

## ***Appendix I: Draft Housing Levy & Affordable Housing Oversight Committee Ordinance***

**AN ORDINANCE** relating to affordable housing, calling for a special election for the purpose of submitting to the voters of Whatcom County a proposition authorizing additional regular property taxes for affordable housing, including assistance for home ownership and emergency housing payment assistance; declaring an emergency with respect to the availability of affordable housing for very low-income households; adopting a housing financing plan; providing for interim financing pending tax receipts; creating a levy Oversight Committee; providing for the annual levy and collection of taxes; ratifying and confirming prior acts; and providing for effective dates.

**WHEREAS**, the Washington State Growth Management Act (GMA) stipulates that Whatcom County and all of its cities must have a housing element that includes measures providing for affordable housing for all of its populations; and

**WHEREAS**, as a result of Whatcom County Council and Bellingham City Council concerns about affordable housing, 16 community members were jointly appointed in 2007 to a Countywide Housing Affordable Task Force (CHAT) to review and develop policies and strategies for meeting countywide affordable housing goals with the assistance of city and county staff and a consultant team. Since then, CHAT conducted:

- over 24 CHAT working sessions,
- focus group and workshops with real estate professionals, lenders, builders, and non-profit organizations,
- additional personal interviews with key housing market participants,
- reviewed findings and strategies with the Whatcom County Small Cities Association – and each city council or planning commission, and
- a mail-out/phone-back survey of 200 countywide registered voter households; and

**WHEREAS**, the federal government estimates an average household should pay no more than 30% of all household income (including all wages, salaries, pensions, stock and bond interest, and other income) for housing costs (including rent or mortgage payments, utilities, insurance, and other incidentals) if a household is to be able to pay for food, health, clothing, transportation, and other basic needs; and

**WHEREAS**, at the present time (2007), Whatcom County has a population of 186,479 persons that reside in 74,455 households countywide (the county or countywide refers to the total county including all cities and unincorporated areas of the county); and

**WHEREAS**, approximately 18,785 households or 25% of all countywide households are paying more than 30% of their total household income for housing. Approximately 10,180 households or 14% of all countywide households are paying more than 50% of their total household income for housing; and

**WHEREAS**, Whatcom County must retain older housing stock – estimated to be approximately 10,763 single family and 5,364 multifamily units built before 1930 - throughout the cities and unincorporated county as these units constitute a large portion of the existing affordable housing supply; and

**WHEREAS**, Whatcom County also must retain and/or replace older mobile and manufactured homes – estimated to be 9,535 units – especially within the

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unincorporated county as these units also constitute a significant portion of the existing affordable housing supply; and

**WHEREAS**, in addition to retaining existing affordable housing stock, Whatcom County must also stimulate the development of new affordable rental and for sale housing units using the following innovative and aggressive methods:

- **federal and state housing tax credits** – providing affordable and market rate rental and for sale housing units for all types of households,
- **request-for-proposal (RFP competitions)** – for projects that create mixed income communities that include affordable housing and assisted households as well as market rate units comprised of:
  - **conventional stick-built housing products** - on infill sites in innovative designs and arrangements like cottage housing and mixed use developments, and
  - **innovative projects** – for housing products (especially modular) in innovative design and construction arrangements that have not been introduced in the local market in order to provide high quality examples,
- **voluntary inclusionary zoning provisions** – on a countywide basis encouraging affordable and assisted housing units in mixed income projects using the following incentives:
  - **bonus off-sets** – that increase density, reduce parking, and vary height and site coverage provisions in manners that are consistent with a project’s neighborhood setting yet effectively off-set the cost of providing affordable units in the project,
  - **cash off-sets** – that expedite permit review schedules, reduce or waive permit fees, reduce or waive traffic, park, and school impact fees, reduce or waive utility connection fees that effectively off-set the cost of providing affordable housing units in the project,
- **land trusts** – where the land is acquired and leased for the rehabilitation of existing units and the development of mixed income single and multiple family housing products with no or low lease interest payment schedules for assisted households.

**WHEREAS**, all cities and the county have initiated a number of actions that manage rising housing costs and growth impacts on a countywide basis including cluster housing to reduce environmental impacts and site development costs; innovative housing and mixed-use projects to increase site and cost efficiencies; performance related design and development standards to improve the quality of the housing product and reduce development costs – to name a few; and

**WHEREAS**, in addition, the cities and county have also amended codes to allow accessory dwelling units, cottage or small lot houses, duplex and townhouses, manufactured and modular housing products that reduce costs and provide a wider variety of rental and purchase options; and

**WHEREAS**, in addition to the measures listed above, the cities, county, non-profit, and for-profit housing market participants must also adopt the following measures to further reduce costs and increase choice where each one of these program approaches will involve costs to the public in some manner, some approaches costing more than others, and some programs having more impacts on housing costs and public policies and funds than others:

- **economic development** – to increase wages and salaries so that county households can afford to pay rising housing costs,

