



Meeting Agenda

City Council

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8244

Monday, August 5, 2019

7:00 PM

Council Chambers

Special Meeting

1. ROLL CALL

1.A ANNOUNCEMENTS

1.B APPROVAL OF AGENDA

2. SPECIAL RECOGNITION

2.A [19-0681](#) Special Recognition - Presentation of Creative District Certification

Attachments: [Resolution M-1970](#)

3. PUBLIC COMMENT

(Estimated Time: 0-30 Minutes) (Sign-up Sheets are provided in the Foyer.)

During this portion of the meeting, citizens may address the City Council regarding items related to City business, including items on the Agenda. In order for the City Council to maintain impartiality and the appearance of fairness in upcoming matters and to comply with Public Disclosure Law for political campaigns, speakers will not be permitted to make public comments before the Council in these three areas: (1) on agenda items for which the City Council either held a Public Hearing in the last 45 days, or will hold a Public Hearing within 45 days, or (2) where the public testimony may implicate a matter on which the City Council will be required to act in a quasi-judicial capacity, or (3) where the speaker promotes or opposes a candidate for public office or a ballot measure.

Individual comments are limited to three (3) minutes or less. In order to hear as many people as possible during the 30-minutes set aside for Public Communication, the City Council will refrain from commenting on individual remarks until all public comment has been taken. The City Council will allow for additional public comment to be taken at the end of the meeting for those who signed up at the beginning of the meeting and did not get an opportunity to speak during the allotted 30-minutes.

COUNCIL RESPONSE TO PUBLIC COMMENT (Optional)

4. CONSENT CALENDAR

(Items of a Routine Nature)

4.A [19-0714](#) Approval of July 23, 2019 Study Session Meeting Minutes

Attachments: [Minutes](#)

- 4.B** [19-0715](#) Approval of July 23, 2019 City Council Meeting Minutes

Attachments: [Minutes](#)

- 4.C** [19-0674](#) Approval of a Resolution Authorizing the Use of Sales and Use Tax for Affordable Housing

Attachments: [Resolution](#)
 [AWC 1406 Handout](#)

4. SECOND READINGS (Ordinances) - None

4. FIRST READINGS (Ordinances) - None

5. PUBLIC HEARING - None

6. OTHER BUSINESS - None

7. CONTINUED PUBLIC COMMENT

(If needed for those who signed up earlier and did not get an opportunity to speak during the allotted 30 minutes)

8. REPORTS AND REFERRALS

8.A COUNCIL INTERGOVERNMENTAL/COMMITTEE REPORTS AND REFERRALS

8.B CITY MANAGER'S REPORT AND REFERRALS

9. ADJOURNMENT

The City of Olympia is committed to the non-discriminatory treatment of all persons in employment and the delivery of services and resources. If you require accommodation for your attendance at the City Council meeting, please contact the Council's Executive Assistant at 360.753.8244 at least 48 hours in advance of the meeting. For hearing impaired, please contact us by dialing the Washington State Relay Service at 7-1-1 or 1.800.833.6384.



City Council

Special Recognition - Presentation of Creative District Certification

Agenda Date: 8/5/2019
Agenda Item Number: 2.A
File Number: 19-0681

Type: recognition **Version:** 1 **Status:** Recognition

Title

Special Recognition - Presentation of Creative District Certification

Recommended Action

Committee Recommendation:

Not referred to a committee

City Manager Recommendation:

Receive the Creative District certification from the Washington State Arts Commission.

Report

Issue:

Whether to receive the Creative District certification from the Washington State Arts Commission.

Staff Contact:

Marygrace Goddu, Arts, Cultures and Heritage Coordinator, Community Planning & Development, 360.753.8031

Presenter(s):

Annette Roth, Creative Districts Program Director, Washington State Arts Commission

Background and Analysis:

In September 2018, the Olympia City Council passed Resolution M-1970, resolving to designate a Creative District within the City of Olympia and authorizing application for state certification.

This resolution sought to implement a recommendation of the *City of Olympia Downtown Strategy* to use downtown's Artisan/Tech and Entertainment Character Areas as the geographic boundaries for Olympia's proposed Creative District. The resolution also followed up on a recommendation of the City's 2018 *ArCH Profile*, to pursue Creative District designation as a means to support and expand Olympia's arts, cultures and heritage profile.

