



**South Sound Housing Affordability Partners  
Executive Board**

**Regular Meeting Agenda**

3602 Pacific Ave Tacoma, WA 98418 | Muckleshoot Conference Room

Dial: 253-215-8782 Meeting ID: 983 7464 3754

Webinar Link: <https://piercecountywa.zoom.us/j/98374643754>

November 3, 2023, 8:30 a.m.

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Chair Councilmember Hunter George, Vice Chair Mayor Tracie Markley, Mayor Nancy Backus, Councilmember Kevin Ballard, Mayor Daryl Eiding, Mayor Kim Roscoe, Councilmember Paul Bocchi, Mayor Shanna Styron Sherrell, Executive Bruce Dammeier, Councilmember Ryan Mello, Deputy Mayor Ned Witting, Mayor Kathy Hayden, Mayor Dick Muri, Mayor Victoria Woodards, Councilmember Stan Flemming, Deputy Mayor Mike Winkler (Alternate), Councilmember Christi Keith (Alternate), Councilmember Doug Fagundes (Alternate), Mayor Pro Tempore Joe Barrentine (Alternate), Councilmember Mike Brandstetter (Alternate), Councilmember Nancy Henderson (Alternate), Deputy Mayor Kristina Walker (Alternate), Councilmember Edward Wood (Alternate)

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**I. CALL TO ORDER**

8:30

ROLL CALL

INTRODUCTORY QUESTION

**Question:** What is your favorite rainy-day activity?

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**II. REVIEW AGENDA/AGENDA MODIFICATIONS**

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**III. CONSENT AGENDA**

ATTACHMENTS: Minutes October 6, 2023, Executive Board meeting

[Document Link](#)

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**IV. PUBLIC COMMENT**

This is the time set aside for the public to comment on Resolutions, Ordinances, and Final Action. To request to speak virtually, please press the Raise Hand button near the bottom of your Zoom window or \*9 on your phone; if speaking in person, please sign in on the public comment form in the conference room. Your name or the last four digits of your phone number will be called out when it is your turn to speak.

The Executive Board meeting can be heard by dialing 253-215-8782 or through Zoom at <https://piercecountywa.zoom.us/j/98374643754> and entering the Meeting ID 983 7464 3754. Written comments may be submitted to [jason.gauthier@piercecountywa.gov](mailto:jason.gauthier@piercecountywa.gov) Friday before 8:00 a.m. prior to the monthly Executive Board meeting for the Public Comment period. Comments will be compiled and sent to the Executive Board and posted on the SSHA<sup>3</sup>P website at: [southsoundaffordablehousing.org](http://southsoundaffordablehousing.org)

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**V. PRESENTATIONS**

**A. Affordable and Workforce Housing**

8:45

**Purpose:** Presentation by Faith Pettis of Pacific Law Group on how affordable and workforce housing projects are financed.

ATTACHMENTS: Affordable and Workforce Housing Presentation

[Document Link](#)

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**B. SSHA<sup>3</sup>P Housing Capital Fund Presentation**

9:25

**Purpose:** Presentation by Jason Gauthier, SSHA<sup>3</sup>P Manager, on the status of the creation of the SSHA<sup>3</sup>P Housing Capital Fund.

ATTACHMENTS: SSHA<sup>3</sup>P Housing Capital Fund Presentation

[Document Link](#)

Memorandum re: Pooled Regional Resources for Affordable Housing

[Document Link](#)

DRAFT SSHA<sup>3</sup>P Housing Capital Fund – Rules and Procedures

[Document Link](#)

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**VI. REPORT BY THE SSHA<sup>3</sup>P MANAGER**

ATTACHMENTS: November 2023 SSHA<sup>3</sup>P Manager Report

[Document Link](#)

Budget Performance Report FY2023Q3

[Document Link](#)

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**VII. UPDATES/COMMENTS OF THE EXECUTIVE BOARD**

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**VIII. ADJOURN**

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# SSHA<sup>3</sup>P

## South Sound Housing Affordability Partners Executive Board Meeting Minutes

October 6, 2023

8:30 – 9:51 a.m.

**Executive Board:** Mayor Nancy Backus, City of Auburn – excused  
Councilmember Kevin Ballard, City of DuPont – present  
Deputy Mayor Mike Winkler, City of DuPont – excused  
Mayor Daryl Eidinger, City of Edgewood – absent  
Councilmember Christi Keith, City of Edgewood (alternate) - absent  
Mayor Kim Roscoe, City of Fife – present  
Councilmember Doug Fagundes, City of Fife – present  
Chair, Councilmember Hunter George, City of Fircrest – present  
Mayor Pro Tempore Joe Barrentine, City of Fircrest - present  
Mayor Tracie Markley, City of Gig Harbor – present  
Councilmember Mike Brandstetter, (alternate) City of Lakewood – excused  
Councilmember Paul Bocchi, City of Lakewood – present  
Mayor Shanna Styron Sherrell, City of Milton – absent  
Executive Bruce Dammeier, Pierce County - excused  
Councilmember Ryan Mello, Pierce County – present  
Deputy Mayor Ned Witting, City of Puyallup – present  
Mayor Dick Muri, Town of Steilacoom – excused  
Councilmember Nancy Henderson, Town of Steilacoom, (alternate) – present  
Mayor Kathy Hayden, City of Sumner - present  
Mayor Victoria Woodards, City of Tacoma – excused  
Deputy Mayor Kristina Walker, City of Tacoma (alternate) – present  
Councilmember Stan Flemming, City of University Place – excused

**Staff:** Jason Gauthier, SSHA<sup>3</sup>P Manager  
Mary Connolly, Program Specialist  
Becki Foutz, Administrative Assistant

**Guests:** Bryan Schmid, Kenneth George, LeighBeth Merrick, Taylor Jones, Trish Crocker, Katie Baker, Rosa McLeod, Tiffany Speir, Sonja Hallum, Raquel LaPointe, Cynthia Stewart, Felicia Medlen, Debby Herbert, Donna Walters, Brian Rybold

### MINUTES

TOPIC/ WHO	DISCUSSION	ACTION
Call to Order	Chair George called the meeting to order at 8:34 a.m. SSHA <sup>3</sup> P Manager Gauthier called roll, per above; a quorum was present.  Fircrest Mayor Brett Wittner welcomed the members of the public and the Board to the Roy H. Murphy Community Center, and invited those attending in person to a tour following the meeting. He thanked Arlette Burkhart, City Clerk, for setting up the meeting.	Wel- come!

TOPIC/WHO	DISCUSSION	ACTION
<p><b>Agenda &amp; September Minutes</b> Hunter George</p>	<p>Any modifications to the agenda or meeting minutes? None. Mayor Markley moved to approve the consent agenda and September minutes. Councilmember Bocchi seconded. Vote was taken, none opposed.</p>	<p>September minutes and today's agenda were approved.</p>
<p><b>Public Comment</b></p>	<p>Chair George invited the public to comment.</p> <p>Debby Herbert and Donna Walters own several rentals in Pierce County. They're quite concerned about the nine-month eviction ban initiative being considered. If it passes, landlords will no longer be able to provide affordable rentals, and may be forced to sell, even though they don't want to, thus destroying the affordable rental market.</p> <p>Brian Rybold is a long-time Fircrest resident, and raised his children here. As a citizen, he's concerned about extra legislative bodies forming, although he's sure there's a charter allowing them to exist. 2023 SSHA<sup>3</sup>P legislative priorities concerned him, in particular, the two property tax mitigation proposals. He feels that one is good, and one is bad. The good one is to keep seniors in their homes. The one that concerns him is to expand the MFTE exemption. There's a big apartment complex going up near James Center with the exemption. Everyone should pay their share of property taxes; it's not right for thousands of people to use the infrastructure for ten years while not paying property tax. There is a housing crisis, but at worst, SSHA<sup>3</sup>P is basically a lobbying organization for developers.</p>	<p>Thank you!</p>
<p><b>Resolution 2023-07 Adopting 2024 Federal &amp; State Legislative Agendas</b> Jason Gauthier</p>	<p>There have been no significant changes since the legislative agendas were reviewed at the last meeting. Jason read over the Resolution and explained priorities:</p> <p><u>Federal</u> Congressional-Directed Spending Requests, Affordable Housing Credit Improvement Act, Fair Housing Improvement Act, Neighborhood Homes Investment Act, Flexibility in Federal Funding, Funding CDBG &amp; HOME Programs</p> <p><u>State</u> Facilitating Development of Affordable Housing; Support Policy &amp; Planning Efforts; and Information and Engagement.</p>	<p>Informational</p>