- *education and mentoring classes* – on how to budget housing expenses, qualify and obtain mortgages, maintain and repair housing, and remodel, expand, and build their own housing units,
- *a catalogue of pre-approved building plans* – that may be used by builders and private property owners to reduce review times and permit fees,
- *measures that reduce land costs* – including performance based design standards, planned unit developments (PUDs), infill developments, and transfer development rights,
- *measures that reduce labor and material costs* – including performance based building codes and manufactured/modular design standards,
- *measures that reduce operating costs* – including measures that use energy efficient building codes, materials, appliances, and power sources,
- *measures that reduce infrastructure development costs* – including low impact site development standards,
- *RFP competitions* – including the packaging of prototype sites, pre-design and pre-approval of development plans, establishment of performance and participation criteria, and management of common improvement programs,
- *accountability and follow-up* – by compiling and issuing annual reports on the results of these programs for review by the County and City Councils and the modification to the programs listed above on an as-needed basis; and

**WHEREAS**, in order to effectively implement and monitor progress on the action items listed above Whatcom County must establish a permanent Affordable Housing Oversight Committee to coordinate, oversee, and implement the projects and programs identified above and to report progress to the County Council on a frequent basis for Council actions appropriate.

**WHEREAS**, the county and cities, like all jurisdictions in Washington State must structure fiscal policies to reflect recently adopted restraints on the use of property, license, and other taxes for the financing of general governmental services including any funds spent on affordable housing strategies Whatcom County must establish a revolving trust fund to provide financing necessary to meet the funding gaps necessary to effectively implement the programs and measures which can be realized from federal and state housing assistance programs, city and county programs, non-profit, and voluntary for-profit efforts; and

**WHEREAS**, RCW 84.52.\_\_\_\_105 allows a county, when authorized by a majority of the voters, to levy additional regular property taxes that are not subject to the statutory limit on the dollar rate of county regular property taxes under RCW 84.52.\_\_\_\_043, for the purpose of financing affordable housing for very low-income households; and

**WHEREAS**, RCW Chapter 84.55 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**, RCW 35.21.\_\_\_\_685 authorizes a county to make grants or loans to owners and developers for the acquisition, construction, or rehabilitation of low-income housing;

***NOW, THEREFORE, WHATCOM COUNTY DOES ORDAIN:***

***Section 1: Findings.***

The Whatcom County Council hereby makes the following findings and declares as follows:

***1.1: Whatcom County has insufficient safe, sanitary, and decent affordable housing*** - to meet the present and anticipated needs of moderate to low income households, as documented in the Whatcom Countywide Housing Action Plan document.

***1.2: Substantial portions of the County's existing supply of low-income housing are at risk*** - due to expiring federal "Section 8" subsidy contracts, expiring tax credit restrictions, and insufficient operating subsidies and reserves for major maintenance and replacement.

***1.3: Affordable housing for households with incomes below 30% of median income and for persons with special needs often cannot be successfully developed or preserved*** - without a commitment of funds for operating and maintenance costs not covered by rental income.

***1.4: Promoting and preserving home ownership of affordable housing 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 both by maintaining and enhancing the supply of owner-occupied housing and by limiting the demand for scarce low-income rental housing that otherwise would exist from households unable to afford to purchase homes or to maintain existing homes. Giving priority for home buyer assistance to County residents will cause home purchases to result in more available rental housing Countywide and improve overall rental housing affordability. Giving priority to those who have employment in Whatcom County Urban Growth Areas (UGAs) will tend to reduce commute trips and the related traffic and environmental effects caused when workers must stay outside the UGAs, or move from the UGAs, to find affordable homes.

***1.5: The additional taxes to be levied under this ordinance will enable the County to provide for the housing needs of very low- and low-income households*** - and thereby to fulfill the purposes of federal, State, and County laws and policies, including without limitation the federal HOME Investment Partnerships Act, the State Growth Management Act ("GMA"), the Countywide Policies adopted under GMA, and the County Comprehensive Plan.

***1.6: An emergency exists with respect to the availability of housing*** - that is affordable to very low-income households in Whatcom County.

***Section 2: Definitions***

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

***2.1: "Low-income housing"*** - means housing that will serve "low-income households."

***2.2: "Household"*** - means a single person, family or unrelated persons living together.

***2.3: "Low-income household"*** - means a household with income less than or equal to eighty percent (80%) of median family income, as published from time to time by the United States Department of Housing and Urban Development

(or any successor agency), with adjustments for household size, for Whatcom County, Washington.

**2.4: "Very low-income housing"** - means housing that will serve "very low-income households."

**2.5: "Very low-income household"** - means a household with income less than or equal to 50% of median income, as determined from time to time by the United States Department of Housing and Urban Development (or any successor agency), with adjustments for household size, for Whatcom County, Washington.

**2.6: To the extent permitted by applicable State law** - income limit determinations for purposes of any of the foregoing definitions may be based on "median family income" for a federally defined area that includes Whatcom County or a portion thereof including any Whatcom County cities, and 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 planning documents consistent with federal laws, regulations or policies.

**Section 3: Affordable Housing Financing Plan**

**3.1: Adoption** - the Whatcom County Council hereby adopts the Affordable Housing Financing Plan (referred to below, as it may be amended from time to time, as the "Financing Plan") attached to this ordinance as Exhibit A to serve as the plan for the expenditure of all funds raised pursuant to this ordinance.

**3.2: Amendments** - the County Council reserves the right to amend the Financing Plan as it may determine is necessary or appropriate, subject to the limitations of Section 5 of this ordinance and consistent with applicable law.

