



March 17, 2023

Susan Boyd
Chief Executive Officer
Bellwether Housing
433 Minor Ave N
Seattle, WA 98109

Dear Ms. Boyd,

I am pleased to inform you that the Office of Housing has approved Bellwether Greenwood project, located at 8601 Block Fremont Ave N for conditional funding **up to \$7,000,000** for a loan for the development of your project. This amount is subject to change based on final project costs. If there are decreases in development costs or increases in other projected sources such as tax credit equity, OH and other public funders explicitly reserve the right to decrease the final subsidy award to the minimum level needed.

The projected sources of OH capital funding are Levy and other local funds.*

This letter will serve as an award of funds, subject to:

1. the conditions outlined below;
2. approval of the final Project development budget;
3. the 2016 Housing Levy Administrative and Financial Plan;
4. the NOFA (Notice of Funding Availability) dated July 2022;
5. the income and affordability levels in the attached Multi-Family Lending Term Sheet; and
6. additional OH requirements as requested prior to closing.

This letter does not cover all federal, state and local requirements, or all the terms that will be included in loan documents including legal rights and obligations.

Please read this letter carefully and return a signed copy of the Acknowledgement at the bottom to your OH Project Manager, Olin Johansen.

**Sources are subject to change.*

FUNDING CONDITIONS

The City's reservation of funds is based upon representations made in your NOFA application. Changes to those representations must be reported as specified in Section II: Reporting, and approved by OH in writing. Unreported changes may result in a delay of closing and/or a loss of City funding. These requirements are designed to ensure productive communication between the Borrower and the City regarding Project status prior to closing. You are encouraged to visit <http://www.seattle.gov/housing/housing-developers/rental-housing-program> for further information on the City's funding process.

I. Timeline and Budget

A. Timeline

Disbursement of City loan funds is conditioned upon the Borrower meeting the development timeline below.

<u>Task</u>	<u>Completion Date</u>
• All other Project financing secured	06/01/2024
• First written report to OH due	30 days from date of this letter
• Building permit issued	11/30/2024
• Construction started	12/31/2024

B. Development Budget Sources

<u>Source</u>	<u>Amount</u>
City of Seattle Office of Housing	\$7,000,000
Tax Exempt Bonds	\$6,423,885
4% LIHTC Equity (proposed)	\$12,479,210
Deferred Developer Fee (proposed)	\$1,428,228
King County	\$250,000
Total	\$28,541,773

C. Operating and Services Budget

Total Annual Operating Expenses	\$420,251 <i>proposed in year 1</i>
Annual Per-unit Operating Expenses	\$7,246
Total Annual Service Expenses	N/A
Annual Per Unit Service Expenses	N/A
Annual Replacement Reserve deposit	\$350 per unit with 3% inflation factor
Annual Operating Reserve requirement	N/A

II. Reporting Requirements

A. Budget Updates

Borrower shall submit the most current version of the development budget and operating pro forma to the Office of Housing, King County, and Washington State at each of the following milestones. Each submission shall be clearly dated and provide a narrative explanation of changes.

1. Thirty days after Borrower's receipt of this letter.
2. At the time of any application to a potential Project funder for capital, equity, operating or rental assistance, and/or service funds.
3. Each time there is a proposed change to the development budget or operating budget of more than 1%.
4. No less than quarterly, and upon OH request.

B. Status Reports

Borrower shall submit an email status report when changes to the Project cause the proposal to differ from the NOFA application or previous Status Reports. Reports must explain any problems or needed modifications, and propose a plan for addressing them. Items in the status reports include the following:

- Status of architectural and engineering work including explanation of any pending or proposed modification to the design submitted in the NOFA application
- Status of Master Use Permit and Building Permit
- Status of relocation activities, if applicable
- Status of ongoing neighborhood notification activities and good neighbor activities
- Progress in meeting the Project Timeline
- Copies of all documents relevant to the amount and conditions of this award
- Status of environmental review, including copies of SEPA/NEPA determination of non-significance. City funding is contingent upon this determination
- The final Closing Schedule, when available
- The Tenant Rent-Up Plan, if applicable
- A draft RFP which includes the OH Term Sheet soliciting investors as well as LOI's received from potential investors
- All documents related to the limited partnership or limited liability corporation formed for the purpose of raising equity funds through the sale of federal low-income housing tax credits, including a draft limited partnership or limited liability corporation agreement
- A detailed syndication pro forma from the tax credit investor showing all financial sources and uses, shall include the schedule of tax benefits, tax credits and other deductions, as well as a schedule of equity pay-ins

C. Pre-Closing Report

Upon receipt of general contractor bids and not less than 10 days prior to closing, Borrower must submit the following to OH. At that time OH will make a determination of the final loan amount.

