



## ARCH EXECUTIVE BOARD AGENDA

May 11, 2023

Bellevue City Hall, Room 1E-110

<https://kirklandwa-gov.zoom.us/j/96905200722>

**9:00 a.m. – 10:30 a.m.**

- 1) Call to Order
- 2) Approval of the Agenda
- 3) Approval of the April 2023 Meeting Minutes
- 4) Public Comment
- 5) Reports / Action Items
  - a) Annual Budget and Work Program Discussion
  - b) KCHA Kirkland Heights Revised Funding Recommendation
  - c) Overlake Village TOD RFP
  - d) Housing Trust Fund Application Interest and Parity Update
- 6) Other Business
  - a) Verbal Updates
    - Hiring update
    - Strategic Planning Committee update
    - Upcoming Agenda Items:
      1. 2023 Trust Fund priorities
      2. Rent Policy Update
      3. Community Advisory Board Appointments
      4. Legislative coordination
- 7) Adjournment

### **ITEM 3: Approval of the April Meeting Minutes**

Approval of the April 2023 Executive Board Meeting minutes

#### **Attachments**

- A. Summary Minutes to Executive Board Meeting (April 13, 2023)

# A REGIONAL COALITION FOR HOUSING (ARCH)

## Summary Minutes to Executive Board Meeting

April 13, 2023  
9:00am

Hybrid Meeting

### Present:

Diane Carlson, City of Bellevue, Deputy City Manager  
Jason Greenspan, City of Bothell, Community Development Director  
Dean Rohla, City of Clyde Hill, City Administrator  
Debbie Bent, Kenmore, Community Development Director  
Jen Davis Hayes, City of Issaquah, Economic Development Manager  
Simon P. Foster, King County, Housing, Homelessness and Community Development Division Director  
Scott Pingel, City of Newcastle, City Manager  
Carol Helland, City of Redmond, Director of Planning and Community Development  
David Pyle, City of Sammamish, Director of Community Development

### Absent:

Kurt Triplett, City of Kirkland, City Manager  
Alison Van Gorp, City of Mercer Island, Deputy Director, Community Planning Department  
Steve Burns, City of Medina, City Manager  
Brandon Buchanan, City of Woodinville, City Manager

### Others Present:

Kathy Gerla, City of Bellevue, Attorney  
Jared Hill, City of Woodinville, Intergovernmental Affairs Coordinator  
Jason Gauthier, South Sound Housing Affordability, Manager  
Mary Connolly, City of Clyde Hill, Management Intern  
Linda Abe, City of Bellevue, Affordable Housing Planning Manager  
Ian Lefcourte, City of Redmond, Senior Planner  
Lindsay Masters, ARCH, Executive Director  
Raquel Rodriguez, ARCH, Program Coordinator  
Mike Stanger, ARCH, Senior Planner  
Elsa Kings, ARCH, Housing Trust Fund Program Manager  
Yelias Bender, ARCH, Senior Program Officer  
Terrell Edwards, ARCH, Housing Planner

### 1. CALL TO ORDER

Ms. Helland called the meeting to order at 9:05am.

### 2. APPROVAL OF THE AGENDA

Ms. Helland asked for changes to the agenda of April 13, 2023. No changes were made.  
*Ms. Carlson moved that the agenda be approved. Seconded by Mr. Hoffman. Approved 9 – 0.*

### 3. APPROVAL OF THE MINUTES

Ms. Helland noted a correction on agenda item 5a of the meeting minutes of March 9, 2023.  
*Ms. Carlson moved that the minutes be approved with the amendment. Seconded by Mr. Greenspan. Approved 9 – 0.*

### 4. PUBLIC COMMENT

No public comments.

## 5a) Strategic Planning Process

Ms. Helland introduced ARCH's new consultant partners, Linda Hall, and David Ports of Loveall Price and Associates (LPA). David Ports walked the Board through a brief presentation on their firm's approach to strategic planning, including a proposed timeline and a draft commission (aka charter) for a planning committee to be approved by the Board.

Mr. Greenspan asked to what degree ARCH staff would be involved in the process overall with the consultants. Ms. Masters responded that ARCH will be involved with the guidance of the consultants. Ms. Helland added that ARCH is an extension of all the ARCH cities and does have a vital function especially towards the smaller cities that do not have dedicated housing planners, so it is necessary to have ARCH at the table as that conduit for smaller cities to feel that they are being engaged by the process.

Mr. Pyle noted that he is interested in making sure that all cities' member councils are in alignment with what the mission and vision of ARCH should be. When there is a new council member, it is hard to help them understand what ARCH is, how the budget works, the structure, etc. It would be helpful to have that check in so that Board members can say they verified that council members are on board with what ARCH does.

*Mr. Pyle moved to approve the draft Strategic Planning Committee Commission. Seconded by Ms. Bent. Approved 9 – 0.*

## 5b) ARCH 2024 Work Program and Budget Development

Ms. Masters presented the 2024 ARCH Budget and Work Program. Objectives for the discussion include: obtain feedback on Work Program priorities, review the draft 2024 budget including a specific legal services request, and update the Board on Planning Consultant activities. The draft budget includes no staffing increases, other than one position that is fully funded by Bellevue's 1590 sales tax, as approved in 2022. Revenues reflect a more conservative estimate of \$165,000 in administrative fees, and member dues allocated on a per capita basis.

Concerning legal services, Ms. Kathy Gerla of the Bellevue City Attorney's Office (CAO) reviewed the proposal for the ARCH Board for outside counsel services that would be provided to ARCH. This would assist with the increasing volume and complexity of Trust Fund transactions, and provide the specialization needed for this type of work. The request totals \$250,000, with \$95,000 of those funds going towards ongoing legal services and \$155,000 in one-time services. CAO would hold the contract and conduct a competitive process to get the best value for the funds.

Ms. Helland thanked Bellevue for providing services to ARCH for many years, recalling the significant effort from many years ago to align documents with applicable codes, acknowledging a reset is overdue.

Ms. Masters added that one of the responsibilities of the Board, under the Interlocal Agreement, is to develop and approve standard forms of agreements for the Trust Fund, and staff have noted the forms have not been updated in several years and would like the opportunity to align documents with other financing programs. In addition, Ms. Masters noted the extraordinary effort by cities to stay aligned with their individual template agreements, but recalled a key recommendation outstanding at for a number of years has been to update ARCH's Homeownership program agreements to address issues identified in the program audit. Staff concur with the need for this request.

Ms. Helland asked Ms. Gerla how CAO envisions the operations of the Board's relationship with the legal department to administer the Board's authority to procure legal services, and this should include outlining a scope of work. Ms. Gerla responded that the scope of services is laid out in the proposal, including assisting in negotiating and finalizing Trust Fund agreements, a one-time review of the Housing Trust Fund template documents and coming back to the Board with recommendations, plus a one-time review of other city templates with a set of recommendations.

Ms. Carlson asked if the question is how Ms. Masters and the Board would be engaged in that work. Ms. Helland affirmed, noting the Board may wish to determine which questions are needed, and be involved before the work

begins. Ms. Gerla responded that when it comes to Housing Trust Fund documents those would be directly worked out with ARCH staff. The other is to determine advice on other issues as they arise, that could be in coordination with the Chair. Ms. Helland noted this could even be done in an Executive session at the end of a meeting so all Board members are aware.

*At this time Mr. Foster left the Executive Board meeting.*

Ms. Masters reviewed options for funding one-time legal services, noting these could come from operating reserves, a one-time increase in dues, or potentially assessment of a loan fee. Ms. Carlson asked if other agencies charge a fee, and Ms. Masters said some do, but it would take some time to build up to the amount needed for this request.

Ms. Helland asked if every jurisdiction must make the same choice from the options provided, noting the difficult position Redmond is in and other cities who just adopted a biennium budget without these assumptions. Another option would be to reduce the funding committed to the Housing Trust Fund, asking if other members may have this same challenge.

Mr. Pyle noted that if Sammamish were to provide additional funding for ARCH it would come out of the Sammamish salary budget, specifically unfilled positions, which would hurt Sammamish's ability to operate, but there could be other mechanisms. It is important to make sure council members aware of the cost of doing business, especially as we look at producing the amount of housing cities are being asked to take on.

Ms. Hayes noted Issaquah is going to their council on May 24 to talk about how to allocate funding sources for housing, noting there is already concern from council about budget changes so soon after adoption, wanting to make sure to put ARCH in the best light.

Ms. Helland asked Board members if they were on board with the need to add the ongoing \$95,000 to the ARCH baseline budget, and if so each member can go back and have individual conversations financially about what that means, and what it means to the Trust Fund.

*Mr. Pyle moved to include ongoing legal services of \$95,000 in the ARCH base budget. Seconded by Mr. Greenspan. Approved 8 - 0.*

*Ms. Carlson moved to approve a one-time amount of \$155,000 towards legal services with the understanding that additional options will be explored to cover this expense at the next Executive Board meeting. Seconded by Mr. Pyle. Approved 8 - 0.*

Ms. Masters summarized the draft work program priorities and welcomed questions from Board members. Priorities include some continuation of items from 2023, including work on dedicated revenue and a rent increase policy. One addition is to be more specific about how to engage in state legislative work, identifying 1 or 2 priorities to convene members together to discuss. Ms. Carlson suggested Board members send Ms. Masters questions or suggestions that could be addressed during the next Board meeting. Board members agreed.

