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

City Council Special & Regular Meeting
ON-SITE
MONDAY, MARCH 24, 2025 - 6:00 PM

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

ZOOM LINK: https://kenmorewa-gov.zoom.us/j/86042768696

ZOOM PASSWORD: 032425

Or One tap Mobile: US: +12532050468,,86042768696#

Or Telephone Dial US: +1 253 205 0468

Webinar ID: 860 4276 8696

ZOOM PASSWORD: 032425

SIGN UP FOR VIRTUAL PUBLIC COMMENT HERE: www.kenmorewa.gov/virtualpubliccomment

Technical Difficulties? Contact the Deputy City Clerk at mkang@kenmorewa.gov.

Listen to the Clerks' Podcast Episode: What to Expect at City Council Meetings

Land Acknowledgement to Honor First Peoples

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

I. CALL SPECIAL MEETING TO ORDER - 6:00 PM

II. EXECUTIVE SESSION

A. Confidential Session of the Council - Pursuant to RCW 42.30.110(1)(c) and (i), the City Council will now enter an executive session to 1) consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price; however, final action selling or leasing public property shall be taken in a meeting open to the public; and 2) discuss potential litigation. This executive session is slated to last approximately 60 minutes until 7:00 PM.

III. POSSIBLE ACTION RELATING TO EXECUTIVE SESSION

IV. ADJOURN SPECIAL MEETING

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

VI. ROLL CALL

VII. LAND ACKNOWLEDGEMENT

VIII. FLAG SALUTE

IX. AGENDA APPROVAL

X. PROCLAMATIONS

A. Sexual Assault Awareness Month - April 2025
Sexual Assault Awareness Month - April 2025

B. Child Abuse Prevention Month - April 2025
Child Abuse Prevention Month - April 2025

XI. WHERE'S THE FUN?

XII. PUBLIC COMMENTS

Welcome to the Council's meeting. Please address your comments to the Mayor and Council. You'll have three minutes to speak. If there are more than 20 speakers, time will be reduced to two minutes per speaker. The Clerk will call your name when it's your turn. The Presiding Officer may choose to alternate between in-person and online comments. Please state your name and city of residence and keep within the allotted time. To make every person feel welcome and safe here, please refrain from booing, clapping, heckling, yelling, or other interruptions. The meeting is recorded for transparency. Thank you for being here, and for sharing your input respectfully.

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

XIII. CONSENT AGENDA

A. Approve the City Council Special and Regular Meeting Minutes of Monday, February 24, 2025.
City Council Special and Regular Meeting Minutes from Monday, February 24, 2025

B. Approve the City Council Special Meeting Minutes of Monday, March 3, 2025.
City Council Special Meeting Minutes from Monday, March 3, 2025

XIV. PRESENTATIONS

A. North Urban Human Services Alliance (NUHSA) Awards, presented by NUHSA Senior Manager Sarah Arndt

B. Kenmore Senior Women's Shelter Update, presented by Lake City Partners Executive Director William Towey

XV. BUSINESS AGENDA

A. Resolution No. 25-427 Disposition of Surplus Property located at 7010 NE 181st Street, Kenmore, Washington and the Purchase and Sale Agreement between the City of Kenmore and Imagine Housing for the city-owned property at 7010 NE 181st Street, presented by Assistant City Manager/Community Development Director Debbie Bent, Housing and Human Services Manager Tambi Cork, and The Approach at Kenmore project team, *for adoption and approval*

Agenda Bill - Disposition of Surplus Property and Purchase and Sale Agreement (updated 3/18)
Attachment 1 - Letter of Intent
Attachment 2 - Proposed Resolution No. 25-427
Attachment 3 - Purchase and Sale Agreement (updated 3/18)
Attachment 4 - Presentation (added 3/21)

B. Shelter, Transitional Housing, Emergency Housing, and Permanent Supportive Housing (STEP Housing) Advisory Committee Applicant Interview Selection, presented by Assistant City Manager/Community Development Director Debbie Bent, *for discussion and approval*
Agenda Bill - STEP Housing Advisory Committee Applicant Interview Selection
Attachment 1 - Letters of Interest (added 3/18)
Attachment 2 - STEP Housing Advisory Committee Charter

XVI. STAFF REPORTS

A. Business Registration Update, presented by Community & Business Engagement Coordinator Nicole Suarez and Administrative Specialist/Public Records Officer Teresa McAllister
Presentation - Business Registration Update (added 3/21)

B. Other - Interim City Manager Stephanie Lucash

XVII. COUNCILMEMBER REPORTS & COMMENTS

XVIII. ADJOURNMENT

UPCOMING MEETINGS

A. Monday, April 14, 2025 at 7:00 PM - City Council Regular MeetingMonday, April 21, 2025 at 7:00 PM - City Council Regular Meeting

NOTICE OF POTENTIAL QUORUMS

Click here for information about Potential Quorums of the City Council, including the Bothell Kenmore Chamber of Commerce State of the City Event. Now found on the City website under City Council Meetings.

City of Kenmore, Washington
Proclamation

WHEREAS, sexual assault is a pervasive and deeply troubling widespread issue affecting individuals of all ages, genders, and backgrounds; and

WHEREAS, trauma inflicted by sexual violence extends far beyond immediate physical harm, often resulting in long-term emotional and psychological consequences for survivors and their loved ones; and

WHEREAS, individual and community impacts of sexual violence are rooted in and compounded by racism, sexism, heterosexism, and other forms of oppression. Black, Indigenous and other people of color, people living in poverty, LGBTQ+ people, elders, people with disabilities, and other people targeted by oppression are disproportionately affected by sexual violence in significant and complex ways; and

WHEREAS, the goal of Sexual Assault Awareness Month is to raise public awareness about sexual violence and educate communities on how to prevent it, as well as an opportunity to honor the resiliency and healing of survivors; and

WHEREAS, Sexual Assault Awareness Month presents a reminder for us all to come together as a community to confront this issue, challenge harmful attitudes and behaviors, and foster a culture of respect, consent, and equality; and

WHEREAS, working together as a community, we can help alleviate the trauma of sexual violence by ensuring supportive resources are available to all survivors, while standing up to and actively disrupting harmful attitudes and behaviors that contribute to sexual violence.

NOW THEREFORE, I, Nigel Herbig, Mayor of the City of Kenmore, on behalf of the City Council, join advocates and communities through King County and Washington State in taking action to prevent sexual violence by standing with survivors and proclaiming **April 2025** as **Sexual Assault Awareness Month**. Together, we commit to a safer future for every person in our community.

IN WITNESS WHEREOF, signed this 24th day of March 2025.

Signed: ___________________________ Attested: ______________________________
Nigel Herbig, Mayor Anastasiya Warhol, City Clerk

City of Kenmore, Washington
Proclamation

WHEREAS, all children deserve to grow up in a safe and nurturing environment to ensure they reach their full potential and become confident, successful adults; and

WHEREAS, our children are our most valuable resource and will shape the future of Kenmore and beyond; and

WHEREAS, child abuse and neglect continue to be significant issues affecting families and communities where the consequences of child abuse extend far beyond childhood, often leading to long-term physical, emotional, and psychological harm that can persist into adulthood; and

WHEREAS, it is everyone's collective responsibility to protect the well-being of our children, provide support for families in crisis, and empower communities to prevent and address child maltreatment; and

WHEREAS, Child Abuse Prevention Month serves as a reminder of the importance of coming together as a community to raise awareness, promote prevention strategies, and support survivors of abuse and neglect; and

WHEREAS, by fostering strong partnerships among families, educators, healthcare providers, law enforcement, and community organizations, we can create safer environments where children can thrive and reach their full potential.

NOW THEREFORE, I, Nigel Herbig, Mayor of the City of Kenmore, on behalf of the City Council, do hereby proclaim **April 2025** to be **Child Abuse Prevention Month** throughout the City of Kenmore, and call upon all residents to join in efforts to build a brighter future for our children.

IN WITNESS WHEREOF, signed this 24th day of March 2025.

Signed: ___________________________ Attested: ______________________________

Nigel Herbig, Mayor   Anastasiya Warhol, City Clerk

City of Kenmore
City Council Meeting
Special & Regular Meeting Minutes
Monday, February 24, 2025

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

PRESENT:

Councilmembers:	Mayor Nigel Herbig Deputy Mayor Melanie O'Cain Councilmember Joe Marshall Councilmember Debra Srebnik Councilmember Valerie Sasson (virtual) Councilmember Jon Culver Councilmember Nathan Loutsis
Staff:	City Manager Rob Karlinsey Deputy City Manager Stephanie Lucash City Attorney Dawn Reitan City Clerk Anastasiya Warhol Deputy City Clerk Michelle Kang Assistant City Manager/Community Development Director Debbie Bent Environmental Services Director Richard Sawyer (virtual)
Speaking Guests:	Russ Johnson, Kenmore Resident – Where's the Wildlife? Jennifer Meisner, King County Historic Preservation Officer Nancy Ousley, John D. Spellman Awards Recipient Todd Banks, Kenmore Air, John D. Spellman Awards Recipient Greg Prothman, GMP Consultants – Executive Search Firm (virtual) Kate Hansen, GMP Consultants – Executive Search Firm (virtual) Jennifer Curtis, Baker Tilly – Executive Search Firm (virtual) Carol Jacobs, Baker Tilly – Executive Search Firm (virtual) Cliff Moore, Prothman – Executive Search Firm (virtual)

Public Comment Speakers:

Jennifer Anderson, Kenmore Resident
Carl Michelman, Brier Resident
Patrick O'Brien, Kenmore Resident

Jane Lewis, Kenmore Resident

CALL SPECIAL MEETING TO ORDER
Mayor Herbig called the special meeting to order at 5:30 PM.

EXECUTIVE SESSION
Pursuant to RCW 42.30.110(1)(g), the City Council entered an executive session to evaluate the qualifications of an applicant for public employment at 5:30 PM. This executive session was slated to last approximately 90 minutes until 7:00 PM. The Council exited the executive session at 6:57 PM.

ACTION RELATING TO EXECUTIVE SESSION

MOTION: Appoint Stephanie Lucash as Interim City Manager and authorize the Mayor to execute the contract for interim city manager services and bring contract back for Council ratification under consent agenda.
Moved by O'Cain; seconded by Culver.
VOTE: 7 Yes – Srebnik, Marshall, Sasson, Loutsis, Culver, O'Cain, Herbig; 0 No; 0 Abstain.
MOTION PASSES.

ADJOURN SPECIAL MEETING
Mayor Herbig adjourned the special meeting at approximately 7:03 PM.

CALL REGULAR MEETING TO ORDER
Mayor Herbig called the regular meeting to order at 7:03 PM.

LAND ACKNOWLEDGEMENT
Mayor Herbig read the Land Acknowledgement Honoring First Peoples.

FLAG SALUTE
Mayor Herbig led the Council in the Pledge of Allegiance.

AGENDA APPROVAL
The agenda was approved as presented.

PROCLAMATION
Deputy Mayor O'Cain read March's Women's History Month proclamation. Mayor Herbig, on behalf of the City Council, proclaimed March as Women's History Month throughout the City of Kenmore.
Women's History Month - March 2025

WHERE'S THE WILDLIFE?

Kenmore resident Russ Johnson shared nature videos taken in his backyard highlighting wildlife in Kenmore.

WHERE'S THE FUN?

City Manager Rob Karlinsey highlighted a co-creator event that took place on February 8 organized by Maura Query and the Thoughtful Citizens group where over 50 volunteers spent time making cards for senior citizens in the area.

PUBLIC COMMENTS

The City Council received comments from the public.
Timestamped link: https://www.youtube.com/live/XynU09qheMU?si=IIkbEGSpZNWfIn4-&t=6868.

CONSENT AGENDA

A. Cancel the Regular City Council Meeting of Monday, March 10, 2025. *(added 2/18)*

B. Approve the City Council Special and Regular Meeting Minutes from February 10, 2025.
City Council Special and Regular Meeting Minutes from Monday, February 10, 2025 (added 2/18)

C. Approve Total Check #s 55717 through 55780 totaling $405,239.72, Total Payroll/Taxes/Flexible Spending/Retirement & Health Savings Account Electronic Deposits Dated 01/24/2025 in the amount totaling $290,085.78, and Total EFT Payments #s 1769 through 1782 totaling $27,216.70.
Voucher Certification 1/18/2025 - 1/31/2025

D. Approve the ARCH (A Regional Coalition for Housing) 2025-2026 Budget and Work Program; and
Approve the recommended Fall 2024 ARCH Housing Trust Fund (HTF) projects and the City of Kenmore's HTF contribution of $72,900 ($15,200 for the Aventine Project in Bellevue and $57,700 for the Larus Project in Kenmore).
Agenda Bill - ARCH Budget, Work Program, and Housing Trust Fund
Attachment 1 - ARCH 2025-2026 Budget and Work Program Memo
Attachment 2 - ARCH Fall 2024 Housing Trust Fund Projects Memo
Attachment 3 - Presentation to the ARCH Executive Board

E. Approve Contract No. 10-C873 Amendment No. 8 with Progressive Animal Welfare Society (PAWS) to implement PAWS 2025 fees, and authorize the City Manager to execute substantially and materially in the form attached to the February 24, 2025 agenda bill.
Agenda Bill - Amendment No. 8 to Contract No. 10-C873
Attachment 1 - Contract 10-C873

Attachment 2 - Amendment No. 6
Attachment 3 - Amendment No. 8

F. Authorize the City Manager to execute Contract No. 24-C3092 with Beckwith Consulting Group for assistance with the Kenmore Parks, Recreation, and Open Space (PROS) Plan, PROS Element Update, Capital Facilities Element Update, and Park Impact Fee Rate Study, in an amount not to exceed $120,000.
Agenda Bill - Contract No. 24-C3092

G. Authorize the City Manager to execute Contract No. 25-C3100 with Elyon Maintenance Inc. for SR 522 right-of-way landscape maintenance services in an amount not to exceed $225,000 for a three-year contract. *(added 2/19)*
Agenda Bill - Contract No. 25-C3100 (added 2/19)
Attachment 1 - Contract No. 25-C3100 (added 2/19)
Attachment 2 - Elyon Maintenance Inc. RFP No. 25-C3100 Proposal (2/19)

H. Authorize the City Manager to enter into an agreement with the Eastside Transportation Partnership. *(added 2/18)*
Agenda Bill - Eastside Transportation Forum Agreement Renewal (added 2/18)
Attachment 1 - Draft Operating Procedures (added 2/18)

I. Authorize the City Manager to execute an Interlocal Agreement with the Washington State Department of Commerce to accept Local Emissions Reduction Project award of $463,500. *(added 2/19)*
Agenda Bill - Commerce Grant (added 2/19)

MOTION: Approve the consent agenda outlined above.
Moved by Culver; seconded by Marshall.
VOTE: Consent Agenda was approved by UNANIMOUS CONSENT.

PRESENTATIONS

King County Historic Preservation Officer Jennifer Meisner recognized a staff member and community member (below) for the John D. Spellman Awards for Achievement in Historic Preservation.

- Recognizing Nancy Ousley (former Kenmore staff)
- Recognizing Kenmore Air (Kenmore business)

Engineering Director John Vicente presented the West Sammamish Bridge Final Report. The project is not complete – wetland mitigation monitoring will continue through 2028.

BUSINESS AGENDA

A. STEP Housing Advisory Committee Charter, presented by Assistant City Manager/Community Development Director Debbie Bent, *for discussion and direction*

Agenda Bill - STEP Housing Advisory Committee Charter
Attachment 1 - Draft STEP Housing Advisory Committee Charter

Councilmembers would like to activate the search to find STEP Housing Committee members. They would like at least one public comment opportunity to be held at the committee. Staff will move forward with the process.

B. 2025 Federal Legislative Agenda, presented by Deputy City Manager Stephanie Lucash, *for approval*
Agenda Bill - 2025 Federal Legislative Agenda (added 2/20)
Attachment 1 - Draft 2025 Federal Legislative Agenda (added 2/20)

MOTION: Approve the 2025 Federal Legislative Agenda.
Moved by O'Cain; seconded by Srebnik.
VOTE: 6 Yes – Srebnik, Marshall, Sasson, Loutsis, O'Cain, Herbig; 1 No - Culver; 0 Abstain.
MOTION PASSES.

C. Executive Search Firm Options, presented by City Manager Rob Karlinsey, *for discussion and direction*
Agenda Bill - Executive Search Firms (added 2/19)
Attachment 1 - GMP Consultants (added 2/19)
Attachment 2 - Baker Tilly (added 2/19)
Attachment 3 - Prothman (added 2/19)

MOTION: Select GMP Consultants to run the executive search.
Moved by Loutsis; seconded by O'Cain.
VOTE: 6 Yes – Srebnik, Marshall, Sasson, Loutsis, O'Cain, Herbig; 1 No – Culver; 0 Abstain.
MOTION PASSES.

STAFF REPORTS

Assistant City Manager/Community Development Director Debbie Bent presented the Planning Commission Compensation Survey.
Memo - Planning Commission Compensation Survey
Attachment A - Planning Commission Compensation Survey

Environmental Services Director Richard Sawyer polled the Council on interest in serving on an elected officials' group for K4C. Deputy Mayor O'Cain and Councilmember Loutsis expressed interest.

City Manager Rob Karlinsey recommended the Kenmore boathouse be named the "Baker Boathouse." Council suggested a "naming policy" be drafted to guide such considerations in the future.

COUNCILMEMBER REPORTS & COMMENTS
The Council agreed to discuss Council position on House Bill 1195 on March 3, 2025 (after the joint meeting with the Northshore School Board).

ADJOURNMENT
Mayor Herbig adjourned the meeting at approximately 9:40 PM.

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Nigel Herbig, Mayor

____
Anastasiya Warhol, City Clerk

City of Kenmore
City Council Meeting
Special Meeting Minutes
Monday, March 3, 2025

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

PRESENT:

Councilmembers:	Mayor Nigel Herbig Deputy Mayor Melanie O'Cain Councilmember Joe Marshall Councilmember Debra Srebnik Councilmember Valerie Sasson Councilmember Jon Culver Councilmember Nathan Loutsis
Staff:	Acting City Manager Stephanie Lucash City Attorney Dawn Reitan (virtual) City Clerk Anastasiya Warhol Deputy City Clerk Michelle Kang Assistant City Manager/Community Development Director Debbie Bent Housing and Human Services Manager Tambi Cork
Speaking Guests:	Betsy Christensen, Northshore Visual Arts Partners Griffith Williams, Arts of Kenmore Judy Elbert, Arts of Kenmore Michael Tolley, Superintendent Amy Cast, NSD Board President Elisabeth Sotak, NSD Board Vice President Hân Trần, NSD Board Member Sandy Hayes, NSD Board Member JoLynn Berge, Deputy Superintendent Dri Ralph, Executive Director of Support Services Shelly Helder, Gordon Thomas Honeywell State Lobbyist

CALL SPECIAL MEETING TO ORDER

Mayor Herbig called the special meeting to order at 7:00 PM.

LAND ACKNOWLEDGEMENT
Mayor Herbig read the Land Acknowledgement Honoring First Peoples.

FLAG SALUTE
Mayor Herbig led the Council in the Pledge of Allegiance.

