



MEMORANDUM

To: David Ramsay, City Manager

From: Tracey Dunlap, P.E., Director of Finance & Administration

Date: October 13, 2006

Subject: A Regional Coalition of Housing (ARCH) Funding

The attached service package description contains a discussion of the current funding challenges faced by ARCH (A Regional Coalition of Housing). The table below provides a history of the City's contributions since 1999 for use in discussing the 2007-2008 funding recommendations.

City of Kirkland Funding Summary for ARCH (A Regional Coalition for Housing)

Year	CDBG Funds	City General Fund	Total ARCH Support
1999	\$ 138,000	\$ 77,000	\$ 215,000
2000	\$ 194,000	\$ 60,000	\$ 254,000
2001	\$ 164,000	\$ 64,000	\$ 228,000
2002	\$ 187,000	\$ 26,000	\$ 213,000
2003	\$ 204,000	\$ 27,000	\$ 231,000
2004	\$ 94,000	\$ 117,000	\$ 211,000
2005	\$ 6,000	\$ 184,000	\$ 190,000
2006	\$ 53,000	\$ 200,000	\$ 253,000
2007*	\$ -	\$ 216,000	\$ 216,000
2008		<i>to be determined</i>	

* City Manager's Recommendation

CITY OF KIRKLAND
2007-2008 SERVICE PACKAGE REQUEST

TITLE	ARCH Housing Trust Fund: Annual Contribution				
DEPARTMENT	DIVISION		FUND		
Planning & Community Dev	Policy & Planning		General Fund		
CITY PHILOSOPHIES					
- Human Services					
DESCRIPTION AND JUSTIFICATION					
<p>This service package request would provide monetary support to the ARCH (A Regional Coalition for Housing) housing trust fund. ARCH maintains a trust fund that is used to support the construction of projects serving low-income, moderate-income and special needs housing throughout the Eastside. ARCH has set a goal for total annual trust fund contributions from member cities of \$1,000,000 to \$2,000,000. Kirkland's fair share contribution to the trust fund, using formulas developed by ARCH to establish parity among member jurisdictions, is between \$159,000 and \$269,000. The City's average contribution over the last eight years has been \$224,375. Notable projects that the City has supported in the last few years include preservation of Section 8 units in Issaquah, construction of new ownership housing for moderate income families in Kenmore, and down payment assistance funds for moderate income first time home buyers in east King County.</p> <p>This service package will create a guaranteed contribution to the ARCH housing trust fund of \$216,000, the midpoint of the City's parity range and requests that the funding be ongoing rather than one-time. The City has relied on CDBG funds and one-time service packages in the past to help fund this service. However, Federal funding for the CDBG program continues to decline. President Bush's FY2007 budget proposes a 25% decrease in CDBG funding, on top of cuts totaling 15% since FY2004. Due to reductions in Federal funding and the need to improve efficiencies with the remaining funding available, the City and other CDBG consortium member cities agreed, beginning in 2006, to have one central process for allocation of CDBG funds rather than each city allocating its own funds. ARCH received a total of \$298,000 in CDBG capital dollars from the CDBG consortium in 2006. In previous years, ARCH had received between \$531,000 and \$678,000 in CDBG capital dollars from the ARCH cities. It is anticipated that ARCH will receive approximately \$235,000 in CDBG capital funds from the CDBG consortium for 2007, but the amount is uncertain. Future allocations from the CDBG consortium are also uncertain.</p> <p>An alternate approach would be to fund a service package of \$159,000, the low end of Kirkland's parity range. If that approach is taken, the City's average contribution over the ten year period, including 2007 and 2008, would be just over \$211,000.</p>					
Is this Service Package tied to a CIP Project? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes CIP # _____					
NUMBER OF FTE's REQUESTED					
COST SUMMARY	2007		2008		Total
	Ongoing	One-Time	Ongoing	One-Time	
Personnel Services	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies & Services	\$ 216,000	\$ -	\$ 216,000	\$ -	\$ 432,000
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -
Total Service Package Cost	\$ 216,000	\$ -	\$ 216,000	\$ -	\$ 432,000
Expenditure Savings / Offsetting Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Net Service Package Cost	\$ 216,000	\$ -	\$ 216,000	\$ -	\$ 432,000