

Holly House Development

Voters' Pamphlet

**Presented by the Holly House
Development Task Force**

ESUC March 13, 2019

Dedicated to the Beloved East Shore Congregational Community

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Executive Summary

This Voters' Pamphlet contains an introduction and voting information followed by detailed information about the three proposals from the organizations whose bids on the Holly House property are being considered. With this vote, ESUC will choose between making a major gift to one of two Affordable Housing (AH) developers by selling to them, or selling at Market Rate (MR) and giving careful consideration to the use of funds. One Market Rate voting option calls for a specified amount (est. \$960,000) to go to an Earth and Social Justice Fund after closing, allowing members to direct a significant portion of a Market Rate sale to our Earth and Social Justice ministries.

The range of bids is \$1.2m/\$1.05m for AH, and \$4m for MR. There is a significant contrast between the proceeds of the three bids, and between the decision to sell to an organization that serves a population of our community in need or to sell at a higher price and distribute to a larger population and a variety of needs. To address this, we close the pamphlet with a list of statements for and against affordable and market rate and the Board's statement.

INTRODUCTION

Future Choices for Holly House – Our Values Moving Forward

The members of ESUC will have the opportunity to vote on the future development of the Holly House property on March 24, 2019. This pamphlet, prepared by the Holly House Development Task Force (HHDTF) and reviewed by the ESUC Board of Trustees, provides information about each of the bidders and the criteria deemed significant for evaluating them. Also included is information about the history of the Holly House property, the work of the HHDTF, how the vote will be conducted, and answers to some frequently asked questions.

Our hope is that you will find most of the material and information you need to be prepared to vote on March 24. Please reach out to any member of the Task Force or Board with any questions you have.

History of the Holly House Property

Before Europeans moved into the Pacific Northwest, the Sammamish, a group related to the Duwamish, lived in areas around Lake Washington and Bellevue. Pioneer families subsequently displaced the native people and created farms where once there were forests. By 1921, the present Holly House farm house was built on $\frac{3}{4}$ acres of land. East Shore Unitarian purchased the parcel, along with the rest of the campus land, from church members Lester and Christie Henderson in the mid-1950s. Named for the large holly trees surrounding it, Holly House has served as a residence for church custodians, ministerial interns, Sunday school classes, and housing for refugees. For the past 8 years it has been rented by Sophia Way to house women in transition and those experiencing homelessness.

In 2015, the East Shore Board formed a three-year Task Force to consider the best use for the Holly House property. The Task Force evaluated multiple options and brought three to the congregation for a vote in June 2017. At that time, the congregation voted to develop (sale or lease option) the property, and not to retain it. After that, the first Holly House Development Task Force (HHDTF) was formed. The members of the first HHDTF were tasked with creating a Request for Proposals document as well as obtaining and analyzing proposals. In 2018, the Board approved the formation of the present Task Force to investigate development options for the site and provide information to the congregation for members to make an informed vote. That vote will be taken on March 24, 2019 following the second service.

The Process We Used to Explore What to do with Holly House

For the past 3½ years, well over 35 church members have served on or been advisers to one of the Holly House Task Forces. We greatly appreciate their work, and we leveraged their work product in our efforts. We are honored to have had this opportunity to serve our East Shore community.

The purpose of the current Task Force is to prepare the congregation for an informed vote on the sale of the Holly House property, and to support the execution of that sale. We are mindful that some of the discussions and feelings about the future use of the Holly House property have led to strong differences of opinion between members. We appreciate that the land holds sacred value as well as being a legacy for moving forward with East Shore's social justice missions. For this we are truly grateful.

We have also been aware that members found it difficult to know how to vote in the past without knowing how the funds would be used. For these reasons, we have tried to focus our conversations on the values members bring forward within our beloved community and to identify options for how monies raised (and there will be funds available regardless of the prospective buyer chosen) can be put in service to the ministries of the church.

There are Different Types of Possible Buyers

- Task Force members have interviewed organizations in the affordable housing field which were identified in earlier years. Two of these organizations remain both interested and qualified. The details of their bids are presented in following sections.
- The Task Force also contracted with a real estate broker, Coldwell Banker Real Estate (CBRE), to represent and market the property to commercial developers. The market rate bids from that campaign are also described in following sections.

What the Congregation Would Like to do with the Proceeds from the Sale of Holly House

The Task Force has conducted a series of Dream Big conversations in which voices from many ESUC members and staff have been welcomed and listened to. Members have spoken of their desires to see funds used to support social justice outreach, ensure the financial stability of the church, to strengthen and build the congregation, to support education and arts programming and ministries, and to honor the land as sacred and not be developed – in all, 30 pages of dreams for our future. In addition, sessions to educate about church finances and the processes of developing affordable housing have been held. Leading up to the vote will be a series of conversations aimed at bringing information and answering questions about choices on the ballot as well as deeply listening to congregant concerns and values.

Our Goal is to Hear all Voices as we Vote

From the beginning, the Task Force has had the intention to hear all voices and foster the strengthening of our beloved community. As Rev. Furrer said in his sermon about Holly House on October 21, 2018:

*What's most important as we collectively discuss what we want to do, from my point of view, is to keep in mind the rest of our mission – particularly practicing love and building community....
It's also good to find a way forward built on compromise.*

HOW WE WILL VOTE

The HHDTF and Board seek to create a fair vote that does not split the Affordable Housing vote, a vote that provides room for members to consider how to use the proceeds of the sale to live into ESUC and UU Values.

We will vote one to three times on the following four options to try to reach a simple majority (over 50%) for one option. If a simple majority is not reached, the congregation will vote to decide if the Rules of Order should be suspended to allow for a voting method that would eliminate the option that gets the least votes in each round. If approved by 2/3 vote, we will vote one to three more rounds, each time dropping the option with the lowest vote, until a majority is reached.

#1	#2	#3	#4
<p>Attain offer \$1.20m See voter’s pamphlet for detailed information. <i>25 units - Serving 12 homeless families plus 13 market rate rentals</i></p>	<p>LifeWire offer \$1.05m See voter’s pamphlet for detailed information. <i>25 units - Serving 25 families that are victims of domestic violence</i></p>	<p>WoodbridgeNW offer \$4m See voter’s pamphlet for detailed information. <i>19-21 Market Rate Townhomes</i></p>	<p>WoodbridgeNW offer \$4m See voter’s pamphlet for detailed information. <i>19-21 Market Rate Townhomes</i></p>
<p><i>Provides \$2.6m land value for the benefit of Affordable Housing</i></p>		<p>**Earth & Social Justice Designated Fund established: approx. \$933,000</p>	<p><i>Use of proceeds determined by future decisions by congregation and may include but is not limited to:</i></p> <ul style="list-style-type: none"> • Ministries, programs, • Congregational development • Music and arts • Facilities • Financial sustainability
<p><i>Use of proceeds determined by future decisions by congregation and may include but is not limited to:</i></p> <ul style="list-style-type: none"> • Ministries, programs, • Congregational development • Music and arts • Facilities • Financial sustainability 		<p><i>Use of remainder of proceeds determined by future decisions by congregation and may include but is not limited to:</i></p> <ul style="list-style-type: none"> • Ministries, programs, • Congregational development • Music and arts • Facilities • Financial sustainability. 	<p><i>Use of proceeds determined by future decisions by congregation and may include but is not limited to:</i></p> <ul style="list-style-type: none"> • Ministries, programs, • Congregational development • Music and arts • Facilities • Financial sustainability • Affordable Housing gift • Earth and Social Justice Fund

** 30% of sale price (\$4 million) minus the sum of fees, commissions (est. \$200,000), and the mortgage balance at the time of closing (est. \$690,000). Numbers are approximate. No commitment to pay off the mortgage is implied. The decision process on allocating the fund and non-committed proceeds including paying off the mortgage will be the subject of future congregational discussion and decisions.

