

ORDINANCE NO. 2022-_____

AN ORDINANCE adding Section 7.92: Affordable Housing Incentive Program for multi-family low-income housing.

WHEREAS, the City provides wastewater and water services to the residents of the City; and

WHEREAS, connection fees for those services are based on the actual costs of connection of dwelling units to the water and wastewater services; and

WHEREAS, the City Council passed Ordinance No. 2019-020 which adopted the tax retention provisions of House Bill 1406, codified as RCW 82.14.540, allowing the City to retain a portion of its sales tax to be used to support affordable housing; and

WHEREAS, the City adopted its Housing Action Plan on June 15, 2021, wherein one of the adopted strategies to increase affordable housing opportunities within the City is to evaluate and address the costs of connecting affordable units to public water and sewer; and

WHEREAS, the City adopted its 2040 Comprehensive Plan in 2017 wherein the analysis indicates that the City needs a minimum of 300 housing unit starts each year during the Plan period to provide housing for Yakima's growing population; and

WHEREAS, housing statistics for the City of Yakima found in the Housing Action Plan show that nearly 50% of the residents renting housing pay over 30% of their income to housing, and 36% of all households pay over 30% of their income for housing, showing that there is a need for affordable housing in the City; and

WHEREAS, monies retained due to adoption of the parameters of HB 1406 and RCW 82.14.540 may be used for constructing affordable housing, which includes connecting to city water and wastewater services; and

WHEREAS, the incentive program adopted herein will provide those affordable housing developers the opportunity to apply for a grant to pay for water and/or wastewater connections, the funding for which will come from the 1406 money, to be paid from the 1406 money to the City for the costs of connections; and

WHEREAS, the funds will help affordable housing developers reduce costs of their projects, which hopefully will increase the number of units that can be developed, as well as ensure that the City receives payment into its water and wastewater accounts for the actual costs of connecting the affordable units to the City's utility services; and

WHEREAS, the City Council of the City of Yakima hereby finds and determines that it is in the best interests of the City of Yakima and its residents to add Section 7.92: Affordable Housing Incentive Program, to the Yakima Municipal Code, and such addition will promote the general health, safety and welfare; now, therefore

BE IT ORDAINED BY THE CITY OF YAKIMA:

Section 1. Chapter 7.92: Affordable Housing Incentive Plan is hereby added to the Yakima Municipal Code to read as follows:

Chapter 7.92
AFFORDABLE HOUSING INCENTIVE PROGRAM

Sections:

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| 7.92.010 | Purpose of chapter |
| 7.92.020 | Applicability |
| 7.92.030 | Affordable housing requirement |
| 7.92.040 | Incentive program for water and/or wastewater connection charges |
| 7.92.050 | General requirements |
| 7.92.060 | Additional requirements for mixed-income developments |
| 7.92.070 | Report to Council |

7.92.010 Purpose. There is a demonstrated need in the City for housing which is affordable to persons of low and moderate income. This chapter provides an incentive program for developers in exchange for the public benefit of providing multi-family affordable housing units within the City.

7.92.020 Applicability. The incentives listed herein for low-income households may be utilized for multi-family housing projects with a minimum of 10 units, including cottage and/or manufactured housing communities, in applicable zoning districts. The housing project must include a minimum threshold of affordable units allocated for low-income households and other criteria as specified in this chapter. Development proposals must meet all other standards for development outlined in the Yakima Municipal Code, state and federal laws.

7.92.030 Affordable housing requirement.

(a) Minimum requirement. All applicants creating ten (10) or more new dwelling units shall provide at least 50% of the units as affordable housing units and comply with the provisions of this chapter as established herein if the applicant wishes to take advantage of the incentive program outlined in this chapter.

(b) Rounding. The number of affordable housing units required is determined by rounding up to the next whole number of units.

7.92.040 Incentive program for water and/or wastewater connection charges.

(a) There is created an incentive program for applicants meeting the affordable housing requirement in section 7.92.030 wherein applicants may apply for a grant from the incentive program fund to pay for some or all of the connection fees for water and/or wastewater utilities.

(b) Applicants may apply for a grant for the entire water and/or wastewater connection fees if the development is 100% affordable housing, as defined herein.

