

Questions Regarding Affordable Housing Proposal (October 2020)

1. I assume that the steps you have laid out to obtain approval of the Plat does not involve preparing architectural drawings and specs to actually build the 12 housing units. Once a decision to build is made, at that time an architect would draw up the plans and specs and submit them to COBI for approval.

The approval process for a Preliminary Plat requires submission of preliminary drawings showing lot locations, septic system locations, ingress and egress, and schematic design drawings for the homes. These drawings and other required documents need to be coordinated by an architect. However, the drawings are not as detailed as the architectural construction drawings required for a Final Plat and a building permit.

2. The costs of obtaining approval of the Plat would not be recouped by the Church.

Whether some or all of the costs necessary to obtain a Preliminary Plat can be recouped depends upon fundraising and the ultimate disposition of the property. If steps are taken to obtain a Preliminary Plat, the plan is to conduct fundraising to pay for the anticipated costs; we anticipate that such expenses would not be paid from the congregation's operating budget. If the property is developed and some units are sold, a portion of the preliminary costs could be recouped. If the property is not developed but sold after the Preliminary Plat is obtained, it is anticipated that the property value would increase in an amount greater than the expenses incurred, so all of the preliminary costs could be recouped. (The disposition of sale proceeds would be determined by the congregation under this scenario.)

3. Would contributions towards the cost of obtaining approval of the Plat be tax-deductible charitable contributions for those making contributions?

Yes, assuming that contributions are made to Bethany Lutheran Church.

4. If affordable housing units are built, would Bethany sell them, or lease them? If we sell them, how do we make sure they are affordable upon a subsequent sale (rather than the first buyer pocketing a nice profit on resale)?

A decision has not been made whether all units will be rentals or if some will be sold. In order to qualify for the density bonus, units must be "affordable housing" as legally defined. It is anticipated that land ownership would be retained by Bethany or a separate non-profit entity or a land trust created by the congregation, and that sale price restrictions such as those at Ferncliff Village would be included in the recorded deeds. These decisions will be impacted by fund raising and financing availability.

5. You mentioned that members have indicated they would be willing to donate money towards the cost of the Plat approval process. Do we need to raise the entire amount (or at least obtain pledges for the entire amount) before starting the approval process? Do you anticipate individuals, groups or entities outside of the Congregation contributing towards this process and, if so, towards the Platting approval effort, or only the subsequent building or maintenance effort?

Initially, seed money must be contributed to take the initial steps to obtain a Preliminary Plat. Preliminary commitments probably exist for such seed money. When congregational approval is obtained, fundraising must be undertaken for the costs of the Preliminary Plat and project construction, but all the estimated project construction costs are not needed "up front". Eventually, financing will be obtained for the project construction. It is anticipated that fund raising will take place both within the Bethany family and in the community as a whole.

6. Do you anticipate being able to create a task force willing to take on this 15 to 20-month project?

Yes. We do not anticipate that this will be a problem.

7. I assume any professionals working on this project, such as an architect, will be paid, as opposed to donating their time. Is my assumption correct?

Yes, members of the Design Team will be paid, although we hope that some of the expenses necessary to obtain a Preliminary Plat will be donated.

8. The COBI Council and various boards and commissions seem very hostile to any land development, as shown by their Shoreline Management plan which is the subject of a lawsuit by shoreline homeowners, and their hostility towards a 72- unit affordable housing project near Walgreens and Virginia Mason. Do you anticipate push-back from the COBI on this project, or alternatively a real effort to see our project succeed? What Bethany may be willing to do if it anticipates assistance from the COBI, it may not be willing to do if it anticipates resistance.

Preliminary discussions with members of the COBI Planning Department and several City Council members have been encouraging. Provisions in the Comprehensive Plan and in the Report of the Affordable Housing Task Force also provide incentive for affordable housing efforts. The advantages of the approach taken in the Proposal for presentation to the Annual Meeting are that it is not massive and it does not require a zoning change or variance. While some resistance might be expected from neighbors and/or the non-development advocates on the island, based upon preliminary conversations with COBI Council and staff and collaboration with HRB, among other community organizations, we anticipate there will be support for proceeding with this much needed affordable housing project.