

Countywide Housing Affordability Taskforce (CHAT)

July 13, 2007

Meeting Notes

*(*copies of all handouts/draft reports are available at cob.org)*

Member Names: Seth Fleetwood Co-Chair, Terry Bornemann Co-Chair, Charlotte Eastman-Pros, Derek Long, John Shorthill, Hart Hodges, Larry West, Nancy Larsen, Ted Mischaikov, Jon Soine, Paul Schissler, Barbara Brenner, Don Gischer, Ralph Black, Gail de Hoog, John Harmon, Gary Reid

Members Absent: Charlotte Eastman-Pros, Paul Schissler, John Soine, John Shorthill, Ted Mischaikov

Officials/Staff Names: Tim Douglas, Pete Kremen, Dave Cahill, Greg Aucutt, Shannon Victoria, Preston Burris, Samya Lutz, Gary Williams,

Officials/Staff Absent: Tim Douglas, Pete Kremen, Preston Burris

Introductions

Seth Fleetwood chaired the meeting. There were approximately 18 members of the public present. Tom Beckwith and members of his consulting team joined the group.

1. Approval of June 22, 2007 Notes

June 22, 2007 meeting notes were distributed late on June 21, 2007. The Taskforce agreed to defer approval of the minutes until the next meeting to allow for more time to review them.

2. Update on Workshops and Interviews

Steve said he is in the process of wrapping up the focus group summaries. With help from Dave, he is polling remaining housing service providers. His target completion date is July 27, 2007.

There was a lengthy discussion regarding the next steps for the Taskforce. Several Taskforce members felt it was important to identify the target population before moving forward. Tom said his plan is to finish the housing tools discussion. He anticipates they will be finished with the housing tools by July 20, 2007. He plans on focusing on the mission of the Taskforce in the July 27, 2007 meeting.

Hart stated he would have reversed the order of the discussion. In his opinion the priority is to identify which tools are most influential, what target group could be assisted first and why.

Seth said since there has been concerned voiced from the Taskforce about discussing the target group and numbers the next meeting should have some time allotted to discuss this. Tom recommended the Taskforce complete the review of the tools and then they can have a discussion about target numbers. Tom said the schedule he has outlined has the Taskforce completing the tools overview by July 20, 2007 with a meeting at the end of July to discuss the draft mission and target numbers. August and September will be spent trying to identify what is appropriate for the community.

Some of the Taskforce members were concerned there will not be enough time to accomplish all they have to accomplish between now and October. Many members felt they didn't want to be rushed to make recommendations.

Tom said throughout August the Taskforce will have the opportunity to work on drafts of the mission, target numbers, housing tools and any other issues. Once the Taskforce has outlined a strategy or potential concepts, the Consultant team will take these ideas out to the community to get their feedback. Tom said it is very important that the public gives their opinion of any draft concepts or proposed solutions.

Seth said an important element is that vetting occurs and the pros and cons of each tool is expressed and documented in the notes.

Gary asked for clarification of the mission statement. Tom said he is using the term mission statement but in actuality it is an action plan. Tom believes the Taskforce should have a draft action plan crafted by August. He will take the draft action plan out into the community and then the Taskforce can finalize it once it has been heard by everyone.

Ralph Black moved and Larry West seconded the July 27, 2007 agenda will include an open discussion about target numbers and groups.

There was another discussion with questions raised about the Taskforce being able to accomplish everything they are charged with in this given timeframe. Seth said it may be possible to extend the timeframe however he is not prepared to formally move in that direction.

All in favor, motion carried unanimously.

3. Continuation of Housing Tools Discussion

Tom asked Dave Cahill to give an overview of the current housing programs Dave oversees through the City of Bellingham.

Dave commented that most of the information is available at cob.org. He briefly described the following programs:

- Home and Rental Rehabilitation
- Affordable Housing Development
- Homebuyer Assistance to KCLT
- Tenant Based Rental Assistance
- Housing Development Fund
- First Time Homebuyer

Dave said the Opportunity Council also has home rehabilitation and weatherization programs which serves the County. Dave has some concerns about retaining current affordable housing. He feels continuum of housing is an essential element for the Taskforce to consider.

Dave said the City's Housing Development Fund is a result of the 1990 Affordable Housing Plan. It was initially set up using Block Grant. The fund now includes HOME funding too.

Dave explained when the City receives HOME funds, 15% of those funds need to be set aside for CHDO (Community Housing Development Organization). The only agencies that currently qualify as CHDO are Kulshan CLT and the Opportunity Council.

Dave Finet, from the Opportunity Council, commented of the 8,000 mobile homes in Whatcom County, the Opportunity Council sees about 30% of these in their programs. He said maintaining the existing mobile homes can extend their life greatly.

Dave Cahill said the City also participates in assisting County in homelessness and continuum of care activities and subsidies. Additionally, the County has been working with the State to allow for dilapidated trailers to be traded in for more sustainable ones since they are not able to rehabilitate them.

