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## Local Option Sales Tax Authority for Housing and Mental Health

In 2015 the Legislature passed HB 2263 (Chapter 24, 2015 Laws 3rd Special Session) which authorizes counties and cities to impose a 0.1% local sales tax for housing and mental health services.

### How may these funds be used?

At least 60% of the funds must be used for:

- Constructing affordable housing, including new units within existing structures, and facilities providing housing related services
- Constructing mental and behavioral health related facilities, or
- Operating and maintaining newly constructed affordable housing units, facilities where housing related services are provided, or newly constructed evaluation and treatment centers

These funds may only be used for persons with mental illness, veterans, seniors, homeless families with children, or families with children who are at-risk of being homeless, unaccompanied homeless youth or young adults, persons with disabilities, or domestic violence survivors whose income is at or below 60% of the median income in the county where the tax is imposed.

Any remaining dollars may be spent on the operation, delivery, or evaluation of mental and behavioral health programs and services, or housing related services.

### May a county impose the new tax councilmanically?

No, the tax may only be imposed after an authorizing proposition is approved by a majority of voters at a general or special election.

### May new revenues be used to supplant existing revenues?

New revenues may be used to offset reductions in state or federal funds for the described purposes.

No more than 10% of new revenues may be used to supplant existing local funds.

### May new revenues be bonded?

Up to 50% of the new revenues may be bonded to finance the construction of affordable housing, facilities where housing-related programs are provided, or evaluation and treatment centers.

### How long does a county have before a city may impose the tax?

Most counties have 2 years to impose the tax before the city may utilize the authority. King County has 3 years.

### What happens if a city imposes the tax before the county?

The county must provide a credit against its tax for the amount of tax imposed within the city.

### If a county only imposes a portion of the new tax authority, may a city impose the remainder?

Yes.

### Does a county have to share the new revenue with its cities?

No.



## Responses to Common Questions About HB 2263: Local Option Tax for Affordable Housing & Mental Health Facilities

### **Q: What would the bill do, and what would it provide funding for?**

**A: The bill would create an option for local communities to implement a new 1/10 of 1% sales tax for affordable housing, mental health facilities, operations and maintenance, and services.** At least 60% of the funds would be used to build affordable housing, facilities to deliver mental health services, and/or operations and maintenance (O&M) for affordable housing or mental health services.

The funds would serve people with mental illness or people whose income is at or below 60% of the county's area median income and who fall within one of the following population groups:

- Veterans
- Senior citizens
- Homeless families with children
- Unaccompanied homeless youth
- Persons with disabilities
- Domestic violence survivors

The remaining funds would be used for the operation, delivery, or evaluation of mental and behavioral health treatment programs and services, or housing-related services.

### **Q: Isn't a sales tax regressive? Don't you think that raising the taxes on low and middle-income families will actually make things worse for people?**

**A: The issue of housing affordability is one of the greatest challenges facing our state today. While we strongly support progressive tax reform,** urgent action is required to address the tremendous need for affordable housing, particularly for low-income Washingtonians. According to a recent study by the Washington State Department of Commerce, nearly a million households in our state are burdened by unaffordable housing costs. Close to two-thirds of Washington's lowest-income households are severely burdened with more than half of their income going to housing costs alone, leaving them in an extremely precarious position and at risk of homelessness. It is critical that we take action to ensure that everyone in our state has the opportunity to live in a safe, healthy, affordable home that is part of a thriving community.

**Q: Would this replace the current Mental Illness and Drug Dependency Tax?**

**A: No it would not.** This would be an additional local option that communities could choose to use to address urgent affordable housing and mental health needs.

**Q: How much funding would go to affordable housing, and how much would go to mental health?**

**A: It's up to the community.** The proposal is a local option, and as such it would give local governments and advocates flexibility to set local priorities based on identified community needs.

**Q: How does a community implement this tool?**

**A: Implementation requires a majority vote of the legislative authority.** If a county does not implement the option within two or three years (depending on the county population), then cities within that county would have the ability to implement the option.

