CITY OF KIRKLAND
Planning and Building Department
123 5th Avenue, Kirkland, WA 98033
425.587.3600- www.kirklandwa.gov

MEMORANDUM

To: Housing Strategy Advisory Group

From: Dawn Nelson, Planning Supervisor
Arthur Sullivan, ARCH Program Manager
Mike Stanger, ARCH Housing Planner

Date: October 5, 2017

Subject: Housing Strategy Plan Update Meeting on October 11, 2017 (File PLN17-00111)

MEETING PURPOSE

The purpose of this Housing Strategy Advisory Group meeting is to discuss the various ways that explicitly affordable housing units get created in our community. We will also continue to flesh out the details for the November 2nd community housing workshop. City and ARCH staff will present information and help guide the Advisory Group's discussion.

MEETING OVERVIEW AND BACKGROUND INFORMATION

Meeting Overview

1. Affordable Housing Unit Creation

2. Community Housing Workshop

Following is an annotated outline of the meeting, including references to attached documents. They will be discussed at the meeting and are included so that you might review them ahead of time.

1. Affordable Housing Unit Creation

One of the interesting outcomes of the strategy sorting exercise that the group completed at the last meeting was the lack of votes received by the "local revenue" strategies. This strategy group included the concepts of continuing and increasing ARCH member cities' funding for the ARCH Housing Trust Fund as well as a demolition tax. During the discussion that followed the sorting, it became clear that staff should provide more background information on the various ways that affordable housing units get created, including the impact that local funding has on the creation of those housing units. Attachment 1 is an excerpt from the Housing 101 publication created by ARCH. Attachment 2 is a list of all affordable housing projects that exist in East King County as a result of receiving funding from the ARCH Housing Trust Fund.

2. Community Housing Workshop

Kathy Cummings, the City's Communications Program Manager, attended the Septebember 27th meeting and led the conversation about the housing workshop. The housing workshop was identified as an important opportunity for public outreach in the Housing Strategy Plan work program. Based on Kathy's review of the calendar for other City meetings and events, November 2nd is the best available date to hold a workshop this year. That will put the workshop before the holiday season begins and assure that the information gathered at the meeting will be timely in helping to shape the Advisory Group's recommendation on the Housing Strategy Plan.

The workshop will share information that has been gathered to date from the survey and focus group, as well as the primary strategy areas that the Advisory Group is considering for its recommendation. Based on input at the last Advisory Group meeting, staff is recommending the following questions be asked at the workshop:

- Are these the right strategies to address citizen's concerns? If not, what ideas do you have?
- Are there areas that we can build on or go further with?
- What questions do you have or do you think others will have?

At the meeting, Staff would like to hear any concerns or recommendations for refinements to these questions. We will also seek input from the Advisory Group about the format for the workshop.

Attachments

1. Excerpt from ARCH Housing 101 publication
2. ARCH Housing Trust Fund Project List (1993 – 2016)

AFFORDABLE RENTAL

Very low and low-income households have a difficult time finding affordable rental housing on the Eastside. As noted above, market-rate rents are higher than low-income households can afford, requiring them to spend more than 30 percent of their income on housing, double up with others, or move farther away from jobs or family to seek lower-priced housing. This section discusses several strategies that have been used to assist low-income households (earning 50 percent of median or less) with rental housing. Assistance can also include housing specifically designed to address the needs of those with specialized needs, such as homeless families, singles and youth; seniors; persons with disabilities and others. ARCH has acknowledged this range of needs by establishing goals for different populations (See ARCH Housing Trust Fund, page 48).

Assistance to Renters	Cost-reducing Development Strategies	Subsidized housing development	Preservation of existing Housing
Provide cash to renters in the form of a Housing Choice voucher to subsidize rent in a market-rate apartment.	Lower construction costs by smaller unit sizes or by offering developers waivers from regulations or incentives for including affordable units.	Develop units with affordable rents through public or philanthropic subsidies.	Preserve existing affordable housing by subsidizing it to retain rents at affordable levels.

Assistance to Renters: Rental Assistance

For households that do not earn enough to afford a private market apartment, one potential solution is **rental assistance**. Rental assistance is essentially an ongoing subsidy, which covers the gap between 30 percent of a household's income and the actual cost of an apartment, allowing the household to afford a market-rate apartment.

The federal government has provided rental assistance since the 1970s through its **Housing Choice (Section 8)** program. The Section 8 program provides rental assistance through two different mechanisms:

- **Rental vouchers,** which provide a cash subsidy to make up the difference between 30 percent of a tenant's income and a federally-defined **"Fair Market Rent"** at the tenant's own apartment; and
- **Project-based Section 8,** which provides a subsidy to the owners of an affordable rental complex, helping to keep rents low in that building.

The King County Housing Authority (KCHA) administers the Section 8 Rental Voucher Program locally, currently subsidizing over 8,100 households around the county outside Seattle. The program faces two challenges, however for residents of East King County.

First, because rents in East King County are higher than in other parts of the county, local tenants have difficulty finding apartments that meet the "Fair Market Rent" limit and often must use their vouchers elsewhere in the county where rents are lower. The allowable rent limits may make it difficult for households to find apartments given the $1,000 to $1,500 average rents on the Eastside. A total of approximately 1,730 Section 8 certificates are currently being used in East King County (out of approximately 8,100 total that are currently in use by KCHA).

