



## ARCH EXECUTIVE BOARD AGENDA

March 9, 2022

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 February 2022 Meeting Minutes
- 4) Public Comment
- 5) Reports / Action Items
  - a) ARCH Q3 2022 Report
  - b) Annual Budget and Work Program Discussion
  - c) Strategic Planning Discussion (continued)
- 6) Other Business
  - a) Verbal Updates
    - Planning Consultant Update
    - Community Advisory Board Recruitment
    - Rent Policy Work Group Update
    - Overlake Village TOD RFP
    - Middle Housing updates
    - Recruitment updates
    - Legislative updates
- 7) Adjournment

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

Approval of the February 2023 Executive Board Meeting minutes

#### **Attachments**

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

# A REGIONAL COALITION FOR HOUSING (ARCH)

## Summary Minutes to Executive Board Meeting

February 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  
Wally Bobkiewicz, City of Issaquah, City Administrator  
Debbie Bent, Kenmore, Community Development Director  
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  
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  
Brandon Buchanan, City of Woodinville, City Manager

### Absent:

Kelly Rider, King County, Director of External Affairs, Department of Community & Human Services

### Others Present:

Chad Vaculin, Housing Development Consortium, Advocacy and Mobilization Manager  
Mark Hofman, City of Newcastle, Community Development Director  
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  
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 9:02am.

### 2. APPROVAL OF THE AGENDA

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

### 3. APPROVAL OF THE MINUTES

Ms. Helland asked if there were any changes to the minutes of January 12, 2023. There were no changes.  
*Mr. Triplett moved that the minutes be approved. Seconded by Ms. Carlson. Approved 11 – 0.*

### 4. PUBLIC COMMENT

No public comments.

## **5a) Legislative Coordination and HB 1628 update**

The Housing Development Consortium (HDC) has been working with legislators to on HB 1628, which was introduced in January and had its first public hearing on February 7th. The bill has 31 sponsors and a robust community of advocates who are prepared to show their support. Chad Vaculin, HDC, presented to the board to provide an update on the legislation and shared ways for cities to show their support.

Ms. Bent asked if a letter of support from ARCH signed by all member cities would be needed in the case of a bill like this where all jurisdictions support it. Ms. Masters responded that in the past, members have not weighed in on individual bills as a coalition, but have expressed shared support for broad priorities. However, this bill is unique because the member elected officials have been engaged on the topic since last year and the ARCH Board has spent a lot of time discussing its importance. If the majority of board members support a letter from ARCH, then that is something that can be done, but individual city efforts are still encouraged.

Ms. Helland agreed and added that individual cities' efforts will be important so that councilmembers are also aware of the support shown towards HB1628.

Mr. Stannert shared that the early discussion and coordination on this item was important and helpful to get supporting language in Bothell's legislative agenda, but remains cautious about getting in front of any councilmembers, and would be willing to talk to the council if the Board wants to do something, but suggested that the board craft a coordination statement where jurisdictions show support and talk about their membership in ARCH.

Ms. Helland agreed and added that ARCH staff should draft a letter that could be sent from cities individually referencing that as members of ARCH, housing as important to our regional success and livability and then circulate to board members so they can decide how to best matriculate through their internal processes as they see fit. Board members agreed.

Ms. Masters noted that the Association of Washington Cities (AWC) will also be putting out a template letter for cities to sign onto. Ms. Helland asked Ms. Masters to keep the board updated on that letter as well, and also asked Ms. Masters to prepare a letter that could be the voice of the coalition for cities to use individually. Mr. Stannert suggested perhaps staff could simply prepare a few sentences to add to the AWC letter. Mr. Vaculin agreed both approaches would be work as long as its coordinated.

Mr. Triplett shared that he thought a more powerful statement could be specific to the projects that are ready and need funding, and is an opportunity ARCH has to help cities show funds can be put to work quickly.

Ms. Masters agreed to get back to the Board on an approach, and then turned to the broader question of legislative coordination, noting this is an emerging topic that should be addressed in the upcoming strategic plan.

Ms. Helland pointed to the framing questions in the agenda, and asked what resources cities currently expend to develop their legislative priorities. Ms. Carlson responded that the City of Bellevue has a state and federal lobbyist, two dedicated in-house staff as well as multiple departmental resources for reviewing legislation. Ms. Helland stated the City of Redmond has a dedicated governmental affairs person, a lobbyist at the state level and city directors also take time to review bills.

Mr. Triplett noted the City of Kirkland has a dedicated governmental affairs position, a contract lobbyist in Olympia, and directors who are the subject matter experts.

Mr. Stannert noted the City of Bothell has no dedicated staff but does have a contract lobbyist firm at the state as well as at the federal level, and the rest is made up by the city manager's office and departments for subject matter expert review. Getting internal coordination settled first will be a priority before coordinating with other entities.

Ms. Bent shared that the City of Kenmore has a contract state lobbyist but no dedicated staff, but the deputy city manager has a focus on housing, and the city is in the process of creating a dedicated housing manager.

Mr. Pingel noted the City of Newcastle has a state lobbyist and then the rest is done between Mr. Pingel and directors. Ms. Van Gorp shared that the City of Mercer Island has no dedicated staff, and this is their first year having a contract state lobbyist, but staff is stepping in and helping where they can.

Mr. Rohla stated the City of Clyde Hill does not have a dedicated lobbyist or designated staff. Mr. Burns also noted the City of Medina does not have dedicated staff, rather it falls on directors to monitor and weigh in, there is one contract to help with lobbying on issues related to 520, but no other resources.

Mr. Pyle shared that the City of Sammamish has \$100K across two years to support a dedicated lobbyist consultant; one of the council's priorities is support for the State Trust Fund, but staff do need council direction to be able to sign onto anything more specific like REET3. Staff are challenged with the turnaround time to do this during the session, and any lead time is appreciated.

Mr. Buchanan shared the City of Woodinville has an intergovernmental affairs person to help keep track of what is going on in Olympia and a contract state lobbyist, as well as directors that look at specific bills that are flagged for input and comments.

Ms. Helland raised the question of what timing is needed to coordinate legislative agendas, if councils are willing to coordinate, and does anyone incorporate outside agencies' agendas. Redmond used to but does not. Ms. Carlson said Bellevue is the same.

Ms. Masters added that there are a couple options, one would be similar to the approach taken last year where ARCH convenes members to discuss a specific topic and priority it wishes to advance; another broader approach is to convene either intergovernmental or planning staff that help prepare cities' housing priorities and determine areas of common interest and potential alignment.

Mr. Pyle noted that within the countywide planning policies under review by GMPC there is an emphasis on collaboration and partnerships to accelerate delivery of housing, as well as policy direction on how cities can take credit for collaborative efforts, and those are important background points that are reasons Sammamish would support greater collaboration and partnership in this area.

Ms. Carlson offered that Bellevue's process starts with staff generating ideas in the summer, and then transition to government relations staff, and either of those could be good timing to call together those experts to see what is emerging to disseminate to cities that don't have dedicated staff. Ms. Helland offered this could be a Q2 meeting of ARCH liaisons.

Mr. Stannert reiterated a similar July/August timing for staff to meet with the city's lobbyist, so an ARCH conversation before September would be very helpful.

Board members continued discussing this item.

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

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

Ms. Masters updated the Board on ongoing policy development regarding increases in rental rates within members' affordable housing programs and projects. Key updates to highlight include interviews with agencies outside Washington, meeting with demographers to see how HUD median income compares to other benchmarks, discussion with WSHFC on statewide policy prospects, additional outreach to property managers and creating a working group of stakeholders to discuss refined options.

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

### **5c) Affordable Housing Incentives Presentation (continued)**

Mr. Stanger, ARCH Senior Planner, continued briefing and discussing the local inclusionary housing and MFTE programs, demonstrating the types of analysis ARCH conducts to support program development through a dashboard with various inputs and outputs, and discussed further opportunities to utilize those tools more fully across the region. Presentation can be found in the Executive Board agenda.

Board members noted the appreciation for the dashboard created by Mr. Stanger and briefly discussed ways that the tool could be used by cities.

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

### **5d) Apple Health and Homes Program**

Ms. Masters briefed the Board on this item, sharing that the State is in the process of establishing a new program called Apple Health and Homes that funds the development and operation of specific units in permanent supportive housing (PSH) for a subset of individuals enrolled in Foundational Community Supports (FCS). To implement the program, the Department of Commerce developed draft guidelines that establish requirements and detail the roles of different agencies. ARCH provided some feedback together with other public funders in King County and signed onto a comment letter organized by the Washington Coalition for Permanent Supportive Housing. Both ARCH and Kenmore have been closely following the establishment of the program because the State has indicated its desire to invest those funds in the Plymouth Housing project located in Kenmore. ARCH staff will continue to track the development of this program and provide updates as the State moves forward on its implementation.

Mr. Triplett ask what the rationale from the State to set-up a separate referral process was. Ms. Masters responded that there was language in the legislation that talked about a coordinating entity helping to get people who meet the eligibility criteria placed, and the State interpreted that as creating a new entity rather than coordinating with existing entities.

**No further action required from the Executive Board.**

## **6) OTHER BUSINESS**

### **Verbal Updates**

- Strategic Planning Update – Ms. Masters updated the Board on this item, providing a recap of the Board’s goals and guidance on the process of implementing those goals. Ms. Carlson would like to think about capacity and maybe flexibility to adjust the schedule, so the right questions and touch points are addressed. Ms. Masters agreed.
- Middle Housing RFP release – Middle Housing Funds were put out into an RFP and staff expect proposals from Community Based Organizations due on Friday 2/10/2023.
- Recruitment updates – Two new positions are currently being advertised.
- Horizon at Together Center lease-up – The Together Center project is moving forward and taking applications for 80 new units in the first phase that will serve people at 30-50% AMI levels and ARCH has sent out an announcement on this to their mailing list.

Ms. Helland reminded the Board that she sent out the template for Ms. Masters’ performance evaluation and needs board members to reach out by Friday, February 17<sup>th</sup>.

## **7) ADJOURNMENT**

Meeting was adjourned at 10:25am.

## ITEM 5A: ARCH Third Quarter 2022 Report

### Submission of ARCH Third Quarter 2022 Report

#### Background

The ARCH Interlocal Agreement requires the submission of “quarterly budget performance and progress reports on the status of the work program elements to the Executive Board and the governing body of each Party.” Highlights from the third quarter of 2022 include:

#### *Administration*

- Revenues were on track to meet budgeted totals, and expenses were within budgeted totals; available reserves are adequate to fund activities previously approved by the Board and meet minimum reserve requirements.

#### *Investment/Special Projects*

- ARCH received a historic level of funding applications in its Fall 2022 funding round, with approximately \$13 million in Trust Fund requests for over 800 units, and over \$30 million in requests for Bellevue Housing Stability Program funds.
- ARCH worked with Amazon and Imagine Housing to facilitate a \$2 million grant to the Samma Senior Apartments project in Bothell, which provided the last piece of financing needed for the project to start construction.
- Another successful award of affordable housing infrastructure funds was received (\$1 million to Horizon at Totem Lake), following collaboration by ARCH and Kirkland on the application to Commerce.
- ARCH staff provided analysis and advice to the City of Redmond ahead of a Request for Proposals on a key Sound Transit property that will be available for affordable housing.
- ARCH staff continued closed coordination with the City of Kenmore on the partnership with Plymouth Housing to develop 100 units of affordable housing on City-owned property.

#### *Policy and Planning*

- Completed elected official focus groups on affordable housing revenue options, and facilitated a Board discussion of relevant legislative priorities
- Convened members to discuss coordination of Middle Housing grant activities, and developed an MOU to pool funds for partnership with Community-Based Organizations.
- Supported analysis to revise Kenmore’s affordable housing incentives in its TOD overlay zone.

#### *Program Implementation (Incentive, Rental and Homeownership Programs)*

- Following consultation with ARCH members and the Executive Board, staff published updated annual income and rent limits reflecting a 16% increase in allowable rents
- Staff obtained Board direction to begin a policy development process to look at alternative methods of regulating rent increases in affordable housing.

- Two new projects in Redmond came online in the Rental Program (Verde, 64 units, and Spectra Phase 1, 12 units).
- The Homeownership Program saw an increase in sales of new construction homes (21 homes in Issaquah and Duvall), while resale activity showed some signs of slowing.

#### *Education and Outreach*

- Applications for the ARCH mailing list, which have been at an all time high in 2022, continued at a high pace, with another thousand households added in Q3.

