

1408C
05/16/91

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 4251

AN ORDINANCE establishing a non-operating, special purpose fund to be designated the Housing Trust Fund; specifying the purpose of the fund; establishing the manner in which projects shall be established within the fund; and appropriating anticipated revenues for such fund.

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. There is hereby established a non-operating, special purpose fund, to be designated the "Housing Trust Fund". The purpose of this fund is to provide for the creation and preservation of affordable housing for low and moderate income households. All funds designated for the purpose of creating and preserving affordable housing shall be deposited in such fund including, but not limited to, CIP Fund allocations, General Fund Allocations, CDBG funds, developer fees and voluntary contributions.

Section 2. Use of fund monies shall be consistent with the following criteria. The Housing Trust Fund shall be used to create and preserve affordable housing for low income households in as direct a manner as possible. In special circumstances the Housing Trust Fund may be used to create and preserve housing for moderate income families. Fund monies should be used to complement rather than to replicate other housing programs. Activities funded by the Housing Trust Fund should promote the development of a culturally diverse community and further the City's commitment to fair housing. Recapture of Housing Trust Fund monies, such as through land leases and second mortgages, should be considered where future cash flows will allow it without the loss of affordability.

The Human Service Commission shall adopt regulations governing use of Housing Trust Fund monies consistent with the criteria set forth in that certain document entitled "Criteria for Housing Trust Fund", which has been given Clerk's Receiving No. 16534, and may make refinements thereto as the Commission may deem appropriate.

Section 3. The Finance Department shall have the responsibility for the financial administration of the fund and shall maintain separate records of accounts showing receipts and disbursements for the fund as a whole and for all projects assigned to the fund. The Finance Department

Sham Mott

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CRITERIA FOR HOUSING TRUST FUND

INTRODUCTION

The Housing Trust Fund shall be used to create and preserve affordable housing for low and moderate income households in as direct a manner as possible, ~~with special emphasis placed on providing housing for low income households.~~ In special circumstances the Housing Trust Fund may be used to create and preserve housing for moderate income families. The Trust Fund should be used to complement rather than to replicate other housing programs. Activities funded by the Housing Trust Fund, should promote the development of a culturally diverse community and further the City's commitment to fair housing. Recapture of Housing Trust Funds, such as through land leases or second mortgages, should be considered where either future cash flows will allow it without the loss of affordability, or when levels of affordability are reduced.

A. USES OF FUNDS

Development of housing for low and moderate income families. This would include paying for costs such as land option payments, design work, or predevelopment costs in order to cover gaps between project costs and other funding sources.

Preservation of Affordable Housing

First priority would be to assist with preserving the affordability in existing subsidized projects that are threatened with converting to market rents. Other uses would be to assist with rehabilitating or acquiring non-subsidized units while maintaining their affordability to low income families.

Rental Assistance Program

In some circumstances, for example affordable rental units created by the inclusionary program, apartment rents are slightly higher than Section 8 Fair Market Rents (FMR). City funds could be used to 'buy-down' the rent to FMR rent levels, thus making the unit available to families with Section 8 Certificates (typically families with incomes well below 50% of median income). Another form of rental assistance could be to assist renters with up front costs such as security deposits and last month rent deposits.

Land Banking

There are occasions when a piece of property is available, possibly at a reasonable cost, but for a variety of reasons (e.g. availability of financing or developer), is not ready for immediate development. The Housing Trust Fund could be used to purchase the property and hold it until it is ready for development.

Relocation Assistance

The City has begun to experience the redevelopment of sites currently developed with housing. The existing housing often have rents that are relatively affordable. Recently passed state legislation allows cities to require relocation assistance from developers, but only if the city matches the assistance.

Housing Services

Many types of affordable housing, especially for those with special needs, often provide social services (e.g. attendant care, job counseling, medical care) to enable a household to live independently. Though the City may not want to utilize housing trust funds directly for these services, the city should coordinate with the Human Services Commission and social service providers so that housing developments funded from the housing trust fund are properly served.