Second, when KCHA opened its Section 8 waiting list during spring 2007, it received applications from 10,728 households, but was able to place only 2,500 households on its waiting list. KCHA is able to serve approximately 1,200 new households each year, making the wait for housing for those at the end of the waiting list over two years.

Emergency Rental Assistance

In addition to federally-subsidized rental assistance, King County, a number of local communities and several non-profits also provide one-time, emergency rental assistance, designed to prevent households in crisis from becoming homeless.

Most rental assistance programs are limited to people at or below 80 percent of median income. In some cases, subsidies can only be used by those below 50 percent of median income.

Cost-reducing Development Strategies: Land Use Incentives

Riverside Landing Senior Apartments, SRI, Bothell

As noted in the section on affordable homeownership, helping rental housing developers reduce the cost of development can lead to lower-cost housing options. A number of local communities have provided **land use incentives** to spur the development of lower-cost rental opportunities. These strategies, which do not necessarily guarantee housing affordability but can encourage a diversity of types and styles of housing, may include:

- Allowing housing in mixed-use buildings and downtown neighborhoods.
- Adopting flexible development regulations, such as:
  - Reducing parking requirements or allowing shared parking; or
  - Using Floor Area Ratio (FAR) instead of density per acre to permit additional density and encourage smaller units.

Explicitly Affordable Rental Housing

In some cases, regulatory incentives have been used to create explicitly affordable housing. Over 1,000 moderate-income units have been created on the Eastside since 1993 using land use incentives.

These strategies have included:

- **Incorporating affordable housing into market-rate developments**. A number of jurisdictions have adopted density bonuses, fee waivers and other incentives that include affordable housing. Some cities (Bellevue, Kirkland) also relax certain development standards (e.g. impervious surface area, parking) to accommodate affordable units.

- **Linking affordability to rezones or regulation changes**. Several cities have created linkages to providing affordable housing when they have changed zoning regulations. In some cities (including Redmond, Newcastle, and Kenmore), provision of affordable housing is required for all housing in certain areas that changed zoning regulations. Kirkland and Mercer Island have rezoned areas where affordability is required only if the new regulations (e.g. extra height) are used.

- **Permitting Accessory Dwelling Units.** Accessory Dwelling Units (ADUs) can do two things at once: they can help lower the costs of homeownership, while also providing affordable rental housing.

  An ADU is an extra living unit on a residential property, complete with kitchen, bathroom, and a sleeping area. An ADU can be inside a single-family home, attached to a home or garage, or (in some cities) detached as a separate structure on the property. Most cities in East King County now permit ADUs, and, since 1993, 500 ADUs have been created in East King County.

- **Providing surplus, publicly-owned land.** Several cities have made surplus land available at no cost or at below market in exchange for providing affordable housing in the development.

An ADU above a garage, Kirkland

An ADU in a home, Mercer Island

Subsidized housing development

New affordable rental units can be created by subsidizing their development costs through the use of public or philanthropic funds.

Subsidized rental units are usually developed and operated by community-based non-profit developers, though some have been developed by private developers. Types of subsidies are discussed in more detail in the Funding Sources section. Typically, numerous funding sources—from federal tax credits to below-market-rate financing to funds from local governments—are **layered** to cover the costs of the new development.

Since 1993, almost 2,580 low and moderate-income units have been created in East King County using a variety of forms of direct assistance. Almost all of these have included financial assistance from cities that are members of ARCH. Figure 12 on page 20 provides a complete list of projects that have received assistance through the ARCH Housing Trust Fund.

Highland Gardens, St. Andrews Housing Group, Klahanie

To get a better sense of the types of people who live in affordable housing and have been helped by affordable housing programs, the Eastside non-profit Downtown Action to Save Housing (DASH) surveyed tenants in properties it had developed. Exhibits 11 and 12 in the Appendix show that these properties include households with a wide range of incomes working in a range of occupations.

Preservation of existing affordable housing

Existing housing has been a primary source of affordable housing. One of ARCH's objectives has been to maintain the proportion of funding for preservation projects at or above previous levels (which have averaged 30 percent of total funding). Eastside cities have worked to preserve two types of affordable housing:

- Project-based Section 8 housing; and
- Existing affordable market-rate housing.

Project-based Section 8 housing. In addition to providing rental vouchers, the Section 8 program also provides project-based subsidies, which have been used to develop housing for families and seniors. In project-based Section 8 developments, the federal government provides ongoing subsidies to property owners to make up the difference between Fair Market Rent and what low and very low-income residents can afford. When these developments reach the end of their affordability commitment to the federal government, however, they are eligible to be converted into market-rate housing.

Preservation of expiring Section 8 units and other affordable housing units has been a high priority for ARCH and its partners, as this housing cannot be replaced and will soon become unaffordable if it is not preserved.

In East King County there are approximately 1,100 project-based Section 8 housing units, of which approximately 620 were originally built by private developers. To date, ARCH member cities have helped the King County Housing Authority and non-profit developers preserve 460 of these units.

Ellsworth Senior Apartments, St. Andrews Housing, Mercer Island

Existing affordable market-rate housing. Another strategy employed by ARCH and its member cities has been to assist the King County Housing Authority or non-profit developers to purchase existing market-rate housing developments. The properties are renovated and then reopened with rents affordable to low or moderate-income households, in some cases with units set aside for formerly homeless households.

At the time these properties are purchased by the Housing Authority or a non-profit, a large proportion of their residents have incomes between 30 and 60 percent of median income. When these properties are preserved for long-term affordability, their residents can benefit through both improved housing conditions and guaranteed affordable rents.

