# AGENDA
# AFFORDABLE HOUSING COMMISSION
# May 1, 2024

**Hybrid Meeting In-person and via Zoom**

Zoom: https://us02web.zoom.us/j/83984481298?pwd=K3RsQ3RtUzRVdm50ZW45Z2hnZlhmZz09

Zoom Meeting ID: 839 8448 1298
Passcode: 500777

***AMERICANS WITH DISABILITIES ACT***

*The City of Ellensburg strives to make our services, programs, and activities readily accessible and usable by individuals with disabilities. Reasonable accommodations will be made upon request. Please furnish the ADA Coordinator with your request in sufficient time for the City to provide a reasonable accommodation by calling the City of Ellensburg ADA Coordinator at (509) 962-7222 or email ADAcoordinator@ellensburgwa.gov.*

# CITY OF ELLENSBURG
# AFFORDABLE HOUSING COMMISSION AGENDA

**Council Chambers**
**501 North Anderson Street**
**Ellensburg, WA 98926**
**And remotely via Zoom**

**Wednesday, May 1, 2024**

**4:30 PM - Regular Meeting**

1. **Call to Order and Roll Call of Members**

2. **Approval of Agenda** (No Public Comment)

3. **Approval of Minutes**

   3.A April 2, 2024 joint meeting with LDC minutes

   3.B April 3, 2024 regular meeting minutes

4. **New Business**

   4.A Update from Rebecca Wold, Habitat for Humanity - Stuart Meadows

5. **Unfinished Business**

   5.A Review of proposals and presentations - 1st and Pine
   i. HopeSource Senior Housing
   ii. Inversion Design Build

6. **Citizen Comment**

7. **Staff Update/Discussion Items**

8. **Commission Representative Update**

9. **Adjournment**

For more information on the Affordable Housing Commission, contact the Community Development office at 509-962-7270.

**CITY OF ELLENSBURG Minutes of Affordable Housing, Special Meeting – Joint Meeting with the Landmarks & Design Commission**

| | |
|---|---|
| **Date of Meeting** | **April 2, 2024** |
| **Time of Meeting** | **5:45 PM** |
| **Place of Meeting** | **Council Chambers 501 North Anderson Street<br>Ellensburg, WA 98926<br>And remotely via Zoom** |

## 1. Call to Order and Roll Call

Commissioner Watson called the meeting to order at 5:46 p.m.
Present: Andy Polak, Jeff Watson, Dorothy Stanley, Cathy Poshusta (departed at 6:42pm), Fred Redmon (joined at 6:40pm), Joshua Thompson – Council liaison
Absent: Zane Kanyer (excused), Marty Blackson (excused)

Affordable Housing Commissioners present: Kim Funston, Courtney Garzone, John Perrie, Peter Stone, Delano Palmer – Council liaison
Absent: Sarah Bedsaul (excused), Dan Witkowski (excused)

Also present: Stacey Henderson- Senior Planner-Historic Preservation, Dan Carlson-Community Development Director, Jeremy Johnston-Planning Manager, Lily Frey-Housing & Grants Administrator, Sadie Thayer

## 2. Approval of Agenda

Commissioner Stanley moved to approve the agenda. Motion passed 4-0.

## 3. New Business

3A. Presentation by John Chatburn of the Spokane Housing Authority: Affordable Housing and Historic Preservation

Chatburn provided an overview of the affordable housing development process, noting that different resident groups have different needs and challenges. Chatburn noted that adding additional project goals or sources of funding adds complexity and expense; however most projects will require at least a mix of funding sources, known as a capital stack. Process stages include feasibility, funding, underwriting, closing and construction.

Chatburn presented four examples of historic buildings converted to affordable housing in Spokane and managed by the Spokane Housing Authority:

1. Cornerstone Courtyard, adaptive reuse of a warehouse,
2. The Peral on Adams, which had been housing but was renovated and restored,
3. Parsons, originally a single room occupancy hotel rehabilitated in 2016, and
4. Agnes Kehoe Place, a converted high school and neighborhood revitalization project.

Commissioners asked about different affordable housing funding mechanisms, including historic tax credits, low-income housing tax credits (LIHTC) and HUD section 202 and 811 funding, and their respective effects on residents’ rents.

Chatburn recommended coordinating with other bodies to ensure new historic preservation housing developments are part of broader neighborhood investment plans to increase impacts and discussed options for managing the complexity of mixed-use building redevelopment.

**4. Adjournment**

Commissioner Garzone adjourned the meeting at 6:34 p.m.

**CITY OF ELLENSBURG** **Minutes of Affordable Housing Commission, Regular Meeting**

**Date of Meeting** **April 3, 2024**

**Time of Meeting** **4:30 PM**

**Place of Meeting** **Council Chambers**
**501 North Anderson Street**
**Ellensburg, WA 98926**
**And remotely via Zoom**

**1. Call to Order and Roll Call of Members**

Bedsaul called the meeting to order at 4:30 pm. Roll call completed.

Present: Sarah Bedsaul, John Perrie, Courtney Garzone, Dan Witkowski, Kim Funston, Delano Palmer, Peter Stone
Absent: None

Others present: Lily Frey-Housing & Grants Administrator, Dan Carlson-Community Development Director, Jeremy Johnston-Community Development Planning Manager, Shannon Johnson-Senior Planner, David Sturgell

**2. Approval of Agenda**

Funston motioned to approve the agenda. Palmer seconded the motion. **Motion approved 7-0.**

**3. Approval of Minutes**

Palmer motioned to approve the minutes from March 6, 2024. Funston seconded the motion. **Motion approved 7-0.**

**4. New Business**

4.A Funding application process review & draft scoring matrix

Frey opened the presentation by sharing a summary of the application process and providing background. Bedsaul elaborated on the process and asked the group if they understood the pre-application submittal process. Planning Manager Johnston clarified the pre-application process for the group.

Frey shared the draft revised application scoring matrix and two highlighted changes. Garzone posed questions about how commissioners would be aware of various groups' housing needs to ensure inclusion and Stone suggested a reference to the inventory of income-restricted housing units (Exhibit 28 to the Housing Action Plan). Bedsaul explained past practice and how the process has evolved and suggested a more direct approach for applicants to be able to use the published matrix as a guideline for applications. Palmer and Garzone agreed. Garzone and Witkowski discussed various populations' housing needs; Bedsaul and Palmer proposed additions to the criteria. Johnston provided insight into the proposed language's flexibility to address a variety of housing needs, including those not currently identified. Palmer and Bedsaul added to Johnston's point and commended the commission for pursuing a clear focus and vision for the process.

Frey discussed the second rewording change relative to the location of existing affordable developments. Hearing that the group was ready to move forward with both proposed changes as presented, Frey stated that she would finalize and post the document.

**5. Unfinished Business**

5.A Revenue allocation framework review
Frey presented and summarized the Revenue Allocation Framework. Bedsaul asked for clarification specific to the option to issue bonds. Stone and Frey provided additional funding allocation clarification. Bedsaul and Perrie provided commission background information. Further discussion resulted in the following motion and an agreement to revisit this topic in late summer or early fall.

Bedsaul motioned to approve the Revenue Allocation Framework as presented. Palmer seconded the motion. **Motion approved 7-0.**

5.B Catherine Property site preparation bids and budget recommendation
Frey gave a brief update on the project bid process and informed that no action was needed as bids received were below the previously recommended maximum amount.

5.C First & Pine request for proposals (RFP) update
Frey gave a review process stage update for the RFP, and informed that these will be included in the May meeting agenda. Bedsaul and Frey discussed meeting duration options and review time allocation.

5.D Sleep center update
Frey and Palmer updated members on the status of the Sleep Center Project. Bedsaul asked and Frey confirmed that the original site was still under consideration.

**6. Citizen Comment**
David Sturgell, praised the commission for their smart approach efforts and noted that he serves on the Kittitas County Homelessness and Affordable Housing Committee. He offered a suggestion on how the term "Pre-Application" will be used during the application review process. Perrie agreed this was an excellent suggestion.

**7. Staff Update/Discussion Items**
Next meeting is scheduled for May 1, 2024, 4:30 pm. Frey thanked the commissioners for attending the additional joint meeting with the Landmark & Design Commission. Frey and Bedsaul discussed options for upcoming agenda items and attendance. Stone asked about

the upcoming agenda packet review timing.
Sturgell reminded the group of the upcoming April 19, 2024 Ad-Hoc Homelessness Committee meeting focused on the Sleep Center. Garzone asked about quorum issues. Frey thanked Garzone and offered to coordinate attendance.

**8. Commission Representative Update**
None

**9. Adjournment**
Bedsaul adjourned the meeting at 5:21PM.

**COMMUNITY DEVELOPMENT DEPARTMENT**
**501 North Anderson Street, Ellensburg WA 98926**

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**DATE:** May 1, 2024

**TO:** Affordable Housing Commission

**FROM:** Lily Frey, Housing & Grants Administrator

**RE:** 1st and Pine Proposals – Staff Evaluation

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**BACKGROUND:** Consistent with RCW 39.33.015, in October 2021 the City Council designated city-owned parcels 617044 and 937044 as surplus for the construction of affordable housing (resolution 2021-32). The City entered into an affordable housing agreement with a developer in August 2022; after failure to meet development milestones, the City canceled the agreement in September 2023. The City Council and Affordable Housing Commission (AHC) conducted a joint study session in November 2023 to establish priorities for development of the site.

On February 16, 2024, the AHC re-issued a request for proposals (RFP) for the First and Pine property (parcels 937033 and 617033). Two proposals were received in response to the RFP, one of which includes a request for affordable housing sales tax funds in addition to the property contribution.

**STAFF ANALYSIS:** The following is the staff evaluation of the two applications received. The review focused on readiness to proceed and overall feasibility. The staff evaluation should be incorporated into each Commissioner's review and project scoring. There are calculations for the total cost per unit, city funding per unit, and total cost per square foot that will help to inform the Commissioner evaluations.

The two projects are differently structured and target different potential residents. Both have significant uncertainties as they are in early stages of development. Commissioners are encouraged to consider the feasibility of each proposal in their evaluations and utilize the attached scoring sheet for guidance.

## 1. HopeSource Senior Housing

| | |
|---|---|
| Total project budget: | $27,613,021 (includes $186,401 est. property value) |
| Construction start date: | July 2026 |
| Expected project completion: | August 2027 |
| Total units planned: | 55 units (49 x 1BR; 4 x 2BR) |
| City funds requested: | $1,500,000 |
| City funds/unit: | $27,272 (does not include property value) |
| Total cost/unit: | $502,055 (includes estimated property value) |
| Total cost/square foot: | $750 (includes estimated property value and common spaces) |

Uncertainties: HopeSource has a history of completing large, complicated affordable housing projects and managing affordable housing developments in Ellensburg.

The project would require significant budget commitments from other sources, including $6m from the Housing Trust Fund (HTF) in 2025 and a $3.9 million gap that could be met through County funds among other sources.

The total HTF envelope for 2025 has yet to be set by the legislature, but recent rounds have been increasingly competitive and with a small envelope in 2024, 2025 is expected to be highly competitive.

Funding this project would be making a commitment to a future project that is dependent on raising additional funds through a variety of other processes. Funding would demonstrate municipal commitment to the project.

## 2. Inversion Design Build

| | |
|---|---|
| Total project budget: | $4,685,000 (includes $250,000 est. property value) |
| Construction start date: | December 2024 |
| Expected project completion: | August 2025 (phase 1) |
| Total units planned: | 36 units (12 x studio; 24 x 1BR) |
| City funds requested: | N/A |
| City funds/unit: | N/A |
| Total cost/unit: | $130,138 (includes estimated property value) |
| Total cost/square foot: | $230 (includes estimated property value) |

Uncertainties: Inversion Design Build has not previously developed and does not currently manage affordable housing in Ellensburg. The model for the proposed project is a five-unit development in Yakima.

This proposal uses very different funding sources and is structured to move much more quickly than a project with additional funding sources and lower affordability set asides, though the success of this approach will depend on securing financing and income-qualified buyers.

**NEXT STEPS:** Applicants will present project proposals to the Affordable Housing Commission at the May 1 meeting. Each applicant will have the opportunity to present information on their application(s) with time for question and answer from the Commission. Discussion, deliberation, and recommendation on the applications will begin during the May 1 meeting and may extend into the June 6 regular meeting if desired. The Commission may recommend either project for consideration by the City Council or could select to reopen submissions with additional feedback to applicants if desired.