PROCLAMATION
Mayor Herbig issued the Youth Art Month - March 2025 proclamation. It was received by Northshore Visual Arts Partners (Betsy Christensen) and Arts of Kenmore (Griffith Williams). Art students displayed mixed media art before the Council.
Youth Art Month - March 2025

JOINT MEETING
The Council held joint with the Northshore School Board and discussed the following:
A. State of Our Schools, presented by Superintendent Michael Tolley
B. Northshore School District Project Updates:
   - Ballfields at Kenmore Schools
   - Boathouse
   - Capital Projects
C. Update on Kenmore Special Projects in Partnership with the School District, to be presented by Housing and Human Services Manager Tambi Cork
   - Catch Up Learning
   - Center for Human Services
D. Roundtable Discussion

BUSINESS AGENDA
City's Position on House Bill 1195, presented by Assistant City Manager/Community Development Director Debbie Bent and Gordon Thomas Honeywell Lobbyist Shelly Helder, *for discussion and direction (added 2/26)*
Agenda Bill - House Bill 1195 (added 2/26)
Attachment 1 - 2025 State Legislative Agenda (added 2/26)

Assistant City Manager/Community Development Director Debbie Bent explained that the Council has chosen to discuss and provide direction regarding its position on House Bill 1195 and Senate Bill 5487. These bills would require cities to approve permits for permanent supportive housing, transitional housing, and emergency shelters located in residential zones through an administrative process, rather than a discretionary or legislative review. The legislation also grants the Washington State Department of Commerce authority to enforce compliance, resolve disputes, and impose penalties on local governments that do not comply. Supporters argue the bills are necessary to address the housing crisis by expanding shelter options in communities, while the

Association of Washington Cities and others have raised concerns about the proposed dispute resolution framework. After discussion, the Council chose to remain neutral.

MOTION: Council take neutral position related to House Bill 1195.
Moved by Sasson; seconded by Srebnik.
VOTE: 6 Yes – Srebnik, Culver, Sasson, Loutsis, O'Cain, Herbig; 1 No - Marshall; 0 Abstain.
MOTION PASSES.

ADJOURN SPECIAL MEETING

Mayor Herbig adjourned the special meeting at approximately 8:49 PM.

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Nigel Herbig, Mayor

____
Anastasiya Warhol, City Clerk

City Council Agenda Bill
City of Kenmore, WA

Meeting Date: 3/24/2025

Subject/Topic:	**Proposed Council Action/Motion:**
Resolution No. 25-427 Declaring City-Owned Property at 7010 NE 181st Street, Kenmore WA (tax parcel 011410-0590) Surplus to the City's Needs and Authorizing the Transfer of Property for a Public Benefit Purpose. Contract 25-C3112 Purchase and Sale Agreement Between the City and Imagine Housing for City-owned property at 7010 NE 181st Street, Kenmore, for Affordable Housing Development. **Department:** City Manager's Office **Prepared by:** Tambi Cork Housing & Human Services Manager **Attachments:** 1. Letter of Intent 2. Resolution No. 25-427 3. Purchase and Sale Agreement 4. Powerpoint presentation (to be uploaded prior to the 3/24/25 council meeting)	☐Information Only ☐Receive and File ☐Discuss ☐Provide Direction ☐Public Hearing ☒Adopt/Approve ☐Authorize ☐Other: 1) Approve the Disposition of Surplus Property Resolution No. 25-427 declaring City-owned real property referred to as tax parcel No. 011410-0590 located at 7010 NE 181st St, Kenmore, WA 98028 to be surplus to the City's needs. 2) Approve the transfer agreement of the property to Imagine Housing Group in substantially the form of Attachment 3 and authorize the City Manager to sign the agreement.

Approvals:

Department Head	City Attorney	Finance Director	City Manager	Optional
DB 3/14/25	DFR 3/11/25	MM 3/14/25	SLL 3/14/25	N/A

Summary/Background:

3/18/25 Amendment to the Council Packet: Purchase and Sale Agreement (Attachment 3), Article V Section 5.9(a) has been clarified to state "at least 18 ownership units; provided, Buyer shall have the right to vary the number of ownership units by up to ~~10%~~ 2 units".

Summary: Staff recommends that the City Council approve the purchase and sale agreement of the city-owned property at 7010 NE 181st Street to Imagine Housing for the purpose of affordable housing development. In order to sell this property, Council must first approve Resolution 25-427 declaring the property to be surplus to the City's needs and authorizing the transfer of property for a public benefit purpose.

Background: The City Council's number one priority for 2021-22, number two priority for 2023, number one priority for 2024 and number two priority for 2025 is to "Preserve and increase availability of all types of housing at all income levels, including the needs of people experiencing homelessness". In September 2022 the City purchased the Holt property at 7010 NE 181st Street and in 2023 a Request for Proposal (RFP) was issued to solicit affordable housing proposals for that property. At the 12/4/23 City Council meeting, the proposal submitted by Imagine Housing in response to the City RFP was approved by the City Council, and staff were directed to begin negotiations for agreements necessary for property transfer.

The conceptual proposal outlined in the response to the Request for proposal submitted in 2023 included 152 total units, including 132 rental units provided by Imagine Housing (50-60% AMI) and 20 affordable ownership units provided by Habitat for Humanity (80% AMI), plus an additional 7,000 sq.ft. of space for community partner Hopelink.

City staff and the Imagine Team met regularly to refine the concept to comply with land use regulations. A code compliant proposal would not require a development agreement. To comply with the 65-foot height requirement, the project size was reduced by removing a floor to obtain a height of six stories, which reduced the number of units to approximately 123. The commercial/community partner space was reduced to approximately 3,500 sq.ft. and parking proposed at approximately 129 spaces. The Imagine Housing team completed a preapplication meeting with the City's Development Services Department in July 2024.

On 8/30/24, Imagine Housing notified the City that Hopelink had officially withdrawn from the partnership for this development due to financial and staffing constraints for the foreseeable future. Imagine Housing is reaching out to other community service providers to take on the ground floor commercial space programmed for their project. Providing ground floor commercial/community space is not required by zoning.

Letter of Intent & Purchase and Sale Agreement:

On September 30, 2024, the Kenmore City Council authorized the City Manager to execute a Letter of Intent (LOI) (Attachment 1) with Imagine Housing. The LOI was non-binding; the intent was to continue negotiations towards a Purchase and Sale Agreement (Attachment 3) that included the terms in the LOI. The following summarizes the preliminary project timeline and key points in the LOI, and notes any changes that were negotiated in the drafting of the purchase and sale agreement. All changes are reflected in red. The negotiated modifications were requested to ensure Imagine Housing has sufficient flexibility should further due diligence and design work necessitate changes for practical or financial reasons.

~~Preliminary~~ Timeline Required by the Purchase and Sale Agreement:

- ~~2025: Community engagement. Execution of Purchase & Sale Agreement (early 2025) and property sale/transfer (anticipated at the end of 2025).~~ [Complete / In Process]
- 2027: Buyer (Imagine Housing) submits all City of Kenmore permits (except trade permits) by 1/1/2027. ~~Buyer secures all project funding by 12/31/27~~.
- 2028: Buyer closes on construction financing by 12/31/28 ~~6/30/28~~. Buyer must secure all necessary permits by 6/30/28.
- ~~2031: Buyer must obtain a Certificate of Occupancy by 12/31/31.~~

Summary of Key LOI Terms:

- *Section 2 Purchase Price*: $1.5 million to be paid by Buyer at closing (i.e. at sale and transfer of the property) [No change (Article II 2.1)]
- *Section 4 Earnest Money*: $25,000 to be deposited by Buyer into an escrow account no later than five (5) business days after the execution of the purchase and sale agreement. [No change (Article II 2.2)]
- *Section 6 Buyer and Seller Expectations:* Buyer will construct an affordable housing project which shall remain in effect for 50 years after the date of recording of an affordable housing covenant:
  - Number of Units: At least 103 rental units and at least 18 ownership units; provided, the number of rental units and ownership units may vary by up to 10%. [No change (Article V 5.8 (a) and Article V 5.9 (a))]
  - Unit Mix: Rental unit mix shall consist of at least ~~22%~~ 17% 3-bedroom and ~~19%~~ 16% 2-bedroom units. Number of studio and one-bedroom units will not exceed ~~58.25%~~ 65% of total rental units. Ownership unit mix shall consist of at least 50% units as 2-bedroom or larger. [Article V 5.8 (b)(c)(d) and Article V 5.9 (c)]
  - Affordability: Income threshold range of 50%-60% AMI for rental units and 80% AMI for ownership units. The additional language related to Fair Housing Laws is an accurate reflection of Imagine's legal obligation to not "income-source discriminate in tenant selection," which means they must accept any allowable source of income, including section 8 vouchers, to income verify a household. The financing for the Project, including ongoing operations, shall not require that any tenants are "homeless upon entry." The financing for the Project, including ongoing operations, shall not require that the development be permanent supportive housing, homeless shelters, and emergency shelter housing. [No change (Article V 5.8 (e)(f)(g), Article V 5.9 (b) and Article 5.11 (a)(b)(c)(d)]
  - Code Compliant Project. The project must comply with existing Kenmore Municipal Code specifications and shall not require a Development Agreement. Uses that are prohibited or conditionally permitted in the Kenmore Municipal Code are not permitted as part of the project. [No change (Article V 5.12]
  - Ground Floor Space: The rental unit building will contain a community/commercial ground floor space and Buyer shall make a good faith effort to lease space to a non-profit service provider. [No change (Article V 5.10)]
  - Funding Commitment Timing: Buyer must secure commitments for all project funding by December 31, 2027. Buyer must close on construction financing by ~~June 30~~ December 31, 2028, unless a later date is mutually agreed to by both Buyer and Seller. [Article VII 8.7]
  - Permit Application/Approval Timing: Buyer must submit applications for all necessary City of Kenmore permits (except trade permits) by January 1, 2027, and obtain all necessary permits and approvals from the City of Kenmore and other applicable agencies by June 30, 2028. ~~Buyer must obtain a Certificate of Occupancy by December 31, 2031, unless a later date is mutually agreed to by both Buyer and Seller~~. (Article VII 8.7)
  - ~~Community Engagement: Buyer shall provide the Seller with a Community Engagement Plan by December 31, 2024, and the Seller will review and approve all community engagement efforts~~. [Completed]

  - Temporary Access Easement: After the Closing Date, Buyer shall grant a temporary access easement to Seller to provide north-south pedestrian access for the public through the Property until such pedestrian access is dedicated or otherwise provided to the public as part of the development of the Project. This language was included in the Letter of Intent with the understanding that even with an easement, there will not be access during construction for safety reasons. [No change (Article VIII 8.8.2)]

- *Section 7 Feasibility Contingency*: Buyer shall have one hundred eighty (180) days from the date of Purchase Contract Effective Date to provide written notice to Seller of Buyer's disapproval of the Feasibility Contingency and termination of the Purchase Contract, in which event (1) the Earnest Money shall be returned to Buyer and, (2) all plans, specifications, drawings, environmental studies, geotechnical reports, engineering and architectural work, traffic impact studies, critical areas studies, surveys, and other reports and due diligence materials shall be (to the extent assignable) assigned by Buyer to Seller at no additional cost to Seller. [No change (Article V 5.1)]

- *Section 10 Closing*: The earliest of 90 days after satisfaction of the Feasibility Contingency or the date of Buyers closing of financing. No later than 270 days after the Purchase Contract effective date. [No change (Article VIII 8.1)]

- *Section 13 Buyers Remedies in Event of the Sellers Default:* If Seller defaults under the Purchase Contract, the Buyer can sue for specific performance or receive a refund of the Earnest Money and verified pre-development costs up to a maximum of $250,000. If the Buyer sues for specific performance the Buyer shall not be entitled to re-imbursement of Buyer's pre-development costs. [No change (Article XIV 14.1)]
- *Section 14 Sellers Remedies in the Event of Buyers Default*: If Buyer defaults under the Purchase Contract, Seller's sole and exclusive remedy shall be to retain the Earnest Money. [No change (Article XIV 14.2)]
- *Section 15 Property Buyback Provision*: If Buyer closes on the acquisition of the Property prior to closing financing for the development of the Property and does not subsequently close financing for development of the Property ~~and commence construction of the Project in accordance with the affordable housing covenants~~ by ~~February 28~~ December 31, 2028, then Seller shall have an option to acquire the Property from Buyer for the same Purchase Price that Buyer acquired the Property from Seller. [Article VIII 8.7]

<u>Disposition of Surplus Property</u>

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

In accordance with RCW 39.33.015 and KMC 3.55.075, and consistent with the City Council's determination that the Property is not needed for any City purpose or to discharge any City responsibility, Resolution No. 25-427 (Attachment 2) declares the Property to be surplus, and authorizes the transfer of the Property to Imagine Housing for the development of affordable housing on the Property consistent with the Imagine – Habitat Affordable Housing Project.

Public Outreach:

Below is a list of communications from the City related to this project. In addition, Imagine, Habitat and the City partnered for three community engagement events on February 25, February 27 (rescheduled from February 6 due to inclement weather) and March 18, which were publicized through email and two all-City postcards.

Request for Proposals Announcement July 2023
Hot Topics May 29, 2024
Summer Quarterly Article 2024
Hot Topics October 10, 2024
Winter Quarterly Article 2024

Additional information can be found on the City's website Imagine Housing building The Approach at Kenmore - Affordable Housing | City of Kenmore Washington and the Imagine Housing website The Approach at Kenmore · Imagine Housing.

Previous Council Action(s):

December 2023: At the 12/4/23 City Council meeting, the Council approved the selection of the proposal called "The Approach" submitted by Imagine Housing/Habitat for Humanity/Hopelink in response to City RFP 23-C2969 and authorized staff to initiate negotiations with Imagine Housing for agreements needed for property transfer. More information: Agenda and Recording

March 2024: Staff update on 3/25/24. More information: Agenda and Recording

June 2024: Staff update on 6/17/24. More information: Agenda and Recording

September 2024: At the 9/30/24 City Council meeting, Council authorized the City Manager to execute a Letter of Intent (LOI) with Imagine Housing. More information: Agenda and Recording

Fiscal Consideration:

The City purchased the property in 2022 for $3.2 million by drawing down reserves in the City's General Fund and Strategic Opportunities Fund. The sale proceeds of $1.5M will be deposited into the Strategic Opportunities Fund account.

City Council Priorities or Budget Objective Being Addressed:

2. Preserve and increase availability of all types of housing at all income levels, including the needs of people experiencing homelessness.

September 30__, 2024

City of Kenmore

Via E-Mail: _________

Re: Non-Binding Letter of Intent / Proposal for the Purchase and Sale of 7010 NE 181st St, Kenmore, WA 98028

To Whom It May Concern:

This Letter of Intent ("**LOI**") is entered into by and between the City of Kenmore, Washington, a Washington municipal corporation ("**Seller**" or "**City**") and Imagine Housing, a Washington nonprofit corporation ("**Buyer**"). This LOI outlines some but not all of the essential terms and conditions upon which Buyer would be willing to negotiate and enter into a contract for the sale of 7010 NE 181st St, Kenmore, WA 98028. Buyer and Seller may sometimes be referred to in this LOI individually as a "**Party**" and collectively as the "**Parties**." This LOI will become effective on the last date of signature of acceptance by the Parties ("**LOI Effective Date**").

1. **Property**	Approximately 48,490 square feet of land designated as King County tax parcel number 011410-0590-07 legally described on Exhibit A attached hereto ("**Property**").
2. **Purchase Price**	Buyer will purchase the Property for $1,500,000 ("**Purchase Price**".
3. **Purchase Contract**	Buyer will provide to Seller a form of agreement for the purchase and sale of the Property within fourteen (14) days following the LOI Effective Date. Thereafter, Seller and Buyer will engage in good faith efforts to negotiate and ultimately enter into a final real estate purchase contract for the Property ("**Purchase Contract**"). The date on which both Parties have signed the Purchase Contract will be the effective date of the Purchase Contract ("**Purchase Contract Effective Date**"). This LOI and subsequently the Purchase Contract shall each be conditioned upon receipt of City Council approval.
4. **Earnest Money**	An earnest money deposit of $25,000.00 ("**Earnest Money")** will be deposited by Buyer into escrow with the Title Company (as defined in Section 5) no later than five (5) business days after the Purchase Contract Effective Date.

5. **Title Company**

The Parties will open an escrow with First American Title Insurance Company, 920 Fifth Avenue, Suite 1250, Seattle, WA ("**Title Company**") as part of their efforts to consummate the purchase and sale of the Property. The Title Company will open such escrow upon receipt of a copy of the final signed Purchase Contract together with the Earnest Money. Title Company will also act as title, escrow, and closing agent for the sale transaction.

6. **Buyer and Seller Expectations**

Buyer will design and construct an Affordable Housing Development ("**Project**"), on the Property with the following specifications which shall remain in effect for 50 years after the date of recording of an affordable housing covenant ("**Covenant**"). The Covenant shall require submission to Seller, A Regional Coalition for Housing ("**ARCH**"), or other Seller designee a status report of owner occupancy within 10 days of receipt of request verifying that each resident is a qualifying resident.

- Project shall include at least 103 rental units and at least 18 ownership units; provided, the number of rental units and ownership units may vary by up to 10%.
- Ownership units must be occupied as the principal residence of each owner.
- Buyer will not apply for financing that requires occupancy by tenants with incomes, at initial occupancy, below 50% of area median income ("**AMI**") or above 60% AMI for rental units or above 80% for homeownership units ("**Set Asides**"). For avoidance of doubt, Buyer does not anticipate that regulatory restrictions imposed on the Project will require occupancy by tenants below 40% AMI. For rental units, tenants will be subject to income qualification standards in accordance with the LIHTC program and Fair Housing laws. Buyer will not income-source discriminate in tenant selection, meaning, if individual resident household income ("**Tenant Actual Income**") is below the applicable Set Aside but tenant has a portable section 8 voucher, or another sources of income that is permissible under LIHTC income qualification standards, Buyer will approve that tenancy.
- The financing for the Project, including ongoing operations, shall not require that any tenants are "homeless upon entry."
- The financing for the Project, including ongoing operations, shall not require that the development be permanent supportive housing, homeless shelters, and emergency shelter housing.

- Rental unit mix shall consist of at least 22% 3-bedroom and 19% 2-bedroom units. Number of studio and one-bedroom units will not exceed 58.25% of total rental units.
- Ownership unit mix shall consist of at least 50% units as 2-bedroom or larger.
- Above mentioned units shall be designed to comply with existing Kenmore Municipal Code specifications and shall not require a Development Agreement.
- The rental unit building will contain a community/commercial ground floor space and Buyer shall make a good faith effort to lease space to a non-profit service provider.
- The rental unit building shall include a covenant prohibiting occupancy or use of all uses listed as prohibited or conditionally permitted within KMC18.25.020 Downtown Commercial Zone as of 9/1/2024, and the following uses as defined by KMC Chapter 18.20 as of 9/1/2024: adult entertainment business, automotive sales and services, marine; automotive sales and service, non-marine; vehicle or equipment rental, and vehicle refueling station.
- Buyer must secure commitments for all project funding by December 31, 2027.
- Buyer must submit applications for all necessary City of Kenmore permits (except trade permits) by January 1, 2027 and obtain all necessary permits and approvals from the City of Kenmore and other applicable agencies by June 30, 2028.
- Buyer must close on construction financing by June 30, 2028, unless a later date is mutually agreed to by both Buyer and Seller.
- Buyer must obtain a Certificate of Occupancy by December 31, 2031, unless a later date is mutually agreed to by both Buyer and Seller.
- Buyer shall provide the Seller with a Community Engagement Plan by December 31, 2024, and the Seller will review and approve all community engagement efforts.
- Buyer shall meet at least monthly to discuss the status of construction of the Project with Seller until a Certificate of Occupancy is obtained. In advance of this meeting, Buyer will provide a written communication regarding status of financing, construction, permitting and community engagement.

