



## ARCH EXECUTIVE BOARD AGENDA

April 13, 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 March 2023 Meeting Minutes
- 4) Public Comment
- 5) Reports / Action Items
  - a) Strategic Planning Process
  - b) Annual Budget and Work Program Discussion
    - Legal Services Discussion with Kathy Gerla, Bellevue City Attorney
    - Planning Consultant Update
    - Work Program Priorities
  - c) Rent Increase Policy Development Update; Next Steps in Process
- 6) Other Business
  - a) Verbal Updates
    - Upcoming agenda items:
      1. Overlake Village TOD RFP
      2. KCHA CDBG funding recommendation
      3. Trust Fund application interest
    - Legislative updates
- 7) Adjournment

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

Approval of the March 2023 Executive Board Meeting minutes

#### **Attachments**

- A. Summary Minutes to Executive Board Meeting (March 9, 2023)

**A REGIONAL COALITION FOR HOUSING (ARCH)**

Amended Summary Minutes to Executive Board  
Meeting

March 9, 2023  
9:00am

Hybrid Meeting

**Present:**

Diane Carlson, City of Bellevue, Deputy City Manager  
Kyle Stannert, City of Bothell, City Manager  
Dean Rohla, City of Clyde Hill, City Administrator  
Debbie Bent, Kenmore, Community Development Director  
Wally Bobkiewicz, City of Issaquah, City Administrator  
Kelly Rider, King County, Director of External Affairs, Department of Community & Human Services  
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  
Mark Hoffman, City of Newcastle, Community Development Director  
Carol Helland, City of Redmond, Director of Planning and Community Development  
David Pyle, City of Sammamish, Director of Community Development  
Brandon Buchanan, City of Woodinville, City Manager

**Absent:**

**Others Present:**

Jason Greenspan, City of Bothell, Community Development Director  
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  
Adam Matza, ARCH, Rental Program Officer  
Yelias Bender, ARCH, Senior Program Officer  
Terrell Edwards, ARCH, Housing Planner

**1. CALL TO ORDER**

Ms. Helland called the meeting to order at 9:03am.

**2. APPROVAL OF THE AGENDA**

Ms. Helland asked for changes to the agenda of March 9, 2023. No changes were made.  
*Ms. Carlson moved that the agenda be approved. Seconded by Mr. Hoffman. Approved 11 – 0.*

**3. APPROVAL OF THE MINUTES**

Ms. Helland asked if there were any changes to the minutes of February 9, 2023. There were no changes.  
*Mr. Pyle moved that the minutes be approved. Seconded by Mr. Stannert. Approved 11 – 0.*

**4. PUBLIC COMMENT**

No public comments.

*At this time Mr. Buchanan and Ms. Rider joined the Executive Board meeting.*

## 5a) ARCH Third Quarter 2022 Report

Ms. Masters reviewed the Third Quarter 2022 report with Executive Board members, which can be found in the Executive Board packet, and invited input on the format and usefulness of the report.

Mr. Triplett suggested having a one-page high level overview of the report, specifically for council members. Ms. Carlson agreed with Mr. Triplett and added creating a graphic to be able to see what housing is being created and what is there now. Ms. Carlson added that some Diversity, Equity and Inclusion statistics would also be a helpful piece of information to be included in future quarterly reports. Board members agreed.

Mr. Bobkiewicz noted that since it does take a lot to do the quarterly reports, maybe they could be generated twice a year for elected officials. Ms. Helland responded that the ILA requires that reports must be produced quarterly, adding that ARCH will continue to do the quarterly report but could tailor them to members' needs. Mr. Pyle noted that having a one-pager like Mr. Triplett suggested would be good with a more extensive version offered as an option.

Ms. Helland informed the Board that she has had several conversations with councilmembers showing there is confusion about what ARCH's role is in the region. Ms. Helland suggested having conversations on how to connect elected officials more purposely to the work that ARCH is doing. Mr. Pyle added that it would be helpful to include a summary of what is working at ARCH and what is not working to create strategies moving forward.

Ms. Helland suggested uploading the complete Executive Board agenda packet on the ARCH website, currently only the agenda and the minutes are uploaded. Board members agreed. Ms. Helland summarized the need for a one-pager overview of the Quarterly reports with dashboards included to engage more elected officials.

*At this time Ms. Rider left the Executive Board meeting.*

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

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

Ms. Masters briefed the board on the 2024 Work Program and Budget Development. The objectives for the Board's initial meeting on this topic include: Receive a briefing on recent organizational assessments and phased increases in staffing since 2019, review current ARCH Work Program and priorities outlined for 2023, review current allocations of staffing levels across the Work Program, review and confirm preliminary assumptions for preparing a baseline 2024 budget, and provide initial guidance on overall priorities within the Work Program.

Board members discussed this topic and provided Ms. Masters with feedback around work program priorities.

Ms. Van Gorp mentioned that the legislative piece may be something to discuss this year because there is so much going on at the state level, and supporting a joint housing legislative agenda for East King County should be a goal as well as having capacity to keep track of what is happening in Olympia.

Mr. Stannert mentioned that it would be good to think about the standards around monitoring and outreach, but struggles with the idea of taking up a legislative side. Mr. Stannert would like to be sensitive of the finite resources ARCH has now, and rather focus on areas that ARCH could be successful based on what ARCH is currently doing. Mr. Hoffman suggested having a good baseline to start from before more is added to ARCH's capacity and that baseline could be compared to each city's Comp Plan. Ms. Bent agreed that a baseline should be added to see where resources should be allocated, is it on production of housing in terms of funding and management or is it more around the planning side; for ARCH to do everything is not realistic. Ms. Carlson agreed.

Ms. Helland acknowledged the issues identified by staff and summarized comments from the Board that the strategic planning process will be a better place to address these issues, rather than as part of the 2024 budget. Mr. Triplett acknowledged the overall direction of the Board, but noted that some issues may not be easy to defer and he may have other comments at a future discussion. Ms. Masters acknowledged the comments from the Board and

noted that without an emphasis on coordinated policy and planning, ARCH's ability to successfully administer local programs could become far more challenging in the future.

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

### **5c) Strategic Planning Discussion**

Ms. Masters informed the board that a Loveall, Price and Associates (LPA) was hired as ARCH's strategic planning consultant. Principal personnel include Linda Hall and David Ports. Ms. Hall has an extensive history with ARCH, affordable housing and East King County, and is a longstanding and trusted partner of the organization. Ms. Masters asked for volunteers to meet with Ms. Hall for an initial discussion. Mr. Triplett, Ms. Carlson, Mr. Hoffman, Mr. Stannert and Ms. Helland volunteered to be part of this subcommittee.

Board members agreed to email Ms. Masters thoughts on elected official's engagement in the process.

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

### **6) OTHER BUSINESS**

#### **Verbal Updates**

*This agenda item will be discussed in next month's board meeting allowing time.*

### **7) ADJOURNMENT**

Meeting was adjourned at 10:31am

## **ITEM 5A: Strategic Planning Process**

Introduction to strategic planning process and consultant partners, and approval of a draft Strategic Planning Committee charter

### **Background**

At the April meeting, the Board will receive an introduction to ARCH's consultant partners, Linda Hall and David Ports of Loveall Price and Associates (LPA). Linda and David will walk the Board through: (1) a brief presentation on their firm's approach to strategic planning; (2) a proposed timeline for the process; and (3) A draft commission (aka charter) for a planning committee to be approved by the Board. This would be used to help recruit volunteers for the committee before a final version is brought to the Board for adoption.