# SCORE SHEET: 1st and Pine RFP

**RECOMMENDATION:**
**(circle one)**
**YES NO**

**APPLICANT** **PROJECT TITLE** **REQUEST AMOUNT (if applicable)**

**REVIEWER** **DATE**

| Evaluation Criteria | Evaluation | Considerations / Notes |
|---|---|---|
| **Multifamily Design**<br>☐ Uses site space effectively<br>☐ Meets requirements for multifamily buildings and landscape requirements | **Met / Not Met** | |
| **Parking Plan**<br>☐ Corresponds with city parking requirements (0.7 spaces per studio or 1BR unit, or per BR) | **Met / Not Met** | # Off-street spaces ____ |
| **Financial Means to Execute**<br>☐ Other funds confirmed/committed/expected<br>☐ In-kind contributions<br>☐ History securing funds to complete similar projects | ☐ Recommended<br>☐ With reservations<br>☐ Not recommended | |
| **Timeline for Completion**<br>☐ Construction start date: _____________<br>☐ Expected project completion date: ___________<br>☐ Demonstrated experience on project/programs of similar size and scope | ☐ Recommended<br>☐ With reservations<br>☐ Not recommended | |
| **Accessible Units**<br>☐ Number of ADA-accessible units: ______<br>☐ Number of units with universal design or other accessibility elements: ______<br>☐ Unit design suitability for 62+ age demographic<br>☐ Unit design suitability for people with disabilities | ☐ Recommended<br>☐ With reservations<br>☐ Not recommended | |
| **Maximize Density**<br>☐ Housing type (i.e. studio, and 1 bedroom units)<br>☐ Total number of units<br>☐ Effective use of available space | ☐ Recommended<br>☐ With reservations<br>☐ Not recommended | # Studio units ____<br># 1BR units ____<br># 2+ BR units____<br>Total # units ____ |
| **Extended Affordability**<br>☐ Length of time committed to affordability in relation to assistance request (minimum affordability retention period 40 years for property contribution)<br>☐ Ability to meet annual affordability reporting requirements | ☐ Recommended<br>☐ With reservations<br>☐ Not recommended | |
| **Liveability**<br>☐ Services/amenities (green space / resident amenities)<br>☐ Project/activity promotes sense of place and community | ☐ Recommended<br>☐ With reservations<br>☐ Not recommended | |

AFFORDABLE HOUSING APPLICATION

| | |
|---|---|
| Project Name | HopeSource Senior Housing |
| Agency Name | HopeSource |
| Contact Person | Craig Kelly |
| Mailing Address | 606 W 3rd Ave. |
| City | Ellensburg |
| State | Washington |
| Zip Code | 98926 |
| Phone Number | 509-925-1448 |
| Email Address | contracts@hopesource.us |
| Federal Tax ID # | 91-0814544 |
| Unified Business Identifier | 600-263-085 |
| Primary Street Address | East 1st Avenue and North Pine Street |
| City | Ellensburg |
| State | Washington |
| Zip Code | 98926 |
| Tax Parcel ID# | 937033 |
| Check all that apply | New Construction |
| Select one | Nonprofit organization 501(c)3 |
| Select one | Yes |
| If you answered yes, please indicate funding source | Central Transit, Paratransit, Cabulance, Low Income Utility Rate Program |
| Sales Tax funding request: | $1,500,000 |
| Total project budget: | $27,613,021 |
| City property contribution (parcel number): | 937033 and 617033 |
| Briefly summarize your proposed project in a | This project will develop up to 55 affordable |

**couple of paragraphs; include a general statement of the project's overall purpose, scope, and intent. (300 words or less)**

housing units for seniors 55 years old and over, and for people with disabilities. To maximize density, there will be a mixture of 45 1-bedroom units and 4 2-bedroom units, with an additional 6 1-bedroom units for households experiencing homelessness or at risk of being homeless. Resident income will not exceed 60% AMI, allowing for the contribution of city-provided affordable housing sales tax funds.

Units located throughout the building are adaptable, providing accessibility features while allowing units to best match individual needs when occupied. This project has maximized parking availability by providing 40 total spaces, including 2 ADA spaces. The entrance into the parking area is also located away from the intersection to reduce traffic congestion. Residential amenities include a lobby for office use and resident mailboxes, a centralized laundry facility, a communal recreation room for resident dictated activities, and an open lounge area for additional socialization space.

Overall, this project intends to alleviate cost burdened households, especially those within vulnerable populations, stimulate the local housing inventory, and increase vacancy rates, all while promoting quality of life for residents and creating a more inclusive and supportive neighborhood environment.

Seniors who choose to age in place and people with disabilities can require specific and inclusive support, including transportation services, socialization, care management, and other services focused on stabilization and positive advancement. This project is driven by

| | |
|---|---|
| | HopeSource's mission to move people to self-sufficiency by providing access to... |
| | ... education, employment, economic development, and vital services. Residents will be supported by HopeSource's reputable wraparound services, tailored to meet the needs of those who access it. |

**Please select the primary target population and household income (as a percentage of Area Median Income – AMI) for each unit or group of units requested to be funded by City sales tax and/or to be developed on a City-owned property. If a unit has the potential to be targeted to more than one population group listed, please type in "multiple population groups" and describe in the notes field provided below.**

| | |
|---|---|
| **At or below 30% AMI** | |
| **40% AMI** | |
| **50% AMI** | |
| **Population group (e.g. senior citizens, people with disabilities)** | Multiple Population |
| **Qty** | 27 |
| **Unit type** | 26 1-bed & 1 2-bed |
| **Tenant monthly rent/mortgage** | $797 / $946 |
| **60% AMI** | |
| **Population group (e.g. senior citizens, people with disabilities)** | Seniors |
| **Qty** | 28 |
| **Unit type** | 25 1-bed & 3 2-bed |
| **Tenant monthly rent/mortgage** | $966 / $1,149 |
| **70%* AMI** | |
| **80%* AMI** | |
| **Above 80%** AMI** | |

| | |
|---|---|
| **If applicable, multiple population group notes** | Multiple Population serves Seniors and Homeless/At Risk of Being Homeless. Please see attachment for full breakdown, accommodating for webform limitations. |

**Please include ALL housing units in the project. Projects proposed for City-owned property may be eligible for households earning 80% or below Area Median Income. Projects proposed for City funding must serve households earning 60% or less of Area Median Income and meet one or more of the identified population groups in Section H. If applicant is applying for City funding for a mixed-income development the funding request must be proportional to the number of units that will serve households earning 60% or less of Area Median Income and meet one or more of the identified population groups in Section H.**

| | |
|---|---|
| At or below 30% AMI | |
| 40% AMI | |
| 50% AMI | |
| 1 Bed | 26 |
| 2 Bed | 1 |
| Total Units | 27 |
| 60% AMI | |
| 1 Bed | 25 |
| 2 Bed | 3 |
| Total Units | 28 |
| 70%* AMI | |
| 80%* AMI | |
| Above 80%** AMI | |
| Total | |
| 1 Bed | 51 |
| 2 Bed | 4 |
| # of ADA Compliant Units | |
| 1 Bed | 2 |

| | |
|---|---|
| 2 Bed | 2 |
| **Average Square feet** | |
| 1 Bed | 555 |
| 2 Bed | 820 |
| **The following targets have been identified as having a tangible benefit for intended residents. Please check all that apply to the proposed project location.** | • Within 1/2 miles of public transit stop<br>• Within 1/2 mile of park or recreation area<br>• Within 1/2 mile of public school<br>• Within 1/2 mile of senior center<br>• Within 1/2 mile of grocery store with fresh food<br>• Within 1/2 mile of medical services |
| **Please describe how this project will address housing needs in Ellensburg including opportunities for beneficiaries to build financial stability. (200 words or less)** | Ellensburg has a significant number of residents over the age of 55, and it is expected to continually rise. According to the most recent City of Ellensburg needs assessment, almost half (46%) of older adults who live alone are cost burdened. Seniors on a fixed income are significantly more likely to be cost-burdened and unable to find affordable housing. This project will meet community need by increasing available housing stock for seniors and people with disabilities.<br><br>This project will be supported by multiple programs that HopeSource operates explicitly designed to serve vulnerable populations. Rent assistance and case management, transportation services, food security, budgeting skills, and partnerships with Aging and Long-Term Care and Medicaid are some of the support services offered, creating opportunities for participating clients to build financial stability. |
| **Please describe how the proposed project will promote a sense of place and community for intended residents and the greater Ellensburg community. (100 words or less)** | This project features a communal recreation room and additional lounge space. This aims to foster community and facilitate social interaction, addressing a common lack of connection within |

| | |
|---|---|
| | the target populations. Located near the downtown Ellensburg core, this project offers close proximity to a wide variety of community amenities including grocery stores, banks, gas stations, medical and urgent care, the library, city parks, and locally owned businesses. The Kittitas County Connector and Central Transit bus stops are within a mile of the site, providing vital access to commercial, retail, and social and support services the community has to offer. |
| **Please describe other tangible benefits the project will have for the intended beneficiaries as well as the greater Ellensburg community. (200 words or less)** | By offering affordable housing options to seniors and people with disabilities, this project intends to foster a sense of community and reduce social isolation; promote healthier living and aging by ensuring access to necessary services; stimulate the local economy through increased spending available from no longer cost-burdened households; and reduce the risk of homelessness among these vulnerable populations who are at a higher risk of displacement. This leads to more stability and security overall, and it contributes to the vitality and sustainability of the greater Ellensburg community. |
| **A. Please indicate how this project will help to create or retain affordable housing units in the community. Please note a minimum 20-year period of affordability will be required for any housing projects receiving City funding assistance or a minimum 40-year period of affordability for property contribution. (200 words or less)** | HopeSource owns and manages over 900 units of homeless and affordable housing. All projects have maintained their affordability over the years, are fully funded, and have sufficient operating reserves to maintain the structures and serve the populations as intended. HopeSource has developed many projects that include extended affordability periods up to 50 years. For this project, an asset management team will be employed to ensure operations maintain the property for that 50-year period. |
| **B. Monitoring Describe how you plan to monitor and report on affordability requirements. (200** | HopeSource cooperates with funders on annual reviews of eligibility and compliance – this |

| | |
|---|---|
| **words or less)** | includes file review by auditors and site visits by third-party asset managers. Further, HopeSource will employ a third-party management company that provides professional affordable housing services. To date, HopeSource has never had any significant findings as to eligibility of residents nor any deficiencies in property maintenance. |
| **Architect Firm Name** | Dahlin Architecture |
| **Contact person and title** | Justin Julian, Senior Architect |
| **Phone Number** | 425-454-8115 |
| **Email Address** | justin.julian@dahlingroup.com |
| **General Contractor Firm Name** | SRI/Rochlin |
| **Contact person and title** | Jim Rochlin, Managing Member |
| **Phone Number** | 425-681-6894 |
| **Email Address** | jim@sri-rochlin.com |
| **Property Management Firm Name** | Quantum Residential |
| **Contact person and title** | Kalib Lock, CEO |
| **Phone Number** | 360-905-0150 |
| **Email Address** | kalibl@qresinc.com |
| **For completed projects, list only projects completed in the last 5 years.** | |
| **1** | |
| **Project Type (single, multifamily, other)** | Single |
| **Activity Type (new construction, rehabilitation, acquisition)** | Acquisition |
| **Role (owner, developer, etc.)** | Owner |
| **City and State** | Ellensburg, |
| **# Units** | 19 |
| **Project Start Date** | 2023 |

| | |
|---|---|
| Placed in Service Date | 2023 |
| Type of Financing | Legislative |
| 2 | |
| Project Type (single, multifamily, other) | Single |
| Activity Type (new construction, rehabilitation, acquisition) | Rehabilitati |
| Role (owner, developer, etc.) | Developer/Ow |
| City and State | Yakima, WA |
| # Units | 256 |
| Project Start Date | 2023 |
| Placed in Service Date | 2023 |
| Type of Financing | LIHTC/HTF/ |
| 3 | |
| Project Type (single, multifamily, other) | Multifamily |
| Activity Type (new construction, rehabilitation, acquisition) | New Construc |
| Role (owner, developer, etc.) | Developer/Ow |
| City and State | Ellensburg, |
| # Units | 54 |
| Project Start Date | 2021 |
| Placed in Service Date | 2022 |
| Type of Financing | HOME/LIHTC |

For pipeline projects, list projects for which you plan to seek funding in the next 12 months or have received at least one funding commitment.

| | |
|---|---|
| 1 | |
| Project Type | Multifamily |
| Activity Type | New Construc |
| Role (owner, developer, etc.) | Developer/Ow |

| | |
|---|---|
| City and State | Cle Elum, WA |
| # Units | 48 |
| Project Start Date | 2023 |
| Type of Financing | HTF/LIHTC/ |
| 2 | |
| Project Type | Multifamily |
| Activity Type | New Construc |
| Role (owner, developer, etc.) | Developer/Ow |
| City and State | Ellensburg, |
| # Units | 12 |
| Project Start Date | 2024 |
| Type of Financing | CPF |
| 3 | |
| Project Type | Multifamily |
| Activity Type | Rehabilitati |
| Role (owner, developer, etc.) | Developer/Ow |
| City and State | Ellensburg, |
| # Units | 167 |
| Project Start Date | 2024 |
| Type of Financing | LIHTC |

As applicable, please list similar projects that your organization, or your selected Property Management firm, has managed or currently manages.

| | |
|---|---|
| 1 | |
| Projects | Hillside M |
| City and State | Portland, |
| # Units | 100 |
| Target Population | Senior/Dis |

| | |
|---|---|
| Eff. Date of Mgt. Contract | 09/21/2020 |
| End Date (or current) | Current |
| 2 | |
| Projects | Lewis & Cl |
| City and State | Vancouver, |
| # Units | 46 |
| Target Population | Senior |
| Eff. Date of Mgt. Contract | 08/01/2020 |
| End Date (or current) | Current |
| 3 | |
| Projects | Lents Vill |
| City and State | Portland, |
| # Units | 63 |
| Target Population | Senior |
| Eff. Date of Mgt. Contract | 07/19/2019 |
| End Date (or current) | Current |
| 4 | |
| Projects | Lumen Park |
| City and State | Anchorage, |
| # Units | 20 |
| Target Population | Senior |
| Eff. Date of Mgt. Contract | 03/01/2023 |
| End Date (or current) | Current |
| Notes on target population served | Please see attachment for full breakdown, accommodating for webform limitations. |

