



Housing Action Subcommittee

Thursday, July 17, 2025

9:30 AM-11:00 AM

Tribal Conference Room – City Hall Lobby

Virtual meeting information below

TIMES GIVEN ARE AN ESTIMATE AND ARE SUBJECT TO CHANGE

	Land Acknowledgement + Welcome	
9:30 AM	<ul style="list-style-type: none">➤ Land Acknowledgement➤ Introductions + Announcements	
	Public Comment	
3 min. per speaker	Members of the public are invited to speak on any topic related to the Housing Action Subcommittee	
	Housing Action Subcommittee Work Session:	
9:35AM – 10:20AM (PAGES 2-11)	Changing the Name and Funding Processes for “1590” the “Sales and Use Tax for Housing and Housing Related Supportive Services” to → “HEART” the “Housing Equity and Attainable Residence Trust” <ul style="list-style-type: none">• ORD C36732	
10:20AM – 10:40AM (PAGES 11-13)	Affordable Housing Permit Fee Deferral Program <ul style="list-style-type: none">• ORD C36733	
10:40AM - 11:00AM	1590 Status Report + Open Discussion on the Future of the Housing Action Subcommittee	
VIRTUAL MEETING INFORMATION:	MICROSOFT TEAMS VIRTUAL MEETING LINK: CLICK HERE TO JOIN THE MEETING NOW Meeting ID: 236 775 340 57 Passcode: 9pZ6RU9Q Join on a video conferencing device Tenant key: cityofspokane@m.webex.com Video ID: 118 231 372 6	DIAL IN BY PHONE: +1 424-566-7556, 866675536# United States, Beverly Hills Find a local number Phone conference ID: 866 675 536#
	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.	

**Agenda Sheet for City Council:****Committee:** Urban Experience **Date:** 07/14/2025**Committee Agenda type:** Discussion**Date Rec'd**

7/9/2025

Clerk's File #

ORD C36732

Cross Ref #**Project #****Council Meeting Date:** 08/18/2025**Submitting Dept**

MAYOR

Bid #**Contact Name/Phone**

ADAM 6779

Requisition #**Contact E-Mail**

AMCDANIEL@SPOKANECITY.ORG

Agenda Item Type

First Reading Ordinance

Council Sponsor(s)

ZZAPPONE PDILLON

Sponsoring at Administrators Request

NO

Lease? NO**Grant Related?** NO**Public Works?** NO**Agenda Item Name**

ORDINANCE RENAMING HOUSING LOCAL SALES TRUST FUND TO HEART

Agenda Wording

An ordinance renaming the Housing Local Sales Trust Fund to the Housing Equity and Attainable Residences Trust (HEART) Fund, matching the municipal code with state law, and making the HEART affordable housing program permanent.

Summary (Background)

An ordinance renaming the Housing Local Sales Trust Fund to the Housing Equity and Attainable Residences Trust (HEART) Fund, matching the municipal code with state law, and making the HEART affordable housing program permanent; adopting a new Section 08.07C.051; amending Sections 07.08.155, 08.07C.020, 08.07C.030; and repealing Sections 08.07C.050 and 08.07.060 of the Spokane Municipal Code.

What impacts would the proposal have on historically excluded communities?

The recent H.O.M.E. Starts Here Initiative seeks to reduce the number of Spokane residents who are housing cost-burdened, add new housing units at all income levels, and expand the City's homeownership rate. This ordinance celebrates the community-led work to that end by renaming the Housing Local Sales Trust Fund to HEART.

How will data be collected, analyzed, and reported concerning the effect of the program/policy by racial, ethnic, gender identity, national origin, income level, disability, sexual orientation, or other existing disparities?

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

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?

Council Subcommittee Review

Fiscal Impact			
Approved in Current Year Budget?		N/A	
Total Cost	\$		
Current Year Cost	\$		
Subsequent Year(s) Cost	\$		
<u>Narrative</u>			
Amount		Budget Account	
Select	\$	#	
Select	\$	#	
Select	\$	#	
Select	\$	#	
Select	\$	#	
Select	\$	#	
Funding Source		N/A	
Funding Source Type		Select	
Is this funding source sustainable for future years, months, etc?			
Expense Occurrence		N/A	
Other budget impacts (revenue generating, match requirements, etc.)			
Approvals		Additional Approvals	
<u>Dept Head</u>	SCOTT, ALEXANDER		
<u>Division Director</u>			
<u>Accounting Manager</u>			
<u>Legal</u>			
<u>For the Mayor</u>			
Distribution List			
		amcdaniel@spokanecity.org	

