

A REGIONAL COALITION FOR HOUSING

QUARTERLY REPORT

FOR THE

ARCH EXECUTIVE BOARD

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Second Quarter 2022

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# I. AFFORDABLE HOUSING INVESTMENT

## A. ARCH Housing Trust Fund

ARCH member councils completed their approvals of the funding recommendations from the 2021 Funding Round. Following selection of a winning team in the Kenmore Affordable Housing RFP, the ARCH Community Advisory Board (CAB) and Executive Board reviewed and approved a formal funding recommendation of \$3 million for the Plymouth Housing proposal. This award will be transmitted to member councils together with the Fall 2022 funding recommendations.

Funding guidelines for the 2022 round were published in June, making available approximately \$4.5 million. ARCH continued to facilitate educational workshops for CAB members to deepen their knowledge of affordable housing and related topics.

ARCH also assisted Bellevue with developing a permanent HB 1590 program framework (now called the Housing Stability Program) that will guide the ongoing investment of the estimated \$10 million annual revenue source.

**Table 1. Awarded Projects in Development (Through 2021 Funding Round)**

Project	Sponsor	Funding Year	Total Units/ Beds	Funds Awarded	Disbursed	Status
Eastgate Shelter	Congregations for the Homeless	2014, 2019, 2021	100	\$4,800,000	\$4,800,000	<i>Construction has commenced with the project expected to be completed on time. The award is fully disbursed. The final draw was paid in May 2022.</i>
Esterra Block 6B	Imagine Housing	2017	130	\$5,734,000 includes \$4M in Redmond in-lieu fees	\$5,734,000	<i>Construction and pre-leasing activities were completed; a celebration of the project opening is scheduled for April.</i>
Trailhead, Issaquah TOD	King County Housing Authority	2017	155	\$2,000,000	\$0	<i>Continued progress is being made on site control agreements with Lumen (formerly Century Link). Financing anticipated to move forward in the next year. A related funding application for LEO was submitted to ARCH and other funders.</i>
Samma Senior Apartments	Imagine Housing	2019/2020	54	\$1,250,000	\$750,000 (CDBG funds)	<i>Environmental review process completed; CDBG funds contracted for site acquisition. ARCH member councils approved an additional \$500,000 in funds.</i>

<b>Project</b>	<b>Sponsor</b>	<b>Funding Year</b>	<b>Total Units/ Beds</b>	<b>Funds Awarded</b>	<b>Disbursed</b>	<b>Status</b>
Together Center Redevelopment	Inland Group/Horizon Housing Alliance	2019	280	\$6.75M (\$2,750,000 plus \$4M from Redmond In-lieu fees)	\$6,100,000	<i>Construction underway, ongoing disbursements. All tenants have been relocated. Project is expected to begin lease up of the first building in late 2022.</i>
Eastgate Supportive Housing	Plymouth Housing	2020	95	\$900,000	\$27,304	<i>Financing was closed and construction work is well underway. Project is expected to be completed on time.</i>
Horizon at Totem Lake	Inland Group/Horizon Housing Alliance	2020, 2021	299	\$5,500,000	\$2,573,100	<i>A supplemental funding application to address cost increases was recommended for approval. The project was also successful in its application for 9% LIHTC.</i>
LEO at Trailhead	Life Enrichment Options (LEO)	2021	5	\$250,000	\$0	<i>Recommended for funding; awaiting council approvals. Will re-apply for State funds in 2023.</i>
Hope Starts Here	LifeWire	2021	25	\$750,000 plus \$1,600,000 in Bellevue funding	\$0	<i>Recommended for funding; awaiting council approvals. Capital campaign underway.</i>
New Ground Kirkland Redevelopment	Friends of Youth	2021	8 units/ 14 bedrooms	\$675,000	\$0	<i>Recommended for funding; awaiting council approvals.</i>
Illahee Apartments	King County Housing Authority	2021	36	\$4,000,000	\$4,000,000	<i>Financing was closed and the property was acquired by KCHA. Homeless families with children in the school district will receive priority referral. The property will be renovated and eventually be converted to public housing.</i>

## B. Special Initiatives

### Infrastructure Funding for Affordable Housing

- During the second round of applications, \$1,228,000 was awarded to the Polaris at Eastgate project. ARCH will work with the City of Kirkland to re-submit unsuccessful applications in the next round to the State Department of Commerce.