(c) If the development is less than 100% affordable, the applicant may apply for a grant for a percentage of the water and/or wastewater connection fees which is the same or less than the percentage of units in the development that are affordable, as defined herein. For example, if 50% of the units are affordable, then the applicant may apply for a grant to pay for up to 50% of the water and/or wastewater connection fees.

(d) The incentive program is funded in part by sales and use tax retained pursuant to Yakima Municipal Code section 3.78.065. The City Council may place additional funds into the incentive program when it deems appropriate. There is no guarantee that there will be funds available in any given year for the incentive program and applicants are not entitled to participate in the incentive program.

(e) The incentive program is available on a first-come, first-serve basis. There will be no opportunity to put a project on a “wait list” or otherwise try to save funds for certain projects.

7.92.050 General requirements.

(a) Affordable Housing. For purposes of this chapter, “affordable housing” or “low income housing” means housing wherein the households earn 50% or less than the Yakima County median household income, adjusted for family size. Further, the monthly rent for an affordable unit may not exceed 30% of the income limit for the affordable housing unit.

(b) Duration of Affordability. Applicants taking advantage of the incentive program must ensure that the affordable housing units remain affordable for fifty (50) years.

(c) Lien and Covenant to be Recorded. To ensure affordability is maintained, the property owner shall sign a recorded lien and covenant running with the land, binding all the assigns, heirs and successors that the units will meet the affordability requirements for the fifty-year period. The recorded lien and covenant must provide that if the property is converted to a use other than for affordable housing as defined in this Chapter within the required affordability duration, the property owner must pay the applicable water and/or wastewater connection fees in effect at the time of the conversion. The recorded lien and covenant may also include other requirements associated with the project, including, but not limited to, reporting requirements regarding affordable units and/or other methods to ensure the units remain affordable and allow for enforcement of the covenant by the City. The affordable housing units shall be rented, sold, or resold to income-qualified households or a non-profit housing provider through the end of the required affordability duration.

(d) Monitoring Continued Affordability. The City of Yakima Community Development Department shall be the responsible party to monitor the continued affordability of the affordable housing units. The Department, with the City Manager’s consent, may contract this work out to a third party.

(e) Annual Report. The applicant shall submit an annual report on or before November 30th of each year to the Community Development Director which outlines the number of affordable units (itemized by type of unit) and the rent that will be charged for each type of unit in the upcoming calendar year.

7.92.060 Additional requirements for mixed-income developments. The following requirements apply to mixed-income developments, in addition to the requirements outlined in other sections of this chapter.

(a) Construction of Affordable Housing Units. For mixed-income developments constructed in phases exceeding 12 months, a proportional amount of affordable housing units must be completed at or prior to the completion of related market rate housing units.

(b) Location/Appearance of Affordable Housing Units. When affordable housing units constructed under the provisions of this Chapter are intermixed with market rate housing, the general exterior design and appearance of the affordable housing units shall be compatible with the market rate housing units within the project.

(c) The affordable housing units shall consist of a range of number of bedrooms that are comparable to units in the overall development.

(d) Size of the Units. The size of the affordable housing units should be the same as the units in the overall development. If the size of the affordable housing units is smaller than the other units with the same number of bedrooms in the development, the housing units must be approved by the Community Development Director or their designee. In no case shall the affordable housing units be more than 10 percent smaller than the comparable dwelling units in the development, based on number of bedrooms.

7.92.070 Report to City Council. An annual report shall be forwarded to the Yakima City Council as part of the budgeting process that provides details on all the projects that utilized the provisions of this chapter. The report should include, but is not limited to, the total number of housing units constructed, an itemization of type of unit (by bedroom number) and the number of those units which are affordable.

Section 2. Severability/Validity. If any section, subsection, paragraph, sentence, clause or phrase of this ordinance is declared invalid or unconstitutional for any reason, such decision shall not affect the validity of the remaining portions of this ordinance.

Section 3. Effective Date. This ordinance shall be in full force and effect 30 days after its passage, approval, and publication as provided by law and by the City Charter.

PASSED BY THE CITY COUNCIL, signed and approved this _____ day of _____, 2022.

Janice Deccio, Mayor

ATTEST:

Sonya Claar Tee, City Clerk

Publication Date:_____

Effective Date:_____