



Kitsap Regional Coordinating Council

Kitsap Regional Coordinating Council (KRCC)

DRAFT – Affordable Housing Task Force (AHTF) Meeting Agenda

March 21, 2019 | 10:15 a.m. – 12:15 p.m. | Kitsap Transit, 60 Washington Ave. Bremerton, WA
V. 3-13-19

Purpose

- Confirm and discuss committee membership, norms, and expectations
- Discuss affordable housing terminology for use by the task force
- Describe existing conditions related to affordable housing in Kitsap County
- Discuss policy tools related to housing affordability
- Discuss the possibility of issuing a countywide emergency declaration re: affordable housing

1. Welcome and Business (5")

- a. Chair's Comments
- b. Confirm [membership list](#) (packet pg. 3)
- c. Approve [January 10 AHTF meeting summary](#) (packet pg. 4)

2. Foundations of AHTF's Work (25")

- a. Review the AHTF [draft norms and expectations](#) (packet pg. 10)
- b. Review the [draft AHTF meeting plan](#) (packet pg. 12)
- c. Review [affordable housing terminology](#) (packet pg. 14) and identify what affordable housing segments are AHTF's priorities

3. Existing Conditions (20")

- a. Review current Kitsap housing shortages at different levels of incomes. [See Kitsap's Housing Needs Assessment](#) (packet pg. 15)
- b. Identify any information gaps that would support AHTF work (e.g. total dollars currently spent on affordable housing across Kitsap)

4. Affordable Housing Policy Tools (35")

Each jurisdiction share information about:

- a. Review existing affordable housing tools that jurisdictions could use. See [Affordable Housing Tool Matrix Template](#) (packet pg 17).
 - i. What opportunities exist for **countywide** coordination on affordable housing tools?

5. Explore Possibility of Emergency Declaration for Affordable Housing (25")

- a. Review [RCW 84.52.105](#) (packet pg 18) and examples of emergency declarations and financing plans, including [Jefferson County's State of Emergency](#) (packet pg 20) and the [City of Bellingham's State of Emergency](#) (packet pg 44).
- b. Review the potential process for issuing a state of emergency for affordable housing. (see handout at meeting)
- c. Discuss potential approach for how the KRCC AHTF could move forward re: emergency declaration.

6. Public Comments (5")

7. AHTF Questions, Concerns, and Announcements (5")

8. Adjourn

Next meeting to is tentatively scheduled for May 16, 2019 at Kitsap Transit.



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2019 KRCC Affordable Housing Task Force (AHTF) Roster

v. 3-12-19

Jurisdiction	Representative (s)
City of Bainbridge Island	Mayor Kol Medina Councilmember Matthew Tirman
City of Bremerton	Mayor Greg Wheeler Councilmember Leslie Daus
City of Port Orchard	Mayor Rob Putaansuu Councilmember Bek Ashby
City of Poulsbo	Mayor Becky Erickson Councilmember Connie Lord
Kitsap County	Commissioner Ed Wolfe Commissioner Charlotte Garrido
Kitsap Transit	Executive Director John Clauson Ellen Gustafson
Port Gamble S'Klallam Tribe	---
Port of Bremerton	Commissioner Axel Strakeljahn Commissioner Cary Bozeman
Naval Base Kitsap	Lynn Wall
Suquamish Tribe	Luther "Jay" Mills



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Kitsap Regional Coordinating Council (KRCC) Draft Affordable Housing Task Force Meeting Summary

January 8, 2019 | 10:15 AM – 12:15 PM

Norm Dicks Government Center, Bremerton, WA

v. 1-24-19

Actions	Who?	Status
Draft Ad-Hoc Affordable Housing Task Force (AHTF) meeting summary	KRCC staff	Ongoing
Schedule the next KRCC AHTF meeting for March 2019	KRCC Staff	Ongoing

1. WELCOME AND INTRODUCTIONS

KRCC Chair Becky Erickson started the meeting by recognizing and acknowledging Commissioner Charlotte Garrido for her efforts and leadership as KRCC Chair in 2018. Chair Erickson presented a gift of flowers to Commissioner Charlotte Garrido.

Chair Erickson welcomed participants to the meeting (see Attachment A: KRCC Board Members in Attendance, and Attachment B: Members of the Public in Attendance). KRCC Board members and members of the public introduced themselves.

2. CHAIR'S COMMENTS

Chair Erickson reminded the group that this is not a regular KRCC Board meeting, and the time slot was allotted for the kick off of the **Ad-Hoc Affordable Housing Task Force (AHTF)**. The idea to form the AHTF originated at the spring 2018 KRCC Board retreat. The purpose of the AHTF is to determine what strategic action steps KRCC could pursue in regard to the lack of affordable housing in the Kitsap peninsula. Following these remarks, Chair Erickson opened the conversation to all participants in the room to share their comments regarding ideas, concerns, and needs on affordable housing in Kitsap County.

- Kitsap Transit Director John Clauson expressed that affordable housing is a need in Kitsap County that goes beyond boundaries and needs to be distributed evenly throughout the County.
- Chris Placentia, Port Gamble S'Klallam Tribe expressed that there is a need for housing for the homeless in addition to affordable housing. Chris also stated that the balance between economic development and economic feasibility has become a barrier to building affordable housing.
- Bainbridge Island Mayor Kol Medina stated that affordable housing is a large issue facing the City of Bainbridge Island. As housing prices have changed across the Puget Sound area, the flow of commuters has also changed and compounded to form a transportation and affordable housing problem.
- Kitsap Commissioner Charlotte Garrido stated the importance of defining what is affordable, looking at income levels in comparison to the cost of housing, and determining what the gaps are between types of housing available and housing needs.
- Bremerton Mayor Greg Wheeler supported the work of the task force and described a need to focus on the "missing middle" which includes those workers who have a median income



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less than 40-60% of Kitsap County's median income. Mayor Wheeler also stated that median household incomes can no longer afford the median rent in some areas.

- Kitsap Commissioner Gelder agreed with the need to define affordable housing moving forward, and emphasized the need to ensure that any affordable housing constructed is complimentary with transit, access to services, and amenities.
- KRCC Chair and Poulsbo Mayor Becky Erickson expressed hope in accomplishing a clear strategic action plan that can be taken on a Regional level to alleviate housing problems in Kitsap County.
- Commissioner Wolfe agreed with the need to define affordable housing moving forward and the need to examine existing land use regulations.
- Lynn Wall, Naval Base Kitsap thanked the KRCC Board for convening the group. Lynn described the interests of Naval Base Kitsap to include livable communities and a focus on a quality of life in those communities. The two challenges identified by Naval Base Kitsap at this time are the cost of housing outpacing living wages, and the lack of availability of housing for those who can afford it.
- Port Orchard Councilmember Jay Rosapepe expressed that affordable housing is reaching a crisis and solutions are needed to alleviate housing burdens.
- Mayor Rob Putaansuu stated that there is an affordability issue and that there is potential to adopt code that supports and incentivizes different housing types as needed for respective jurisdictions.
- Bremerton Councilmember Leslie Daus, stated the importance of the AHTF defining affordable housing as well as low-income housing. Councilmember Daus also mentioned that the area median income (AMI) is different for local jurisdictions than the AMI for Kitsap County as a whole.

Members of the public were also invited to speak. Their comments were as follows:

- Russ Shippet, Kitsap Building Association (KBA), spoke about the increasing costs of permits and the impact of environmental ordinances as codes that back up or delay the building of new development. Russ also mentioned that the KBA is creating a Work Force Development program for younger builders.
- Kurt Wiest with the Bremerton Housing Authority (BHA) discussed the disparity between the cost of housing and income levels. Kurt also stated that there are many good ideas that can be explored to make housing costs less of a burden.
- Dean Nail, Housing Kitsap, stated that the biggest challenge to building affordable housing is the finances behind making the projects work. Dean suggested looking into permitting fees that impact affordable housing, as well as considering delays to impact fees to push those costs back.

3. PARTICIPATION CONFIRMATION

Chair Erickson addressed KRCC Board involvement on the Ad-Hoc Affordable Housing Task Force (AHTF) and non-Board member participation. Chair Erickson clarified that all members of the KRCC Board are welcome to attend AHTF meetings. Chair Erickson continued by extending an invitation to two individuals from each KRCC jurisdiction, with selected involvement from Kitsap Building Association (KBA), Bremerton Housing Authority (BHA), and Housing Kitsap. Additional participants



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may include Washington State Department of Commerce and others such as Puget Sound Regional Council (PSRC). AHTF meetings will be open for the public to attend.

4. MEETING SCHEDULE

Chair Erickson reviewed the tentative AHTF meeting schedule for 2019. There are four additional meetings to be held in 2019 in the months of March, May, July, and August. The March meeting will be tentatively be held at Kitsap Transit.

KRCC Staff reviewed the proposed topic areas of the remaining meetings in 2019. The topics in order are: housing alternatives; funding mechanisms; Interlocal Agreements (ILAs), and a final meeting focused on creating an action plan to move forward in 2020.

5. REVIEW OF BACKGROUND MATERIALS

KRCC Staff presented a summary of several affordable housing reports and toolkits. The documents covered in the summary included:

- Housing Innovations Program (HIP) Complete Housing Toolkit - Puget Sound Regional Council (PSRC);
- Heading Home: Kitsap Homeless Crisis Response and Housing Plan – 2018 Update;
- Affordable Housing Task Force Final Report – City of Bainbridge Island;
- Vision 2050. Housing Background Paper – Puget Sound Regional Council (PSRC);
- Homelessness and Housing Toolkit for Cities – Association of Washington Cities (AWC) and Municipal Research and Services Center (MRSC); and
- Housing Affordability Response Team (HART) Recommendations 2017, Affordable Housing Advisory Board – Department of Commerce.

KRCC Staff noted that a [combined reading packet](#) of the documents is available on the [KRCC Website](#). KRCC Staff discussed key statistics and recommendations from each report or toolkit related to affordable housing. KRCC Staff explained how each resource could be used and what takeaways to focus on while reviewing the full reports or toolkits.

6. INFORMATION SHARING AND DISCUSSION

KRCC Board members discussed the use of case studies to support the AHTF. The case studies will be referenced for lessons learned from successful and unsuccessful affordable housing projects.

7. WRAP UP, NEXT STEPS

KRCC Staff will coordinate the next four AHTF meetings and send out meeting invites, as well as post information on the [KRCC Website](#).

8. PUBLIC COMMENTS

Roger Gay stated that the meeting packet and meeting materials for the KRCC Ad-Hoc AHTF meeting were not available on the KRCC Website. Roger also expressed that public input and public involvement are necessary to future AHTF meetings.



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9. ADJOURN

The meeting adjourned at 11:31 a.m.



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ATTACHMENT A – BOARD MEMBERS IN ATTENDANCE

Board Member	Jurisdiction	In Attendance?
Ashby, Bek	City of Port Orchard	---
Clauson, John	Kitsap Transit	✓
Daug, Leslie	City of Bremerton	✓
Erickson, Becky	City of Poulsbo	✓
Forsman, Leonard	Suquamish Tribe	---
Garrido, Charlotte	Kitsap County	✓
Gelder, Robert	Kitsap County	✓
Medina, Kol	Bainbridge Island	✓
Mills, Luther “Jay”	Suquamish Tribe	✓
Nystul, Gary	City of Poulsbo	---
Placentia, Chris	Port Gamble S’Klallam Tribe	✓
Purser, Rob	Suquamish Tribe	---
Putansuu, Rob	City of Port Orchard	✓
Rosapepe, Jay	City of Port Orchard	✓
Schrader, Alan	Naval Base Kitsap	---
Stern, Ed	City of Poulsbo	---
Stokes, Larry	Port of Bremerton	---
Strakeljahn, Axel	Port of Bremerton	---
Sullivan, Jeromy	Port Gamble S’Klallam Tribe	---
Tirman, Matthew	City of Bainbridge Island	---
Wall, Lynn	Naval Base Kitsap	✓
Wheeler, Greg	City of Bremerton	✓
Wolfe, Ed	Kitsap County	✓



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ATTACHMENT B – MEMBERS OF THE PUBLIC

Name	Affiliation
Non-Members	
Roger Gay	South Kitsap Taxpayer
Kurt Wiest	Bremerton Housing Authority
Andrea Harris-Long	PSRC
Paul Inghram	PSRC
Russ Shiplet	Kitsap Building Association
Dean Nail	Housing Kitsap
KRCC Facilitation Team	
Betsy Daniels	KRCC Executive Director
Kizz Prusia	KRCC Land Use Coordinator



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Kitsap Regional Coordinating Council Affordable Housing Taskforce Charter

Draft v. 3-13-19

Background

In 2019, the Kitsap Regional Coordinating Council (KRCC) convened an Ad-Hoc Affordable Housing Taskforce (Taskforce) to address the housing affordability crisis across Kitsap County.

