

### **Housing Action Subcommittee**

Thursday, June 15, 2023 9:30 AM-11:00 AM City Council Briefing Center Virtual meeting information below

#### TIMES GIVEN ARE AN ESTIMATE AND ARE SUBJECT TO CHANGE

#### **Public Comment**

9:30 – 9:35 Public Comment (3 minutes each). Citizens are invited to address the subcommittee on any topic not on the agenda.

#### **Committee Work Session:**

9:35 – 9:40 Introductions

9:40 – 10:25 General Facilities Charges

Presentation: Marlene Feist

Discussion + Next Steps

10:25 - 10:35 Minimum Parking Requirements

Presentation: Councilman Zappone + Councilman Bingle

Discussion + Next Steps

10:35 – 11:00 Sales and Use Tax for Housing and Housing Related Services
(HR1500) ORD Amending Sections in SMC Chapter 08 07C

(HB1590) ORD Amending Sections in SMC Chapter 08.07C

Review DRAFT

Discussion + Next Steps

### **Adjournment**

Join from the meeting link:

Click here to join the meeting

https://teams.microsoft.com/l/meetup-

join/19%3ameeting\_MDlhMzMzNjctNWUzYS00M2M2LThkYzYtMzk0NTI5ZDU3M2Mz%40thread.v2/0?context=%7b%22Tid %22%3a%2295fa1d6e-6a27-496e-9117-fc34d9076661%22%2c%22Oid%22%3a%22eec0423b-0336-4f70-817d-e7ff3e9fc055%22%7d

Meeting ID: 291 798 739 417

Passcode: v5za7o

Video Conference ID: 114 943 085 8

**Alternate VTC instructions** 

Join by phone

+1 424-566-7556,,878975113#

Phone Conference ID: 878 975 113#

AMERICANS WITH DISABILITIES ACT (ADA) INFORMATION: The City of Spokane is committed to providing equal access to its facilities, programs and services for persons with disabilities. The Council Briefing Center in the lower level of Spokane City Hall, 808 W. Spokane Falls Blvd., is wheelchair accessible and also is equipped with an infrared assistive listening system for persons with hearing loss. Headsets may be checked out (upon presentation of picture I.D.) through the meeting organizer. Individuals requesting reasonable accommodations or further information may call, write, or email Human Resources at 509.625.6237, 808 W. Spokane Falls Blvd, Spokane, WA, 99201; or mpiccolo@spokanecity.org. Persons who are deaf or hard of hearing may contact Human Resources through the Washington Relay Service at 7 1 1. Please contact us forty-eight (48) hours before the meeting date.

# SALES AND USE TAX FOR AFFORDABLE HOUSING + HOUSING-RELATED **SERVICES**

# HB 1590 RCW 82.14.530

The Washington State legislature, in the 2020 session, enacted House Bill 1590, which allows cities to adopt a 0.1% sales and use tax by ordinance to provide funding for the construction of affordable housing and housing-related supportive services

# ORD C-35982 SMC 08.07C

November of 2020 Spokane City
Council passed ORD C-35982 enacting
Chapter 08.07C of the Spokane
Municipal Code titled Sales and Use
Tax for Housing and Housing-Related
Supportive Services.

# RCW 82.14.530

A minimum of sixty percent must be used for the following purposes:

- Constructing or acquiring affordable housing, which may include emergency, transitional, and supportive housing and new units of affordable housing within an existing structure, and facilities providing housing-related services, or acquiring land for these purposes; or
- Constructing or acquiring behavioral health-related facilities, or acquiring land for these purposes; or
- Funding the operations and maintenance costs of new units of affordable housing and facilities where housing-related programs are provided, or newly constructed evaluation and treatment centers.

# RCW 82.14.530

The affordable housing and facilities providing housing-related programs may only be provided to persons at or below 60% AMI and a member of one of the following groups:

- Persons with behavioral health disabilities
- Veterans
- Senior citizens
- Persons who are homeless or at-risk of being homeless,
- Unaccompanied homeless youth or young adults
- Persons with disabilities
- Domestic violence survivors.



