



## Suzuki Fact Sheet

Like all housing development, Suzuki is a difficult and complex project. Any housing developer would agree that putting together a project does not happen easily, but rather in fits and starts, with funding sources, timelines, and even site plans shifting and changing as the project moves forward.

HRB's goal is to work with BRIDGE Housing (as Master Developer) on Suzuki and create affordable rental and homeownership housing on this site as financing, good design, and environmental concerns will allow – up to 100 units in total. The unit count may decrease depending upon these factors.

HRB wants this project to be successful and will work with BRIDGE and other partners to try and make that happen. However, HRB has an existing portfolio of housing and serves more than 300 people each year. ***We would not and will never put our organization, current housing, or programs at risk for any project.***

If it becomes clear at any step along the way that this project cannot proceed, we will stop and work with COBI and other partners to determine next steps. This could include rethinking the mix of homes, number of homes, income levels served, or could end the project all together.

While we do not have a crystal ball and cannot predict the future, we do know one thing for sure: *If we do not try to make the Suzuki project a reality, it definitely will not happen.*

HRB's mission and our dedication to preserving the vitality and diversity of Bainbridge Island mandates that we work hard to maintain and create more units of housing that are affordable to all levels. This is why we feel it is important to move forward with Suzuki.

### **The unit breakdown (as defined in the feasibility study):**

61 Rental units (includes a manager unit) serving Area Median Incomes of 80% or less

39 Homeownership units sold to owners at 140% of Area Median Income or less

100 total housing units that are affordable in perpetuity

### **Funding breakdown for the rental units (as defined in the feasibility study):**

\$5.8M Proceeds from for the 39 for-sale units (27%)

\$4.7M Permanent Loan (22%)

\$6.0M Low Income Housing Tax Credits (28%)

\$1.2M Deferred Developer Fee from BRIDGE Housing (5%)

\$0.8M City Fee Waivers on permits (4%)

\$1.0M Grants from Kitsap County CDBG and HOME programs (4%)

\$2.1M State Budget Appropriation (10%)

\$21.6M Total Project costs (100%)

### **Explanation on funding sources for the rental portion of the project:**

- In order to be competitive for Low Income Housing tax credits, the project needs to have *at least 50 rental units*. Tax credit funding has become more competitive over the years. In fact, in 2019 only 2 projects under 100 units were funded in all of WA state.

- Because the rental project will not serve any special populations specifically (such as individuals with mental illness, veterans, or homeless), it is likely not competitive for the normal grant sources that generally fund these types of projects such as WA State Housing Trust Fund or Federal Home Loan Bank grants. Therefore, it is necessary to find other ways to fund the project including: income from the sale of homes in the homeownership portion of the project and a state capital budget appropriation from Washington State.
  - Income from the sale of Homeownership housing – In order to generate enough proceeds from the sales of these homes, the homes need to be sold at a price that a buyer at 140% of AMI can afford. This does mean serving a higher income level than the current HDDP ordinance allows at 120%. However, including this level of AMI includes more of the missing middle in this community– teachers, firefighters, and municipal employees among others. There is a need for housing at this price point and for this income level of buyer.
  - This buyer will be purchasing a CLT (Community Land Trust) home which means that they will own their improvement and lease the land under the home. They will be required to sell it to another household at their same level of income at a price that is restricted by a formula. This buyer is not receiving any special treatment or freebies from COBI or any other source.
  - State budget appropriation – A state budget appropriation is standard operating procedure in Washington State for priority capital needs. We will work with our legislators in the coming months to request these funds and demonstrate the need for the project.

### **Frequently Asked Questions about the Suzuki Project:**

#### **Why 100 units?**

There are many reasons HRB and BRIDGE asked Council to allow up to 100 units on this site:

- We need this housing, plain and simple. There is a severe housing shortage in Kitsap County and that includes Bainbridge Island. There are not enough units of housing for low- and moderate-income households.
- The Suzuki site is well located for this housing and is owned by COBI. It is close to schools and town. It is within the HDDP service area, which allows for bonus density in water- and sewer-served areas.
- This site can be well designed and livable at 100 units for both the residents that will live there and the surrounding neighbors and businesses.
- In order to fund the rental project, it was necessary to add more unit of for sale housing to help offset the cost of the rental project.

#### **Are ADUs being included here?**

Yes, there are 30 ADUs included. The ADUs are a part of the rental housing and are ground floor units that will be accessible. In total, there are 70 fee simple lots with 30 ADUs on fee simple lots.

#### **Is there a market to sell the homes for ownership as described here?**

The preliminary market research that HRB conducted for the feasibility study tells us that there is a market for these homes. There are very few homes on the market in this price range and priced for potential buyers at this income level. HRB will complete a deeper and more robust market study to answer this question.

#### **Are all of these sources of funding guaranteed?**

Not at this time. Like any affordable housing development, funding sources are not guaranteed. We have to apply for the grants and tax credits and make a case to our legislators for the budget allocation. We feel that this is a competitive and needed project and BRIDGE and HRB will work diligently to secure funding.

#### **Will there be conditions on the donation of the land to HRB?**

Yes. If COBI decides to donate the Suzuki site to HRB for this project, there will be conditions that HRB will have to meet. If these cannot be met, the land would revert to COBI. These conditions have not yet been determined, but will be defined before ownership changes hands.

#### **Is COBI going to develop Suzuki?**

HRB does not expect COBI to play a role in the development of the site. HRB wants COBI to donate the land to HRB (with conditions of course) so that HRB and BRIDGE can go forth and work to develop and build Suzuki.

**Is COBI expected to fill the funding gap for Suzuki?**

No. We are asking COBI to donate the land and to donate the permit fees for the project. Nothing more. Clearly, it is up to Council to decide if they will donate one or both of these and if these will be full or partial donations.

**Will COBI be paid back for the funds expended to OPG and the rest of the consulting team for initial plat environmental review and project approval work?**

Yes, the BRIDGE budget for the project put forth in the feasibility study shows that COBI will be repaid for this work.

**Is this project feasible?**

The short answer is yes, it is feasible. Feasible does not mean guaranteed. It will be challenging to put together and there will be hurdles and road blocks to overcome. None of this is uncommon in the construction of affordable housing.

**What happens if the funding cannot be found for this project?**

If the project cannot be funded, it will not be built as described here. There are countless ways to put together a housing development on Suzuki that can be affordable. We hope that if this development needs to shift and change that COBI will continue to work with HRB and the community to bring a successful project to fruition.