Please complete all information applicable to your project. Include all financing term assumptions even if they are funder's standard terms. Include funds contributed by applicant through initial start-up capital or expected applicant contribution.

| | |
|---|---|
| 1 | |
| Name | Tax Credits |
| Type | Private Inve |
| Proposed Amt. | 13,213,021 |
| Committed Amt. | 1,122,698 |
| Date Applied | 01/01/2026 |
| (Projected) award date | 03/01/2026 |
| Grant/Loan | N/A |
| Term | N/A |
| Payment Structure | N/A |
| 2 | |
| Name | HTF |
| Type | State |
| Proposed Amt. | 6,000,000 |
| Committed Amt. | 0 |
| Date Applied | 09/01/2025 |
| (Projected) award date | 12/01/2025 |
| Grant/Loan | Loan |
| Term | 50 |
| Payment Structure | N/A |
| 3 | |
| Name | Perm Loan |
| Type | Applicant |
| Proposed Amt. | 3,000,000 |
| Committed Amt. | 0 |
| Date Applied | 09/01/2025 |

| | |
|---|---|
| **(Projected) award date** | 12/01/2025 |
| **Grant/Loan** | Loan |
| **Term** | 17 |
| **Payment Structure** | Refinance |
| **What other funds are expected, how will the city funds be used to leverage other funds? (100 words or less)** | Please see attachment for full breakdown, accommodating for webform limitations.<br><br>Total Proposed Amount: $27,613,021. City Funds Requested: $1,500,000.<br><br>The City funds are currently estimated at $1,500,000 and will be well levered as a 4% LIHTC with public funding. The assumption is that the project will have $12,090,323 in tax credit equity, $1,122,698 in deferred developer fee, $6,000,000 in Housing Trust Fund, $3,000,000 in a perm loan and an additional $3,900,000 from other sources including Kittitas County. |
| **Please describe active partnerships, collaboration and/or in kind contributions, volunteer/pro-bono services that support this project. Examples include membership on advisory groups, in-kind, volunteer or financial contributions, sharing data or best practices or community input. Please focus your narrative on contributions to the proposed project, not the agency in general (100 words or less).** | HopeSource and Shelter Resources, Inc. have a strong relationship based on over 15 years of collaboration on affordable housing projects in Central Washington. In every project HopeSource and SRI have partnered on, there has been a focus to engage with the local community through the development of the project, seeking participation from a myriad of sources including municipal, residential, and stakeholder contribution. Many of HopeSource's executive leaders and board members are native to the local area and are actively involved in the community, both inside and outside of their official duties, allowing for input that would best serve the community. |
| **Item #121** | |

| | |
|---|---|
| Site Control - Purchase and Sale Agreement/Option | |
| Date completed or expected completion | 8/1/2024 |
| Site Control - Closing | |
| Date completed or expected completion | 7/1/2026 |
| Notes/Status | At construction closing. |
| Feasibility/Due Diligence - SEPA | |
| Date completed or expected completion | 1/1/2026 |
| Financing - Appraisal | |
| Date completed or expected completion | 10/1/2024 |
| Financing - Financial underwriting | |
| Date completed or expected completion | 2/1/2026 |
| Financing - Application/s for other funding source/s | |
| Date completed or expected completion | 2/1/2026 |
| Notes/Status | Maybe able to go in HTF 2024 round. |
| Design/Permitting - Prelim. drawings complete | |
| Date completed or expected completion | 2/1/2025 |
| Design/Permitting - Site plan approval | |
| Date completed or expected completion | 1/1/2026 |
| Design/Permitting - Building/civil permit submitted | |
| Date completed or expected completion | 5/1/2026 |
| Design/Permitting - Building/civil permit issued | |
| Date completed or expected completion | 5/1/2026 |
| Design/Permitting - Other agency permits issued | |
| Construction - Selection of general contractor | |
| Date completed or expected completion | 10/1/2025 |
| Construction - Begin construction | |
| Date completed or expected completion | 7/1/2026 |

| | |
|---|---|
| Construction - Issued certificate of occupancy | |
| Date completed or expected completion | 8/11/2027 |
| Occupancy - Selection of management firm | |
| Date completed or expected completion | 2/1/2026 |
| Occupancy - Begin leasing/sales | |
| Date completed or expected completion | 4/1/2027 |
| Amounts in the total project cost must be accounted for in full by assigning them to funding sources as appropriate. Do not combine funding sources in a column. All residential development costs should be included in this budget. | |
| Acquisition Costs (existing structures, land, closing costs, etc.) | |
| $$ amount of this category | 186,401 |
| % of total project cost | .6% |
| City funds | 186,401 |
| Applicant funds | N/A |
| Bank funds | N/A |
| Other funds | N/A |
| Construction Costs (demo, new, rehab, overhead/profit, site work, infrastructure costs, etc.) | |
| $$ amount of this category | 21,362,458 |
| % of total project cost | 77.4% |
| City funds | N/A |
| Applicant funds | 11,058,155 |
| Bank funds | 904,303 |
| Other funds | 9,400,000 |
| Soft Costs (appraisal, legal, tech. experts, enviro. studies, project mgt., other consultants) | |
| $$ amount of this category | 3,194,803 |
| % of total project cost | 11.6% |

| | |
|---|---|
| City funds | 1,313,599 |
| Applicant funds | 1,881,204 |
| Bank funds | N/A |
| Other funds | N/A |
| Other Development Costs (permits, utility hook-ups, etc.) | |
| $$ amount of this category | 500,000 |
| % of total project cost | 1.8% |
| City funds | N/A |
| Applicant funds | N/A |
| Bank funds | N/A |
| Other funds | 500,000 |
| Financing Costs (loan and legal fees, etc.) | |
| $$ amount of this category | 2,095,697 |
| % of total project cost | 7.6% |
| City funds | N/A |
| Applicant funds | N/A |
| Bank funds | 2,095,697 |
| Other funds | N/A |
| Operational or Reserve Costs | |
| $$ amount of this category | 273,662 |
| % of total project cost | 1% |
| City funds | N/A |
| Applicant funds | 273,662 |
| Bank funds | N/A |
| Other funds | N/A |
| Total Project Cost | |
| $$ amount of this category | 27,613,021 |

| | |
|---|---|
| % of total project cost | 100% |
| City funds | 1,500,000 |
| Applicant funds | 13,213,021 |
| Bank funds | 3,000,000 |
| Other funds | 9,900,000 |
| As necessary, include budget narrative to support and/or supplement the information included in the project budget tables above. (100 words or less) | The budget estimate is based on other affordable housing projects similar in development and design. The hard costs were estimated by SRI based on the conceptual plan attached in the RFP, as well as on other projects and applying wage rates. Soft costs include the typical uses for a 4% LIHTC project and permit costs. A more accurate hard cost can be established once the ALTA survey, geo-tech, and environmental assessment are commissioned and a meeting with the City takes place. |
| Upload all of the following documents: 1. Documentation of site control 2. Completed City of Ellensburg Pre-Funding Submittal Meeting form3. Documentation to support collaboration 4. Project site/development plan | 5._Property_Management_and_Development_Team_Experience_Detailed_Table.pdf (245 KB)<br>6.A._Financing_Sources_Detailed_Table.pdf (228 KB)<br>Documentation_to_Support_Collaboration_SRI_Letter_of_Commitment.pdf (584 KB)<br>H._Populations_to_be_Served_Detailed_Table.pdf (103 KB)<br>HopeSource_PreFunding_Submittal_Meeting_Form.pdf (106 KB)<br>HopeSource_Project_Site_Development_Plan.pdf (1.34 MB) |
| Signature of Authorized Applicant Representative | |
| Date signed | 03/29/2024 |
| Name of Authorized Applicant Representative and their title | Susan Grindle, CEO |

**H. Populations to be served.** Please select the primary target population and household income for each unit or group of units requested to be funded by City sales tax and/or to be developed on a City-owned property. If a unit has the potential to be targeted to more than one population group listed, please select "multiple population groups" and describe in the notes field provided below.

*PLEASE NOTE: Development proposals that serve households earning greater than 60% of AMI and no identified population group are only eligible for City assistance in the form of city-owned property contributions.*

| % of Area Median Income | Population group | Qty. | Unit type | Tenant monthly rent/mortgage |
|---|---|---|---|---|
| 50% | Senior citizens | 20 | 1 Bedroom | 797 |
| 50% | Homeless, at risk of being homeless | 6 | 1 Bedroom | 797 |
| 50% | Senior citizens | 1 | 2 Bedroom | 946 |
| 60% | Senior citizens | 24 | 1 Bedroom | 966 |
| 60% | Senior citizens | 3 | 2 Bedroom | 1,149 |
| 60% | Senior citizens | 1 | 1 Bedroom | 0 |
| 80% | Multiple population groups | | 3 Bedroom | |
| 80% | Multiple population groups | | 3 Bedroom | |
| **Total** | | 55 | | |

**If applicable, multiple population group notes**

All units are adaptable to accommodate people with disabilities.
The 1-bedroom with $0 rent is a manager's unit.

## 5. PROPERTY MANAGEMENT AND DEVELOPMENT TEAM EXPERIENCE

**A. Project Applicant/Developer Experience.** For completed projects, list only projects completed in the last five years. For pipeline projects, list projects for which you plan to seek funding in the next 12 months or have received at least one funding commitment.

| Projects Completed | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Project Type** | **Activity Type** | **Role (i.e. owner, developer)** | **City and State** | **# Units** | **Date development activities began** | **Placed in service date** | **Type of financing** |
| Multifamily<br>Single family | Rehabilitation<br>Acquisition | Owner | Ellensburg, WA | 19 | 2023 | 2023 | Legislative Appropriation |
| Multifamily<br>Single family | New construction<br>Rehabilitation<br>Acquisition | Developer/Owner | Yakima, WA | 256 | 2023 | 2023 | LIHTC/HTF/Permanent Loan |
| Multifamily<br>Single family | Rehabilitation<br>Acquisition | Developer/Owner | Scattered Site | 190 | 2022 | 2023 | USDA/LIHTC/HTF |
| Multifamily<br>Single family | New construction<br>Rehabilitation<br>Acquisition | Developer/Owner | Ellensburg, WA | 54 | 2021 | 2022 | HOME/LIHTC |
| Multifamily<br>Single family | Rehabilitation<br>Acquisition | Owner | Ellensburg, WA | 18 | 2021 | 2021 | Kittitas County Commercial Lo |

| Project Pipeline | | | | | | |
|---|---|---|---|---|---|---|
| **Project Type** | **Activity Type** | **Role (i.e. owner, developer)** | **City and State** | **# Units** | **Date development activities began** | **Type of financing** |
| Multifamily<br>Single family | New construction<br>Rehabilitation<br>Acquisition | Developer/Owner | Cle Elum, WA | 48 | 2023 | HTF/LIHTC/Commercial Loan/Kittitas County |
| Multifamily<br>Single family | New construction<br>Rehabilitation<br>Acquisition | Developer/Owner | Ellensburg, WA | 12 | 2024 | CPF |
| Multifamily<br>Single family | New construction<br>Rehabilitation<br>Acquisition | Developer/Owner | Ellensburg, WA | 167 | 2024 | LIHTC |

**B. Project Property Management Firm Experience.** Please list up to 10 similar projects that your organization, or your selected Property Management firm, has managed or currently manages**.**

| **Project** | **City and State** | **# Units** | **Population Served** | **Effective date of management contract** | **End date (current if still managing)** |
|---|---|---|---|---|---|
| Hillside Manor | Portland, OR | 100 | Senior/Disabled | 09/21/2020 | Current |
| Lewis & Clark | Vancouver, WA | 46 | Senior | 08/01/2020 | Current |
| Lents Village | Portland, OR | 63 | Senior | 07/19/2019 | Current |
| Lumen Park | Anchorage, AK | 20 | Senior | 03/01/2023 | Current |

## 6. LEVERAGE AND COLLABORATION

**A. Financing Sources.** Please complete all information applicable to your project. Include all financing term assumptions even if they are funder's standard terms. Include funds contributed by applicant through initial start-up capital or expected applicant contribution.

| Name | Type | Proposed Amount | Committed Amount | Date Applied | (Projected) award date | Grant/ loan | Term | Payment structure |
|---|---|---|---|---|---|---|---|---|
| Tax Credits and Deferred Fees | State<br>Federal<br>Fannie/Freddy/Sallie<br>Private investor | 13,213,021 | 1,122,698 | 1/1/2026 | 3/1/2026 | N/A | N/A | N/A |
| Housing Trust Fund | State<br>Federal<br>Fannie/Freddy/Sallie<br>Private investor | 6,000,000 | 0 | 9/1/2025 | 12/1/2025 | Loan | 50 | N/A |
| Perm Loan | Applicant<br>Bank<br>City funds<br>City property | 3,000,000 | 0 | 9/1/2025 | 12/1/2025 | Loan | 17 | Refinance |
| City/County/Other | County<br>State<br>Federal<br>Fannie/Freddy/Sallie | 5,400,000 | 0 | Various | 12/1/2025 | Loan | 50 | N/A |
| **TOTAL** | | $27613021 | | | | | | |
| **CITY FUNDS REQUESTED** | | $1500000 | | | | | | |

**B. Please describe how the City funds/property contribution requested will be leveraged.** What other funds are expected, how will the city funds/property contribution be used to leverage other funds?