Affordable Housing Developers

Three types of developers create affordable housing in East King County:

- King County Housing Authority.
- Community-based non-profits.
- Private Developers.

Village at Overlake, KCHA, Redmond

KING COUNTY HOUSING AUTHORITY

The King County Housing Authority (KCHA) was established in 1939 as the county's public housing agency. KCHA originally built and operated housing funded through the U.S. Department of Housing & Urban Development (HUD). In the last 20 years, KCHA has expanded the types of housing and funding mechanisms it provides.

KCHA owns and manages nearly 3,600 units of federally subsidized housing for families, the elderly, and people with disabilities; and almost 5,100 units of housing financed through tax credits and/or tax-exempt bonds and other local programs. KCHA also provides emergency and transitional housing for homeless families and people with special needs. In total, KCHA manages over 8,750 units countywide, with just over 2,650 of those units located in 42 properties in East King County. In East King County, KCHA's efforts have included purchasing several existing market-rate rental developments to maintain them as affordable housing.

KCHA assists an additional 8,130 households through the Section 8 Housing Choice voucher program (about 1,700 of these in East King County), which provides monthly rent subsidies to help low-income households rent market-rate apartments.

Exhibit 13 in the Appendix summarizes KCHA programs and properties both countywide and on the Eastside.

COMMUNITY-BASED NON-PROFITS

A number of non-profit organizations have developed housing in East King County. Some of these organizations focus only on housing. Others are primarily service providers that assist specific groups—such as people with disabilities or victims of domestic violence—and have developed housing projects to serve the needs of their clients. They include:

Figure 14: Eastside Non-profit Housing Developers

ORGANIZATION	CONTACT INFORMATION	
Housing Providers		
Compass Housing Alliance	206-357-3100	www.compasshousingalliance.org
Downtown Action to Save Housing (DASH)	425-646-9053	www.dashhousing.org
Habitat for Humanity East King County	425-869-6007	www.habitatekc.org
Housing at the Crossroads		www.housing-at-the-crossroads.org
Imagine Housing (formerly St. Andrews Housing Group)	425-391-3090	www.imaginehousing.org
Low Income Housing Institute (LIHI)	206-443-9935	www.lihi.org
Manufactured Housing Community Preservationists (MHCP)	206-324-0663	www.mhcp-wa.org
Resurrection Housing Foundation (Church of the Resurrection, Bellevue)	425-562-1228	
Service and Housing Providers		
Building Changes (formerly AIDS Housing of Washington)	206-805-6100	www.buildingchanges.org
Catholic Housing Services and Catholic Community Services	206-328-5695	www.ccsww.org
Community Homes	425-773-5377	www.community-homes.org
Eastside Domestic Violence Program	425-562-8840	www.edvp.org
Friends of Youth	425-869-6490	www.friendsofyouth.org
Hopelink	425-869-6000	www.hope-link.org
Kirkland Interfaith Transitions in Housing (KITH)	425-576-9531	www.kithcares.org
NAMI Eastside (National Alliance for the Mentally Ill East King County)	425-885-6264	www.nami-eastside.org
YWCA	425-556-1350	www.ywcaworks.org

PRIVATE DEVELOPERS

Private housing developers have also produced affordable housing in a variety of ways. They may create units, such as cottages, that are smaller and less expensive than larger homes. They may partner with a non-profit organization to design or develop an affordable housing project. They may use a land use incentive provided by a local government to incorporate a percentage of affordable units into a market-rate development. Or they may form a limited partnership for the purpose of using Low Income Housing Tax Credits or developing a specific project.

Greenbrier Heights, homeownership, CamWest, Woodinville

Several private developers have partnered with local communities and ARCH to create affordable housing. Some of these developers include:

- **Shelter Resources, Inc.**, which has been involved in developing over 300 affordable units in East King County. Examples include the Crestline Apartments near Kirkland, and partnering with CamWest and DASH to develop Greenbrier Housing in Woodinville.
- **CamWest,** which has developed several market-rate developments with below-market-rate homes, and partnered with DASH and Shelter Resources to develop Greenbrier Housing in Woodinville.
- **Pacific Inn Associates**, which developed the Pacific Inn efficiency unit apartment complex in Bellevue.

Affordable Housing Funding Sources

Affordable housing can be funded in many ways. Nearly three-quarters of moderate-income units built since 1993 have been developed by the private market or with land use incentives.

However, most low and very low-income housing (including many homeownership opportunities) is developed using a variety of public or philanthropic funding sources. Typically, a single source of funding is not enough. Instead, funding sources are **layered** to create a financing package to support housing development and operating costs. This approach allows funders to leverage their funds, but requires developers to manage multiple and complicated funding sources. It is noted that several of these funding sources have been reduced (State Trust Fund), or threatened with reductions (Federal CDBG, HOME programs).

This section provides a broad overview of major funding sources for affordable housing, focusing primarily on funds for capital development.

- Federal funding:
  - Tax incentives (tax credits and tax-exempt bonds).
  - Section 8 Program.
  - Federal pass-through funds, such as HOME, CDBG, HOPWA.
  - Capital grants, such as Section 202/811.
- State funding:
  - Washington State Housing Trust Fund.
- County funding:
  - King County Housing Opportunity Fund.
  - Regional Affordable Housing Program.
  - Transitional Housing and Operating Rental Assistance.
  - Homeless Housing and Services Fund (2163/ 1359 Funds).
  - Veterans and Human Services levy.
- Local funding:
  - ARCH Housing Trust Fund.
- Philanthropic funding.
- Private below-market funding.

