



## MEMORANDUM

**TO:** Satpal Sidhu, County Executive

**THROUGH:** Tyler Schroeder, Deputy Executive

**FROM:** Kayla Schott-Bresler, Strategic Initiatives Manager

**RE:** Kulshan Community Land Trust (KCLT) Acquisition of 2039 Thornton Street, Ferndale

**DATE:** July 28, 2022

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Attached is a funding agreement between Whatcom County and Kulshan Community Land Trust (KCLT) for your review and signature.

▪ **Background and Purpose**

The need for affordable homes far outstrips supply in Whatcom County, particularly at low and moderate-income levels. KCLT is the prospective purchaser of an eight-acre parcel in Ferndale, to be developed for affordable housing. The site can accommodate more than 50 affordable homes, which could include a mix of affordable homeownership opportunities and rental apartments. This project aligns with the County's efforts, along with the small cities, to expand affordable housing opportunities outside of Bellingham. The City of Ferndale supports this project (see attachment).

This funding agreement provides for possible reversion of the parcel to Whatcom County, in the event that KCLT does not reach certain project milestones. To ensure the public's interest, funding would be contingent on the execution of a long-term affordability covenant (50 years) and a deed of trust, securing the County's interest in the property.

▪ **Funding Amount and Source**

Funding for this Agreement may not exceed \$1,250,746.60 and is provided by the American Rescue Plan Act (ARPA). With the adoption of the Budget Ordinance (ORD 2022-053) on June 21, 2022 (AB2022-329), these funds are included in the 2022 budget. An interfund transfer is necessary to fund the purchase.

In total, Council and the Executive discussed \$7.225M in ARPA funding for affordable housing capital. Council approved allocations to date follow:



<b>Project</b>	<b>Developer</b>	<b>Amount</b>
Samish Commons	Bellingham Whatcom Housing Authority	\$525,000
Laurel & Forest	Opportunity Council	\$3,000,000
Evergreen Ridge	Mercy Housing Northwest	\$2,000,000
	Total	\$5,525,000

With the proposed allocation to KCLT, there will be approximately \$449,000 remaining to allocate to other housing capital projects. This amount can be adjusted as Council considers its priorities for the remaining ARPA funds.

KCLT plans to leverage County funding with construction financing from the Washington State Housing Finance Commission, and permanent subsidy from the Washington State Housing Trust Fund, the federal Self-Help Homeownership Program (SHOP), and the Skagit HOME Consortium.