TOPIC/WHO	DISCUSSION	ACTION
<p><b>Legislative Chat with Senator Trudeau</b>                      continued</p>	<p>Mayor Markley shared that Gig Harbor has had a huge, short-time rental debate. They have 25 short-term rentals that are fully permitted, but there remains a concern about large corporations coming in and buying up the supply. The real estate in Gig Harbor is mainly million dollar+ homes. Gig Harbor's fortunate in having a good thing going and able to create more affordable housing. There's been concern about large businesses purchasing property and raising rent, displacing small businesses. Mayor Markley's becoming bolder about contacting owners and asking why they had to raise rent so much.</p> <p>Senator Trudeau said that there are a lot of ways for the legislature to be transparent. When it comes to cost of rentals, and what rental units we have, we're not equipped to have that conversation. She appreciates Mayor Markley being bold and addressing this issue with property owners.</p> <p>Council Chair Mello said that this coalition of cities and county is focused on affordable housing, and while it's not focused on homelessness, we all care about it, and it's all interconnected. The Right of Way initiative has helped to obtain more stable housing, and was initially funded for three years. It would be helpful to extend that.</p> <p>Senator Trudeau noted that people can't be moved without adequate housing for them to go to. It's not safe for them or for the community at large. She will champion extending the Right of Way funding as long as her constituents report that it's needed. We need to work on expanding affordable housing. People need permanent and supportive housing, and access to BH services across the spectrum. It's an "and," services are needed as well as affordable housing. People who have been on the streets need support to obtain housing and successfully remain in it. Government is going to have to pick up funding, however funding housing needs competes with school construction and all sorts of other needs.</p> <p>Council Chair Mello thanked the Senator for demonstrating that she understands the need. If we solve the Right of Ways issues, the legislature may think that we don't need that funding any longer. Local government uses 1406 – is it clear at the State level what that policy is? More revenue flexibility is needed. The more funds provided with clarity for local government without requiring them to write grants, the better.</p> <p>Senator Trudeau absolutely supports local governments having the fund flexibility they need. Council Chair Mello would love to continue the discussion about how funds can be used most effectively. There are barriers, and sometimes the process hinders progress. If we could focus on one or two things during this short session, what would those be?</p>	<p>Discus-                      sion</p>





TOPIC/WHO	DISCUSSION	ACTION
<p><b>SSHA<sup>3</sup>P Manager Report</b> Jason Gauthier</p>	<p>At the November mtg, the group will have an extensive briefing presentation on the Regional Housing Development Fund. In December, rules and procedures for the Fund will be presented.</p> <p>Last July, five SSHA<sup>3</sup>P member cities applied for a middle housing grant for to get a jump start and save dollars in the comprehensive planning process. Each city is unique and different. Mary has built out <a href="#">a framework of commonalities across the five jurisdictions</a> that can be found on the SSHA<sup>3</sup>P website.</p>	<p>Informa- tional</p>
<p><b>Executive Board Updates/ Comments</b></p>	<p>Mayor Roscoe pointed out that in the written Managers Report, Fife is highlighted several times and they appreciate the support of this group. Re: MFTE, she asked Taylor Jones, City Manager, for some speaking points. It was adopted in September, providing 12 years exemption on improvements, with requirements for mixed-use development; commercial space on the ground floor; fronting arterial streets; at least 50% must be residential; and must be affordable to those with household incomes at 80% AMI or lower. They have a large vacant parcel on the market that's ideal for mixed-use development, right across the street from Fife City Hall.</p>	<p>Great job, Mayor Roscoe, and Fife!</p>
<p><b>Adjourn- ment</b></p>	<p>Chair George thanked everyone for participating and reminded those attending in person to stay for a tour of the facility. On Mondays, Wednesdays, and Fridays, seniors come to hang out, play pickleball, eat donuts, etc. They recently received a grant from the state to fix the ceiling, which needs work.</p> <p>Chair George adjourned the meeting at 9:51 a.m.</p>	<p>Meeting ad- jour- ned!</p>

The next SSHA<sup>3</sup>P Executive Board meeting is scheduled for Friday, November 3, at 8:30 a.m. via Zoom.

Respectfully submitted,

Becki Foutz  
Administrative Assistant



# Affordable and Workforce Housing

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November 3, 2023

Faith Pettis  
Pacifica Law Group LLP

# Agenda

Affordable Housing Basics

How Affordable Housing Projects are Financed

How Cities Can Participate

# Affordable Housing Basics

## Terms of Art:

- “Area Median Income” or “AMI”: the annual median income for a household of a given size in an area, usually using HUD calculations.

# Affordable Housing Basics

County	2023 HUD Calculations 60% & 80% of Area Median Income (4 person household)	
Adams	\$50,100	\$66,800
Chelan	\$50,580	\$67,440
Clark	\$67,680	\$90,240
King/Snohomish	\$82,200	\$117,200
Pierce	\$64,500	\$90,080
Spokane	\$53,400	\$71,200
Yakima	\$50,100	\$66,800

# Affordable Housing Basics

## Terms of Art:

- “Low Income”: *not* a universal definition.
  - Federal: typically no more than 60% AMI
  - State: usually refers to 80% AMI, but may be more flexible

# Affordable Housing Basics

## Terms of Art:

- “Extremely Low Income” or “Very Low Income”:
  - Typically no more than 30% or 50% AMI, respectively
- “Moderate Income”:
  - Generally between 80% and 120% AMI
- “Cost Burdened”:
  - Paying more than 30% of income on rent

# Affordable Housing Basics

- “Income Restricted”: Resident households may not earn more than a set income at move-in
  - *Rent can go up over time; no rent limits*
- “Rent Restricted”: Landlords may charge no more than a set amount for rent
  - *Typically, 30% of the income limit*



# Funding Sources - Federal

## Tax-Exempt Bonds

- Governmental Bonds
- 501(c)(3) Bonds
- Multifamily Revenue Bonds aka “Volume Cap Bonds”
  - Federal limit by state: \$120 per capita (2023)
  - How it is allocated – RCW 39.86.120, WAC 365-135

# Funding Sources - Federal

## Low Income Housing Tax Credits

- Two types – 4% and 9%
  - 9% credits are limited to an annual cap
  - 4% credits require “volume cap” bonds and are limited through the volume cap
- Allocated by the Housing Finance Commission
- Require owner to impose both income and rent restrictions for 30-40 years

# Funding Sources

## State and Locally Controlled

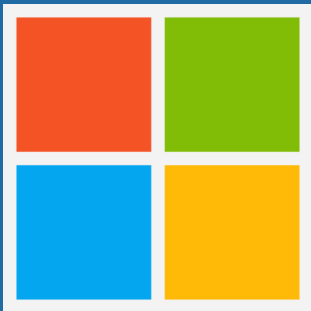
- State Housing Trust Fund (Commerce)
- Sales and Use Taxes (RCW 82.14.530 and .540)
- Housing Levies
- Lodging Taxes
- Real Estate Excise Tax
- Local Multifamily Tax Exemption
- Other – surplus property (RCW 39.33.015)