Figure 15: Summary of Affordable Housing Funding Sources

Federal Funding Sources		
Funding Source	**Use**	**Amount**
Low Income Housing Tax Credits (LIHTCs)	Reduces the tax liability for equity investors in affordable housing.	$13 million statewide in 2010
Tax-exempt bonds	Provides low interest, tax exempt financing. Often paired with LIHTCs.	$200+ million statewide
Project-based Section 8 units	Provides rent subsidies to projects.	1,100 units in East King County.
Section 8 Vouchers	Provides rent subsidies to tenants.	KCHA administers 1,700 on Eastside.
Community Development Block Grant (CDBG)	Provides funds to revitalize communities.	King County received $6+ million in 2009
HOME Investment Partnership	Funds development or renovation of affordable units.	King County received $4.4 million in 2009.
Emergency Shelter Grant	Funds emergency shelter, and support services.	$200,000 received countywide in 2006.
McKinney Supportive Housing Program (DHP)	Funds housing and services for those moving from homelessness.	King County received $15 million in 2007
Housing Opportunities for Persons with AIDS (HOPWA)	Funds housing and services for people with HIV/AIDS.	$620,000 received statewide in 2006.
HOPE VI	Funds renovation of public housing.	KCHA is developing Greenbridge in White Center.
Section 202 / 811	Funds senior, special needs housing.	Typically 70 units per year statewide
State Funding Sources		
Washington Housing Trust Fund	Supports construction, acquisition or rehabilitation of affordable housing.	$100 million statewide in 2009-2010 biennium.
County Funding Sources		
Housing Opportunity Fund (HOF)	Leverages funds for homeless, displaced, and special needs housing.	Averaged $2 million annually thru 2005, no new funds since.
Regional Affordable Housing Program (RAHP/2060)	Funds capital costs for affordable housing and services for homeless.	$3 million in capital funds in 2007 $500,000 in service funds in 2007
Homeless Housing and Services Fund (2163)	Funds operating, services and rent assistance for homeless housing.	$971,000 in 2007
Veterans and Human Services Levy Capital funds	Funds development of housing serving homeless.	Approximately $10 million in 2007, $1million annually subsequent years
Veterans and Human Services Levy Operating and services funds	Funds services and operations in housing serving homeless.	$2 million in 2007; $1million annually subsequent years
Local Funding Sources		
ARCH Housing Trust Fund	Pools resources from Eastside cities for affordable housing.	Approximately $1.5 million annually

FEDERAL FUNDING

The federal government has been providing funds for affordable housing since the 1930s. Federal housing funds come from a number of different programs.

Plum Court, DASH, Kirkland

Federal Tax Incentives

As part of the Tax Reform Act of 1986, the federal government expanded the use of the Internal Revenue Code to assist affordable housing using two programs:

- **Low Income Housing Tax Credits** and
- **Tax-Exempt Bonds**.

While federal housing programs have historically been administered by the United States Department of Housing and Urban Development (HUD), these two IRS programs have become significant federal housing finance programs. They are administered at the state level.

Low Income Housing Tax Credits (LIHTC). The LIHTC provides a credit against federal income tax liability or a reduction in the amount of taxes paid, providing an incentive for individuals or corporations to invest in affordable housing.

Plum Court Apartments Funding Sources

93 units rental housing
Developer: DASH

Local funds (ARCH loan)	$1,000,000
King Cty (HOME/CDBG)	$1,100,000
State Hsg Trust Fund	$800,000
Federal LIHTC	**$3,488,000**
Private lender	$3,500,000
Owner equity	$500,000
Other (PSE Energy)	$100,000
TOTAL	**$10,488,000**

The IRS allows each state to allocate LIHTCs based on its population. In addition, each state can establish additional criteria for allocating the credits. The Washington State Housing Finance Commission (WSHFC), which administers the LIHTC program within Washington, has set up a point system for allocating tax credits. Points are awarded for items such as the number of affordable units, affordability levels, providing large units for families, units for homeless households, and serving persons with disabilities. The WSHFC point system can be changed so long as IRS minimum affordability guidelines are met.

Housing projects that use LIHTCs typically create general partnerships to bring in investor partners who can use the tax shelter. The limited partner investors provide up-front equity contributions to the partnership in exchange for receiving the tax credits and other tax benefits over a ten-plus year period. Projects can receive a significant portion of total development costs from these investors, sometimes upwards of 50 percent of project costs. Because of the need to develop a complicated ownership structure to use LIHTCs, these projects can be more complex to develop.

Village at Overlake Station, KCHA, Redmond

Village at Overlake Station Funding Sources

308 units of rental housing
Developer: King County Housing Authority, Langley Associates (private)

Local funds (City/ARCH)	$1,272,109
Redmond permit fee waiver	$372,891
King Cty HOF	$500,000
State Hsg Trust Fund	$1,500,000
Federal LIHTC	$13,130,000
Tax Exempt Bonds	**$21,690,000**
Owner Equity	$3,850,000
King Cty Metro Loan	$900,000
King County Metro Land Lease	
TOTAL	**$43,215,000**

Tax-Exempt Bonds. The IRS also authorizes states to allocate tax-exempt bonds to housing developments that meet minimum affordability guidelines. The IRS caps the amount of bonds that can be issued based on state population. In some cases, tax-exempt bonds can be paired with LIHTC. WSHFC has issued over $200 million in tax-exempt multi-family bonds in some years.