### CITY of SPOKANE 2023 AHP PROGRAM INCOME AND RENT LIMITS

# HOME, 1406/1590

SOURCE: HUD

MSA: SPOKANE, WA

EFFECTIVE DATE: JUNE 15, 2023 FY 2023 MEDIAN INCOME: \$89,000



### 2023 INCOME LIMITS

		1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
AREA MEDIAN INCOME	(100% AMI)	62,300	71,200	80,100	89,000	96,200	103,300	110,400	117,500
LOW-INCOME (80% AI		49,850	49,850 57,000 64,100		71,200	76,900	82,600	88,300	94,000
PROJECT SPECIFIC	(60% AMI)	37,380	42,720	48,060	53,400	57,720	61,980	66,240	70,500
VERY LOW-INCOME	(50% AMI)	31,150	35,600	40,050	44,500	48,100	51,650	55,200	58,750
PROJECT SPECIFIC	(40% AMI)	24,920	28,480	32,040	35,600	38,480	41,320	44,160	47,000
PROJECT SPECIFIC	(35% AMI)	21,800	24,920	28,030	31,150	33,670	36,150	38,640	41,120
EXTREMELY LOW-INCOME	(30% AMI)	18,700	21,400	24,050	26,700	28,850	31,000	33,150	35,250

### 2023 RENT LIMITS

	SRO●	EFFICIENCY	1 BEDROOM	2 BEDROOM	3 BEDROOM	4 BEDROOM	5 BEDROOM	6 BEDROOM
FAIR MARKET RENT (FMR)**	609	812	926	1198	1703	1987	2285	2583
30 OF 65 RENT (HIGH HOME RENT)		*812	*926	*1198	1470	1621	1770	1919
30 OF 60 RENT		*812	*926	*1198	1389	1549	1709	1869
30 OF 50 RENT (LOW HOME RENT)		778	834	1001	1157	1291	1424	1557
30 OF 40 RENT		623	667	801	926	1033	1139	1246
30 OF 35 RENT		545	584	700	810	903	997	1090
30 OF 30 RENT		467	501	601	694	775	855	934

# PROPOSED CHANGES:

- Adds language that makes the SMC consistent with the RCW
- Changes the 60% minimum to 75%
  - 75% for NEW units of Affordable Housing
  - 25% for Programs + Services to support Housing Stability
- Creates additional priorities for:
  - Cap and seed funding for the constructing new units of affordable housing
    - Especially those that allow for occupant homeownership, rent-to-own leases, and cooperatively owned multi-family projects
  - Housing within 1/4 mile of transit (opposed to 1/8 mile)
  - Project readiness:
    - Shovel ready within 6 months
    - Move-in ready within 18 months
  - Anti-Displacement Strategies

# PROPOSED CHANGES:

- RFP Scoring Committee
  - At least one member of the Housing Action Subcommittee
  - At least one member of the Equity Subcommittee
  - At least one member of the CHHS Board
  - At least one member with lived experience/impacted community member
- Quarterly updates on the status of projects + programs awarded 1590 funds
  - Including but not limited to:
    - Name and location of projects + programs
    - Number and kind of units (new/rehab)
    - Number and demographics of persons served
    - Estimated date of completion (and any changes to the timeline)