Olympia's Creative District application was submitted on May 29, 2019, accompanied by 19 letters of support from the community. On June 25, the city received notice of approval by the State Arts Commission.

Neighborhood/Community Interests (if known):

Community-wide interest with particular impact to the downtown.

Financial Impact:

Creative District certification is accompanied by \$5000 from ArtsWA to support initial Creative District efforts such as outreach, education, and identity-building or branding.

Attachments:

Resolution M-1970 September 11, 2018

RESOLUTION NO. M-1970

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OLYMPIA, WASHINGTON,
DESIGNATING A CREATIVE DISTRICT WITHIN THE CITY OF OLYMPIA AND
AUTHORIZING APPLICATION FOR STATE CERTIFICATION OF SAID CREATIVE
DISTRICT**

WHEREAS, RCW 43.46.105 authorizes local governments to designate a Creative District within its territorial boundaries, subject to certification by the Washington State Arts Commission; and

WHEREAS, a Creative District is a geographically defined area where art, cultural, social, and economic activity takes place; and

WHEREAS, a Creative District consisting of cultural facilities, creative industries, and arts-related businesses can be a hub of social and business activity; and

WHEREAS, experience in other jurisdictions has proven that Creative Districts work to help communities thrive by focusing on the creative economy to grow jobs and increase economic, educational, and cultural opportunities for both residents and visitors; and

WHEREAS, the benefits of a state-certified Creative District include: promoting the City's identity, qualities, and values; increasing tourism and bringing new visitors to the City; creating jobs and long-term career opportunities; the ability to pursue grants related to the creative industry; strengthening the fabric and livability of the City; and setting the stage to improve and/or redevelop historic community assets; and

WHEREAS, staff has recommended utilizing the Artisan/Tech and Entertainment Character Areas outlined in the *City of Olympia Downtown Strategy* as the geographic boundaries for the City of Olympia's proposed Creative District; and

WHEREAS, the Olympia community showed support of the creation and activation of the Artisan/Tech and Entertainment Character Areas through work on the Downtown Strategy, and the work is also supported by the recently completed Arts, Cultures, and Heritage (ArCH) Study; and

NOW, THEREFORE, THE OLYMPIA CITY COUNCIL DOES HEREBY RESOLVE as follows:

Section 1. That the area shown on the attached Exhibit A, which is incorporated herein by reference, and known in the *City of Olympia Downtown Strategy* as the Artisan/Tech and Entertainment Character Areas, is hereby designated as the City of Olympia Creative District (the Creative District), subject to certification by the Washington State Arts Commission.

Section 2. That the City Manager, or his designee, is directed and authorized to petition the Washington State Arts Commission for certification of the Creative District and to execute on behalf of the City of Olympia any documents necessary for state certification of the Creative District, and to make any minor modifications as may be required and are consistent with the intent of this Resolution, or to correct any scrivener's errors.

Section 3. That the Creative District shall promote the exploration of and participation in the creative economy, arts, and humanities through cultural experiences unique to Olympia's community.

Section 4. That the City of Olympia endorses the goals of economic vitality and enhancement of community life through participating in the development and financial support of the Creative District.

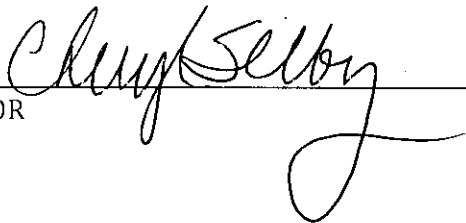
Section 5. That all residents of the City, especially those who own property or businesses within the Creative District, are encouraged to involve themselves and participate in the full development of the Creative District.

Section 6. That the City shall seek to develop incentives or programs to stimulate and encourage the vitality of the Creative District.

Section 7. That a City official shall be appointed to represent the City of Olympia on the Creative District's Governing Board, subject to its certification by the Washington State Arts Commission of the Creative District.

Section 8. That the City Manager is authorized to direct staff to actively support and cooperate with the Governing Board of the Creative District to develop, maintain, and encourage the economic activities of the arts and culture in Creative District.


PASSED BY THE OLYMPIA CITY COUNCIL this 11th day of September 2018.