### **5c) Rent Increase Policy Development Update**

Ms. Masters updated the board on this agenda item, noting the work group is nearing a recommendation that resembles the policy adopted for Bellevue's MFTE program, and requesting feedback around additional outreach, engagement, or research that the board would like to see ahead of their discussion and the ultimate conversation with elected officials and stakeholders.

Ms. Carlson asked about the timing, and if input is needed from elected officials before the Board acts. Ms. Helland expressed that this should be factored in before the Board takes action. Ms. Helland clarified the question is what do Board members need to engage internal leadership and have the necessary conversations to support a recommendation.

Mr. Pyle noted he would need ARCH support to engage his council, acknowledging the time it would take to speak with every council. Mr. Pyle agreed written comments are important, and ARCH taking this on makes sense so there is input from across the region.

Board members discussed this agenda item and agreed that a written comment period would be desirable before a Board recommendation. Ms. Helland summarized the guidance, noting the written recommendation of the work group is needed, followed by a comment period, and that staff should share a list of stakeholders that has been engaged.

**No further action is required from the Executive Board at this time.**

## **6) OTHER BUSINESS**

### **Verbal Updates**

- Upcoming agenda items:

Ms. Masters gave the Board a heads up on upcoming topics, all related to funding requests and the Trust Fund. This includes the Overlake Village TOD, a recommendation to increase CDBG funding to KCHA, as well as an update on the Trust Fund application interest for this year so board members are prepared ahead of time.

## **7) ADJOURNMENT**

Meeting was adjourned at 10:32am.

## **ITEM 5A: ARCH 2024 Work Program and Budget Development**

### Discussion of ARCH 2024 Administrative Budget and Work Program

#### Background

The ARCH Interlocal Agreement (ILA) provides the Executive Board with the authority and responsibility to “develop and recommend a budget and work program” on or before June 1<sup>st</sup> of each year for the following calendar year. Over the last few months, staff have briefed the Board on key issues and developed a draft budget based on the Board’s guidance. A brief summary of prior guidance from the Board is below:

- Baseline budget assumptions reflect:
  - No changes to current staffing
  - Some new funding for ongoing legal services
- More substantive issues about the scope of ARCH’s services and functions to be addressed in the upcoming strategic planning process

#### ***Updated Draft 2024 Budget and Work Program***

In April, the Board discussed a specific funding request for legal services, which included \$95,000 in ongoing funding that is incorporated in the baseline budget, as well as \$155,000 in one-time funds. Staff affirmed the importance of this request, which was presented by the Bellevue City Attorney, and provided further background on the topic. Board members agreed to follow up with individual guidance on the feasibility of funding the latter request with a one-time increase in member dues, and whether this would affect budgeted contributions to the Trust Fund. While some members communicated a willingness to fund the expenses with a one-time increase in dues, others indicated this would be a challenge and expressed a preference for use of reserves.

Staff have reviewed existing reserves and Q1 financial activity and can project there will be adequate reserves to fund the one-time legal fees. A total of \$192k in available reserves is estimated this year, assuming revenues and expenses come in on budget. Staff note that fee revenue in Q1 came in 38% under budget due to the slowdown in the real estate market (a shortfall of over \$17,000), however salary savings from vacant positions in Q1 should be able to compensate for this loss. In 2024, the reserve requirement will grow proportionate with ARCH’s overall budget, which could mean dipping below the required reserve.

One additional change to the budget is to the estimated City of Bellevue COLA. Staff received guidance that CPI increases have not slowed as quickly as previously estimated, and current projections have the 2024 COLA set at 5.85%, up from an earlier estimate closer to 4.0%. This figure is now incorporated in the draft budget, but similar to last year, is still subject to change.

In the last month, staff have also continued to gather input from member staff on the annual Work Program. These edits are shown in the updated draft. At the May meeting, Board members will have a final opportunity to review and discuss Work Program priorities for 2024. A handful of cities have yet to submit comments on individual city work plan items, but these are expected to be incorporated ahead of the June Board meeting.

## Staff Recommendation

Staff recommend the Board:

- Discuss and provide direction on the draft 2024 Budget and Work Program, including recent suggested edits to Work Program priorities; and
- Identify any outstanding questions or needed conditions to attach to the related request to approve use of \$155,000 in ARCH reserves for outside counsel fees.

## Attachments

1. Draft 2024 ARCH Administrative Budget (updated May 2023)
2. Draft 2024 ARCH Work Program (updated May 2023)



# Draft 2024 ARCH Administrative Budget

Updated May 2023

	2023 Adopted Budget	Draft 2024 Budget	% Change	Notes
<b>I. TOTAL EXPENSES</b>	<b>\$ 1,874,248</b>	<b>\$ 2,254,199</b>	<b>20%</b>	Change to base staff/operating expenses is 5.8%; Bellevue HSP position adds 9.4%; Legal fees adds 5.1%
<b>A. Personnel</b>	<b>\$ 1,717,777</b>	<b>\$ 1,981,178</b>	<b>15%</b>	Estimated 5.85% COLA
Salaries	\$ 1,286,581	\$ 1,492,415		
Benefits	\$ 431,196	\$ 488,763		
<i>12 FTEs (incl. 1 dedicated to Bellevue Housing Stability Program)</i>				
<b>B. Operating</b>	<b>\$ 103,142</b>	<b>\$ 108,192</b>	<b>4.9%</b>	First full year at new lease rates plus 3% annual increase
Rent & Utilities	\$ 38,117	\$ 44,133		
Telephone	\$ 7,518	\$ 7,819		
Travel/Training	\$ 2,600	\$ 2,600		
Auto Mileage	\$ 3,000	\$ 1,500		
Postage/Printing Costs	\$ 2,600	\$ 2,678		
Office Supplies/Furnishing	\$ 5,027	\$ 2,500		
Internet/Website Fees	\$ 3,214	\$ 3,342		
Periodical/Membership	\$ 11,400	\$ 15,000		
Misc. (events, job posting fees, etc.)	\$ 2,080	\$ 3,000		
Equipment Replacement	\$ 7,280	\$ 4,500		
Database/software licensing	\$ 20,307	\$ 21,120		
<b>C. In-Kind Admin/Services</b>	<b>\$ 28,329</b>	<b>\$ 44,830</b>	<b>58%</b>	Major premium increases in 2023 (70% for umbrella pol
Insurance	\$ 15,750	\$ 32,000		
IT Services	\$ 12,579	\$ 12,830		
<b>D. Grants and Consultant Contracts</b>	<b>\$ 25,000</b>	<b>\$ 120,000</b>	<b>380%</b>	Estimate for ongoing services per Bellevue CAO
Consultant Contracts	\$ 25,000	\$ 25,000		
Outside Legal Counsel Contract		\$ 95,000		

	2023 Adopted Budget			Draft 2024 Budget			% Change	Notes
	City Per Capita \$2.58 KC Per Capita \$2.16	Add'l \$0.36 Per Capita or \$3k minimum		City Per Capita \$2.87 KC Per Capita \$2.49	Add'l \$0.38 Per Capita			
<b>II. TOTAL INCOME</b>	<b>\$1,874,248</b>			<b>\$ 2,254,199</b>			<b>20%</b>	
<b>A. Member Contributions (General Fund \$)</b>	<b>\$1,687,043</b>	<b>\$1,550,543</b>	<b>\$136,500</b>	<b>\$ 1,910,802</b>	<b>\$ 1,764,978</b>	<b>\$ 145,825</b>	<b>13%</b>	
TOTAL			ADD'L					
Beaux Arts Village	\$2,653	\$2,653		\$ 3,019	\$ 3,019		14%	
Bellevue	\$429,021	\$376,377	\$52,644	\$ 485,060	\$ 428,932	\$ 56,127	13%	
Bothell	\$119,461	\$119,461	\$0	\$ 135,990	\$ 135,990	\$ -	14%	
Clyde Hill	\$8,653	\$8,653		\$ 8,954	\$ 8,954		3%	
Hunts Point	\$2,653	\$2,653		\$ 3,019	\$ 3,019		14%	
Issaquah	\$113,628	\$99,685	\$13,943	\$ 126,837	\$ 112,160	\$ 14,677	12%	
Kenmore	\$62,304	\$59,154	\$3,150	\$ 71,011	\$ 67,646	\$ 3,365	14%	
Kirkland	\$267,567	\$234,734	\$32,833	\$ 297,651	\$ 263,209	\$ 34,442	11%	
Medina	\$8,455	\$8,455		\$ 8,408	\$ 8,408		-1%	
Mercer Island	\$69,646	\$66,496	\$3,150	\$ 76,611	\$ 73,246	\$ 3,365	10%	
Newcastle	\$34,255	\$31,105	\$3,150	\$ 40,281	\$ 36,916	\$ 3,365	18%	
Redmond	\$199,499	\$175,019	\$24,480	\$ 234,358	\$ 207,240	\$ 27,118	17%	
Sammamish	\$171,231	\$168,081	\$3,150	\$ 194,426	\$ 191,060	\$ 3,365	14%	
Woodinville	\$33,578	\$33,578	\$0	\$ 38,041	\$ 38,041	\$ -	13%	
Yarrow Point	\$3,484	\$3,484		\$ 3,920	\$ 3,920		12%	
King County	\$160,957	\$160,957		\$ 183,216	\$ 183,216		14%	
<b>B. Bellevue Detail</b>	<b>\$ 429,021</b>			<b>\$ 661,142</b>			<b>54%</b>	Includes new HSP position
Cash Contributions	\$ 215,762			\$ 233,409				
In-Kind Contributions	\$ 213,259			\$ 427,733				
Personnel	\$ 184,930			\$ 382,903				
Insurance	\$ 15,750			\$ 32,000				
IT Services	\$ 12,579			\$ 12,830				
<b>C. Other Income</b>	<b>\$ 187,205</b>			<b>\$ 167,315</b>			<b>-11%</b>	Fee revenue dipped to \$150k in 2022
Homeownership Program Fees	\$ 185,000			\$ 165,000				
Existing Administrative Fees	\$ -			\$ -				
Interest Earned	\$ 2,205			\$ 2,315				
<b>III. RESERVES, CONTINGENT INCOME AND EXPENSES</b>								
<i>Note: This section expresses intended use of any excess revenues above levels needed to cover basic operating costs, including any agreement by an ARCH member to fund work under section 13 of the ARCH Interlocal Agreement</i>								
<b>A. Contingent Expenses</b>								
Replenish operating reserves	\$ -			\$ -				
Staffing/Administrative Expenses	\$ 150,000			\$ 150,000				
Other Services/Consulting	\$ 300,000			\$ 300,000				
<b>B. Contingent Revenue</b>								
Excess Administrative Fees	\$ 100,000			\$ 100,000				
Service Fees	\$ 50,000			\$ 50,000				
Grant Funding	\$ 500,000			\$ 145,000				
Board-Approved Reserves	\$ 100,000			\$ 155,000				