### **Staff Recommendation**

Staff recommend the Board review and approve the draft Strategic Planning Committee Commission (aka Charter), and provide direction to begin recruitment of volunteers to the committee.

### **Attachments**

1. Real Time Strategic Planning Overview for ARCH
2. Draft Strategic Planning Committee Commission [Reserved - materials forthcoming]

# **DRAFT FOR DISCUSSION DATED 04.06.2023**

## **Strategic Planning Committee Commission**

### **Strategic Planning Primary Objectives and Desired Outcomes:**

1. Reaffirm members commitment to ARCH.
2. Strengthen consensus on ARCH's purpose, identity, strategic advantages, and desired impact.
3. Develop a strategy road map including organizational, programmatic, and operational strategies as necessary, action steps, timeline, and success measures for implementation—including identify any significant structural or other organizational changes needed to advance ARCH's mission, values and work program going forward.
4. Evaluate new ways for ARCH to continually engage changing city leaders (elected and staff).

### **Responsibility of the Committee**

The Strategic Planning Committee, which is chaired by a member of the ARCH Executive Board, is responsible for collaborating with LPA in developing and implementing a planning process that will result in a strategic plan draft appropriate for ARCH. The committee will recommend the plan's acceptance by the ARCH Executive Board. The committee will meet three times virtually and twice as participants in workshops over a nine-month period (for a total of 5 times). It will also help to facilitate the two workshops and will identify a suitable and on-going process to measure progress of the plan's implementation.

### **Membership and Appointment**

Other than the chair, members of the committee need not be members of the ARCH Executive Board. All members are appointed by the Board Chair, on the recommendation of the Executive Director. The committee shall be comprised of no fewer than five and no more than nine members.

### **Functions of the Committee**

1. To meet five times over a nine-month period and adhere to the Real Time Strategic Planning process.
2. To report to the Executive Board Members regularly on work accomplished and on problems that are anticipated and/or encountered.

### **Duties of Individual Committee Members**

1. To become familiar with the mission, purposes and stakeholders of ARCH.
2. To attend meetings regularly.
3. To contribute to the gathering of pertinent information and its analysis.

4. To contribute to the consideration of solutions to problems encountered by the committee.
5. To help carry out committee functions.

### **Good Committee Procedure**

1. Meeting agendas should be developed by the chair in cooperation with the Executive Director and LPA.
2. Items on the agenda should be well documented with the material provided to each committee member in advance of the meeting, if possible.
3. Meetings should be held as scheduled.
4. If possible, all reports should be in writing. Copies of minutes should be generated and sent to all members soon after the meeting (preferably within one week).
5. The Executive Director, as chief planning officer for the association, should participate as a committee member and as a resource person, bringing additional data and experience to the discussion as issues arise.
6. Meetings should begin and end on time; the agenda should be developed so that the business can be covered in the allotted time.

**Decision Making:** Recommendations will move forward to the Executive Board based on the consensus of the members present at time of vote following discussion.

### ***For Future Committee Discussion: What does it mean to reach “consensus”?***

*Consensus is a decision that has been reached when most members of the team agree on a clear option and the few who oppose it think they have had an opportunity to influence that choice. All team members agree to support the decision. To make this definition work, a team decides in advance what “**most**” means for the group.*





# REAL TIME STRATEGIC PLANNING

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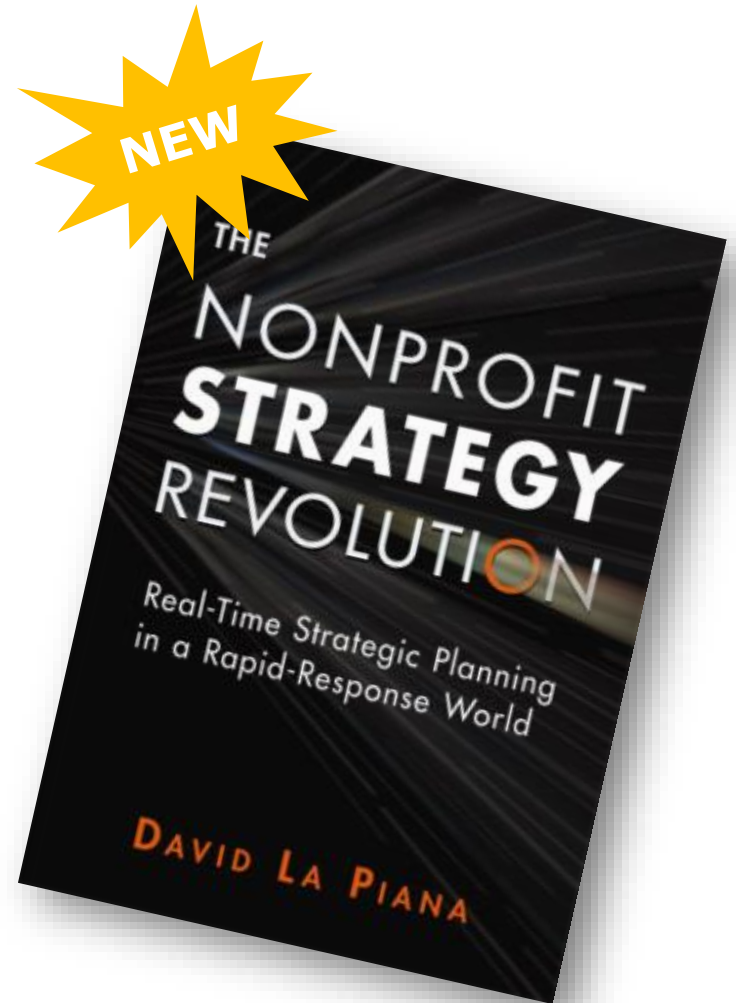
THE PLANNING REVOLUTION