Total: $27,613,021. City Funds Requested: $1,500,000.
The City funds are currently estimated at $1,500,000 and will be well levered as a 4% LIHTC with public funding. The assumption is that the project will have $12,090,323 in tax credit equity, $1,122,698 in deferred developer fee, $6,000,000 in Housing Trust Fund, $3,000,000 in a perm loan and an additional $3,900,000 from other sources including Kittitas County.

**C. Please describe active partnerships, collaboration and/or in-kind contributions and/or volunteers/pro-bono services that support project development.** Examples might include membership on advisory groups, in-kind, volunteer time or financial contributions, sharing data or best practices, and/or soliciting input from community partners. Please focus your narrative on contributions to the proposed project, not for the agency in general.

HopeSource and Shelter Resources, Inc. (SRI) have a strong relationship based on over 15 years of collaboration on affordable housing projects in Central Washington. In every project HopeSource and SRI have partnered on, there has been a focus to engage with the local community through the development of the project, seeking participation from a myriad of sources including municipal, residential, and stakeholder contribution. Many of HopeSource's executive leaders and board members are native to the local area and are actively involved in the community, both inside and outside of their official duties, allowing for input that would best serve the Ellensburg community.

HopeSource's key partners serve pivotal roles in offering sustainable affordable housing options throughout a multi-county service area. Community resources already actively in place and with a strong history of HopeSource collaboration include the Housing Authority, offering housing vouchers for qualified households; Central Washington Healthcare with mental health supportive housing; WorkSource with employment specialists and resources; DSHS-SNAP with temporary financial benefits that provide security as clients construct their safety net; the Social Security SOAR program that assists in moving from disability to ability; Central Washington Disability Resources and Elmview who offer training and disability support; FISH who offers food and social support; and Aging and Long-Term Care and Medicaid to serve seniors by providing medical, social, and community services and appointments. While not all of these partners have directly collaborated on the project at this stage of development, they actively support HopeSource's endeavor to provide continued affordable housing stock to vulnerable populations. This diversified network of partners strengthens this project's foundation and enhances the impact of services to the community.

SHELTER RESOURCES, INC.

March 28, 2024

Community Development Department
501 North Anderson Steet
Ellensburg, WA 98926
509-962-7231

Re: City of Ellensburg 2024 Affordable Housing Property Contribution Application

I am writing to express our commitment to HopeSource's Senior Housing project. At Shelter Resources, Inc., we recognize the vital role that affordable housing plays in fostering vibrant and inclusive communities.

We have had the privilege of working closely with HopeSource for over 15 years, collaborating on crucial affordable housing projects in Central Washington. We are deeply committed to supporting HopeSource as they continue to address the pressing need for affordable housing in their local communities.

As part of our commitment to this project, we are prepared to offer our full range of resources. We firmly believe that by working in partnership with HopeSource, we can help ensure the success of this important project.

Please contact Jeremy Wilkening, Vice President of Development at 425-324-9456 or jeremyw@shelterresourcesinc.com if you require any further information or assistance.

Sincerely,

Len Brannen
President

**Site Summary**

- » Area: 0.50 acres
- » Zoning: C-C
- » Allowed Building Height: 60’
- » Parking Requirements:
  - • 0.7 spaces **per unit** required for studio & one bedroom units
  - • 0.7 spaces **per bedroom** required for two or more bedroom units

**Ground Level**

**40 total parking spaces (2 ADA)**

- » 1,300sf Lobby/Amenity/Office & Mail Room

**Level 2**

- » 12 One Bedroom Adaptable Units at 555 sf (six to be homeless housing)
- » 01 Two Bedroom Adaptable Units at 820 sf
- » 980sf Lounge Area
- » 240sf Laundry facility
- » 540sf Rec/Flex room

**Levels 3-5**

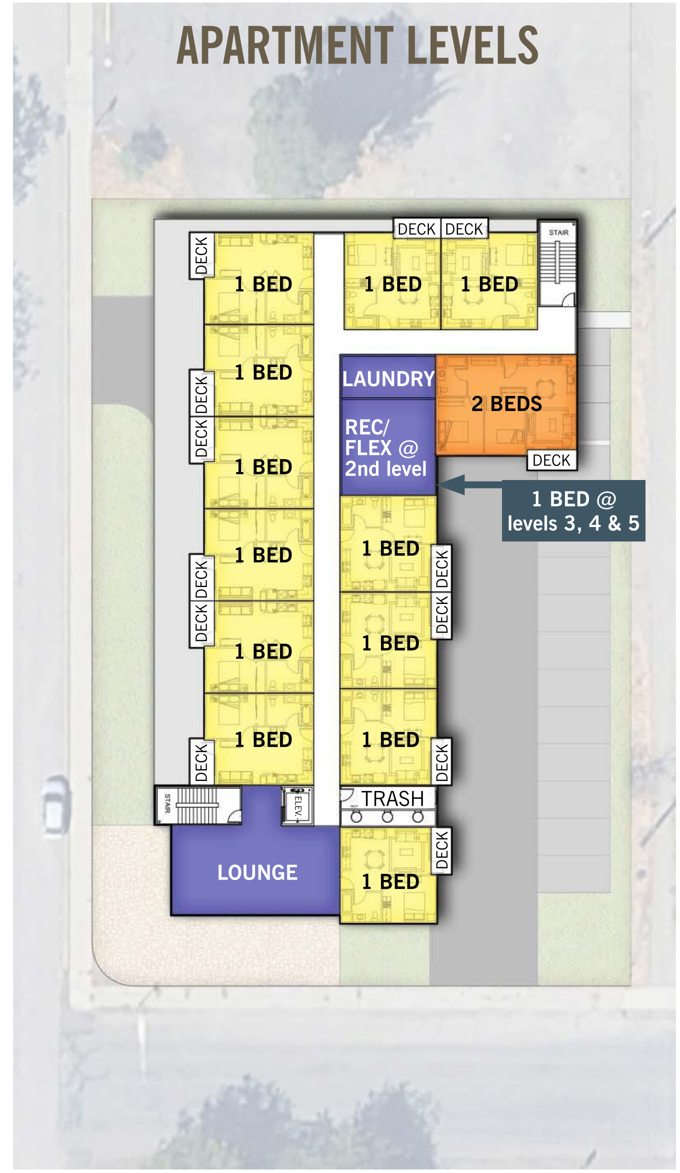
- » 13 One Beds at 555 sf
- » 01 Two Beds at 820 sf
- » 980sf Lounge Area

- » **55 Total Apartments**

- » Total gross leasable apt. area: **31,585sf** (incl. homeless units)

- » Total parking provided: **40**
- » Total parking required: **38**
  (45 x 0.7 = 31.5 ~ 32)
  (4 x 1.4 = 5.6 ~ 6)
  (2 ADA stalls)

Note: Provided 2 parking spaces for 6 homeless units


# E 1st Ave & Pine Street | Ellensburg

Shelter Resources, Inc

3-29-2024

0 15 30 45 FEET

N

DAHLIN


# E 1st Ave & Pine Street | Ellensburg

Shelter Resources, Inc

DAHLIN

# 1st and Pine RFP – HopeSource Application Follow Ups

**The following questions are were sent by Community Development to the applicant.**
Responses were provided by the applicant.

***Project Design:***

**How would HopeSource programs be integrated with this facility plan? Would programs be offered onsite or another approach? Is the rental assistance program intended to link with the recently homeless/at risk of homelessness groups or with this property in another way?**

Programs aren't inherently offered on-site, but HopeSource Client Advocates can utilize the available on-site areas when meeting with residents, providing added convenience to those accessing the programs. The rental assistance program, like all offered HopeSource programs, can be accessed by any client who qualifies. Rental assistance is not limited to individuals who are recently homeless/at risk of homelessness. HopeSource could potentially offer rental assistance to qualifying residents at this property.

***Financing:***

**The projected HTF application date is 9/25 with 12/25 as the award date. Is that how long that cycle typically takes?**

HFT only accepts applications once a year in early fall, and awards are granted at the end of the year. Given the timing on City's selection of developer in June, there will not be enough time to complete the necessary due diligence, design, and early permitting to submit for HTF funding in 2024.

**Kittitas County funds will be well below the $3.9 million in other funds needed; what other sources are envisioned to meet the funding gap?**

Every affordable housing project today has some version of a gap in financing that will get filled – it just takes time. Funding sources for affordable housing vary from year to year. Assuming the currently available source are available in 2025, a potential source is CHIP funding and Apple Health and Homes. HopeSource can also seek a direct appropriation from the State delegation.

**Given the amount and complexity of funding needed, how would you envision adjusting the plan if any funding component cannot be secured? (particularly the most challenging funding components)**

If a funding source is not achievable, or the funding gap is unable to be filled, a reduction in unit count could decrease the overall budget for the project.

***Site Plan / Building Design:***

**55 total units, including 4x2BRs = 41 total parking spaces needed; we appreciate the explanation of reduced expectation of homeless unit parking usage; is that consistent with what you've seen with homeless units at Spurling Court?**

The calculations shown in the left margin used the following logic to land on the 40 parking spots shown:

45 (1-bedroom units) x 0.7 = 31.5 – 32 parking spots required.
4 (2-bedroom units) x 1.4 = 5.4 – 6 parking spots required.
6 (1-bedroom homeless units) x 0.35 = 2.1 – 2 parking spots provided.

This is based under the assumption of asking for an exception with a reduction in the parking rate for these units to be ½ of 0.7 = 0.35. There is no code section that clearly identifies the rate for homeless units. If the 6 homeless units utilizing the parking rate of 0.35 is not acceptable, then it should be noted that there is built-in flexibility within the design to easily eliminate 2 one-bedroom units and provide additional storage and/or rec-flex space. With this study, maximizing the amount of affordable and homeless units to facilitate this type of housing for the City of Ellensburg was a priority. The quick fix (if the 0.35 parking rate for homeless units is not acceptable) would be to eliminate 2 units, as mentioned above.

TOTAL: 55 UNITS TOTAL: 40 PARKING SPOTS, INCLUDING 2 ADA

AFFORDABLE HOUSING APPLICATION

FOR CITY SALES TAX FUNDING OR PROPERTY CONTRIBUTION

## APPLICATION COVER SHEET

### Application Instructions

A complete application must include a signed application and the following attachments:

1. Documentation of site control (i.e. fee simple title, valid lease agreement, contract for the purchase and sale of property), not necessary if your application is limited to one of the city-owned properties
2. Completed City of Ellensburg Pre-Funding Submittal Meeting Application
3. Documentation to support collaboration
4. Project site/development plan

Incomplete applications will not be considered. Missing or incomplete information will result in a forfeiture of application. Do not include any information beyond what is requested in the application. Please note, all funding applications are public record.

### Questions

- Questions on land use regulations and building codes, please contact the Community Development Department at 509-962-7231
- Questions on affordable housing funding, please contact Lily Frey at 509 962-7270 or freyl@ci.ellensburg.wa.us.

**CERTIFICATION and AUTHORIZED SIGNATURE:** To the best of my knowledge and belief, the information contained in this application, and in the additional required documentation submitted with this application, is true and correct. I understand that any false information or omission may disqualify my organization from further consideration for City assistance. I authorize the investigation of any or all statements contained in this application and any other information pertinent to this application and my organization and its employees and board members.

The signatory possesses the legal authority to apply for and receive City of Ellensburg assistance, and the person signing the application has the proper authority from the governing body of the organization. The applicant understands the City will not be responsible for any costs incurred by the applicant in developing and submitting this application, and that all applications submitted become the property of the City and applications are public record.

The applicant agrees that if this project is allocated City funding or property, the applicant will enter into a contract with the City of Ellensburg and will be required to submit annual reports attesting to compliance with the agreed upon retention of affordability and residents of housing developments funded through the City's local housing fund or constructed on property contributed by the City. The applicant further agrees that if this project is allocated City funding or property, it will comply with all federal, state, and local statutes, regulations, policies, and requirements applicable to City assistance. If the awarded project does not show substantial progress within two years of funding award the funds will revert back to the City's affordable housing program for reallocation.

| | |
|---|---|
| Signature of Authorized Applicant Representative | Date |
| Name of Authorized Applicant Representative (Please Print or Type) | Title (Please Print or Type) |

## 1. PROJECT DESCRIPTION AND ELIGIBILITY

**A. Project Name:** The Layer Cake

Agency Name: Inversion Design Build, SPC

Contact Person: Nathan Poel

Mailing Address: 210 South 11th Avenue, Suite 42

City, State, Zip: Yakima, WA 98902

Phone: 509-426-3110

Email: nathan@inversiondesignbuild.com

Federal Tax ID: 82-4243539

Unified Business Identifier (UBI): 604-219-704

**B. Project Location**

Primary Street Address: Northeast corner of North Pine East 1st

City, State, Zip: Ellensburg, WA

Tax Parcel ID#: 937033 and 617033

**C. Project Activity (check all that apply)**

- ☐ Acquisition
- ☐ Adaptive Reuse
- ☐ Demolition/Redevelopment
- ☐ Rehabilitation
- ☑ New Construction
- ☐ Other

If you checked Other above, please explain:

**D. Type of organization or company**

- ☐ Nonprofit organization 501(c)(3)
- ☑ For profit organization
- ☐ Public organization
- ☑ Other: Social Purpose Corporation

**E. Has this organization/developer previously received funding from the City of Ellensburg?**

☐ Yes ☑ No If yes, please indicate funding source

**F. City Assistance Request.** Please indicate City sales tax funding request and/or property contribution parcel number. *If you are not applying for sales tax funding or property contribution, please indicate N/A.*

Sales tax funding request: $ Total project budget: $ 4,682,000

City property contribution: (Parcel Number) 937033 and 617033

**G. Project Summary.** Briefly summarize your proposed project in a couple of paragraphs; include a general statement of the project's overall purpose, scope, and intent. (300 words or less)

36 Units of new housing that are affordable to households earning 80% of the area median income. 12 one-bedroom home ownership units, 12, one-bedroom apartments  and 12 studio apartments. The units will be divided into 12 tri-plex `stacks' to break up the buildings and complement the existing neighborhood scale.