Federal Section 8 Program

As noted above, the Federal Section 8 Housing Choice Program provides rent subsidies to help low-income tenants afford a market-rate or publicly subsidized apartment where rents are still too high. Residents pay one-third of their income toward rent and utilities, and the federal government pays the property owner any difference between that amount and a Fair Market Rent. Federal Section 8 funds in King County are managed by the King County Housing Authority.

The Section 8 program also provides **project-based** support for the development and rehabilitation of affordable housing projects. Preserving existing Section 8 units with expiring federal contracts has been a high priority for ARCH and Eastside cities as well as other public funders.

Federal pass-through funds

The federal government also funds a number of programs that can be used to develop, renovate, or operate affordable housing. These programs are each designed to assist different types of households (for instance, people living with HIV/AIDS) and have different guidelines.

In each case, federal funding is "passed through" to state, county, or local governments to be applied to specific projects.

Hopelink Place, Hopelink, Bellevue

Pass-through programs for affordable housing include:

Hopelink Place Funding Sources

20 units transitional housing
Developer: Hopelink

Local funds (ARCH)	$200,000
Bellevue: land donation	$300,000
King Cty (HOME/CDBG)	**$729,866**
King Cty HOF	$535,915
State Hsg Trust Fund	$992,659
Federal Home Loan Bank	$99,980
Private donations	$575,000
Other (Federal McKinney)	$400,000
TOTAL	**$3,387,505**

Community Development Block Grant (CDBG) funds: CDBG funds, which are designed to create viable urban communities, can be used for a variety of purposes, including affordable housing. King County administers and distributes approximately $6 million annually of CDBG funds on behalf of a **consortium** that includes most of the cities outside Seattle.

A small portion of County CDBG funds are set aside for housing based on requests by consortium members. One portion (between $250,000 and $350,000 annually in recent years) is allocated through ARCH. Another smaller portion is made available through the County's allocation process (see County Funding, page 49). Bellevue also receives a direct allocation of CDBG funds and sets aside a portion of these funds to be allocated through the ARCH Housing Trust Fund (See Appendix, Exhibit 14).

HOME: The HOME Investment Partnership program, which was started in 1992, provides capital funds to develop or renovate affordable housing units. King County administers and distributes HOME funds on behalf of a consortium that includes most of the cities outside Seattle. The county received approximately $4.4 million in HOME funds in 2009.

Emergency Shelter Grant. The Emergency Shelter Grant program funds transitional housing, shelter, and basic supportive services. In 2007, King County received approximately $200,000 from this program.

McKinney Supportive Housing Program (SHP). SHP are competitive federal funds awarded under Seattle-King County's Continuum of Care Plan. Due to the large number of projects eligible for yearly renewal, the annual amount applied for is approximately $15 million. SHP funds housing development and supportive services for households moving from homelessness to independent living.

Harrington House, AHA, Bellevue

HOPWA. The Housing Opportunities for People with HIV/AIDS program provides funding for housing and services. Funding is allocated through the state and major cities. The Washington State Department of Commerce received $620,000 in 2006.

Section 202/811. These HUD programs provide capital and support services funding for senior and special needs housing respectively. Typically, 70 units or less are funded statewide each year.

Harrington House Funding Sources

8 units of transitional housing
Developer: AHA (Archdiocesan Housing Authority)

Local funds (ARCH)	$290,209
King Cty HOF	$275,000
State Hsg Trust Fund	**$225,095**
Fed Home Loan Bank	$31,992
Land donation	$104,100
TOTAL	**$926,306**

HOPE VI. The HOPE VI program helps public housing authorities renovate their housing developments. The King County Housing Authority is using HOPE VI funds for the Greenbridge project in White Center.

STATE FUNDING

The State of Washington receives several federal pass-through fund sources and disburses them to projects (primarily outside of King County). In addition, the state operates its own housing funding program, which was created to help fill the need that was not being met by federal funding levels.

Washington Housing Trust Fund

The Housing Trust Fund (HTF) was created in 1986. In 1987, the Washington HTF received its first million dollars in dedicated funding from the state's general fund. By the 2007-2008 biennium, the budget for the Washington HTF had increased to almost $200 million; but in the 2009-2010 biennium budget due to the fiscal crisis it has been reduced to $100 million.

The Washington HTF supports the construction, acquisition, or rehabilitation of approximately 4,000 units every two years. The amount of housing that can be supported will be significantly impacted based on anticipated reductions in the State budget. HTF funds can be used for a variety of affordable housing projects, including new construction or preservation of existing projects, homeownership down payment assistance, and housing for people with special needs. HTF funds can be made available through grants or loans. Projects funded through the Washington HTF typically must remain affordable for at least 50 years.

Avon Villa Mobile Home Park, MHCP, Redmond

COUNTY FUNDING

King County allocates a number of federal, state, and local funding sources for affordable housing. These funds are primarily allocated through a joint application process organized by the county (which is separate from city allocation of funds through ARCH).

One portion of county funding comes from several sources of pass-through funding from the federal government. King County serves as the administrator and distributor of CDBG, HOME, and Emergency Shelter Grant funds to most of the cities within the county. Over the last six years, approximately $12 million in HOME and CDBG funds have supported development of permanent low-income housing. This federal pass-through funding is separate from the ARCH Housing Trust Fund.

