



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

February 27, 2007

Ordinance 15694

Proposed No. 2007-0029.1

Sponsors Phillips and Lambert

1 AN ORDINANCE relating to the Regional Affordable
2 Housing Program; authorizing the executive to enter into
3 interlocal agreements with the cities in King County.
4
5

6 STATEMENT OF FACTS:

7 1. King County annually collects document recording fee surcharge
8 revenue generated by the passage of 2002 Wash. Laws 294 (Substitute
9 House Bill 2060) in 2002, and codified as RCW 36.22.178, to be used for
10 affordable housing projects pursuant to an interlocal agreement with cities
11 in King County.

12 2. An interlocal agreement and administrative guidelines were originally
13 adopted by the King County council on July 21, 2003, creating the King
14 County regional affordable housing program.

15 3. A regional planning process has been conducted to renew and update
16 the 2003 Regional Affordable Housing Program Interlocal Cooperation

17 Agreement and attached administrative guidelines, which will expire in
18 December 2010.

19 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

20 SECTION 1. The King County executive is hereby authorized to enter into new
21 agreements, substantially in the form attached to this ordinance, with the cities in King
22 County relating to the regional affordable housing program.
23

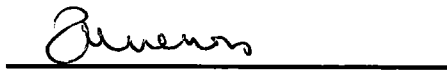
Ordinance 15694 was introduced on 1/16/2007 and passed by the Metropolitan King
County Council on 2/26/2007, by the following vote:

Yes: 8 - Mr. Gossett, Ms. Patterson, Ms. Lambert, Mr. von Reichbauer, Mr.
Dunn, Mr. Ferguson, Mr. Phillips and Ms. Hague
No: 0
Excused: 1 - Mr. Constantine

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Larry Gossett, Chair


ATTEST:



Anne Noris, Clerk of the Council

RECEIVED
2007 MAR -8 AM 10:30
KING COUNTY COUNCIL

APPROVED this 7 day of March, 2007.


Ron Sims, County Executive

Attachments A. Regional Affordable Housing Program Interlocal Cooperation Agreement

**REGIONAL AFFORDABLE HOUSING PROGRAM
INTERLOCAL COOPERATION AGREEMENT**

**An Agreement for the use of SHB 2060 Local Low Income
Housing Funds in King County**

THIS AGREEMENT is entered into between King County, a municipal corporation and political subdivision of the State of Washington, hereinafter referred to as the “county”, and the City of _____, hereinafter referred to as the “city”, said parties to the Agreement each being a unit of general local government of the State of Washington.

RECITALS

WHEREAS, the King County Countywide Planning Policies, hereinafter referred to as the “CPPs”, developed pursuant to the Washington State Growth Management Act, have established standards for cities to plan for their share of regional growth and affordable housing; and

WHEREAS, to implement the CPPs, the King County Growth Management Planning Council appointed a public-private Housing Finance Task Force in 1994, hereinafter referred to as the “HFTF”, to recommend potential fund sources for affordable housing for existing low income residents and for meeting the affordable housing targets for future growth; and

WHEREAS the HFTF recommended a document recording fee as a source of regional dollars for low-income housing development and support, and recommended that representatives of the county, cities and the housing community work together to make decisions about the use and administration of such a fund; and

WHEREAS in March 2002, Substitute House Bill 2060, hereinafter referred to as SHB 2060, was passed by the Washington State Legislature and was signed into law by the Governor as Chapter 294, 2002 Washington Laws in April 2002, was effective on June 13, 2002, and was amended by Chapter 484, 2005 Washington Laws on August 1, 2005. SHB 2060, as amended, is codified in part as RCW 36.22.178 and provides that:

[A] surcharge of ten dollars per instrument shall be charged by the county auditor for each real property document recorded, which will be in addition to any other charge authorized by law. The county may retain up to five percent of these funds collected solely for the collection, administration and local distribution of the funds. Of the remaining funds, forty percent of the revenue generated through this surcharge will be transmitted monthly to the state treasurer All of the remaining funds generated by this surcharge will be retained by the county and deposited into a fund that must be used by the county and its cities and towns for housing projects or units within housing projects that are affordable to very low-income households at or below fifty percent of the area median income. The portion of the surcharge retained by a county shall be allocated pursuant to very low income housing

projects or units within such housing projects in the county and cities within the county, according to an interlocal agreement between the county and the cities within the county, consistent with countywide and local housing needs and policies ... [and in accordance with the eligible activities listed in the RCW 36.22.178].