**3.3: Consistency** - the County Council determines that the Financing Plan is consistent with the County's Comprehensive Housing Affordability Strategy required by the Cranston-Gonzalez National Affordable Housing Act, as amended, 42 U.S.C. Section 12701 et seq., which is now included in the County's Consolidated Plan pursuant to federal regulations.

**Section 4: Proposition to Authorize Levy of Additional Regular Property Taxes**

**4.1: To finance affordable housing for low-income households, and otherwise to provide for the housing needs of low-income households** - the 4.1.1: Whatcom County Council hereby submits to the qualified electors of the County a proposition as authorized by RCW 84.52.\_\_\_\_105 and RCW 84.55.\_\_\_\_050, and upon its approval by the qualified electors the County shall be authorized to impose additional regular property tax levies totaling \_\_\_\_\_, of which up to \_\_\_\_\_ may be levied each year for up to seven (7) consecutive years.

4.1.2: Pursuant to RCW 84.55.\_\_\_\_050(c), the increased levy to be authorized by this proposition is for the limited purpose of providing the total dollar amount stated above for use consistent with this ordinance, by collecting annually an amount of regular property taxes, in addition to the total regular property taxes that the County could have levied consistent with RCW Chapter 84.55 without voter approval of this proposition, limited to the annual amount stated above.

4.1.3: The additional taxing authority, a dollar rate in the first year of approximately \$\_\_\_\_\_ per thousand dollars (\$1,000) of assessed valuation,

shall commence with property taxes levied in 200\_ for collection in 200\_ and shall continue through and including the property taxes levied in 200\_ for collection in 200\_.

**4.2: If the voters approve the proposition submitted by this ordinance** - the maximum total dollar rate for Whatcom County regular property taxes to be collected in 200\_ shall be increased to a total maximum of \$\_\_\_ per thousand dollars (\$1,000) of assessed valuation, provided that the actual dollar rate for collection in 200\_ authorized by this proposition shall not exceed the rate necessary in order to implement for that year the limited purpose stated in subsection 4A of this ordinance.

**Section 5: Very Low-Income Housing Levies under RCW 84.52.105**

**5.1: Of the total dollar amount of additional taxes authorized to be imposed pursuant to Section 4 above** - a total amount of up to \_\_\_\_\_, consisting of up to \_\_\_\_\_ per year, may be imposed pursuant to RCW 84.52.105. All taxes imposed pursuant to RCW 84.52.105 shall be dedicated to financing affordable housing for very low-income households and shall not be subject to the dollar rate limitations on regular property taxes in RCW 84.52.043. The maximum annual amount of taxes to be authorized pursuant to this ordinance to be imposed under RCW 84.52.105 is estimated to be equivalent to not more than \$\_\_\_\_\_ per thousand dollars of assessed valuation.

**5.2: The Whatcom County Council may determine, in making any one or more annual levies of taxes** - how much (as a dollar amount or a rate) of the additional taxes authorized by voters pursuant to Section 4 of this ordinance shall be imposed pursuant to RCW 84.52.105, up to the maximum allowed in subsection 5.1 of this ordinance.

**Section 6: Levy Fund Accounts**

**6.1: Levy Very Low-Income Housing Fund Account** - all revenues from the additional taxes imposed under the authority of RCW 84.52.105 for financing affordable housing for very low-income households shall be placed initially in a new Levy Fund Account of the Low-Income Housing Fund to be known as the "Levy Very Low- Income Housing Fund Account."

**6.2: Levy Multipurpose Fund Account** - unless otherwise directed by ordinance, all revenues collected from the additional taxes authorized pursuant to this ordinance that are not imposed under the authority of RCW 84.52.105 shall be deposited initially in a new fund account of the Low-Income Housing Fund to be known as the "Levy Multipurpose Fund Account." Money in that account shall be used to finance housing for low-income households and otherwise to provide for the housing needs of such households.

**6.3: Levy Operating & Maintenance Fund Account** - there shall be a fund account of the Low-Income Housing Fund known as the "Levy Operating & Maintenance Fund Account." Money in that fund account is intended to be used for the Operating & Maintenance Subsidy program described in the Financing Plan. The County Council shall direct the transfer of monies from the Levy Very Low-Income Housing Fund Account or the Levy Multipurpose Fund Account, or both, to the Levy Operating & Maintenance Fund Account at such times and in such amounts as it determines to be appropriate in order to implement the intent of the Financing Plan.

**6.4: Use of Levy Operating & Maintenance Fund Account** - any revenues from the taxes imposed under the authority of RCW 84.52.105 that are transferred from the Levy Very Low-Income Housing Subfund to any other Fund

Account shall be used consistent with that statute. If authorized in an Administrative and Financial Plan ("A & F Plan") approved pursuant to Section 8 of this ordinance, or otherwise authorized by ordinance, the Planning & Development Services Director may cause money in the Levy Operating & Maintenance Fund Account to be used for loans to finance low-income housing projects, to the extent that the Director expects the amounts and timing of payments on such loans to prevent any insufficiency of money in that fund account resulting from such loans.

