

**Island County**  
**Department of Human Services**



**HB 1590 Report and**  
**Revenue Distribution Plan for**  
**Affordable Housing and Related Services**

**1/18/2023**

## Introduction

Housing affordability and related housing service needs throughout Island County are well recognized problems that continue to grow and impact our communities. Existing sources of County-wide funding for affordable housing and related services are currently insufficient to meet the needs of all individuals and families experiencing housing cost burdens, displacement, homelessness, and related issues.

Affordable housing is much more than just the housing crisis. It is intertwined with economic development and the future tax base for all local governments. Many local companies are finding it difficult to expand and hire new employees because of exorbitant housing costs. Also, potential new companies are weighing the cost of housing as a serious factor when deciding whether to set up business in Island County.

We emphasize that money alone is not the answer to the affordable housing problem as consideration must be given to land use policies, increasing buildable lands, create a countywide coherent land use policy, and reform the permitting systems to incentivize new construction. However, we do know that investments in affordable housing and related services are known to reduce poverty and provide greater opportunities for our lower wage workforce and others struggling with housing affordability.

Affordable housing is also known to contribute to human development, community development, and economic development in the neighborhoods where it is located.

**Human Development:** Affordable housing improves lives and creates opportunity for individuals and families to become stable members of their community, both contributing to and benefiting from the common good. It is a pathway to educational achievement among children and parents alike, to homeownership, and to financial asset-building.

**Community Development:** Affordable housing also benefits communities as neighborhoods are safer. Well maintained new or rehabilitated housing stabilize and increase property values. Affordable housing also promotes diversity, equity, and inclusion in neighborhoods including transit-oriented neighborhoods, creating a broader potential labor pool for the broader economy, and promotes income stability as rental rates remain relatively steady during economic fluctuations.

**Economic Development:** Affordable housing is also a boon to neighborhoods, businesses, and employers. The development process itself creates construction jobs, local governments gain revenue via permitting fees, and nearby businesses profit from the sale of building materials. It generates a significant impact by creating jobs during the construction phase and by residents' contributions to the local tax base. Local funds for affordable housing can be significantly leveraged and bring in substantial amount of public/private funding into our community. The entire ecosystem; comprised of architects, developers, builders, property managers and ultimately the resident's benefit creating a more health community.

Island County recognizes the urgent need for investments in the production and ongoing operation and maintenance of affordable housing throughout the county.

## **Current Inventory**

There are no formal subsidized or affordable rental housing units on Camano Island. Most low-income households renting on Camano Island rent mobile homes, trailers, single family homes or rooms in single family homes. Whidbey Island has approximately 371 subsidized/affordable units in 18 different properties. 12 in Oak Harbor, 3 in Coupeville, 1 Freeland and 2 in Langley. (110 of these units are Federally owned Public Housing and managed by the Housing Authority of Island County). All these properties have substantial wait lists.

The Housing Authority of Island County also manages the Section 8 Housing Choice Voucher Program. The utilized Section 8 voucher count is 226 households receiving long term rental assistance. 80 households remain on the Section 8 waitlist.

Mobile homes and substandard housing offer rents lower than market and contribute to low-income housing inventory. Recently, as rents have dramatically increased, we see more households renting rooms from family or friends for housing

## **Future Needs**

2019 Census data for Island County reports a total of 9921 renter households. Of those, 2791 households were paying 30% or more of their income for housing costs, and considered “cost burdened”. An additional 1754 households were paying 50% or more of their income for housing costs and considered “severely cost burdened”.

For the purposes of this report, to estimate a future need of affordable units, we combined the number of severely cost burdened households (1745) with the total number of homeless individuals counted in the 2020 Homeless Point in Time Count (143). Based on this formula it is estimated that Island County is short 1897 affordable housing units.

## **The following report includes:**

1. HB1590 Summary and Revenue Distribution Plan including Goals and Action Matrix.
2. Timeline of capital projects funded in Island County (DRF) and Community Planning efforts for affordable housing and homelessness
3. Summary of current Local, State and Federal funding for affordable housing
4. Sample Notice of Funding Available (NOFA) and Application

## HB 1590 Summary and Revenue Distribution Plan

In the 2020 Regular Session, the Washington State Legislature approved, and the Governor signed, House Bill 1590, which amended RCW 82.14.530 providing councilmanic authority to impose a new local sales and use tax of up to one-tenth of one percent for affordable housing, operations and maintenance and associated services. This Bill provides flexibility for locally tailored approaches to address specific housing needs at a local level within the broad requirements of the Bill.

