



Clallam County

CLALLAM COUNTY MEETING PARTICIPATION

****ATTENTION****

In response to the current pandemic, to promote social distancing, and in compliance with Governor's Proclamation and the recommendation of the Clallam County Health Officer, the Board of Commissioners meetings will be virtual only. The Board of Commissioners strongly encourages public comments to be submitted in writing.

This meeting can be viewed on a live stream at this link: <http://www.clallam.net/features/meetings.html>

If you would like to participate in the meeting via Zoom audio only, call 253-215-8782 and use meeting ID: 875 561 7844 and passcode: 12345

If you would like to participate in the meeting via Zoom video conference, visit <https://zoom.us/j/8755617844> and use meeting ID: 875 561 7844 and passcode: 12345

Public comment and questions can be directed to the Clerk of the Board at 360-417-2256 or agores@co.clallam.wa.us.



12/3/21
@10am

AGENDA ITEM SUMMARY

(Must be submitted NLT 3PM Wednesday for next week agenda)

Department: BOCC

CONTINUED WORK SESSION

☒ **Meeting Date: 12-3-21 @
10 A.M.
Friday**

Item summary:

- | | | |
|---|--|--|
| ☐ Call for Hearing | ☐ Contract/Agreement/MOU - Contract # | |
| ☐ Resolution | ☐ Proclamation | ☐ Budget Item |
| ☐ Draft Ordinance | ☐ Final Ordinance | ☒ Other - Discussion |

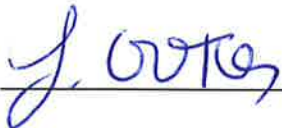
Documents exempt from public disclosure attached: ☐

Executive summary:

Commissioner Johnson has called a meeting regarding affordable housing.

Budgetary impact: (Is there a monetary impact? If so, are funds for this already allocated or is a budget change necessary? If this is a contract and a budget change is necessary, the budget change form must be submitted with the item at work session and for the regular agenda) **If a budget action is required, has it been submitted and a copy attached?** ☐
None.

Recommended action: (Does the Board need to act? If so, what is the department's recommendation?)
Discussion regarding affordable housing.

County Official signature & print name:  Loni Gores, Clerk

Name of Employee/Stakeholder attending meeting: Board of Commissioners

Relevant Departments: Board of Commissioners

Date submitted: 11-12-21

* Work Session Meeting - Submit 1 single sided/not stapled copy

** Regular Meeting - Submit 1 single sided/not stapled copy and originals (1 or 3 copies)

affordable housing disucssion 12-3-21.docx

Revised: 3-04-2019

Clallam County Housing Blueprint

Unlocking the potential of HB 1590/1070

Executive Summary

This Strategy for Permanent Affordable Housing in Clallam County represents the consensus of seven independent organizations in Clallam County joined by a common mission to create affordable housing and supportive services to serve local residents. It serves as a blueprint for how approximately \$1million per year of new revenue for affordable housing could be used to create permanent affordable housing in the initial years and how this revenue could be managed effectively in the longer term to create affordable housing in Clallam County.

Clallam County has an affordable housing crisis. High cost and limited inventory of both owned and rental units is resulting in substandard living situations and homelessness. It is forcing local workers to find housing in neighboring counties and commute here, and local businesses are facing a labor shortage which is stifling local economic development.

The lack of entry-level permanent affordable housing leaves vulnerable people stuck in shelter and transitional housing, unable to move forward with their lives.

Over the course of two months seven organizations seven organizations have worked together to craft this plan - Peninsula Housing Authority, North Olympic Regional Veteran's Housing Network, Olympic Community Action Programs (OlyCAP), Serenity House, Habitat for Humanity Clallam, Peninsula Behavioral Health, and Healthy Families of Clallam County. Collectively they considered the feasibility of using revenue from a potential new sales and use tax under House Bill 1590/1070, to rapidly provide affordable housing in Clallam County. These organizations collaborated on strategies for maximizing the new revenue's effectiveness.

Approximately \$1,000,000 per year in addition to the \$400,000 generated by the voter measure in Pt. Angeles would be generated under HB 1590 and could be used to leverage funding to create 160 new units for individuals and families in Clallam County over the next ten years with well over half those coming online in the next 3 years.

This is based on looking at a suite of 8 projects currently in local development and an additional 5 that are envisioned. (See Section 4 of this Blueprint). With reliable local funding, housing organizations and developers will more likely be able to successfully develop these affordable housing projects. Local dollars can help to leverage state, federal and private funding.