### Surplus Property

- **Kenmore Affordable Housing Project.** The City of Kenmore received three responses to its RFP for development of a city-owned property in downtown Kenmore. ARCH participated in the RFP evaluation and interview process, which resulted in the selection of a team led by Plymouth Housing, Walsh Construction and Environmental Works as the architect. The project will provide supportive housing for single adults earning no more than 30% of median income, including seniors, veterans and persons with disabilities. The sale of the property was approved by the Kenmore City Council, which also expects to review and approve a Development Agreement for the project.

### Transit-Oriented Development (TOD) Sites.

- **Bothell.** The City of Bothell invited a proposal for development of affordable housing on its “P-South” property by a team made up of Bothell United Methodist Church, BRIDGE Housing and Habitat for Humanity. The proposal is expected in Q3 of 2022.
- **Bellevue.** BRIDGE Housing continues to coordinate with partners and potential funders on the development of 280 units of affordable housing adjacent to the 120<sup>th</sup> Street Light Rail Station and Operating and Maintenance Facility East (OMFE), following approval of the project by the Sound Transit Board. ARCH expects a funding application in the fall of 2022, and will continue active coordination with the project partners to ensure the successful development of affordable housing.
- **Redmond.** ARCH continued to participate in discussions on City priorities for the Overlake TOD site and the range of possible project types. Following discussion of an initial consultant study, ARCH completed a subsequent feasibility analysis and presented its findings to Sound Transit staff and other project stakeholders. The analysis supports an ambitious affordability goal for the future development.

### Eastside Shelters.

- **Men’s Shelter.** Congregations for the Homeless made significant progress on the construction of the long-awaited Men’s Shelter at Eastgate, while continuing to operate at a temporary location.
- **Youth Shelter.** Friends of Youth identified a commercial building in the city of Kirkland to serve as a replacement site for its youth/young adult shelter, which was formerly located in the Together Center. The agency is working towards renovating and bringing the shelter online in advance of the lease expiration at its temporary location in Redmond in Q1 2023.

## II. HOUSING POLICY AND PLANNING

### A. Local Policy and Planning.

#### **Bellevue**

- Comp plan update.
- “Next Right Work” plan.
- HB 1590 program (aka Housing Stability Program) policy development and council adoption

#### **Bothell**

- Parking reductions.
- Missing middle.

#### **Issaquah**

- Code re-write.

#### **Kenmore**

- 2024 Comp Plan update.
- Housing 101 presentation to Planning Commission.

#### **Kirkland**

- Monitoring fee.

#### **Redmond**

- MFTE and inclusionary zoning program evaluation.
- Parking allowance.

#### **Sammamish**

- Assisted staff with application for state HAPI grant proposal.

### B. Inter-local Planning Activities.

- Continued preparing new datasets for comprehensive plan updates and housing needs analysis.
- Convened liaisons for status of Countywide Planning Policies, state’s project to identify county-by-county affordable housing needs, and comprehensive plan schedules.
- Delivered a recommendation by the ARCH Executive Board to member councils to adopt local tenant protections and promote consistent regulations between jurisdictions in East King County.

### C. State Legislative Activities.

- Participation in Commerce Department’s MFTE Advisory Committee.

## **D. Regional/Countywide Planning Activities.**

### **King County GMPC Affordable Housing Committee:**

- Countywide Planning Policies (CPP) update: Collaboration with Housing Inter-jurisdictional Team (HIJT).

### **Eastside Homeless Advisory Council (EHAC)**

- Attended monthly EHAC meetings.

### III. HOUSING PROGRAM IMPLEMENTATION

#### A. Administration of Housing Incentive and Inclusionary Programs

ARCH staff administered land use incentive and inclusionary housing programs, as well as Multifamily Tax Exemption programs for ARCH members. Table 5 on the following pages shows quarterly activity for projects actively in development through occupancy, and Table 6 shows cumulative production by jurisdiction.