**6.5: Fund account investments** - pending expenditure for the purposes authorized in this ordinance, amounts deposited in each fund account may be invested in any investments permitted by applicable law. All investment earnings on the balances in each fund account shall accrue to such 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"), to the extent that such amounts are attributable to money disbursed, advanced or committed from one of the fund accounts described above, shall be deposited into that fund account unless otherwise specified by ordinance. Program income deposited in the Levy Very Low-Income Housing Fund shall be used to finance affordable housing for very low-income households unless the County Council shall otherwise direct pursuant to an express finding that it is not needed for such purpose.

**6.6: Other fund accounts** - the Whatcom County Director of Finance is authorized to create other fund accounts as may be needed or appropriate to implement the purposes of this ordinance.

**Section 7: Administration; Use of Proceeds**

**7.1: Responsible staff** - the Whatcom County Planning & Development Services Department, or such other departments or offices as may be designated by ordinance, shall administer programs funded with the additional taxes authorized pursuant to this ordinance.

**7.2: Programs anticipated to be funded** - are described in the attached Financing Plan, which is incorporated herein by this reference. The programs described in the Financing Plan and any others adopted by the County Council for use of the funds derived under this ordinance shall be referred to as "Levy Programs."

**7.3: Levy Programs shall be implemented consistent with the Financing Plan** - as it may be amended by ordinance, and with Administrative and Financial Plans, adopted by the County Council under Section 8 of this ordinance.

**7.4: Comprehensive Plan** - levy Programs shall also be implemented consistent with, and may be further limited by, applicable policies in the County's Comprehensive Plan, as it may be amended from time to time.

**7.5: Changes** - the County Council, upon recommendation of the Oversight Committee described in Section 11 of this ordinance, or upon recommendation of the County Executive, or on its own motion, may establish the timing of the allocations to particular Levy Programs and make changes to the programs, including additions and deletions of programs and/or in the amount of funds allocated to any program, consistent with the basic purposes of this ordinance and applicable law.

**Section 8: Administrative and Financial Plans**

**8.1: Every two years, or at such other intervals as the County Council may specify** - the Planning & Development Services Director, or other department head as may be designated by the County Executive, shall prepare an Administrative and Financial Plan ("A & F Plan") covering all of the Levy Programs. Such Plans shall cover periods commencing in 200\_ and continuing through 200\_, and thereafter if so specified by the County Council.

**8.2: Unless otherwise requested by the County Council, each A & F Plan shall include** - criteria for evaluating and selecting projects; guidelines for loans or grants; requirements for project sponsors; progress and performance reports on ongoing projects and for each Levy Program; program reviews to ensure that levy funds are used for their stated purposes; and financial budgets for each Levy Program. An A & F Plan may include such other information as the County Executive or Planning & Development Services Director may deem appropriate or the County Council may request.

**8.3: The A & F Plan shall be submitted to the County Council for adoption by ordinance** - with such modifications as the County Council may require. No 200\_ Levy funds may be committed until the first A & F Plan is adopted by ordinance by the County Council. For purposes of future updates of the A & F Plan, all criteria, guidelines, and requirements contained in a previously approved A & F Plan shall remain in effect pending approval by County Council of a new A & F Plan, unless otherwise provided by ordinance.

**Section 9: Appropriations and Funding Approvals**

**9.1: Fund account appropriations** - the County Council shall appropriate from the Levy Very Low-Income Housing Fund Account, the Levy Operating and Maintenance Fund Account, and the Levy Multipurpose Fund Account, as part of the County budget or as a supplemental, such monies derived from the levies authorized in this ordinance as it deems necessary to carry out the Levy Programs.

**9.2: Project selections** - the Planning & Development Services Director or other department head as may be designated by the County Executive or County Council, or the designee of such director, is hereby authorized, for and on behalf of the County, to select projects for funding and to approve, make, and modify loans, grants or other expenditures to carry out the Levy Programs, other than the Rental Assistance Program, as described in the attached Financing Plan and the A & F Plan, as they may be amended by ordinance, provided that such authority is subject to the appropriation of sufficient funds.

**9.3: Rental Assistance Project/Program selections** - the Director of the Planning & Development Services Department or other department head as may be designated by the County Executive or County Council, or the designee of such director, is hereby authorized, for and on behalf of the County, to select projects for funding and to approve, make, and modify loans, grants or other expenditures to carry out the Rental Assistance Program, as described in the attached Financing Plan and the A & F Plan, as they may be amended by ordinance, provided that such authority is subject to the appropriation of sufficient funds.

**9.4: Document executions** - each such director and their designees are further authorized, for and on behalf of the County, to execute and deliver such documents and instruments as they may determine to be necessary or appropriate to implement the financing of specific projects or to otherwise carry out each Levy Program administered by such director.

**Section 10: Bonds and Notes**

To the extent permitted by applicable law the County may issue bonds, notes or other evidences of indebtedness payable wholly or in part from the proceeds of the additional taxes authorized under this ordinance, and apply such tax proceeds to the payment of principal of, interest on, and premium (if any) on such bonds, notes or other evidences of indebtedness and to the payment of costs associated with them.

**Section 11: Affordable Housing Oversight Committee**

**11.1: Committee** - conditioned upon voter approval of the ballot proposition submitted by this ordinance, there is established an Affordable Housing Oversight Committee for the purpose of monitoring the progress of Levy Programs and reporting to the County Executive and County Council on the progress of Levy Programs.