1. A summary of contractor bids noting the winner and an explanation of the selection
2. The final Project development budget
3. The most current operating pro forma
4. The unexecuted construction contract with all exhibits

D. Construction Schedule and Subcontractor Bid Summary

Upon closing, the developer shall submit the construction schedule showing the expected start dates of each trade and a summary of all completed subcontractor bids and selections.

III. Bidding and Contracting Requirements

Borrower shall submit proposed competitive selection processes, contract type and project delivery method as soon as possible and not less than 15 business days prior to commencing a solicitation process and receive OH approval prior to implementation.

A. General Contractor Selection

Borrower must competitively select the Project's general contractor, third party construction management services, and subcontractors. If your project is receiving federal funding Borrower shall comply with Section 3 hiring and contracting practices for both construction and non-construction activities. OH, at its discretion, may waive the requirement to competitively select the general contractor provided Borrower can provide sufficient information that a competitive construction price will be achieved with the selected contractor. If a selected general contractor is not able meet the approved construction budget OH may require a new bidding process prior to the OH loan closing.

B. Subcontractor Selection

Borrower must require the general contractor to solicit a minimum of three subcontractors for competitive bids/proposals for each subcontract over \$25,000. Subcontracts shall be awarded based on the lowest responsive and responsible bid.

C. Contracting Practices

Borrower must comply with the City's Fair Contracting Practices ordinance. Borrower and its general contractors shall be encouraged to take actions, consistent with the ordinance that would increase opportunities for women and minority business enterprises (WMBEs). A combined WMBE voluntary goal of 14% of the total construction and other contracted services contracts shall apply to this Project. Borrower shall report periodically on WMBE contracting outcomes. If project funding includes federal funds, Borrower shall comply with Section 3 hiring and contracting practices regarding economic opportunities for low-income persons (24 CFR 135).

D. Wages

Borrower shall require all general contractors and subcontractors to adhere to current OH policies. As of December 2018, this policy requires contractors to pay, at a minimum, State Residential Prevailing Wages for all residential construction activities on the Project. Borrower and its contractors are required to follow the City of Seattle Office of Housing Residential Prevailing Wage Rate policy attached.

IV. Other Requirements and Conditions

A. Community Relations Plan

Borrower shall finalize the draft Community Relations Plan (dated August 2018). Borrower shall implement the Plan throughout the development and operation of the Project. Borrower shall keep OH informed of the status of community relations, and, in particular, of any issues or concerns raised by neighbors or community organizations.

B. Evergreen Sustainable Development Standard

Borrower shall ensure that development meets the Evergreen Sustainable Development Standard.

C. Federal Requirements

If project funding includes federal funds, Borrower shall comply with all applicable federal laws and regulations including but not limited to: NEPA review requirements, federal Displacement, Relocation and Acquisition requirements, Davis Bacon prevailing wage requirements, and Section 3 compliance and reporting.

D. Term Sheet

Please review the attached Multi-Family Lending Term Sheet. OH requires that this term sheet be included in any solicitation for project financing including Requests for Proposals to LIHTC investors and private lenders. Borrower shall provide final drafts of LIHTC investor Letters of Interest (LOI's) prior to execution for OH review.

Your OH Project Manager during the development of Bellwether Greenwood is Olin Johansen. If you have questions regarding any of the enclosed materials, please contact Olin at (206) 386-4370 or olin.johansen@seattle.gov.

Sincerely,



Maiko Winkler-Chin
Office of Housing Director

Enc: Multi-Family Lending Term Sheet
OH Residential Prevailing Wage Policy

Acknowledgement of Funding Conditions

I, Susan Boyd, Chief Executive Officer of Bellwether Housing, acknowledge that I have read and understand the above funding conditions.

ORIGINAL SIGNATURE OF AUTHORIZED OFFICIAL

Signature: 
Susan Boyd (Jun 26, 2023 10:41 PDT)

Title: Chief Executive Officer

Name: Susan Boyd

Date: 4/28/2023

Organization: Bellwether Housing

Bellwether Greenwood Reservation Letter






3.17.2023

Final Audit Report

2023-06-26

Created:	2023-06-26
By:	Nicholas Maue (nmaue@bellwetherhousing.org)
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