The final Bill language requires a minimum of sixty percent of revenues collected must be used for the following:

1. Constructing affordable housing, which may include new units of affordable housing within an existing structure and new facilities providing housing-related services; or.
2. Constructing mental and behavioral health-related facilities; or
3. Funding the operations and maintenance cost of new units of affordable housing and facilities where housing-related services are provided or of newly constructed evaluation and treatment
4. April 2021, Washington Legislature passed HB1070, which clarified allowable uses to include acquisition of land and existing buildings. (NOTE-Island County ordinance restricts use of these fund for acquisition of existing properties). Further, the bill clarified the definition of affordable housing to include emergency, transitional and supportive housing.

Affordable housing and facilities providing housing-related services may only serve residents of Island County in the following cohorts with incomes below sixty percent of area median income.

- Veterans
- Senior residents
- Individuals with disabilities
- Domestic Violence survivors
- Persons with behavioral health challenges
- Persons at risk of becoming unhoused, currently unhoused, including families with children
- Unaccompanied unhoused youth or young adults

In Island County, the 2022 area median income (AMI) is \$81,165 per year. Therefore, the above populations must have an income at or below sixty percent of AMI, or \$37,500 for a household of one. The following table illustrates the sixty percent of area median income benchmarks by family size:

| 60% Area Median Income<br>Number of Persons in Family |          |          |          |          |          |          |          |          |
|---|----------|----------|----------|----------|----------|----------|----------|----------|
| IC Median<br>Family Income                            | 1        | 2        | 3        | 4        | 5        | 6        | 7        | 8        |
| <u>\$81,165</u>                                       |          |          |          |          |          |          |          |          |
| Annual  | \$37,500 | \$42,850 | \$48,200 | \$53,550 | \$57,850 | \$62,150 | \$66,450 | \$70,700 |
| Monthly   | \$3,125  | \$3,571  | \$4,017  | \$4,463  | \$4,821  | \$5,179  | \$5,538  | \$5,892  |
| 30%/Rent  | \$938    | \$1,071  | \$1,205  | \$1,339  | \$1,446  | \$1,554  | \$1,661  | \$1,768  |

The remaining revenues collected from the local sales and use tax under HB 1590, up to forty percent, must be used for the delivery and evaluation of housing-related services and or behavioral health services.

The legislative authority of the county imposing the tax has the authority to issue general obligation or revenue bonds within the limitations now or hereafter prescribed by the laws of the state and may use and is authorized to pledge up to fifty percent of the money's collected for repayment of such bonds in order to finance the provisions or construction of affordable housing.

### **HB 1590 - Island County Action**

In 2012, the Island County Housing Advisory Board was established through an "Interlocal Cooperation Agreement" between Island County, Cities of Langley and Oak Harbor, and the Town of Coupeville. All members are appointed by elected officials from all jurisdictions tasked to address housing needs of the homeless and housing for households with low incomes and is supported by Island County Department of Human Services.

At the request of the Island County Board of County Commissioners (BOCC), staff from the Department of Human Services presented a summary of HB1590 for consideration on October 6, 2021 and directed staff to work with the Housing Advisory Board to develop and implement a plan for community outreach.

A sub-committee of the Housing Advisory Board met over the course of a few months, gathered data, created a communication plan and implemented community outreach to solicit public input on the need for additional funding to address housing affordability and related housing services.

Their communication tools included data and information related to current affordable housing inventory and future needs for affordable housing, details of HB1590 and benefits of additional funding.

On December 15, 2021, the Board authorized the scheduling of a public hearing to consider imposing the additional sales and use tax for affordable housing and related services.

On January 18, 2022, a Public Hearing was held, the public provided comments and the Board began deliberations. The BOCC directed Human Services staff to develop a "Framework for Funding Distribution Plan" and another meeting was scheduled for March 22, 2022.

