

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?

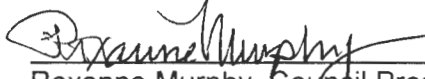
Section 9. Corrections.

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.

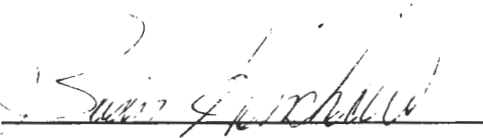
If any section, sentence, clause or phrase of this resolution should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this resolution.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

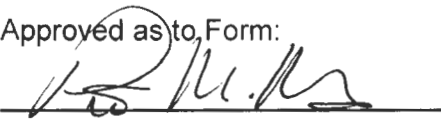
Approved as to Form:

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		