

SKHHP Executive Board
October 23, 2020, 1:00 – 3:00 PM
Virtual – Zoom Meeting

Video conference: <https://zoom.us/j/91816123626?pwd=ZTZMeEZrUG9LM0ljWk91UHRmNkpmQT09>

OR by phone: 253-215-8782

Meeting ID: 918 1612 3626 | Password: 796133

- I. Call to Order
 - a. Roll Call
 - b. Introductions
- II. Review Agenda/Agenda Modifications
- III. Approval of September 25, 2020 Minutes – *Attachment A (action item)*
- IV. Old Business
 - a. SKHHP position on city rental housing policies (*10 minutes*) – *Attachment B (possible action item)*
 - b. AHC Draft shared revenue principles (*10 minutes*) – *Attachment C*
 - c. 2021 State legislative priority discussion (*10 minutes*) – *Attachment D*
 - d. Draft SHB 1406 Interlocal Agreement discussion (*15 minutes*) – *Attachment E*
- V. New Business
 - a. Grant proposal (*10 minutes*)
- VI. Educational Item
 - a. Auburn homelessness outreach program – Kent Hay (*30 minutes*)
 - b. MBAKS Housing Toolkit – Jennifer Anderson and Caia Caldwell (*30 minutes*)
- VII. Updates/Announcements (*as time allows*)
- VIII. Next Meeting – November 20, 2020 - Location TBD
- IX. Adjourn

DRAFT RESOLUTION NO. 2020-**

A RESOLUTION OF THE EXECUTIVE BOARD OF THE SOUTH KING COUNTY HOUSING AND HOMELESSNESS PARTNERS, SUPPORTING LOCAL JURISDICTION ADOPTION OF TENANT PROTECTION AND ~~DISPLACEMENT PROTECTION~~HOUSING STABILITY POLICIES

WHEREAS, earlier this year, the World Health Organization announced novel coronavirus (COVID-19) is officially a global pandemic; and

WHEREAS, the Washington Governor declared a State of Emergency due to new cases of COVID-19; and

WHEREAS, in addition to the COVID-19 challenges that can affect payment of residential rent, it is appropriate for local jurisdictions to establish regulations supporting the issues of increasing housing security and enforcement mechanism as they relate to rental housing; and

WHEREAS, it is a South King Housing and Homelessness Partners (SKHHP) priority to provide input on housing policy and programs in South King County and to complement the efforts of existing public and private organizations to address housing needs in South King County; and

WHEREAS, as a result of rising housing costs and housing cost burden rates in South King County, displacement was occurring prior to the current pandemic. Between 2012 and 2018 South King County saw a sharp reduction in the number of households with incomes under 30% of the Area Median Income. This trend was particularly acute for renter households; and

WHEREAS, local tenant protection and ~~displacement protection~~housing stability policies such as just cause eviction ordinances, allowance for rental move-in fee installment payments, notice of proposed sale of low-income housing, and notice of rent increase requirements, are proactive policies that help keep people in place, improve housing stability, and mitigate displacement and other unintended consequences of regional growth; and

NOW, THEREFORE, THE EXECUTIVE BOARD RESOLVES as follows:

Section 1. The SKHHP Executive Board supports efforts of local and statewide policies-governments to improve and implement tenant protection and ~~displacement protection~~housing stability policies for those who live in manufactured housing communities and in traditional rental housing.

Section 2. SKHHP recognizes that in order to fully address displacement and other unintended negative consequences of regional growth the region needs a strategic set of comprehensive policies and programs that includes both tenant protection laws and housing production of both market-rate and subsidized housing.

ATTACHMENT B

Section 4. It is SKHHP's intent to support vibrant and diverse neighborhoods within the South King County subregion that balance the needs of landlord and tenants.

Section 43. This Resolution will take effect and be in full force on passage and signature.

Dated and Signed this _____ day of _____, 2020.

SOUTH KING COUNTY HOUSING AND HOMELESSNESS PARTNERS

NANCY BACKUS, CHAIR



Memorandum

To: SKHHP Executive Board
From: Angela San Filippo, SKHHP Executive Manager
Date: October 23, 2020
RE: Affordable Housing Committee draft shared revenue principles

SUMMARY. At the July SKHHP Executive Board meeting King County staff presented an overview of affordable housing financing key concepts and revenue tools and facilitated discussion from the SKHHP Executive Board to inform the creation of Affordable Housing Commission (AHC) shared revenue principles. The SKHHP Board indicated they wanted the opportunity to provide additional feedback on the shared principles by reviewing a draft of the principles.

