

A REGIONAL COALITION FOR HOUSING

QUARTERLY REPORT

FOR THE

ARCH EXECUTIVE BOARD

Third Quarter 2022

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I. AFFORDABLE HOUSING INVESTMENT

A. ARCH Housing Trust Fund

Following publication of funding guidelines for the 2022 round, ARCH conducted pre-application meetings with various development teams and provided technical assistance on forthcoming applications. A total of 8 applications were submitted in September reflecting over \$13 million in funding requests from ARCH, a historic level of demand for Trust Fund resources.

ARCH also released a Request for Proposals for Bellevue’s Housing Stability Program, making up to \$10 million available for capital and operations and maintenance/services (OMS) funding. Pre-application meetings were conducted ahead of final applications due in September. Four applications were received for over \$30 million, including one for capital funding, two for OMS funding, and one for both capital and OMS funding.

In September, ARCH approved a revised funding recommendation for the Samma Senior Apartments to accommodate receipt of a \$2 million grant from Amazon. This funding enabled the project to complete its financing package and move forward with construction.

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.</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.</i>
Samma Senior Apartments	Imagine Housing	2019/2020	54	\$3,250,000: (\$750,000 CDBG funds and \$2,500,000 Local funds)	\$750,000 (CDBG funds) \$1,612,003 (Local funds)	<i>CDBG funds disbursed for site acquisition. Permanent financing closed in October, 2022 construction is underway. \$1.61M of local funds were drawn down at closing.</i>
Together Center Redevelopment	Inland Group/Horizon Housing Alliance	2019	280	\$6,750,000: (\$2,750,000 plus \$4M from Redmond In-lieu fees)	\$6,750,000	<i>Construction underway, ongoing disbursements. All tenants have been relocated. First building expected to open in spring 2023. The award is fully disbursed. The final draw was paid in February 2023.</i>

Project	Sponsor	Funding Year	Total Units/ Beds	Funds Awarded	Disbursed	Status
Eastgate Supportive Housing	Plymouth Housing	2020	95	\$900,000	\$900,000	<i>Financing was closed and construction work is well underway. Project is expected to be completed on time. The award is fully disbursed. The final draw was paid in August 2022.</i>
Horizon at Totem Lake	Inland Group/Horizon Housing Alliance	2020, 2021	299	\$5,500,000	\$2,573,100	<i>Project securing final financing commitments ahead of anticipated closing in March 2023.</i>
LEO at Trailhead	Life Enrichment Options (LEO)	2021	5	\$250,000	\$0	<i>Council funding approvals completed. Will re-apply for State funds in 2023.</i>
Hope Starts Here	LifeWire	2021	25	\$2,350,000: \$750,000 plus \$1,600,000 in Bellevue funding	\$1,722,131	<i>Project financing closed in November, 2022. Construction is underway. The entire Bellevue award and \$122,131 of the HTF award were disbursed at closing. Construction is underway.</i>
New Ground Kirkland Redevelopment	Friends of Youth	2021	8 units/ 15 beds	\$675,000	\$0	<i>Council funding approvals completed. Project has secured construction permits and estimated closing is March 2023.</i>

B. Special Initiatives

Infrastructure Funding for Affordable Housing

- During the third round of applications, \$1,000,000 was awarded by the Department of Commerce to the Horizon at Totem Lake project. This award followed previous successful applications for the two Eastgate projects in Bellevue and the Samma Senior project in Bothell.

Surplus Property

- **Kenmore Affordable Housing Project.** ARCH and Kenmore partnered with the selected development team led by Plymouth Housing to continue advancing the project, including submitting applications to other funders and securing ongoing rental subsidies from the King County Housing Authority. City staff also began work on the Development Agreement needed to facilitate the project. The project will provide supportive housing for single adults earning no more than 30% of median income, including seniors, veterans and persons with disabilities.

Transit-Oriented Development (TOD) Sites.

- **Bothell.** The City of Bothell received and began reviews of 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.
- **Bellevue.** BRIDGE Housing continues to coordinate with partners and potential funders on the development of 280 units of affordable housing adjacent to the 120th Street Light Rail Station and Operating and Maintenance Facility East (OMFE), following approval of the project by the Sound Transit Board. BRIDGE submitted funding applications to King County (\$10M) and ARCH (\$4M) and Bellevue (\$8M) in September. ARCH will continue active coordination with the project partners to ensure the successful development of affordable housing.
- **Redmond.** ARCH participated in discussions on an upcoming Request for Proposals (RFP) for the Overlake TOD site. The RFP is expected to be released by the end of 2022, and will contain ambitious project goals that were informed by a feasibility analysis conducted by ARCH staff.