#### Staff Recommendation

As ARCH transitions to a new Work Program year, staff recommend the Board provide any new guidance on the format for quarterly reports, and discuss what communications ARCH should consider developing in the future to engage member staff and councils.

#### Attachments

1. ARCH Quarterly Report for the Executive Board (Third Quarter 2022)



A REGIONAL COALITION FOR HOUSING

QUARTERLY REPORT

FOR THE

ARCH EXECUTIVE BOARD

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Third Quarter 2022

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## I. AFFORDABLE HOUSING INVESTMENT

### A. ARCH Housing Trust Fund

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

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

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

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

Project	Sponsor	Funding Year	Total Units/ Beds	Funds Awarded	Disbursed	Status
Eastgate Shelter	Congregations for the Homeless	2014, 2019, 2021	100	\$4,800,000	\$4,800,000	<i>Construction has commenced with the project expected to be completed on time. The award is fully disbursed. The final draw was paid in May.</i>
Trailhead, Issaquah TOD	King County Housing Authority	2017	155	\$2,000,000	\$0	<i>Continued progress is being made on site control agreements with Lumen (formerly Century Link). Financing anticipated to move forward in the next year.</i>
Samma Senior Apartments	Imagine Housing	2019/2020	54	\$3,250,000: (\$750,000 CDBG funds and \$2,500,000 Local funds)	\$750,000 (CDBG funds) \$1,612,003 (Local funds)	<i>CDBG funds disbursed for site acquisition. Permanent financing closed in October, 2022 construction is underway. \$1.61M of local funds were drawn down at closing.</i>
Together Center Redevelopment	Inland Group/Horizon Housing Alliance	2019	280	\$6,750,000: (\$2,750,000 plus \$4M from Redmond In-lieu fees)	\$6,750,000	<i>Construction underway, ongoing disbursements. All tenants have been relocated. First building expected to open in spring 2023. The award is fully disbursed. The final draw was paid in February 2023.</i>

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

## B. Special Initiatives

### Infrastructure Funding for Affordable Housing

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

### Surplus Property

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

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

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

### Eastside Shelters.

- **Men’s Shelter.** Congregations for the Homeless continues to make significant progress on the construction of the long-awaited Men’s Shelter at Eastgate, while continuing to operate at a temporary location.
- **Youth Shelter.** Friends of Youth submitted a funding application for \$650,000 to ARCH, in addition to requests to other funders, for the renovation of a commercial building in the city of Kirkland to serve as a replacement site for its youth/young adult shelter, which was formerly located in the Together Center. The agency is hoping to bring the shelter online in advance of the lease expiration at its temporary location in Redmond in Q1 2023.

## II. HOUSING POLICY AND PLANNING

### A. Local Policy and Planning.

#### **Bellevue**

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

#### **Bothell**

- Parking reductions.
- Missing middle.

#### **Kenmore**

- Inclusionary zoning analysis and code amendments.

#### **Redmond**

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

### B. Inter-local Planning Activities.

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

### C. State Legislative Activities.

- Participated in Commerce Department’s MFTE Advisory Committee.

### D. Regional/Countywide Planning Activities.

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

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

#### **Long Term Funding/Dedicated Revenue Strategy**

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

#### **Rent Increase Policy Development**

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

## III. HOUSING PROGRAM IMPLEMENTATION

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

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

### B. Stewardship of Affordable Housing

#### Affordable Rental Housing Monitoring

ARCH staff performed the following tasks this quarter:

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

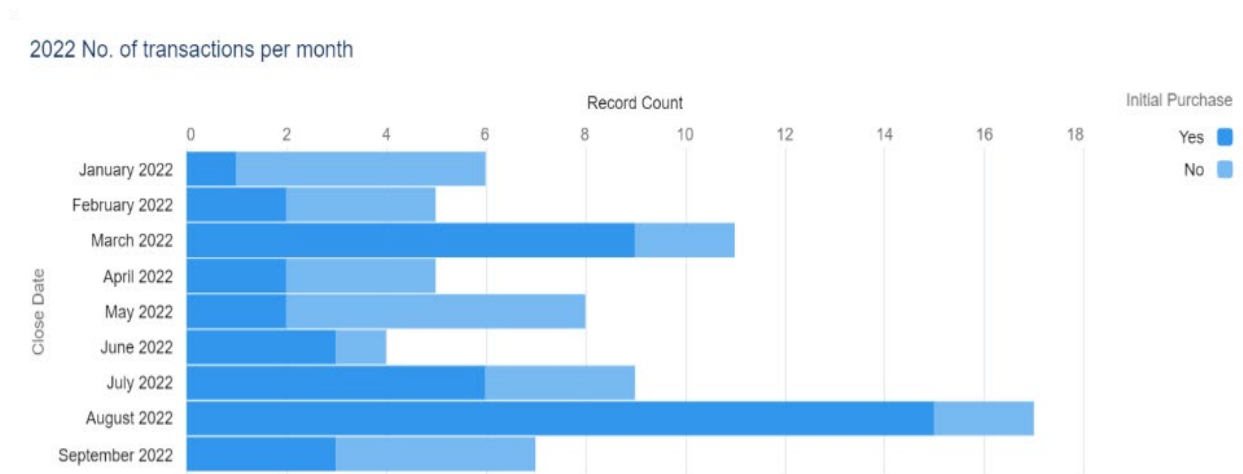
#### ARCH Trust Fund Project Monitoring

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

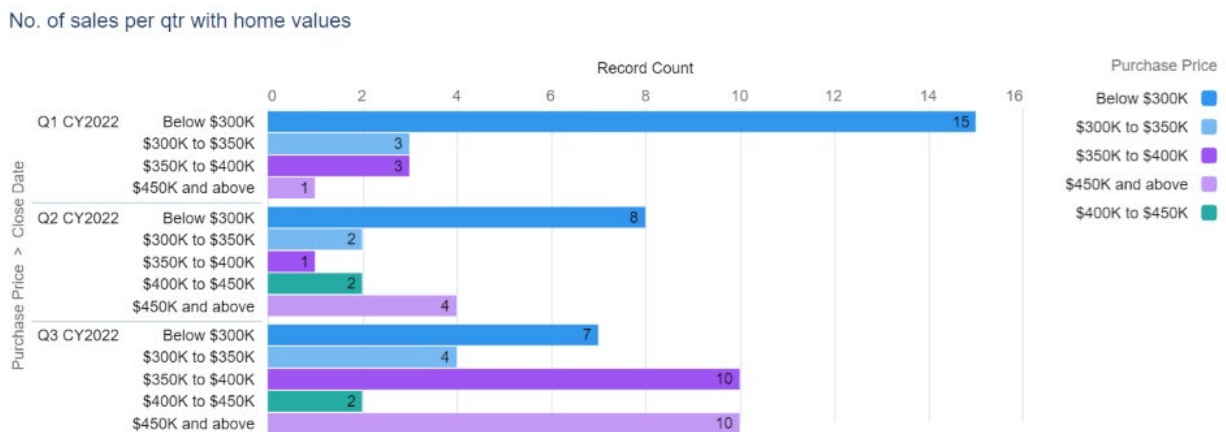
## ARCH Homeownership Program

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

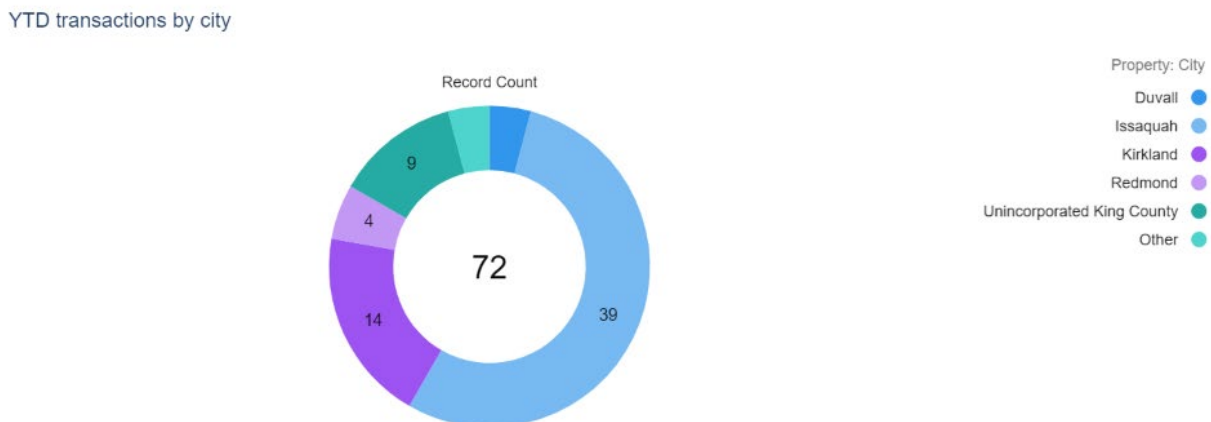
### a) Total Units Closed per month – New Constructions and Resales



### b) Number of Transactions by Price Range



### c) Number of Transactions by Jurisdictions



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

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



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

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

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

## IV. EDUCATION AND OUTREACH

### A. Housing 101/Education Efforts

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

### B. Information for the Public.

- **ARCH Website.** Continued updating the resources page, updated the Affordable Apartment List, and added notifications of new open office hours. The website was designed to highlight the most sought-after information on affordable housing availability and application processes. Links and information regarding tenant protections in Kenmore and Unincorporated King County were also added.
- **Assist Community Members Seeking Affordable Housing.** The ARCH office maintained open office hours and continued work to provide up to date information through ARCH website, phone, and email communication to assist households seeking housing assistance. Notified interested buyers about affordable homes for sale. Notified the mailing list about upcoming rental opportunities. Continued to update the Homeownership page of the ARCH website with active listings.

Staff have continued to see an elevated level of people seeking affordable housing, as well as other resources such as rental and utility assistance. The number of households on the ARCH mailing list continues to grow and reach an all-time high each quarter.

**Table 4. Affordable Housing Interest**

	Q1	Q2	Q3	Q4	YTD
New applications for ARCH mailing list	1,377	1,177	1,070		3,624
Ownership Interest	1,118	875	775		2,768
Both	507	462	452		1,421

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

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

- ARCH staff continued to meet with the Eastside Homelessness Advisory Committee and providers at the Together Center to provide updates and network resources.
- Continued work with organizations in the community such as, Hopelink, Catholic Community Services, Muslim Community Resource Center, and many others to maintain an updated Resource Page on the ARCH website.
- Staff met with Safe Haven: Cafecito, a group of providers and partners in East King County to inform them of ARCH roles in the community and work on future collaborations.
- ARCH staff presented at the Urban Land Institute's Center for Leadership
- ARCH staff presented at the Appraisal Institute's annual conference.

## V. ARCH OPERATIONS

### A. ARCH Operating Fund

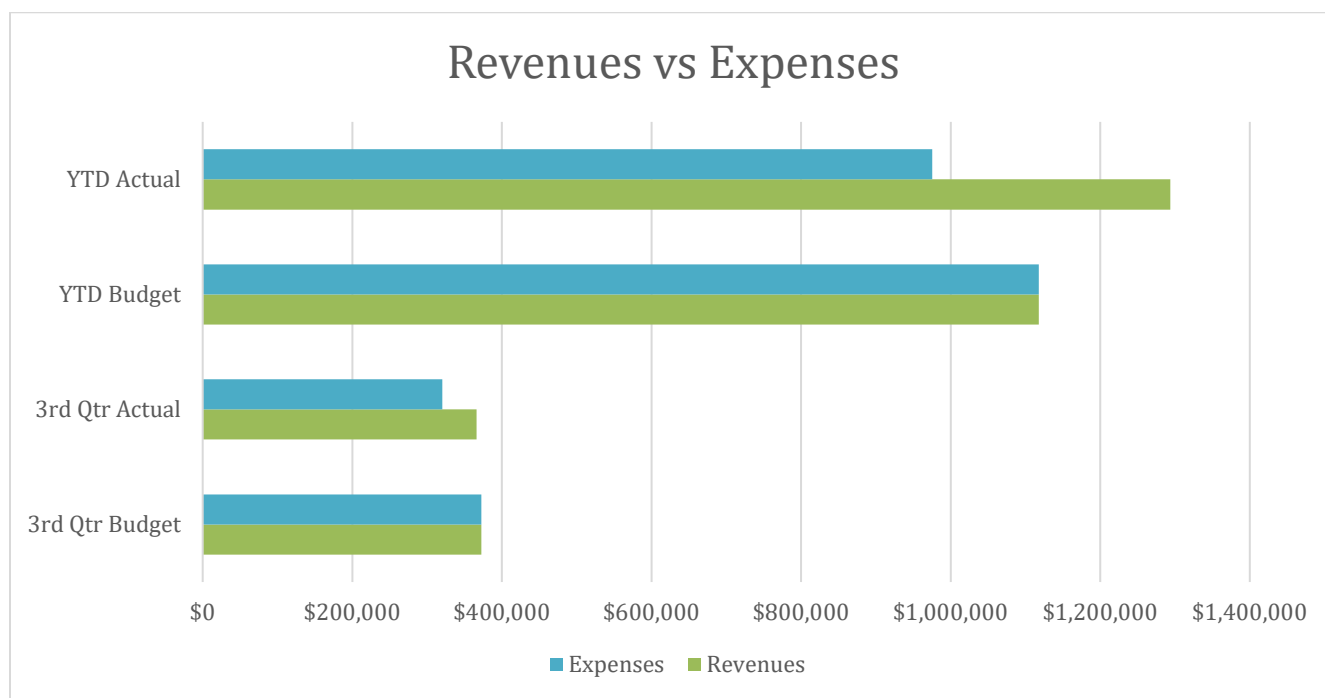
ARCH began the third quarter with a cash balance of \$1,011,622 and finished the quarter with a balance of \$1,057,330. Revenues reported below included all pending payments that may not have been received by end of the quarter.