#### B. Stewardship of Affordable Housing

##### Affordable Rental Housing Monitoring

ARCH staff performed the following tasks this quarter:

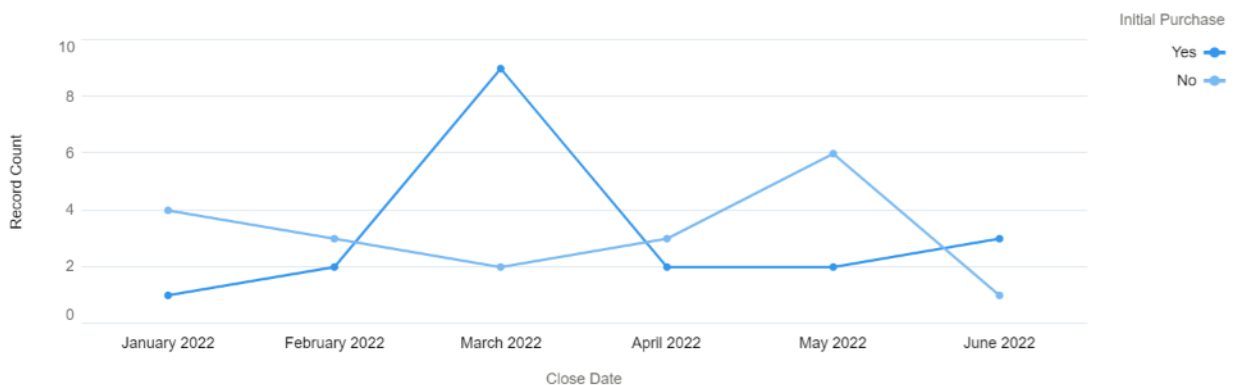
- Completed review of all submitted Annual Compliance Reports (ACRs), and followed up on all discrepancies and non-compliant submissions
- Facilitated discussion by member jurisdictions of new HUD data and calculation of updated rent and income limits; fielded questions from tenants and property managers on rent increases
- Continued to hold ongoing trainings with new property managers

##### ARCH Homeownership Program

ARCH staff oversaw the sale of affordable ownership homes, as shown in the charts below.

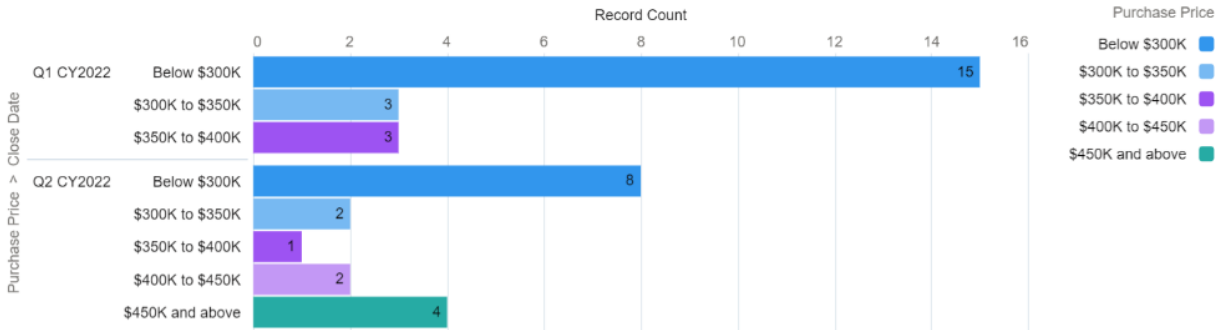
#### a) Total Units Closed per month – New Constructions vs. Resales