Avon Villa Mobile Home Community Funding Sources

93 units manufactured housing
Developer: Manufactured Housing Community Preservationists (MHCP)

Local funds (ARCH loan)	$200,000
Redmond – waived LID	$326,000
King Cty (HOME/CDBG)	**$882,000**
State Hsg Trust Fund	$1,067,410
Tax-exempt bonds	$2,400,000
TOTAL	**$4,875,410**

County Housing Finance Program

In addition, the County's **Housing Finance Program** includes several other state and county housing funding sources.

Wildwood Apartments, DASH, Bellevue

Housing Opportunity Fund (HOF). King County created the HOF in 1990. Historically it was funded from county Current Expense funds to provide a local source of funding as needed "leverage" or match for federal, state, private, and other local funds. It is focused on the needs of homeless, displaced, and special needs populations. The HOF has committed more than $34 million to support the development of 113 projects, creating 2,754 units of low-income housing. In recent years, no new general funds have been added to the HOF.

Wildwood Apartments Funding Sources

36 units rental housing
Developer: DASH (preserved from expiring Section 8 contract)

Local funds (ARCH loan)	**$270,000**
State Hsg Trust Fund	$600,000
Tax-exempt bonds	$1,560,000
TOTAL	**$2,430,000**

Transitional Housing Operating & Rental Assistance (THOR). These program funds are made available to King County through the State. King County's Housing and Community Development Program awards and administers THOR on behalf of the Seattle-King County Continuum of Care for all agencies serving King County (including Seattle). THOR funds are intended to support transitional housing with supportive services for homeless families with children to help them transition from homelessness to permanent housing. THOR provides two categories of funding: operating subsidies for facility-based programs and transitional rental assistance for up to two years.

Regional Affordable Housing Program (RAHP). The RAHP was established by the State Legislature in 2002 using a surcharge on document recording fees. King County administers the RAHP for the cities and towns within its jurisdiction. RAHP funds must be used for households earning 50 percent of median income or less. By formula, a portion of the funds can be used for capital costs and another portion for operating costs. Annually, approximately $3 million is available for capital costs and $500,000 for operating assistance.

Homeless Housing and Services Fund (2163/1359 Funds). The Homeless Housing and Services Fund is another dedicated local source derived from a surcharge on document recording fees. Priorities for the funds are set by the Committee to End Homelessness and County Council. Approximately $2.7 million is expected to be available annually to help address homelessness, though the annual amount can vary depending on the amount of real estate transactions.

Veterans and Human Services levy. In November 2005, voters approved a six-year, countywide levy that will generate $13.3 million annually. Half the levy proceeds are dedicated to veterans' needs. The other half will fund regional health and human services, including housing and homelessness prevention. Approximately $10 million in accumulated levy proceeds were allocated in 2007 for capital projects serving homeless. Thereafter, $1 million of the levy funds are being earmarked for capital projects. In addition, $2 million in levy funds were allocated in 2007 to provide services and operating support for homeless households. Thereafter, $1 million is available annually.

Avondale Park, Springboard Alliance, Redmond

Avondale Park Integrated Project

The City of Redmond donated the site, which was acquired from the Coast Guard in 1997.

The Eastside Housing Association developed 64 transitional units, a childcare center, and emergency shelter.

Habitat for Humanity developed 24 affordable townhomes.

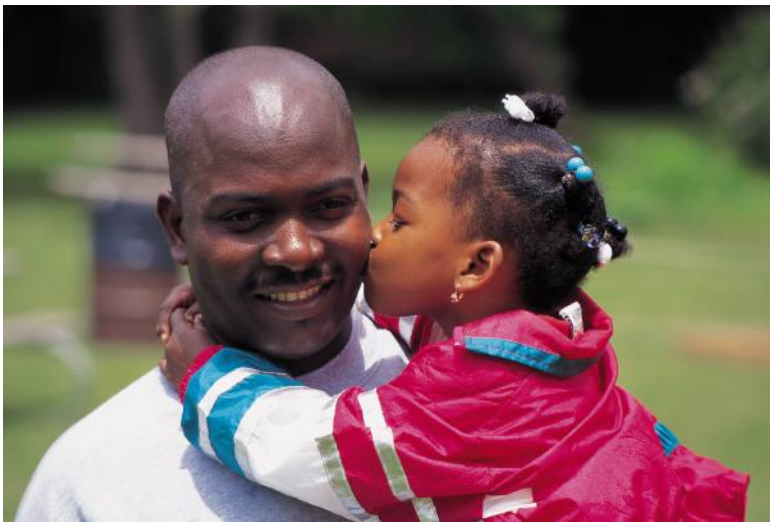
Taluswood developed 85 market-rate townhomes.

LOCAL FUNDING

Many developers of affordable housing also receive support from their local communities. Individual cities can use different financing strategies to facilitate the development of affordable housing: they may provide funding, donate surplus land, or waive regulatory fees.

One of the unique elements of ARCH is that its member cities have developed a coordinated approach to fund affordable housing: the ARCH Housing Trust Fund.

ARCH Housing Trust Fund



The ARCH Housing Trust Fund was created to allow local cities to pool their resources to provide affordable housing that is equitably distributed throughout the Eastside. ARCH member cities have provided over $34 million through the Trust Fund to assist almost 2,580 affordable housing units. Figure 12 on page 20 summarizes ARCH Housing Trust Fund projects.

