordable housing on City-owned property at 6532 Bothell Way NE. The City received three responses to the RFP. At the June 21, 2022 City Council meeting, Council unanimously approved the selection of the proposal submitted by Plymouth Housing (Plymouth) in response to the RFP and authorized the City to move forward with creating a partnership with Plymouth and A Regional Coalition for Housing (ARCH) to develop affordable housing consistent with Plymouth's proposal. When the partnership with Plymouth was approved by Council on June 21, 2022, the proposal was described as serving those at or below 30% Area Median Income (AMI) with a focus on seniors, veterans, individuals with disabilities and those who were formerly homeless.

The two main funders of affordable housing projects in Washington State are the Washington State Department of Commerce (Commerce) and the Washington State Housing Finance Commission (WSHFC). This affordable housing project competed in the September 2022 state funding round and was partially funded; Mayor Herbig, Councilmember Baker, Karen Peterson from Plymouth, City lobbyist Shelly Helder, and City staff then lobbied the Legislature for a direct appropriation. The Plymouth team also explored and applied for other funding. In the end, those efforts were successful and the project was one of only a handful projects (out of 60 proposed) that were fully funded this year by Commerce and WSHFC; 75% of the project funding (\$30 million) comes from these two sources. Our partners at A Regional Coalition for Housing tell us it is extremely rare for a project like this to be funded in its first funding round.

The condition that came with the funding for this building from both Commerce and the WSHFC is that all the individuals that become tenants of this residents must be "exiting homelessness" – which means they may be couch surfing, living in a shelter or transitional housing, or imminently at risk of becoming homeless (that last piece is new information, and Plymouth will be sure to explain this more fully in their presentation

Monday). These funding requirements, which we learned about recently when the official funding letters arrived, have made some of the realities of the Plymouth proposal appear more stark, but are consistent with the intent of this project from the beginning, which was to include some formerly homeless individuals in the project. The only difference is that we didn't know how many formerly homeless or exiting homeless individuals would be included. The question about how many formerly homeless or exiting homeless individuals to be served was answered definitively with the Commerce and WSHFC funding requirement that all residents must be exiting homelessness.

We have been consistent about this project serving those at 30% AMI, and seniors, veterans and individuals with disabilities, along with those who were formerly homeless, and that focus is still the case. Seniors will always be a primary focus; 60% of Plymouth residents are seniors across all of their buildings. Plymouth remains dedicated to these goals and has the referral process in place to make this a reality in 2025 when the building begins leasing up.

In addition, [HB 1220](#) (2021) requires cities to plan for and accept all ranges of affordable housing, including 0-30% AMI and Permanent Supportive Housing. King County [calculated](#) the number of 0-30% AMI housing units that Kenmore is required to plan for and accept over the next 20 years, which is over 1600 units. More than 500 of the 0-30% AMI units must be Permanent Supportive Housing, which is what Plymouth is providing in this proposal. This development helps the City comply with the state requirement.

[RCW 35.21.689](#), which was adopted in 2019, states that "a city may not prohibit permanent supportive housing in areas where multifamily housing is permitted."

In accordance with KMC 18.110.050.B, on October 23, 2023, Council approved the threshold decision to move forward with processing the Plymouth development agreement application. A public hearing was held on November 27, 2023, to receive public comment on the proposed development agreement. A second public hearing is scheduled for December 11, 2023.

Questions: The following questions were received via email from City Council members. Responses to questions are provided by Plymouth and City staff.

Mayor Herbig

1. I've seen other cities have some number of units be "set aside" for local placements. Usually it's a percentage of units for some amount of time as a project opens, to help ensure that people living in the community are given a chance to live in the new development. Could you please check in with Plymouth to see if this is something that could be done with their proposed project, and if so, how they would recommend it be done/structured/etc?

Response: We can prioritize local referrals for the Kenmore project. For instance, at the Plymouth Crossing property, Plymouth committed to a goal of housing at least 60% of the residents from local referral partners (though the number ended up being much higher). While this can be a goal, we can't legally designate that certain units are for certain people based on where they currently live. Plymouth is committed to a

goal of 100% of residents being housed in partnership with local referral partners from inside of Kenmore and the surrounding area (Mary's Place in Kenmore is an example). Should the development agreement pass, we would start working with local partners immediately to sign MOUs committing them and us to start a pipeline of referrals from the local community as soon as the building opens.

Council Member Kugler

1. Do you have any information on what "low barrier" housing means and entails?

Response: At Plymouth, we believe in the "Housing First Model." In short, it's exactly that: housing before anything else. Plymouth offers homes to people experiencing homelessness because we believe that everybody deserves a home.

We know that stable housing transforms lives. Without a home, people cannot meet their basic needs. Sleeping, eating, and bathing become monumental tasks. And many people experiencing homelessness also live with disabilities and other challenges that make it hard to find stable housing. Instead of getting the support they need, their challenges are furthered by life on the street.

Once somebody has experienced homelessness, they often have more of a challenge securing future housing due to barriers like rental history requirements, credit checks, and up-front security deposits. At Plymouth, we lower barriers so that our housing is accessible to the people that need it. Our model of permanent housing, coupled with wraparound supportive services and on-site health care, gives our residents the solid base they need to rebuild their lives and leave homelessness behind forever.

An individual qualifies as exiting homelessness if they are: living in a temporary shelter, living outside, living in an automobile, living with family or friends in an overcrowded situation or at imminent risk of homelessness.

We know that this model works, as 97% of our residents stay housed once they enter a Plymouth building.

2. Would it be possible for Councilmembers to tour the Plymouth development in Bellevue (or one similar to what is proposed in Kenmore)?

Response: We are more than happy to provide tours for anyone who would like them. Since we can't possibly do this before the Council considers the project on Monday, you are welcome to watch a recording of a tour at Simons Senior Apartments: https://www.youtube.com/watch?v=jS_a16yh848.

3. What if this decision were delayed for a month to better communicate the changes to the community?

Response: First and foremost, we regret that there was low turnout at our first Community Engagement event that we held in September ([a recording of which is available on our website](#)). We had hoped that having it on the City's calendar of events and mailing out postcards to residents within a 500-foot radius of the building

would be enough to get the word out. We will be holding [another Community Engagement meeting on Sunday, 12/10 at 7:00](#) due to the uptick in interest and questions surrounding the project. Plymouth staff have also met with individual residents and responded to all questions received from the community over the last few months.

There would be several consequences to delaying this vote by a month. First, our funding commitments are tied to project completion date/year and financial market conditions. Delaying the project could inhibit our ability to utilize some of the funding we are anticipating spending by a certain date, meaning we may need to reapply for certain funding sources. Additionally, we have received terms such as equity pricing and interest rates from our investor/lender partners that are only available to us for a certain period of time before we close on the financing. Should there be a delay in closing, the terms we receive may change exponentially, especially in light of fluctuating interest rates. Perhaps most damaging would be a fluctuation in construction pricing. Over the past year, we have seen construction costs rise at an alarming rate. Our contractor and subcontractors are only able to provide an estimate and hold on their pricing for a short amount of time. By delaying a decision, even by a month, we run the risk of prices increasing even further.

4. In the recent affordable housing proposal from Imagine Housing and SKCHH, they said that they could use a tie/connection to the community as a factor for prioritizing residents. How does that differ from what Plymouth said is discrimination in housing based on geography? Could we also use a tie/connection to the community when scoring potential residents?

Response: I think we are both saying the same thing. Imagine and SKCHH may also be utilizing community partnerships (what we refer to as “referral partnerships”) to find qualified tenants for their building, so it is likely very similar to the strategy we are proposing. Again, Plymouth is committed to a goal of 100% of residents being housed in partnership with local referral partners from inside of Kenmore and the surrounding area (Mary’s Place in Kenmore is an example). Should the development agreement pass, we would start working with local partners immediately to sign MOUs committing them and us to start a pipeline of referrals from the local community as soon as the building opens. Currently, none of our funding requires that this development utilizes the Coordinated Entry for All system. We are able to access the system, but are not required to do so, which allows more flexibility with how we identify our lease-up and referral process. We do not implement a “scoring” process to select residents. This could be potentially harmful and discriminatory.

5. How do the services and service levels that Plymouth planned to offer on-site differ between when they originally proposed the project and after we found out about the Commerce Department’s funding criteria for all residents to have been unhoused? I’m not sure if this question is clear, I’m assuming that support services would need to be greater, so if Plymouth does not perceive this to be true, then may I understand why?

Response: Nothing has changed about the services and service levels from the original project proposal and where we are today. We are planning to offer the same robust level of services that we do at every Plymouth building. Our service model,

perfecting over 40 years of experience in affordable housing, does not fluctuate significantly between buildings, we simply cater our regular model to suit the needs of the residents. At the Kenmore building, we anticipate a staffing model of at least 4 Case Managers, 5 Resident Specialists (front desk employees who staff the front desk 24/7), a Tenant Support Aide, Community Specialist, Safety Ambassador, and Site Director. This services-focused staff is in addition to our property management and maintenance staff, who will be responsible for the ongoing maintenance and care of the physical building.

6. Residents were very supportive of the original proposal, so it seems that it is the requirement that all residents be unhoused that is causing concern. I'm wondering where we go from here, if we don't accept that funding and its terms. What options are available to us, if we decline the Commerce funding?

Response: If we do not accept this funding, this project, and possibly any future affordable housing in Kenmore, are not likely to happen. There is no alternate funding source for 30% AMI housing in Washington State. This is what that housing looks like, how it is funded, and we worked very hard – together – to secure that funding. If we refuse these funding conditions, this development (and possibly others) will not happen.

Commerce is prioritizing funding for projects that provide housing for those most in need: *those who are unhoused*. In order to be competitive, we must meet that priority. Simply put, projects that are unwilling to offer housing to people experiencing homelessness are not competitive for funding. There are insufficient funding sources available to build 30% AMI housing without these requirements.

We would like to highlight to the Council that in general, households who are making 30% or less of the Area Median Income (\$28,800 annually) are housing insecure or already experiencing homelessness. For example, if a resident is paying \$1,200/month in rent, that leaves them only \$14,400 to cover their other expenses for the year; this often requires people to make impossible decisions about whether to retain housing or pay for other basic needs.

Plymouth's mission is to "work to eliminate homelessness and address its causes by preserving, developing and operating safe, quality, supportive housing and by providing homeless adults with opportunities to stabilize and improve their lives." They have been excellent partners to the City through this entire journey and have met with the City team every week to work out countless questions, issues and challenges along this journey. Plymouth's team has come to Council at least six times to present on this project and to answer questions. They held a community engagement session and have a very robust website with information, FAQs and details about who they are and this project specifically. We cannot control the requirements for state funding, but we can control the choice of an excellent, trusted partner in Plymouth who has more than 40 years of experience in affordable housing. We need to trust our expert partners as we navigate this moment and proceed to provide much needed housing and to be part of the regional solution to our affordable housing crisis.

Another important consideration is that the funders of this project (Commerce and WSHFC) are the same funders that we would enlist for any affordable housing project moving forward. The efforts we all made to secure this funding meant that our project leap-frogged over housing developments that have been seeking funding for years – these funds are extremely competitive, and the City’s support gave the Plymouth project a huge advantage in the funding decisions. If we decline this \$30 million from Commerce and WSHFC, it is very possible that future funding requests for projects in Kenmore would not receive similar favorable consideration by those two funders. Without Commerce and WSHFC funding, it is virtually impossible to get affordable housing projects completed in Washington State.

Council Member Srebnik

1. Could you please provide an update re: the possible tenants/uses for the Plymouth project ground floor (given that Bastyr pulled out of the project). In particular, I am wondering what uses are being considered that could be open to the public and considered an amenity. Along these lines, might there be an opportunity to have a rooftop view use that could be open to the public?

Response: Plymouth would still like to lease the commercial space to a health-care related organization that is open to the public. We are currently in preliminary conversations with [Vituity](#), a physician-owned healthcare entity dedicated to building a more equitable healthcare system for all. Plymouth partners with Vituity at Plymouth Crossing in Bellevue to provide medical service to our residents. In this clinic, we imagine a space that can be utilized by our residents and the community alike. We hope that this partnership will come to fruition in the new year and will keep the council engaged in our progress. A rooftop deck was not part of the original proposal and is not possible to include.

2. Could Plymouth also provide the statistics about how many police calls they have needed for projects of similar size and demographics?

Response: As we look at the future Plymouth building in Kenmore and how it may add to emergency response and incidents in the neighborhood, we have the below data from the past 365 days to share with you from the three buildings in our portfolio that are most like the population we plan to serve at the Kenmore building.

Building	AMR or PD Transfer	EMS Response	Fire Response
Building A (Senior Building, most residents are 65+)	20	59	1
Building B	5	28	8
Building C	10	15	17

As you can see, most calls to emergency services at our other buildings are health related. This is unsurprising as our residents who have experienced homelessness often face more health challenges than people who are housed. When people are stably housed, their health outcomes improve significantly because they are

sheltered from the elements, can rest, and have a place to practice good hygiene (in addition to the case management services we provide). We also know as an industry that permanent supportive housing is cost effective – the cost for 16 days in the hospital is equal to the cost of one year of housing at a Plymouth building.

Council Member Pfeil

1. Is it possible to get a Memorandum of Understanding for: a set # or % of beds for Kenmore Residents, and/ or an ILA?

Response: See answer to Mayor Herbig's question above.

2. How many jobs will be produced with this development and construction?

Response: According to our contractor, this project will provide jobs for approximately 50 FTEs. It is difficult to say how many employees total will work on the project at this point.

3. How many or % will be Union Labor & how many will be apprenticeship will be made available?

Response: This project will be paying union scale wages so there is an opportunity for a high level of union participation. Our goal on these projects is to provide an apprenticeship opportunity for approximately 15% of the workforce.

4. Fueling the local job force - how many jobs will be filled or fueled by local residents and union workers for priority employment through the contract?

Response: We do not have a priority to employ Kenmore residents. If the Council knows of any kind of organizations that our contractor could work with, they would be happy to put on a job fair. We are proud to pay Washington State Prevailing Wage to all workers on the project. Plymouth itself is a union employer.

While there has been robust discussion at various City Council meetings, no questions were received via email from Deputy Mayor O'Cain, Council Member Baker, and Council Member Marshall.

Development Agreement for Property at 6532 Bothell Way NE Kenmore Supportive Housing

Kenmore City Council Meeting
Second Public Hearing
December 11, 2023



Action Requested Tonight

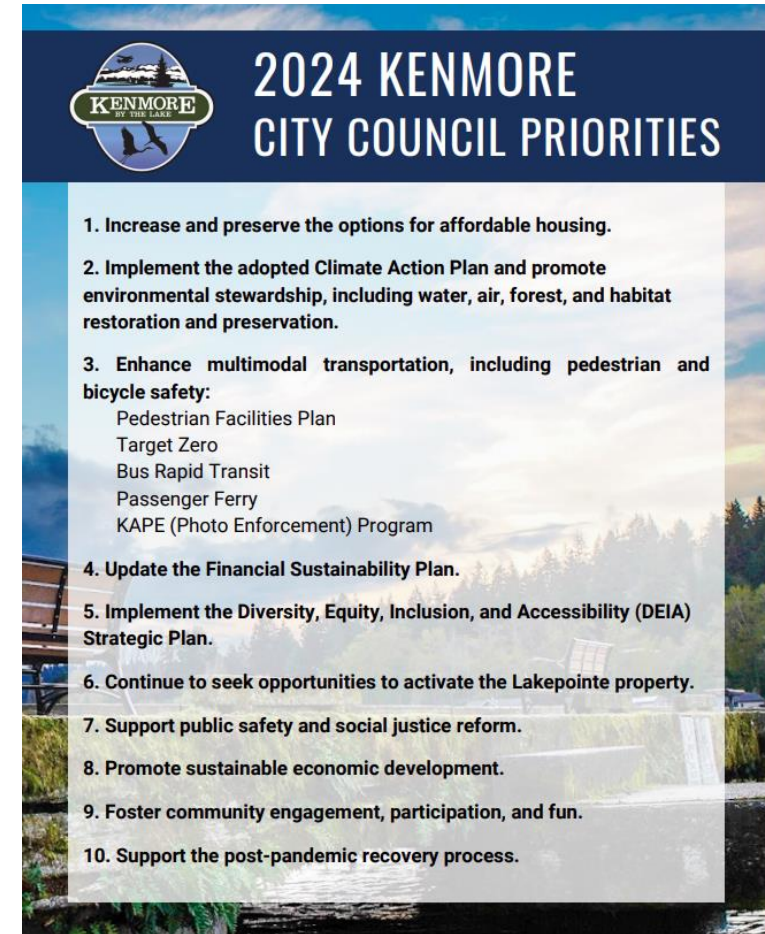
Adopt Ordinance No. 23-0600, approving the proposed Development Agreement in accordance with KMC 18.110 for the real property located at 6532 Bothell Way NE, Kenmore, Washington, 98028 between the City of Kenmore, Plymouth Housing Group and Kenmore Housing, LLC



Why We Are Here: City's #1 Priority for 2024 is Affordable Housing

Recognizing the affordable housing crisis

- Affordable housing is the Kenmore City Council's number two priority for 2023
- It was the City Council's number one priority for 2021-2022
- It will return to the City Council's number one priority for 2024
- This proposed development is specifically called out in 7.3.3 of the DEIA Five-Year roadmap



City Council's Direction on Affordable Housing

Directed city staff to do two things:

- Create affordable housing policies
- Build affordable housing units on the ground
 - Building units on the ground is expensive and requires State and other funding
 - That funding is extremely competitive and comes with requirements
 - Building units on the ground requires a partner
 - RFP process and selected Plymouth
 - Plymouth is a trusted partner with 40 years of experience



Thank You Council for Your Leadership

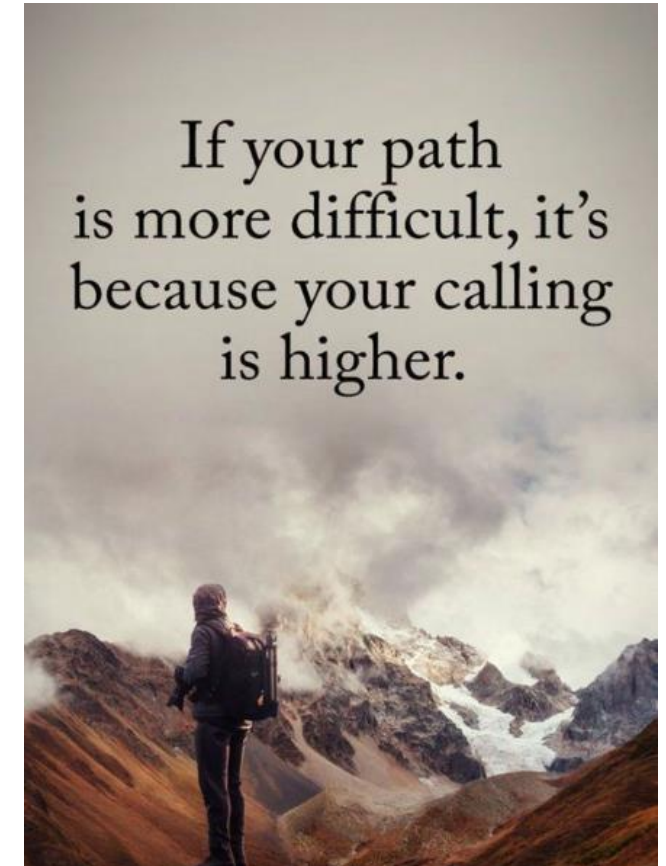
A leader is one who
knows the way,
goes the way, and
shows the way.
—JOHN MAXWELL

- Recognizing the regional affordable housing crisis
- Making affordable housing the City's top priority
- Directing staff to build affordable units on the ground and to utilize City property and funds in support of your goal
- Adding the Kenmore Supportive Housing project to your 2023 Legislative agenda
- Joining in lobbying visits with legislators to seek funding for the project
- We faced *many obstacles* along this two-year journey
- Your leadership, vision and efforts led to **full funding for the project**
- ***This is a legacy project that will benefit generations to come***
- Other cities across Washington are watching us as we lead by example



The Journey to Fully Funding This Project

- We climbed *a mountain* to get this project fully funded
- 18 months of work
- Funding for affordable housing projects is *extremely competitive*
- Washington State's affordable housing funders:
 - Department of Commerce (Housing Trust Fund)
 - Washington State Housing Finance Commission (Low Income Housing Tax Credits)
- For the September 2022 round, 60 projects were proposed statewide and only a handful were fully funded (including ours)
- It is *extraordinary* to get a project fully funded on the first round
- Thank you to Mayor Herbig, Councilmember Baker, lobbyist Shelly Helder, and Karen Peterson from Plymouth for joining us in lobbying meetings
- This project received **\$30 million in state funding** and sets us up for success with future projects, too



The Journey to Fully Funding This Project

State Funding Requirements

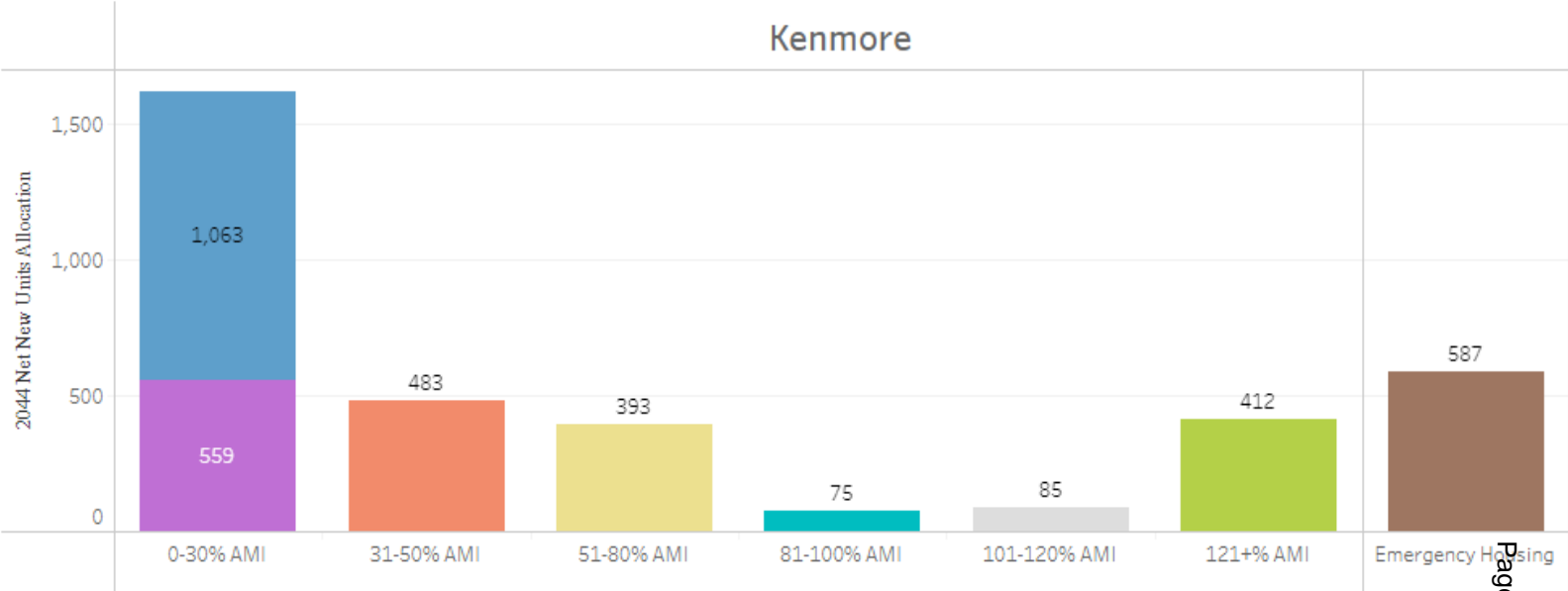
- The \$30 million in State funding came with requirements:
 - Income of 30% or less of Area Median Income
 - Homeless at Entry
 - “couch surfing”
 - living in transitional housing
 - staying in a shelter, or
 - Being at imminent threat of homelessness
 - Single adults with no children
 - Must maintain affordability for 50 years

Populations Assisted		
Population Type	Not Homeless at Entry	Homeless at Entry
General		**100
<i>Common Area / Manager*</i>		
Subtotals =		100
Total =	100	
<i>**Units identified as permanent supportive housing.</i>		



Doing Our Part and Complying with State Requirements

- [House Bill 1220](#) requires cities to plan for and accept all ranges of affordable housing
- [Kenmore](#) is required to plan for and accept over 1,600 units at 0-30% AMI over the next 20 years
- This includes 559 units of Permanent Supportive Housing, which is the type of housing Plymouth is providing in this proposal
- This development helps us comply with these state requirements



Data Notes: See Appendix 1 for Local Factors used.
 Produced by King County Department of Community and Human Services, Performance Measurement and Evaluation, March 3, 2023



This is What Building Units on the Ground Looks Like

- Do our part to meet the region's affordable housing crisis
- Meet state mandates for cities to build affordable units
- Need outside funding and must comply with funding requirements
- Funding usually takes two or more years to secure
- Funding for future projects is dependent on our funding this one
- Select a trusted partner to lead us on this journey: Plymouth
 - Plymouth has 40 years of experience
 - Housing First model
 - Plymouth has been a wonderful partner in this work and we trust their leadership and expertise
 - Plymouth currently houses over 1,200 people in their 19 buildings



Kenmore City Council

December 11, 2023

Plymouth
Housing



Wendy Tyau-Dumlao, left, a housing case manager for Plymouth Housing, with Leo, a Plymouth Housing resident who has achieved stability after homelessness.

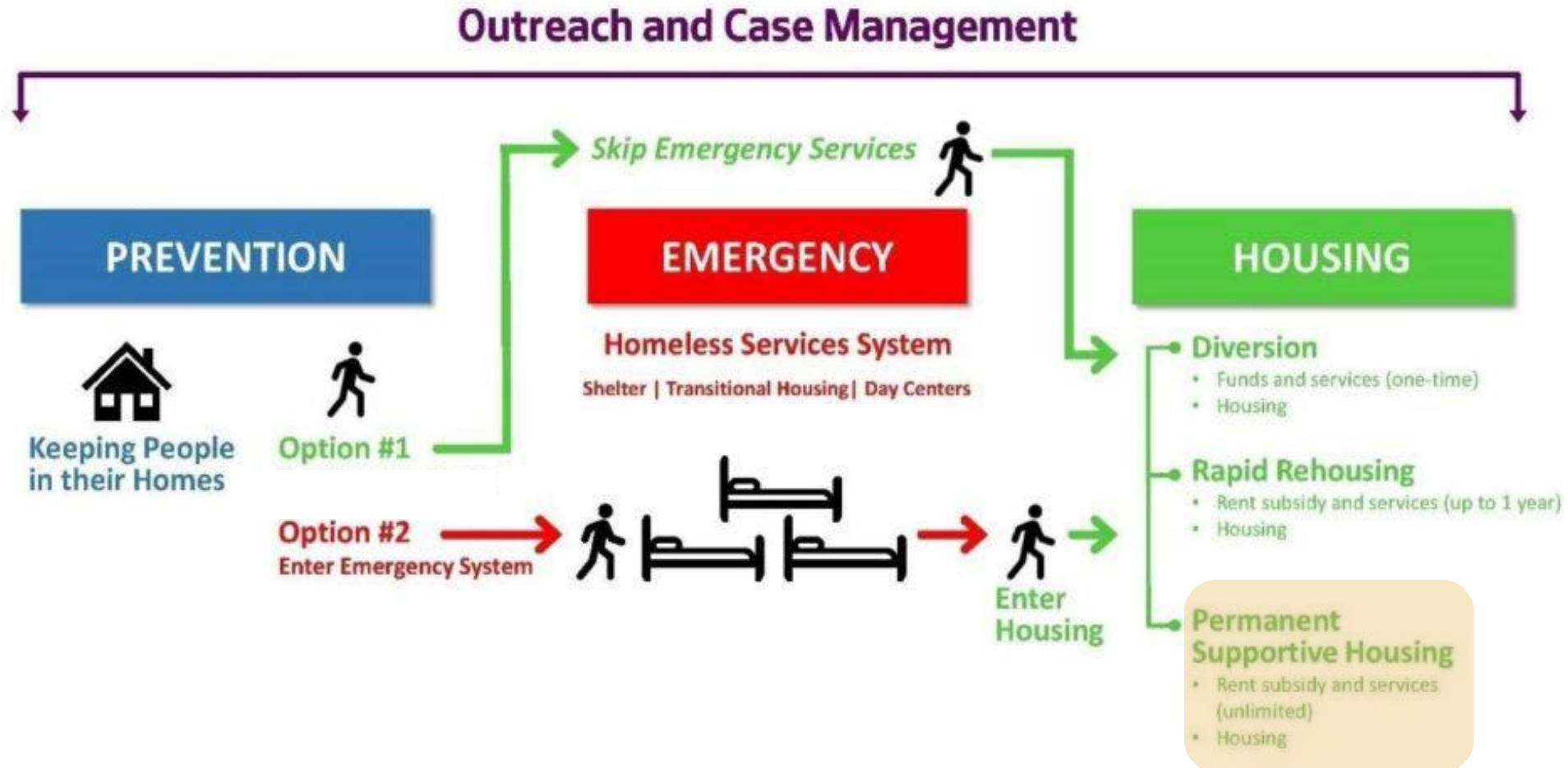
(Photo Credit: Rolan Wong)

Our Mission

Plymouth Housing Group works to eliminate homelessness and address its causes by preserving, developing and operating safe, quality, supportive housing and by providing homeless adults with opportunities to stabilize and improve their lives.



Addressing Homelessness Requires a Continuum of Care System



Housing + Support = Permanent Supportive Housing

Our model of permanent housing, coupled with wraparound supportive services, gives our residents the solid base they need to rebuild their lives and leave homelessness behind forever.

- By “**permanent**,” we mean that there is no time limit on our housing.
- By “**supportive**,” we mean that we connect our residents with services that can help them thrive.