- After the Closing Date, Buyer shall grant a temporary access easement to Seller to provide north-south pedestrian access for the general public through the Property until such pedestrian access is dedicated or otherwise provided to the general public as part of the development of the Project.

7. **Feasibility Contingency**

Buyer's obligation to purchase and acquire the Property, and Seller's obligation to sell and transfer the Property, shall be contingent upon Buyer determining, in the exercise of its sole and absolute discretion, that it is satisfied with its investigation into all aspects of the Property, including, but not limited to, value, condition, availability of financing, marketability, title matters, environmental conditions, zoning, land use, parking, projected income, tenants, neighboring properties, location, and all other factors and conditions which Buyer, in its sole discretion and judgment, exercised independently, considers relevant, and the feasibility, in all respects that Buyer considers pertinent, of its prospective purchase, development and ownership thereof ("**Feasibility Contingency**"). Buyer shall have one hundred eighty (180) days from the date of Purchase Contract Effective Date ("**Feasibility Contingency Period**") to provide written notice to Seller of Buyer's disapproval of the Feasibility Contingency and termination of the Purchase Contract, in which event (1) the Earnest Money shall be returned to Buyer and, (2) all plans, specifications, drawings, environmental studies, geotechnical reports, engineering and architectural work, traffic impact studies, critical areas studies, surveys, and other reports and due diligence materials shall be (to the extent assignable) assigned by Buyer to Seller at no additional cost to Seller on an as-is basis with no representations or warranties regarding the accuracy or completeness of same. In the event Buyer does not deliver written notice of termination to Seller prior to expiration of the Feasibility Contingency, Buyer shall be deemed satisfied with the Feasibility Contingency.

8. **Title Insurance**

Within ten (10) days following the Purchase Contract Effective Date, Seller will deliver a preliminary title report of the Property from the Title Company and legible copies of any exception documents set forth in the title report (collectively, "**Title Report**") to Buyer. If Buyer objects in writing to Seller about any matter disclosed in the Title Report prior to the expiration of the Feasibility Contingency Period, then following such notice of its objections and the expiration of any period given to Seller to cure such objection, Buyer may terminate the Purchase Contract and receive a refund of the Earnest Money; provided, all due diligence materials described in Section 7 shall be assigned to Seller at no additional cost to Seller without warranty. The Title Report will initially include all exceptions of record and the legal description for the Property. The Title Company will be committed to issue to Buyer an extended owner's title insurance policy insuring title to the Property in an amount not exceeding the Purchase Price subject only to the permitted exceptions (as defined in this Section 8) ("**Title Policy**"). All matters, conditions, and exceptions reflected in the Title Report, if any, which Buyer fails to timely object to during the Feasibility Contingency Period as provided in the Purchase Contract shall be deemed permitted exceptions ("**Permitted Exceptions**").

9. **Environmental**

Buyer may obtain a Phase I environmental report at its sole cost and expense during the Feasibility Contingency Period. No invasive testing (such as Phase II environmental work or geotechnical investigation) may be performed on the Property without Seller's prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed. Seller shall, within ten (10) business days following the Purchase Contact Effective Date, deliver to Buyer all environmental reports within Seller's possession and control on an as-is basis with no representations or warranties regarding the accuracy or completeness of same.

10. **Closing**

The consummation of the purchase and sale of the Property from Seller to Buyer ("**Close**" or "**Closing**") shall occur on the date ("**Closing Date**") which is the earlier of the ninetieth (90th) day after the waiver or satisfaction of the Feasibility Contingency, or the date of Buyer's closing of financing for the acquisition and development of the Property; provided, the Closing Date shall be no later than 270 days after the Purchase Contract Effective Date.

11. **Deed**

The Property will be conveyed by special warranty deed ("**Deed**") subject only to the Permitted Exceptions.

12. **Closing Costs**

Seller and Buyer will split equally all escrow costs and fees charged by the Title Company to Close the sale transaction. The costs of recording the Deed and all transfer, deed, or excise taxes will be paid by Seller. Seller will pay the costs of an Owner's standard Title Policy. To the extent applicable, Buyer will pay for the incremental cost difference between the standard and extended coverage title policy, for any title endorsements and for the costs of any lender title policy. Each Party will pay its respective attorney's and consultant's fees.

13. **Buyer's Remedies in the Event of Seller's Default**

If Seller defaults under the Purchase Contract, Buyer shall have the option either to sue for specific performance or to receive a refund of the Earnest Money and reimbursement for Buyer's actual and verified pre-development costs in connection with Buyer's intended development of the Property up to a maximum of $250,000. In the event that Buyer sues for specific performance, Buyer shall not be entitled to reimbursement of Buyer's pre-development costs.

14. **Seller's Remedies in the Event of Buyer's Default**

If Buyer defaults under the Purchase Contract, Seller's sole and exclusive remedy shall be to retain the Earnest Money.

15. **Buyback**

If Buyer closes on the acquisition of the Property prior to closing financing for the development of the Property and does not subsequently close financing for development of the Property and commence construction of the Project in accordance with the affordable housing covenants by June 30, 2028, then Seller shall have an option to acquire the Property from Buyer for the same Purchase Price that Buyer acquired the Property from Seller.

16. **Assignability**

Buyer shall not have the right to assign, set over or transfer the Purchase Contract or any of Buyer's rights or interest in the Purchase Contract without the consent of the City, which consent may be withheld in the sole discretion of the City. Notwithstanding the foregoing, Buyer will have the right to assign, set over or transfer the Purchase Contract or any of Buyer's rights or interest in the Purchase Contract to one more or more limited liability companies or limited liability limited partnerships controlled by Imagine Housing or its affiliates and/or Habitat for Humanity Seattle-King & Kittitas Counties or its affiliates.

16. **Brokers**

Neither Buyer or Seller is represented by a broker or agent in this transaction. Notwithstanding the foregoing, for avoidance of doubt, Buyer's development consultant, Mike Rooney of Rooney Partners is a licensed broker but is not receiving compensation for such role or acting as an agent of Buyer as a licensed broker.

17. **Exclusive**

Seller will not enter into negotiations with another party regarding the Property for a period of seventy-five (75) days following the LOI Effective Date while the Parties negotiate a binding Purchase Contract. This Section 17 shall constitute the only binding portion of the LOI.

18. Property Condition

Property shall be conveyed "as-is," subject to the representations and warranties and other terms to be set forth in the Purchase Contract.

It is understood that this LOI is only meant to outline the basic terms and the parameters of the transaction and is not a binding contract between Buyer and Seller. Neither Party shall be legally bound until such time as a written Purchase Contract incorporating the foregoing terms shall have been executed and delivered by the Parties hereto.

[Signatures on Following Page]

Signature Page to LOI

Buyer:

IMAGINE HOUSING

Yichuan Zhao
Yichuan Zhao (Oct 15, 2024 19:09 PDT)

By: Executive Director

Printed Name Yichuan Zhao

Date: Oct 15, 2024

Seller:

CITY OF KENMORE

Rob Karlinsey
Rob Karlinsey (Oct 9, 2024 17:17 PDT)

Robert G. Karlinsey

City Manager

Date: Oct 9, 2024

Exhibit A

Property

That portion of Lots 13 and 14, Block 11, ALDERWOOD MANOR NO. 14, according to the plat thereof recorded in Volume 26 of Plats, page 4, records of King County, Washington, described as follows:

Beginning at the Southwesterly corner of Lot 15 of said Plat;
THENCE South 75°27'09" East along the Southerly line thereof 325.41 feet;
THENCE North 14°32'51" East 10 feet to the Northerly margin of NE 181st Street as established by conveyance to King County by Deed filed under Recording No. 5033986 and True Point of Beginning;
THENCE North 14°32'51" East 244.81 feet to the Northerly line of said Lot 13;
THENCE South 75°26'39" East along said Northerly line, 166.55 feet to the Northeasterly corner thereof;

THENCE South 00°00'26" West along the East line of said Lot 13, 252.89 feet to the Northerly margin of said NE 181st Street;
THENCE North 75°27'09" West along said Northerly margin 230.04 feet to the True Point of Beginning;

EXCEPT that portion conveyed to the City of Kenmore by Deed recorded under Recording No. 20160620000448, records of King County, Washington.

SITUATE in the County of King, State of Washington

4893-3512-3670_v7_LOI for Purchase and Sale Kenmore Final

Final Audit Report 2024-10-16

Created:	2024-10-10
By:	Michelle Kang (mkang@kenmorewa.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAA8puuGlEEOFbDlWP6gySuaRSm9NFomliG

"4893-3512-3670_v7_LOI for Purchase and Sale Kenmore Final " History

Document created by Michelle Kang (mkang@kenmorewa.gov)
2024-10-10 - 0:13:45 AM GMT- IP address: 174.164.57.233

Document emailed to rkarlinsey@kenmorewa.gov for signature
2024-10-10 - 0:15:49 AM GMT

Document emailed to yichuanz@imaginehousing.org for signature
2024-10-10 - 0:15:50 AM GMT

Email viewed by rkarlinsey@kenmorewa.gov
2024-10-10 - 0:17:13 AM GMT- IP address: 50.235.209.34

Signer rkarlinsey@kenmorewa.gov entered name at signing as Rob Karlinsey
2024-10-10 - 0:17:28 AM GMT- IP address: 50.235.209.34

Document e-signed by Rob Karlinsey (rkarlinsey@kenmorewa.gov)
Signature Date: 2024-10-10 - 0:17:30 AM GMT - Time Source: server- IP address: 50.235.209.34

Email viewed by yichuanz@imaginehousing.org
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Email viewed by yichuanz@imaginehousing.org
2024-10-15 - 2:22:47 AM GMT- IP address: 104.28.116.91

Signer yichuanz@imaginehousing.org entered name at signing as Yichuan Zhao
2024-10-16 - 2:09:20 AM GMT- IP address: 76.147.64.112

Document e-signed by Yichuan Zhao (yichuanz@imaginehousing.org)
Signature Date: 2024-10-16 - 2:09:22 AM GMT - Time Source: server- IP address: 76.147.64.112

Agreement completed.

2024-10-16 - 2:09:22 AM GMT

CITY OF KENMORE
WASHINGTON
RESOLUTION NO. 25-427

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, DECLARING CITY-OWNED REAL PROPERTY REFERRED TO AS TAX PARCEL NO. 011410-0590 BE SURPLUS TO THE CITY'S NEEDS, AND AUTHORIZING TRANSFER OF THE PROPERTY FOR A PUBLIC BENEFIT PURPOSE PURSUANT TO RCW 39.33.015 AND KMC 3.55.075.

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

WHEREAS, RCW 39.33.015 authorizes the City to adopt procedures under which the City may declare City-owned property to be surplus to the City's needs, and transfer the property to a third party on any mutually agreeable terms and conditions, including a no cost transfer, on the condition that the property will be used for a public benefit purpose such as affordable housing, and in 2023, the Washington legislature amended RCW 39.33.015 to define "affordable housing" as including "(i) For rental housing, 30 percent of the household's monthly income for rent and utilities, other than telephone; or (ii) For permanently affordable homeownership, 38 percent of the household's monthly income for mortgage principal, interest, property taxes, homeowner's insurance, homeowner's associations fees . . . as applicable. In addition, total household debt is no more than 45 percent of the monthly household income"; and

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

WHEREAS, the Kenmore City Council's number one priority for 2021-22 and 2024 was:

> **Goal #1: Affordable Housing**. *Increase and preserve the options for affordable housing* ("Affordable Housing Goal");

and this Resolution supports the City Council's Affordable Housing Goal; and

WHEREAS, the City owns the real property located at 7010 NE 181st St, Kenmore, WA 98028, consisting of Tax Parcel No. 011410-0590 and legally described on **Exhibit A** attached to this Resolution and related improvements and property rights (the "Property"). The Property is vacant and has an assessed value of approximately $3,151,800; and

WHEREAS, to achieve the Affordable Housing Goal, the City issued a Request for Proposals (RFP) for affordable housing development on the Property, and the City received two proposals, including a proposal from Imagine Housing Group, a Washington nonprofit corporation ("Imagine Housing") to develop a 132-until rental facility for individuals at or below sixty percent (60%) of area median income ("AMI") and twenty units of affordable homeownership condos for individuals at or below eighty percent (80%) of area median income ("AMI") (the "Imagine – Habitat Affordable Housing Project"); and

WHEREAS, on December 4, 2023, the Kenmore City Council considered the Imagine - Habitat Affordable Housing Project, along with the other proposals received in response to the RFP, and the City Council unanimously (1) approved the selection of the Imagine - Habitat Affordable Housing Project, and authorized the City to move forward with creating a partnership with Imagine Housing (as the lead agency) to develop affordable housing consistent with the proposal, and (2) provided staff direction to initiate negotiations with Imagine Housing for a threshold determination, development agreement, property sale price, property transfer agreement, and/or any other necessary agreements; and

WHEREAS, on September 20, 2024, the Kenmore City Council unanimously approved a Letter of Intent with Imagine Housing that further outlined the Imagine – Habitat Affordable Housing Project and terms for a future Purchase and Sale Agreement, which requires that the City and Imagine Housing negotiate an agreement for the transfer of the Property on the condition that Imagine Housing develop the Property with affordable housing consistent with the terms of the Letter of Intent and maintain the affordable housing on the Property in accordance with requirements of an affordable housing land covenant. The purchase agreement will contain remedies for Buyer's breach including any and all remedies and causes of action at law or in equity under Washington law, and the remedy of specific performance; and

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

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

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

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

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

Section 2. Declaration of Surplus Property. Pursuant to KMC 3.55.075, the City Council finds, determines, and declares that: 1) affordable housing is needed in the City; 2) the Property is surplus to the City's needs and is not needed to discharge any obligation of the City; and 3) the disposition of the surplus Property as affordable housing is in the best interests of the City and its residents.

Section 3. Authority to Transfer Property at $1,500,000. Pursuant to RCW 39.33.015 and KMC 3.55.075, the City Council hereby sets the minimum price of One Million Five Hundred Thousand Dollars ($1,500,000) at which the surplus Property may be transferred to Imagine Housing. The transfer shall be subject to conditions that include but are not limited to: (1) Imagine Housing, on behalf of itself and its successors in interest, shall agree to use the Property for affordable housing consistent with the Imagine – Habitat Affordable Housing Project; (2) a covenant requiring this affordable housing use of the Property shall be recorded against the Property, in a form approved by the City in its sole discretion; (3) the deed or other conveyance document transferring ownership of the Property must contain a covenant or other requirement that the Property shall be used for the designated public benefit purpose and remedies that apply if Imagine Housing or their successor in interest fail or cease to use the Property for that designated public benefit purpose; and (4) Imagine Housing must pay for all costs of the transfer, including but not limited to appraisal costs, title fees, excise tax, recording fees and all other closing costs.

Section 4. Property Information. In accordance with KMC 3.55.075.D.1, the following information regarding the Property is provided:

4.1 The Property is approximately 48,490square feet in size, is located at 7010 NE 181st St, Kenmore, WA 98028, consisting of Tax Parcel No. 011410-0590, and is legally described on **Exhibit A** attached to this Resolution.

4.2 The City obtained ownership of the Property in a voluntary negotiated purchase and sale transaction with the then owner of the Property, after the owner offered the Property for sale.

4.3 Because this Resolution authorizes the transfer of the Property at the designated minimum price of $1,500,000, the City Council directs that the sale proceeds be placed in the Strategic Opportunities Fund.

4.4 Currently, the City is not using the Property and it is vacant. Therefore, the City does not need to use or anticipate using the Property for any City purpose in the future. Imagine Housing has proposed to use the Property for affordable housing, and the Property will be transferred subject to the condition that it is used for affordable housing consistent with the Imagine – Habitat Affordable Housing Project.

4.5 The King County Assessor's assessed value for the Property for 2025 is approximately $3,151,800.

4.6 The Property is being transferred as a result of the RFP process described in the Recitals to this Resolution, which resulted in the City Council selecting Imagine Housing and the Imagine – Habitat Affordable Housing Project for the Property. The City and Imagine Housing are negotiating a property transfer agreement which will state the terms and conditions for the transfer of the Property to Imagine Housing, consistent with this Resolution and Letter of Intent.

4.7 The Deed transferring the Property to Imagine Housing shall contain a covenant or restriction, that if Imagine Housing or its successors in interest fails to construct affordable housing on the Property consistent with the Imagine - Habitat Affordable Housing Project, or fails or ceases to operate and maintain the affordable housing on the Property, the City shall have remedies that include specific performance.

4.8 The transfer of the Property shall be at the minimum sale price of $1,500,000, subject to the conditions stated in this Resolution and the provisions of RCW 39.33.015 and KMC 3.55.075.

Section 5. Effective Date. This resolution shall take effect and be in force immediately

ADOPTED by the City Council of the City of Kenmore, Washington, this 24th day of March 2025.

CITY OF KENMORE

____
Nigel Herbig, Mayor

ATTEST/AUTHENTICATED:

____
Anastasiya Warhol, City Clerk

RESOLUTION NO. 25-427

EXHIBIT A - LEGAL DESCRIPTION

The land referred to is situated in the County of King, City of Kenmore, State of Washington, and is described as follows:

That portion of Lots 13 and 14, Block 11, ALDERWOOD MANOR NO. 14, according to the plat thereof recorded in Volume 26 of Plats, page 4, records of King County, Washington, described as follows:

Beginning at the Southwesterly corner of Lot 15 of said Plat;

THENCE South 75°27’09” East along the Southerly line thereof 325.41 feet;

THENCE North 14°32’51” East 10 feet to the Northerly margin of NE 181st Street as established by conveyance to King County by Deed filed under Recording No. 5033986 and True Point of Beginning;

THENCE North 14°32’51” East 244.81 feet to the Northerly line of said Lot 13;

THENCE South 75°26’39” East along said Northerly line, 166.55 feet to the Northeasterly corner thereof;

THENCE South 00°00’26” West along the East line of said Lot 13, 252.89 feet to the Northerly margin of said NE 181st Street;

THENCE North 75°27’09” West along said Northerly margin 230.04 feet to the True Point of Beginning;

EXCEPT that portion conveyed to the City of Kenmore by Deed recorded under Recording No. 20160620000448, records of King County, Washington.

