



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

**AB 6553
October 15, 2024
Regular Business**

AGENDA BILL INFORMATION

TITLE:	AB 6553: Reallocation of ARCH HTF Funds for Redmond Plymouth Housing Project	<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:	Reallocate \$53,300 previously awarded to Plymouth Housing to the Redmond Supportive Housing Project, with revised conditions.	

DEPARTMENT:	Community Planning and Development
STAFF:	Jeff Thomas, Community Planning and Development Director Alison Van Gorp, Deputy Director
COUNCIL LIAISON:	n/a
EXHIBITS:	1. ARCH Memo dated July 19, 2024
CITY COUNCIL PRIORITY:	n/a

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

EXECUTIVE SUMMARY

The purpose of the agenda bill is to reallocate ARCH Housing Trust funds appropriated in 2023.

- Mercer Island is a member of ARCH (A Regional Coalition for Housing) and like the other local government members, Mercer Island contributes annually to the ARCH Housing Trust Fund (HTF).
- The HTF awards loans and grants to Eastside developments that include below-market rate housing.
- In February 2023, the Mercer Island City Council approved the allocation of HTF funds for several affordable housing projects, including the Kenmore Supportive Housing project developed by Plymouth Housing ([AB 6223](#)).
- The City of Kenmore subsequently chose not to move forward with approvals necessary for development of the project. Since then, the City of Redmond has come forward and partnered with Plymouth Housing to move the project to a city-owned property in Redmond.
- The relocated project is materially similar to the initial proposal and will continue to provide 100 new units of housing affordable at 30% AMI for people exiting homelessness.
- The ARCH Executive Board approved a recommendation in July 2024 to reallocate the HTF funds from the Kenmore project to the Remond Supportive Housing Project, along with updated funding conditions (Exhibit 1). Each ARCH member jurisdiction must also approve reallocation of its funds from the HTF per the terms of the [ARCH Interlocal Agreement](#).

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 serve as additional housing staff to each member city and coordinate 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 community (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 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% of the area median income or less. Over the last thirty years, ARCH has supported over 5,300 units of affordable housing and shelter beds. Funds invested in the HTF have been leveraged over 10:1, bringing in \$1 billion in other investments to East King County.

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, and \$35,000 in each year since 2021. Funds contributed to the HTF are held in a centralized account at the City of Bellevue and earn interest. Mercer Island's annual contributions, plus loan repayments and interest earned, are held in reserve until allocated to specific projects.

Affordable housing projects are identified for HTF funding via a competitive process each fall. ARCH staff, member city liaisons, the ARCH Community Advisory Board and the ARCH Executive Board review and recommend projects for grants or loans from the HTF. Allocation of funds from Mercer Island's portion of the HTF to specific projects must be approved by the City Council, per the terms of the [ARCH Interlocal Agreement](#).

ISSUE/DISCUSSION

In February 2023, the Mercer Island City Council approved the allocation of HTF funds for several affordable housing projects, including the Kenmore Supportive Housing project developed by Plymouth Housing ([AB 6223](#)). The City of Kenmore subsequently chose not to move forward with approvals necessary for development of the project. Since then, the City of Redmond has come forward and partnered with Plymouth Housing to move the project to a city-owned property in Redmond.

The ARCH Executive Board approved a recommendation in July 2024 to reallocate the HTF funds from the Kenmore project to the Remond Supportive Housing Project, along with updated funding conditions (Exhibit 1). Each ARCH member jurisdiction must also approve reallocation of its funds from the HTF per the terms of the [ARCH Interlocal Agreement](#).

NEXT STEPS

Once the City Council approves the reallocation of HTF funding, no further action will be required from the City. The Redmond Supportive Housing Project is expected to move forward in the months to come.

ARCH staff and the community advisory board are currently in the process of reviewing the 2024 funding proposals for the HTF. The Executive Board is expected to make a recommendation on project funding later this year, and it will be brought to the City Council for approval in Q1 2025.

RECOMMENDED ACTION

Reallocate \$53,300 previously awarded to Plymouth Housing to the Redmond Supportive Housing Project, with revised conditions as described in Exhibit 1.