# THE REVOLUTION: REAL-TIME STRATEGIC PLANNING

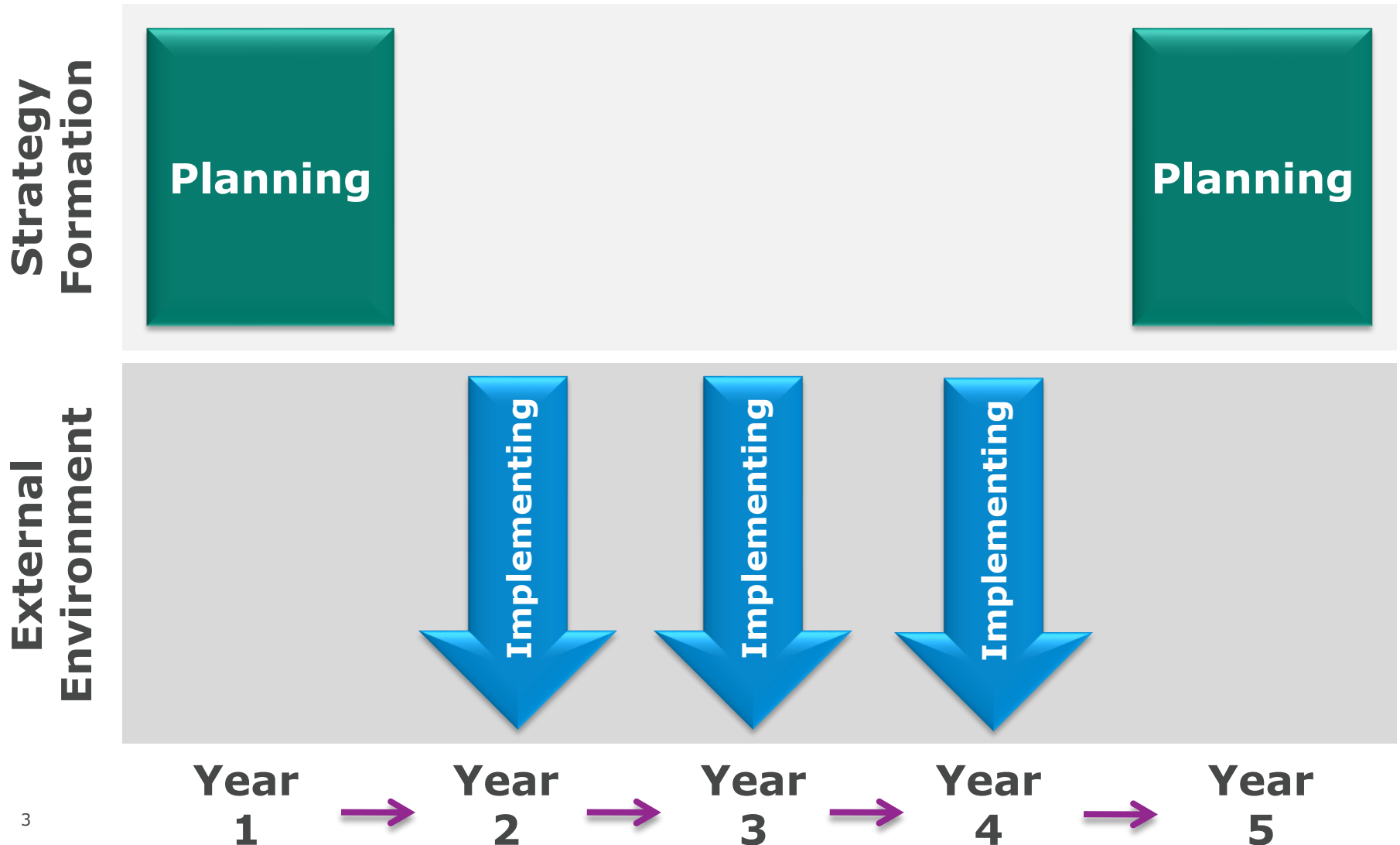
Apply strategic thinking  
and planning disciplines



future opportunities and  
unexpected occurrences  
that arise in a  
**rapidly changing  
environment.**



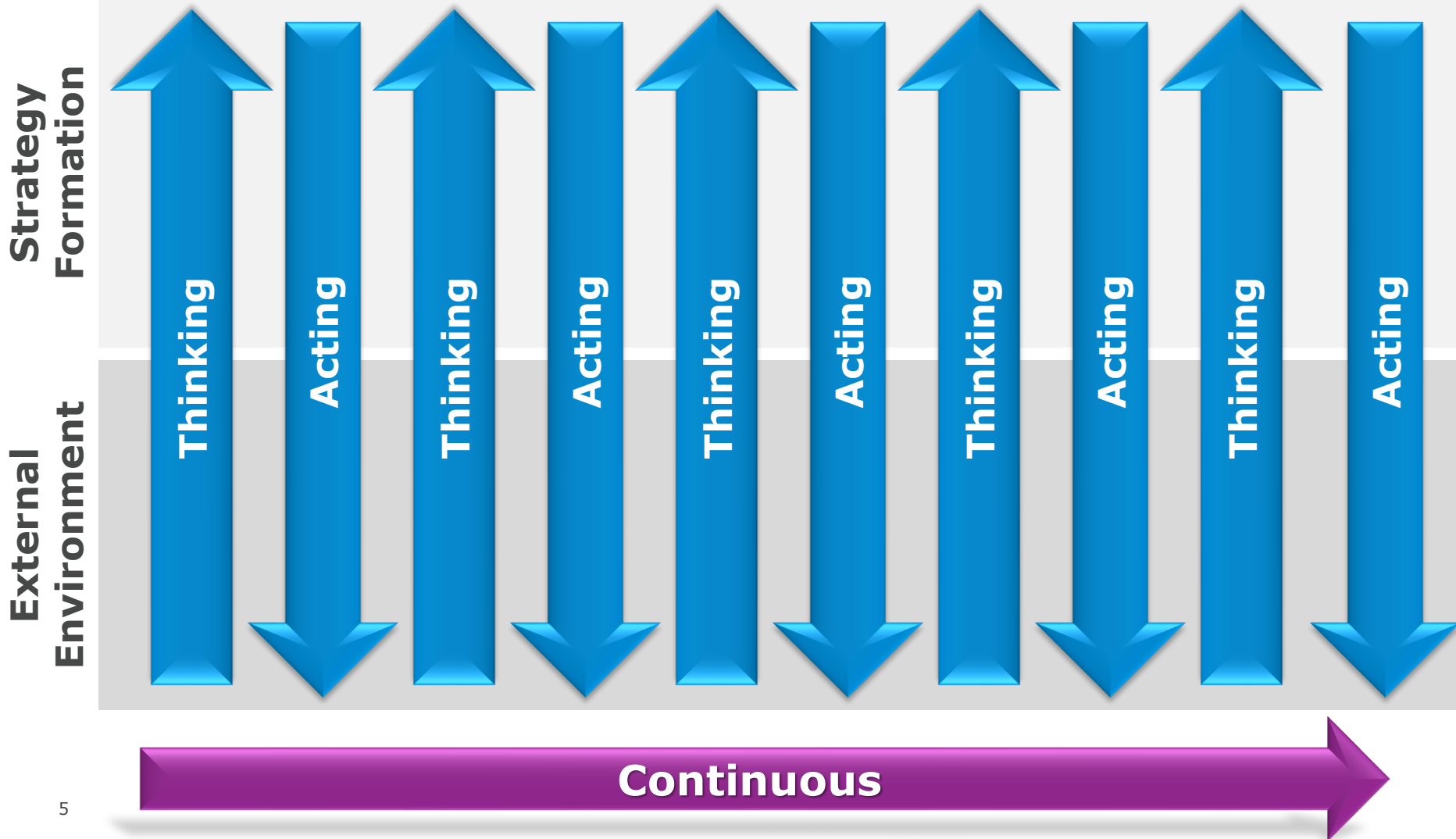
# TRADITIONAL STRATEGIC PLANNING TIME-FRAME



# PLANNING REVOLUTION

- Planning and market research conducted on a **continuous basis**.
- Defines the desired **impact** of your organization.
- Enables understanding of your unique **strategic advantages**.
- **Focuses more on the development of strategies** than lofty goals

