

## CITY COUNCIL STUDY SESSION

Discussion of (1) Housing Trust Fund allocation recommendations by the ARCH (A Regional Coalition for Housing) Executive Board for four Fall Round 2021 projects and (2) an amendment to the ARCH interlocal agreement

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## DIRECTION NEEDED FROM COUNCIL

**DIRECTION** Based on Council direction, staff will prepare legislation to approve funding for four projects and amend the ARCH Interlocal Agreement (ILA).

## RECOMMENDATION

Move to direct staff to prepare legislation to approve (1) the ARCH funding request and (2) an amendment of the ARCH ILA, for future Council action.

## BACKGROUND & ANALYSIS

The 2021 Fall Housing Trust Fund round included five applications, four of which are recommended for funding by the ARCH Executive Board. The four recommended projects represent nearly \$3.1 million in local funds from ARCH members.

**These recommendations advance projects that meet urgent local priorities, including mixed income workforce housing, transitional and emergency housing for victims of domestic violence, affordable housing for youth seeking to further their career and education, and much needed affordable housing for individuals with developmental disabilities to be integrated into a transit-oriented development.**

The ARCH Executive Board is requesting Bellevue funding of \$328,000 for the four recommended projects:

- \$192,900 for Horizon at Totem Lake (Kirkland);
- \$16,100 for Hope Starts Here (Bellevue);
- \$32,200 for Leo at Trailhead (Issaquah); and
- \$86,800 for New Ground Kirkland (Kirkland).

Bellevue's funding for 2021 is equal to 10.3 percent of the total funds recommended through the Fall 2021 Trust Fund process. If approved by Council, then 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 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 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. Through the 2021 application round, \$3.1 million has been allocated through the ARCH Housing Trust Fund, helping to create over 344 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.

### **2021 Funding Round**

The ARCH CAB and Executive Board reviewed five submittals and recommended funding for four applications, as described in the ARCH Executive Board Fall 2021 Housing Trust Fund Recommendations dated December 9, 2021 (Attachment A). Included in this memo are descriptions and funding rationale for the four recommended projects. Additional information is found in the Economic Summaries of Recommended Projects (Attachment B).

### **ARCH Interlocal Agreement Changes**

The ARCH Interlocal Agreement (ILA) is the guiding document that establishes the purpose, structure, responsibilities and governance of ARCH and its members. The ILA was last amended in 2010, and has since been renewed at five-year intervals. Among other things, the ILA establishes a Citizen Advisory Board (CAB) that plays a vital role in advising the ARCH Executive Board on allocations of funding and resources.

The CAB creates opportunities to bring community voices and perspectives to the development and funding of affordable housing, while also increasing education and awareness of housing issues in the community. In November, the ARCH Executive Board Chair brought forward a proposal to amend the name of the CAB from "Citizen Advisory Board" to "Community Advisory Board," and make other modifications that would give the Executive Board greater opportunities to facilitate recruitment of more diverse membership to the CAB. The recommended amendment (Attachment C) was approved by a unanimous vote of the ARCH Executive Board.

## **POLICY & FISCAL IMPACTS**

### **Policy Impact**

Bellevue Comprehensive Plan - Bellevue funding for these four 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 \$328,000 for four recommended projects. If approved by Council, the funds would be allocated to these projects from the City's Housing Fund (1900) 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 to approve (1) the ARCH funding request and (2) an amendment of the ARCH ILA, for future Council action.
2. Provide alternative direction to staff.

### **ATTACHMENTS & AVAILABLE DOCUMENTS**

- A. ARCH Executive Board Housing Trust Fund Recommendation 2021 Projects and Funding Sources dated December 9, 2021
- B. Economic Summaries of Recommended Projects
- C. ARCH ILA Amendment
- D. ARCH ILA Amendment (with redlines)

### **AVAILABLE IN COUNCIL LIBRARY**

N/A