and

WHEREAS, existing Interlocal Cooperation Agreements or Joint Agreements between King County and cities in the King County Community Development Block Grant Consortium, hereinafter referred to as the “CDBG Consortium Agreements”, and/or existing Interlocal Cooperation Agreements between King County and cities in the King County HOME Investment Partnerships Program Consortium, hereinafter referred to as the “HOME Consortium Agreements”, are not modified by this Regional Affordable Housing Program Agreement; and

WHEREAS, the city and county agree that affordable housing is a regional issue, that cooperation between the cities and the county is beneficial to the region, and that a regional approach to utilizing the RCW 36.22.178 funds will allow those funds to be used in the most productive manner; and

WHEREAS, it is mutually beneficial and desirable to enter into a cooperative agreement in order to administer the RCW 36.22.178 revenue as a regional fund, as authorized by the Intergovernmental Cooperation Act, RCW 39.34, and, as required by RCW 36.22.178 ;

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING
CIRCUMSTANCES AND IN CONSIDERATION OF THE MUTUAL PROMISES
CONTAINED HEREIN, THE PARTIES AGREE AS FOLLOWS:

I. Definitions and Interpretation.

Capitalized terms used herein shall have the following meanings unless the context in which they are used clearly requires otherwise.

“Joint Recommendations Committee” or “JRC” means the interjurisdictional body developed pursuant to and the CDBG and HOME Consortia Agreements as described in Section III of this Agreement.

“Interjurisdictional Advisory Committee” or “Advisory Committee” means the work group consisting of representatives from cities eligible to participate in the Regional Affordable Housing Program, and from the county. This group is advisory to the JRC.

“RAHP/2060 Planning Group” means the planning group consisting of representatives from the cities, from the county, and from housing and human services agencies serving King County, that will convene during the year the Regional Affordable Housing Program Guidelines expire to review the program and the guidelines and to recommend any changes or updates to the guidelines to the JRC.

II. General Agreement

The purpose of this Agreement is to establish the “Regional Affordable Housing Program” (hereinafter referred to as the “RAHP”), to be administered by King County in cooperation with

cities and towns within the county that are eligible to participate in the program. The local portion of RCW 36.22.178 revenue shall be administered as a regional fund by the King County Housing and Community Development Program in a manner that is consistent with countywide and local housing needs and policies. The city and the county agree to cooperate in undertaking RAHP activities as set forth herein.

III. Administration, Distribution and Use of the RAHP.

A. Joint Recommendations Committee

An interjurisdictional Joint Recommendations Committee (JRC) has been established through the CDBG and HOME Consortia Interlocal Cooperation Agreements and is hereby adopted as part of this Agreement. Changes to the JRC that occur in the CDBG and HOME Consortia Interlocal Agreements are incorporated by reference into this Agreement.

1. Composition of the JRC. For RAHP purposes, the JRC shall be composed of cities' representatives and county representatives as specified in the CDBG and HOME Consortia Agreements, with the addition of an appointment from the City of Seattle. The Seattle JRC representative will only attend JRC meetings that concern the RAHP funds and will be entitled to vote solely on RAHP issues and not on other King County Consortium matters coming before the JRC. The Seattle representative shall be an elected official, department director or comparable level staff.
2. Powers and Duties of the JRC. The JRC shall be empowered to:
 - a. Review and adopt annual RAHP fund allocations.

- b. Review and adopt RAHP allocation policies.
- c. Review and adopt any subsequent updates to the RAHP Administrative Guidelines, as appropriate, and when they expire in 2010 (the RAHP Administrative Guidelines are attached to this Agreement as Exhibit 1). A jurisdiction that is party to this Agreement may dispute a JRC decision concerning the RAHP Guidelines by informing the JRC Chair of the dispute, and the JRC Chair will schedule time on the JRC agenda to discuss and resolve the disputed issue.