SITUATE in the County of King, State of Washington

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "**Agreement**") is made and entered into by and between the City of Kenmore, Washington, a Washington municipal corporation ("**Seller**" or "**City**"), and Imagine Housing, a Washington nonprofit corporation ("**Buyer**"), effective as of the later of the signature dates below (the "**Effective Date**"). The Seller and Buyer are referred to herein as the "Parties".

R E C I T A L S

A. Seller owns the real property located at 7010 NE 181st St, Kenmore, WA 98028 and legally described on **Exhibit A** attached to this Agreement (the "**Land**") and related improvements and property rights associated with the Land. The Land, improvements and all of Seller's appurtenant rights and interests are collectively referred to as the "**Property**."

B. Seller desires to sell and Buyer desires to purchase the Property on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

Seller and Buyer therefore agree as follows:

ARTICLE I.
AGREEMENT TO SELL AND PURCHASE – ENTIRE AGREEMENT

Seller agrees to sell and convey the Property to Buyer, and Buyer agrees to purchase and accept the Property from Seller, on the terms and conditions stated in this Agreement. This document as signed by the Parties and the attached Exhibits are referred to as "this Agreement" and contain all of the terms, conditions and understandings of the Parties with respect to its subject matter.

ARTICLE II.
CONSIDERATION

2.1 Purchase Price. The purchase price for the Property is One Million Five Hundred Thousand and No/100 Dollars ($1,500,000) ("**Purchase Price**"). At Closing, Buyer shall deposit with First American Title Insurance Company (the "**Title Company**"), attention Amanda Johnson in such person's capacity as escrow agent ("**Escrow Agent**"), at 920 Fifth Avenue, Suite 1200, Seattle, Washington 98104, by cash or wire transfer of immediately available funds, an amount equal to the Purchase Price, less the Earnest Money (as defined in Section 2.2 below) previously deposited.

2.2 Earnest Money. Within five (5) business days after the Effective Date, Buyer shall deposit with Escrow Agent an earnest money deposit in the amount of Twenty-Five Thousand and No/100 Dollars ($25,000), which shall serve as the "**Earnest Money**" for this Agreement. The Earnest Money shall be applied to the Purchase Price at Closing.

ARTICLE III.
DESIGNATION OF ESCROW AGENT

Upon execution of this Agreement, Seller will open an escrow with Escrow Agent.

ARTICLE IV.
TITLE TO PROPERTY

4.1 Title Review; "Permitted Exceptions". Within ten (10) days following the Effective Date, Seller shall deliver a preliminary title report of the Property from the Title Company naming Buyer as the insured in the amount of not less than the Purchase Price (the "**Title Commitment**") and request a copy of the Title Commitment and copies of all documents of record referred to in the Schedule B Special Exceptions to be delivered to Buyer. Buyer shall pay for the cost of any title insurance Buyer desires to obtain at Closing. Buyer and/or Buyer's counsel may review the Title Commitment and such other matters of title as Buyer may, in Buyer's sole discretion, determine to examine, and Buyer must notify Seller of any objections Buyer may have to the title, in accordance with the procedure outlined below:

4.1.1 Buyer's Notification. Not later than the expiration of the Feasibility Contingency, Buyer must deliver written notification to Seller of Buyer's approval or disapproval of the Title Commitment, which notification must specifically list each exception in Schedule B of the Title Commitment to which Buyer objects ("**Buyer's Notification**"). Failure to deliver such notice by such date will constitute Buyer's approval and acceptance of the Title Commitment in the form provided and of all General Exceptions and Schedule B Special Exceptions. Exceptions not objected to or disapproved by Buyer in writing in this manner will be Permitted Exceptions. As used in this Agreement, "**Permitted Exceptions**" means encumbrances and other matters affecting title to the Property to which Buyer does not object, and Buyer agrees Seller may convey title to the Property at Closing subject to all Permitted Exceptions.

4.1.2 Seller's Response. Within five (5) business days after receipt of Buyer's Notification, Seller agrees to provide written notice to Buyer, signed by Seller or Seller's attorneys ("**Seller's Response**") identifying those title exceptions, if any, to which Buyer objected in Buyer's Notification which Seller agrees to cause to be removed from the Title Policy prior to Closing. The absence of a Seller's Response within such time shall constitute Seller's notice to Buyer of Seller's election not to remove any title exceptions

4.1.3 Buyer's Right to Terminate. If Seller does not notify Buyer in Seller's Response that Seller will remove all exceptions to which Buyer timely objected in Buyer's Notification, then Buyer will have the right to terminate this Agreement and obtain a refund of the Earnest Money, if, but only if, Buyer gives written notice of termination as a result of title issues, which written notice of termination must be given by Buyer not later than three (3) business days after Buyer's receipt of Seller's Response (or three business days after Seller's Response was due, if no Seller's Response is provided) . If Buyer terminates this Agreement on such basis, Buyer shall be responsible to pay for any Title Commitment cancellation fee. If Buyer does not give written notice of termination within the time period provided in this Subsection 4.1.3, then all title exceptions disclosed on the Title Commitment and not agreed by Seller to be removed from the Title Policy at or prior to Closing will be included as part of the Permitted Exceptions.

4.1.4 New Exceptions. With respect to any title defect or exception first disclosed after the date by which Buyer must give notice of termination as provided in Section 4.1.3 above, if, but only if, such newly disclosed title defect or exception (each, a "**New Exception**") is of such a nature as either to adversely affect the marketability or use of the Property for affordable housing purposes, then Buyer shall have the right to give written notice of objection to such New Exception within three (3) business days after the date on which such New Exception is disclosed to Buyer. Seller shall have three (3) business days after receipt of such written notice of objection by Buyer to advise Buyer whether Seller shall cause the Title Policy to be issued without such exception ("Seller's Cure Notice"). If Buyer timely objects to such New Exception and Seller does not timely give Buyer Seller's Cure Notice with respect to such New Exception, then Buyer may terminate this Agreement and obtain a refund of the Earnest Money if, but only if, Buyer provides Seller with written notice of termination within three (3) business days after the date on which Seller's Cure Notice was due. If Buyer terminates this Agreement under this Section 4.1.4, then Buyer shall be responsible to pay for any Title Commitment cancellation fee. If Seller does not give a Seller's Cure Notice and Buyer does not give notice of termination within three (3) business days after the date on which Seller's Cure Notice was due, then Buyer shall be deemed to have accepted title to the Property subject to such New Exception, which in that event shall become a Permitted Exception.

4.1.5 New Title Exceptions Disclosed Within Ten (10) Days Prior to Closing. If a New Exception is first disclosed at any time within ten (10) days prior to the scheduled Closing Date, and if Buyer timely objects thereto and Seller timely gives Seller's Cure Notice with respect thereto, then, at Seller's option, if necessary to deliver a Title Policy to Buyer excluding such New Exception, the Closing Date will be extended for up to five (5) additional business days to permit Seller to take the actions necessary to cause the Title Company to deliver the Title Policy at Closing without such New Exception.

4.1.6 Effect of Seller's Failure to Cause Exceptions to be Removed. If Seller shall fail to remove on or before Closing any title exception required to be removed under this Article IV, then Buyer shall have the right either to terminate this Agreement and obtain a refund of the Earnest Money but shall be responsible to pay for any Title Commitment cancellation fee, or to proceed to Closing and to accept title to the Property subject to such title exceptions, in which case such additional exceptions shall be included among the Permitted Exceptions.

4.2 Title Not Insurable. If title is not insurable at Closing subject only to the Permitted Exceptions determined in accordance with this Agreement, Buyer may (a) elect to proceed to Closing despite such non-insurability, thereby accepting any such matters as Permitted Exceptions, or (b) terminate this Agreement, obtain a refund of the Earnest Money and Seller shall pay for any Title Commitment cancellation fee.

4.3 Title Policy. The Title Company will be committed to issue to Buyer an extended owner's title insurance policy insuring title to the Property in the amount of the Purchase Price subject only to the Permitted Exceptions ("**Title Policy**").

4.4 Deed. Title will be conveyed at Closing by special warranty deed, or equivalent, subject to the Permitted Exceptions, in the form attached hereto as **Exhibit B** (the "**Deed**"). Pursuant to Kenmore Municipal Code, section 3.55.075(E)(3), the Deed shall be accompanied by Affordability Covenants, as described below.

ARTICLE V.
CONDITIONS

5.1 Feasibility Contingency. Buyer's obligation to purchase and acquire the Property, and Seller's obligation to sell and transfer the Property, shall be contingent upon Buyer determining, in the exercise of its sole and absolute discretion, that it is satisfied with its investigation into all aspects of the Property, including, but not limited to, value, condition, availability of financing, marketability, title matters, environmental conditions, zoning, land use, parking, projected income, tenants, neighboring properties, location, and all other factors and conditions which Buyer, in its sole discretion and judgment, exercised independently, considers relevant, and the feasibility, in all respects that Buyer considers pertinent, of its prospective purchase, development and ownership thereof ("**Feasibility Contingency**"). Buyer shall have one hundred eighty (180) days from the Effective Date ("**Feasibility Period**") to provide written notice to Seller of Buyer's disapproval of the Feasibility Contingency and termination of the Purchase Contract, in which event (1) the Earnest Money shall be returned to Buyer and, (2) all plans, specifications, drawings, environmental studies, geotechnical reports, engineering and architectural work, traffic impact studies, critical areas studies, surveys, and other reports and due diligence materials shall be (to the extent assignable) assigned by Buyer to Seller at no additional cost to Seller on an as-is basis with no representations or warranties regarding the accuracy or completeness of same. With respect to any such assigned reports, Seller acknowledges and agrees that such reports are provided on an informational basis only and Buyer has made and makes no representation or warranty of any nature concerning the accuracy or completeness of any documents delivered to Seller and Seller shall have no recourse against Buyer for an inaccuracies or errors in such information.

5.2 Seller's Information. Seller shall, within ten (10) business days following the Effective Date, deliver to Buyer all environmental reports within Seller's possession and control on an as-is basis with no representations or warranties regarding the accuracy or completeness of same.

5.3 Right of Access. Buyer and its officers, agents, contractors, employees and designees will be afforded access and entry onto and into the Property for inspections and investigations during the Feasibility Period to conduct studies, tests and inspections and such other tests as are determined by Buyer in its discretion in order to fully investigate the Property, except that no excavation, drilling, or other invasive testing will occur without Seller's prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed. Any such excavation, drilling, or other invasive testing consented to by Seller will be conducted by Buyer or its consultants or contractors in accordance with accepted industry practices, and Buyer will cause the Property to be promptly repaired and restored to a condition at least equal to that immediately preceding such action, at Buyer's expense and at no expense to Seller or Seller's insurers. All such investigations and inspection will occur at Buyer's sole risk, cost and expense and at no cost or expense to Seller. Buyer will notify Seller a reasonable time in advance of any such on-site investigation. In exercising the right of inspection under this Section 5.3, Buyer will abide by all reasonable measures imposed by Seller to ensure that such inspections and investigations do not interfere with the use, occupancy and quiet enjoyment of the Property by any occupant of the Property or by any employee or invitee thereof. Buyer's access to the Property is conditioned upon the following requirements, with which Buyer hereby agrees:

5.3.1 Indemnity for Losses Resulting From Inspection Activities. Buyer will protect, indemnify, defend and hold the Property, Seller and Seller's officers, officials, employees, representatives, invitees, agents, and volunteers free and harmless from and against any and all claims, damages, liens, stop notices, liabilities, losses, costs and expenses, including reasonable attorneys' fees and court costs (collectively, "Liabilities"), resulting from Buyer's inspection and testing of the Property, including, without limitation, repairing any and all damages to any portion of the Property, arising out of or related (directly or indirectly) to Buyer's conducting such inspections, surveys, tests, and studies. Notwithstanding the foregoing, Buyer will not indemnify Seller for claims, damages, liens, stop notices, liabilities, losses, costs and expenses to the extent arising from the negligence, willful misconduct or breach of this Agreement by Seller. Buyer will keep the Property free and clear of any liens by any persons providing labor, materials, equipment or services in connection with Buyer's inspection of the Property and activities under this Article V. Buyer's indemnification obligations set forth herein will survive Closing and and/or termination of this Agreement, irrespective of the cause or reason for termination, and will not be merged with the Deed.

5.3.2 Insurance. Buyer shall carry a commercial general liability insurance policy for claims arising from bodily injury and/or property damage, written on an "occurrence" basis, in the minimum amount of One Million Dollars ($1,000,000) in connection with its entry onto the Property and shall name Seller as an additional insured. A certificate of insurance evidencing the same shall be provided to Seller by Buyer upon request by Seller.

5.3.3 Buyer's Right to Terminate. By written notice to Seller given any time before the end of the Feasibility Period, Buyer may terminate this Agreement with or without cause if Buyer determines in Buyer's sole discretion that it does not wish to acquire the Property or that its acquisition of the Property is not feasible in Buyer's judgment. If Buyer provides a notice of termination received by Seller prior to the end of the Feasibility Period, then this Agreement will be deemed terminated, the Earnest Money shall be returned to Buyer, Buyer shall have no further right, title or interest in or to the Property, and the Buyer shall pay for any Title Commitment cancellation fee. In the event of termination of this Agreement pursuant to the foregoing, all plans, specifications, drawings, environmental studies, geotechnical reports, engineering and architectural work, traffic impact studies, critical areas studies, surveys, and other reports and due diligence materials shall be (to the extent assignable) assigned by Buyer to Seller at no additional cost to Seller on an as-is basis with no representations or warranties regarding the accuracy or completeness of same.

5.4 Absence of Notice of Termination. If Buyer does not provide a written notice of termination to Seller prior to the end of the Feasibility Period, then the Feasibility Condition will be deemed satisfied, and the Parties will proceed to Closing under the other terms and subject to the other conditions in this Agreement. Any notice given by Buyer pursuant to the preceding Section 5.5 must state unequivocally and without qualification or condition that this Agreement is terminated.

5.5 Buyer's Acceptance of Condition of Property. If Buyer does not timely give notice of termination of this Agreement as provided in Section 5.5 above, the absence of a notice of termination shall constitute Buyer's representation to Seller that Buyer is satisfied with the Property and with all material facts and considerations relating to Buyer's purchase of the Property pursuant to the terms of this Agreement and that Buyer has been able to conduct and has conducted and completed all investigations and inspections of the Property and its acquisition as Buyer deems necessary in its judgment and discretion to such determination.

5.6 Buyer Updates and Reports. Buyer agrees to provide monthly reports and updates to Seller regarding its due diligence and the progress of obtaining financing to develop the Property for affordable housing. Such monthly reports and updates shall include the status of project design, engineering, environmental studies, site investigations, and related due diligence and development work.

5.7 Use Restrictions. This Agreement shall be conditioned upon mutual agreement on the final terms and conditions of covenants to restrict the use of the Property, which covenants shall, prior to Closing, be attached hereto as follows: (A) Regulatory Agreement and Declaration of Restrictive Covenants template form attached hereto as Exhibit C for the affordable rental portion of the Project ("**Rental Covenants**"), (B) Regulatory Agreement and Declaration of Restrictive Covenants template form attached hereto as Exhibit D for the for-sale affordable portion of the Project ("**Homeownership Covenants**") and (C) Commercial Use Covenants template form attached hereto as Exhibit E for the non-residential portion of the Project ("**Commercial Covenants**. The Rental Covenants, Homeownership Covenants, and Commercial Covenants shall collectively be the "**Affordability Covenants**". Each of the Affordability Covenants shall be recorded on title to the Property at Closing. For avoidance of doubt, after division of the Property into three airspace condominium units, the Seller shall release each of the Affordability Covenants from the units not intended to be restricted by such Covenant. Each of the Affordability Covenants shall have a term of 50 years after Closing.

5.8 Rental Covenants. Buyer agrees that the Rental Covenants shall include, without limitation, the following:

(a) the Project shall include at least 103 rental units; provided, Buyer shall have the right to vary the number of rental units by 10%;

(b) at least 17% of rental units shall be three-bedroom dwellings;

(c) at least 16% of rental units shall be two-bedroom dwellings;

(d) the total number of studio and one-bedroom units shall not exceed 65% of total rental units;

(e) tenants of the Project shall be subject to income qualification standards in accordance with the LIHTC program and Fair Housing laws;

(f) tenants shall not be required to be homeless upon entry;

(g) sources of income applicable to determining tenant income levels may include section 8 vouchers and other sources of income permissible under LIHTC income qualification standards;

(h) Buyer shall be required to submit to Seller, A Regional Coalition for Housing ("**ARCH**"), or other Seller designee a status report of tenant occupancy within 10 days of receipt of request verifying that each tenant is a qualifying tenant.

5.9 Homeownership Covenants. Buyer agrees that the Homeownership Covenants shall include, without limitation, the following:

(a) at least 18 ownership units; provided, Buyer shall have the right to vary the number of ownership units by up to 2 units;

(b) at the time of initial occupancy of the units offered for sale, sale of such units shall require that the purchaser occupy the units as their principal residence and that the purchaser has an income level of at or below 80% of the area median income level;

(c) at least 50% of the homeownership units shall be two-bedroom dwellings or more; and

(d) Buyer shall be required to submit to Seller, ARCH, or other Seller designee a status report of owner occupancy within 10 days of receipt of request verifying that each homeowner is a qualifying homeowner.

5.10 Commercial Covenants. Buyer agrees that the Commercial Covenants shall include, without limitation, the following:

(a) Buyer shall make good faith efforts to lease the community or commercial ground floor area to a non-profit service provider; and

(b) The commercial unit shall be prohibited from being occupied or used for all uses listed as prohibited or conditionally permitted within KMC 18.25.020 Downtown Commercial Zone (as of September 1, 2024), and the following uses as defined by KMC 18.20 (as of September 1, 2024): adult entertainment business; automotive sales and services, marine; automative sales and services, nonmarine; vehicle or equipment rental; and vehicle refueling station.

5.11 Financing. Buyer agrees that it will not apply for or obtain financing to finance acquisition or construction of the Project ("**Financing**") that includes any of the following:

(a) a requirement that tenants have an income level that is below 50% or above 60% of the area median income level at initial occupancy for the rental units;

(b) a requirement that purchasers of ownership units have an income level that is above 80% of the area median income level for the homeownership units;

(c) a requirement that tenants are homeless upon entry; or

(d) a requirement that the Project includes permanent supportive housing, a homeless shelter, or emergency shelter housing.

5.12 No Development Agreement. Buyer agrees that the Project shall be designed in compliance with existing Kenmore Municipal Code specifications and shall not require a development agreement.

5.13 Survival. Sections 5.7 through 5.12 shall survive Closing and shall not merge with the Deed.

ARTICLE VI.
CONDITIONS TO CLOSING

6.1 Buyer's Conditions. In addition to any conditions provided in other provisions of this Agreement, Buyer's obligation to purchase the Property is subject to the fulfillment prior to Closing of each of the following conditions:

6.1.1 Correctness of Representations and Warranties. The representations and warranties of Seller as stated in Section 10.1 of this Agreement shall be true and correct on and as of the Closing Date with the same force and effect as if those expressly stated representations and warranties had been made on and as of the Closing Date unless Seller has provided written notice to the Buyer to the contrary and has given Buyer the opportunity to terminate or withdraw from this transaction at or prior to Closing.

6.1.2 Title Policy. The Title Company shall be prepared to issue the Title Policy subject only to the Permitted Exceptions.