MAYOR

ATTEST:


CITY CLERK

APPROVED AS TO FORM:


CITY ATTORNEY

CONCEPT MAP

CHARACTER AREAS

-  **WATERFRONT**
Enhance and connect to waterfront attractions.
-  **CAPITOL TO MARKET**
Encourage a high activity mix of uses from the Capitol to the Farmers Market.
-  **ARTISAN/TECH**
Encourage an eclectic mix of commercial activities and residences to support a creative neighborhood.
-  **ENTERTAINMENT**
Continue the core's energy eastward in a safe and lively entertainment district.
-  **SE NEIGHBORHOOD**
Build a holistic neighborhood with services and amenities.

KEY PHYSICAL IMPROVEMENTS

-  Short-term investments
-  Long-term investment opportunities (looking for funding and partnerships)
-  Olympia Waterfront Route trail planning and completion (immediate and long-term actions)

NOTE

Updated street standards and transportation master planning may lead to additional long-term street improvements.





City Hall
601 4th Avenue E.
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360-753-8244

City Council

Approval of July 23, 2019 Study Session Meeting Minutes

Agenda Date: 8/5/2019
Agenda Item Number: 4.A
File Number: 19-0714

Type: minutes **Version:** 1 **Status:** Consent Calendar

Title

Approval of July 23, 2019 Study Session Meeting Minutes



Meeting Minutes - Draft

City Council

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8244

Tuesday, July 23, 2019

6:00 PM

Council Chambers

Study Session

1. ROLL CALL

Present: 7 - Mayor Cheryl Selby, Mayor Pro Tem Jessica Bateman, Councilmember Jim Cooper, Councilmember Clark Gilman, Councilmember Nathaniel Jones, Councilmember Lisa Parshley and Councilmember Renata Rollins

2. BUSINESS ITEM

- 2.A** [19-0682](#) Olympic Region Clean Air Agency Presentation on Understanding Climate and Climate Change

Olympic Region Clean Air Agency Director Fran McNair and Dr. Odelle Headley gave a presentation on the topic of understanding climate and how climate change will effect the Northwest on a regional level.

Councilmembers asked clarifying questions.

The study session was completed.

3. ADJOURNMENT

The meeting adjourned at 6:44 p.m.



City Hall
601 4th Avenue E.
Olympia, WA 98501
360-753-8244

City Council

Approval of July 23, 2019 City Council Meeting Minutes

Agenda Date: 8/5/2019
Agenda Item Number: 4.B
File Number: 19-0715

Type: minutes **Version:** 1 **Status:** Consent Calendar

Title

Approval of July 23, 2019 City Council Meeting Minutes



Meeting Minutes - Draft

City Council

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8244

Tuesday, July 23, 2019

7:00 PM

Council Chambers

1. ROLL CALL

Present: 7 - Mayor Cheryl Selby, Mayor Pro Tem Jessica Bateman, Councilmember Jim Cooper, Councilmember Clark Gilman, Councilmember Nathaniel Jones, Councilmember Lisa Parshley and Councilmember Renata Rollins

1.A ANNOUNCEMENTS

Mayor Selby announced the Council met in Study Session earlier to hear a briefing on climate change.

1.B APPROVAL OF AGENDA

The agenda was approved.

2. SPECIAL RECOGNITION

- 2.A** [19-0680](#) Special Recognition - Presentation of the Cultural Key to the City to Retiring Olympia School District Music and Band Director Dan Lundberg in Recognition of 41 years of Service

Mayor Selby read a proclamation recognizing 41 years of service to the Olympia School District Music and Band Director Dan Lundberg. She presented him with the Cultural Key to the City.

Mr. Lundberg said a few words related to his experience teaching and playing music in Olympia.

Councilmembers made remarks in recognition of Mr. Lundberg's service.

The recognition was received.

3. PUBLIC COMMENT

The following people spoke: Bourtai Hargove, Anthony Cody, Gracie Anderson, McKenzie Murray, Brian Wilcock, Sara Wetzel, Sierra Edgerton, Dani Madrone, Cheryl Williams, Sam Merrill, John Lee, Jim Lazar, and Susan Davenport.

COUNCIL RESPONSE TO PUBLIC COMMENT (Optional)

Councilmembers responded to various comments made during Public Comment.