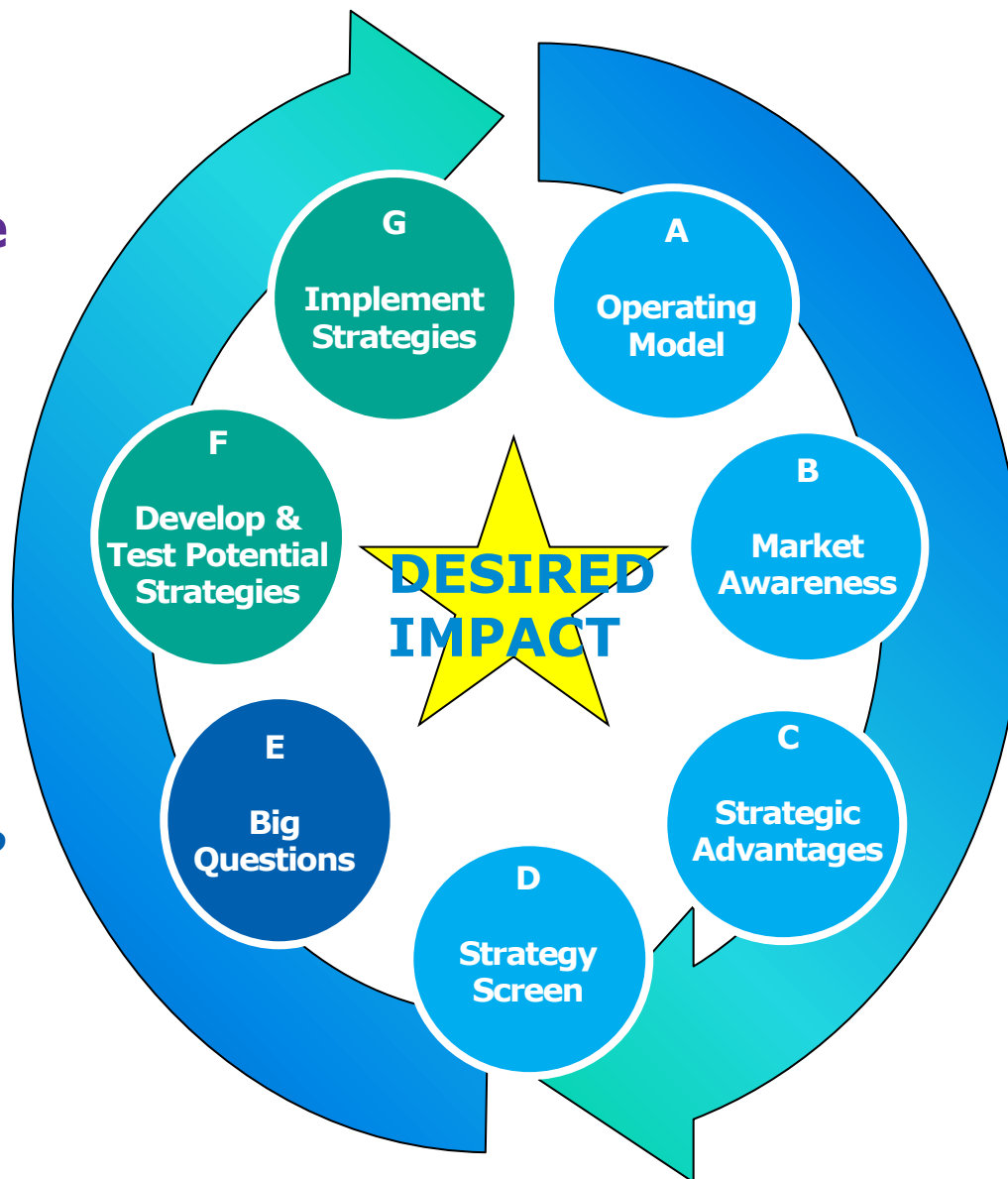
# REAL-TIME STRATEGIC PLANNING MODEL



# THE PLANNING CYCLE

How do we get there?

Who are we?  
Where are we?  
How did we get here?



Where do we go next?

What's the Big Question?

What sets us apart from like-providers?

What criteria will we use to make the best decisions?

# WHAT IS OUR DESIRED IMPACT

If you did everything you should as an organization, what would the community say was ARCH's **GREATEST IMPACT?**



# WHAT ARE OUR STRATEGIC ADVANTAGES?

**A strategic advantage is the ability to produce social value (having an impact; making a difference) by:**

- Using a unique asset (such as a strength that no other similar organization in your geographic area has)
- having outstanding execution (such as being faster, being less expensive, or having better service than other similar organizations in your geographic area).



# BIG QUESTIONS

An **opportunity or threat** to which the organization must respond.

Usually, it is **beyond the scope of the organization's current strategies**, thus requiring a new strategy.



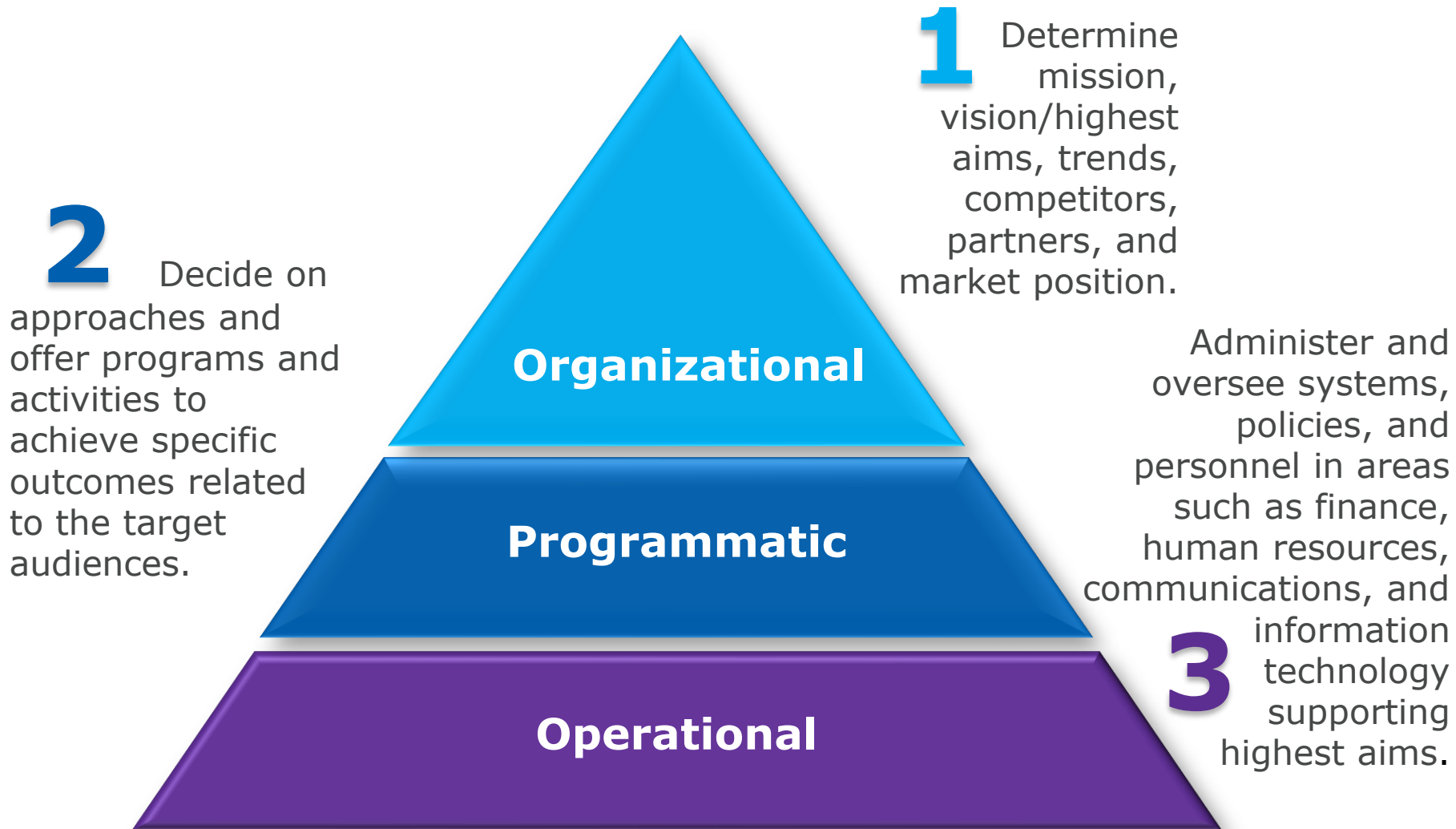
New Opportunity	New Challenge	Operational Model Challenge
Should we respond, and if so, how?	What can we do about this to preserve or strengthen our market position?	Can our current operational model survive this threat?