In carrying out its duties, the JRC shall make decisions that are consistent with the RCW 36.22.178, the Consolidated Housing and Community Development Plan of the King County Consortium and the City of Seattle, the Ten Year Plan to End Homelessness in King County and other local housing plans, as applicable.

3. Interjurisdictional Advisory Committee to the JRC. In fulfilling its duties under this Agreement, the JRC shall consider the advice of an Advisory Committee, made up of representatives from those jurisdictions eligible to participate in the RAHP that choose to send representation. The Advisory Committee will meet at least once per year with King County staff to recommend projects for RAHP funding to the JRC and may monitor the distribution of RAHP funds to the sub-regions and make recommendations to the JRC concerning actions to achieve geographic equity. If the Advisory Committee considers issues other than the RAHP, the staff from the City of Seattle shall only participate for the purpose of making RAHP recommendations.

- B. Administration of RAHP Programs. The King County Housing and Community Development Program (“HCD”) staff shall distribute RAHP funds pursuant to the allocations adopted annually by the JRC, and shall administer the program pursuant to the terms of this Agreement and the RAHP Administrative Guidelines.

King County HCD staff shall provide the JRC and the Advisory Committee with an annual report that provides information about the capital housing projects that were awarded RAHP funds in that year, as well as the status of capital housing projects that were awarded RAHP funds in a prior year(s).

King County HCD staff shall invite the representatives of cities that are a party to this Agreement to be involved in any work groups convened to update the RAHP Operations and Maintenance (“O&M”) Fund policies, and to be on the review panel that will recommend O&M funding awards to the JRC.

- C. Administrative Costs. The county agrees to pay the costs of administering the Regional Affordable Housing Program out of the five percent (5%) of the funds collected by the county for expenses related to collection, administration and local distribution of the funds, pursuant to RCW 36.22.178. No portion of the sixty percent (60%) of the RCW 36.22.178 revenue retained by the county in a fund for the RAHP shall be utilized for RAHP administration.

- D. Interest on the RAHP Fund. Interest accrued on the sixty percent (60%) of the RCW 36.22.178 revenue retained by the county in a fund for the RAHP shall remain with the RAHP fund and will be distributed to projects according to the subregional allocation target formula found in the RAHP Administrative Guidelines.
- E. Sub-Regional Geographic Equity. The parties intend that the RAHP funds shall be awarded to projects throughout King County in a fair and equitable manner over the duration of this Agreement. Equity is to be achieved through sub-regional allocation targets, as follows: A fixed percentage of RAHP local funds will be allocated to each sub-region of the county identified in the RAHP Administrative Guidelines by the expiration of this Agreement. The percentage goals for each sub-region set by the formula in the RAHP Administrative Guidelines shall be updated by the JRC when new data is available.
- F. General Use of Funds. The local portion of the RCW 36.22.178 revenue shall be utilized to meet regional housing priorities for households at or below fifty percent (50%) of area median income, as established in the RAHP Administrative Guidelines.

G. Compliance with Fair Housing Laws. Parties to this Agreement must take actions necessary to ensure compliance with the Federal Fair Housing Act, as amended, the Americans with Disabilities Act of 1990, and other applicable state and local fair housing laws.

IV. Effective Date

This Agreement shall be effective on January 1, 2007.

V. Agreement Duration

This Agreement shall remain in effect through December 31, 2011.

VI. General Matters and Recording

- A. No separate legal or administrative entity is created by this Agreement. Neither the JRC, the Advisory Committee, nor the RAHP/2060 Planning Group are anticipated to acquire or to hold any real or personal property pursuant to this Agreement. Any personal property utilized in the normal course of the work of such bodies shall remain the property of the person, entity or city initially offering such personal property for the use of any such body.
- B. The county may terminate this Agreement if at least forty percent (40%) of the jurisdictions in King County representing seventy-five percent (75%) of the population of King County have not signed this Agreement by February 1, 2008.