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

Quarter 3

Table 1: Summary of Revenues and Expenses

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



## C. Operating Revenues

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

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

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

## Reserve Fund Expenditures and Special Project Grants

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

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

### Quarter 3

Table 4a: Available (Uncommitted) Reserve Funds	
Cash Balance (End of 3rd Quarter 2022):	\$1,057,330
(less) Administrative Reserve (33% Admin budget)	(\$496,821)
(less) remaining projected expenses through YE 2022	(\$515,143)
(plus) remaining projected revenues through YE 2022	\$196,907
Sub-Total	\$242,273
(less) committed, unexpended reserve funds	\$0
Balance (Uncommitted Reserve Funds):	\$242,273

Table 4b: Committed Reserve Funds

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

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

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

#### 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 will receive a briefing and begin its annual discussion of the ARCH Budget and Work Program.

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
- Provide initial guidance on overall priorities within the Work Program and other issues that should be addressed as part of this year’s Budget and Work Program development

#### ***Recent Organizational Assessments and Staffing Growth***

Starting in 2019, ARCH has undertaken two consultant assessments of its work program and organizational capacity. The first assessment, completed in June 2019, focused on staffing levels and program policies and procedures within ARCH’s Homeownership Program. The report recommended immediate increases of 2-3 positions, and ongoing evaluation of staffing levels to ensure adequate growth relative to the number of new homes coming online, ensuring a ratio of no more than 350 units per FTE dedicated to the Homeownership Program.

Based on this assessment, the Board added 2 positions on an emergency basis, which were hired in late 2019 and eventually incorporated on a permanent basis in ARCH’s regular budget. One of these was focused on the Homeownership Program, bringing the program just within the recommended ratio, and the other was focused on the Rental Program, which encompasses a growing number of rental covenants created through local incentive programs and development agreements.

While developing the 2021 budget, due to uncertainties around the pandemic, the Executive Board decided to hold member dues constant at 2020 levels and limit budgetary growth to the minimum needed to preserve current operations. To fund the gap caused by inflation, ARCH relied on newly adopted program fees, which are now at levels sufficient to cover 1 FTE.

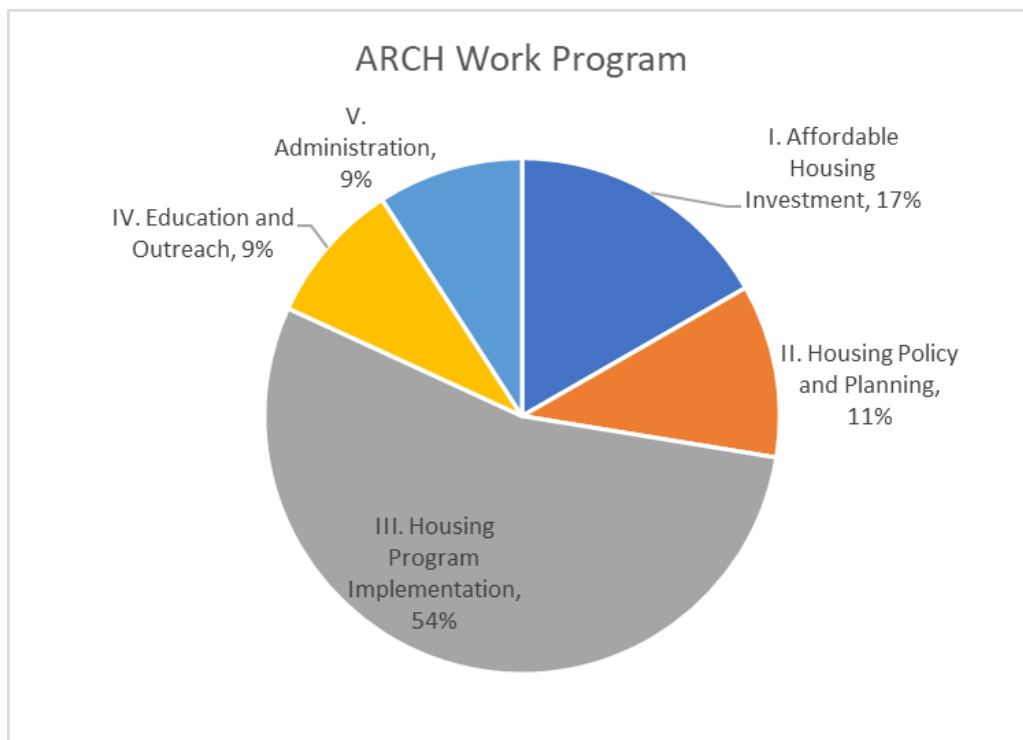
The following year, ARCH was also able to take advantage of a grant opportunity to work with Cedar River Group on a broader organizational assessment (attached). The assessment was a more expansive evaluation of ARCH, including past accomplishments and trends in staffing/workload; current needs and priorities among members and other

stakeholders; gaps in staff capacity and areas of work not getting completed; and thoughts on what would be necessary to accommodate membership by new jurisdictions.

This assessment informed the Board’s budget recommendation for 2022 and 2023, which involved a two-step plan for phased growth, adding 2 FTEs in 2022 and 2 more in 2023. The positions added in 2022 were dedicated to Incentive Program administration and Trust Fund program administration (including loan monitoring and contract administration). Separately, the City of Bellevue authorized an additional position in late 2022 that will be dedicated to helping administer the capital funds in its Housing Stability Program. In 2023, new positions will include a manager to oversee existing staff and support program development, as well as a program coordinator that will bolster ARCH’s outreach, education and marketing activities tied to the Homeownership and Rental programs.

### **Current Work Program and Staffing Allocation Since 2018**

The ARCH [Work Program](#) is organized around five areas, with staffing allocated across these areas as shown in the chart below.



Recent increases in staffing have been focused foremost in the area of Housing Program Implementation, which includes City Incentive Programs (both land use and tax incentives), and Rental and Homeownership Programs. The rationale for this focus has been to ensure that the affordable housing created through local programs is effectively preserved, and property owners remain in compliance with covenant and contract requirements.

While these staffing increases have helped to stabilize and improve ARCH's administration of local programs, overall staffing levels remain lean relative to other programs. ARCH's Homeownership Program, for example, is the largest of its kind in the Puget Sound, with roughly 3 FTEs administering close to 800 resale restricted homes and growing. By comparison, Habitat for Humanity maintains roughly 600 homes with a homeowner services team of 8 people. While there are key distinctions with ARCH's program model, the differences in staffing have important implications for the level of services ARCH can provide to current and prospective homeowners.

Staffing related to Affordable Housing Investment has also seen some growth, in part due to an increase in the amount and number of funding sources being invested by members. In addition to local general funds and CDBG funds, ARCH members are now collecting and investing fee in lieu funds, HB 1406 sales tax funds, and HB 1590 funds (known as Housing Stability Program funds in Bellevue). The latter program alone roughly doubles the amount of funding that will be available on an annual basis. New staffing has been the minimum necessary to keep up with the increased level of funding applications, contract closings and also back-end loan monitoring work for completed projects. ARCH can now better keep up with functions like loan servicing and review of properties' financial performance, however we are still not staffed at levels needed for more in-depth oversight such as physical inspections or involvement in ongoing management policies.

	2018-19	2020-21	2022	2023	Net Increase since 2018
<b>ARCH WORK PROGRAM</b>	<b>FTEs</b>	<b>FTEs</b>	<b>FTEs</b>	<b>FTEs</b>	
<b>I. Affordable Housing Investment</b>	<b>1.2</b>	<b>1.2</b>	<b>1.8</b>	<b>3.0</b>	<b>1.8</b>
Housing Trust Fund	1	1.0	1.6	1.7	0.7
Bellevue Housing Stability Program				1.0	1.0
Special Projects	0.2	0.2	0.3	0.3	0.1
<b>II. Housing Policy and Planning</b>	<b>0.7</b>	<b>0.8</b>	<b>1.2</b>	<b>1.2</b>	<b>0.5</b>
Local Policy, Planning and Code Development	0.4	0.5	0.7	0.7	0.3
Inter-Local/Eastside Planning Activities	0.2	0.2	0.4	0.4	0.2
Regional/Countywide Planning	0.1	0.1	0.1	0.2	0.1
<b>III. Housing Program Implementation</b>	<b>2.2</b>	<b>3.8</b>	<b>4.4</b>	<b>5.4</b>	<b>3.2</b>
Administration of Housing Incentives	0.7	1.3	1.4	1.8	1.1
Stewardship of Affordable Housing (Rental, Homeownership, Trust Fund Monitoring)	1.5	2.5	3.0	3.6	2.1
<b>IV. Education and Outreach</b>	<b>0.5</b>	<b>0.6</b>	<b>0.7</b>	<b>1.2</b>	<b>0.7</b>
<b>V. Administration</b>	<b>0.4</b>	<b>0.6</b>	<b>0.8</b>	<b>1.2</b>	<b>0.8</b>
	<b>5.0</b>	<b>7.0</b>	<b>9.0</b>	<b>12.0</b>	<b>7.0</b>

Relative to other Work Program areas, Policy and Planning has seen minimal additions to staff capacity. In 2022, some members expressed a desire to obtain greater policy and planning support from ARCH, in light of upcoming Comprehensive Plan Updates and added



housing requirements under the Growth Management Act. However, in the absence of a consensus on the Board around adding any dedicated planning staff, the final budget recommendation for 2023 instead authorized staff to utilize up to \$100,000 in one-time reserves to bring on additional consultant capacity.

### **Current Work Program Priorities**

Because ARCH's Work Program has become fairly expansive over the years, the Executive Board has more recently elevated specific priorities within the Work Program to help focus staff resources and energy. The following priorities were identified for ARCH's 2022 Work Program:

- 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
- Facilitate and advance proposals for dedicated revenue sources for affordable housing in East King County
- Continue to expand ARCH's capacity to accomplish its broader mission
- Develop compliance tools to meet evolving program needs, and 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
- Develop a strategic planning process to guide the ARCH coalition into the future

In addition to the Board's guidance, ARCH will engage member city staff to collect their input on upcoming work that cities would like ARCH to support.

### **2024 Baseline Budget Assumptions**

Staff are seeking Board affirmation of baseline budget assumptions, and have identified the following for the 2024 administrative budget:

- Methodology for allocating dues consistent with 2023's adopted budget, including:
  - Base member dues are allocated on a per capita basis
  - Cities with incentive programs pay additional dues for 1.0 FTE based on level of program activity
  - Minimum dues level will adjust proportionate with the overall change in the budget
  - Separately, Bellevue will fully fund the position dedicated to its Housing Stability Program
- Staffing levels at current 12.0 FTE, with COLA and benefit rates for 2024 based on guidance from the Bellevue budget office. The City's COLA is generally finalized in July, and benefit rates are finalized in August; therefore, staff will rely on best estimates.