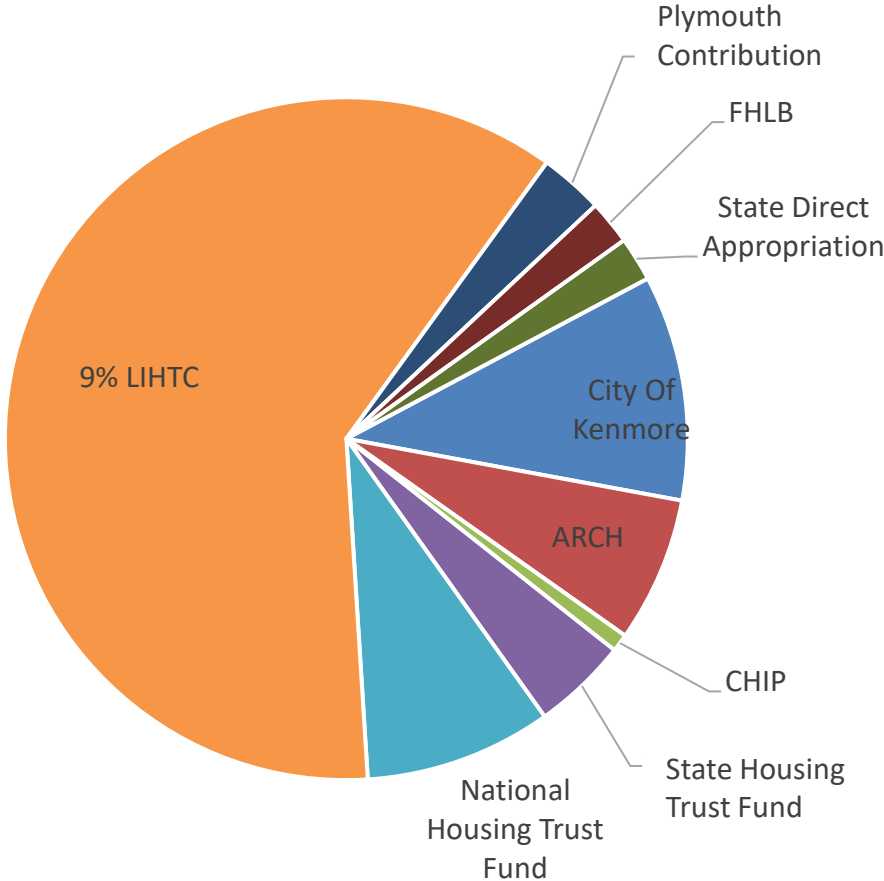
97%

of Plymouth's
residents
succeed in
maintaining a
permanent home
after leaving
homelessness.

Funding and Regulation

Kenmore Financing Sources*

Source	% of Total Funding
Washington State Housing Finance Commission (LIHTC Equity)	61%
City of Kenmore (Land & Funding)	11%
National Housing Trust Fund (NHTF)	9%
A Regional Coalition for Housing (ARCH)	7%
Washington State Department of Commerce (Housing Trust Fund)	5%
Plymouth Housing Contribution	3%
Federal Home Loan Bank AHP (FHLB)	2%
State Direct Appropriation	2%
Connecting Housing to Infrastructure (CHIP)	1%



*Pre-closing sources as of December 2023

Impact of Priorities in a Competitive Funding Environment

**For the last 10+ years to compete in the King County Pool,
Developments Must Serve Homeless**

Year	Scoring Range	Number of King County Developments Funded
2020	181-186	4
2021	188-189	4
2022	185-190	5
2023	180-188	4

- Highest Weighted Priority:
 - Housing Commitment for Priority Populations
 - Permanent Supportive Housing for Homeless
 - 35 Points in King County
 - One Point Makes a Difference
- Kenmore Supportive Housing Example:
 - Kenmore Points: 181
 - Kenmore Points without Selecting Priority Population: 146

State Funding Requirements for the Plymouth Kenmore Building

- Single Adult
- Making 30% or less of the Area Median Income (\$28,800 annually)
- Exiting Homelessness
- Must maintain affordability for **50 years**



Populations Assisted		
Population Type	Not Homeless at Entry	Homeless at Entry
General**	0	100**
<i>Common Area / Manager*</i>	0	0
Subtotals =	0	100
Total =	100	
<i>**Units identified as permanent supportive housing.</i>		

*Excerpt from
State Award
Letter
regarding
population
requirements.*

What does it mean to make 30% AMI or less in Kenmore?

- 30% of the Area Median Income in Kenmore is a **household income of \$28,800 annually**
- The cost of housing in Kenmore is 66% higher than the national average
- On average, rent for a Studio apartment in Kenmore is around \$1,200/month or 14,400 annually (not including utilities)
- The cost of living has increased for everyone; forcing many people into housing insecurity or homelessness at higher rates



What qualifies someone as “homeless”?

- Living outside (i.e., no fixed roof, in a park, in a tent, etc.);
- Living in a shelter or transitional housing
- Living in an automobile or recreational vehicle
- Living with family or friends in an overcrowded situation (does not meet occupancy standards)
- **At imminent risk of homelessness**



Plymouth Building Operations

Local Referral Partnership Commitment

- Plymouth works with local referral partners to find qualified residents
- Most residents referred to us have been working with a case manager to find adequate housing
- We have a **100% local referral goal** to fill the Kenmore building
- Targeting seniors, veterans, and people with disabilities in our outreach



Neighborhood Safety

- Monitored entry for residents and mandatory check in for guests
- Interior and exterior security cameras
- Regular coordination with neighbors
- 24-hour front desk
- Plymouth Safety Ambassador assigned to building
- Proactively maintain relationship with Kenmore Emergency Services



Resident Expectations

- All residents sign leases and follow building rules
- Our residents have rights and responsibilities
- In turn, Plymouth Housing follows Landlord-Tenant Laws and recognizes resident's rights to privacy
- King County Housing Authority requires and performs background checks



Parking

- Plymouth buildings typically do not offer parking to residents
- Owning a vehicle is often out of reach for residents (insurance, gas, maintenance)
- This site is walkable and close to transit
- Services are offered at the building to limit need for transportation
- Plymouth vehicle at the building to assist with transporting residents to appointments and activities
- Loading zone & access to rideshare on 67th Ave NE





**"I have a future. And I have
Plymouth Housing to thank for that."**

Deb White, Resident Board Member

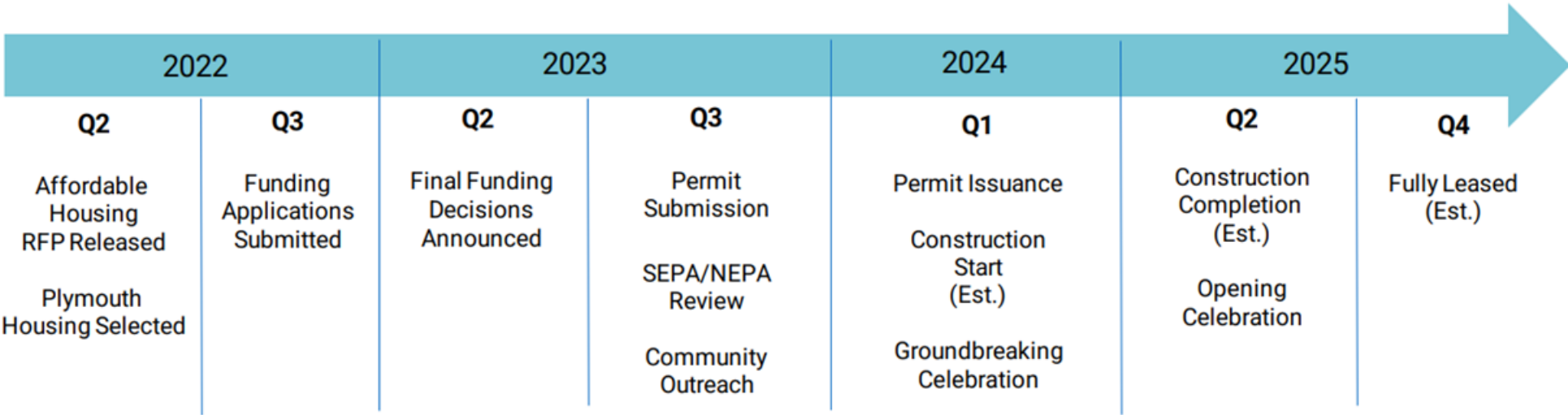
Overview of Kenmore Supportive Housing



- City parcel at 6532 Bothell Way
- Unique Partnership/Coalition
 - City of Kenmore
 - Plymouth Housing
 - ARCH
- Six-story building
- 100 affordable housing units
- Ground floor commercial space
- Onsite resident services
- Courtyard area



How Far We've Come and the Planned Timeline



Development Agreement Timeline

- Permit Application – 10/18/2023, as authorized by Council 6/21/2022
- Threshold Determination – 10/23/2023
- Development Agreement "approved as to form" - 10/27/2023
- City Manager Recommendation – 11/17/2023
- Public Notice
 - Mailed to property owners within 1,000 feet of the property:
 - Posted to the property as required by KMC 19.25.065:
 - Published in the Seattle Times: 11/17/2023 & 11/27/2023
 - City Manager's Recommendation available for review: beginning 11/17/2023
- Public Hearing #1 – 11/27/2023
- Plymouth hosts Community Engagement Meeting #2 – 12/10/2023 (first one was held 9/21/2023)
- Public Hearing #2 – scheduled for 12/11/2023
- Ordinance Adoption – scheduled for 12/11/2023



Modifications

Kenmore Municipal Code (KMC) Requirement	Proposed Deviation
KMC 18.25.020 Footnote 9(b) (depth) & KMC 18.25.040 Table B (density & setbacks)	The proposed Commercial Space frontage that abuts SR 522 ranges in depths from 21'-0" to 26'-4". The Project density is one hundred (100) Residential Units, as described Section.
KMC 18.25.040 Table B (setbacks)	The street setbacks for the ground floor of the building fronting SR 522 are ten (10) feet. The street setbacks for all upper floors of the building (other than the ground floor) fronting SR 522 are 5 feet. The street setback for all floors of the building fronting 67 th Avenue NE exceed ten (10) feet at the area of the Courtyard.
KMC 18.40.030.A, KMC 18.40.030.E, KMC 18.80.080.D.1 (parking)	Nine (9) off-street parking spaces are proposed. The Project includes eight (8) bicycle parking spaces (bike racks) and Plymouth will install in each Residential Unit a wall-mounted bike hook.
KMC 18.52.150 (setbacks): Properties Fronting SR-522.	A 10-foot setback is proposed on the ground floor fronting SR 522; a 5-foot setback is proposed for upper floors along SR 522. Setbacks along 67 th Ave NE exceed 10 feet at the area of the public plaza.
KMC 18.52.220 (roof form), KMC 18.52.300 (building materials), KMC 18.52.310.B (upper level setbacks, mass and bulk), KMC 18.52.100 (pedestrian walkways) and KMC 18.52.210 (building corners)	The design incorporates a flat roof with a consistent parapet height. The base of the building is expressed through a 12-foot datum line that separates the ground floor from the upper floors, which may be further expressed with a change of materials at ground floor, including vertical wood siding and storefront glazing. As part of an intentional architectural design, masonry materials are not proposed. As part of an intentional architectural design, the techniques applied to facades visible from public rights-of-way and public spaces to minimize apparent bulk and mass of building are not proposed. Pedestrian walkways varies in width through the site at eight (8) feet or greater, but several areas of the walkway narrow to six (6) feet in width. As part of an intentional architectural design, the courtyard opens up to 76 th Avenue NE and the building sides that face corners of public streets are not treated architecturally to emphasize the corner location.
Modification to Chapter 20.47 KMC Transportation, Park, and School Impact Fees.	Pursuant to KMC 20.47.040.A.6, the Project has a broad public purpose by providing low-income housing. Accordingly, the Project proposes an exemption from payment of transportation impact fees and park impact fees. An independent fee calculation was requested for school impact fees pursuant to KMC 20.47.140. The Northshore School District ("NSD") adjusted the school impact fees to \$0 with the understanding that the Project is designed to serve a resident population where no students will be generated. Plymouth will record a restrictive covenant prior to occupancy documenting the basis for the independent fee calculation and agreeing to the collection of school impact fees if the Project ever fails certification, or if the Residential Units are converted to a use that no longer meets the basis for the approved adjustment.
Modification of KMC 18.110.050 Processing procedure.	Requests that the City Council modifies KMC 18.110.050 to waive minor procedural irregularities in the processing of this Development Agreement.

Action Requested Tonight

Adopt Ordinance No. 23-0600, approving the proposed Development Agreement in accordance with KMC 18.110 for the real property located at 6532 Bothell Way NE, Kenmore, Washington, 98028 between the City of Kenmore, Plymouth Housing Group and Kenmore Housing, LLC



Thank You and Questions





City Council Agenda Bill City of Kenmore, WA

Subject/Topic:

Resolution No. 23-409 Approving a Disposition of Surplus Property for City-owned property at 6532 Bothell Way NE, Kenmore, Washington, 98028.

Proposed Council Action/Motion:

- 1) Approve the Disposition of Surplus Property Resolution No. 23-409 declaring City-owned real property referred to as tax parcel Nos. 794630-0195 and 794630-0196 located at 6532 Bothell Way NE, Kenmore, Washington, 98028 to be surplus to the City's needs.
- 2) Approve the transfer agreement of the property to Plymouth Housing Group in substantially the form of Exhibit 2 and authorize the City Manager to sign the agreement.

For Council Meeting Agenda of: 12/11/2023

Department: City Manager's Office

Prepared by: Tambi Cork, HHS Manager

Initial & Date

Approved by Department Head: SLL, 11/29/23

Approved by City Attorney: DFR, 11/30/23

Approved by Finance Director: MM, 12/1/23

Approved by City Manager: RK, 12/1/23

Exhibits/Attachments:

1. Resolution No. 23-409
2. Real Property Transfer Agreement
 - Exhibit A: Legal Description
 - Exhibit B: ARCH "Regulatory Agreement Boilerplate"
 - Exhibit C: Bargain and Sale Deed

Summary:

RCW 39.33.015 authorizes the City to adopt procedures under which the City may declare City-owned property to be surplus to the City's needs, and transfer the property to a third party at no cost, on the condition that the property will be used for a public benefit purpose such as affordable housing. In 2022, pursuant to RCW 39.33.015, the Kenmore City Council enacted KMC 3.55.075, authorizing the City to declare real property to be surplus, and to transfer such property to a third party at no cost, subject to certain conditions that include (1) the third party must pay for all costs of the transfer, including but not limited to appraisal costs, title fees, excise tax, recording fees and other closing costs, and (2) the deed or other conveyance document must contain a covenant or other requirement that the property shall be used for the designated public benefit purpose, and remedies that apply if the recipient of the property, or the recipient's successor in interest, fails or ceases to use the property for that designated public benefit purpose.

The Kenmore City Council's number one priority for 2021-2022 was to *increase and preserve the options for affordable housing stock*. Affordable housing is currently the City Council's number two priority, and it will return to the City Council's top priority in 2024. In support of this goal, the City developed a Request

for Proposals (RFP) for affordable housing on City-owned property at 6532 Bothell Way NE, which was awarded to Plymouth Housing Group to develop a 100-unit affordable housing development. This development requires that Plymouth Housing Group obtain site control of the property in order to proceed with the development as planned.

In accordance with RCW 39.33.015 and KMC 3.55.075, and consistent with the City Council's determination that the Property is not needed for any City purpose or to discharge any City responsibility, this resolution declares the Property to be surplus, and authorizes the transfer of the Property to Plymouth for the development of affordable housing on the Property consistent with the Plymouth Affordable Housing Project.

Information/Background:

The Kenmore City Council's number one priority for 2021-2022 was to *increase and preserve the options for affordable housing stock*. Affordable housing is currently the City Council's number two priority, and it will return to the City Council's top priority in 2024. In support of this goal, the City developed a Request for Proposals (RFP) for affordable housing on City-owned property at 6532 Bothell Way NE following Council discussions on October 25, 2021, and November 15, 2021.

RFP Process:

The City of Kenmore issued a Request for Proposal (RFP) #22-C2789 seeking partners to help build affordable housing units in Kenmore at real property located at 6532 Bothell Way NE, Kenmore, WA, 98028. RFP #22-C2789 is located at: [RFP 22-C2789 Affordable Housing Development Proposal \(kenmorewa.gov\)](https://kenmorewa.gov/RFP-22-C2789-Affordable-Housing-Development-Proposal)

The City received three RFP responses and a committee of City staff and staff from A Regional Coalition for Housing (ARCH) evaluated and interviewed the respondents. The committee selected Plymouth Housing Group (Plymouth)'s proposal and presented the RFP Affordable Housing Development Proposal from Plymouth to the City Council at the May 31, 2022 meeting. The May 31, 2022 agenda materials, which include Plymouth's RFP Response to construct and operate a six-floor apartment building to include one hundred (100) residential units and approximately 2,184 SF of commercial space and also includes site construction and design depictions, are located at: [Kenmore - Document Center \(civicweb.net\)](https://kenmore.civicweb.net/document/121367).

At the City Council's June 21, 2022 meeting, City staff again presented Plymouth's proposed Affordable Housing Project. Council approved the selection of the Proposal submitted by Plymouth Housing in response to City RFP 22-2789, and authorized the City to move forward with creating a partnership with Plymouth Housing and A Regional Coalition for Housing to develop affordable housing consistent with the Plymouth Housing Proposal; allocated \$3.2 million in City funds for the development of affordable housing in the City consistent with the Plymouth Housing Proposal, and provided staff direction to initiate negotiations with Plymouth Housing and/or ARCH for a property transfer agreement, development agreement, and any other necessary agreements. The June 21, 2022, agenda materials are located at: <https://kenmore.civicweb.net/document/121367>

Development Agreement:

In accordance with KMC 18.110.050.B, at its October 23, 2023, Council Meeting, the City Council approved the threshold decision to move forward with processing the application for the Affordable

Housing Project development agreement. The threshold decision approved further processing of the agreement but was not a decision to approve or deny a development agreement. A development agreement provides flexibility from specific zoning code regulations pursuant to Chapter 18.110 KMC to allow for public benefits, such as the provision of affordable housing. The October 23, 2023, agenda materials are located at: <https://kenmore.civicweb.net/document/202298>

In accordance with KMC 18.110.050.B, the first public hearing was held at the 11/27/2023 Council meeting to receive public comment on the proposed development agreement for real property at 6532 Bothell Way NE, Kenmore, Washington, 98028. A second public hearing is scheduled for 12/11/2023 and Council will consider adopting Ordinance 23-0600 to approve the proposed Development Agreement, and authorize the City Manager to execute the same. The November 27, 2023, agenda materials are located at: <https://kenmore.civicweb.net/document/249881>.

Disposition of Surplus Property:

At the City Council's July 25, 2022 meeting, pursuant to RCW 39.33.015, the Kenmore City Council enacted KMC 3.55.075, authorizing the City to declare real property to be surplus, and to transfer such property to a third party at no cost, subject to certain conditions that include (1) the third party must pay for all costs of the transfer, including but not limited to appraisal costs, title fees, excise tax, recording fees and other closing costs, and (2) the deed or other conveyance document must contain a covenant or other requirement that the property shall be used for the designated public benefit purpose, and remedies that apply if the recipient of the property, or the recipient's successor in interest, fails or ceases to use the property for that designated public benefit purpose.

This Council action was undertaken in anticipation of transferring site control of the City-owned property at 6532 Bothell Way NE to Plymouth Housing Group for the development of 100 units of affordable housing. The July 25, 2022 agenda materials are located at: <https://kenmore.civicweb.net/document/122238>

In support of the Plymouth Housing Group's affordable housing development and Council priority to increase and preserve the options for affordable housing stock, staff recommend Council approve the Disposition of Surplus Property Resolution 23-XXXX declaring City-owned real property referred to as tax parcel Nos. 794630-0195 and 794630-0196 located at 6532 Bothell Way NE, Kenmore, Washington, 98028 to be surplus to the City's needs, and authorizing transfer of the property at no cost for a public benefit purpose pursuant to RCW 39.33.015 and KMC 3.55.075

Fiscal Consideration:

The City has allocated \$3.2 million in City funds for the development of this affordable housing in partnership with Plymouth. In addition, ARCH has designated more than \$3 million in ARCH Trust Fund dollars for the project.

City Council Priority or Budget Objective Being Addressed:

2. Increase and preserve the options for affordable housing stock

**CITY OF KENMORE
WASHINGTON
RESOLUTION NO. 23-409**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KENMORE,
WASHINGTON, DECLARING CITY-OWNED REAL PROPERTY
REFERRED TO AS TAX PARCEL NOS. 794630-0195 AND
794630-0196 TO BE SURPLUS TO THE CITY'S NEEDS, AND
AUTHORIZING TRANSFER OF THE PROPERTY AT NO COST
FOR A PUBLIC BENEFIT PURPOSE PURSUANT TO RCW
39.33.015 AND KMC 3.55.075.**

WHEREAS, the City of Kenmore is a Washington code city, organized and operating under Title 35A RCW, among other laws; and

WHEREAS, RCW 39.33.015 authorizes the City to adopt procedures under which the City may declare City-owned property to be surplus to the City's needs, and transfer the property to a third party at no cost, on the condition that the property will be used for a public benefit purpose such as affordable housing, and in 2023, the Washington legislature amended RCW 39.33.015 to define "affordable housing" as including "(i) For rental housing, 30 percent of the household's monthly income for rent and utilities, other than telephone; ...; and

WHEREAS, in 2022, pursuant to RCW 39.33.015, the Kenmore City Council enacted KMC 3.55.075, authorizing the City to declare real property to be surplus, and to transfer such property to a third party at no cost, subject to certain conditions that include (1) the third party must pay for all costs of the transfer, including but not limited to appraisal costs, title fees, excise tax, recording fees and other closing costs, and (2) the deed or other conveyance document must contain a covenant or other requirement that the property shall be used for the designated public benefit purpose, and remedies that apply if the recipient of the property, or the recipient's successor in interest, fails or ceases to use the property for that designated public benefit purpose; and

WHEREAS, the Kenmore City Council's number one priority for 2021-22 was:

Goal #1: Affordable Housing. This item supports the City Council's top priority: *Increase and preserve the options for affordable housing stock* ("Affordable Housing Goal");

and

WHEREAS, the City owns the real property located at 6532 Bothell Way NE, Kenmore, Washington, 98028, consisting of Tax Parcel Nos. 794630-0195 and 794630-0196 and

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legally described on **Exhibit A** attached to this Resolution and related improvements and property rights (the "Property"). The Property has minimal improvements and has an assessed value of approximately \$1,155,500; and

WHEREAS, to achieve the Affordable Housing Goal, the City issued a Request for Proposals (RFP) for affordable housing development on the Property, and the City received three proposals, including a proposal from Plymouth Housing Group, a Washington nonprofit corporation ("Plymouth") to develop a 100-unit facility for individuals at or below thirty percent (30%) of area median income ("AMI") (the "Plymouth Affordable Housing Project"); and

WHEREAS, on May 31, 2021, the Kenmore City Council considered the Plymouth Affordable Housing Project, along with the other proposals received in response to the RFP, and on June 21, 2021, the City Council unanimously (1) approved the selection of the Plymouth Affordable Housing Project, and authorized the City to move forward with creating a partnership with Plymouth and A Regional Coalition for Housing ("ARCH") to develop affordable housing consistent with the Plymouth Affordable Housing Project, (2) allocated \$3.2 million for the development of affordable housing consistent with the Plymouth Affordable Housing Project, and (3) provided staff direction to initiate negotiations with Plymouth and/or ARCH for a property transfer agreement, development agreement, and any other necessary agreements for the development of the Property with an affordable housing project consistent with the Plymouth Affordable Housing Project; and

WHEREAS, in addition to the City Council's allocation of \$3.2 million, ARCH has committed to contribute \$3,279,700 as a deferred loan from its Housing Trust Fund to Plymouth's development of the Property with an affordable housing project consistent with the Plymouth Affordable Housing Project; and

WHEREAS, in connection with ARCH's contribution of the \$3,279,700 deferred loan from its Housing Trust Fund and its administration of the City's contribution of \$3.2 million for the development of affordable housing on the Property consistent with the Plymouth Affordable Housing Project, ARCH will require that Plymouth execute various agreements and other documents, including a Funding Agreement, a Regulatory Agreement, a Promissory Note, and a Deed of Trust, which will require Plymouth or its successor in interest to construct, maintain and operate affordable housing on the Property consistent with the Plymouth Affordable Housing Project, and which provide remedies in the event that Plymouth or its successor in interest fails to perform, enforceable by ARCH and by the City, including specific performance or the sale of the Property to provide proceeds for the return of the monetary contributions; and

WHEREAS, RCW 36.70B.170 and Chapter 18.110 KMC authorize the execution of a development agreement between the City and a person having ownership or control of real property within its jurisdiction, which states the development standards and other provisions that shall apply to, govern, and vest the development, use and mitigation of the development of the property for the duration specified in the agreement; and

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WHEREAS, the City has approved a development agreement with Plymouth for the development of the Property with affordable housing consistent with the Plymouth Affordable Housing Project (the "Development Agreement"), which requires that the City and Plymouth negotiate an agreement for the transfer of the Property to Plymouth on the condition that Plymouth develop the Property with affordable housing consistent with the Plymouth Affordable Housing Project and maintain the affordable housing on the Property in accordance with requirements of ARCH. The Seller's remedies for Buyer's breach include any and all remedies and causes of action at law or in equity under the Washington law, and expressly includes the remedy of specific performance; and

WHEREAS, after consideration of information presented by City staff, the City Council has determined that the City does not need the Property for any City purpose or to discharge any City responsibility; and

WHEREAS, the Plymouth Affordable Housing Project is a public benefit project and meets the definition of "affordable housing" under RCW 39.33.015; and

WHEREAS, in accordance with RCW 39.33.015 and KMC 3.55.075, and consistent with the City Council's determination that the Property is not needed for any City purpose or to discharge any City responsibility, the City Council desires to declare the Property to be surplus, and to authorize the transfer of the Property to Plymouth for the development of affordable housing on the Property consistent with the Plymouth Affordable Housing Project, subject to the conditions stated in this Resolution;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. Findings. The recitals set forth above, which are incorporated herein by reference, are adopted as findings in support of the adoption of this Resolution.

Section 2. Declaration of Surplus Property. The City Council finds, determines and declares that the Property is surplus to the City's needs and is not needed to discharge any obligation of the City.

Section 3. Authority to Transfer at No Cost. Pursuant to RCW 39.33.015 and KMC 3.55.075, the Property may be transferred at no cost, subject to conditions that include but are not limited to: (1) the recipient, on behalf of itself and its successors in interest, shall agree to use the Property for affordable housing consistent with the Plymouth Affordable Housing Project, (2) a covenant requiring this affordable housing use of the Property shall be recorded against the Property, in a form approved by the City and ARCH in their sole discretion, (3) the deed or other conveyance document transferring ownership of the Property must contain a covenant or other requirement that the property shall be used for the designated public benefit purpose and remedies that apply if the recipient or the recipient's successor in interest fails or ceases to use the Property for that designated public benefit purpose, and (4) the recipient

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must pay for all costs of the transfer, including but not limited to appraisal costs, title fees, excise tax, recording fees and all other closing costs.

Section 4. Property Information. In accordance with KMC 3.55.075D.1, the following information regarding the Property is provided:

4.1 The Property is approximately 22,200 square feet in size, is located at 6532 Bothell Way NE, Kenmore, Washington, 98028, consists of King County Tax Parcel Nos. 794630-0195 and 794630-0196, and is legally described on **Exhibit A** attached to this Resolution.

4.2 The City obtained ownership of the Property in a voluntary negotiated purchase and sale transaction with the then owner of the Property, after the owner offered the Property for sale.

4.3 Because this Resolution authorizes the transfer of the Property at no cost to the recipient, the City does not anticipate that there will be any proceeds of sale for placement into any City Fund.

4.4 At the time that the City acquired the Property, the City was considering the use of the Property, or a portion of the Property, for a pedestrian tunnel under or bridge across the adjacent public right-of-way. Subsequently, the City determined that this use of the Property is not financially feasible and might not align with proposed uses for the adjacent properties. The City initially leased the Property to one or more third parties for those parties' short term commercial use. Currently, the City is using the Property as a public works storage yard; however, the City has or has access to other locations for its storage yard. Therefore, the City does not need to use or anticipate using the Property for any permanent City purpose in the future. Plymouth has proposed to use the Property for affordable housing, and the Property will be transferred subject to the condition that it is used for affordable housing consistent with the Plymouth Affordable Housing Project.

4.5 The King County Assessor's assessed value for the Property for 2023 is approximately \$1,155,500.

4.6 The Property will be disposed of only after the completion of the RFP process described in the Recitals to this Resolution, which resulted in the City Council selecting Plymouth and the Plymouth Affordable Housing Project for the Property. In addition, the City and Plymouth have entered into a Development Agreement for the development of the Property with affordable housing consistent with the Plymouth Affordable Housing Project, which requires that the City and Plymouth negotiate an agreement for the transfer of the Property to Plymouth on the condition that Plymouth develop the Property with affordable housing consistent with the Plymouth Affordable Housing Project and maintain the affordable housing on the Property in accordance with requirements of ARCH. In accordance with the Development Agreement, the City and Plymouth are negotiating a property transfer agreement which will state the terms and conditions for the transfer of the Property to Plymouth.

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4.7 In addition to the City transferring the Property to Plymouth for the Plymouth Affordable Housing Project, the City committed to contributing \$3.2 million to the Plymouth Affordable Housing Project. Further, ARCH has committed to contribute \$3,279,700 as a deferred loan from its Housing Trust Fund to Plymouth's development of the Property with an affordable housing project consistent with the Plymouth Affordable Housing Project, and ARCH will administer the City's \$3.2 million contribution.

4.7.1 In connection with these monetary contributions, ARCH will require that Plymouth execute various agreements and other documents, including a Funding Agreement, Regulatory Agreement, a Promissory Note, and a Deed of Trust, which will require Plymouth or its successor in interest to construct, maintain and operate affordable housing on the Property consistent with the Plymouth Affordable Housing Project.

4.7.2 In addition, the Deed transferring the Property to Plymouth shall contain a covenant or restriction, that if Plymouth or its successor in interest fails to construct affordable housing on the Property consistent with the Plymouth Affordable Housing Project, or fails or ceases to operate and maintain the affordable housing on the Property, the City shall have remedies that include specific performance.

4.8 The transfer of the Property shall be at no cost, subject to the conditions stated in this Resolution and the provisions of RCW 39.33.015 and KMC 3.55.075.

Section 5. Effective Date. This resolution shall take effect and be in force immediately

ADOPTED by the City Council of the City of Kenmore, Washington, this ____ day of December, 2023.

CITY OF KENMORE

Nigel Herbig, Mayor

ATTEST/AUTHENTICATED:

Anastasiya Warhol, City Clerk

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EXHIBIT 1 - PROPERTY LEGAL DESCRIPTION:

PARCEL 794630-0195:

LOTS 10 AND 11, BLOCK 6, W.C. SQUIRE'S PLAT OF KENMORE, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 20 OF PLATS, PAGE 62, IN KING COUNTY, WASHINGTON;

EXCEPT THE SOUTH 70.00 FEET THEREOF;

SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.