# ARCH WORK PROGRAM: 2024

## Contents

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2024 Priorities.....	2
I. AFFORDABLE HOUSING INVESTMENT .....	2
A. ARCH Housing Trust Fund .....	2
B.  Bellevue Housing Stability Program .....	3
C.  Special Projects and Other Local Housing Investments .....	3
II. HOUSING POLICY AND PLANNING .....	5
A.  Local Policy, Planning and Code Development .....	5
B.  Inter-Local / Eastside Planning Activities .....	5
C.  State Legislative Activities .....	6
D.  Regional/Countywide Planning Activities .....	6
III. HOUSING PROGRAM IMPLEMENTATION .....	7
A.  Administration of Housing Incentive and Inclusionary Programs .....	7
B.  Stewardship of Affordable Housing Assets .....	8
IV. EDUCATION AND OUTREACH .....	9
A.  Housing 101/Education Efforts .....	9
B.  Information and Assistance for the Public .....	9
C.  Equitable Access to Affordable Housing in East King County.....	10
V. ADMINISTRATION .....	10
A.  Administrative Procedures.....	10
B.  Organizational Assessment and Planning .....	10

# ARCH WORK PROGRAM: 2024

## 2024 Priorities

In 2024, ARCH will elevate the following priorities in its Work Program:

- ~~Develop a~~ **Implement actions and recommendations from** ARCH's strategic planning process ~~to guide the ARCH coalition into the future~~
- Facilitate and advance proposals for dedicated revenue sources for affordable housing in East King County
- ~~Develop and~~ **Assist members to** implement policies to reduce cost burden in affordable housing
- **Convene members to advance one or two strategic legislative priorities that impact local jurisdictions' ability to address affordable housing needs**
- **Advance the development of high impact special projects, including transit-oriented development projects and other projects on public lands**
- **Support members with implementation of Comp Plan updates and compliance with HB 1220 and HB 1110**
- ~~Develop compliance tools to meet evolving program needs, and~~ ~~c~~Continue to provide excellent stewardship of affordable housing assets
- ~~Seek opportunities to advance projects and programs with high potential impact and facilitate projects in the pipeline with available resources~~
- ~~Provide a housing needs analysis for all member cities in support of Comprehensive Plan Updates~~
- ~~Support analysis to show how Comprehensive Plans can accommodate the range of housing needs required in the Growth Management Act and Countywide Planning Policies~~
- Report on measurable goals for production and preservation of affordable housing in the ARCH region
- ~~Continue to expand ARCH's capacity to accomplish its broader mission~~

## I. AFFORDABLE HOUSING INVESTMENT

### A. ARCH Housing Trust Fund

Parity Goals. Develop updated goals for member investments through the ARCH HTF.

Annual Funding Round. Develop funding priorities and evaluation criteria for the annual funding round. Advertise available funds and manage a competitive process on behalf of member cities. Review funding applications and develop recommendations through the Community Advisory Board (CAB), with input from member staff. Develop final recommendations by the ARCH Executive Board and facilitate final funding allocations through member councils.

Public Funding Coordination. Work collaboratively with public funders at the State and local levels to promote shared affordable housing goals and equitable geographic distribution of resources. Review and provide input to other funders for Eastside projects that apply for County (HOF, RAHP, HOME, TOD, etc.) and State (Tax Credit, State Housing Trust Fund) resources. Provide input to the King County Joint Recommendations Committee (JRC) on behalf of participating Eastside jurisdictions. Assist N/E consortium members with evaluating and making a recommendation to the County regarding CDBG allocations to affordable housing.

Private Funding Coordination. Work with private investors and lenders to maximize leverage of public investment into affordable housing. Negotiate maximum public benefits from investment of housing funds into private projects. Engage with Enterprise Community Partners and other investors on the potential extension of the Regional Equitable Development Initiative (REDI) Fund. Complete implementation of a Bridge Financing Pilot in partnership with Microsoft.

Project Pipeline Management. Work with member cities and project sponsors to develop a robust pipeline of projects to be funded over the next five years (see related work on Transit Center sites, below). Actively vet potential HTF projects, and lead funding policy and prioritization discussions with the ARCH Executive Board to facilitate planning and decision-making.

Contract Development and Administration. Prepare contract documents in consultation with legal counsel and facilitate approval of contracts with the Administering Agency. Review and approve disbursement of funds to awarded projects in accordance with executed contracts.

Centralized Trust Fund Reporting. Work with Administering Agency (Bellevue) to maintain records and produce regular financial reports for the ARCH Trust Fund accounts. Update internal policies and procedures regarding records maintenance efforts coordinated with the Administering Agency.

HB 1406 Sales Tax. Develop systems and procedures to manage contributions, commitments and expenditures of pooled sales tax revenue authorized by HB 1406. Work with the Department of Commerce to ensure timely and complete reporting in compliance with state requirements.

## B. Bellevue Housing Stability Program

Annual Request for Proposals. On an annual basis, advertise available funds for capital, operating and maintenance and services funds. Solicit application interest and provide in-depth review of funding applications. Develop recommendations through a Bellevue interdepartmental staff team, ensuring coordination with the Trust Fund and other regional and state funding processes. Coordinate with City staff and present recommendations to the Bellevue City Council for approval.

Contract Development and Administration, Reporting. Prepare contract documents in consultation with legal counsel and facilitate approval of contracts. Review and approve disbursement of funds to awarded projects in accordance with executed contracts. Maintain contract data and assist with regular reporting to the Bellevue City Council.

Support for Other HSP Initiatives. Provide advice and support for other City initiatives funded through the Housing Stability Program, such as acquisition and preservation partnerships. Support may include assisting with overall outreach and engagement, evaluation of project feasibility, development of funding terms and conditions and preparation of project agreements.

## C. Special Projects and Other Local Housing Investments

Local Housing Investments. Provide strategic policy support and administrative capacity to cities making other investments in housing, for example with fee in lieu funds, dedicated sales tax funds, pass through of state grant funds or other sources directed by individual cities. Ensure coordination with regional funding processes to maximize affordable housing outcomes.

Transit-Oriented Development Sites. Assist cities with advancing and coordinating affordable housing projects near transit. Partner with Sound Transit, King County Metro and other public agencies to maximize opportunities on public property. Current opportunities include sites in Bel-Red, Overlake, Downtown Redmond, Issaquah, Kirkland, Bothell, and Kenmore.

Surplus Property/Underdeveloped Property. Assist with evaluation of public surplus or underutilized private property (e.g., faith community properties) for suitability of affordable housing. Provide technical assistance to property owners interested in supporting affordable housing. Develop an inventory of promising public and nonprofit property and begin to engage owners to gauge interest in disposition for housing.

~~Eastside Shelter Capacity. Support efforts by Eastside shelter providers, Eastside Human Services Forum, the King County Regional Homelessness Authority and member cities to implement an East King County sub-regional strategic approach to shelter and related services for homeless adults and families. Support the construction of a permanent year-round men's shelter, and support efforts by member jurisdictions to fund long-term operations of shelter for men, women, families, youth and young adults.~~

Preservation of At-Risk Affordable Housing. Work with member cities to facilitate acquisitions or other strategies to preserve existing housing where affordability is at risk of being lost, including at-risk manufactured housing communities. As needed, assist with responding to notices of sale of HUD assisted properties received by member cities, or other information indicating an impending loss of existing affordable housing.