C. Recording - Pursuant to RCW 39.34.040, this Agreement shall be filed with King County Records.

KING COUNTY, WASHINGTON

CITY OF _____

For King County Executive

By: Signature

Jackie MacLean, Director
Printed Name

Printed Name

Department of Community and Human Services

Title

Date

Date

Approved as to Form:
OFFICE OF THE KING COUNTY
PROSECUTING ATTORNEY

Approved as to Form:
CITY OF _____
CITY ATTORNEY

Michael Sinsky, King County Senior Deputy
Prosecuting Attorney

City Attorney

ATTEST:
CITY OF _____

City Clerk

EXHIBIT 1

King County Regional Affordable Housing Program

Administrative Guidelines for 2007 - 2010

A. Introduction

The provisions of Substitute House Bill (SHB) 2060 became effective in Washington State on June 13, 2002.

SHB 2060 created a document recording fee on certain documents to be utilized for low income housing. Administration of the fund is shared between local governments and the State. The local portion of SHB 2060 funds is to be administered pursuant to a cooperative agreement between the county and the cities and towns within King County.

The work of the Housing Finance Task Force (HFTF), appointed by the King County Growth Management Planning Council in 1994, led to the passage of SHB 2060. In recognition of the recommendations made by the HFTF, a Regional Affordable Housing Program (RAHP)/2060 Planning Group convenes to plan for the use of King County SHB 2060 funds. The King County RAHP/2060 Planning Group¹ is made up of city representatives, county representatives, and representatives from a variety of private housing and services organizations in King County.

¹ City representatives have included staff from the cities of: Burien, Tukwila, Kent, Federal Way, Redmond, Kirkland, Issaquah, Shoreline, Covington, Seatac, Auburn, Seattle, Bellevue and ARCH

Housing and services organization representatives included staff from the following: Seattle-King County Housing Development Consortium, Impact Capital, South King County Multi-Service Center, Hopelink, Fremont Public Association, Seattle Habitat for Humanity, South King County Habitat for Humanity, Friends of Youth, the Salvation Army, Community Psychiatric Clinic, Lifelong Aids Alliance, St. Andrews Housing Group, Housing Resource Group, EDVP, YWCA, Mental Health Housing Foundation, Rental Housing Association, Highline-West Mental Health, Valley Cities Counseling, Seattle Emergency Housing Service, Common Ground, and Vietnam Veterans.

The King County RAHP/2060 Planning Group has designed a regional low income housing fund source, to be administered by the King County Housing and Community Development Program (HCD) in the Department of Community and Human Services.

B. Duration of the Guidelines

The RAHP Guidelines shall take effect on January 1, 2007, and shall remain in effect until December 31, 2010.

C. Review and Update of the Guidelines

Beginning in 2010, the Guidelines will be updated through the interjurisdictional Joint Recommendations Committee (JRC) pursuant to the RAHP Interlocal Cooperation Agreement, hereinafter "RAHP Agreement." The RAHP/2060 Planning Group will convene in the first half of 2010 to review the program and the RAHP Guidelines and to recommend any proposed changes to the JRC for adoption prior to the expiration date.

D. Decision-Making Structure and Regional Allocation Method

1. Approving Body – Joint Recommendations Committee

The interjurisdictional JRC, as defined in the RAHP Agreement, shall be the body that reviews and updates the RAHP Guidelines beginning in 2010, and reviews and adopts annual RAHP funding allocations and related allocation policies. The JRC will be expanded, pursuant to the RAHP Agreement, to include representation from the City of Seattle on RAHP matters.

Allocations and related policies adopted by the JRC must be consistent with these RAHP Guidelines, the Consolidated Plans of the King County Consortium and the City

Leadership Program, Compass Center, Catholic Community Services, the King County Housing Authority, Seattle Mental Health, and the Committee to End Homelessness

of Seattle, other local housing plans, as applicable, and the Ten Year Plan to End Homelessness in King County.

a. Appeal Process for JRC Decisions

1. Cities – Adoption of Guidelines

Pursuant to the RAHP Interlocal Agreement, a participating jurisdiction may appeal a JRC decision concerning the update of RAHP Guidelines. The jurisdiction must inform the Chair of the JRC, and the JRC chair will schedule time on the JRC agenda to discuss the appeal issue.