Matching Grants to Employers

The City could challenge employers to establish housing programs for its low and moderate income employees. As well as providing technical assistance to employers, the City could use housing trust funds to match (at a prescribed ratio) contributions by employers to a housing program.

B. PRIORITY FOR FUNDS

Duration of Affordability

Priority will be given to projects which maintain affordability for the longest period feasible.

Housing for Low Income Households

The City in its Comprehensive Plan acknowledges that meeting the needs of low income families is particularly difficult. Therefore, strong preference should be given to using Housing Trust Funds to create housing opportunities for low income families.

Address Targeted Bellevue Needs

Priority will be given to projects that serve Bellevue's housing needs as identified by its Housing Targets**. This could include projects not located in Bellevue, if they serve a Bellevue need. Applicants for funds would have to provide a marketing strategy which addresses how the project will be marketed to households identified by Bellevue's Housing Targets.

** An Implementation Measure of the Housing Element is to develop periodic affordable housing targets. Work has begun on these targets with material ready for initial Council review expected in the first half of 1991.

Not-For-Profit Organizations

Priority will be for projects which are either owned or managed by not-for-profit organizations. This includes public entities (e.g. city government, housing authority), and charitable organizations (e.g. 501(c)(3) non-profit corporation). This does not preclude projects with participation by for-profit organizations, especially if they work in partnership with not-for-profit organizations.

Mixed Income Projects

City policy encourages projects with a combination of low income and market rate housing. Though funding mixed income projects would not be an explicit priority, funding of mixed income projects is encouraged, so long as the Housing Trust Fund is used solely for the benefit of the low income families.

C. ALLOCATION OF FUNDS

Regional Housing Entity

Primarily, the Housing Trust Fund ~~will~~ may be allocated to the regional housing entity if established. In utilizing these funds, this group will use policies and criteria established by Bellevue and will continue to consult with Bellevue to assure that Bellevue's priority needs are being addressed.

Special City Projects

Occasionally the City may have a project which it will fund directly.

Special Human Services Commission Projects

Occasionally the Human Services Commission may have a project combining housing and human services that could be partially funded by the Housing Trust Fund.

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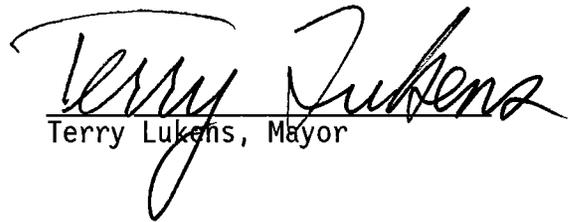
may establish rules and regulations for the financial administration of the fund.

Section 4. There is hereby appropriated in the Housing Trust Fund an initial appropriation of \$1,054,000 which is deemed sufficient appropriation to carry the fund through the end of 1992. Future appropriations will be brought forward for Council approval periodically as required.

Section 5. This ordinance shall take effect and be in force five days after its passage and legal publication.

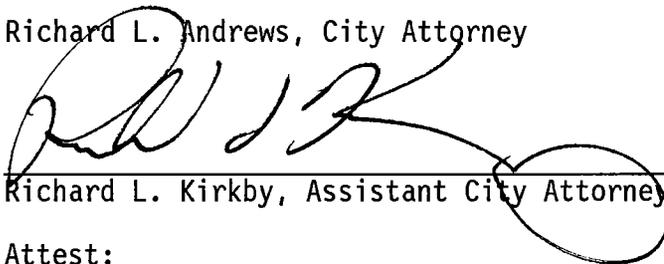
PASSED by the City Council this 20th day of May, 1991, and signed in authentication of its passage this 20th day of May, 1991.

(SEAL)


Terry Lukens, Mayor

Approved as to form:

Richard L. Andrews, City Attorney


Richard L. Kirkby, Assistant City Attorney

Attest:


Marie K. O'Connell, City Clerk

Published May 23, 1991