ORDINANCE NO _____

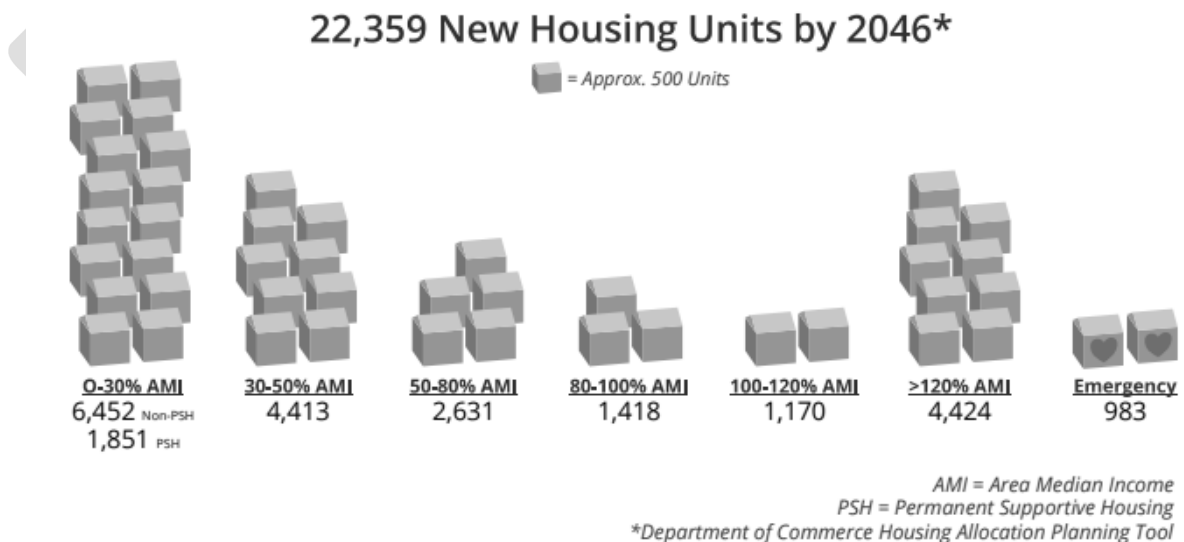
An ordinance renaming the “Housing Local Sales Fund” to the “Housing Equity and Attainable Residences Trust (HEART) Fund,” matching the municipal code with state law, and making the HEART Fund affordable housing program permanent; adopting a new Section 08.07C.051; amending Sections 07.08.155, 08.07C.020, 08.07C.030; and repealing Sections 08.07C.050 and 08.07.060 of the Spokane Municipal Code.

WHEREAS, after a community campaign led by the Spokane Alliance’s Housing Equity and Action Research Team, the Spokane City Council adopted Ordinance C35982 in 2020 imposing a sales and use tax for the construction, acquisition, and rehabilitation of attainable housing and housing-related supportive services as authorized by HB 1590; and

WHEREAS, the Sales and Use Tax for Housing and Housing-Related Services, known as “1590”, is a significant primary local funding source for the construction of affordable housing, behavioral health facilities, housing-related services, and behavioral health services; and

WHEREAS, Spokane needs more than 22,000 housing units by 2046, including more than 11,000 units at 60% of the Area Median Income (“AMI”) or below; and

Exhibit 2: Housing Target



Source: City of Spokane, 2024.

WHEREAS, the H.O.M.E. Starts Here Initiative seeks to reduce the number of Spokane residents who are housing cost-burdened, to add new housing units at all income levels, and to expand the city's homeownership rate; and

WHEREAS, to achieve these housing stability goals, the City seeks to update the municipal code to give the City Council and Administration the utmost flexibility to respond nimbly to the City's affordable housing needs; and

WHEREAS, the Brown Administration and City Council seek to celebrate the community-led work to create this critical affordable housing funding source by renaming the program to HEART; and

WHEREAS, the provisions of Ordinance C35982, particularly portions of the ordinance codified in SMC 08.07C.050 and as modified by Ordinance C36401 in 2023, are difficult to administer and do not allow for efficient disposition of 1590 funds; and

WHEREAS, the City intends to streamline the provisions established by Ordinance C35982 to better serve the City's long-term housing and program goals and affordable housing planning efforts;

NOW, THEREFORE, the City of Spokane does ordain:

Section 1. That Section 07.08.155 of the Spokane Municipal Code is amended to read as follows:

Section 07.08.155 ((Housing Local Sales Tax Fund)) Housing Equity and Attainable Residences Trust (HEART) Fund

- A. There is established a special revenue fund to be known as the ((~~"Housing Local Sales Tax Fund,"~~)) "Housing Equity and Attainable Residences Trust (HEART)" into which shall be deposited funds generated from the 0.1.% local sales and use tax for affordable housing and supportive services ((~~created pursuant to Ordinance No. C-35982 and~~)) codified in Chapter 8.07C SMC.
- B. The funds shall be used consistent with the provisions of Chapter 8.07C SMC and RCW 82.14.530.