2. Applicants – Annual Fund Allocations

Applicants for RAHP funds may appeal a JRC allocation decision if they have grounds based on substantial violation of a fair allocation process, such as bias, discrimination, conflict of interest, or failure to follow the RAHP Guidelines. Appeals by applicants will receive initial review for adequate grounds by the Director of the King County DCHS. If adequate grounds for an appeal are found, the DCHS director will put the appeal on the JRC agenda for review.

2. Annual Fund Allocation Recommendations

An interjurisdictional advisory committee to the JRC, made up representatives from participating jurisdictions in the RAHP Consortium, will work with the King County Housing Finance Program (HFP) staff of King County HCD to make RAHP allocation recommendations and related program policy recommendations to the JRC. While the advisory committee may make recommendations concerning several fund sources for affordable housing in the King County Consortium, the City of Seattle staff

will participate on the committee solely for the purpose of making RAHP recommendations.

The review process for RAHP allocations will proceed as follows:

- King County HCD staff will review all RAHP applications and make preliminary funding recommendations.
- Cities' staff will review applications for projects in their jurisdiction and make preliminary recommendations on those applications.
- Cities' staff will receive information on all RAHP applications to review prior to the advisory committee meeting at which final funding recommendations are formulated for transmittal to the JRC.
- Advisory committee participants will meet together at least annually to decide upon RAHP funding recommendations to the JRC, and may meet at other times during the year, as necessary, to discuss RAHP issues and make recommendations to the JRC.

3. Subregional Allocation Targets

The RAHP Fund will be a flexible fund that can address regional and subregional housing needs. The fund will use subregional allocation targets as a means to achieve geographic equity in the distribution of SHB 2060 funds by December 31, 2010, the date that these guidelines expire.

a. Subregional Areas:

- 1) City of Seattle Subregion

- 2) North/East Subregion – north and east urban and rural areas, including 34% of unincorporated King County²
- 3) South Subregion – south urban and rural areas, including 66% of unincorporated King County

b. Formula for Subregional Allocation Targets

Each subregion will have a targeted percentage of the RAHP funds, including the interest on the RAHP funds, allocated to projects within the subregion over the period of time that the RAHP Guidelines are in effect. Each subregion will receive allocations to projects within the subregion that are equal to or greater than 95%, of the subregions' allocation target by December 31, 2010.

The formula for allocating RAHP funds to the subregions is as follows:

- One half of the RAHP funds shall be targeted for allocation among the three subregions based on each subregion's relative share of total existing need for affordable housing. Existing need shall be determined by the percentage of low-income households paying more than 30% of their income for housing in the subregion, according to the 2000 U.S. Census data.
- One half of the RAHP funds shall be targeted for allocation amongst the three subregions based on the subregions' growth targets for future need, as established through the Growth Management Planning Council. Future need shall be determined by the subregions' relative share of total future

² Percent of unincorporated King County attributed to the North/East and South Subregions is based on the 2000 census data for households in the unincorporated portions of the King County Community Planning Areas, as listed in the 2002 Annual Growth Report.

need for affordable housing in the County. A subregion's relative share of future need is the percentage of the subregion's affordable housing target for low-income households relative to the cumulative affordable housing target for low-income households of all jurisdictions in the county, including unincorporated King County³.

Based upon the RAHP formula, the sub-regional allocation targets are as follows:

City of Seattle:	37.9%
South:	32.7%
North/East:	29.4%

c. Interjurisdictional Advisory Committee to Monitor Subregional Allocation

Targets

The advisory committee will monitor the subregional distribution of RAHP funds every year, determining if any subregion(s) received allocations below 95% of the subregion's allocation target.