# Funding Sources

## Private

- Microsoft
- Amazon
- Evergreen Impact Housing Fund

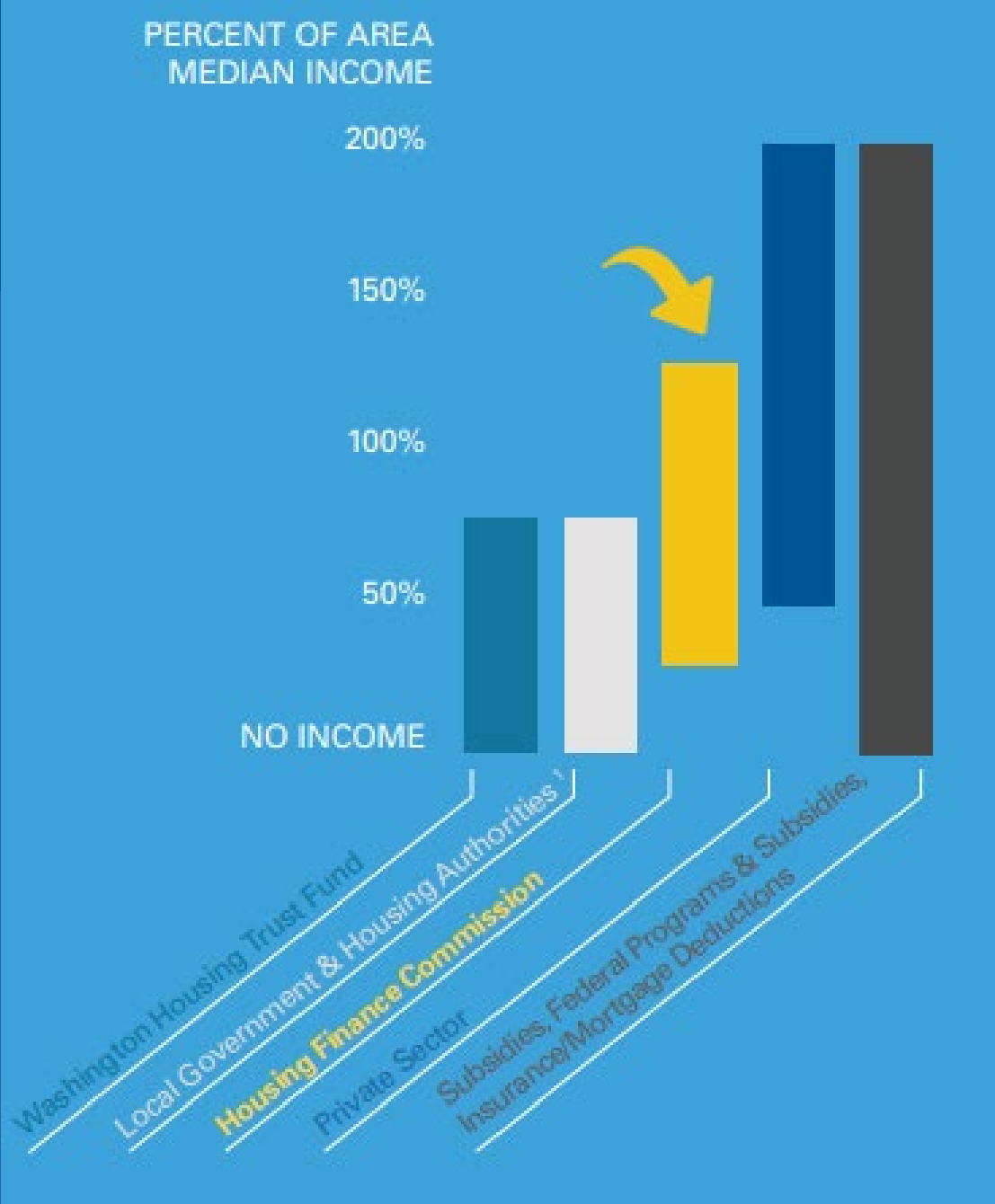


## Future housing needs by Area Median Income (AMI) groups



**1.1 Million new homes** will be needed in the next 20 years

\*Permanent supportive housing (PSH)



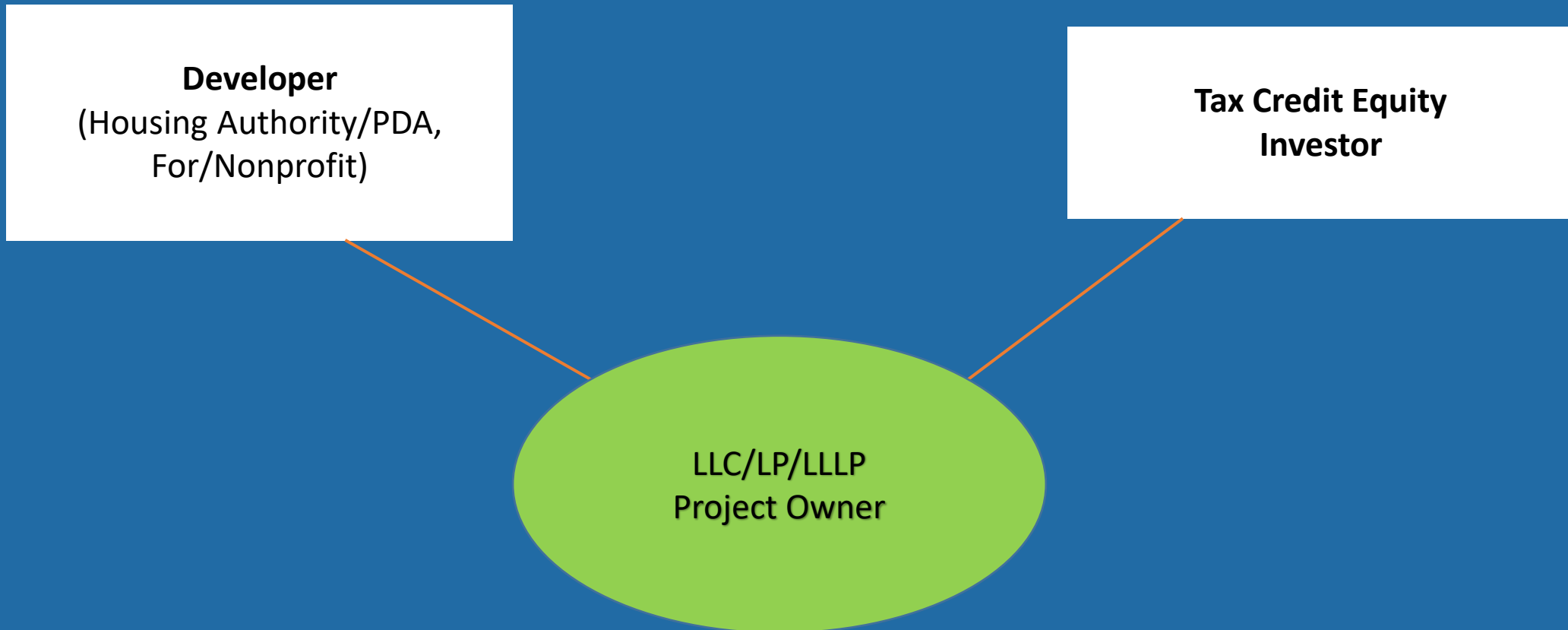
Source: WSHFC

# Affordable Housing Basics

## Ownership of Affordable Housing

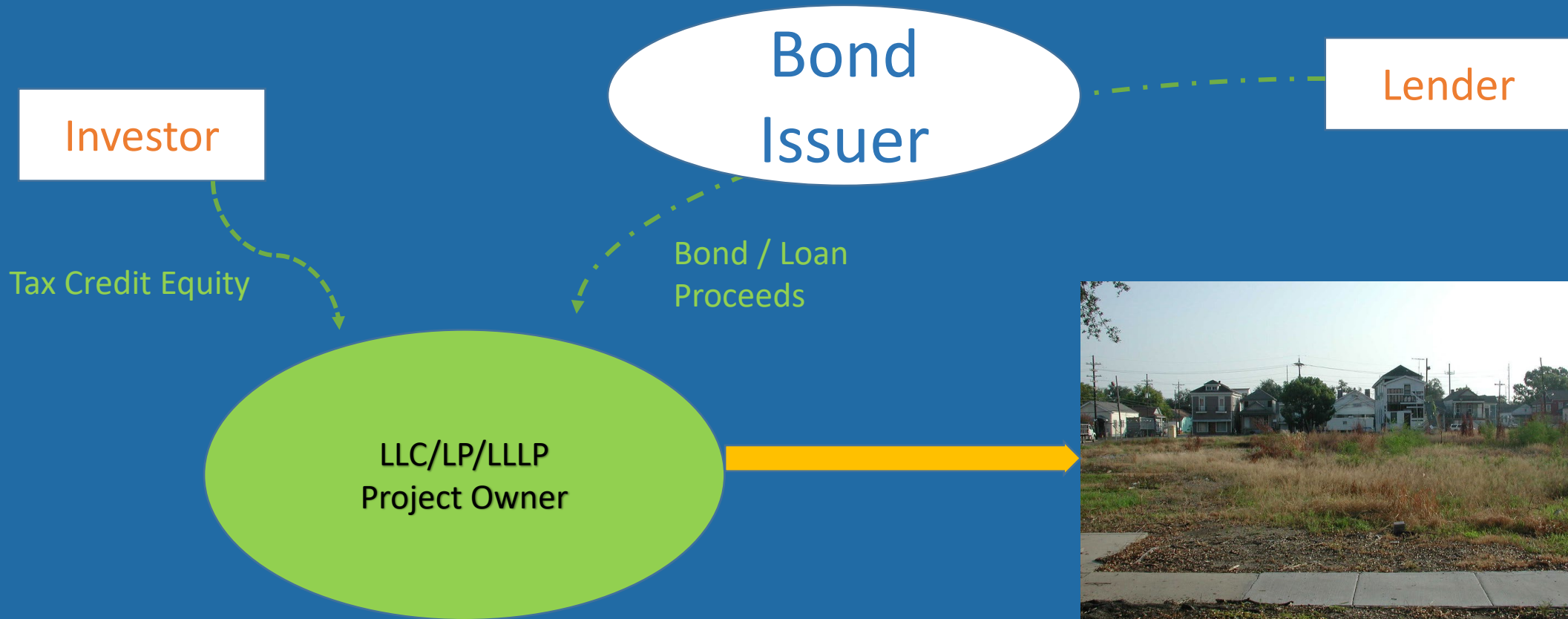
- Housing Authorities or PDAs
- Nonprofit Corporations
- LLCs, LPs and LLLPs
  - *A single member/partner entity or a combination of a tax credit investor and one or more for- and non-profit development sponsors*