The goal of the Trust Fund is to fund a wide variety of housing, with long-term goals to allocate resources as follows:

Families	56 percent
Seniors	19 percent
Homeless	13 percent
Special Needs	12 percent

ARCH funding targets also acknowledge several other objectives, including:

- Encouraging housing that includes units affordable at 30 percent of median income;
- Encouraging preservation of existing housing; and
- Providing housing for seniors over age 75, who may need ongoing services.

Funds are made available as deferred loans or grants, depending on the needs of the project. Applications are reviewed by the ARCH Citizen Advisory Board, and reviewed by the ARCH Executive Board before final recommendations for projects are forwarded to member councils for final approval.

The ARCH Parity Program was initiated in 1998 as part of the Trust Fund to establish a means for members to achieve a proportional distribution of resources being contributed for affordable housing. (See Exhibit 14 in the Appendix for more details.) Some of the primary elements of Parity include:

- Goals for each city are stated as a range rather than as a single figure. Formulas used to establish each city's range are based on several factors, including current population, projected housing growth, and projected job growth.
- Accomplishments are measured over a multi-year period, so that no city is required to make a specific level of commitment in any given year.
- Cities are encouraged to use a variety of strategies, including direct funding, fee waivers, and donated land.

PHILANTHROPIC FUNDING

In addition to governmental funding sources and incentives, the charitable sector also supports affordable housing. Local, regional, and national foundations, community organizations, and faith-based communities provide support for housing development or preservation, environmentally-conscious construction tactics, and ongoing supportive services for residents.

PRIVATE BELOW-MARKET FUNDING

The Federal Home Loan Bank's Affordable Housing Program (AHP) is technically a private match to government funding, although it was created by Congress in 1989 as part of the bank's housing funding portfolio. The AHP provides funding for acquisition, construction, or renovation of affordable housing.

Washington Community Reinvestment Association (WCRA). WCRA is a non-profit supported by financial institutions around the state. WCRA administers three revolving loan pools currently totaling approximately $105 million. The lending programs provide long-term financing to support the creation and preservation of low-income and special needs housing.

FIGURE 1
ARCH: EAST KING COUNTY TRUST FUND SUMMARY
LIST OF CONTRACTED PROJECTS FUNDED (1993 - 2016)

Project	Location		Owner	Units/Beds	Funding	Pct of Total Allocation	Distribution Target
1. Family Housing							
Andrews Heights Apartments	Bellevue		Imagine Housing	24	$400,000		
Garden Grove Apartments	Bellevue		DASH	18	$180,000		
Overlake Townhomes	Bellevue		Habitat of EKC	10	$120,000		
Glendale Apartments	Bellevue		DASH	82	$300,000		
Wildwood Court Apartments	Bellevue		DASH	36	$270,000		
Somerset Gardents (Kona)	Bellevue		KC Housing Authority	198	$700,000		
Pacific Inn	Bellevue	*	Pacific Inn Assoc. *	118	$600,000		
Eastwood Square	Bellevue		Park Villa LLC	48	$600,000		
Chalet Apts	Bellevue		Imagine Housing	14	$163,333		
Andrew's Glen	Bellevue	**	Imagine Housing	10 /11	$424,687		
August Wilson Place	Bellevue	***	LIHI ***	45	$800,000		
YWCA Family Apartments	Bellevue		YWCA	12	$100,000		
30 Bellevue	Bellevue	**	Imagine Housing	29	$672,865		
Parkway Apartments	Redmond		KC Housing Authority	41	$100,000		
Habitat - Patterson	Redmond	**	Habitat of EKC **	24	$446,629		
Avon Villa Mobile Home Park	Redmond	**	MHCP **	93	$525,000		
Terrace Hills	Redmond		Imagine Housing	18	$442,000		
Village at Overlake Station	Redmond	**	KC Housing Authority **	308	$1,645,375		
Summerwood	Redmond		DASH	166	$1,187,265		
Esterra Park	Redmond		Imagine Housing	125 /240	$500,000		
Coal Creek Terrace	Newcastle	**	Habitat of EKC **	12	$240,837		
Rose Crest (Talus)	Issaquah	**	Imagine Housing **	40	$918,846		
Mine Hill	Issaquah	**	Imagine Housing	28	$482,380		
Clark Street	Issaquah		Imagine Housing	30	$355,000		
Lauren Heights (Iss Highlands)	Issaquah	**	Imagine Housing/SRI **	45	$657,343		
Habitat Issaquah Highlands	Issaquah	**	Habitat of EKC **	10	$318,914		
Issaquah Family Village I	Issaquah	**	YWCA **	87	$4,382,584		
Issaquah Family Village II	Issaquah	**	YWCA **	47	$2,760,000		
Greenbrier Family Apts	Woodinville	**	DASH **	50	$286,892		
Crestline Apartments	Kirkland		Shelter Resources	22	$195,000		
Plum Court	Kirkland		DASH	61 /66	$1,000,000		
Francis Village	Kirkland		Imagine Housing	15	$375,000		
Velocity	Kirkland	**	Imagine Housing **	46	$901,395		
Copper Lantern	Kenmore	**	LIHI **	33	$452,321		
Highland Gardens (Klahanie)	Sammamish		Imagine Housing	54	$291,281		
Habitat Sammamish	Sammamish	**	Habitat of KC ***	10	$972,376		
REDI TOD Land Loan	Various		Various	100 est	$500,000		
Homeowner Downpayment Loan	Various		KC/WSHFC/ARCH	87 est	$615,000		
SUB-TOTAL				**2,196**	**$25,882,324**	54.0%	(56%)
2. Senior Housing							
Cambridge Court	Bellevue		Resurrection Housing	20	$160,000		
Ashwood Court	Bellevue	*	DASH/Shelter Resources *	50	$1,070,000		
Evergreen Court (Assisted Living)	Bellevue		DASH/Shelter Resources	64 /84	$2,480,000		
Bellevue Manor / Harris Manor	Bellevue / Redmond		KC Housing Authority	105	$1,334,749		
Vasa Creek	Bellevue		Shelter Resources	50	$190,000		
Riverside Landing	Bothell	**	Shelter Resources	50	$225,000		
Kirkland Plaza	Kirkland		Imagine Housing	24	$610,000		
Athene (Totem 2)	Kirkland	**	Imagine Housing ***	73	$917,701		
Heron Landing	Kenmore		DASH/Shelter Resources	50	$65,000		
Ellsworth House Apts	Mercer Island		Imagine Housing	59	$900,000		
Providence Senior Housing	Redmond	**	Providence **	74	$2,330,000		
Greenbrier Sr Apts	Woodinville	**	DASH/Shelter Resources **	50	$196,192		
SUB-TOTAL				**669**	**$10,478,642**	21.9%	(19%)