6.1.3 Use Restrictions. Mutual agreement on the final terms and conditions of the Affordability Covenants, which Affordability Covenants shall be recorded on title to the Property at Closing.

6.1.4 Seller's Deliveries. Seller shall have delivered all of Seller's Deliveries to Escrow Agent on or prior to the Closing Date.

6.2 Seller's Conditions. In addition to any conditions provided in other provisions of this Agreement, Seller's obligation to sell the Property is subject to the fulfillment prior to Closing of each of the following conditions:

6.2.1 Compliance by Buyer. Buyer shall have performed, observed, and complied with all of the covenants, agreements, obligations and conditions required by this Agreement to be performed, observed and complied with by it prior to or as of the Closing Date.

6.2.2 Correctness of Representations and Warranties. The representations and warranties of Buyer stated in this Agreement shall be true and correct on and as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of the Closing Date, unless Buyer has provided written notice to Seller to the contrary and has given Seller the opportunity to terminate or withdraw from this transaction at or prior to Closing.

6.2.3 Buyer's Performance of Covenants and Conditions. Buyer shall have performed and satisfied all agreements and covenants required hereby to be performed by Buyer prior to or at the Closing Date.

6.2.4 Buyer's Deliveries. Buyer shall have delivered all of Buyer's Deliveries to Escrow Agent on or prior to the Closing Date.

6.2.5 City Council Approval. Passage of a City of Kenmore City Council resolution approving sale of the Property.

6.2.6 Use Restrictions. Mutual agreement on the final terms and conditions of the Affordability Covenants, which Affordability Covenants shall be recorded on title to the Property at Closing.

6.3 Failure of Conditions. In the event any of the conditions set forth in Section 6.1 or 6.2 above is not satisfied or waived by the Closing Date, the Party entitled to benefit of such condition will have the right to terminate this Agreement and the Escrow, providing such Party gives written notice of such termination to the other Party and to Escrow Agent prior to the completion of the Closing. In the event such notice of termination is so given prior to the completion of Closing, the Buyer shall remain obligated to pay all Escrow charges and any cost of cancellation of the Title Commitment (unless the Seller is in default, in which case, the Seller shall pay all Escrow charges). All documents delivered to Escrow Agent will be returned to the depositing party, and Buyer will return to Seller all Feasibility items delivered by Seller to Buyer.

ARTICLE VII.
DAMAGE AND DESTRUCTION AND CONDEMNATION

7.1 Risk of Physical Loss. Risk of physical loss to the Property will be borne by Seller prior to the Closing Date and by Buyer thereafter. In the event that the Property is damaged by fire, flood, earthquake or other casualty in an amount in excess of One Million Dollars ($1,000,000) or such that the Property is no longer suitable for construction of the project set forth in Buyer's Proposal, Buyer may, at its option, elect not to acquire the Property by giving written notice of its intent not to purchase within the earlier of the Closing Date or the date that is thirty (30) days after notice has been given to Buyer of such event. If Buyer elects to terminate this transaction as a result of such damage, then this Agreement will be terminated and the Buyer shall pay for any Title Commitment cancellation fee and all Escrow Fees. If Buyer does not so elect to terminate this transaction, or if the damage involved is One Million Dollars ($1,000,000) or less and Property continues to be suitable for construction of the project set forth in Buyer's Proposal, then Buyer shall close the purchase in accordance with this Agreement, in which event, at Closing, Seller will assign to Buyer Seller's interest in all insurance proceeds relating to such damage and the right to collect same (including, but not limited to all of Seller's rights in any insurance maintained by any contractor or subcontractor of Seller), less any deductible.

7.2 Condemnation. In the event that, prior to the Close of Escrow, any governmental entity commences any actions of eminent domain or similar type proceedings to take any portion of the Property, Buyer will have the option either to (i) elect not to acquire the Property, in which case Buyer shall pay the cost of any Title Commitment cancellation fee and all Escrow Fees or (ii) complete the acquisition of the Property, in which event Buyer will be entitled to all the proceeds of such taking. Notwithstanding the foregoing, the Seller agrees it shall not exercise its powers of eminent domain in a manner that would adversely affect the development of the Property for its intended purpose as a mixed-use affordable housing development.

ARTICLE VIII.
CLOSING

8.1 Closing Date. Closing shall take place in the offices of Escrow Agent on the "Closing Date," which the Parties agree shall be the ninetieth (90th) day after the waiver or satisfaction of the Feasibility Contingency, or the date of Buyer's closing of financing for the acquisition and development of the Property; provided, the Closing Date shall be no later than 270 days after the Effective Date.

8.2 The Parties' Deliveries to Escrow. The Parties must deliver the following documents and funds to the Escrow Agent on or before the Closing Date:

8.2.1 By Seller. Seller must deliver the following original documents and agreements, duly executed and acknowledged by Seller ("Seller's Deliveries"):

(a) the Deed;

(b) a real estate excise tax affidavit (the "REETA");

(c) FIRPTA Affidavit;

(d) Affordability Covenants;

(e) Purchase Option; and

(f) any and all such other documents as may be required by the Title Company providing the same are consistent with the terms of this Agreement.

8.2.2 By Buyer. Buyer must deliver to Escrow Agent, for delivery to Seller and/or recording the following funds and deliver or execute and acknowledge as required the following documents ("Buyer's Deliveries"):

(a) the REETA;

(b) cash or immediately-available funds in the amount of the Purchase Price;

(c) Affordability Covenants;

(d) Purchase Option; and

(e) any and all other documents, funds and agreements as required by Buyer's lender, Escrow Agent, or the Title Company to Close this transaction, providing only that the same will be consistent with the terms of this Agreement.

8.3 Closing Costs. Buyer shall pay for all escrow costs and fees charged by the Title Company to Close the sale transaction. The costs of recording the Deed, Affordability Covenants, and all transfer, deed, or excise taxes will be paid by Buyer. Buyer will pay the costs of any Title Policy, for any title endorsements and for the costs of any lender title policy. Each Party will pay its respective attorney's and consultant's fees.

8.4 Prorations. All prorations shall be made as of the Closing Date on the basis of the actual days of the month in which the Closing Date occurs. The date of the Closing Date shall be an income and expense day for Buyer. Seller shall be responsible for all expenses of operation of the Property applicable to the period prior to the Closing Date and Buyer shall be responsible for all expenses of operation of the Property applicable to the period from and after the Closing Date. If any expenses are not determinable on Closing Date, at the earliest possible opportunity following the Closing Date, Seller and Buyer shall make any final adjustments. The following prorations shall apply:

8.4.1 Taxes. The Parties acknowledge that the Seller, as a tax exempt entity, has not been required to pay real property taxes on the Property. The Buyer shall be responsible for and shall pay all real property taxes and assessments on the Property on and after the Closing Date. Personal property taxes, if any, if due and payable on the Closing Date, shall be paid by Seller. All personal property taxes not due and owing on or before the Closing Date shall be the responsibility of and will be paid by Buyer after Closing.

8.4.2 Utility Costs and Deposits. To the extent applicable, Seller will notify all water, gas, electric and other utility companies servicing the Property (collectively, "Utility Companies") of the sale of the Property to Buyer and will request that all Utility Companies send Seller a final bill for the period ending on the last day prior to the Closing Date. Buyer will notify all Utility Companies servicing the Property that as of the Closing Date, Buyer will own the Property and that all utility bills for the period commencing on the Closing Date are to be sent to Buyer. If any of the Utility Companies sends Seller or Buyer a bill for a period in which the Closing occurs, Buyer and Seller will prorate such bills outside of Escrow. In connection with such proration, it will be presumed that utility charges were uniformly incurred during the billing period.

8.5 Closing. As used herein, "**Closing**" or "**Close**" means that circumstance that exists when the Deed has been recorded and all actions have been completed as necessary for the Title Company to deliver the Title Policy to the Buyer in the normal course of the Title Company's business.

8.6 Escrow Instructions. Each of the Parties may provide Escrow Agent with additional closing instructions, providing that such instructions are not to contradict the terms of this Agreement. Escrow Agent may disregard any instructions from a Party which conflict with the terms of this Agreement and/or any amendment to this Agreement that has been executed by the Parties. In absence of and/or in addition to any such instructions, the provisions of this Agreement are intended by Seller and Buyer to constitute their joint closing instructions to Escrow Agent.

8.7 Post-Closing Buyback. Seller shall have the option to acquire the Property from Buyer for the same Purchase Price that Buyer acquired the Property from Seller and upon substantially the same terms and conditions set forth in this Agreement, to be mutually agreed upon by Buyer and Seller prior to Closing, which shall include a memorandum of purchase option that shall be recorded on title to the Property at Closing, and attached hereto as **Exhibit F** ("**Purchase Option**") in the following circumstances:

(a) Buyer has not submitted substantially complete applications for all necessary City permits (except trade permits) by January 1, 2027; or

(b) Buyer has not obtained all necessary permits and approvals from the City and other applicable agencies by June 30, 2028.

(c) Buyer has not closed on construction financing to construct the Project by December 31, 2028.

8.8 Post-Closing Covenants.

8.8.1 Monthly Updates. Buyer agrees to meet at least monthly with Seller to discuss the status of construction of the Project until a certificate of occupancy is obtained for the Project. In advance of such meetings, Buyer agrees to provide monthly reports and updates to Seller regarding the status of financing, construction, permitting, and community engagement. Such monthly reports and updates shall include the status of project design, engineering, environmental studies, site investigations, and related due diligence and development work.

8.8.2 Temporary Access Easement. Buyer agrees to grant a temporary access easement to Seller to provide north-south pedestrian access for the general public through the Property until such pedestrian access is dedicated or otherwise provided to the general public as part of the development of the Project.

8.8.3 Survival. Sections 8.8.1 and 8.8.2 shall survive Closing and shall not merge with the Deed.

ARTICLE IX.
DELIVERY OF POSSESSION OF THE PROPERTY

9.1 Possession at Closing. Seller will deliver possession of the Property to Buyer upon Closing.

ARTICLE X.
REPRESENTATIONS AND WARRANTIES OF SELLER

10.1 Representations and Warranties of Seller. Seller hereby represents and warrants, as of the Effective Date and as of the Closing Date, that:

10.1.1 Organization. Seller is a Washington municipal corporation and is qualified to do all things required of it under this Agreement.

10.1.2 Authority. Seller has the full right, title, authority and capacity to execute and perform this Agreement and to consummate all of the transactions contemplated herein, and the individual(s) who on each Seller's behalf executes and delivers this Agreement and all documents to be delivered to Buyer hereunder, are and will be duly authorized to do so.

10.1.3 Non-Foreign. Seller is not a foreign person, non-resident alien, foreign corporation, foreign partnership, foreign trust, or foreign estate, as those terms are defined in the Internal Revenue Code and the Income Tax Regulations promulgated thereunder. At Closing, Seller will deliver to Buyer a certificate of non-foreign status in form required by the Income Tax Regulations and reasonably acceptable to Buyer.

10.1.4 Litigation. There is no litigation pending and Seller has received no written notice of any lawsuit or arbitration proceeding threatened against Seller, which might result in Seller's being unable to consummate this transaction, or which relates to the Property.

10.1.5 No Conflict. Neither the execution of this Agreement nor the consummation by Seller of the transactions contemplated in this Agreement will (i) conflict with or result in a breach of the terms, conditions or provisions of or constitute a default, or result in a termination of any agreement or instrument to which Seller is a party; (ii) violate any restriction to which Seller is subject; or (iii) constitute a violation of any applicable law or legal requirement of which Seller is aware.

10.1.6 Assessments. Seller has no actual knowledge of any pending special assessments, improvement districts or condemnation actions except as shown on the Preliminary Commitment.

As used in this Agreement, the term, "to Seller's knowledge," or "to the actual knowledge of Seller," or similar terms referring to "Seller's knowledge," means the actual knowledge possessed by Rob Karlinsey, who is the Seller's City Manager. The foregoing constitute all of the warranties and representations of Seller with respect to the Property, this Agreement or this transaction. Seller makes no other warranties or representations, express or implied, direct or indirect. Buyer acknowledges and agrees that any other statement, representation, description, prediction, assessment, valuation or other matter, if appearing elsewhere in this Agreement or if made by Seller or by any person appearing or purporting to act on behalf of or for Seller, with respect to the Property or this Agreement, if not expressly stated in any of the foregoing warranties and representations of Seller, does not constitute and is not part of any representation or warranty of Seller and comprise no part of this Agreement or the transaction described or referred to herein.

10.2 Survival. All of the representations and warranties of Seller contained will survive the Closing Date.

ARTICLE XI.
REPRESENTATIONS AND WARRANTIES OF BUYER

11.1 Representations and Warranties of Buyer. Buyer hereby represents and warrants, as of the Effective Date and as of the Closing Date, that:

11.1.1 Organization. Buyer is a Washington nonprofit corporation, validly existing under Washington law.

11.1.2 Authority. Buyer has full right, title, authority and capacity to execute and perform this Agreement and to consummate all of the transactions contemplated herein, and the individual(s) who on Buyer's behalf execute and deliver the Agreement and all documents to be delivered to Seller hereunder are and will be duly authorized to do so and have the full authority to bind Buyer and all of Buyer's partners to this Agreement.

11.1.3 Litigation. There is no litigation pending or, to Buyer's knowledge, threatened, against Buyer before any court or administrative agency which would prevent Buyer from consummating the Closing.

11.1.4 No Conflict. The execution, delivery and performance by Buyer of its obligations under this Agreement do not constitute a default under any of the provisions of any law, governmental rule, regulation, judgment, decree or order by which the Buyer is bound, or by any of the provisions of any contract to which the Buyer is a party or by which the Buyer is bound.

11.1.5 Buyer's Non-Reliance Upon Representation or Warranty of Seller other than as Stated herein. **Buyer acknowledges and agrees that, except for Seller's express representations and warranties stated in writing in Article X of this Agreement or in the Deed, Buyer will acquire the Property "AS IS," with any and all faults and defects and that neither Seller nor any agent or representative on Seller's behalf has made any representation, promise, prediction, assertion, assurance or statement of any nature, express or implied, relating to the value, condition, desirability, marketability, future value, or otherwise with respect to the Property. Buyer represents and warrants to Seller that Buyer has and will rely solely upon Buyer's own investigation and the advice and counsel of Buyer's own consultants, contractors, agents and representatives as to such matters and has not and will not rely upon any statement or absence of statement with respect to such matters by Seller or by any person whose actions, statements or omissions are binding upon Seller.**

11.1.6 Buyer Has Read Agreement in Full. Buyer represents and warrants that Buyer fully understands and accepts all of the terms, conditions and provisions set forth in this document. The person signing this Agreement on behalf of Buyer further represents and warrants that he or she has full authority to bind the Buyer to all of the terms hereof.

11.2 Survival. All of the representations and warranties of Buyer contained in this Agreement will survive the Closing Date.

ARTICLE XII.
NOTICES

12.1 All notices, approvals, or other communications required or permitted hereunder to be given shall be in writing, and shall be personally delivered, delivered by nationally recognized overnight courier, mailed by first class mail, postage prepaid, or delivered or sent by email to the Parties as set forth below. Notices shall be deemed effective (i) if delivered by overnight courier or by personal delivery, then on the date of delivery; (ii) if mailed, on the earlier of actual delivery or on the third business day after posting in the United States mail, postage prepaid, or (iii) if given by email, when sent; *provided*, that if a notice sent via email is sent on a day other than a business day, the notice shall be deemed effective on the first business day after being sent. At the request of either Party, or the Closing Agent, the Parties will acknowledge by return email receipt of documents transmitted by email and/or confirm email transmitted documents by signing an original document.

If to Seller: City of Kenmore
Attn: Tambi Cork, Housing and Human Services Manager
18120 68th Avenue NE
Kenmore, WA 98028
Email: tcork@kenmorewa.gov

with a copy to: Dawn Reitan
Inslee, Best, Doezie & Ryder, P.S.
10900 NE 4th Street, Suite 1500
Bellevue, WA 98004
Email: dreitan@insleebest.com

If to Buyer: Imagine Housing
Attn: Troy Drawz
1722 138th Pl NE
Bellevue, WA 98005
Email: troyd@imaginehousing.org

with a copy to: Andrea Y. Sato
Kantor Taylor PC
1200 Fifth Avenue, Suite 1910
Seattle, WA 98101
Email: asato@kantortaylor.com

ARTICLE XIII.
BROKERAGE COMMISSIONS

13.1 Brokerage Commissions. Each Party represents to the other that no brokerage commission, finder's fee, acquisition fee or like payment arises through such Party with regard to the purchase or sale of the Property. Each Party will defend and indemnify the other party and hold the other Party harmless from and against any claim, liability, loss or expense for any brokerage commission, finder's fee, acquisition fee, or like payment asserted against the indemnified party arising out of any agreement entered into by the indemnifying party in connection with this Agreement, or otherwise arising through the indemnifying party. The obligations of the Parties under this Section will survive Closing. Notwithstanding the foregoing, for avoidance of doubt, Buyer's development consultant, Mike Rooney of Rooney Partners is a licensed broker but is not receiving compensation for such role or acting as an agent of Buyer as a licensed broker.

ARTICLE XIV.
DEFAULT AND REMEDIES

14.1 Buyer's Remedies.

14.1.1 Buyer's Remedy for Seller's Default Prior to Closing. In the event Seller fails to perform any act required to be performed by Seller pursuant to this Agreement on or before the Closing, then Buyer will execute and deliver to Seller written notice of such breach, which notice will set forth complete information about the nature of the breach. Seller will have a period of ten (10) days to cure such breach and the Closing Date will be extended accordingly to permit Seller to cure such breach, if necessary. If such breach remains uncured beyond the ten (10) day cure period, then Buyer's sole and exclusive remedy will be either: (i) to cancel this Agreement, obtain a refund of the Earnest Money and be reimbursed for Buyer's actual and verified predevelopment costs in connection with Buyer's intended development of the Property up to a maximum of $250,000, or, in the alternative, (ii) to seek specific performance of this Agreement. In the event that Buyer sues for specific performance, Buyer shall not be entitled to reimbursement of Buyer's pre-development costs. The foregoing will not limit any rights of Buyer to be indemnified by Seller, or to receive attorneys' fees and costs as provided in this Agreement with respect to the breach by Seller of any express obligation to indemnify Buyer expressed in this Agreement.