PARCEL 794630-0196:

THE SOUTH 70.00 FEET OF LOTS 10 AND 11, BLOCK 6, W.C. SQUIRE'S PLAT OF KENMORE, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 20 OF PLATS, PAGE 62, IN KING COUNTY, WASHINGTON

EXCEPT THAT PORTION THEREOF CONVEYED TO THE CITY OF KENMORE PURSUANT TO STATUTORY WARRANTY DEED RECORDED UNDER RECORDING NUMBER 20070122002204.

SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.

REAL ESTATE TRANSFER AGREEMENT

THIS REAL ESTATE TRANSFER AGREEMENT (this “Agreement”) is made and entered into by and between the Parties, the City of Kenmore, Washington, a Washington municipal corporation (“Seller” or “City”), and Plymouth Housing Group, a Washington public benefit nonprofit corporation (“Buyer”), effective as of the later of the signature dates below (the “Effective Date”).

RECITALS

A. Seller owns the real property located at 6532 Bothell Way NE, Kenmore, Washington, 98028 and legally described on **Exhibit A** attached to this Agreement (the “Land”) and related improvements and property rights associated with the Land. The Land, improvements and all of Seller’s appurtenant rights and interests are collectively referred to as the “Property.” The Property is valued at approximately \$1.89 million.

B. The Kenmore City Council’s number one priority for 2021-22 was:

Goal #1: Affordable Housing. This item supports the City Council’s top priority: *Increase and preserve the options for affordable housing stock* (“Affordable Housing Goal”).

C. To achieve the Affordable Housing Goal, the Seller issued a Request for Proposals (RFP) for affordable housing development on the Property. The Seller received three proposals, including the Buyer’s proposal to develop a 100-unit facility for individuals at or below thirty percent (30%) of area median income (“AMI”) (the “Buyer’s Proposal”).

D. On May 31, 2021, the Kenmore City Council considered Buyer’s Proposal, and on June 21, 2021, the City Council unanimously (1) approved the selection of the Buyer’s Proposal, and authorized the City to move forward with the proposal from Buyer and with participation by A Regional Coalition for Housing (“ARCH”) to develop affordable housing consistent with the Buyer’s Proposal; (2) allocated \$3.2 million for the development of affordable housing consistent with the Buyer’s Proposal; and (3) directed staff to initiate negotiations with Buyer and/or ARCH for a property transfer agreement, development agreement, and any other necessary agreements for the development of the Property with an affordable housing project consistent with the Buyer’s Proposal.

E. In addition to the City Council’s allocation of \$3.2 million and its potential contribution of the Property, ARCH has committed to contribute \$3,279,700 as a deferred loan from its Housing Trust Fund to the Buyer’s development of the Property with an affordable housing project consistent with Buyer’s Proposal. ARCH will also administer the loan of the Seller’s \$3.2 million to Buyer’s development of the Property as an affordable housing project consistent with Buyer’s Proposal. For avoidance of doubt, the City’s award of \$3.2 million will be combined with the ARCH loan of \$3,279,700 for a total loan of \$6,479,700 from ARCH to Buyer (the “ARCH Loan”). It is anticipated that the Buyer will then assign the ARCH Loan to Kenmore Housing LLC, a Washington liability company (the “Owner Entity”). A wholly owned affiliate of the Buyer is the managing member of the Owner Entity.

F. RCW 36.70B.170 and Chapter 18.110 KMC authorize the execution of a development agreement between the City and a person having ownership or control of real

property within its jurisdiction, which states development standards and other provisions that shall apply to, govern, and vest the development and use of the development of the property for the duration specified in the agreement. The Seller has approved a development agreement with the Buyer for the development of the Property with affordable housing consistent with the Buyer's Proposal (the "Development Agreement"). The Development Agreement requires that the Seller and the Buyer negotiate and enter into an agreement for the transfer of the Property to the Buyer on the condition that the Buyer develop the Property with affordable housing consistent with the Buyer's Proposal and maintain the affordable housing on the Property in accordance with requirements of ARCH. The Development Agreement also requires that if the Property is transferred to Buyer, a Condominium Sale Prohibition Covenant and a restrictive Covenant relating to the school impact fee independent fee calculation ("Independent School Impact Fee Calculation Covenant") be recorded. The Seller's remedies for Buyer's breach of this Agreement include any and all remedies and causes of action at law or in equity under the Washington law, and expressly includes the remedy of specific performance.

G. In connection with ARCH's award of the \$3,279,700 deferred loan from its Housing Trust Fund and its administration of the Seller's award of \$3.2 million for the development of affordable housing on the Property consistent with the Buyer's Proposal, ARCH will require that Buyer execute various agreements and other documents, including a Funding Agreement, a Promissory Note, a Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement"), and a Deed of Trust. Taken together, these agreements and other documents will require Buyer or its successor in interest to construct, maintain and operate affordable housing on the Property consistent with the Buyer's Proposal, and provide remedies in the event that the Buyer or its successor in interest fails to perform, enforceable by ARCH and by Seller, and which include specific performance or foreclosure by ARCH on the Property.

H. RCW 39.33.015 authorizes the Seller to adopt procedures under which the Seller may declare Seller-owned property to be surplus to the Seller's needs, and transfer the property to a third party at no cost, on the condition that the property will be used for a public benefit purpose such as affordable housing. In 2022, pursuant to RCW 39.33.015, the Kenmore City Council enacted KMC 3.55.075, authorizing the City to declare real property to be surplus, and to transfer such property to a third party at no cost, subject to certain conditions that include (1) the third party must pay for all costs of the transfer, including but not limited to appraisal costs, title fees, excise tax, recording fees and other closing costs, and (2) the deed or other conveyance document must contain a covenant or other requirement that the property shall be used for the designated public benefit purpose, and remedies that apply if the recipient of the property, or the recipient's successor in interest, fails or ceases to use the property for that designated public benefit purpose.

I. Prior to the approval of this Agreement, in accordance with RCW 39.33.015 and KMC 3.55.075 and consistent with the Development Agreement, the Kenmore City Council passed Resolution No. _____, declaring the Property to be surplus to the City's needs, and authorizing the transfer of the Property at no cost subject to the conditions required by the City code.

J. This Agreement, and all of its terms and conditions, are consistent with RCW 39.33.015, KMC 3.55.075, and the Development Agreement, and Seller desires to sell and Buyer desires to purchase the Property on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

Seller and Buyer therefore agree as follows:

ARTICLE I.

AGREEMENT TO SELL AND PURCHASE – ENTIRE AGREEMENT

Seller agrees to sell and convey the Property to Buyer, and Buyer agrees to purchase and accept the Property from Seller, on the terms and conditions stated in this Agreement. This document as signed by the Parties and the attached Exhibits are referred to as “this Agreement” and contain all of the terms, conditions and understandings of the Parties with respect to its subject matter.

ARTICLE II.

CONSIDERATION

2.1 Monetary Consideration. The Buyer shall not pay any monetary consideration to Seller for the Property. The consideration for the transfer of the Property to the Buyer by the Seller shall be the terms and conditions of, and as otherwise stated in, this Agreement.

2.2 Regulatory Agreement or Other Restrictive Covenant. On or before Closing, Buyer shall provide an executed Regulatory Agreement or other restrictive covenant, which shall be recorded against the Property at Closing, requiring that the Buyer and the Buyer’s successors in interest construct, use, operate and maintain the affordable housing development on the Property and consistent with the Buyer’s Proposal, and providing the Seller with remedies, including but not limited to specific performance, if Buyer or Buyer’s successor in interest does not construct that affordable housing project on the Property or if Buyer or Buyer’s successor in interest fails or ceases to use the Property for affordable housing purposes consistent with Buyer’s Proposal. The Regulatory Agreement or other restrictive covenant shall be in substantially the form attached as **Exhibit B**; provided, that the final Regulatory Agreement shall contain the terms, conditions, covenants and provisions required by ARCH and approved by the Seller, in ARCH’s and the Seller’s sole discretion.

ARTICLE III.

DESIGNATION OF ESCROW AGENT

. Upon execution of this Agreement, Seller will open an escrow with First American Title Company NCS, 920 5th Avenue, Suite 1200, Seattle, WA 98104, Attn: Amanda Johnson, amjohnson@firstam.com (the “Escrow Agent”) whom the Parties hereby select as Escrow Agent for this transaction.

ARTICLE IV.

TITLE TO PROPERTY

4.1 Title Review; “Permitted Exceptions”. Seller has ordered, or, promptly following the Effective Date, will order a preliminary commitment for title insurance from the Title Company naming Buyer as the insured in the amount of not less than \$1,890,000 (the “Title Commitment”) and request a copy of the Title Commitment and copies of all documents of record referred to in the Schedule B Special Exceptions to be delivered to Buyer. Buyer shall pay for the cost of any title insurance Buyer desires to obtain at Closing. Buyer is solely

responsible for obtaining title insurance in such form and content as may be required by any lender from whom Buyer seeks financing, and delay or inability to obtain title insurance to such lender's satisfaction will not excuse Buyer's performance under this Agreement. Buyer and/or Buyer's counsel may review the Title Commitment and such other matters of title as Buyer may, in Buyer's sole discretion, determine to examine, and Buyer must notify Seller of any objections Buyer may have to the title, in accordance with the procedure outlined below:

4.1.1 Buyer's Notification. Not later than ten (10) business days after Buyer's receipt of the Title Commitment, Buyer must deliver written notification to Seller of Buyer's approval or disapproval of the Title Commitment, which notification must specifically list each exception in Schedule B of the Title Commitment to which Buyer objects ("Buyer's Notification"). Failure to deliver such notice by such date will constitute Buyer's approval and acceptance of the Title Commitment in the form provided and of all General Exceptions and Schedule B Special Exceptions. Exceptions not objected to or disapproved by Buyer in writing in this manner will be Permitted Exceptions. As used in this Agreement, "Permitted Exceptions" means encumbrances and other matters affecting title to the Property to which Buyer does not object, and Buyer agrees Seller may convey title to the Property at Closing subject to all Permitted Exceptions.

4.1.2 Seller's Response. Within five (5) business days after receipt of Buyer's Notification, Seller agrees to provide written notice to Buyer, signed by Seller or Seller's attorneys ("Seller's Response") identifying those title exceptions, if any, to which Buyer objected in Buyer's Notification which Seller agrees to cause to be removed from the Title Policy prior to Closing. The absence of a Seller's Response within such time shall constitute Seller's notice to Buyer of Seller's election not to remove any title exceptions

4.1.3 Buyer's Right to Terminate. If Seller does not notify Buyer in Seller's Response that Seller will remove all exceptions to which Buyer timely objected in Buyer's Notification, then Buyer will have the right to terminate this Agreement, if, but only if, Buyer gives written notice of termination as a result of title issues, which written notice of termination must be given by Buyer not later than three (3) business days after Buyer's receipt of Seller's Response (or three business days after Seller's Response was due, if no Seller's Response is provided) . If Buyer terminates this Agreement on such basis, Buyer shall be responsible to pay for any Title Commitment cancellation fee. If Buyer does not give written notice of termination within the time period provided in this Subsection 4.1.3, then all title exceptions disclosed on the Title Commitment and not agreed by Seller to be removed from the Title Policy at or prior to Closing will be included as part of the Permitted Exceptions.

4.1.4 New Exceptions. With respect to any title defect or exception first disclosed after the date by which Buyer must give notice of termination as provided in Section 4.1.3 above, if, but only if, such newly disclosed title defect or exception (each, a "New Exception") is of such a nature as either to adversely affect the marketability or use of the Property for affordable housing purposes, then Buyer shall have the right to give written notice of objection to such New Exception within three (3) business days after the date on which such New Exception is disclosed to Buyer. Seller shall have three (3) business days after receipt of such written notice of objection by Buyer to advise Buyer whether Seller shall cause the Title Policy to be issued without such exception ("Seller's Cure Notice"). If Buyer timely objects to such New Exception and Seller does not timely give Buyer Seller's Cure Notice with respect to such New Exception, then Buyer may terminate this Agreement if, but only if, Buyer provides Seller with written notice of termination within three (3) business days after the date on which Seller's Cure Notice

was due. If Buyer terminates this Agreement under this Section 4.1.4, then Buyer shall be responsible to pay for any Title Commitment cancellation fee. If Seller does not give a Seller's Cure Notice and Buyer does not give notice of termination within three (3) business days after the date on which Seller's Cure Notice was due, then Buyer shall be deemed to have accepted title to the Property subject to such New Exception, which in that event shall become a Permitted Exception.

4.1.5 New Title Exceptions Disclosed Within Ten (10) Days Prior to Closing. If a New Exception is first disclosed at any time within ten (10) days prior to the scheduled Closing Date, and if Buyer timely objects thereto and Seller timely gives Seller's Cure Notice with respect thereto, then, at Seller's option, if necessary to deliver a Title Policy to Buyer excluding such New Exception, the Closing Date will be extended for up to five (5) additional business days to permit Seller to take the actions necessary to cause the Title Company to deliver the Title Policy at Closing without such New Exception.

4.1.6 Effect of Seller's Failure to Cause Exceptions to be Removed. If Seller shall fail to remove on or before Closing any title exception required to be removed under this Article IV, then Buyer shall have the right either to terminate this Agreement but shall be responsible to pay for any Title Commitment cancellation fee, or to proceed to Closing and to accept title to the Property subject to such title exceptions, in which case such additional exceptions shall be included among the Permitted Exceptions.

4.2 Title Not Insurable. If title is not insurable at Closing subject only to the Permitted Exceptions determined in accordance with this Agreement, Buyer may (a) elect to proceed to Closing despite such non-insurability, thereby accepting any such matters as Permitted Exceptions, or (b) terminate this Agreement and pay for any Title Commitment cancellation fee.

4.3 Deed. Title will be conveyed at Closing by bargain and sale deed, or equivalent, subject to the Permitted Exceptions, in the form attached hereto as **Exhibit C** (the "Deed"). The Deed shall contain the terms, conditions, covenants and provisions required by Kenmore Municipal Code 3.55.075, as determined by the Seller in its sole discretion.

4.4 Buyer's Assumption of Obligations Relating to Permitted Exceptions. In addition to the foregoing, at Closing, Buyer will assume and hold Seller harmless from all duties and obligations arising from or relating to the Permitted Exceptions for all actions, conditions and matters coming into existence, occurring or arising on or after the Closing Date.

ARTICLE V. CONDITIONS

5.1 Feasibility Condition. Buyer's obligation to purchase and acquire the Property, and Seller's obligation to sell and transfer the Property, are contingent upon Buyer determining, in the exercise of its sole and absolute discretion, that it is satisfied with its investigation into all aspects of the Property, including, but not limited to, value, condition, marketability, title matters, environmental conditions, zoning, land use, parking, projected income, tenants, neighboring properties, location, and all other factors and conditions which Buyer, in its sole discretion and judgment, exercised independently, considers relevant, and the feasibility, in all respects that Buyer considers pertinent, of its prospective purchase and ownership thereof ("Feasibility Condition").

5.2 Property Information; Return of Buyer's Information to Seller. Within ten (10) days following the Effective Date, Seller shall deliver to Buyer copies of documents and reports in the

possession of Seller relating to the Property, excluding appraisals or other statements of value (the "Property Information"). Buyer acknowledges that all reports prepared or provided by persons or entities other than Seller ("Third Party Reports"), including, but not limited to, surveys, title reports, property condition reports, building plans, site plans, environmental assessments, and materials provided by tenants or prior owners, and such other Third Party Reports as may be provided by Seller, have been prepared and provided to Seller by third parties and may contain information that is outdated, incomplete, or inaccurate, and Buyer acknowledges and agrees that Seller makes no representation or warranty as to the accuracy or completeness thereof or as to any of the Property Information. Buyer acknowledges and agrees that the Property Information constitutes only one source of information for Buyer to review as part of its inspection and investigation of the Property, and Buyer expressly releases and waives any claim against Seller for the contents thereof. Buyer agrees, if this transaction fails to close for any reason, Buyer will, within ten (10) calendar days after termination of this Agreement, return to Seller all of the Property Information that has been provided in original hardcopy form.

5.3 Right of Access. Buyer and its officers, agents, contractors, employees and designees will be afforded access and entry onto and into the Property for inspection and investigation during the Feasibility Period to conduct studies, tests and inspections and such other tests as are determined by Buyer in its discretion in order to fully investigate the Property, except that no excavation, drilling, or other invasive testing will occur without Seller's prior written consent, which consent Seller agrees not to withhold unreasonably. Any such excavation, drilling, or other invasive testing consented to by Seller will be conducted by Buyer or its consultants or contractors in accordance with accepted industry practices, and Buyer will cause the Property to be promptly repaired and restored to a condition at least equal to that immediately preceding such action, at Buyer's expense and at no expense to Seller or Seller's insurers. All such investigations and inspection will occur at Buyer's sole risk, cost and expense and at no cost or expense to Seller. Buyer will notify Seller a reasonable time in advance of any such on-site investigation. In exercising the right of inspection under this Section 5.3, Buyer will abide by all reasonable measures imposed by Seller to ensure that such inspections and investigations do not interfere with the use, occupancy and quiet enjoyment of the Property by any occupant of the Property or by any employee or invitee thereof. Buyer's access to the Property is conditioned upon the following requirements, with which Buyer hereby agrees:

5.3.1 Indemnity for Losses Resulting From Inspection Activities. Buyer will protect, indemnify, defend and hold the Property, Seller and Seller's officers, officials, employees, representatives, invitees, agents, and volunteers free and harmless from and against any and all claims, damages, liens, stop notices, liabilities, losses, costs and expenses, including reasonable attorneys' fees and court costs (collectively, "Liabilities"), resulting from Buyer's inspection and testing of the Property, including, without limitation, repairing any and all damages to any portion of the Property, arising out of or related (directly or indirectly) to Buyer's conducting such inspections, surveys, tests, and studies. Notwithstanding the foregoing, Buyer will not indemnify Seller for claims, damages, liens, stop notices, liabilities, losses, costs and expenses to the extent arising from the negligence, willful misconduct or breach of this Agreement by Seller. Buyer will keep the Property free and clear of any liens by any persons providing labor, materials, equipment or services in connection with Buyer's inspection of the Property and activities under this Article V. Buyer's indemnification obligations set forth herein will survive Closing and and/or termination of this Agreement, irrespective of the cause or reason for termination, and will not be merged with the Deed.

5.4 Feasibility Period. Buyer will have the period ending at 5:00 p.m. Pacific Time on the date which is 90 days after the Effective Date (the “Feasibility Period”) to determine Buyer’s satisfaction with the Property.

5.5 Buyer’s Right to Terminate. By written notice to Seller given any time before the end of the Feasibility Period, Buyer may terminate this Agreement with or without cause if Buyer determines in Buyer’s sole discretion that it does not wish to acquire the Property or that its acquisition of the Property is not feasible in Buyer’s judgment. If Buyer provides a notice of termination received by Seller prior to the end of the Feasibility Period, then this Agreement will be deemed terminated, Buyer shall have no further right, title or interest in or to the Property, and the Buyer shall pay for any Title Commitment cancellation fee.

5.6 Absence of Notice of Termination. If Buyer does not provide a written notice of termination to Seller prior to the end of the Feasibility Period, then the Feasibility Condition will be deemed satisfied, and the Parties will proceed to Closing under the other terms and subject to the other conditions in this Agreement. Any notice given by Buyer pursuant to the preceding Section 5.5 must state unequivocally and without qualification or condition that this Agreement is terminated.

5.7 Buyer’s Acceptance of Condition of Property. If Buyer does not timely give notice of termination of this Agreement as provided in Section 5.5 above, the absence of a notice of termination shall constitute Buyer’s representation to Seller that Buyer is satisfied with the Property and with all material facts and considerations relating to Buyer’s purchase of the Property pursuant to the terms of this Agreement and that Buyer has been able to conduct and has conducted and completed all investigations and inspections of the Property and its acquisition as Buyer deems necessary in its judgment and discretion to such determination.

5.8 No Financing Condition. The Parties agree there is no “financing contingency” under this Agreement, and, except insofar as Buyer may take such matters into consideration as part of its determination of the feasibility of its purchase of the Property, Buyer acknowledges and agrees that its obligations under this Agreement are not subject to or conditioned upon Buyer’s ability to obtain funds or financing for its purchase of the Property or its performance of its obligations under this Agreement.

ARTICLE VI. CONDITIONS TO CLOSING

6.1 Buyer’s Conditions. In addition to any conditions provided in other provisions of this Agreement, Buyer’s obligation to purchase the Property is subject to the fulfillment prior to Closing of each of the following conditions:

6.1.1 Correctness of Representations and Warranties. The representations and warranties of Seller as stated in Section 10.1 of this Agreement shall be true and correct on and as of the Closing Date with the same force and effect as if those expressly stated representations and warranties had been made on and as of the Closing Date unless Seller has provided written notice to the Buyer to the contrary and has given Buyer the opportunity to terminate or withdraw from this transaction at or prior to Closing.

6.1.2 Title Policy. The Title Company shall be prepared to issue the Title Policy subject only to the Permitted Exceptions.

6.1.3 Seller's Deliveries. Seller shall have delivered all of Seller's Deliveries to Escrow Agent on or prior to the Closing Date.

6.2 Seller's Conditions. In addition to any conditions provided in other provisions of this Agreement, Seller's obligation to sell the Property is subject to the fulfillment prior to Closing of each of the following conditions:

6.2.1 Compliance by Buyer. Buyer shall have performed, observed, and complied with all of the covenants, agreements, obligations and conditions required by this Agreement to be performed, observed and complied with by it prior to or as of the Closing Date.

6.2.2 Correctness of Representations and Warranties. The representations and warranties of Buyer stated in this Agreement shall be true and correct on and as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of the Closing Date, unless Buyer has provided written notice to Seller to the contrary and has given Seller the opportunity to terminate or withdraw from this transaction at or prior to Closing.

6.2.3 Buyer's Performance of Covenants and Conditions. Buyer shall have performed and satisfied all agreements and covenants required hereby to be performed by Buyer prior to or at the Closing Date.

6.2.4 Buyer's Deliveries. Buyer shall have delivered all of Buyer's Deliveries to Escrow Agent on or prior to the Closing Date.

6.2.5 Other Documents to Be Provided by Buyer. In addition to Buyer's Deliveries required under Sections 6.2.4 and 8.2.2, at least five (5) business days before Closing, Buyer shall have delivered to Seller executed copies of the Funding Agreement, the Promissory Note, and the Deed of Trust referred to in Recital G of this Agreement, all in the form and containing the terms, conditions, covenants and provisions required by ARCH and approved by the City, in ARCH's and the City's sole discretion.

6.3 Failure of Conditions. In the event any of the conditions set forth in Section 6.1 or 6.2 above is not satisfied or waived by the Closing Date, the Party entitled to benefit of such condition will have the right to terminate this Agreement and the Escrow, providing such Party gives written notice of such termination to the other Party and to Escrow Agent prior to the completion of the Closing. In the event such notice of termination is so given prior to the completion of Closing, the Buyer shall remain obligated to pay all Escrow charges and any cost of cancellation of the Title Commitment (unless the Seller is in default, in which case, the Seller shall pay all Escrow charges). All documents delivered to Escrow Agent will be returned to the depositing party, and Buyer will return to Seller all Feasibility items delivered by Seller to Buyer.

ARTICLE VII.

DAMAGE AND DESTRUCTION AND CONDEMNATION

7.1 Risk of Physical Loss. Risk of physical loss to the Property will be borne by Seller prior to the Closing Date and by Buyer thereafter. In the event that the Property is damaged by fire, flood, earthquake or other casualty in an amount in excess of One Million Dollars (\$1,000,000) or such that the Property is no longer suitable for construction of the project set forth in Buyer's Proposal, Buyer may, at its option, elect not to acquire the Property by giving written notice of its intent not to purchase within the earlier of the Closing Date or the

date that is thirty (30) days after notice has been given to Buyer of such event. If Buyer elects to terminate this transaction as a result of such damage, then this Agreement will be terminated and the Buyer shall pay for any Title Commitment cancellation fee and all Escrow Fees. If Buyer does not so elect to terminate this transaction, or if the damage involved is One Million Dollars (\$1,000,000) or less and Property continues to be suitable for construction of the project set forth in Buyer's Proposal, then Buyer shall close the purchase in accordance with this Agreement, in which event, at Closing, Seller will assign to Buyer Seller's interest in all insurance proceeds relating to such damage and the right to collect same (including, but not limited to all of Seller's rights in any insurance maintained by any contractor or subcontractor of Seller), less any deductible.

7.2 Condemnation. In the event that, prior to the Close of Escrow, any governmental entity commences any actions of eminent domain or similar type proceedings to take any portion of the Property, Buyer will have the option either to (i) elect not to acquire the Property, in which case Buyer shall pay the cost of any Title Commitment cancellation fee and all Escrow Fees or (ii) complete the acquisition of the Property, in which event Buyer will be entitled to all the proceeds of such taking.

ARTICLE VIII. CLOSING

8.1 Closing Date. Closing shall take place in the offices of Escrow Agent on the "Closing Date," which the Parties agree shall be the thirtieth (30th) day following the date of Buyer's notice to Seller of the satisfaction or waiver of the Feasibility Condition pursuant to Article V above, or such earlier date as may be mutually agreed upon by the Parties. If Seller has delivered to Escrow Agent all of Seller's Deliveries on or before the Closing Date, and if Buyer fails to deliver all of Buyer's Deliveries by the date and time provided in Section 8.2.2, then, at Seller's option, in Seller's sole discretion, this Agreement will terminate, and the terms of Section 6.3 applicable to Buyer's default will apply.

8.2 The Parties' Deliveries to Escrow. The Parties must deliver the following documents and funds to the Escrow Agent not later than 12:00 o'clock, Noon, Pacific Time, on the business day immediately preceding the Closing Date:

8.2.1 By Seller. Seller must deliver the following original documents and agreements, duly executed and acknowledged by Seller ("Seller's Deliveries"):

- (a) the Deed;
- (b) a real estate excise tax affidavit (the "REETA");
- (c) FIRPTA Affidavit;
- (d) any and all such other documents as may be required by the Title Company providing the same are consistent with the terms of this Agreement.

8.2.2 By Buyer. Buyer must deliver to Escrow Agent, for delivery to Seller and/or recording the following funds and deliver or execute and acknowledge as required the following documents ("Buyer's Deliveries"):

- (a) the REETA;

- (b) cash or immediately-available funds in the amount of the Buyer's Closing Costs;
- (c) the Regulatory Agreement, executed by Buyer and all other parties to the Regulatory Agreement, as required under Section 2.2 of this Agreement;
- (d) the Condominium Sale Prohibition Covenant and the Independent School Impact Fee Calculation Covenant referred to in Recital I of this Agreement, both of which shall be in the form approved by the Seller, in Seller's sole discretion; and
- (e) any and all other documents, funds and agreements as required by Buyer's lender, Escrow Agent, or the Title Company to Close this transaction, providing only that the same will be consistent with the terms of this Agreement.

8.3 Closing Costs. In connection with and at the Closing, Buyer shall pay the premium for the Title Policy and sales tax thereon (including, but not limited to the cost of any special endorsements requested by Buyer or its lender and the incremental cost for extended coverage), sales and/or use tax on any personal property transferred to Buyer as part of this transaction, the cost of any survey required for extended title coverage (if not previously paid), all of the Escrow Agent's fee, the costs of recording the Deed and of all recording costs for Buyer's lender's requirements and any other document to be recorded at Closing, the real estate excise tax, if any, Buyer's own attorneys' and consultants' fees and financing fees and expenses, and any other cost or expense incurred in connection with the Closing of the transaction under this Agreement.

8.4 Prorations. All prorations shall be made as of the Closing Date on the basis of the actual days of the month in which the Closing Date occurs. The date of the Closing Date shall be an income and expense day for Buyer. Seller shall be responsible for all expenses of operation of the Property applicable to the period prior to the Closing Date and Buyer shall be responsible for all expenses of operation of the Property applicable to the period from and after the Closing Date. If any expenses are not determinable on Closing Date, at the earliest possible opportunity following the Closing Date, Seller and Buyer shall make any final adjustments. The following prorations shall apply:

8.4.1 Taxes. The Parties acknowledge that the Seller, as a tax exempt entity, has not been required to pay real property taxes on the Property. The Buyer shall be responsible for and shall pay all real property taxes and assessments on the Property on and after the Closing Date. Personal property taxes, if any, if due and payable on the Closing Date, shall be paid by Seller. All personal property taxes not due and owing on or before the Closing Date shall be the responsibility of and will be paid by Buyer after Closing.

8.4.2 Utility Costs and Deposits. To the extent applicable, Seller will notify all water, gas, electric and other utility companies servicing the Property (collectively, "Utility Companies") of the sale of the Property to Buyer and will request that all Utility Companies send Seller a final bill for the period ending on the last day prior to the Closing Date. Buyer will notify all Utility Companies servicing the Property that as of the Closing Date, Buyer will own the Property and that all utility bills for the period commencing on the Closing Date are to be sent to Buyer. If any of the Utility Companies

sends Seller or Buyer a bill for a period in which the Closing occurs, Buyer and Seller will prorate such bills outside of Escrow. In connection with such proration, it will be presumed that utility charges were uniformly incurred during the billing period.

8.5 Closing. As used herein, "Closing" means that circumstance that exists when the Deed has been recorded, all actions have been completed as necessary for the Title Company to deliver the Title Policy to the Buyer in the normal course of the Title Company's business.

8.6 Escrow Instructions. Each of the Parties may provide Escrow Agent with additional closing instructions, providing that such instructions are not to contradict the terms of this Agreement. Escrow Agent may disregard any instructions from a Party which conflict with the terms of this Agreement and/or any amendment to this Agreement that has been executed by the Parties. In absence of and/or in addition to any such instructions, the provisions of this Agreement are intended by Seller and Buyer to constitute their joint closing instructions to Escrow Agent.

ARTICLE IX. DELIVERY OF POSSESSION OF THE PROPERTY

9.1 Possession at Closing. Seller will deliver possession of the Property to Buyer upon Closing.

ARTICLE X. REPRESENTATIONS AND WARRANTIES OF SELLER

10.1 Representations and Warranties of Seller. Seller hereby represents and warrants, as of the Effective Date and as of the Closing Date, that:

10.1.1 Organization. Seller is a Washington municipal corporation and is qualified to do all things required of it under this Agreement.

10.1.2 Authority. Seller has the full right, title, authority and capacity to execute and perform this Agreement and to consummate all of the transactions contemplated herein, and the individual(s) who on each Seller's behalf executes and delivers this Agreement and all documents to be delivered to Buyer hereunder, are and will be duly authorized to do so.

