



Memorandum

Date: 10/19/2021  
Meeting of: City Council

File No. AM No. 21-154  
Type: Consent Item

TO: Members of the City Council  
FROM: Mayor Angela Birney

DEPARTMENT DIRECTOR CONTACT(S):

Planning and Community Development	Carol Helland	425-556-2107
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DEPARTMENT STAFF:

Planning and Community Development	Ian Lefcourte, AICP	Planner
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**TITLE:**

Affordable Housing and 2022 ARCH (A Regional Coalition for Housing) Work Program and Budget

**OVERVIEW STATEMENT:**

A Regional Coalition for Housing (ARCH) was created in 1992 through an interlocal agreement of several Eastside cities and King County. ARCH assists member governments in developing housing policies, strategies, programs, and development regulations; coordinates the cities' financial support to groups creating affordable housing for low- and moderate-income households; and assists people looking for affordable rental and ownership housing. Each year, the City of Redmond reviews ARCH's annual budget and work program. The 2022 ARCH Work Program and Budget are required to be approved by each of the 16 member councils that are party to the Interlocal Agreement.

The proposed 2022 administrative budget request to Redmond is \$156,381, which represents a 27 percent (\$33,277) increase from the 2021 budget of \$123,104. The increase reflects the addition of two staff positions that will focus on local incentive program administration, portfolio monitoring, and administering new funding sources that were identified as necessary during a recent ARCH staffing capacity review effort.

The 2022 Work Program and Budget details are more fully provided for in **Attachment A**. The assessment of ARCH staffing capacity prepared by the Cedar River Group is included as **Attachment B**.

**Additional Background Information/Description of Proposal Attached**

**REQUESTED ACTION:**

- Receive Information
- Provide Direction
- Approve

**REQUEST RATIONALE:**

- **Relevant Plans/Policies:**  
Comprehensive Plan Housing Element: Provides a framework for housing goals, policies, and actions to address housing needs that advance the City's vision.

Housing Action Plan: Provides implementation strategies to address housing needs that advance the City's vision.

- **Required:**

The ARCH Interlocal Agreement of 1993 as amended in 2010 requires that the annual ARCH work program and budget be approved by each member council.

- **Council Request:**

N/A

- **Other Key Facts:**

This is an annual process with ARCH and associated member jurisdictions.

**OUTCOMES:**

ARCH supports housing across East King County communities through a cooperative approach and creates efficiencies in housing planning and affordable housing project development. ARCH collaborates with local members, including Redmond, to:

- Administer the Housing Trust Fund;
- Support proposals to acquire dedicated funding for affordable housing;
- Facilitate production of affordable housing;
- Steward affordable housing assets;
- Analyze affordable housing practices;
- Review legal decisions related to affordable housing;
- Develop measurable goals for production and preservation of affordable housing; and
- Manage select affordable housing programs and projects.

Further information is contained within **Attachment A**.

**COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:**

- **Timeline (previous or planned):**

Annual process; must be approved before the end of the year.

- **Outreach Methods and Results:**

Opportunity for input through Council review process.

- **Feedback Summary:**

Any feedback provided to staff will be summarized and provided to Council.

**BUDGET IMPACT:**

**Total Cost:**

\$156,381 for the City of Redmond contribution to ARCH administrative budget.

**Approved in current biennial budget:**

Yes

No

N/A

**Budget Offer Number:**

000248 - Housing and Human Services

Citywide CIP - Housing Trust Fund - ARCH

Citywide CIP - Affordable Housing Alternative Compliance Fee in Lieu

**Budget Priority:**

Vibrant and Connected

**Other budget impacts or additional costs:**     Yes             No             N/A

**If yes, explain:**

Refer to the Budget/Funding Constraints section below for budget balancing details.

**Funding source(s):**

General Fund  
CIP

**Budget/Funding Constraints:**

The proposed 2022 administrative budget contribution from Redmond is \$156,381. This represents a 27 percent increase over the adopted 2021 administrative budget of \$123,104. The increase reflects the addition of two ARCH staff positions.

There are several factors contributing to the proposed increase.

1. The addition of two full-time employees to the ARCH staff. The quantity of projects with ARCH affordable units has continued to grow. These two new staff members will enable ARCH to more effectively monitor, manage, and report on a growing portfolio. These positions will focus on administering local incentive programs, monitoring the expanding portfolio of Housing Trust Fund investments, and assisting with administration of new funding sources, including new affordable housing sales tax resources. Redmond would benefit greatly from these additions, as Redmond has one of the largest ARCH portfolios. Refer to the assessment of ARCH staffing capacity prepared by the Cedar River Group that is included with this memorandum as **Attachment B**.
  - a. Revenue from new administrative fees is used to free-up funds for one of the new positions. A new tier of member dues is created to cover the second new position. These dues are allocated to the member cities that utilize ARCH for incentive program administration. Redmond, Kirkland, and Bellevue are the member cities that utilize these services the most.
  - b. Historically, staff capacity has not grown sufficiently to keep up with member's needs and requests. New staff capacity is essential to catch up on longstanding shortages and meet member's most pressing existing and near-term needs.
2. There was no budget increase from the 2020 budget to the 2021 budget due to the COVID pandemic. Some increases to the administrative budget that would ordinarily occur in 2021 were deferred to 2022.

The Redmond portion of ARCH administrative budget is funded from the PCD operating budget and the CIP. The money for the increased budget contribution will come from salary savings in the PCD operating budget and CIP Housing Trust Funds allocated to ARCH to support both operational and capital expenses. The 2021-22 salary savings are from various open positions and transitions since the beginning of the biennium. Allocating salary savings to the 2022 ARCH administrative budget will not impact the ability of the Planning Department to fill open positions during this biennium.

Affordable Housing Alternative Compliance Fee-in-Lieu funds will be used to replenish the ARCH Housing Trust Fund monies needed to cover this additional budget expense.

**Additional budget details attached**

**COUNCIL REVIEW:**

**Previous Contact(s)**

<b>Date</b>	<b>Meeting</b>	<b>Requested Action</b>
10/12/2021	Committee of the Whole - Planning and Public Works	Provide Direction

**Proposed Upcoming Contact(s)**

<b>Date</b>	<b>Meeting</b>	<b>Requested Action</b>
N/A	None proposed at this time	N/A

**Time Constraints:**

ARCH requests the timely approval of the 2022 ARCH work program and budget by the end of 2021.

**ANTICIPATED RESULT IF NOT APPROVED:**

If not approved, ARCH will not have Redmond funds to contribute to ARCH operations and implementation of its work program, and Redmond would need to create new staff capacity to monitor its growing affordable housing portfolio.

**ATTACHMENTS:**

- Attachment A - ARCH Memo to Councils - 2022 ARCH Budget and Work Program
- Attachment B - ARCH Assessment Cedar River Final Report 2021