4. CONSENT CALENDAR

Councilmember Rollins discussed the approval of appointments to the Heritage and Lodging Tax Advisory Committee.

- 4.A** [19-0679](#) Approval of June 8, 2019 City Council Mid-Year Retreat Meeting Minutes

The minutes were adopted.

- 4.B** [19-0678](#) Approval of July 16, 2019 City Council Meeting Minutes

The minutes were adopted.

- 4.C** [19-0677](#) Bills and Payroll Certification

Payroll check numbers 92156 through 92181 and Direct Deposit transmissions: Total: \$3,221,974.55; Claim check numbers 3715988 through 3717179: Total: \$5,386,611.99.

The decision was adopted.

- 4.D** [19-0649](#) Approval of a Resolution Authorizing a Maintenance Agreement for Bridge Maintenance with the Washington State Department of Transportation (WSDOT)

The resolution was adopted.

- 4.E** [19-0675](#) Approval of an Appointment to the Heritage Commission to Fill a Vacancy

The decision was adopted.

- 4.F** [19-0676](#) Approval of an Appointment to the Lodging Tax Advisory Committee to Fill a Vacancy

The decision was adopted.

Approval of the Consent Agenda

Councilmember Jones moved, seconded by Councilmember Parshley, to adopt the Consent Calendar. The motion carried by the following vote:

Aye: 7 - Mayor Selby, Mayor Pro Tem Bateman, Councilmember Cooper, Councilmember Gilman, Councilmember Jones, Councilmember Parshley and Councilmember Rollins

4. SECOND READINGS (Ordinances) - None

4. FIRST READINGS (Ordinances) - None**5. PUBLIC HEARING - None****6. OTHER BUSINESS**

- 6.A** [19-0645](#) Approval of a Resolution Expressing a Commitment to Protect the Youth of this Community from the Risks of Climate Destruction

Public Works Director Rich Hoey discussed the resolution to protect the youth of the community from the climate crisis that was brought forward by the Olympia High School Climate Club. Club representatives Keylee Shen and Bahar Buzhar discussed the resolution.

Councilmembers asked clarifying questions.

Councilmember Gilman noted he will bring forward a referral next week regarding budgeting for staffing the work of the resolution.

Councilmember Jones moved, seconded by Councilmember Parshley, to approve a resolution expressing a commitment to protect the youth of this community from the risks of climate destruction. The motion carried by the following vote:

Aye: 7 - Mayor Selby, Mayor Pro Tem Bateman, Councilmember Cooper, Councilmember Gilman, Councilmember Jones, Councilmember Parshley and Councilmember Rollins

- 6.B** [19-0646](#) Approval of a Resolution Calling on the Federal Government to Pass a Green New Deal and the Energy Innovation and Carbon Dividend Act of 2019

Public Works Director Rich Hoey discussed the origins of the resolution. He reminded the Council of the Olympia High School Climate Club and the Raging Grannies who came to Council requesting the Council to support the Green New Deal and the Energy Innovation and Carbon Dividend Act of 2019.

Citizens Climate Lobby representative Alan Hardcastle and Kimberly Danke spoke of their support of the resolution.

Councilmembers asked clarifying questions.

Councilmember Cooper moved, seconded by Councilmember Parshley, to approve a resolution calling on the federal government to pass a Green New Deal and the Energy Innovation and Carbon Dividend Act of 2019. The motion carried by the following vote:

Aye: 7 - Mayor Selby, Mayor Pro Tem Bateman, Councilmember Cooper, Councilmember Gilman, Councilmember Jones, Councilmember Parshley and Councilmember Rollins

7. CONTINUED PUBLIC COMMENT

The following people spoke: Talauna Reed, Anne Hundley, Kyle Wilde, Abbey Ruskey, Beverly King, and Brisa Sabel.

8. REPORTS AND REFERRALS

8.A COUNCIL INTERGOVERNMENTAL/COMMITTEE REPORTS AND REFERRALS

Councilmembers reported on meetings and events attended.

8.B CITY MANAGER'S REPORT AND REFERRALS

City Manager Steve Hall announced a reception for Fire Chief finalists on August 5 at 5:30 p.m. in Council Chambers. Mr. Hall acknowledged the fun of Lakefair.