14.1.2 Limits on Buyer's Claims Alleging Breach of Representations or Warranties. Notwithstanding any term, condition or provision in this Agreement to the contrary, express or implied, in the event the Closing occurs and Buyer receives possession of the Property, Buyer hereby expressly waives, relinquishes and releases any right or remedy available to Buyer, at law, in equity or under this Agreement, to make a claim against Seller for damages that Buyer may incur, or to rescind this Agreement and the transactions contemplated hereby, as the result of any of Seller's representations or warranties being untrue, inaccurate or incorrect if (1) Buyer knew that such representation or warranty was untrue, inaccurate or incorrect at the time of the Closing and Buyer nevertheless permitted Closing to occur and the Deed to be recorded, or (2) Buyer's damages as a result of such representations or warranties being untrue, inaccurate or incorrect are, in the aggregate, less than $25,000.00. Buyer will be "deemed to have known" that a representation or warranty was untrue, inaccurate or incorrect at the time of the Closing if any Property Information furnished or made available to or otherwise obtained by Buyer contains express information which is inconsistent with such representation or warranty. Notwithstanding anything contained herein to the contrary, if the Closing has occurred and if Buyer has not waived, relinquished and released all rights or remedies available to it at law, in equity or otherwise as provided hereunder, the total aggregate liability of Seller arising pursuant to or in connection with Seller's representations, warranties, covenants and other obligations (whether express or implied) arising from this Agreement and/or any documents executed by Seller in connection with this Agreement (including, without limitation, the Deed) will not exceed Fifty Thousand Dollars ($50,000) in the aggregate. **Buyer acknowledges and agrees that the limits and restrictions upon any claim by Buyer as set forth in this Subsection have been specifically negotiated and agreed upon by and between the Parties and that Seller would not be willing to enter into this Agreement without Buyer's agreement to these restrictions and that the same are therefore binding and effective upon Buyer and its successors and assigns. All of the provisions of this Section 14.1.2 will survive the Closing.**

____
Buyer's Initials

14.2 Seller's Remedies. If Buyer fails, without legal excuse, to complete the purchase of the Property in accordance with this Agreement, Seller's sole and exclusive remedy shall be to terminate this Agreement and retain the Earnest Money as liquidated damages. Seller and Buyer shall have no further rights or obligations under this Agreement, except those which expressly survive such termination, including without limitation Buyer's obligation to cause Escrow Agent to disburse the Earnest Money to Seller.

SELLER AND BUYER AGREE THAT IF THIS AGREEMENT IS TERMINATED PURSUANT TO THIS SECTION 14.2, THE DAMAGES THAT SELLER WOULD SUSTAIN AS A RESULT OF SUCH TERMINATION WOULD BE DIFFICULT IF NOT IMPOSSIBLE TO

ASCERTAIN. ACCORDINGLY, SELLER AND BUYER AGREE THAT SELLER SHALL RETAIN THE EARNEST MONEY AS FULL AND COMPLETE LIQUIDATED DAMAGES AND AS SELLER'S SOLE AND EXCLUSIVE REMEDY FOR SUCH TERMINATION.

Seller's Initials: _______ Buyer's Initials: _______

14.3 Time Limitations for Actions. Each Party hereby expressly agrees that no action will lie, at law or in equity, in any court or in arbitration or before any other adjudicatory body, for damages, losses, costs, indemnity, contribution, or any other relief arising from or relating to any breach by any representation or warranty of any Party relating in any way to the Property, the Land, or this Agreement, including, but not limited to, any representation or warranty expressly or impliedly arising hereunder, unless the party making such claim actually commences an action therefor within one (1) year after the Closing Date. Each Party acknowledges this provision imposes a limitation upon all such actions that is shorter than the statute of limitations as provided for by applicable case and statutory law and that this limitation upon actions may foreclose or bar a claim for matters unknown or undiscovered within the limitations period here agreed upon, but each Party agrees that the limitation of actions herein provided is fair and reasonably and mutually beneficial to each Party for the sake of limiting the time in which either Party could commence an action against the other for any matter as herein encompassed, and consequently, neither Party will commence an action or seek relief inconsistent with the limitation herein provided. The one-year limitations period herein provided will not apply to any action arising from any provision of this Agreement expressly providing for either Party to indemnify the other as to certain matters herein specified, including, but not limited to, the indemnities provided under the Article V hereof.

14.4 Waiver of Trial by Jury. Seller and Buyer each hereby expressly waives any right to trial by jury of any claim, demand, action, cause of action, or proceeding arising under or with respect to this Agreement, or in any way connected with or related to, or incidental to, the dealings of the Parties with respect to this Agreement, whether now existing or hereafter arising, and irrespective of whether sounding in contract, tort, or otherwise. To the extent they may legally do so, Seller and Buyer agree that any such claim, demand, action, cause of action, or proceeding will be decided by a court trial without a jury and that any party may file an original counterpart or a copy of this Section with any court as written evidence of the consent of the other party or parties hereto to waiver of its or their right to trial by jury. Buyer and Seller further acknowledge and agree that this provision has been expressly negotiated and agreed upon between them and is for their mutual benefit.

14.5 Post-Closing Remedies of Seller. If after the Closing, Buyer fails to perform its obligations which expressly survive the Closing pursuant to this Agreement, including, but not limited to, Buyer's obligations to indemnify Seller, then, subject to the limitations contained in Section 14.3, Seller may exercise any remedies available to it at law or in equity, in any order it deems appropriate in its sole and absolute discretion, including but not limited to seeking specific performance or damages. In such event, the liquidated damages provisions contained in Section 14.2 will not apply to nor limit nor be an offset against Seller's recoverable damages.

14.6 Post-Closing Remedies of Buyer. If after the Closing, Seller fails to perform its obligations which expressly survive the Closing pursuant to this Agreement, then, subject to the limitations contained in Subsections 14.1.1 and 14.1.2 and Section 14.3, Buyer may exercise any remedies available to it at law or in equity, in any order it deems appropriate in its sole and absolute discretion, including but not limited to seeking specific performance or damages.

14.7 No Consequential or Incidental Damages. Notwithstanding any other provision hereof, neither Buyer nor Seller will have any liability for any matter arising under this Agreement or as a result of or in connection with the transaction described herein or for any matter relating to the Property, for loss, damages or other form of monetary relief, compensation or remedy, except for the actual amount of damages actually incurred as a result of such matter, condition, event or occurrence (and further except for Seller's liquidated damages as provided in Section 15.2 above), and neither party will have a right to, nor will claim, demand, seek, or pray for any relief in the form of consequential or incidental damages, including, but not limited to, any claim for "lost opportunities" or "changes in markets," or the like, except insofar as the same are expressly permitted by a specific provision of this Agreement (e.g., the right to attorneys' fees as allowed hereunder).

ARTICLE XV.
DISCLAIMER BY SELLER; AS-IS SALE.

As used herein "Seller Parties" will mean each Seller, its officers, officials, employees, agents and volunteers. Buyer acknowledges and agrees that, except as expressly set forth in Section 10.1 above, Seller makes no representation or warranty of any kind as to the physical, environmental or other condition of the Property or in connection with any matter, report or information relating to the condition of any of the Property, its value, fitness, use, zoning, entitlements, the existence of Hazardous Materials (as defined below) thereon, moratoriums, economic feasibility, developability, availability of utilities, tenants and Leases, tenants' association matters or any other matter relating to Buyer's proposed use of the Property. Buyer will, upon the Close of Escrow, be deemed to have disclaimed, released and waived (as against Seller Parties only but not third parties, as hereafter described), any and all objections to, or claims against Seller Parties and hereby covenants not to sue or bring any claims, directly or as a result of any third party claim, for contribution, indemnity or relief of any kind against Seller Parties, including, but not limited to, claims relating to or arising from the physical, geological, geophysical, environmental and/or other properties, characteristics and conditions of the Property and/or Land, further including, without limitation, any Hazardous Materials located thereon and the condition of title thereto, whether or not such conditions would be disclosed by reasonable and diligent inspection. Notwithstanding the foregoing, Buyer's foregoing waiver, release and covenant not to sue will not apply to the extent that such characteristics or conditions of the Property are contrary to Seller's representations and warranties contained in Section 10.1 as of the Closing Date providing Buyer was not aware of and had no notice of such fact or facts or conditions as of the Closing Date.

Buyer acknowledges and agrees that the purchase of the Property will be on the basis of Buyer's own investigation of the physical, environmental and other condition of the Property and the condition of the physical improvements, including subsurface conditions and Buyer's investigation of the status of zoning, maps and all other matters relating to entitlements. The foregoing disclaimers and waivers include, without limitation, topography, climate, air, water rights, utilities, present and future zoning, governmental restrictions, soil, subsoil, the existence of Hazardous Materials, other environmental contamination (including molds, mildew, fungi, microbial, bacterial, viral or other and organic substances), the purpose to which the Property is suited, drainage, access to public roads, proposed routes or roads or extensions thereof, the availability of governmental permits or approvals of any kind, the condition of the Real Property, matters related to the tenants' association and the Leases and tenants. "Hazardous Materials," as used in this Agreement, is defined to include, without limitation, any hazardous or toxic substance, material, waste, pollutant or contaminant that is or becomes regulated by any local governmental authority, the State of Washington, or the United States government due to its toxicity, corrosiveness, danger, reactivity or risk to public health and/or safety, including asbestos, petroleum and petroleum by-products thereof, PCBs, flammable explosives, mold, mildew, fungi, bacteria, viruses microbial and other organic matter.

The Property is being transferred and sold by Seller to Buyer "AS-IS," "WHERE-IS," "WITH ALL FAULTS" without representation or warranty expressed or implied by Seller (except as set forth in Section 10.1), by operation of law, or otherwise. Seller expressly disclaims, which Buyer hereby acknowledges and accepts, any implied warranty of condition, habitability, merchantability, or fitness for a particular purpose or use. Buyer further acknowledges that it is not relying on the statements of, or information provided by any advisor, real estate broker or property manager employed or retained by Seller nor any employee of any Seller, except as expressly provided in this Agreement.

Buyer, in closing on its purchase hereunder, will have independently confirmed to its satisfaction all of the information that it considers material to its purchase of the Property and the transactions contemplated hereunder. Buyer acknowledges and agrees that it is possible that unknown liabilities or conditions may exist with respect to the Property and that Buyer and Seller took this into account in agreeing on the Purchase Price.

____
Buyer's Initials

ARTICLE XVI.
MISCELLANEOUS

16.1 Attorneys' Fees. In the event of any litigation, arbitration or other proceeding brought to enforce or interpret or otherwise arising out of this Agreement, the substantially prevailing party therein will be entitled to an award of its attorneys' fees incurred therein, in the preparation therefor and on any appeal or rehearing thereof.

16.2 Counterparts; Electronic Transmission. This Agreement and any amendments hereto may be executed in one or more identical counterparts, and may be delivered by electronic transmission, and counterparts, when taken together, shall constitute one and the same instrument.

16.3 Time. Unless otherwise specified in this Agreement, any period of time measured in days in this Agreement shall start on the day following the event commencing the period and shall expire at 9:00 p.m. on the last calendar day of the specified time period. If the last day is a Saturday, Sunday or legal holiday, as defined in RCW 1.16.050, the specified period of time shall expire on the next day that is not a Saturday, Sunday or legal holiday. Ans specified period of five (5) days or less shall not include Saturdays, Sundays or legal holidays. "Business day" means any day that is not a Saturday, Sunday or legal holiday. Time is of the essence of each provision of this Agreement.

16.4 Governing Law; Venue. This Agreement will be governed by and construed in accordance with the laws of the State of Washington. Venue in any action arising out of this Agreement shall be in the King County Superior Court.

16.5 Binding Effect; Non-Assignment. This Agreement shall be binding upon and inure to the benefit of each of the Parties and upon and to each Party's respective successors and assigns. Buyer may not assign or transfer its rights under this Agreement without the prior written consent of Seller, which consent may be withheld by Seller in its absolute discretion. Any attempted or purported assignment by Buyer of its rights or interests under this Agreement or in the Property, prior to Closing, will be of no force or effect and may be wholly disregarded by Seller, unless Seller has consented thereto. No assignment of this Agreement nor consent thereto will in any event, relieve the assigning Party of its obligations hereunder, including, but not limited to, such Party's obligations to indemnify as provided in this Agreement. If Buyer elects to assign its rights hereunder, whether or not Seller consents or is required to consent thereto, such assignment will be of no force or effect until Seller and Escrow Agent receive a notice of such assignment signed by Buyer and Buyer's assignee and expressly stating Buyer's acknowledgment that such assignment does not relieve Buyer of its obligations arising under this Agreement. Notwithstanding the foregoing, Buyer will have the right to assign, set over or transfer the Agreement or any of Buyer's rights or interest in the Agreement to one more or more limited liability companies or limited liability limited partnerships controlled by Imagine Housing or its affiliates and/or Habitat for Humanity Seattle-King & Kittitas Counties or its affiliates.

16.6 Survival of Provisions. Except as otherwise expressly provided in this Agreement, the covenants, representations, agreements, terms and provisions contained herein shall survive the Closing and shall not be deemed to have merged with or into the Deed.

16.7 Exhibits. The Recitals and Exhibits A-F hereto are made a part of and incorporated into and made an express part of this Agreement.

16.8 Further Acts. The Parties shall execute and deliver such further instruments and documents, and take such other further actions, as may be reasonably necessary to carry out the intent and provisions of this Agreement.

16.9 Entire Agreement. This Agreement embodies and constitutes the entire understanding between the Parties with respect to the transactions contemplated herein, and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged into this Agreement.

16.10 Amendments. This Agreement may be amended by a written instrument duly approved and executed by the Parties; provided, that Seller's City Manager shall have authority to approve and execute without City Council approval any amendment that is for the sole purpose of extending the Closing Date.

(signature page follows; remainder of page intentionally blank)

EXECUTED by each Party as of the date next to that Party's signature.

SELLER:

City of Kenmore, Washington

By_______________________________________

Date:____________________________________

BUYER:

Imagine Housing, a Washington nonprofit corporation

By_______________________________________
Yichuan Zhao, Executive Director

Date:____________________________________

<u>EXHIBITS</u>

Exhibit A	Legal Description of Land
Exhibit B	Form of Deed
Exhibit C	Regulatory Agreement and Declaration of Restrictive Covenants
Exhibit D	Regulatory Agreement and Declaration of Restrictive Covenants (For-Sale Project)
Exhibit E	Commercial Use Covenants
Exhibit F	Purchase Option

EXHIBIT A

LEGAL DESCRIPTION

The land referred to is situated in the County of King, City of Kenmore, State of Washington, and is described as follows:

That portion of Lots 13 and 14, Block 11, ALDERWOOD MANOR NO. 14, according to the plat thereof recorded in Volume 26 of Plats, page 4, records of King County, Washington, described as follows:

Beginning at the Southwesterly corner of Lot 15 of said Plat;
THENCE South 75°27'09" East along the Southerly line thereof 325.41 feet;
THENCE North 14°32'51" East 10 feet to the Northerly margin of NE 181st Street as established by conveyance to King County by Deed filed under Recording No. 5033986 and True Point of Beginning;
THENCE North 14°32'51" East 244.81 feet to the Northerly line of said Lot 13;
THENCE South 75°26'39" East along said Northerly line, 166.55 feet to the Northeasterly corner thereof;
THENCE South 00°00'26" West along the East line of said Lot 13, 252.89 feet to the Northerly margin of said NE 181st Street;
THENCE North 75°27'09" West along said Northerly margin 230.04 feet to the True Point of Beginning;

EXCEPT that portion conveyed to the City of Kenmore by Deed recorded under Recording No. 20160620000448, records of King County, Washington.

SITUATE in the County of King, State of Washington

EXHIBIT B

FORM OF DEED

CITY OF KENMORE

City Manager’s Office

Disposition of Surplus Property & Purchase and Sale Agreement

March 24, 2025

ImagineHousing
building eastside communities

Habitat for Humanity®
Seattle–King & Kittitas Counties

KENMORE BY THE LAKE

The Approach at Kenmore

The Proposal: Unique partnership between Imagine Housing and Habitat for Humanity to build an affordable housing community with both rental and ownership units

- Affordable ownership units (Habitat for Humanity)
- Affordable rental units (Imagine Housing)
- Community/commercial ground floor space (TBD)
- Mix of studios, one-bedroom, two-bedroom and three-bedroom units
- Walkable site; access to downtown and transit

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KENMORE BY THE LAKE

Holt Property History

The City purchased the Holt property in 2022 for $3.2 million by drawing down reserves in the City's General Fund and Strategic Opportunities Fund, with the understanding that the City's reserves would be replenished upon sale of the property to a future developer.

Funding Sources of the Property Purchase:

General Fund Reserve (Fund Balance): $2.2 million
Strategic Opportunities Fund Reserve (Fund Balance): $1 million

A sale price of $1.5M has been set for the property, which will replenish the general fund while still acknowledging the public benefit of affordable housing.

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KENMORE BY THE LAKE

Project History

- City purchased the property, located at 7010 NE 181st Street, in September 2022 for $3.2 million
- Issued RFP #23-C2969 seeking an affordable housing proposal
- On December 4, 2023 the City Council approved the selection of Imagine Housing / Habitat for Humanity directed staff to move forward with negotiations for property sale agreements
- Updates provided to Council March 25, 2024 and June 17, 2024
- Letter of Intent September 2024

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Seattle–King & Kittitas Counties

KENMORE BY THE LAKE

The Approach
AT KENMORE

Community Members Served by the Project

Affordable Rental Housing

- Affordable to households with incomes between 50-60% of the Area Median Income (AMI).
- 50-60% AMI translates to an income range, adjusted for household size, of $52,700 (1 person household at 50% AMI) up to $97,955 (4-person household at 60% AMI).
- Income limits are set annually by King County.

Affordable For Sale Housing

- Affordable to households with an income up to 80% AMI.
- 80% AMI translates to an income range, adjusted for household size, of $77,700 (1 person) up to $110,950 (4-person household).
- Income limits are set annually by King County.

Purchase and Sale Agreement

Required Timeline

- **2027:** Buyer (Imagine Housing) submits all City of Kenmore permits (except trade permits) by 1/1/2027.

- **2028:** Buyer closes on construction financing by 12/31/28. Buyer must secure all necessary permits by 6/30/28.

Purchase and Sale Agreement

Closing Timeline & Details

Purchase Price: $1.5M to be paid by Buyer (Imagine) at Closing

Feasibility Contingency: Buyer shall have one hundred eighty (180) days from the date of Purchase Contract Effective Date to provide written notice to Seller of Buyer's disapproval of the Feasibility Contingency and termination of the Purchase Contract.

Closing: The earliest of 90 days after satisfaction of the Feasibility Contingency or the date of Buyers closing of financing. No later than 270 days after the Purchase Contract effective date.

Buyers Remedies in Event of the Sellers Default: If Seller defaults under the Purchase Contract, the Buyer can sue for specific performance or receive a refund of the Earnest Money ($25,000) and verified pre-development costs up to a maximum of $250,000. If the Buyer sues for specific performance the Buyer shall not be entitled to re-imbursement of Buyer's pre-development costs.

Sellers Remedies in the Event of Buyers Default: If Buyer defaults under the Purchase Contract, Seller's sole and exclusive remedy shall be to retain the Earnest Money ($25,000).

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KENMORE BY THE LAKE

Purchase and Sale Agreement
Project Details

Number of Units and Unit Mix:

- At least 103 rental units (10% variance allowed) and at least 18 ownership units (variance of two units allowed).
- At least 17% 3-bedroom and 16% 2-bedroom rental units. Ownership unit mix shall consist of at least 50% units as 2-bedroom or larger.

Affordability: 50-year affordability covenant with income threshold range of 50%-60% AMI for rental units and 80% AMI for ownership units. The financing shall not require that any tenants are “homeless upon entry” or that the development be permanent supportive housing, homeless shelters, and emergency shelter housing.

