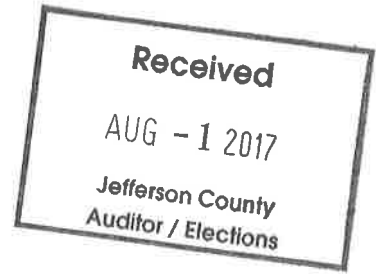


1. Orig. Elections (And. 7.31.17)

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 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? .....

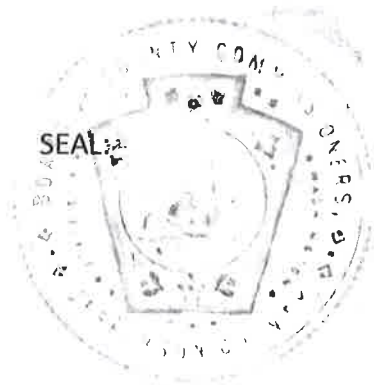
**Section 9. Corrections.**

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 31<sup>st</sup> 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 1<sup>st</sup>, 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 ≤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 ≤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)
- 
- Total (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  $\leq 50\%$  or  $\leq 80\%$  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.