Objectives

The objectives of the Taskforce are to:

- Create new funding mechanisms to support affordable housing across Kitsap County.
- Identify new policy alternatives to support affordable housing in and across Kitsap jurisdictions.
- Update the Interlocal Agreement (ILA) between Kitsap County and local jurisdictions.

Membership

Each of the following KRCC jurisdictions selects two people to serve on the Taskforce:

- City of Bainbridge Island
- City of Bremerton
- City of Port Orchard
- City of Poulsbo
- Kitsap County
- Kitsap Transit
- Port Gamble S'Klallam Tribe
- Port of Bremerton
- Naval Base Kitsap
- Suquamish Tribe

Roles and Responsibilities of the Taskforce Members:

- Work cooperatively to accomplish the purposes of this process and acknowledge that all participants bring with them legitimate purposes, goals, concerns and interests, whether or not they are in agreement with them.
- Focus on the subject at hand, share discussion time, avoid interrupting, respect time constraints, keep reactions and responses from being personal, and avoid side conversations.

- Keep their affiliated agency informed of the progress of the discussions and seek advice and comments.

Decision-Making Guidelines

The Taskforce is an ad-hoc committee of the KRCC Board. Therefore, the Taskforce is not an independent decision-making body and instead will make recommendations to the KRCC Board as a whole.

Meetings

- It is anticipated there will be five Taskforce meetings in 2019, which will take place in January, March, May, July, and September.
- Meetings are expected to occur at Kitsap Transit's office in Bremerton.
- Meetings will be two hours in duration.
- Meeting materials will be distributed five calendar days in advance of meetings.
- Meeting materials will be posted on the KRCC website.
- Meetings are open to the public and there will be a public comment opportunity at the end of each meeting.

Media

The Taskforce will adhere to KRCC's general media policy, outlined in its [Policies and Procedures Manual](#):

The KRCC Program Director is responsible for responding to media requests. After receiving a media request, the Program Director will immediately alert the KRCC Executive Committee. If necessary, the Program Director will convey to the KRCC Board the information provided to the media. If a reporter directly approaches a member of the Taskforce, this member would speak on behalf of his or her own jurisdiction but not on behalf of KRCC.



Kitsap Regional Coordinating Council (KRCC)
Affordable Housing Committee (AHC) Draft Meeting Plan
Draft v.3-13-19

Purpose: The purpose of this document is to outline the meetings, activities and tasks the Kitsap Regional Coordinating Council's (KRCC) Ad-Hoc Affordable Housing Committee will cover in 2019 including:

- Creating new funding mechanisms to support affordable housing in Kitsap County.
- Identifying new policy alternatives to support affordable housing in and across Kitsap jurisdictions.
- Updating the Interlocal Agreement (ILA) between Kitsap County and Local Jurisdictions.

Meeting #1: January 8, 2019 – Kick-Off	
Agenda Topics: <ul style="list-style-type: none"> • Welcome and Introductions • Chair's Comments • Participation Confirmation • Meeting Schedule • Review of Background Materials • Information Sharing and Discussion • Confirm meeting schedule through 2019 	Date/Time/Location Tuesday, January 8 th 2019 10:15 a.m. – 12:15 a.m. Norm Dicks Government Center, 345 6 th St, Bremerton WA 98337 Meeting Materials <ul style="list-style-type: none"> • 1/8 Proposed Agenda • Background Reading Guide • Draft Meeting Plan • Background Reading
Meeting #2: March 2019 – Housing Policies	
Agenda Topics: <ul style="list-style-type: none"> • Welcome and Business • Foundations of Affordable Housing Task Force • Existing Conditions in Kitsap County • Affordable Housing Policy Tools • Emergency Declaration for Affordable Housing 	Date/Time/Location Thursday, March 21 2019 10:15 a.m. – 12:15 a.m. Norm Dicks Government Center, 345 6 th St, Bremerton WA 98337 Meeting Materials <ul style="list-style-type: none"> • March 21 Proposed Agenda • Membership List • Meeting Plan

<ul style="list-style-type: none"> Public Comments Questions and Announcement Adjourn 	<ul style="list-style-type: none"> Affordable Housing Terminology Affordable Housing Tools Matrix RCW 84.52.105 Jefferson County and City of Bellingham State of Emergency Declarations Emergency Declaration Process Memo
Meeting #3: May 2019 – Funding Mechanisms	
Agenda Topics: <ul style="list-style-type: none"> Funding Mechanisms to support Affordable Housing 	Date/Time/Location Thursday, March 21 2019 10:15 a.m. – 12:15 a.m. Norm Dicks Government Center, 345 6 th St, Bremerton WA 98337 Meeting Materials (TBD)
Meeting #4: July 2019 – Discuss Alternatives and Interlocal Agreement (ILA)	
Agenda Topics: <ul style="list-style-type: none"> Discuss Policy Alternatives and Funding Mechanisms Discuss Interlocal Agreement (ILA) 	Date/Time/Location Thursday, March 21 2019 10:15 a.m. – 12:15 a.m. Norm Dicks Government Center, 345 6 th St, Bremerton WA 98337 Meeting Materials (TBD)
Meeting #5: September 2019 – Wrap Up	
Agenda Topics: <ul style="list-style-type: none"> Wrap Up Confirm Affordable Housing Committee (AHC) actions moving forward 	Date/Time/Location Thursday, March 21 2019 10:15 a.m. – 12:15 a.m. Norm Dicks Government Center, 345 6 th St, Bremerton WA 98337 Meeting Materials (TBD)

DEFINING AFFORDABILITY



What does affordability really mean? What makes a house affordable, and why? What does it really cost to live in Washington today?

The Housing Needs Assessment describes factors that determine whether or not housing is affordable, to whom it is affordable and what places are more affordable than others.

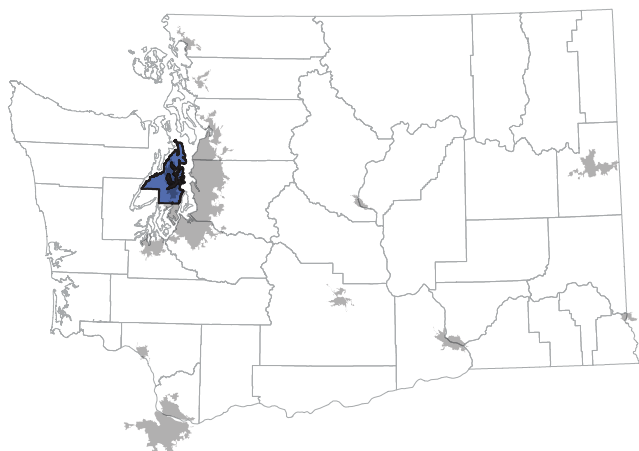
Income Bands







A number of terms are used consistently throughout this report to refer to specific housing concepts.

- » **Housing costs:** Homeownership costs include mortgage principal and interest, taxes, insurance and utilities. Rental costs include rent and utilities.
- » **Affordability:** Housing is affordable if a household pays 30 percent or less of their income for all housing costs.
- » **Median family income:** Incomes published by HUD for states, counties and large urban areas that are adjusted for household size. For Washington in 2012, this number was \$72,900 per year for a four-person household.
- » **Area median income:** Some analyses use the median income for a given geographic area as a reference point. This income is not adjusted for household size like the median family income, and so is usually a smaller number.
- » **Extremely low-income:** 30% or less of the median family income.
- » **Very low-income:** 30% to 50% of the median family income.
- » **Low-income:** 50% to 80% of the median family income. “Low-income” can also be used as a catch-all term for any household making 80 percent or less of the median family income.
- » **Moderate-income:** 80% to 100% of the median family income.
- » **Poverty:** The federal poverty threshold for a family of four in 2012 was \$23,050 per year. This was about 32 percent of Washington’s median family income.
- » **Cost burden:** HUD defines any household paying more than 30 percent of household income on housing expenses as “cost-burdened.” For example, a household earning \$100,000 per year but spending more than \$30,000 for housing is cost-burdened.
- » **Severe cost burden:** Any household paying more than 50 percent of household income on housing expenses.

For more information about income in Washington and the median incomes for each county, see [Appendix C](#) and the [Housing Need Geographic Profiles](#).

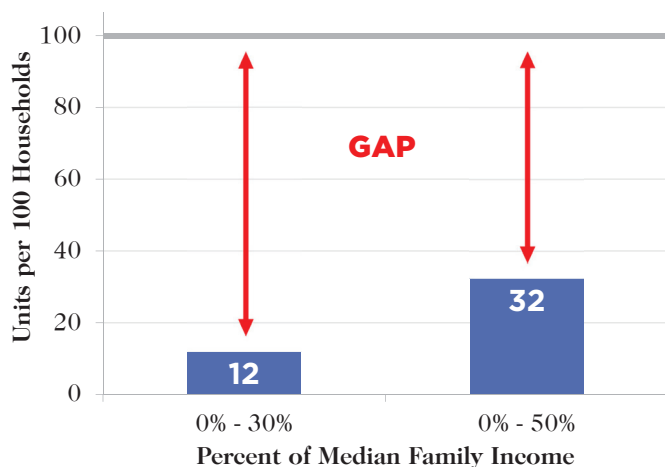
KITSAP COUNTY



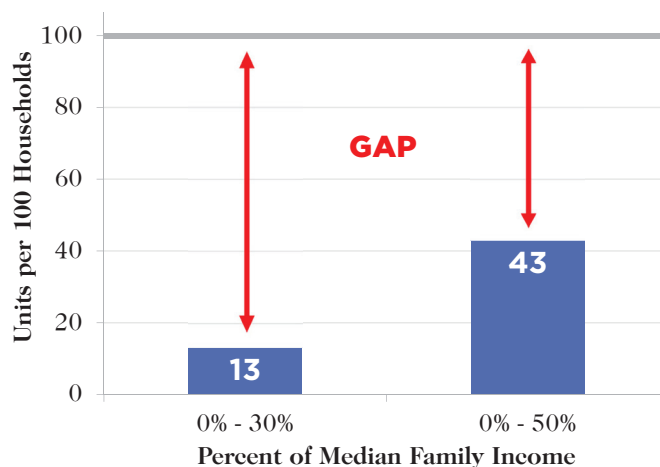
-  Population: 251,400
-  Area: 396 miles²
-  Households: 97,668
-  Median Family Income: \$75,600
-  Low-income Renter Households: 19,635
-  Subsidized Housing Units: 4,272

Affordable Housing Gap

Affordable and Available Housing Units for Every 100 Households



Forecasted Affordable and Available Housing Units for Every 100 Households in 2019

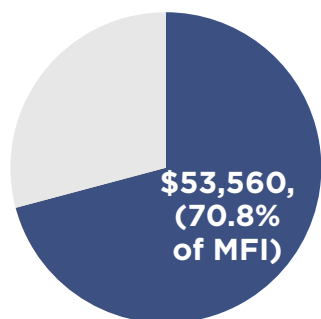


Housing Market

How Much of the Median Family Income (MFI) Must a Household Earn to Afford Rent?

4 people / 3 bedrooms

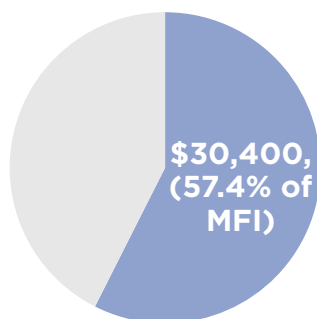
Fair Market Rent: \$1,339



■ required income

1 person / 1 bedroom

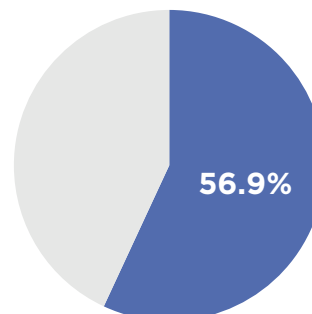
Fair Market Rent: \$760



■ required income

How Much of the Housing Stock Can the Median Family Income Afford to Buy?