HOW WE WILL VOTE

WHO GETS TO VOTE? *Only qualified members can vote. Our bylaws state:*

Membership is open to.... "any person who is in general agreement with the purpose and ministry of this church, who is at least 16 years of age or has completed the East Shore Coming of Age program, and who has: (1) completed a prescribed orientation program; ESUC Bylaws 5 Oct 17, 2017 (2) made a financial contribution of record to the operating or capital fund for the current or previous fiscal year; and (3) signed the membership book."

"The financial contribution of record responsibility is met if the member has notified the Senior Minister, a member of the Stewardship Committee (currently Operating or Mission Fund Drive Committee), the Treasurer, or the Communications and Membership Director of financial hardship."

"Persons who have been members for at least a month have the following privileges: (a) the right to vote at congregational meetings...." This means that to vote at the March 24 meeting a person must be a member by February 24, 2019. Similarly, any person removed from the roles of the church in accordance with our bylaws would need to have been reinstated by February 24, 2019 to vote at the March 24 meeting.

Life Member status may be granted to.... "members who are no longer able to participate actively because of health or disability. Such members retain all rights of membership and shall have full voting privileges. Granting of this status shall be considered at the recommendation of the Senior Minister and approved by the Board of Trustees."

If you are unsure of your membership status, contact Nicole Duff during the week at (425) 747-3780 or membership@esuc.org. Her work days Wednesday through Sunday. Nicole may not be able to respond to your inquiry on Sundays; that is a very busy day for her.

CAN MEMBERS VOTE ABSENTEE? *No. Our bylaws state that there can be no proxy or absentee voting. We have to have a quorum of 25% of eligible members to vote on developing the Holly House property. **PLEASE COME AND VOTE AFTER THE SECOND SERVICE ON MARCH 24!***

HOW WILL THE VOTE WORK?

- 1. We will first vote on the four options by written ballot. Each member will vote for any one option.*
- 2. The ballots will be counted and results will be posted.*
- 3. If this does not produce a majority for one of the 4 options, the congregation will vote to decide if the Rules of Order can be suspended to allow for a voting method which eliminates the option with the least votes.*
- 4. If that method is approved by 2/3 vote, we will again vote on the four options. If a majority is not reached, the option with the least votes will be removed.*
- 5. Next, we will vote on the three remaining options. If a majority is not reached, the option with the least votes will be removed.*
- 6. Next, we will vote on the two remaining options, which will force a majority vote.*
- 7. Note, at any time during the above process that a majority for any one option is reached, the voting will stop.*

Holly House Property Sale – Summary and Offer Comparisons

SUMMARY

Affordable Housing Offers:

We have two viable affordable housing bids: Attain Housing and LifeWire. Both organizations have decades of experience and significant operations. Both are proposing “transitional” housing, defined as temporary housing that includes services to help people become self-sufficient and move into permanent housing, similar to the current operations of the Sophia Way program.

Both Attain Housing and LifeWire provide case management and counseling to help residents address barriers to housing, though the organizations differ in how these services are provided. Attain Housing case managers will visit the site weekly; LifeWire will provide two full time advocates on site. LifeWire’s proposal includes office and meeting space for these services. Both Attain Housing and LifeWire believe that through case management and counseling, tenants will develop life and work skills necessary to secure permanent housing while living in a stable, supportive environment. The professionals providing these services are employees of the organizations.

Attain Housing focuses on families experiencing a housing crisis. LifeWire focuses on women and families who are victims of domestic violence. (80% of homeless families in regional shelters are victims of domestic violence.) Both proposals provide 25 units, though they are different sizes based on needs of the populations served. Attain Housing would initially rent about half the units to market rate tenants, which will help them finance the project. Attain Housing indicates that there can be greater success in transitional housing when tenants have mixed incomes, but they intend eventually to convert all units to transitional housing units. LifeWire, by contrast, will immediately use all 25 units to serve their target population.

Both of the affordable housing bidders foresee that there is insufficient space for the amount of parking required by the City of Bellevue. Both would attempt to get a variance, though they have different back-up plans. The details are explained in Section 4 of the full voters’ pamphlet.

Attain Housing and LifeWire have submitted detailed financial information and statements. Both organizations appear to have sufficient assets to close their offer to purchase of ESUC property. It is the opinion of the Task Force that LifeWire has superior liquid financial resources to close in a timely manner. Attain Housing is depending in part upon the sale of a duplex to fund the purchase of the ESUC property. While that property appears to have value, there is always the danger that a buyer of the duplex could fail to close escrow, delaying or possibly preventing the closing on ESUC property. LifeWire submitted a detailed letter from King County Housing Authority (KCHA) pledging the full amount of the purchase price at closing, as well as a letter from the City of Bellevue supporting the project with a grant.

Market Rate Offers:

The task force received 6 market rate offers and at the call for “best and final” two rose to the top. We selected the buyer we are recommending for many reasons; they demonstrated the most genuine investment and interest in the property through their work with the city, their architect and the broker; they have a reputation for negotiating fairly from a “partner’ rather than opponent perspective; they have a strong track

record of building quality construction; they take care when coming into a new neighborhood to be “good neighbors;” their due diligence and other terms were more favorable than the rest; and they offered the highest earnest money and highest price.

We have created two options for purchase by a market rate buyer. One sets aside a portion of the net proceeds from the sale to be designated to a benevolent fund for earth and social justice ministries and philanthropic contributions. The other option is for no restrictions on the proceeds. If Holly House is sold at market rate with no restrictions, the decision about distribution of the proceeds after the sale will be made by the congregation and managed by the board or their designee.

ATTAIN HOUSING POTENTIAL SITE PLAN



PROJECT INFORMATION

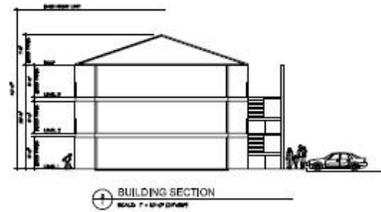
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FINANCING REQUIREMENTS

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PROJECT ASSUMPTIONS

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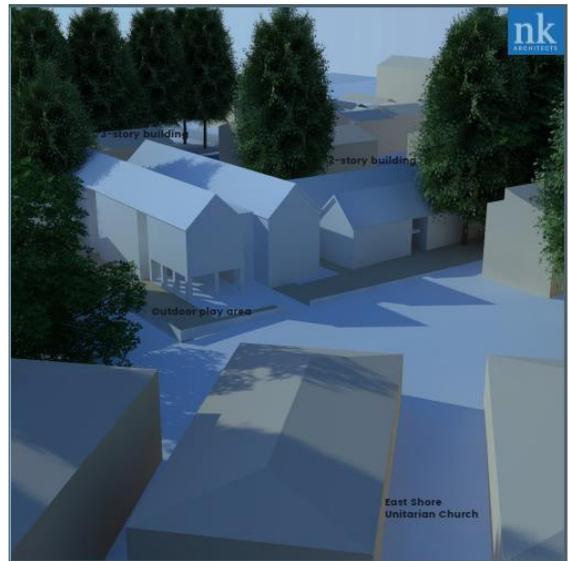
A15-01 HOLLY HOUSE PROJECT - AFFORDABLE HOUSING
 SCHEMATIC SITE PLAN - OPTION 1 | 3301 126TH AVE, SE, BELLEVUE, WA 01.19.2018