Eastside Shelters.

- **Men’s Shelter.** Congregations for the Homeless continues to make 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 submitted a funding application for \$650,000 to ARCH, in addition to requests to other funders, for the renovation of 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 hoping to bring 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.

Kenmore

- Inclusionary zoning analysis and code amendments.

Redmond

- MFTE and inclusionary zoning program evaluation.
- Town Center amendments.
- Parking allowance.

B. Inter-local Planning Activities.

- Continued preparing new datasets for comprehensive plan updates and housing needs analysis.

C. State Legislative Activities.

- Participated 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).

Long Term Funding/Dedicated Revenue Strategy

- Compiled results from elected official focus groups and survey to inform options for a dedicated revenue strategy to support local investment in affordable housing
- Developed draft recommendation language for the Executive Board to consider in support of local legislative agendas

Rent Increase Policy Development

- Launched a policy development process to evaluate options for regulating increase in rents in affordable units.

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:

- Published annual update to income and rent limits, which included a historically high increase of over 16%; fielded questions from tenants and property managers on rent increases
- Updated Renter Resources page on the ARCH website which includes available rental assistance resources and tenant protections links
- Staff worked with two properties to bring affordable units online (Verde Esterra Park with 64 affordable units and Spectra with 12 affordable units, both in Redmond)
- Added an ARCH Renter Guide to the rental program homepage to provide more detailed program information including income eligibility, finding an ARCH unit, rent limits, etc.
- Continued to hold ongoing trainings and monthly Q & A with property managers

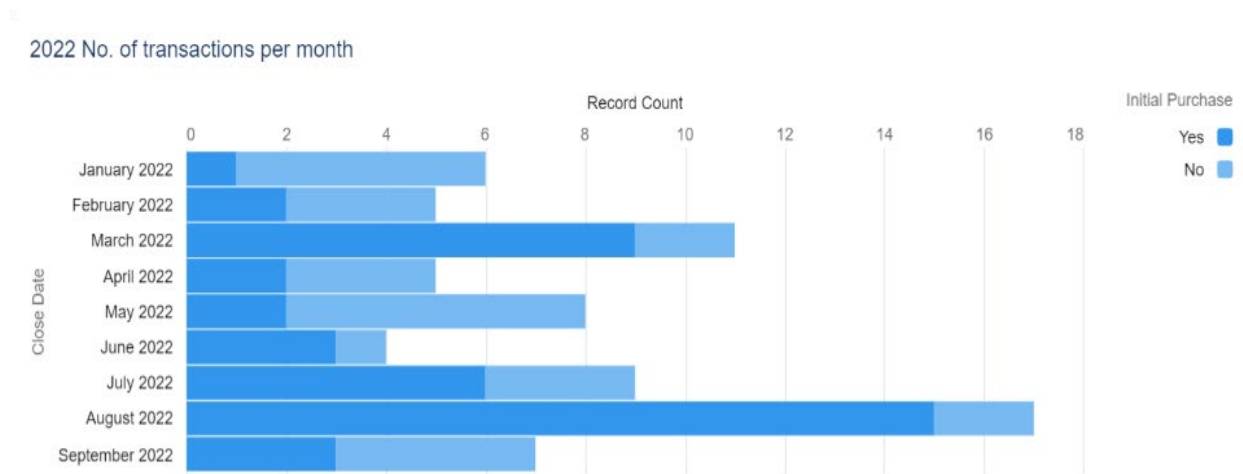
ARCH Trust Fund Project Monitoring

ARCH staff continued reconciliation work on existing Trust Fund loan repayment records, including preparing updated amortization tables consistent with financial records in the City of Bellevue accounting system. Staff notified loan recipients with repayment obligations and prepared annual loan repayment invoices, based on cash flow statements and other records received. Finally, staff prepared a draft template for future portfolio analysis reports (formerly known as sustainability reports).