On March 22, 2022, staff presented a Draft "Framework of Funding Distribution Plan". Island County Board of County Commissioners finalized deliberations and unanimously voted to adopted Ordinance No. C-90-21; HS-01-22 imposing an additional sales and use tax of 1/10<sup>th</sup> of 1 percent for affordable housing and related services with specific requirements.

The ICBOCC directed the ordinance to state the first and primary purpose of these funds is for the creation and construction of new units of affordable housing that will remain affordable in perpetuity and only after new units are created can the funds be used for related operations and supportive services for the new units

In addition, the ICBOCC recommends the suspension of this tax after 10 years if no new housing units have been created, or at any moment where the fund balance exceeds \$10 million or when the percentage of rent burdened households falls below 10%.

An “Affordable Housing and Related Services” fund has been created and the Island County Treasurer began collection/deposit of these funds on July 1, 2022. All expenditures from the fund will be for new affordable housing and related services and subject to the direction by and prior approval of the Board of County Commissioners. To ensure oversight, implementation and evaluation, the existing IC HAB will serve as an advisory body and may make recommendations to the IC BOCC on the use of these funds.

This tax is equal to \$1 on a \$1000 purchase. Sales and Use taxes apply to most retail sales of “tangible personal property” within Washington, as well as purchases delivered here by internet or mail-order retailers. Services to individuals and businesses – things like haircuts, food, rent, medical bills, consultant fees, etc. are not “personal property,” and most are not subject to sales tax.

This new revenue source substantially increases local funds with local control giving Island County a consistent revenue stream to leverage other public and private fund sources necessary to develop new affordable housing. Local control also allows for flexibility in deployment of resources to respond to new opportunities or emergent needs that may arise with the goal of creating a pipeline of affordable housing projects into the future.

The Goals and Action Matrix is below including a section of Other Recommendations. Following, is a timeline of Capital Projects and Planning efforts, list of local, state and federal funds and finally a sample Notice of Funding Availability (NOFA) and Application.

Thank you to the Housing Advisory Board Sub-committee members that gave of their time and expertise to this plan.

Todd Morrow, George Saul, Greg Easton, Meredith Penny, David Kuhl,  
Donna Keeler, John Lanier

Supporting staff from Human Services, Joanne Pelant and Emily Wildeman.

## House Bill 1590 Goals and Strategies Matrix

**Goal #1: Support greater housing growth and diversity of housing types for households with incomes at 60% Area Median Income and below.**

| <u>Strategy/Action</u>   | <u>Notes</u> |
|--|--------------|
| 1) Funds must support projects located in Island County and serve Island County residents at 60% area median income or below, or in proportion to the number of units in the project serving that population.  |              |
| 2) Affordable rents (inclusive of utilities) must be targeted at no more than 30% of gross household income. Property owners and property managers will abide by fair housing laws.  |              |
| 3) Encourage and support homeownership and rental projects   |              |
| 4) Funds may be requested for capital development of new affordable housing, including land, infrastructure, pre-development, soft costs, and construction typically associated with new affordable housing developments and supportive services of new units. (Acquisition of existing projects not allowed per ordinance). |              |

| <u>Strategy/Action</u>  | <u>Notes</u> |
|---|--------------|
| 5) Develop ongoing relationships with local developers with interest in broadening mission to develop affordable housing across Island County                                   |              |
| 6) Continue conversations with Housing Authority of Island County to understand their capacity to develop and or provide vouchers for subsidized units within new developments. |              |
| 7) Affordable rents (including utilities) must be targeted to no more than 30% of gross household income and ear  |              |
| 8) Continue discussions with small developers about their inability to provide ongoing property management and insure affordability in perpetuity.                              |              |



**Goal #2: Ensure affordability in perpetuity of new affordable housing units and monitor the preservation of existing subsidized housing stock at risk of being sold without any further use restrictions.**

| <u>Strategy/Action</u>  | <u>Notes</u> |
|---|--------------|
| 1) Ensure affordability in perpetuity for project/units supported with these funds by including requirements in covenants, contracts, deed restrictions or other binding legal agreements.  |              |
| 2) Develop a plan to collect and monitor specific information on each project supported by these funds and all existing subsidized housing properties to track and ensure permanent affordability.  |              |
| 3) Establish a centralized public facing property level database to post details on each project receiving these funds and include same information on existing subsidized/affordable housing properties. <ul style="list-style-type: none"> <li>a. Property level data may include the owners name, contact information, property name, restriction end dates, # of affordable units, income limits etc.</li> <li>b. For LIHTC projects, post if owner-initiated option to remove property from LIHTC stock through the Qualified Contract process etc. allowed after 15 years.</li> </ul> |              |