2022 No. of transactions per month



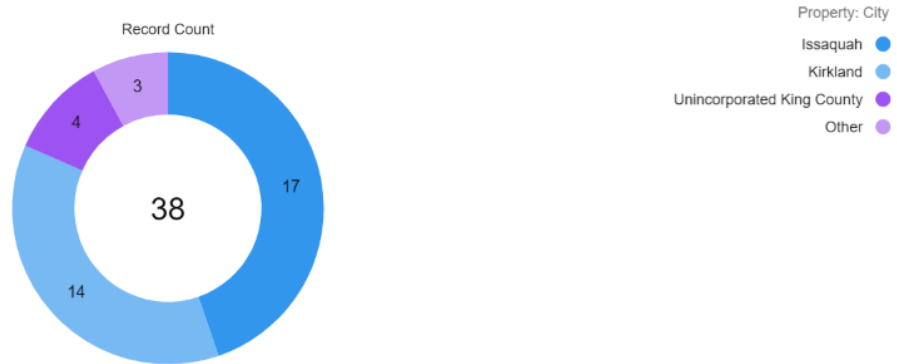
## b) Number of Transactions by Price Range

No. of sales per qtr with home values



## c) Number of Transactions by Jurisdictions

YTD transactions by city



## C. Program Improvements

### Database Development

Staff continued research on software applications that could improve existing project databases and better support program functions such as loan servicing and communication with properties. Staff also initiated a reconciliation of existing Trust Fund loan repayment records, which will help lay the groundwork for a more comprehensive loan database.



**Table 2. Quarterly Affordable Housing Activity in Land Use and MFTE Programs**

	Pipeline projects (not yet recorded) (blank)	Projects in development			Completed projects	Grand Total
		Permitting or construction	Initial lease or sale	Occupied & monitoring	Occupied & monitoring	
<b>Bellevue</b>	<b>169</b>	<b>32</b>				<b>201</b>
<b>Rental</b>	<b>169</b>	<b>32</b>				<b>201</b>
Bellevue 10		21				21
BIG 1 Residential		11				11
Broadstone Gateway	38					38
Northup Way Mixed-Use	81					81
Vulcan Bel-Red	50					50
<b>Duvall</b>		<b>14</b>	<b>3</b>	<b>2</b>		<b>19</b>
<b>Homeownership</b>		<b>14</b>	<b>3</b>	<b>2</b>		<b>19</b>
The Ridge at Big Rock		14	3	2		19
<b>Issaquah</b>		<b>5</b>	<b>35</b>	<b>9</b>		<b>49</b>
<b>Homeownership</b>		<b>5</b>	<b>35</b>	<b>9</b>		<b>49</b>
Westridge		5	35	9		49
<b>Kenmore</b>	<b>19</b>					<b>19</b>
<b>Homeownership</b>	<b>3</b>					<b>3</b>
Kenmore Station	3					3
<b>Rental</b>	<b>16</b>					<b>16</b>
PC Kenmore 7520	16					16
<b>Kirkland</b>	<b>60</b>	<b>5</b>		<b>15</b>	<b>13</b>	<b>93</b>
<b>Homeownership</b>	<b>9</b>	<b>3</b>			<b>13</b>	<b>25</b>
1313 Market		1				1
503 2nd Ave S	1					1
Jade condos					13	13
Senderos	6					6
Steeple Rock	2					2
Woodlands Reserve THs		2				2
<b>Rental</b>	<b>51</b>	<b>2</b>		<b>15</b>		<b>68</b>
9040 NE Juanita Dr		2				2
InStyle Homes	2					2
Koh Apartments	1					1
Lakehouse Apartments	34					34
Lifebridge Senior				15		15
The Pine	14					14
<b>Redmond</b>	<b>116</b>	<b>117</b>	<b>63</b>		<b>1</b>	<b>297</b>
<b>Homeownership</b>	<b>5</b>	<b>13</b>			<b>1</b>	<b>19</b>
Croquet Club Cottages		2				2
Encore at Rose Hill		1				1
Moment Townhomes	2					2
Penny Lane II	1					1
Redmond 13					1	1
Rose Hill Cottages (Toll Bros)		1				1
Terrace 90	2					2
Woodside		9				9
<b>Rental</b>	<b>111</b>	<b>104</b>	<b>63</b>			<b>278</b>
Avalon Redmond Campus		11				11
Broadstone Redmond	2					2
LMC South Park		28				28
NLG One	25					25
One Marymoor Park		45				45
Porch and Park		10				10
Redmond Grand, Phase I	63					63
Redmond Sunrise		10				10
The Spark	21					21
Verde Esterra Park			63			63
<b>Grand Total</b>	<b>364</b>	<b>173</b>	<b>101</b>	<b>26</b>	<b>14</b>	<b>678</b>

In addition to the projects listed in Table 2, MFTE contracts are in place for Capella and Together Center properties (also ARCH Trust Fund projects) in Redmond.

