

CITY OF WENATCHEE LOW-INCOME HOUSING (SHB 2060)

PROGRAM GUIDELINES

INTRODUCTION

State House Bill 2060 authorizes a \$10 surcharge on documents recorded through the County Auditor's Office for the purpose of providing funds for housing programs for extremely low and very low-income persons at or below 50 percent of the area median income.

That portion of the revenue generated from the recording surcharge that is distributed to the City of Wenatchee to address very low income housing needs shall be held in single fund by the City of Wenatchee, for use as provided under the terms of the City's Low-Income Housing Program Guidelines.

These Guidelines may be reviewed and modified at any time by the Wenatchee City Council.

PERMISSIBLE USES

Expenditure of the funds collected from the recording surcharge shall be used for the following purposes set forth in Substitute House Bill 2060:

1. Acquisition, construction, or rehabilitation of housing projects or units within housing projects that are affordable to very low-income persons with incomes at or below fifty percent of the area median income;
2. Supporting building operation and maintenance costs of housing projects or units within housing projects built with housing trust funds, that are affordable to very low-income persons with incomes at or below fifty percent of the area median income, and that require a supplement to rent income to cover ongoing operating expenses;
3. Rental assistance vouchers for housing projects or units within housing projects that are affordable to very low-income persons with incomes at or below fifty percent of the area median income, to be administered by a local public housing authority or other local organization that has an existing rental assistance voucher program, consistent with the United States department of housing and urban development's section 8 rental assistance voucher program standards; and
4. Operating costs for emergency shelters and licensed overnight youth shelters.

The funds generated with this surcharge shall not be used for construction of new housing if at any time the vacancy rate for available low-income housing within the county rises above 10 percent prior to allocation approval by the Wenatchee City Council. The Real Estate Research Center at Washington State University shall develop a vacancy rate standard for low-income housing in the state as described in RCW 18.85.540 (1) (i).

FUND PROCEDURES

To ensure that housing needs are met throughout the City of Wenatchee, funds shall be distributed using the following allocation process:

1. On an annual basis, City staff will review the fund balance and determine whether an allocation process should be held.
2. When initiating an allocation process, a notice of fund availability will be distributed to area persons and organizations that may have an interest in available funding. The notice will disclose the availability of applications to request funds, the estimated amount of funding available and the application process, including key dates.
3. Agencies and organizations submitting applications are responsible for demonstrating compliance with the permissible uses of the funds and for compliance with all other applicable laws and standards.
4. Allocation recommendations shall be made by a Funding Advisory Committee, in cooperation with City staff, and in accordance with City program guidelines. The Funding Advisory Committee shall be made up of local agency representatives with affordable housing, low-income, grant, or other related experience. Committee members are required to follow established conflict of interest policies.
5. Timely applications will be distributed to Funding Advisory Committee members for their consideration. The Committee will convene for the purposes of interviewing funding applicants and deciding on funding allocation recommendations.
6. Advisory Committee recommendations will be forwarded to the Wenatchee City Council for their consideration. Final project allocations shall be awarded by the City Council.
7. The City Council shall authorize the Mayor to enter into grant agreements with funding recipients.

A small portion of the overall funds available, (amount to be determined annually by staff) will be held aside from the above allocation process and placed into an Opportunity Fund. The purpose of the Fund is to take advantage of affordable housing opportunities or to address housing emergencies that may come up between regular allocation cycles.

The same criteria used for the regular allocation process will be used for the Opportunity Fund, except potential projects have to demonstrate that the opportunity cannot wait until the regular allocation process and that the opportunity was not known during the most recent allocation process. For consideration, a letter of intent shall be submitted to the Department of Community Development and reviewed by staff. Additional information, such as project budgets or a full application, may be requested at the discretion of staff. Staff recommendations shall be forwarded to the City Council for their consideration and final allocation determination.