ATTAIN HOUSING:

Offer	\$1,200,000
Fee Paid to Broker	none
Earnest Money	\$25,000
Due Diligence	120 days
Time to Close (potential)	210 days
Source of Funds for Purchase	sale of a property before closing; donations on hand
Population Served	homeless families; initially includes some market rate units
Number of Units	- 10 two-bedroom units - 15 three-bedroom units (initially only 12 units would serve homeless families and 13 would be rented at market rate)

LIFEWIRE POTENTIAL SITE PLAN and IMAGE



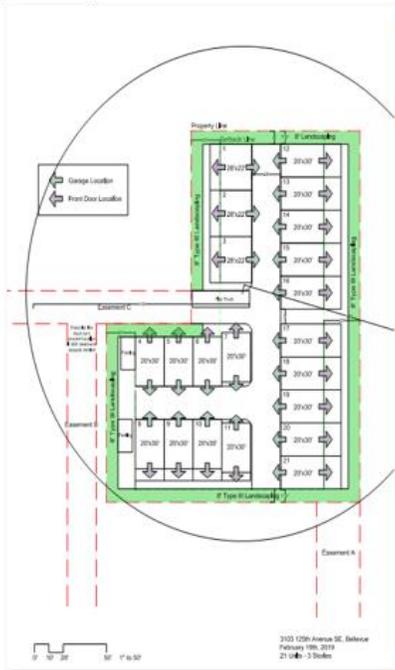
LIFEWIRE:

<i>Offer</i>	\$1,050,000
<i>Fee Paid to Broker</i>	none
<i>Earnest Money</i>	\$25,000
<i>Due Diligence</i>	90 days
<i>Time to Close (potential)</i>	194 days
<i>Source of Funds for Purchase</i>	loan from KCHA* at closing
<i>Population Served</i>	homeless women and families who are victims of domestic violence
<i>Number of Units</i>	- 7 one-bedroom units - 16 two-bedroom units - 2 three-bedroom units (all would serve homeless women and families)

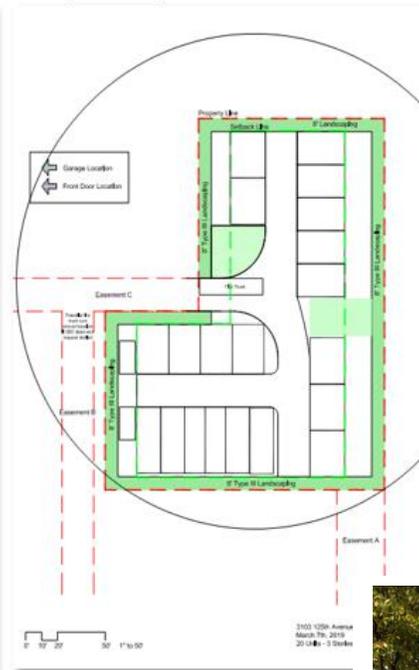
* KCHA is King County Housing Authority

WOODBIDGE POTENTIAL SITE PLAN and IMAGE

Concept 1



Concept 2



**Concepts are only temporary and subject to change. The site plan will be refined during the entitlement process with the City of Bellevue*

<i>Offer</i>	\$4,000,000
<i>Fee Paid to Broker</i>	3.5%
<i>Earnest Money</i>	\$190,000
<i>Due Diligence</i>	60 days
<i>Time to Close (potential)</i>	365 days
<i>Source of Funds for Purchase</i>	Balance Sheet – Internal Funds
<i>Population Served</i>	Nondiscriminatory (estimated selling price Est. \$775K / unit) **
<i>Number of Units</i>	19-21 TOWNHOMES

Offer Comparisons
(More detail provided in the next section of the pamphlet)

CRITERIA/FEATURES	ATTAIN HOUSING	LIFEWIRE	WOODBIDGE NW
<i>Website</i>	https://www.attainhousing.org/	https://www.lifewire.org/	http://www.woodbridgenw.com/
<i>Date Established</i>	1989	1982	1989
<i>Staffing</i>	8	37	N/A
<i>% of Budget Spent on Services</i>	81%	91%	N/A
<i>Bid</i>	\$1,200,000	\$1,050,000	\$4,000,000
<i>Fee Paid to Broker</i>	none	none	3.5%
<i>Earnest Money</i>	\$25,000	\$25,000	\$190,000
<i>Due Diligence</i>	120 days	90 days	60 days
<i>Time to Close (potential)</i>	210 days	194 days	365 days
<i>Source of Funds for Purchase</i>	sale of a property before closing; donations on hand	loan from KCHA* at closing	Internal funds; likely from balance sheet or principals
<i>Population Served</i>	homeless families; initially includes some market rate units	homeless women and families who are victims of domestic violence	Nondiscriminatory (estimated selling price Est. \$775K / unit) **
<i>Number of Units</i>	10 two-bedroom units 15 three-bedroom units (initially 12 units would serve homeless families and 13 would be rented at market rate)	7 one-bedroom units 16 two-bedroom units 2 three-bedroom units (all would serve homeless women and families)	19 to 21 townhouses, 1400-1800 square feet, 3-bedroom units with some having dens (all would serve market rate buyers)
<i>Parking</i>	waiver from the City requested, backup plan detailed in next section of pamphlet	waiver from the City requested, backup plan detailed in next section	tandem or single garages attached to the units
<i>Support Services</i>	case managers visit housing site weekly	two full time case managers on site	N/A
<i>Playground Use</i>	Neighbors currently use the playground—no change. In addition, Attain Housing offers a playground upgrade at their expense.	Neighbors currently use the playground—no change.	Willing to improve or contribute towards improvements of the playground areas in exchange for access easement for the future townhome residents.
<i>ESUC- Ongoing Involvement</i>	none required, see full pamphlet for details	none required, see full pamphlet for details	N/A
<i>Green Building</i>	meets State of WA and City of Bellevue minimum standards	exceeds State of WA and City of Bellevue minimum standards	meets or exceeds State of WA and City of Bellevue minimum standards

* KCHA is King County Housing Authority

** The median list price per square foot in Bellevue is \$476 per Zillow as of this writing. 1400-1800 sq. foot range relative to the list price per square foot is calculated at \$666,400 – 856,800. Average list price for a 3 bedroom home in Bellevue is \$857,000

Selection Criteria and Detailed Information – Holly House Proposals

What follows is a detailed summary of the two viable affordable housing bids and the best market rate bid that East Shore has received for the Holly House property.

Criteria Used to Select Viable Proposals - Definitions

The Task Force looked to the work of previous Task Forces—and to information gathered from the congregation through polls and town hall meetings—to choose the following criteria. The descriptions of the bids are based on the criteria, and for some criteria we offer evaluations. In general, however, the Task Force is not offering recommendations. Our intention is to provide information so that ESUC members can weigh criteria according to personal values and preferences. The criteria:

1 - INFORMATION ABOUT THE ORGANIZATIONS

In this section we provide information about the mission and history of the organizations and their connections to ESUC, if any. Most information is taken directly from proposals or websites.

2 - FINANCIAL CONSIDERATIONS

These include the price, deposit, and closing timeline.

3 - IMPACT ON THE POPULATION HOUSED

This includes the population served, the number of units, and a description of support (wrap-around) services and how they work.

4 - ONGOING INVOLVEMENT OF ESUC

None of the bids require ongoing involvement of the congregation. However, there are details related to parking for each bid that are spelled out in this section.

5 - DESCRIPTION OF THE PROJECT

In addition to the number and size of the buildings, we include site plans and conceptual drawings of the proposals. These are conceptual, not final, depictions of the proposed projects.