**Goal #3: Ensure equitable distribution of affordable housing across Whidbey and Camano Islands. Prioritize projects near transit facilities, supportive services and job centers.**

| <u>Strategy/Action</u>  | <u>Notes</u> |
|---|--------------|
| 1) Consider equitable distribution of funds across the county for the creation of affordable housing where land and zoning permits.   |              |
| 2) Prioritize strategic land acquisition and land banking to attain site control, incentivize development while insuring equitable distribution of funds and future development.<br>3) Consider partnerships with developing Community Land Trusts on Whidbey and Camano to bank acquired land. |              |
| 4) To ensure transparency notices of funding availability will be publicly posted and widely distributed.   |              |
| 5) Promote equitable access to projects by Creating Affirmative Marketing strategies for revenue distribution.  |              |
| 6) Consider strategic release of RFP/NOFA's to align with other fund application timelines to maximize leverage of funds such as; State Housing Trust Fund, WA Low Income Housing Tax Credits, Skagit HOME funds, Balance of State CoC funds, County document recording fee funds.              |              |
|   |              |

|  |  |
|--|--|
| 7) Consider approaching churches with land for possible future development of affordable housing.  |  |
| 8) Maintain relationships with developers that applied for but did not receive ARPA funding to follow their readiness for possible future funding.   |  |
| 9) Recommending no subpopulation priority in general, as in some instances, these funds will be combined with other funds that carry additional requirements, so important that these funds maintain optimal flexibility for braiding with other fund sources. |  |
| 10) Prioritize local community needs   |  |
|  |  |

**Goal #4: Track progress and support ongoing collaboration between all jurisdictions.**

| <u>Strategy/Action</u>   | <u>Notes</u> |
|--|--------------|
| 1) For administrative efficiency, utilize existing interlocal agreement and oversight structure for distributing these funds to ensure synchronicity between these investments and other housing investments. (Amend interlocal to include HB1590 funds and 1406 funds.) |              |
| 2) Ensure fiscal responsibility in use of funds in conformance with HB1590 requirements while maximizing the leverage of other resources and existing plans.   |              |
| 3) Ensure transparent accountability on investments and outcomes to elected officials and public.  |              |
| 4) Consider collaborating with Snohomish County and support projects that may designate some units specifically for Camano residents or other regional collaboration.  |              |

## Other Recommendations for Consideration

1. Encourage county and other jurisdiction to consider the following to stimulate affordable housing development.
  - a. Density and height Bonuses-allows developers to fit more units onto a lot that would otherwise be allowed, as long as all or a portion be affordable.
  - b. Inclusionary Zoning- regulatory tool; requires affordable units to be included within new residential development projects or in lieu some payment to a "Fund". Most are mandatory but can be voluntary.
  - c. Permitting- Expedite permit process for projects that meet "affordability" requirement.
  - d. Mitigate fees – Offer to mitigate or eliminate permit fees, impact fees etc. that meet "affordability" requirement.
  - e. Surplus public property
  - f. Design Standards
  - g. More variety of housing types in single family areas
  - h. Reducing parking standards
  - i. Multifamily Tax Exemption
  - j. Pre-approved building Plans
  - k. Zoning/land use issues; Examine the vast allocation of land to single family lots and its exclusionary nature to equity and affordability.
  - l. Threshold fund (Whatcom Habitat and Kulshan Land Trust model) – Designed to put philanthropic dollars to work by guaranteeing construction loans for affordable housing projects. As a result, any "gifts" help significantly reduce the cost of capital which means affordable housing is built for less.
  - m. Explore short term lending at low cost
2. Include oversight of 1406 funds along with HB1590 funds.
3. Revisit 1590 ordinance to clarify funding of existing projects. Consider allowing funds to support preservation of existing subsidized apartments where units may be sold without further use restrictions.  
Consider supporting emergency, transitional housing and supportive housing with t
4. RFP/NOFA suggestions:
  - a. Consider higher score for affordable housing projects with low cost per unit.
  - b. Projects with higher proportion of funding leverage could receive higher score when determining funding awards.
  - c. Consider a cap of funding award at a certain percentage of total development costs per project.
  - d. Project proponents must apply for other funding such as Low-Income Housing Tax Credits, WA State Housing Trust Fund, Skagit HOME etc.
  - e. All RCW requirements will be included in any NOFA/RFP and in subsequent contracts with regular monitoring.