- Administrative fee revenue to be revised somewhat downward, based on a potential slowdown in the homeownership market due to high 30-year mortgage interest rates. (Actual revenue in 2022 was just under \$150k, down from \$200k in 2021, and below the projected \$185k for the 2023 budget year.)
- New lease rates will increase to reflect the new 5-year lease that ARCH executed with the Together Center last fall.
- Legal fees to accommodate outside counsel will be added to the budget, based on input from the Bellevue City Attorney's office.
- Software licensing expenses to be increased somewhat to accommodate planned database development

### Staff Recommendation

Staff recommend the Board: (1) affirm the baseline budget assumptions identified above; and (2) discuss and provide guidance on Work Program priorities, as well as other issue areas that should be addressed in developing options for ARCH's 2024 Budget and Work Program.

Potential issue areas identified by staff include:

- Expectations for ARCH's level of monitoring for rental, homeownership and Trust Fund projects
- Expectations for ARCH's level of support with housing navigation
- Greater number of members seeking to advance special projects on surplus properties
- Opportunity to align strategic legislative priorities and share the workload of analyzing and responding to state legislative directives on housing
- Desire for greater clarity around data system needs and reporting roles/responsibilities associated with new Countywide Planning Policies
- Ongoing need for capacity among members to develop or implement local housing strategies, and better align codes and policies among members to promote best practices
- Status of recent sub-regional engagement with KCRHA, and any implications for future regional coordination of housing strategies

### Attachments

1. Analysis of ARCH Staff Capacity and Options for Meeting Members Affordable Housing Needs (Cedar River Group, September 2021)



# Analysis of ARCH Staff Capacity and Options for Meeting Members Affordable Housing Needs

September 2, 2021

Prepared by: Cedar River Group

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## Executive Summary

Building more housing – and specifically more affordable housing – is an urgent and growing challenge for cities. To address this challenge, East King County cities have worked together for nearly 30 years through A Regional Coalition for Housing (ARCH) and have a proven track record of building and preserving affordable housing across the eastside. Other cities in north and east King County are exploring how to increase affordable housing capacity, including the possibility of joining ARCH. However, before that option can be evaluated, the ARCH Board wanted to know: ***What is ARCH’s existing capacity to meet the current and near-term affordable housing needs of its current members?*** This study provides that analysis by reviewing data and regional growth trends, ARCH’s accomplishments, its current work plan, trends in ARCH workload and staffing capacity, and interviewing ARCH members, ARCH staff and housing developers.



The study concludes with options, conclusions and recommendations for ARCH staffing to effectively meet the needs of its current members.

### There is a dramatic need for more housing – specifically affordable housing – and the need is growing.

The Puget Sound area has gone through tremendous recent population and economic growth. In the past decade, King County with a net increase of 321,000 people was the third fastest growing county in the country, and jobs – particularly high-paying jobs – have grown even faster. The Puget Sound Regional Council (PSRC) predicts another 1.8 million residents and 1.2 million jobs coming to the Puget Sound region by 2050.

Fundamentally, housing production – especially of affordable housing – has not kept up with the area’s growing economy and population. While adding 12 percent more population and 21 percent more jobs, King County has only added 8 percent more houses. In addition, a study found that over the past 10 years, as King County added 67,000 new rental units, it lost more than 112,000 units of housing affordable to those living below 80 percent Area Median Income (AMI).

These factors have combined to leave an estimated 124,000 households severely cost-burdened in King County (paying over 50% of income on housing), with the vast-majority being households at 0 to 30% AMI, and close to 60% renters. Not surprisingly, the burden falls disproportionately upon Black, Indigenous, and People of Color. Households that are American

Indian and Alaskan Native, or Black are roughly twice as likely to be severely cost burdened as White households.

There are new resources and opportunities to face these growing challenges. Local cities have used new authority to create dedicated funding for affordable housing. Local employers have committed new funding resources to affordable housing and local light rail expansion creates new transit-oriented development opportunities. The new State budget includes almost \$300 million for the Housing Trust Fund. And the American Rescue Plan includes billions to help create affordable housing, with more funds possibly available in the pending infrastructure bill.

### ARCH has a proven record of building affordable housing, helping cities implement best policies, and maintaining those assets over time.

In the nearly thirty years ARCH has been in existence, its members have achieved a lengthy list of accomplishments. The following provides a brief description of just some of the ARCH's accomplishments:

- Produce or preserve 5,166 units of affordable housing by raising nearly \$80 million for the Housing Trust Fund and leveraging more than \$880 million in other funding.
- Helped ten member cities adopt local incentive or inclusionary programs for developers, including six cities who have offered property tax exemptions. These programs and incentives have yielded more than 2,800 additional affordable units built or in development.
- Established monitoring systems and procedures to ensure continued affordability of units, and compliance with loan terms and conditions.
- Worked on more than 50 policies, plans, code amendments, or regulations for cities, geared toward creating more affordable housing units.
- Created a single point of contact for developers interested in creating affordable units in eastside cities and serves as a central portal for homebuyers and renters looking for affordable homes.
- Supported hundreds of low and moderate income households to achieve homeownership, with ARCH homes creating over \$90 million in appreciation for owners.
- Regularly provides information, education and updates for elected and appointed officials.

### ARCH is well-regarded by member cities, outside stakeholders and developers.

In interviews with member cities, stakeholders, and staff, there was widespread agreement that ARCH is doing well at leveraging member resources to achieve results, administering existing programs (with some known gaps), and raising awareness about the need for affordable housing.

Developers echoed these sentiments – viewing ARCH as a good partner that helps developers navigate local processes and work effectively with city staff where projects are located. ARCH was also viewed as an important funder who is comparatively easy to work with and whose initial money helps bring other dollars to projects. Most concerns expressed by developers were structural: ARCH’s limited resources limit their impact, and their governance by multiple cities limits their flexibility and their ability to advocate.

### Staff capacity has not grown sufficiently to keep up with member’s needs and requests.

While there has been some recent growth in staff to address the monitoring of affordable units, interviews and analysis of ARCH’s staffing trends and workload show that staff capacity has not grown with the increase in demands from member cities.

*Overall staffing:* When ARCH was created, 2.5 FTE were hired to provide support to the original 4 member jurisdictions and to manage the Housing Trust Fund. As ARCH membership increased to 16 cities, the number of FTE’s increased to 5 FTE by 2008, where it remained until 2019.

*Monitoring & reporting:* In 2019, two FTE were added to address the needs of monitoring rental and home ownership units. These hires help meet current obligations for compliance and monitoring, but new units are being added quickly. Keeping a proper staff to unit ratio may ultimately require additional FTE.

*Housing Trust Fund:* Since 1993 the number of projects funded by the Trust Fund has averaged 4 per year, but the trust fund’s ever-growing portfolio (over 100 contracts) requires more active monitoring than the current one FTE can provide. In addition, the trust fund work is facing increasing demands from both growing opportunity (new funding sources, new TOD sites, more special projects) and growing complexity (higher loan amounts, use of multiple funding sources.)

*Planning and programs:* In ARCH’s first twenty years (through 2011), ARCH staff completed 26 planning activities for member. There were 91 development projects with city affordable housing incentives or requirements. In the past 9 years, ARCH staff have completed 56 planning activities and there were 111 projects created through local incentives or requirements. Despite this growth, ARCH has not added additional planning capacity since one FTE was created in 2002. Upcoming requested work will place still greater demands on the staff capacity for ARCH.

*Additional work items:* In conversations with ARCH members and staff and after a review of the ARCH workplan, a number of items were identified that are not getting completed, including:

- Proactive monitoring of project financial sustainability (cash flow, vacancy rates, maintenance needs) for developments created using ARCH funds
- More support implementing cities Housing Strategies / Housing Action Plans
- Providing proactive policy development, planning, research and best practices work



- Conducting Housing 101 and educational/outreach work with elected and appointed officials
- Making affordable housing accessible to diverse communities.
- Updating administration and systems, including implementing new monitoring fees, revising rental covenant documents, and updating internal tracking technology.

## Conclusions and Recommendations

*Overall Assessment:* Member cities clearly value ARCH for the affordable units created and the range of services and supports provided. However, there is demand among ARCH members for creating more affordable units and for additional technical assistance in creating affordable housing policies and programs.

*ARCH Work Plan Needs:* Based on the interviews with member cities, and discussions with the ARCH Board, the following themes emerged regarding ARCH’s annual work plan, and the needs and interests of members.

- All ARCH cities will rely on ARCH staff for support with Comp Plan Updates and tracking data to comply with Countywide Planning Policies (CPP) reporting requirements.
- Several cities are counting on ARCH support to implement actions from their housing strategy, to facilitate TOD projects or other special projects.
- Some cities had aspirational ideas about expansion of ARCH’s services/role: e.g. facilitating collaboration on homelessness policy/practice, proactive encouragement of best practices.
- In general, smaller jurisdictions with little or no planned growth will not use ARCH for planning services.

*Staff Capacity and Staffing Trends:* Staff from member cities agreed that ARCH staff are fully utilized and have no additional capacity for new work requests. ARCH staffing has stayed relatively flat, even as the workload has grown.

*Revenue Opportunities:* There is an opportunity to utilize some existing revenue sources to increase staff capacity. ARCH now has a sustainable source of income from home ownership program fees to support 1 FTE. In addition, King County has expressed a willingness to increase its contribution to ARCH annual operations.

## Executive Board Recommendations

*Phased Approach to Adding New Staff Capacity:* Balancing the different needs expressed by member cities, and the budget challenges facing many cities, the Executive Board recommended a phased approach to increasing staffing.

In 2022, current member dues from all jurisdictions should be used to support the 2021 base staffing level, and new revenue should be used to support two new full time ARCH staff positions:

- A Program Officer working on the Housing Trust fund (paid for from membership dues which would be offset by home ownership fees), and
- An Incentives Program Administrator (paid for by a new tiered-dues structure – see below)

In 2023 one additional position should be added:

- A Housing Programs, Special Projects Manager

*Use New Revenues and Create a New Tiered Dues Structure Based on the Level of Program Activity:* The Program Officer can be paid for with existing fee revenues that have been collected by ARCH. The Incentive Program Officer presents an opportunity for ARCH to implement a tiered dues structure based on the number of projects each city has in their incentive program. (See Chapter 8 for further details about the tiered structure.)

## Conclusion

The changes proposed by the Board are essential actions to help ARCH staff capacity catch-up with long-standing shortages in staffing and meet member's most pressing existing and near-term needs.

This new capacity will make a significant difference, but the need for ARCH's services will likely continue to outstrip capacity, given the anticipated growth of the work program, and potential future requests from other cities in north or east King County to join ARCH.

Finally, there are structural tensions within the organization that were not possible to address in this evaluation (such as the desire from external stakeholders for us to be stronger advocates, or the disparate level of commitment to housing across our member councils). A strategic planning process is needed in 2022 that can address these and other pressing issues outside the normal course of operations and budget cycles.

## Introduction



In east King County and across the entire Puget Sound region, building more housing – and specifically more affordable housing – is an urgent and growing challenge for cities. Housing costs in the central Puget Sound region are some of the highest in the country – for both renters and home buyers. Even through the pandemic, housing costs remained at historic highs.

In the face of these challenges, many cities in King County (and elsewhere) have found value in sharing staff and funding resources in an

organized collaboration. For nearly 30 years, East King County cities have worked together through A Regional Coalition for Housing (ARCH) and have a proven track record of building and preserving affordable housing across the eastside. The ARCH model has been so successful that it is now being replicated in South King County and Pierce County.

Over the years, ARCH member cities have found that there are challenges both for developers hoping to construct more affordable homes and for the cities that want more affordable units in their community. In recent years one of the challenges that everyone faces is rapidly escalating costs – the rising costs of land, construction materials, labor, planning. Developers must also navigate the individual zoning restrictions, building codes, permitting processes, and affordable housing incentives or requirements for each city to find a suitable location to efficiently build a project that meets both the future tenants’ needs and is supported by the community. At the same time, cities have been exploring, and adopting, strategies to increase affordable development and preservation, including expedited permitting, local zoning or other land use incentives or requirements, and new funding sources for the ARCH Housing Trust Fund.

To successfully build affordable housing requires willing and supportive elected leadership; a suitable site with the right zoning and location; a variety of funders; and skilled technical knowledge to help cities facilitate both the building and financing of affordable units. This combination asks a lot of local cities and their staff. ARCH staff have provided housing-specific technical assistance and support for its members, that many cities do not have the capacity to create on their own.