Section 2. That Section 08.07C of the Spokane Municipal Code is amended to read as follows:

Chapter 08.07C (~~Sales and Use Tax for Housing and Housing-Related Supportive Services~~ Housing Equity and Affordable Residences Trust (HEART))

Section 3. That Section 08.07C.020 of the Spokane Municipal Code is amended to read as follows:

Section 08.07C.020 Imposition of Sales and Use Tax (~~(; Notification to and Collection by the State Department of Revenue)~~ HEART Fund)

- A. There is imposed a sales and use tax (~~(; as the case may be, as authorized by Chapter 222, Laws of 2020,)~~) as codified (~~(at)~~) in RCW 82.14.530, upon every taxable event, as defined in chapter 82.14 RCW, occurring within the City of Spokane.
- B. The rate of the tax authorized by this section may not exceed one-tenth of one percent (0.1%) of the selling price in the case of a sales tax, or value of the article used, in the case of a use tax.
- C. The tax authorized by this section is in addition to any other taxes authorized by law and must be collected from persons who are taxable by the state under Chapters 82.08 and 82.12 (~~(;)~~) RCW, upon the occurrence of any taxable event within the city.
- D. (~~The City shall notify the Department of Revenue of the imposition of the tax no sooner than April 1, 2021, and shall only make such notification if the City has not begun collection of an alternative and unrestricted revenue source in a projected amount which is equivalent to the projected revenues authorized by this section.~~)
The tax authorized by this section shall be known as the Housing Equity and Attainable Residences Trust (HEART) Fund.

Section 4. That Section 08.07C.030 of the Spokane Municipal Code is amended to read as follows:

Section 08.07C.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 ~~((seventy-five))~~ sixty percent ~~((75%))~~ (60%) of the revenue collected under this chapter annually 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 or acquiring))~~ Grants, loans, or projects to construct or acquire 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
 2. ~~((Constructing or acquiring))~~ Grants, loans, or projects to construct or acquire behavioral health-related facilities, or acquiring land for these purposes; 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))~~ Spokane County:
 - 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. Commencing January 1, 2026, the City Council may adopt an annual resolution no later than February 1 identifying any objective priority or priorities the Council seeks to achieve by projects and services recommended for award under this chapter. Adoption of such a resolution shall not be a substitute for council approval of funding of individual projects as may be required under Sections 07.06 and 07.19 of the Spokane Municipal Code.

~~((G.))~~ D. 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.))~~ E. 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.))~~ F. 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.))~~ G. 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.))~~ H. No more than ~~((two and one-half))~~ ten percent ~~((2.5%))~~ (10%) 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 5. That Section 08.07C.050 of the Spokane Municipal Code is repealed.

Section 6. That there is adopted a new Section 08.07C.051 of the Spokane Municipal Code to read as follows.

Section 08.07C.051 Funding Process and Timeline

- A. An annual notice of funding availability for construction, rehabilitation, or acquisition shall be published no later than May 1st unless temporarily extended or delayed by City Council resolution. The application shall remain open no less than sixty (60) days.
- B. An annual notice of funding availability for housing-related or behavioral health services shall be published no later than June 1st unless temporarily extended or delayed by City Council resolution. The application shall remain open no less than sixty (60) days.
- C. The Community, Housing, and Human Services Department and Purchasing and Contracts Department shall establish multilevel application review and evaluation procedures consistent with the City's approved procurement policies and procedures and state law. All evaluation criteria shall be enumerated in the notice of funding availability.
- D. The Community, Housing, and Human Services Department shall provide at least one technical assistance workshop in person or virtually to potential applicants and interested parties before issuing a notice of funding availability. The Community, Housing, and Human Services Department may also provide individual technical assistance meetings to potential applicants upon the availability of Community, Housing, and Human Services Department staff.
- E. Any project or service recommended to the City Council for award under this chapter shall be evaluated, at minimum, for conceptual soundness, financial feasibility, project readiness, and the historic performance of the applicant, provided that nothing shall prohibit award recommendations to new applicants working closely or in partnership with an experienced housing development or management organization.
- H. The Community, Housing, and Human Services Department shall provide biannual updates to the City Council on the status of HEART-funded projects and programs, including but not limited to the estimated date of construction completion, the number of units constructed, and the number of persons served by projects and programs.