**Island County Funding History of Capital Projects and Planning Efforts for Affordable Housing  
and Homelessness  
(Document Recording Fees unless otherwise noted)**

**2004** Housing Authority for development of Marjie's House (\$140,000)  
Habitat for Humanity – Harbor Sands lot (\$30,000)

**2005** – Goosefoot - Lone Lake lot (\$40,000)  
Habitat for Humanity – Vessel Court lot (\$45,000)

**2007 - 2008**

Habitat for Humanity – 2 lots in Terronda West, 4 lots in Northgate Terrace, 2 lots in Redwing  
and 2 lots in Harbor Sands (\$400,000)  
Housing Authority – Sunny View land purchase (\$525,000), Glenhaven (\$80,000)

**2010** – Saratoga Community Housing – Harbor Sands lot (\$45,000)

**2011** – Saratoga Community Housing – Pine Terrace lot (\$25,000)

**2012** – Saratoga Community Housing – 2 Crosby Common lots and 3 Frostad Pond lots (\$110,000)

**2013** - Island County Human Services organized a Housing and Homelessness Community Forum inviting a panel of experts to inform and educate local service agencies and broad community members on the many critical issues challenging all communities of the day. Fifty-seven people participated.

**2014** - Washington Home of Your Own – Island County provided funding for the purchase of Oak Harbor Road Cottages property for transitional housing. (\$221,000) Program closed. Funds recaptured through sale of property.

**2015** – Island County Human Services organized and staffed a broad community group to discuss and plan a county wide strategy for developing the federal and state mandated coordinated entry system for island County.

**2015** – Island County provided start-up funding for the first Men's Oxford House.

**2016**- Island County Human Services opened the Housing Support Center (coordinated entry) that continues today as the first stop for community members struggling with rent burden, at risk of losing their housing or those who have fallen into homelessness.

**2016** – Community wide Emergency Shelter planning committee met over many months including faith-based community members. Partnerships were developed with multiple churches in Oak Harbor that provided church space for Whidbey Homeless Coalition to develop and administer Island County's first night to night shelter, the Haven.

**2016** - Commissioner Jill Johnson along with City of Oak Harbor Mayor Bob Severns led a regional Housing Affordability Task Force. Twenty-eight community leaders and subject experts met over nine months and in 2017 presented a final suite of forty recommendations designed to stimulate affordable housing development.

**2015-2017** – Island County Human Services participate in the Island County Community Health Improvement Plan (CHIP)- After broad community assessment, activities and evaluation of data from surveys and reports, forty community stakeholders convened to tackle the challenge of identifying how to help individuals lead healthier more productive lives. Housing was one of the four core priorities that emerged from the Community Health Improvement Plan process.

**2017** - Island County Planning Department did extensive work to update the Island County Housing Element. Part of that included an Island County Housing Needs Assessment. Implications of the housing needs analysis raised several questions related to housing and land use.

- How can the County best support the need for more affordable housing, subsidized and unsubsidized?
- What are the options available to increase the number of affordable home ownership?
- What are the barriers to creating more multifamily housing in the county?
- Where is the best location for the broader mix of housing types likely needed in the county?
- How can the County accommodate a broader mix of housing to meet current needs and changing future demands?

**2018** – Low Income Housing Institute (LIHI) project - Island County set aside funding for a fifty-unit affordable housing development on Pioneer Way, Oak Harbor. (\$400,000) Funding was never disbursed due to lawsuit stopping project.