### Purpose of Study

As the need for more affordable housing increases in every community, those cities that are part of the ARCH collaboration are exploring how they can create more affordable housing, and those cities who are not ARCH members are considering their options for strengthening their work on affordable housing.

In the King County 2019-2020 biennial budget, funding was approved to examine how cities that are not currently ARCH members may collaborate more effectively with one another. There are currently two cities – Shoreline and Lake Forest Park – in north King County that are outside of the ARCH service area (referred to as the “ARCH Sphere of Influence”). There are also several cities in east King County that are located within the ARCH service area that are not ARCH members – Carnation, Duvall, North Bend, and Snoqualmie.

One of the options being considered by several of those cities in north and east King County is the possibility of joining ARCH. However, before that option can be evaluated, the ARCH Board requested an analysis of ARCH’s existing capacity to meet the affordable housing needs of its current members. This study provides that analysis by reviewing data and regional growth trends, ARCH’s accomplishments, its current work plan, trends in ARCH workload and staffing capacity, and interviewing ARCH members, ARCH staff and housing developers.

The study concludes with recommendations for ARCH staffing to effectively meet the needs of its current members.

## Landscape Analysis

A number of factors influence both the need and opportunities for affordable housing units in ARCH member cities. The following provides a description of several of the strongest influencing factors.

### Rapid Regional and Local Growth in Population and Jobs

*Rapid Population Growth:* The Puget Sound area has gone through tremendous recent growth. In the past decade (2011- 2020), King County had a net increase of 321,000 people, and was the third fastest growing county in the country – increasing in population by 12 percent.<sup>1 2</sup> And much of that growth was centered in the Eastside. Looking at either absolute population growth or growth rate, 7 of the top 25 fastest growing cities in the Puget Sound region were Eastside cities (although annexation accounted for some of that growth).<sup>3</sup> And with this growth, the Eastside has become more diverse – both Bellevue and Redmond have become over 50% people of color – including significant increase in Asian, Hispanic and multiracial populations.<sup>4</sup> This growth is projected to continue – with Puget Sound Regional Council (PSRC) predicting another 1.8 million residents coming to the four-county region by 2050.<sup>5</sup> The population growth has created unprecedented demand for available housing units.



*Even Faster Economic Growth:* This growth in population has been matched with tremendous economic growth. Large employers, particularly those focused in technology, along with smaller companies, have helped drive the local growing economy, and fueled a growth in high-paying jobs. In fact, jobs grew even faster than population – in the past decade, the number of jobs in King County grew by 21 percent.<sup>6</sup> The result has been a steady growth in income – from 2000 to 2018, King County’s median household income increased from \$53,157 in 2000 to \$95,009 in 2018, an increase of over 78%.<sup>7</sup> Some significant portion of that rise in income is driven by the information and technology sector in two ways. First – the new jobs and new households were

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<sup>11</sup> <https://www.seattletimes.com/seattle-news/data/king-county-had-decades-third-largest-population-growth-among-u-s-counties>

<sup>2</sup> <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/why-does-prosperous-king-county-have-a-homelessness-crisis#>

<sup>3</sup> <https://www.psrc.org/sites/default/files/trend-population-202010.pdf>

<sup>4</sup> <https://www.heraldnet.com/northwest/decade-in-demographics-top-5-changes-in-the-seattle-area/>

<sup>5</sup> [https://www.psrc.org/sites/default/files/2050\\_macro\\_forecast\\_web.pdf](https://www.psrc.org/sites/default/files/2050_macro_forecast_web.pdf)

<sup>6</sup> <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/why-does-prosperous-king-county-have-a-homelessness-crisis#>

<sup>7</sup>

<https://kingcounty.gov/independent/forecasting/King%20County%20Economic%20Indicators/Household%20Income.aspx>

disproportionately higher-income: “Sixty percent of the new households in King County between 2006 and 2016 earned \$125,000 or more per year, while 18 percent earned less than \$50,000,” Second - the wages for these new information jobs grew at a faster rate: “[between 2005 and 2018], average annual wages for an information worker increased 127%.”<sup>8</sup> As with population, the growth in jobs is projected to continue – with average annual predicted 1.3 percent growth leading to another 1.2 million jobs coming to the Puget Sound region by 2050.<sup>9</sup>

## Changes in Housing

*Falling Behind on Housing:* Fundamentally, housing production – especially of affordable housing – has not kept up with the area’s growing economy and population. While adding 12 percent more population and 21 percent more jobs, King County has only added 8 percent more houses. Looking at the Puget Sound region: for every 1 new housing unit, the region added 3 new residents (2010 to 2019) and 4 new jobs (2010 to 2016).<sup>10</sup> The types of housing has changed to try and meet the new demands. While production of single-family homes has remained relatively steady at 6,000 – 8,000 per year, multi-family housing has shown tremendous growth in the Puget Sound. In 2010, less than 5,000 homes were in multi-family developments; in 2019, almost 20,000 new homes were built in multi-family developments.<sup>11</sup>

And in addition to the challenges stemming from new production failing to keep pace with the new demand, the region is also losing previously affordable housing units. McKinsey & Company found that over the past 10 years, as King County added 67,000 new rental units, it lost more than 112,000 units of housing affordable to those living below 80 percent Area Median Income (AMI). The McKinsey study cited the two largest drivers as: rents on units rising faster than incomes and lower-cost units being demolished to make way for more expensive units.<sup>12</sup>

*The Net Result – A Squeeze on Housing:* As a result of these factors, the cost of homeownership and rental have risen dramatically in the area. Just recently, *the Seattle Times* reported that for November, the year over year price for Seattle-area homes grew by 12.7 percent, the second highest growth in home prices in the nation.<sup>13</sup> And this is not new – the King County Regional Affordable Housing Task Force Final Report cites that in King County “from 2012 to 2017, median home sale prices increased 53 percent and average rents increased 43 percent.”<sup>14</sup> For east King County, the average cost of either homeownership or renting an apartment now exceeds the cost-burden thresholds for even a family earning 100 percent of area median

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<https://kingcounty.gov/independent/forecasting/King%20County%20Economic%20Indicators/Household%20Income.aspx>

<sup>9</sup> [https://www.psrc.org/sites/default/files/rhna\\_early\\_findings\\_20201009\\_stakeholder\\_event.pdf](https://www.psrc.org/sites/default/files/rhna_early_findings_20201009_stakeholder_event.pdf)

<sup>10</sup> [https://www.psrc.org/sites/default/files/rhna\\_early\\_findings\\_20201009\\_stakeholder\\_event.pdf](https://www.psrc.org/sites/default/files/rhna_early_findings_20201009_stakeholder_event.pdf)

<sup>11</sup> [https://www.psrc.org/sites/default/files/rhna\\_early\\_findings\\_20201009\\_stakeholder\\_event.pdf](https://www.psrc.org/sites/default/files/rhna_early_findings_20201009_stakeholder_event.pdf)

<sup>12</sup> <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/why-does-prosperous-king-county-have-a-homelessness-crisis#>

<sup>13</sup> <https://www.seattletimes.com/business/real-estate/seattle-home-prices-still-climbing-at-second-fastest-rate-in-nation/#>

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[https://www.kingcounty.gov/~media/initiatives/affordablehousing/documents/report/RAH\\_Report\\_Final.ashx?](https://www.kingcounty.gov/~media/initiatives/affordablehousing/documents/report/RAH_Report_Final.ashx?)

income.<sup>15</sup> As of 2018, the median purchase price of a home in East King County was \$813,000,<sup>16</sup> corresponding to an income of over \$125,000 needed. As of October 2020, the average rent for most Eastside cities was over \$2,000 a month, requiring a median income of over \$80,000 to avoid being cost-burdened.<sup>17</sup>

*A Growing and Inequitable Number of Cost-burdened Families:* Households that spend more than 30% of their income on housing are considered “cost-burdened,” and “severely cost-burdened” if spending more than 50% of their income on housing. In King County, it is estimated that over 124,000 households are severely cost-burdened, with the vast-majority focused at 0 to 30% AMI, and close to 60% of those being renters. Not surprisingly, the burden falls disproportionately upon Black, Indigenous, People of Color (BIPOC) communities: households with head of households who are American Indian and Alaskan Native or Black are roughly twice as likely to be severely cost burdened as White households.<sup>18</sup> Across the county (as of 2015), 45% of renters and 29% of homeowners were cost-burdened (including severely-cost burdened). On the Eastside, 36% of renters and 29% of homeowners were cost-burdened or severely cost-burdened.<sup>19</sup>

## New Growth, New Funds, New Opportunities

*The Eastside has new resources and opportunities for Affordable Housing:* As the issue of affordable housing has exploded into a local, regional, statewide and even national issue, more resources are emerging to support affordable housing. Two recent state measures (HB 1406 & HB 1590) have created dedicate funding streams for cities and counties to work on affordable housing. Large local employers, most notably Microsoft and Amazon, have both made recent national news with commitments to funding more affordable and middle-income housing. Regionally, the new expansion of light rail to the Eastside creates new, important locations for equitable transit-oriented development. At the State level, the 2021- 2023 budget includes \$175 million for the Housing Trust Fund and an additional \$120.9 million in investments in housing and shelters. And nationally, this spring’s American Rescue Plan includes an allocation of nearly \$5 billion in funds to help communities across the country create affordable housing, and more funds may be available in the pending infrastructure bill.

In the face of all the challenges outlined above, all of these new resources (and more) will be needed., Based on what ARCH has learned administering the Housing Trust Fund, it will take

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<sup>15</sup>

[https://www.kingcounty.gov/~media/initiatives/affordablehousing/documents/report/RAH\\_Report\\_Final.ashx?la=en](https://www.kingcounty.gov/~media/initiatives/affordablehousing/documents/report/RAH_Report_Final.ashx?la=en)

<sup>16</sup>

[https://www.kingcounty.gov/~media/initiatives/affordablehousing/documents/report/RAH\\_Report\\_Final.ashx?la=en](https://www.kingcounty.gov/~media/initiatives/affordablehousing/documents/report/RAH_Report_Final.ashx?la=en)

<sup>17</sup> Source: Rent Café Market Trends, October 2020 (From HDC presentation)

<sup>18</sup> <https://www.kingcounty.gov/~media/initiatives/affordablehousing/documents/Meetings/rah-posters-FINAL-PRINT.ashx?>

<sup>19</sup> <https://www.kingcounty.gov/~media/initiatives/affordablehousing/documents/Meetings/CAI-RAH-Deck1031.ashx?la=en>

dedicated and skilled staff with capacity to help ensure these new resources best meet the ever-growing affordable housing needs.



## ARCH Accomplishments

The ARCH collaborative structure was created in 1992, with four initial members. Since that time ARCH has grown to include 16 member jurisdictions. Its staff conduct work in six broad areas:

- Affordable housing investment using the ARCH Housing Trust Fund
- Policy and Planning support for member jurisdictions
- Incentive Program Administration for cities that have adopted affordable housing incentives
- Stewardship of affordable housing units created via new development, rehabilitation
- Outreach and education to member cities and the public
- Program Administration



The following provides a brief summary of ARCH's major accomplishments to date.

### Affordable Housing Investment

#### *Units Created Using the ARCH Housing Trust Fund*

Between 1993 – 2020 the Trust Fund was used to create 5,166 units of affordable housing. The majority of those units were for families (nearly 3500 units), but housing was also created for homeless, seniors and special needs populations. Projects funded with the Trust Fund are located in 10 ARCH-member cities. ARCH staff work with municipal officials, developers and other funders to create these units.

#### *ARCH Funds Raised and Other Sources Leveraged*

ARCH members have raised nearly \$80 million for the Housing Trust Fund since its inception. That includes financial contributions from members, land donated and fee waivers for affordable housing projects. Those ARCH funds are used to leverage a variety of other sources to build or preserve affordable units, including:

- Low Income Housing Tax Credits (\$310 million)
- Tax Exempt Bonds (\$244 million)
- State of Washington Funds (\$61 million)
- King County Funds (\$80 million)

- Other Funding (\$186 million)

In total ARCH has leveraged more than \$880 million in other funding sources for affordable housing projects in East King County cities. In other words, for every \$1 dollar contributed by ARCH, more than \$10 is leveraged from other sources for creation of affordable units.

### Policy and Planning Support

ARCH staff provide support as requested by member jurisdictions. The level of support varies from member to member. In some cases, the support may include research on best practices, data analysis, financial modeling, and technical advice. For other members it may include drafting policies or code/regulatory proposals. ARCH staff have worked on more than 50 policies, plans, code amendments, or regulations for member cities, geared toward creating more affordable housing units in those local communities.