Code Compliant Project

Ground Floor Space: Will contain a community/commercial ground floor space and Buyer shall make a good faith effort to lease space to a non-profit service provider.

Temporary Access Easement: Buyer shall grant a temporary access easement to Seller to provide north-south pedestrian access for the public through the Property.

ImagineHousing building eastside communities

Habitat for Humanity® Seattle–King & Kittitas Counties

KENMORE BY THE LAKE

Purchase and Sale Agreement
After Closing & Pre-Construction Provision

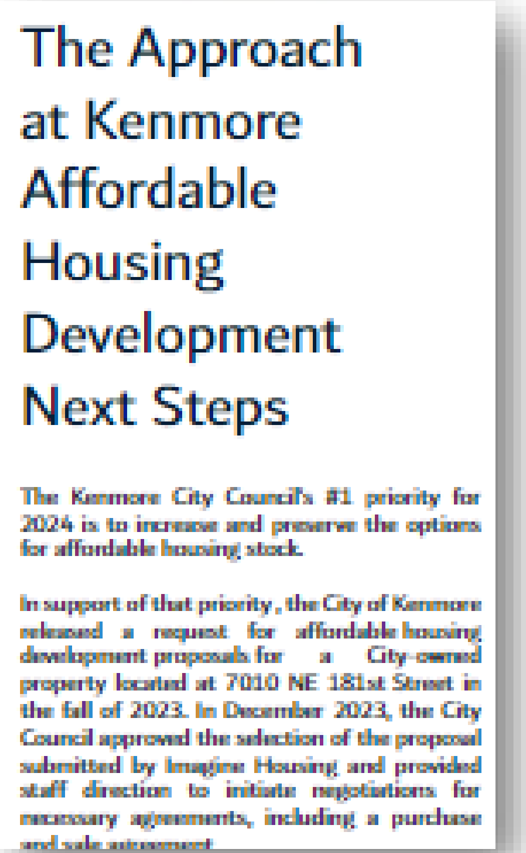
- **Property Buyback Provision:** If Buyer closes on the acquisition of the Property prior to closing financing for the development of the Property and does not subsequently close financing for development of the Property by December 31, 2028, then Seller shall have an option to acquire the Property from Buyer for the same Purchase Price that Buyer acquired the Property from Seller.

ImagineHousing building eastside communities

Habitat for Humanity® Seattle–King & Kittitas Counties

KENMORE BY THE LAKE

Community Engagement


The Approach at Kenmore Affordable Housing Development Next Steps

The Kenmore City Council's #1 priority for 2024 is to increase and preserve the options for affordable housing stock.

In support of that priority, the City of Kenmore released a request for affordable housing development proposals for a City-owned property located at 7010 NE 181st Street in the fall of 2023. In December 2023, the City Council approved the selection of the proposal submitted by Imagine Housing and provided staff direction to initiate negotiations for necessary agreements, including a purchase and sale agreement.

- December 2024 – Imagine Housing was Presenting Sponsor for City of Kenmore's Winter Holiday event
- February / March 2025 – Three community engagement events
- City website – https://kenmorewa.gov/theapproach
- Imagine website – https://www.imaginehousing.org/the-approach

Existing Community Communication (linked on City website)

•City Council Meetings: December 4, 2023, March 25 & June 17, 2024

•Kenmore Quarterly Summer 2024, Winter 2024, Spring 2025

Motions for Consideration

1. Motion to approve the Disposition of Surplus Property Resolution No. 25-427 declaring City-owned real property referred to as tax parcel No. 011410-0590 located at 7010 NE 181st St, Kenmore, WA 98028 to be surplus to the City's needs.

2. Motion to approve the transfer agreement of the property to Imagine Housing Group in substantially the form of Attachment 3 and authorize the City Manager to sign the agreement.

Thank you and Questions

City Council Agenda Bill
City of Kenmore, WA

Meeting Date: 3/24/2025

Subject/Topic:	**Proposed Council Action/Motion:**
Shelter, Transitional Housing, Emergency Housing and Permanent Supportive Housing (STEP Housing) Advisory Committee **Department:** Community Development **Prepared by:** Debbie Bent, Assistant City Manager/Community Development Director **Attachments:** 1. Letters of Interest (provided to City Council after the 3/17/25 submittal deadline) 2. STEP Advisory Committee Charter	☐Information Only ☐Receive and File ☒Discuss ☒Provide Direction ☐Public Hearing ☐Adopt/Approve ☐Authorize ☐Other: Motion identifying applicants for interview with the City Council on 3/31/24 from community members who submitted a letter of interest to serve on the STEP Housing Advisory Committee

Approvals:

Department Head	DB 3/11/25	City Attorney	n/a	Finance Director	n/a	City Manager	SLL 3/14/25	Optional	TC 3/14/25

Summary/Background:

Summary: At the 3/24/25 City Council Meeting, the City Council will review letters of interest submitted by community members interested in serving on the limited term STEP Housing Advisory Committee. The City Council will take action 3/24/25 to select applicants for interview on 3/31/25. Following interviews on 3/31/25, the City Council will discuss and take action to select STEP Housing Advisory Committee Members.

The deadline for submitting letters of interest is 3/17/25. Staff will compile the letters received and provide to Council 3/18/25. As of 3/10/25 no letters of interest have been received.

Background: Following link to the City's website which provides background on STEP housing [STEP Housing | City of Kenmore Washington](). Attachment #2 is the charter for the STEP Housing Advisory Committee.

Previous Council Action(s):

At the 2/24/25 City Council meeting, the City Council discussed the charter for the STEP Housing Advisory Committee (Committee). The City Council direction was to ensure there were opportunities for public comment.

At the 1/13/25 City Council study session, Link to agenda Kenmore - Document Center, the City Council reviewed the proposed "draft" 2025 Planning Commission docket work program as well as work program items for proposed code amendments that would be reviewed and approved directly by the City Council. A work program item on the City Council work program included proposed amendments to the Kenmore Municipal Code to address Shelters, Transitional Housing, Emergency Housing and Permanent Supportive Housing (STEP Housing) to be consistent with HB 1220. In addition, a memo was included about the STEP housing work program regarding schedule, budget and review by a new limited term STEP Advisory Committee. Council made no changes to the proposed work program. The City Council adopted the docket on the consent agenda at the 1/27/25 City Council meeting, Link to agenda Kenmore - Document Center.

3/25/24 City Council meeting link to agenda Kenmore - Document Center. The Staff provided an update on Permanent Supportive Housing and Other Affordable Housing Topics. The memo noted that proposed amendments to the municipal code were anticipated as part of a 2025 work program item. The memo noted that several council members were interested in forming a committee to provide advice to the City Council on permanent supportive housing and that further direction would be needed regarding a committee charter.

Fiscal Consideration:

Consultant assistance (estimate $30,000-40,000) may be needed if a Limited Term Senior Planner is not hired. Potential for facilitator assistance for the Committee (estimate $4,000-$5,000). Publication costs $4,000-$5,000 (e.g. legal advertisements, community mailer). City Attorney costs for ordinance and code review (estimate $1,000-$2,000). Staff time from other departments, Development Services and City Manager Department.

City Council Priorities or Budget Objective Being Addressed:

City Council's 2025-2026 Priority #2: Preserve and increase availability of all types of housing at all income levels, including the needs of people experiencing homelessness

03/17/2025

Timothy Marchello
[redacted]

Hi. I would like to serve on the STEP Housing Advisory Committee. My wife and I have been residents of Kenmore for the past 28 years. We raised two children here with the usual involvement in school and sports activities.

In our time here, we have seen such tremendous growth and changes to our city. There will be much more to come in the future as well. I would like to be a part of shaping how our city will maintain it's growth.

I have had a good deal of experience in the multifamily housing industry. I was an assistant manager in an apartment community in Shoreline for four years as well as having my wife in the industry for the past 30 years. I know how important this is in our world where owning a home is out of reach for so many. There is also a huge sense of community that one gets from living with others. This is so important for those needing more than just a roof over their heads.

I applaud the City of Kenmore for its forward thing in developing plans for more housing in a time where it is so important.

Thanks,

Timothy

Dear Kenmore Clerks & City Council,

I am writing to express my interest in joining the upcoming STEP Housing Committee. As a Kenmore resident and housing advocate, I am passionate about contributing to initiatives that promote accessible, safe, and inclusive housing solutions for current and future members of our community.

My background in real estate (sales, investment and infill development) has fostered a passion for housing well as an understanding of the precariousness of our current housing system. Through working with members of Port Angeles City Council as they examined the intersection of short-term rental regulations and housing instability, I developed a balanced and deep understanding of the roots of our current housing crisis and developed innovative proposals to change it. I have since served as an analyst on a study to bring low-cost cross laminated timber (CLT) housing to the Olympic Peninsula.

As a member of the STEP Housing committee, I would bring my experience and expertise in housing, dedication to the committee, and compassion and empathy in finding solutions for a vast problem. My lived experience has shown, undeniably, that all the components in STEP Housing are urgently needed, because until we can provide them to the community at large, we are relying on the kindness of friends and strangers to keep people off the streets. In the decade before his passing, my brother lived in what could best be described as private permanent-supportive housing. As a Buddhist schizophrenic, the only thing keeping him off the streets was an efficiency apartment (just two rooms with a sink) that he could afford on his disability payments

Thank you for considering my application to join the Step Housing Committee. I would welcome the opportunity to discuss how my background and skills align with your goals. Please feel free to contact me at [redacted] or [redacted] at your convenience.

Sincerely,

Caitlin Sullivan

2/15/25

Dear City of Kenmore,

Re: STEP Housing Advisory Committee

I am writing in to share my statement of interest in serving on the STEP Housing Advisory Committee.

Sincerely,

Corina Pfeil

Corina Pfeil, Behavioral & Social Health Services, AAS

Former Kenmore Councilmember

Candidate: Public Health, BAS

Candidate: Business Technology, AAS

Advanced Certificate of Municipal Leadership, AWC

Legislative Advocate

Dear Members of the Kenmore City Council,

I am writing to express my interest in serving on the STEP Housing Advisory Committee for the City of Kenmore. As a dedicated member of this community, I am eager to contribute to the ongoing efforts to address housing needs, promote sustainable development, and ensure that our city remains a welcoming and inclusive place for all residents.

I have closely followed the City's work on affordable housing and have a strong commitment to supporting practical initiatives that improve access to quality housing for individuals and families in need.

I am excited about the opportunity to collaborate with other community leaders and stakeholders to develop strategies that will benefit current and future residents.

I would be honored to discuss my qualifications further and to explore how I can contribute to the important work of the STEP Housing Advisory Committee.

Thank you for considering my application. I look forward to the opportunity to serve our community in this capacity.

Sincerely,
Jessica Williams

Kenmore City Council,
I am writing to express my strong interest in joining the Kenmore STEP Housing Advisory Committee. I am deeply committed to supporting Kenmore's efforts to address housing affordability and ensure that our city meets the diverse needs of its residents. The STEP initiative, as outlined in House Bill 1220, represents a critical opportunity to create meaningful zoning regulations for emergency shelters, transitional housing, emergency housing, and permanent supportive housing. With the City of Kenmore needing hundreds of housing units by 2044, I am eager to contribute my skills and perspectives to help achieve these goals. I believe that equitable and inclusive housing policies are essential for fostering a thriving and compassionate community.

I bring a combination of passion, local engagement, and a collaborative mindset that would make me a positive addition to the committee. I also have a 20+ year history helping large businesses plan for the future that I believe would be useful as we look for creative solutions to this problem. As someone who cares deeply about Kenmore's future, I am inspired by the resources provided by the Washington State Department of Commerce, which underscore the importance of data-driven solutions and inclusive planning processes. I am particularly interested in ensuring that our policies reflect best practices while addressing displacement risks and promoting equity for all residents. My ability to work collaboratively with diverse stakeholders will help ensure that the committee's recommendations are both practical and visionary.

Joining the STEP Housing Advisory Committee would allow me to contribute meaningfully to shaping Kenmore's housing future. I am committed to listening to community voices, analyzing data thoughtfully, and helping craft recommendations that align with HB 1220's requirements while reflecting Kenmore's unique character and needs. Together, we can create a roadmap for housing solutions that provide stability and opportunity for all members of our community. Thank you for considering my application—I look forward to the opportunity to support this important work.

Sincerely,
Josh Kurcinka
Kenmore Resident

Jennifer L. Alderman, MPA, LICSW, MSW, SUDP
[redacted] | [redacted] [redacted]

March 15, 2025

Dear City Council Members/Advisory Committee Selection Committee,

I moved to Kenmore with my partner about nine years ago. We have enjoyed living here for a multitude of reasons, many of which I believe are shared by most of the community members: it's safe, it's friendly, and overall, it's a great community.

I am interested in the opportunity to serve on the STEP Housing Advisory Committee because I believe housing and related issues are of vital importance to the shaping of Kenmore's future. I spent the first 9.5 years of my professional career working in community behavioral health and supervised intensive supportive housing programs for a local non-profit community behavioral health agency in Seattle. The individuals served in those programs were among the most marginalized: chronically homeless, chronically mentally ill and/or substance using, chronically physically ill, and quite often also involved in the criminal justice system. I then spent the next 6.5 years of my career managing the behavioral health contracts for Snohomish County. This included funding and support for community behavioral health and housing programs. Through this work I came to understand the funding challenges and complexities of behavioral health treatment programs, some of which included housing. My current primary work is as a Designated Crisis Responder for Snohomish County and secondarily, I am a per diem clinical social worker at the University of Washington Medical Center Emergency Department. In both positions, I continue to encounter behavioral health crises and see the multiple implications the lack of stable housing/shelter have on vulnerable populations.

The reality of our current circumstances as a community is not unique to Kenmore: most if not all communities are facing increasing challenges in being able to support those who have significant difficulties in meeting their basic needs while at the same time, the difficulties and challenges encountered by those same individuals and families are becoming more acute than ever before. The work done by the City of Kenmore to address the challenges of the most vulnerable members of our community is obligatory on a foundational level in the ongoing work to continue to build and maintain the strong and healthy community that we all want. I appreciate the creation of committees such as this, as a broad spectrum of perspectives are present in the community and should be reflected in the work as it's undertaken and not attempt to be added back in after decisions are made.

Thank you for the opportunity to express my interest in serving on this committee.

Sincerely,

Jennifer Alderman

Letter of Interest for STEP Housing Advisory Committee

Maddie Hayden
[redacted]
03/14/2025

Kenmore City Council
18120 68th Ave NE
Kenmore, WA 98028

Dear Members of the Kenmore City Council,

I am writing to express my strong interest in serving on the STEP Housing Advisory Committee. As a lifelong resident of Kenmore—having moved here at the age of two and continually returning after living elsewhere for school—I have a deep appreciation for our city and the community that makes it special. Kenmore is a fantastic place to live, and I am committed to ensuring it remains both affordable and safe for all residents.

Washington State's House Bill 1220 (HB 1220) mandates that local governments plan for and accommodate housing at all income levels by 2044. As part of this initiative, Kenmore must provide a total of 3,070 net new housing units, including 587 emergency beds and 559 units of permanent supportive housing. The STEP program—comprising Indoor Shelter, Transitional Housing, Emergency Housing, and Permanent Supportive Housing—is a vital part of this effort. I fully support this comprehensive approach and believe stable housing is fundamental to individual and community well-being.

At the same time, public safety remains a crucial concern. As Kenmore implements STEP housing, it is essential to develop policies that uphold the security of our neighborhoods. I recognize that achieving both affordability and safety requires careful planning and thoughtful dialogue. Currently, few seem to be addressing these two priorities in tandem, and I believe a balanced, evidence-based approach is necessary.

In addition to my passion for this city, I bring a unique perspective as both an educator and a coach. I am currently pursuing a Master's in Teaching at Seattle University, preparing to help shape the next generation of learners. Additionally, I serve as a coach at Aqua Club and other local swim teams, working closely with young athletes and their families. These experiences have strengthened my ability to foster community engagement, listen to diverse perspectives, and work collaboratively toward shared goals.

My dedication to Kenmore, combined with my commitment to equitable and thoughtful housing policies, makes me eager to serve in this role. I would welcome the opportunity to discuss my candidacy further and appreciate your consideration.

Sincerely,
Maddie Hayden

Juliana Pooley
www.linkedin.com/in/jhpooley
[redacted]

March 15, 2025

Dear Kenmore City Council:

My name is Juliana Pooley and I am writing with interest for the 2025 STEP Housing Committee. I am a long-term Kenmore resident, with an education and professional expertise in housing, and also a mother who wants our city to be a safe home for all types of individuals and families.

EDUCATION & CAREER

I earned a Masters in Community & Economic Development from Penn State University, and have previously worked in a variety of homeless service settings (case management, coordinated entry). Currently, I work with low-income refugee families, most of whom are severely cost-burdened by their rent. I also serve on the board of Babies of Homelessness, and on the Board of North Urban Human Service Alliance (NUHSA), as well chairing their Housing & Homelessness committee. I am familiar with HB 1220 and am fluent in how local zoning codes impact the opportunities for shelters, transitional and permanent supportive housing.

PERSONAL INVESTMENT

As a long-term resident, I've watched Kenmore transform from an unincorporated municipality into a safe little suburb with more sidewalks, summer farmers markets, prettier parks and beach access, and a central downtown. During the same timeframe, I've watched parents and neighbors age into seniors, and housing prices skyrocket. Our city and region is changing in many ways, and we need a housing plan that is thoughtful, proactive and accommodating to the current and future residents of Kenmore.

My family lives downtown and we love the library, the Hangar, and ebiking on the Burke Gilman Trail. My children attend Kenmore Elementary, a Title I elementary school, where they've made friends with children (previously) living at Mary's Place family shelter, and 40% of their current classmates are low-income. My children notice the sleeping bags by the library and ask if the tall buildings under construction will house their refugee friends.

Aging seniors, disabled adults, youth aging out of the foster care system, families fleeing domestic violence - are all highly vulnerable to housing crisis and in need of STEP options. I welcome Lake City Partners, and am proud of Northlake Lutheran Church for hosting Camp United We Stand, and look forward to Kenmore creating more even options. My professional and educational expertise allow me to offer informed, research-based recommendations about STEP housing and zoning, and my personal investment in Kenmore gives me empathy and insight in the social nuances of our local issues. Thank you for your consideration.

Juliana Pooley

Charter for

Shelter Housing, Transitional Housing, Emergency Housing and Permanent Supportive Housing (STEP Housing) Advisory Committee

March through September 2025

Objective

The objective of the limited term STEP Housing Advisory Committee (Committee) is to provide an advisory report to the City Council by the end of September 2025 on proposed amendments to the City's zoning regulations regarding STEP Housing. If options are presented in the report, a preferred Committee option can be noted.

The proposed amendments to zoning regulations for STEP Housing are to provide clarity and consistency with State Law HB 1220 using guidance from the Washington State Department of Commerce including the July 2024 "STEP Model Ordinance, User Guide and Best Practices Report".

The Committee's work will be brief, focused, and advisory in nature. As members of the City Council are the directly elected representatives of the people, they retain decision-making authority and responsibility for approving amendments to the Kenmore Municipal Code.