# Affordable Housing Basics



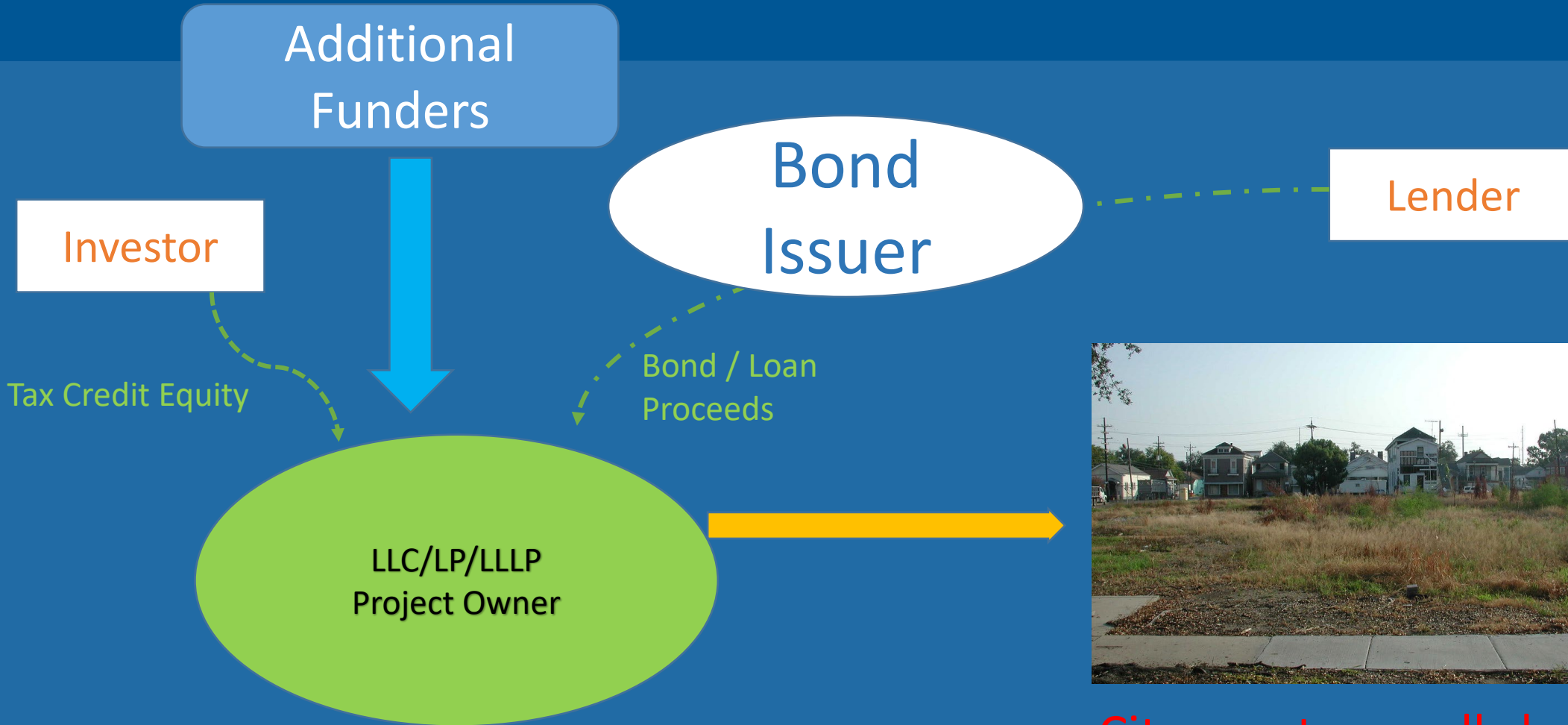


# Putting it Together



City provides grants or subordinate loans

# Putting it Together



City grants or sells land at a reduced price

# How a City Can Participate

Grant land or sell at a reduced cost

Make loans or grants to finance the cost of building projects

- City participation can leverage other funds

Reduce regulatory burdens

- Streamline design review
- Eliminate barriers to zoning
- Expedite permitting

# What Happens When Cities Participate



Funding Source	Amount
Construction Loan	\$3,000,000
Permanent Loan	\$4,000,000
Equity Investment	<u>\$5,000,000</u>
Total	\$12,000,000

# What Happens When Cities Participate

Funding Source	Amount
Construction Loan	\$3,000,000
City Subordinate Loan	\$1,000,000
Permanent Loan	\$ <u>3</u> ,000,000
Equity Investment	<u>\$5,000,000</u>
Total	\$12,000,000

# How to Think About Affordable Housing

## Three Interrelated Areas

Supply – new homes

Stability – protections for residents

Subsidy – funding and supports

Questions?





# SSHA<sup>3</sup>P HOUSING CAPITAL FUND

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SSHA<sup>3</sup>P EXECUTIVE BOARD REGULAR MEETING

NOVEMBER 3, 2023



# INTERLOCAL AGREEMENT

- SSHA<sup>3</sup>P's ILA allows the Administering Agency (Pierce County) to establish, if authorized by a resolution of the Executive Board, a SSHA<sup>3</sup>P Housing Capital Fund Account.
- The ILA does not clarify a funding source for this fund
- The SSHA<sup>3</sup>P Executive Board is provided authority to create policies and procedures for the release of those funds and develop standard forms of approvals and agreements to be used in the application.

*“If authorized by resolution of the Executive Board, the Administering Agency may establish and maintain a subaccount or subfund within the SSHA<sup>3</sup>P Fund for the purpose of administering the contributions of Parties, or other public or private entities, to affordable/attainable housing projects and programs, to be known as the SSHA<sup>3</sup>P Housing Capital Funds Account.”*

– Section 14 of the SSHA<sup>3</sup>P ILA

# 2023 WORK PLAN

- SSHA<sup>3</sup>P's 2023 Work Plan called for the exploration of collaborative funding for affordable housing development using dedicated local revenue sources

# ANNUAL SALES TAX CREDIT BY SSHA<sup>3</sup>P MEMBERS

City/County	FY 2020	FY 2021	FY 2022
City of Auburn	\$59,243	\$129,338	\$149,338
City of Fife	-	\$61,819	\$71,422
City of Lakewood	\$106	\$97,697	\$97,697
Pierce County	\$712,787	\$1,601,254	\$1,601,254
City of Puyallup	\$10,429	\$194,101	\$194,101
City of Sumner	-	\$43,682	\$51,630
City of Tacoma	\$481,091	\$435,389	\$853,070
City of University Place	-	\$23,468	\$25,412

# REGIONAL FUNDING COLLABORATION

RCW 82.14.540 allows cities and counties to enter interlocal agreements to pool and allocate 1406 funds

## **A Regional Coalition for Housing (ARCH)**

- Bothell
- Clyde Hill
- Kenmore
- Newcastle
- Sammamish
- Woodinville

## **South King County Housing & Homelessness Partners (SKHHP)**

- Auburn
- Burien
- Covington
- Des Moines
- Federal Way
- Kent
- Normandy Park
- Renton
- Tukwila

## **Regional Housing Council (RHC)**

- Thurston County
- Olympia
- Lacey
- Tumwater
- Yelm

## **Housing Fund Board**

- Jefferson County
- Port Townsend

# REGIONALLY FUNDED PROJECTS

Examples of affordable housing projects funded by pooled 1406 sales tax credit

## South King County Housing & Homelessness Partners (SKHHP)

Awardee: Habitat for Humanity

- Amount: \$300,000
- Location: Burien
- Type: Homeownership
- Number of Units: 20

Awardee: Mercy Housing NW

- Amount: \$1,093,308
- Location: Burien
- Type: Multi-family rental
- Number of Units: 89