9. EXECUTIVE SESSION

9.A [19-0683](#) Executive Session Pursuant to RCW 42.30.110(1)(i); Litigation and Potential Litigation

Mayor Selby recessed the meeting to Executive Session at 9:09 p.m. pursuant to RCW 42.30.110(1)(i) to discuss a litigation and potential litigation. She announced no decisions will be made, the meeting is expected to last no longer than 30 minutes, and the Council will adjourn immediately following the Executive Session. The City Attorney will be present at the Executive Session.

The executive session was held and no decisions were made.

9. ADJOURNMENT

The meeting adjourned at 9:45 p.m.



City Council

Approval of a Resolution Authorizing the Use of Sales and Use Tax for Affordable Housing

Agenda Date: 8/5/2019
Agenda Item Number: 4.C
File Number: 19-0674

Type: resolution **Version:** 1 **Status:** Consent Calendar

Title

Approval of a Resolution Authorizing the Use of Sales and Use Tax for Affordable Housing

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to approve the resolution declaring the City Council's intent to adopt legislation authorizing a maximum capacity of the sales and use tax for affordable and supportive housing as provided by SHB 1406.

Report

Issue:

Whether to declare Council's intent to adopt legislation authorizing a maximum capacity of the sales and use tax for affordable and supportive housing as provided by SHB 1406.

Staff Contact:

Cary Retlin, Housing Manager, Community Planning & Development, 360.570-3956.

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

During the 2019 legislative session, the state approved a local option to retain existing sales tax revenue and retain it locally for specific affordable housing uses. This local sales tax authority is a credit against the state sales tax, so it does not increase taxes for the consumer.

This bill incentivizes cities to pass local levies like the Home Fund and rewards cities that have already taken that step. Because Olympia has passed a 'qualifying local tax' in the Home Fund, it can claim the higher increment of 0.0146 percent of local sales and use tax for up to 20 years. A city with similar revenue would only be able to withhold half the revenue from the state without a 'qualifying tax'.

The revenue must be used for acquiring, rehabilitating, or constructing affordable housing; operations and maintenance of new affordable or supportive housing facilities; and rental assistance. The funding must be spent on projects that serve persons whose income is at or below 60 percent of the area median income. Cities can also issue bonds to finance the authorized projects.

Neighborhood/Community Interests (if known):

Passage of the Home Fund levy is a sign that there is broad community support for dedicating tax revenue to local affordable housing investments. However, siting affordable housing can be controversial.

Options:

1. Approve the resolution declaring the City Council's intent to adopt legislation authorizing a maximum capacity of the sales and use tax for affordable and supportive housing as provided by SHB 1406.
2. Do not approve the resolution.
3. Direct staff to take other action.

Financial Impact:

None at this time. If this resolution is approved staff will prepare an ordinance for Council consideration at a future meeting. If passed, that ordinance would result in approximately \$330,000 in 2020 for new revenue for specific affordable housing uses in Olympia.

Attachments:

Resolution
AWC 1406 Fact Sheet

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OLYMPIA, WASHINGTON,
DECLARING ITS INTENT TO ADOPT LEGISLATION TO AUTHORIZE THE MAXIMUM
CAPACITY OF THE SALES AND USE TAX FOR AFFORDABLE AND SUPPORTIVE HOUSING
AS PROVIDED BY SUBSTITUTE HOUSE BILL (SHB) 1406 (CHAPTER 338, LAWS OF 2019),
AND OTHER MATTERS RELATED THERETO.**

WHEREAS, in the 2019 Regular Session, the Washington State Legislature approved, and the Governor signed Substitute House Bill (SHB) 1406 (Chapter 338, Laws of 2019), hereafter referred to as "SHB 1406"; and

WHEREAS, SHB 1406 authorizes the governing body of a city or county to impose a local sales and use tax for the acquisition, construction or rehabilitation of affordable housing or facilities providing supportive housing, and for the operations and maintenance costs of affordable or supportive housing, and for providing rental assistance to tenants; and

WHEREAS, the tax will be credited against state sales taxes already collected within the City of Olympia and thus will not result in higher sales and use taxes within the City of Olympia, and will provide an additional source of funding to address affordable housing needs in the City of Olympia; and