**2018** - Washington Legislature passed HB1570 (RCW 43.185C.040) requiring each county to submit a 5 Year Homeless Housing Plan consistent with Plan Guidelines from Commerce. 32 Community stakeholders and subject experts participated in a Homeless Housing Task Force. Final Plan sent to commerce December 2019. The stated goal in the plan is to prevent homelessness in Island County, but when it does occur that is a brief and rare and one time experience. This plan included the statement that Island County outcomes in reducing homelessness will not improve without added capacity of affordable housing especially for our extremely low to moderate income households.

**2018**- Island County Board of County Commissioners approved the acquisition of land in City of Oak Harbor designated for developing a Stabilization Center and Affordable Housing. (\$1,100,797)

**2018 and 2019** – Former Commissioner Helen Price Johnson led a South Whidbey-Action Roundtable for Workforce Housing. A broad participation of developers, landowners, subject experts and concerned stakeholders met to identify barriers and find solutions for increasing development of workforce housing. Land zoning and infrastructure costs were priority concerns.

**2019** - Commissioner Janet St. Claire led the Camano Housing Task Force and through their work, identified a need for approximately 300 units of housing in their community with an emphasis on workforce and seniors. They ended with a strong emphasis on a Housing Land Trust model as well as some land use questions. The Land Trust work has continued on, led by the Stanwood Camano Area Foundation.

**2019**- BOCC passed resolution to authorize SHB 1406 authorizing local government to impose local sales and use tax credited against the state sales tax for affordable housing investments.

**2020** – Island County received a Shelter Program Grant from Department of Commerce and passed thru funds to Whidbey Homeless Coalition to purchase a property for a permanent location for the HAVEN, a 30-bed night to night emergency shelter.

**2020-2022** – Island County administered \$18M of COVID grants with majority of funding going out into the community for rent and utility assistance to prevent evictions and support landlords. All COVID rent assistance funding was fully expended in December 2022.

**2021** – Ituha voluntary stabilization center and sub-acute detox facility opened and offers temporary stabilization for individuals in a mental health or chemical dependency crisis as well as discharge plans for continuation of care.

**2022** – Island County provided matching funds to Low Income Housing Institute (LIHI) application to the Housing Trust Fund for acquiring the Harbor Inn Motel in Freeland for short term stay housing. Commissioner Melanie Bacon held community meetings about this project.

**2022**- Island County released RFQ seeking qualified developer for Affordable Housing development at 820 Oak Harbor Road, Oak Harbor next to Ituha Stabilization Center. Shelter Resources, Inc. a regional affordable housing developer was selected and estimates Camas Flats to include 82 units of mixed income affordable housing rental units. Island County transferred county owned land to developer in support of project.

**2022**- Island County BOCC passed ordinance approving HB1590 providing additional one tenth of one percent sales and use tax for affordable housing. Estimated annual revenue; \$1,100,000.

**2022/2023**- Island County released a Request for Projects (RFP) seeking applications for county ARPA funding for developing affordable housing. Three developers were selected and awarded funding.



## Island County local funds for Affordable Housing

**Document Recording Fees** -2002 Washington State Legislature passed SHB2060 requiring county auditors to charge a fee on certain recorded documents to provide funding for activities that support affordable housing to very low-income households with incomes at or below 50% of area median income (AMI). The average annual fee generated over the past 3 years has been \$155,000.

### Document Recording Fee Historical Data

| Affordable Housing Fund Yearly Revenue |           | Homeless Housing Fund Yearly Revenue |             |
|--|-----------|--------------------------------------|-------------|
| 2012                                   | \$101,421 | 2012                                 | \$480,996   |
| 2013                                   | \$101,890 | 2013                                 | \$506,206   |
| 2014                                   | \$77,937  | 2014                                 | \$401,764   |
| 2015                                   | \$92,920  | 2015                                 | \$488,712   |
| 2016                                   | \$102,920 | 2016                                 | \$542,463   |
| 2017                                   | \$102,329 | 2017                                 | \$539,156   |
| 2018                                   | \$109,818 | 2018                                 | \$672,816   |
| 2019                                   | \$128,501 | 2019                                 | \$800,450   |
| 2020                                   | \$162,701 | 2020                                 | \$1,030,938 |
| 2021                                   | \$176,244 | 2021                                 | \$1,118,311 |
| 2022                                   | \$80,242  | 2022                                 | \$532,592   |

**House Bill 1406** - The 2019 Legislative session approved a local revenue sharing program. Island County passed a resolution and ordinance to take advantage of this credit against the state sales tax with specific eligible uses for affordable housing and rental assistance including acquisition, rehabilitate, constructing AH, land acquisition, down payment assistance, home repair for income qualified OR Funding of Operations and Maintenance of new units of AH & Supportive Housing. These funds sunset in 20 years, 2039. Projects must serve households with incomes at 60% area median income and below. Island County maximum annual revenue set at \$146,440.13.