**Q: Is this proposal just aimed at Seattle/King County, or is this a statewide solution?**

**A: The local option proposal is a statewide solution to help address urgent affordable housing and mental health needs in communities throughout Washington.** While it is true that affordable housing deficits are particularly acute in high-cost urban areas, particularly in Seattle and King County, the fact is that every single county in Washington State is facing a significant deficit of affordable housing compared to what is needed by their communities. According to the Washington State Department of Commerce's Housing Needs Assessment, Washington State needs more than 250,000 more units of affordable housing just to meet the current need.

The option is similar to the Mental Illness and Drug Dependency tax, which was implemented in 2005. As of April, 2015, 22 counties and the city of Tacoma have taken advantage of that local option.

**Q: Will communities actually be able to use this?**

**A: Yes!** This funding stream is designed to enable communities to not just set priorities based on local needs, but to also use the funding for a variety of purposes in order to maximize their ability to leverage other funding sources and opportunities.

**Q: How will this funding work with the Housing Trust Fund?**

**A: The local option and the Housing Trust Fund are designed to complement one another.** If enacted, the local option will give communities the ability to stretch state capital

investments in affordable housing made through the Housing Trust Fund much further. Together, the two funding streams will help communities address the extreme affordable housing crisis facing our state.

**Q: Who are the bill sponsors?**

**A:** Representatives Springer (45 LD - Kirkland), Walkinshaw (43 LD - Seattle), Robinson (38 LD - Everett), Tharinger (24 LD - Port Angeles), Carlyle (36 LD -Seattle), McBride (48 LD - Kirkland), Fitzgibbon (34 LD - Seattle), and Reykdal (22 LD – Olympia).

**Q: How are the cultural access and affordable housing sections of the bill related?**

**A: They are not technically related.** Local communities do not have to implement both and it is unlikely that they would be tied together. The cultural access and affordable housing sections of the bill are independent and provide separate opportunities for communities. If passed, the bill would provide communities with local taxing options to raise revenue for cultural access programs and/or affordable housing. The local taxing options are unrelated and would need to be implemented at the local level independently.

###



## Comparison of Local Affordable Housing Funding Options

Regular Housing Levy			
<b>RCW:</b>	<a href="#">84.55</a>		
<b>Maximum Statutory Levy Rate:</b>	\$0.50/\$1,000 Assessed Value		
<b>Voter Approval Required:</b>	Yes		
<b>Affecting Levy Limits:</b>	Levy Limit budget 1%	Statutory Rate  Ballot	District
<b>Governing Body:</b>	City and/or County		
<b>Time Period:</b>	7 Years		
<b>Purpose:</b>	Finance affordable housing and O&M for low-income (80% AMI) households		
<b>Potential Stakeholders:</b>	Affordable housing/homelessness advocates, nonprofit development corporations, architects, banks and other financial institutions, community groups and organizations including faith groups, labor groups, and school organizations		

Emergency Housing Levy			
<b>RCW:</b>	<a href="#">84.52.105</a>		
<b>Maximum Statutory Levy Rate:</b>	\$0.50/\$1,000 Assessed Value		
<b>Voter Approval Required:</b>	Yes		
<b>Affecting Levy Limits:</b>	Levy Limit budget 1%	Statutory Rate  Ballot	District
<b>Governing Body:</b>	City and/or County		
<b>Time Period:</b>	10 Years		
<b>Purpose:</b>	Finance affordable housing and O&M for very low-income (50% AMI) households.		
<b>Note:</b>	This amount can exceed the levy lid/aggregate limit of \$5.90		
<b>Potential Stakeholders:</b>	Same as the regular housing levy.		

