

CITY COUNCIL REGULAR SESSION

Resolution authorizing the City Manager to enter into an agreement for the Inland Group Polaris at Eastgate Apartments in the amount of \$263,290, as recommended by the ARCH (A Regional Coalition for Housing) Executive Board.

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EXECUTIVE SUMMARY

As directed by Council on March 9, this Resolution authorizes the City Manager to enter into an agreement for the Inland Group Polaris at Eastgate Apartments in the amount of \$263,290, as recommended by the ARCH Executive Board. The ARCH Executive Board is also recommending in separate actions this evening: \$228,920 for Congregations for the Homeless East King County men's permanent shelter; \$1,259,060 for Inland Group/Horizon Housing Alliance Together Center Redevelopment; and \$68,910 Community Homes Adult Family Home #8. On May 18 Council authorized the City Manager to enter into an agreement in the amount of \$46,010 for Community Homes Shared Living #1. This project was forwarded separate of the other four recommended projects because funding to secure the Newcastle home was timely.

RECOMMENDATION

Move to adopt Resolution No. 9798

BACKGROUND

At its March 9 Study Session Council reviewed the proposed funding for the recommended projects and directed that these items return for Council action. This background information was previously provided to Council at the March 9 Study Session.

The 2019 Fall Trust Fund round has several unique aspects which are reflected in the recommendations from the ARCH Executive Board. First, there were no project applications in the Fall 2018 round, followed by nine project applications in 2019 representing requests for nearly \$20 million in local funds.

These recommendations advance a significant number of projects that meet urgent local priorities, including the expansion of year-round emergency shelter on the Eastside, construction of permanent housing with services for homeless families, workforce housing for low- and moderate-income wage earners, affordable senior housing and special needs housing.

Second, the ARCH Executive Board has made a funding commitment of \$4 million dollars to affordable housing at the Sound Transit Operations and Maintenance Facility (OMF) in Bellevue. Funds that might have been available for 2019 applications are being set-aside for this and other catalytic projects expected in upcoming rounds. The ARCH Executive Board is recommending Bellevue funding of

\$1,866,190 for five projects:

- \$228,920 for Congregations for the Homeless East King County Men's Permanent Shelter (Bellevue);
- \$263,290 for Inland Group Polaris at Eastgate Apartments (Bellevue);
- \$1,259,060 for Inland Group/Horizon Housing Alliance Together Center Redevelopment (Redmond);
- \$46,010 Community Homes Newcastle Shared Living #1 (May 18 Council action); and
- \$68,910 Community Homes Adult Family Home #8 (site to be determined).

It is unusual for Bellevue's recommended funding amount to be greater than \$1 million. The \$1,866,190 recommended this year represents allocation for the 2018 and 2019 Trust Fund rounds. The amount recommended for the previous five years (2013-2017) averaged \$822,872 per year.

Bellevue's funding is equal to 37 percent of the total funds recommended through the Fall 2019 Trust Fund process. If approved by Council, 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 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 2018 application round, \$64.7 million has been allocated through the ARCH Housing Trust Fund, helping to create over 3,778 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.

2019 Funding Round

The ARCH CAB and Executive Board reviewed and recommended funding for seven applications, as described in the ARCH Executive Board Fall 2019 Housing Trust Fund Recommendations dated December 27, 2019 (Attachment A). Included in this memo are descriptions and funding rational for the seven recommended projects. Additional information is found in the attached tables:

A1: Recommended 2019 Projects and Funding Sources

A2: Economic Summaries of Recommended Projects

A3: Past Projects Funded through the ARCH Trust Fund

POLICY & FISCAL IMPACTS

Policy Impact

Comprehensive Plan:

Bellevue funding for these five 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 funding request for the Inland Group Polaris at Eastgate Apartments is for \$263,290. The ARCH Executive Board is recommending Bellevue funding of \$1,866,190 for all five recommended projects. If approved by Council, the funds would be allocated to projects from the City's Housing Fund. 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 funding in the City's Housing Fund for this expenditure.

OPTIONS

1. Adopt the Resolution authorizing the City Manager to enter into an agreement for the Inland Group Polaris at Eastgate Apartments in the amount of \$263,290, as recommended by the ARCH (A Regional Coalition for Housing) Executive Board.
2. Do not adopt the Resolution and provide alternative direction to staff.

ATTACHMENTS & AVAILABLE DOCUMENTS

- A. ARCH Executive Board Housing Trust Fund Recommendation dated December 27, 2019
 - A1: Recommended 2019 Projects and Funding Sources
 - A2: Economic Summaries of Recommended Projects
 - A3: Past Projects Funded through the ARCH Trust Fund
- B. ARCH Housing Trust Fund Map
Proposed Resolution No. 9798

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N/A