6 - GREEN BUILDING DESIGN

Minimum requirements for green building established by government entities such as the City of Bellevue and the State of Washington

7 - RISK

In this section, we assess the risk of closing associated with each bid. It is nearly impossible to anticipate all the possible risk associated with affordable or market rate development. There are many factors beyond our control, from the stability of financial markets to the timeline for getting permits. The Task Force has gathered information about the financial condition of each bidder and sources of funds. We also review closing conditions included in the offers. We offer our evaluation given the facts at hand.

8 – GLOSSARY OF TERMS and ADDITIONAL NOTES

1 - INFORMATION ABOUT THE ORGANIZATIONS MAKING OFFERS

In this section we provide information about the mission and history of the organizations making bids and their connections to ESUC, if any. Most information is taken directly from proposals or websites.

Attain Housing – website: <https://www.attainhousing.org/>

From their proposal:

The mission of Attain Housing is to provide affordable housing and to empower families with practical case management and hope. Attain Housing services include homelessness prevention, transitional housing [*for both Attain Housing and LifeWire: temporary housing that includes services to help people become self-sufficient and move into permanent housing*], case management, a free weekly community dinner, and an annual holiday program. Overall, Attain Housing serves more than 2,000 people annually and provides housing services for at least 115 families per year.

Attain Housing is the result of a merger in 2014 of two long-established non-profits focused on housing homeless families. Kirkland Interfaith Transitions in Housing (KITH) and Housing at the Crossroads (HAC) were both formed separately in 1989. KITH was founded by members of six congregations in Kirkland who came together to address homelessness and HAC was started by members of two congregations in Bellevue who also joined together to provide housing for homeless families. Both of these organizations purchased property over the years, and in 2004 HAC purchased and developed Kensington Square in Bellevue as described below. When these two organizations merged, they brought together a wealth of experience in purchasing and managing affordable housing properties.

Attain Housing has a staff of eight personnel (<https://www.attainhousing.org/staff/>) and a Board of nine members. Despite our smaller size, our reputation is strong, especially in the Kirkland community and among the many church congregations throughout the Eastside that support our work. We are one of the few agencies that still maintain transitional housing with case management as the best way to help families become self-sufficient. Being able to expand our work to more families has been a priority of ours for many years. The Holly House Property would allow us to do that.

LifeWire – website: <https://www.lifewire.org/>

From their proposal and their website:

LifeWire is an Eastside non-profit organization that is passionate about ending domestic violence. Domestic Violence is a primary cause of homelessness for women and children - 80% of those served in family shelters have experienced domestic violence. Part of our response is to provide comprehensive services to survivors of domestic violence and their families. These direct services include a 24-Hour Helpline, one to one advocacy, legal assistance, weekly support groups, shelter and housing. [*For both Attain Housing and LifeWire: temporary housing that includes services to help people become self-sufficient and move into permanent housing.*] Much of our shelter and housing are provided in the community. We master lease apartments in a large apartment community to immediately shelter survivors fleeing abusive partners. For survivors with access to some financial resources or future employment opportunities, we provide financial assistance for move-in and temporary rental subsidies and advocacy services in our Rapid Re-Housing program.

When we opened our doors in 1982 as Eastside Domestic Violence Program (EDVP), we were the first agency to directly serve survivors in East and North King County. Today, LifeWire is Washington state's largest domestic violence organization and a nationally recognized leader in the field. Over the last 37 years, we have

helped over 145,000 survivors break free from abuse, find safety, heal, and create a stable home for themselves and their children.

An 18-member Board of Directors provides strategic direction and governance to LifeWire and manages the Executive Director. Reporting to the Executive Director are the Finance Director, Services Director, Development Director and Deputy Director, who support service delivery, development and operational needs. Overall, LifeWire has 37 employees. As an organization, LifeWire has successfully managed public funding since 1982 and, specifically, has received federal funding for more than 20 years for our existing transitional housing program. We propose to purchase the Holly House Property to develop a new multi-family apartment building for survivors of domestic violence.

The Sophia Way submitted a letter of support for this project.

Woodbridge NW – website: <http://www.woodbridgenw.com/about-us>

From their proposal and their website:

About Us

Woodbridge Northwest has been involved in developments in Canada and the U.S. for over 20 years having been involved with hundreds of communities and thousands of homes. Woodbridge NW is a real estate development company committed to building smart, sustainable multi-residential communities of the highest quality. We create lasting value for homeowners in the U.S. and Canada by designing residences that complement and contribute to the fabric of their communities.

Over the past five years we have created over 1,500 new homes in communities up and down the West Coast. We pride ourselves on superior customer service, a commitment to integrity and a desire to give back to the places where we work. Considerable time and careful thought goes into every decision we make, from our spacious floor plans to the quality finishes. No detail is too small. We set a high standard for ourselves and our projects, and it shows.

Our team consists of dynamic and dedicated individuals with real enthusiasm for the work we do. We're growing and thriving—always looking for opportunities to create new communities that stand out from the competition.

Our Culture

Woodbridge Northwest looks for opportunities to design and build new communities in neighborhoods that are growing and thriving. We investigate opportunities with a detailed process that ensures we understand each new area. We carefully consider the heritage and culture of the neighborhood, looking for access to amenities, parks, schools, libraries and other resources that will help the new community flourish. Only then do we consider building.

We work closely with a diverse and talented team of professionals to deliver every project. Our group collaborates with architects, engineers, interior designers and others to ensure each and every new community features the latest thinking in design and construction quality. We take special efforts to design floor plans and layouts that are intuitive and highly livable, with smart interior features and engaging exterior design that you'll be proud to come home to every day.

Our philosophy and approach revolves around a passion for what we do. We believe in giving back and supporting the communities where we work. We operate with integrity and honesty at every level of our business, and we have a top-down culture of enthusiasm and working hard to ensure all our projects meet our high standard for quality and craftsmanship. Our belief is that every community should contribute to the fabric of its neighborhood and municipality. We do our best to make that happen.

2 - FINANCIAL CONSIDERATIONS

These include the price, deposit, and closing timeline.

Attain Housing – financial information can be found here: <https://www.attainhousing.org/about-us/>

Offer price: \$1,200,000 / all cash at closing

Deposit: \$25,000, released after expiration of 120-day due diligence period, and applicable to the purchase price

Time to Close (potential): 90 days from termination of due diligence period (120 days)
TOTAL = 210 days

LifeWire – financial information can be found here: <https://www.lifewire.org/impact-report-introduction/>

Note: King County Housing Authority (KCHA) submitted a letter of its intent to provide financing to close the sale of the property on behalf of LifeWire.

Offer price: \$1,050,000 / all cash at closing

Deposit: \$25,000, refundable in 90 days or applicable to purchase price

Time to Close (potential): 180 days from contract execution, 90-day due diligence with possibility of a two-week extension
TOTAL = 194 days, including possible two-week extension

Woodbridge NW

Woodbridge NW is well capitalized and is capable of closing on the purchase in cash. Woodbridge NW does not rely on external investors for a transaction of this size and nature. We have verified funds and reviewed their bank statement. Our brokers have closed several transactions with them that were significantly more substantial than this one.

Offer price: \$4,000,000 / all cash at closing

Deposit: \$100,000 non-refundable after expiration of 60 due diligence. An additional \$90,000 after 90 days from expiration of due diligence.

Time to Close (potential): 365 days from contract execution

3 – IMPACT on the population housed

This includes the population served, the number of units, and a description of support (wrap-around) services and how they work. In addressing impact, we think our role is not to vouch for the effectiveness or impact of the program, but to instead highlight some of the points made in the offers.