10.1.3 Non-Foreign. Seller is not a foreign person, non-resident alien, foreign corporation, foreign partnership, foreign trust, or foreign estate, as those terms are defined in the Internal Revenue Code and the Income Tax Regulations promulgated thereunder. At Closing, Seller will deliver to Buyer a certificate of non-foreign status in form required by the Income Tax Regulations and reasonably acceptable to Buyer.

10.1.4 Litigation. There is no litigation pending and Seller has received no written notice of any lawsuit or arbitration proceeding threatened against Seller, which might result in Seller's being unable to consummate this transaction, or which relates to the Property.

10.1.5 No Conflict. Neither the execution of this Agreement nor the consummation by Seller of the transactions contemplated in this Agreement will (i) conflict with or result in a breach of the terms, conditions or provisions of or constitute a

default, or result in a termination of any agreement or instrument to which Seller is a party; (ii) violate any restriction to which Seller is subject; or (iii) constitute a violation of any applicable law or legal requirement of which Seller is aware.

10.1.6 Assessments. Seller has no actual knowledge of any pending special assessments, improvement districts or condemnation actions except as shown on the Preliminary Commitment.

As used in this Agreement, the term, “to Seller’s knowledge,” or “to the actual knowledge of Seller,” or similar terms referring to “Seller’s knowledge,” means the actual knowledge possessed by Rob Karlinsey, who is the Seller’s City Manager. The foregoing constitute all of the warranties and representations of Seller with respect to the Property, this Agreement or this transaction. Seller makes no other warranties or representations, express or implied, direct or indirect. Buyer acknowledges and agrees that any other statement, representation, description, prediction, assessment, valuation or other matter, if appearing elsewhere in this Agreement or if made by Seller or by any person appearing or purporting to act on behalf of or for Seller, with respect to the Property or this Agreement, if not expressly stated in any of the foregoing warranties and representations of Seller, does not constitute and is not part of any representation or warranty of Seller and comprise no part of this Agreement or the transaction described or referred to herein.

10.2 Survival. All of the representations and warranties of Seller contained will survive the Closing Date.

ARTICLE XI. REPRESENTATIONS AND WARRANTIES OF BUYER

11.1 Representations and Warranties of Buyer. Buyer hereby represents and warrants, as of the Effective Date and as of the Closing Date, that:

11.1.1 Organization. Buyer is a Washington public benefit nonprofit corporation, validly existing under Washington law.

11.1.2 Authority. Buyer has full right, title, authority and capacity to execute and perform this Agreement and to consummate all of the transactions contemplated herein, and the individual(s) who on Buyer’s behalf execute and deliver the Agreement and all documents to be delivered to Seller hereunder are and will be duly authorized to do so and have the full authority to bind Buyer and all of Buyer’s partners to this Agreement.

11.1.3 Litigation. There is no litigation pending or, to Buyer’s knowledge, threatened, against Buyer before any court or administrative agency which might result in any of Buyer being unable to consummate this transaction.

11.1.4 No Conflict. Neither the execution of this Agreement nor the consummation by Buyer of the transactions contemplated hereby will (i) conflict with or result in a breach of the terms, conditions or provisions of or constitute a default, or result in a termination of any agreement or instrument to which Buyer is a party; (ii) violate any restriction to which Buyer is subject; or (iii) constitute a violation of any applicable law or legal requirement of which Buyer or any of its partners is aware.

11.1.5 Buyer’s Non-Reliance Upon Representation or Warranty of Seller other than as Stated herein. **Buyer acknowledges and agrees that, except for Seller’s**

express representations and warranties stated in writing in Article X of this Agreement or in the Deed, Buyer will acquire the Property “AS IS,” with any and all faults and defects and that neither Seller nor any agent or representative on Seller’s behalf has made any representation, promise, prediction, assertion, assurance or statement of any nature, express or implied, relating to the value, condition, desirability, marketability, future value, or otherwise with respect to the Property. Buyer represents and warrants to Seller that Buyer has and will rely solely upon Buyer’s own investigation and the advice and counsel of Buyer’s own consultants, contractors, agents and representatives as to such matters and has not and will not rely upon any statement or absence of statement with respect to such matters by Seller or by any person whose actions, statements or omissions are binding upon Seller.

11.1.6 Buyer Has Read Agreement in Full. Buyer represents and warrants that Buyer fully understands and accepts all of the terms, conditions and provisions set forth in this document. The person signing this Agreement on behalf of Buyer further represents and warrants that he or she has full authority to bind the Buyer to all of the terms hereof.

11.2 Survival. All of the representations and warranties of Buyer contained in this Agreement will survive the Closing Date.

ARTICLE XII. NOTICES

12.1 All notices, approvals, or other communications required or permitted hereunder to be given shall be in writing, and shall be personally delivered, delivered by nationally recognized overnight courier, mailed by first class mail, postage prepaid, or delivered or sent by email to the Parties as set forth below. Notices shall be deemed effective (i) if delivered by overnight courier or by personal delivery, then on the date of delivery; (ii) if mailed, on the earlier of actual delivery or on the third business day after posting in the United States mail, postage prepaid, or (iii) if given by email, when sent; *provided*, that if a notice sent via email is sent on a day other than a business day, the notice shall be deemed effective on the first business day after being sent. At the request of either Party, or the Closing Agent, the Parties will acknowledge by return email receipt of documents transmitted by email and/or confirm email transmitted documents by signing an original document.

If to Seller: City of Kenmore
Attn: Tambi Cork, Director of Human Resources
18120 68th Avenue NE
Kenmore, WA 98028
Email: tcork@kenmorewa.gov

with a copy to: Dawn Reitan
Inslee, Best, Doezie & Ryder, P.S.
10900 NE 4th Street, Suite 1500

Bellevue, WA 98004
Email: dreitan@insleebest.com

If to Buyer: Plymouth Housing
2113 3rd Ave
Seattle, WA 98121

Attn: Karen Peterson
Email: kpeterson@plymouthhousing.org
with a copy to: Andrea Y. Sato
Kantor Taylor PC
1200 Fifth Avenue, Suite 1910
Seattle, WA 98101
Email: asato@kantortaylor.com

ARTICLE XIII.
BROKERAGE COMMISSIONS

13.1 Brokerage Commissions. Each Party represents to the other that no brokerage commission, finder's fee, acquisition fee or like payment arises through such Party with regard to the purchase or sale of the Property. Each Party will defend and indemnify the other party and hold the other Party harmless from and against any claim, liability, loss or expense for any brokerage commission, finder's fee, acquisition fee, or like payment asserted against the indemnified party arising out of any agreement entered into by the indemnifying party in connection with this Agreement, or otherwise arising through the indemnifying party. The obligations of the Parties under this Section will survive Closing.

ARTICLE XIV.
DEFAULT AND REMEDIES

14.1 Buyer's Remedies.

14.1.1 Buyer's Remedy for Seller's Default Prior to Closing. In the event Seller fails to perform any act required to be performed by Seller pursuant to this Agreement on or before the Closing, then Buyer will execute and deliver to Seller written notice of such breach, which notice will set forth complete information about the nature of the breach. Seller will have a period of ten (10) days to cure such breach and the Closing Date will be extended accordingly to permit Seller to cure such breach, if necessary. If such breach remains uncured beyond the ten (10) day cure period, then Buyer's sole and exclusive remedy will be either: (i) to cancel this Agreement, or, in the alternative, (ii) to seek specific performance of this Agreement, provided that, as a condition to Buyer's right to seek specific performance, Buyer must demonstrate that, as of the Closing Date, Buyer had sufficient funds to complete the Closing and was in all other respects ready, willing and able to deliver to Escrow Agent all of Buyer's Deliveries and in all other respects to complete the Closing, but for Seller's default. The foregoing will not limit any rights of Buyer to be indemnified by Seller, or to receive attorneys' fees and costs as provided in this Agreement with respect to the breach by Seller of any express obligation to indemnify Buyer expressed in this Agreement.

14.1.2 Limits on Buyer's Claims Alleging Breach of Representations or Warranties. Notwithstanding any term, condition or provision in this Agreement to the contrary, express or implied, in the event the Closing occurs and Buyer receives possession of the Property, Buyer hereby expressly waives, relinquishes and releases

any right or remedy available to Buyer, at law, in equity or under this Agreement, to make a claim against Seller for damages that Buyer may incur, or to rescind this Agreement and the transactions contemplated hereby, as the result of any of Seller's representations or warranties being untrue, inaccurate or incorrect if (1) Buyer knew that such representation or warranty was untrue, inaccurate or incorrect at the time of the Closing and Buyer nevertheless permitted Closing to occur and the Deed to be recorded, or (2) Buyer's damages as a result of such representations or warranties being untrue, inaccurate or incorrect are, in the aggregate, less than \$25,000.00. Buyer will be "deemed to have known" that a representation or warranty was untrue, inaccurate or incorrect at the time of the Closing if any Property Information furnished or made available to or otherwise obtained by Buyer contains express information which is inconsistent with such representation or warranty. Notwithstanding anything contained herein to the contrary, if the Closing has occurred and if Buyer has not waived, relinquished and released all rights or remedies available to it at law, in equity or otherwise as provided hereunder, the total aggregate liability of Seller arising pursuant to or in connection with Seller's representations, warranties, covenants and other obligations (whether express or implied) arising from this Agreement and/or any documents executed by Seller in connection with this Agreement (including, without limitation, the Deed) will not exceed Fifty Thousand Dollars (\$50,000) in the aggregate. **Buyer acknowledges and agrees that the limits and restrictions upon any claim by Buyer as set forth in this Subsection have been specifically negotiated and agreed upon by and between the Parties and that Seller would not be willing to enter into this Agreement without Buyer's agreement to these restrictions and that the same are therefore binding and effective upon Buyer and its successors and assigns. All of the provisions of this Section 14.1.2 will survive the Closing.**

Buyer's Initials

SELLER'S REMEDIES. IN THE EVENT OF A DEFAULT BY BUYER PRIOR TO CLOSING UNDER ANY OF ITS COVENANTS, REPRESENTATIONS, WARRANTIES OR OTHER AGREEMENTS SET FORTH IN THIS AGREEMENT SELLER WILL BE ENTITLED TO TERMINATE THIS AGREEMENT AND RECEIVE REIMBURSEMENT FOR THE SELLER'S ACTUAL OUT OF POCKET COSTS AND EXPENSES, INCLUDING, BUT NOT LIMITED TO, REASONABLE ATTORNEYS' FEES IN CONNECTION WITH THE PREPARATION OF THIS AGREEMENT, AND STAFF TIME AND ATTORNEYS' FEES CONNECTED WITH THE PROJECT DISCUSSED IN THE RECITALS.

14.2 Time Limitations for Actions. Each Party hereby expressly agrees that no action will lie, at law or in equity, in any court or in arbitration or before any other adjudicatory body, for damages, losses, costs, indemnity, contribution, or any other relief arising from or relating to any breach by any representation or warranty of any Party relating in any way to the Property, the Land, or this Agreement, including, but not limited to, any representation or warranty expressly or impliedly arising hereunder, unless the party making such claim actually commences an action therefor within one (1) year after the Closing Date. Each Party acknowledges this provision imposes a limitation upon all such actions that is shorter than the statute of limitations as provided for by applicable case and statutory law and that this limitation upon actions may foreclose or bar a claim for matters unknown or undiscovered within the limitations period here agreed upon, but each Party agrees that the limitation of actions herein provided is fair and reasonably and mutually beneficial to each Party for the sake of limiting the time in which either

Party could commence an action against the other for any matter as herein encompassed, and consequently, neither Party will commence an action or seek relief inconsistent with the limitation herein provided. The one-year limitations period herein provided will not apply to any action arising from any provision of this Agreement expressly providing for either Party to indemnify the other as to certain matters herein specified, including, but not limited to, the indemnities provided under the Article V hereof.

14.3 Waiver of Trial by Jury. Seller and Buyer each hereby expressly waives any right to trial by jury of any claim, demand, action, cause of action, or proceeding arising under or with respect to this Agreement, or in any way connected with or related to, or incidental to, the dealings of the Parties with respect to this Agreement, whether now existing or hereafter arising, and irrespective of whether sounding in contract, tort, or otherwise. To the extent they may legally do so, Seller and Buyer agree that any such claim, demand, action, cause of action, or proceeding will be decided by a court trial without a jury and that any party may file an original counterpart or a copy of this Section with any court as written evidence of the consent of the other party or parties hereto to waiver of its or their right to trial by jury. Buyer and Seller further acknowledge and agree that this provision has been expressly negotiated and agreed upon between them and is for their mutual benefit.

14.4 Post-Closing Remedies of Seller. If after the Closing, Buyer fails to perform its obligations which expressly survive the Closing pursuant to this Agreement, including, but not limited to, Buyer's obligations to indemnify Seller, then, subject to the limitations contained in Section 14.3, Seller may exercise any remedies available to it at law or in equity, in any order it deems appropriate in its sole and absolute discretion, including but not limited to seeking specific performance or damages. In such event, the liquidated damages provisions contained in Section 14.2 will not apply to nor limit nor be an offset against Seller's recoverable damages.

14.5 Post-Closing Remedies of Buyer. If after the Closing, Seller fails to perform its obligations which expressly survive the Closing pursuant to this Agreement, then, subject to the limitations contained in Subsections 14.1.1 and 14.1.2 and Section 14.3, Buyer may exercise any remedies available to it at law or in equity, in any order it deems appropriate in its sole and absolute discretion, including but not limited to seeking specific performance or damages.

14.6 No Consequential or Incidental Damages. Notwithstanding any other provision hereof, neither Buyer nor Seller will have any liability for any matter arising under this Agreement or as a result of or in connection with the transaction described herein or for any matter relating to the Property, for loss, damages or other form of monetary relief, compensation or remedy, except for the actual amount of damages actually incurred as a result of such matter, condition, event or occurrence (and further except for Seller's liquidated damages as provided in Section 15.2 above), and neither party will have a right to, nor will claim, demand, seek, or pray for any relief in the form of consequential or incidental damages, including, but not limited to, any claim for "lost opportunities" or "changes in markets," or the like, except insofar as the same are expressly permitted by a specific provision of this Agreement (e.g., the right to attorneys' fees as allowed hereunder).

ARTICLE XV. DISCLAIMER BY SELLER; AS-IS SALE.

As used herein "Seller Parties" will mean each Seller, its officers, officials, employees, agents and volunteers. Buyer acknowledges and agrees that, except as expressly set forth in Section 10.1 above, Seller makes no representation or warranty of any kind as to the physical, environmental or other condition of the Property or in connection with any matter, report or

information relating to the condition of any of the Property, its value, fitness, use, zoning, entitlements, the existence of Hazardous Materials (as defined below) thereon, moratoriums, economic feasibility, developability, availability of utilities, tenants and Leases, tenants' association matters or any other matter relating to Buyer's proposed use of the Property. Buyer will, upon the Close of Escrow, be deemed to have disclaimed, released and waived (as against Seller Parties only but not third parties, as hereafter described), any and all objections to, or claims against Seller Parties and hereby covenants not to sue or bring any claims, directly or as a result of any third party claim, for contribution, indemnity or relief of any kind against Seller Parties, including, but not limited to, claims relating to or arising from the physical, geological, geophysical, environmental and/or other properties, characteristics and conditions of the Property and/or Land, further including, without limitation, any Hazardous Materials located thereon and the condition of title thereto, whether or not such conditions would be disclosed by reasonable and diligent inspection. Notwithstanding the foregoing, Buyer's foregoing waiver, release and covenant not to sue will not apply to the extent that such characteristics or conditions of the Property are contrary to Seller's representations and warranties contained in Section 10.1 as of the Closing Date providing Buyer was not aware of and had no notice of such fact or facts or conditions as of the Closing Date.

Buyer acknowledges and agrees that the purchase of the Property will be on the basis of Buyer's own investigation of the physical, environmental and other condition of the Property and the condition of the physical improvements, including subsurface conditions and Buyer's investigation of the status of zoning, maps and all other matters relating to entitlements. The foregoing disclaimers and waivers include, without limitation, topography, climate, air, water rights, utilities, present and future zoning, governmental restrictions, soil, subsoil, the existence of Hazardous Materials, other environmental contamination (including molds, mildew, fungi, microbial, bacterial, viral or other and organic substances), the purpose to which the Property is suited, drainage, access to public roads, proposed routes or roads or extensions thereof, the availability of governmental permits or approvals of any kind, the condition of the Real Property, matters related to the tenants' association and the Leases and tenants. "Hazardous Materials," as used in this Agreement, is defined to include, without limitation, any hazardous or toxic substance, material, waste, pollutant or contaminant that is or becomes regulated by any local governmental authority, the State of Washington, or the United States government due to its toxicity, corrosiveness, danger, reactivity or risk to public health and/or safety, including asbestos, petroleum and petroleum by-products thereof, PCBs, flammable explosives, mold, mildew, fungi, bacteria, viruses microbial and other organic matter.

The Property is being transferred and sold by Seller to Buyer "AS-IS," "WHERE-IS," "WITH ALL FAULTS" without representation or warranty expressed or implied by Seller (except as set forth in Section 10.1), by operation of law, or otherwise. Seller expressly disclaims, which Buyer hereby acknowledges and accepts, any implied warranty of condition, habitability, merchantability, or fitness for a particular purpose or use. Buyer further acknowledges that it is not relying on the statements of, or information provided by any advisor, real estate broker or property manager employed or retained by Seller nor any employee of any Seller, except as expressly provided in this Agreement.

Buyer, in closing on its purchase hereunder, will have independently confirmed to its satisfaction all of the information that it considers material to its purchase of the Property and the transactions contemplated hereunder. Buyer acknowledges and agrees that it is possible that unknown liabilities or conditions may exist with respect to the Property and that Buyer and Seller took this into account in agreeing on the Purchase Price.

Buyer's Initials

ARTICLE XVI.
MISCELLANEOUS

16.1 Attorneys' Fees. In the event of any litigation, arbitration or other proceeding brought to enforce or interpret or otherwise arising out of this Agreement, the substantially prevailing party therein will be entitled to an award of its attorneys' fees incurred therein, in the preparation therefor and on any appeal or rehearing thereof.

16.2 Counterparts; Electronic Transmission. This Agreement and any amendments hereto may be executed in one or more identical counterparts, and may be delivered by electronic transmission, and counterparts, when taken together, shall constitute one and the same instrument.

16.3 Time. Unless otherwise specified in this Agreement, any period of time measured in days in this Agreement shall start on the day following the event commencing the period and shall expire at 9:00 p.m. on the last calendar day of the specified time period. If the last day is a Saturday, Sunday or legal holiday, as defined in RCW 1.16.050, the specified period of time shall expire on the next day that is not a Saturday, Sunday or legal holiday. Any specified period of five (5) days or less shall not include Saturdays, Sundays or legal holidays. "Business day" means any day that is not a Saturday, Sunday or legal holiday. Time is of the essence of each provision of this Agreement.

16.4 Governing Law; Venue. This Agreement will be governed by and construed in accordance with the laws of the State of Washington. Venue in any action arising out of this Agreement shall be in the King County Superior Court.

16.5 Binding Effect; Non-Assignment. This Agreement shall be binding upon and inure to the benefit of each of the Parties and upon and to each Party's respective successors and assigns. Buyer may not assign or transfer its rights under this Agreement without the prior written consent of Seller, which consent may be withheld by Seller in its absolute discretion. Any attempted or purported assignment by Buyer of its rights or interests under this Agreement or in the Property, prior to Closing, will be of no force or effect and may be wholly disregarded by Seller, unless Seller has consented thereto. No assignment of this Agreement nor consent thereto will in any event, relieve the assigning Party of its obligations hereunder, including, but not limited to, such Party's obligations to indemnify as provided in this Agreement. If Buyer elects to assign its rights hereunder, whether or not Seller consents or is required to consent thereto, such assignment will be of no force or effect until Seller and Escrow Agent receive a notice of such assignment signed by Buyer and Buyer's assignee and expressly stating Buyer's acknowledgment that such assignment does not relieve Buyer of its obligations arising under this Agreement.

16.6 Survival of Provisions. Except as otherwise expressly provided in this Agreement, the covenants, representations, agreements, terms and provisions contained herein shall survive the Closing and shall not be deemed to have merged with or into the Deed.

16.7 Exhibits. The Recitals and Exhibits hereto are made a part of and incorporated into and made an express part of this Agreement.

16.8 Further Acts. The Parties shall execute and deliver such further instruments and documents, and take such other further actions, as may be reasonably necessary to carry out the intent and provisions of this Agreement.

16.9 Entire Agreement. This Agreement embodies and constitutes the entire understanding between the Parties with respect to the transactions contemplated herein, and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged into this Agreement.

16.10 Amendments. This Agreement may be amended by a written instrument duly approved and executed by the Parties; provided, that Seller's City Manager shall have authority to approve and execute without City Council approval any amendment that is for the sole purpose of extending the Closing Date.

EXECUTED by each Party as of the date next to that Party's signature.

SELLER:

City of Kenmore, Washington

By _____

Date: _____

BUYER:

Plymouth Housing Group, a Washington
public benefit nonprofit corporation

By _____

Karen Peterson, VP of Real Estate

Date: _____

EXHIBITS

Exhibit A	Legal Description of Land
Exhibit B	Form of Regulatory Agreement
Exhibit C	Form of Deed

EXHIBIT A
LEGAL DESCRIPTION

PARCEL 794630-0195:

LOTS 10 AND 11, BLOCK 6, W.C. SQUIRE'S PLAT OF KENMORE, ACCORDING TO THE PLAT THEREOF
RECORDED IN VOLUME 20 OF PLATS, PAGE 62, IN KING COUNTY, WASHINGTON;

EXCEPT THE SOUTH 70.00 FEET THEREOF;

SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.

PARCEL 794630-0196:

THE SOUTH 70.00 FEET OF LOTS 10 AND 11, BLOCK 6, W.C. SQUIRE'S PLAT OF KENMORE, ACCORDING TO THE
PLAT THEREOF RECORDED IN VOLUME 20 OF PLATS, PAGE 62, IN KING COUNTY, WASHINGTON

EXCEPT THAT PORTION THEREOF CONVEYED TO THE CITY OF KENMORE PURSUANT TO STATUTORY
WARRANTY DEED RECORDED UNDER RECORDING NUMBER 20070122002204.

SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.

EXHIBIT B
FORM OF REGULATORY AGREEMENT

When Recorded Mail To:

City of Bellevue
450 110th Avenue NE
PO Box 90012
Bellevue, WA. 98009
ATTN: Housing Planner - CD

[PROJECT NAME]

**REGULATORY AGREEMENT AND DECLARATION
OF RESTRICTIVE COVENANTS**

SECTION 1 - DEFINITIONS AND INTERPRETATION
SECTION 2 - RESIDENTIAL PROPERTY
SECTION 3 - AFFORDABLE UNITS FOR ELIGIBLE HOUSEHOLDS
SECTION 4 - REPORTING REQUIREMENTS
SECTION 5 - SECTION 8 CERTIFICATE HOLDERS
SECTION 6 - LEASE PROVISIONS
SECTION 7 - SALE OR TRANSFER OF THE PROJECT
SECTION 8 - TERM
SECTION 9 - NO DISCRIMINATION
SECTION 10 - COVENANTS RUN WITH LAND
SECTION 11 - ENFORCEMENT
SECTION 12 - SUBORDINATION, TERMINATION, RIGHTS RESERVED BY HUD
SECTION 13 - ESTOPPEL CERTIFICATE
SECTION 14 - AGREEMENT TO RECORD
SECTION 15 - RELIANCE
SECTION 16 - GOVERNING LAW
SECTION 17 - NO CONFLICT WITH OTHER DOCUMENTS
SECTION 18 - AMENDMENTS
SECTION 19 - NOTICES
SECTION 20 - SEVERABILITY
SECTION 21 - CONSTRUCTION
SECTION 22 - TITLES AND HEADINGS
SECTION 23 - ADMINISTERING AGENCY

EXHIBITS

"A" LEGAL DESCRIPTION OF PROPERTY
"B" DESIGNATION OF AFFORDABLE UNITS
"C" CERTIFICATE OF HOUSEHOLD ELIGIBILITY
"D" ANNUAL PROJECT CERTIFICATION

REGULATORY AGREEMENT DECLARATION OF RESTRICTIVE COVENANTS

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (the "Agreement") is made and entered into as of this [] day of [], 20[], by and between the city of Bellevue, city of Clyde Hill, town of Hunts Point, city of Issaquah, city of Kenmore, city of Kirkland, city of Medina, city of Mercer Island, city of Newcastle, city of Redmond, city of Sammamish, city of Woodinville, town of Yarrow Point **[delete non-funding cities]**, each a State of Washington municipal corporation(s) (hereinafter referred to as "City"); and [] (the "Owner"). The reference to "City" throughout shall be interpreted to be a separate reference to each of the cities that is party to this Agreement, such that the name of each separate party to the Agreement could substitute for the capitalized term "City" as applicable to its contributions to the Project.

WITNESSETH:

A. This Agreement is predicated upon the following facts:

1) The Owner is the owner of property located at [], City of []. Owner intends to develop said property by constructing and renting [] **rental** units (the "Project") **[NOTE: use same language as in funding agreement]** subject to approvals by State and local agencies, as required.

2) The Owner's proposed Project shall include [] ([]) affordable **rental** units for Low-to Moderate-Income Households ("Eligible Households", as the term is defined below). Such affordable **rental** units shall be of such bedroom size and quality as are in proportion to the overall proportion of bedroom sizes and quality of all of the **rental** units in the project.

3) The City finds that the Project will benefit the City by providing **rental** housing for Eligible Households.

4) The Owner has indicated its willingness to accept certain conditions affecting the use of the Property. It is the purpose of this Agreement to set forth the conditions under which the City has agreed to fund the Project and to impose enforceable restrictions on the use and occupancy of the **rental** portion of the Project.

5) This Agreement is entered into pursuant to City Council action to provide funding to the Project:

[Remove non-funding cities]

City	Date
Bellevue	
Clyde Hill	
Hunts Point	
Issaquah	
Kenmore	
Kirkland	

Medina	
Mercer Island	
Newcastle	
Redmond	
Sammamish	
Woodinville	
Yarrow Point	

NOW, THEREFORE, for and in consideration of the mutual promises aforesaid and made and relied upon by the parties hereto, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Owner and the City agree as follows:

SECTION 1 - DEFINITIONS AND INTERPRETATION

Capitalized terms used herein shall have the following meanings unless the context in which they are used clearly requires otherwise.

“Administering Agency” means the city of Bellevue in its role as the administering agency of ARCH, appointed pursuant to ARCH Resolution 2010-1 and City of Bellevue Resolution 8123, and does not refer to the City of Bellevue in its role as a contributing City to the Project.

"Affordable Rents" means a monthly housing expense, including if applicable a Utility Allowance, which is no greater than 30% of the monthly median income for Eligible Households within the Seattle - Bellevue, WA HUD Metro FMR Area (“Seattle – Bellevue HFMA”), as shown in the following chart, as adjusted for Household Size **[OPTIONAL: or for Section 8 Households, the applicable Section 8 rent level]**. The maximum Affordable Rents shall be adjusted no more than once every 12 months and such adjustment shall be by a factor equivalent to adjustments in the Seattle MSA Median Income.

Applicable Median Income Level	
Affordable Rent Level	
Very Low Income	[]%
Low Income	[]%
Moderate Income	[]%

“Affordable Units” means the [] ([]) units in the **Rental** Project as selected by the Owner and as approved by the Administering Agency or its Designee, as set forth in Exhibit B, and reserved for occupancy by Eligible **[OPTIONAL: or Section 8]** Households pursuant to Section 3, adjusted for household size.

“City” means the city of, **[list all funding cities]**, with respect to each of their contributions to the Project.

"Completion Date" means **the date of the occupancy [for new construction] or date of**

project completion [for acquisition/rehab].

“Designee” means A Regional Coalition for Housing (“ARCH”) or such other agency as may be designated by the Administering Agency in writing to the Owner. The Administering Agency shall notify the Owner of any determination not to utilize ARCH as its Designee for purposes of this designation.

“Eligible Household” means one or more adults and their dependents who certify that they meet the qualifications for eligibility set forth below in this definition, Section 3.F of this Agreement, and as set forth in the Certificate of Household Eligibility attached hereto as Exhibit "C" and incorporated by reference herein, and who certify that their incomes do not exceed the applicable percent of the median household income for the Seattle MSA, as set forth in this definition and Section 3.F of this Agreement, adjusted for household size, as published by the United States Department of Housing and Urban Development (HUD).

Maximum Percent of Median Income at Occupancy

Income Level	
Very Low Income	[]%
Low Income	[]%
Moderate Income	[]%

“Funding Agreement” means that agreement titled Funding Agreement between the City and [] dated [], and any validly executed amendments thereto (Collectively the “Funding Agreement”).

"Household Income" means all income from all household members over the age of 18 residing in the household. Income consists of those items listed in Exhibit C, Certificate of Household Eligibility (e.g., wages, interest income, etc.). Income of dependents who reside within a household for less than four (4) months of the year will not be counted toward Household Income.

"Household Size" means the average household size assumed for purposes of calculating Affordable Rents as follows:

Unit Type	Average Household Size
Studio	1 Person
One Bedroom	1.3 Persons
Two Bedroom	3 Persons
Three Bedroom	4.5 Persons

"Lender" means HUD/FHA, Veterans Administration ("VA"), Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), or another party acquiring such loan upon foreclosure of a deed of trust or mortgage ("Deed of Trust") insured, made or held by HUD/FHA, VA, FNMA, FHLMC or an institutional third-party lender or investor.

"Median Income" means the median income for the Seattle MSA as most recently determined by the Secretary of Housing and Urban Development under Section 8(f)(3) of the United States Housing Act of 1937, as amended, or if programs under said Section 8(f)(3) are terminated, median income determined under the method used by the Secretary prior to such termination.

"Owner" means [], and its successors and assigns, and any surviving, resulting or transferee entity.

"Owner Representative" means the person or persons (who may be employees of the Owner) designated from time to time to act hereunder on behalf of the Owner in a written certification furnished to the Administering Agency or its Designee, containing a specimen signature of such person or persons and signed by the Owner or on behalf of the Owner by a duly authorized representative of the Owner.

"Project" means the building, structures and other improvements **[to be constructed]** on the Property, and all equipment, fixtures and other property owned by the Owner and located on, or used in connection with, such buildings, structures and other improvements and all functionally related and subordinate facilities.

"Property" means the real property which will be devoted to the Project as more particularly described in Exhibit "A" which is attached hereto, and incorporated by reference herein, and all rights and appurtenances thereunto appertaining.

"Qualified Project Period" means a period from recording of this Agreement until January 1, [date 50 years from expected occupancy permit].