Rather than rely on additional affordable housing grants, our proposal leverages the existing mortgage industry to build affordable units faster and at scale. This speeds up our development timeline and allows more affordable units to be built in Ellensburg, and gives residents an equity stake in the well-being of their neighborhood.

By breaking the buildings up and lowering the scale we help bridge the transition between downtown to the North and the residential neighborhoods to the South and East.

All our homes are designed to meet the DOE Net Zero Energy Ready Program.

**H. Populations to be served.** Please select the primary target population and household income for each unit or group of units requested to be funded by City sales tax and/or to be developed on a City-owned property. If a unit has the potential to be targeted to more than one population group listed, please select "multiple population groups" and describe in the notes field provided below.

*PLEASE NOTE: Development proposals that serve households earning greater than 60% of AMI and no identified population group are only eligible for City assistance in the form of city-owned property contributions.*

| % of Area Median Income | Population group | Qty. | Unit type | Tenant monthly rent/mortgage |
|---|---|---|---|---|
| 80% | None identified | 12 | Studio | 1260 |
| 80% | None identified | 12 | 1 Bedroom | 1350 |
| 80% | None identified | 12 | 1 Bedroom | 1350 |
| 80%<br>Above 80% | Senior citizens | | 3 Bedroom<br>4+ Bedroom | |
| 80%<br>Above 80% | Multiple population groups<br>None identified | | 3 Bedroom<br>4+ Bedroom | |
| 80%<br>Above 80% | Multiple population groups<br>None identified | | 3 Bedroom<br>4+ Bedroom | |
| 80%<br>Above 80% | Multiple population groups<br>None identified | | 3 Bedroom<br>4+ Bedroom | |
| 80%<br>Above 80% | Multiple population groups<br>None identified | | 3 Bedroom<br>4+ Bedroom | |
| **Total** | | 36 | | |

**If applicable, multiple population group notes**

**I. Summary of all housing units.** Please include ALL housing units in the project. Projects proposed for City-owned property may be eligible for households earning 80% or below Area Median Income. Projects proposed for City funding must serve households earning 60% or less of Area Median Income and meet one or more of the identified population groups in Section H.

If applicant is applying for City funding for a mixed-income development the funding request must be proportional to the number of units that will serve households earning 60% or less of Area Median Income and meet one or more of the identified population groups in Section H.

| Area Median Income | Studio | 1 Bedroom | 2 Bedroom | 3 Bedroom | 4+ Bedroom | Total Units |
|---|---|---|---|---|---|---|
| At or below 30% | | | | | | |
| 40% | | | | | | |
| 50% | | | | | | |
| 60% | | | | | | |
| 70%* | | | | | | |
| 80%* | 12 | 24 | | | | 36 |
| Above 80%** | | | | | | |
| **Total** | 12 | 24 | | | | 36 |
| **# of ADA Compliant Units** | | 12 | | | | 12 |
| **Average Square feet** | 450 | 625 | | | | 567 |

*Not eligible for City funding.

**Not eligible for City-owned property contribution or City funding.

## 2. COMMUNITY IMPACT

**A. Community impacts.** The following targets have been identified as having a tangible benefit for intended residents. Please check all that apply to the proposed project location.

- ☐ Within ½ mile of public transit stop
- ☑ Within ½ mile of park or recreation area
- ☑ Within ½ mile of public school
- ☑ Other Within 1/2 mile of downtown
- ☑ Within ½ mile of senior center
- ☑ Within ½ mile of grocery store with fresh food
- ☑ Within ½ mile of medical services

**B. Housing needs and financial stability.** Please describe how this project will address housing needs in Ellensburg including opportunities for beneficiaries to build financial stability. (200 words or less)

Our project builds 36 new studio and one bedroom units to meet the need for smaller units as described in the Creating Affordable Housing in Ellensburg Study. Each 'stack' of three units will be sold to an owner-occupant who can then build equity in their home while offsetting a portion of their housing expenses through rental income from the other two units. Renters will benefit by having a direct connection to their landlord as a neighbor, further creating the social connections that are crucial for social and financial stability. Finally, rents will be capped at 80% of area median income ensuring that tenants are able to remain financially stable through predictable and affordable rents.

**C. Sense of place and community.** Please describe how the proposed project will promote a sense of place and community for intended residents and the greater Ellensburg community. (100 words or less)

Our units are designed to match the scale of the existing neighborhood to enhance and complement the existing sense of place, while still creating 36 new affordable homes a short walk from downtown. Each unit has direct access to the outside and most units have a porch, balcony, or patio so residents can interact casually with neighbors from their home. We also plan to continue hosting a community garden on site (albeit much smaller than the previous one).

**D. Other community impacts.** Please describe other tangible benefits the project will have for the intended beneficiaries as well as the greater Ellensburg community. (200 words or less)

Our proposal does not compete for other grants or tax credits. Instead it leverages the exising private mortgage industry for financing. This means it can proceed much faster than conventional affordable housing and it does not compete with on other Ellensburg sites for scarce financing resources. By selling to owner-occupants it also distributes the long term equity giving residents a financial stake in the well-being of their neighborhood.

Inversion Design Build is a DOE Net Zero Energy Ready Home builder partner which means all our homes are designed to meet Energy Star, the EPA Indoor airPLUS program, and the DOE NZEH program. These voluntary programs ensure that our homes meet the highest standard of energy efficiency and healthy living.

## 3. RETENTION OF AFFORDABILITY

**A. Please indicate how this project will help to retain affordable housing units in the community.** Please note a *minimum* 20-year period of affordability will be required for any housing projects receiving City funding or *minimum* 40-year period of affordability for property contribution. (200 words or less)

The project proposal will retain affordablility through a covenant recorded to the title and held by the City of Ellensburg that ensures all rental units serve households earning 80% or less of the area median income and that all ownership units are sold to households earning 80% or less of the area median income. The covenant may continue in perpetuity or in any event, no less than 40 years.

**B. Describe how you plan to monitor and report on affordability requirements.** (200 words or less)

Monitoring and reporting for renters will be managed through submitting annual reports compiled by the rental property management company that verifies income and rents on an ongoing basis.

# 4. PROPERTY MANAGEMENT AND DEVELOPMENT

## A. Architect (if known)

| | |
|---|---|
| Firm Name | Inversion Design Build |
| Contact Person and Title | Nathan Poel |
| Phone | 509-952-7060 |
| Email | nathan@inversiondesignbuild.com |

## B. General Contractor (if known)

| | |
|---|---|
| Firm Name | Inversion Construction LLC |
| Contact Person and Title | Alex James |
| Phone | 360-798-4524 |
| Email | alex@inversiondesignbuild.com |

## C. Property Management Firm (as applicable)

| | |
|---|---|
| Firm Name | TBD |
| Contact Person and Title | |
| Phone | |
| Email | |

## 5. PROPERTY MANAGEMENT AND DEVELOPMENT TEAM EXPERIENCE

**A. Project Applicant/Developer Experience.** For completed projects, list only projects completed in the last five years. For pipeline projects, list projects for which you plan to seek funding in the next 12 months or have received at least one funding commitment.

| Projects Completed | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Project Type** | **Activity Type** | **Role (i.e. owner, developer)** | **City and State** | **# Units** | **Date development activities began** | **Placed in service date** | **Type of financing** |
| Multifamily<br>Single family | New construction<br>Rehabilitation<br>Acquisition | Owner/Developer | Yakima, WA | 5 | 4.1.2022 | 5.1.2024 | Construction Loan |
| Multifamily<br>Single family | New construction<br>Rehabilitation<br>Acquisition | Developer | Yakima, WA | 30 | 1.1.2019 | 6.1.2021 | Housing Trust Fund |
| Multifamily<br>Single family | New construction<br>Rehabilitation<br>Acquisition | Developer | Mattawa, WA | 96 (beds) | 4.1.2016 | 4.1.2019 | Housing Trust Fund |
| Multifamily<br>Single family | New construction<br>Rehabilitation<br>Acquisition | Developer | Granger | 96 (beds) | 5.1.2019 | 6.20.2020 | Housing Trust Fund |
| Multifamily<br>Single family | New construction<br>Rehabilitation<br>Acquisition | | | | | | |

| Project Pipeline | | | | | | |
|---|---|---|---|---|---|---|
| **Project Type** | **Activity Type** | **Role (i.e. owner, developer)** | **City and State** | **# Units** | **Date development activities began** | **Type of financing** |
| Multifamily<br>Single family | New construction<br>Rehabilitation<br>Acquisition | Owner/Developer | Yakima, WA | 14 | 9.8.2022 | Private Const. Loan |
| Multifamily<br>Single family | New construction<br>Rehabilitation<br>Acquisition | Owner/Developer | Yakima, WA | 24 | 4.1.2024 | Private Const. Loan |
| Multifamily<br>Single family | New construction<br>Rehabilitation<br>Acquisition | | | | | |

**B. Project Property Management Firm Experience.** Please list up to 10 similar projects that your organization, or your selected Property Management firm, has managed or currently manages**.**

| **Project** | **City and State** | **# Units** | **Population Served** | **Effective date of management contract** | **End date (current if still managing)** |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

## 6. LEVERAGE AND COLLABORATION

**A. Financing Sources.** Please complete all information applicable to your project. Include all financing term assumptions even if they are funder's standard terms. Include funds contributed by applicant through initial start-up capital or expected applicant contribution.

| Name | Type | Proposed Amount | Committed Amount | Date Applied | (Projected) award date | Grant/ loan | Term | Payment structure |
|---|---|---|---|---|---|---|---|---|
| Equity | Applicant<br>Bank<br>City funds<br>City property | 1195000 | | | | Equity | | |
| | State<br>Federal<br>Fannie/Freddy/Sallie<br>Private investor | 3490000 | | | | Loan | | At Sale of Unit |
| | State<br>Federal<br>Fannie/Freddy/Sallie<br>Private investor | | | | | | | |
| | State<br>Federal<br>Fannie/Freddy/Sallie<br>Private investor | | | | | | | |
| **TOTAL** | | $ 4,685,000 | | | | | | |
| **CITY FUNDS REQUESTED** | | $ 0 | | | | | | |

**B. Please describe how the City funds/property contribution requested will be leveraged.** What other funds are expected, how will the city funds/property contribution be used to leverage other funds?

City land will be leveraged for a private construction loan to and be paired with Developer equity.

**C. Please describe active partnerships, collaboration and/or in-kind contributions and/or volunteers/pro-bono services that support project development**. Examples might include membership on advisory groups, in-kind, volunteer time or financial contributions, sharing data or best practices, and/or soliciting input from community partners. Please focus your narrative on contributions to the proposed project, not for the agency in general.

We have a number of clients and community partners that we work with regularly as well as an advisory board of service providers in adjacent fields. Including HopeSource, Justice Housing Yakima, Yakima Housing Authority, Delta Design Build, and Third Place Design Cooperative. Please see attached submittal for design and work relationships.

## 7. PROJECT SCHEDULE AND BUDGET

**A. Project Schedule.** Provide date completed and status information for the following project tasks. If a task does not apply to your project, enter N/A. To add additional tasks, insert additional lines as needed. For each new task you enter in this form, also enter the appropriate category in the "Category" column. For tasks that require additional details, please enter the details only in the "Notes/Status" Column.

| Category | Tasks | Date completed or expected completion | Notes/Status |
|---|---|---|---|
| Site Control | Purchase and Sale Agreement/Option | July 15 2024 | |
| Site Control | Closing | Sept 2024 | |
| Feasibility/Due Diligence | SEPA | Sept 2024 | Submittal Date |
| Financing | Appraisal | Sept 2024 | Received |
| Financing | Financial underwriting | November 2024 | |
| Financing | Application(s) for other funding source(s) | August 2024 | |
| Design/Permitting | Preliminary drawings completed | June 20, 2024 | |
| Design/Permitting | Site plan approval | Sept 2024 | Waits for SEPA |
| Design/Permitting | Building/civil permit submitted | October 2024 | Waits for site plan approval |
| Design/Permitting | Building/civil permits issued | December 2024 | |
| Design/Permitting | Other agency permits issued | December 2024 | |
| Construction | Selection of general contractor | N/A | |
| Construction | Begin construction | December 2024 | |
| Construction | Issued certificate of occupancy | July 2025 | Phase I only |
| Occupancy | Selection of management firm | April 2025 | |
| Occupancy | Begin leasing | August 2025 | Phase I only |

**B. Project Budget.** Amounts in the total project cost must be accounted for in full by assigning them to funding sources as appropriate. Do not combine funding sources in a column. All residential development costs should be included in this budget.

| Cost Category | $ amount | % of total project cost | City funds | Applicant funds | Bank funds | Other funds |
|---|---|---|---|---|---|---|
| **Acquisition Costs** (existing structures, land, closing costs, etc.) | 274,373 | 5.6% | 250,000 | 24,373 | | |
| **Construction Costs** (demo, new, rehab, overhead/profit, site work, infrastructure costs, etc.) | 3,578,232 | 72.5% | | 88,232 | 3,490,000 | |
| **Soft Costs** (appraisal, legal, tech. experts, enviro. studies, project management, other consultant) | 523,237 | 10.6% | | 750,537 | | |
| **Other Development Costs** (permits, utility hook-ups, etc.) | 107,300 | 2.2% | | | | |
| **Financing Costs** (loans, legal fees, etc.) | 120,000 | 2.4% | | | | |
| **Operational or Reserve Costs** | 328,400 | 6.7% | | 328,400 | | |
| **Total Project Cost** | 4931542 | | 250000 | 1191542 | 3490000 | |

**C. Budget Narrative.** As necessary, include budget narrative to support and/or supplement the information included in the budget tables above (100 words or less)

Please see attached sources and uses and example buyer budgets.