# WHAT IS STRATEGY?

**A coordinated set of actions** designed to create and sustain a **strategic advantage** in achieving an organization's mission.

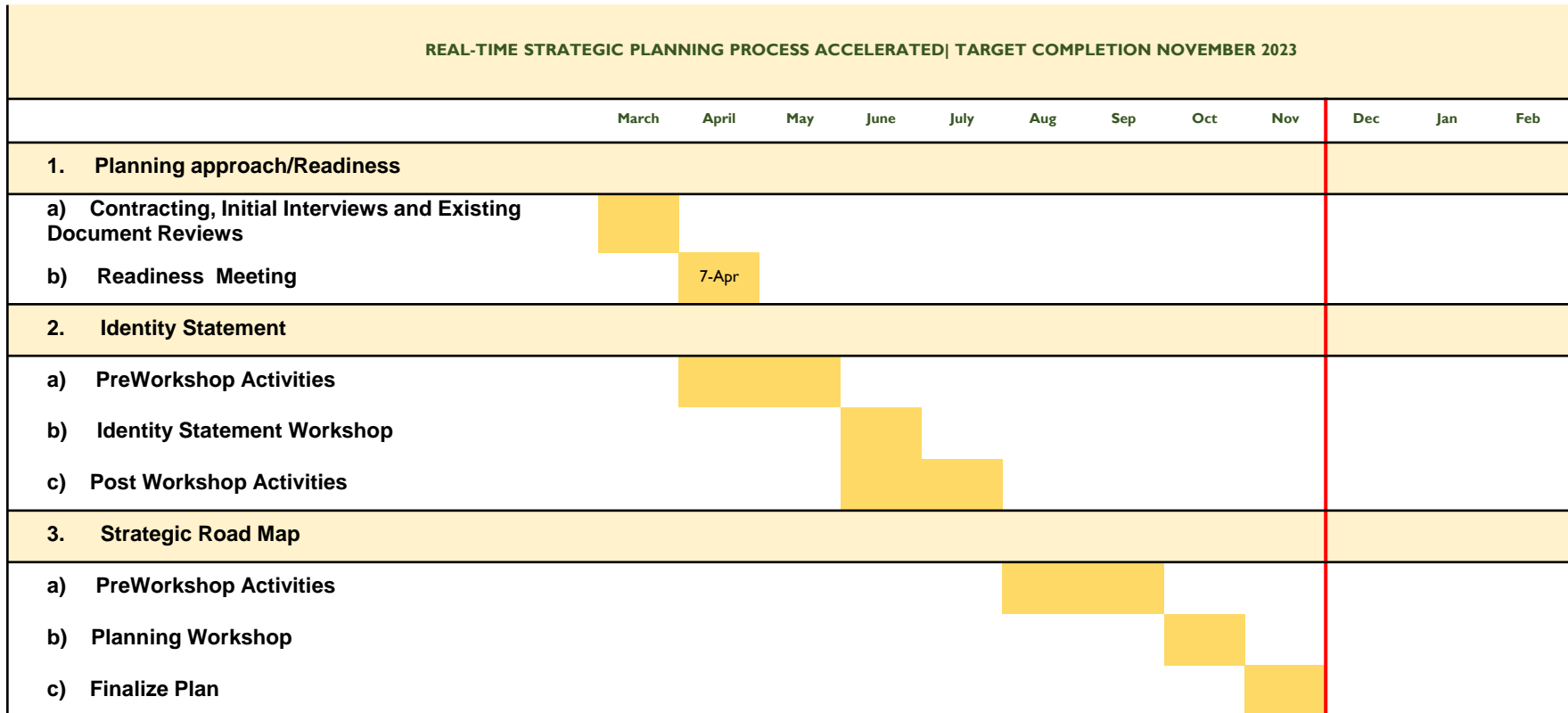
- ✓ **What strategies set us apart and differentiate us?**
- ✓ **How do we stand out - not only by what we do but by **how we do it?****

# STRATEGY IS FORMED AT THREE LEVELS



# PLANNING SHORTER OPTION

REAL-TIME STRATEGIC PLANNING PROCESS ACCELERATED | TARGET COMPLETION NOVEMBER 2023



# PLANNING LONGER OPTION



# QUESTIONS?



## **ITEM 5B: 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. At the March meeting, the Board received a briefing on recent organizational assessments and phased increases in staffing since 2019; reviewed baseline budget assumptions; and discussed Work Program priorities and potential issues that could be addressed through this year’s budget development process, or through ARCH’s upcoming strategic planning process. The Board had a robust discussion of these topics, and provided initial direction as follows:

- Approved baseline budget assumptions outlined in the March agenda packet
- Deferred more substantive issues about the scope of ARCH’s services and functions to the upcoming strategic planning process
- Affirmed priorities in the work program should include monitoring and maintenance of affordable units

At the April meeting, the Board will receive an overview of the draft Budget and Work Program and be asked for guidance on specific items, including Work Program priorities and a new budget request for outside counsel from the Bellevue CAO. The Board will also receive an update on efforts to make on-call planning consultant services available to members.