## HB 2263 “Local Option” Sales Tax

<b>RCW:</b>	<a href="#">82.14</a>
<b>Maximum Rate:</b>	1/10 <sup>th</sup> of 1% Sales Tax Increase
<b>Voter Approval Required:</b>	Yes
<b>Governing Body:</b>	Counties; Cities outside of King County on 10/9/2017, Cities in King County on 10/9/2018
<b>Time Period:</b>	N/A
<b>Purpose:</b>	At least 60% of the funds At least 60% of the funds for affordable housing; mental health facilities; and/or O&M. Must serve 60% AMI or below within certain population groups.  Remaining funds would be used for behavioral health treatment programs and services or housing-related services.
<b>Potential Stakeholders:</b>	Same as for the regular and emergency housing levies. Because of the mental health linkages, mental health service providers and constituencies that advocate for mental health could be particularly key stakeholders.

## Mental Illness and Drug Dependency Tax

<b>RCW:</b>	<a href="#">82.14.460</a>
<b>Maximum Rate:</b>	1/10 <sup>th</sup> of 1% Sales Tax Increase
<b>Voter Approval Required:</b>	No
<b>Governing Body:</b>	Counties and Cities
<b>Time Period:</b>	N/A
<b>Purpose:</b>	Operation or delivery of chemical dependency or mental health treatment programs and services and for the operation or delivery of therapeutic court programs and services. “Programs and services,” includes, but is not limited to, treatment services, case management, and housing that are a component of a coordinated chemical dependency or mental health treatment program or service.

**[PROPOSED] Real Estate Excise Tax or “REET 3”**

<b>RCW:</b>	<a href="#">84.25</a>
<b>Maximum Rate:</b>	Potentially ¼ of 1 percent of the selling price on the purchase and sale of real property
<b>Voter Approval Required:</b>	Current REET options are councilmatic (do not require additional voter approval)
<b>Governing Body:</b>	Counties and Cities
<b>Time Period:</b>	N/A
<b>Purpose:</b>	To finance the development of affordable housing, including the acquisition, building, rehabilitation, and the operations and maintenance of housing.

**HB 2263 “Cultural Access Program” [NOT FOR AFFORDABLE HOUSING]**

<b>RCW:</b>	<a href="#">82.14</a>
<b>Maximum Rate:</b>	Counties can choose either a 1/10 <sup>th</sup> of 1% sales tax increase <b>OR</b> property tax levy that would generate an amount equal to what the 1/10 <sup>th</sup> of 1% sales would generate, subject to the \$5.90 local tax limit. Note: King County can only implement the sales tax.
<b>Voter Approval Required:</b>	Yes
<b>Governing Body:</b>	Counties
<b>Time Period:</b>	7 Years
<b>Purpose:</b>	Advancement or preservation of science or technology, the visual or performing arts, zoology, botany, anthropology, heritage, or natural history.
<b>Note:</b>	Although HB 2263 also authorized this option, it is not linked in any other way to the affordable housing/mental health funding option. The two options are entirely separate from one other.

2016 CDBG BUDGET	
Projected Award	\$ 947,598
Carryover from Prior Year (Already Committed to Projects)	\$ 475,000
KCR Coordinated Grant Application	\$ <u>5,000</u>
<b>TOTAL CDBG</b>	<b>\$1,427,748</b>

PROJECTED USE OF 2016 CDBG FUNDS	
<b>TOTAL</b>	<b>\$947,598</b>
Administration	\$189,520
Public Service	\$142,139
<i>Boys &amp; Girls Club – SK Elem</i>	\$11,581
<i>Boys &amp; Girls Club –Teen Initiative</i>	\$11,661
<i>CK Food Bank – 2016 Salaries</i>	\$33,593
<i>Helpline House – Community Connections</i>	\$17,825
<i>KSAC – Child Abuse Intervention</i>	\$13,996
<i>SK Helpline – Employee Funding</i>	\$33,584
<i>YMCA – Child Care Scholarships</i>	\$19,899
Capital	\$565,939
<i>Housing Kitsap – Heritage Apts</i>	\$136,291
<i>Housing Kitsap – Rehab Program</i>	\$202,500
<i>KCR – Weatherization</i>	\$175,500
<i>Martha &amp; Mary – Phone System</i>	\$ 25,000
<i>Shelter America Group – KC Portfolio</i>	\$ 26,648
Economic Development	\$50,000
<i>KCR – BE\$T Program</i>	\$ 50,000