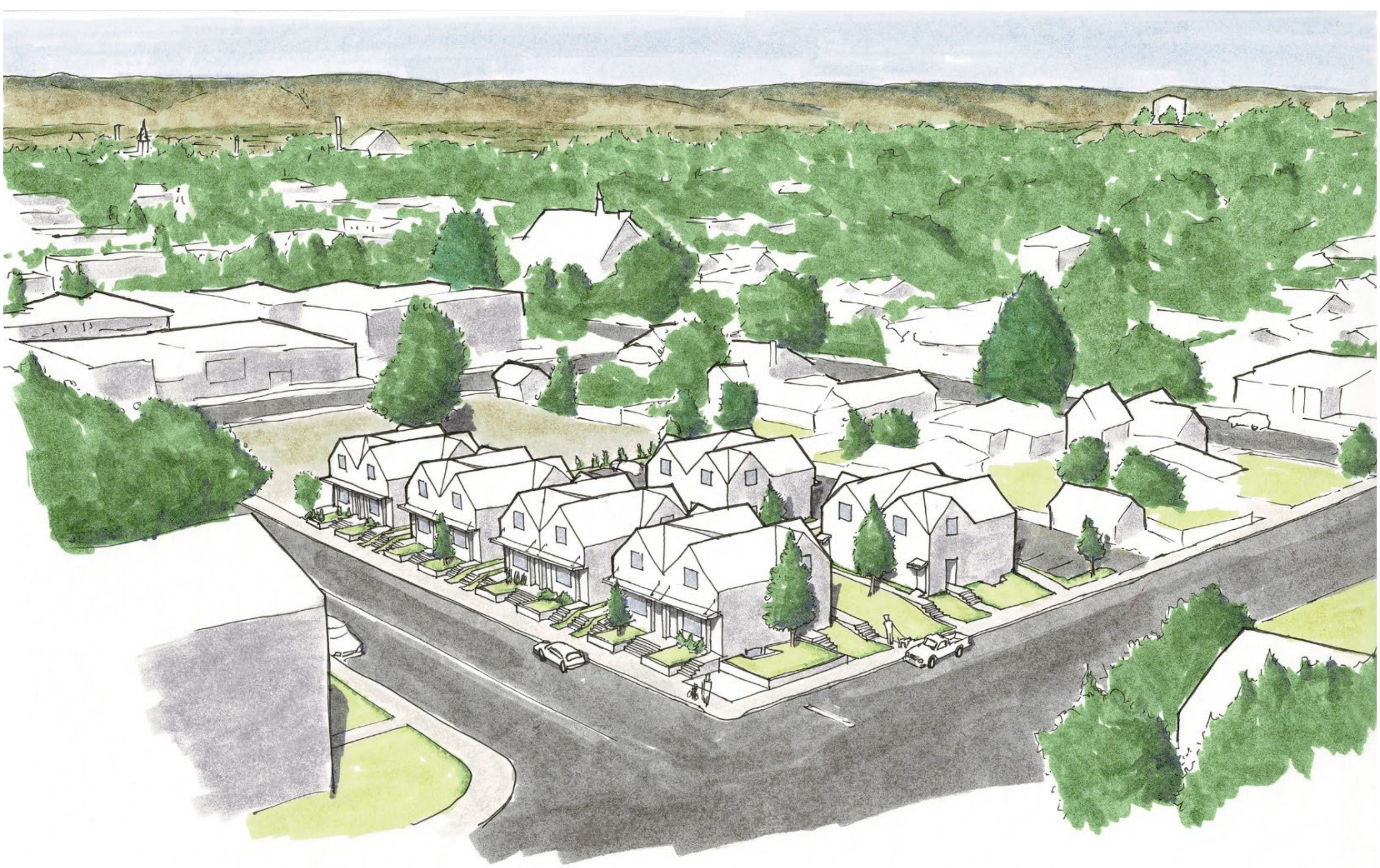
## 8. ATTACHMENTS TO APPLICATION

- ☐ Documentation of site control (not necessary if project proposal is limited to city-owned property)
- ☑ Completed City of Ellensburg Pre-Funding Submittal Meeting Application
- ☐ Documentation to support collaboration
- ☑ Project site/development plan

# HOME EQUITY NOW

## AFFORDABLE HOUSING IN ELLENSBURG

Inversion Design Build 3.29.24



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# PROPOSAL

## THE BIG IDEA

36 Units of new housing that are affordable to households earning 80% of the area median income. 12 home ownership units, 12  1-bedroom apartments and 12 studio apartments. The units will be divided into 12 tri-plex 'stacks' to break up the buildings and complement the existing neighborhood scale.

# WHY THIS IS A GREAT IDEA

**Neighborhood Equity**

When a neighborhood grows and prospers, the people who have an equity stake in that neighborhood do well financially regardless of whether they live there. The people who live there but do not have an equity stake either only benefit tangentially through improved amenities, or more often, get pushed out as rents increase and become unaffordable. We believe that the people who live in a community ought to be the ones who benefit financially when the neighborhood is doing well. By linking equity and physical location, we are creating a positive feedback loop of people who care about their place and look after it's well-being. That's why, instead of proposing a rental-only development, we are selling the buildings to 12 new homeowners.

We build to a very high standard. Inversion Design Build is a DOE Net Zero Energy Ready Home Builder Partner which means all our homes are designed to meet the Energy Star Hopes program, the EPA Indoor airPLUS program. These are voluntary programs that we adhere to as builders to ensure that our homes meet the highest standard of energy efficiency and healthy living.

**Subtle Density**

With 36 units on a half-acre parcel, our proposal is certainly dense. A traditional development would only fit four units in the same area. At the same time, this site is nestled into an existing neighborhood, and we felt that complementing and enhancing the established neighborhood scale would make the units and the neighborhood feel more livable making a smoother transition into the central core. It matters that the places we build for people to live in are places they like being in.

Each unit has direct access to the outdoors with well-proportioned outdoor rooms, porches, and yard areas create a place that is truly attractive and a joy to be in.

**Know your Landlord**

Rather than a single building, we broke the units into 12 separate 'stacks'. Each stack is owned by an owner-occupant with up to two rental units in the same building. Human connections matter, and when your landlord knows you by name and you see them around the neighborhood it is much easier to work through the little things and not be taken advantage of by corporate managers who make decisions about your living situation from miles or even states away. At the same time, we recognize that not all new homeowners are ready to act as landlords on the first day. All rental units will be set up and managed by a third-party management company for the first 12 months. After that, owner occupants may opt out or continue with the current management company, all while building relationships with their renters and neighbors.

**A Bigger Financial Pie for Affordable Housing**

Despite historic investments in affordable housing in Washington State, there are still only a handful of sources that most affordable housing providers use to develop new units. Competition for these funds is intense and the total amount available only covers a fraction of the need in any given community. If we are going to address affordable housing holistically for Ellensburg, we need to grow the pie and find new finance sources that can scale to meet the need. In 2021 mortgage lending in Kittitas County alone totaled $1.97 Billion. In contrast, The Washington State Housing Trust fund, a primary funding source for many affordable housing projects, recently announced an historic investment of $312 million in 2023 for the entire State, of which, Kittitas County received $6.7million, and the Ellensburg received $0. If we are going to address the total need for affordability, if we are going to do it quickly and at scale, then we need to tap into fundings sources that are scaled to meet the need.

Our proposal taps into the private mortgage industry to build affordable units. This gives us three distinct advantages. The first is scale. We know the private mortgage industry can accommodate 12 more units easily and in fact we have dozens of banks and mortgage lenders to choose from. In contrast, public funds are scarce and aggressively sought after by many housing developers. The second is speed. A tradition construction loan and private mortgage lending can typically be underwritten in 3-5 weeks and are accessible year-round. Most public funds are only available once a year and even after funds are awarded, the underwriting and due diligence process takes a minimum of four months and often up to a year or more, and that's only if you are successful on your first application most projects either apply multiple times or wait in a queue for several years before they are awarded funds. If we are awarded this proposal we can start design development immediately and break ground as soon as permits are available, likely still in 2024. The third advantage is regulatory. Most public funds come with strings attached including green building criteria, prevailing wage rate requirements, apprenticeship requirements, as well as overlapping codes like requiring projects to follow both ansi and ufas (accessibility codes). These are all good criteria individually and we truly believe they are well intentioned, but the net result is that all the additional inspections, paperwork, and review processes slow projects down which makes them cost more, but more importantly makes them come online much slower which does not allow them to meet the need on the ground in a timely fashion.

# LINE BY LINE PROPOSAL RESPONSE

In order to simplify the proposal review, we have taken the narrative above and broken it out into a question and answer format that follows the proposal criteria line by line as presented in the RFP. After that we created an additional Q&A section to address some of the questions that came up in our meeting with City staff on March 25 and a few more that we anticipate may come up.

**RFP PAGE 2**

1. *"Applicants are encouraged to meet with City staff" – on March 25 we met with Lily Frey and Jeremy Johnston from the City of Ellensburg. Both were extremely helpful in answering our questions and giving guidance on how to best meet the goals and objectives of this RFP. If awarded, we look forward to working with both of them to bring this proposal into reality*

**RFP PAGE 3**

3. *"Housing on these properties is required to serve households earning 80% or less of Area Median Income" – Site use will be enforced through a restrictive covenant recorded to the property and held by the City of Ellensburg that restricts rental and sale of units to rents and sale prices that are affordable, and that serve households that earn 80% or less of the area median income. Annual reporting through a third- party management company will ensure compliance.*
    a. *Zoning: "Allows duplexes, townhouses, and multifamily residential development up to 60 feet" – Our proposed triplex 'stacks' would be considered multifamily residential per the city zoning and have a maximum height of 30 feet.*
    b. *Parking: "requirements are 0.7 off-street parking spaces per studio, one, or two bedroom unit. In addition, 0.5 off-street bicycle parking spaces per dwelling unit for multifamily dwellings" – with our proposal at 36 units we are required to have 26 parking spaces are proposing 26 spaces. We are also required to have 18 bicycle parking spaces and propose one space per unit for a total of 36 bicycle parking spaces.*
    c. *Setbacks "Side yard Setback – 5-10 feet: rear yard setback – 20 feet" – All proposed setbacks meet requirements. Please see attached site plan*
    d. *Streetscape Requirements*
        i. *Pine Steet is a secondary street; relevant street standards are set forth in ECC 15.510.060.- Proposal meets relevant street standards. See attached site plan*
        ii. *Landscaped frontage standards on secondary streets:*
            1. *10 feet minimum building setback. – All Buildings have a minimum 10' setback. See attached site plan*
            2. *At least one building entry shall be visible from the sidewalk. – All buildings have at least one visible entry from the sidewalk. Please see attached site perspective*

3. *Weather protection at least 3 feet deep shall be provided over all primary entries. – All entries will be covered by at least 3 feet of weather protection. Final design TBD*
4. *Transparent window area shall be provided along at least 15 percent of the façade of the building. – Design Complies. Please see attached renderings*
5. *All areas between the sidewalk and the building shall be landscaped, except for walkways, porches, decks, and other areas that meet the definition of pedestrian-oriented space. – Design Complies. Please see attached site plan.*

iii. *No more than 50 percent of the street frontage can be occupied by off-street parking and driveways. – All parking is accessed through the alley and complies to this requirement. Please see attached site plan*

iv. *First Street is a landscape street with the same streetscape requirements as described in the secondary street section above except a 15-foot minimum setback. – Design for the first street streetscape is landscaped and complies with the 15 foot minimum setback. Please see attached site plan*

e. ***Height: "****The maximum height for a building in the Central Commercial zone is 60 feet." -* The proposed buildings all have a maximum height of 30 feet.

f. ***Open space requirements: "****For multifamily buildings, City Code requires open space at least equal to ten percent of the building living space." - Proposed open space equals roughly 30% of the building living space.*

4. *Considerations*

a. *"If the developer seeks contribution of city-provided affordable housing sales tax funds in addition to property contribution, prevailing wage requirements will apply. Developers will also be required to provide affordability at 60% of Area Median Income." – We are not seeking contribution of affordable housing sales tax funds for this proposal.*

b. *"This property is eligible for the city's multifamily tax exemption (MFTE) if other program requirements are met." – We intend to apply for the City's MFTE program and will comply with all applicable requirements*

7. Eligibility Criteria

**A. ELIGIBILITY REQUIREMENTS**

**Eligible households – city-owned property contribution** 80% AMI or below (see description in subsection B below)

**Eligible applicants –** Inversion Design Build is a Private developer and builder

**Types of projects/activities -** City investment must directly support creation of new affordable housing units – Our proposal creates 36 new affordable housing units

**Compliance with city regulations and consistency with comprehensive plan –** Our proposal complies with City code and the Goals and Policies of the Ellinsburg Comprehensive Plan. Specifically the Goals, Policies and Programs outlined in Chapter 2. For a comprehensive list of the programs supported by this proposal see Addendum A

**Compliance with previous financial awards** – Inversion Design Build does not have any previous financial awards from the City of Ellensburg

**Retention of affordability –"** *Minimum affordability retention of 40 years required for City-owned property contribution."* - Our proposal would retain affordability in perpetuity or a minimum of 40 years whichever is longer.