# TIMELINE

JUNE 12TH
URBAN EXPERIENCE
COMMITTEE

JUNE 15TH
HOUSING ACTION
SUBCOMMITTEE

JUNE 26TH
LEGISLATIVE SESSION
FIRST READING

JULY 10TH
LEGISLATIVE SESSION
FINAL READING







## Committee Agenda Sheet Urban Experience Committee

<b>Submitting Department</b>	City Council									
Contact Name	Nicolette Ocheltree									
Contact Email & Phone	nocheltree@spokanecity.org X6711 or 509.828.0522									
Council Sponsor(s)	Council President Beggs; Council Member Wilkerson									
Select Agenda Item Type	☐ Consent									
Agenda Item Name	Sales and Use Tax for Housing and Housing-Related Services									
*use the Fiscal Impact box below for relevant financial information	Housing-Related Supportive Services; amending Spokane Municipal Code (SMC) Sections in Chapter 08.07C.  for relevant financial									
Proposed Council Action	Urban Experience on June 12 <sup>th</sup> - Move out of committee with 2 sponsors City Council Meeting June 26 <sup>th</sup> - First Reading City Council Meeting July 10 <sup>th</sup> - Final Reading/Council Vote									
Fiscal Impact  Total Cost: Click or tap here to enter text.  Approved in current year budget?    Yes □ No □ N/A  Funding Source □ One-time ⊠ Recurring  Specify funding source: 1590  Expense Occurrence □ One-time ⊠ Recurring  Other budget impacts: (revenue generating, match requirements, etc.)										
Operations Impacts (If N/A	please give a brief description as to why)									
	osal have on historically excluded communities?									
	struction of affordable housing and housing related services									
	alyzed, and reported concerning the effect of the program/policy by national origin, income level, disability, sexual orientation, or other									
Racial Impact Assessment Tool housing funding sources	and any other methods traditionally used by CHHS for other affordable									

How will data be collected regarding the effectiveness of this program, policy or product to ensure it is the right solution?

By CHHS with regular updates to the Housing Action Subcommittee and City Council

Describe how this proposal aligns with current City Policies, including the Comprehensive Plan, Sustainability Action Plan, Capital Improvement Program, Neighborhood Master Plans, Council Resolutions, and others?

It does not conflict with any policies and or plans.

ORDINANCE NO.

AN ORDINANCE relating to the Sales and Use Tax for Housing and Housing-Related Supportive Services; amending Spokane Municipal Code (SMC) Sections 08.07C.030 and 08.07C.050.

**WHEREAS**, Spokane is experiencing historically low rental vacancy rates, rising average rents, and increasing median home prices which are outpacing gains in the median household income in Spokane, increasing the housing cost burden on many households and putting homeownership increasingly out of reach for households with incomes at or below the area median income; and

**WHEREAS**, in addition, we recognize that in Spokane, as in many communities around the country, housing and land use policy has historically discriminated against people of color in many ways, which has had the effect of lower home ownership rates, diminished wealth-building ability, and poorer health and educational outcomes for people of color in Spokane; and

**WHEREAS**, the housing market is complex and in the necessarily multi-pronged approach to the crisis in housing affordability in Spokane, one of the most effective methods is to increase the supply of housing, both rental and owner-occupied, at all price points; and

**WHEREAS**, Spokane's crisis of affordable housing is shared state-wide, and in response, the Washington state legislature in the 2020 session enacted House Bill 1590, which allows cities to adopt a 0.1% sales and use tax by ordinance to provide funding for the construction of affordable housing and housing-related supportive services; and

**WHEREAS**, Spokane County had the first opportunity to enact such a sales and use tax until September 20, 2020, until which time the City would not have had the authority to enact such a tax, and Spokane County did not do so; and

**WHEREAS**, with the passage of ORD No. C-35982 on November 30, 2020 the City enacted a new chapter 08.07C of the Spokane Municipal Code, and adopted a 0.1% sales and use tax for the construction and acquisition of affordable housing and the provision of housing-related supportive services, and imposed a sunset date at which the tax could be discontinued or reauthorized, and established an advisory committee of residents and stakeholders to review applications and provide recommendations to the City Council on the use of the funds derived from this tax and periodically report on the effectiveness of chapter 08.07C; and