*\*\*NOTE: These amounts are based on estimated funds and are adjusted once the award amounts are known from HUD. Adjustments are based on the contingencies of the Grant Recommendation Committee and approved by the BoCC.*

Funds from KCR for Partnership in Coordinated Grant Application (KCR administers CHG funds and runs the applications through our process)

**TOTAL - \$5,000**

CARRYOVER FUNDS	
Projects Committed in Prior Years - Funds Not Yet Expended but projects are moving forward	
<b>Total Carryover</b>	<b>\$475,000</b>
<u>2014 Projects Not Expended</u>	
Housing Kitsap – Rhododendron Apartments	\$ 75,000
KCR – West Hills STEM	\$100,000
<u>2015 Projects Not Expended</u>	
Housing Kitsap – Single Family Rehab	\$225,000
KCR – Weatherization	\$ 75,000

## 2016 HOME BUDGET

Projected Award	\$ 588,686
Carryover from Prior Year (Already Committed to Projects)	\$ 1,008,103
Income (Interest & Other Misc. Revenue)	\$ 44,869
Investment Interest	<u>\$ 250</u>
<b>TOTAL HOME</b>	<b>\$1,641,908</b>

### PROJECTED USE OF 2016 HOME FUNDS

<b>TOTAL</b>	<b>\$588,686</b>
Kitsap County Administration	\$ 55,368
CHDO	\$ 68,295
<i>HRB – Ferncliff Village Townhomes</i>	<i>\$ 68,295</i>
Capital	\$217,557
<i>Housing Kitsap – Downpayment Assistance</i>	<i>\$ 62,500</i>
<i>HRB – Ferncliff Village Townhomes</i>	<i>\$ 31,705</i>
<i>Shelter America Group – KC Portfolio</i>	<i>\$123,352</i>
City of Bremerton	\$169,809
<i>Community Frameworks – BiB 3</i>	<i>\$169,809</i>
Prior Year CHDO – to be used	\$ 77,657
<i>HRB – Ferncliff Village Townhomes</i>	<i>\$77,657</i>

*\*\*NOTE: These amounts are based on estimated funds and are adjusted once the award amounts are known from HUD. Adjustments are based on the contingencies of the Grant Recommendation Committee and approved by the BoCC.*

### CARRYOVER FUNDS

**Projects Committed in Prior Years - Funds Not Yet Expended  
But Projects Are Moving Forward**

<b>Total Carryover</b>	<b>\$1,008,103</b>
<u>2013 Projects Not Expended</u>	
Housing Kitsap - DPA	\$122,560
<u>2014 Projects Not Expended</u>	
City of Bremerton – DPA	\$ 20,000
Community Frameworks - BiB	\$137,031
Habitat for Humanity - Whittle	\$ 10,000
<u>2015 Projects Not Expended</u>	
Bremerton Housing Authority – Forest Park	\$534,689
City of Bremerton – DPA	\$ 55,000
Community Frameworks – BiB	\$128,823

