

CITY COUNCIL REGULAR SESSION

Resolution authorizing the City Manager to enter into an agreement for the Plymouth Crossing project, in an amount of \$606,036 per year, for five years, adjusted annually for inflation, for operations, maintenance, and services, as recommended in the 2022 Housing Stability Program (HSP) Funding Recommendations.

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A Regional Coalition for Housing (ARCH)

EXECUTIVE SUMMARY

As directed by Council on May 8, this Resolution authorizes disbursement of \$606,036 per year, for five years, adjusted annually for inflation, for operations, maintenance, and services, from revenues collected under Revised Code of Washington (RCW) 82.14.530 (HB 1590) and reserved for capital projects. ARCH will serve as the City's designee with respect to any agreement for the Plymouth Crossing project.

RECOMMENDATION

Move to adopt Resolution No. 10268

BACKGROUND/ANALYSIS

On May 8, the City Council directed staff to return with legislation approving up to \$606,036 per year, for five years in secured grant funds to Plymouth Housing in support of the Plymouth Crossing project for operations, maintenance, and services costs.

The City Council approved Resolution No. 9826 on October 12, 2020, which allows the City to collect up to 0.1 percent sales and use tax for housing and related services under RCW 82.14.530. The legislation as adopted by the State focuses on very targeted and often underserved populations. It mandates that a majority of the revenues collected serve specific populations (*i.e.* persons with disabilities, veterans, senior citizens, persons who are or are at risk of being homeless, homeless youth, and domestic violence survivors) and individuals whose income is at or below 60 percent of the area median income of the county where the tax is imposed.

On July 5, 2022, Council approved a framework for use of the HSP funds. The framework includes:

- Up to 40 percent for housing partnership projects and land acquisition, with exploration of bonding.
- Approximately 40 percent for capital projects and operations and maintenance costs, including on-site services. Eligible projects may request up to \$12,500 per unit per year in operations, maintenance, and on-site service funding, plus inflation.

- Approximately 15 percent for behavioral health and housing-related services.
- Approximately 5 percent for the administration and oversight of the program.

The capital request for proposals (RFP), issued in July 2022, received four applications. Summaries of these projects, the review process, and staff recommendations were presented to Council on May 8. Council's direction following this presentation aligned with staff's recommendation to fund three of the applications, including Plymouth Housing's request of \$606,036 per year, for five years, adjusted annually for inflation, for operations, maintenance, and services.

Plymouth Housing's Plymouth Crossing project is a permanent supportive housing development, located at 13638 SE Eastgate Way, with 92 studio units for individuals exiting homelessness and three manager units for on-site staff. Tenants will include individuals with disabilities and coming out of homelessness with incomes near zero at move-in. The project was previously approved for capital funding by the City and other ARCH member cities. In addition to Section 8 subsidies, Plymouth anticipates utilizing Medicaid funding and operations, maintenance, and services funds from the Department of Commerce to support the project. The proposed funds from the City would enhance the level of services from Plymouth's standard permanent supportive housing model by creating an on-site behavioral health services program that brings counseling, therapy and prescription medication to residents within the building.

To ensure compliance with RCW 82.14.530 and effective monitoring, staff recommend funding for the Plymouth Crossing project be conditioned as follows:

Standard Operations, Maintenance, and Services Conditions

1. The project must serve the target population and income levels required by the funding source, the sales and use tax for housing and related services authorized by RCW 82.14.530.
2. Funds shall be contracted for an initial five-year term, and may be renewed in the future for additional five-year increments, or other mutually agreeable term, subject to approval by the City Manager or his/her designee.
3. An annual inflation factor shall be allowed based on annual guidance provided by the City's Finance and Asset Management Department.
4. Agency shall inform ARCH and Human Services staff if there are changes to funding commitments that jeopardize operations and services that were reflected in the funding application.
5. Contract conditions shall generally be consistent with City of Bellevue Human Services standard contracts.

POLICY & FISCAL IMPACTS

Policy Impact

As part of the HB 1590 Interest Statement adopted by the City Council on February 1, 2021, staff presented a supporting document that brings together the adopted policies, identified needs, and strategies that guide the projects, programs, and services that may be implemented by funding under RCW 82.14.530. This consolidated policy document may be found in the Council Library. The text includes a brief statement of the policy issues. In addition, the City identified specific priorities within this 2022 HSP capital RFP, including:

- Provide housing for households earning below 30 percent of median income;

- Address and prevent homelessness and housing instability; and
- Focus on underserved, vulnerable residents in Bellevue (e.g., homeless families with children and other eligible populations).

The proposed funding allocation focuses on the above stated priorities and moves forward the City's stated affordable housing goals.

Fiscal Impact

The proposed legislation will authorize the allocation of funding. The HSP collected an estimated \$10.9 million in 2022 and has a sufficient balance to cover this expenditure.

OPTIONS

1. Adopt the Resolution authorizing the City Manager to enter into an agreement for the Plymouth Crossing project, in an amount of \$606,036 per year, for five years, adjusted annually for inflation, for operations, maintenance, and services, as recommended in the 2022 Housing Stability Program (HSP) Funding Recommendations.
2. Do not adopt the Resolution and provide alternative direction to staff.

ATTACHMENTS

Proposed Resolution No. 10268

AVAILABLE IN COUNCIL LIBRARY

N/A