

# HB 1406

## STATUS AND RECOMMENDATIONS

Yakima City Council  
March 3, 2020



# Items to Cover Today:

- HB 1406 Recap from last presentation
- Funds received so far and projected funding
- City Council Policy Decisions

## What is **Affordable Housing**?



The government says housing is "affordable" if a family spends **no more than 30%** of their income to live there.



# Current and Future Housing

Roy's Market  
YNHS  
40 tenants

Bicycle Apartments  
Next Step Housing  
80 housing units

Veteran's Housing  
YHA  
41 housing units

Justice Housing  
Tiny Homes  
?

YCCC  
Yakima County  
?

2.5 Acres at the  
WWTP  
City of Yakima  
?

# The City's Role and Future Opportunities

## HB 1406

1406 Process: Council passed legislation already to retain the tax

- Pass intent to retain
- Adopt resolution

- City retains .0073%
- Appx. \$140,000/yr

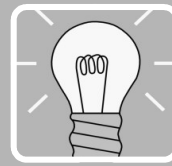
- Use for housing
- Use for emergency rent

Council sets policy for use of funds within the requirements of the bill.



### IDEA 1: Construct Housing

- Use the money to provide funds for affordable housing projects of other organizations



### IDEA 2: Rehabilitation Grants

- Provide grant money to non-profit housing providers to rehabilitate units or purchase abandoned properties and rehabilitate them into housing units.



### IDEA 3: Rental Assistance

- Contract with a community partner to administer an emergency rental assistance program for City residents (population must be under 100,000)

# Use of 1406 Funds

## 1. Affordable Housing Units

1406 Funds can be used to acquire, rehabilitate or construct affordable housing, which may include new units of affordable housing within an existing structure or facilities providing supportive mental health treatment services (qualifying under RCW 71.24.385).

- Acquire: Purchase or obtain property for use in affordable housing. It is likely that under HB 1406 and 3SHB 2382 the City could acquire property for affordable housing, then surplus and sell it to a non-profit to rehabilitate or construct the affordable units.
- Rehabilitate: Funds can be used to restore properties formerly used as affordable housing, or restore properties and create new affordable housing.

# Use of 1406 Funds

## 1. Affordable Housing Units

1406 Funds can be used to acquire, rehabilitate or construct affordable housing, which may include new units of affordable housing within an existing structure or facilities providing supportive mental health treatment services (qualifying under RCW 71.24.385).

- Construct: Use the funds to build (by granting the funds to another entity, likely a non-profit housing entity) new affordable housing units.
- **IMPORTANT NOTE:** The housing provided under this provision can only be provided to persons with incomes at or below 60% of the median income of the city of Yakima, or approximately \$25,255 (based on data indicating median family income of \$42,092).

# Use of 1406 Funds

## 2. Funding O&M Costs

1406 Funds can be used to fund the operations and maintenance costs of new units of affordable or supportive housing.

- Can be used for current units of affordable or supportive housing to help with maintenance of the facility, or operations costs of operating the facility.
- **IMPORTANT NOTE:** The housing provided under this provision can only be provided to persons with incomes at or below 60% of the median income of the city of Yakima, or approximately \$25,255 (based on data indicating median family income of \$42,092).

# Use of 1406 Funds

## 3. Rental Assistance

1406 Funds can be used to provide rental assistance for tenants.

**IMPORTANT NOTE:** The housing provided under this provision can only be provided to persons with incomes at or below 60% of the median income of the city of Yakima, or approximately \$25,255 (based on data indicating median family income of \$42,092).

- Rental assistance must be for “tenants” which means people in landlord/tenant relationships.
- Motel vouchers for homeless would not qualify under the plain language of the bill.
- Administration costs of such a program are not contemplated to be paid from the 1406 funds in the plain language of the bill.



# 1406 funding

- The State estimated that the City of Yakima would receive approximately \$140,000.00 per year from the 0.0073% portion of sales tax.

## Actual \$\$

So far, here is the revenue gained:

December, 2019: \$ 2.79

January, 2020: \$266.67

Numbers for each month are determined at the end of the month. As you can see, based on this rate, the City will likely not collect \$140,000 in 2020.

# Council Options—Next Steps

- HB 1406 Use policies
  - *Do you need additional information before determining which course(s) you would like staff to explore? If so, what?*
  - *Which of the course(s) would you like staff to more fully explore?*
    - In that exploration, staff can sit down and discuss the strategies with possible community housing partners.
    - Staff could also create RFP/RFQ documents if applicable
  - *What is your timeline for a follow up presentation after staff work is completed?*