HOUSE BILL 1590/1070 & FUNDING FOR AFFORDABLE HOUSING

Background On HB 1590: House Bill 1590 (HB 1590) was enacted by the Washington State Legislature in 2020 and HB 1070 increased flexibility of the funds in 2021. They both amend RCW 2.14.530 and authorize cities and counties to impose a sales and use tax up to 1/10th of 1% for affordable housing. The tax equals just \$1 on a \$100 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, medical bills, consultant fees, etc. - are not "personal property," and most are not subject to sales tax. Food is also not subject to a sales tax.

The 1/10th of 1% sales and use tax for affordable housing originally required voter approval, but under HB 1590, this revenue source may now also be approved by the local legislative body with a simple majority vote.

At least 60% of the revenue generated by the 1/10th of 1% sales and use tax must be used for:

- 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 solely for eligible households (as defined below); or
- constructing or acquiring mental and behavioral health-related facilities or 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.

The affordable housing and housing-related services in a) above must serve only persons whose income is at or below sixty percent of median income, and who are one of the following:

- o Persons with mental illness
- o Veterans
- o Senior citizens
- o Persons or Families with children who are homeless (or at-risk of being homeless)
- o Unaccompanied homeless youth or young adults
- o Persons with disabilities
- o Domestic violence survivors

The law also allows up to fifty percent of the proceeds to be used to issue and service bonds to finance the provision or construction of affordable housing, facilities where housing-related programs are provided, land acquisition or evaluation and treatment centers. Bonding could generate a one-time lump sum of approximately \$15,000,000 of capital dollars up front. Bonding will tie up 50% of each year's revenues for 20 years (assuming a 20 year bond). That is a very high opportunity cost in those future years. Moreover, providers agree that **currently** it's not possible to put that large of a sum of money to immediate use given provider capacity combined with supply chain and workforce issues. **Consequently, committing to bonds in the immediate future is not recommended.** Instead, the County can help build capacity within the provider community by investing 1590 dollars into current projects. When supply chain and work force issues resolve, Commissioners could work with the community and providers to develop a long-term strategic affordable housing plan with public input that builds toward public consensus on what significant project(s) would be funded.