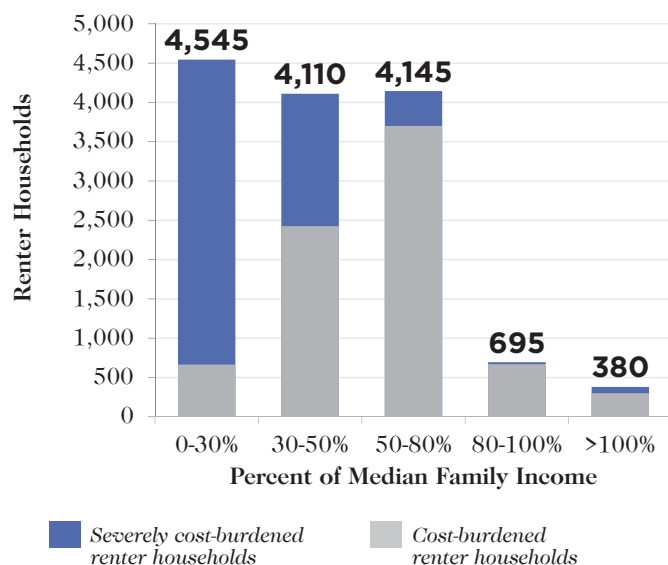
Maximum Affordable Home Value: \$298,747



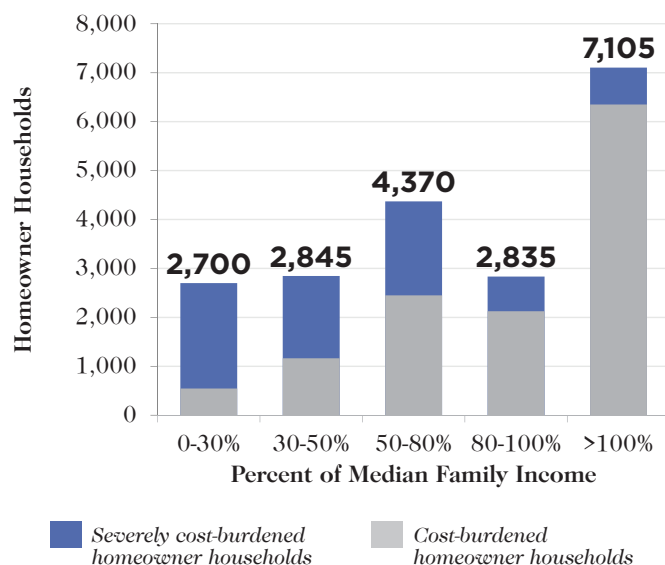
■ % of owner-occupied homes that are affordable

Cost Burden

Cost-Burdened *Renter* Households

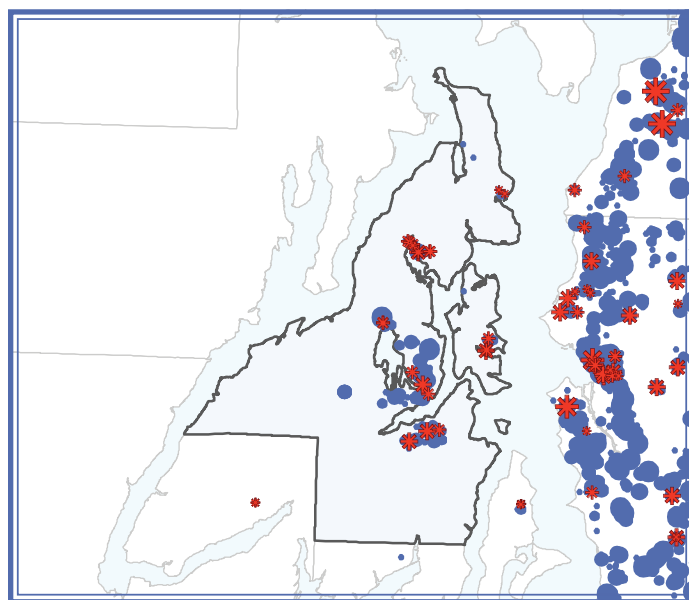
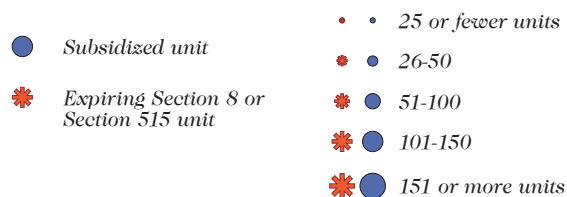


Cost-Burdened *Homeowner* Households



Subsidized Housing Inventory

Subsidized Housing Units, Including Those That Are Scheduled to Expire by 2017



Subsidized Inventory Characteristics

- Sites: 91
- Units: 4,272
- Section 8/Section 515 units set to expire by 2017: 867

Are There Enough Subsidized Units for Eligible Renter Households at Different Income Thresholds?

% of Median Family Income	Renter Households	Subsidized Units for Which They Are Eligible*		Units per 100 Households
		#	%	
0% - 30%	6,095	3,099	100.0%	51
30% - 50%	5,500	2,254	72.7%	41
50% - 80%	8,040	174	5.6%	2
80% - 100%	3,895	16	0.5%	0

* Income eligibility was not available for all units in the inventory

Affordable Housing Policy Tools Matrix

The purpose of this document is to help the Kitsap Regional Coordinating Council’s Affordable Housing Taskforce identify what affordable housing tools are used in which jurisdictions, as a starting point for a conversation about *which tools would best be implemented on a countywide basis*. This document will be discussed at the 3/21 AHTF meeting and each jurisdiction will be responsible for identifying which housing tools are in place before the May AHFT meeting. The tools in this list were gleaned from the Puget Sound Regional Council’s [Housing Innovations Program](#).

Housing Policy Tools (check which housing tools exist within each jurisdiction)

Affordable Housing Tools	Tools	Kitsap County	City of Bremerton	City of Bainbridge Island	City of Port Orchard	City of Poulsbo	Implement on Countywide Basis?
	Accessory Dwelling Units						
	Affordability Covenants						
	Cluster Development						
	Commercial Linkage Fees						
	Community Outreach Plans						
	Cottage Housing						
	Credit Enhancement						
	Density Bonuses						
	Design Guidelines						
	Development Agreements						
	Direct Household Assistance						
	Displacement Resources						
	Educating Permitting Officials						
	Fee Waivers or Reductions						
	Flexible Single-Family Development Regulations						
	Foreclosure Resources						
	Form-Based Zoning						
	Incentive Zoning						
	Local Housing Fund						
	Lot Size Averaging						
	Minimum Densities						
	Mixed-Use Development						
	Mobile/Manufactured Homes						
	Multifamily Development						
	Multifamily Tax Exemption						
	No Maximum Densities						
	Nonprofit Partnerships						
	Parking Reductions						
	Performance Zoning						
	Permitting Priority						
	Planned Action EIS						
	Planned Unit Development						
	Preservation & Rehabilitation						
	Public Land for Affordable Housing						
	Regulatory Streamlining						
	SEPA Categorical Exemptions						
	Short Plats						
	Small Lot Development						
	Transfer of Development Right for Affordable Housing						
	Transit Oriented Development Overlays						
	Townhomes						
	Upzones & Rezones						
	Zero Lot Line Development						

RCW 84.52.105: Affordable housing levies authorized—Declaration of emergency and plan required. Link: <https://app.leg.wa.gov/rcw/default.aspx?cite=84.52.105>

- (1) A county, city, or town may impose additional regular property tax levies of up to fifty cents per thousand dollars of assessed value of property in each year for up to ten consecutive years to finance affordable housing for very low-income households when specifically authorized to do so by a majority of the voters of the taxing district voting on a ballot proposition authorizing the levies. If both a county, and a city or town within the county, impose levies authorized under this section, the levies of the last jurisdiction to receive voter approval for the levies shall be reduced or eliminated so that the combined rates of these levies may not exceed fifty cents per thousand dollars of assessed valuation in any area within the county. A ballot proposition authorizing a levy under this section must conform with RCW 84.52.054.ⁱ
- (2) The additional property tax levies may not be imposed until:
 - (a) The governing body of the county, city, or town declares the existence of an emergency with respect to the availability of housing that is affordable to very low-income households in the taxing district; and
 - (b) The governing body of the county, city, or town adopts an affordable housing financing plan to serve as the plan for expenditure of funds raised by a levy authorized under this section, and the governing body determines that the affordable housing financing plan is consistent with either the locally adopted or state-adopted comprehensive housing affordability strategy, required under the Cranston-Gonzalez national affordable housing act (42 U.S.C. Sec. 12701, et seq.)ⁱⁱ, as amended.
- (3) For purposes of this section, the term "very low-income household" means a single person, family, or unrelated persons living together whose income is at or below fifty percent of the median income, as determined by the United States department of housing and urban development, with adjustments for household size, for the county where the taxing district is located.
- (4) The limitations in RCW 84.52.043ⁱⁱⁱ shall not apply to the tax levy authorized in this section.

[1995 c 318 § 10; 1993 c 337 § 2.]

NOTES:

Effective date—1995 c 318: See note following RCW 82.04.030.

Finding—1993 c 337: "The legislature finds that:

- (1) Many very low-income residents of the state of Washington are unable to afford housing that is decent, safe, and appropriate to their living needs;
- (2) Recent federal housing legislation conditions funding for affordable housing on the availability of local matching funds;

- (3) Current statutory debt limitations may impair the ability of counties, cities, and towns to meet federal matching requirements and, as a consequence, may impair the ability of such counties, cities, and towns to develop appropriate and effective strategies to increase the availability of safe, decent, and appropriate housing that is affordable to very low-income households; and
- (4) It is in the public interest to encourage counties, cities, and towns to develop locally based affordable housing financing plans designed to expand the availability of housing that is decent, safe, affordable, and appropriate to the living needs of very low-income households of the counties, cities, and towns."

[1993 c 337 § 1.]

ⁱ **RCW 84.52.054: Excess levies—Ballot contents—Eventual dollar rate on tax rolls.**

The additional tax provided for in Article VII, section 2 of the state Constitution, and specifically authorized by RCW 84.52.052, 84.52.053, 84.52.0531, and 84.52.130, shall be set forth in terms of dollars on the ballot of the proposition to be submitted to the voters, together with an estimate of the dollar rate of tax levy that will be required to produce the dollar amount; and the county assessor, in spreading this tax upon the rolls, shall determine the eventual dollar rate required to produce the amount of dollars so voted upon, regardless of the estimate of dollar rate of tax levy carried in said proposition. In the case of a school district or fire protection district proposition for a particular period, the dollar amount and the corresponding estimate of the dollar rate of tax levy shall be set forth for each of the years in that period. The dollar amount for each annual levy in the particular period may be equal or in different amounts.

ⁱⁱ §12701. National housing goal: The Congress affirms the national goal that every American family be able to afford a decent home in a suitable environment.

<http://uscode.house.gov/view.xhtml?path=/prelim@title42/chapter130&edition=prelim>

ⁱⁱⁱ **RCW 84.52.043 Limitations upon regular property tax levies.**

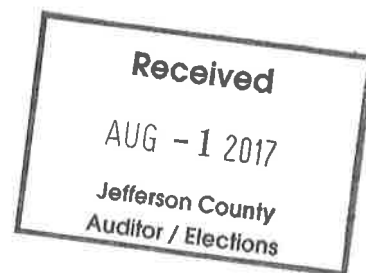
Within and subject to the limitations imposed by RCW 84.52.050 as amended, the regular ad valorem tax levies upon real and personal property by the taxing districts hereafter named are as follows:

(1) Levies of the senior taxing districts are as follows: (a) The levies by the state may not exceed the applicable aggregate rate limit specified in RCW 84.52.065 (2) or (4) adjusted to the state equalized value in accordance with the indicated ratio fixed by the state department of revenue to be used exclusively for the support of the common schools; (b) the levy by any county may not exceed one dollar and eighty cents per thousand dollars of assessed value; (c) the levy by any road district may not exceed two dollars and twenty-five cents per thousand dollars of assessed value; and (d) the levy by any city or town may not exceed three dollars and thirty-seven and one-half cents per thousand dollars of assessed value. However any county is hereby authorized to increase its levy from one dollar and eighty cents to a rate not to exceed two dollars and forty-seven and one-half cents per thousand dollars of assessed value for general county purposes if the total levies for both the county and any road district within the county do not exceed four dollars and five cents per thousand dollars of assessed value, and no other taxing district has its levy reduced as a result of the increased county levy.