Strategic Predevelopment Investment. With approval of the Executive Board, invest in predevelopment studies to investigate feasibility of special projects.

## II. HOUSING POLICY AND PLANNING

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### A. Local Policy, Planning and Code Development

ARCH provides assistance directly to member cities on a range of local planning efforts. Local planning efforts with individual member cities may be found in *Attachment A*. These efforts may take different forms, such as:

- **Housing Element Updates.** Work with members to update comprehensive plan housing elements.
  - Assist with understanding and complying with new housing-related requirements under the Growth Management Act and Countywide Planning Policies.
  - Prepare an east King County housing needs analysis with focused analyses for each city—including projected affordable housing needs—to fulfill GMA requirements.
  - Coordinate local and ARCH affordable housing goals with King County Affordable Housing Committee and Countywide Planning Policies.
  - Assist with policy writing, outreach, presentations, etc. as needed.
- **Housing Strategy and Action Plans.** Assist members to prepare housing strategies to implement housing elements and create council work plans. Cities with completed or ongoing strategy and action plans include Bellevue, Issaquah, Kenmore, Bothell, Kirkland, Redmond, and Sammamish.
- **Incentive Program Design.** Provide economic analysis and policy and program development support to design local housing incentive programs, including land use, property tax, impact fee waivers, parking reductions and other incentives. **Develop standard tools or models that can be used by member cities/staff to evaluate and design their individual affordable housing incentive/inclusionary programs.**
- **Land Use Code Amendments.** Assist city staff on land use and other code amendments in order to implement comprehensive plan policies.
- **Other Support.** Other areas in which ARCH could provide support to member cities include preservation of valuable community housing assets, assistance to households displaced by development activity, review of tenant protection regulations, or negotiation of agreements for specific development proposals. ARCH views this as a valuable service to its members and will continue to accommodate such requests to the extent they do not jeopardize active work program items.

### B. Inter-Local / Eastside Planning Activities

Interlocal planning activities are coordinated by ARCH for the benefit of multiple members.

ARCH Regional Affordable Housing Goals and Reporting. Work with member staff and the ARCH Executive Board to report on adopted goals for production and preservation of affordable housing across ARCH member communities. Utilize data methodologies consistent with the requirements of GMA and Countywide Planning Policies.

Long-Term Funding/Dedicated Revenue Strategy. Continue work on a long-term funding strategy for the ARCH Trust Fund. Facilitate conversations with member cities on identifying and exploring dedicated sources of revenue for affordable housing at the local and regional level (e.g., REET, property tax levy, commercial linkage fee, etc.). Provide relevant data and develop options for joint or individual revenue approaches across ARCH member cities and **identify** any shared state legislative priorities to authorize local options for funding.

Incentive/Inclusionary Housing Program Policies. As program implementation issues arise, assist member jurisdictions to develop coordinated policy solutions that incorporate input from the diverse range of stakeholders. Work with member city staff to develop code amendments that adapt programs to new knowledge and best practices (for example, implementing fee strategies to create sustainable revenue for monitoring). In 2024, this will include assisting members to consider new rent increase policies for ARCH monitored housing that create more predictable outcomes for tenants and property owners.

Tenant Protection Policies. Share information and help identify common policy priorities relating to tenant protections. Facilitate consideration of local regulations by ARCH members and help to encourage consistent protections for renters across the region that reduce evictions and economic displacement.

Eastside Housing Data Analysis and Planning for GMA Housing Requirements. On an annual basis, provide local housing and demographic data as available. Make information available to members for planning efforts and incorporate into ARCH educational materials. Facilitate and encourage members to collaborate in addressing new GMA/PPP housing requirements so that the affordable and special housing needs across east King County are addressed.

Middle Housing/HB 1110 Implementation. Support members to implement new affordability incentives required by HB 1110, including evaluating new incentive programs and stewarding affordable units that may be created through the new regulations. In addition, support members to utilize input from a range of community based organizations representing diverse constituents when considering middle housing regulations.

Housing Diversity/Middle Housing. Continue to support a diversity of housing options among member cities:

- “Missing Middle” Housing: Facilitate sharing of best practices for encouraging a greater diversity of housing types in single family/low density neighborhoods, including duplexes, triplexes, etc. Assist members’ efforts to utilize planning grants for middle housing analysis, policy and code development.
- Help jurisdictions develop strategies and codes to address emerging housing types, like micro-housing, small efficiency dwelling units, and others.

## C. State Legislative Activities

The ARCH Executive Board will discuss and explore shared legislative priorities for advancing affordable housing in the region, and identify one or two strategic legislative priorities to advance to their respective councils for consideration in the upcoming legislative session that impact local jurisdictions’ ability to address affordable housing needs. ARCH will convene its members to discuss how to align and advance these priorities, with a goal to enable members to advocate collectively for greater impact. funding and policy tools at the local level to address affordable housing needs.

ARCH staff will track relevant state (and, where feasible, federal) legislation, particularly any legislation related to priorities established by the Board. As needed, staff will report to the Executive Board and members, and coordinate with relevant organizations (e.g., AWC, SCA, WLIHA, HDC) to advance shared legislative priorities.

## D. Regional/Countywide Planning Activities

ARCH participates in regional planning efforts to advance Eastside priorities and ensure that perspectives of communities in East King County are voiced in regional housing and homelessness planning.



King County GMPC Affordable Housing Committee / Housing Inter-Jurisdictional Team (HIJT). Support efforts to advance the five-year action plan developed by the Regional Affordable Housing Task Force (RAHTF) in 2018. ARCH will help staff the HIJT, which provides support to the Growth Management Planning Council’s Affordable Housing Committee (AHC).

~~Regional Affordable Housing Task Force Action Plan~~. In addition to staffing the GMPC committee, pursue other opportunities to advance strategies called for in the RAHTF Action Plan. Facilitate discussions as needed with members and the Executive Board to consider actions recommended in the five-year plan.

King County Regional Homelessness Authority (KCRHA) / Eastside Homeless Advisory Committee (EHAC). Support Eastside collaboration in regional homelessness efforts, as appropriate and as resources allow. Collaborate with KCRHA, EHAC and other relevant organizations and initiatives to advance shared work on homelessness. Promote best practices in development of housing solutions that move people out of homelessness. Coordinate allocation of resources, and work on specific initiatives.

Explore Collaboration with Cities in North and East King County. As requested, engage cities interested in supporting affordable housing in north and east King County that are not currently members of ARCH. Explore collaboration that provides benefits for additional cities and current ARCH member cities. Enter into agreements to provide services to other cities, as directed by the ARCH Executive Board.

### III. HOUSING PROGRAM IMPLEMENTATION

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

ARCH partners with member cities to administer local housing incentive and inclusionary programs, including mandatory inclusionary, voluntary density bonus, multifamily tax exemption (MFTE) and other programs. Specific programs administered by ARCH include:

<b>Jurisdiction</b>	<b>Incentive/Inclusionary Programs</b>
Bellevue	Voluntary density bonuses, MFTE, impact fee waivers.
Bothell	Inclusionary housing, MFTE.
Issaquah	Development agreements, voluntary and inclusionary programs, impact and permit fee waivers.
Kenmore	Development agreements, voluntary and inclusionary programs, MFTE, impact fee waivers.
Kirkland	Inclusionary program, MFTE.
Mercer Island	Voluntary density bonus.
Newcastle	Inclusionary program, impact fee waivers.
Redmond	Inclusionary program, MFTE.
Sammamish	Inclusionary and voluntary density bonuses, impact fee waivers.
Woodinville	MFTE.
King County	Development agreements.

ARCH roles and responsibilities will typically include:

- Work with member city staff and legal counsel to align incentive and inclusionary programs with a unified set of administrative policies, practices and templates for legal agreements
- Communicate with developers/applicants and city staff to establish applicability of codes and policies to proposed developments
- Review and approve proposed affordable housing (unit count, location/distribution, bedroom mix, and quality)
- Review and recommend approval of MFTE applications.
- Review and recommend approval of alternative compliance proposals
  - For fee in lieu projects, provide invoices and receipts for developer payments
- Develop contracts and covenants containing affordable housing requirements
- Ensure implementation of affordable housing requirements during sale/lease-up
- Register MFTE certificates with County Assessor and file annual MFTE reports with state Commerce.
- On-going compliance monitoring (see Stewardship, below).

~~Coordinate Shared Policy, Program and Procedure Improvements. Work with member city staff and legal counsel to align incentive and inclusionary programs with a unified set of policies, practices and templates for legal agreements. Coordinate changes across member jurisdictions to adapt programs to new knowledge and best practices (for example, implementing fee strategies to create sustainable revenue for monitoring).~~

## B. Stewardship of Affordable Housing Assets

ARCH provides long-term oversight of affordable housing created through city policies and investment to ensure stewardship of these critical public assets for residents, owners and the broader community.