**11.2: Duties** - the Committee shall inform the County Executive and the County Council of Levy Program accomplishments and problems and make recommendations on the A & F Plans and on actions to be taken, including additions to or deletions of programs or amounts of funds allocated to the several programs, so that Levy Programs may be conducted in a timely and efficient manner.

**11.3: Officers** - the Committee may elect officers and establish rules of procedure, including rules establishing what shall constitute a quorum. The Planning & Development Services Director or such other department head as may be designated by the County Executive shall provide the Committee such information as is necessary for the Committee to determine the status of individual programs and projects.

**11.4: Membership** - the Affordable Housing Oversight Committee shall consist of thirteen (13) voting members, selected as follows: one (1) shall be a County employee appointed by the County Executive or their designee; one (1) shall be a Bellingham employee appointed by the Bellingham City Council; the remainder shall be persons outside County and City government.

**11.5: Removal and Confirmation** - members shall be subject to removal by the appointing authority for being absent from two or more consecutive meetings without cause, or for other good cause. All members not appointed by the County Council shall be subject to confirmation by the County Council.

**11.6: Conflict of Interest** - subject to applicable law, an individual serving as an officer, director or trustee of an entity that receives or competes for funding under this ordinance, or who has an interest in such an entity, shall not thereby be disqualified from serving on the Committee, but shall fully disclose any such relationships and shall not vote on any matter in which the interest of such entity is directly involved.

**11.7: Replacement** - upon the resignation, retirement, death, incapacity or removal of a Committee member, the authority appointing such member may appoint a replacement for the balance of the term.

**11.8: Compensation and Terms** - Committee members shall serve without compensation. The County Council shall prescribe by ordinance or resolution the terms of office of Committee members, which may be staggered to provide continuity, and the initial committee members shall be selected within six months after voter approval of the proposition submitted by this ordinance.

**11.9: Other Rules and Provisions** - the County Council may prescribe such other rules relating to the operation of the Committee as shall be necessary or appropriate. The Affordable Housing Oversight Committee shall continue in existence through 200\_, and thereafter if so provided by Ordinance.

**Section 12: Election - Ballot Title**

The County Council hereby calls for a special election at which to submit this proposition to the voters, and requests that the Director of Elections of Whatcom County, Washington, as ex officio Supervisor of Elections, find the existence of an emergency pursuant to RCW Chapter 29.13 and call and conduct a special election in the County to be held on \_\_\_\_\_, for the purpose of submitting to the qualified electors of the County the proposition set forth in this ordinance. The County Clerk is hereby authorized and directed to certify the ballot title to the Whatcom County Director of Elections in the following form, with any revisions to the description of the proposition the County Attorney may provide:

**WHATCOM COUNTY  
PROPOSITION NUMBER \_  
AFFORDABLE HOUSING LEVY**

Whatcom County's Proposition \_ concerns an affordable housing levy proposed by Ordinance \_\_\_\_\_.

This proposition would authorize property taxes for affordable housing programs for low-income households. It would lift the RCW 84.55 limit on regular property taxes, allowing \$\_\_\_\_\_ in additional taxes over seven (7) years, beginning in 200\_ and limited to \$\_\_\_\_\_ annually (approximately \$\_\_\_/\$1,000 assessed value). The 200\_ total County regular tax limit would not exceed \$\_\_\_/\$1,000 assessed value.

Should the levy of these taxes for housing be authorized?  
Levy, Yes [ ] Levy, No [ ]

Those in favor shall vote "Yes"; those opposed shall mark their ballots "No".

**Section 13: Severability**

If any one or more provisions of this ordinance shall for any reason be held invalid, such invalidity shall not affect any other provision of this ordinance or the levy of additional taxes authorized hereby, but this ordinance shall be construed and enforced as if such invalid provisions had not been contained herein, except that if any provision shall be held invalid by reason of its extent or the range of persons eligible to benefit there from, then such provision shall be deemed to be in effect to the extent permitted by law and to benefit only such class of persons as may lawfully be granted the benefit thereof.

**Section 14: Ratification**

Any act pursuant to the authority granted in this ordinance and prior to the effective date hereof is hereby ratified and confirmed.

**Section 15: Effectiveness**

15.1: Those portions of this ordinance providing for the submission of a ballot proposition to the voters shall take effect and be in force immediately upon the approval of this ordinance by the County Council or, if it is not approved and returned by the County Council within ten (10) days after presentation, then on the eleventh (11th) day after its presentation to the County Council.

15.2: All provisions of this ordinance that have not taken effect on an earlier date shall take effect and be in force thirty (30) days from and after the County Council's approval of this ordinance, but if this ordinance shall not be approved and returned by the County Council within ten (10) days after presentation, such provisions shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the County Council the \_\_\_\_ day of \_\_\_\_\_, 200\_, and signed by me in open session in authentication of its passage this \_\_\_\_ day of \_\_\_\_\_, 200\_. \_\_\_\_\_ Chairperson  
\_\_\_\_\_ of the County Council

Filed by me this \_\_\_\_ day of \_\_\_\_\_, 200\_.  
\_\_\_\_\_ County Clerk

Exhibits: A: Affordable Housing Financing Plan

***AFFORDABLE HOUSING FINANCING PLAN***

***A. SUMMARY***

***LEVY AMOUNT: \$ \_\_\_\_\_, SEVEN-YEAR PROPERTY TAX LEVY***

- \$\_\_\_\_ levy will produce an estimated minimum of \_\_\_\_ housing units.
- The County contribution of \$\_\_\_\_\_ will leverage other funds to produce affordable housing with a total development cost estimated to exceed \$\_\_\_\_\_.