(2) The aggregate levies of junior taxing districts and senior taxing districts, other than the state, may not exceed five dollars and ninety cents per thousand dollars of assessed valuation. The term "junior taxing districts" includes all taxing districts other than the state, counties, road districts, cities, towns, port districts, and public utility districts. The limitations provided in this subsection do not apply to: (a) Levies at the rates provided by existing law by or for any port or public utility district; (b) excess property tax levies authorized in Article VII, section 2 of the state Constitution; (c) levies for acquiring conservation futures as authorized under RCW 84.34.230; (d) levies for emergency medical care or emergency medical services imposed under RCW 84.52.069; (e) levies to finance affordable housing for very low-income housing imposed under RCW 84.52.105; (f) the portions of levies by metropolitan park districts that are protected under RCW 84.52.120; (g) levies imposed by ferry districts under RCW 36.54.130; (h) levies for criminal justice purposes under RCW 84.52.135; (i) the portions of levies by fire protection districts and regional fire protection service authorities that are protected under RCW 84.52.125; (j) levies by counties for transit-related purposes under RCW 84.52.140; (k) the portion of the levy by flood control zone districts that are protected under RCW 84.52.816; and (l) levies imposed by a regional transit authority under RCW 81.104.175.

1. Orig. Elections (And. 7-31-17)

STATE OF WASHINGTON
Jefferson County



In the Matter of Declaring An Emergency In The }
Availability Of Affordable Housing For Low- And Very }
Low-Income Households; Requesting Submittal To The }
Qualified Electors Of The County Of A Ballot Proposition }
To Create A Home Opportunity Fund By Lifting The Limit }
On Regular Property Taxes Under Chapter 84.55 RCW }
Dedicated For Low-Income Housing And Levying A }
Regular Property Tax Under RCW 84.55.105 Dedicated }
For Very Low-Income Housing; Providing For the }
Expiration Of Both Additional Levies At The End of Seven }
Years; And Providing For Implementation Of Programs }
With Funds Derived From The Taxes Authorized }

RESOLUTION NO. 35-17

WHEREAS, a healthy community is one in which individuals and families have access to basic needs such as safe, secure and affordable homes, yet throughout Jefferson County homes remain unaffordable for a significant percentage of County residents; and

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) states "families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care," and households are severely cost burdened when housing costs (including utilities) exceed 50 percent of household income; and

WHEREAS, HUD found that about half of all renter households in Jefferson County (1,680 of 3,425 renter households) are cost-burdened, paying more than 30% of their household income for housing costs, and about one in four (895 of 3,425 renter households) are severely cost-burdened, paying more than 50% for housing; and

WHEREAS, 67% of renters with low-income in Jefferson County are cost-burdened (1,560 of 2,305 low-income renters), and 38% are extremely cost-burdened (875 of 2,305 low-income renters); and

WHEREAS, 75% (1,120 of 1,485) of renters with very low-income in Jefferson County are cost-burdened, and 55% (825 of 1,485 very low-income renters) are extremely cost-burdened; and

WHEREAS, the Housing-Needs-Assessment of 2015 by the Washington Department of Commerce's Affordable Housing Advisory Board found that Jefferson County's for-rent vacancy was 1 percent or less, while 5 percent is a "natural" vacancy rate, and a scarcity of available rentals drives up the cost of rentals for all; and

WHEREAS, Olympic Community Action Programs (“OlyCAP”), a local non-profit service organization, reports there are fewer than 600 subsidized low-income housing units in Jefferson County, with a 6-12 month waiting list to get into a subsidized low-income apartment; and

WHEREAS, the demand for subsidized housing exceeds the supply so that 60%-80% of households that obtain one of the limited number of HUD Section 8 Rental Assistance Vouchers that are available in Jefferson County have their Voucher expire before they can find a rental unit that will accept a Voucher; and

WHEREAS, OlyCAP, Dove House Advocacy Services, and Bayside Housing & Services report they are frequently obliged to turn away individuals and families in need of safe housing due to the limited capacity of the facilities they have available; and

WHEREAS, the University of Washington’s Runstad Center for Real Estate Studies reports that first quarter 2017 median resale home prices in Jefferson County increased 19.1 percent compared to median resale prices for the first quarter of 2016, and rising housing prices reduce the stock of affordable housing to rent or own; and

WHEREAS, HUD found that approximately one-quarter (3,015 of 10,110) of all owner occupied households in Jefferson County are cost-burdened, including 13% (1,285 of 10,110) who are extremely cost-burdened; and

WHEREAS, 55% (1,895 of 3,465) of home owners with low-income in Jefferson County are cost-burdened, and 30% (1,060 of 3,465 households) are extremely cost-burdened; and

WHEREAS, 65% (1,225 of 1,870) of home owners with very low-income in Jefferson County are cost-burdened, and 40% (750 of 1,870 households) are extremely cost-burdened; and

WHEREAS, the Housing-Needs-Assessment of 2015 by the Washington Department of Commerce’s Affordable Housing Advisory Board found that Jefferson County was one of only three counties in Washington State where home ownership rates fell 3% or more from 2000 to 2012; and

WHEREAS, On January 26, 2017 the Annual Point in Time Count conducted as required by RCW 43.185C.030 found 189 people in Jefferson County were homeless; and at the same time, OlyCAP counted an additional 43 people couch surfing or living in conditions unfit for human habitation, and both of these figures were higher than in the preceding year; and

WHEREAS, Washington State’s Superintendent of Public Instruction research in 2015-2016 found over 100 homeless students in Jefferson County (including those doubled-up, meaning those who share the housing of other persons due to loss of housing or family economic hardship), and such adverse childhood experiences can have profound and long-lasting negative consequences;

WHEREAS, one in five children in Jefferson County schools are in families living in poverty; and

WHEREAS, the median age of Jefferson County's housing stock is 34 years old, with many units significantly older than that, requiring repair, maintenance and weatherization that is often not affordable to low-income households; and

WHEREAS, many low-income elderly households in Jefferson County pay more than 50 percent of their income on housing costs and face challenges in repairing their homes without financial assistance; and

WHEREAS, local housing affordability efforts save the public money by reducing expenses for social services, emergency room medical care, triage, law enforcement and other costs associated with temporary and chronic homelessness;

WHEREAS, the Center for Housing Policy has summarized research that shows the critical link between stable, decent and affordable housing and positive health outcomes; and

WHEREAS, children in our community facing insecure housing and homelessness experience Adverse Childhood Experiences, which the U.S. Centers for Disease Control and Prevention has found negatively affect future health, opportunity, violence victimization and perpetration - effects that are lifelong; and

WHEREAS, in 2016 Jefferson County, the City of Port Townsend, Jefferson Healthcare and Discovery Behavioral Health jointly adopted a Community Health Improvement Plan, which found that the lack of affordable housing is a social determinant of health and an ongoing root cause of poor health, and further found that improvements in the social determinants of health would have a significant positive impact on chronic disease prevention and the quality of life of County residents; and

WHEREAS, in 2015, the City of Port Townsend commissioned a Housing Element: Inventory and Needs Assessment which documented the scarcity of affordable housing units in Port Townsend; and

WHEREAS, the Economic Development Council of Jefferson County – Team Jefferson has found that a severe shortage of affordable workforce housing is a major barrier to economic development throughout Jefferson County, one that often prevents employers from being able to recruit or retain qualified employees, particularly for lower wage early career positions; and

WHEREAS, more affordable housing options located near employment supports economic development, and is good for the environment, preventing long commutes with associated pollution, and commuting expenses; and

WHEREAS, local funding can leverage the creation and preservation of additional homes that are affordable to low-income and/or very low-income households; and

WHEREAS, Jefferson County and the City of Port Townsend have long recognized a shortage of safe, sanitary dwelling accommodations for low-income households and senior citizens, and jointly adopted a Housing Action Plan in 2006 recommending a variety of strategies to increase the availability of affordable housing, including a recommendation to submit for voter approval a special property and/or sales tax levy for a limited number of years to help fund affordable housing programs and projects; and

WHEREAS, the proposed Jefferson County Home Opportunity Fund, if approved by the voters, would generate \$13,000,000 - \$13,900,000 in local funding over a seven year period that will be used as matching money to leverage other private and public funding to create and preserve affordable housing serving individuals and families throughout Jefferson County; and

WHEREAS, the Home Opportunity Fund is modeled after similar successful programs in Bellingham and Vancouver, WA; and

WHEREAS, Bellingham citizens passed a Home Fund in 2012 for a 7-year combined 36¢ levy (comprised of 24¢ for affordable housing for very low income households, and 12¢ for low income households), which, in its first four years, raised and invested \$12 million in affordable housing, and leveraged an additional \$63.3 million from other sources in that housing – a ratio of 5-to-1; and

WHEREAS, a Jefferson County Home Opportunity Fund could likewise be used by housing providers to leverage additional funds for affordable housing in Jefferson County; and

WHEREAS, Jefferson County (“the County”) can efficiently administer the Jefferson County Home Opportunity Fund, in a manner similar to how the County has efficiently administered the Conservation Futures Fund for the past fifteen years; and

WHEREAS, Chapter 84.55 RCW generally limits the dollar amount of regular property taxes that a County may levy in any year, but RCW 84.55.050 allows a County to levy taxes exceeding such limit by majority approval of the voters, and allows a County to include in the ballot proposition a limit on the purpose for which the additional taxes levied will be used and to provide for the expiration of the additional taxing authority; and

WHEREAS, the proposed additional levy under RCW 84.55.050 is within the limitations imposed by RCW 84.52.043; and

WHEREAS, RCW 84.52.105 authorizes a County to impose an additional regular property tax levy to finance affordable housing for very low-income households, and to provide for the expiration of the additional taxing authority before or no later than after ten years, when specifically authorized to do so by a majority of the voters of the taxing district voting on a ballot proposition authorizing the levy; and

WHEREAS, RCW 36.32.415 authorizes a County to assist in the development or preservation of publicly or privately owned housing for persons of low-income by providing loans or grants of general county funds to the owners or developers of the housing, to finance the acquisition, construction, or rehabilitation of low-income housing; and

WHEREAS, the Comprehensive Plans of Jefferson County and the City of Port Townsend, in compliance with Washington State's Growth Management Act, have adopted goals and policies that address the need to ensure adequate housing for future population growth which encompasses all income levels including low-income, cost-burdened, and special needs households; and

WHEREAS, a Home Opportunity Fund supported by a levy, and dedicated to creating and preserving affordable housing for low and very low-income households, is consistent with the Housing Elements of the locally adopted Comprehensive Plans of Jefferson County and the City of Port Townsend; and

WHEREAS, Jefferson County is currently completing a required periodic update of its Comprehensive Plan and the development regulations which implement the Plan, and in preparing the update, the County is exploring flexible, innovative development regulations, land use and zoning changes, permit fee adjustments, and other incentives to support the development of affordable housing; and

WHEREAS, in support of affordable housing and consistent with state law found in RCW 36.01.290, the County's exploration of development regulations includes researching regulations to permit temporary transitory accommodations on properties hosted by churches, non-profit organizations and others, as a path to more stable and permanent housing; and

WHEREAS, Jefferson County's Department of Community Development and the Environmental Health Division of Public Health are committed to supporting affordable housing by making further process improvements and streamlining permitting for land use, building, septic and water, and these improvements will benefit affordable housing, including housing projects that would be undertaken with support from the Home Opportunity Fund;

**NOW THEREFORE, THE JEFFERSON COUNTY BOARD OF COMMISSIONERS DOES
HEREBY RESOLVE:**

Section 1. Findings.

The Board of County Commissioners makes the following findings and declares as follows:

- A. The "Whereas" recitals contained in the preamble of this Resolution are hereby adopted in their entirety as findings.
- B. Promoting and preserving housing for low-income and very low-income households contributes to the stability of families and neighborhoods; helps preserve the physical condition of residential properties; and addresses the shortage of safe, sanitary, affordable housing by maintaining and enhancing the supply of rental and owner-occupied housing.
- C. The additional taxes to be levied under this Resolution will enable the County to provide assistance for the housing needs of low- and very low-income households and thereby work to fulfill the purposes of federal, state and local laws and policies, including, without limitation, Washington State's Growth Management Act and the Comprehensive Plans of Jefferson County and the City of Port Townsend.
- D. Based on the preceding findings, the Jefferson County Board of Commissioners hereby finds that an emergency exists with respect to the availability of housing that is affordable to low-income households and with respect to the availability of housing that is affordable to very low-income households in Jefferson County.

Section 2. Definitions.

The following terms used in this Resolution shall have the definitions stated below, unless the context otherwise clearly requires:

- A. "Affordable housing" means residential housing for rental or private individual ownership which, as long as the same is occupied by low-income households, requires payment of monthly housing costs, including utilities, other than telephone, of no more than 30 percent of the household's income.
- B. "Area median income" or "AMI" means annual median family income for the statistical area or division thereof including Jefferson County for which median family income is published from time to time by the U.S. Department of Housing and Urban Development, or successor agency, with adjustments according to household size. Figures are issued for households of various sizes. When given as a single figure, it refers to a four-person household.
- C. "Low-income housing" means housing that will serve "low-income households."
- D. "Household" means a single person, family or unrelated persons living together.

