
Memo

To:

**City of Bellevue Council Members
City of Clyde Hill Council Members
City of Issaquah Council Members
City of Kenmore Council Members
City of Kirkland Council Members
City of Medina Council Members**

**City of Mercer Island Council Members
City of Newcastle Council Members
City of Redmond Council Members
City of Sammamish Council Members
City of Woodinville Council Members**

From: Nathan McCommon, Chair, ARCH Executive Board

Date: December 11, 2025

Re: House Key Plus ARCH East King County Downpayment Assistance Program Recommendation

This memo provides recommendations by the ARCH Executive Board for the previously authorized House Key Plus ARCH East King County Downpayment Assistance Program (see Attachment 1 for the past ARCH member city contributions). These changes are recommended to update the program to the needs of buyers in today's housing market. No additional funding is proposed at this time.

House Key Plus ARCH East King County Downpayment Assistance Program

Project Summary:

The House Key Plus ARCH East King County Downpayment Assistance Program was first established in 2005 by ARCH, the Washington State Housing Finance Commission (WSHFC), and King County. The program is administered through WSHFC and has provided up to \$30,000 in downpayment assistance for qualified first-time homebuyers purchasing in East King County. Based on early successes, the program was recapitalized by all the contributing partners in 2007 and 2012, as shown in Attachment 1.

As of December 2025, there was \$1,201,147 in available program funds. While the program has continued to originate loans in recent years, the pace of loan activity has slowed significantly as home prices have increased far faster than buyers' incomes.

The program as previously authorized is summarized below:

Program Eligibility

- First-time homebuyer (has not owned a home during the past 3 yrs)
- Household income at or below 80% of AMI
- Home will be the buyer's principal residence
- Home must be within the ARCH member jurisdictions.
- Additional requirements for loans funded with federal HOME funds

Down Payment Assistance Terms:

- Second mortgages of up to \$30,000 per home.
- There are no monthly payments on the second mortgage. The loan is due when the buyer sells, refinances, moves out or pays off the 1st mortgage.
- 4% deferred simple interest to be paid when the borrower pays off the loan.
- The loan can be in place for up to 30 years before it must be paid back.
- Borrower(s) must contribute at least 2% of the purchase price from their own funds

Administration: The program is administered by the Washington State Housing Finance Commission (WSHFC) through its existing community of lenders. WSHFC provides training to lenders and includes the program in its regular marketing and outreach.

Current usage: To date, the program has served 81 homebuyers. When first established, the program was well matched to buyers' needs, but as home prices have increased dramatically in the last 20 years, the amount of assistance has become insufficient to bridge the gap between eligible households' income and market rate home prices.

Proposed Program Changes:

WSHFC, King County and ARCH have collaborated throughout the last year to review the DPA program and develop recommendations to strengthen and extend its impact. Below is a summary of recommendations approved by the ARCH Executive Board. These recommendations are anticipated to better meet the needs of eligible buyers in the current marketplace, align with the ARCH Homeownership Program, and result in faster utilization of program funds.

Current Program	Proposed Change
\$30,000 max DPA	Increase max DPA to \$75,000. For borrowers at or below 80% AMI, the maximum DPA would be \$75,000. For borrowers between 80%-100%AMI, the maximum DPA would be \$50,000. Increasing the assistance would make the program more desirable and better bridge the gap for lower income buyers in East King County.
2% minimum contribution required for borrowers	Reduce required minimum contribution for borrowers to 1%. This change would reduce a hurdle to otherwise qualified buyers.

80% AMI eligibility requirement	Allow eligibility up to 100% AMI. This would increase the program's reach and support moderate income households, including potential ARCH homebuyers. The current program income limit is based on federal HOME funding requirements. WSHFC's maximum income limit is 100% AMI.
Simple interest at 4%	Lower the interest rate from 4% to 1%. Currently, 4% is the highest interest rate among any DPA program WSHFC offers, with most others at 0% or 1%. For homes with resale restrictions, 1% simple interest poses less risk to the borrower.
Program Name: House Key Plus ARCH (East King County) Downpayment Assistance Program	Change the program name to the 'East King County Down Payment Assistance Program'. This change will help to distinguish the DPA Program from the ARCH Homeownership Program, as there is confusion in the marketplace between the two programs.

In addition to the above recommendations, the ARCH Executive Board recommends that DPA partners (ARCH, WSHFC and King County) establish a Third Amended and Restated Agreement that will clarify and consolidate administrative responsibilities in ARCH and ARCH's Administering Agency.

Program Update Rationale:

The ARCH Executive Board supported these recommendations for the following reasons:

- Funds have been underutilized and updating the program would better meet the needs of eligible buyers.
- The DPA has demonstrated success but requires updates to continue to be a valuable tool for low- and moderate-income buyers looking to purchase in East King County.
- The changes will better align the DPA program with ARCH's Affordable Homeownership Program, which provides some of the only affordable entry points to homeownership in East King County.
- The changes will clarify and simplify administrative responsibilities to ARCH and the administering agency.
- No additional funding is required at this time.

Recommendation:

- Adopt a resolution approving revisions to the terms and conditions applicable to the House Key Plus ARCH (East King County) Down Payment Assistance Program, authorizing execution of related agreements, and ratifying prior actions taken in support of said program, all as recommended by the Executive Board for A Regional Coalition for Housing (ARCH).

Attachments:

- 1) Attachment 1: DPA Funding Contributions and ARCH Member City Contributions

Attachment 1: DPA Funding Contributions and ARCH Member City Contributions

DPA Program Funding Commitments

	ARCH Funding	King County Funding*	WSHFC Funding	TOTAL
Initial Capitalization (2005)	\$200,000	\$300,000	\$300,000	\$800,000
First Recapitalization (2007)	\$200,000	\$300,000	\$300,000	\$800,000
Second Recapitalization (2012)	\$200,000	\$300,000	\$300,000	\$800,000
TOTAL	\$600,000	\$900,000	\$900,000	\$2,400,000

*Note that \$380,000 in King County funding was withdrawn from the program over time due to expenditure delays that were inconsistent with rules for the County's source of funds (federal HOME/ADDI funds)

ARCH City Contributions

City	Initial Capitalization	First Recapitalization	Second Recapitalization
Bellevue*	\$65,000	\$75,000	\$45,000
Clyde Hill	\$2,500		
Issaquah		\$5,000	\$25,000
Kenmore	\$12,500	\$25,000	\$25,000
Kirkland	\$40,000	\$35,000	\$30,000
Medina	\$2,500		
Mercer Island	\$12,500	\$10,000	
Newcastle	\$7,500	\$10,000	\$12,500
Redmond	\$50,000	\$35,000	\$28,500
Sammamish			\$25,000
Woodinville	\$7,500	\$5,000	\$9,000
TOTAL	\$200,000	\$200,000	\$200,000

*An additional \$15,000 was funded for homebuyer education in the initial capitalization