#### **Draft Administrative Budget**

Per the baseline budget assumptions approved by the Board, the draft administrative budget for 2024 shows the following:

- No staffing increases; current personnel estimates increase at 3.0% to reflect projected benefit rates and COLA (using 4.0% or 100% of estimated CPI-W)
- One staff position is fully funded by Bellevue’s 1590 sales tax, as approved in 2022
- Operating expenses increase by 4.9%; largest increase is to reflect a full year at new lease rates
- Insurance costs increased significantly due to major increases in Bellevue’s premiums
- Per capita dues reflect current population estimates (see Attachment 1)
- Administrative fees are reduced to \$165,000 based on reduced collections of \$150,000 in 2022 and overall slowing of real estate transactions
- Legal fees of \$95,000 (see next section for further details)

#### **Legal Services**

The baseline budget assumptions reviewed and approved by the Board in February included legal fees for outside counsel, which will be a new item in the budget. Staff have been in communication with the Bellevue City Attorney (CAO) to discuss a rough scope and estimate for what these fees could amount to (see attached **Budget Request for Outside Counsel** from the CAO). Further background on this topic is provided below.

### *Relevant Interlocal Agreement provisions*

In 2010, the ARCH Executive Board designated the City of Bellevue to act as the Administering Agency for the organization. Under ARCH's Interlocal Agreement (ILA), the Administering Agency is to provide support services on behalf of ARCH and act as its Fiscal Agent. Relevant ILA provisions include:

- Section 4d (Executive Board Powers): "The Executive Board shall have the power to... through its Administering Agency, enter into contracts and agreements for the provision of personnel and other necessary services to ARCH, including accounting and legal services and the purchase of insurance, and authorize the Administering Agency to execute such other contracts, agreements or other legal documents necessary for ARCH to carry out its purposes."
- Section 12f (Housing Trust Fund Procedures): "The Executive Board shall develop standard forms of approvals and agreements to be used in the application of funds contributed to the Housing Trust Funds Account..."

### *Legal Services Needs*

Since 2010, ARCH has utilized in-house counsel from the CAO to assist with legal agreements related to the Housing Trust Fund. Over time, the number and complexity of these transactions have grown, including new developments and also past projects going through refinancing, transfer of ownership or recapitalization. In some cases, such as the development of loan documents for the pilot bridge loan program with Microsoft, Bellevue has had to engage the help of outside counsel. Staff are not aware of a significant review of the standard agreements used for the Trust Fund since 2010, and over time have identified some changes that would be desirable for clarity and consistency with other financing programs.

Beyond the Trust Fund program, ARCH has played a central role in helping member cities to develop standard agreements for their local incentive programs (including for both rental and ownership projects). While these agreements vary in certain provisions according to local codes and policies, the bulk of the basic provisions related to definitions, monitoring and enforcement and overall administration are common among ARCH members. Similar to the Trust Fund, member cities have not undertaken a comprehensive review of incentive program agreements for many years.

Related to this, in 2019 ARCH retained a consultant to evaluate compliance issues within ARCH's Homeownership Program and recommend improvements to align the program with best practices. The assessment noted that "ARCH's covenant and other legal documents are state of the art, incorporating many thoughtful and strong protections for the public interest in ARCH homes... It is a triumph that ARCH has managed to align multiple cities on the same homebuyer covenant and other legal documents." At the same time, the report noted potential areas for strengthening the covenant to address the type of compliance issues discovered at the time, including the following immediate priority recommendations:

- *Convene a working group of attorneys from partner cities to coordinate short-term enforcement actions and to plan for changes to the legal structure to enable more*



*effective enforcement in the future. In particular, consider implementation of a Performance Deed of Trust which would be recorded along with the current covenants to increase the likelihood that ARCH will be notified in the event of foreclosures or unauthorized sale.*

- *Explore options for outsourcing legal work related to covenants and enforcement from multiple cities to a single outside legal firm.*

The report acknowledged that further discussion would be needed to determine how best to coordinate the various legal needs across members to ensure consistency and coordination.

#### *Funding for Legal Services*

The attached memo includes a simple outline of services to help address ARCH’s needs, including some one-time tasks, as well as ongoing services. Bellevue CAO has estimated \$95,000 in funding for ongoing services and \$155,000 for one-time services. The estimate for ongoing services is incorporated into the draft 2024 Budget. Separately, the Board may wish to discuss other options for funding one-time services. Options include:

- One-time increase to regular member dues
- Reduction in ARCH’s Operating Reserve
- Adoption of a loan fee to be charged in connection with Trust Fund loans

Should these costs be funded through the regular budget, the potential allocation of these costs on a per capita basis would be as follows:

	<b>2017-2021 average (ACS) Population</b>	<b>Pct of Total</b>	<b>One-Time Legal Services</b>
<b>EKC cities</b>			
Beaux Arts Village	325	0.1%	\$ 81
Bellevue	149,365	24.0%	\$ 37,164
Bothell	47,355	7.6%	\$ 11,783
Clyde Hill	3,118	0.5%	\$ 776
Hunts Point	324	0.1%	\$ 81
Issaquah	39,057	6.3%	\$ 9,718
Kenmore	23,556	3.8%	\$ 5,861
Kirkland	91,656	14.7%	\$ 22,805
Medina	2,928	0.5%	\$ 729
Mercer Island	25,506	4.1%	\$ 6,346
Newcastle	12,855	2.1%	\$ 3,199
Redmond	72,166	11.6%	\$ 17,956
Sammamish	66,532	10.7%	\$ 16,554
Woodinville	13,247	2.1%	\$ 3,296
Yarrow Point	1,365	0.2%	\$ 340
Unincorporated EKC	73,596	11.8%	\$ 18,312

If funding is approved, the CAO would conduct a competitive process to identify a qualified firm and then manage use of the services to remain within the annual budget.

### **Planning Consultant Services**

In 2022, given the expected uptick in planning work related to expanded GMA requirements and Comp Plan Updates, the Board provided direction to utilize up to \$100,000 in reserve funds for consultant services that ARCH could direct to supplement staff capacity. This decision reflected recent challenges members have experienced in recruiting both qualified planning staff and consulting firms, along with workload challenges for ARCH's planning staff.

In January, ARCH solicited interest from qualified firms and received four proposals. Based on these proposals, ARCH has contracted with one consultant team (comprised of Bay Area Economics and Street Level Advisors) to provide specialized services designed to support affordable housing incentive program analysis. This work will result in updated and refined tools for conducting economic analyses of members' housing incentives, and may also include engagement for specific planning efforts currently underway in member cities.

In addition, ARCH is planning to contract with an additional firm to provide general housing planning capacity on an on-call basis. This resource would allow members to utilize consultant capacity as-needed, and especially when ARCH staff capacity is being fully utilized. The current baseline budget includes a static \$25,000 for consultant services, which would mean individual cities would need to identify other funding for any significant projects that utilize consultant support in the future.