ARCH Rental Program (Incentive and Inclusionary Projects). Monitor and enforce compliance in rental housing projects with incentive and inclusionary housing agreements. Administer a robust compliance monitoring program, including:

- Ensure compliance with rent and income restrictions through timely annual report reviews and supplemental on-site file audits
- Provide training and technical assistance for property managers
- Maintain written standards for eligibility, leasing and other program requirements
- Implement standard remedies for non-compliance
- Respond to tenant issues and questions

ARCH Trust Fund Projects. Oversee contracts and regulatory agreements with owners of projects supported through the direct assistance from members, including:

- Monitor project income and expenses to determine cash flow payments
- Conduct long-term sustainability monitoring of projects and owners
- Proactively problem-solve financial and/or organizational challenges in partnership with project owners and other funders
- Work with legal counsel to review and approve requests for contract amendments, subordination and other agreements
- Pursue formal MOUs with other funders to govern shared monitoring responsibilities that streamline processes for owners and funders.
- Collect annual compliance data and evaluate program beneficiaries

ARCH Homeownership Program. Provide effective administration to ensure strong stewardship of resale restricted homes in the ARCH Homeownership Program, including:

- Oversee resales and new construction sales to ensure ongoing compliance with affordability, buyer eligibility and other program requirements
- Implement adopted policies and procedures for monitoring and work with cities to address non-compliance
- Distribute an annual communication with relevant homeowner resources and respond to homeowners in financial distress
- Collect program fees to ensure sustainable operations

**As time and resources allow,** continue to implement recommendations from the 2019 Program Assessment and make other improvements that support the program objective of creating and preserving long-term affordability, including:

- Work with member planning and legal staff to make improvements to boilerplate legal documents, in consultation with key stakeholders and outside counsel, as needed
- Develop strategies to preserve homes at risk of foreclosure
- Preserve expiring units and pursue strategies to re-capture lost affordability
- Pursue offering brokerage services or developing partnerships with realtors to provide cost-savings to homebuyers and sellers, diversify program revenue, and expand ARCH's marketing reach
- Plan for additional staff capacity as the number of ARCH homes continues to grow.

Work with the Washington State Housing Finance Commission to evaluate the ARCH Eastside Down Payment Assistance Program and make updates to provide effective financial assistance to income-eligible first time homebuyers in East King County.

Database/Systems Development. Continue to utilize the new ARCH Homeownership Program database to collect critical program data and evaluation, compliance monitoring, communication with program participants, and other key functions. Continue to improve and streamline data systems for ARCH Rental Program and Trust Fund Program. Develop a new Trust Fund project and loan database to assist with timely loan monitoring and reporting. Update information systems to ensure accurate, efficient recording of transactions within ARCH Trust Fund accounts.

## IV. EDUCATION AND OUTREACH

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### A. Housing 101/Education Efforts

Housing 101. Develop educational tools and conduct or support events to inform councils, planning commissions, member staff and the broader community of current housing conditions, and of successful housing programs. Build connections with community groups, faith communities, developers, nonprofits and others interested in housing issues. Plan and conduct a Housing 101 event.

Private Sector Engagement. Support efforts by ARCH member cities to engage employers and private sector entities in discussions around the need for more affordable housing and identifying options for public-private partnerships.

### B. Information and Assistance for the Public

Office Hours. As government organizations and businesses navigate the ongoing COVID-19 pandemic, provide published office hours, consistent with public health guidelines, for appointments or walk-in customer service. Open office hours will be advertised on the ARCH website and ARCH Facebook page and shared with partner organizations.

ARCH Website. Continually update and build on information in the ARCH website. Maintain information on the most urgently needed resources in the community, including rental assistance, no-cost legal services, mortgage assistance, and senior resources available in East King County.

Assist Community Members Seeking Affordable Housing. Maintain up-to-date information on affordable housing in East King County (rental and ownership) and distribute to people looking for affordable housing. Continue to maintain a list of households interested in affordable ownership and rental housing and advertise newly available housing opportunities. Work with other community organizations and public agencies to develop appropriate referrals for different types of inquiries received by ARCH (e.g., rapid re-housing, eviction prevention, landlord tenant issues, building code violations, fair housing complaints, etc.).

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

Collect and analyze data on existing programs to determine potential gaps in access by different populations, such as communities of color, immigrant and refugee communities, homeless individuals and families, and workers in EKC commuting from other communities. Evaluate strategies and outreach goals to increase access to affordable housing in EKC by underserved communities. Develop outreach and marketing efforts to maximize awareness of affordable housing opportunities in East King County and build partnerships with diverse community organizations.

# V. ADMINISTRATION

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## A. Administrative Procedures

Maintain administrative procedures that efficiently and transparently provide services to both members of ARCH and community organizations utilizing programs administered through ARCH. Activities include:

- Prepare the Annual Budget and Work Program and ensure equitable allocation of administrative costs among ARCH members.
- Prepare quarterly budget and work program progress reports, Trust Fund reports, and monitor expenses to stay within budget.
- Manage the ARCH Community Advisory Board, including recruiting and maintaining membership that includes broad geographic representation and a wide range of housing and community perspectives.
- Staff the Executive Board.
- Work with Administering Agency to streamline financial systems.
- Review and update bylaws and ensure timely renewal of the ARCH Interlocal Agreement.

## B. Organizational Assessment and Planning

The ARCH Executive Board will continue to evaluate ARCH's organizational capacity to accomplish its Work Program and broader mission. The Board will review ARCH's organizational structure, staffing resources, capital resources and other foundational aspects of the organization to determine any gaps and assess options for expanding organizational capacity. The assessment will inform recommendations for the

following year's work program and budget. In 2023, ARCH will conduct a strategic planning process that will identify any significant structural or other organizational changes needed to advance ARCH's mission, values and work program going forward. In 2024, this will include implementing actions and recommendations from ARCH's strategic planning process.

DRAFT

*Attachment A  
Local Planning Efforts by City*

ARCH staff will assist members' staff, planning commissions, and elected councils with local policy, planning and special projects and initiatives, as described below. Member city staff may make adjustments to the proposed actions identified below as individual city work plans are updated.

**Bellevue**

Support 3-4 actions to implement Bellevue's Affordable Housing Strategy, such as:

- Assist staff with preparation of educational and marketing materials to encourage affordable housing on suitable land owned by public agencies, faith-based groups, and non-profits housing entities. Tasks could include connecting property owners with non-profit developers and consultants, providing case studies, and other information related to the development process.
- Analysis of affordable housing recommendations in the Wilburton neighborhood plan, Comprehensive Plan Periodic Update, and Next Right Work increased residential FAR for specific areas (TBD) in the city.
- Participate in developer selection processes and work with staff to develop funding strategy for affordable housing on suitable public lands in proximity to transit hubs, including 130th TOD parcels, Metro (Civic Center site), and Lincoln Center parcel.
- Provide consultation on a comprehensive acquisition strategy, such as preservation of existing, naturally occurring affordable housing, setting up a community land trust, and an expanded homeownership program.

Provide ongoing support to implement investment of funds authorized by HB 1590, or other city funds as directed.

Implement newly authorized affordable housing incentives; develop boilerplate agreements and procedures for ongoing monitoring.

Assist the city with implementation of affordable housing agreements at the TOD project adjacent to Sound Transit's Operations and Maintenance Facility East (OMFE).

**Bothell**

Support actions to implement the city's Housing Strategy Plan.

Support affordable housing opportunities, especially in the Downtown/Canyon Park areas, such as any proposals for affordable housing on the P-South property or other city-owned property.

Help to identify potential Bothell Trust Fund projects.

Evaluate affordable housing incentives and requirements such as parking reductions or other development incentives, code amendments that add capacity and rezones, and implement those adopted.

Assist with compliance with new requirements under HB 1220.

Support updates to policies and codes for affordable housing options, including ADUs, micro-housing, small efficiency dwelling units, and "missing middle" housing.

Help pursue funding and implement further outreach, equity, and implementation measures to encourage more middle housing and address potential displacement.

### **Issaquah**

Provide data for the annual Housing Report Card.

Assist with implementation of Strategies 6, 7 and 8 of the Housing Strategy Work Plan expanding inclusionary zoning, increasing missing middle as permitted uses, and removing barriers to the construction of condominiums.

Provide research and assist with development of potential code amendments concerning:

- Inclusionary zoning (in conjunction with changes to density, parking, and other regulations) and multifamily tax exemptions.
- Middle housing and ADUs in wake of new state legislation.

Help to evaluate potential projects/opportunities that arise under current or amended Development Agreements (e.g., Lakeside, Rowley) and prepare contractual agreements as needed.

Help to evaluate potential pioneer development in Central Issaquah District.

Provide data and other information needed for new page on city's website, information on affordable housing opportunities and resources in Issaquah.

Support implementation and funding of the city's TOD project with the King County Housing Authority.

### **Kenmore**

Assist with implementing a high priority item identified in the Housing Strategy Plan, as requested.

Continue support of the Preservation of Affordable Housing/Mobile Home Park project started in 2018.

Assist with the Comprehensive Plan Housing Element update, including help with new affordable housing targets.

Provide technical support, data, and best practices to assist with potential code changes, such as for "missing middle" housing.

Advance opportunities to site affordable housing in Kenmore, such as near ST3 transit investments, or on other public, nonprofit, and faith-based community property. Help evaluate and identify potential properties, partners, and financing strategies.

Evaluate potential expansion of TOD overlay and refinement of affordable housing requirements in the overlay zone.