Both Attain Housing and LifeWire provide support services (sometimes called “wrap-around” services) to assist people in becoming self-sufficient, though the organizations differ in how these services are provided. Important to both organizations—and increasingly the standard with reputable affordable housing organizations—is the idea that providing consistent support services to residents helps them stabilize income and address other barriers to housing. Both Attain Housing and LifeWire believe that through case management and counseling, tenants will develop life and work skills necessary to secure permanent housing while living in a stable, supportive environment. The professionals providing these services are employees of the organizations (for both Attain Housing and LifeWire). This philosophy is important to consider when evaluating the number and size of units in the proposed projects.

Attain Housing

From their proposal:

Population served: Our target market is homeless families with children, at the lowest end of the economic scale. The average income of families coming into our housing in 2018 was \$9,300 per year. Our families come to us from community partners (such as local churches) and King County's homeless response system of Coordinated Entry for All (CEA). All of our families have minor children and so the family size is at minimum 2 persons. Read more about how families are chosen here: <http://www.attainhousing.org/transformational-housing/>

Number and type of units: Our plan indicates that we would build 25 apartments. We would initially start with about 12 units of low-income housing with the remainder of the units at a higher rate to help support the operations of our transitional housing program. As our organization is able to grow to support additional units, we would convert the market rate housing into transitional housing as quickly as we could sustain. The above approach is assuming we would be going this alone. As an alternative, we would love to partner with another non-profit who could manage and help fund the other half of the property from the beginning. Our proposal includes 10 two-bedroom units and 15 three-bedroom units.

Support services: Attain Housing employs care managers. All of our transitional housing families work closely with their case manager to move from dependency to self-sufficiency (i.e., education and job placement), with the goal of moving into permanent housing within 2 years. Case managers visit the housing sites weekly. We plan to continue to operate in this manner. The only possibility of change in this model is that we might choose to add some low-income permanent housing into this mix. Attain Housing spends 81% of its budget on direct service programs. Find Attain Housing's 2016 IRS form 990 at <https://www.attainhousing.org/media-wp/Attain-Housing-Form-990-2016.pdf>

LifeWire

From their proposal:

Population served: LifeWire proposes to purchase the Holly House Property to develop a new multi-family apartment building for homeless women and families who are survivors of domestic violence and are also recovering from substance abuse. Because 98% of all survivors experience financial abuse, most do not have the resources necessary to pay for shelter, rent or move-in costs. As a result, many survivors must choose

between remaining in a violent home or becoming homeless. This project will replace our current My Friend's Place facility and will add fifteen additional units to respond to other survivor housing needs. The new building will provide housing in a more trauma informed and compassionate manner. Read more about the population served: <https://www.lifewire.org/get-informed/the-numbers/>

Number and type of units: 25 units, all for homeless women and families who are victims of domestic violence. Our proposal includes 7 one-bedroom units, 16 two-bedroom units, and 2 three-bedroom units, determined by the needs of the population we serve.

Support services: LifeWire employs case managers and all domestic violence related services. Two full-time advocates will be based on site (with offices), including a full-time children's advocate. In addition to housing-related assistance, LifeWire offers weekly domestic violence support groups, therapy groups, one on one support, assistance towards any other personal goals, and basic needs support including food, clothing and other items. LifeWire spends 91% of its budget on direct service programs. Find LifeWire's 2016 IRS form 990 at http://990s.foundationcenter.org/990_pdf_archive/911/911190193/911190193_201612_990.pdf

Woodbridge NW

From their proposal:

With each project we undertake, our goal is to create lasting, quality communities that positively impact the lives of those who call them home. Families will be created and will grow in our homes; friendships will be struck between neighbors, and life stories will unfold. And so, we pride ourselves on designing homes with a special attention to details that matter most: how a home lives and functions, the human scale of the architecture and site layout, and how the finishes of a home impact the comfort and health of its owners' lives.

We also recognize that we are often the newcomers to existing and vibrant neighborhoods, and we take special care to ensure that, from land purchase through site design through final construction, we are good neighbors to those around us. We take community comments and feedback seriously; we design our communities to complement their neighborhoods; and we encourage clean and tidy construction sites, and insist on the respect of required quiet hours.

Population served: Woodbridge NW will focus its market efforts towards attracting families but in full compliance to federal lending practices will sell to anyone who can qualify to purchase a market-rate home.

Number and type of units: 19 units, all market-rate and sold to eligible buyers. While the site plan is just conceptual and to be refined during the entitlement process, the units will consist of 3 and 4-bedroom townhomes.

4 - ONGOING INVOLVEMENT OF ESUC

None of the bids require ongoing involvement of the congregation. However, there are details related to parking for each bid that are spelled out here.

Attain Housing

From their proposal:

Attain Housing's proposal will have no impact on parking in different parcels belonging to ESUC or the rental of parking to commuters.

Notes from the Holly House Development Task Force:

Attain's proposed site plan complies with zoning requirements for density and parking. But proposes a lot line adjustment to the triangle of land (which include the playground) between the church buildings and their future buildings to meet the impervious surface limitations and the open space requirements of the zoning code. Attain would then grant back to ESUC a permanent easement to use the triangle of land, including the playground, so that ESUC's use and enjoyment of the property could continue. Nevertheless, for complex reasons, conveyance of the land to Attain could cause ESUC to become obligated to pay some tax on revenue earned from rented parking, and could reduce ESUC's flexibility to dispose of property in that area in the future. Attain is trying to find other solutions that would not require a lot line adjustment.

Any parking agreements would be negotiated after the sale and after the application for a waiver on parking requirements from the City.

LifeWire

From their proposal:

For their 25-unit proposal, LifeWire is required to have 38 off-street parking spaces. Because over 2/3 of LifeWire's clients do not own vehicles, they believe they would need only 7-8 spaces for residents and an additional 5 spaces for staff on weekdays.

Notes from Holly House Development Task Force:

LifeWire believes that the actual parking needs of the tenants can be satisfied on the Holly House property. Nevertheless, current City regulations do not recognize that lower income families are less likely to own vehicles, and the regulations require more parking than LifeWire expects to use.

LifeWire proposes to handle the City parking requirement in one of two ways. First, LifeWire will request a waiver of parking regulations from the City. Because LifeWire's proposal can be seen as continuing the work of The Sophia Way, the City may be able to grant a waiver without amending parking requirements. If no waiver is granted, LifeWire proposes a "shared parking agreement," which would mean tenants could share use of stalls in our lower parking lot. The shared parking agreement would apply to 23 or more stalls. LifeWire staff could reasonably be expected to find parking on the street. ESUC members should understand that even though LifeWire states tenants would not use the stalls that are subject to the shared parking agreement, if an agreement is in effect, tenants would have a right to use the stalls if needed.

Any parking agreements, shared or otherwise, would be negotiated after the sale and after the application for a waiver on parking requirements from the City.

Woodbridge NW

The market rate proposal provides for double or double/tandem garages for each unit. There should be no issues related to parking.

From their proposal:

Regarding continued engagement with ESUC, Woodbridge NW has proposed that the ESUC and Woodbridge discuss the possibility of a mutually beneficial arrangement which could grant access to the ESUC's eastern playground in exchange for upgrading of those playground facilities for everyone's benefit. To be discussed in detail following ESUC vote.

5 - DESCRIPTION OF THE PROJECT

In addition to the number and size of the buildings, we include site plans and conceptual drawings of the proposals. These are conceptual, not final, depictions of the proposed projects.