"Regulatory Agreement" or "Agreement" means this Regulatory Agreement and Declaration of Restrictive Covenants between the City and the Owner.

["Section 8 Household" means one or more adults and their dependents who are eligible for and receiving Federal certificates for rent subsidies pursuant to the existing HUD program under Section 8.]

"Utility Allowance" means that portion of housing expenses for utilities. Therefore, Affordable Rents are calculated assuming payment of all utilities (not including phone or television cable) by the Owner. In the event gas and/or electric utilities, used for purposes of heating, cooking and/or lighting, are paid directly by the tenant, then the monthly Affordable Rent, unless otherwise agreed to by the Owner and Administering Agency or Designee Staff, will be reduced by one of the following methods: the King County Housing Authority utility allowance; actual utility costs or energy model; or by the ARCH utility allowance:

The ARCH utility allowance schedule at time of this Agreement is:

Studio	[\$57]
One Bedroom	[\$57]
Two Bedroom	[\$73]
Three Bedroom	[\$90]

The base year for the ARCH utility allowance figures is **[2021]**. The allowance figures will be adjusted annually based on changes in the Consumer Price Index-U.S. Cities Average- All Urban Consumers. If water, garbage and/or sewage are paid for directly by the tenant, the affordable rent levels will be further reduced by the typical cost to the tenant of such utilities, or a set allowance established by the Administering Agency or its Designee.

SECTION 2 - RESIDENTIAL **RENTAL** PROPERTY

A. General Description. The Project will be acquired **[and/or]** constructed for purposes of providing multi-family **rental** housing for Eligible Households and the Owner shall own, manage and operate (or cause the management and operation of) the Project to provide multiple family **rental** housing comprised of a building or structure or several inter-related buildings or structures, each consisting of more than one dwelling unit and facilities functionally related and subordinate thereto, and no other facilities. As used herein facilities functionally related and subordinate to the Project shall include facilities for use by the tenants, including, for example, recreational facilities, parking areas, and other facilities which are reasonably required for the Project, for example, heating and cooling equipment, trash disposal equipment or units of resident managers or maintenance personnel.

B. Similar Quality Construction. All of the dwelling units in the Project shall be constructed of similar quality, and each dwelling unit in the Project shall contain facilities for living, sleeping, eating, cooking and sanitation for a single person or a household which are complete, separate and distinct from other dwelling units in the Project and will include a sleeping area, separate bathing facility, and a cooking range, refrigerator and sink.

[OPTIONAL - NOT INCLUDED IN TRUST FUND PROJECTS C. Conversion to Condominium. In the event the project is proposed for conversion to condominium, owner-occupied, or non-**rental** residential use, the Owner must submit to the City for its approval a plan for preserving the Affordable Units. The City can consider options which would convert the Affordable Units to owner occupancy by Eligible Households. This section does not waive the owner's obligations to comply with any other law or regulations pertaining to conversion to ownership use.]

SECTION 3 - AFFORDABLE UNITS FOR ELIGIBLE HOUSEHOLDS

A. Number of Affordable Units. All of the Affordable Units in the Project shall be leased or rented, or available for lease or **rental**, to the general public, and, the Owner shall designate all of the Affordable Units, reserved for occupancy by Eligible Households **[Optional: or Section 8 Households]**, **(OPTIONAL: If Section 8 assistance is no longer available, pursuant to Section I.4 of the Funding Agreement, then the Affordable Units shall be reserved for occupancy by**

Eligible Households as follows:) unless otherwise agreed to by the Owner and the Administering Agency as follows:

Median Income Level	Affordable Units
Very Low Income	
Low Income	
Moderate Income	
Total	

[* One Affordable Unit may house a resident manager.]

[Optional: Households receiving HUD Section 8 assistance or similar rental assistance shall only occupy Affordable Units designated as Low-Income or Moderate-Income Affordable Units.]

B. Designation/Redesignation of Affordable Units. Prior to issuance of a Building Permit, the Owner shall submit to the Administering Agency or its Designee for the Administering Agency or its Designee's approval a certificate in writing of such designation of Affordable Units. Units so designated shall have substantially the same equipment and amenities as other dwelling units in the Project with the comparable number of rooms. The Affordable Units shall be intermingled with all other dwelling units and shall retain the same unit mix identified in paragraph "A" of this section (OPTIONAL, comparable to the overall mix of units in the Project). The Administering Agency or its Designee shall base its approval or disapproval of the proposed Affordable Units upon the criteria set forth in this section.

[OPTIONAL - IF ALL ARE AFFORDABLE UNITS: An Affordable Unit designated for Eligible Households shall have substantially the same equipment and amenities as any other Affordable Unit in the Project with the comparable number of rooms. The Administering Agency or its Designee shall base its approval or disapproval of the proposed Affordable Units upon the criteria set forth in this section.]

The Owner, from time to time, may propose to change the particular units declared as Affordable Units provided that at all times at least [] ([]) of all of the residential units are designated as Affordable Units, and provided that at all times the same unit mix is retained. The Owner shall notify the Administering Agency or its Designee of the proposed change in writing for the Administering Agency or its Designee's approval. The Administering Agency or its Designee will review the proposed changes and shall base its approval or disapproval of the proposed changes based upon the criteria set forth in this section.

[OPTIONAL - IF ALL AFFORDABLE UNITS: The Owner, from time to time, may propose to change the affordability levels of particular units declared as Affordable Units provided that at all times the Owner maintains the same number of units at the affordability levels set forth in paragraph 'A' of this section, and provided that at all times the same unit mix is retained. The Owner shall notify the Administering Agency or its Designee of the proposed change in writing for the Administering Agency or its Designee's approval. The Administering Agency or its Designee will review the proposed changes and shall base its approval or disapproval of the proposed changes based upon the criteria set forth in this

section.]

C. Affordable Units Rent Level. The monthly **rent** for the Affordable Units occupied by Eligible Households [**OPTIONAL: or Section 8 Households**] shall not exceed the applicable Affordable Rents, and for each specific tenant, shall be adjusted no more than once every twelve (12) months, and in no event within the first twelve (12) months of occupancy.

D. Renting Affordable Units to Eligible Households. During the Qualified Project Period, the Owner shall rent or lease the Affordable Units to [**OPTIONAL: Section 8 or**] Eligible Households and, if at any time the Owner is unable to rent or lease the Affordable Units, the Affordable Units shall remain vacant pending **rental** or lease to [**OPTIONAL: Section 8 or**] Eligible Households.

E. Equal Access to Common Facilities. Tenants in the Affordable Units shall have equal access to enjoyment of all common facilities of the Project.

F. Qualifying Eligible Household Income for Affordable Units at Initial Occupancy and Recertification. [**OPTIONAL: Unless a household is a Section 8 Household,**] Qualifying Eligible Household Income at time of occupancy may not exceed the applicable percent of Seattle MSA median income set forth in the chart below, adjusted for Household Size. [**OPTIONAL: If applicable pursuant to the provisions of Section 4.D,** at time of annual recertification, a household will remain eligible for an Affordable Unit as long as Household Income does not exceed the applicable percent of median income, adjusted for household size [**OPTIONAL: or the household continues to receive Section 8 assistance**]. In the event, at the time of recertification, Household Income exceeds the maximum recertification income limit for the income level they initially qualified for [**OPTIONAL: if the household does not receive Section 8 assistance**]; then the Household must within 90 days either: [**if there are moderate income units**] **if qualified, pay rent affordable to Moderate Income Households and the next available comparable Moderate Income Unit must be rented as a Low Income Unit; or vacate the unit, unless otherwise prohibited by** binding restrictions imposed by Project financing, such as the provisions of Section 42 of the federal Internal Revenue Code the regulations promulgated thereunder or other applicable law or ordinance, **to make it available for a qualified Eligible** [**OPTIONAL: or Section 8**] **Household.**]

[A household whose income exceeds moderate income recertification limits must [**OPTIONAL: if there are market rate units in the project**] **pay market rent and the next available comparable market rate unit must be rented as an Affordable Unit; or vacate the unit, unless otherwise prohibited by law, to make it available for a qualified Moderate-Income Household.** [**OPTIONAL: or, if there are no market rate units in the project**] **vacate the unit, unless otherwise prohibited by** binding restrictions imposed by Project financing, such as the provisions of Section 42 of the federal Internal Revenue Code the regulations promulgated thereunder or other applicable law or ordinance, **to make it available for a qualified Eligible Household.**]

Maximum permitted Income Levels

Eligible Households	Maximum Initial Income	Maximum Recertification Income
Very Low Income	[]%	[]%
Low Income	[]%	[]%
Moderate Income	[]%	[]%

G. Household Size Limits for Affordable Units. The Owner shall utilize the following occupancy standards for Affordable Units:

Unit Type	Household Size
Studio	1-2 Persons
One Bedroom	1-2 Persons
Two Bedroom	2-4 Persons
Three Bedroom	3-6 Persons

SECTION 4 - REPORTING REQUIREMENTS

A. Notice of Occupancy Permit. Within thirty (30) days of issuance of any final inspection, or if applicable occupancy permits, the Owner shall notify the Administering Agency's Planning and Community Development Department [Attn: Housing Planner] or its Designee, of receipt of the first occupancy permit for the project.

B. Administering Agency Mailing List. The Administering Agency maintains a mailing list of households interested in occupying Affordable Units. From time to time the Administering Agency or its Designee will provide to the Owner the names of persons from the Administering Agency's mailing list. In determining which eligible applicants shall be rented Affordable Units, the Owner shall, subject to Section 4.C below, reasonably consider persons on the Administering Agency's mailing list, and when they were placed on the Administering Agency's mailing list.

C. Completion of Certificate of Household Eligibility. Prior to allowing any household to occupy any Affordable Unit, the Owner shall require the prospective tenant to complete a Certificate of Household Eligibility that shall be substantially in the form set forth in Exhibit C. The Owner shall also undertake a good faith effort to verify the applicant's Household Income, as reported on the completed Certificate. The Owner's obligation to verify the reported Household Income shall be limited to requesting copies of and reviewing the applicant's federal income tax returns, unless the Owner has actual knowledge, or reason to believe, that the information provided by the applicant is materially inaccurate. In the event federal income tax returns are not available, Household Income shall be verified by wage or salary statements, or other income records that the Administering Agency or its Designee may consider appropriate. In the event a household is receiving Section 8 assistance, the requirements of this Section 4.C and Section 4.D of this Agreement can be met through providing documentation associated with complying with the Section 8 program.

D. Annual Recertification of Residents. On an annual basis, the Owner shall require all households occupying an Affordable Unit to complete and return to the Owner an updated

Certificate of Household Eligibility. The Owner shall undertake a good faith effort to verify the reported Household Income, as reported in the completed Certificate. The Owner's obligation to verify the Household Income shall be limited to obtaining a copy of and reviewing the tenant's federal income tax returns, unless the Owner has actual knowledge or reason to believe that the information provided by the household is materially inaccurate. In the event federal income tax returns are not available, Household Income shall be verified by wage or salary statements, or other income records that the Administering Agency or its Designee may consider appropriate.

Such certifications shall be filed with the Administering Agency or its Designee, by attachment to the Annual Project Certification required pursuant to Section 4.E and are subject to independent investigation and verification by the Administering Agency or its Designee.

E. Annual Project Certification. After the Completion Date and until 90% of the **rental** units are occupied, the Owner shall, on a quarterly basis, file with the Administering Agency or its Designee an Annual Project Certification, in substantially the form of Exhibit "D". Thereafter, during the term of the Regulatory Agreement, such certification shall be filed annually on or before January 31st [if WBARS] March 31st [Optional: June 1st] and shall set forth the required information for the preceding year.

F. Maintain Complete Records. The Owner shall maintain complete and accurate records pertaining to the Affordable Units, and shall permit any duly authorized representative of the City, including, without limitation, the Administering Agency or its Designee to inspect the books and records of the Owner pertaining to the incomes of Eligible Households **[OPTIONAL: and Section 8 Households]** residing in the Project. Failure to maintain such records, or failure to allow examination by the City or any duly authorized representative shall constitute a default hereunder.

G. Form of Certification. Notwithstanding anything in this Section to the contrary, all documentation required by this Section shall be submitted on the forms designated herein as such forms may be modified by the Administering Agency or its Designee from time to time. Changes to forms by the Administering Agency or its Designee shall not significantly enlarge the Owner's obligations hereunder.

H. Annual Reporting Requirements. The Agency shall submit to the Administering Agency or its Designee annual monitoring reports for the Project. Such reports shall be in a form and content specified by the Administering Agency or its Designee, and shall be submitted annually for the Qualified Project Period ([] years). The Administering Agency or its Designee will use the monitoring reports to determine compliance with affordability and other provisions of the Agreement. The annual reports will be due by March 31st **[Optional: June 1st][Same as in Section E]** of each year and will be the basis for verification of the continued affordability of the units and documentation of service to the eligible client group(s). **[OPTIONAL: In addition, the annual monitoring report shall include a report to the Administering Agency or its Designee documenting the Project's annual operating expenses and cash flow, pursuant to the requirements of Sections I.3, I.5, II.8.D, and other applicable provisions of the Funding Agreement.]**

[OPTIONAL: for special needs projects - The Owner shall be required to submit an annual report by March 31st certifying the following information: (1) Origins of persons referred to the program, (2) Number of persons served, (3) Age, sex and race, (4) Sources of income and any changes, (5) Length of stay, and (6) Destination after completion of program, pursuant to the requirements of Sections I.5 and II.8.D, II.9, etc., of the Funding Agreement for this project.]

SECTION 5 - SECTION 8 CERTIFICATE HOLDERS

The Owner shall accept as tenants for Affordable Units, on the same basis as all other prospective households, households who are recipients of Federal certificates for rent subsidies pursuant to the existing program under Section 8. The Owner shall not apply, or permit the application of, management policies or lease provisions with respect to the Project which have the effect of precluding occupancy of Units by holders of Section 8 certificates.

SECTION 6 - LEASE PROVISIONS

A. It is the Owner's responsibility to screen and select tenants for desirability and credit worthiness. Such selection is within the Owner's discretion. If written management policies exist, or exist in the future, with respect to the Project, the Administering Agency or its Designee may review such written policies and may require changes in such policies, if necessary, so that they comply with the requirements of this Agreement.

B. All leases for Eligible Households shall contain clauses wherein each individual lessee: (i) certifies the accuracy of the statements made in the Certificate of Household Eligibility, (ii) agrees that the household income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy, and (iii) agrees that misrepresentation in the certification is a material breach of the lease, entitling the Owner to terminate the lease for the Affordable Unit.

SECTION 7 - SALE OR TRANSFER OF THE PROJECT

The Owner hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project or any portion thereof without first providing a written notice from the purchaser stating that the purchaser understands, and will comply with the Owner's duties and obligations under this Agreement. Such notice must be received by the Administering Agency or its Designee at least 30 days prior to the close of escrow.

SECTION 8 - TERM

This Regulatory Agreement shall become effective upon its recording, and shall continue in full force and effect throughout the Qualified Project Period, unless sooner modified or terminated in accordance with Section 12 hereof.

SECTION 9 - NO DISCRIMINATION

The Owner shall not discriminate on the basis of race, creed, religion, color, sex, sexual orientation, age, national origin, marital status, or presence of any mental or physical handicap as set forth in RCW 49.60.030, as now existing and as may be amended, in the lease, use, or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

f - COVENANTS RUN WITH LAND

The City and Owner hereby declare their understanding and intent that the covenants, conditions and restrictions set forth herein directly benefit the land (i) by enhancing and increasing the enjoyment and use of the Project by certain Eligible Households, and (ii) by furthering the public purposes of providing housing for Eligible Households.

The City and the Owner hereby declare that the covenants and conditions contained herein shall bind and the benefits shall inure to, respectively, the Owner and their successors and assigns and all subsequent owners of the Project or any interest therein, and the City and its successors and assigns, all for the Qualified Project Period. Except as provided in Section 12 of this Regulatory Agreement, each and every contract, deed or other instrument hereafter executed conveying the Project or any portion thereof or interest therein shall contain an express provision making such conveyance subject to the covenants and conditions of this Agreement, provided however, that any such contract, deed or other instrument shall conclusively be held to have been executed, delivered and accepted subject to such covenants and conditions, regardless of whether or not such covenants and conditions are set forth or incorporated by reference in such contract, deed or other instrument.

SECTION 11 - ENFORCEMENT

A. Enforcement Provisions. The Owner shall exercise reasonable diligence to comply with the requirements of this Agreement and shall correct any such noncompliance within sixty (60) days after such noncompliance is first discovered by the Owner or would have been discovered by the exercise of reasonable diligence, or within 60 days after the Owner receives notice of such noncompliance from the City or the Administering Agency or its Designee; provided however, that such period for correction may be extended by the City or the Administering Agency if the Owner is exercising due diligence to correct the noncompliance. If such noncompliance remains uncured after such period, then the Owner shall be in default and the City on its own behalf may take any one or more of the following steps:

1) By any suit, action or proceeding at law or in equity, require the Owner to perform its obligations under this Regulatory Agreement, or enjoin any acts or things which may be unlawful or in violation of the rights of the City hereunder; it being recognized that the beneficiaries of the Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of the Owner's default;

2) Have access to, and inspect, examine and make copies of, all of the books and records of the Owner pertaining to the Project. Provided, however, the City or the Administering Agency

or its Designee shall not divulge such information to any third party unless required by law or unless the same is necessary to enforce the City's rights hereunder; and

3) Take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants, conditions and agreements of the Owner under this Regulatory Agreement.

4) The Owner hereby grants to the City or the Administering Agency or its Designee the option, upon Owner's default under this Regulatory Agreement, for the Qualified Project Period to lease up to [] of the units in the Project as mutually selected by the City or the Administering Agency or its Designee and the Owner for the purpose of subleasing such units to Eligible Households, but only to the extent necessary to comply with the provisions of this Agreement. The City or the Administering Agency or its Designee may lease from the Owner the units at the Affordable Rent level less a reasonable management fee to reimburse the City or the Administering Agency or its Designee for any expenses incurred in connection with such sublease. The City or the Administering Agency or its Designee may terminate its lease of the units in the Project upon determination that the Owner is no longer in default pursuant to this Agreement.

B. Hold Harmless. The Owner hereby agrees to pay, indemnify and hold the City and the Administering Agency and any other party authorized hereunder to enforce the terms of this Regulatory Agreement harmless from any and all costs, expenses and fees, including all attorneys' fees which may be incurred by the City or the Administering Agency or any other party in enforcing or attempting to enforce this Regulatory Agreement following any default hereunder on the part of the Owner or its successors, whether the same shall be enforced by suit or otherwise; together with all costs, fees and expenses which may be incurred in connection with any amendment to this Regulatory Agreement or otherwise by the City or the Administering Agency at the request of the Owner.

SECTION 12 - SUBORDINATION, TERMINATION, RIGHTS RESERVED BY HUD

[OPTIONAL: IF PROJECT HAS A PRIORITY AGREEMENT: Except as otherwise provided in that certain Priority and Subordination Agreement recorded on or about the date hereof this Covenant shall not be subordinate to any other covenants or regulatory agreements without the prior written consent of the Administering Agency.]

A. Notwithstanding any provision in this Agreement to the contrary, all of the provisions of this Agreement shall terminate and have no further force and effect upon the occurrence of one of the following events:

- (1) Foreclosure of a HUD/FHA insured loan is initiated under which the subject property is held as a security.**
- (2) Title to the subject property is acquired by Lender or HUD/FHA by deed in lieu of foreclosure of the Deed of Trust.**

- (3) Title to subject project is acquired by HUD/FHA, Veterans Administration ("VA"), Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC") or another party upon foreclosure of a deed of trust or mortgage ("Deed of Trust") insured, made or held by HUD/FHA, VA, FNMA, FHLMC or an institutional, third-party lender or investor (collectively, "Lender").
- (4) The Deed of Trust, if insured by HUD/FHA, is assigned to HUD/FHA.

Notwithstanding anything in this Agreement to the contrary, enforcement of this Agreement shall not serve as a basis for (i) default under the Deed of Trust insured by HUD/FHA or any other Lender, or (ii) an acceleration of the loan secured by the Deed of Trust ("Loan"), or result in any claim against the Project, the Loan proceeds, any reserve or deposit required by HUD/FHA or any other Lender in connection with the Loan transaction or the rents or other income from the subject project other than from available surplus cash as that term is defined by HUD/FHA or any other Lender.

B. Notwithstanding anything in this Agreement to the contrary:

- (1) All of the provisions of this Agreement are subordinate and subject to the Deed of Trust, the Loan, and all documents relating to the Loan ("Loan Documents"), all applicable HUD/FHA mortgage insurance regulations, related HUD/FHA administrative requirements, Section 8 of the U.S. Housing Act of 1937, as amended and the regulations thereunder, as amended, and the rights of the Lender thereunder. In the event of any conflict between this Agreement and the provisions of any applicable HUD/FHA mortgage insurance regulations, related HUD/FHA administrative requirements, Section 8 of the U.S. Housing Act of 1937, as amended, and the regulations thereunder, as amended the applicable HUD/FHA mortgage insurance regulations, related HUD/FHA administrative requirements, Section 8 of the U.S. Housing Act of 1937, as amended, and the regulations thereunder, as amended will control.
- (2) Lender shall take no role in monitoring compliance with state and federal use and occupancy requirements; nor shall Lender be required to provide notice to third parties of actions under the Deed of Trust.
- (3) No amendment to this Agreement will be effective without the prior written consent of Lender.
- (4) The Owner, its successors or assigns, will take all steps necessary to comply with this Agreement; provided that the Owner, its successors or assigns, shall not be required to take action prohibited by, or to refrain from action required by Lender, pursuant to the National Housing Act (as amended), applicable HUD/FHA mortgage insurance regulations, related administrative requirements, Section 8 of the Housing Act of 1937, as amended, and the regulations thereunder, as amended, or the Loan and the Loan Documents.

SECTION 13 - ESTOPPEL CERTIFICATE

The Administering Agency or its Designee agrees, upon the request of the Owner or its successor in interest, to promptly execute and deliver to the Owner or its successor in interest or to any potential or actual purchaser, mortgagor or encumbrance of the Project, a written certificate stating, if such is true, that the Administering Agency or its Designee has no knowledge of any violation or default by the Owner of any of the covenants or conditions of this Agreement, or if there are such violations or defaults, the nature of the same.

SECTION 14 - AGREEMENT TO RECORD

The Owner shall cause this Regulatory Agreement to be recorded in the real property records of King County, Washington. The Owner shall pay all fees and charges incurred in connection with such recording and shall provide the Administering Agency or its Designee with a copy of the recorded document.

SECTION 15 - RELIANCE

The City and the Owner hereby recognize and agree that the representations and covenants set forth herein may be relied upon by City and the Owner. In performing its duties and obligations hereunder, the City and the Administering Agency may rely upon statements and certificates of the Owner and Eligible Households, and upon audits of the books and records of the Owner pertaining to occupancy of the Project. In performing its duties hereunder, the Owner may rely on the Certificates of Tenant Eligibility unless the Owner has actual knowledge or reason to believe that such Certificates are inaccurate.

SECTION 16 - GOVERNING LAW

This Regulatory Agreement shall be governed by the laws of the State of Washington, except to the extent such laws conflict with the laws of the United States or the regulations of federally insured depository institutions, or would restrict activities otherwise permitted in relation to the operation of federally insured depository institutions.

SECTION 17 - NO CONFLICT WITH OTHER DOCUMENTS

The Owner warrants that except as provided below, it has not executed and will not execute, any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that in any event the requirements of this Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith, except that those other covenants or regulatory agreements identified in the Priority Agreement executed by the Owner and Administering Agency, may impose restrictions containing income or rent restrictions more stringent than those set forth herein, provided that Owner shall not modify or amend such covenants or regulatory agreements to impose additional income or rent restrictions without the consent of the City or Administering Agency, which consent

will be at the sole discretion of the City or the Administering Agency.

SECTION 18 - AMENDMENTS

This Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto or their respective successors in title, and duly recorded in the real property records of King County, Washington. Amendments to Exhibit B shall be considered to be approved in writing when the revised Exhibit B is signed by the Owner and the Administering Agency and/or its Designee without the need for a further written document attaching the revised exhibit and striking prior versions of the exhibit. In the event of conflict between versions of Exhibits B, the version maintained by the Administering Agency or its Designee as the then-current version, signed by Owner and City or Administering Agency or its Designee, shall prevail.

SECTION 19 - NOTICE

Any notice or communication hereunder, except legal notices, shall be in writing and may be given by registered or certified mail. The notice or communication shall be deemed to have been given and received when deposited in the United States Mail, properly addressed with postage prepaid. If given otherwise, it shall be deemed to be given when delivered to and received by the party to whom addressed. Whenever the Agreement refers to the Administering Agency or Designee, any related notices shall be provided to both the Administering Agency and the Designee. Such notices and communications shall be given to the parties hereto at their following addresses:

If to the City: [remove non-funding cities]

City of Bellevue
450 110th Avenue NE
PO Box 90012
Bellevue, WA 98009
Attn: Housing Planner

City of Clyde Hill
9605 NE 24th Street
Clyde Hill, WA 98004
Attn: City Administrator

Town of Hunts Point
3000 Hunts Point Road
Hunts Point, WA 98004
Attn: Town Administrator

City of Issaquah
Planning Department

PO Box 1307
Issaquah, WA 98027
Attn: Housing Planner

City of Kenmore
Department of Planning and Community Development
18120 68th Avenue NE
PO Box 82607
Kenmore WA 98028
Attn: Planning Director

City of Kirkland
Department of Planning and Community Development
123 Fifth Avenue
Kirkland, WA 98033
Attn: Housing Planner

City of Medina
Attn: City Manager
PO Box 144
Medina, WA 98039-0144

City of Mercer Island
City Attorney's Office
9611 SE 36th Street
Mercer Island, WA 98040

City of Newcastle
Planning Department
12835 Newcastle Way, Suite 200
Newcastle, WA 98056
Attn: Planning Director

City of Redmond
Planning Department
Mailstop CHPL
PO Box 97010
Redmond, WA 98073-9710
Attn: Housing Planner

City of Sammamish
Planning Department
801 228th Avenue SE
Sammamish, WA 98075
Attn: Housing Planner/Planning Director

City of Woodinville
Department of Planning and Community
Development
17301 133rd Avenue NE
Woodinville, WA 98072
Attn: Planning Director

Town of Yarrow Point
4030 - 95th Ave NE
Yarrow Point, WA 98004
Attn: Town Clerk/Treasurer

If to the Administering Agency:

City of Bellevue Community Development Department
Attn: Housing Planner
City of Bellevue
450 110th Avenue NE
P.O. Box 90012
Bellevue, WA 98009-9012

With a copy to the Designee:

A Regional Coalition for Housing (ARCH)
16225 NE 87th Street, Suite A-3
Redmond, WA 98052
Attn: Housing Trust Fund Program Manager

If to the Owner:

[]

OPTION IF FEE WAIVER

SECTION 20 – FEE WAIVER REQUIREMENTS

Pursuant to [] the Owner received fee waivers in the approximate amount of \$[] as consideration for the provision of affordable units in the Project. In the event at any time during the term of this Agreement, the Affordable Units are not provided pursuant to the provisions of this Agreement, the City retains the right to require the Owner to pay to the City all fees that were waived at the rate prevailing at the time the City determines the Project no longer conforming to the affordability requirements of this Agreement. This provision shall survive ftion of the Agreement prior to the Qualified Project Period.

SECTION 20 - SEVERABILITY

If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be

affected or impaired thereby.

SECTION 21 - CONSTRUCTION

Unless the context clearly requires otherwise, words of the masculine, feminine or neuter gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. All the terms and provisions hereof shall be construed to effectuate the purposes set forth in this Agreement and to sustain the validity hereof.

SECTION 22 - TITLES AND HEADINGS

The titles and headings of the sections of this Agreement have been inserted for convenience of reference only, are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in the construing this document or any provision hereof or in ascertaining intent, if any question of intent shall arise.

SECTION 23 – ADMINISTERING AGENCY

A. Nothing in this Agreement modifies the relationship between the separate cities established through that certain Amended and Restated Interlocal Agreement for ARCH dated July 1, 2010 (the “Interlocal” or the resolutions establishing Bellevue as the Administering Agency, nor does this Agreement create any additional rights, obligations, or covenants between and among the cities.

B. This Agreement contains references to performance of terms and conditions of this Agreement by or to the Administering Agency. It is understood that such performance is undertaken on behalf of or for the benefit of each of the cities that is a party to this Agreement, and that the Administering Agency only has such authority to perform on behalf of the City as explicitly set forth in this Agreement.

IN WITNESS WHEREOF, the Owner, the City and Administering Agency have each executed the Regulatory Agreement and Declaration of Restrictive Covenants on the Date first above written.

Owners:

Name: _____

By: _____

Its: _____

Name: _____

By: _____

Its: _____

CITY OF BELLEVUE

By: _____
Mary Kate Berens
Deputy City Manager

CITY OF CLYDE HILL, TOWN OF HUNTS POINT, CITY OF ISSAQUAH, CITY OF KENMORE, CITY OF KIRKLAND, CITY OF MEDINA, CITY OF MERCER ISLAND, CITY OF NEWCASTLE, CITY OF REDMOND, CITY OF SAMMAMISH, CITY OF WOODINVILLE, TOWN OF YARROW POINT [remove non-funding cities]

By City of Bellevue, the Administering Agency pursuant to that certain Amended and Restated Interlocal Agreement for ARCH dated July 1, 2010 and RCW ch. 39.34

By: _____
Mary Kate Berens
Deputy City Manager

Approved as to form:
Nicholas Melissinos
City Attorney

By: _____
Brian Wendt
Assistant City Attorney

EXHIBIT C
FORM OF DEED

AFTER RECORDING RETURN TO:

Grantor: City of Kenmore

Grantee: Plymouth Housing Group

Abbreviated Legal Description:

Complete legal description on page 3

Assessor's Tax/Parcel Nos.: 794630-0195 and 794630-0196

Reference Nos. of Documents
Released or Assigned: N/A

BARGAIN AND SALE DEED

The Grantor, the **City of Kenmore**, a Washington municipal corporation, for and in consideration of mutual benefits, including public benefits, does hereby bargain, sell and convey to **Plymouth Housing Group**, a Washington nonprofit corporation, that certain real property situated in King County, Washington legally described in EXHIBIT A attached hereto and incorporated by this reference (the "Property"), subject to the permitted exceptions set forth in EXHIBIT B attached hereto and incorporated by this reference, and subject to and conditioned upon the following:

The covenant and agreement by Grantee, on behalf of itself and its successors-in-interest to the Property, to use the Property in accordance with and for the public benefit purposes required by the Regulatory Agreement and Declaration of Restrictive Covenants executed by Grantee, dated _____, and recorded against the Property on the same date as this Bargain and Sale Deed (the "Regulatory Agreement"). The foregoing covenant and agreement shall run with the land, and all remedies stated in the Regulatory Agreement shall apply in the event of Grantee's or Grantee's

successor-in-interest's failure to comply with the requirements and provisions of the Regulatory Agreement.

