



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6859
February 3, 2026
Regular Business

AGENDA BILL INFORMATION

TITLE:	AB 6859: ARCH Housing Trust Fund Project Approvals	<input type="checkbox"/> Discussion Only
RECOMMENDED ACTION:	Approve the use of \$40,600 from the City's contributions to the ARCH Housing Trust Fund.	<input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution

DEPARTMENT:	Community Planning and Development
STAFF:	Jeff Thomas, Community Planning and Development Director Alison Van Gorp, Deputy Director Lindsay Masters, ARCH Executive Director
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Fall 2025 Housing Trust Fund (HTF) Recommendation Memo
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 seven projects recommended by the ARCH Executive Board.

- 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 seven housing projects listed below, drawing on \$40,600 from the City's contributions to the ARCH HTF:
 - Bellevue - Altaire – Hopelink/SRM (\$4,400)
 - Bellevue – Forest Edge – Imagine Housing (\$4,400)
 - Bellevue – Orchard Gardens – Habitat for Humanity (\$5,900)
 - Kirkland – Kirkland House – Porchlight (\$1,700)
 - Redmond – Family Village Redmond – YWCA (\$6,600)
 - Issaquah – LEO Trailhead – Life Enrichment Options (LEO) (\$700)
 - Bothell – Bothell Urban – BRIDGE (\$16,900)
- City Council approval is required to allocate these funds.
- Should the City choose not to fund some or all these projects, those unallocated funds would remain in the City's HTF account and earn interest until they are allocated to projects in future years.

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 primarily create housing that is affordable for households earning 60% of the area median income or less. Over the last three decades, ARCH has supported over 6,000 units of affordable housing and shelter beds.

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. The balance of Mercer Island's portion of HTF account was \$42,880.16 at year-end 2025.

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

FALL 2025 HTF FUNDING RECOMMENDATIONS

The 2026 ARCH HTF received \$14.8 million in funding requests. While it was not possible to fully fund all these requests, the ARCH Executive Board is recommending funding for seven projects, including full funding for three projects and partial funding for four projects. The \$4.6M in recommended funding includes

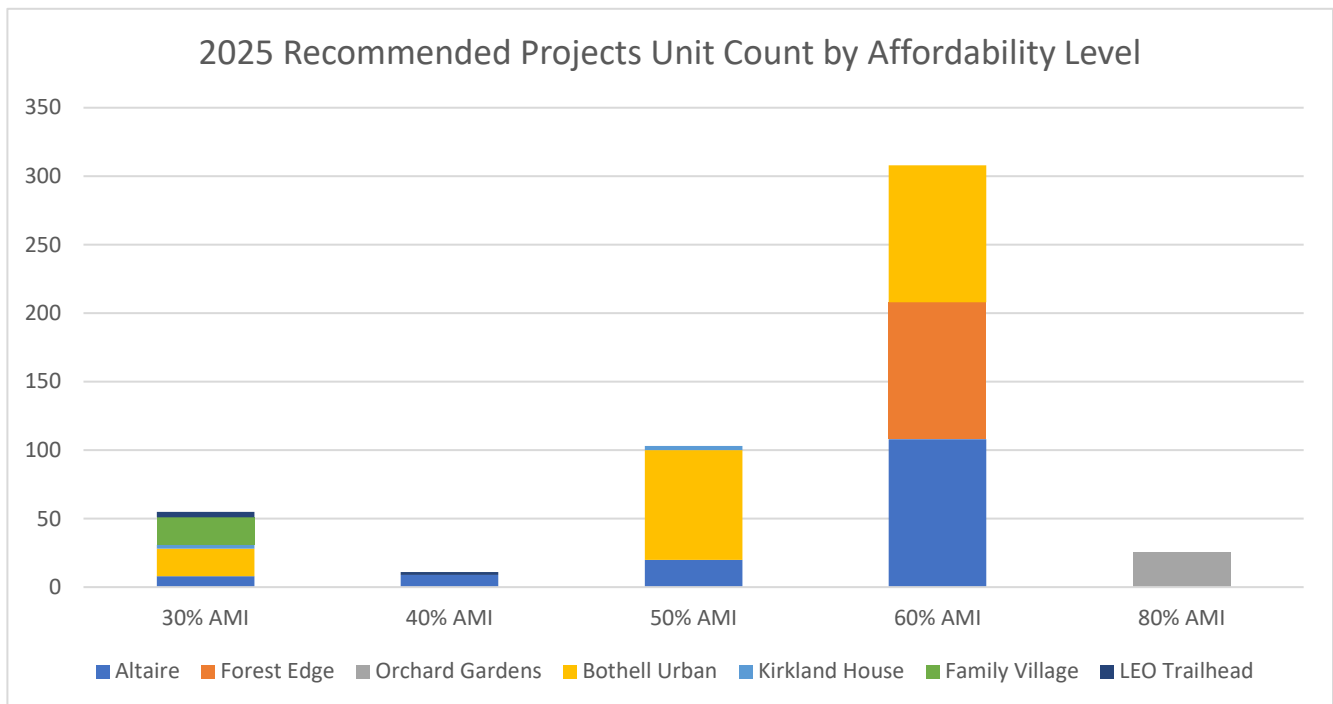
approximately \$4M in local funds and \$616,000 in Community Development Block Grant (CDBG) funds allocated through ARCH. Details of the Executive Board’s rationale for recommending each project are included in Exhibit 1.