**Table 3. Cumulative Affordable Units Created in Land Use and MFTE Programs**

		51 - 80	81 - 100	101 - 120	Grand
	<=50 AMI	AMI	AMI	AMI	Total
<b>Bellevue</b>		<b>410</b>	<b>8</b>	<b>22</b>	<b>440</b>
Homeownership		71	8		79
Rental		339		22	361
<b>Issaquah</b>	<b>16</b>	<b>164</b>	<b>152</b>	<b>49</b>	<b>381</b>
Homeownership		112	152	16	280
Rental	16	52		33	101
<b>Kenmore</b>	<b>5</b>		<b>51</b>		<b>56</b>
Rental	5		51		56
<b>King County</b>		<b>361</b>	<b>171</b>	<b>190</b>	<b>722</b>
Homeownership			106	134	240
Rental		361	65	56	482
<b>Kirkland</b>	<b>108</b>	<b>116</b>	<b>14</b>		<b>238</b>
Homeownership		35	14		49
Rental	108	81			189
<b>Mercer Island</b>		<b>13</b>			<b>13</b>
Rental		13			13
<b>Newcastle</b>	<b>12</b>	<b>40</b>			<b>52</b>
Homeownership		6			6
Rental	12	34			46
<b>Redmond</b>	<b>127</b>	<b>694</b>	<b>32</b>		<b>853</b>
Homeownership	28	58	17		103
Rental	99	636	15		750
<b>Sammamish</b>		<b>55</b>			<b>55</b>
Homeownership		7			7
Rental		48			48
<b>Woodinville</b>		<b>20</b>			<b>20</b>
Homeownership		20			20
<b>Grand Total</b>	<b>268</b>	<b>1,873</b>	<b>428</b>	<b>261</b>	<b>2,830</b>

## IV. EDUCATION AND OUTREACH

### A. Housing 101/Education Efforts

N/A

### B. Information for the Public.

- **ARCH Website.** Continued updating the resources page, updated the Affordable Apartment List, and added notifications of new open office hours. The website was designed to highlight the most sought-after information on affordable housing availability and application processes. Links and information regarding tenant protections in Kenmore and Unincorporated King County were also added.
- **Assist Community Members Seeking Affordable Housing.** The ARCH office opened back up to the public in April with open office hours on Mondays and Wednesdays. Continued work to provide up to date information through ARCH website, phone, and email communication to assist households seeking housing assistance. Notified interested buyers about affordable homes for sale. Notified the mailing list about upcoming rental opportunities. Continued to update the Homeownership page of the ARCH website with active listings.
- **Assisted Community Members Seeking Resources.** Staff have continued to see an elevated level of calls and emails from the members of the public seeking affordable housing, as well as other resources such as rental and utility assistance. The number of households on the ARCH mailing list continues to grow and reach an all-time high each quarter.

**Table 4. Affordable Housing Interest**

	Q1	Q2	Q3	Q4	YTD
New applications for ARCH mailing list	1,377	1,177			2,554
Ownership Interest	1,118	875			1,993
Both	507	462			969

### A. Equitable Access to Affordable Housing in East King County

ARCH staff performed the following outreach and engagement activities this quarter:

- ARCH staff continued meet with the Eastside Homelessness Advisory Committee and providers at the Together Center to provide updates and network resources.
- ARCH staff created and distributed an updated brochure which highlights how to access the ARCH Homeownership Program, Rental Program, Senior Resources, and find additional renter resources in East King County.
- ARCH staff partnered with the City of Bellevue to organize a bus tour of affordable housing units.
- Continued work with organizations in the community such as, Hopelink, Catholic Community Services, Muslim Community Resource Center, and many others to maintain an updated Resource Page on the ARCH website.
- Staff met with Safe Haven: Cafecito, a group of providers and partners in East King County to inform them of ARCH roles in the community and work on future collaborations.