Section 7. That Section 08.07C.060 of the Spokane Municipal Code is repealed.

PASSED by the City Council on _____

Council President

Attest:

Approved as to form:

City Clerk

City Attorney

Mayor

Date

Effective Date

**Agenda Sheet for City Council:****Committee:** Urban Experience **Date:** 07/14/2025**Committee Agenda type:** Discussion**Date Rec'd**

7/9/2025

Clerk's File #

ORD C36733

Cross Ref #**Project #****Council Meeting Date:** 08/18/2025**Submitting Dept**

MAYOR

Bid #**Contact Name/Phone**

ADAM 6779

Requisition #**Contact E-Mail**

AMCDANIEL@SPOKANECITY.ORG

Agenda Item Type

First Reading Ordinance

Council Sponsor(s)

ZZAPPONE PDILLON

Sponsoring at Administrators Request

NO

Lease? NO**Grant Related?** NO**Public Works?** NO**Agenda Item Name**

0520 - AFFORDABLE HOUSING PERMIT FEE DEFERRAL PROGRAM

Agenda Wording

An ordinance establishing the Affordable Housing Permit Fee Deferral Program; adopting a new Chapter 08.07F of the Spokane Municipal Code.

Summary (Background)

There is enacted a new chapter 08.07F to Title 08 of the Spokane Municipal Code.

What impacts would the proposal have on historically excluded communities?

The recent H.O.M.E. Starts Here Initiative seeks to reduce the number of Spokane residents who are housing cost-burdened, add new housing units at all income levels, and expand the city's homeownership rate. This ordinance facilitates the building of housing through innovative housing programs.

How will data be collected, analyzed, and reported concerning the effect of the program/policy by racial, ethnic, gender identity, national origin, income level, disability, sexual orientation, or other existing disparities?

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

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?

Council Subcommittee Review

Fiscal Impact			
Approved in Current Year Budget?			
Total Cost		\$	
Current Year Cost		\$	
Subsequent Year(s) Cost		\$	
<u>Narrative</u>			
Amount		Budget Account	
Select	\$		#
Select	\$		#
Select	\$		#
Select	\$		#
Select	\$		#
Select	\$		#
Funding Source			
Funding Source Type		Select	
Is this funding source sustainable for future years, months, etc?			
Expense Occurrence			
Other budget impacts (revenue generating, match requirements, etc.)			
Approvals		Additional Approvals	
<u>Dept Head</u>	SCOTT, ALEXANDER		
<u>Division Director</u>			
<u>Accounting Manager</u>			
<u>Legal</u>			
<u>For the Mayor</u>			
Distribution List			
		amcdaniel@spokanecity.org	

ORDINANCE NO. C 36733

An ordinance establishing the Affordable Housing Permit Fee Deferral Program; adopting a new Chapter 08.21 of the Spokane Municipal Code.

NOW, THEREFORE, the City of Spokane does ordain:

Section 1. There is enacted a new chapter 08.21 to Title 08 of the Spokane Municipal Code to read as follows:

Chapter 08.21	Affordable Housing Permit Fee Deferrals Program
08.21.010	Purpose
08.21.020	Definitions
08.21.030	Project Applicability
08.21.040	Application Process
08.21.050	Application Review
08.21.050	Permit Fees Eligible for Deferral
08.21.060	Permit Fees Due
08.21.070	Placement of Lien
08.21.080	Program Administration

Section 08.21.010 Purpose

Permit fees related to housing development, construction, or rehabilitation represent a significant hurdle to housing development in Spokane. This section establishes the Affordable Housing Permit Fee Deferrals Program, creating a limited deferred payment program of certain building and construction fees until the end of construction to lower barriers to affordable housing development.

Section 08.21.020 Definitions

Term	Definition
Affordable Housing Developer	An individual, group of individuals, partnership, corporation, association, municipal corporation, state agency, or other person undertaking affordable housing development.
Affordable Housing Development	The construction or reconstruction of affordable housing, consistent with the specific project requirements under the programs set forth in Section 08.07F.030.
Certificate of Occupancy	A legal document used to identify the approved use and/or occupancy of a building or a portion thereof. A Certificate of Occupancy is required before a building or structure can be used or occupied, and whenever

	there is a change in the existing occupancy of a building or portion thereof.
Owner	The property owner of record.
Project	A development, redevelopment, or rehabilitation of a building occurring as part of an overall site plan.

