



# BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 5780  
November 17, 2020  
Regular Business

## AGENDA BILL INFORMATION

<b>TITLE:</b>	AB 5780: ARCH 2021 Work Plan and Budget Approval	<input type="checkbox"/> Discussion Only
<b>RECOMMENDED ACTION:</b>	Approve the ARCH 2021 Work Plan and Administrative Budget and the 2021-2022 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

<b>DEPARTMENT:</b>	Community Planning and Development
<b>STAFF:</b>	Alison Van Gorp, Deputy Director
<b>COUNCIL LIAISON:</b>	n/a
<b>EXHIBITS:</b>	1. ARCH 2020 Budget and Work Program Memo
<b>CITY COUNCIL PRIORITY:</b>	n/a

<b>AMOUNT OF EXPENDITURE</b>	\$ n/a
<b>AMOUNT BUDGETED</b>	\$ n/a
<b>APPROPRIATION REQUIRED</b>	\$ n/a

## SUMMARY

On October 6, 2020, the City Council received an overview of A Regional Coalition for Housing's (ARCH) 2021 Administrative Budget, Work Plan, and funding considerations for the 2021-2022 Housing Trust Fund contributions (see [AB 5757](#)). The purpose of this agenda bill is to approve ARCH's 2021 budget and work plan. In addition, the City Council needs to determine the City's contribution to the Housing Trust Fund (HTF) for 2021-2022, which will be adopted as a part of the biennial budget on December 1, 2020.

### ARCH 2021 Administrative Budget and Work Program

Each year, the ARCH Executive Board develops and approves a work program and administrative budget that is shared with member City Councils for approval, as required by the ARCH Interlocal Agreement. The administrative budget supports staffing and other costs associated with implementing the 2021 work program (see Exhibit 1). The 2021 ARCH Administrative Budget totals \$1,155,261. Each ARCH member City pays a share of the administrative budget, based on population. This year, member city contributions have been held flat at 2020 levels. Mercer Island's share of the operating budget in 2021 is \$50,222 or 4.3% of the total ARCH budget. City staff also recommend including a placeholder of \$51,729 for the ARCH administrative budget in 2022, which reflects a 3% increase over 2021. The City Council will have the opportunity to review and approve the 2022 work plan and administrative budget in the fall of 2021.

## **Housing Trust Fund (HTF) Contributions**

In addition to providing administrative support to ARCH, the City also contributes to the HTF to directly support the creation of affordable housing through new construction and preservation projects. These contributions play an important role in helping to meet the rapidly growing demand for affordable housing in East King County.

The City Council must now determine the desired contribution level to the HTF for the next two years. The ARCH Executive Board has adopted “Parity Goals” to assist jurisdictions in identifying HTF contributions in a way that fosters equitable investment across the member jurisdictions. Mercer Island’s Parity Goal range for the upcoming fiscal year is \$18,146 to \$150,045.

In the 2019-2020 biennium, the City budgeted \$100,000 (\$50,000 per year) to contribute to the HTF. The City’s 2020 contribution was later reduced from \$50,000 to \$33,768 and the difference was reallocated to the Rental Assistance program operated by the Youth and Family Services Department to mitigate the local economic impacts of the COVID-19 Pandemic.

The 2021-2022 Preliminary Budget currently includes a placeholder of \$50,000 per year for the HTF, the City’s pre-pandemic contribution level. Staff requests City Council’s direction on the HTF contribution amount for inclusion in the 2021-2022 biennial budget.

## **RECOMMENDATION**

1. Approve the ARCH 2021 Work Plan, allocate \$50,222 for the 2021 ARCH Administrative Budget, and allocate \$51,729 as a placeholder for the 2022 ARCH Administrative Budget.
2. Allocate [\$50,000] annually to the ARCH Housing Trust Fund for 2021 and 2022.