## Regional Housing Council (RHC)

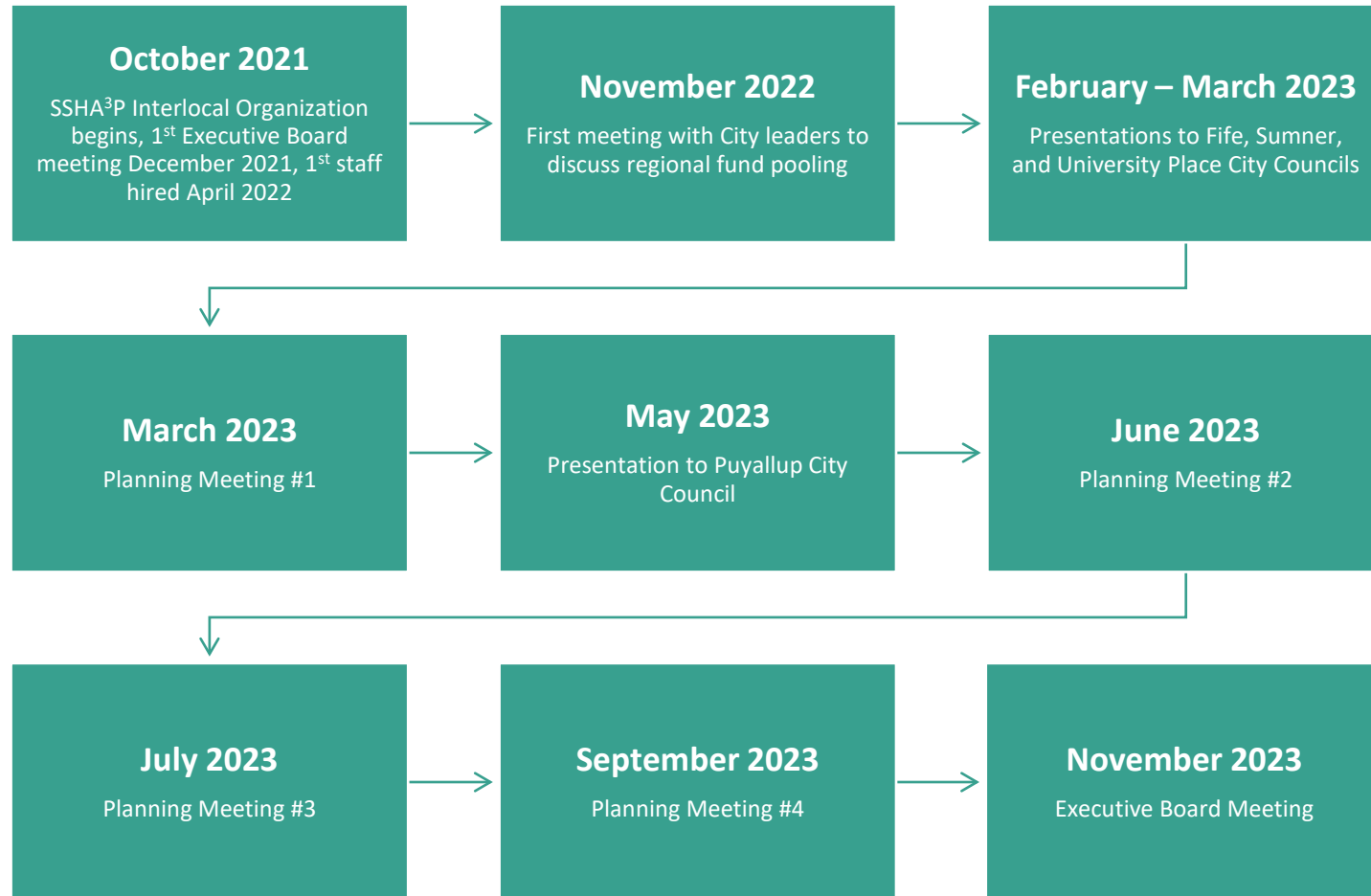
Awardee: Low Income Housing Institute

- Amount: \$1,741,380
- Location: Olympia
- Type: Multi-family rental
- Number of Units: 64

# SKHHP TIMELINE



# SSHA<sup>3</sup>P TIMELINE



# PLANNING MEETINGS

## Planning Meeting #1

- Define each party's goal
- Gather questions to be answered
- Position of each member regarding pooling of funds

## Planning Meeting #2

- Direction from Councils
- New ILA vs SSHA<sup>3</sup>P ILA
- Affordable Housing Pipeline

## Planning Meeting #3

- Rules and Procedures

## Planning Meeting #4

- Rules and Procedures
- Administrative Funds



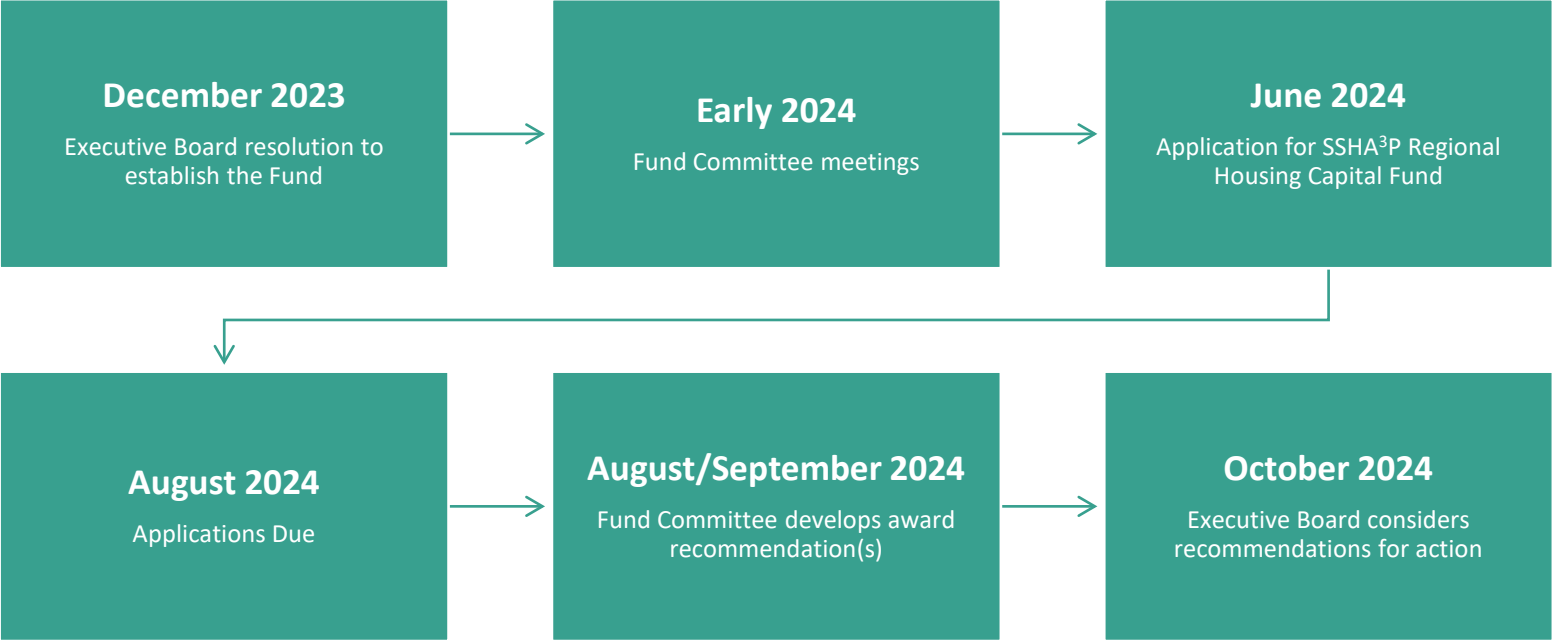
# RULES AND PROCEDURES

- 2060 Committee Structure
- Contributions
- Fund Committee
- Eligible Recipients
- Geographic and Project Type Priorities
- Notification

# FUND ADMINISTRATION

- Administrating Agency
- Annual summary
- NOFA or RFP
- Terms and condition of funding

# PROJECTED NEXT STEPS



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**FROM:** Jason Gauthier, SSHA<sup>3</sup>P Manager

**TO:** Jeff Tate – City of Auburn, Derek Matheson – City of Fife, Heather Moss – Pierce County, Jeff Wilson – City of Puyallup, Jason Wilson – City of Sumner, Kevin Briske – City of University Place

**CC:** Taylor Jones – City of Fife, Bryan Schmid – Pierce County, Katie Baker – City of Puyallup, Ryan Windish – City of Sumner, Mary Connolly – SSHA<sup>3</sup>P

**SUBJECT:** Pooled Regional Resources for Affordable Housing

**DATE:** April 17, 2023

## **BACKGROUND**

During the 2019 legislative session the Washington State Legislature adopted House Bill (HB) 1406, which created a funding tool through the retention of a portion of the state sales and use taxes for cities and counties to invest in affordable and supportive housing development and/or programming. The following member governments of the South Sound Housing Affordability Partners (SSHA<sup>3</sup>P) passed ordinances allowing them to collect this tax remittance:

- Auburn
- Fife
- Lakewood
- Pierce County
- Puyallup
- Sumner
- Tacoma
- University Place

The cities of Auburn, Fife, Puyallup, Sumner, and University Place and Pierce County met in March 2023 to discuss the potential of pooling 1406 funds, and in the case of Auburn, the amount of 1406 funds proportionate to their Pierce County population to support affordable housing development and/or programs. Pierce County has expressed an interest in considering matching contribution to a fund to create a larger and more impactful pool of resources to expand housing opportunities.