**WHEREAS**, creating a locally-controlled source of revenue is vital for the development of innovative ways to build and acquire more housing in Spokane with the primary goal of home ownership, maintain and rehabilitate existing housing to allow lower-income families to remain in their homes, provide the types

of services that vulnerable people and people who are at risk of homelessness need, increase the number of people in Spokane who are homeowners through a variety of measures such as subsidizing the City of Spokane application fees, building fees, and hook-up fees for homes with an attainable retail price at or below an 60% medium family income; supporting the development of more affordable housing types with down payment assistance, the formation of a land trust, land bank, cooperative housing, and other innovative housing solutions; and help ensure people in Spokane are at lower risk of homelessness; and

WHEREAS, all funding decisions made concerning the funds derived from this chapter shall include broad equity considerations to ensure that people who currently face housing discrimination and populations that have historically faced discrimination in housing markets or as the result of housing policy are well-represented in the process of making funding determinations.

**NOW THEREFORE**, the City of Spokane does ordain:

Section 1. That Section 08.07C.030 SMC is amended to read as follows:

#### Section 8.07C.030: Uses of Tax Revenues; Funding Priorities

- A. The City may use the moneys collected by the tax imposed under SMC 08.07C.020 or bonds issued under RCW 82.14.530(5) only for the purposes described in RCW 82.14.530, with a minimum of ((sixty percent (60%))) seventy-five percent (75%) of the revenue collected under this chapter to be used for the following purposes, consistent with RCW 82.14.530(2), with a specific preference for occupant ownership of housing units, including, without limitation, cooperatively-owned multi-family projects:
  - 1. Constructing <u>or acquiring</u> affordable housing, which may include <u>emergency</u>, transitional, and supportive housing and new units of affordable housing within an existing structure, and facilities providing housing-related services or acquiring land for these purposes; or
  - 2. Constructing <u>or acquiring ((mental and))</u> behavioral health-related facilities, <u>or acquiring land for these purposes</u>; or
  - 3. Funding the operations and maintenance costs of new units of affordable housing and facilities where housing-related programs are provided, or newly constructed evaluation and treatment centers.
  - 4. The affordable housing and facilities providing housing-related programs in 08.07C.030(A)(1) may only be provided to persons within any of the following population groups whose income is at or below sixty percent of the median income of the county imposing the tax:

- a. Persons with behavioral health disabilities; or
- b. Veterans;
- c. Senior citizens;
- d. Persons who are homeless or at-risk of being homeless, including families with children;
- e. Unaccompanied homeless youth or young adults;
- f. Persons with disabilities; or
- g. Domestic violence survivors.
- B. The remainder of the moneys collected under this chapter must be used for the operation, delivery, or evaluation of mental and behavioral health treatment programs and services or housing-related services, with the overall objective of helping to maintain housing stability.
- C. Recommendations on the use of revenues collected under this chapter shall employ a racial equity framework that promotes equity, works to reduce disparities in housing, and achieve equitable outcomes for marginalized populations and populations that have been subject to historical or present discrimination in housing markets and/or housing policy.
- D. The City may, under the authority of RCW 82.14.530(5), issue general obligation or revenue bonds within the limitations now or hereafter prescribed by state law, and may use, and is authorized to pledge, up to fifty percent (50%) of the revenues collected under the authority of this chapter for repayment of such bonds, in order to finance the provision or construction of affordable housing, facilities where housing-related programs are provided, or evaluation and treatment centers described in RCW 82.14.530(2)(a)(iii).
- E. Revenues collected under this chapter may be used to offset reductions in state or federal funds for the purposes described in RCW 82.14.530(2).
- F. No more than ten percent (10%) of the revenues collected under the authority of this chapter may be used to supplant existing local funds.
- G. No more than two and one-half percent (2.5%) of the revenues collected under the authority of this chapter may be used for administrative expenses or program implementation costs incurred by the City of Spokane.

