

CITY COUNCIL STUDY SESSION

Discussion of Housing Fund allocation recommended by the ARCH (A Regional Coalition for Housing) Executive Board for four Fall Round 2020 applications, of which the ARCH Executive Board recommended approval of three applications.

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Community Development Department

DIRECTION NEEDED FROM COUNCIL

DIRECTION

Based on Council direction, staff will prepare legislation for funding approval of the three projects at a future meeting.

RECOMMENDATION

Move to direct staff to prepare legislation approving the ARCH funding request for Council's consideration and action at a future meeting.

BACKGROUND & ANALYSIS

The 2020 Fall Trust Fund round includes four applications, three of which are recommended by the ARCH Executive Board which represent requests for nearly \$5 million in local funds.

These recommendations advance a significant number of projects that meet urgent local priorities, including the expansion of year-round emergency shelter on the Eastside, construction of permanent housing with services for homeless families, workforce housing for low- and moderate-income wage earners, affordable senior housing and special needs housing.

The ARCH Executive Board is requesting Bellevue funding of \$621,900 for three recommended projects:

- \$62,200 for Plymouth/ Horizon Housing Eastgate Permanent supportive housing (Bellevue);
- \$62,200 for Imagine Housing Samma Senior Apartments (Bothell); and
- \$497,500 for Inland Group/Horizon Housing Totem Lake development (Kirkland).

The \$1,866,190 requested in Bellevue funds by the ARCH Executive Board in 2019 represented an allocation for the 2018 and 2019 Trust Fund rounds, as there were no project applications in the Fall 2018 ARCH funding round. The amount requested the previous five years (2013-2017) averaged \$822,872 per year.

Bellevue's funding for 2020 is equal to 12.4 percent of the total funds recommended through the Fall 2020 Trust Fund process. If approved by Council, housing funds allocated for these projects would be from general funds allocated by Council and affordable housing loan repayments. It does not include BelRed developer fees or Capital Improvement 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 Citizen 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 2020 application round, \$5 million would be allocated through the ARCH Housing Trust Fund, helping to create 467 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.

2020 Funding Round

The ARCH CAB and Executive Board reviewed and recommended funding for three applications, as described in the ARCH Executive Board Fall 2020 Housing Trust Fund Recommendations dated December 17, 2020 (Attachment A). Included in this memo are descriptions and funding rationale for the three recommended projects. Additional information is found in the attached tables:

- A1: Recommended 2020 Projects and Funding Sources
- A2: Economic Summaries of Recommended Projects
- A3: Past Projects Funded through the ARCH Trust Fund

POLICY & FISCAL IMPACTS

Policy Impact

Bellevue Comprehensive Plan:

Bellevue funding for these three projects is consistent with Comprehensive Plan policies HO-21, 22, 25, 26 and 35 that:

- Address the entire spectrum of housing needs, including the need for housing affordable to very low, low, and moderate-income households;
- Promote regional cooperation to create affordable housing;
- Provide funding to support housing need, especially for low and very low-income households;
- Partner with not-for-profit agencies to provide permanent low-and moderate-income housing; and
- Provide a range of housing options to support efforts to move homeless persons to long-term financial independence.

Fiscal Impact

The ARCH Executive Board is requesting Bellevue funding of \$621,900 for three recommended projects. If approved by Council, the funds would be allocated to these projects from the City's Housing Fund to ARCH. The City established the Housing Fund in 1991 to fund the creation and preservation of affordable housing. The Housing Fund includes a combination of general fund contributions, loan

payments by previously funded projects, and interest earnings. The Housing Fund currently has a balance significantly in excess of the recommended funding level. This balance does not include the in-lieu fees received from BelRed projects, or the CIP housing set-asides. There is sufficient authority in the City's Housing Fund for this expenditure.

OPTIONS

1. Direct staff to prepare legislation approving the ARCH funding request for Council's consideration and action at a future meeting.
2. Direct staff to prepare legislation approving some but not all projects within the ARCH funding request for Council's consideration and action at a future meeting.
3. Provide alternative direction to staff.

ATTACHMENTS & AVAILABLE DOCUMENTS

- A. ARCH Executive Board Housing Trust Fund Recommendation dated December 17, 2020
 - A1: Recommended 2020 Projects and Funding Sources
 - A2: Economic Summaries of Recommended Projects
 - A3: Past Projects Funded through the ARCH Trust Fund

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N/A