***LEVY BENEFICIARIES:***

The levy is expected to provide benefits to low-income households, including:

- People facing temporary economic crises who could avoid homelessness through rental or refinancing assistance.
- People moving from homelessness that needs transitional and permanent supportive housing to achieve stability and independence.
- People with disabilities that need housing and service support to live independently in the community; people currently living on disability income; people who are developmentally disabled or mentally ill.
- People who are elderly, are on fixed incomes, and need affordable housing or assisted-living alternatives.
- Working families with children who can't find affordable housing, such as sales clerks, fast food workers, nurse's aides, grocery clerks, hotel housekeepers, and childcare workers.
- Low-income families who need financial help buying a home.

***LEVY FEATURES***

- Rental preservation and production is a primary focus, creating new and preserving existing affordable rental housing.
- Increase in County homeownership funds will provide the County leverage to combine with funding opportunities in the private and public sectors, to foster low-income homeownership.
- Mixed-use and mixed-income housing development through competitive requests-for-proposals (RFPs) and the Voluntary Inclusionary Zoning (IZ) programs will provide stable living arrangements for low-income individuals and families while promoting economic development for the community. Levy funds may be used only for the portion of the project financing that is allocable to the units that will serve income-eligible households (i.e., very low- and low-income units).
- Levy programs serve a mix of affordability levels. A large share of levy program funding will serve people with incomes at or below 30% of median income (\$18,700 as adjusted for a 2-person household).
- Rental and refinancing assistance is included in the levy to provide rental assistance to people facing temporary economic crises.

**LEVY CHART**

The following chart lists the proposed levy programs and the estimated number of households to be served by each program. Income levels served by Levy Programs may be further limited by the County's Comprehensive Plan and Consolidated Plan.

**Chart 1: Summary of Levy Funding Allocation and Estimated Production**

<i>Levy Program</i>	<i>Levy Allocation</i>	<i>Estimated Households Served</i>
Rental Housing Production and Preservation Program	\$56,110,000 (approx. 65.2% of total) <input type="checkbox"/> 59% for up to 30% of MI* (\$33.1 m) <input type="checkbox"/> 31% for up to 50% of MI (\$17.4 m) <input type="checkbox"/> 10% for up to 60% of MI (\$5.6 m)	1,522
Neighborhood Housing Opportunity Program	\$7,214,000 (approx. 8.4% of total) <input type="checkbox"/> 25% for up to 30% of MI (\$1.8 m) <input type="checkbox"/> 75% for up to 80% of MI (\$5.4 m)	196
Homeownership Program	\$7,811,000 (approx. 9.1% of total) <input type="checkbox"/> 50% for up to 60% of MI (\$3.9 m) <input type="checkbox"/> 50% for up to 80% of MI (\$3.9 m)	326
Rental Assistance Program	\$2,842,000 (approx. 3.3% of total) <input type="checkbox"/> 100% for up to 50% of MI (\$2.8 m)	533
Operating & Maintenance Program	\$7,765,000 (approx. 9.0% of total) <input type="checkbox"/> 100% for up to 30% of MI (\$7.8m)	179
Administration (not a Program)	\$4,258,000	
<b>TOTALS:</b>	<b>\$86,000,000</b>	<b>2,756</b>

- "MI" means median income as published from time to time by the United States Department of Housing and Urban Development (or any successor agency), with adjustments for household size, for Whatcom County, Washington.

All dollar amounts assume that the maximum dollar amount proposed to be authorized will be levied and collected, but do not include any program earnings or interest earnings on levy funds. Investment earnings shall accrue to the Fund Accounts established for the levy and shall be allocated to each Levy Program as follows:

- the first \$2,000,000 in investment earnings shall be allocated to the Levy Operating & Maintenance Program,
- all remaining investment earnings shall be allocated to each Levy Program in the same proportions as the original proportions shown in Chart 1, unless otherwise modified by the County Council by ordinance, with the exception of the Operating & Maintenance Program, whose investment earnings on the Operating & Maintenance Program balances shall be allocated to the Operating & Maintenance Program for administration of that Program.

**B. PURPOSE OF PLAN**

The proposed Levy would use a combination of two statutes authorizing voter-approved property taxes:

- 1) the "Lid-Lift" Statute, RCW 84.55.050 - which allows a county to obtain voter approval to exceed the "lid" on regular property taxes for any

purposes, and also allows the ballot measure to specify a limited purpose; and

- 2) the Very Low-Income Housing Levy Statute, RCW 84.52.105 - which allows a county, under specified conditions, to obtain voter approval for taxes outside of the \$\_\_\_\_\_ per \$1,000 property tax rate limit, to be used solely to finance affordable housing for households with incomes at or below 50% of median income, as determined by the U.S. Department of Housing and Urban Development, with adjustments for household size, for the county.

The proposal would allow up to \$\_\_\_\_\_ to be raised under the provisions of the second statute. The remainder, which will be at least \$\_\_\_\_\_ if the full \$\_\_\_\_\_ is levied, would be raised using only the "lid-lift" statute, and would not be limited by State law to serving very low-income households.