If any subregion received allocations under 95% of the target allocation after several funding cycles, the HCD staff will work with the advisory committee to adjust the allocation targets of such subregion(s) in the subsequent funding cycles, as needed. In addition, the advisory committee may propose strategies and actions, for review by the JRC, that are designed to increase the percentage of RAHP funds spent

³ The percentage of a subregion's target relative to the cumulative target is derived by averaging the target percentages of the jurisdictions within that subregion. For each jurisdiction, the target percentage is calculated in the following manner: the number of households that a jurisdiction must anticipate, per the 2002-2022 Countywide Planning Policy (CPP) Growth Target, is multiplied by .24 or .20 (depending on the ratio of low wage jobs to low

in those subregion(s). Staff of the jurisdictions that are parties to the RAHP Agreement will assist in implementing actions that will aid in achieving geographic equity in RAHP allocations by December 31, 2010.

E. Use of the RAHP Funds in King County

1. RAHP Priorities

Top Priority:

- Capital funds for the acquisition, rehabilitation and/or new construction of units of eligible housing types. New construction is not eligible if the low-income housing vacancy rate for all of King County exceeds 10%⁴.

Second Priority:

- Operations & Maintenance (“O&M”) fund program for existing homeless housing⁵. This program provides O&M funding for existing⁶ transitional housing and transition in place⁷ units. The housing units must be eligible for the Washington State Housing Trust Fund, and must show that they require RAHP O&M funds in order to cover ongoing building operating expenses.

Third Priority:

- O& M funds for existing emergency shelters and licensed overnight youth shelters.

cost housing for the jurisdiction in Appendix 3 of the CPPs); that number is divided by the cumulative affordable housing target for low income households of all King County jurisdictions, including unincorporated King County.

⁴ The low income housing vacancy rate for each county will be established by the state, pursuant to the SHB 2060 legislation.

⁵ The O&M fund for the 2007-2010 guidelines is set at approximately 22% of \$3,222,000 (the average of the RAHP collections in 2004 and 2005), which is \$700,000 per year for the four year period of the guidelines.

⁶ Existing housing is defined as housing that exists as of the date of an application for RAHP funds.

⁷ Transition in place units are permanent rental units where supportive services are provided for a period of time, as needed by a household. Households do not need to move when the supportive services are phased out.

Last priority:

- Rental assistance vouchers to be administered by a local housing authority in conformity with the Section 8 program.

2. RAHP Eligibility**a. Eligible Housing Types****i. Capital Funds**

- Permanent rental housing units
- Transition in place and transitional housing units; units that are not time-limited are encouraged.
- Emergency shelter and licensed overnight youth shelter⁸
- Ownership housing

ii. O&M Funds:

- Existing transitional and transition in place housing units
- Existing emergency shelters and licensed overnight youth shelters

b. Eligible Populations Served by Housing Units

- All units funded with RAHP funds must serve households at or below 50% of area median income. Projects that include units for households at or below 30% of area median income are encouraged.
- Homeless households⁹, including youth

⁸ RAHP funds are limited to 50% of the development cost of any project; consequently, if a shelter project cannot secure adequate funding for the entire cost of development, the RAHP cannot prioritize the project.

⁹ Homeless households include: households that lack a fixed, regular and adequate residence; households that reside in a publicly or privately operated shelter designed to provide temporary living accommodations; households that reside in time-limited

- Households at risk of homelessness¹⁰
- Disabled households or households with a disabled member
- Families
- Special needs populations, including seniors

c. Eligible Applicants

- Nonprofit organizations
- Housing Authorities
- Local governments
- For-profit entities are only eligible for capital funds in the top priority. This is due to the language of the SHB 2060 legislation, which restricts building operations and maintenance funds to projects “eligible for the Washington State Housing Trust Fund.” For-profit entities are not eligible for the Washington State Housing Trust Fund.

d) Eligible use of RAHP Funds by Priority

i. Capital funds:

- Acquisition of land for eligible housing
- New construction of eligible housing
- Acquisition of building(s) for eligible housing
- Rehabilitation of units of eligible housing or to create new units of eligible housing

housing; and households that currently reside in an institution and will be exiting the institution without a fixed, regular and adequate residence.