WHEREAS, the tax must be used to assist persons whose income is at or below sixty percent (60%) of the median income of the city imposing the tax; and

WHEREAS, the City of Olympia has a greater need for affordable housing units, and has determined that imposing the sales and use tax permitted by SHB 1406 to address this need will benefit Olympia's citizens; and

WHEREAS, the City of Olympia is a "Participating city" as defined in SHB 1406 that currently levies a "Qualifying local tax" as provided in RCW 82.14.530, and as such may impose the maximum rate of 0.0146 percent as provided in SHB 1406; and

WHEREAS, in order for a city or county to impose the tax, its legislative authority must adopt a resolution of intent to adopt legislation to authorize the maximum capacity of the tax permitted by SHB 1406 within six months of the date SHB 1406 took effect on July 28, 2019, and legislation to authorize the maximum capacity of the tax permitted in SHB 1406 within one year of the date of SHB 1406's effective date; and

WHEREAS, the adoption of the resolution of intent and legislation to impose the maximum capacity of the tax requires a simple majority approval of the enacting legislative authority; and

WHEREAS, the Olympia City Council wishes to state its intent in this resolution on behalf of the City of Olympia to impose the tax permitted by SHB 1406, and to adopt legislation to authorize the maximum capacity of the tax permitted by SHB 1406;

NOW, THEREFORE, THE OLYMPIA CITY COUNCIL DOES HEREBY RESOLVE and declares its intent, on behalf of the City of Olympia, to adopt legislation to authorize the maximum capacity of the sales and use tax authorized by SHB 1406 as a "Participating city" currently levying a "Qualifying local tax" as provided in SHB 1406 and RCW 82.14.530.

PASSED BY THE OLYMPIA CITY COUNCIL this _____ day of August, 2019.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:



CITY ATTORNEY



Implementing HB 1406

2019

Don't miss out on up to 20 years of shared revenue for affordable housing

In the 2019 legislative session, the state approved a local revenue sharing program for local governments by providing up to a 0.0146% local sales and use tax credited against the state sales tax for housing investments, available in increments of 0.0073%, depending on the imposition of other local taxes and whether your county also takes advantage. The tax credit is in place for up to 20 years and can be used for acquiring, rehabilitating, or constructing affordable housing; operations and maintenance of new affordable or supportive housing facilities; and, for smaller cities, rental assistance. The funding must be spent on projects that serve persons whose income is at or below sixty percent of the area median income. Cities can also issue bonds to finance the authorized projects.

This local sales tax authority is a credit against the state sales tax, so it does not increase the sales tax for the consumer. There are tight timelines that must be met to access this funding source – the first is January 31, 2020 to pass a resolution of intent. The tax ordinance must then be adopted by July 27, 2020 to qualify for a credit.

The following information is intended to assist your city in evaluating its options and timelines. It is not intended as legal advice. Check with your city's legal counsel and/or bond counsel for specific questions on project uses and deadlines for implementation.

Deadlines to participate:

- Resolution to levy tax credit: July 28, 2019 – January 31, 2020
- Ordinance to levy the tax credit: By July 27, 2020
- Adopt "qualifying local tax" (optional): By July 31, 2020

Eligibility to receive shared revenues

- The state is splitting the shared resources between cities and counties. However, cities can receive both shares if they have adopted a "qualifying local tax" by July 31, 2020. Qualifying taxes are detailed below. Cities who are levying a "qualifying local tax" by July 28, 2019, the effective date of the new law, will receive both shares immediately once they impose the new sales tax credit.
- If a city does not implement a qualifying local tax by the deadline, they can still participate in the program if they meet the other deadlines but will be eligible for a lower credit rate.
- A city can adopt the sales tax credit before designating how the funds will be used once collected.