GRANTOR:

City of Kenmore

BY: _____

Printed Name: _____

Its: _____

DATE: _____

STATE OF WASHINGTON)
) SS
COUNTY OF KING)

I CERTIFY that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that ____ signed this instrument, on oath stated that ____ was authorized to execute this instrument and acknowledged it as the _____ of the CITY OF KENMORE, a Washington municipal corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: _____

(Print name)
NOTARY PUBLIC in and for the
State of Washington, residing at

My appointment expires: _____

EXHIBIT A
TO BARGAIN AND SALE DEED

LEGAL DESCRIPTION

PARCEL 794630-0195:

LOTS 10 AND 11, BLOCK 6, W.C. SQUIRE'S PLAT OF KENMORE, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 20 OF PLATS, PAGE 62, IN KING COUNTY, WASHINGTON;

EXCEPT THE SOUTH 70.00 FEET THEREOF;

SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.

PARCEL 794630-0196:

THE SOUTH 70.00 FEET OF LOTS 10 AND 11, BLOCK 6, W.C. SQUIRE'S PLAT OF KENMORE, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 20 OF PLATS, PAGE 62, IN KING COUNTY, WASHINGTON

EXCEPT THAT PORTION THEREOF CONVEYED TO THE CITY OF KENMORE PURSUANT TO STATUTORY WARRANTY DEED RECORDED UNDER RECORDING NUMBER 20070122002204.

SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.

EXHIBIT B
TO BARGAIN AND SALE DEED
EXCEPTIONS



City Council Agenda Bill City of Kenmore, WA

<p>Subject/Topic:</p> <p>Ordinance No. 23-0601 Amending Ordinance No. 21-0527 and Ordinance 23-0572 relating to the City of Kenmore's expenditure and reporting of ARPA funds consistent with the Final Rule and Federal Reporting under the 6.1 Revenue Replacement Category Allowable under the [Coronavirus] State and Local Fiscal Recovery Fund (SLFRF) known in Kenmore as ARPA.</p> <p>Proposed Council Action/Motion:</p> <p>Adopt Ordinance No. 23-0601</p>	<p>For Council Meeting Agenda of: December 11, 2023</p> <p>Department: City Manager's Office</p> <p>Prepared by: Janet Quinn, Management Analyst Melinda Merrell, Finance Director</p> <table border="0"> <tr> <td></td><td style="text-align: right;"><u>Initial & Date</u></td></tr> <tr> <td>Approved by Department Head:</td><td style="text-align: right;">SL 12/1/23</td></tr> <tr> <td>Approved by City Attorney:</td><td style="text-align: right;">DR 12/1/23</td></tr> <tr> <td>Approved by Finance Director:</td><td style="text-align: right;">MM 11/30/23</td></tr> <tr> <td>Approved by City Manager:</td><td style="text-align: right;">RK 12/1/23</td></tr> </table> <p>Exhibits/Attachments:</p> <ol style="list-style-type: none"> 1. Ordinance No. 23-0601 2. Ordinance No. 23-0572 3. Ordinance No. 21-0527 		<u>Initial & Date</u>	Approved by Department Head:	SL 12/1/23	Approved by City Attorney:	DR 12/1/23	Approved by Finance Director:	MM 11/30/23	Approved by City Manager:	RK 12/1/23
	<u>Initial & Date</u>										
Approved by Department Head:	SL 12/1/23										
Approved by City Attorney:	DR 12/1/23										
Approved by Finance Director:	MM 11/30/23										
Approved by City Manager:	RK 12/1/23										
<p>Summary:</p> <p>This Council action will ensure consistency with the City's American Rescue Plan Act (ARPA) standard allowance selection on the City's first financial report to the U.S. Treasury Department in April 2022 and its subsequent financial report to the U.S. Treasury Department in April 2023. Upon the recommendation of the U.S. Treasury Department, the City selected Treasury's standard allowance for ARPA and indicated the funds would be used for "general government services" on the City's federal financial report. This action will allow City finance staff to take the necessary accounting steps to transfer the funds from the ARPA Fund to the General Fund while ensuring all past and future direction from the City Council regarding the use of these funds is followed and properly accounted for.</p>											
<p>Information/Background:</p> <p>The City of Kenmore has carried out several pandemic recovery programs as directed by the Kenmore City Council and made possible by the receipt of \$6.4 million in American Rescue Plan Act (ARPA) funds from the federal government. Those funds were received by the City in two tranches – the first in the summer of 2021 and the second in the summer of 2022.</p> <p>With the publication of the ARPA "Final Rule" in January 2022 and subsequent U.S. Treasury Department Compliance and Reporting Guidance, a new reporting option was offered by the U.S. Treasury Department for the first round of ARPA financial reporting in April 2022. This option was a one-time, irrevocable option for jurisdictions to claim a "standard allowance" of up to \$10 million, or the</p>											

Services. The City of Kenmore followed the U.S. Treasury Department's guidance for local municipalities to take advantage of this standard allowance in order to simplify both federal reporting requirements and local recordkeeping and accounting. The City of Kenmore stated that the ARPA funds would be used for "general government services" on the federal financial report.

This Council action will ensure consistency with the City's American Rescue Plan Act (ARPA) standard allowance selection on the City's first financial report to the U.S. Treasury Department in April 2022 and its subsequent financial report to the U.S. Treasury Department in April 2023. The City selected Treasury's standard allowance for ARPA and indicated the funds would be used for "general government services" on the City's federal financial report. This action will allow City finance staff to take the necessary accounting steps to transfer the funds from the ARPA Fund to the General Fund while ensuring all past and future direction of the City Council for use of these funds is followed and properly accounted for.

City staff will maintain a web page of the programs made possible by ARPA in order to ensure the City Council's direction for use of these funds is followed and is clear and transparent to the public and other stakeholders.

Fiscal Consideration:

This Council action has no financial impact.

City Council Priority or Budget Objective Being Addressed:

11. Respond to the pandemic

**CITY OF KENMORE
WASHINGTON
ORDINANCE NO. 23-0601**

AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON, RELATING TO THE CITY'S EXPENDITURE AND REPORTING OF AMERICAN RESCUE PLAN ACT (ARPA) FISCAL RECOVERY FUNDS BY AMENDING SECTION 3.90.020 OF THE KENMORE MUNICIPAL CODE RELATING TO THE AFFORDABLE HOUSING FUND; AMENDING ORDINANCE 23-0572 TO AUTHORIZE EXPENDITURE AND REPORTING UNDER THE 6.1 REVENUE REPLACEMENT CATEGORY ALLOWABLE UNDER THE STATE AND LOCAL FISCAL RECOVERY FUND (SLFRF) FINAL RULE AND REPEALING THE ARPA FISCAL RECOVERY FUND IN THE BUDGET; ENSURING ALL CITY COUNCIL DIRECTION REGARDING USE OF THESE FUNDS IS FOLLOWED AND PROPERLY ACCOUNTED FOR; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the American Rescue Plan Act of 2021 ("ARPA") was signed into law on March 11, 2021 to provide [Coronavirus] State and Local Recovery Funds ("SLFRF") to local jurisdictions including Kenmore; and

WHEREAS, the Kenmore City Council adopted Ordinance No. 21-0527 on June 28, 2021 accepting the City of Kenmore's eligible allocation from the SLFRF, establishing a new fund to be known as the ARPA Fiscal Recovery Fund, and amending the budget accordingly; and

WHEREAS, the SLFRF Final Rule published in January 2022 and subsequent Compliance and Reporting Guidance provided a one-time, irrevocable option for jurisdictions to claim a "standard allowance" of up to \$10 million, or the award amount, whichever is less, under 6.1 Revenue Replacement: Provision of Government Services; and

WHEREAS, the City of Kenmore received \$6,453,779, all of which is eligible for reporting as a "standard allowance" under 6.1 Revenue Replacement: Provision of Government Services; and

WHEREAS, reporting under 6.1 Revenue Replacement: Provision of Government Services provides broad latitude for jurisdictions to expend ARPA funds on "general government services," thereby freeing up general fund dollars that would otherwise be spent on those services and greatly simplifying reporting requirements; and

WHEREAS, the Kenmore City Council adopted Ordinance 23-0572 to establish a new "Affordable Housing Fund" and allocating approximately half of its ARPA resources

(\$3.2 million) to the housing development at 6532 Bothell Way NE, also known as the “Plymouth Housing Project” to the new Fund; and

WHEREAS, with the allocation of all the City’s allotment of ARPA dollars to 6.1 Revenue Replacement: Provision of Government Services, funds for the affordable housing development at 6532 Bothell Way NE will not come directly from ARPA dollars; and

WHEREAS, the funds in the “ARPA Fiscal Recovery Fund” will be expended on general government services and therefore this separate Fund will no longer be maintained; and

WHEREAS, the City Council desires to correct and clarify the language from Ordinance 21-0527, which established the ARPA Fiscal Recovery Fund and Ordinance 23-0572, which adopted a new Chapter 3.90 of the Kenmore Municipal Code, “Affordable Housing Fund”, to reflect the changes mentioned above;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON ORDAINS AS FOLLOWS:

Section 1. Recitals. The recitals set forth above are incorporated herein by reference.

Section 2. Amendment. The City Council amends Section 3.90.020 of the Kenmore Municipal Code to read as follows:

3.90.020 Purpose & Use.

The purpose of the Affordable Housing Fund is to hold fees received from developers under KMC 18.77.045(D), outside grants, and other revenues. The City will use these funds to support its future affordable housing developments and may also make transfers out of it to other government and quasi-government agencies in order to support affordable housing efforts on a regional level. For purposes of this section “outside grants” or “other revenue” do not include American Rescue Plan Act funds as those funds will be expended and reported consistent with Ordinance 23-0601.

Section 3. Amendment. The City Council amends Section 2 of Ordinance 21-0527 to read as follows:

Section 2. Repealing Adopting—ARPA Fiscal Recovery Fund; Authorizing Expenditure and Reporting Consistent with Final Rule. ~~establishing~~ The ARPA Fiscal Recovery fund (also known as the American Rescue Plan Act Fiscal Recovery Fund) shall be repealed on December 31, 2023. for the purpose of segregating revenues received through and expenditures eligible under the American Rescue Plan Act of 2021 ARPA Fiscal Recovery

~~Fund- The City Manager or designee is authorized to expend and report ARPA funds as provided under 6.1 - Revenue Replacement: Provision of Government Services consistent with the Final Rule published in January of 2022 and subsequent Compliance and Reporting Guidance.~~

~~A. There is created the ARPA Fiscal Recovery Fund-~~

~~B. The ARPA Fiscal Recovery Fund shall consist of monies allocated to the City under the American Rescue Plan Act of 2021 and distributed to the City in 2021 and 2022. The city shall appropriate and use the ARPA Fiscal Recovery fund only for the eligible purposes as permitted by the ARPAS and the U.S. Department of the Treasury.~~

Section 4. Direction. The City Council authorizes the City Manager or designee to take such actions necessary to implement Council's direction regarding use of these funds.

Section 5. Effective Date. This Ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after the date of the publication.

PASSED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE ____ DAY OF ____, 20__.

CITY OF KENMORE

Nigel Herbig, Mayor

ATTEST/AUTHENTICATED:

Anastasiya Warhol, City Clerk

Approved as to form:

Dawn Reitan, City Attorney

FILED WITH THE CITY CLERK:

PASSED BY THE CITY COUNCIL:

ORDINANCE NO.:

DATE OF PUBLICATION:

EFFECTIVE DATE:

**CITY OF KENMORE
WASHINGTON
ORDINANCE NO. 23-0572**

**AN ORDINANCE OF THE CITY OF KENMORE,
WASHINGTON, AMENDING TITLE 3 OF THE KENMORE
MUNICIPAL CODE, “REVENUE AND FINANCE” TO
ADOPT A NEW CHAPTER 3.90 TO THE KENMORE
MUNICIPAL CODE ESTABLISHING AN AFFORDABLE
HOUSING FUND TO RECEIVE AND HOLD AFFORDABLE
HOUSING-RELATED FEES IN LIEU AND GRANTS AND
TO SUPPORT THE CITY’S AFFORDABLE HOUSING
DEVELOPMENTS; PROVIDING FOR SEVERABILITY;
AND ESTABLISHING AN EFFECTIVE DATE.**

WHEREAS, the Kenmore City Council’s #2 priority for 2023-24 is to increase and preserve the options for affordable housing stock; and

WHEREAS, Section 18.77.045(D) of the Kenmore Municipal Code (KMC) allows the City of Kenmore to accept fees from developers in lieu of compliance with the general requirements of Chapter 18.77 KMC to provide for affordable housing units in new developments; and

WHEREAS, the City of Kenmore allocated half of its American Rescue Plan Act resources and donated the underlying land for the affordable housing development at 6532 Bothell Way NE; and

WHEREAS, the City of Kenmore purchased the property at 7010 NE 181st St. NE, known as the Holt property, with the intention of constructing another affordable housing development on the site; and

WHEREAS, the City of Kenmore will continue to pursue grants and other funding opportunities to support the City’s future affordable housing endeavors; and

WHEREAS, the City of Kenmore collaborates with A Regional Coalition for Housing (ARCH) and other governmental agencies to support regional affordable housing efforts; and

WHEREAS, the City desires to amend Title 3 KMC and adopt a new Chapter 3.90 KMC establishing a new fund entitled “Affordable Housing Fund” for the purpose of receiving and to hold affordable housing related fees in lieu, grants, and other revenues from which payments will be made for the City’s future affordable housing developments;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KENMORE,
WASHINGTON, DOES ORDAIN AS FOLLOWS:**

Section 1. Amendment. Title 3 of the Kenmore Municipal Code (KMC), “Revenue and Finance” is amended to add a new Chapter 3.90 KMC, entitled “Affordable Housing Fund” to read as follows:

Chapter 3.90

AFFORDABLE HOUSING FUND

Sections:

3.90.010 Established.

3.90.020 Purpose & Use.

3.90.030 Custodian.

3.90.010 Established.

The Affordable Housing Fund is hereby established.

3.90.020 Purpose & Use.

The purpose of the Affordable Housing Fund is to hold fees received from developers under KMC 18.77.045(D), outside grants, and other revenues. The City will use these funds to support its future affordable housing developments and may also make transfers out of it to other government and quasi-government agencies in order to support affordable housing efforts on a regional level.

3.90.030 Custodian.

The City Manager or such employee of the City designated by the City Manager in writing shall be the custodian of the Affordable Housing Fund. The custodian shall have full responsibility for the Fund and its proper use. The custodian shall be covered by a surety bond in the full amount of the Fund and any advances made to the Fund at any time, and such bond shall be conditioned upon the proper accounting for and legal expenditure of all such funds, in addition to other conditions required by law.

Section 2. Severability. If any section, subsection, sentence, clause, phrase, or word of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality thereof shall not affect the validity or constitutionality of any other section, subsection, sentence, clause, phrase, or word of this ordinance.

Section 3. Corrections. Upon the approval of the city attorney, the city clerk and/or code publisher is authorized to make any necessary technical corrections to this Ordinance, including but not limited to the correction of scrivener’s/clerical errors, references, Ordinance numbering, section/subsection numbers, and any reference thereto.

Section 4. Effective Date. This ordinance shall take effect and be in full force and effect five (5) days after passage and publication of an approved summary consisting of the title.

PASSED by the City Council this 11th day of April, 2023.


APPROVED:


Nigel C. Herbig (Apr 11, 2023 16:56 PDT)
MAYOR NIGEL HERBIG

ATTEST/AUTHENTICATED:


Michelle Kang (Apr 11, 2023 16:48 PDT)
MICHELLE KANG, ACTING CITY CLERK

APPROVED AS TO FORM:


Dawn Reitan (Apr 13, 2023 08:06 PDT)
DAWN REITAN, CITY ATTORNEY

FILED WITH THE CITY CLERK: 03/14/2023

PASSED BY THE CITY CLERK: Passed by the City Council: 04/10/2023

PUBLICATION DATE: 04/14/2023

EFFECTIVE DATE: 04/19/2023

ORDINANCE NO. **23-0572**











Ordinance 23-0572 - Creating Affordable Housing Fund Revised 3.13.23

Final Audit Report

2023-04-13

Created:	2023-04-11
By:	Michelle Kang (mkang@kenmorewa.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAArOFnRevT_RYjVTiaeFhyNNXp0KYvUzTo

"Ordinance 23-0572 - Creating Affordable Housing Fund Revised 3.13.23" History

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**CITY OF KENMORE
WASHINGTON
ORDINANCE NO. 21-0527**

AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON, ACCEPTING CORONAVIRUS LOCAL FISCAL RECOVERY FUNDS FROM THE AMERICAN RESCUE PLAN ACT (“ARPA”), AUTHORIZING THE CITY MANAGER OR DESIGNEE TO ACCEPT THE FUNDS, AND AUTHORIZING THE CITY MANAGER OR DESIGNEE TO EXECUTE ALL RELATED CONTRACTS AND DOCUMENTS, AMENDING THE 2021-2022 BUDGET, TO ESTABLISH A NEW FUND KNOWN AS THE ARPA FISCAL RECOVERY FUND. PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the American Rescue Plan Act of 2021 (“ARPA”) was signed into law on March 11 2021; and

WHEREAS, the Washington State Office of Financial Management is responsible for the distribution of ARPA funds to smaller cities and towns (called non entitlement units (“NEUs”); and

WHEREAS, the City of Kenmore is currently eligible to receive \$6,447,480 from the Coronavirus State and Local Fiscal Recovery Funds (“CSLFRF”) program to be utilized to aid in the recovery from the budgetary, economic, and financial impacts of the COVID-19 pandemic and

WHEREAS, in order to receive the ARPA funds, the city must enter into a U.S. Treasury CSLFRF Terms and Conditions agreement; and

WHEREAS, management and administration of the ARPA funds, including both direct allocation funds and ARPA and other federal, state and county funds to be applied for will require additional limited-term staffing as well as support by existing city staff positions, and

WHEREAS, the City desires to establish a new special revenue fund entitled “ARPA Fiscal Recovery Fund” for the purpose of segregating revenues received through and the expenditures eligible under the American Rescue Plan Act of 2021; and

WHEREAS the City Council has determined that receipt of CSLFRF funds and the creation of the ARPA Fiscal Recovery Fund is in the best interest of the City of Kenmore;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Acceptance of ARPA Funds. The City Council does hereby designate the City Manager or designee to represent and act on behalf of the City for the purpose of the Coronavirus Local

Fiscal Recovery Funds (CLFRF) program to accept current and future funds awarded by the U.S. Department of Treasury under the American Rescue Plan Act (ARPA). The City Manager or designee shall hire limited-term employee(s) as deemed necessary by the city manager to administer the funds.

Section 2. Adopting ARPA Fiscal Recovery Fund. establishing the ARPA Fiscal Recovery fund (also known as the American Rescue Plan Act Fiscal Recovery Fund) for the purpose of segregating revenues received through and expenditures eligible under the American Rescue Plan Act of 2021

ARPA Fiscal Recovery Fund

- A. There is created the ARPA Fiscal Recovery Fund
- B. The ARPA Fiscal Recovery Fund shall consist of monies allocated to the City under the American Rescue Plan Act of 2021 and distributed to the City in 2021 and 2022. The city shall appropriate and use the ARPA Fiscal Recovery fund only for the eligible purposes as permitted by the ARPAS and the U.S. Department of the Treasury.

Section 3. Severability. Should any section, paragraph, sentence, clause or phrase of this Ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this Ordinance be preempted by State or federal law or regulation, such decision or preemption shall not affect the validity of the remaining portions of this Ordinance or its application to other persons or circumstances.

Section 4. Effective Date. This Ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after the date of publication.

ADOPTED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE 28th DAY OF JUNE, 2021.

CITY OF KENMORE



Mayor David Baker

ATTEST/AUTHENTICATED:



Anastasiya Warhol (Jul 1, 2021 15:31 PDT)

Anastasiya Warhol, City Clerk

Approved as to form:



Dawn Reitan (Jul 1, 2021 14:58 PDT)

Dawn Reitan

FILED WITH THE CITY CLERK: June 28, 2021
PASSED BY THE CITY COUNCIL: June 28, 2021
PUBLISHED: July 1, 2021
EFFECTIVE DATE: July 7, 2021
ORDINANCE NO. 21-0527



City Council Agenda Bill City of Kenmore, WA

<p>Subject/Topic:</p> <p>Resolution No. 23-410 Approving City Funds for the Plymouth Affordable Housing Project and Authorizing ARCH to Administer Funds on Behalf of the City</p> <p>Proposed Council Action/Motion:</p> <p>Approve Resolution No. 23-410 approving City funds for the Plymouth Affordable Housing Project and authorizing the duly appointed administering agency for A Regional Coalition for Housing (ARCH) to administer the project on behalf of the City and execute all documents necessary to enter into agreements for the funding of the Plymouth Affordable Housing Project, as recommended by the ARCH Executive Board.</p>	<p>For Council Meeting Agenda of: 12/11/2023</p> <p>Department: City Manager's Office</p> <p>Prepared by: Tambi Cork, HHS Manager</p> <p>Initial & Date</p> <p>Approved by Department Head: SLL, 12/1/2023</p> <p>Approved by City Attorney: DRF, 12/1/2023</p> <p>Approved by Finance Director: MM, 12/1/2023</p> <p>Approved by City Manager: RGK, 12/1/2023</p> <p>Exhibits/Attachments:</p> <ol style="list-style-type: none"> 1. Resolution No. 23-410
<p>Summary:</p> <p>The Kenmore City Council's number one priority for 2021-2022 was to <i>increase and preserve the options for affordable housing stock</i>. In support of this goal, the City developed a Request for Proposals (RFP) for affordable housing on City-owned property at 6532 Bothell Way NE, which was awarded to Plymouth Housing Group to develop a 100-unit affordable housing development. Council additionally allocated \$3.2 million towards the project. The approval of this resolution finalizes those financial commitments and appoints ARCH as the administering agency for the funds on behalf of the City.</p>	
<p>Information/Background:</p> <p>The Kenmore City Council's number one priority for 2021-2022 was to <i>increase and preserve the options for affordable housing stock</i>. In support of this goal, the City developed a Request for Proposals (RFP) for affordable housing on City-owned property at 6532 Bothell Way NE following Council discussions on October 25, 2021, and November 15, 2021.</p> <p><u>RFP Process:</u></p> <p>The City of Kenmore issued a Request for Proposal (RFP) #22-C2789 seeking partners to help build affordable housing units in Kenmore at real property located at 6532 Bothell Way NE, Kenmore, WA,</p>	

98028. RFP #22-C2789 is located at: [RFP 22-C2789 Affordable Housing Development Proposal \(kenmorewa.gov\)](https://kenmorewa.gov)

The City received three RFP responses and presented the RFP Affordable Housing Development Proposal from Plymouth Housing Group (Plymouth) to the City Council at the May 31, 2022, meeting. The May 31, 2022, agenda materials, which include Plymouth's RFP Response to construct and operate a six-floor apartment building to include one hundred (100) residential units and approximately 2,184 SF of commercial space and also includes site construction and design depictions, are located at: [Kenmore - Document Center \(civicweb.net\)](https://kenmore.civicweb.net).

At the City Council's June 21, 2022, meeting, City staff again presented Plymouth's proposed Affordable Housing Project. Council approved the selection of the Proposal submitted by Plymouth Housing in response to City RFP 22-2789, and authorized the City to move forward with creating a partnership with Plymouth Housing and A Regional Coalition for Housing to develop affordable housing consistent with the Plymouth Housing Proposal; allocated \$3.2 million in City funds for the development of affordable housing in the City consistent with the Plymouth Housing Proposal, and provided staff direction to initiate negotiations with Plymouth Housing and/or ARCH for a property transfer agreement, development agreement, and any other necessary agreements. The June 21, 2022, agenda materials are located at: <https://kenmore.civicweb.net/document/121367>

When the partnership with Plymouth was approved by the Kenmore City Council on June 21, 2022, the proposal was described as serving those at or below 30% Area Median Income (AMI) with a focus on seniors, veterans, individuals with disabilities and those who were formerly homeless.

Funding for the project took over a year to secure and came from a complex variety of sources, including the City of Kenmore and ARCH. As a condition of the funding from the Department of Commerce and the Washington State Housing Finance Commission (WSHFC), the project is now required to serve single adults with no children with an income of 30% or less of Area Median Income and are homeless at entry (which can include "couch surfing", living in transitional housing, and staying in a shelter). This project is Permanent Supportive Housing, which means that Plymouth will provide tenants with supportive services in addition to housing, and 24/7 onsite staffing of the building.

A Regional Coalition for Housing (ARCH)

The City is a party to a regional Interlocal Agreement which created ARCH to help coordinate the efforts of Eastside cities to provide affordable housing. This Interlocal Agreement establishes a framework for coordinating affordable housing projects including formation of the Administering Agency which administers the City's contributions to affordable housing projects on the City's behalf.

On February 13, 2023, the City Council approved the ARCH Executive Board's recommendation for ARCH's contribution of \$3,279,700 to the Plymouth Affordable Housing Project as a deferred loan from its Housing Trust Fund, and which included the City's approved contribution of \$54,900 toward said project. The February 13, 2023, agenda materials are located at: [City Council Regular Meeting Agenda for February 13, 2023](#)

In connection with ARCH's contribution and administration of the \$3,279,700 deferred loan from its Housing Trust Fund, the City desires ARCH and its Administering Agency to also administer the City's contribution of \$3.2 million allocated by the City Council on June 21, 2022.

In support of the Plymouth Housing Group's affordable housing development and Council priority to increase and preserve the options for affordable housing stock, staff recommend Council approve the Resolution 23-410 approving City funds for the Plymouth Affordable Housing Project and authorizing the duly appointed administering agency for A Regional Coalition for Housing (ARCH) to administer the project on behalf of the City and execute all documents necessary to enter into agreements for the funding of the Plymouth Affordable Housing Project, as recommended by the ARCH Executive Board.

Fiscal Consideration:

The City has allocated \$3.2 million in City funds for the development of this affordable housing in partnership with Plymouth. In addition, ARCH has designated more than \$3 million in ARCH Trust Fund dollars for the project, including \$54,900 in Kenmore contributions.

City Council Priority or Budget Objective Being Addressed:

2. Increase and preserve the options for affordable housing stock

**CITY OF KENMORE
WASHINGTON
RESOLUTION NO. 23-410**

**A RESOLUTION OF THE CITY COUNCIL OF KENMORE,
WASHINGTON, APPROVING CITY FUNDS FOR THE
PLYMOUTH AFFORDABLE HOUSING PROJECT AND
AUTHORIZING THE DULY APPOINTED
ADMINISTERING AGENCY FOR A REGIONAL
COALITION FOR HOUSING (ARCH) TO ADMINISTER
THE PROJECT ON BEHALF OF THE CITY AND EXECUTE
ALL DOCUMENTS NECESSARY TO ENTER INTO
AGREEMENTS FOR THE FUNDING OF THE PLYMOUTH
AFFORDABLE HOUSING PROJECT, AS RECOMMENDED
BY THE ARCH EXECUTIVE BOARD**

WHEREAS, the Kenmore City Council's number one priority for 2021-22 was:

Goal #1: Affordable Housing. This item supports the City Council's top priority: *Increase and preserve the options for affordable housing stock* ("Affordable Housing Goal"); and

affordable housing is currently the City Council's number two priority, and it will return to the City Council's top priority in 2024; and

WHEREAS, the City is a party to the "Amended and Restated Interlocal Agreement for ARCH A Regional Coalition for Housing," as amended by "Amendment No. 1 to Amended and Restated Interlocal Agreement for ARCH A Regional Coalition for Housing," (collectively "Interlocal Agreement"), which created ARCH to help coordinate the efforts of Eastside cities to provide affordable housing; and

WHEREAS, the Interlocal Agreement establishes a framework for coordinating affordable housing projects including formation of the Administering Agency which administers a party's individual contributions to affordable housing projects on the party's behalf, and when so authorized to enter into agreements with third parties for the use and application of public funds for affordable housing projects; and

WHEREAS, on February 13, 2023, the City Council approved the ARCH Executive Board's recommendation for a project known as the "Kenmore Supportive Housing Project", with ARCH's contribution of \$3,279,700 as a deferred loan from its Housing Trust Fund, and which included the City's approved contribution of \$54,900 for the project that includes

100 units serving residents earning up to 30% of area median income (“AMI”), as recommended by the ARCH Executive Board; and

WHEREAS, the City owns the real property located at 6532 Bothell Way NE, Kenmore, Washington, 98028, consisting of Tax Parcel Nos. 794630-0195 and 794630-0196 (the “Property”). The Property has minimal improvements and has an assessed value of approximately \$1,155,500; and

WHEREAS, to achieve its Affordable Housing Goal, the City issued a Request for Proposals (RFP) for affordable housing development on the Property, and the City received three proposals, including a proposal from Plymouth Housing Group, a Washington nonprofit corporation (“Plymouth”) to develop a 100-unit facility for individuals at or below 30% AMI (the “Plymouth Affordable Housing Project”); and

WHEREAS, on May 31, 2021, the Kenmore City Council considered the Plymouth Affordable Housing Project (also known as the Kenmore Supportive Housing Project), along with the other proposals received in response to the RFP, and on June 21, 2021, the City Council unanimously (1) approved the selection of the Plymouth Affordable Housing Project, and authorized the City to move forward with creating a partnership with Plymouth and ARCH to develop affordable housing consistent with the Plymouth Affordable Housing Project, (2) allocated \$3.2 million for the development of affordable housing consistent with the Plymouth Affordable Housing Project, and (3) provided staff direction to initiate negotiations with Plymouth and/or ARCH for a property transfer agreement, development agreement, and any other necessary agreements for the development of the Property with an affordable housing project consistent with the Plymouth Affordable Housing Project; and

WHEREAS, RCW 36.70B.170 and Chapter 18.110 KMC authorize the execution of a development agreement between the City and a person having ownership or control of real property within its jurisdiction, which states the development standards and other provisions that shall apply to, govern, and vest the development, use and mitigation of the development of the property for the duration specified in the agreement; and

WHEREAS, the City has approved a development agreement with Plymouth for the development of the Property with affordable housing consistent with the Plymouth Affordable Housing Project (the “Development Agreement”), which requires that the City and Plymouth negotiate an agreement for the transfer of the Property to Plymouth on the condition that Plymouth develop the Property with affordable housing consistent with the Plymouth Affordable Housing Project and maintain the affordable housing on the Property in accordance with requirements of ARCH; and

WHEREAS, in connection with ARCH’s contribution and administration of the \$3,279,700 deferred loan from its Housing Trust Fund, the City desires ARCH and its Administering Agency to administer the City’s contribution of 1) \$3.2 million allocated by the City

Council on June 21, 2022, and 2) the \$54,900 contribution approved by the City Council on February 13, 2023, for the Plymouth Affordable Housing Project; and

WHEREAS, the City Council finds that the contribution of funds approved by the City for the Plymouth Affordable Housing Project is in the public interest and furthers the City's affordable housing goals and priorities; and

WHEREAS, the City Council desires to authorize ARCH to execute various agreements and other documents with Plymouth, including a Funding Agreement, a Regulatory Agreement, a Promissory Note, and a Deed of Trust, which will require Plymouth or its successor in interest to construct, maintain and operate affordable housing on the Property consistent with the Plymouth Affordable Housing Project and Development Agreement, and which provide remedies in the event that Plymouth or its successor in interest fail to perform, enforceable by ARCH and by the City;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The recitals set forth above are incorporated herein as if set forth in full.