Attain Housing – see also the attached site plan on page _9_ (note: this is not a final plan)

From their proposal:

Attain Housing proposes to construct 25 apartments. The units will consist of 2 and 3-bedroom units. The site plan (see page 9) shows a layout of the units in two buildings. One building is 3 stories and the other is 3 stories in the mid-section and 2 stories on either end. This site plan includes a mix of 15 three-bedroom units and 10 two-bedroom units.

LifeWire – see also the attached site plan and drawings on page 10 (note: these are not final)

From their proposal:

LifeWire intends to build up to 25 apartments on this site. Our concept plan is made up of 2 connected buildings. The 3-story building closest to the church provides community and services space on the first floor, a laundry room and covered patio. Floors 2 and 3 of this building include 10 two-bedroom apartments and 6 one-bedroom apartments. The second building to the north is only 2 stories and includes 2 three-bedroom apartments, 6 two-bedroom apartments and 1 one-bedroom apartment. In addition to the individual apartments, the design includes a children's activity room, a community room, meeting and office space for on-site advocates (case managers) and other visiting professionals, such as legal advocates and behavioral health counselors. See page 10 for a site plan and drawing of the project.

Woodbridge NW – see provided conceptual site plans and exterior images in the Summary section.

From their proposal:

We have evaluated four site layouts, with a preferred emphasis on the provision of private outdoor spaces and pedestrian-oriented entries, which will be important to family purchasers. Two of our alternates are included below which allow for flexibility on downstream City of Bellevue decisions.

There are a number of code constraints that we track in the City of Bellevue that that the Seller Proposed Site Plan from the feasibility study does not appear to contemplate, but which we are allowing for under several scenarios:

- a) Multi-Family Play Area per Bellevue LUC 20.20.540 - At 21 units, the City will likely require 1,350 sq. ft of onsite multi-family play area created. Because code requires that the minimum size of each individual multi-family play area shall be 800 sq. ft. this in effect requires a contiguous area of 1,350 sq. ft. Minimum dimension needs to be 25'.

- b) "Safe Walk" safe pedestrian pathways. Although this varies by project, we see the City typically requiring a form of safe walk route outside of the 20' minimum ROW width. In certain cases, we have been able to delineate a pedestrian "ribbon" within the 20' using a material change; in others a sidewalk has been required. We believe in this case that a sidewalk will not be required at internal drive aisles due to the existing development providing access easement to the property also not providing sidewalks.
- c) Fire Access Requirements. Internal drive aisle corner radii need to be 28' at interior and 48' at exterior radius to be navigated by Fire Truck and to meet Auto-turn analysis. Fire Department needs to be consulted on acceptable solutions for this site, but we have included a site plan that should meet Fire's more rigorous standards. See page 11 for site plan.

6 - GREEN BUILDING DESIGN

Note that all bids meet the minimum requirements for green building established by the City of Bellevue and the State of Washington and LifeWire exceeds them.

Washington State Energy Code: <https://apps.leg.wa.gov/wac/default.aspx?dispo=true&cite=51>

King County green building policies & ordinances: <https://kingcounty.gov/depts/dnrr/solid-waste/programs/green-building/sustainable-cities/city-government/green-building-ordinances-policies.aspx>

City of Bellevue green building incentives: <https://development.bellevuewa.gov/zoning-and-land-use/environment-and-critical-areas/green-building-incentives>

Attain Housing

From their proposal:

Attain Housing will strive to retain as many significant trees on the property as possible and where tree removal is necessary will plant replacement trees which meet or exceed Bellevue City Code. Landscaping will be used to screen this project from the Church's buildings. At this schematic stage of design, it is not possible to determine this and show on the attached site plan tree retention or a landscaping plan. Attain Housing also desires to use sustainable and nontoxic materials to support the health of its families and the environment, but the details of those elements of the project will be the subject of the next level of design work.

LifeWire

From their proposal:

Our building will exceed the new energy codes and meet or exceed the national Green Building Standards and the Washington State Evergreen Development Standards. These standards are similar to LEED building standards but are tailored to affordable housing. They provide practical guidance on providing healthy spaces for residents and conserving energy and natural resources. We will attempt to save as many trees as practical and assist in the relocation of the pea patch and other activities currently taking place on the Holly House property.

Woodbridge NW

Our community will meet or exceed the minimum requirements established by the City of Bellevue.

7 – RISK

A note about Ability to Close

Notes from the Holly House Development Task Force:

HHDTF requested information from the bidders to help us evaluate whether a bidder had the financial capacity to close. We are highlighting closing risk in part because we would have to pursue another bid if the first choice falls through. Obviously, there are risks inherent in every proposal (both market rate and affordable) because of matters discovered during due diligence, or changes in market conditions. But we hope to avoid a situation in which a bidder wants to close but cannot fund the purchase of the Holly House property as promised.

Attain Housing Ability to Close

Notes from the Holly House Development Task Force:

Though Attain Housing has cash on hand (and net equity in other properties) to support the purchase, East Shore cannot assume, and Attain Housing does not contend, that the entirety of the cash balance would be used towards purchase of the Holly House property. Attain Housing indicates that it did receive two substantial bequests that the board has been holding for the purpose of purchasing and developing another property.

Attain Housing plans to fund much of the purchase price of the Holly House property by selling a duplex in Bellevue (only two families would have to be moved). Attain Housing is confident the duplex can be sold for nearly the amount of their offer on the Holly House property; the sale of the duplex would be a contingency to the Attain Housing purchase of the Holly House property.

The Attain Housing team seem to be extremely dedicated, and they state that they have never lost a project because of inability to raise funds. In some cases, Attain Housing team members have literally worked on construction of facilities. They express confidence they can raise the additional funds needed and are determined to do so. *Holly House Development Task Force* has no way to determine whether lenders would permit increased leverage on Attain Housing's other properties, or how quickly a property could be sold.

LifeWire Ability to Close

Notes from the Holly House Development Task Force:

While the assets on hand support the ability to close, these assets would not likely be used to purchase the property from ESUC. The source of funds for purchase of the property would likely come from the King County Housing Authority ("KCHA"). KCHA submitted a detailed and precise letter showing an understanding of the amount of the bid and indicating a strong willingness to finance the acquisition. While the letter is not legally binding, it does offer transparency into the process, describes reasonable conditions, and affirms our understanding that KCHA can make decisions and approve funding requests well within the timeframe outlined by LifeWire.

In addition to the letter from KCHA, there is a letter from the Grant Coordinator at the City of Bellevue indicating that a \$300,000 grant should be available to LifeWire for this project. It is contingent upon expected—but not certain—funding and budgeting. This letter, however, is not material to the issue of whether LifeWire could close but is, instead, another source demonstrating that LifeWire has additional financial resources to devote to the project.

Overall, we believe that LifeWire has demonstrated a strong likelihood that it has the financial resources to fund and close its proposed offer if the due diligence contingencies are met.

Additional thoughts about the affordable housing bids:

The Attain Housing team makes a persuasive case that the organization is able to purchase the land, and it is our opinion that Attain Housing would likely be able to close the transaction. At the same time, we believe that the risk of closing with Attain Housing, and/or the risk of completing the project in a timely manner with Attain Housing, is materially greater than the risk of closing with LifeWire. By way of analogy, members can think of this option as similar to a situation where there are two bidders to purchase a home. One is an all-cash buyer offering a price that is somewhat lower than a second buyer who first has to sell a home but can prove that the home has equity in a good market. The risk of a contingent offer must be weighed against the higher purchase price offered by Attain Housing, and each member's own judgment about the merits of the proposals submitted by Attain Housing and LifeWire.