**House Bill 1590** – The 2019-2020 passed legislation to allow councilmanic approval for additional one tenth of one percent sales and use tax for affordable housing and supportive services. Island County passed an ordinance with direction to begin collecting this tax in March of 2022. Estimated annual revenue is \$1.1M. A county planning to construct a facility within a city boundary must consult with the city in which the facility is to be located. The Island County Treasurer began collection of these funds on July 1, 2022. These funds are being deposited in a County dedicated affordable housing fund. All expenditures from the fund will be for affordable housing and related services and subject to the direction by and prior approval of the Board of County Commissioners

## **State and Federal Funds for Affordable Housing**

**Consolidated Homeless Grant (state):** Island County is the “Lead Agency” for the Consolidated Homeless Grant Program (CHG). CHG combines state homeless resources into a single grant opportunity under the administration of the Washington State Department of Commerce. Program guidelines are set by Commerce and Island County must adhere to them. In 2019, this funding source amounted to approximately \$195,905. For households with incomes at 80% area median income.

**Skagit HOME Consortium** –Skagit, Island and Whatcom counties entered into an agreement to qualify as a consortium for receiving HUD funds for housing programs and projects. Use of these funds are currently allocated to rental assistance and housing development. Opportunity Council contracts with the Consortium to manage funds for rental assistance and receives referrals from the Housing Support Center.

**Balance of State Continuum of Care** - The Department of Commerce is the Collaborative Applicant for the Washington Balance of State Continuum of Care (BoS CoC). The BoS CoC’s 34 small and medium-sized counties receive about \$8 million annually for permanent and temporary housing projects funded by the Department of Housing and Urban Development Continuum of Care program. This is a competitive process and existing projects can be ranked and renewed and new projects can apply to an annual NOFA released by Commerce.

**The Washington State Housing Trust Fund** - Housing Trust Fund dollars support a wide range of capital projects that house a diverse array of low-income populations. Housing Trust Funds are administered by the Department of Commerce (Commerce), provides capital funding in the form of loans and grants for the development and preservation of affordable housing for low-income people. HTF is funded biennially by the state capital budget, having invested since its enactment in 1986 more than \$1 billion to develop over 50,000 units of affordable housing in all counties of our state. Funded projects commit to housing the intended population for 40-50 years, during which time Commerce provides compliance monitoring and technical assistance.

**Washington Low-Income Housing Tax Credit** - The Low-Income Housing Tax Credit (LIHTC) program, which is administered by the Washington Housing Finance Commission (the Commission), allocates federal income tax credits to developers to encourage the construction and rehabilitation of affordable multifamily housing. Housing credit in the 9% program is allocated through an annual competitive process in which projects are evaluated and scored according to the Commission’s established criteria. The 4% housing tax credit combines tax credit equity with tax-exempt bonds. The IRS governs these programs, and a per capita formula determines annual state allocations. As of 2018, the Commission has supported \$4.6 billion in equity through the allocation of tax credits.

**SAMPLE NOFA**  
**ISLAND COUNTY AFFORDABLE HOUSING**  
**NOTICE OF FUNDING AVAILABILITY (NOFA)**  
**(One tenth of one percent sales and use tax)**

Island County is now accepting applications for affordable housing projects.

Up to \_\_\_\_\_ funding will be made available through this NOFA for projects in Island County.

Funds may be awarded to Island County affordable housing Projects for: TBD

Example:

*Capital development of new housing. Capital development may include land, infrastructure, predevelopment, soft costs, and housing construction costs typically associated with housing development.*

**NOFA TIMELINE**

NOFA Release

Proposals Due no later than \_\_\_\_\_ at 3:30 pm

Applications & Staff recommendations presented to County Commissioners for approval \_\_\_\_\_

Contracts Begin

Applications must be submitted to:

Island County Human Services,

105 NW 1<sup>st</sup> Street, Coupeville, WA,

and email to Human Services staff, no later than a specific date and time.

