



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6056
April 5, 2022
Regular Business

AGENDA BILL INFORMATION

TITLE:	AB 6056: ARCH Housing Trust Fund Project Approval and Interlocal Agreement Amendment	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Approve the use of \$33,500 from the City's contributions to the ARCH Housing Trust Fund and approve the amendment of the ARCH Interlocal Agreement.	

DEPARTMENT:	Community Planning and Development		
STAFF:	Jeff Thomas, Interim Director Alison Van Gorp, Deputy Director		
COUNCIL LIAISON:	n/a		
EXHIBITS:	1. Fall 2021 Housing Trust Fund (HTF) Recommendation 2. Amendment No. 1 to the Amended and Restated Interlocal Agreement for ARCH		
CITY COUNCIL PRIORITY:	n/a		

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda bill is to appropriate funds from the ARCH Housing Trust Fund (HTF) to four projects recommended by the ARCH Executive Board and to approve an amendment to the ARCH interlocal agreement.

- Mercer Island is a member of ARCH (A Regional Coalition for Housing) and like the other local government members, Mercer Island contributes annually to ARCH to provide operational support for the organization and capital support for affordable housing projects (via the HTF).
- The ARCH Executive Board recommends that Mercer Island support the four housing projects listed below, drawing on \$33,500 from the City's contributions to the ARCH HTF. City Council approval is required to allocate these funds:
 - LifeWire – Hope Starts Here (\$1,600)
 - Life Enrichment Options – LEO at Trailhead (\$3,300)
 - Inland Group/Horizon Housing Alliance – Horizon at Totem Lake (\$19,700)
 - Friends of Youth – New Ground Kirkland Redevelopment (\$8,900)
- The [ARCH Interlocal Agreement](#) (ILA) establishes the purpose, structure, responsibilities and governance of ARCH and its members. The ILA also establishes a Citizen Advisory Board (CAB).

- An amendment to the ILA is proposed to change the name of the CAB to “Community Advisory Board,” and to facilitate recruitment of more diverse membership to the CAB.
- Amendment of the ILA requires approval by two-thirds of the ARCH member jurisdictions.

BACKGROUND

ARCH was established in 1993 by an [Interlocal Agreement](#) to create and preserve affordable housing throughout the greater East King County community. Member jurisdictions include Beaux Arts Village, Bellevue, Bothell, Clyde Hill, Hunts Point, Issaquah, Kenmore, King County, Kirkland, Medina, Mercer Island, Newcastle, Redmond, Sammamish, Woodinville, and Yarrow Point. By participating in ARCH, member cities are part of a joint and cooperative undertaking to collectively plan for and provide affordable housing in East King County communities. ARCH staff serves as additional housing staff to each member city, and coordinates with member city staff in various housing-related projects, plans and services.

Like other local government members, Mercer Island contributes annually to ARCH to provide administrative support for the organization’s housing activities and capital support for the creation and preservation of affordable housing. The coordinated approach used by ARCH provides for an efficient use of resources in fulfilling each member city’s obligations under the Washington State Growth Management Act (GMA) to make adequate provisions for the existing and projected housing needs of all economic segments of the population (RCW 36.70A.070(2)), as well as sharing resources with regional partners in the provision and administration of affordable housing.

ARCH HOUSING TRUST FUND

The ARCH Housing Trust Fund (HTF) was created by ARCH member cities in 1993 as a way to directly assist the development and preservation of affordable housing in East King County. The HTF enables ARCH members to capitalize a joint housing development fund and directly control the use of their housing funds through ARCH’s funding recommendation process. The HTF is the primary means by which ARCH members assist in creating and preserving housing opportunities for low- and moderate-income households. The HTF awards loans and grants to Eastside developments that include below-market rate housing. HTF projects typically create housing that is affordable for households earning 60% area median income or less. Between 1993 and 2020, ARCH invested over \$74 million to create 4,591 units of East King County housing for families, seniors, homeless, and persons with special needs.

Mercer Island’s contributions to the ARCH HTF come from the City’s General Fund, designated to ARCH for the purpose of creating affordable housing. The City contributed \$96,000 in 2018, \$50,000 in 2019, \$33,768 in 2020, \$35,000 in 2021 and is budgeted to contribute another \$35,000 in 2022. Funds contributed to the HTF are held in a centralized account at the City of Bellevue and earn interest. Housing projects are identified for funding via a competitive process each fall. ARCH staff, member city liaisons, the ARCH Citizen’s Advisory Board and the ARCH Executive Board review and recommend projects for HTF funding. Allocation of HTF funds contributed by Mercer Island to specific projects must be approved by the City Council, per the terms of the [ARCH Interlocal Agreement](#).