### **Kirkland**

Continue to support efforts to create affordable housing within a transit-oriented development at the Kingsgate Park and Ride.

Support development of housing policies in connection with the I-405/NE 85th Street Station Area Plan, such as evaluation of a commercial linkage fee, and inclusionary housing requirements, and incentivizing family-sized housing units.

Assist with scoping and stakeholder discussions of a potential affordable housing levy.

Assist with implementing programs to encourage construction of more ADUs and other middle housing.

Evaluate housing-related issues in 2024 Comprehensive Plan Update.

Help review the effectiveness and value of the current MFTE program.

Assist with updating the City's Housing Dashboard and ongoing implementation and monitoring of the adopted Affordable Housing Targets.

Assist the City in its potential expansion of the inclusionary zoning program through new incentives for areas like downtown that don't have a requirement and expanded incentives for more affordable housing in other areas of the City.

Assist the City with its reevaluation of parking standards as they relate to affordable housing.

### **Mercer Island**

Assist the City with synthesizing the Housing Needs Analysis findings with housing-related requirements under the Countywide Planning Policies and the Growth Management Act to develop updated housing goals and policies for the city's comprehensive plan periodic update.

Provide input and assistance in drafting updated development regulations related to implementation of housing diversity and affordability provisions in HB 1220 (2022) and HB 1110 (2023).

### **Newcastle**

Assist with potential investment of fee-in-lieu payments, first exploring opportunities to site affordable housing within Newcastle.

Assist with updating the City's Housing Strategy Plan.

### **Redmond**

Provide advice and technical support to evaluate and refine existing inclusionary and incentive programs, and impact fee waiver provisions, focusing on Downtown and Marymoor centers.

Support partnerships with transit agencies to advance affordable housing within transit-oriented developments, including at Overlake and Southeast Redmond.

Help city staff write and propose comprehensive plan and code amendments for meeting existing and future housing needs, including residential zone consolidation and regulations.

Assist with potential strategies for increasing housing capacity from commercial development, such as housing over big box stores and commercial spaces in mixed-use buildings.



### **Sammamish**

Partner with city staff to refine the Housing Action Plan/Housing Diversification Toolkit implementation plan by creating detailed work plans and identifying related budget needs.

Support city staff in responding to public inquiries related to affordable housing development.

Review development regulation updates and additions related to affordability requirements and incentives to ensure alignment with state, regional, and county policies, the Comprehensive Plan update, the Housing Action Plan/Housing Diversification Toolkit, and best practices.

Review and confirm the assumptions and approach used by the city in the Barrier Review Checklists provided in the Washington State Department of Commerce's Guidance for Making Adequate Provision to Meet all Housing Needs to assist the City in preparing for successful Comprehensive Plan certification.

### **Woodinville**

Assist in evaluating options and developing proposals for programs and code amendments following the city's new Housing Action Plan.

### **King County**

Provide monitoring and stewardship services for affordable housing in the Northridge/Blakely Ridge and Redmond Ridge Phase II affordable housing development agreements.

Partner with King County to preserve affordable homes with expiring covenants in unincorporated areas.

Help advance the King County Regional Affordable Housing Task Force Action Plan.

## ITEM 5B: KCHA Kirkland Heights Revised Funding Recommendation

Recommendation from the ARCH Community Advisory Board to increase the recommended CDBG funding for the Kirkland Heights

### Background

In December, the Executive Board approved recommendations from the ARCH Community Advisory Board (CAB) to fund a total of eight projects. Some projects were only recommended for partial funding due to limitations in available dollars, including Kirkland Heights, a 276-unit redevelopment owned by the King County Housing Authority. The total funding recommended in December was approximately \$1.5 million, which was shy of the \$2.0 million request. About \$500k of the recommended funding was to come from CDBG, based on the project's fit with federal requirements including CDBG-eligible uses.

Since then, King County staff notified ARCH that the 2023 CDBG grant amounts were finalized, creating an opportunity to advance an additional amount of funding to the project. This yields benefits to the project, as articulated in the **CAB Recommendation Memo** found in **Attachment 1**. In addition, an expedited award would facilitate timely expenditure of CDBG dollars, which remains an ongoing concern for King County in administering the grant countywide.

While ARCH is aware of a range of other projects with anticipated need for funding later this year, staff support the CAB's intent to expedite the investment of available funds to a project that can proceed with construction this year. If the Board approves the recommendation, it will be referred to the King County Joint Recommendation Committee (JRC) for final approval. The JRC meets later in May, therefore Board action is necessary this month in order for the funding to be approved ahead of the project's desired closing date.

### Staff Recommendation

Staff recommend the Executive Board approve the updated funding recommendation of the Community Advisory Board for referral to the Joint Recommendation Committee.

### Attachments

1. CAB Recommendation Memo – Kirkland Heights (April 24, 2023)



# A Regional Coalition for Housing

Together Center Campus  
16307 NE 83rd St, Suite 201  
Redmond, WA 98052  
(425) 861-3677

## MEMORANDUM

TO: ARCH Executive Board  
FROM: ARCH Community Advisory Board  
DATE: April 24, 2023  
RE: King County Housing Authority – Kirkland Heights – Updated Funding Recommendation

Funding Request: \$2,000,000 (Contingent Loan)  
276 Affordable Units (including 3 manager units)

CAB Recommendation: Increase funding to \$2,131,969 (Contingent loan)  
Includes \$1,056,300 local funds  
\$509,900 2022 CDBG funds  
\$565,769 2023 CDBG funds

### Project Summary:

The Kirkland Heights Apartments is a 180-unit apartment complex located in Northeast Kirkland near the Totem Lake neighborhood. This proposal’s scope includes the rehabilitation of all existing residential buildings, addition of a third story to eleven of the existing buildings, and the new construction of two three-story residential buildings and one community building. Upon project completion, the complex will consist of 276 units, thus utilizing more of the site’s allowed density.

The project will include 103 units affordable for households at 30% AMI, 52 units at 60% AMI and 114 units at 80% AMI. This structure takes advantage of the available Project-based Section 8 rental assistance, which is targeted to the 106 units at 30% AMI, while allowing existing residents with incomes between 60% and 80% AMI to remain at Kirkland Heights.

The project has a Total Development Cost of \$220.3 million. KCHA is proposing \$24.2 million in public funds while contributing a significant (\$36.1 million) subordinate loan. King County has awarded \$11.2 million in funds for the project. In addition, as a Public Housing Authority (PHA), KCHA can issue tax exempt debt and does not need to wait to be awarded bonds through the typical competitive process to proceed with the project.

### ARCH MEMBERS

BEAUX ARTS VILLAGE ♦ BELLEVUE ♦ BOTHELL ♦ CLYDE HILL ♦ HUNTS POINT ♦  
ISSAQUAH ♦ KENMORE ♦ KIRKLAND ♦ MEDINA ♦ MERCER ISLAND ♦ NEWCASTLE ♦ REDMOND ♦  
SAMMAMISH ♦ WOODINVILLE ♦ YARROW POINT ♦ KING COUNTY

### **Other Funding Commitments**

At the time of application, over 50% (\$110 million) of the total sources had been committed/secured, including King County's \$11.2 million in TOD funds. During the 2022 funding round, KCHA also applied to the State HTF for a total of \$10M (\$5 million for the new construction and \$5million for the rehab portion of the project). The Department of Commerce received requests far in excess of available funds, and Kirkland Heights was placed on a waitlist. ARCH staff have communicated the importance of State funding to the project and are optimistic an award could be made potentially later this year, but most likely the project will not receive the full funding requested from the State this year and will have to continue to re-apply in future rounds.

ARCH has confirmed that KCHA is still prepared to move the project forward and bridge the gap in State funds either by phasing the project or borrowing other short-term funding. However, each of these options adds to the cost of the project, and any additional funds ARCH can allocate in the short-term could help to mitigate added carrying costs.

### **Funding Rationale:**

The CAB supports the intent of this application for the following reasons:

- The project preserves and enhances housing for a large number of existing low- and moderate-income residents in the community, including many families with children.
- The project also adds a significant number of units affordable to very low-, low- and moderate-income households within a high-opportunity area near good jobs, various transportation options, and other public and private amenities.
- KCHA has taken advantage of income averaging, thus allowing the feasible incorporation of 106 units targeted to very low-income households. Those units are supported with Project-based Section 8 Rental Assistance under a HAP Contract signed in 2020.
- This project leverages significant funding from public and private sources, 50% of which are already committed/secured.
- The project is undertaken by an experienced agency that has prioritized the project to start construction as soon as possible.

### **Proposed Conditions:** *(no change from prior recommendation)*

#### **Standard Conditions:**

1. Agency shall provide revised development and operating budgets based upon actual funding commitments, which must be approved by ARCH staff. If the Agency is unable to adhere to the budgets, ARCH must be immediately notified and (a) new budget(s) shall be submitted by the Agency for ARCH's approval. ARCH shall not unreasonably withhold its approval to (a) revised budget(s), so long as such new budget(s) does not materially adversely change the Project. This shall be a continuing obligation of the Agency. Failure to adhere to the budgets, either original or as amended may result in withdrawal of ARCH's commitment of funds.
2. Agency shall submit evidence of funding commitments from all proposed sources. In the event commitment of funds identified in the application cannot be secured in the timeframe identified in the application, the Agency shall immediately notify ARCH, and describe the actions it will

undertake to secure alternative funding and the timing of those actions subject to ARCH review and approval.