Included below is a draft of the shared principles. This is a working draft and is still under review by AHC members and other community groups, and is therefore subject to change. The working draft provided below was presented to the AHC at their September 30, 2020 meeting and the comments received from AHC members are shown in comment boxes to the right of the text.

As you read through the draft shared principles think about and be prepared to discuss the following questions:

1. Are these the right principles to guide regional decision making about revenue over the next few years?
2. Should the principles include specific revenue tools, or is this level of specificity sufficient?

Shared Principles to Guide Future Affordable Housing Revenue Decisions in King County

Please note that this working draft reflects the principles as presented to the Affordable Housing Committee on 9/30/2020 and the Committee's feedback and direction to the Housing Interjurisdictional Team (HIJT). It does not reflect HIJT revisions..

Intent of the shared principles

The Affordable Housing Committee is committed to developing and sharing principles to guide individual member efforts to implement untapped and new revenue sources sufficient to support the federal, state, countywide, and local (county and city) funding needed to build or preserve 44,000 affordable units by 2024. The principles are meant to:

- Guide decision making related to pursuing and implementing local, state, and federal revenue sources; and
- Address who should be responsible for raising the revenue and what types of revenue sources to prioritize.

What is the scale of the need

King County Department of Community and Human Services' cost model estimates it will cost \$20 billion to construct/preserve, operate, and service 44,000 homes affordable at 0-50% Area Median Income (AMI) between 2019 and 2024 (adjusted for inflation). Approximately \$18 billion of this total is composed of capital costs and \$2 billion is composed of operating and services costs. (Additional analytical detail can be found in Exhibit 1.)

Existing public revenue sources for capital needs will generate approximately \$3 billion over this six year time period, enough for about 7,000 affordable units. Meaning, approximately \$15 billion in additional capital resources are needed by 2024 to meet the Committee's goal of building or preserving 44,000 affordable homes in King County.

Assuming federal, state, and local contributions grow proportionally, the local government share of the \$18 billion capital cost to build or preserve 44,000 units would be roughly \$5 billion, or 25% of the overall capital revenue needed.

Proposed shared principles

1. Government and other funders should aim to deploy existing and new revenue tools sufficient to meet the need to build or preserve 44,000 units affordable at or below 50% AMI.
2. Local governments should work to ensure that all levels of government are actively engaged in addressing the challenge and maximizing leverageable opportunities, including all of the following:
 - a. The County and cities should maximize the impact of existing resources and explore securing and/or implementing new revenue tools that do not place a disproportionate burden on low-income households

Commented [AM1]: AHC: The way this is framed indicates that if the money was there, the 44k unit goal would be reached, which isn't necessarily true. Include a note stating that multiple strategies are needed to reach the goal besides just money.

Commented [AM2]: AHC: Strong support for principles 1, 2, 4 (now principle 3), 6, 8 (now merged with principle 2a).

Commented [AM3]: AHC: Continue to emphasize the role of local governments within the principles.

Commented [AM4]: One AHC member expressed that 2a could be problematic with the Committee discussion on HB 1590 – a regressive sales tax.

ATTACHMENT C

- b. The State should increase existing funding sources and authorize new, progressive sources that do not place a disproportionate burden on low-income households, to the greatest extent possible.
 - c. The Federal government should increase the amount of funding available at the local level, including: stabilizing and increasing the Low Income Housing Tax Credit program, Housing Choice Voucher Program (Section 8), and direct housing infrastructure investments.
 - d. The County and cities should implement strategies to support affordable housing development and increase housing choices at all income levels. Appropriate strategies include those that: incentivize the creation of affordable housing, reduce the cost to build and operate affordable housing, increase the supply of housing, and diversify housing options.
3. Government and other funders should partner with communities most disproportionately impacted by the housing crisis, including extremely low-income households and Black, Indigenous, and People of Color (BIPOC) communities to inform resource design and allocation decisions
4. The business and philanthropic communities should play a significant and sustained role in filling the resource gap and piloting new strategies.
5. All actors should strive for transparency about: 1) how money is spent; 2) the outcomes of spending, including by race; and 3) the remaining housing and funding gap. It is essential to keep the public and officials educated on the status of need versus availability of affordable housing.
6. The region should implement a variety of revenue sources that help build overall resilience in revenue for affordable housing to mitigate the impact of fluctuations in the economy.
7. When revenue sources are identified and deployed, local jurisdictions and funders should coordinate to promote regional distribution of housing funding to achieve the priorities identified within these principles.
8. The County and cities need to implement all of the tools available as swiftly as possible. This means maximizing the authority already available while also seeking to ensure that new revenue tools are progressive.
9. Jurisdictions implementing new revenue tools should prioritize serving those most disproportionately impacted by the affordable housing crisis, because these needs are not met by the private market. This includes:
- a. Capital investments and ongoing operating and services support for new and existing projects serving 0%-30% AMI households. This includes support for permanent supportive housing and workforce 0-30% AMI housing.
 - b. Projects that promote access to opportunity, anti-displacement, and wealth building opportunities for Black, Indigenous, and People of Color communities. Some of these projects, such as affordable homeownership, may serve households above 50% AMI. These costs would not be included in the revenue projections for the 44,000 unit need.
10. The state and federal government should design revenue authority to maintain maximum flexibility and align with these principles to ensure the region can nimbly meet the housing need and adapt as necessary.