## V. ARCH OPERATIONS

### A. ARCH Operating Fund

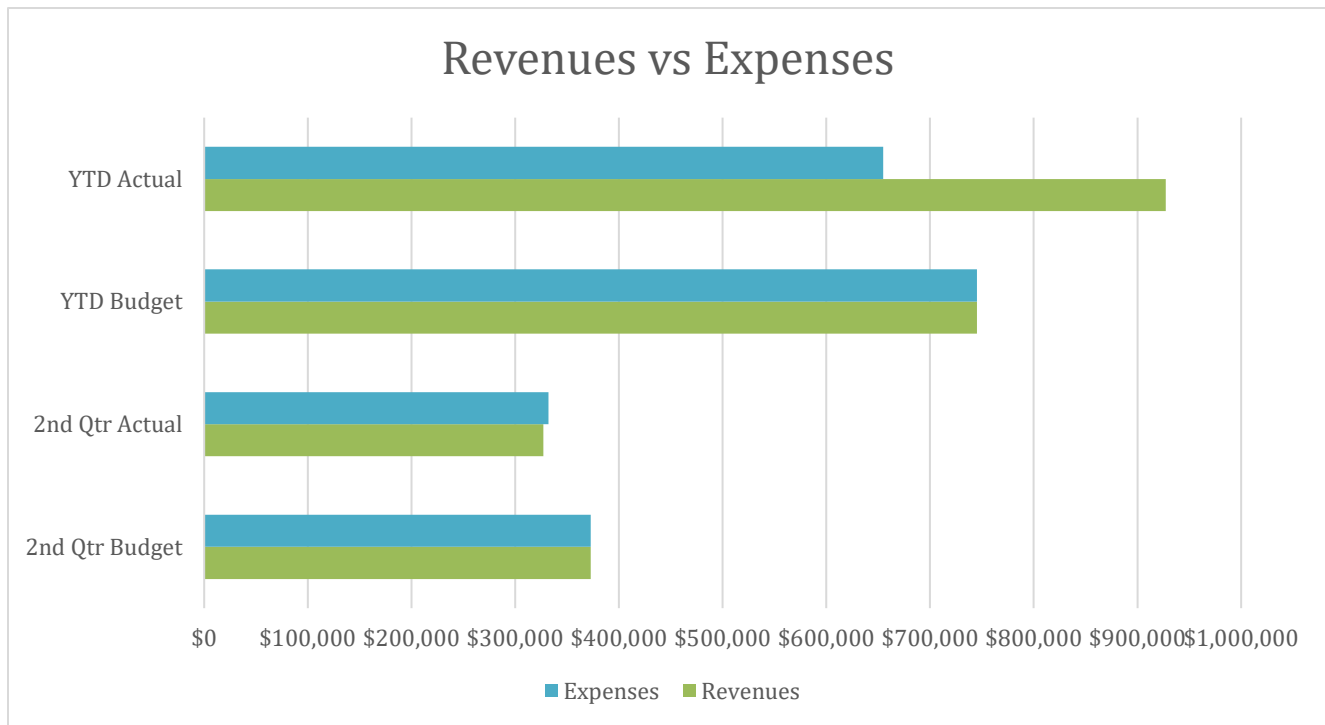
ARCH began the second quarter with a cash balance of \$1,016,483 and finished the quarter with a balance of \$1,011,622. Revenues reported below included all pending payments that may not have been received.

Additional details on revenues and expenses are shown in Tables 2 and 3 below. Details on approved reserve expenditures are shown in Table 4.