#### Section 2. That Section SMC is amended to read as follows:

### Section 08.07C.050 Funding Process

- A. No later than June 1 of each year following the effective date of this section, applications for construction, rehabilitation, or acquisition project funding shall be due for award in the following year. The construction of such projects shall commence within twenty-four (24) months of the award date.
- B. No later than May 1 of each year following the effective date of this section, applications for housing-related services funding shall be due for award beginning October 1 of each year. Such service contracts shall be no longer than twenty-four (24) months in duration.
- C. ((The sub-committee)) At least one (1) individual that serves on the Housing Action Subcommittee, one (1) individual that serves on the Equity Subcommittee, one (1) individual who represents impacted communities, and one (1) individual who serves on the CHHS Board, with the assistance of appropriate Administration and Council staff, shall receive and review all applications, and shall conduct such investigation and information-gathering as it deems appropriate in order to become fully knowledgeable concerning all applications.
- D. When making its recommendations for housing construction funding <u>and housing</u> <u>related services</u>, the sub-committee shall give priority to applications which meet the following goals:
  - 1. Constructing mixed-use housing;
  - 2. ((Locating housing in designated Centers and Corridors)) Constructing new units of affordable housing.
  - 3. Creating permanently affordable housing, defined as maintaining affordability for households earning up to 60% of AMI for at least forty (40) years for rental housing and for at least twenty-five (25) years for owner-occupied housing;
  - Addressing the racial wealth gap through increasing homeownership for populations that have historically been subject to discrimination in housing markets or housing policy;
  - 5. Locating housing near public transit lines, preferably within  $((\frac{1}{8}))$   $\frac{1}{4}$  mile of a high-performance transit line;

- 6. Distributing attainable housing throughout the City, in a variety of neighborhoods and in close<u>r</u> proximity to services such as parks and open space, schools, and <u>grocery stores</u> ((services));
- 7. ((Using universal design to create a sufficient number of)) Constructing units that are safe and accessible, regardless of age, physical ability or stature; and
- 8. ((Creating)) Constructing units that use less net energy and require less maintenance in order to reduce long term costs of ownership.
- 9. Projects which include anti-displacement strategies;
- 10. Constructing new units of affordable housing that would be shovel ready within 6 months and/or move-in ready within 18 months.
- 11. Constructing new units of affordable housing that allow for occupant homeownership, rent-to-own leases, or cooperatively-owned multi-family projects.
- E. With the assistance of the appropriate Administration and Council staff and input from the City of Spokane Community, Housing and Human Services Board, the sub-committee shall make an initial written finding as to whether each application complies with the requirements of this chapter and include that finding with those project applications it recommends for approval, and shall forward such findings and the complete application file to the City Council or a standing Council committee, consistent with such process the Council shall determine by resolution, for its review.
- F. For each project application referred to a standing Council committee, if the standing Council committee agrees, by majority vote of the members present, with the sub-committee's recommendation, the standing committee Chairperson shall forward each such project application, along with the sub-committee's written findings, to the full City Council for consideration on its regular legislative agenda.
- G. Any funding awarded under the authority of this chapter shall be administered by the appropriate department of the City administration, and funding recommendations must take into account the historic performance of the applicant, both in the construction and the maintenance of housing.
- H. Any programs or projects awarded funding under the authority of this chapter must include a requirement of at least quarterly updates to Council on the status of the program or project including but not limited to any changes in the estimated date of completion, number of units constructed, and number of persons served. Once the project or programs are completed, a final update must be given to Council before the regular quarterly meetings are no longer required.

