



## A Regional Coalition for Housing

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# Memo

To: ARCH Executive Board  
From: Nathan McCommon, Chair, ARCH Executive Board  
Date: December 11, 2025

Re: House Key Plus ARCH East King County Downpayment Assistance Program Recommendation

This memo provides a summary of proposed changes approved by the ARCH Executive Board to the House Key Plus ARCH East King County Downpayment Assistance Program. This includes background for member cities and the ARCH Board's recommendation and rationale for program changes.

Attachments:

- 1) Attachment 1: DPA Funding Contributions and ARCH Member City Contributions

### **House Key Plus ARCH East King County Downpayment Assistance Program**

#### Project Summary:

The House Key Plus ARCH East King County Downpayment Assistance Program was first established in 2005 by certain ARCH member cities/towns, the Washington State Housing Finance Commission (WSHFC), and King County. The program is administered through WSHFC and has provided up to \$30,000 in downpayment assistance for qualified homebuyers purchasing in East King County. Based on early successes, the program was recapitalized by all the contributing partners in 2007 and 2012, as shown in Attachment 1. As of December 2025, there is \$1,201,147.27 available for DPA.

Beaux Arts Village • Bellevue • Bothell • Clyde Hill • Hunts Point  
Issaquah • Kenmore • Kirkland • Medina • Mercer Island  
Newcastle • Redmond • Sammamish • Woodinville • Yarrow Point • King County

The current program as previously authorized is outlined below:

Current Program Eligible Homebuyers

- First time homebuyer (has not owned a home during the past 3 yrs)
- Household income at or below 80% of AMI
- Home will be the buyer’s principal residence

Down Payment Assistance Terms: Downpayment assistance provides second mortgages of up to \$30,000 per home. There are no monthly payments on the second mortgage. The balance is due when the owner sells, refinances or pays off the first mortgage.

- 4% deferred simple interest on the Down Payment Assistance loan to be paid when the borrower pays off the loan.
- The loan can be in place for up to 30 years before it must be paid back.

Administration: The program is administered by the Washington State Housing Finance Commission. In operating the program, the Commission uses its existing community of lenders and its current marketing and outreach strategies.

Current usage: To date, the program has served 81 homebuyers. When first established, the program was well matched to buyers’ needs, but as home prices have increased dramatically in the last 20 years, the amount of assistance has become insufficient to bridge the gap between eligible households’ income and market rate home prices.

Proposed Program Changes:

WSHFC, King County and ARCH have collaborated throughout the last year to review the DPA program and develop recommendations to strengthen and extend its impact. Below is a summary of recommendations approved by the ARCH Executive Board. These recommendations are anticipated to better meet the needs of eligible buyers in the current marketplace, align with the ARCH Homeownership Program, and result in faster utilization of program funds.

<b>Current Program</b>	<b>Proposed Change</b>
<b>\$30,000 max DPA</b>	<b>Increase max DPA to \$75,000.</b> For borrowers at or below 80% AMI, the maximum DPA would be \$75,000. For borrowers between 80%-100%AMI, the maximum DPA would be \$50,000. Increasing the assistance would make the program more desirable and better bridge the gap for lower income buyers in East King County.
<b>2% minimum contribution required for borrowers</b>	<b>Reduce required minimum contribution for borrowers to 1%.</b> This change would reduce a hurdle to otherwise qualified buyers.

<b>80% AMI eligibility requirement</b>	<b>Allow eligibility up to 100% AMI.</b> This would increase the program’s reach and support moderate income households, including potential ARCH homebuyers. The current program income limit is based on federal HOME funding requirements. WSHFC’s maximum income limit is 100% AMI.
<b>Simple interest at 4%</b>	<b>Lower the interest rate from 4% to 1%.</b> Currently, 4% is the highest interest rate among any DPA program WSHFC offers, with most others at 0% or 1%. For homes with resale restrictions, 1% simple interest poses less risk to the borrower.
<b>Program Name: House Key Plus ARCH (East King County) Downpayment Assistance Program</b>	<b>Change the program name to the ‘East King County Down Payment Assistance Program’.</b> This change will help to distinguish the DPA Program from the ARCH Homeownership Program, as there is confusion in the marketplace between the two programs.

In addition to the above recommendations, the ARCH Executive Board recommends that DPA partners (ARCH, WSHFC and King County) establish a Third Amended and Restated Agreement that will clarify and consolidate administrative responsibilities in ARCH and ARCH’s Administering Agency.

Program Update Rationale:

The ARCH Executive Board supported these recommendations for the following reasons:

- Funds have been underutilized and updating the program would better meet the needs of eligible buyers.
- The DPA has demonstrated success but requires updates to continue to be a valuable tool for low- and moderate-income buyers looking to purchase in East King County.
- The changes will better align the DPA program with ARCH’s Affordable Homeownership Program, which provides some of the only affordable entry points to homeownership in East King County.
- The changes will clarify and simplify administrative responsibilities to ARCH and the administering agency.
- No additional funding is required at this time.

Recommendation:

- Adopt a resolution approving revisions to the terms and conditions applicable to the House Key Plus ARCH (East King County) Down Payment Assistance Program, authorizing execution of related agreements, and ratifying prior actions taken in support of said program, all as recommended by the Executive Board for A Regional Coalition for Housing (ARCH).

**Attachment 1: DPA Funding Contributions and ARCH Member City Contributions**

**DPA Program Funding Commitments**

	ARCH Funding	King County Funding*	WSHFC Funding	TOTAL
Initial Capitalization (2005)	\$200,000	\$300,000	\$300,000	\$800,000
First Recapitalization (2007)	\$200,000	\$300,000	\$300,000	\$800,000
Second Recapitalization (2012)	\$200,000	\$300,000	\$300,000	\$800,000
<b>TOTAL</b>	<b>\$600,000</b>	<b>\$900,000</b>	<b>\$900,000</b>	<b>\$2,400,000</b>

\*Note that \$380,000 in King County funding was withdrawn from the program over time due to expenditure delays that were inconsistent with rules for the County’s source of funds (federal HOME/ADDI funds)

**ARCH City Contributions**

City	Initial Capitalization	First Recapitalization	Second Recapitalization
Bellevue*	\$65,000	\$75,000	\$45,000
Clyde Hill	\$2,500		
Issaquah		\$5,000	\$25,000
Kenmore	\$12,500	\$25,000	\$25,000
Kirkland	\$40,000	\$35,000	\$30,000
Medina	\$2,500		
Mercer Island	\$12,500	\$10,000	
Newcastle	\$7,500	\$10,000	\$12,500
Redmond	\$50,000	\$35,000	\$28,500
Sammamish			\$25,000
Woodinville	\$7,500	\$5,000	\$9,000
<b>TOTAL</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>

\*An additional \$15,000 was funded for homebuyer education in the initial capitalization