

CITY OF BELLEVUE, WASHINGTON

RESOLUTION NO. 10617

A RESOLUTION approving revisions 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).

WHEREAS, pursuant to an interlocal agreement executed under chapter 39.34 RCW, the City of Bellevue ("City") is a long standing member of A Regional Coalition of Housing (ARCH), a cooperative partnership of fifteen cities and towns in East King County, working together to promote affordable housing through shared goals, coordinated policies, and the strategic use of public funds; and

WHEREAS, the City previously executed an "Agreement Regarding Down Payment Assistance House Key Plus ARCH (East King County) Program" and a "First Amended and Restated Agreement Regarding Down Payment Assistance House Key Plus ARCH (East King County) Program," which established and provided funding for down payment and closing cost assistance to single-family homebuyers in the form of second and subordinate loans; and

WHEREAS, in its capacity as the ARCH Administering Agency, the City executed a "Second Amended and Restated Agreement Regarding Down Payment Assistance House Key Plus ARCH (East King County) Program" on behalf of Bellevue and other ARCH member cities and towns to provided additional funding in support of the program; and

WHEREAS, the ARCH Executive Board has recommended certain programmatic changes to increase utilization of the program by low- and moderate-income households in East King County and to shift administrative functions currently performed by ARCH members to ARCH Staff, with support from the ARCH Administering Agency as appropriate, consistent with the ARCH Amended and Restated Interlocal Agreement; and

WHEREAS, these programmatic changes and consolidated administrative functions will require execution of a Third Amended and Restated Agreement, which agreement will rename the program the East King County Down Payment Assistance Program and will replace and supersede all previous agreements executed by or on behalf of the City; and

WHEREAS, the City Council finds the programmatic changes and consolidated administrative functions, as recommended by the ARCH Executive Board, will serve the public interest by increasing operational efficiencies for ARCH members and by expanding access to homeownership opportunities for low- and moderate-income households, thereby promoting housing stability, economic mobility, and community well-being; now, therefore,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The City Council authorizes the duly-appointed administering agency of ARCH, pursuant to the ARCH Amended and Restated Interlocal Agreement, to execute all documents and take all necessary actions to enter into agreements on behalf of the City of Bellevue to revise the House Key Plus ARCH (East King County) Down Payment Assistance Program, which shall henceforth be known as the East King County Down Payment Assistance Program, all as recommended by the ARCH Executive Board.

Section 2. The agreement(s) entered into pursuant to Section 1 of this Resolution shall include terms and conditions to ensure that the City's funds are used for their intended purposes. Additionally, in determining what conditions should be included in the agreements, the duly-appointed administering agency of ARCH shall be guided by the recommendations set forth in the ARCH Executive Board's memorandum as of December 11, 2025, a copy of which is attached hereto as Exhibit A.

Section 3. The agreement(s) entered into pursuant to Section 1 of this Resolution shall supersede and replace any and all agreements that related to earlier versions of the program and were previously executed by or on behalf of the City; and the duly-appointed administering agency shall be authorized to execute consents, amendments, or other modifications to subsidiary agreements, obligations, interests, or instruments previously created under any superseded and replaced agreements as may be necessary to effectuate the transition to and/or implementation of the program as revised.

Section 4. The City hereby ratifies and affirms all prior agreements and instruments previously executed by the duly-appointed administering agency relating to the "Second Amended and Restated Agreement Regarding Down Payment Assistance House Key Plus ARCH (East King County) Program." This ratification is intended to confirm, to the extent necessary, the validity of said prior agreement and any subsidiary agreements, obligations, interests, or instruments created thereto.

Passed by the City Council this _____ day of _____, 2026,
and signed in authentication of its passage this _____ day of _____,
2026.

(SEAL)

Mo Malakoutian, Mayor

Attest:

Charmaine Arredondo, City Clerk

Exhibit A



A Regional Coalition for Housing

Together Center Campus
16305 NE 87TH St, Suite 119
Redmond, WA 98052
425-861-3677

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.

Current Program	Proposed Change
\$30,000 max DPA	Increase max DPA to \$75,000. 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.
2% minimum contribution required for borrowers	Reduce required minimum contribution for borrowers to 1%. This change would reduce a hurdle to otherwise qualified buyers.

80% AMI eligibility requirement	Allow eligibility up to 100% AMI. 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.
Simple interest at 4%	Lower the interest rate from 4% to 1%. 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.
Program Name: House Key Plus ARCH (East King County) Downpayment Assistance Program	Change the program name to the ‘East King County Down Payment Assistance Program’. 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
TOTAL	\$600,000	\$900,000	\$900,000	\$2,400,000

*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
TOTAL	\$200,000	\$200,000	\$200,000

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