## **ELIGIBLE USAGE OF FUNDS**

The funds can be used only for housing and services for populations earning up to 60% of the county median income. In 2022, this was \$62,900 for a four-person household.

Funds may be used in three ways:

- Acquiring, rehabilitating or constructing affordable housing, which may include new units of affordable housing within an existing structure or facilities providing supportive housing services under RCW 71.24.385 (behavioral health organizations), down payment assistance, and home repair;
- Funding the operations and maintenance of new units of affordable or supportive housing; or
- Providing rental assistance to tenants.

## ANNUAL 1406 REVENUE FOR SSHA<sup>3</sup>P MEMBERS

City/County	FY 2021	FY 2022
City of Auburn	\$129,338	\$149,338
City of Fife	\$61,819	\$71,422
City of Lakewood	\$97,697	\$97,697
Pierce County	\$1,601,254	\$1,601,254
City of Puyallup	\$194,101	\$194,101
City of Sumner	\$43,682	\$51,630
City of Tacoma	\$435,389	\$853,070
City of University Place	\$23,468	\$25,412

## SSHA<sup>3</sup>P MEMBER USAGE OF 1406 FUNDS

The City of Auburn contributes its 1406 funds to South King County Housing & Homelessness Partners (SKHHP)'s regional fund to support the development of affordable housing in South King County.

The City of Fife allocated a portion of its 1406 funds to support creation of a tiny house village associated with its Jobs Program.

The City of Lakewood's 1406 funds are used in conjunction with the City's major and minor home repair programs, sewer loan program, and housing rehabilitation loan programs to serve eligible households.

Pierce County and the City of Tacoma award their 1406 funds through their annual notice of funding availability for affordable housing development.

## EXAMPLES OF REGIONAL FUND POOLING

### Example 1: South King County Housing & Homelessness Partners ("SKHHP")

9 of the 10 member governments of SKHHP entered an Interlocal Agreement ("ILA"), separate from the SKHHP ILA, for the purpose for pooling 1406 funds. The ILA limits the use of pooled funds for the following purposes:

- Acquiring, rehabilitating, or constructing affordable housing, which may include new units of affordable housing within an existing structure or facilities providing supportive housing services under RCW 71.24.385; and/or
- Funding the operations and maintenance costs of new units of affordable or supportive housing

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This ILA provides the SKHHP Executive Board with the authority to establish funding guidelines, including eligible activities, household income targets, funding priorities, and geographic areas.

### Example 2: A Regional Coalition for Housing (“ARCH”)

ARCH utilizes a Housing Trust Fund Account created in its original ILA to pool 1406 funds and other funds contributed by member governments.

The ARCH Executive Board is provided authority to create policies and procedures for the release of those funds and develop standard forms of approvals and agreements to be used in the application.

## **POOLING AGREEMENT OPTIONS**

### Option 1: SSHA<sup>3</sup>P Capital Fund

The SSHA<sup>3</sup>P ILA allows the Administering Agency (Pierce County) to establish, if authorized by a resolution of the Executive Board (“the Board”), a SSHA<sup>3</sup>P Capital Fund.

- The ILA does not clarify a funding source for this fund beyond voluntary member contributions
- For the SSHA<sup>3</sup>P Capital Fund the Board is provided authority to create policies and procedures for the release of those funds and develop standard forms of approvals and agreements to be used in the application.

Under this option, it would be recommended that in the policies and procedures element of the resolution to authorize a SSHA<sup>3</sup>P Capital Fund, the Executive Board create a Housing Fund Committee (“the Committee”) to direct investment of the pooled funds. The Committee would seat a representative from each party of the SSHA<sup>3</sup>P ILA who contributes funds to the SSHA<sup>3</sup>P Capital Fund. To ensure alignment between contributing members and the Board, the Capital Fund’s policies and procedures would require the Board to authorize the release of funds only to projects recommended by the Committee.

The Committee would be required to meet on a regular basis for the purpose of developing annual funding priorities and to make recommendations to the Executive Board on the distributions of funds.

### Option 2: A New Interlocal Agreement

A second option would be creating a new ILA between governments for the purposes of pooling funds. This option would mirror the SKHHP pooling ILA as an agreement signed outside of an original ILA. This process would ensure that only contributing members have authority regarding the expenditure of pooled funds.

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## QUESTIONS TO CONSIDER

Question 1: Do contributing parties prefer to distribute funds for capital investments (acquiring, rehabbing, and constructing) or services (either home repair and/or rental assistance)?

Exhibit A to this memorandum provides details on County-funded services, both home repair and rental assistance, that were provided from 2020 to 2022 in the cities of Auburn, Fife, Puyallup, Sumner, and University Place. In assembling these service numbers, we also received feedback that neither the County's home repair programs nor County eviction prevention programs are oversubscribed, meaning all qualified applicant households are being served by the variety of the services outlined in Exhibit A.

Additional feedback received by County staff has centered around the difficulty of disaggregating pooled funds and creating separate accounts to utilize pooled funds to only serve contributing communities. The County has recommended that if cities would like funds to be utilized for these services that the best path forward would be to simply contribute the funds, limiting them to specific programs and require regular reporting on those programs' client services inside the boundaries of contributing cities.

Question 2: If funds are pooled for capital investment, where could those funds be prioritized for usage?

The SSHA<sup>3</sup>P Capital Fund would be designed with a long-term objective to ensure geographic equity to produce affordable housing opportunities within the boundaries of contributing member governments.

Below is an example of a tiered approach for geographic priorities:

Priority 1: Funding projects inside the boundaries of contributing member governments

Priority 2: Funding projects in areas adjacent to the boundaries of contributing member governments

Priority 3: Funding projects in Pierce County cities with a population of under 200,000

Priority 4: Funding projects in any area of Pierce County

Question 3: What are other funding priorities to consider?

Contributing cities and/or the Committee could prioritize certain project categories, such as:

- Rental housing;
- Homeownership; or
- Permanent supportive housing

Contributing cities and/or the Committee could prioritize certain income levels, such as:

- Household earning less than 60% of the county median income;
- Households earning between 30% - 60% of the county median income; or
- Households earning less than 30% of the county median income

Contributing cities and/or the Committee could prioritize certain special populations, such as:

- Persons with behavioral health disabilities;
- Veterans;
- Senior citizens;
- First time homebuyers
- Persons who are homeless or at-risk of being homeless, including families with children;
- Unaccompanied homeless youth or young adults;
- Persons with disabilities; or
- Domestic violence survivors

Contributing cities and/or the Committee could prioritize certain development typology, such as:

- Transit oriented development; or
- Infill development

## **ATTACHMENTS**

Exhibit A



**South Sound Housing Affordability Partners Housing Capital Fund**

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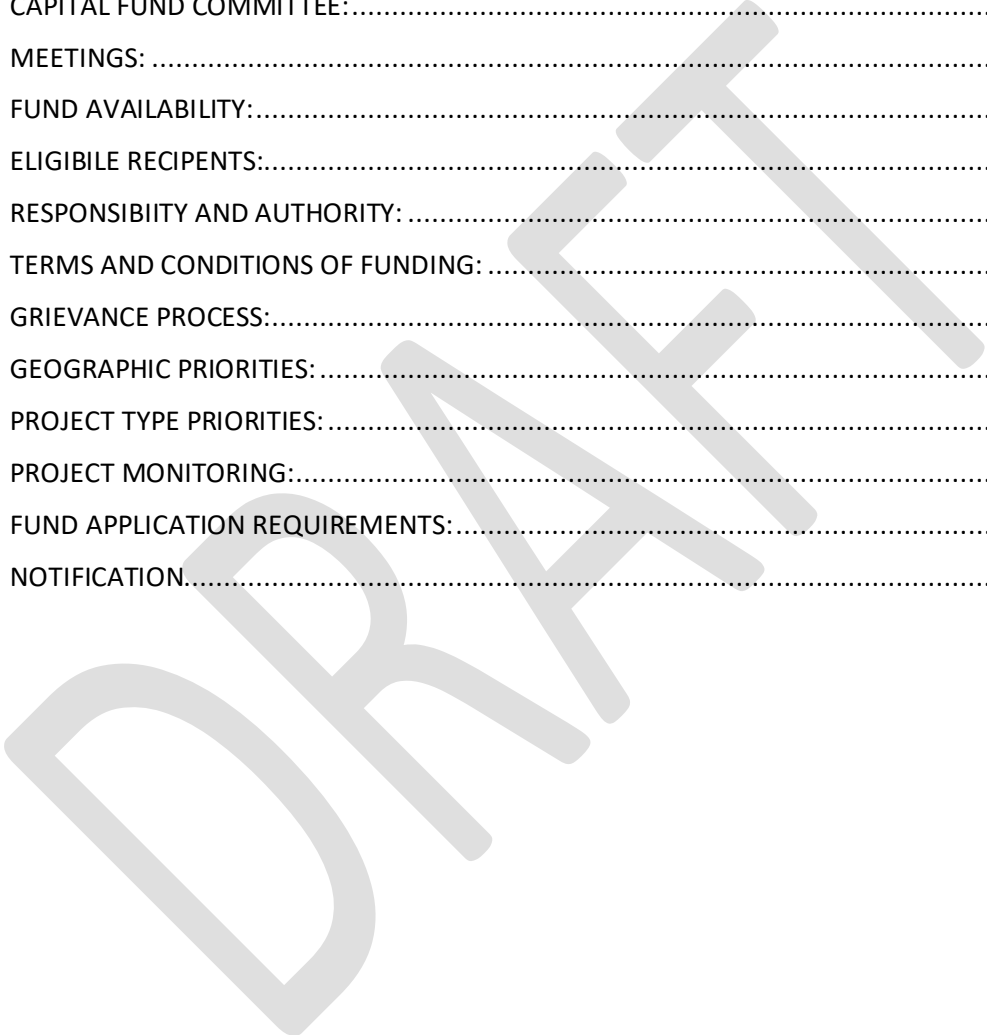
**RULES AND PROCEDURES**