There was a conversation about the importance of retaining housing that is allocated for affordability and not losing the housing or the land to other types of development.

Ralph asked Dave what groups are taking advantage of the various programs. Dave said the City rehab programs serve households at 80% of median or less, elderly and disabled but that most served by the rehab programs are at 50% and below. The Housing Development Fund, CDBG portion, is targeted is 80% or less. The HOME portion is targeted to 50% of median or less. Tax credit projects must serve households at 60% of median or less. Most projects have quite a range of who the projects will serve. When applying for tax credits, agencies get points for who the project will serve which helps determine which agencies will get the funding.

Are groups that apply for funding accredited groups? Yes. Applicants for tax credits have to be pretty sophisticated for that type of funding and smaller agencies are not used to that level of performance or don't have the funding available to pay for the up front consultants and lawyers needed to meet funding conditions.

Block Grant and HOME dollars are leveraged heavily. Block grant is also used in the human services programs. Overall leverage of CDBG and HOME funds are about 12-1. If projects don't have local or public participation, agencies can't turn the key to get the other money for these projects.

Ralph said the small groups need to be looked at due to the lack of ability to participate.

Dave said that projects for homeless or very low income with little ability to pay rent need heavy subsidies such as zero interest or deferred payments. Other projects that have healthy cash flows are usually funded with amortized loans with some level of interest rate.

Capacity funding should be looked at as a tool that allows the smaller agencies to grow to the next level. Dave said Bellingham is in a transition period for small local agencies that have grown to a certain size and can't expand without additional resources. We have grown enough to where some of the smaller agencies are now taking that next step.

Some agencies have become very sophisticated in making this transition. This is good for Bellingham and Whatcom County especially when the agencies go to the state for funding. Sometimes Block Grant dollars are used to support staff for other grant applications.

Hart said when the Taskforce started there was a number of housing units as a target. It might not be effective to focus on the number of units but maybe we should focus on programs.

If the Taskforce goes back and reviews the scope of work, they will see targeting is in the Scope. Hart thinks there will be supply /demand side of things. But this group may recommend helping organizations and not targeting a certain number of units.

Dave said one challenge with using Federal money is the usage parameters are strictly defined and often not very flexible in application to projects. On the flip side, a benefit of a trust fund is you can define how it is used as long as the use is consistent with the use of public dollars. A combination of Federal funds and local funds will still have restrictions.

Steve Price said that for the City, the Housing Development Fund has been critical to leverage other money.

Dave commented that the federal funding has decreased over the years. The City used to get millions of dollars in CDBG alone and it is now down to 1.6 million in combined CDBG and HOME amounts.

Tom continued with housing tools.

Seattle Housing Resources Group

Housing Resources Group provides apartment housing to individuals and families whose incomes range from 30% to 80% of the King County "median income". For one person working full-time, the maximum annual gross income allowed in 2005 was about \$40,600. Such income limits vary, depending on the building and unit. Income limits are set by the U.S. Department of Housing and Urban Development ("HUD") and monitored by the Washington State Housing Finance Commission. Applicants must demonstrate that their income does not exceed the income limits placed on particular buildings and particular units in those buildings.

One reason the Seattle Housing Group is successful is because of the partnerships and creative financing packages.

Seth asked how the Councils stimulate this type of program. Tom said through a levy and / or a trust fund. Tom also said partnering with builders and developers is important. The Seattle Housing Resource Group is unique since they own and manage their properties.

Seattle Housing Levy

In 2002, the voters of Seattle passed a 7-year, \$86 million property tax levy to provide affordable housing opportunities for low-income Seattle residents. The Housing Levy provides funds to create and preserve affordable housing through:

- Rental Preservation and Production
- Neighborhood Housing Opportunity Program
- Homebuyer Assistance
- Rental Assistance
- Operating and Maintenance Program

This is overseen by the Seattle Office of Housing, and an oversight committee with non-government members.

Transfer of Development Rights (TDR)

This program allows density to move from one property to another. A TDR program is typically managed through the local government. There are a couple of ways TDRs can be managed. One is a direct negotiation from buyer to seller another is the City can purchase the TDRs and the developer can buy them from the City.

There was a lengthy conversation regarding TDRs. There were mixed opinions about their effectiveness for the community. Some felt it could be effective if the program is predictable and not discretionary. Others had concerns that due to current code restraints building to density is unachievable thus transferring density from site to site would do no good. The Taskforce also discussed the challenges of identifying land that would be allocated for the receiving of the TDRs. This is particularly challenging with the City and County having very different zoning and density requirements.

Teacher Home Buyer Program

This is a housing program designed for teachers. The primary funding source for this type of affordable housing is through a levy. Typically the City will provide a deferred payment loan of up to \$65,000 to assist teachers in the purchase of a home. Teachers are long term occupants and have tenure which makes this program fairly stable.

Tom said next week he will be discussing inclusionary zoning.

Adjourn