

CITY COUNCIL STUDY SESSION

Discussion of A Regional Coalition for Housing (ARCH) 2023 Administrative Budget and Work Program as recommended by the ARCH Executive Board.

Michael Kattermann, Department Director, 452-6191
Lindsay Masters, ARCH Executive Manager, 861-3677
Emil A. King, Planning Director, 452-7223
Linda Abe, Affordable Housing Planning Manager, 452-4853
Community Development Department

DIRECTION NEEDED FROM COUNCIL

DIRECTION

Based on Council direction, staff will prepare legislation approving the ARCH 2023 budget and work program for action at a future meeting.

RECOMMENDATION

Direct staff to prepare legislation approving the ARCH 2023 Administrative Budget and Work Program consistent with and pursuant to the ARCH Interlocal Agreement requirement that each year all ARCH member councils review and approve ARCH's budget and work program. If directed by Council, staff will prepare the legislation for approval on the consent calendar.

BACKGROUND & ANALYSIS

ARCH Executive Manager Memorandum

Attachment A is a Memorandum from ARCH Executive Manager Lindsay Masters, forwarding the ARCH 2023 Budget and Work Program approved by a unanimous vote of the ARCH Executive Board on June 9, 2022.

The proposed 2023 ARCH Administrative Budget and Work Program priority objectives are briefly described below.

2023 ARCH Administrative Budget

ARCH's 2023 proposed Administrative Budget of \$1,874,248 represents a 26 percent (\$383,786) increase over the 2022 budget and reflects the following:

- A net of two, new full time equivalent (FTE) employees will be added to ensure adequate capacity and support among the staff responsible for administering local housing programs, including the ARCH Homeownership Program, ARCH Rental Program, and all local incentive programs. This new capacity will help to absorb the significant increase in activity expected from projects participating in Bellevue's amended Multifamily Tax Exemption (MFTE) program and other new incentives such as in East Main, while also catching up to the needed capacity identified by the ARCH Board to steward affordable units previously created in Bellevue and other cities.

- New costs are allocated within base member dues, which are assessed on a per capita basis for member cities. King County dues are increased from 2022 levels based on the overall increase in the budget.
- The ARCH Executive Board authorized use of ARCH reserves to hire an on-call consultant throughout the year to address the near-term need for expanding planning support during Comprehensive Plan updates by member jurisdictions.

Bellevue's share of the ARCH 2023 Administrative Budget is \$429,021, a 25 percent increase from 2022. This amount is divided between an in-kind contribution for personnel (Executive Manager position), insurance and information technology (IT) services totaling \$213,259, and a cash contribution for administrative costs totaling \$215,762. Bellevue's total contribution represents 23 percent of the overall ARCH budget. Bellevue's share of the ARCH administrative budget is appropriated within the City's general fund.

2023 ARCH Work Program

The ARCH Work Program describes the ARCH Executive Board's recommended work activities for 2023. Priorities include:

- Provide a housing needs analysis for all member cities in support of Comprehensive Plan periodic updates mandated for jurisdictions planning under the Growth Management Act (GMA);
- Support analysis to show how Comprehensive Plans can accommodate the range of housing needs required in the GMA and Countywide Planning Policies;
- Report on measurable goals for production and preservation of affordable housing in the ARCH region;
- Facilitate and advance proposals for dedicated revenue sources for affordable housing in East King County;
- Continue to support proposals for dedicated revenue sources for affordable housing;
- Expand ARCH's capacity to accomplish its broader mission;
- Continue to provide excellent stewardship of affordable housing assets, and develop new compliance tools to meet evolving program, property and tenant needs;
- Develop and implement policies to reduce cost burden in affordable housing;
- Seek opportunities to advance projects and programs with high potential impact and facilitate projects in the pipeline to the greatest extent possible; and
- Develop a strategic planning process to guide the ARCH coalition into 2023 and beyond.

ARCH's work program includes a variety of work to assist Bellevue staff implementing actions in Bellevue's Affordable Housing Strategy, including policy and planning support, administration of affordable housing incentives and funding initiatives, and long-term monitoring and stewardship of affordable rental and homeownership housing with City covenants.

ARCH has allocated significant staff capacity to assisting Bellevue administer new capital funds under the Housing Stability Program (HSP), with support spanning initial program development to

administration of the first-year capital RFP, execution of financing agreements and oversight of construction disbursements. ARCH staff will continue to work with Bellevue staff on an ongoing basis to administer the capital investment components of the program, including providing technical reviews of funding applications and facilitating an interdepartmental staff team to make recommendations based on Council's approved priorities and evaluation criteria. ARCH has also been a valuable partner in leveraging the City's investments, recently helping to secure \$3.7 million in state infrastructure grants for projects in Bellevue, as well as a \$2 million state capital budget earmark for the King County Housing Authority to preserve a Bel-Red apartment complex.

POLICY & FISCAL IMPACTS

Policy Impact

Comprehensive Plan: Continued support of ARCH is consistent with the following Comprehensive Plan Housing Element policies:

HO-22: Promote regional cooperation to create affordable housing.

HO-25: Work with ARCH to assess housing fund guidelines on a regular basis to ensure they are consistent with changing community needs and priorities.

HO-26: Work in partnership with not-for-profit and for-profit developers and agencies to build permanent low- and moderate-income housing.

Fiscal Impact

Bellevue's share of the ARCH 2023 Administrative Budget is \$429,021. This amount is divided between an in-kind contribution for personnel (Executive Manager position), insurance and IT services totaling \$213,259, and a cash contribution for administrative costs totaling \$215,762. Bellevue's share of ARCH's Administrative Budget is included in the City's general fund. If any appropriation adjustment is needed for 2023, staff will bring it forward under a separate action if Council provides this direction.

OPTIONS

1. Direct staff to prepare legislation approving the ARCH 2023 Administrative Budget and Work Program consistent with and pursuant to the ARCH Interlocal Agreement, for consideration on a future consent calendar.
2. Provide alternative direction to staff.

ATTACHMENTS

- A. ARCH Executive Manager Memorandum dated August 19, 2022

AVAILABLE IN COUNCIL LIBRARY

N/A