PASSED BY THE CITY COUNCIL ON	
	Council President
Attest:	Approved as to form:
City Clerk	Assistant City Attorney
Mayor	Date
	Effective Date

### **CITY of SPOKANE 2023 AHP PROGRAM INCOME AND RENT LIMITS**

### HOME, 1406/1590

SOURCE: HUD MSA: SPOKANE, WA

EFFECTIVE DATE: JUNE 15, 2023 FY 2023 MEDIAN INCOME: \$89,000



#### **2023 INCOME LIMITS**

		1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
AREA MEDIAN INCOME	(100% AMI)	62,300	71,200	80,100	89,000	96,200	103,300	110,400	117,500
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#### **2023 RENT LIMITS**

	SRO●	EFFICIENCY	1 BEDROOM	2 BEDROOM	3 BEDROOM	4 BEDROOM	5 BEDROOM	6 BEDROOM
FAIR MARKET RENT (FMR)**	609	812	926	1198	1703	1987	2285	2583
30 OF 65 RENT (HIGH HOME RENT)		*812	*926	*1198	1470	1621	1770	1919
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30 OF 35 RENT		545	584	700	810	903	997	1090
30 OF 30 RENT		467	501	601	694	775	855	934

- •HOME rent for an SRO is 75% of the Efficiency Fair Market Rent.
- \*Calculate AMI for a more than 9-person household by adding 8% for each member over 4-person AMI (e.g., 9person is 140% of 4-person AMI).
- \*\*Although HUD's rent calculation exceeds FMR for this unit, HOME regulations do not allow rents to exceed FMR. Consequently, this rent is capped at FMR.
- \*\*\*Calculate FMR for more than 4 Br by adding 15% to the 4 Br FMR for each additional Br size (e.g., 6 Br FMR is 130% of 4 Br FMR).

# HUD MEDIAN FAMILY INCOME (MFI) LIMITS 2023 (use for City HHAA, 1406/1590, HOME, and CDBG) (Effective 6/15/2023) Median Income for Spokane is \$89,000

HH Size	e 100% MFI 80% MFI (Moderate Income)				60% MFI (Low Income)			50% MFI (Very Low Income)			30% MFI (Extremely Low Income)				
	<u>Annual</u>	<u>Monthly</u>	<u>Hourly</u>	<u>Annual</u>	<u>Monthly</u>	<u>Hourly</u>	<u>Annual</u>	<u>Monthly</u>	<u>Hourly</u>	<u>Annual</u>	<u>Monthly</u>	<u>Hourly</u>	<u>Annual</u>	<u>Monthly</u>	<u>Hourly</u>
1	\$62,300	\$5,192	\$29.95	\$49,850	\$4,154	\$23.97	\$37,380	\$3,115	\$17.97	\$31,150	\$2,596	\$14.98	\$18,700	\$1,558	\$8.99
2	\$71,200	\$5,933	\$34.23	\$57,000	\$4,750	\$27.40	\$42,720	\$3,560	\$20.54	\$35,600	\$2,967	\$17.12	\$21,400	\$1,783	\$10.29
3	\$80,100	\$6,675	\$38.51	\$64,100	\$5,342	\$30.82	\$48,060	\$4,005	\$23.11	\$40,050	\$3,338	\$19.25	\$24,050	\$2,004	\$11.56
4	\$89,000	\$7,417	\$42.79	\$71,200	\$5,933	\$34.23	\$53,400	\$4,450	\$25.67	\$44,500	\$3,708	\$21.39	\$26,700	\$2,225	\$12.84
5	\$96,200	\$8,017	\$46.25	\$76,900	\$6,408	\$36.97	\$57,720	\$4,810	\$27.75	\$48,100	\$4,008	\$23.13	\$28,850	\$2,404	\$13.87
6	\$103,300	\$8,608	\$49.66	\$82,600	\$6,883	\$39.71	\$61,980	\$5,165	\$29.80	\$51,650	\$4,304	\$24.83	\$31,000	\$2,583	\$14.90
7	\$110,400	\$9,200	\$53.08	\$88,300	\$7,358	\$42.45	\$66,240	\$5,520	\$31.85	\$55,200	\$4,600	\$26.54	\$33,150	\$2,763	\$15.94
8	\$117,500	\$9,792	\$56.49	\$94,000	\$7,833	\$45.19	\$70,500	\$5,875	\$33.89	\$58,750	\$4,896	\$28.25	\$35,250	\$2,938	\$16.95