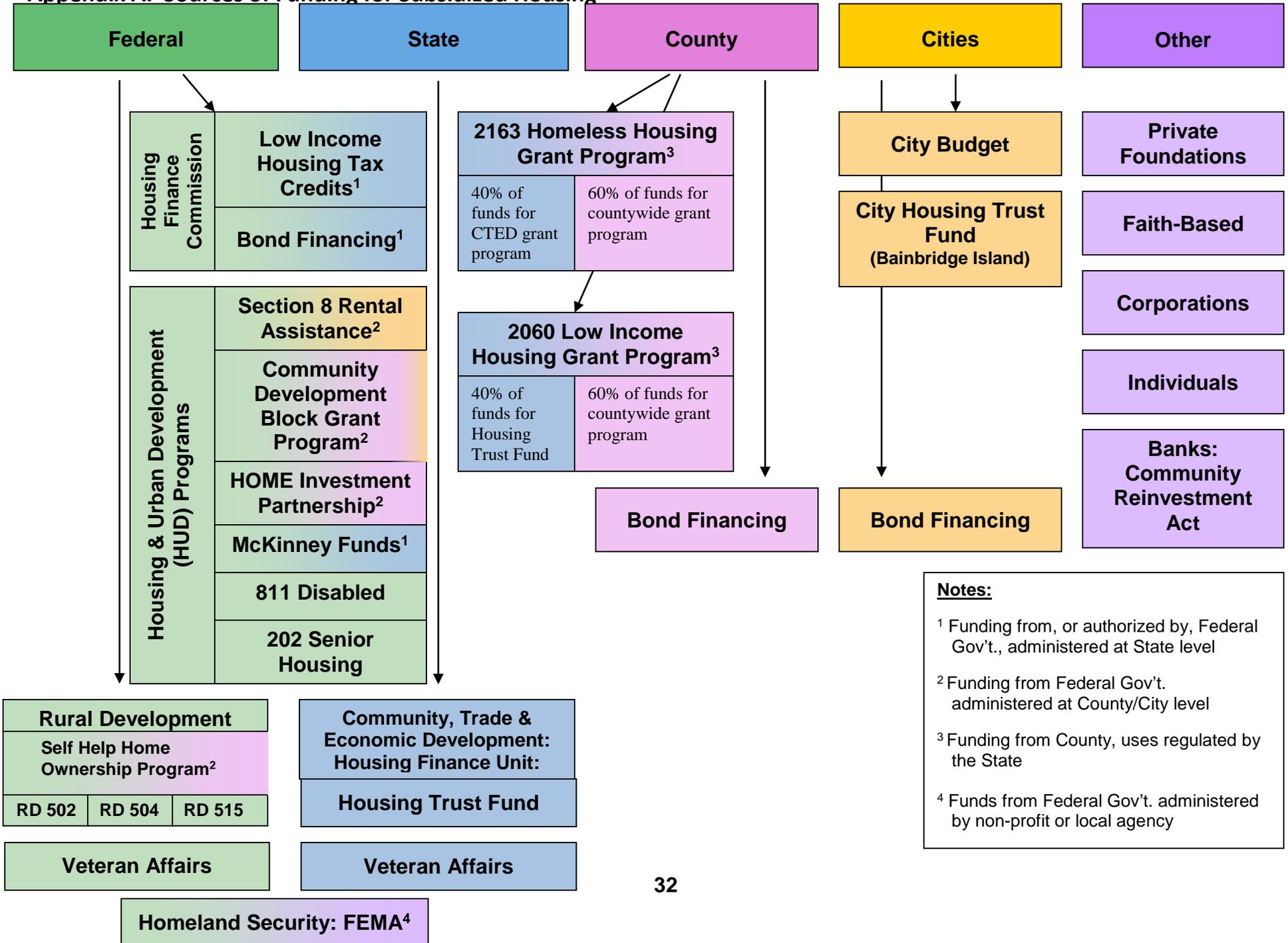
### Income and Interest

<b>Loan Payments from HOME Contracts</b>	
Fjord Vista II	\$ 1,913.46
Golden Tides II	\$11,359.30
Golden Tides III	\$11,744.02
KMHS	\$ 1,275.64
Madrona Manor	\$13,576.18
Winton Woods	<u>\$ 5,000.00</u>
<b>TOTAL</b>	<b>\$44,868.60</b>

Investment Interest                      \$ 250.00

# HEADING HOME: Kitsap Homeless Housing Plan – Updated for 2016

## Appendix A. Sources of Funding for Subsidized Housing



**Filing Requirements for Public Agency Lobbyists**

**IN BRIEF . . .**  
**State agencies** that undertake in-person lobbying in order to attempt to influence state legislation must file L-5 reports disclosing their lobbying expenditures.