Commented [AM5]: AHC: Support should be provided directly to cities who lack human or capital resources to implement these strategies. Suggested edit: The county can/ will support cities in creating and implementing strategies to support AH development and increase choices at all income levels.

Commented [AM6]: 1) AHC: The current language makes it seem like BIPOC community needs are equal across the County. BIPOC community needs differ subregionally and specificity should be added to address this. Local governments should work together subregionally to ensure that BIPOC community needs are met.
2) AHC: possible addition as 2e or in 4: Local governments should utilize a race and equity lens to prioritize strategies to reduce disproportionate impacts on BIPOC communities. Practice robust community engagement to develop the revenue sources. Move this idea up further within the principles to prioritize visually.

Commented [AM7]: AHC: Encourage coordination among cities on implementation of revenue tools to avoid unequal tax burdens across parts of the County. Cities shouldn't be raising revenue on their own; cities should commit to implementing revenue sources together.



Memorandum

To: SKHHP Executive Board
From: Angela San Filippo, SKHHP Executive Manager
Date: October 23, 2020
RE: 2021 State and Local Legislative Priority Discussion

SUMMARY. The following is a list of Washington State legislative considerations for discussion by the SKHHP Executive Board. The SKHHP Executive Board had a brief discussion at the September Board meeting that narrowed SKHHP legislative priority considerations to those that are likely to have the largest impact on South King County communities and are likely to have the broadest support, while also supporting SKHHP priorities.

SKHHP staff have made efforts to coordinate legislative priorities across other advocacy groups to where possible, create a collective voice for advocacy, and establish concise and specific legislative priorities that will help to enable action at the State Legislature. Increase the state document recording fee (# 6 below) was not discussed at the September Board meeting but aligns with SKHHP's priorities and will likely be proposed during state legislative session.

- 1. Housing stability** – Support implementation of statewide just cause eviction legislation that seeks to improve housing stability. Work to develop and advocate for additional resources to address housing instability created by the economic impacts of the COVID-19 pandemic, including rent assistance and foreclosure/eviction prevention assistance.
- 2. Property Tax Cap** – Increase the current 1% limit on annual property tax increases to 3%. Current revenues are not enough for many cities to support community expectations and priorities and city tax structures are not keeping up with traditional rate of inflation and growing costs. The property tax cap increase will allow funding flexibility and preserve critical city services. However, Washington state needs structural property tax reform to truly address budget deficits and threatened city services.

Alternative Option – tie the property tax cap to tie it to inflation and population growth factors so that local elected officials can adjust the local property tax rate.

- 3. Tax Increment Financing** – TIF can help cities build public infrastructure to spur economic development and job growth throughout the state. Authorize property tax-based tax increment financing, with a constitutional amendment if necessary. This will allow cities to access critically needed funding for local economic development projects. This approach doesn't raise property taxes on residents but allows development to pay for the public infrastructure needed.
- 4. Housing Trust Fund** – Invest \$240 million in the State Housing Trust Fund and an additional \$10 million for preservation of affordable housing from the Capital Budget and establish a permanent funding source for the HTF.

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5. **SKHHP Housing Capital Fund** – Provide direct funding to SKHHP for the establishment of a South King County housing capital fund. SKHHP partner cities are actively working to establish a mechanism to pool sales tax credit revenues authorized by SHB 1406. State matching funds will provide much needed investment in affordable housing in South King County.
6. **Significantly increase state document recording fee** – specifically increase the state surcharge for local homeless housing and assistance that will increase state and regional resources to prevent and end homelessness.

Memorandum



South King Housing and Homelessness Partners

To: SKHHP Executive Board
From: Angela San Filippo, SKHHP Executive Manager
Date: October 23, 2020
RE: Draft Interlocal Agreement Pooling SHB 1406 Funds

SUMMARY

The following is a draft Interlocal Agreement (ILA) to pool SHB 1406 sales tax receipts with SKHHP for the purposes of administering funds generated as a result of RCW 82.14.540. After review and feedback from the SKHHP Executive Board on the general scope and content of the ILA it will be forwarded to legal staff from SKHHP partner jurisdictions for review.