### **Staff Recommendation**

Staff recommend the Board provide direction on:

- Draft Work Program priorities
- Proposed budget request for legal services
- Options for funding one-time legal services

### **Attachments**

1. Population basis for calculation of member dues
2. Draft 2024 ARCH Administrative Budget
3. Draft 2024 ARCH Work Program
4. Budget Request for Outside Counsel (Memo from Bellevue CAO)

**Population Basis for Calculation of Member Dues**  
**(2020 vs 2021 ACS 5-year average)**

	<b>2016 - 2020 average (ACS) Population</b>	<b>Pct of Total</b>	<b>2017-2021 average (ACS) Population</b>	<b>Pct of Total</b>	<b>Change in Pct of Total</b>
<b>EKC cities</b>	<b>538,252</b>		<b>549,355</b>		
Beaux Arts Village	396	0.1%	325	0.1%	-0.01%
Bellevue	146,145	23.8%	149,365	24.0%	0.13%
Bothell	46,386	7.6%	47,355	7.6%	0.03%
Clyde Hill	3,360	0.5%	3,118	0.5%	-0.05%
Hunts Point	347	0.1%	324	0.1%	0.00%
Issaquah	38,707	6.3%	39,057	6.3%	-0.05%
Kenmore	22,969	3.7%	23,556	3.8%	0.03%
Kirkland	91,146	14.9%	91,656	14.7%	-0.16%
Medina	3,283	0.5%	2,928	0.5%	-0.07%
Mercer Island	25,820	4.2%	25,506	4.1%	-0.12%
Newcastle	12,078	2.0%	12,855	2.1%	0.09%
Redmond	67,959	11.1%	72,166	11.6%	0.50%
Sammamish	65,265	10.6%	66,532	10.7%	0.03%
Woodinville	13,038	2.1%	13,247	2.1%	0.00%
Yarrow Point	1,353	0.2%	1,365	0.2%	0.00%
Unincorporated EKC	74,587	12.2%	73,596	11.8%	-0.36%
	<b>612,839</b>		<b>622,951</b>		

# Draft 2024 ARCH Administrative Budget

Updated April 2023

	2023 Adopted Budget	Draft 2024 Budget	% Change	Notes
<b>I. TOTAL EXPENSES</b>	<b>\$1,874,248</b>	<b>\$ 2,215,589</b>	<b>18%</b>	Change to base staff/operating expenses is 3.86%; Legal fees bring increase to 8.9%
<b>A. Personnel</b>	<b>\$1,717,777</b>	<b>\$ 1,942,567</b>	<b>13%</b>	
Salaries	\$ 1,286,581	\$ 1,462,695		
Benefits	\$ 431,196	\$ 479,872		
General fund positions (11 FTEs)	\$ 1,717,777	\$ 1,768,636	<b>3%</b>	4% estimated COLA (100% of CPI-W) Approved in 2022; Funded by 1590 sales tax
Bellevue 1590 position (1 FTE)		\$ 173,931		
<b>B. Operating</b>	<b>\$ 103,142</b>	<b>\$ 108,192</b>	<b>4.9%</b>	
Rent & Utilities	\$ 38,117	\$ 44,133		First full year at new lease rates plus 3% annual increase
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>	
Insurance	\$ 15,750	\$ 32,000		Major premium increases in 2023 (70% for umbrella pol)
IT Services	\$ 12,579	\$ 12,830		
<b>D. Grants and Consultant Contracts</b>	<b>\$ 25,000</b>	<b>\$ 120,000</b>	<b>380%</b>	
Consultant Contracts	\$ 25,000	\$ 25,000		
Outside Legal Counsel Contract		\$ 95,000		Estimate for ongoing services per Bellevue CAO

	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 \$2.82 KC Per Capita \$2.44	Add'l \$0.37 Per Capita			
<b>II. TOTAL INCOME</b>	<b>\$1,874,248</b>			<b>\$ 2,215,589</b>			<b>18%</b>	
<b>A. Member Contributions (General Fund \$)</b>	<b>\$1,687,043</b>	<b>\$1,550,543</b>	<b>\$136,500</b>	<b>\$ 1,874,342</b>	<b>\$ 1,730,636</b>	<b>\$ 143,706</b>	<b>11%</b>	
TOTAL		BASE	ADD'L					
Beaux Arts Village	\$2,653	\$2,653		\$ 2,961	\$ 2,961		12%	
Bellevue	\$429,021	\$376,377	\$52,644	\$ 475,898	\$ 420,587	\$ 55,312	11%	
Bothell	\$119,461	\$119,461	\$0	\$ 133,344	\$ 133,344	\$ -	12%	
Clyde Hill	\$8,653	\$8,653		\$ 8,780	\$ 8,780		1%	
Hunts Point	\$2,653	\$2,653		\$ 2,961	\$ 2,961		12%	
Issaquah	\$113,628	\$99,685	\$13,943	\$ 124,441	\$ 109,978	\$ 14,463	10%	
Kenmore	\$62,304	\$59,154	\$3,150	\$ 69,646	\$ 66,330	\$ 3,316	12%	
Kirkland	\$267,567	\$234,734	\$32,833	\$ 292,029	\$ 258,088	\$ 33,941	9%	
Medina	\$8,455	\$8,455		\$ 8,245	\$ 8,245		-2%	
Mercer Island	\$69,646	\$66,496	\$3,150	\$ 75,137	\$ 71,821	\$ 3,316	8%	
Newcastle	\$34,255	\$31,105	\$3,150	\$ 39,514	\$ 36,198	\$ 3,316	15%	
Redmond	\$199,499	\$175,019	\$24,480	\$ 229,931	\$ 203,207	\$ 26,724	15%	
Sammamish	\$171,231	\$168,081	\$3,150	\$ 190,659	\$ 187,343	\$ 3,316	11%	
Woodinville	\$33,578	\$33,578	\$0	\$ 37,301	\$ 37,301	\$ -	11%	
Yarrow Point	\$3,484	\$3,484		\$ 3,844	\$ 3,844		10%	
King County	\$160,957	\$160,957		\$ 179,652	\$ 179,652		12%	
<b>Bellevue Detail</b>	<b>\$ 429,021</b>			<b>\$ 475,898</b>			<b>11%</b>	
Cash Contributions	\$ 215,762			\$ 239,426				
In-Kind Contributions	\$ 213,259			\$ 236,472				
Personnel	\$ 184,930			\$ 191,642				
Insurance	\$ 15,750			\$ 32,000				
IT Services	\$ 12,579			\$ 12,830				
<b>B. Dedicated Funds</b>				<b>\$ 173,931</b>			<b>NA</b>	
City of Bellevue HB 1590 Funds (HSP FTE)				\$ 173,931				Approved by Bellevue City Council in 2022
<b>C. Other Income</b>	<b>\$ 187,205</b>			<b>\$ 167,315</b>			<b>-11%</b>	
Homeownership Program Fees	\$ 185,000			\$ 165,000				Fee revenue dipped to \$150k in 2022
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	500000			\$ 500,000				
Board-Approved Reserves	100000			\$ 100,000				

# ARCH WORK PROGRAM: 2024

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# 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**
- ~~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 to evaluate and design members' 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 determine 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 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/CPP housing requirements so that the affordable and special housing needs across east King County are addressed.

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 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:

Jurisdiction	Incentive/Inclusionary Programs
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.**

*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:

- Facilitate development on affordable housing on suitable land owned by public agencies, faith-based groups, and non-profits housing entities.
- Analysis of affordable housing recommendations in the Wilburton neighborhood plan, Comprehensive Plan Periodic Update, and density incentives in the Land Use Code, including C-1 and Phase 2.
- Participate in developer selection processes and develop funding strategy for affordable housing on suitable public lands in proximity to transit hubs including 130th TOD parcels.