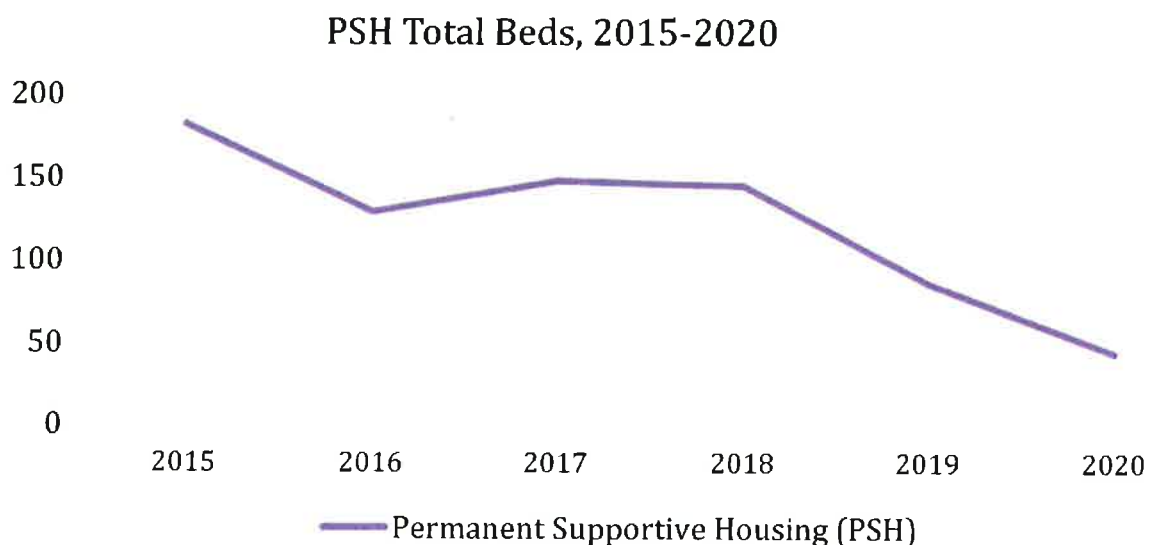
HOUSING CHALLENGES & PROGRAM OBJECTIVES

In 2005, Clallam County Commissioners created the Homelessness Task Force to serve as an Advisory Committee to the Board of County Commissioners. The Committee is tasked with advising and recommending strategies to address housing, shelter, food security, and mental health issues in the community. Then and now availability of affordable housing for low and very low-income households is a significant unmet need. It is very challenging for people making less than 60% of the Average Median Income (AMI) to find housing. 20% of our homeless population are seniors with mental or physical disabilities. The waitlists are long. In 2021 the wait list for Serenity House and Peninsula Housing Authority has been over 3578 individuals. The Point in Time count for the county in 2019 was 286 and in 2020 rose to 379.

According to the [Clallam County Homeless System: Needs and Gaps Analysis](#) completed by the Cloudburst Group in June, 2021 at the request of the Clallam County Health and Human Services, the need to increase Permanent Supportive Housing Stock is acute.

“There is not enough PSH to meet demand and PSH beds in the county have decreased sharply since 2015. There are 44 PSH beds according to the 2020 HIC. Of clients who had their initial entry to the system in 2020, 112 people were likely eligible for PSH because they were chronically homeless with a disabling condition. PSH utilization is over 88 percent in the county, meaning there is very little turnover in these units. Only 25 percent of chronically homeless individuals exit to permanent housing, compared to 43 percent in the system overall. Finally, providers surveyed for this assessment most frequently recommended prioritizing investment in permanent housing.” Cloudburst Study page 22

Chart 2: Total Permanent Supportive Housing Beds



CANDIDATE PROJECTS

The seven groups that came together to work on this plan prioritized building new units of **permanent supportive housing** that would benefit from a local housing fund. The purpose was two-fold: to test whether a sales tax could actually result in meaningful affordable housing projects, and also to begin to prime the pump with these organizations to develop additional affordable housing projects in Clallam County.

Projects typically need multiple sources of funding to be completed and state and federal funds often require local match funds. There will be unprecedented upcoming opportunities to leverage state and federal funding, and Clallam County will be more competitive with a steady local source of funding. As a rule of thumb local revenues conservatively leverage at least 5 times other funds for affordable housing construction and acquisition.

These dollars will be locally controlled and are far more flexible than other dollars coming into our county as well as state and federal funding options. Hopefully, grants to providers will also be simpler to apply for saving providers valuable time and resources. Finally, the use of these funds can be changed to meet the most pressing needs of the community. Currently, we have a serious shortage of Permanent Supportive Housing units and we recommend funds be utilized to fill that gap. But over time, that need may change and County Commissioners can adapt. here are 13 examples of the kinds of permanent housing projects that would benefit from this fund. These 13 examples are displayed in TABLE 1 on the next page. Each project is in a different stage of development. **There are four projects that have been identified by consensus of the working group as the near-term priority projects.** Additional funds generated by this sales tax would help move these projects to completion more quickly.

The examples feature a variety of housing types:

- multifamily rental
- affordable home ownership for individuals and families
- group homes for Veterans
- housing for homeless seniors
- individuals engaged in behavioral health treatment
- low-income families

These four projects will create 106 new units by 2024.

See TABLE 1 on the next page for more information about these initial examples of projects that could quickly use and leverage revenues from HB 1590 to create permanent affordable housing.

Table 1: FOUR NEAR-TERM PRIORITY PROJECT PROJECTS* AND NINE ENVISIONED

Project	# of Units	Residents Lease or Own?	Population Served	Approximate Project Cost	Current Shortfall	Other Revenues	Coordinated By	Time Frame
* All View Motel Project - Convert 20 unit motel into new low income housing	27	Lease	Individuals and Veterans engaged in behavioral health treatment with priority given to homeless. Income limits will apply as this is low income, affordable housing.	\$2,700,000	\$2,100,000	Contribution of \$25k for each unit from local governments (City and County sharing this cost). Anticipate Commerce HTF Grant for \$2.1M. Ongoing costs will be managed from collected rents and housing subsidies as available.	Peninsula Behavioral Health with consultation support from Peninsula Housing Authority	2022
* Miller Road Property in Sequim, WA – purchase of 4.5 acres, closing date 10/29	40	Homeownership	Families Workforce/affordable housing	\$3,200,000	\$2,645,000	Currently \$550,000 in funding is secured. Other grant/foundation requests are pending, potentially \$300k. At this time we anticipate initiating a Capital Campaign launching in early 2022 to raise funds to fill the gap. Plus use of USDA 502 program low interest mortgages.	Habitat for Humanity	2024
* Group Home in Sequim	7	Rent	Homeless and disabled Veterans	\$1,300,000	\$350,000	Senator Murray appropriation has been applied for and is expected to receive first of 2022, \$20k already secured from Clallam County 2060 funds	NORVHN	2022
* Mt. Angeles View Senior Housing	32	Multifamily rental	Seniors	\$9,000,000.00	\$9,000,000.00	Waiting for HUD 202 NOFA	PHA	2024