Between 2015 – 2020 seven cities asked for assistance from ARCH in creating housing elements for their comprehensive plans, and/or local housing action strategies. In addition, three more cities will soon be developing housing action strategies that will utilize some level of assistance from ARCH staff.

### Incentive Program Administration

Cities may offer a variety of land use incentives to help reduce the cost of housing development, and in return a developer commits to providing a certain number of units at affordable rates. Incentives could include offering increased height or density in return for including affordable units in a development, zoning that allows for smaller lot sizes, smaller unit sizes, use of alternative housing types, or waiving or reducing permit/impact fees. ARCH staff work with local cities to create the incentive programs.

In addition, ARCH staff have provided technical support and assistance to cities that adopt the Multi-Family Property Tax Exemption (MFTE) program as allowed by state law. Developers can receive a tax exemption in exchange for creation of income- and rent-restricted units. This has become an important tool for many developers building affordable housing.

Between 1992 – 2021 more than 2800 affordable units have been created or are in development. Ten (10) ARCH-member cities now offer different types of incentive programs for developers. Historically incentives have been used by ARCH member cities to create units for moderate income households making 80 – 120% of Area Median Income (AMI). More than half of all incentive units created or in development (1515) are for households making 80% of AMI. In more recent years cities have begun to use the incentives to create units for lower income households, those making between 50 – 70% of AMI.

### Stewardship of Affordable Units

There are now nearly 8,000 income- or rent-restricted units created through the Housing Trust Fund and the various incentive programs across ARCH-member jurisdictions. Roughly 7,000 of these are rental units and 1,000 are homeownership units. Once developers commit to creating

affordable units, ARCH staff ensure the creation of those units and monitor and report on the continued affordability of those units over time.

## Outreach and Education

ARCH staff regularly provide information, education, and updates for elected and appointed officials in member jurisdictions. Staff provide updates about ARCH activities, state and federal program/funding opportunities, information about local and Eastside affordable housing needs, goals and strategies, and generally serve as a resource for City Councils, Planning Commissions, city staff, and local residents interested in affordable housing issues.

## Administration

ARCH has done a great deal to share resources across jurisdictions, create consistency in practices and procedures, and create efficient processes. Their work includes:

- Creating a single point of contact for all developers interested in creating affordable units in eastside communities, which greatly increases efficiencies for developers
- Using standard guidelines for income verification for all ARCH-funded projects, across all cities
- Create and use common rent/income/pricing guidelines for all ARCH-funded projects
- Serve as a central portal for homebuyers looking for affordable homes
- Create a centralized affordable housing data base that all member jurisdictions can use
- Conduct routine project audits

## Summary of Interviews with ARCH Staff, Members, and Stakeholders



In February and March 2021 ten interviews with ARCH members and outside stakeholders were conducted, along with a group discussion with ARCH staff. The following provides a summary of the discussion about ARCH staff capacity and how ARCH staff are meeting the needs of member jurisdictions.

### Overall Assessment

- **There was widespread agreement that ARCH is generally doing well at administering existing programs** (with some known staffing gaps), but that staff seem to be fully utilized.
- **The organization doesn't currently have capacity at the staff or board level to become a driver for more proactive strategies** (increasing funding, advocating for new policies, expanding partnerships, etc.), or to expand its services to new members/geographic areas.
- **There was a sense from outside stakeholders that ARCH should be scaling up its activities** to meet the dramatic growth and need for affordable housing in east King County. It was not clear that member cities feel the same way.

### Trust Fund Program Opportunities and Challenges

- **ARCH has been highly successful in administering and leveraging local funds** with minimal staff resources (1 staff position).
- **The trust fund's large portfolio requires active monitoring** to collect loan repayments and restructure agreements as projects age program, as it now encompasses over 100 contracts and tens of millions of dollars in funding – and growing. Other public funder agencies have shifted to creating dedicated asset management staff.
- **Significant opportunities lie ahead** as ARCH members have begun to increase their level of investment and adopt new funding sources, plus new TOD opportunities and other special projects.

## Work on Policy/Planning/Regulatory Recommendations

- **Planning activity has been steadily increasing in recent years**, even as ARCH role in policy/planning work varies from year to year and city to city, and a lack of clarity in ARCH's ongoing role makes it difficult to plan for needed capacity/skillsets.
  - Between 1992 – 2014 ARCH staff supported approximately 1.5 housing strategy plans, housing comp plan elements or code amendments per year for member cities.
  - Between 2015 – 2020 ARCH staff completed 8.0 strategies, plans or code amendments per year.
- **ARCH hired one Planner in 2002 and has added no additional planning capacity since.**
- **Some member cities are doing their own work on affordable housing policies or plans**, and ARCH staff have a sense this may be because the members don't believe ARCH has the capacity to complete high priority policy development in a timely manner.
- **ARCH's primary planner is also responsible for administering city incentive programs** (preparing developer agreements and covenants for MFTE, inclusionary and bonus programs). This increasingly competes with ARCH's role in supporting new policy/program development.
- **The upcoming work will place greater demands on the planning staff capacity for ARCH**, including on TOD, station area planning, and comp plan revisions.

## Additional Staff-Identified Capacity Shortages

- **Proactive policy development, planning, research and best practices work would require more staff** capacity, to the extent ARCH members would like staff to be more involved.
- **Conducting regular Housing 101 and educational/outreach work is not being done regularly** with members and communities to create and sustain deeper understanding about affordable housing issues and the work ARCH does.
- **Making affordable housing accessible to diverse communities would require additional capacity** for marketing and outreach. This was a recent addition to ARCH's work program, but no new staff capacity was created for this work.

## Internal Organizational Capacities

- **The recent addition of 2 FTEs has provided the level of staffing needed to meet current obligations for compliance and monitoring for the Homeownership and Rental programs.**

- **However, new units are being added quickly**, and the organization needs to be mindful of the metrics recommended in 2019 about the number of units per FTE.
- **ARCH staff is getting good utilization from interns, but it is an uncertain source of labor** that comes with the internalized cost of replacing and training. They could be using consultants to meet some of the capacity gaps but there are not resources to hire consultants.
- **ARCH can no longer use some homegrown excel sheet to track 1000s of units.** There is a need to update, but there are not the time, staff or funding resources to do so.

#### Adding a New ARCH Member

- **Staff believe that adding a new city as an ARCH member would require additional staff capacity in the areas where shortages already exist** (policy, planning and regulatory work, as well as trust fund project-related work).

## Interviews with Eastside Developers for ARCH Capacity Assessment - Spring 2021

As part of the process, seven developers were interviewed – they were deliberately chosen to cover a variety of perspectives – smaller and larger, nonprofit vs. for profit, those that had received ARCH funding vs. those that had not yet. Below are some of the highlights from the conversations.

### Developers Interviewed:

- **Len Brennan** (Shelter Resources)
- **Allen Dauterman** (Imagine Housing)
- **Kim Faust** (Main St. Property Group)
- **John Fisher** (Inland Group)
- **Kim Loveall Price** (DASH)
- **Emily Thompson** (GMD Development)
- **Kevin Wallace** (Wallace Properties)



1. What has been your past experience with ARCH and how would you describe that experience? What was best about working with ARCH? What was most challenging? If you have not worked with ARCH, why not?

- **ARCH is seen by many as a good partner:** *“They will strategize with developers;”* *“Under the new leadership the work on compliance is easier and more collaborative”*
- **But there is some concern about flexibility/responsiveness:** *“Process is cumbersome because of the number of councils they have to report to.”* *“The more flexible ARCH can be the better the chances of getting to their end goal.”*
- **ARCH’s limited resources limit their impact:** *“Their leadership is good, but there is not enough resource available for new development or rehab.”* *“The amount of money that ARCH has available is not enough to make a big difference in each project.”*
- **Some express concern that ARCH is doing less advocacy for Eastside than in the past:** *“Don’t think ARCH acts as much of an advocate as in the past;”*

- **Some developers want ARCH to be more of a partner:** *“For affordable housing, has to be a collaboration between ARCH and developers.” “Need to be more of an advocate, understanding and supportive of developers.”*

2. In your experience, how does working with ARCH compare to working with other sources of funding for affordable housing? For those working with ARCH on affordable housing incentive programs, how does that work compare with other locations or jurisdictions?

- **Compared to other partners, ARCH is seen as comparatively easy:** *“They are the best of the three (between county, state and ARCH).”; “Conditions in contracts very easy compared to other funders.”;*
- **Developers appreciate their insight:** *“Good feedback quickly on your project,” “They are reasonable and they work in partnership.”*
- **ARCH is helpful navigating cities:** *“Staff typically take the lead in working with local governments. That is helpful – so the developer doesn’t have to work with each individual city.”*

3. Stepping back and thinking regionally - what would you describe as the most important accomplishments for ARCH?

- **Developers value the creation of the coalition and focus on the issue:** *“Getting cities to work together to solve affordable housing was a good one.” “ARCH has done a good job raising visibility with cities on affordable housing.”*
- **ARCH is also an important advocate to cities:** *“They have also helped with advocacy... talking with Mayors and Council members to create support for and action around affordable housing.”*
- **ARCH is a valuable finance partner:** *“They have helped provide small amounts of gap financing for 9% projects that have lower income targeting.”*

4. What do you think of as ARCH’s most important role in helping developers build affordable housing: funder of affordable units, technical assistance on understanding local regulations and ordinances, helping find additional funding, helping find tenants, providing ongoing monitoring?

- **Developers value the funding, especially as an initial money that brings other dollars:** *“As the first funder to commit money they showed local commitment that was important with other funders.” “ARCH is effective at leveraging other funds and bringing other funders along.”*
- **Some smaller developers value their technical assistance:** *“The technical assistance in understanding local development regulations and ordinances.”*



5. What are the primary obstacles to constructing affordable housing in East King County cities?

- **There simply needs to be more dedicated funding:** *“More resources are needed, particularly in the 4% pool of projects.” “There is not enough availability of state and local resources to make projects happen.”*
- **Several developers pointed to costs – particularly of land, but also of permitting:** *“The cost of land is out of reach;” “Permitting is starting to get bad; 1 year process is a bit of overkill.”*
- **There is interest in cities streamlining permitting and easing zoning:** *“All cities have extraordinarily expensive: permitting; regulations; etc. “ARCH could find a way to make zoning/rezoning more achievable and predictable.”*
- **Several also mentioned need to ease parking requirements:** *“Parking ratio reductions would help.” “Parking regulations are an obstacle in some jurisdictions.”*
- **There is also interest in a more unified voice/approach from the Eastside cities:** *“Each city has its own agenda, own strategy.” “What are cities going to do collaboratively?”*
- **There are concerns that requirements and funding for low-income are making middle-income housing unaffordable:** *“Need to kick-in money for nonprofits to produce less than 60% AMI housing, but don’t make it not viable to produce middle income housing to pay for it.” “Putting the full burden on developers is not fair.”*
- **There are few “competitive sites”:** *“If you are not competitive you won’t get a resource allocation from the state.... sites score well that have access to services and transit, but there are minimal transit corridors on the Eastside compared to Seattle.”*

6. What could ARCH do more of, less or, or do differently – either for developers or for member cities – to support the building of more affordable housing on the Eastside? Any other final thoughts?

- **Some want more advocacy within cities for individual projects:** *“Advocating for projects, funding and expending.” Maybe ARCH could hire a planner to work with all cities to interface with cities to make sure projects are going through process efficiently. “ARCH could have a seat at the table on behalf of developers. Lots more they could do to help with zonings and site approvals.”*
- **And some want more advocacy across cities on policy:** *“Build the coalition and advocacy to the cities;” “Unify voices and policy”; “Can HDC provide some capacity to ARCH to do advocacy work?”*
- **A few expressed interest in ARCH using more private/public partnerships:** *“Why not take advantage of profit/nonprofit joint ventures, as for profits have experience, liquidity,*

*can bring capital, etc.” “The tax credits were meant to be private/public partnerships...In WA there is a sense that private developers are not as good as nonprofits.”*

- **A few had specific ideas:**

- *“ARCH could act as a clearinghouse for surplus properties across cities.”*
- *“Cities that are choosing to do parallel funding paths-- that makes no sense. Give ARCH more money to do more work. The beauty of ARCH is the single point of contact for East King County.”*
- *“The For Sale ARCH program is inequitable and needs to be fixed... [providing a giant benefit to one family, but nothing to others...]*

## ARCH Work and Staffing Trends



One of the foundational principles behind ARCH is that member jurisdictions pool resources to build or preserve affordable units across the Eastside, and to create a shared staff resource with specialized expertise in affordable housing that provides support to all members. Many member cities rely on ARCH's expertise to help them analyze and develop projects, interact with developers, draft policies and regulations to promote the development of affordable housing, and monitor affordable units within cities that have been created as a result of city policies and

programs. The history of ARCH has been to apply resources efficiently and to increase the capacity of the organization incrementally as it has grown.

