

## CITY COUNCIL REGULAR SESSION

Resolution authorizing the City Manager to enter into an agreement for the Kirkland Heights project in the amount of \$358,400, as recommended by the ARCH (A Regional Coalition for Housing) Executive Board.

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## EXECUTIVE SUMMARY

As directed by Council on May 8, this Resolution authorizes the City Manager to enter into an agreement for Kirkland Heights in the amount of \$358,400 as recommended by the ARCH Executive Board. The ARCH Executive Board is also recommending, in separate actions this evening: \$475,000 for Ardea at Totem Lake (Kirkland); \$203,600 for Bellevue Homes (Bellevue); \$1,112,800 for Kenmore Supportive Housing (Kenmore); \$135,700 for Scattered Homes (Bothell, Kenmore, or Woodinville (to be determined)); \$118,700 for Spring District 120<sup>th</sup> Avenue Affordable Housing (Bellevue); and \$25,000 for Totem Six Plex (Kirkland).

## RECOMMENDATION

Move to adopt Resolution No. 10263

## BACKGROUND/ANALYSIS

At its May 8 Study Session, Council reviewed the proposed funding for the recommended projects and directed these items return for Council action.

The 2022 Fall Trust Fund round includes eight applications, seven of which are recommended for funding by the ARCH Executive Board. The seven recommended applications represent requests for \$7.6 million in local funds from ARCH members.

The recommended projects will meet diverse needs throughout the region, including:

- Supportive housing for formerly homeless seniors, veterans and people with disabilities;
- Homeownership housing that will help families build equity;
- Preservation of existing affordable housing for large families;
- Affordable senior independent living;
- Transit-oriented development for families and individuals adjacent to future light rail; and
- Affordable housing for individuals with intellectual and developmental disabilities.

The ARCH Executive Board is requesting Bellevue funding of \$2,429,200 for seven recommended projects:

- \$475,000 for Ardea at Totem Lake (Kirkland);
- \$203,600 for Bellevue Homes (Bellevue);
- \$1,112,800 for Kenmore Supportive Housing (Kenmore);
- \$358,400 for Kirkland Heights (Kirkland);
- \$135,700 for Scattered Homes (Bothell, Kenmore, or Woodinville (to be determined));
- \$118,700 for Spring District 120th Avenue Affordable Housing (Bellevue); and
- \$25,000 for Totem Six Plex (Kirkland).

\*Note: Friends of Youth (The Land Shelter project in Kirkland) obtained other grant funds and withdrew its application to ARCH for \$650,000. The ARCH Executive Board remains in strong support of the project.

Bellevue's contribution is equal to 31.7 percent of the total funds recommended through the Fall 2022 Trust Fund process. If approved by Council, funding for these projects would be from the City's Housing Fund, unused contributions carried forward from the 2021 funding round, and affordable housing loan repayments by previously funded projects. It does not include BelRed developer fees, Housing Stability Program (HSP) monies, or capital investment program (CIP) contingency funds.

ARCH includes 15 Eastside cities who utilize the ARCH Trust Fund process to develop recommendations for the allocation of housing resources. This approach has allowed funds from multiple cities to be pooled and made available to projects across East King County with the goals of maximizing the creation of affordable housing overall, and in each city.

The ARCH Community Advisory Board (CAB) reviews applications each year and forwards its funding recommendations to the ARCH Executive Board. The CAB and Executive Board's review and recommendations reflect the policies and lending criteria adopted by the ARCH Executive Board and member city councils. With the 2022 application round, \$7.6 million would be allocated through the ARCH Housing Trust Fund, helping to create 819 units of affordable housing. In addition, projects funded through the ARCH Trust Fund have secured hundreds of millions of dollars in other public and private sector housing investments since ARCH's inception in 1992.

## **POLICY & FISCAL IMPACTS**

### **Policy Impact**

Bellevue funding for these seven projects is consistent with the following Comprehensive Plan policies.

- HO-21: Address the entire spectrum of housing needs, including the need for housing affordable to very low, low, and moderate-income households, through the city's affordable housing programs.
- HO-22: Work cooperatively with King County, ARCH, and other Eastside jurisdictions to assess the need for, and to create affordable housing.
- HO-25: Provide funding to support housing need, especially for low and very low-income households.
- HO-26: Provide incentives and work in partnership with not-for-profit and for-profit developers and agencies to build permanent low-and moderate-income housing.

- HO-40: Support regional efforts to prevent homelessness, and make homelessness rare, brief, and one time when it occurs. Provide a range of affordable housing options to support efforts to move homeless persons and families to long-term financial independence.

### **Fiscal Impact**

The funding request for Kirkland Heights is \$358,400. The ARCH Executive Board is requesting Bellevue funding of \$2,429,200 for seven recommended projects. If approved by Council, the funds would be allocated to these projects from the City's available balance within the ARCH Housing Trust Fund (Fund 6950). The ARCH Housing Trust Fund was established in 2010 for the purpose of administering the contributions of parties to the ARCH Interlocal Agreement, a coalition of cities fostering efforts to provide affordable housing in East King County. The ARCH Housing Trust Fund includes a combination of contributions from the City's Housing Fund (Fund 1900), loan payments from previously funded projects, and interest earnings as described below.

- \$84,000 unused contributions from the 2021 Funding Round and carried forward
- \$850,000 is the 2022 contribution from the Housing Fund to the ARCH Trust Fund
- \$1,495,200 in loan repayments received in 2020-2022

### **OPTIONS**

1. Adopt the Resolution authorizing the City Manager to enter into an agreement for the Kirkland Heights project in the amount of \$358,400, as recommended by the ARCH (A Regional Coalition for Housing) Executive Board.
2. Do not adopt the Resolution and provide alternative direction to staff.

### **ATTACHMENTS**

Proposed Resolution No. 10263

### **AVAILABLE IN COUNCIL LIBRARY**

ARCH Executive Board Housing Trust Fund Recommendation 2022 Projects and Funding Sources dated January 12, 2023

Economic Summaries of Recommended Projects