Qualifying local taxes

The following are considered "qualifying local taxes" and, if levied, give the city access to both shares of the tax credit (i.e. 0.0146% rate instead of the single share rate of 0.0073%):

- Affordable housing levy (property tax) under RCW 84.52.105
- Sales and use tax for housing and related services under RCW 82.14.530. The city must have adopted at least half of the authorized maximum rate of 0.001%.
- Sales tax for chemical dependency and mental health (optional .1 MIDD) under RCW 82.14.460
- Levy (property tax) authorized under RCW 84.55.050, if used solely for affordable housing

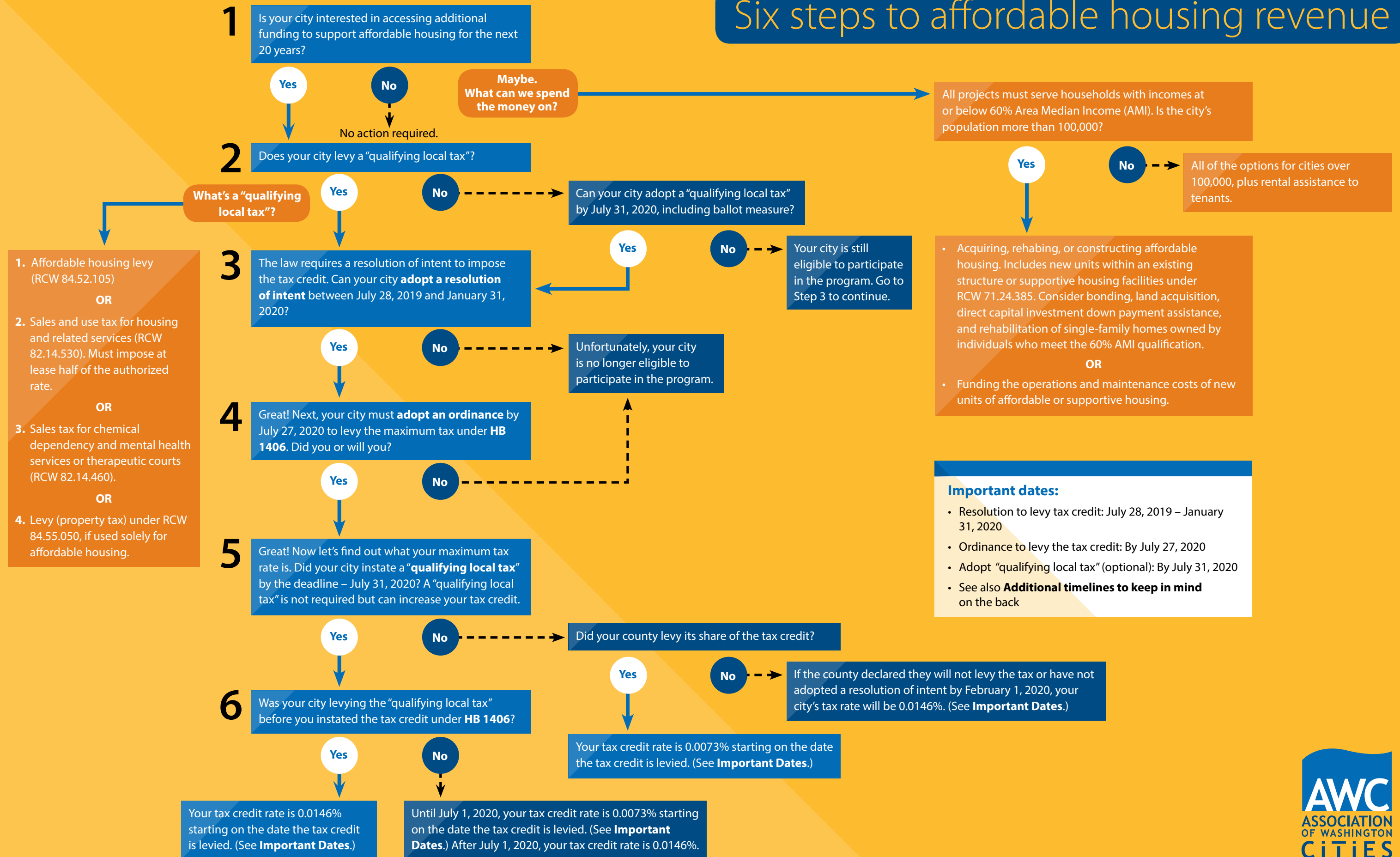
Think of the "qualifying local tax" as a multiplier or "doubler." It gives the city access to double the tax credit even when the county chooses to participate in the program.

