

CITY COUNCIL STUDY SESSION**Housing Stability Program Affordable and Supportive Housing Funding Allocations**

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DIRECTION NEEDED FROM COUNCIL**DIRECTION**

Direct staff to return with legislation approving funding allocation for the Fall 2022 Housing Stability Program (HSP) Affordable and Supportive Housing Funding Recommendations.

RECOMMENDATION

Direct staff to return with legislation approving up to a total of \$6 million in capital funds and \$815,012 in annual operations, maintenance, and services (OMS) funds. The recommended funding includes: \$208,976/year to LifeWire in support of Hope Starts Here; \$606,036/year to Plymouth Housing in support of Plymouth Crossing; and \$6 million to BRIDGE Housing in support of Spring District 120th Station TOD.

BACKGROUND & ANALYSIS

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 Revised Code of Washington 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 the following individuals whose income is at or below 60 percent of the area median income of the county where the tax is imposed:

- Persons with behavioral health disabilities;
- Veterans;
- Senior citizens;
- Persons who are homeless or at risk of being homeless, including families with children;
- Unaccompanied homeless youth or young adults;
- Persons with disabilities; or
- Domestic violence survivors.

On July 5, 2022, Council approved a framework for use of the Housing Stability Program 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.

In July 2022, the City released its annual request for proposals for capital funding of affordable and supportive housing, making up to \$10.9 million available for funding requests. Based on Council direction, the request established the following priorities:

- Provide housing for households earning below 30 percent of area 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).

This funding round was planned and conducted in coordination with other capital funding rounds led by ARCH, King County, and the State of Washington. Four applications were submitted, including two projects requesting ongoing funding for OMS, one project requesting capital funds for housing development, and one project requesting both capital and OMS funding.

Following receipt of these applications, ARCH staff assisted with facilitation of a cross-departmental team with representatives from the City Manager’s Office, Community Development, Parks and Community Services (Human Services), and Development Services to consider the applications. The team evaluated each proposal against the Council’s approved priorities and evaluation criteria found in Attachment A. Based upon this evaluation, staff recommend three of the four applications for funding totaling \$6 million in capital funds for 40 units at the Spring District 120th Station TOD and \$815,012 in annual OMS funding for two projects (\$208,976 for 25 units at Hope Starts Here and \$606,036 for 95 units at Plymouth Crossing). The awards for OMS funding would be for five years with the ability to apply for renewal and include an annual inflation factor. The remaining application, Bellevue Workforce Housing, represents a promising project that is still under development and exploring various options for providing affordable housing.

The detailed project descriptions, application requests, funding recommendation and rationale, and proposed contract conditions are outlined in Attachment B and summarized in the table and descriptions below. Unallocated 2022 funds would be made available for distribution in the 2023 funding round alongside newly collected 2023 revenue.

Applicant	LifeWire	Plymouth Housing	BRIDGE Housing	SRM Development
<i>Project Name</i>	<i>Hope Starts Here</i>	<i>Plymouth Crossing</i>	<i>Spring District 120th Station TOD</i>	<i>Bellevue Workforce Housing</i>
<i>Funding Request</i>	<i>\$208,976 (OMS) per year, for five years</i>	<i>\$606,036 (OMS) per year, for five years</i>	<i>\$8 million (Capital) \$500,000 (OMS) per year, for five years</i>	<i>\$21.2 million (Capital)</i>

Applicant	LifeWire	Plymouth Housing	BRIDGE Housing	SRM Development
Funding Recommendation	\$208,976 (OMS) per year, for five years	\$606,036 (OMS) per year, for five years	\$6 million (Capital) \$0 (OMS)*	\$0

*BRIDGE Housing is encouraged to re-apply in the 2023 funding round of OMS funding.

Hope Starts Here: This project is the rehabilitation of an existing property in Bellevue into 25 one- and two-bedroom units of affordable housing plus the new construction of a building for providing on-site services to domestic violence survivors. Due to the nature of the population, the exact location of the project must be kept confidential. In early 2022, the City approved capital funding for the project. LifeWire is now requesting ongoing funding for project operations, maintenance, and on-site supportive services. The project is currently under construction and is expected to move residents into the units starting in mid-2023. The proposed funds from Bellevue will ensure that LifeWire can provide competitive living wages to attract and retain staff, which has been a major challenge for service providers in the region. In addition, the ongoing funding will help ensure stability in operations of the program, which is otherwise dependent on funding sources that can increase or decrease year to year.

Plymouth Crossing: Located at 13638 SE Eastgate Way, this is a permanent supportive housing development 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 OMS 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.

Spring District 120th Station TOD: Located at 1601 120th Avenue NE, this project consists of 235 permanently affordable units at 50-60 percent AMI, including 40 units serving people with intellectual and developmental disabilities, and two manager apartments. The proposed funding from the City would be dedicated specifically to 40 units serving eligible households with disabilities. BRIDGE has partnered with both the YMCA of Greater Seattle and Open Doors for Multicultural Families to provide on-site services, which may include after-school programs, family services, counseling, and/or adult education depending on the needs of the residents. BRIDGE will be working with Open Doors for Multicultural Families to provide on-site case management services to residents who have intellectual and developmental disabilities and their families.

Bellevue Workforce Housing: Located at 991 118th Avenue SE, this project would convert the partially constructed 150-unit Holiday Inn Express hotel on the east side of the property into an 80-unit affordable housing project for residents earning up to 60 percent AMI. The request is seeking funding for the redevelopment of the partially constructed hotel building. Based on the preliminary nature of the proposal, staff were unable to confirm clear commitments to the funding priorities and populations outlined in the RFP and are not recommending funding at this time. However, staff recognize the significant potential in the proposal, and have committed to exploring further partnership as the project progresses.

POLICY & FISCAL IMPACTS

Policy Impact

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 Revised Code of Washington 82.14.530. The City Council imposed this tax to be collected locally rather than by the County in order to address local need within the City of Bellevue. As referenced in the Resolution, “the City of Bellevue recognizes the urgent need to increase investments in the production, preservation, and ongoing operation and maintenance of affordable housing and related services.”

Fiscal Impact

The proposed Fall 2022 Housing Stability Program Affordable and Supportive Housing funding legislation will authorize the allocation of funding. The Housing Stability Program collected an estimated \$10.9 million in 2022, and has a sufficient balance to cover this expenditure.

OPTIONS

1. Direct staff to return with legislation approving up to a total of \$6 million in capital funds and \$815,012 in annual operations, maintenance, and services funds.
2. Provide alternative direction to staff.

ATTACHMENTS

- A. Evaluation Criteria
- B. Background Information

AVAILABLE IN COUNCIL LIBRARY

HB 1590 Interest Statement
Consolidated Policies and Needs for HB 1590 Interest Statement