The following is a list of questions for SKHHP Executive Board discussion:

1. The SKHHP ILA identifies the SKHHP Advisory Board as the recommending body for SKHHP Housing Capital Fund allocation decisions. Should geographic representation of SKHHP Advisory Board members be a consideration based on participating jurisdictions in this ILA?
2. Should we consider funding projects with HB 1406 funds that are located outside of cities that are participating in pooling SHB 1406 funds?
3. For maximum impact and efficiency, participants are encouraged to pool 100% of their SHB 1406 funds. However in light of the economic impacts of COVID-19 and unprecedented need, a graduated timeline is proposed with minimum participation of 50% of SHB 1406 funds pooled reached by 2022.
 - a. Should the percentage of HB 1406 funds pooled by jurisdiction be reflected in how decisions are made?
4. Should the ILA outline SKHHP funding priorities?

DRAFT Interlocal Agreement to pool SHB 1406 sales tax receipts with South King Housing and Homelessness Partners (SKHHP) for the purposes of administering funds generated as a result of RCW 82.14.540

This Interlocal Agreement (“Agreement”) is entered into by and between the Cities of Auburn, Burien, Covington, Des Moines, Federal Way, Kent, Normandy Park, Renton, and Tukwila (individually, a “Party” and collectively, “Parties”). This Agreement addresses the use of funds created through a sales tax credit against a portion of the state’s share of local sales and use tax pursuant to RCW 82.14.540. This Agreement may be expanded to include additional South King Housing and Homelessness (SKHHP) municipalities through the execution of a companion agreement that is consistent with this Agreement.

WHEREAS, the Washington State Legislature passed Substitute House Bill (SHB) 1406 during the 2019 Regular Session, and the Governor signed into law; and

WHEREAS, SHB 1406 authorizes the legislative authority of a county or city to impose a local sales and use tax for affordable and for supportive housing to income eligible persons defined in RCW 82.14.540; and

WHEREAS, RCW 82.14.540 stipulates the moneys collected or bonds issued through this sales tax credit may only be provided to persons whose income is at or below 60% of the median income of the county or city imposing the tax and may only be used for the following purposes: (i) acquiring, rehabilitating, or constructing affordable housing, which may include new units of affordable housing within an existing structure or facilities providing supportive housing services under RCW 71.24.385; or (ii) funding the operations and maintenance costs of new units of affordable or supportive housing; and

WHEREAS, RCW 82.14.540 allows cities with a population of one hundred thousand or less to use moneys collected for providing rental assistance to tenants; and

WHEREAS, within six months of the effective date of SHB 1406 all Parties adopted a resolution of intent to authorize the maximum capacity of the tax, and within twelve months all Parties adopted legislation authorizing the maximum capacity of the tax; and

WHEREAS, on November 22, 2019 the SKHHP Executive Board took unanimous action to adopt SKHHP Resolution 2019-06 which urges each of the 9 member cities to pool 100% of the funds collected under the provisions of SHB 1406; and

WHEREAS, pooling SHB 1406 funds collected in individual cities will allow the use of SHB 1406 funds to leverage other funds and make a more meaningful and significant impact on affordable housing challenges in South King County; and

WHEREAS, pooling SHB 1406 sales tax revenues with SKHHP will establish a regional funding source that will help to establish regional-decision making and shared housing

ATTACHMENT E

solutions, increased investment in affordable and supportive housing in South King County, and will provide more power in a collective voice for South King County; and

WHEREAS, funding to support acquisition, rehabilitation, and new construction of affordable housing, and operation and maintenance costs of new affordable housing is critical to providing an array of housing opportunities for residents.

NOW THEREFORE, in consideration of the mutual promises, benefits, and covenants contained in this agreement, the above Parties agree to the above Recitals and the following terms and conditions:

- A. The purpose of this Agreement shall be to provide for the administration and expenditure of revenue generated from the sales tax credit under the provisions of RCW 82.14.540.
- B. That portion of the revenue generated from the sales tax credit is to be transferred to the SKHHP Housing Capital Fund. Those funds will be held in individual accounts for each Party by the City of Auburn, as the fiscal agent for SKHHP, to be allocated as provided for by recommendation of the SKHHP Executive Board and approved by each participating jurisdiction.
- C. Consistent with the permissible uses of these funds defined in RCW 82.14.540 SKHHP will distribute funds for the following purposes that serve persons whose income is at or below 60% of the median income:
 - a. Acquiring, rehabilitating, or constructing affordable housing, which may include new units of affordable housing within an existing structure or facilities providing supportive housing services under RCW 71.24.385; and/or
 - b. Funding the operations and maintenance costs of new units of affordable or supportive housing.
- D. For each round of funding applications SKHHP will identify funding guidelines which will include but not be limited to: amount of available funding, household income targets, funding priorities, eligible activities and geographic areas, regulatory terms, other award terms/reporting requirements, application contents, review process, evaluation criteria, and schedule for funding allocation.
- E. The SKHHP Advisory Board, to be established by the SKHHP Executive Board as outlined in the SKHHP Interlocal Agreement, will provide recommendations to the SKHHP Executive Board on the strategic funding priorities and allocation of funds collected through this agreement.
- F. The SKHHP Advisory Board funding recommendations will consider South King County housing needs, other funding sources that support affordable housing and supportive housing, local housing needs, and equitable geographic distribution of funds.

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- G. Funding will be limited to projects or programs in jurisdictions that are participating in this Agreement, unless the SKHHP Executive Board and all of the jurisdictions participating in SKHHP agree to allow funding to be provided to a project or program in a jurisdiction that is not participating in this ILA and/or not participating in the SKHHP ILA, or both, as applicable.
- H. The SKHHP Executive Board shall consider the recommendations of the SKHHP Advisory Board to decide both the recommended funding awards for selected projects and/or programs and the specific funding from each participating Party.
- I. Each Party choosing to participate in funding a project or program through the SKHHP Housing Capital Fund will by action of its legislative body authorize the application of a specified amount from its individual account to specified projects and/or programs.
- J. As provided in the SKHHP Interlocal Agreement, the SKHHP Executive Board will recommend to the individual legislative bodies various terms to accompany their authorizations.
- K. Funds collected through this Agreement shall be administered through the SKHHP Housing Capital Fund as outlined in the SKHHP Interlocal Agreement and administered by the SKHHP Administering Agency.
- L. The Administering Agency will maintain records sufficient to separately track the deposits and withdrawals within each individual account and each project account.
- M. SKHHP will submit an annual report to all participating Parties of work plan progress that includes but is not limited to housing priorities, strategies, capital funding investments, and other SKHHP accomplishments.
- N. The expenditure of all funds will be subject to audit by the State Auditor or other authorized entity. The SKHHP Administering Agency reserves the right to review, monitor, or audit the use of these funds as deemed necessary. Such activities may occur with or without notice.
- O. For the purposes of RCW 39.34.030(4)(a), the SKHHP Administering Agency is designated as the administrator responsible for overseeing and administering the joint or cooperative undertaking contemplated by this agreement. No property shall be acquired by the parties to this agreement by reason of this joint or cooperative undertaking.
- P. Municipalities that are members of SKHHP that were not an original Party to this Agreement may become a party to this Agreement through execution of a companion agreement that is consistent with this Agreement and upon an affirmative vote of a two-thirds majority of the membership of the Executive Board.

ATTACHMENT E

- Q. This agreement may be terminated at any time by affirmative vote of a majority of the legislative bodies of the Parties to this agreement.
- R. If a Party wishes to withdraw from participation in this Agreement, it may do so with advance written notice to the Executive Board of its intention to withdraw, which notice will be due on or before July 1 and become effective as of 11:59 pm on December 31st of that current year.
- S. Upon termination of this Agreement or party withdrawal from this Agreement, uncommitted funds from that Party shall be returned to the contributing Party, unless otherwise authorized by the legislative authority of that Party.
- T. Any amendments to this Agreement must be in writing. This Agreement may be amended upon approval of at least two-thirds of the legislative bodies of all Parties to this Agreement, evidenced by authorized signatures of those Parties as of the effective date of this Agreement. However, any amendment to this Agreement affecting the terms and conditions of membership, provisions regarding duration, termination or withdrawal, or the conditions of this Section will require consent of the legislative authorities of all Parties. This Section shall not be construed to require amendment of this Agreement for the addition of a new Party contemplated under Section P.
- U. This Agreement will become effective _____, subject to its approval by the legislative bodies of all participating jurisdictions, and pursuant to RCW 39.34.040. Although this Agreement may be approved and signed by a Party after the Agreement's effective date, all acts consistent with the authority of this Agreement that occur on or after _____, are hereby ratified and affirmed, and the other terms of this Agreement will be deemed to have applied.

TO BE FOLLOWED BY SIGNATURE PAGES FOR EACH PARTICIPATING JURISDICTION