Woodbridge North West

Woodbridge NW is well capitalized having been active for over 20 years and more recently has successfully completed larger projects of scale. Notably, the successful sale of their development Village at Beardslee Crossing located in Bothell, WA would indicate the company has the necessary funding in place to execute on a deal of this size. The five-phase development included 451 multifamily units, 52,000 square feet of retail/commercial office, and a 60-townhome lot. The property sold for a combined \$184M between 2017 and 2018. Woodbridge NW has recently completed a large multifamily project in south Seattle near the Othello Light Rail station and is in lease up. This 359-unit luxury apartment complex includes a rooftop garden, pea patch, bike maintenance room.

Decision-making is efficient and flat. There are no external or internal funding or approval committees. Decisions are made mutually by the three principals of the Company.

The Company has various sources of capital depending on the size of project. For this community, Woodbridge NW would not require any 3rd party capital to close on the purchase. Funds would be contributed by the principals of the Company. We have verified source of funds and viewed their bank statement. Our broker has worked with them on multiple transactions in the \$100M price range, all which closed successfully. In their experience and our estimation, there would be limited to very little risk in Woodbridge's ability to close on the \$4,000,000 offer price.

Due Diligence and Final Thoughts about Risk

Entering into a final contract with a bidder does not ensure that the sale will close. There is a risk in all contracts for the sale of real estate that the transaction may not close.

Though contracts generally require the buyer to post a deposit towards purchase, the seller typically cannot keep the deposit until the expiration of a due diligence period. Due diligence is a further opportunity for the buyer to conduct additional and more expensive investigation of the property. Due diligence includes but is not limited to inquiries about valuation, title to the property, access into the site, access for utilities, fire lane access, existing easements, a tree survey, an environmental study to confirm no contamination exists, a soil study, and a survey to confirm/determine property lines. Generally, the buyer has the right to withdraw from the contract and obtain a refund of the deposit after conducting due diligence.

In evaluating bids, the Task Force has requested information and considered factors affecting the probability that the sale will close. For example, sometimes real estate transactions do not close because the buyer is unable to pay for the property at the close. In some situations, the seller may be able to keep the deposit, but will still have to sell the property to someone else. The Task Force has tried to minimize this risk by requesting financial information from each buyer and assessing their ability to close. We offer opinions of these risks, but it is important to realize that risk can never be fully eliminated.

How much is spent by each affordable housing organization on the support services they talk about?

From Attain:

“The percentage of our budget spent on all our programs—which would include the case management services, the property maintenance and utilities for our clients, our eviction prevention program, our community supper and holiday programs, and all the other direct services we provide—is 81% for 2017.” (Find Attain Housing’s 2016 IRS form 990 at <https://www.attainhousing.org/media-wp/Attain-Housing-Form-990-2016.pdf>)

From LifeWire:

“We spend 5% on Administration, 4% on Fundraising, and the remaining 91% on services. In our current program, 63% of the services budget is spent on advocates (direct service personnel) and direct financial assistance to participants. We provide all domestic violence-related services in-house, although we may contract or refer out for specialized services, including substance abuse treatment.” (Find LifeWire’s 2016 IRS form 990 at http://990s.foundationcenter.org/990_pdf_archive/911/911190193/911190193_201612_990.pdf)

What is the impact of the bids on the playground, gardening shed, and p-patch areas?

Attain Housing has proposed that it would acquire legal title to the playground and an additional area. Attain would then grant back to East Shore an easement to continue to the use area including the playground (see the triangle in the site plan on page 9).

The area in question would add pervious surface to the Holly House parcel. Attain Housing has offered to upgrade the playground equipment, enhance the area, and maintain it as part of their proposal. They would like residents to be able to use it along with East Shore members.

LifeWire would like to share the playground (i.e., allow residents to use it) and has not proposed any changes relative to that piece of property.

Woodbridge NW has proposed that the East Shore and Woodbridge NW discuss the possibility of a mutually beneficial arrangement which could grant Woodbridge NW access to the ESUC’s eastern playground in exchange for upgrading of those playground facilities for everyone’s benefit. This option is to be discussed and details of such an arrangement to be determined following ESUC vote.

8 –GLOSSARY OF TERMS and ADDITIONAL NOTES

Due Diligence: Investigation to discover facts or liabilities about a property prior to its purchase; including but not limited to an investigation of the title, access into the site, access for utilities, fire lane access, existing easements, a tree survey, an environmental study to confirm no contamination exists, a soil study, and a survey to confirm/determine property lines. Note that no matter who the bidder is, issues discovered during due diligence can slow or prevent a sale or cause a bidder to request a lower purchase price. During due diligence, earnest money is fully refundable.

Feasibility: Often used interchangeably with Due Diligence, feasibility activities are performed during due diligence. The scope of feasibility is intended to determine the reasonableness of doing the development. Initial architectural drawings may occur in feasibility. This is when a buyer first determines how many units they can build. Assumptions are formed and tested.

Transitional Housing: Temporary housing that usually includes services to help people become self-sufficient and move into permanent housing or to sustain them while they are in temporary housing.

Contingencies: These are factors that affect the reasonableness or “feasibility” of doing a development. At the end of Due Diligence, contingencies are waived, and then earnest money becomes non-refundable.

Milestone payments: These payments are negotiated between the buyer and the seller if full payment is not required until the end of the permitting process. They are intended to demonstrate buyer commitment and to offset the delay between initial earnest money payment and final payment of the purchase price. Timing of milestone payments usually corresponds to pre-defined dates, or to milestones achieved in the permitting process.

Entitlements: different approvals from the city allowing for site work including grading, tree removal or vertical construction. The entitlements process is also referred to as permitting. Approval of permits entitles the developer to do certain work.

STATEMENT ABOUT THE FINANCIAL HEALTH and SUSTAINABILITY OF ESUC

Financial Status of the Church - Tom Doe (President), Jason Puracal (Executive Director), Marcy Langrock (Treasurer), and Claudia Hirschey (Chair, Financial Stewardship Committee)

The finances of East Shore are fundamentally sound. For the past three years we have run budget surpluses despite shortfalls in pledges. This reflects our Executive Director's management of our costs and realization of our facility rental potential. Even so, this year we may run a deficit of a few tens of thousands of dollars, which the Board and Finance Team are monitoring closely. Aside from continuing challenges with fundraising, the church is wealthy in endowment, and the church is wealthy in property.

The main area of concern is that for the past 10 years our church has been receiving progressively smaller numbers of pledges annually. This has been accompanied by decreases in our total membership numbers. To some extent the decrease in numbers of pledges has been offset by increases in the average pledge. We should be encouraged by this strong commitment to stewardship of our members. But these trends are clearly a major concern for the church's financial sustainability.

In the past two years Claudia Hirschey and the Financial Stewardship Committee have prepared a five-year financial strategic plan which calls for transitioning the endowment to become a reserve that will finance the maintenance and repair of our beautiful and large campus. Our endowment today is approximately \$1.3 million, and we are distributing roughly \$40,000 of its investment returns annually into our operating fund. The financial plan calls for that distribution to end when we transition the endowment being a managed, sustainable fund for our campus maintenance.

The Financial Stewardship Committee has reviewed some of the options for using the proceeds of the Holly House sale. Paying off our mortgage will free up approximately \$113,000 a year for our operating fund. At present the mortgage has a payoff of approximately \$750,000, however by the time proceeds of the Holly House sale become available that total may be much less, perhaps less than \$600,000.

We also considered creation of an endowment-like fund from the proceeds of a market rate sale after paying off the mortgage. The income of this fund would support church operations. A fund of approximately \$2.8 million, which would be slightly more than double our current endowment, would allow us to distribute about \$80,000 a year to our operating fund. Such a distribution would not offset the current trend towards decreasing pledging and normal annual inflation costs, therefore the Financial Stewardship Committee does not view the market rate sale as a solution to the church's long-term financial issues.