This Affordable Housing Financing Plan (the "Financing Plan") describes how the revenue from the Levy will be used and how the levy programs will be implemented. In addition, insofar as it plans for use of the revenues to be raised under the authority of RCW 84.52.105, the very low-income housing levy law, this Financing Plan serves as the plan for expenditure of those revenues required by that law. This Financing Plan may be modified by the County Council by ordinance.

Implementation of the levy programs will also be governed by the terms of Administrative and Financial Plans to be approved by ordinance by the County Council, which may include changes to the specific terms of programs, dollar allocations or income levels served as described in this Financing Plan, and may add other programs, consistent with the terms of the ordinance adopting this Financing Plan and applicable law.

### C. LEVY HOUSING PROGRAMS

Chart 1 illustrates the programs, allocations and housing production goals for each program. Levy funds are expected to produce or preserve an estimated minimum of \_\_\_\_\_ housing units. If anticipated leverage does not occur, fewer units may be produced. The income levels served by Levy Programs may be further limited by the County's Comprehensive Plan.

Each program is described below. Each of the programs except the Rental Assistance & Homeownership programs may use revenues raised under the authority of RCW 84.52.105, the Very Low-Income Housing Levy law. Revenues raised under RCW 84.52.105 must be used for households with incomes at or below 50% of median income.

Higher eligibility limits may apply to revenues raised using only the general "Lid Lift" authority as described in Section B, above. Investment earnings shall accrue to the Fund Accounts established for the levy and shall be allocated to each Levy Program as follows:

- the first \$2 million in investment earnings shall be allocated to the Levy Operating & Maintenance Program,
- all remaining investment earnings shall be allocated to each Levy Program in the same proportions as the original proportions shown in Chart 1, unless otherwise modified by the County Council by ordinance, with the exception of the Operating & Maintenance Program, whose investment earnings on the Operating & Maintenance Program balances shall be allocated to the Operating & Maintenance Program for administration of that Program.

Balances and uses of the program funds, including interest earnings, shall be reviewed every two years and the County Council may approve reprogramming such funds to other Levy Programs.

### **1. Rental Housing Preservation and Production Program**

- Rental production and preservation for very-low income households is a primary use of levy funds. Program funds can be used for acquisition, rehabilitation, preservation, new construction and other reasonable associated development costs of property to be used as subsidized rental housing for low-income households, and for refinancing of low-income housing. Housing produced will include transitional housing. Subsidized rental housing shall be construed broadly to include limited equity cooperatives and mutual housing, as well as more traditional forms of rental developments.
- All sizes of units and types of households may be eligible for funding. Some of the levy funds may be earmarked for projects serving specific populations, such as families with children, elderly or persons with disabilities. Mixed use and mixed-income projects will be eligible for funding, with levy funds to be used only for the portion of the project financing that is allocable to the units that will serve income-eligible households.
- Eligible applicants include private nonprofit agencies, public development authorities, private for-profit owners, and public agencies including Bellingham/Whatcom County Housing Authority (BWCHA), except that levy funds for housing units developed as part of HOPE VI redevelopments are not eligible unless the County Council approves such use through a Memorandum of Agreement or other agreement with BWCHA.
- The Levy Administrative and Financial Plans will specify loan terms, length of affordability, and other requirements. Loan terms may provide for forgiveness of principal and/or interest if the borrower complies with its commitment for the required period.

### **Eligibility Limits**

- At least \$\_\_\_\_\_ (59%) of program funding shall be used for units serving people with incomes at or below 30% of median income.\*
- Up to \$\_\_\_\_\_ (31%) of program funding may be used for units serving people with incomes at or below 50% of median income.
- Up to \$\_\_\_\_\_ (10%) of program funding may be used for units serving people with incomes at or below 60% of median income.
- All dollar figures assume that the maximum taxes authorized under the levy proposition will be collected, but do not include any interest earnings on levy funds.

### **2. Competitive Requests-for-Proposals (RFPs)**

- The Competitive Request-for-Proposals (RFPs) program will also be an affordable rental and sales housing production program, which will complement other countywide programs (to be defined in the A & F Plan).
- Projects funded through this program may include mixed-use and mixed-income developments, provided that the mix of units in an individual project must include a range of very low- and low-income housing units; and that the Levy funds shall be used only for the portion of the project financing that is allocable to the units that will serve income-eligible households.
- Project selection will consider how the project serves countywide development goals. Projects that include mixed uses, particularly those that include community-oriented uses, will receive favorable consideration. Objectives that will be weighed as part of funding decisions will include, but not be limited to, an assessment of how projects utilize innovative

design and architecture, preserve historic buildings/landmarks, promote transit-oriented development or deal with blight and neglect.

- Eligible activities and applicants will generally be the same as for Rental Preservation & Production Program.

#### **Eligibility Limits**

- At least \$\_\_\_\_\_ (25%) of program funding shall be used for units serving people with incomes at or below 30% of median income.
- Up to \$\_\_\_\_\_ (75%) of program funding may be used for units serving people with incomes at or below 80% of median income.