Quarter 2

Table 1: Summary of Revenues and Expenses

	2nd Qtr Budget	2nd Qtr Actual	Difference	YTD Budget	YTD Actual	Difference	% Actual to Budget YTD
Beginning Cash Balance	\$739,094	\$1,016,483	\$277,389	\$739,094	\$739,094	\$0	
Revenues	\$372,616	\$327,179	(\$45,437)	\$745,231	\$927,341	\$182,110	124%
Expenses	\$372,616	\$332,040	(\$40,576)	\$745,231	\$654,813	(\$90,418)	88%
ENDING BALANCE	\$739,094	\$1,011,622	\$272,528	\$739,094	\$1,011,622	\$272,528	



## C. Operating Revenues

Revenue Source	2nd Qtr Budget	Actual	Difference	YTD Total Budget	Actual	Difference	% Actual to Budget YTD
Beaux Arts Village	\$515	\$0	\$515	\$1,030	\$2,060	(\$1,030)	200%
Bellevue (cash)	\$35,338	\$0	\$35,338	\$70,677	\$0	\$70,677	0%
Bellevue (in kind)	\$50,776	\$52,131	(\$1,355)	\$101,552	\$104,254	(\$2,703)	103%
Bothell	\$23,282	\$23,282	\$0	\$46,564	\$69,845	(\$23,282)	150%
Clyde Hill	\$1,694	\$0	\$1,694	\$3,389	\$6,777	(\$3,389)	200%
Hunts Point	\$515	\$0	\$515	\$1,030	\$2,060	(\$1,030)	200%
Issaquah	\$22,640	\$22,640	\$0	\$45,281	\$67,921	(\$22,640)	150%
Kenmore	\$12,314	\$12,314	\$0	\$24,629	\$36,943	(\$12,314)	150%
Kirkland	\$53,336	\$53,336	\$0	\$106,672	\$160,008	(\$53,336)	150%
Medina	\$1,663	\$0	\$1,663	\$3,325	\$6,650	(\$3,325)	200%
Mercer Island	\$13,816	\$13,816	\$0	\$27,632	\$41,448	(\$13,816)	150%
Newcastle	\$6,730	\$6,730	\$0	\$13,459	\$20,189	(\$6,730)	150%
Redmond	\$39,095	\$39,095	\$0	\$78,191	\$117,286	(\$39,095)	150%
Sammamish	\$33,663	\$33,663	\$0	\$67,326	\$100,988	(\$33,663)	150%
Woodinville	\$6,302	\$6,302	\$0	\$12,604	\$18,905	(\$6,302)	150%
Yarrow Point	\$612	\$0	\$612	\$1,224	\$2,447	(\$1,224)	200%
King County	\$31,250	\$31,250	\$0	\$62,500	\$93,750	(\$31,250)	150%
Interest*	\$525	\$1,309	(\$784)	\$1,050	\$2,174	(\$1,124)	N/A
Admin Fee**	\$38,550	\$31,311	\$ 7,239	\$77,100	\$ 73,636	\$ 3,464	96%
<b>TOTAL</b>	<b>\$372,616</b>	<b>\$327,179</b>	<b>\$ 45,437</b>	<b>\$745,230</b>	<b>\$927,341</b>	<b>\$(182,111)</b>	<b>124%</b>

\*Interest Income includes interest earnings on ARCH's operating funds.

\*\*Admin Fees include fees from new applicants and admin fees from resales.

## Reserve Fund Expenditures and Special Project Grants

Since 1992, the ARCH operating fund balance has accumulated through budget savings and private contributions to ARCH. In November 2013, the Executive Board updated its policy on the use of these funds. Key provisions include: maintain an administrative reserve equal to 33% of ARCH's annual administrative budget; any balance in the ARCH administration account in excess of that set aside for the Administrative Reserve shall be available for funding unique opportunities and needs; and the policy is to be evaluated every two years.

The following tables summarize the status of cash reserves, active commitments, and remaining commitments.

### Quarter 2

Table 4a: Available (Uncommitted) Reserve Funds	
Cash Balance (End of 2nd Quarter 2021):	\$1,011,622
(less) Administrative Reserve (33% Admin budget)	(\$496,821)
(less) remaining projected expenses through YE 2021	\$ (835,649.18)
(plus) remaining projected revenues through YE 2021	\$563,121
Sub-Total	\$242,273
(less) committed, unexpended reserve funds	\$0
Balance (Uncommitted Reserve Funds):	\$242,273

Table 4b: Committed Reserve Funds

Project/Program	Approved commitment	Expense Incurred through Current Quarter	Prior Period Payment	Current Quarter Payment	Repayment	Remaining commitment
ACTIVE RESERVE ACTIVITY						
NA						\$0