



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

**AB 5818
March 2, 2021
Regular Business**

AGENDA BILL INFORMATION

TITLE:	AB 5818: ARCH Housing Trust Fund Project Funding Approval	<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 \$55,300 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.	

DEPARTMENT:	Community Planning and Development
STAFF:	Alison Van Gorp, Deputy Director
COUNCIL LIAISON:	n/a
EXHIBITS:	1. ARCH Fall 2020 Housing Trust Fund Recommendations
CITY COUNCIL PRIORITY:	n/a

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

SUMMARY

The purpose of this agenda bill is to provide an overview of the three projects recommended by the ARCH Executive Board for funding from Mercer Island’s contributions to the ARCH Housing Trust Fund (HTF). Approval of funding for these projects will allocate funds contributed to the HTF in 2019 and 2020, totaling \$55,300.

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 \$64,000 in 2017, \$96,000 in 2018, \$50,000 in 2019, \$33,768 in 2020 and is budgeted to contribute \$35,000 in 2021. 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](#).

2020 PROJECT FUNDING RECOMMENDATIONS

The 2020 ARCH HTF funding round had four applications representing requests for over \$6 million in local funds. The ARCH Executive Board, in concurrence with the ARCH Citizen Advisory Board, is recommending a total funding allocation of \$5,000,000 for three projects. These recommendations advance projects that meet urgent local priorities, including mixed income workforce housing, affordable housing for seniors, and the first permanent supportive housing project for homeless individuals on the Eastside. 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 three projects listed below drawing on \$55,300 from the City's contributions to the ARCH Housing Trust Fund:

- Eastgate Supportive Housing (\$5,500)
- Samma Senior Apartments (\$5,500)
- Horizon at Totem Lake (\$44,300)

The current balance in the Mercer Island HTF account is \$196,718. Of this amount, \$118,636 is committed to previously funded projects that are now in development. If the \$55,300 for the recommended projects listed above is approved, \$22,782 will remain in Mercer Island's HTF account. These funds will be held in an interest-bearing account, and together with the 2021 contribution (plus interest earned and any loan repayments) will be available to award to new projects in the fall 2021 funding round.

Exhibit 1 is the ARCH fall 2020 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 funding chart showing how proposed ARCH funding is distributed among ARCH cities (page 12).
2. Attachment 2: Economic Summaries of Recommended Projects provides economic summaries of the recommended projects showing sources of funding and project expenses (pages 13-15).
3. Attachment 3: Past Projects Funded Through the ARCH Trust Fund provides a summary of ARCH projects funded from 1993-2018 (pages 16-19).

RECOMMENDATION

Approve the use of \$55,300 from the City's contributions to the ARCH Housing Trust Fund as recommended by the ARCH Executive Board and authorize the City Manager to execute related agreements and documents.