Section 2. City Funding of Project - Authority.

- A. The City Council acknowledges and reaffirms its prior contribution of \$54,900 to the Plymouth Affordable Housing Project (also known as the Kenmore Supportive Housing Project), as recommended by the ARCH Executive Board, utilizing funds from the City's Housing Trust Fund.
- B. The City Council acknowledges and reaffirms the additional contribution to the Plymouth Affordable Housing Project in the amount of \$3,200,000 which funds shall be transmitted to ARCH for deposit in the Housing Trust Fund Account and held by ARCH consistent with the Interlocal Agreement until required for the Plymouth Affordable Housing Project (also known by ARCH as the Kenmore – Supportive Housing Project).

Section 3. Authority for ARCH to Administer Project on Behalf of City.

- A. The City Council authorizes ARCH, ARCH Program Manager, and the Administering Agency for ARCH to administer the project on behalf of the City, to execute all necessary agreements and take all necessary actions to enter into said agreements on behalf of the City to fund the Plymouth Affordable Housing Project (also known as the Kenmore – Supportive Housing project) consistent with this Resolution.
- B. The agreements entered into pursuant to Section 3.A of this Resolution shall include terms and conditions to ensure that the City's funds identified in

Section 2 of this Resolution are used for their intended purposes and that the project maintains affordability as set forth in the Development Agreement and ARCH Executive Board's Recommendation, dated January 12, 2023 ("ARCH Recommendation"), attached as Exhibit 1 and incorporated by reference, which includes, among other things, the provision of 100 units at 30% AMI. In determining what terms and conditions should be included in the agreements, the duly appointed Administering Agency for ARCH shall be guided by the conditions set forth in the ARCH Recommendation.

- C. The agreements executed by the Administering Agency on behalf of the City shall not commit the City to an amount that exceeds \$ 3,254,900 which is the total of \$54,900 authorized on February 13, 2023, and the additional contribution of \$3,200,000 allocated on June 21, 2023, and authorized pursuant to this Resolution.

PASSED BY THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON AT A REGULAR MEETING THEREOF THIS _____ DAY OF _____ 2023.

CITY OF KENMORE

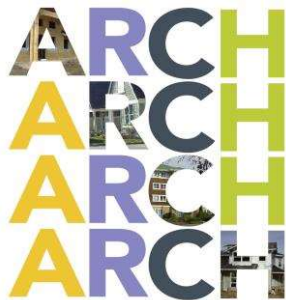
Nigel Herbig, Mayor

ATTEST/AUTHENTICATED:

Anastasiya Warhol, City Clerk

APPROVED AS TO FORM:

Dawn Reitan, City Attorney



Together Center Campus
16307 NE 83rd St, Suite 201
Redmond, WA 98052
(425) 861-3677

MEMORANDUM

TO: City of Bellevue Council Members
City of Clyde Hill Council Members
City of Issaquah Council Members
City of Kirkland Council Members
City of Mercer Island Council Members
City of Redmond Council Members
City of Woodinville Council Members
City of Bothell Council Members
Town of Hunts Point Council Members
City of Kenmore Council Members
City of Medina Council Members
City of Newcastle Council Members
City of Sammamish Council Members
Town of Yarrow Point Council Members

FROM: Kurt Triplett, Chair, ARCH Executive Board

DATE: January 12, 2023

RE: Fall 2022 Housing Trust Fund (HTF) Recommendation

As we mark ARCH's 30th anniversary, I am pleased to transmit this year's recommendations for the ARCH Housing Trust Fund. The 2022 funding round was the largest in ARCH's history, with requests from eight projects proposing an impressive **819 units of affordable housing and 26 emergency shelter beds***.

After careful deliberation, the ARCH Executive Board concurred with the recommendations of the ARCH Community Advisory Board (CAB) and is recommending **funding totaling \$7,645,900**, which provides full funding for four projects and partial funding for three projects. These recommendations advance an incredible set of projects that will meet diverse needs throughout the region, including:

- Supportive housing for formerly homeless seniors, veterans and people with disabilities;
- Homeownership housing that will help families build equity;
- Preservation of existing affordable housing for large families;
- Affordable senior independent living;
- Transit-oriented development for families and individuals adjacent to future light rail;
- Emergency shelter for youth and young adults in East King County*; and
- Affordable housing for individuals with intellectual and developmental disabilities

In the last three decades, the ARCH Trust Fund has supported over 5,300 units of affordable housing and shelter beds, creating housing for thousands of families and individuals with limited opportunities to live in our community. The Trust Fund has also leveraged local resources over 10:1, bringing in \$1 billion in other investments to East King County, and this year is no exception, with proposed projects expected to **leverage over \$460 million in other funding**.

ARCH MEMBERS

BEAUX ARTS VILLAGE ♦ BELLEVUE ♦ BOTHELL ♦ CLYDE HILL ♦ HUNTS POINT ♦
ISSAQUAH ♦ KENMORE ♦ KIRKLAND ♦ MEDINA ♦ MERCER ISLAND ♦ NEWCASTLE ♦ REDMOND ♦
SAMMAMISH ♦ WOODINVILLE ♦ YARROW POINT ♦ KING COUNTY

A summary of recommended projects is shown in the table below:

Project Applicant	City	Units/ Beds	ARCH Request	Executive Board Recommendation
Ardea <i>TWG/Imagine Housing</i>	Kirkland	170	\$1,400,000	\$1,400,000
Bellevue Homes <i>Habitat for Humanity</i>	Bellevue	25	\$600,000	\$600,000
Kenmore Supportive Housing <i>Plymouth Housing</i>	Kenmore	100	\$3,279,700	\$3,279,700
Kirkland Heights <i>King County Housing Authority</i>	Kirkland	276	\$2,000,000	\$1,566,200
The Landing Shelter* <i>Friends of Youth</i>	Kirkland	26	\$650,000*	See Below*
Scattered Homes (Supported Living Home / OHS Home) <i>Alpha Supportive Living</i>	TBD-Bothell Kenmore Woodinville	7	\$400,000	\$400,000
Spring District 120 th St. TOD <i>BRIDGE</i>	Bellevue	235	\$4,000,000	\$350,000
Totem Six-Plex <i>Attain Housing</i>	Kirkland	6	\$750,000	\$50,000
Total		819	\$13,079,700	\$7,645,900

***Note: Friends of Youth was able to obtain other grant funds and withdraw its application to ARCH. The ARCH Executive Board remains in strong support of the project.**

These investments couldn't come at a more urgent time, as inflation and rising rents continue to threaten the housing stability of households with low and moderate incomes. While ARCH did not have sufficient funding to fully fund all proposed projects, these awards will make a major difference in the community and help create momentum towards meaningful production of affordable homes. The increased demand for the Trust Fund program also demonstrates ARCH's success in strengthening and expanding relationships with a range of development partners. We know these partnerships are critical to creating the affordable homes that will provide economic relief and stability for current and future generations in our community.

Below is a more detailed description of the applications received, the Executive Board recommendation and rationale, and proposed contract conditions for the proposals recommended for funding at this time. Also enclosed is the proposed funding sources and an economic summary of the projects recommended for funding.

Attachments:

1. Proposed Funding Sources
2. Project Economic Summaries

Note that bolded text in proposed conditions shows unique conditions in otherwise standard text.

1. TWG and Imagine Housing – Ardea at Totem Lake

Funding Request: \$1,400,000 (Contingent Loan)
170 affordable rental units (including 1 manager unit)

Executive Board Recommendation: Up to \$1,400,000 (Contingent Loan)
See attached Proposed Funding Sources for distribution of City Funds

Project Summary:

The Ardea project consists of 170 units of affordable housing for seniors age 62 and older at 40%, 50% and 60% AMI, including an estimated 45 units for senior veterans. The project will include 91 studios and 79 1-bedrooms units. All of the units will be within one building with seven residential levels over a one-level parking garage partially below grade with 36 parking stalls. TWG, a national for-profit affordable housing developer, will be the lead developer with Imagine Housing acting as non-profit sponsor/ownership partner and service provider.

The project will provide major right-of-way pedestrian improvements intended to connect the unimproved section of 116th Ave NE along the property with the Totem Lake Business District major pedestrian loop. The project will replace and improve the existing sidewalk with street trees and pedestrian lighting to complete the improved pedestrian corridor along 116th Ave NE.

Funding Rationale:

The Executive Board recommends funding with conditions listed below for the following reasons:

- The project will meet several local housing strategies within the City of Kirkland and provide a large amount of senior affordable housing units in a much-needed area of East King County.
- The project will complete an important missing section of pedestrian and right of way improvements connecting the Totem Lake Business District.
- This project leverages significant funding from other public and private sources.
- The project aims to bring together the efficiencies of a vertically integrated developer with the perspectives and connections of a local community-based nonprofit with deep roots in East King County.

Proposed Conditions:

Standard Conditions: Refer to list of standard conditions found at end of this memo.

Special Conditions:

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

December 2022

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the applicant must demonstrate that all capital funding has been secured or is likely to be secured within a reasonable timeframe.

2. Funds shall be used by the Agency towards **construction costs**. Funds may not be used for any other purpose unless ARCH staff has given written authorization for the alternate use. Spending of construction contingency must be approved in advance by ARCH. If after the completion of the project there are budget line items with unexpended balances, ARCH and other public funders shall approve adjustments to the project capital sources, including potentially reductions in public fund loan balances.
3. Funds will be in the form of a **deferred, contingent loan**. Loan terms will account for various factors, including loan terms from other fund sources and available cash flow. Final loan terms shall be determined prior to release of funds and must be approved by ARCH Staff. **It is anticipated that loan payments will be based on a set repayment schedule and begin after repayment of deferred developer fee** with 1% interest. The terms will also include a provision for the Agency to defer payment if certain conditions are met (e.g., low cash flow due to unexpected costs). Any requested deferment of loan payment is subject to approval by ARCH Staff, and any deferred payment would be repaid from future cash flow or at the end of the amortization period.
5. The net developer fee shall be established at the time of finalizing the Contract Budget and will follow the ARCH Net Developer Fee Schedule. Net developer fee is defined as that portion of the developer fee paid out of capital funding sources and does not include the deferred portion which is paid out of cash flow from operations after being placed in service.
6. A covenant is recorded ensuring affordability for at **least 55 years**, with size and affordability distribution per the following table. Limited changes to the matrix may be considered based on reasonable justification as approved by ARCH staff.

Affordability	Studio	1 BR	Total
40%	17	17	34
50%	47	38	85
60%	27	24	51
Total	91	79	170

7. The final loan amount shall be up to \$1.4 million, subject to approval by ARCH staff based on a documented funding gap. ARCH reserves the right to reduce its total loan amount based on changes to the project sources and uses, and unit mix.
8. Agency must submit for ARCH staff approval a management and services plan which includes coordination of services with outside providers and parking management.
9. **Agency shall identify and assist residents with alternative transportation options such as car sharing programs and/or shuttle services, bicycle facilities, and robust pedestrian access.**
10. **Agency shall include in its quarterly monitoring reports the following information:**
 - a. **Updates on tenant relations and engagement in existing ARCH-funded projects**

- b. Updates on Agency property and asset management capacity and oversight**
- c. Updates on work necessary to preserve current wetland buffer approvals**

11. Agency must demonstrate its commitment to retaining/providing Energy Star Appliances in every unit.

2. Habitat for Humanity of Seattle-King County – Bellevue Homes

Funding Request: \$600,000 (Secured Grant)
25 affordable homeownership units

Executive Board Recommendation: Up to \$600,000 (Secured Grant)
See attached Proposed Funding Sources for distribution of City Funds

Project Summary:

Habitat for Humanity Seattle-King County proposes creating 25 permanently affordable 3-bedroom, 1.5 bath townhomes and a new 3,500 SF community center in the Factoria neighborhood of Bellevue, WA. This 3.13-acre site is to be purchased from the Holy Cross Lutheran Church of Bellevue.

The proposed population for the development is 4-5 person families with incomes up to 60% AMI and 80% AMI. The homeownership structure uses a land trust model to ensure permanent affordability of each unit. Under the model, HFHSC retains ownership of the land, which is leased to individual homeowners, and a right of first option to purchase the home upon resale. Habitat requires homebuyers to put in 250 hours of self-help labor to help construct their own units as well as their neighbors' units. This "sweat equity" model, combined with the modest appreciation within the land trust structure, provides low-income households the opportunity to build wealth through homeownership while securing safe, affordable housing.

The project addresses a local priority to the City of Bellevue's Affordable Housing Strategy by creating more affordable housing stock for low-income households, including through developing on land owned by faith-based groups.

Funding Rationale:

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

- The project would create additional units of homes for purchase in a very high-cost area with median home prices that exceed \$1 million. Such opportunities are quite rare and allow households with modest incomes to achieve stability and wealth building through homeownership.
- The project takes advantage of new City policies that encourage additional density and affordable housing on property owned by faith communities, helping to advance the City's overall Affordable Housing Strategy.
- The project preserves existing community assets that will create benefits for residents and the broader community.

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- Habitat's sweat equity model allows volunteers and potential buyers to gain valuable skills and experience in homebuilding, while allowing for cost savings when compared to traditional construction. Also, keeping the units and land in a land trust ensures perpetual affordability, which is especially important in a high cost, high growth city like Bellevue.
- Habitat's approach to marketing helps to address historic barriers to home ownership and preserve cultural diversity in the community.

Proposed Conditions:

Standard Conditions: Refer to list of standard conditions found at end of this memo.

Special Conditions:

1. The funding commitment continues for **twelve (12) months** from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested to ARCH staff no later than sixty (60) days prior to the expiration date. At that time, the Agency will provide a status report on progress to date and expected schedule for start of construction and project completion. ARCH staff will consider a twelve-month extension only based on documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the Agency will demonstrate that all capital funding has been secured or is likely to be secured within a reasonable timeframe.
2. Funds shall be used by Agency toward **acquisition costs**. Funds may not be used for another purpose without prior written authorization from ARCH. If, after project completion project, there are budget line items with unexpended balances, ARCH and other public funders shall approve adjustments to the project capital sources, including potential reductions in public fund loan balances.
3. Funds will be in the form of a **secured grant**, so long as affordability and target population are maintained.
4. The Net Developer Fee shall be established when the Contract Budget is finalized and will follow the ARCH Net Developer Fee Schedule. Net Developer Fee is defined as that portion of the developer fee paid out of capital funding sources and does not include the deferred portion which is paid out of cash flow from operations after the project is placed in service.
5. A covenant shall be recorded ensuring affordability for at least **55 years**, with size and affordability distribution per the following table. Limited changes to the matrix may be considered based on reasonable justification as approved by ARCH.

Affordability	3 BR	Total
60%	10	10
80%	15	15
Total	25	25

6. **Agency shall include the following in its quarterly reports:**
 - a. **Update on mortgage interest rate projections and contingency plans to address rates in the present inflationary environment.**
 - b. **Update on neighborhood engagement and efforts to inform the surrounding community about the project.**
7. **Agency shall provide for ARCH review and approval any draft agreements memorializing roles and responsibilities for management and use of shared spaces, including the community center, open space elements, and shared parking. Agency shall ensure that homeowners are not responsible for maintenance of non-residential spaces intended primarily to benefit other parties or the broader community.**
8. **Agency shall affirmatively market the project to further fair housing (as described in the funding application), and commit to measures that ensure all households may enjoy residency regardless of religious affiliation, and protect against religious discrimination in the sale of homes and operation of the development.**

3. Plymouth Housing – Kenmore PSH

Funding Request:	\$3,279,729 (Deferred Loan) 100 affordable rental units (including 1 manager unit)
Executive Board Recommendation:	Up to \$3,279,700 (Deferred Loan) See attached Proposed Funding Sources for distribution of City Funds

Project Summary:

The proposed project is the new construction of 100 affordable housing units for seniors, veterans, formerly homeless, and disabled individuals. All of the units will serve formerly homeless residents earning up to 30% of area median income. The project will be located on a city-owned site on Bothell Way in Downtown Kenmore with good proximity to amenities and transportation. The project location is ideal for a building that serves seniors and single individuals.

The project includes a mix of studios and one-bedroom units (25 one-bedroom and 75 studio) as well as resident amenity space, including a community room, community kitchen, on-site medical and behavioral health space, offices for case managers and property staff, and a front desk. The project will also include commercial space on the ground floor that will provide a benefit to the community through a partnership with Kenmore-based Bastyr University.

This project was made possible through the efforts of the City of Kenmore, which committed approximately \$3.2M in ARPA funding and offered a \$1.89 million City-owned property through an RFP dedicated to affordable housing. The ARCH Executive Board also approved a preliminary reservation of unused 2021 Housing Trust Fund resources to the development of this project. The winning project and funding recommendation was then reviewed and affirmed by ARCH's Community Advisory Board.

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Due to construction market conditions, and incorporation of commercial prevailing wages into the construction budget (to accommodate federal resources committed to the project), the budget experienced an increase in construction costs that increased the remaining funding gap. To help fill this gap, Plymouth requested additional funds from ARCH in the fall round, and submitted applications to other funding sources to complete the project financing.

Funding Rationale:

The Executive Board recommends funding with conditions listed below for the following reasons:

- Aligns with the City's RFP goals and would further the City of Kenmore #1 priority to build affordable housing:
 - Exceeded the City's goal of providing 20% of the units at 30% AMI.
 - Utilizes project site efficiently allowing for 100 units of affordable housing.
 - Meets the City's requirement of a cost-efficient design.
 - Commits significant agency resources toward development of a ground floor that will benefit the community
 - Envisions a welcoming design that enhances and creates a gateway to Downtown Kenmore
- Will provide critically needed, deeply affordable units at 30% AMI.
- Meets ARCH's long-term objective of investing in affordable housing across member jurisdictions.
- Serves a range of special needs populations (homeless individuals, seniors, veterans and persons with disabilities)
- Will allow a dependable, long standing non-profit housing and service provider to expand services into Kenmore.
- Will be highly competitive for Low Income Housing Tax Credits and State Housing Trust Fund resources, providing significant financial leverage of local resources.
- Site has convenient access to transit, shopping, and services.

Proposed Conditions:

Standard Conditions: Refer to list of standard conditions found at end of this memo.

Special Conditions:

1. The funding commitment shall continue for **eighteen (18) months** from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested to ARCH staff no later than sixty (60) days prior to the expiration date. At that time, the Agency will provide a status report on progress to date and expected schedule for start of construction and project completion. ARCH staff will consider a twelve-month extension only based on documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the Agency will demonstrate that all capital funding has been secured or is likely to be secured within a reasonable timeframe.
2. Funds shall be used by Agency toward **reserves, soft costs, design, permits and construction**. Funds may not be used for any other purpose unless ARCH staff has given written authorization for the alternate use. If after the completion of the project there are budget line items with unexpended

balances, ARCH and other public funders shall approve adjustments to the project capital sources, including potentially reductions in public fund loan balances.

3. Funds will be in the form of a **secured grant**, so long as affordability and target population is maintained, and the service funds necessary to provide services to this population are available.
4. The net developer fee shall be established at the time of finalizing the Contract Budget and will follow ARCH Net Developer Fee Schedule. Net developer fee is defined as that portion of the developer fee paid out of capital funding sources and does not include the deferred portion which is paid out of cash flow from operations after being placed in service.
5. A covenant is recorded ensuring affordability for at least **55 years**, with unit size and affordability distribution per the following table. Limited changes to the matrix may be considered based on reasonable justification as approved by ARCH staff.

Affordability	studio	1-bedroom	Total
30%	75	25	100
Total	75	25	100

6. Based on the availability of adequate support services, the project will contain 100 units for formerly homeless residents, unless otherwise approved by ARCH. Plymouth will work with service providers and other agencies working in East King County to establish referral mechanisms, or other referral method as approved by ARCH, and shall aim to include seniors, veterans, and persons with disabilities.
7. ARCH shall review and approve the services budget and services plan for consistency with application.
8. **The Agency will establish a services reserve account in the amount of no less than \$500,000 to be used in the event of shortfalls in project income to pay for necessary services expenses. A services reserve budget must be approved by ARCH at the close of permanent financing and will be monitored for consistency with the services plan, ARCH will review**
9. **If service funding decreases at any point during the term of the contract, Agency shall submit for review and approval a service plan which provides continuity of services within the project.**

4. King County Housing Authority – Kirkland Heights

Funding Request: \$2,000,000 (Contingent Loan)
276 Affordable Units (including 3 manager units)

Executive Board Recommendation: Up to \$1,566,200 (Contingent loan)
Includes \$1,056,300 local funds, \$509,900 CDBG funds

See attached Proposed Funding Sources for distribution of City Funds

Project Summary:

The Kirkland Heights Apartments is a 180-unit apartment complex located in Northeast Kirkland near the Totem Lake neighborhood. This proposal's scope includes the rehabilitation of all existing residential buildings, addition of a third story to eleven of the existing buildings, and the new construction of two three-story residential buildings and one community building. Upon project completion, the complex will consist of 276 units, thus utilizing more of the site's allowed density.

The project will include 103 units affordable for households at 30% AMI, 52 units at 60% AMI and 114 units at 80% AMI. This structure takes advantage of the available Project-based Section 8 rental assistance, which is targeted to the 106 units at 30% AMI, while allowing existing residents with incomes between 60% and 80% AMI to remain at Kirkland Heights.

KCHA is proposing \$24.2 million in public funds while contributing a significant (\$36.1 million) subordinate loan. King County has awarded \$11.2 million in funds for the project, and \$10 million is proposed from the State (of which \$5 million would fund the rehab project, and \$5 million would fund the new construction portion). In addition, as a Public Housing Authority (PHA), KCHA can issue tax exempt debt. At the time of application, 50% (\$110 million) of the total sources have been committed/secured.

Funding Rationale:

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

- The project preserves and enhances housing for a large number of existing low- and moderate-income residents in the community, including many families with children.
- The project also adds a significant number of units affordable to very low-, low- and moderate-income households within a high-opportunity area near good jobs, various transportation options, and other public and private amenities.
- KCHA has taken advantage of income averaging, thus allowing the feasible incorporation of 106 units targeted to very low-income households. Those units are supported with Project-based Section 8 Rental Assistance under a HAP Contract signed in 2020.
- This project leverages significant funding from public and private sources, 50% of which are already committed/secured.
- The project is undertaken by an experienced agency that has prioritized the project to start construction as soon as possible.

Proposed Conditions:

Standard Conditions: Refer to list of standard conditions found at end of this memo.

Special Conditions:

1. The funding commitment shall continue for **eighteen (18) months** from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested to ARCH staff no later than sixty (60) days prior to the expiration date. At that time, the applicant will provide

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a status report on progress to date and expected schedule for start of construction and project completion. ARCH staff will consider up to a 12-month extension only based on documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the applicant must demonstrate that all capital funding has been secured or is likely to be secured within a reasonable timeframe.

2. Funds shall be used by the Agency for **soft costs, acquisition costs, and construction costs**. In the event any portion of the funding award is reserved for construction contingency, that portion must be approved in advance by ARCH staff. Funds may not be used for another purpose without prior written authorization from ARCH. If, after project completion project, there are budget line items with unexpended balances, ARCH and other public funders shall approve adjustments to the project capital sources, including potential reductions in public fund loan balances.
3. **Funds will be in the form of a deferred, contingent loan.** Loan terms will account for various factors, including loan terms from other fund sources, including the sponsor subordinate loan and available cash flow. Final loan terms shall be determined prior to release of funds and must be approved by ARCH staff. **Based on the preliminary development budget, it is anticipated that loan payments will be based on a set repayment schedule and begin after repayment of the deferred developer fee (approximately year 12), with 1% interest.** The terms will also include a provision for the Agency to defer payment if certain conditions are met (e.g., low cash flow due to unexpected costs). Any requested deferment of a loan payment is subject to approval by ARCH staff, and any deferred payment would be repaid from future cash flow or at the end of the amortization period.
4. KCHA will provide a sponsor subordinate loan in the approximate amount of **\$36.1 million**. The final amount and terms of repayment will be finalized at the time of review and approval of the contingency portion of the funding commitment. Terms are anticipated to account for available cash flow and repayment of the ARCH loan.
5. Until such time as the deferred developer fee is fully repaid, all cash flow after payment of operating expenses and debt service shall be used to repay the deferred developer fee or project reserves as approved by ARCH staff.
6. A covenant is recorded ensuring affordability for at least 55 years, with affordability as shown in the following table. Limited changes to the matrix may be considered based on reasonable justification as approved by ARCH staff.

Affordability	1 BR	2 BR	3 BR	4 BR	Total
30%		56	43	7	106
60%	4	23	22	4	53
80%	8	48	48	10	114
Total	12	127	113	21	273

7. **Agency shall provide remaining findings after the completion of Building 8 test case. If those findings impact the project's development budget or project timeline, those updates will be shared with ARCH.**

8. **Agency shall provide a relocation plan for ARCH review and approval, including 1) the total relocation budget, 2) description of impact to residents, and 3) sample relocation notices provided to residents (all applicable per approved relocation plan: 30-day notice, 60-day notice, etc.).**
9. **Agency shall provide ARCH a management plan that includes proposed recreational activities that will be offered to build community and promote resident engagement.**
10. **Agency shall identify and implement opportunities to incentivize sustainable transportation choices such as car sharing, public transportation, electric vehicle ownership and bicycle storage.**

5. ALPHA/Inclusion – Scattered Homes

Funding Request: \$400,000 (Secured Grant)
2 homes (including 3 tenants per home)

Executive Board Recommendation: Up to \$400,000 (Secured Grant)
See attached Proposed Funding Sources for distribution of City Funds

Project Summary:

The proposed ARCH-funded project will consist of the acquisition of two homes in East King County for individuals with Intellectual and Developmental Disabilities (IDD) earning below 30% AMI, referred through the Development Disabilities Administration (DDA). Each home is expected to have three clients. The \$400,000 request to ARCH would help to acquire two homes in the Woodinville/Bothell/Kenmore area, where the sponsor has an established presence and supports within the community. Inclusion Homes will own and operate the homes, while Alpha Supported Living provides tailored supportive services at each home.

The two proposed acquisitions include:

1. Purchase of a children's home in the Bothell/Woodinville area of King County (OHS Home #3). This will be a 4-bedroom home for the Out of Home Services (OHS) program for children and youth ages 9-20 years old. Alpha is seeking sites near their two existing OHS homes for streamlining of management and staffing purposes. The timeline to purchase the home is late 2023.
2. Purchase of a 3-bedroom Supported Living home located in East King County (Bothell, Woodinville), with services provided by Alpha also referred as Home #4. The timeline is to purchase the home in mid-2023.

Each home site will be assessed by Inclusion Homes for repairs and retrofitting at time of purchase as needed. Inclusion homes has already identified a list of up potential homes that would fit within the agency's needs and standard requirements.

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There has been an ongoing demand for Supported Living services from individuals with IDD living with their parents or from an institutional setting. Alpha continually receives referrals but lacks access to affordable housing to place individuals. Currently, there are 87 open and funded “slots” for clients with IDD to move into Supported Living in Washington State, plus 68 additional funded “slots” that will be added over the next 12 months from legislative appropriations.

Funding Rationale:

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

- The project will provide much needed IDD housing in King County people with very low incomes below 30% AMI.
- This project leverages significant investments from public sources including State capital funds as well as ongoing rental subsidies and service funding that will ensure stable operations over time.
- The project is undertaken by an agency with recent success creating new IDD housing and a strong reputation for meeting the needs of individuals who would otherwise not be successful in many other types of housing.

Proposed Conditions:

Standard Conditions: Refer to list of standard conditions found at end of this memo.

Special Conditions:

1. The funding commitment continue for **eighteen (18) months** from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested to ARCH staff no later than sixty (60) days prior to the expiration date. At that time, the Agency will provide status report on progress to date and expected schedule for start of construction and project completion. ARCH staff will consider a twelve-month extension only based on documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the Agency will demonstrate that all capital funding has been secured or is likely to be secured within a reasonable timeframe.
2. Funds shall be used by Agency toward **acquisition**. Funds may not be used for any other purpose unless ARCH staff has given written authorization for the alternate use.
3. Funds will be in the form of a **secured grant**, so long as affordability and target population is maintained, and the service funds necessary to provide services to this population are available.
4. The net developer fee shall be established at the time of finalizing the Contract Budget and will follow ARCH Net Developer Fee Schedule. Net developer fee is defined as that portion of the developer fee paid out of capital funding sources and does not include the deferred portion which is paid out of cash flow from operations after being placed in service.
5. A covenant is recorded ensuring affordability for at least **55 years**, with size and affordability distribution per the following table. Limited changes to the matrix may be considered based on reasonable justification as approved by ARCH staff.

Affordability	1-bedroom/suite	Total
30%	7	7
Total	7	7

6. ARCH shall review and approve the services budget and services plan for consistency with application. A services reserve budget must be approved by ARCH at the close of permanent finance and will be monitored on an annual basis for consistency with the services plan. Any deviation from the services budget must be pre-approved by ARCH.
7. **Agency shall provide to ARCH for review a Capital Needs Assessment for all homes for ARCH's approval.**

6. BRIDGE Housing – Spring District TOD

Funding Request: \$4,000,000 (Contingent Loan)
235 Affordable Units (including 2 manager units)

Executive Board Recommendation: Up to \$350,000 (Contingent Loan)
See attached Proposed Funding Sources for distribution of City Funds

Project Summary:

In October 2020, Sound Transit selected BRIDGE and its partners, Essex and Touchstone, to master plan and develop a 6.9-acre site adjacent to the agency's Operations and Maintenance Facility in the Spring District of Bellevue. Together, the project partners plan to deliver a mixed-use, mixed-income transit-oriented development that offers direct connections to a new transit station and a regional multi-modal trail corridor.