- E. "Low-income household" means a household with income less than or equal to eighty percent (80%) of area median income.
- F. "Very low-income household" means a household with income less than or equal to fifty percent (50%) of area median income.

To the extent permitted by applicable law, income determinations may take into account such exclusions, adjustments and rules of computation as may be prescribed or used under federal housing laws, regulations or policies for purposes of establishing income limits, or as may be established in County housing and community development plan documents consistent with federal laws, regulations or policies.

Section 3. Proposition to Authorize Levy of Additional Regular Property Taxes; Financing Plan.

The Jefferson County Board of Commissioners submits to the qualified electors of the County a proposition as authorized by RCW 84.55.050(1), to exceed the levy limitation on regular property taxes contained in Chapter 84.55 RCW for property taxes levied in 2017 through 2023 for collection in 2018 through 2024, respectively. The proposition would also authorize an additional property tax levy for very low-income housing under RCW 84.52.105. The proposition for two levies combined would raise approximately \$1,900,000 per year, generating an estimated \$13,000,000-\$13,900,000 in aggregate over a period of seven years.

A. The proposition would permit the County to increase its regular General Fund property tax levy for seven years pursuant to RCW 84.55.050 by up to \$0.12 per \$1,000 of assessed valuation dedicated for low-income housing, and resulting in a total General Fund tax levy not to exceed \$1.80 per \$1,000 for collection in 2018. Levies for collection in 2019-2024 would be based on the levy lid lift for collection in 2018 and subject to the limitations prescribed by Chapter 84.55 RCW. All the levy proceeds under the levy lid lift under RCW 84.55.050 shall be used for affordable housing for low-income households as specified in this Resolution.

B. The proposition would also authorize the County to impose an additional regular property tax levy for seven years dedicated for very low- income housing pursuant to RCW 84.52.105 of approximately \$0.24 per \$1,000 of assessed valuation to generate \$1,200,000 in 2018. Levies for collection in 2019-2024 would be based on the levy for collection in 2018 and subject to the limitations prescribed by Chapter 84.55 RCW. The limitations in RCW 84.52.043 do not apply to the tax levy authorized by this part. All the levy proceeds under RCW 84.52.105 shall be used for affordable housing for very low-income households as specified in this Resolution and the levy may not be imposed until the Board of County Commissioners adopts a Home Opportunity Fund Financing Plan, as set forth in this Resolution.

C. The taxes authorized by this proposition will be in addition to the maximum amount of regular property taxes the County would have been limited to by RCW 84.55.010 in the absence of voter approval under this Resolution, plus other authorized lid lifts. Thereafter, such levy amount would be used to compute limitations for subsequent years as allowed by chapter 84.55 RCW. Pursuant to RCW 84.55.050(5), the maximum regular property taxes that may be levied in 2024 for collection in 2025 and in later years shall be computed as if the limit on regular property taxes had not been increased under this Resolution.

Section 4. Levy Revenues.

A Unless otherwise directed by Resolution, all revenues collected from the additional taxes authorized pursuant to this Resolution shall be deposited initially in the Home Opportunity Fund to be used as set forth in Section 5 and as described in the Home Opportunity Fund Financing Plan, as may be adopted by the Board of County Commissioners under Sections 5 and 6 of this Resolution. The Finance Director is authorized to create other sub-funds or accounts within the Home Opportunity Fund as may be needed or appropriate to implement the purposes of this Resolution; provided that all funds raised from the levy authorized by RCW 84.52.105 shall be segregated for costs related to affordable housing for very low-income households.

B. Pending expenditure for the purposes authorized in this Resolution, amounts deposited in the Home Opportunity Fund pursuant to this Resolution may be invested in any investments permitted by applicable law. All investment earnings on the balances shall be deposited into the Home Opportunity Fund. Amounts received by the County from payments with respect to loans, recovery of grants, insurance proceeds or proceeds of sale or disposition of property ("program income") shall be deposited into the Home Opportunity Fund unless otherwise specified by Resolution. Any investment earnings and program income derived from revenues collected from the additional taxes authorized pursuant to this Resolution shall be used for the purposes set forth in this Resolution and as authorized by the Board of County Commissioners.

Section 5. Administration: Use of Proceeds.

A The levy funds shall be used to pay for affordable housing programs by eligible organizations which create or preserve affordable housing for low-income and very low-income households, and to pay for costs to administer the Home Opportunity Fund; provided that all funds raised from the levy authorized by RCW 84.52.105 shall be dedicated to these costs related to affordable housing for very low-income households.

B. Jefferson County Public Health, or such other department as may be designated by Resolution later adopted by the Board of County Commissioners, shall administer the Home Opportunity Fund funded with the additional taxes authorized pursuant to this Resolution. Use of funds from the Home Opportunity Fund must be approved by the Board of County Commissioners, and shall be implemented consistent with the Home Opportunity Fund Financing Plan, as adopted by the Board of County Commissioners and as may thereafter be amended by the Board of County Commissioners from time to time.

C. The Board of County Commissioners, upon recommendation of awards by the Home Opportunity Fund Board described in Section 7 of this Resolution, may approve grants and/or loans to eligible organizations for projects to create or preserve affordable housing for low- and/or very low-income households, and may include and modify such grant and loan conditions as the Board of County Commissioners may deem appropriate. Administration funding is intended to be used for administration of the use of levy proceeds, including but not limited to developing the Home Opportunity Fund Financing Plan, preparing and reviewing loan and grant applications, monitoring and auditing performance and compliance with loan and grant requirements, and paying for financial accounting, legal, and other administrative services necessary to administer the Home Opportunity Fund and its awards.

Section 6. Home Opportunity Fund Financing Plan.

A. The Jefferson County Public Health Department, or other such department as may be designated by Resolution, shall prepare a Home Opportunity Fund Financing Plan ("Financing Plan"). The Financing Plan shall cover the period commencing in 2018 and continue through at least 2024; shall specify the plan for use of funds raised by the levy authorized by RCW 84.52.105 for very low-income affordable housing, as well as the plan for use of funds raised by the levy lid lift authorized by 84.55.050 for low-income affordable housing; shall be consistent with this Resolution as may be amended; and shall be consistent with either the locally adopted or state-adopted comprehensive housing affordability strategy, required under the Cranston-Gonzalez national affordable housing act (42 U.S.C. Sec. 12701, et seq.), as amended; and shall be approved by Board of County Commissioners prior to the additional property tax levy being imposed pursuant to RCW 84.52.105.

B. A Draft Financing Plan describing a draft plan for the administration and use of funds from the Home Opportunity Fund is attached to this Resolution as **Exhibit A**. A Public Hearing shall be held on the Draft Financing Plan prior to finalizing and adopting a final Financing Plan.

C. The expenditure of all funds raised pursuant to this Resolution shall be as set forth in the Financing Plan as adopted by Board of County Commissioners. The Board of County Commissioners may amend the Financing Plan in the future as may be determined necessary or appropriate.

D. The Board of County Commissioners shall appropriate from the Home Opportunity Fund, as part of the County budget or supplemental budget, such monies derived from the levies authorized in this Resolution as it deems necessary to carry out the Financing Plan.

E. Upon recommendation for award by the Home Opportunity Fund Board, the Board of County Commissioners may approve may approve grants and/or loans to eligible organizations for projects to create or preserve affordable housing for low- and/or very low-income households, and may include and modify such grant and loan conditions as the Board of County Commissioners may deem appropriate to carry out the purposes of this Resolution, subject to the appropriation of sufficient funds and consistent with the Financing Plan approved by the Board of County Commissioners.

Section 7. Home Opportunity Fund Board.

A Home Opportunity Fund Board appointed by the Board of County Commissioners shall advise the Board of County Commissioners and Jefferson County Public Health regarding administration of the Home Opportunity Fund, the yearly rounds of Requests for Proposals/Notice of Funding Availability, evaluate and recommend to the County Commissioners awards to eligible organizations of grants or loans for projects to create or preserve affordable housing for low and/or very low-income households in Jefferson County pursuant to state and local requirements and the Home Opportunity Fund Financing Plan prepared pursuant to this Resolution as it may hereafter be amended. The Home Opportunity Fund Board shall also assist in monitoring the progress, performance and accomplishment of the Home Opportunity Fund and the projects it funds, and report such findings to the Board of County Commissioners.

Section 8. Election - Ballot Title.

The Board of County Commissioners hereby requests that the Jefferson County Auditor submit a proposition with a concise statement prepared by the Jefferson County Prosecuting Attorney, to the qualified electorate of the County for a vote at the November 7, 2017 general election, in a form consistent with the requirements of law and consistent with this Resolution, such as in the form set forth in this Resolution, as follows:

JEFFERSON COUNTY PROPOSITION NO. 1
LEVY TO ESTABLISH THE HOME OPPORTUNITY FUND
TO CREATE OR PRESERVE LOW- AND VERY LOW-INCOME HOUSING

The Jefferson County Board of Commissioners passed Resolution No. 35-17 declaring an Emergency in Jefferson County in the availability of affordable housing for low- and very low-income households, and referring the following ballot proposition to the voters:

Proposed: Establish a fund providing affordable housing for low- or very low-income households including disabled people, veterans, seniors, and families with children, by increasing the County's regular property tax levy up to \$0.12/\$1,000 for low-income housing (for a maximum rate of \$1.80/\$1,000 assessed value collected in 2018); and authorize a separate levy under RCW 84.52.105 of approximately \$0.24/\$1,000 to generate \$1,200,000 in 2018; each levy for seven years and subject to limitations under RCW 84.55.

Should this proposition be:

APPROVED?☐

REJECTED?☐

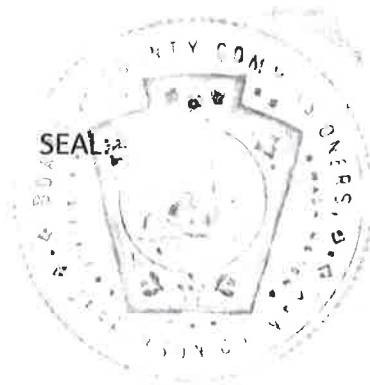
Section 9. Corrections.

The Jefferson County Prosecuting Attorney, the County Auditor, Clerk of the Board, or their designee, is authorized to make necessary clerical corrections to this Resolution including, but not limited to, the correction of scrivener's or clerical errors, references, Resolution numbering, section/subsection numbers and any references thereto.

Section 10. Severability.

If any section, sentence, clause or phrase of this resolution should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this resolution.

APPROVED AND ADOPTED this 31st day of July, 2017, in Port Townsend, Washington.



**JEFFERSON COUNTY
BOARD OF COMMISSIONERS**

Kathleen Kler
Kathleen Kler, Chair

K. Dean
Kate Dean, Member

David Sullivan
David Sullivan, Member

ATTEST:

Carolyn Avery
Carolyn Avery
Deputy Clerk of the Board

APPROVED AS TO FORM:

P. C. Hunsucker
Philip C. Hunsucker
Chief Civil Deputy Prosecuting Attorney

Jefferson County Home Opportunity Fund Financing Plan

DRAFT July 7, 2017

Preamble to this DRAFT

Everyone deserves a home. Yet in Jefferson County, too many people – especially families with children, seniors, and low-income workers – cannot find affordable homes to rent or buy. Over 100 children enrolled in local schools are homeless. One in five children in our schools are in families living in poverty, and their housing is insecure as rents and property values rise. Many seniors living on Social Security face similar insecurity in their housing, as do many of our most vulnerable residents who are veterans, people with disabilities, and victims of violence. Local businesses struggle to attract and retain talented young people, because there often is no affordable housing available.

Over the last several months, representatives from local health, mental health, and housing providers have met regularly to study the issues, the challenges, and possible solutions. They conclude that affordable housing stocks are inadequate and shrinking, despite the best efforts of local organizations and citizens. They see that local organizations have the capacity to create more affordable housing, but that they lack enough funding to do so.

Inspired by the success of Bellingham and Vancouver Washington in dealing with similar issues, a proposal has been developed for a powerful plan to create and preserve affordable housing throughout Jefferson County – the Jefferson County Home Opportunity Fund. They also worked with County staff on a suitable model for administering the fund, the Financing Plan, which follows this Preamble.

Creating the Jefferson County Home Opportunity Fund requires a vote of Jefferson County citizens. On July 24, 2017, the Board of County Commissioners (the BOCC) will consider declaring an Affordable Housing Emergency in Jefferson County and placing before the voters a property tax levy to finance creating and preserving affordable housing for low- and very low-income households. On November 7, 2017, the voters of Jefferson County will vote on the ballot measure.