ISSUE/DISCUSSION

2021 HOUSING TRUST FUND FUNDING RECOMMENDATIONS

The 2021 ARCH HTF funding round had five applications representing requests for over \$3.8 million in local funds. The ARCH Executive Board, in concurrence with the ARCH Citizen Advisory Board (CAB), is recommending a total funding allocation of \$3,175,000 for four projects. These recommendations advance

projects that meet urgent local priorities, including mixed income workforce housing, transitional and emergency housing for victims of domestic violence, affordable housing for youth seeking to further their career and education, and much needed affordable housing for individuals with developmental disabilities to be integrated into a transit-oriented development. Details of the Executive Board's rationale for recommending each project is included in Exhibit 1.

The ARCH Executive Board recommends that Mercer Island support the four projects listed below drawing on \$33,500 from the City's contributions to the ARCH Housing Trust Fund:

- LifeWire – Hope Starts Here (\$1,600)
- Life Enrichment Options – LEO at Trailhead (\$3,300)
- Inland Group/Horizon Housing Alliance – Horizon at Totem Lake (\$19,700)
- Friends of Youth – New Ground Kirkland Redevelopment (\$8,900)

If the \$33,500 for the recommended projects listed above is approved by the City Council, the funds will be drawn from Mercer Island's HTF account. The HTF account is an interest-bearing account managed by the City of Bellevue; Mercer Island's annual contributions, plus interest earned and any loan repayments, are held in reserve to be allocated to projects as recommended by the CAB and Executive Board each fall and approved by the City Council each spring.

Exhibit 1 is the ARCH fall 2021 Housing Trust Fund Recommendations memo, detailing the projects recommended for funding by the ARCH Executive Board, and the following supporting documents:

1. Attachment 1: Recommended Projects and Funding Sources provides a chart showing how proposed ARCH funding is distributed among ARCH cities (page 13).
2. Attachment 2: Economic Summaries of Recommended Projects provides economic summaries of the recommended projects showing sources of funding and project expenses (pages 14-17).

INTERLOCAL AGREEMENT AMENDMENT

The [ARCH Interlocal Agreement](#) (ILA) is the guiding document that establishes the purpose, structure, responsibilities and governance of ARCH and its members. The ILA was last amended in 2010 and has since been renewed at five-year intervals. Among other things, the ILA establishes a Citizen Advisory Board (CAB) that plays a vital role in advising the ARCH Executive Board on allocations of funding and resources.

The CAB creates opportunities to bring community voices and perspectives to the development and funding of affordable housing, while also increasing education and awareness of housing issues in the community. In November 2021, the ARCH Executive Board Chair brought forward a proposal to amend the name of the CAB to "Community Advisory Board," and make other modifications that would give the Executive Board greater opportunities to facilitate recruitment of more diverse membership to the CAB. The recommended amendment was approved by a unanimous vote of the ARCH Executive Board.

The proposed amendment to the ILA includes the following changes:

1. Changing the name of the Citizen Advisory Board to the Community Advisory Board,
2. Temporarily allowing up to four additional members to serve on the advisory board in order to enhance the diversity and breadth of skills on the board, and
3. Revising language throughout the agreement consistent with these changes.

Exhibit 2 is the proposed amendment to the ILA. The proposed amendment will be adopted upon approval by two-thirds of the ARCH member jurisdictions.

NEXT STEPS

Approval of the Housing Trust Fund project funding and Interlocal Agreement amendments concludes these matters. A mid-year briefing is planned to provide the Council with an update on ARCH operations and the upcoming work program.

RECOMMENDED ACTION

1. Approve the use of \$33,500 from the City's contributions to the ARCH Housing Trust Fund as recommended by the ARCH Executive Board and authorize execution of any related agreements and documents
2. Approve and authorize execution of Amendment No. 1 to the Amended and Restated Interlocal Agreement for ARCH to (1) change the name of the Citizen Advisory Board to the Community Advisory Board, (2) to temporarily allow up to four additional members to serve on the advisory board in order to enhance the diversity of and the breadth of skills and experience on said board, and (3) to revise language throughout the agreement consistent with these changes.