



## Memorandum

**TO:** JACK LOUWS

**FROM:** Anne Deacon

**DATE:** September 12, 2019

**RE:** Ordinance for Affordable and Supportive Housing

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An ordinance and corresponding County Code will be introduced at the October 8, 2019 County Council meeting in response to new state legislation for housing. The 2019 state legislative session passed Substitute House Bill 1406 (SHB 1406) allowing local governments to take a tax credit against a portion of the state's share of local sales and use tax. The purpose of these additional monies available to local government is to fund affordable and supportive housing. SHB 1406 has been codified in RCW 82.14.540 and that statute are attached to this packet as reference.

The tax credit expires twenty years after the date on which it is first imposed. Monies must be directed to the following:

1. Assisting people who are at or below 60% of the Area Median Income (AMI)
2. Acquiring, rehabilitating, or constructing affordable housing. This may include new units of affordable housing within an existing structure, or for facilities providing supportive housing services
3. Operations and maintenance costs of new units of affordable or supportive housing
4. Rental Assistance

Whatcom County has been in discussion with all seven city partners to determine who will take this tax credit on behalf of the community, as well as expectations for the use of the additional funds. Maximum taxing capacity is available if the County takes it, and the cities have agreed to this option. The Whatcom County Housing Advisory Committee (WCHAC), formed through an Interlocal agreement among the county and all seven cities, will act as the advisory body for use of these additional funds. This Interlocal will be amended to capture this added responsibility. The Interlocal amendment will also outline membership for the WCHAC to include two representatives from the city of Bellingham. Small cities currently hold a position on the WCHAC under the Interlocal agreement and will continue to have representation.

The City Council of Bellingham passed a resolution on September 9, 2019 declaring their intent to have the County take the tax credit, providing that the county takes formal action before November 30, 2019. A copy of the city's resolution is also attached as reference.





As recipient of the tax, the County has agreed to facilitate a community-wide housing action plan, collaborating with cities, and collating and coordinating existing plans from all seven cities to identify common goals. The WCHAC will submit an annual report to the community on the activities related to this new funding source. Additionally, the county will submit an annual report on activities to Commerce as required by state statute.

State statute reads that by December 31, 2019, or within thirty days of the county authorizing the tax, *whichever is later*, the state's Department of Revenue must calculate the maximum amount of tax distributions. This calculation will be equal to the taxable retail sales within the county in state fiscal year 2019 multiplied by the tax rate of .0146 percent. It is estimated that the annual tax distribution will be between \$650,000 to \$700,000.

Exhibit A is attached and will serve as the County Code for this new funding source. The Affordable and Supportive Housing Fund will be established to account for these monies.