3. In the event federal funds are used, and to the extent applicable, federal guidelines must be met, including but not limited to the following: contractor solicitation, bidding, and selection; wage rates; and Endangered Species Act (ESA) requirements. CDBG funds may not be used to refinance acquisition costs.
4. Agency shall maintain documentation of any necessary land use approvals and permits required by the city in which the project is located.
5. Agency shall submit quarterly monitoring reports through completion of the project, and annually thereafter, and shall submit a final budget upon project completion. If applicable, Agency shall submit initial tenant information as required by ARCH.
6. Agency shall maintain the project in good and habitable condition for the duration of the period of affordability.

Special Conditions:

1. The funding commitment shall continue for **eighteen (18) months** from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested to ARCH staff no later than sixty (60) days prior to the expiration date. At that time, the applicant will provide a status report on progress to date and expected schedule for start of construction and project completion. ARCH staff will consider up to a 12-month extension only based on documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the applicant must demonstrate that all capital funding has been secured or is likely to be secured within a reasonable timeframe.
2. Funds shall be used by the Agency for **soft costs, acquisition costs, and construction costs**. In the event any portion of the funding award is reserved for construction contingency, that portion must be approved in advance by ARCH staff. Funds may not be used for another purpose without prior written authorization from ARCH. If, after project completion project, there are budget line items with unexpended balances, ARCH and other public funders shall approve adjustments to the project capital sources, including potential reductions in public fund loan balances.
3. **Funds will be in the form of a deferred, contingent loan**. Loan terms will account for various factors, including loan terms from other fund sources, including the sponsor subordinate loan and available cash flow. Final loan terms shall be determined prior to release of funds and must be approved by ARCH staff. **Based on the preliminary development budget, it is anticipated that loan payments will be based on a set repayment schedule and begin after repayment of the deferred developer fee (approximately year 12), with 1% interest.** The terms will also include a provision for the Agency to defer payment if certain conditions are met (e.g., low cash flow due to unexpected costs). Any requested deferment of a loan payment is subject to approval by ARCH staff, and any deferred payment would be repaid from future cash flow or at the end of the amortization period.

4. KCHA will provide a sponsor subordinate loan in the approximate amount of **\$36.1 million**. The final amount and terms of repayment will be finalized at the time of review and approval of the contingency portion of the funding commitment. Terms are anticipated to account for available cash flow and repayment of the ARCH loan.
5. Until such time as the deferred developer fee is fully repaid, all cash flow after payment of operating expenses and debt service shall be used to repay the deferred developer fee or project reserves as approved by ARCH staff.
6. A covenant is recorded ensuring affordability for at least 55 years, with affordability as shown in the following table. Limited changes to the matrix may be considered based on reasonable justification as approved by ARCH staff.

<b>Affordability</b>	<b>1 BR</b>	<b>2 BR</b>	<b>3 BR</b>	<b>4 BR</b>	<b>Total</b>
30%		56	43	7	106
60%	4	23	22	4	53
80%	8	48	48	10	114
<b>Total</b>	<b>12</b>	<b>127</b>	<b>113</b>	<b>21</b>	<b>273</b>

7. **Agency shall provide remaining findings after the completion of Building 8 test case. If those findings impact the project’s development budget or project timeline, those updates will be shared with ARCH.**
8. **Agency shall provide a relocation plan for ARCH review and approval, including 1) the total relocation budget, 2) description of impact to residents, and 3) sample relocation notices provided to residents (all applicable per approved relocation plan: 30-day notice, 60-day notice, etc.).**
9. **Agency shall provide ARCH a management plan that includes proposed recreational activities that will be offered to build community and promote resident engagement.**
10. **Agency shall identify and implement opportunities to incentivize sustainable transportation choices such as car sharing, public transportation, electric vehicle ownership and bicycle storage.**

## ITEM 5c: Overlake Village TOD Project

Briefing on future affordable transit-oriented development project on Sound Transit property at Overlake Village

### Background

In November 2022, Sound Transit issued a Request for Proposals making two parcels of land in Redmond available to qualified entities for the development of an affordable housing project. The total size of the main property is just over 2.4 acres, and is adjacent to the future Overlake Village Light Rail station, with an appraised value of \$26 million (unrestricted) as of 2022.

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As previously discussed with the Board, Sound Transit has become an active partner in the development of affordable housing opportunities near major transit investments. The agency has adopted an Equitable TOD policy that enables land to be provided at a significant discount for affordable housing, and the Sound Transit Board has consistently authorized staff to offer such discounts, particularly when local jurisdictions and public funders are willing to prioritize the projects for other resources.

During the RFP development, the City of Redmond and ARCH collaborated with Sound Transit and other potential funding partners on the affordable housing goals and potential financing structures for the project. Based on this input, the RFP incorporated a top priority to deliver 100% of the housing units as affordable to households earning no more than 80% AMI, with as many units as possible serving 30% AMI as feasible, and an average of 50% AMI across the TOD site. Other high priorities including maximizing density, minimizing parking, and serving special populations. Medium priorities included a host of other public benefits that are desired by the City and Sound Transit.

## ***RFP Responses and Selected Proposal***

Proposals were due in January, and 3 proposals were submitted.

1. BRIDGE Housing proposed a phased development project to create 313 units for 30%-60% AMI households with a set-aside 25% of homes as family-sized units and 40 units for individuals with development disabilities, in partnership with Open Doors for Multicultural Families.
2. Imagine Housing in partnership with Human Good proposed a project with a total of 250 units of affordable housing at 30% to 60% AMI, including 160 units for families; 90 units for seniors; and a commercial/community component with local-serving small business retail, rider-oriented public spaces, and community service organizations.
3. Bellwether in partnership with HopeLink proposed 333 homes for low- to moderate-income households (30-80% AMI), including 40 units set aside to people living with physical, intellectual and developmental disabilities; and community-serving commercial space.

Bellwether's proposal was ultimately selected for its proposed density, affordability and cost efficiency, in addition to the leveraging of public resources, a strong development team and timely delivery of the project. The proposal consists of a new six-story building with approx. 16,300 leasable square feet of commercial spaces that will include both small businesses and community-oriented organizations. Residential units include studios to three-bedrooms at 30%, 50%, and 80% AMI with an overall average of 50% AMI. The ground floor includes spaces for resident services, property management offices, and community amenities that connect to a central courtyard with outdoor amenities for residents. The smaller secondary parcel that will consist of open space and allow for flexible programming that will complement the community/commercial spaces.





In addition to space for Hopelink’s resident services, the project preliminarily envisions integrating several commercial spaces for prospective tenants including Indian American Community Services, OneRedmond/OneEastside, Eastside For All and potentially Redmond Police. The project will be seeking parking reductions to create a total of 115 parking stalls, including 76 stalls for affordable housing residents, 35 for commercial uses and 4 spaces of on-street parking. The commercial parking may be available after-hours for residents.

**Proposed Project Financing**

Bellwether anticipates a robust amount of private financing in order to help reduce the need for additional public financing. Amazon has pre-committed funds for the site through their Housing Equity Fund program, and the Evergreen Impact Housing Fund has provided a Letter of Interest in the project. In a similar vein, Microsoft may provide a construction loan at below-market interest rates and provide a grant for the development of community-oriented commercial spaces on the ground floor.

Bellwether currently anticipates public financing sources of just under \$15.5 million, including \$5 million already committed from King County, \$5 million from State HTF and \$2.9 million from State Intellectual and Developmental Disabilities funding, as well as \$2.5 million from ARCH. Other leveraged sources include \$68.8 million in LIHTC Equity and \$24.2 million in private permanent loans.

<b>SOURCES (estimated)</b>	
ARCH Housing Trust Fund	\$ 2,500,000
LIHTC Equity	\$ 68,853,948
Tax Exempt Permanent Loan	\$ 24,266,371
Amazon Housing Equity Fund	\$ 36,630,000
Evergreen Impact Housing Fund	\$ 12,467,973
Deferred Developer Fee	\$ 2,550,000
WA State Housing Trust Fund	\$ 5,000,000
King County TOD Fund	\$ 5,000,000
IDD Funding	\$ 2,900,000
Bellwether Sponsor Note	\$ 4,000,000
Redmond Police Department	\$ 457,087
Microsoft Commercial Grant	\$ 1,000,000
<b>TOTAL</b>	<b>\$ 165,625,379</b>

Walsh Construction has provided the initial cost estimate for this project; however, Bellwether intends to go through a competitive bid process and receive public funders approval of the process prior to selecting the General Contractor. Bellwether selected VIA, Nakano Landscape Architects, Latitude 48, and Atlas Group for initial development concept. Bellwether will act as Property Manager and will contract with Hopelink to provide on-site resident services.