The Financial Stewardship Committee has determined that growth in membership is the key to the church's financial sustainability. We need to make a focus on investments in programs, outreach, and member retention that will grow our membership back to what it was in 2011. If we set a 5-year goal to restore us to the number of pledgers that we had in 2011 with average pledges that increase at a slightly lower rate than they have for the past few years, we will push our donation totals over \$1 million a year by that time. The money from the sale of Holly House is not a financial panacea. It does present financial opportunities with either the affordable housing or market-rate development choices. What the Holly House sale definitely does not do is absolve members from their responsibility to fund their church. If you have further questions, please contact any of the persons listed above.

STATEMENTS FOR AND AGAINST AFFORDABLE AND MARKET RATE

How are we to choose between an Affordable Housing buyer and a Market Rate buyer?

The views expressed in voter pamphlets are often subjective. We present an assortment of ideas here based on congregational input and our own perspectives. This section is not intended to be wholly fact based. Just as Washington State and King County voter pamphlets offer views on candidates and initiatives that are sometimes partisan or reflect contradictory ideas, the same exists at East Shore. We offer a sampling of statements for and against here.

Statement in Favor of Choosing an Affordable Housing Offer

1. Holly House has been occupied by affordable housing tenants for many years; building affordable housing on that site honors the legacy of Holly House.
2. Building affordable housing is in alignment with our UU principles and our values as a congregation; it syncs with our commitment to better the lives of those who are marginalized
3. Land is scarce; land for Affordable Housing is even more rare and the cost is often far out of reach. This development at this moment is a precious opportunity for us to increase the stock of affordable housing on the east side, address the affordable housing crisis, and truly make a difference.
4. Choosing an affordable housing buyer would have high impact for many years; because these are projects for transition housing the total number of people served will only grow over time.
5. An affordable housing bidder that has sufficient funding is more likely to close regardless of changes in economic conditions.

Statements against Choosing an Affordable Housing Offer

1. Affordable Housing is higher risk than market rate development. The high number of funders on any one project and the high work loads of non-profit staff, often with limited expertise in real estate development, make it harder for Affordable Housing agencies to get projects across the finish line. Deals “fall through” despite best efforts.
2. East Shore congregants have many earth and social justice causes we care about: dozens of ministry teams and initiatives in everything from Black Lives Matter to immigration rights. Locking in more than \$2M in a gift to a single affordable housing agency ignores all the other social justice teams that we have been actively engaged in for decades. In addition, the number of people who would be housed by either of our affordable housing buyer options is limited in scope in comparison to how we might otherwise gift the proceeds.

3. Choosing an affordable housing buyer and in doing so, giving away nearly \$3 million to one source, is not good stewardship of our asset. This could result in a drop in giving to our mission fund drive because we were not careful enough in managing our assets.
4. Choosing an affordable housing buyer is not the best and highest use of the land. Not enough units can be built on a lot this small to interest many established affordable housing developers we approached. Developing affordable housing over our retained lower parking lot as many congregants and developers are interested in exploring makes more sense: that large size will attract more established and successful agencies, we'll be able to house more people, and there is better access to public transportation and services from that part of our campus.
5. Both affordable housing organizations raise the issue of parking challenges which could either 1) decrease the remaining size of our campus beyond just the HH parcel, 2) result in an easement that will restrict how we can use our other land or 3) impinge on our ESUC parking in ways that could reduce our rental income and make it harder for congregants to find parking during the week and during Sunday service. (Parking is not an issue with the Market Rate buyer)

Statements in Favor of Choosing a Market Rate Housing Offer

1. Choosing a market rate buyer positions East Shore for decades to come, to better invest in our infrastructure, pay off our mortgage, maintain and enhance our buildings, and our social justice initiatives, create congregational financial and programmatic sustainability,
2. Choosing one affordable housing buyer houses a very small number of people; choosing a market rate buyer with a philanthropic fund sets us up to impact many more people over a long period of time, with the same or less money, investing in and strengthening groups that are better able to serve more people than East Shore can.
3. Choosing a market rate buyer for the lowest risk and highest price is the best and highest use of this asset. That is the choice that most closely aligns with our responsibility to be good stewards of our assets and investing some of the proceeds in our campus could create greater revenue streams for us over time, with better facilities for rent at higher rental rates. It strengthens our church to flourish in all the good things we do to build community and positions us to become a philanthropic leader in earth and social justice causes important to ESUC and to our community.
4. Financially strengthening our congregation will enable us to fund the many big dreams we have and could help attract more members to our congregation through enhanced music programming, a world class speaker series, or enhanced space to convene community conversations about solving our regional and world problems.

5. Sale to a market rate buyer permits ESUC to save some money for future generations to determine what causes they want to support at a later time.

Statements against Choosing a Market Rate Housing Offer

1. Social justice is at the core of our congregation. We can use this opportunity now in service to social justice and in service to our community in a very visible way.
2. Choosing a market rate housing buyer has too high of an opportunity cost; we don't know what we'll do with our campus in the future but right now, today, we have a very special opportunity now to do good. In a big way.
3. Market Rate development is arguably greater risk than affordable housing development because if the economy tanks, all development will come to a halt. Scheduled development could be impacted, and we could be left a seriously discounted asset value.
4. Some feel that the negative publicity to East Shore of "selling to the highest bidder" will hurt us in our ability to recruit new members and damage our reputation on the Eastside.
5. Use of the land for affordable housing insures that a worthy mission will be served for the foreseeable future, whereas the use of proceeds from the market rate buyer are unknown and some of the funds may be used for purposes that have lesser social impact.

Statements in favor of option #3, Market Rate and Earth and Social Justice Fund

1. The sale to a market rate buyer with an allocation for earth and social justice causes offers a compromise to what has been a divided topic in our congregation. Those funds could be devoted to affordable housing causes or other earth and social justice causes as the congregation chooses.
2. The availability of funds for earth and social justice could infuse needed energy and resources into mission work that is fundamentally at the core of our congregation. It also might energize the congregation to renew social justice ministries, and attract greater participation.
3. A fund for our social justice work compels our congregation to come together and work in collaboration to choose meaningful ways in which we can have high impact in our community in causes that we care deeply about, and live out our UU values.
4. We could have considerably higher impact, on more people (do greater good) with a fund than with a gift to the cause of just one organization.

Statements against option #3, market rate and earth and social justice fund

1. We don't know exactly how this fund will be structured or managed. There is risk that coming to these decisions will create divisiveness at East Shore.
2. We may inadvertently set up a structure of competition between congregational groups to 'win' access to precious allocations from this fund.
3. The money being set aside in this fund is too much (*or too little- pick your argument.*)
4. We need to take care of East Shore first; we have dwindling membership and operating fund drives have been insufficient for too many years. We must sustain our congregation so that we can continue to be a community and do good work.

Statement from the Board

Board Position on Holly House Vote by Tom Doe

The major topic for the February board meeting was whether or not the board would make a recommendation to the congregation on the voting outcome. In the past, several board members felt that we had the fiduciary and leadership responsibility to assess what we feel is in the best interest of the church. The discussion did not focus on what that recommendation would be, and the board held an out-of-cycle meeting on March 5 as a follow-up.

As we proceeded with our discussions, it became clear that there was one position that we as a board and staff could unanimously support.

We can and will support whatever decision the congregation makes. There is no right or wrong choice. There is no good or bad choice. All of the outcomes can be made consistent with the mission and vision of this church, our commitment to social justice, and our obligation to be good stewards of our church's resources.