### History and Background

ARCH began in 1992 with 4 initial member jurisdictions. Three years later there were 8 members, and by 2008 there were 16 members (which is today's membership). Over time the demands on staff have increased for several reasons:

- 1) As the number of ARCH members increased the requests for staff time and support also increased,
- 2) Both the growing ARCH Housing Trust Fund and new city affordable housing programs (e.g., MFTE and inclusionary zoning) have created an increasing portfolio of units with more work required to create, monitor and report on those units in the expanding portfolio,
- 3) Affordable housing has become a priority issue for many cities and interest in creating developer incentives or new land use policies that promotes affordable housing has increased dramatically, and
- 4) The need for affordable housing across King County and in Eastside cities has increased significantly as housing costs and demand for units have soared.

### Growth in Program Activity

#### *Growth of Housing Trust Fund*

Since 1993 the number of projects funded by the Trust Fund has averaged 4 per year. Although annual funding (cash contributions and land donations) has fluctuated significantly from year to year, in general the funding provided by members to the Trust Fund has been relatively flat. The highest number of projects in any given year was 9. However, while the annual number of projects has been relatively constant, the projects funded by ARCH have become more complex,

with higher loan amounts and use of multiple funding sources. Many of the projects require specialized staff expertise to analyze and evaluate project proposals.

### *Growth of Planning Activities*

ARCH staff provide a variety of affordable housing planning activities for member jurisdictions, including development of local housing strategy plans, housing elements of comprehensive plans, code amendments, or regulatory proposals. In ARCH's first twenty years (1992 – 2011) ARCH staff completed 26 planning activities for member jurisdictions. In the past 9 years (2012 – 2020) ARCH staff have completed 56 projects for members. There has been a pronounced increase in activity since 2015. This has been due to several factors, including the increase in affordable housing needs across ARCH cities and the county, the heightened interest on the part of many jurisdictions to develop strategies that will address local affordable housing needs, and an increase in requests from member cities to assist in the creation of state-required housing elements in local comprehensive plans. It is anticipated that there will be a number of new requests for support as local comprehensive plans are updated between 2021 – 2024.

### *Growth in the Number of Affordable Units Monitored*

In addition to creating affordable units through use of the Housing Trust Fund, ARCH member cities also use a variety of land use and policy incentives and requirements to create new units. When those units are created, the city's programs typically place a cap on the price of units to be sold or rented (to ensure affordability), and require that the income of renters or buyers cannot exceed certain limits (to make sure only households with limited incomes occupy those units). When the units are initially completed, and over time as they change hands, ARCH staff monitors those units to make sure that the pricing and owner/renter income restrictions are being met.

There has been a considerable increase in the number of incentive programs adopted by ARCH member cities. Ten cities now offer incentives to create more affordable housing. In ARCH's first 20 years there were 91 projects that were required to meet a city's local affordable housing incentive of requirement. In the past 9 years, there have been 111 projects. With each new project the total grows, and there are now more than 2800 units (owner occupied and rental) that ARCH staff monitors to insure they are in compliance with local requirements.

### *Regional Affordable Housing Need*

As mentioned in the Landscape Analysis earlier in this report, across east King County cities 36% of renters and 29% of homeowners were considered either cost burdened (spending more than 30% of their household income on their housing costs) or severely cost burdened (spending more than 50% of their income on housing). Given the trends in increasing rents and home prices, these numbers are not likely to change soon.

## Staff Capacity and Staffing Trends

When ARCH was created, 2.5 FTE were hired to provide support to the 4 member jurisdictions and to manage the Housing Trust Fund. As ARCH membership increased the number of FTE's

increased to 5 FTE by 2008. Staff capacity remained at approximately 5 FTE between 2008 – 2019. In 2019 two FTE were added to address the needs of monitoring the rental and home ownership units. At the time, the number of rental and ownership units created by ARCH resulted in their staffing ratios (for the number of units each staff member had to track, monitor and report on) being far below the best practices standards established by other cities around the region and the country. The two additional FTE brought ARCH into compliance with those best practices standards.

## What's Not Getting Done

In conversations with ARCH members, ARCH staff and after conducting a review of the annual ARCH workplan, a number of projects and tasks were identified that are not getting completed with the existing staff capacity. The following are some of the topics identified:

### *Housing Trust Fund*

- Funding policy
  - Provide options to ARCH members and conduct analysis on those options for the potential creation of a dedicated funding source for Eastside cities.
  - Revisiting parity goals (work started in 2017-2018)
- Oversight of existing investments:
  - Be more proactive in monitoring project financial sustainability (cash flow, vacancy rates, maintenance needs) for developments created using ARCH funds
  - Loan monitoring (ensuring timely loan repayments)
- Conduct more proactive work and technical support to generate special projects (TOD, preservation, surplus property, faith community property, etc.)

### *Policy, Planning, Incentive Programs*

- Work with cities that have adopted Housing Strategies/Housing Action Plans to implement more of the strategies identified
- Work with cities who have yet to create and adopt Housing Strategies/Housing Action Plans
- Work with ARCH members to establish Eastside housing production and preservation targets
- Do more work to coordinate across cities – sharing best practices, program evaluations
- Streamlining interface for developers who utilize incentive programs

### *Rental Program Monitoring and Administration*

- Work with member cities to establish a monitoring fee that would help defray the cost to monitor ARCH units
- Create new rules for parking charges for ARCH rental units
- Review ARCH Rental Covenant for needed updates
- Explore centralized application portal for all properties with ARCH rental units

### *Education, Outreach and Administrative Procedures*

- Update ARCH bylaws
- Improve and enhance data bases used to monitor ARCH-funded units
- Improve the ARCH website, making it more interactive and useful for all users
- Conduct more Housing 101/outreach events with member cities
- Building partnerships to market new housing to households in need

### Conclusions

Based on the interviews with ARCH members, staff and outside partners, and review of workload trends and the annual ARCH work plan, several conclusions were reached regarding ARCH staff capacity.

- The **existing staff are fully utilized** and have no additional capacity for growth. ARCH member cities are reluctant to ask ARCH staff to take on new projects because the staff are fully booked.
- Gaps have begun to emerge, and **elements of the work program are not being accomplished**. Some tasks have been on the work plan for several years because there is not the capacity to move the work forward.
- Trends suggest that **workload will continue to grow**. This applies to the continued growth of the Housing Trust Fund, and the continued demand for planning, research and data analysis services.
- **Deficiencies will grow** as new projects and units come online. As the number of Trust Fund units and incentive units are built, it will be difficult to update practices and policies that are already in need of improvement.
- **Additional staff are needed** to catch up to current demands and to absorb the expected near-term growth in work.

## Staff Capacity Options

After conducting the analysis described in the earlier chapters, the ARCH board was presented with three options for different approaches to addressing staff capacity issues. Several conclusions and themes were highlighted to inform the deliberations about the staffing/budget options.



## Funding Models

Two funding models were presented to the ARCH Board for consideration:

- Per capita allocation to all members, except King County (same as the existing model)
  - In addition, this model could add optional on-call consulting services paid based on actual services used
- Tiered membership:
  - Base membership: Would include administration of the Housing Trust Fund, program administration/monitoring, and outreach activities, all allocated on a per capita basis
  - Optional tier for policy/planning services, and/or or incentive program support provided by ARCH staff that would only be paid by those cities expecting to utilize those services.

## Other Revenue Factors

In addition to the two funding models, there are other revenue sources that were identified for consideration by the board.

### *Fee Revenue*

- Current fee revenue collected by ARCH will cover the cost of at least 1.0 FTE
- Cash reserves up to \$150k as of YE2020, will continue growing as fees accumulate
- Additional revenue could be generated as cities work toward authorizing ARCH to collect administrative fees from rental projects
- Offering fee for services to other cities not currently ARCH members (as is currently being done with the City of Duvall) may be an opportunity in the future, but is not an immediate factor.

### *King County Revenue*

- King County has expressed interest in increasing dues from \$75,000 up to \$125,000.

### Staffing/Budget Options

Three staffing options were identified to add new staff capacity to ARCH. The first option would add 1 FTE, the second option 2 FTE, and the third option 3 FTE. In preliminary conversations the Board indicated that doing nothing, not adding any new capacity, was not an option they wanted to consider.

#### *Option 1 – Baseline budget, 1 FTE covered by fees*

- Member dues continue to pay for existing staff positions (increase in combined dues no more than 4% increase)
- City member dues are distributed on per capita basis; King County dues remain close to \$75k
- Use fee revenue to add 1.0 FTE:
  - Incentive Program Administrator – This new position would be responsible for working with developers and preparing agreements for projects using land use/tax incentives
- Could use available reserve funds to hire temporary staff position or other support for loan monitoring
- Evaluate areas of the work program that can be reduced in the future

#### *Option 2 – Address Immediate Gaps (Add 2 FTE, 1 with fees, 1 with dues – from some or all members)*

- Base member dues continue to pay for existing staffing levels
  - King County dues increase to \$125k
- Fee revenue pays for Homeownership staffing, frees up base member dues to add 1 FTE:
  - Trust Fund Program Officer – This new position would be responsible for managing the ARCH loan portfolio, and would enable ARCH to absorb an increase in transactional work (could include assisting Bellevue with allocation of additional funds).
- Additional services above the base membership could be paid by cities that use ARCH for incentive program administration, or by all cities:
  - Incentive Programs Administrator – This new position would be responsible for working with developers and preparing agreements for projects using land use/tax incentives



- Explore shared contract for on-call consulting services on policy/planning, financial analysis and modeling, special project management and other services.

*Options 3 – Plan for Growth (Add 3 FTE, 2 from dues, 1 from fee revenue)*

- Base member dues pay for 1 additional FTE:
  - 1 FTE: Trust Fund Program Officer (described in Option 2)
- 1 FTE paid by dues above base member dues – paid by cities actively using ARCH for incentive program administration:
  - 2 FTE: Incentive Program Administrator (described in Options 1 and 2)
- Fee revenue pays for 1 FTE
  - 3 FTE: Housing Programs/Special Projects Manager – This new position would oversee stewardship and monitoring activities, take on special policy/project work
- Explore shared contract for on-call consulting services on policy/planning, financial analysis and modeling, special project management and other services.

# Conclusions and Recommendation

## Overall Assessment



Member cities clearly value ARCH for the range of services provided: technical and policy support, units created from the pooled resources, addressing the monitoring and reporting requirements on affordable units, and for serving as a single voice and resources on the issue of affordable housing in the eastside. However, given the depth of the affordable housing need in most eastside communities, there is demand among ARCH members for creating more affordable units and for additional technical

assistance and support in creating affordable housing policies and programs.

The level of ARCH support needed or desired varies among member cities and generally depends on two factors:

- The size of the city and their ability to devote internal staff resources to affordable housing issues, and
- The level of commitment on the part of a city’s elected leadership to aggressively pursue affordable housing strategies.

It is also important to note that when asked if there is work ARCH staff are doing that could be eliminated in order to create additional capacity, there were no suggestions from members for work that ARCH should do less of or drop entirely.

## ARCH Work Plan Needs

Based on the interviews with member cities, and discussions with the ARCH Board, the following themes emerged regarding ARCH’s annual work plan, and the needs and interests of members.