Section 08.21.030 Affordable Housing Permit Fee Deferrals Program Project Applicability

- A. To qualify for the Affordable Housing Permit Fee Deferrals Program, a project shall be approved or recommended for funding for one or more of the following housing programs:
1. Multi-Family Housing Tax Exemption twelve-year (12-year) or twenty-year (20-year) program provided in SMC 08.15;
 2. Sales and Use Tax for Affordable and Supportive Housing provided in SMC 08.07B;
 3. Housing Equity and Attainable Residences Trust (HEART) Program provided in SMC 08.07C;
 4. Parking 2 People Program provided in SMC 08.07D; or
 5. Commercial Conversion Program provided in SMC 08.07E.
 6. Home Investment Partnership Program (HOME)
- B. Approval or qualification for the programs listed above shall not grant a right to any deferred payment of permit fees under this chapter.

Section 08.21.040 Application Process

An owner or developer of an eligible project seeking to defer building and construction permit fees under this chapter must complete the following procedures:

- A. The owner or affordable housing developer must apply to the City in writing, on forms adopted by the Development Services Department. The application must contain the following:
1. Proof of approval for an affordable housing sales and use tax deferral program or funding award recommendation as described in SMC 08.21.030;
 2. A description of the affordable housing project and site plan;

3. A statement of the expected number of affordable housing units to be created; and
 4. Estimated construction cost and post-construction valuation.
- B. A statement that the owner or developer is aware that a real property lien will be placed on the parcel or parcels associated with the affordable housing development, which lien may be removed upon the time the deferred building and construction permit fees are paid in full.
 - C. A statement that the owner or developer is aware that a certificate of occupancy will not be issued until all deferred building and construction permit fees are paid in full.
 - D. The owner or developer must verify the application by oath or affirmation.

Section 08.21.050 Permit Fees Eligible for Deferral

- A. Building and construction permit fees eligible for deferral under the Affordable Housing Permit Fee Deferrals Program are:

<u>Building and Construction Permits</u>	<u>Spokane Municipal Code Reference</u>
Building Permit	SMC 08.02.031(A)
Street Obstruction Permit	SMC 17G.010.210(D)

- B. No other permit fees shall be deferred under the Affordable Housing Permit Fee Deferrals Program unless approved by the Director of Community and Economic Development. Deferral of other permit fees shall be subject to the provisions of this chapter.
- C. A project approved under the Affordable Housing Permit Fee Deferrals Program may defer eligible permit fees up to \$150,000.

Section 08.21.060 Permit Fees Due

- A. Any permit fees deferred under the Affordable Housing Permit Fee Deferrals Program shall be paid (1) before a certificate of occupancy or temporary certificate of occupancy is issued or (2) at the expiration of each permit with a deferred fee, if the project is abandoned before completion.
- B. All deferred permit fees shall be paid by the owner or developer regardless of whether the project is completed.

Section 08.21.070 Placement of Lien

- A. A lien may be filed on all parcels approved under the Affordable Housing Permit Fee Deferrals Program, equivalent to all deferred building and construction permit fees.
- B. Liens should be placed by the City in a manner that minimizes the financing risk of affordable developers and ensures completion of the affordable housing project.
- C. A lien placed by the City shall only be removed when fees are paid in full by the developer or owner.

Section 08.21.080 Program Administration

- A. The Development Services Center may, through administrative policies and procedures, place a limit on the total number and amount of fee deferrals to be outstanding at any one time.
- B. An administrative fee may be applied and added to the repayment of the deferred fees.
- C. Any administrative fee shall be due at the time of repayment by the owner or developer.
- D. Administrative fees shall be used to support the administration of the program.
- E. The Development Services Center may establish project evaluation criteria, policies, and procedures consistent with this chapter and any provisions for public rules in the Spokane Municipal Code.

Section 2. Severability. If any section, subsection, sentence, clause, phrase or word of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality thereof shall not affect the validity or constitutionality of any other section, subsection, sentence, clause, phrase or word of this ordinance.

Section 3. Clerical Errors. Upon approval by the city attorney, the city clerk is authorized to make necessary corrections to this ordinance, including scrivener's errors or clerical mistakes; references to other local, state, or federal laws, rules, or regulations; or numbering or referencing of ordinances or their sections and subsections.

PASSED by the City Council on _____

Council President

Attest:

Approved as to form:

City Clerk

City Attorney

Mayor

Date

Effective Date