Contact:

Carl Schroeder
Government Relations Advocate
carls@awcnet.org

Shannon McClelland
Legislative & Policy Analyst
shannonm@awcnet.org

Six steps to affordable housing revenue



Tax credit rate examples

Max tax credit rate under HB 1406	City with qualifying local tax	City without qualifying local tax	City doesn't levy a tax credit, county does participate	County doesn't participate, city participates but doesn't have a qualifying tax.*
City	0.0146%	0.0073%	0.0%	July 2020: 0.0%
County	0.0%	0.0073%	0.0146%	0.0%

**We believe that this was an error in bill drafting. Please let us know if you are in this situation. We can work to address it in future legislative sessions.*

Eligible uses of the funds:

1. Projects must serve those at or below 60% AML.
2. Acquiring, rehabilitating, or constructing affordable housing, which may include new units of affordable housing within an existing structure or facilities providing supportive housing services. In addition to investing in traditional subsidized housing projects, this authority could potentially be used to provide for land acquisition, down payment assistance, and home repair so long as recipients meet the income guidelines.
3. Funding the operations and maintenance costs of new units of affordable or supportive housing.
4. For cities with a population under 100,000, the funds can also be used for rental assistance to tenants.

Additional timelines to keep in mind:

1. Department of Revenue (DOR) requires 30-days-notice of adoption of sales tax credits. The credit will then take effect on the first day of the month following the 30-day period.
2. If your city is adopting a "qualifying local tax", DOR requires 75-days-notice of adoption of sales tax increases. Local sales tax increases may only take effect on the first day of the first, second, or third quarter – not the fourth (April 1, July 1, or October 1).
3. If your city is adopting a "qualifying local tax" remember to factor in the ballot measure process into the timeline, as these must be approved by the voters.
4. If you are intending to bond the revenues for a project under this authority, check with your legal counsel and bond counsel about other deadlines that may apply to your city.

Frequently asked questions:

1. **This program sounds very familiar. Didn't a local option, affordable housing sales tax law pass a few years ago?** Yes, but the new law has important differences. The Legislature passed HB 2263 in 2015 that authorized cities and towns to levy up to a 0.1% sales tax for affordable housing—

but, importantly, only after voter approval. This sales tax levy is considered a "qualifying local tax" under HB 1406. Another important distinction is that the affordable housing sales tax from 2015 is an additional tax on the consumer, and not a credit on an existing state-imposed tax.

2. **Do we have to levy a "qualifying local tax" to participate?** No. Your city is still eligible to participate in the program, but your tax credit rate will depend on whether the county participates in the program. See *Tax credit rate examples* chart to the left.
3. **Do we only have access to the program if the county declines to participate?** No. A city can participate, and receive funds, even if the county participates. Unfortunately, if your city does not impose a "qualifying local tax" by the deadline and your county declines to participate, then you will not have access to funds after the first year, due to a drafting error in the bill. We don't anticipate this scenario to occur, but please let us know if you find yourself in that situation. We will work with the Legislature to address it if this proves problematic. In all cases you must meet the program deadlines to participate. See *Deadlines to participate*.
4. **Does it make a difference at all if our county participates?** Only if you have not adopted a "qualifying local tax." If you have adopted a "qualifying local tax" you can access the higher credit rate regardless of county participation. If you don't have a "qualifying local tax" then you can only access the higher rate if the county does not participate.
5. **How is "rental assistance" defined? Does that include rent vouchers?** The term "rental assistance" is not defined in the chapter 82.14 RCW; however, both federal and state housing programs use the term "rental assistance" to mean providing rent, security deposits, or utility payment assistance to tenants.
6. **Can we pool our revenue with another entity? Can we issue bonds or use the money to repay bonds?** Yes! Cities can enter into an interlocal agreement with other local governments or a public housing authority to pool tax receipts, pledge tax collections to bonds, allocating collected taxes to authorized affordable housing expenditures, or other agreements authorized under chapter 39.34 RCW. Cities may also use the tax credit revenue to issue or repay bonds in order to carry out the projects authorized under the new law.
7. **Is the amount of tax credit we receive limited only by the amount of sales tax collected per year?** No. The maximum amount will be based on state fiscal year 2019 sales.
8. **Does the tax credit program expire?** Yes, the tax expires 20 years after the date on which the tax is first levied.

Contact:

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