FUNDING PREFERENCES

Priority shall be given to eligible housing activities that serve extremely low-income households with incomes at or below thirty percent of the area median income. Projects will also be given preference if they address one or more of the following criteria:

1. Demonstrates ability, experience and resources to implement and sustain the project;
2. Leverages other funds and/or contributes toward total project costs, including in-kind contributions;
3. Preserves at risk existing affordable housing stock;
4. Expands new low-income housing options;
5. Serves high priority needs as identified by the Chelan-Douglas Counties Plan to End Homeless, the City of Wenatchee's Consolidated Plan, and/or the Wenatchee Urban Area Comprehensive Plan;
6. Uses Evergreen Sustainable Development criteria in new construction or rehabilitation projects, as required for Washington State Housing Trust Fund projects.

FUNDING TERMS AND CONDITIONS

The following terms and conditions apply to projects awarded Low-Income Housing funds. The City reserves the right to negotiate additional terms and conditions of each award on a case-by-case basis.

1. **Eligible Recipients:** Eligible recipients of funding are certified non-profit agencies or for-profit providers of affordable housing, housing authorities, institutions of higher education, and units of local government.
2. **Low-Income Benefit:** Projects must provide proof that they serve very low-income persons with incomes at or below 50 percent of the area median income.
3. **Project Location:** Eligible projects shall be located within the city limits of Wenatchee. If it is demonstrated to the satisfaction of the Community Development Director that it is infeasible to conduct a project within city limits, projects may occur within the Wenatchee Urban Growth Area so long as low-

income beneficiaries of the assistance are current residents of the City of Wenatchee.

4. **Property Sale and Change of Use:** Recipients of funding for capital projects shall agree to restrict the use of the property for twenty years. In the event the property is sold or not used for affordable housing as defined in the law, the full amount or portion of the amount invested shall be repaid to the City's fund.
5. **Form of Assistance:** Funds shall be distributed in the form of a grant or loan which will be determined by the Citizen Advisory Committee and Wenatchee City Council based on the type of project being considered. Exact terms of each loan will be determined on a case-by-case basis. Funds will not be dedicated to any single project for more than two years. Projects are eligible to receive funding only one time.
6. **Eligible Costs:** Eligible costs shall be those directly related to carrying out the purposes of the program as identified in the "Permissible Uses" section above. Projects may retain up to 10 percent of their award for administrative costs. All proposed project costs, including administration, shall be identified in the funding application.
7. **Non-Discrimination Policy:** Applicants shall neither deny services to, nor otherwise discriminate in the delivery of services, against any person who otherwise meets the eligibility criteria for the program on the basis of race, color, religion, gender, sexual orientation, age, national origin, citizenship, ancestry, marital status, physical or mental handicap, or because such person is a recipient of federal, state or local public assistance.
8. **Fair Housing Compliance:** Successful recipients are required to adhere to HUD's Fair Housing Act standards and State laws that govern the landlord-tenant relationship as set forth at RCW 59.18. Recipients governed by RCW 59.18 must enter into lease agreements with tenants and leases may not be terminated by the landlord unless the tenant fails to substantially comply with the lease.
9. **Grant Agreement:** Successful applicants will enter into a grant agreement with the City for the provision of Low-Income Housing funds within 60 days of the project start date, January 1 of each year, unless a different date is explicitly identified in the awarded application. Successful applicants must abide by all terms of the agreement. (A copy of the City's grant agreement language may be obtained from the Department of Community Development.)
10. **Reporting:** Successful applicants shall provide semi-annual reports and a closeout report detailing their performance in formats determined by the Department of Community Development. Successful applicants may also be required to participate in the local Homeless Management Information System (HMIS).
11. **Project Monitoring:** City staff shall monitor all projects for compliance with the funding terms and conditions in the grant agreement(s). Project monitoring shall be conducted no less than annually.
12. **Recipient Default:** If it is discovered that a recipient of funding has misappropriated or misused funds, this matter will be forwarded to the City Attorney for appropriate action.