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DRAFT

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**I. INTRODUCTION AND PURPOSE:**

Resolution No. 2023-08 of the South Sound Housing Affordability Partners (“SSHA<sup>3P</sup>”) Executive Board establishes the SSHA<sup>3P</sup> Housing Capital Fund Account (“the Fund”) to cooperatively plan for and provide affordable and supportive housing and/or programs. These rules and procedures allow Parties of the SSHA<sup>3P</sup> Intergovernmental Agreement (the “IGA”) to contribute moneys to fund and leverage public and private investments in affordable housing projects and/or programs throughout our Pierce County community.

**II. AUTHORITY:**

The authority to establish, adopt, and amend Rules and Procedures for the operations of the Fund is derived from Section 14 of the IGA. In the event of conflict between these Rules and Procedures and the guidance provided in the IGA, the IGA will take precedence.

**III. CONTRIBUTIONS TO THE FUND**

1. Hereafter, member governments of the IGA who contribute moneys to the Fund shall be known as a “Party” or “the Parties.”
2. Parties shall commit moneys to the Fund through their annual or biennial budget process, and/or budget amendment process.
3. Parties shall inform SSHA<sup>3P</sup> and the SSHA<sup>3P</sup> Administering Agency (“the Agency”) no later than December 31<sup>st</sup>, on an annual or biennial basis, of the amount and source of moneys, and fiscal years of commitment, they commit to the Fund.
4. The amount and source of moneys committed to the Fund shall be determined by each Party.
5. Parties shall transmit committed funds to the Agency prior to award of funds to eligible projects no later than August 1<sup>st</sup>.
6. Funds transmitted to SSHA<sup>3P</sup> for deposit in the Fund will be held by the Administering Agency on behalf of SSHA<sup>3P</sup> until directed for application by the contributing Party.
7. Within the Fund, a sub-account will be established for each Party that contributes to the Fund. Such sub-accounts are collectively referred to as the “Individual Accounts”.
8. Uncommitted funds in an Individual Account will be remitted to the contributing Party within 45 days of receipt of written request from the Party signed by its chief executive officer, or upon the Party’s withdrawal from SSHA<sup>3P</sup> in accordance with the terms of Section 12, or on the dissolution of SSHA<sup>3P</sup> per Section 11 of the IGA.

**IV. CAPITAL FUND COMMITTEE:**

1. A Capital Fund Committee (“the Committee”) is established to create priorities for expenditures of moneys from the Fund and provide recommendations to the Executive Board for expenditures from the Fund.
2. The Committee shall be comprised of one representative from each Party.
3. Each Party may designate one alternate representative to represent them on the Committee when the representative is not available.
4. Representatives and alternate representatives are not required to be members of the Executive Board.

5. Annually, the Parties shall inform the SSHAP Executive Board in writing of the name and contact information of their primary representative and alternate representative, on or before February 1.
6. The Committee shall review and evaluate project applications based on criteria established by the Committee and published in the Notice of Funding Availability (“NOFA”) or Request-for-Proposal (“RFP”). The Committee will then provide funding recommendations to the Executive Board for consideration and action.
7. A quorum for the Committee shall be deemed present when a simple majority of the total Committee members are in attendance.
8. A simple majority of the Committee members present at a meeting where a quorum exists is required to approve any action.
9. A vote occurring with an equal number of votes in favor and against a particular action shall be considered a failed vote.

**V. MEETINGS:**

1. Meetings of the Committee shall be held at the time(s) and place(s) determined by the Committee. At minimum the Committee shall meet twice annually to:
  - a. establish annual priorities for the Fund; and
  - b. make recommendations for the distribution of moneys from the Fund.

**VI. FUND AVAILABILITY:**

1. On an annual basis the Agency, on behalf of the Fund, shall publish a NOFA or RFP through its established methods. This notice will set forth the amount of funds available, eligible projects and programs, priorities for the awarding of funds, the deadline for submission of funding applications, and any other pertinent information related to the process and/or decisions.

**VII. ELIGIBLE RECIPIENTS:**

1. Eligible recipients of moneys from the Fund shall be the Parties, local housing authorities, behavioral health administrative services organizations established under chapter [71.24](#) RCW, nonprofit community or neighborhood-based organizations, federally recognized Indian tribes in the state of Washington, regional or statewide nonprofit housing assistance organizations, and for-profit housing developers.

**VIII. RESPONSIBILITY AND AUTHORITY:**

1. The SSHAP Administering Agency is designated as the administrator responsible for overseeing and administering the Fund. The Agency will maintain records sufficient to separately track the deposits, withdrawals, and interest earnings within each Party’s Individual Account and each Project Account and will provide reports as necessary to all Parties as to the status of moneys in each Individual Account and Project Account. The Agency’s responsibilities under this Section may be delegated to SSHAP staff to the extent consistent with applicable law and as the Agency and Executive Board may agree.

2. SSHAP shall provide an annual written summary of moneys collected and expended via the Fund to all Parties. The report shall contain historical information regarding:
  - a. Number of moneys contributed by Parties by year to the Fund over the operating term of the Fund;
  - b. Number of total projects awarded by Fund over the operating term of the Fund;
  - c. Number of total ownership units funded;
  - d. Number of total rental units funded;
  - e. Name and Address of each project funded;
  - f. Number of moneys awarded to projects inside the geographic boundaries of each Party;
  - g. Project applications, including project address, submitted over the operating term of the Fund;
  - h. Total Development Costs per funded project;
  - i. Length of affordability period for each funded project; and
  - j. Affordability level for each funded project.

**IX. TERMS AND CONDITIONS OF FUNDING:**

1. Funding provided to eligible recipients for acquisition, rehabilitation, or new construction shall be distributed in the form of a Loan or Grant at the discretion of the Agency.

**X. GRIEVANCE PROCESS:**

1. Applicants who feel they have been treated unfairly in the process or have not had their applications considered appropriately shall have the opportunity to present both written and oral testimony to the Committee.
2. The Committee shall establish a process for hearing such grievances.
3. The Committee shall provide a grievance hearing recommendation to the Executive Board for a decision.
4. Decisions of the Executive Board shall be final.

**XI. GEOGRAPHIC PRIORITIES:**

The Fund has a long-term objective to support low-income residents' affordable housing needs throughout the Parties' boundaries and across SSHAP's geographic purview.

1. Subject to revision by a majority vote of the Committee, the Fund shall prioritize the funding of projects or programs located or serving inside the governmental boundaries of contributing Parties and projects or programs located in areas adjacent to contributing Parties.

**XII. PROJECT TYPE PRIORITIES:**

The Fund has a long-term objective to create a broad mix of affordable housing types to maximize choice for low-income individuals and families seeking affordable housing throughout the Parties' boundaries and across SSHAP's geographic purview. All funding must serve eligible populations as determined by fund source(s).

1. On an annual basis the Committee may develop funding priorities for project types to serve eligible populations.

**XIII. PROJECT MONITORING:**

1. The Agency issuing the loan or grant shall monitor all projects for compliance with the funding terms and conditions in the contract(s).

**XIV. FUND APPLICATION REQUIREMENTS:**

1. The Agency shall require project zoning confirmation via a Zoning Approval Letter or Verification of Zoning Status as part of the Fund NOFA or RFP requirements.