**Local agencies** that undertake in-person lobbying in order to attempt to influence state legislation, including the administrative rule-making activity of state agencies, must file L-5 reports disclosing their lobbying expenditures.

FILING DEADLINE

L-5 E-Filing

E-filing Instructions

**REPORTING RESPONSIBILITY**  
Agency heads are subject to penalties for failing to file complete, accurate and timely L-5 reports.

**HELPFUL LINKS**

[Public Agency Lobbying instructions - 2014 - PDF \(993 KB\)](#)

This manual is devoted to providing a state agency with comprehensive lobbying information regarding the law and its requirements.

**For assistance call toll free at:**  
**1-877-601-2828.**

**Are You Required To File A Disclosure Report?**

Did an employee of your agency contact a legislator or a member of a legislator's staff in-person to inform, sway, convince or otherwise influence the action or inaction on legislation? YES > **Your agency must file a L5 report.**

NO  
v

Did an employee of your agency provide any gifts, travel, contributions or entertainment expenditures for a legislator or a member of a legislator's staff using public or non-public dollars? YES > **Your agency must file a L5 report.**

NO  
v

Did a private sector lobbyist retained by your agency incur any reportable lobbying expenses? YES > **Your agency must file a L5 report.**

NO  
v

If you are a local agency, did an employee of your agency have an in-person contact with a state agency representative or provide any gifts, travel, contributions or entertainment expenditures in order to attempt to influence that state agency's adoption, repeal or amendment of a rule, rate, standard or other legislative enactment of the agency? YES > **Your agency must file a L5 report.**

NO  
v

If you are a local agency, did an employee of your agency have an in-person contact with a state agency representative or provide any gifts, travel, contributions or entertainment expenditures in order to in order to attempt to change a state agency's rule, rate or standard? YES > **Your agency must file a L5 report.**



## **RCW 42.17A.635**

### **Legislative activities of state agencies, other units of government, elective officials, employees.**

(1) The house of representatives and the senate shall report annually: The total budget; the portion of the total attributed to staff; and the number of full-time and part-time staff positions by assignment, with dollar figures as well as number of positions.

(2) Unless authorized by subsection (3) of this section or otherwise expressly authorized by law, no public funds may be used directly or indirectly for lobbying. However, this does not prevent officers or employees of an agency from communicating with a member of the legislature on the request of that member; or communicating to the legislature, through the proper official channels, requests for legislative action or appropriations that are deemed necessary for the efficient conduct of the public business or actually made in the proper performance of their official duties. This subsection does not apply to the legislative branch.

(3) Any agency, not otherwise expressly authorized by law, may expend public funds for lobbying, but such lobbying activity shall be limited to (a) providing information or communicating on matters pertaining to official agency business to any elected official or officer or employee of any agency or (b) advocating the official position or interests of the agency to any elected official or officer or employee of any agency. Public funds may not be expended as a direct or indirect gift or campaign contribution to any elected official or officer or employee of any agency. For the purposes of this subsection, "gift" means a voluntary transfer of any thing of value without consideration of equal or greater value, but does not include informational material transferred for the sole purpose of informing the recipient about matters pertaining to official agency business. This section does not permit the printing of a state publication that has been otherwise prohibited by law.

(4) No elective official or any employee of his or her office or any person appointed to or employed by any public office or agency may use or authorize the use of any of the facilities of a public office or agency, directly or indirectly, in any effort to support or oppose an initiative to the legislature. "Facilities of a public office or agency" has the same meaning as in RCW [42.17A.555](#) and [42.52.180](#). The provisions of this subsection shall not apply to the following activities:

(a) Action taken at an open public meeting by members of an elected legislative body to express a collective decision, or to actually vote upon a motion, proposal, resolution, order, or ordinance, or to support or oppose an initiative to the legislature so long as (i) any required notice of the meeting includes the title and number of the initiative to the legislature, and (ii) members of the legislative body or members of the public are afforded an approximately equal opportunity for the expression of an opposing view;

(b) A statement by an elected official in support of or in opposition to any initiative to the legislature at an open press conference or in response to a specific inquiry;

(c) Activities that are part of the normal and regular conduct of the office or agency;

(d) Activities conducted regarding an initiative to the legislature that would be permitted under RCW [42.17A.555](#) and [42.52.180](#) if conducted regarding other ballot measures.