If approved by a majority of voters, the Home Opportunity Fund will be funded by a seven-year limited-term property tax levy in 2018-2024, set at 36 cents per \$1,000 assessed valuation in 2018. The Home Opportunity Fund will raise a total of \$13-13.9 million over the seven-year period, all of it dedicated to creating and preserving affordable housing in Jefferson County.

Two thirds of the levy (24-cents in 2018) will be dedicated to addressing the housing needs of **very low-income** households (income 50% and below the Area Median Income), under the authority of state law RCW 84.52.105. One third (12-cents in 2018) will be dedicated to affordable housing for **low-income** households earning 80% and below of the Area Median Income, under the authority of RCW 84.55. These are the same proportions as Bellingham's successful program.

RCW 84.52.105 requires that the County adopt:

"... an affordable housing financing plan to serve as the plan for expenditure of funds raised by a levy authorized under this section, and the governing body determines that the affordable housing financing plan is consistent with either the locally adopted or state-adopted comprehensive housing affordability strategy, required under the Cranston-Gonzalez national affordable housing act (42 U.S.C. Sec. 12701, et seq.), as amended."

In order to succeed, we will need a Financing Plan that fits our county. The participation of the citizens of Jefferson County in developing and implementing solutions through open and public processes is critical. The Jefferson County Conservation Futures program has served as a useful model. Consultation with administrators and agencies in Bellingham and Vancouver has been crucial in the development of this draft.

The following draft Financing Plan lays out the purpose, objectives, and procedures for expenditure of all housing levy funds. If the ballot measure is approved by the voters in November 2017, a final Financing Plan will be prepared for a public hearing, prior to formal adoption by the Board of County Commissioners through a process concluding in December 2017.

Jefferson County Home Opportunity Fund Financing Plan

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Introduction

As an affordable housing emergency exists in Jefferson County, the voters of Jefferson County have established the Home Opportunity Fund to address the housing needs of the many low- and very-low-income households who lack secure, safe, adequate, stable or affordable housing.

The Home Opportunity Fund will provide grants and loans to eligible organizations and developers to create or preserve housing that will remain affordable to low-income and very low-income citizens over the long term. The County is accountable to the citizens for achieving this goal, and wisely managing the public resource.

Administration of this Financing Plan is meant to provide the citizens of Jefferson County with opportunities to participate in developing and implementing solutions through open and public processes.

Overview

Under this Plan, the Board of County Commissioners (BOCC) will appoint a Home Opportunity Fund Board (Fund Board). The Fund Board will evaluate proposed projects from non-profit and for-profit affordable housing organizations, and make funding recommendations to the BOCC. Awards of loans and grants from the Home Opportunity Fund will be approved by the BOCC. Projects to create or preserve affordable housing will be completed by the awardees, and monitored by the Fund Board and County staff.

Upon voter approval of a levy, and in accordance with state regulations at RCW 84.52.105, a final version of the Financing Plan will be adopted by the BOCC prior to implementing the levy. Following is an estimated timeline:

- November 2017 – Ballot measure put before voters.
- December 2017 – Public Hearing & Adoption of final Financing Plan.
- December 2017-early 2018 – appointment of the Home Opportunity Fund Board.
- January 2018 – Property tax increase effective January 1st, for seven years only.
- Fall 2018 – First annual Request for Proposals/Notice of Funding Availability.
- Proposals evaluated by Home Opportunity Fund Board; loan and grant recommendations made to BOCC.
- BOCC considers and approves awards.
- 2019 – Projects to create or preserve affordable housing begin.
- Project awards take place for 7 years or more, until all funds are spent on housing.
- County monitors all projects for compliance.

Program Objectives

The Home Opportunity Fund will:

- Create or preserve affordable homes for low-income households ($\leq 80\%$ of Area Median Income - AMI) and very low-income households ($\leq 50\%$ of AMI).
- Support projects that will remain affordable for forty years or more, with an exception for rehabilitation projects with shorter life expectancy.

In addition, six other objectives will guide implementation of the Home Opportunity Fund:

- A special priority for investing in affordable housing in communities distributed throughout Jefferson County.
- Leverage Home Opportunity Fund investments with resources from other sources, such as other grants and loans, donations, volunteer labor, private funding, and supportive services.
- Provide affordable housing for low-income and very low-income vulnerable populations (for example, families with children, people with disabilities, victims of violence, seniors, veterans, and individuals with mental/behavioral health or substance abuse issues).
- Provide affordable housing options for the low-income workforce.
- Create a variety of affordable housing choices, including mixed-income developments.
- Enable housing organizations to seize time-sensitive opportunities that address these objectives.

Levy Amount, Duration, Tax Rate, Legislative Authority

If approved, the seven-year levy at an initial combined rate of approximately 36 cents per \$1,000 assessed property value in 2018 will generate an estimated \$1.9 million in the first year to be spent on creating or preserving affordable housing. During the entire seven years, the levy will raise a total of approximately \$13-\$13.9 million (depending, in part, on the amount of new construction). At 36 cents per \$1,000 assessed property value in 2018, on a home valued at \$250,000, this is equal to \$90 in additional annual taxes.

The revenue will be collected and dedicated for use under two authorities:

- 1) Two thirds of the revenue (approximately 24 cents of the levy in 2018) will be collected under RCW 84.52.105 to finance affordable housing for very low-income households (incomes $\leq 50\%$ of the Area Median Income - AMI). The limitations of RCW 84.52.043 do not apply.
- 2) One third of the revenue (12 cents of the levy in 2018) would be collected under RCW 84.55.050. The purpose of this levy lid lift is to finance affordable housing for low-income households (incomes $\leq 80\%$ of AMI). The limitations of RCW 84.52.043 do apply.

Revenues will be held in a dedicated Home Opportunity Fund, separate from the County's General Fund, and the funds will be spent only on eligible uses. Revenue under RCW 84.52.105 and associated expenditures dedicated for affordable housing for very low-income households will be tracked within the Home Opportunity Fund separately from revenue within the Fund under the levy lid lift under RCW 84.55.050 and its associated expenditures for affordable housing for low-income households. Eligible uses include grants and loans to create or preserve affordable housing, as described below. To maximize the number of affordable homes created or preserved, Home Opportunity Fund awards may not be used for rent assistance or emergency shelter.

Eligible Fund Uses

Home Opportunity Fund grants and loans may be used for:

- Building new affordable housing,
- Converting existing market rate property to affordable housing,
- Preserving the stock of affordable housing through acquisition or rehabilitation,
- Renovating affordable housing through low-cost revolving loans managed through housing organizations or financial institutions,
- Preserving or extending the life of existing publicly subsidized housing,
- Creating affordable housing, allowing up to 15% of the award to be used for a limited period to provide ancillary services to residents, when such services are integral to establishing the project,

- Acquiring land or providing infrastructure for affordable housing,
- Pre-development costs, such as engineering, design, legal fees, permit submittals, etc.,
- Administering the Home Opportunity Fund and project awards – County staffing and support expenditures not to exceed 10% cumulatively over the first seven years.

Household Eligibility

Limits will be adjusted annually based on HUD's published limits for Jefferson County.

Very Low-Income: household incomes $\leq 50\%$ of AMI (using funds collected under RCW 84.52.105). Examples of the very low-income limits established by HUD for Jefferson County for 2016 are:

Very Low-Income

Persons in household	Income Limit (2016)	Gross Rent affordable (see Glossary) (2016)
1	\$22,550	\$564
2	\$25,800	\$645
3	\$29,000	\$725
4	\$32,200	\$805

Low-Income: household incomes $\leq 80\%$ of AMI (using funds collected under RCW 84.55). Examples of the low-income limits established by HUD for Jefferson County for 2016 are:

Low-Income

Persons in household	Income Limit (2016)	Gross Rent affordable (see Glossary) (2016)
1	\$36,050	\$901
2	\$41,200	\$1,030
3	\$46,350	\$1,159
4	\$51,500	\$1,288

Geographic Focus

Funds will be available to housing projects located within and throughout all areas of Jefferson County.

Disbursement of Home Opportunity Funds

At least once per year, a Request for Proposals (RFP) or Notice of Funds Availability (NOFA) will be advertised and affordable housing proposals accepted. Upon evaluation and recommendation by the BOCC-appointed Fund Board, funding from the Home Opportunity Fund will be disbursed by the BOCC, in the form of grants or loans, for eligible affordable housing projects. Within the Home Opportunity Fund, expenditures of revenues collected under RCW 84.52.105 and expenditures of revenues collected under RCW 84.55.050 will be tracked separately.

The Fund Board may recommend allocating a portion of the Fund to be available for short-term loans to developers to take advantage of time-sensitive opportunities that address the fund objectives. Such loans may be considered by the Fund Board outside of the regular schedule of RFPs/NOFAs and be recommended to the BOCC after conducting due diligence.

Home Opportunity Fund Board

The BOCC will appoint the Home Opportunity Fund Board. Jefferson County Public Health will staff the Fund Board in implementation of this Plan. Ultimate accountability and oversight of the levy and the Fund will lie with the elected Jefferson County BOCC, with assistance under the statutory authorities of the elected Auditor, Assessor, and Treasurer.

Composition of the Fund Board: Nine voting members of the Fund Board will be appointed by the BOCC to serve set four-year terms. Terms of the initial appointments will be of staggered duration, to provide stability to the Fund Board's composition in future years. The Fund Board will continue to exist as long as there is a fund balance.

The nine voting members will include:

- | | |
|---|-----------|
| • a person from each Commissioner district | (3) |
| • a member, each, from Port Townsend Planning Commission, and
Jefferson County Planning Commission | (2) |
| • a person with expertise in building or design | (1) |
| • a person with expertise in finance &/or loan underwriting | (1) |
| • a person with expertise in population health/social determinants
of health | (1) |
| • a person who has low- or very low-income | (1) |
| <hr/> Total | <hr/> (9) |

The BOCC may also appoint additional non-voting Fund Board members, who can provide expertise in affordable housing, real estate, finance, services for low- and very low-income people, or other expertise that would be of assistance the Fund Board.

Process for Considering Projects and Awarding Funds

All meetings of the Home Opportunity Fund Board shall be conducted in compliance with Washington State's Open Public Meetings Act. The Fund Board, with the assistance of County staff, will:

- develop project criteria and priorities conforming with this Plan, to be formally adopted by the BOCC
- issue Requests for Proposals (RFPs)/Notices of Funds Availability (NOFAs),
- evaluate Proposals with regard to adopted criteria, priorities, and this Plan's objectives,
- recommend eligible projects for grants and/or loans within available funds for potential approval by the Jefferson County Board of County Commissioners,
- track and report progress of projects and the status of the Fund to the public in a manner that is transparent and accessible,
- monitor project compliance with grant and loan conditions.

(See Appendix A for a more detailed list of Fund Board responsibilities.)

The Fund Board may recommend awards totaling less than the funds available in a given year, and unallocated funds will remain in the Home Opportunity Fund's fund balance for future allocations. The Fund Board may also recommend whether or not to consider awards committing funds from future years from the Housing Opportunity Fund.

Final approval of grants and/or loans under this program will rest with the BOCC. The Fund Board may recommend that an award be rescinded due to lack of significant progress.

Public Health staff will coordinate with other County officials to develop project grant and loan contracts and to properly account for the Home Opportunity Fund.

Eligible Costs

Funds will be disbursed to awardees on a reimbursement basis for eligible costs, which include but are not limited to:

- Appraisals
- Architectural fees
- Construction, including sales tax
- Development fees and permits
- Engineering fees

- Environmental assessments and fees
- Inspections and surveys
- Insurance
- Interest
- Professional services
- Purchase/acquisition of land and/or buildings
- Closing costs
- Ancillary services associated with a capital project.

Monitoring to ensure projects comply with maintaining units in affordable status for 40 years will be a cost to funded projects, which the projects will be required to endow upon award.

Eligible Fund Recipients

Through the County selection process, priority will be given to applicants with a demonstrated ability to develop, own, and/or manage affordable housing. Applicants that do not have previous experience in these areas will be expected to propose an appropriate relationship with an entity that does have this experience.

- 1) Nonprofit agencies: Eligible nonprofits must have a charitable purpose. Preference will be given to nonprofits that have housing as part of their mission. Nonprofit agencies will be required to submit articles of incorporation and documented proof of nonprofit status.
- 2) Any corporation, limited liability company, general partnership, joint venture, or limited partnership created and controlled by a nonprofit or public corporation in order to obtain tax credits or for another housing-related objective approved by the County.
- 3) The Peninsula Housing Authority, which is a governmental agency.
- 4) Private for-profit firms/property owners: Eligible for-profits must have experience developing, owning, and managing the type of housing proposed (multifamily or single family, rental or owner-occupied). Private for-profit firms can include partnerships between one or more firms, such as a building contractor and a property manager. Private for-profit firms may also partner with nonprofit or public agencies as needed to provide sufficient capacity to develop, own and operate affordable housing on a long-term basis.