**B. EIGIBILE HOUSEHOLDS**

Our proposal is intended to comply with all rent and income limits including utility allowances. Please see the attached project Budget proposal and operating pro-forma for details

**8. EVALUATION CRITERIA**

Design Requirements

1. ***Multifamily:*** *Our proposal is multifamily and high density residential while also creating ample adjacent outdoor space*
2. ***Parking Plan :*** *Our parking plan meets minimum requirements by the city of 0.7 parking spaces per unit with 26 parking spaces for 36 units*

**Staff Review**

3. ***Demonstration of financial means to execute the proposal****: Our team has the capacity and access to execute this proposal immediately. We have demonstrated our ability to execute through the Rose Door Homes development in Yakima which uses the same financing structure and because units will be sold as ownership units, sale financing will be accessed through the buyers using the private mortgage industry and is not dependent on future grant applications.*
4. ***A Reasonable Timeline for Completion:*** *(please see attached project timeline for details) Phase I could begin construction as soon as permits are secured, which is projected for fall 2024 with a 6 month build schedule. Phase II is scheduled to begin immediately after with a 12 month build schedule. First units would be leased up and occupied Summer of 2025 and the projected completion date for all units and phases is Spring 2026.*

**Preferred Features**

5. ***Accesible Units –*** *All ground floor units will be completely ADA accessible and site design will follow universal design principles, specifically focused on creating positive*

*sensory experiences and an environment that supports the real and perceived safe places through trauma informed design.*

6. ***Proposals that maximize density** – 36 units on a half-acre is a dense development. It is possible to have more density, but it would significantly impact the site's open space and livability as well as its ability to moderate the scale transition between residential neighborhoods to the South and East. And the downtown to the North. We are proud that our proposal delivers on density while optimizing for livability.*
7. ***Proposals that maximize affordability timeline commitments –** Our proposal moves fast. We plan to be moving dirt this year which is much quicker than is normal for affordable housing developments. The timeline is designed to scale to meet the need for affordable housing and we hope to use the finance and delivery model as a precedent for future sites.*
8. ***Proposals that account for livability –** Livability was top of mind as we created our proposal and we hope it shows. Giving all units direct access to the outside, allowing light on three sides of each unit, creating positive connections to the street front and central outdoor space. Committing to Energy Star, Net Zero Energy Ready and Indoor airPLUS all contribute to homes that are filled with natural light and healthy materials.*

# ADDITIONAL QUESTIONS AND ANSWERS:

**Q : How would you envision encumbering the site for the affordability commitment?**

A: There are a number of ways to do this given our proposal. Our preferred method would be to record a covenant to the title that could be carried and enforced by the City of Ellensburg that commits all rental units to serve households with incomes at or below 80% of the Area Median Income as reported annually by HUD, and to commit all unit sales to buyers with incomes at or below 80% of area median income. The details will need to be negotiated with the City prior to signing contracts and based on our communications thus far we are confident we can agree on language that will preserve the City's affordability interest in the property.

**Q: How would homeownership work? Would the units be condominiums? Or would the site need to be subdivided?**

A: We would follow the same template that we used with our Rose Door Homes development (see attached reference work) where owners would own the dirt under and around their unit, they would own their roof, and everything in-between. The site would remain a single parcel, but each unit would be recorded to the title through a declaration of condominium and common areas would be managed the a Home Owners Association. We have found that ownership units that encompass the entire building and the land under it are much easier to underwrite and finance.

**Q: Do you have any experience with this type of hybrid funding and ownership arrangement?**

A: Yes, our Rose Door Homes follows a very similar template and we plan to develop more properties of this type.

**Q: Who would be the contractor?**

A: As an architect led design/build firm Inversion Design/Build is both a licensed architecture firm and we are a general contractor through our partner organization, Inversion Construction. This is the model we used for Rose Door Homes and is integral to our ability to design and build high quality homes quickly.

# TEAM

## ABOUT INVERSION DESIGN BUILD

Inversion Design Build is a Social Purpose Corporation which means we are a for-profit business, but we are organized around a common mission which for us, is to afford anyone the chance to own a home.

**BRINING HOME OWNERSHIP WITHIN REACH**

Everyone deserves an equity stake in their community. That's why at Inversion Design Build we create homes that you can afford right now and will be around for many generations to come.

Inversion is an architect-led design/build firm based in Yakima, Washington. We specialize in sustainable, resilient and affordable homes. We work with homeowners and local organizations to build "missing middle" houses that weave themselves into their natural surroundings and historic context.

**A HOME IS A LAYER CAKE OF EQUITY.**

Financial equity

Social equity

Environmental equity

Neighborhood equity

When residents of a neighborhood own their home, they have a financial stake in the wellbeing of their neighborhood and see real dividends when it prospers. We believe neighborhoods work best when the people who live there benefit financially as well as socially when the community develops.

OUR MISSION IS TO AFFORD ANYONE THE CHANCE TO OWN A HOME

**-INVERSION DESIGN BUILD MISSION STATEMENT**

# TEAM MEMBERS

**NATHAN POEL**

Nathan founded Inversion Design Build in 2021 with a vision that there was a better way to build affordable housing in our communities. Nathan has been designing and developing mult-family homes in Washington State for twelve years.

Nathan is a LEED Accredited Professional and a licensed Architect in Washington State.

**JORDAN LOWE**

Jordan was employee number one when Inversion started. He has enjoyed professional growth (received his architecture license in the first year!) but is energized by the mission and the chance to make positive change in his community. Jordan and his family settled in Ellensburg with their two boys and live two blocks away from 1st Avenue and Pine Street

**ALEX JAMES**

Alex is a master carpenter and comes to Inversion with 30 years of experience. With a record of success that led to great proficiency and an established record of safe jobsite practices. He has a proven history of on-time, on-budget and high-quality project completions. With strong interpersonal skills, he is adept at working with architects, designers, laborers, engineers, and stakeholders of varying backgrounds.

**BARBARA CLINE**

Barbara's professional practice celebrates the dance between art and science. Her hands-on style of integrating the project team generates projects of all types and sizes whose outcomes are appropriate to project goals, budget, and schedule parameters. Her professional leadership specifically targets detailed pre-project planning; programming; design identification; code and compliance reviews; interior design; and documentation of these critical steps of project implementation. Barbara's direct experience with housing has been augmented by 35 years as an architect and owner working directly with contractors and subcontractors to build and remodel houses and buildings.

Barbara is a licensed Architect in Washington State.

# EXPERIENCE

**COTTAGE HILL PLACE**
Yakima, Washington | In Progress

Developed with Justice Housing Yakima Trauma informed design approach for Permanent Supportive Housing.

Establishing a multifamily development consisting of 17 dwelling units in two buildings and an amenity building.

7,500 square feet | Contract Amount $220,000

---

**PATHWAYS**
Ellensburg, Washington | In Progress

Developed with Hopesource

Conversion of a 2-bedroom motel building into 16 one bedroom apartments plus one manager unit.

10,600 square feet | Contracted Amount $86,000

---

**ROSE DOOR HOMES**
Yakima, Washington | In Progress

5 new net-zero energy ready homes designed for first time home owners to have an equity stake in their homes.

4,900 square feet | Contract Amount $220,000

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# TL;DR

## EQUITY IN YOUR PLACE

- *Leverage the private mortgage industry to build more affordable housing and leave public grants open for non-profits*
- *Move fast, break ground in 2024*
- *Build 36 new units*
    - *12 new homeowner “stacks”*
    - *24 new rental units*
- *Allow more residents to have an equity stake in their homes and neighborhoods*
- *Leverage rents to create more affordability locally*
- *Scale the design to fit the neighborhood*
- *All units designed to meet DOE Net Zero Energy Ready program*
- *all affordable at 80% of area median income*
- *12 accessible one-bedroom units*
- *12 ‘convertible’ 1 bedroom lower units*
- *12 studio loft units*

# ADDENDA

| | TITLE |
|---|---|
| | COMPREHENSIVE PLAN SUPPORT FOR GOALS, POLICIES, AND PROGRAMS |
| | SITE PLAN |
| | STACK DIAGRAM |
| | BIRDS EYE PERSPECTIVE |
| | CONSTRUCTION BUDGET |
| | HOMEBUYER BUDGET |

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# ADDENDUM A

## COMPREHENSIVE PLAN SUPPORT FOR GOALS, POLICIES, AND PROGRAMS

This is a list of the goals, policies, and programs, directly supported by our proposal as listed in Chapter 2 of the Ellensburg Comprehensive Plan.

**Goal H-1: Preserve, protect, and strengthen the vitality and stability of existing neighborhoods.**

Policy A

Program 1 - Integrate new development, with consideration to design and scale that complements existing neighborhoods, and provides effective transitions between different uses and intensities.

Program 2 - Encourage infill development on vacant and underused sites.

Policy C - Protect and connect residential neighborhoods so they retain identity and character and provide amenities that enhance quality of life.

Program 1 - Encourage housing opportunities in mixed residential/commercial settings throughout the city.

Program 2 - Provide increased residential density and improve infrastructure along arterials and transit routes through redevelopment and retrofitting, such as sidewalks and stormwater treatment.

Program 3 - Assure that site, landscaping, building, and design regulations create effective transitions between different land uses and densities.

Policy D - Promote sense of place in neighborhoods.

Program 1 - Promote high quality design that is compatible with the overall style and character of established neighborhoods.

Program 3 - Encourage the use of long-lived, low-maintenance building materials; high efficiency energy systems; and low impact development techniques that reduce housing life-cycle costs and provide better environmental performance.

Program 4 - Foster innovative housing and mixtures of housing types that preserve natural resources and consolidate open space.

**Goal H-2: Allow and encourage and accommodate a variety of housing types and densities to meet housing needs of all economic segments of the community.**

Policy B - Encourage residential development in commercial and mixed use zones, especially those within proximity to transit.

Program 1 - Expand the Multifamily Tax Exemption program beyond the downtown area to encourage multifamily housing in other areas where it is needed.

Policy D - Create and preserve ADA accessible and affordable housing opportunities locally and with a regional perspective.

Program 1 - Promote working partnerships with public, private, non-profit groups, and developers to plan and develop a range of housing choices.

**Goal H-3: Encourage and support a variety of housing opportunities for older adults and people with disabilities.**

Policy A - Collaborate with other jurisdictions, organizations, and private developers to meet special housing needs that address a broad spectrum of solutions.

Program 1 - Promote accessible and affordable housing in areas that are close to services and the rest of the community.

Program 2 - Coordinate with local organizations and agencies to provide sufficient and affordable home maintenance and support services.