(5) Each state agency, county, city, town, municipal corporation, quasi-municipal corporation, or special purpose district that expends public funds for lobbying shall file with the commission, except as exempted by (d) of this subsection, quarterly statements providing the following information for the quarter just completed:

(a) The name of the agency filing the statement;

(b) The name, title, and job description and salary of each elected official, officer, or employee who lobbied, a general description of the nature of the lobbying, and the proportionate amount of time spent on the lobbying;

(c) A listing of expenditures incurred by the agency for lobbying including but not limited to travel, consultant or other special contractual services, and brochures and other publications, the principal purpose of which is to influence legislation;

(d) For purposes of this subsection, "lobbying" does not include:

(i) Requests for appropriations by a state agency to the office of financial management pursuant to chapter [43.88 RCW](#) nor requests by the office of financial management to the legislature for appropriations other than its own agency budget requests;

(ii) Recommendations or reports to the legislature in response to a legislative request expressly requesting or directing a specific study, recommendation, or report by an agency on a particular subject;

(iii) Official reports including recommendations submitted to the legislature on an annual or biennial basis by a state agency as required by law;

(iv) Requests, recommendations, or other communication between or within state agencies or between or within local agencies;

(v) Any other lobbying to the extent that it includes:

(A) Telephone conversations or preparation of written correspondence;

(B) In-person lobbying on behalf of an agency of no more than four days or parts thereof during any three-month period by officers or employees of that agency and in-person lobbying by any elected official of such agency on behalf of such agency or in connection with the powers, duties, or compensation of such official. The total expenditures of nonpublic funds made in connection with such lobbying for or on behalf of any one or more members of the legislature or state elected officials or public officers or employees of the state of Washington may not exceed fifteen dollars for any three-month period. The exemption under this subsection (5)(d)(v)(B) is in addition to the exemption provided in (d)(v)(A) of this subsection;

(C) Preparation or adoption of policy positions.

The statements shall be in the form and the manner prescribed by the commission and shall be filed within one month after the end of the quarter covered by the report.

(6) In lieu of reporting under subsection (5) of this section, any county, city, town, municipal corporation, quasi municipal corporation, or special purpose district may determine and so notify the public disclosure commission that elected officials, officers, or employees who, on behalf of any such local agency, engage in lobbying reportable under subsection (5) of this section shall register and report such reportable lobbying in the same manner as a lobbyist who is required to register and report under RCW [42.17A.600](#) and [42.17A.615](#). Each such local agency shall report as a lobbyist employer pursuant to RCW [42.17A.630](#).

(7) The provisions of this section do not relieve any elected official or officer or employee of an agency from complying with other provisions of this chapter, if such elected official, officer, or employee is not otherwise exempted.

(8) The purpose of this section is to require each state agency and certain local agencies to report the identities of those persons who lobby on behalf of the agency for compensation, together with certain separately identifiable and measurable expenditures of an agency's funds for that purpose. This section shall be reasonably construed to accomplish that purpose and not to require any agency to report any of its general overhead cost or any other costs that relate only

indirectly or incidentally to lobbying or that are equally attributable to or inseparable from nonlobbying activities of the agency.

The public disclosure commission may adopt rules clarifying and implementing this legislative interpretation and policy.

[ 2010 c 204 § 808; 1995 c 397 § 7; 1986 c 239 § 1; 1979 ex.s. c 265 § 1; 1977 ex.s. c 313 § 6; 1975 1st ex.s. c 294 § 12; 1973 c 1 § 19 (Initiative Measure No. 276, approved November 7, 1972). Formerly RCW 42.17.190.]