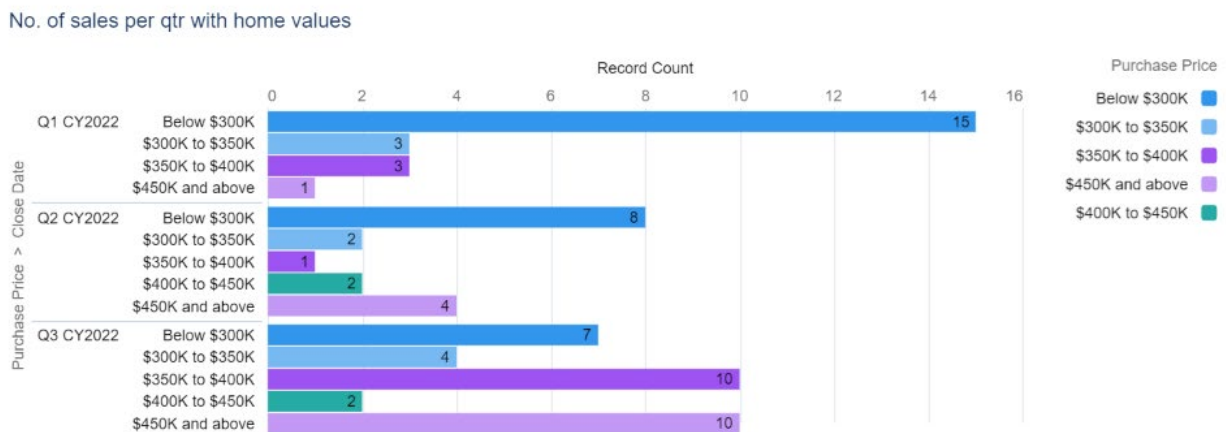
ARCH Homeownership Program

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

a) Total Units Closed per month – New Constructions and Resales



b) Number of Transactions by Price Range



c) Number of Transactions by Jurisdictions

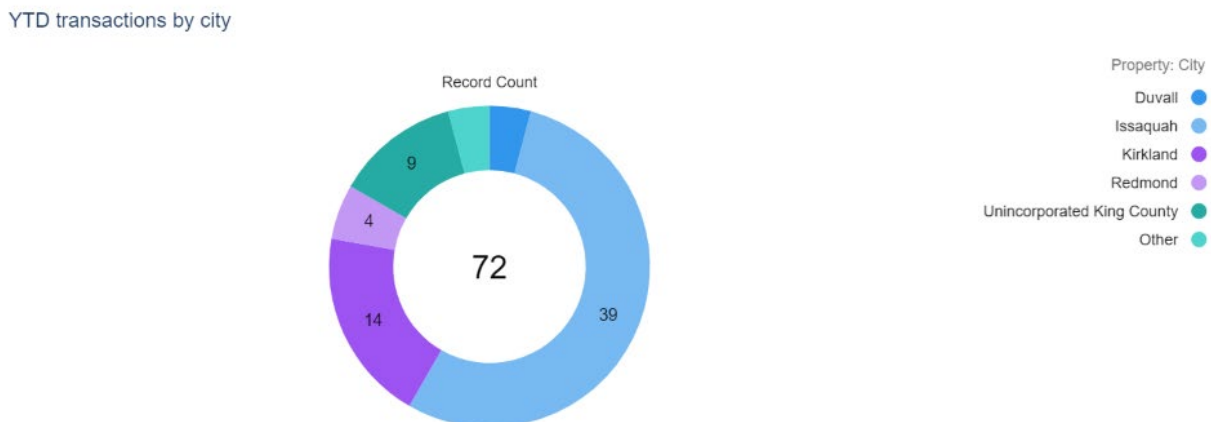


Table 2. Quarterly Affordable Housing Activity in Land Use and MFTE Programs

	Pipeline projects (not yet recorded)	Projects in development			Grand Total
	(blank)	Permitting or construction	Initial lease or sale	Occupied & monitoring	
Bellevue	169	11	21		201
Rental	169	11	21		201
Bellevue 10				21	21
BIG 1 Residential		11			11
Broadstone Gateway	38				38
Northup Way Mixed-Use	81				81
Vulcan Bel-Red	50				50
Duvall				2	5
Homeownership				2	5
The Ridge at Big Rock				2	5
Issaquah		3	8	38	49
Homeownership		3	8	38	49
Westridge		3	8	38	49
Kenmore	3				3
Homeownership	3				3
Kenmore Station	3				3
Kirkland	59	3		17	79
Homeownership	9	3			12
1313 Market		1			1
503 2nd Ave S	1				1
Senderos	6				6
Steeple Rock	2				2
Woodlands Reserve Townhomes		2			2
Rental	50			17	67
9040 NE Juanita Dr				2	2
InStyle Homes	2				2
Lakehouse Apartments	34				34
Lifebridge Senior (Morningstar)				15	15
The Pine	14				14
Redmond	126	134	8	63	331
Homeownership	5	13			18
Croquet Club Cottages		2			2
Encore at Rose Hill		1			1
Moment Townhomes	2				2
Penny Lane II	1				1
Rose Hill Cottages (Toll Bros)		1			1
Terrace 90	2				2
Woodside		9			9
Rental	121	121	8	63	313
Avalon Redmond Campus		11			11
Broadstone Redmond	38				38
LMC South Park (Piper)		28			28
NLG One		25			25
One Marymoor Park (Spectra)		37	8		45
Porch and Park		10			10
Redmond Grand, Phase I	31				31
Redmond Grand, Phase II	31				31
Redmond Sunrise		10			10
The Spark	21				21
Verde Esterra Park (Blocks 2A/2B)				63	63
Grand Total	357	151	39	123	670