**XV. NOTIFICATION**

1. The Agency or SSHA<sup>3P</sup> staff shall provide notice to SSHA<sup>3P</sup> member governments when project applications for Fund awards are received for affordable housing development inside their political boundary. This notice will be issued at least 30 days prior to Executive Board action to award moneys from the Fund.

DRAFT

**TO:** SSHA<sup>3</sup>P Executive Board

**FROM:** Jason Gauthier, SSHA<sup>3</sup>P Manager

**SUBJECT:** October 2023 Manager Report

**DATE:** November 3, 2023

## **AFFORDABLE HOUSING DEVELOPMENT**

### **Regional Housing Capital Fund**

The Executive Board will receive a presentation on the creation of a SSHA<sup>3</sup>P Housing Capital Fund at its November 1, 2023, regular meeting and staff anticipates bringing a resolution forward at the Executive Board's December meeting to formally create the fund account and adopt its rules and procedures, including the establishment of a fund committee to determine funding priorities and make funding award recommendations to the Executive Board.

### **Pierce Transit Property**

In October, Multi-Services Center (MSC) has asked SSHA<sup>3</sup>P assist in a project proposal for a Pierce Transit (PT) property located near 72<sup>nd</sup> & Portland and for transit-oriented affordable housing development, with the goal of submitting a proposal to PT in late 2023/early 2024. SSHA<sup>3</sup>P staff have offered guidance and a suite of support services for the organization and will coordinate our work with Pierce Transit and the City of Tacoma.

### **Department of Natural Resources Property**

In September, Pierce County's Community Development Corporation signed an interagency agreement with the Department of Natural Resources (DNR) to facilitate the direct transfer of a DNR owned transition lands property in Frederickson for future affordable housing development. The property acquisition is expected to occur in early 2024. This property shows moderate development capacity for 20-26 units, most suitable for an affordable homeownership model.

### **Affordable Housing on Religious Owned Property**

SSHA<sup>3</sup>P staff are working on developing a toolkit to support religious organizations who are considering the utilization of their property for affordable housing development. This toolkit will include a library of RFP/RFI for pre-development services, a database of development partners, and will link to our future Developer Portal with appropriate contact information for community development and planning staff at each SSHA<sup>3</sup>P member government.

## **HOUSING POLICY & PLANNING**

### **City of Fife and MFTE Program**

SSHA<sup>3</sup>P staff are working on developing an MFTE application and compliance process for the City of Fife's newly adopted MFTE program. At the Fife Council's September 27<sup>th</sup> regular meeting it adopted Ordinance No. 2015, adopting regulations related to create an MFTE program.

## **Middle Housing Grant**

SSHA<sup>3</sup>P's Middle Housing Grant work, including a summary of policy and program recommendations, can be found on SSHA<sup>3</sup>P's website [HERE](#).

## **Comprehensive Planning**

SSHA<sup>3</sup>P staff will support the City of Fife in facilitating a focus group on housing on November 2. SSHA<sup>3</sup>P staff will support staff workgroup members in hosting a second collaborative meeting for planners in Pierce County in November. As members update their Comprehensive Plan housing elements, SSHA<sup>3</sup>P staff are available to assist in addressing HB 1220's "adequate provision" requirements, engaging with affordable housing developers, and conducting community engagement.

## **Comprehensive Plan Information Matrix**

Staff continue to update [Comprehensive Plan resources](#) with new resources as they become available.

## **State Legislative Advocacy**

With the adoption of SSHA<sup>3</sup>P's [2024 State Legislative Agenda](#), staff have begun working with partner agencies and organizations to advance SSHA<sup>3</sup>P's priorities. Early work on creating more flexibility for affordable homeownership and Connecting Housing to Infrastructure Program (CHIP) funding have shown great promise, and we look forward to continuing our partner building to advance priorities, including: the disabled veteran property tax exemption, funding for the acquisition of property for affordable housing, and construction workforce development. In the coming weeks staff will begin meeting with the Pierce County legislative delegation to voice the SSHA<sup>3</sup>P priorities as we move toward the start of the 2024 legislative session.

## **EDUCATION & OUTREACH**

### **Philanthropy Roundtables on Affordable Housing**

Staff is working with the Greater Tacoma Community Foundation and Bamford Foundation on scheduling regular Philanthropy Roundtables on Affordable Housing for project updates, development education, information sharing between private and public funders, and alignment of affordable housing investments. The first roundtable event is the first week of November.

### **Affordable Housing Developer Engagement and Database**

As a part of SSHA<sup>3</sup>P staffs' meetings with members of the affordable housing development community, staff will utilize information learned in these meetings to develop a developer database, including: primary contact information, housing typology specialty, income level and special populations served, and previous experience in Pierce County. This database will be made available on the SSHA<sup>3</sup>P website in our *Comprehensive Plan Support* section, and we expect that member government staff will utilize it when conducting affordable housing stakeholder work as part of their Comprehensive Plan update.



## **Developer Portal**

Staff are creating a “developer portal,” which will be a section of the SSHA<sup>3</sup>P website where developers can learn about developing in SSHA<sup>3</sup>P member jurisdictions. Staff worked with member governments and affordable housing developers to receive feedback on the portal’s design and information. Staff have reached out to all SSHA<sup>3</sup>P members to provide information for the portal.

## **Property Tax Exemption Seminars**

Staff are working with Pierce County’s Assessor-Treasurer’s Office and Aging and Disability Resources outreach team to schedule two property tax exemption seminars in winter of 2023. These seminars are expected to occur on the Key Peninsula and in Puyallup/South Hill.

## **ADMINISTRATION & GOVERNANCE**

### **SSHA<sup>3</sup>P Advisory Board**

With the assistance of a subcommittee, the Advisory Board continues to develop its work plan. Staff expect that the Executive Board will provide feedback on a draft Advisory Board work plan at its December meeting and adopt the work plan at its January meeting. The next Advisory Board meeting is on November 21 at 5:30 PM.

Staff are accepting Advisory Board applications until November 3 for seats that will open at the end of this year. Staff have reached out to affordable housing operators to ask them to distribute information to their residents in order to reach people with experience living in affordable housing. Staff will meet with an Executive Board subcommittee in December to create appointment recommendations and expect the Executive Board to appoint members to the Advisory Board at the January Executive Board meeting.

**South Sound Housing Affordability Partners**

# **Budget Performance Report**

**2023 Quarter 3 Update**

**South Sound Housing Affordability Partners**  
**Year 3: FY2023 Budget vs Actual as of September 30, 2023**

SSHA <sup>3</sup> P Fund	2023 BUDGET	Q1 2023 ACTUAL	Q2 2023 ACTUAL	Q3 2023 ACTUAL
<b>OPERATING REVENUES</b>				
City of Auburn	5,175*			5,175
City of DuPont	5,175*			5,175
City of Edgewood	5,175*			5,175
City of Fife	5,175*			5,175
City of Fircrest	3,105*			3,105
City of Gig Harbor	5,175*			5,175
City of Lakewood	20,700*			20,700
City of Milton	3,105*			3,105
City of Puyallup	12,420*			24,840
Puyallup Tribe of Indians	3,105*			
Town of Steilacoom	3,105*			3,105
City of Sumner	5,175*			5,175
City of Tacoma	65,000*			
City of University Place	12,420*			
Pierce County	130,000*			98,498
Outside Sources; Philanthropy, In Kind Donations	27,000			
<b>TOTAL REVENUE</b>	<b>311,010</b>			<b>184,403</b>
<b>EXPENDITURES</b>				
Salaries and Benefits - Manager	164,969	37,165	47,190	6,642
Salaries and Benefits - Program Specialist II	70,003	11,419	21,523**	
Other	67,338	1,825	8,184	
<b>TOTAL EXPENDITURES</b>	<b>302,310</b>	<b>50,409</b>	<b>76,897</b>	<b>6,642***</b>

<b>WA Dept of Commerce - Middle Housing Grant</b>				
<b>TOTAL Revenue</b>	<b>235,000</b>		<b>235,000</b>	
<b>Expenditures</b>				
Salaries and Benefits - Manager	34,482			34,482
Salaries and Benefits - Program Specialist II	28,738			28,738
Other	4,429			4,429
BERK Consulting****	167,351	66,616	100,735	
<b>TOAL Expenditures</b>	<b>235,000</b>	<b>66,616</b>	<b>100,735</b>	<b>67,649</b>

\*Invoices for FY2023 SSHA<sup>3</sup>P member government contributions were delivered in Q3

\*\*SSHA<sup>3</sup>P increased the Program Specialist II hours from 20 to 36 per week starting the Week of May 8

\*\*\*Revenues from unspent Middle Housing Grant funds were used to offset SSHA<sup>3</sup>P staff time spent in support of grant work

\*\*\*\*Contract (SC-109647) amount for deliverables was for up to \$230,000. Consultant billing totaled \$167,351