### **3. Operating & Maintenance Program**

- The program purpose is to provide operating support, or contingent commitments of operating support necessary to secure adequate financing, for housing affordable to households with incomes at or below 30% of the median income. Funds will be used to fill the gap between eligible operating and enhanced property management costs and rental income. Eligible operating and enhanced property management costs will be described in the Levy Administration and Financial Plans, and will include, but not be limited to, project management, utilities, property taxes, operating and maintenance reserves, project staffing, and contract services related to project support.
- Operating & Maintenance Program funds can be used to provide project reserves or contingent financing commitments for projects that receive non-county funds such as Section 8 assistance, federal McKinney funds or other revenue sources.
- Eligible applicants include all types of nonprofit agencies, public agencies, with the exception of the Bellingham/Whatcom County Housing Authority (BWCHA), and public development authorities.
- The first \$2 million in investment earnings shall be allocated to the Levy Operating & Maintenance Program, all remaining investment earnings shall be allocated to each Levy Program as described in Section C.

#### **Eligibility Limits**

- 100% of program funding shall be used for units serving people with incomes at or below 30% of median income.

### **4. Rental Assistance Program**

- The program would provide the following types of assistance: short-term financial assistance to cover rental payments for persons facing temporary economic crises that create an urgent risk of losing their housing and emergency assistance to people who are homeless as they move to transitional or permanent housing.
- The program funds would be allocated in conjunction with counseling and other referral services.

#### **Eligibility Limit**

- 100% of program funding shall be used for units serving people with incomes at or below 50% of median income.

### **5. Homeownership Assistance Program**

- The homeownership assistance program will provide financial assistance to help first-time home buyers that are low-income households purchase homes, with preference given to Whatcom County residents or households with at least one person working within Whatcom County. All types of units shall be eligible for purchase, including single-family residences, condominiums, limited-equity cooperatives, co-housing, land trusts and homes on leased land.
- Eligible uses of funds may include down payment and closing cost assistance, and interest rate write down. Financing of homeownership

development costs and homebuyer counseling are not eligible uses of funds.

- Homeownership assistance funds shall be focused on those areas in the County with homeownership rates below the countywide average.
- Down payment assistance and interest rate write downs shall be structured with repayment obligations with repayments used for subsequent loans to low-income homebuyers. Down payment assistance offered through this program shall be provided through the mechanism of a revolving loan fund, which may be administered by the Planning & Development Services Department. In addition, assistance offered through this program shall include protections such as anti-windfall profit protection measures, including shared appreciation requirements; right-of-first refusal requirements; and other measures necessary to attempt to ensure that the units continue to be affordable for low-income households for the long term.

#### **Eligibility Limits**

- At least \$\_\_\_\_\_ (50%) of program funding shall be used for units serving people with incomes at or below 60% of median income.
- Up to \$\_\_\_\_\_ (50%) of program funding may be used for units serving people with incomes at or below 80% of median income.

#### **D. ADMINISTRATION AND OVERSIGHT**

##### **Administration**

- Affordable Housing Levy programs will be administered by the Whatcom County Planning & Development Services Department.
- Approximately \$\_\_\_\_\_ of levy proceeds will be allocated to cover costs of the administration of the levy programs, with the exception of the Operating & Maintenance subsidy program, whose administrative funding would come from interest earnings on the Operating & Maintenance Program balances. The allowed administration for that program will be set in the Administrative and Financial Plan.

##### **Affordable Housing Levy Oversight Committee**

An Affordable Housing Levy Oversight Committee made up of citizens representing various interests and perspectives will be formed to oversee levy implementation. Oversight Committee members would be appointed by the County Council. Specific duties shall include:

- Making recommendations to the County Council on program policies and guidelines;
- Informing the County Council of levy program accomplishments and problems and making recommendations on the Administrative and Financial Plans and on actions to be taken, including additions to or deletions of programs or amounts of funds allocated to the several programs, so that levy programs may be conducted in a timely and efficient manner;
- Monitoring and reporting to the County Council on the progress of levy programs.

##### **Administrative and Financial Plans**

- A Levy Administrative and Financial Plan, which will provide further guidance for implementation of the levy, will be presented to the County Council for approval by ordinance. Plans will be reviewed, updated, and approved by County Council every two years. Biennial review will permit plans to remain current and responsive to changing housing needs and conditions.

***Income Guidelines Chart for Whatcom County***

- Income limits, adjusted for family size, based on median family income as published by the United States Department of Housing and Urban Development for Whatcom County.

***Percent of Median Income***

<b><i>Family Size</i></b>	<b><i>30%</i></b>	<b><i>50%</i></b>	<b><i>60%</i></b>	<b><i>80%</i></b>	<b><i>100%</i></b>
1 Person	\$16,350	\$27,250	\$32,700	\$43,600	\$54,530
2 Persons	\$18,700	\$31,150	\$37,380	\$49,850	\$62,320
3 Persons	\$21,050	\$35,050	\$42,060	\$56,100	\$70,110
4 Persons	\$23,350	\$38,950	\$46,740	\$62,300	\$77,900
5 Persons	\$25,250	\$42,050	\$50,460	\$67,300	\$84,132
6 Persons	\$27,100	\$45,200	\$54,240	\$72,300	\$90,364
7 Persons	\$29,000	\$48,300	\$57,960	\$77,280	\$96,596
8 Persons	\$30,850	\$51,400	\$61,680	\$82,260	\$102,828