Any questions about the NOFA would be submitted by email or phone to a Human Services staff.

**FUND BACKGROUND & AVAILABILITY**

Island County expects to award funds to projects for eligible activities as specified in RCW 82.46.035(5) and RCW \_\_\_\_\_

Funds may only be awarded to projects in Island County serving households with incomes at or below 60% area median income and below or a portion of units with those income limits.

- Planning/predevelopment activities for affordable housing projects.
- Construction of affordable housing projects

Island County reserves the right to reject, in whole or in part, any applications received. Island County reserves the right to negotiate contract terms subsequent to the submission of applications from the selected qualified applicants. All applications are public information and subject to public disclosure. Island County is not liable for any costs incurred by applicants prior to entering into a contract. Costs associated with developing the application and any other expenses incurred by the applicant in responding to the NOFA are entirely the responsibility of the proposer and shall not be reimbursed

## MINIMUM REQUIREMENTS

The proposer must demonstrate proof of these minimum requirements through appropriate documentation and/or detailed responses before its proposal will be further considered:

### A. Applicant

a. Project Sponsor must be a 501(c)3 organization or a public corporation, commission, or authority established pursuant to applicable Washington State Law.

b. Strong track record of successfully financing, completing, and operating similar projects.

c. Ability to comply with all applicable federal and state laws and meet all Island County contract and insurance requirements.

### . Project-Specific

a. Project must be prepared to comply with affordability restrictions as a condition of public investment in the project. Affordability restrictions will be negotiated upon award of funds, based on the investment of public funds and the type of project.

b. The project sponsor/property manager may not add any additional occupancy or program requirements inconsistent with those found in a typical residential lease.

## PROPOSAL EVALUATION

Island County staff and Housing Advisory Board members will review, and score all submitted proposals and determine their strength in meeting the following criteria:

- Readiness and feasibility of the project (25%).
  - Priority will be given to projects that have a clear path to spending funds quickly.
- Strength of project concept in meeting critical community housing needs (30%)
- Strength of development team and organization (15%)
  - Demonstrated experience of the applicant in developing, owning, and operating affordable housing. If applicable, note any development consultants, their experience, and contract status.
  - Capacity of lead staff to manage the project in the proposed timeframe.
- Project budget (30%)
  - Reasonableness of financing and cost assumptions.
  - Leverage of outside resources and funding

## **SAMPLE APPLICATION**

Please complete the application below in its entirety. Incomplete applications will not be considered for funding.

### **Applicant Information**

1. Name of organization applying for funds.

2. Type of organization

☐ Nonprofit

☐ Government

☐ Other

3. Business Address:

a. Phone Number:

b. Federal ID#:

c. DUNS#: website is located at <http://www.dnb.com/duns-number.html>

4. Agency Director/Authorized Representative:

a. Name/Title:

b. Phone Number:

c. Email:

5. Project/Program Contacts:

a. Name/Title:

b. Phone Number:

c. Email:

### **Project Information**

1. Project Address:

2. Project Type:

☐ Multifamily Rental Development (50 units or more) (less than 50 units)

☐ Land Acquisition

☐ Single Family Development

☐ Predevelopment or Planning Activities

☐ Other (Please Describe):

---

### 3. Timeline

a. Expected Project Start Date:

b. Expected Project Completion Date:

### 4. Project Scope

a. Total Units:

b. Total Estimated Households to Be Served:

c. Total Estimated Individuals to Be Served:

d. Total Project Budget:

5. Please designate the number of units in the project which will be dedicated to the target populations below:

- Veterans
- Senior residents
- Individuals with disabilities
- Domestic Violence survivors
- Persons with behavioral health challenges
- Persons at risk of becoming unhoused, currently unhoused, including families with children
- Unaccompanied unhoused youth or young adults (18-24)

Provide a narrative description of the project including other fund sources, project, eligible activities (rental assistance, supportive services, operations etc.), population to be served, organizations involved and what they will provide, goals of the project.