FIGURE 1
ARCH: EAST KING COUNTY TRUST FUND SUMMARY
LIST OF CONTRACTED PROJECTS FUNDED (1993 - 2016)

Project	Location		Owner	Units/Beds		Funding	Pct of Total Allocation	Distribution Target
3. Homeless/Transitional Housing								
Hopelink Place	Bellevue	**	Hopelink **	20		$500,000		
Chalet	Bellevue		Imagine Housing	4		$46,667		
Kensington Square	Bellevue		Housing at Crossroads	6		$250,000		
Andrew's Glen	Bellevue		Imagine Housing	30		$1,162,500		
August Wilson Place	Bellevue	***	LIHI ***	12		$200,000		
Sophia Place	Bellevue		Sophia Way	20		$250,000		
30 Bellevue	Bellevue	**	Imagine Housing	31		$720,084		
Men's Shelter	TBD		Congregation for Homeless (C	50		$700,000		
Dixie Price Transitional Housing	Redmond		Hopelink	4		$71,750		
Avondale Park	Redmond		Hopelink (EHA)	18		$280,000		
Avondale Park Redevelopment	Redmond	**	Hopelink (EHA) **	60		$1,502,469		
Petter Court	Kirkland		KITH	4		$100,000		
Francis Village	Kirkland		Imagine Housing	45		$1,125,000		
Velocity	Kirkland	**	Imagine Housing ***	12		$225,349		
Athene (Totem 2)	Kirkland	**	Imagine Housing	18		$229,425		
Rose Crest (Talus)	Issaquah	**	Imagine Housing **	10		$229,712		
Lauren Heights (Iss Highlands)	Issaquah	**	SRI **	5		$73,038		
Issaquah Family Village I	Issaquah	**	YWCA **	10		$503,745		
SUB-TOTAL				**341**		**$8,169,739**	17.0%	(13%)
4. Special Needs Housing								
My Friends Place	K.C.		EDVP	6	Beds	$65,000		
Stillwater	Redmond		Eastside Mental Health	19	Beds	$187,787		
Foster Care Home	Kirkland		Friends of Youth	4	Beds	$35,000		
FOY New Ground	Kirkland		Friends of Youth	6	Units	$250,000		
DD Group Home 7	Kirkland		Community Living	5	Beds	$100,000		
Youth Haven	Kirkland		Friends of Youth	10	Beds	$332,133		
FOY Transitional Housing	Kirkland	**	Friends of Youth **	10	Beds	$247,603		
FOY Extended Foster Care	Kirkland	**	Friends of Youth **	10	Beds	$112,624		
DD Group Home 4	Redmond		Community Living	5	Beds	$111,261		
DD Group Homes 5 & 6	Redmond/KC (Bothell)		Community Living	10	Beds	$250,000		
United Cerebral Palsy	Bellevue/Redmond		UCP	9	Beds	$25,000		
DD Group Home	Bellevue		Residence East	5	Beds	$40,000		
AIDS Housing	Bellevue/Kirkland		AIDS Housing of WA	10	Units	$130,000		
Harrington House	Bellevue		AHA/CCS	8	Beds	$290,209		
DD Group Home 3	Bellevue		Community Living	5	Beds	$21,000		
Parkview DD Condos III	Bellevue		Parkview	4		$200,000		
30 Bellevue	Bellevue	**	Imagine Housing	2		$47,219		
IERR DD Home	Issaquah		IERR	6	Beds	$50,209		
FFC DD Homes	NE KC		FFC	8	Beds	$300,000		
Oxford House	Bothell		Oxford/Compass Ctr.	8	Beds	$80,000		
Parkview DD Homes VI	Bothell/Bellevue		Parkview	6	Beds	$150,000		
Parkview DD Homes XI	TBD		Parkview	3	Beds	$200,800		
FFC DD Home II	Kirkland		FFC	4	Beds	$168,737		
SUB-TOTAL				**163**	**Beds/Units**	**$3,394,582**	7.1%	(12%)
TOTAL				**3,369**		**$47,925,286**	**100.0%**	
						10%		

* Funded through Bellevue Downtown Program
** Also, includes in-kind contributions (e.g. land, fee waivers, infrastructure improvements)
*** Amount of Fee Waiver still to be finalized