Eklund Heights Self-Help Phase 3	12	Homeownership	Under 80% of AMI	\$500,000.00	\$500,000.00		Peninsula Housing Authority (PHA)	2023
Eklund Heights Phase 4	25	Multifamily rental	Seniors/Vets/ Singles	\$4,500,000.00	\$4,500,000.00		PHA	2022-2023
Owen Crossing Self Help	24	Homeownership	Under 80% of AMI	\$750,000.00	\$750,000.00		PHA	2026-2027
Shane Place Self Help	12	Homeownership	Under 80% of AMI	\$150,000.00	\$0.00	City of PA grant	PHA	2024
Mt. Angeles View Family	152	Multifamily rental	Disabled/Vets/ Homeless/Seniors	\$40,000,000.00	\$40,000,000.00	Will apply for LIHTC	PHA	2023-2025
Mt. Angeles View Self-Help	17	Homeownership	Under 80% of AMI	\$100,000.00	\$100,000.00		PHA	2025-2026
Apartment Complex in Pt. Angeles	15	Rent	Homeless Veterans	\$2,500,000	\$2,500,000		NORVHN	dependent on funding
Apartment Complex in Forks	15	Rent	Homeless Veterans	\$2,500,000	\$2,500,000		NORVHN	dependent on funding
Apartment Complex in Forks	15	Rent	Homeless Veterans	\$2,500,000	\$2,500,000		NORVHN	dependent on funding

PROCESS, AWARDS, POLICY DIRECTION, MANAGEMENT & ACCOUNTABILITY

How should \$1,000,000 per year of funding from an affordable housing sales and use tax under HB 1590 be managed and awarded to benefit the community?

Revenue would be received by the Clallam County Treasurer and deposited in a County dedicated affordable housing fund. All expenditures from the fund would be for affordable housing, and subject to direction by, and prior approval of, the County Commissioners, who would retain oversight and ultimate accountability for the use of the funds.

For administrative efficiency and maximum transparency, it is recommended that the County Commissioners harness the existing Clallam County Homelessness Task Force who meet in open public meetings, to help with vetting as affordable housing projects are recommended through an annual Request For Proposals (RFP) cycle.

A County staff person would assist the Task Force in creating an RFP based on the current RFP associated with the distribution of 2163 dollars. The Clallam County Homelessness Task Force would conduct the technical evaluation and scoring of all proposals providing that information to the Commissioners. Final allocation decisions would be the purview of the Commissioners.

Under the existing model, after Commissioner approval of award recommendations, County staff prepares contracts with project sponsors, and presents the contracts for subsequent approval by the County Commissioners.

County staff administers the contracts, and reviews, approves, and processes all invoices to ensure they are consistent with each contract, prior to payment, which also gets approved by the County Commissioners.

CONCLUSION

This blueprint for increasing Permanent Affordable Housing in Clallam County represents the consensus of seven independent organizations in Clallam County who provide affordable housing and supportive services to serve local residents. In examining existing gaps in the housing continuum in Clallam County, the group determined that HB1590 revenue for affordable housing should be targeted at creating permanent affordable housing. Further, the group determined that the community is well prepared to effectively use the approximately \$1,000,000 per year in new revenue generated under HB 1590 to create permanent affordable rental and resident-owned housing in Clallam County.

We found consensus on 13 sample projects that are currently in development or envisioned as worthy prospects for putting the funding to immediate use. We sincerely hope the community will submit additional affordable housing projects by the time an actual Request For Proposals is issued.

In the initial years of funding, we recommend the funding be strategically used to break the logjam at the entry steps to affordable rental and owned housing, so that low-income and vulnerable people currently in shelter and transitional housing can move into permanent housing.