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.

Provide advice on city's effort to update Housing Needs Assessment, including coordination on scope/methodology, and potentially provide supplemental data.

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

Assist the city with process to identify Affordable Housing "Next Right Work" through participation in facilitated work sessions.

**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**

Assist with preparing the annual Affordable Housing Report Card/Analysis.

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.

Present Housing 101 to the Planning Policy Commission in late 2022/early 2023.

Help to evaluate potential projects/opportunities that arise under current or amended Development Agreements.

Coordinate marketing efforts to maximize awareness of affordable housing opportunities in Issaquah.

Support implementation and funding of the city's TOD project.

### **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.

Evaluate housing-related issues in 2024 Comprehensive Plan Update.

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

Assist with development of 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 understanding and synthesizing the Housing Needs Analysis findings with housing-related requirements under the Countywide Planning Policies and the Growth Management Act.

Provide input and assistance in the development of updated housing goals and policies for the City's Comprehensive Plan periodic update.

### **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.

Assist with scoping and stakeholder discussions regarding potential opportunities to increase revenue options to support affordable housing, and help with advocacy for expanded funding options.

Help evaluate programmatic approaches to support greater affordable homeownership opportunities.

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

Support City efforts to identify suitable projects for preservation as a mechanism to advance affordable housing objectives.

### **Sammamish**

Assist with data and scoping for a housing needs analysis, and review draft housing policies and goals for the City's Comprehensive Plan Update.

Work with City staff and the City's consultant to provide guidance in the development of the City's Housing Action Plan.

Assist with compliance with new requirements under HB 1220.

Help explore development of educational or promotional materials to encourage developers and property owners to consider more diverse housing types, such as duplexes.

As opportunities arise, support development of affordable housing options.

**Woodinville**

Provide advice on scope and data collection in support of the City's efforts to adopt a Housing Strategy 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.

DRAFT



Date: April 7, 2023  
To: ARCH Executive Board  
From: Kathy Gerla, Bellevue City Attorney  
RE: Budget Request for Outside Counsel

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## **Proposal**

The Bellevue City Attorney's Office (CAO) provides legal services to ARCH. Those services include negotiating and preparing documents for Housing Trust Fund projects as well as recommending updates to the template documents used for Trust Fund projects. These projects often involve complex financing and other issues. The CAO is seeking funding from ARCH members in the next annual budget to contract with outside counsel with specialized expertise in affordable housing issues. This contract would be an on-call contract that allows the CAO to have ready access to outside counsel when specialized expertise would be helpful in providing legal services to ARCH.

The proposal is to use outside counsel to perform the following work.

### *Ongoing*

1. Assist in negotiating and finalizing project loan, financing and other relevant documents for individual Housing Trust Fund projects. We anticipate this would be an ongoing on-call contract.
2. Use outside counsel as issues arise for which we could use some specialized expertise (e.g. the question concerning affordable housing income limits).

### *One-Time*

3. On a one-time basis, we would use the expertise of outside counsel, working with ARCH staff, to review the current Housing Trust Fund template documents and provide recommendations to the ARCH Executive Board on any amendments.
4. As part of providing technical assistance, the funding could also be used for the CAO to contract with outside counsel to review individual members' MFTE and Land Use Incentive Program boilerplates and provide recommendations on whether there are similar improvements member cities may want to consider.

## **Funding Request**

Total Request: \$250,000

Of this, we expect approximately \$95,000 would be ongoing costs and \$155,000 would be one-time costs.

## ITEM 5C: Rent Increase Policy Development Update

Ongoing updates on policy development regarding increases in rental rates within members' affordable housing programs and projects

### Background

In 2022, the ARCH Executive Board provided direction to initiate a policy development process in response to rent increases on low- and moderate-income tenants in affordable housing. The process is grounded in a range of policy objectives that balance the competing interests within affordable housing programs and is designed to incorporate a wide range of stakeholder perspectives.

The process has been underway since last fall, and staff are continuing to reserve time on the Board's monthly meeting agenda to provide reports on stakeholder engagement and obtain the Board's guidance on continued development of options.

### ***Rent Policy Work Group Discussions***

Following the broader set of outreach activities in the fall and winter of 2022, staff have been convening a smaller work group to discuss and further refine the options vetted by the Board. The preliminary consensus of the Work Group is a preference for a **tenant-based 3% rent increase cap**, with mechanisms to bank unused rent capacity and apply it over the life of a tenancy to ensure up to 3% average increases over time. This policy was derived from regulations recently adopted for the Bellevue Multifamily Tax Exemption (MFTE) program, provides for the following:

#### *BCC 4.52.095 Rent Stabilization*

*For the duration of any exemption authorized under this chapter, any rent increase for any existing tenant remaining in the same affordable unit, or in a similar type of affordable unit (e.g., very small dwelling unit, studio, one-bedroom, two-bedroom, etc.) within the same project, shall not exceed three percent in any given year as described herein:*

*A. When the King County median income increases by more than three percent in a given year, the project shall be permitted to increase affordable rents up to three percent that year.*

*B. When King County median incomes increase by three percent or less in a given year, the project shall be permitted to increase affordable rents by (1) the amount of the corresponding increase in median income; or (2) three percent, to allow the project's affordable rents to begin to catch up with King County median income calculations after having been capped due to conditions set forth in subsection A of this section. Under no circumstance may affordable rents exceed the current King County median income calculation.*

*The provisions of this subsection shall not apply to new tenants that move into affordable units, or existing tenants who move into a different type of affordable unit. In such an event, the rent and income qualifications shall be calculated based on the current, applicable King County median income at the time a lease agreement is executed. (Ord. 6582 § 14, 2021.)*

Work group members are continuing to discuss a number of potential issues and ways to refine and improve the policy. For example, one issue with this policy has been the potential increase in administrative burden to determine maximum rents for individual tenants. To help address this concern, ARCH staff have met in a smaller setting with property managers and developed an initial rent calculator tool that could help managers visualize how the policy affects a tenant's rent.

Other concepts under discussion include provisions to ensure tenants are able to renew their lease agreements, and development of a framework to evaluate the policy within a certain number of years and make adjustments to the cap if warranted by changing economic conditions. Staff and work group members have also discussed the need to ensure that any policy that would apply to affordable housing projects financed by ARCH would be aligned with the other major public financing partners, who are expected to take up the policy at the state level. Related to this, all relevant state rent stabilization bills have died in the current legislative session.

### ***Next Steps***

The work group is continuing to meet and will be working on a written recommendation that reflects the group's final consensus, as well as any areas of differing opinions or other comments. Once the work group concludes its report, ARCH would like to gather additional input from a broader group of stakeholders, including those that participated in discussions last fall. ARCH has also briefed member city staff liaisons.

### **Staff Recommendation**

Staff recommend the Board provide guidance on the timing and scope of further outreach and policy development ahead of the Board's ultimate action on the recommendation. Key questions include:

- How and when do Board members wish to engage with city councils on the recommendation?
- Does the Board desire to invite formal written comments on the policy before adopting a recommendation?
  - Are there any specific stakeholders or groups ARCH should make sure to reach out to when inviting final comments on the policy?