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

	<=50 AMI	51 - 80 AMI	81 - 100 AMI	101 - 120 AMI	Grand Total
Bellevue		401	8	22	431
Homeownership		62	8		70
Rental		339		22	361
Issaquah	16	164	151	50	381
Homeownership		112	151	17	280
Rental	16	52		33	101
Kenmore	5		51		56
Rental	5		51		56
King County		361	221	140	722
Homeownership			106	134	240
Rental		361	115	6	482
Kirkland	110	114	14		238
Homeownership		35	14		49
Rental	110	79			189
Mercer Island		13			13
Rental		13			13
Newcastle	12	40			52
Homeownership		6			6
Rental	12	34			46
Redmond	127	719	32		878
Homeownership	28	58	17		103
Rental	99	661	15		775
Sammamish		55			55
Homeownership		7			7
Rental		48			48
Grand Total	270	1,867	477	212	2,826

IV. EDUCATION AND OUTREACH

A. Housing 101/Education Efforts

- Staff began preparations for a Thirtieth Anniversary celebration event in Bellevue.

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 maintained open office hours and 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.

Staff have continued to see an elevated level of people 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	1,070		3,624
Ownership Interest	1,118	875	775		2,768
Both	507	462	452		1,421

A. Equitable Access to Affordable Housing in East King County

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

- ARCH staff continued to meet with the Eastside Homelessness Advisory Committee and providers at the Together Center to provide updates and network resources.
- 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.
- ARCH staff presented at the Urban Land Institute's Center for Leadership
- ARCH staff presented at the Appraisal Institute's annual conference.

V. ARCH OPERATIONS

A. ARCH Operating Fund

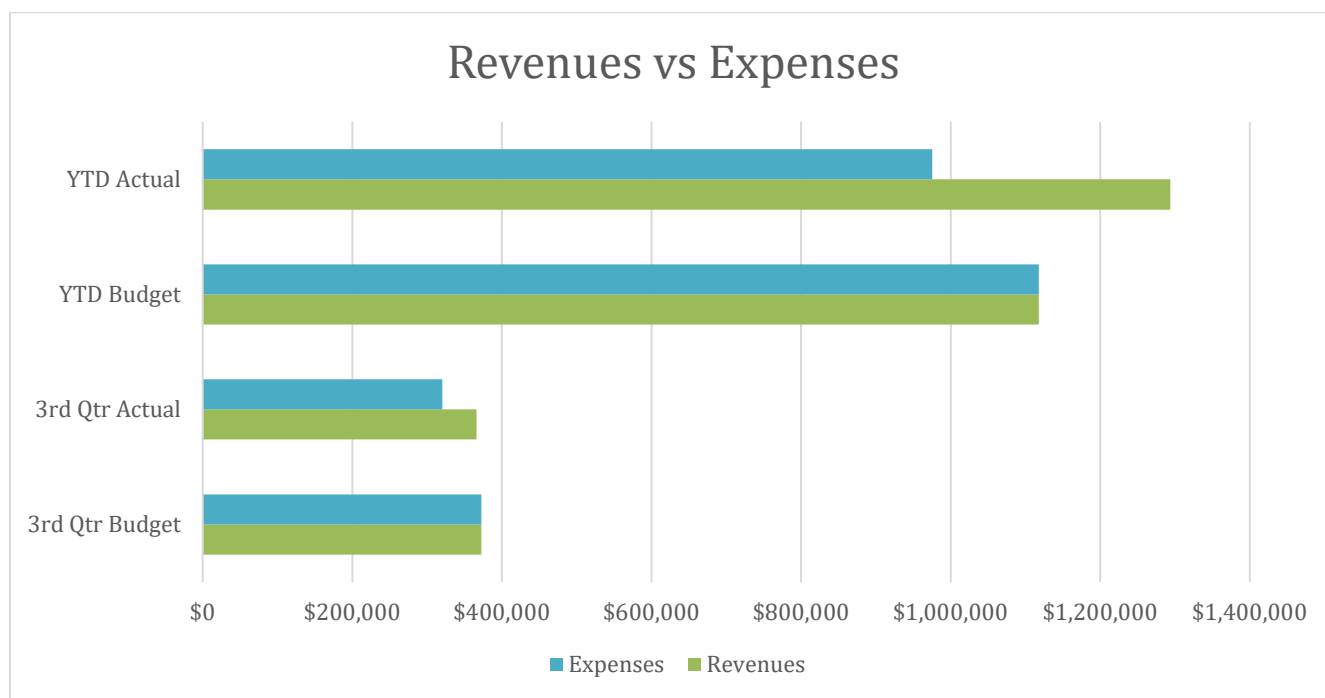
ARCH began the third quarter with a cash balance of \$1,011,622 and finished the quarter with a balance of \$1,057,330. Revenues reported below included all pending payments that may not have been received by end of the quarter.