The ARCH Executive Board recommends that Mercer Island support all seven of the recommended projects drawing on \$40,600 from the City’s contributions to the ARCH Housing Trust Fund, as shown in the project summary below:

Project Name	Location	Developer	Affordability Levels and Unit Count	Total Project Cost	2025 ARCH Contribution	Mercer Island Contribution
Altaire	Bellevue	Hopelink/SRM	30% AMI – 8 40% AMI - 9 50% AMI – 20 60% AMI – 108	\$96,232,427	\$500,000	\$4,400
Forest Edge	Bellevue	Imagine Housing	60% AMI – 100	\$71,250,565	\$500,000	\$4,400
Orchard Gardens	Bellevue	Habitat for Humanity	80% AMI – 25 (home ownership units)	\$21,350,272	\$500,000 (+616,00 in CDBG funds)	\$5,900
Bothell Urban	Bothell	BRIDGE	30% AMI – 20 50% AMI – 80 60% AMI – 100	\$102,602,348	\$1,500,000	\$16,900
Kirkland House	Kirkland	Porchlight	30% AMI – 3 50% AMI – 3	\$1,637,541	\$212,600	\$1,700
Family Village Redmond	Redmond	YWCA	30% AMI – 20	\$1,897,052	\$626,700	\$6,600
LEO Trailhead	Issaquah	Life Enrichment Options (LEO)	30% AMI – 4 40% AMI - 2	\$2,698,126	\$191,500	\$700

The seven recommended projects will provide a range of affordable housing options throughout East King County, including extremely low-, very low-, low- and moderate-income units. The recommended projects represent 502 total units of affordable housing; the unit count at each affordability level is shown in the graph below. The recommended projects meet diverse needs throughout the region, including:

- Renovation and expansion of existing permanent supportive housing and housing for low income families;
- Transit-oriented development for families and individuals adjacent to light rail;
- Local partnerships to serve diverse populations, including low-income families, individuals exiting homelessness, persons with intellectual and developmental disabilities, and households with incomes under 50% of median income.



The ARCH contributions to the recommended projects are just a small share of the funding and financing that it takes to construct/acquire these affordable housing units. Each ARCH HTF dollar is leveraged over 60 to 1 with funds from other sources. The proposed projects expect to attract \$292 million in other funding sources, including federal tax credits and tax-exempt bonds as well as State of Washington and King County funding.

Exhibit 1 is the ARCH Fall 2023 Housing Trust Fund Recommendations memo, detailing the projects recommended for funding by the ARCH Executive Board, including the following supporting documents:

1. Attachment 1: ARCH Award Standard Conditions describes conditions awarded project must contend with during the development of the project (pages 23-26).
2. Attachment 2: Project Economic Summaries provides economic summaries of the recommended projects showing sources of funding and project expenses (pages 26-32).

NEXT STEPS

If the \$40,600 for the recommended projects listed above is approved by the City Council, the funds will be drawn from Mercer Island's portion of the HTF account. Approval of the Housing Trust Fund project funding will conclude this matter. Later this year, the City Council will need to approve the 2027-2028 ARCH work plan and administrative budget.

RECOMMENDED ACTION

Approve the use of \$40,600 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.