Currently the project is in the term negotiation phase with Sound Transit and is hoping to begin construction in 2024. The schedule for the project is as follows:

- Site Acquisition Negotiations/Approved by Sound Transit - April 2023 to September 2023
- **Submit Housing Trust Fund App, ARCH Funding App, and Update King County Funding - September 2023**
- Submit Financing Update to WSHFC (TE Bonds and 4% Credits) - March 2024
- Design Team, GC pre-con services/Pre-application meetings - April 2023 to September 2023
- Design and entitlement documentation - October 2023 to August 2025
- Building Permit Reviews/Issuance - August 2024 to June 2025
- Lender & Investor Proposals/Selection - January 2025 to March 2025
- Closing - April 2025 to July 2025
- Bidding and Final GC Contract - April 2025 to June 2025
- Construction (22 months) - August 2025 to June 2027
- Lease-up - June 2027 to October 2028

Staff will be present at the May Board meeting to provide an overview of the project and answer questions from the Board.

#### Staff Recommendation

N/A

# Bellwether Housing to Build 333-Unit Affordable Housing Complex at Overlake Village Station in Redmond

May 4, 2023

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*Courtesy of VIA – a Perkins Eastman Studio*

SEATTLE — Redmond, one of this region’s most expensive places to live, will soon be home to 333 new affordable homes. Following a competitive process requesting proposals from affordable housing developers, Sound Transit has selected Bellwether Housing to develop transit-oriented, affordable rental housing adjacent to the Overlake Village Station, near the Microsoft campus in Redmond.

“Transit connects people to community, to housing, to jobs, to education, to food, to health care, to recreation. When transit and development partner to include diverse and affordable communities directly adjacent to quality light rail stations, these people-centered connections become exponentially more vibrant, sustainable, and equitable for the entire region,” said Sound Transit CEO Julie Timm. “We are proud to collaborate with Bellwether Housing and the City of Redmond on this transformative project.” State law requires Sound Transit to commit much of the surplus land resulting from station development to affordable housing. To date 1,150 affordable homes have been developed or are under development on former Sound Transit property.

“We applaud Sound Transit’s creative use of property near the Overlake Village Station and welcome Bellwether Housing to Redmond,” said Mayor Angela Birney. “Affordable housing paired with a range of community services near light rail is essential in achieving our vision of complete and equitable neighborhoods. This is another great example of what working together and leveraging partnerships can do for the betterment of our community.”

Bellwether’s proposal features rents affordable to households with incomes between 30% and 80% of the area median income. For a 2-bedroom apartment, that means rent will range from about \$800 to \$2,000, in a community where rent is typically more than twice as high as the national average. The project will include 120 2- and 3-bedroom apartments for larger families.

“This is exactly what we need to be doing – density, affordability, community partners – near great schools, world class transit, and a great job market. Communities need this. Families need this. And we are honored to be supporting Sound Transit and the City of Redmond’s housing equity goals,” said Susan Boyd, Chief Executive Officer of Bellwether Housing. Bellwether is partnering with Hopelink, the eastside’s largest social service agency, to provide supportive services to residents who need them.



*Courtesy of VIA – a Perkins Eastman Studio*

“Too often, families experiencing poverty are priced-out of centrally located neighborhoods. As a result, our communities miss out on the value of their presence and contributions to those communities,” said Dr. Catherine Cushinberry, Chief Executive Officer of Hopelink. “With this partnership, families will be closer to good jobs, great schools, and able to participate more in what will be our shared communities. We know how vital access to quality services are to all families as they settle into a place they can call home. Hopelink is excited to walk alongside residents as they develop this stability and is proud to partner with Bellwether Housing and Sound Transit in this critical work for our region.”

The project will also include large community and retail spaces on the ground floor. One Redmond, the Redmond Police Department and Indian American Community Services plan to occupy and activate those ground floor spaces with services to support public safety, small businesses, and the cultural and recreational needs of the neighborhood.

### **About Bellwether Housing:**

Bellwether Housing is the largest private, nonprofit affordable housing provider in Seattle. Bellwether has developed and operated housing for low-income individuals, families, seniors and households transitioning out of homelessness since 1980. We serve over 3,500 residents in 2,100 apartments throughout Seattle.

### **About Sound Transit:**

Sound Transit builds and operates express buses, light rail and commuter train services for the central Puget Sound region so that people can get to where they are going safely and economically.

**About Hopelink:**

Since 1971, Hopelink has provided stability-building services for people experiencing poverty in North and East King County. The agency provides nine comprehensive services that work in tandem, supporting community members as they work to exit poverty. These services include food assistance, housing, financial capabilities, employment services, transportation, energy assistance, financial assistance, adult education, and family development.

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## **ITEM 5D: Parity Update, Funding Application Interest and Continued Revenue Engagement**

Report on updated parity goals, application interest for ARCH funding and discussion on continued engagement on revenue sources for affordable housing

### **Background**

Since ARCH's founding in 1992, the Trust Fund program has been the central vehicle for member jurisdictions to leverage local funds into the development of affordable housing. To encourage voluntary contributions, a "Parity Program" was established in 1998 as "a means for members to attain a proportional distribution of resources being contributed for affordable housing." Over the years, this concept has been used to engage member city councils on annual contributions to the ARCH Trust Fund, and encourage a variety of forms of voluntary contributions to affordable housing, including land donations and fee waivers. The original goal range was set between \$1 to \$2 million, based on the contribution that were already being made at the time. The total goal is distributed among cities based on their population, projected housing growth and projected job growth.

Recent updates related to Parity goals include the following:

- In 2017, ARCH members made an agreement to increase Parity goals to account for inflation.
- In 2021, the Board discussed further potential changes in the methodology for setting goals to reflect the increased cost of developing housing and the exponential growth in need. However, Board members did not come to a consensus on the issue.
- In 2022, the Board approved engagement with members' elected officials on the topic of dedicated revenue sources. Feedback from this engagement helped to shape members' legislative agendas and support for HB 1628, which would have authorized a local option REET for affordable housing.

After adjusting for inflation through 2022, the updated Parity goal range for all cities is now \$2.2 to \$4.6 million. A breakdown by cities is shown in **Attachment 1**.

### ***Sustained Demand for Funding: 2023-23 Application Interest***

Each year, ARCH engages the development community to gauge potential application interest for the ARCH Trust Fund and other public funding sources. The solicitation is shared with affordable housing developers who are active in the region, or who have historically received funding from ARCH for affordable housing development. In past years, this early indication of interest has helped ARCH to work with individual cities to identify adequate funding for projects.

This year, ARCH received information from 10 potential projects with preliminary requests of at least \$20 million, including \$16.25 million in 2023. This does not include a potential re-application from Attain Housing, or funding for other properties that cities are considering for RFPs this year. In addition to those projects, ARCH is also aware of a longer-term pipeline of sites that cities would like to utilize for affordable housing, if sufficient resources were available, including several TOD sites. Although some sites can patiently await the availability of capital funds, costs will continue to increase the longer it takes to initiate development.

### ***ARCH Funding Availability in 2023***

Based on preliminary information about member contributions, staff anticipate a significant gap between the demand for funding and available resources. ARCH had \$7.6 million in funds available in 2022, a larger than normal funding round. This amount was driven by the \$3 million in remaining funds from the 2021 round (during which a large fee-in-lieu contribution from Kirkland boosted overall funds), as well as some one-time loan payoffs. This year staff are estimating closer to \$3.0 to \$3.5 million in available funds.

At the June meeting, the Board will have an opportunity to discuss and approve a set of priorities for the Trust Fund guidelines this year. These guidelines are used by the Community Advisory Board to shape funding recommendations each year.

### ***Continued Engagement on Dedicated Revenue***

Despite significant advocacy and a strong coalition of support among cities and housing advocates, the legislature did not take action on any new revenue sources for affordable housing development this session. However, ARCH members were extremely successful in aligning and coordinating efforts to demonstrate a strong show of support for the local option REET bill (HB 1628, the Affordable Homes Act). This momentum creates a solid foundation to continue engagement and influence future policy discussions.

### **Staff Recommendation**

Staff recommend the Board discuss and provide initial guidance on the timing and parameters for a continued effort to advance a local revenue source for affordable housing as a key legislative priority among ARCH members.

### **Attachments**

1. ARCH Member Parity Goals (updated through 2022)



**Attachment**  
**ARCH Member Parity Goals**  
*Updated based on CPI through 2022*

	Low Goal	Midpoint	High Goal
Beaux Arts Village	\$439	\$679	\$918
Bellevue	\$814,135	\$1,257,667	\$1,701,200
Bothell	\$203,508	\$314,377	\$425,246
Clyde Hill	\$4,266	\$6,590	\$8,915
Hunts Point	\$438	\$676	\$915
Issaquah	\$118,112	\$182,459	\$246,805
Kenmore	\$70,820	\$109,402	\$147,984
Kirkland	\$354,385	\$547,450	\$740,516
Medina	\$4,035	\$6,233	\$8,430
Mercer Island	\$49,865	\$77,030	\$104,196
Newcastle	\$30,999	\$47,888	\$64,776
Redmond	\$368,963	\$569,970	\$770,977
Sammamish	\$108,190	\$167,131	\$226,072
Woodinville	\$57,955	\$89,529	\$121,102
Yarrow Point	\$1,890	\$2,919	\$3,949
<b>Total</b>	<b>\$2,188,000</b>	<b>\$3,380,000</b>	<b>\$4,572,000</b>