Background

Washington State Law: In 2021, HB 1220 (LINK) was passed to address homelessness and affordable housing issues across the state. Cities cannot prohibit emergency housing and shelters in zones that allow hotels, and they must permit permanent supportive housing and transitional housing in zones where hotels and residential development are allowed. While reasonable occupancy, spacing, and intensity requirements may be set by ordinance to protect public health and safety, cities are required to allow these types of housing. The intent of the law is to encourage jurisdictions to accommodate STEP housing.

While Kenmore's zoning regulations allow STEP housing, amendments will provide clarity and consistency, for example, in the definition of housing type, which zones housing types are permitted and review process. The goal is for the City Council to adopt amendments by ordinance by year end 2025.

For additional resources and guidance, refer to the Washington State Department of Commerce website on Updating GMA Housing Elements

18120 68th Ave NE, Kenmore, WA 98028
Office: (425) 398-8900 · cityhall@kenmorewa.gov · www.kenmorewa.gov

*City Council Priorities and Direction***:** The Kenmore City Council's priority for 2025-2026 is to "preserve and increase the availability of all types of housing at all income levels, including the needs of people experiencing homelessness." From 2021 to 2024, the City Council's top priorities focused on increasing and preserving options for affordable housing. At the City Council meeting on January 22, 2024, Ordinance 24-2605 was passed, which denied a Development Agreement between the City and Plymouth Housing Group. This agreement would have allowed requested departures from development standards to provide 100 permanent supportive housing units at 6532 Bothell Way NE. The proposal caused division within the community, prompting several City Councilmembers to express the desire for a committee of community members to advise on future amendments to zoning regulations, particularly those related to permanent supportive housing.

Committee Organization

Committee Membership*:* The STEP Advisory Committee will consist of a minimum of six members appointed through the selection process described under "Committee Selection" below.

Meetings*:* The Committee will meet up to twice per month, most likely on weekday evenings, to complete this workplan. Staff will coordinate meeting dates/times with committee members after selection.

Facilitator*:* A facilitator will be provided to ensure: (1) all voices are heard, (2) the committee functions smoothly, (3) there are productive discussions between staff and committee members, (4) the committee has enough technical support to provide feedback to the City Council on the STEP Housing topics in the timeframe requested, and (5) feedback is noted appropriately. City staff will execute a contract with an experienced facilitator by the end of March to align with selection of committee members.

Agenda, Minutes, and Reports*:* City staff will produce meeting agendas and take minutes of the meetings. When the Committee approves these, they will be posted on the City website.

Meetings Open to the Community*:* Community members are welcome at the Committee meetings to observe. To ensure efficient use of time, there will not be a period for public comment at Committee meetings. Instead, community members are asked to provide comments to the Committee by e-mail, which will be compiled weekly and given to the Committee. Community members can also provide comments directly to the City Council via email or at public comment periods at regular City Council meetings at any time through this process.

Committee Expectations

Committee members are expected to do the following:

- Come prepared for meetings.
- Treat one another, City staff members, and community members with respect, courtesy, and civility.
- Listen with an open mind.
- Ask questions to facilitate improved understanding of the issues and options.
- Think independently and speak on their own behalf as informed community members, not as a designated representative of an organized group in the community.
- Share their viewpoint. Silence will be interpreted to indicate agreement.
- Work together with other committee members to develop an advisory report of recommendations to the City Council in the time available.
- Maintain focus on the Kenmore community at large in this work.
- There will be no alternates appointed for this committee so if a member cannot attend a meeting, they should either ask another member to present their view at that meeting or submit written comments in advance.

Committee Responsibilities

The following tasks will be the responsibilities of the Committee to complete by the end of September 2025.

<u>Study and Understand the STEP Housing Topic</u>: City staff will aid the Committee in the following ways:

- Compile background research on the STEP Housing topic to provide context for Committee discussion.
- Provide options for potential code amendments for Committee discussion based on Committee direction.
- If requested by the Committee, staff will prepare a “draft” advisory report based on Committee direction.

<u>Advise on and Assist Community Engagement Process</u>: The Committee will review and advise on an appropriate process for this work based on available resources. Committee members may assist with and attend any community engagement events, though at these events the Committee members are encouraged to listen and observe to allow others to be heard.

The Committee will review all public input and assist in synthesizing the information into useful formats for the City Council's and community's review and consideration.

Create a Committee Advisory Report for Presentation to the City Council: The Committee will prepare and provide an advisory report to the City Council and present findings/recommendations to the City Council by the end of September 2025 on proposed amendments to the City's zoning regulations regarding STEP Housing. If options are presented in the report, a preferred Committee option can be noted.

Tentative Work Schedule

- Establish the Advisory Committee (March): Solicit applications from eligible applicants. The City Council would conduct interviews and select community members.

- Committee Meetings (April – September)**:** Estimate a maximum of eight Committee meetings to provide guidance on code amendments.

- Committee Presentation (September**):** The Committee presents the advisory report on STEP housing amendments to the City Council. The report may identify a preferred option.

- City Council Direction (September – December): The City Council considers the advisory report and gives direction to city staff on proposed amendments to include in an ordinance. The City Council will hold a public hearing on proposed amendments and adopt an ordinance by year end.

Potential Committee Meeting Topics

- April: Review relevant documents, including: STEP Housing Charter, background research, potential questions for the panel discussion, and community engagement options.
- May: Discussion with panel of STEP housing experts (e.g. housing providers, ARCH staff, staff from other jurisdictions) to provide feedback on STEP housing regulations.
- June: Debrief from the panel discussion, including key takeaways. Review and discuss code amendment options.
- July: Continue review and discussion of code amendment options. Potential community open house.
- August: Identify a preferred set of code amendments.
- September: Present recommendations to the City Council.

Community Engagement
Listed below are anticipated ways the community would be kept up to date on the process and have input. The committee will review these options and create a community engagement plan at the April Committee meeting. The Committee meetings would be open to the community.

- Public Hearing before the City Council (required).
- Create a project webpage: where the community could also provide comments/questions; links to information and background materials etc.
- Updates through the City's social media platforms, Top 4, Newsletters.
- A town hall/open house for the Committee to receive community feedback and comments on code amendments.
- Community attendance to listen to a panel of experts regarding STEP Housing.

Committee Selection

Qualifications

- Members will be residents of the City of Kenmore and/or own/work at a business physically located within the City or attend school in Kenmore.
- Members will be 16 years of age or older.
- Positions should be filled in ways to ensure the Committee represents the Kenmore community's diversity.
- Life experiences and connections to Kenmore are all the qualifications necessary to serve well on this Committee and provide valuable, thoughtful insights on this important housing topic. However, applicants are encouraged to identify any knowledge, work experience or other experience relevant to the topic of STEP housing or other housing topics that may benefit the Committee's work.

Selection Process

Interested applicants may apply by submitting a letter of interest via e-mail to the City Clerks clerks@kenmorewa.gov March 1st to March 17, 2025 by 5 pm close of business.

Following close of the application period, staff will provide copies of applicant letters of interest to the City Council. The City Council will select applicants for interview on March 24, 2025. The City Council will conduct interviews and take action to select committee members at a Special Meeting March 31st, 2025. The City Council will select a minimum of six members who represent a range of interests and perspectives on the topic of STEP housing.

Business Registration Update

Kenmore City Council
March 24, 2025

Program Goals

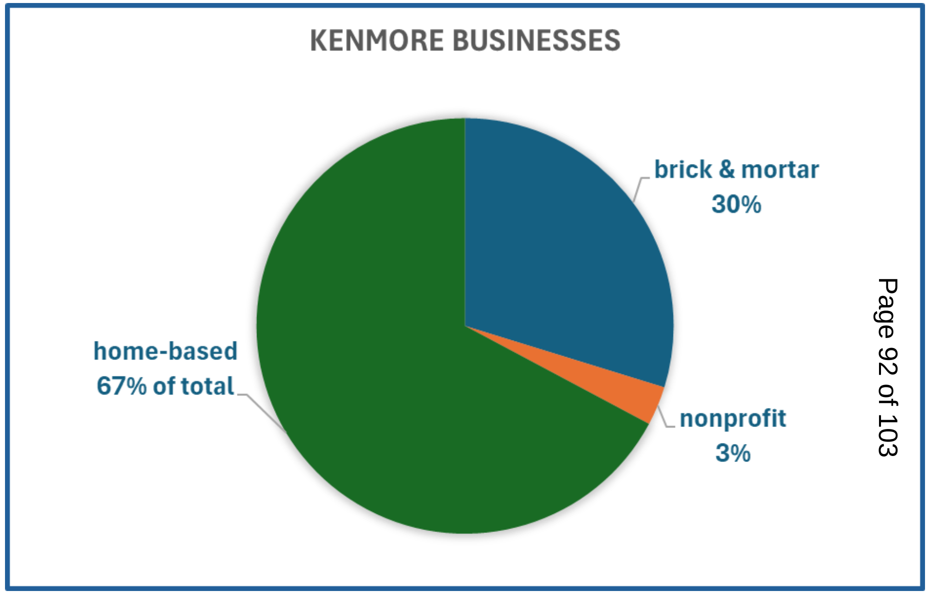
1. Better understand the Kenmore business community
2. Connect with, listen to, and support our local businesses
3. Collaborate with the Kenmore Business Alliance on plan for using the city's business registration revenue

Goal #1

Better understand the Kenmore business community

- How many businesses are in the City of Kenmore?
- How many non-resident businesses operate in Kenmore?
- How many businesses are home-based vs. brick and mortar?

	2025 March	2024 March
TOTAL REGISTERED BUSINESSES	**2,551**	**1,485**
Kenmore Business	1,341	1,240
Non-Resident Businesses	1,210	245



Goal #2

Connect with, listen to, and support our local businesses

- Share information about grants and other opportunities
- Meet monthly with Kenmore Business Alliance Committee
  - Including monthly KBA Executive Committee

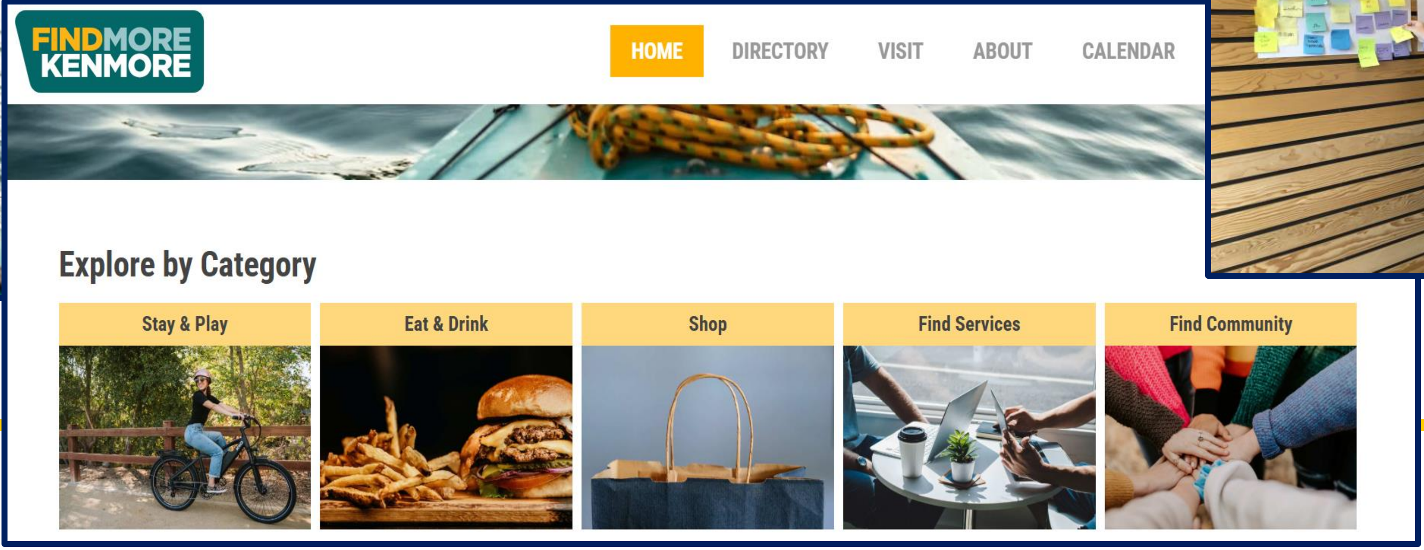
Monthly Business Newsletter – Sign up here: [Stay Informed | City of Kenmore Washington]

City website [Resources for Businesses | City of Kenmore Washington]

Goal #3

Annually, collaborate with the Kenmore Business Alliance on plan for using the city's business registration revenue

- 2023 KBA vote: New business directory
- 2024 KBA vote: Kiosk at the Hangar
- 2025 KBA vote: Oktoberfest Sponsorship $5,000 & Marketing FindKenmore.org $5,000



FIND MORE KENMORE

10 Month Stats

Since Launch on April 28, 2024

26,000 Webpage Views
from over 10,000 Unique Visitors

From 53 Countries

And thousands from nearby cities

*Data pulled from Google analytics

FINDMORE KENMORE

10 Month Stats

Of the 10,000 Visitors

4,700 Visited Directly

3,200 Found by Search

1,800 From Email or Links

760 From Social Media

FINDMORE KENMORE

10 Month Stats

Top Content

Oktoberfest visitors made up half all page views and 70% of visitors.

Takeaway: Oktoberfest visitors explored the rest of the website.

FINDMORE KENMORE

10 Month Stats

Engaging Business Owners

Over 200 Business Listings

This is 16% of our Kenmore registered businesses
Goal is to increase to 50% or more this year

Over 300 Login Interactions

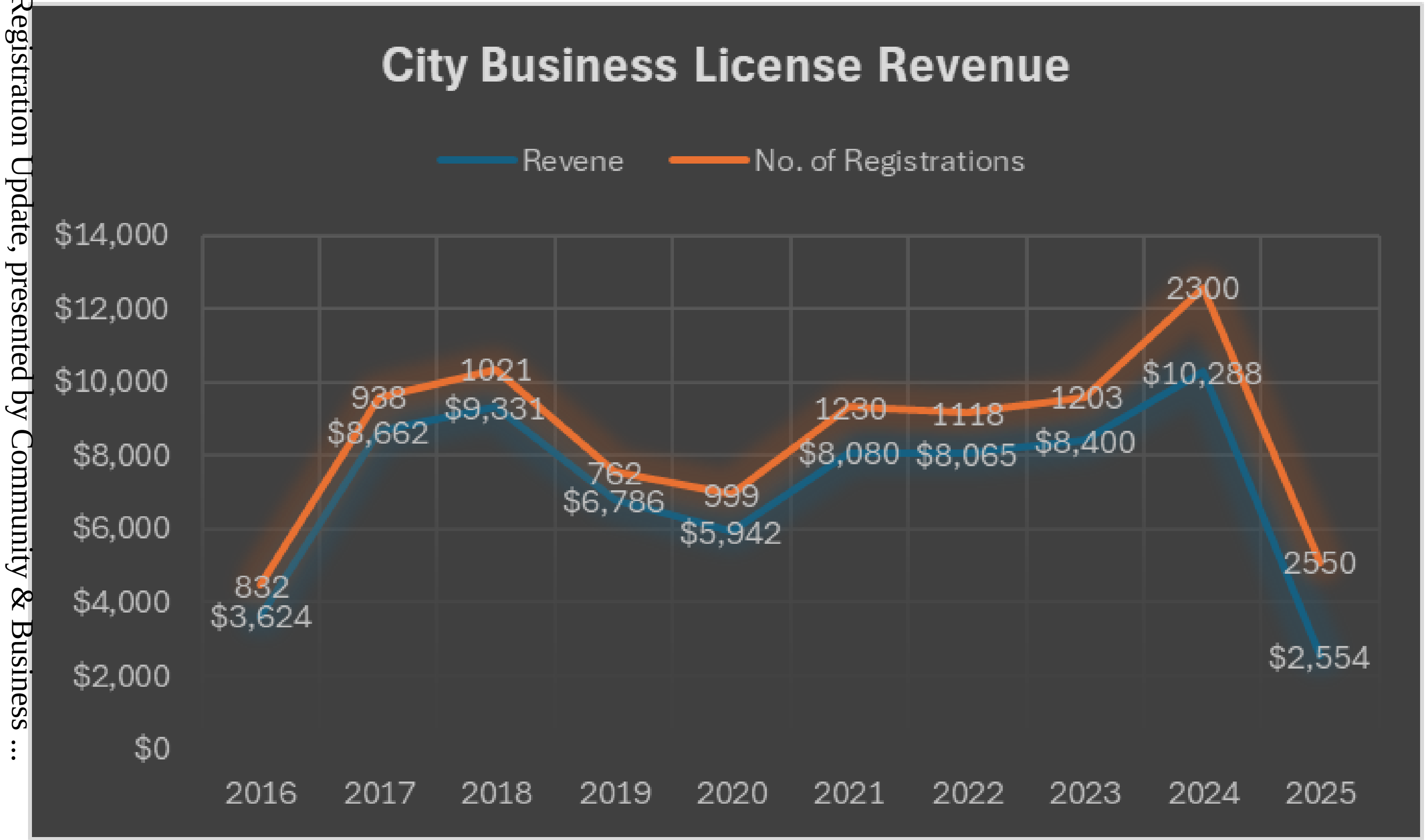
FINDMORE KENMORE

Most visited listings..

Alluvium CELLARS

SAVAGE MOOSE SPORTS PUB

Revenue: City Endorsement Fee $10



Starting in 2024, program changes included:

- All businesses required to register, including:
  - non-profits
  - home-based businesses
  - all non-resident businesses doing business in Kenmore
- Raised income threshold from $2,000 to $12,000 for charging $10 fee
  - ➢ No registration fee for businesses with annual income at or below $12,000

Revenue to date (Jan-Mar 2025): $2,602

KENMORE BY THE LAKE

Gross Income Reported Determines Fee

Registered businesses self-report their gross annual income

- Renewals: Business income from past 12 months
- New Businesses: Anticipated business income for next 12 months

$12,000 or Less		Over $12,000	
Kenmore	535	Kenmore	806
Non-Resident	916	Non-Resident	294
Total	**1,451***	**Total**	**1,100**

- *$12,000 or less, city registration fee is $0
    - 614 reported $0 business income

Reported $0 Income	
Kenmore	245
Non-Resident	390
Total	**614**

Research for 2025

- Businesses reporting below $12,000 threshold; especially those reporting $0 income
- The DOR system shows over 300 Kenmore businesses without a city business registration

STATE OF WASHINGTON

BUSINESS LICENSE

Issue Date: Jul 29, 2022
Unified Business ID #: 601883200
Business ID #: 001
Location: 0002
Expires: Jul 31, 2023

Municipality

CITY OF KENMORE
18120 68TH AVE NE
KENMORE WA 98028-2701

UNEMPLOYMENT INSURANCE - ACTIVE
MINOR WORK PERMIT - ACTIVE

INDUSTRIAL INSURANCE - ACTIVE
TAX REGISTRATION - ACTIVE

CITY ENDORSEMENTS:
KENMORE GENERAL BUSINESS - ACTIVE

Thank You and Questions

Business Registration Team

Stephanie Lucash, Interim City Manager

Teresa McAllister, Administrative Specialist

Nicole Suarez, Community & Business Engagement Coordinator