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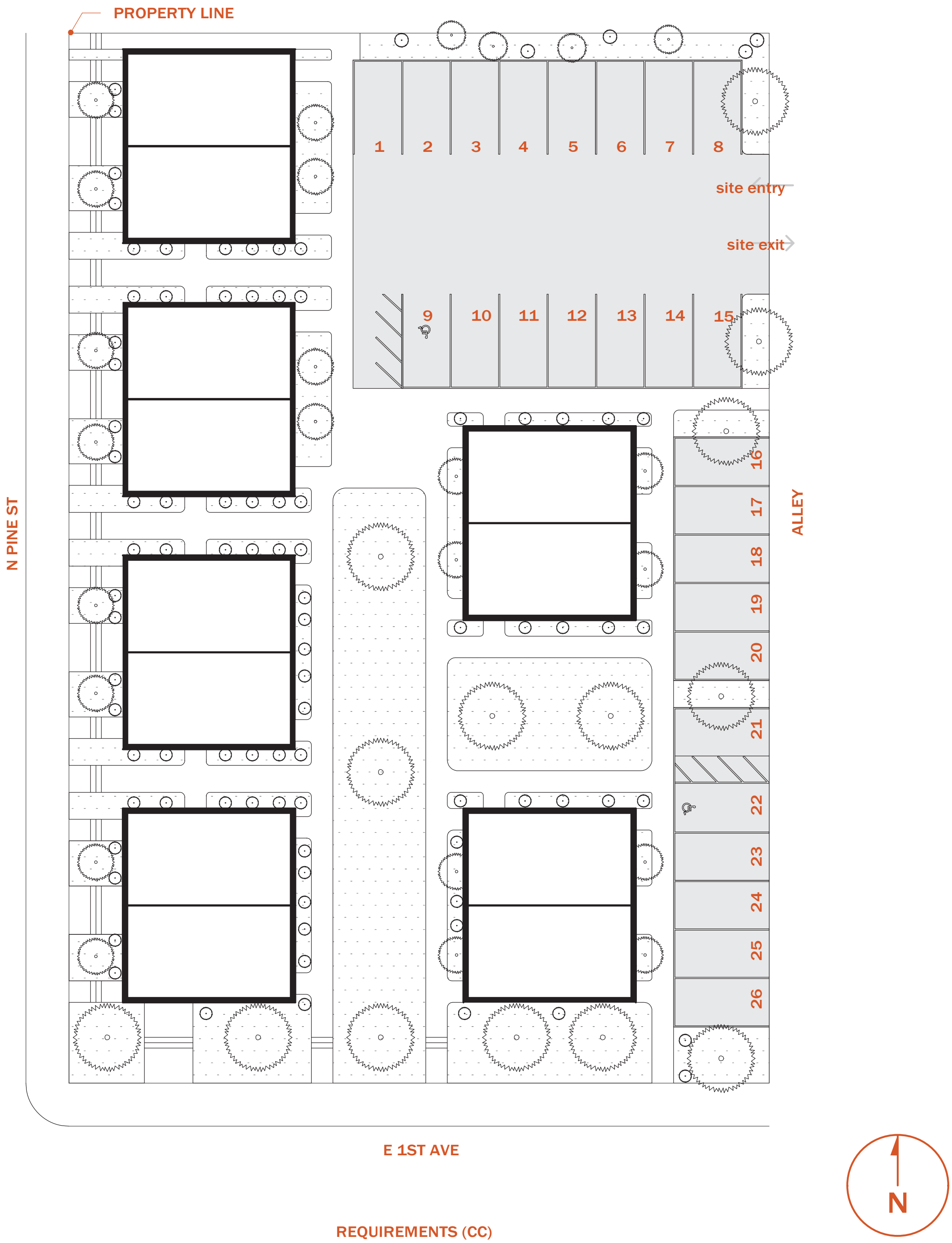


REQUIREMENTS (CC)

-0.7 spaces per dwelling units
-36 units for 26 parking spaces

-0.5 off-street bicycle parking spaces per dwelling unit
-18 bicycle parking spaces for 36 units

-10% of building sqft for open space (not including corridors, lobbies, ect.) no dimension less than 15' in width

PARKING REQUIREMENTS

-all parking spaces shall be within 50' of a planting island w/tree
-one tree required per island

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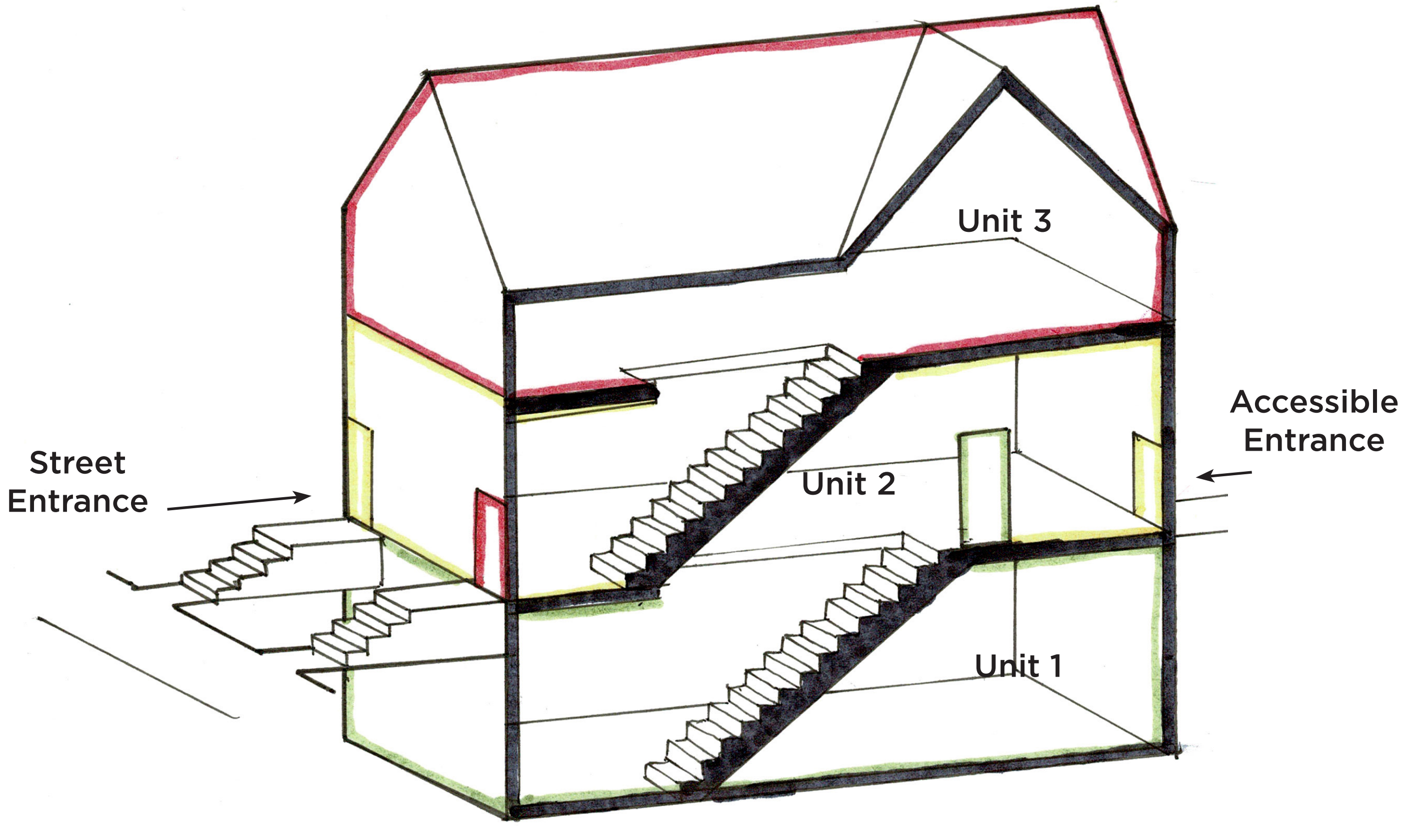


Stack Diagram

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## EXHIBIT: SOURCES AND USES

Projected Development Costs (Both Phases)

| | | |
|---|---|---|
| **Projects Costs** | | |
| Site Acquisition Cost | $24,373 | a |
| Construction Hard Costs | $3,578,232 | |
| Construction Contingency | $328,400 | |
| Project Soft Costs | $750,537 | |
| **Total Project Cost** | **$4,681,542** | |

| | | |
|---|---|---|
| **Contributions** | | |
| Equity Contribution | $1,191,542 | |
| City of Ellensburg Land | $250,000 | b |
| Construction Loan | $3,490,000 | |
| **Total Contributions** | **$4,931,542** | |

| | SF per unit | Number | Total Square Feet |
|---|---|---|---|
| Level 1 ADA Accessible 1-2 Bed | 650 | 12 | 7,800 |
| Level 2 Studio | 450 | 12 | 5,400 |
| Level Ground 1 Bed | 600 | 12 | 7,200 |
| Total | | 36 | 20,400 |

a includes appraisal, survey, phase I environmental and legal

b estimated value. Final value to be assesed through appraisal

## EXHIBIT: EXAMPLE BUYER BUDGET

| | | | | |
|---|---|---|---|---|
| 2 Person Household | 100% | | | 97300 |
| at 80% AMI | **80%** | | **Income:** | **$57,600** |
| | | $ | 28.80 | hour |
| | | | 2000 | hours/year |
| | | $ | 57,600 | Year |
| | 30% | $ | 17,280 | Can pay Towards PITI |

| | | | |
|---|---|---|---|
| Income Towards Rent | $ 1,440.00 | /month | |
| Rent From 1br | $ 1,350.00 | | |
| Rent From Studio | $ 1,260.00 | | |
| Less Vacancy | $ (652.50) | | 25% |
| Less HOA Fee | $ (52.20) | | |
| Less Prop Management Fee | $ (156.60) | | |
| Less Utility Allowance | $ (212.00) | | |
| | $ 2,976.70 | | |

| Mortgage | | |
|---|---|---|
| Rate | 7.00% | |
| NPER | 360 | |
| PI | $1,190.00 | |
| Taxes | $ 1,500 | (annual) |
| Insurance | $ 1,500 | (annual) |
| PITI | $ 1,440.00 | Monthly |

Affordable Mortage Payment
**$447,421**
Home Sale Price
**$447,200**

*Down payment assistance available through seller for income qualified buyers. Subject to approval by mortgage lender.

**Inversion Design Build - RFP Follow Ups**

The following questions are were sent by Community Development to the applicant. **Responses are provided by the applicant.**

Schedule:

1. What is the Phase I/II breakdown? How would they manage construction alongside habitation on the limited-size parcel? **The Phase I scope would have a minimum of the first six units or two stacks (this is the most likely scenario) but could include all 36 units depending on the number of buyers that express interest prior to construction start. Phase 2 would include the remainder of the total 36 units. The intention here is to move as quickly as possible to build and fit out at least one unit to show interested buyers. From our experience, having a show unit is especially important for price sensitive buyers and staggering the build into two phases is the fastest way to ensure we sell and/or lease all units as quickly as possible.**

2. Are all of the dates in the proposed schedule limited to phase I? **That is correct. It was all that we were able to fit in the given form. We can make a schedule addendum or supplemental showing all phases if that is acceptable.**

Design:

3. What are outdoor rooms? (proposal page 3) Where would they be located on the site? **Outdoor rooms include porches, patios, balconies, decks, and well-defined yard space that acts as a discreet and defensible outdoor space. Final designs will take more effort but we attached a diagram to illustrate the concept further. Outdoor rooms play several essential and overlapping functions. They act as a semi-private 'buffer' between the public right of way and a private residence, they allow neighborly connection and conversation while still maintaining clear social boundaries, they allow personalization of the expression of a home to the neighborhood and allow residents to enjoy being outdoors while still being at home. They are also a fraction of the cost of indoor living space so while they do not replace living rooms or bedrooms, they can greatly increase the livability of a home without much added cost. Finally, if done well, outdoor rooms can expand the feel of the indoor spaces through strategic use of windows and sightlines so the home itself feels bigger and more accommodating than the square footage would suggest.**
4. Where would porches be located on the buildings? **See above and the updated diagram attached.** [Note: diagram follows]
5. The proposal indicates 12 ADA-accessible units and rendering shows stairs from street to internal courtyard/second floor entrances. How are you envisioning managing the currently level site to provide ADA access to second floor units? **The site has a slight step-up from Pine street and the steps in our renderings were meant to reflect our strategy to navigate that grade. All ground floor units (second one up in our diagram) would be cited to be at grade off the central courtyard to ensure accessibility.**
6. How would ground floor or basement units be accessed? How would third floor units be accessed? **We updated our unit diagram (attached) to reflect how access to each unit would be achieved. Please keep in mind these are schematic concepts and will likely shift**

**as we resolve floor plans and outdoor space for each unit.** [Note: revised diagram provided earlier in packet]

7. Are you budgeting/planning for sprinklers throughout the buildings? **Our current strategy allows for an un-sprinklered building however that may not be cost effective given the added fire separation requirements. Our final strategy will be decided during design development after we can conduct a more thorough cost/benefit analysis.**

Budget and Financing:

8. How would changes related to items 1, 2 and 5 above affect project feasibility? **The project is feasible including all adjustments suggested from 1,2, and 5. Please see the attached updated budget.** [Note: these questions and responses are reflected in the updated budget in the packet]
9. How have you estimated hard and soft costs for the project? **Hard and soft costs are based on past project data from our most recent bids at Rose Door Homes and Cottage Hill Place.**
10. Where are you in the process of identifying/securing additional funding? **We have made our current lenders aware that we are submitting a proposal but will not pursue additional funding until and award is announced.**
11. Rents from non-ownership units are calculated based on the maximum affordability at 80% AMI. What reviews have you done to substantiate the demand for rental units at this price point and location? **We have gathered market data from the City of Ellensburg as well as the U of Washington Runstad Center for Real Estate. We have not conducted a formal market study.**
12. The rental amount is also the maximum inclusive of utility allowances for renters; how is the utility allowance in the example budget calculated? Does it include all costs for all three units? **Allowances were calculated based on the Yakima Housing Authority utility allowances. Given the level of air tightness and energy efficiency it may be more cost effective to include utilities in the cost of rent and not pass them on to residents.**
13. Have you gathered information about demand for a three-unit rental property in this sale price range in Ellensburg? What would happen to the project if you did not identify income-qualified buyers? (By way of example, it would be interesting to hear how many qualified buyers you have identified for the Rose Door Homes project.) **We have not but can certainly have that information available at the interview with the affordable housing committee.**
14. If you have incorporated any learning from your feasibility assessment from the Catherine property ownership design proposal, we would be interested to hear how your model has developed. **I am not sure which project you are referring to. Was this the property we applied for alongside Habitat for Humanity two years ago? We do have several learnings from our work both with Rose Door Homes as well as the Live/Work development we have in process for Downtown Yakima and can share what we have from those developments with the affordable housing committee.**

Visual of outdoor rooms