The proposed affordable housing project is comprised of Building 6 and Building 3, which consist of 235 permanently affordable units at 50%-60% AMI including two manager's apartments. Unit mixes will consist of 71 studios, 101 one-bedroom units, 37 two-bedroom units, and 24 three-bedroom units. The current proposal was prepared in response to a 2019 RFP that originally contained up to \$10 million in committed funding from King County and \$4 million from ARCH. At the time, BRIDGE believed the project would be feasible without those funds, but in subsequent years high-cost inflation has created a large financing gap in the project.

The project is currently projecting a large gap in public financing, but is not expected to get underway with construction until late 2024. Therefore, the project may be able to re-apply for funding in ARCH's 2023 funding round.

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Funding Rationale:

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

- The project will provide a large amount of low- and moderate-income affordable housing units in a strategic location close to jobs, transportation and amenities.
- This project leverages significant investments from public and private funding sources, including King County TOD funds which are specifically set aside for the Bel-Red corridor, Amazon's Housing Equity Fund and the Evergreen Impact Housing Fund.
- The project takes advantage of surplus public property provided at no cost by Sound Transit and City of Bellevue.
- The project design incorporates cost and sustainability considerations such as reduced parking.
- The project advances key objectives in the City of Bellevue's Affordable Housing Strategy.

Proposed Conditions:

Standard Conditions: Refer to list of standard conditions found at end of this memo.

Special Conditions:

1. The funding commitment shall continue for **twenty-four (24) months** from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested to ARCH staff no later than sixty (60) days prior to the expiration date. At that time, the applicant will provide a status report on progress to date and expected schedule for start of construction and project completion. ARCH staff will consider up to a 12-month extension only based on documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the applicant must demonstrate that all capital funding has been secured or is likely to be secured within a reasonable timeframe.
2. Funds shall be used by the Agency towards **soft costs and construction**. Funds may not be used for any other purpose unless ARCH staff has given written authorization for the alternate use. Spending of construction contingency must be approved in advance by ARCH. If after the completion of the project there are budget line items with unexpended balances, ARCH and other public funders shall approve adjustments to the project capital sources, including potentially reductions in public fund loan balances.
3. Funds will be in the form of a **deferred, contingent loan**. Loan terms will account for various factors, including loan terms from other fund sources and available cash flow. Final loan terms shall be determined prior to release of funds and must be approved by ARCH Staff. **It is anticipated that loan payments will be based on a set repayment schedule and begin after repayment of deferred developer fee** with 1% interest. The terms will also include a provision for the Agency to a defer payment if certain conditions are met (e.g., low cash flow due to unexpected costs). Any requested deferment of loan payment is subject to approval by ARCH Staff, and any deferred payment would be repaid from future cash flow or at the end of the amortization period.
5. The net developer fee shall be established at the time of finalizing the Contract Budget and will follow the ARCH Net Developer Fee Schedule. Net developer fee is defined as that portion of the

developer fee paid out of capital funding sources and does not include the deferred portion which is paid out of cash flow from operations after being placed in service.

6. A covenant is recorded ensuring affordability for at least **55 years**, with size and affordability distribution per the following table. Limited changes to the matrix may be considered based on reasonable justification as approved by ARCH staff.

Affordability	Studio	1 BR	2BR	3BR	Total
50%	21	30	11	8	70
60%	50	71	26	16	163
Total	71	101	37	24	233

7. **Agency must submit for ARCH staff approval a management and services plan which includes coordination of services with outside providers for special populations.**
8. **Agency shall ensure that all measures have been taken to provide durable, high quality and sustainable constructions materials, and Energy Star appliances within the project.**
9. **Agency shall identify and take steps to connect residents with affordable, healthy food options, and commit to pursuing the removal of any restrictions within the broader master development that prevent the operation of grocery stores.**
10. **Agency shall submit a parking management and shared parking plan and shall pursue opportunities to make additional parking options available to residents who require vehicle parking.**
11. **In the interest of encouraging integration of residents across the development site, the Agency shall look for ways to incorporate shared amenities, unifying aesthetics, and other programmatic features to build community.**

7. Attain Housing – Totem Six Plex

Funding Request: \$650,000 (Secured Grant)
6 new housing units

Executive Board Recommendation: Up to \$50,000 (Technical Assistance Grant)
See attached Proposed Funding Sources for distribution of City Funds

Project Summary:

The proposed project is the new construction of a three-story structure with six two-bedroom units of transitional housing for homeless families earning up to 30% of area median income (AMI). The property currently contains an existing four plex building owned and managed by Attain Housing. Attain also manages the four plex on the lot next to the proposed construction site. The proposed new building will sit in what is currently a lawn between the two four plex buildings. The project represents an expansion

of existing programs operated by Attain, with overall capacity growing from 8 to 14 units across the three buildings.

Funding Rationale:

The Executive Board supports the concept of the Attain Housing proposal but does not recommend fully funding the project at this time. The Executive Board supports technical assistance funding for this project in an effort to address outstanding project issues, and encourages the project to apply for funding during the 2023 ARCH Housing Trust Fund round. This would provide an opportunity for Attain Housing to address the issues identified below:

- Further development of building design, permitting, siting and parking and conformance with zoning requirements.
- Allow the project to obtain funding commitments of other public funding sources and make progress on the needed capital campaign.
- Secure project management capacity, including recommended engagement of a development consultant who will assist with the financing and project management of the project through construction completion.
- Development of an updated development budget and operating budget which addresses increases in construction costs based on an updated cost estimate and funding to address the additional cost increases.
- Development of a project schedule consistent with the proposed funding and local permitting requirements.
- Further discussion of long-term strategy for funding supportive services for transitional housing.

Proposed Conditions for Technical Assistance Award:

Standard Conditions: Refer to list of standard conditions found at end of this memo.

Special Conditions:

1. The funding commitment shall continue for **twelve (12) months** from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested to ARCH staff no later than sixty (60) days prior to the expiration date. At that time, the Agency will provide status report on progress to date and expected schedule for start of construction and project completion. ARCH staff will consider a twelve-month extension only based on documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the Agency will demonstrate that all capital funding has been secured or is likely to be secured within a reasonable timeframe.
2. Funds shall be used by Agency toward **development consultant and design development**. Funds may not be used for any other purpose unless ARCH staff has given written authorization for the alternate use.
3. Funds will be in the form of a **grant** for eligible predevelopment expenses.

Standard Conditions (Apply to all projects):

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

Attachment 1: Proposed Funding Sources

PROJECTS RECOMMENDED FOR 2022 FUNDING

	Ardea at Totem Lake	Bellevue Homes	Kenmore PSH	Kirkland Heights	Scattered Homes	Spring District	Totem Six Plex	2022 Recommended Funds
Bellevue	475,000	203,600	1,112,800	358,400	135,700	118,700	25,000	2,429,200
Bothell	28,200	12,100	66,100	21,300	8,100	7,100		142,900
Clyde Hill	7,600	3,300	17,800	5,700	2,200	1,900		38,500
Hunts Point	1,600	700	3,700	1,200	500	400		8,100
Issaquah	65,300	28,000	153,000	49,300	18,700	16,300		330,600
Kenmore	23,400	10,000	54,900	17,700	6,700	5,900		118,600
Kirkland	386,100	165,500	904,600	291,300	110,300	96,500	25,000	1,979,300
Medina	7,400	3,200	17,300	5,600	2,100	1,800		37,400
Mercer Island	25,200	10,800	59,100	19,000	7,200	6,300		127,600
Newcastle	36,000	15,400	84,300	27,100	10,300	9,000		182,100
Redmond	261,200	111,900	611,800	197,100	74,600	65,300		1,321,900
Sammamish	49,500	21,200	115,900	37,300	14,100	12,400		250,400
Woodinville	30,600	13,100	71,700	23,100	8,700	7,700		154,900
Yarrow Point	2,900	1,200	6,700	2,200	800	700		14,500
Local Funds	1,400,000	600,000	3,279,700	1,056,300	400,000	350,000	50,000	7,136,000
CDBG				509,900				509,900
Award Totals	1,400,000	600,000	3,279,700	1,566,200	400,000	350,000	50,000	7,645,900



City Council Agenda Bill City of Kenmore, WA

Subject/Topic:

Discussion of the Love Where You Live Project Community Engagement Phase I and Approval of Phase II and Next Steps

Proposed Council Action/Motion:

Approve the Love Where You Live Project Community Engagement Phase II and direct the City Manager to Further Explore the Top Themes Including Economic Development, including Lakepointe and Downtown Development; and Community Spaces. This Includes Engaging with the Lakepointe Property Owner, Possible Developers, and downtown property owners; as well as Hosting Downtown Development Discussions and Exploring Downtown Development Partnerships, and Bringing Forth Options for Future Council Consideration as Part of this Phase II Engagement Plan.

For Council Meeting Agenda of: 12/11/2023

Department: City Manager's Office

Prepared by: Lauren Chomiak, Communications Specialist and Stephanie Lucash, Deputy City Manager

	<u>Initial & Date</u>
Approved by Department Head:	SLL, <u>12/1/23</u>
Approved by City Attorney:	DR, <u>12/1/23</u>
Approved by Finance Director:	MM, <u>12/1/23</u>
Approved by City Manager:	RK, <u>12/1/23</u>

Exhibits/Attachments:

- Love Where You Live Project Presentation

Summary:

The City of Kenmore Love Where You Live (LWYL) Project began in the summer of 2023 with the goal of gathering broad feedback from the community on their values and goals for the future of Kenmore through creative, hands-on activities. Tonight's meeting is to share the top themes that have emerged from the LWYL engagement that has taken place so far in Phase I of the project and to seek Council approval to move forward with additional community engagement and other outreach and discussion in LWYL Phase II. This work is proposed to include engaging with stakeholders and partners including the Lakepointe property owner and possible Lakepointe developers, hosting downtown development discussions including a possible partnership with the Urban Land Institute, and using other engagement strategies. At the conclusion of LWYL Phase II, City staff will bring forth the results of this additional community input and discussions, and will propose options for future Council consideration.

Information/Background:

The City of Kenmore Love Where You Live (LWYL) Project began in the summer of 2023 with the goal of seeking broad input from the Kenmore community. The engagement used, among other outreach

methods, followed a “Dream, Play, Build” model, where community members who live, work, and play in Kenmore could use their hands and imagination to share their ideas for the future of Kenmore.

Phase I outreach was conducted from June 21, 2023 through September 22, 2023 and included:

- **22 in-person Love Where You Live outreach booths at community events**
Booth locations included Farmers Markets, Concerts, Parks and the Hangar, and Safeway
759 in-person responses were collected
- **Online Community Survey**
145 responses collected

The gathered responses were compiled and given to a group of University of Washington Bothell Logistics Management students who were tasked with organizing and analyzing the data. The students compiled a report that categorizes all the responses and highlights the main themes that emerged from the Phase I outreach. The main themes that emerged were:

1. **Economic Development (including Lakepointe and Downtown Development)**
2. **Community Spaces (including Parks and Recreation Facilities, Lakepointe, Conservation, Ecosystem Protection and Habitat Restoration, and Open Space)**

We are now taking the information we have learned and are moving into Phase II of the Love Where You Live Project community engagement. The plan for Phase II includes:

- **2 Statistically Valid Surveys**
The first survey is currently being conducted by EMC Research and is focused on more broad questions about goals and priorities for Kenmore that similarly match the Phase 1 outreach. The second survey will be conducted in February of 2024 and will ask more specific questions based on the themes that have emerged from previous outreach.
- **Community Workshops**
To reach a broader audience and engage with more community members, there will be a series of workshops held at the beginning of 2024 (at schools and community gathering spaces) that will focus on collecting more feedback on the top themes that have emerged thus far. Lakepointe emerged as a common and prominent theme in many of the major categories, including economic development and community spaces. As a result, staff will seek further community input specifically on Lakepointe.
- **Foster Community Partnerships**
Staff will engage with stakeholders and partners including the Lakepointe property owner, possible Lakepointe developers, and downtown property owners; as well as host downtown development discussions including a possible partnership with the Urban Land Institute.

Fiscal Consideration:

There is no fiscal consideration for Phase II of the Love Where You Live Community Engagement Plan. Costs for the workshops and surveys are included in the City’s 2023-24 biennial budget.

City Council Priority or Budget Objective Being Addressed:

9. Foster community engagement and participation
10. Foster and create fun
8. Seek opportunities to promote economic development
7. Continue to seek opportunities to complete a successful Lakepointe project
1. Implement the adopted Climate Action Plan and promote environmental stewardship, including water, air, forest, and habitat restoration and preservation

CITY OF KENMORE



Community Engagement

Phase I Overview and Proposed Phase II Plan

December 11, 2023



The Love Where You Live Project

Background and Purpose

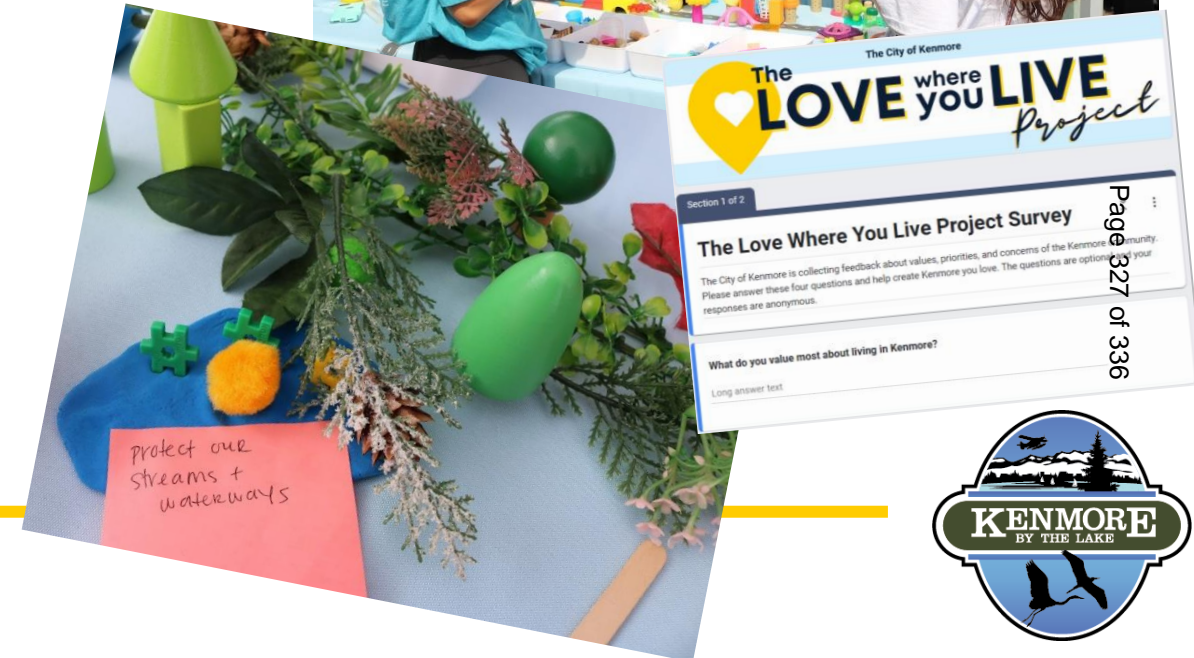
- Year-long community engagement effort began in the summer of 2023
- Goal to gather broad feedback from the community on their values and priorities for the future of Kenmore
- Use the “Dream, Play, Build” method to encourage creative thinking
- Engage with as many community members as possible



The Love Where You Live Project

Phase I Engagement Overview

- June – September 2023
- 22 in-person Love Where You Live (LWYL) outreach booths
 - Farmers markets, special events, parks, Safeway, Hangar
 - 759 in-person respondents
- Online Survey – open to all
 - 145 online respondents
- 904 total respondents and 1171 total responses
- Anyone who lives, works or plays in Kenmore



The Love Where You Live Project

Summer Outreach

- *We loved hearing from you!*
- Thanks to everyone who stopped by the booth and shared their feedback.



The Love Where You Live Project

UW Bothell Student Project

- A team of Business Project Management students were assigned to organize, analyze, and synthesize the collected responses
- Team Tenets:
 - Prioritize and emphasize the needs of the community of Kenmore
 - Commit to accuracy, only highlighting what is important
 - Adhere to transparency
- Objectively categorized over 1,100 responses
- Created a presentation of response results

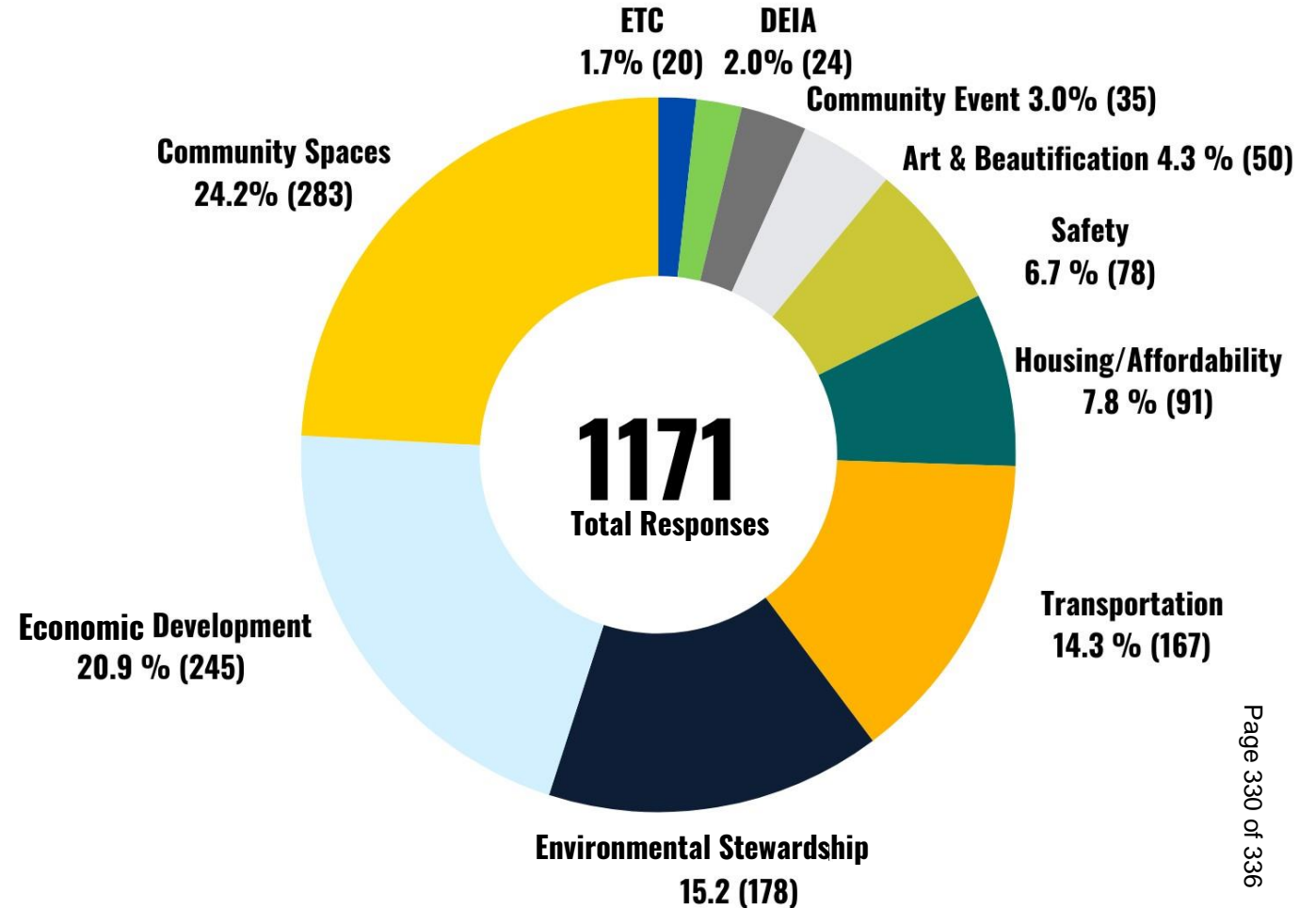


UW Bothell Business Project Management Students:

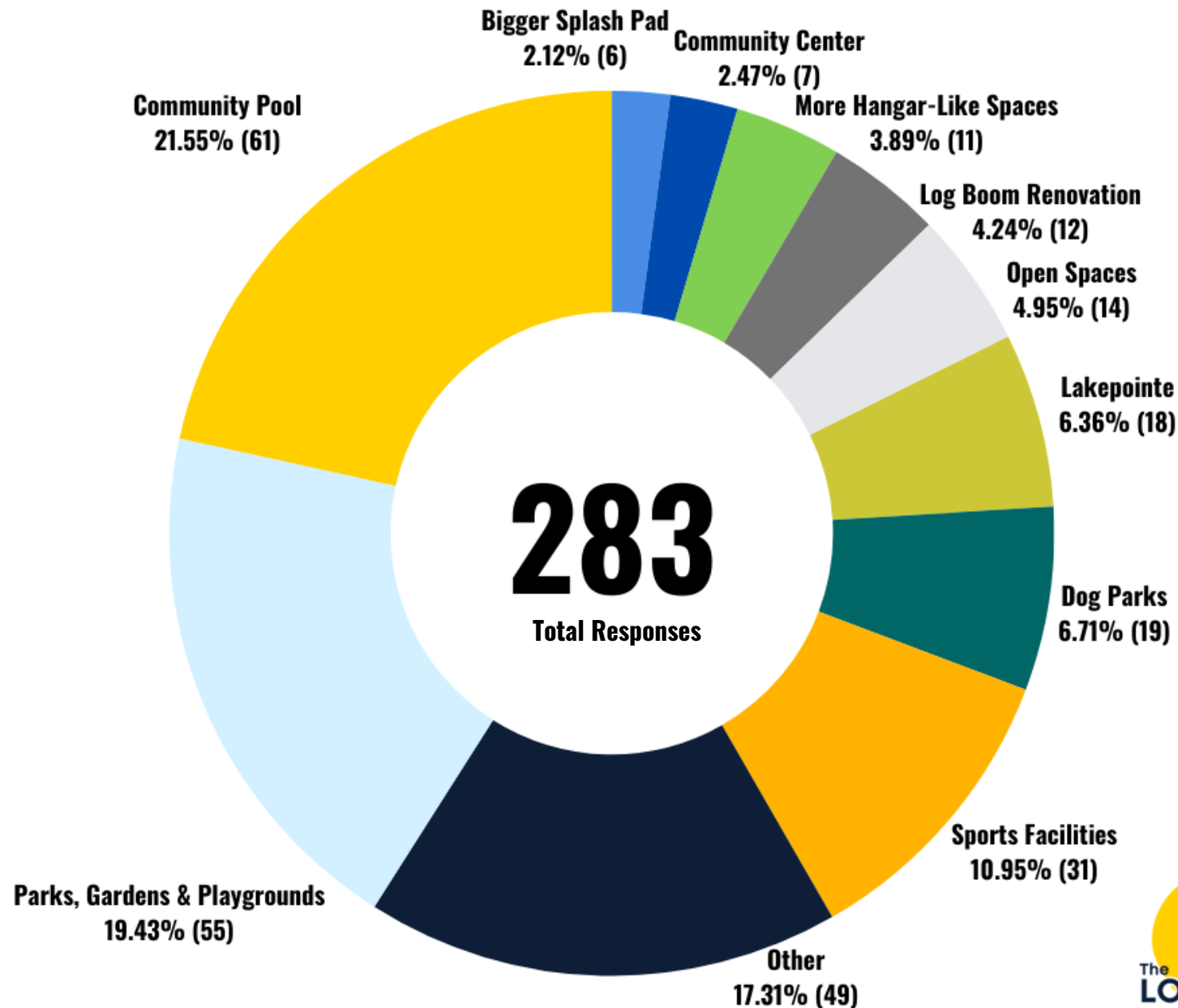
Aurelia Jacqueline, Sahej Oberoi, Vanny Nguyen, Adan Rodriguez, Muhammad Abubakar, Abdul Zia, Kayla Park, Hao (Gary) Fu, Myriam Mai, and Jedy Alexander
Professor Nick Cuhacian

Response Analysis: Top Themes

1. Community Spaces (24%)
2. Economic Development (21%)
3. Environmental Stewardship (15%)
4. Transportation (14%)
5. Housing/Affordability (8%)
6. Safety (7%)
7. Art & Beautification (4%)
8. Community Events (3%)
9. DEIA (2%)
10. ETC. (2%)



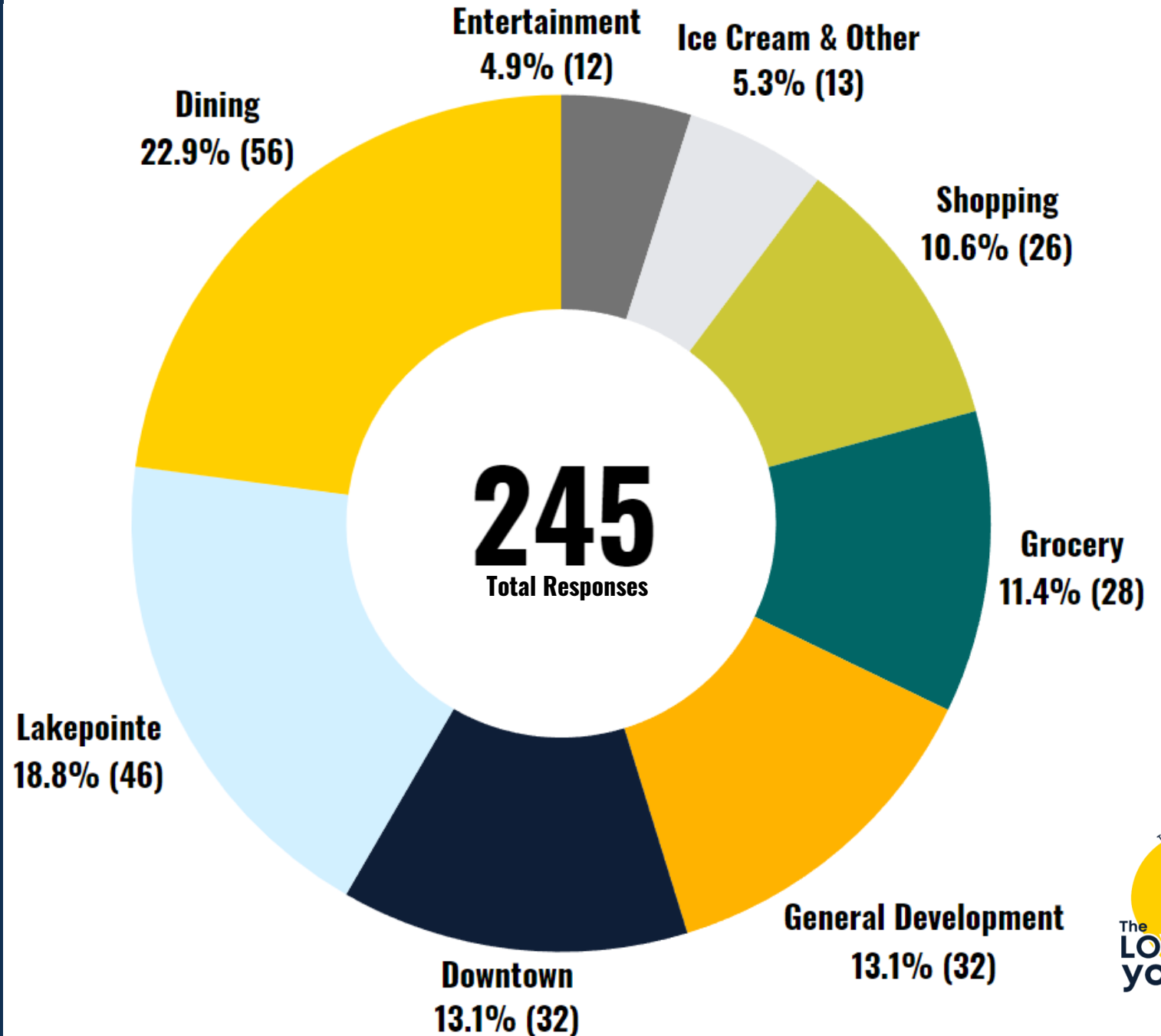
- XIV. F. Love Where You Live Project Community Engagement Series: Page 331 of 336
- # Community Spaces
- 24% of total responses
- Community Pool
 - Parks, Gardens & Playgrounds
 - Other
 - Sports Facilities
 - Dog Parks
 - Lakepointe
 - Open Spaces
 - Park Renovations, like Log Boom
 - More Hangar-Like Spaces
 - Community Center
 - Bigger Splash Pad



Economic Development

21% of total responses

1. Dining
2. Lakepointe
3. Downtown
4. General Development
5. Grocery
6. Shopping
7. Ice Cream & Other
8. Entertainment



The Love Where You Live Project

Phase I Next Steps and Wrap Up

- **Review findings from UW Bothell Data analysis and finalize Phase I outreach report**
 - Share with City Council, staff, and community
- **Conduct Statistically Valid Community Survey #1**
 - EMC Research
 - December 5 – 18
 - At least 300 responses – representative of the community
 - General feedback on goals and priorities



The Love Where You Live Project

Proposed Phase II Plan

- **Conduct Statistically Valid Community Survey #2 in March 2024**
 - EMC Research
 - More focused questions based on emerging themes and data from survey #1
- **Three Community Workshops and One Town Hall**
 - Workshops in late January – February out in the community
 - Town Hall at City Hall in March
 - Focus on finding out more about the emerging top themes
- **Foster Community Partnerships Around Community Spaces and Economic Development**
 - Engage with stakeholders and partners, including Lakepointe property owner and potential developers
 - Host downtown development discussions to include a possible partnership with the Urban Land Institute
- **Come back to Council in April 2024 with Next Steps Based on What We Learn**



The Love Where You Live Project

Proposed Council Motion

Approve the Love Where You Live Project Community Engagement Phase II and direct the City Manager to Further Explore the Top Themes Including Economic Development, including Lakepointe and Downtown Development; and Community Spaces. This Includes Engaging with the Lakepointe Property Owner, Possible Developers, and Downtown Property Owners; as well as Hosting Downtown Development Discussions and Exploring Downtown Development Partnerships, and Bringing Forth Options for Future Council Consideration as Part of this Phase II Engagement Plan.





The **LOVE** where you **LIVE** *Project*

Questions?

Website: www.kenmorewa.gov/lovewhereyoulive

Email: communications@kenmorewa.gov