To be eligible for Home Opportunity Funds, applicants must demonstrate that they have the organizational capacity to:

- complete the project and meet project goals for affordable housing,
- manage the on-going operations of the project
- repay any loans,
- manage any revolving loan programs, if part of the project,
- provide on-going services to project residents, if such services are a necessary part of the project.

Financing Methods

Financing through the Home Opportunity Fund for acquisition and capital projects may be made through a grant and/or by a loan at prime rate or less. Loan terms will be negotiated by the County and will be secured by a deed of trust that states the units will be available to a household at ≤50% or ≤80% of AMI for 40 years.

A covenant or other instrument will be recorded against the property that requires continued use of the property for low or very low-income housing for the period of affordability and for any period for which a loan is extended.

Sale of a project during the loan term will require County consent. Loan payments to the County will be deposited into the Home Opportunity Fund. Payments will be reallocated to low-income and very low-income housing projects according to priorities established in the current Financing Plan and upon recommendation of the Fund Board.

An incentive structure for private property owners who wish to convert existing market-rate units to affordable units may be developed by the Fund Board for approval by the BOCC.

Affordability Period

There will be a required affordability period of at least 40 years for units built, rehabilitated, or preserved with levy funds. The affordability period will be secured with a covenant or other instrument. If a property is removed from the affordable housing stock during the required affordability period, the award must be paid back, and may also face additional charges as a disincentive. Rehabilitation projects may be excepted from this 40-year requirement pursuant to criteria developed by the Fund Board and adopted by the County.

Monitoring

Prior to completion, projects will be monitored by the Fund Board and County staff for significant progress. Awards may be recommended for rescission if progress is unsatisfactory.

Monitoring of project compliance with maintaining units in affordable status for 40 years will be a cost to funded projects, which the projects will be required to endow upon award.

Plan Amendments

Implementation of this Financing Plan will be evaluated annually by the Fund Board, which may recommend updates as needed. Approval of any amendments will be the responsibility of BOCC after first holding a public hearing.

Appendix A: Responsibilities of Fund Board

Responsibilities of the Fund Board in Year 1 include, but are not limited to:

- Develop Fund Board Bylaws and operational procedures
- Develop timeline for issuance of RFPs, evaluation of proposals, and recommendation of projects
- Develop Appearance of Fairness policy
- Refine Home Opportunity Fund criteria and priorities regarding qualified projects and applicants
- Conduct outreach to potential affordable housing organization applicants
- Develop Request for Proposals ("RFP") or Notice of Funds Availability ("NOFA")
- Develop application form
- Develop criteria for evaluating applications, and application scoring method
- Prepare to issue first RFP or NOFA
- Develop requirements for annual reporting by awardees
- Conduct evaluation of Fund Board policies, processes, and forms
- Conduct evaluation of Affordable Housing Finance Plan
- Recommend updates to BOCC as the Fund Board deems appropriate.
- Ensure information about the status of the Home Opportunity Fund and its RFP/NOFA is easily accessible to the public.

Responsibilities of the Fund Board in Years 2-8 include, but are not limited to:

- Propose updates to policies and forms
- Conduct outreach to affordable housing organization applicants
- Issue RFPs/NOFAs, annually or more frequently
- Evaluate applications
- Make award recommendations to the BOCC
- Monitor projects' annual reports and other monitoring reports to assess projects' compliance with Home Opportunity Fund purposes,
- Ensure on-going reports are easily accessible to the public about the status of the Home Opportunity Fund and the projects to create or preserve affordable housing.
- Recommend review or rescission of contracts if necessary.
- Evaluate continuing program needs and effectiveness, and develop recommendations for the future.

Appendix B: Glossary

Affordable: Housing costs are no more than 30% of household income.

AMI: Area Median Income as determined annually by U.S. Department of Housing and Development (HUD) for each geographic area, representing the median (middle) income for households in that area. Figures are issued for households of various sizes. When given as a single figure, it refers to a four-person household.

(See <https://www.huduser.gov/portal/datasets/il/il2017/2017summary.odn>)

Cost-burdened: Paying over 30% of household income for housing costs.

Extremely Cost-Burdened: Paying over 50% of household income for housing costs.

Gross rent: Rent plus utilities (heat, light, water, sewer, garbage).

Housing costs: For rental properties, gross rent (see below). For owned properties, mortgage principal and interest, hazard insurance premiums, property taxes, and homeowner's association fees.

Low-income: Household income less than or equal to (\leq) 80% of AMI.

NOFA: Notice of Funds Availability.

RFP: Request for Proposals.

Very low-income: Household income less than or equal to (\leq) 50% of AMI.

RESOLUTION NO. 2018-09

A RESOLUTION RELATING TO LOW-INCOME HOUSING; REQUESTING THAT A SPECIAL ELECTION BE HELD CONCURRENT WITH THE NOVEMBER 6, 2018 GENERAL ELECTION FOR SUBMISSION TO THE QUALIFIED ELECTORS OF THE CITY OF A PROPOSITION TO LIFT THE LIMIT ON REGULAR PROPERTY TAXES UNDER CHAPTER 84.55 RCW FOR LOW-INCOME HOUSING; DECLARING THE EXISTENCE OF AN EMERGENCY UNDER CHAPTER 84.52.105 AND REQUESTING VOTER APPROVAL OF AN ADDITIONAL PROPERTY TAX FOR VERY LOW-INCOME HOUSING; PROVIDING FOR THE EXPIRATION OF THE ADDITIONAL LEVIES AT THE END OF TEN YEARS; SETTING FORTH THE BALLOT PROPOSITION; DESIGNATING A CITIZEN LEVY ADVISORY COMMITTEE; AND PROVIDING FOR IMPLEMENTATION OF PROGRAMS WITH FUNDS DERIVED FROM THE TAXES AUTHORIZED.

WHEREAS, City Council has adopted equity and social justice as legacies for the City of Bellingham;

WHEREAS, the City Council is committed to supporting safe, affordable housing and services for lower-income residents in order to promote equity and social justice;

WHEREAS, a healthy community is one in which all members have access to basic needs such as safe, secure, and affordable homes, yet homes remain unaffordable for a significant percentage of Bellingham residents;

WHEREAS, households face a severe burden when housing costs (including utilities) exceed 50 percent of household income;

WHEREAS, U.S. Census data has estimated that there are 7,680 low-income households in Bellingham that face a severe housing cost burden by having to pay more than 50 percent of their income on housing costs;

WHEREAS, over 1,000 low-income seniors in Bellingham pay more than 50 percent of their income on housing costs and face challenges in repairing their homes without financial assistance;

WHEREAS, at any point in time, over 700 people are homeless in Whatcom County, according to the annual Point-in-Time Count, and 15 percent of all people experiencing homelessness in Bellingham are children under 10 years of age, with adverse childhood experiences that have profound and long-lasting negative consequences;

WHEREAS, the Bellingham Housing Authority has closed waiting lists for public housing, with 750 households listed, 93 percent of which earn less than 30% of the Area Median Income and 41 percent are families with disabilities;

WHEREAS, the Bellingham Housing Authority has 1,181 households on the closed waiting list for rental assistance vouchers, with an average waiting time to receive assistance of nearly a year for those on the waiting list;

WHEREAS, roughly one-third of Bellingham's housing stock is over 50 years old, requiring repair, maintenance and weatherization that is often not affordable to low-income households;

WHEREAS, local wages are not keeping pace with Bellingham's housing costs, with median rent increasing by 72 percent and median wages increasing by 46 percent since 2000;

WHEREAS, according to the U.S. Census, the median value of homes increased 137 percent from 2000 to 2016, while median family income increased 41 percent;

WHEREAS, the creation of more affordable housing options near employment centers is good for the environment, reduces long commutes with associated pollution, lowers commuting expenses, reduces traffic congestion, and avoids road widening costs;

WHEREAS, Bellingham voters passed levies to provide revenue for the Bellingham Home Fund in 2012, resulting in \$3,000,000 raised annually for low-income housing and services;

WHEREAS, the Bellingham Home Fund is on track to meet or exceed all goals adopted as part of the administrative and financial plan for the levy revenue, including supporting the addition of 405 completed housing units and another 183 units that are under contract to be built;

WHEREAS, each \$1 from the Bellingham Home Fund has been used as matching money to leverage an average of over \$8 of other private and public funding for housing affordability;

WHEREAS, as a condition of receiving federal funding for low-income housing, the City of Bellingham administers affordable housing programs with citizen oversight, including preparation of five-year strategic plans, performance measures and outcomes, and annual action plans;

WHEREAS, the City of Bellingham has efficiently administered the Bellingham Home Fund in conjunction with its existing programs that manage federal funding for housing affordability;

WHEREAS, Chapter 84.55 RCW generally limits the dollar amount of regular property taxes that a city may levy in any year, but RCW 84.55.050 allows a city to levy taxes exceeding such limit by majority approval of the voters, allows a city to include in the ballot proposition a limit on the purpose for which the additional taxes levied will be used and allows the proposition to provide for the expiration of the additional taxing authority;

WHEREAS, the proposed additional levy is within the limitations set by RCW 84.52.043;

WHEREAS, RCW 84.52.105 authorizes a city to impose additional regular property tax levies to finance affordable housing for very low-income households when specifically authorized to do so by a majority of the voters of the taxing district voting on a ballot proposition

authorizing the levy;

WHEREAS, RCW 35.21.685 authorizes a city to assist in the development or preservation of publicly or privately owned housing for persons of low income by providing loans or grants of general municipal funds to the owners or developers of the housing, including loans or grants to finance the acquisition, construction or rehabilitation of low-income housing, and to provide rental assistance and other supportive services to low-income persons;

WHEREAS, the terms "Bellingham Home Fund" and "Low-Income Housing Fund" are used interchangeably throughout this resolution;

WHEREAS, the Council has determined that it is the best interest of the City to submit to the voters the question of whether to replace and enhance the existing housing levies which are set to expire at the end of 2019 by proposing replacement levies to collect up to \$0.36 per \$1,000 assessed valuation (both levies combined) each year for a period of 10 years or less starting at the beginning of 2019; and

WHEREAS, the City intends that in 2019, if the measure passes, it will collect up to \$0.36 per \$1,000 assessed valuation for Housing Levy Programs based on the proposed replacement housing levies if approved, and will collect \$.00 per \$1,000 based on the existing housing levies so that the total revenue collected for Housing Levy Programs in 2019 and in the following 9 years will be \$4,000,000 annually.

NOW THEREFORE BE IT RESOLVED BY THE COUNCIL OF THE CITY OF BELLINGHAM AS FOLLOWS:

Section 1. Findings. The City Council makes the following findings and declares as follows:

- A. The City's Consolidated Plan and Housing Element of the Comprehensive Plan identify insufficient safe, sanitary, and decent housing that is affordable to low-income and very low-income households to meet the present and anticipated needs of such households, including homes affordable for local working people, U.S. military veterans, families with children, people with limited or fixed incomes including senior citizens, and people having a disability.
- B. Affordable rental housing for low-income households, including the homeless, other persons with special needs, families and seniors, often requires a commitment of City funds for development or preservation, or other forms of assistance.
- C. Promoting and preserving home ownership for low-income households contributes to the stability of families and neighborhoods; helps preserve the physical condition of residential properties; and addresses the shortage of safe, sanitary, affordable housing by both maintaining and enhancing the supply of owner-occupied housing.
- D. The additional taxes to be levied under this resolution will enable the City to provide for the housing needs of low-income and very low-income households and thereby work to fulfill the purposes of federal, state and City laws and policies, including the federal HOME Investment Partnerships Act, federal Housing and Community Development Act, the State

Growth Management Act, and the City's Comprehensive Plan.

- E. An emergency exists with respect to the availability of housing that is affordable to very low-income households in the City of Bellingham.

Section 2. Definitions. The following terms used in this resolution shall have the definitions stated below, unless the context otherwise clearly requires:

- A. "Affordable housing" means residential housing for rental or private individual ownership which, as long as the same is occupied by low-income households, requires payment of monthly housing costs, including utilities, other than telephone, of no more than 30 percent of the household's income.
- B. "Low-income housing" means housing that will serve "low-income households."
- C. "Household" means a single person, family or unrelated persons living together.
- D. "Low-income household" means a household with income less than or equal to eighty percent (80%) of median income.
- E. "Median income" means annual median family income for the statistical area or division thereof including Bellingham for which median family income is published from time to time by the U.S. Department of Housing and Urban Development, or successor agency, with adjustments according to household size.
- F. "Very low-income household" means a household with income less than or equal to 50 percent of median income as determined by the United States department of housing and urban development, with adjustments for household size, for the county where the taxing district is located.