- All ARCH cities will rely on some level of ARCH staff for support with Comp Plan Updates (at a minimum - housing needs data, some would benefit from housing element review or drafting). Some had questions/concerns about the impact of HB 1220, and interest in ARCH capacity to assist with new requirements.
- All cities are interested in ARCH tracking data on an ongoing basis to comply with Countywide Planning Policies (CPP) reporting requirements.
- Several cities are counting on ARCH support to implement actions from their housing strategy (Bellevue, Bothell, Kenmore, Kirkland, Issaquah, Redmond)

- Several cities would like help to facilitate TOD projects or other special projects in their jurisdiction, such as finding faith-owned properties for new development.
- Many cities described a distinct set of skills/knowledge that ARCH staff provide to members.
- Some cities had aspirational ideas about an expansion of ARCH’s services/role:
  - Facilitating Eastside collaboration on homelessness policy/practice
  - Providing more technical assistance/support to faith-based communities for housing development
  - More proactive steps to encourage best practices on housing policies, for example on ADUs – outreach/marketing, financing, pilot programs, etc.
  - Stronger role in legislative advocacy
- Smaller jurisdictions with little to no planned growth will not use ARCH for planning services.
- There is interest among some members in shifting to a fee for service model when it comes to policy/planning work, and potentially other areas where workload is growing, such as incentive programs.
- King County is interested in investing more in ARCH capacity that will catalyze projects or policies toward the Regional Affordable Housing Task Force Action Plan goal of 44,000 units.

## Staff Capacity and Staffing Trends

Staff from member cities agreed that ARCH staff are fully utilized and have no additional capacity for growth. Members also identified gaps that have begun to emerge, and elements of the annual work program that are not being accomplished.

As described earlier in this report, while ARCH staffing capacity has been relatively flat, requests for ARCH staff services have increased. As the Trust Fund loan portfolio has grown, there is a need to increase staff capacity to actively monitor those loans and address the current backlog of loans that have not been actively monitored.

There has also been a significant increase in the requests for planning assistance from cities that want to adopt or amend policies, codes, and local housing programs. Currently, ARCH’s planning assistance is provided by the same Senior Planner who also oversees member cities’ incentive programs. ARCH will need additional planning/policy staff to continue overseeing the growing portfolio of members incentive programs while helping cities update local comprehensive plan housing elements, respond to the County’s Countywide Planning Policies, and respond to the growth in requests for planning and policy assistance.

Two new positions were added in 2019 to monitor the affordability of units created by the ARCH Trust Fund. Those positions increased the level of staffing to industry standards for the size of the portfolio and the number of units that need to be monitored for compliance with affordability requirements.

The growth of ARCH activities also suggests the need to create additional management capacity, to both oversee staff stewarding the growing portfolio of affordable housing created in the Homeownership and Rental Programs, and work on special initiatives – such as expanding marketing efforts to diverse populations or promoting partnerships to develop affordable housing with faith-based communities. The new capacity would both increase management oversight and free capacity for the Executive Director.

### Revenue Opportunities

There is an opportunity to utilize some existing revenue sources to increase staff capacity. ARCH has been collecting fees from the homeownership program and now has a sustainable source of income. Those fee revenues would support 1 FTE. In addition, King County has expressed a willingness to increase its contribution to ARCH annual operations. This could be part of the revenues used to increase ARCH staff capacity.

Most cities are facing budget challenges, so even for the larger and mid-sized cities a phased approach to increasing staff capacity should be considered.

### **Executive Board Recommendations**

Based on the review described above, and discussion with the ARCH Executive Board over several months, the Board recommended to their respective Councils the following actions to increase ARCH staff capacity.

#### *Phased Approach to Adding New Staff Capacity*

Balancing the different needs expressed by member cities, and the budget challenges facing many cities, ARCH should adopt a phased approach to increasing staffing.

In 2022, current member dues from all jurisdictions should be used to support the 2021 base staffing level, and an additional two new full time ARCH staff positions should be created:

- A Program Officer working on the Housing Trust fund – Paid for using increase in revenues from program fees. No dues increases needed to pay for this position.
- An Incentives Program Administrator – Paid for using a new tiered dues structure (see below)

In 2023 one additional position should be added:

- A Housing Programs, Special Projects Manager

The Board has not decided how to pay for the 2023 staff position. It will likely be some level of new dues, but no pre-commitment was made about how the dues will be allocated.

### *Create a New Tiered Dues Structure Based on the Level of Program Activity*

Revenues for the two new positions can come from several sources. One FTE (the Program Officer) can be paid for using fee revenues to pay for Homeownership staffing, which frees up base member dues to add 1 FTE. The second position, that would focus on the administration of local housing incentive programs, presents an opportunity for ARCH to implement a tiered dues structure, based on the number of projects each city has in their incentive program.

- Cities with active incentive programs (either more than 10 completed projects or 3+ projects in the pipeline) pay on a per capita basis (Bellevue, Issaquah, Kirkland, Redmond)
- Cities with less active programs (fewer than 10 completed projects, and less than 3 projects in the pipeline) pay a minimum contribution of \$3,000 (Kenmore, Newcastle, Sammamish, Mercer Island)
- Cities with adopted programs that do not yet have participating projects do not yet contribute additional dues (Bothell, Woodinville).
- Cities without incentive programs do not contribute additional dues (Beaux Arts, Clyde Hill, Hunts Point, Medina, Yarrow Point).

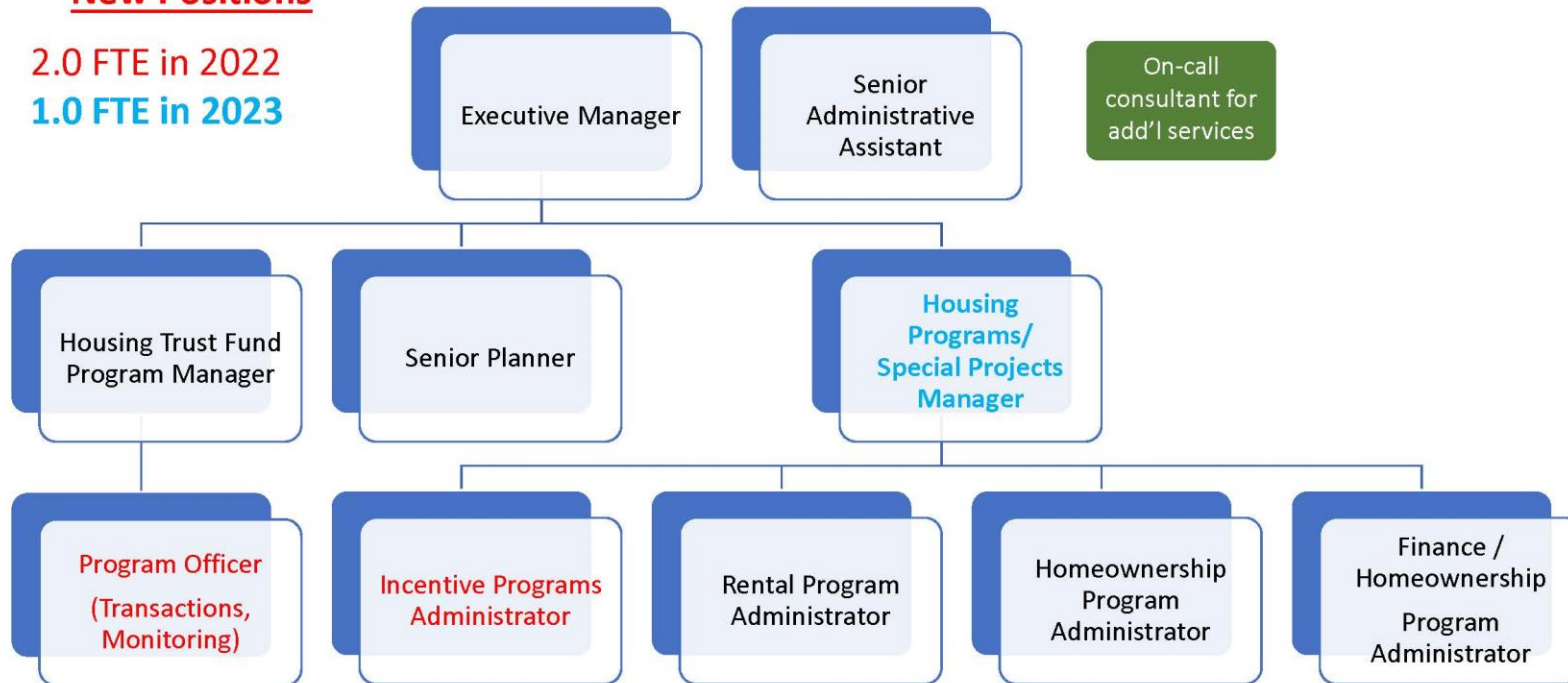
(See next page for graphic summary of Executive Board recommendations.)

## Executive Board Recommendations: ARCH Proposed Staff Structure

Address Most Urgent Gaps and Plan for Growth in Next 3-5 Years

### New Positions

2.0 FTE in 2022  
1.0 FTE in 2023



#### Implications:

- \* Absorbs significant growth from incentive programs, frees up some capacity for Comp Plan and housing strategy support.
- \* Catches up to backlog of loan monitoring, creates some capacity to transact more loans.
- \* Could add on-call consulting to support other services.
- \* Create new tiered dues structure to pay for Incentive Programs Administrator
- \* Plans for anticipated growth in member services and supports

## Conclusion

Based upon review of the ARCH workplan, discussion with cities about their near-term plans, and assessment of ARCH staff responsibilities and workload, the changes proposed by the ARCH Executive Board are essential actions to help ARCH staff capacity to catch-up with long-standing shortages in staffing and meet member's most pressing existing and near-term needs. The new capacity will be particularly helpful in administering the Trust Fund, helping cities in planning and policy work, and accommodating the growth in special projects.

Nevertheless, ARCH's work is likely to continue to grow, and the board was unable to identify any work that ARCH staff could eliminate. In addition, cities in north and east King County may consider requesting membership in ARCH. In the coming years additional capacity may be needed as the portfolio of projects increases in size and complexity, and the planning and policy work expands.

Finally, there are structural questions and tensions within the organization regarding the capacity, direction and services offered by ARCH that were not possible to address in this evaluation (such as the desire from external stakeholders for ARCH to be stronger advocates, or the disparate level of commitment to housing across member councils). Given these range of questions, ARCH's Executive Board committed to a strategic planning process in 2022 that can address these and other pressing issues outside the normal course of operations and budget cycles.

## ITEM 5C: Strategic Planning Discussion

Continued discussion of upcoming Strategic Planning process

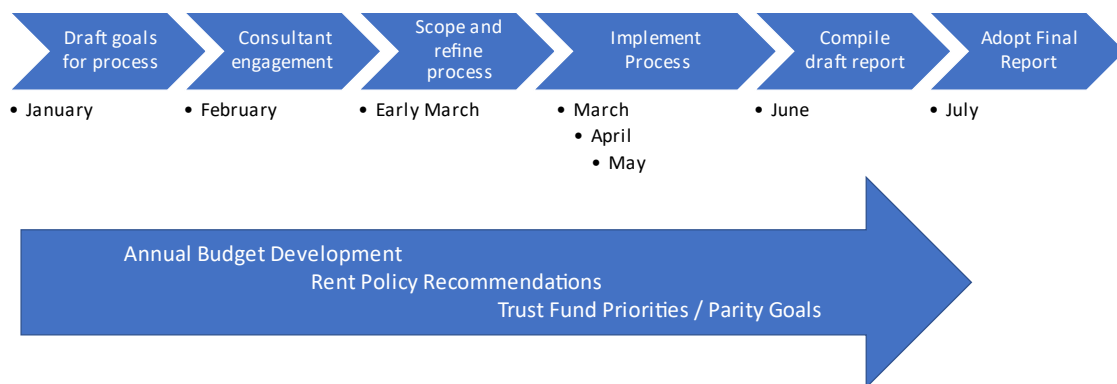
### Background

In December, the Board held initial discussions and provided preliminary guidance on a Strategic Planning process. This process is identified in ARCH's 2023 Work Program, and was planned as a follow-up to recent organizational assessments that have helped shape ARCH's growth in the last four years, and guide the Board's decisions about where to invest new resources to address the growing need for affordable housing in the region.

In January, staff began outreach to potential consultants to support the Board through the process, releasing an RFP and receiving bids in February. At the February Board meeting, staff reminded the Board about prior direction on the goals for the process and laid out a very rough timeline for the process, with some caveats that the timeline may need to be extended. These goals included:

- Re-affirm commitments to ARCH
- Consensus on ARCH roles/responsibilities
- Actionable strategies with phased priorities for implementation
- Align work with staff capacity/resources – define organizational priorities
- Evaluate new ways to continually engage changing city leaders (staff, electeds)

### ARCH Executive Board Strategic Plan Draft timeline



Staff will provide an additional update on consultant engagement at the March meeting.

### Staff Recommendation

Staff recommend the Board: (1) discuss how and when member elected officials should be engaged in the strategic planning process; and (2) identify volunteers from the Board to help shape and refine the process ahead of the Board's April meeting.