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 3

Table 1: Summary of Revenues and Expenses

	3rd Qtr Budget	3rd Qtr Actual	Difference	YTD Budget	YTD Actual	Difference	% Actual to Budget YTD
Beginning Cash Balance	\$739,094	\$1,011,622	\$272,528	\$739,094	\$739,094	\$0	
Revenues	\$372,616	\$366,214	(\$6,401)	\$1,117,847	\$1,293,555	\$175,709	116%
Expenses	\$372,616	\$320,506	(\$52,110)	\$1,117,847	\$975,319	(\$142,528)	87%
ENDING BALANCE	\$739,094	\$1,057,330	\$318,236	\$739,094	\$1,057,330	\$318,236	



C. Operating Revenues

Revenue Source	3rd Qtr Budget	Actual	Difference	YTD Total Budget	Actual	Difference	% Actual to Budget YTD
Beaux Arts Village	\$ 515	\$ -	\$515	\$ 1,545	\$2,060	(\$515)	133%
Bellevue (cash)	\$ 35,338	\$ -	\$35,338	\$ 106,015	\$0	\$106,015	0%
Bellevue (in kind)	\$ 50,776	\$ 52,139	(\$1,363)	\$ 152,327	\$153,071	(\$743)	100%
Bothell	\$ 23,282	\$ 23,282	\$0	\$ 69,845	\$93,127	(\$23,282)	133%
Clyde Hill	\$ 1,694	\$ -	\$1,694	\$ 5,083	\$6,777	(\$1,694)	133%
Hunts Point	\$ 515	\$ -	\$515	\$ 1,545	\$2,060	(\$515)	133%
Issaquah	\$ 22,640	\$ 22,640	\$0	\$ 67,921	\$90,561	(\$22,640)	133%
Kenmore	\$ 12,314	\$ 12,314	\$0	\$ 36,943	\$49,257	(\$12,314)	133%
Kirkland	\$ 53,336	\$ 53,336	\$0	\$ 160,008	\$213,344	(\$53,336)	133%
Medina	\$ 1,663	\$ -	\$1,663	\$ 4,988	\$6,650	(\$1,663)	133%
Mercer Island	\$ 13,816	\$ 13,816	\$0	\$ 41,448	\$55,264	(\$13,816)	133%
Newscastle	\$ 6,730	\$ 6,730	\$0	\$ 20,189	\$26,918	(\$6,730)	133%
Redmond	\$ 39,095	\$ 39,095	\$0	\$ 117,286	\$156,381	(\$39,095)	133%
Sammamish	\$ 33,663	\$ 33,663	\$0	\$ 100,988	\$134,651	(\$33,663)	133%
Woodinville	\$ 6,302	\$ 6,302	\$0	\$ 18,905	\$25,207	(\$6,302)	133%
Yarrow Point	\$ 612	\$ -	\$612	\$ 1,835	\$2,447	(\$612)	133%
King County	\$ 31,250	\$ 31,250	\$0	\$ 93,750	\$125,000	(\$31,250)	133%
Interest*	\$ 525	\$ 5,099.90	(\$4,575)	\$ 1,575	\$7,274	(\$5,699)	N/A
Admin fee**	\$ 38,550	\$ 66,548	(\$27,998)	\$ 115,650	\$140,184	(\$24,534)	121%
TOTAL	\$ 372,616	\$ 366,214	\$6,401	\$ 1,117,847	\$1,290,233	(\$172,386)	115%

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

**Other Income includes administrative fees collected from applicants and resale. It also includes the program administrative fee collected from the city of Duvall.

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 3

Table 4a: Available (Uncommitted) Reserve Funds	
Cash Balance (End of 3rd Quarter 2022):	\$1,057,330
(less) Administrative Reserve (33% Admin budget)	(\$496,821)
(less) remaining projected expenses through YE 2022	(\$515,143)
(plus) remaining projected revenues through YE 2022	\$196,907
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						
Total	\$0	\$0	\$0	\$0	\$0	\$0