To the extent permitted by applicable State law, income determinations may take into account such exclusions, adjustments and rules of computation as may be prescribed or used under federal housing laws, regulations or policies for purposes of establishing income limits, or as may be established in City housing and community development plan documents consistent with federal laws, regulations or policies.

Section 3. Proposition to Authorize a Levy to Continue Raising Additional Regular Property Taxes.

The City submits to the qualified electors of the City a proposition as authorized by RCW 84.55.050(1), to exceed the levy limitation on regular property taxes contained in Chapter 84.55 RCW for property taxes levied in 2018 through 2027 for collection in 2019 through 2028, respectively. The proposition would also authorize an additional property tax levy to finance affordable housing for very low-income households under RCW 84.52.105. The proposition would raise \$4,000,000 per year totaling \$40,000,000 in aggregate over a period of up to ten years.

- A. The proposition would permit the City to increase its regular property tax levy by up to \$0.12 per \$1,000 of assessed valuation pursuant to RCW 84.55.050, resulting in a regular

property tax levy of \$2.25 per \$1,000 for collection in 2019. All the levy proceeds shall be used for the purposes specified in Section 5 of this resolution.

- B. In addition, the proposition would also authorize the City to impose an additional regular property tax levy of up to \$0.24 per \$1,000 of assessed valuation to finance affordable housing for very low-income households pursuant to RCW 84.52.105. The limitations in RCW 84.52.043 shall not apply to the tax levy authorized by this part. All the levy proceeds shall be used for the purposes specified in Section 5 of this resolution.
- C. The taxes authorized by this proposition will be in addition to the maximum amount of regular property taxes the City would have been allowed to levy within the limitations provided for in RCW 84.55.010 in the absence of voter approval under this resolution, plus other authorized lid lifts. Thereafter, such levy amount would be used to compute limitations for subsequent years as allowed by chapter 84.55 RCW. Pursuant to RCW 84.55.050(5), the maximum regular property taxes that may be levied in 2028 for collection in 2029 and in later years shall be computed as if the proposition under this resolution had not been approved and the City had made levies at the maximum rates which would otherwise have been allowed under chapter 84.55 during the years levies were made under the proposition.
- D. The City intends that in 2019, if the measure passes, it will collect up to \$0.36 per \$1,000 assessed valuation for Housing Levy Programs based on the proposed replacement housing levies if approved, and will collect \$.00 per \$1,000 based on the existing housing levies so that the total revenue for Housing Levy Programs collected in 2019 and in the following 9 years will be \$4,000,000 annually, and so that the proposed levy will be made less than twelve months after the election on the proposition as required by RCW 84.55.050(1).

Section 4. Levy Revenues.

- A. Unless otherwise directed by resolution or ordinance of the City Council, all revenues collected from the additional taxes authorized pursuant to this resolution shall be deposited initially in the Low-Income Housing Fund to be used as set forth in Section 5 and as described in the Housing Levy Administrative and Financial Plan, as may be adopted by the City Council under Sections 5 and 6 of this resolution. The Finance Director is authorized to create other subfunds or accounts within the Low-Income Housing Fund as may be needed or appropriate to implement the purposes of this resolution.
- B. Pending expenditure for the purposes authorized in this resolution, amounts deposited in the Low-Income Housing Fund pursuant to this resolution may be invested in any investments permitted by applicable law. All investment earnings on the balances shall be deposited into the Low-Income Housing Fund. Amounts received by the City from payments with respect to loans, recovery of grants, insurance proceeds or proceeds of sale or disposition of property ("program income") shall be deposited into the Low-Income Housing Fund unless otherwise specified by resolution or ordinance. Any investment earnings and program income derived from revenues collected from the additional taxes authorized pursuant to this resolution shall be used for the purposes set forth in this resolution and as authorized by the City Council.

Section 5. Administration; Use of Proceeds.

- A. The levy funds shall be used to pay for affordable housing for low-income and very low-income households, pay for affordable housing programs, and otherwise to provide for the housing needs of low-income and very low-income households; provided that all funds raised from the levy authorized by RCW 84.52.105 shall be dedicated to affordable housing for very low-income households.
- B. The Planning and Community Development Department, or such other department as may be designated by resolution, shall administer programs funded with the additional taxes authorized pursuant to this resolution. Any programs adopted by the City Council for use of the funds derived under this resolution shall be referred to as "Housing Levy Programs." Housing Levy Programs shall be implemented consistent with the Housing Levy Administrative and Financial Plan, as may be adopted by the City Council and as may thereafter be amended from time to time.
- C. The Housing Levy Programs, with estimated targets, are shown in Exhibit 1, attached hereto. The City Council, upon recommendation of the Citizen Advisory Committee described in Section 7 of this resolution, or upon recommendation of the Mayor or on its own motion, may review the allocations to particular Housing Levy Programs and make changes to the programs, including additions and deletions of programs and/or in the timing of or amount of funds allocated to any program, consistent with the purposes of this resolution and applicable law. Administration funding shown on Exhibit 1 is intended to be used for administration of the use of levy proceeds for all programs, including but not limited to developing the Housing Levy Administrative and Financial Plan, preparing and reviewing loan and grant applications, monitoring and auditing performance and compliance with loan, grant and program requirements, and paying for financial accounting, legal, and other administrative services necessary to implement the Housing Levy Programs.

Section 6. Housing Levy Administrative and Financial Plan.

- A. The City has adopted a Housing Levy Administrative & Financial Plan to cover the years 2013-2019 ("Plan") covering Housing Levy Programs. The Director of Planning and Community Development, or other such person as may be designated by the Director or the Mayor, shall prepare updates to the current Plan or a new Plan, as needed. The Plan shall cover the period commencing in 2019 and continuing through 2028 (or until the funds are expended if funds remain beyond this time period); shall identify the intended use of funds raised by the levy authorized by RCW 84.52.105; shall be consistent with either the locally adopted or state-adopted comprehensive housing affordability strategy required under the Cranston-Gonzalez national affordable housing act (42 U.S.C. Sec. 12701, et seq.), as amended; and shall be approved by City Council. The Plan will continue to satisfy the requirement set forth in RCW 84.52.105(2)(b).
- B. The expenditure of all funds raised pursuant to this resolution shall be as set forth in the Plan adopted by City Council. The City Council reserves the right to amend the Plan as it may in the future be determined as necessary or appropriate. The Plan should be done in coordination with the Consolidated Plan and Annual Action Plans required by HUD for

expenditure of HOME and CDBG funds for the benefit of low-income housing and community development needs in the City.

- C. The City Council shall appropriate from the Low-Income Housing Fund, as part of the City budget, such monies derived from the levies authorized in this resolution as it deems necessary to carry out the Housing Levy Programs.
- D. The Mayor, or other such person as may be designated by the Mayor, is authorized, for and on behalf of the City, to select projects for funding and to approve, make and modify loans, grants or other expenditures to carry out the Housing Levy Programs, provided that such authority is subject to the appropriation of sufficient funds and the Plan approved by City Council pursuant to Sections 5 and 6. The Mayor and his or her designees are further authorized, for and on behalf of the City, to execute and deliver such documents and instruments as he or she may determine to be necessary or appropriate to implement the financing of specific projects or to otherwise carry out the Housing Levy Programs.

Section 7. Citizen Levy Advisory Committee.

The Community Development Advisory Board ("CDAB"), established pursuant to BMC 2.46.010, shall advise the Mayor, City Council, and the Director of Planning and Community Development regarding the Housing Levy Programs authorized by this resolution. CDAB shall advise the Mayor and City Council on the Plan prepared pursuant to Section 6 of this resolution. CDAB shall also assist in monitoring the progress, performance, and accomplishments of Housing Levy Programs, and report such findings to the Mayor and City Council, including any problems and recommendations on actions to be taken so that the Housing Levy Programs are conducted in a timely and efficient manner for the benefit of low-income households.

Section 8. Election - Ballot Title.

The City Council hereby requests that the Whatcom County Auditor, as *ex officio* supervisor of elections, call and conduct a special election in the manner provided by law and submit to the qualified electorate of the City for a vote, concurrent with the November 6, 2018 general election, a proposition substantially in the form set forth in this resolution. The City Clerk is directed to certify to the Whatcom County Auditor the ballot proposition to the electorate of the City in the form substantially as follows:

PROPOSITION NO. 1
Low-Income Housing Levy

The City of Bellingham Council adopted Resolution No. 2018- 09 concerning property taxes for low-income housing and related services.

This proposition would replace and enhance existing levies to fund housing and housing services for people with low or very low incomes by authorizing a (1) property tax increase of \$0.12/\$1,000 in assessed valuation (to \$2.25/\$1,000) for collection in 2019-2028 (the 2019 amount would be used to compute the limitations for subsequent levies for collection in 2020-2028); and (2) regular property tax levy of up to \$0.24/\$1,000 under RCW 84.52.105; each for ten years, together generating \$4,000,000 annually. Should this proposition be

approved?

Yes? ☐

No? ☐

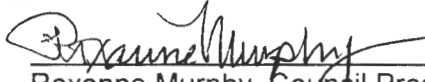
Section 9. Corrections.

The Bellingham City Attorney's Office or the Auditor or her designee is authorized to make necessary clerical corrections to this resolution including, but not limited to, the correction of scrivener's or clerical errors, references, resolution numbering, section/subsection numbers and any references thereto and to make corrections and revisions consistent with the requirements of the offices of the Whatcom County Auditor that do not change the substantive meaning of this resolution.

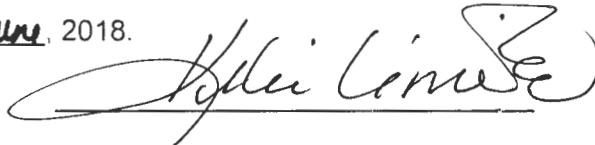
Section 10. Severability.

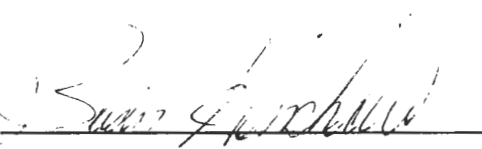
If any section, sentence, clause or phrase of this resolution should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this resolution. This resolution shall be liberally construed to permit the accomplishment of the City's purposes and objectives.

PASSED by the Council this 4th day of June, 2018.


Roxanne Murphy, Council President

APPROVED by me this 14th day of June, 2018.


Kelli Linville, Mayor

Attest: 
Brian Henshaw, Finance Director

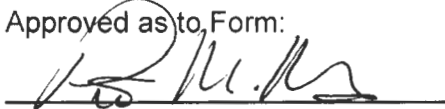
Approved as to Form:

Office of City Attorney

EXHIBIT 1
2019-2028 HOUSING LEVY PROPOSED PROGRAM ESTIMATES

Program	Est. Total Funding (10 Years)	Estimated Housing Produced/Households Assisted	Program Description/Affordability Levels
Production and Preservation of Homes	\$21,700,000	580 homes	<ul style="list-style-type: none"> Homes for people working at minimum wage, veterans, seniors on fixed incomes, and people exiting homelessness (households at or below 30% of median income) Homes for local workers, working families up to 60% of median income Affordable and specialized homes for veterans, people with disabilities, and seniors. Rehabilitation and weatherization to increase affordability and preserve existing affordable homes
Rental Assistance and Support Services	\$13,600,000	3,000 households	<ul style="list-style-type: none"> Supportive services matched to specialized homes for disabled veterans and homeless individuals to help them retain their homes and reduce costly care in hospital emergency department and other inappropriate systems of care Temporary and long-term assistance to families and individuals to help preserve their housing, prevent eviction and homelessness (targeted households at or below 50% of median income) Temporary and long-term assistance to those experiencing homelessness, including emergency shelter options
Low-income homebuyer assistance	\$1,800,000	55 homes	<ul style="list-style-type: none"> Assistance to low-income homebuyers, including programs that promote long-term affordability of ownership housing (targeted to households at or below 80% of median income)
Acquisition and Opportunity Loans	\$500,000	20 homes	<ul style="list-style-type: none"> To be added to \$750,000 already set aside for short-term loans for strategic purchases of buildings or land for rental or homeownership housing development that will serve low-income households
Administration	\$2,400,000	n/a	<ul style="list-style-type: none"> 6% of total
TOTAL	\$40,000,000		