¹⁰ Households at risk of homelessness include: households paying 50% or more of their income for rent, households that have a history of homelessness and are currently unstable, households living in overcrowded or substandard housing, households that

- Capitalization of a replacement reserve in connection with a capital investment for new or existing eligible housing units.
- Capitalization of O&M rent buy-down reserves for new eligible housing units to serve households below 50% of AMI that are primarily homeless¹¹, or at risk of homelessness¹². Capitalized O&M reserves may only be used to write down rents to very affordable rent levels, below 30% of AMI and below 50% of AMI (i.e. between 30% and 50% of AMI,) for units that do not have debt service. Capitalized O&M reserves must be used for expenses directly related to running the building and may not be used for services to the tenants or to cover debt service¹³. This eligible use may not exceed 20% of the RAHP capital funds in any funding cycle.

ii. O&M Funds:

- Existing transition in place or transitional housing units are eligible for O&M for ongoing building operations and maintenance expenses that cannot be covered by the rental income of the project, and may not include the cost of services to tenants or debt service.
- Existing emergency shelters and licensed, overnight youth shelters are eligible for O&M for general operating expenses, including services.

are substantially behind on their monthly housing payment or have a pending eviction, households with a disability whose housing is at risk due to aging relatives or other factors.

¹¹ See Note 6.

¹² See Note 7.

¹³ Other requirements for capitalized O&M reserves include: 1) projects will not be eligible for these funds unless they have either applied first to CTED for O&M and been denied, or have not received Housing Trust Fund capital dollars and are, therefore, not eligible for O&M from CTED; 2) funds will be awarded only in appropriate amounts as needed pursuant to review by the Housing Finance Program, and will be subject to negotiated modifications; and 3) capitalized reserves will be committed for a maximum of five years' rent buy-down subsidy.

iii. Vouchers:

- Rental assistance vouchers must be administered by a local housing authority in conformity with the Section 8 program.

F. RAHP Administration

The RAHP funds shall be administered as a regional fund by the King County HCD Program.

1. RAHP Capital Funds

RAHP capital funds, including capitalized O&M reserves for new projects and maintenance reserves, will be administered by HFP in conjunction with other fund sources administered by HFP.

The HFP will staff the interjurisdictional advisory committee and will work with the committee to develop RAHP funding allocation recommendations and related policy recommendations for JRC review and adoption.

The HFP will distribute RAHP funds through contracts pursuant to the allocations adopted by the JRC, and will generate an annual RAHP report that provides information about the projects that received funding in the current year, as well as the status of projects awarded RAHP funds in prior year(s).

The terms of the King County Housing Opportunity Fund (HOF) will apply to RAHP contracts, with the exception of the following:

- To the extent that there are differences between the HOF guidelines and RAHP guidelines, the RAHP guidelines will apply.

- A financial match by the local government where a housing project is to be located is not required, but is encouraged.
- RAHP funds will have no maximum subsidy per unit, but the development portion of the award (not including O&M rent buy-down reserves) will be limited to 50% of the total development cost of a project.

2. RAHP Operating and Maintenance Funds

The RAHP O&M funds will be administered through the King County HCD Program's Homeless Housing Programs (HHP) Section.

The priority for RAHP O&M funds is existing projects that have been unsuccessful in receiving State 2060 O&M funds or ESAP funds.

HHP will work with the Committee to End Homelessness to ensure that the uses of RAHP O&M funds are consistent with the priorities of the Ten Year Plan to End Homelessness.

HHP will invite city staff and other stakeholders to participate in updating the RFP parameters for O&M funds, if and when updates are necessary, and will invite the same to participate on the panel to review applications for the RAHP O&M funds. The review panel will recommend O&M fund awards to the JRC for final adoption.

EXHIBIT 1

King County Regional Affordable Housing Program

Administrative Guidelines for 2007 - 2010

A. Introduction

The provisions of Substitute House Bill (SHB) 2060 became effective in Washington State on June 13, 2002.

SHB 2060 created a document recording fee on certain documents to be utilized for low income housing. Administration of the fund is shared between local governments and the State. The local portion of SHB 2060 funds is to be administered pursuant to a cooperative agreement between the county and the cities and towns within King County.

The work of the Housing Finance Task Force (HFTF), appointed by the King County Growth Management Planning Council in 1994, led to the passage of SHB 2060. In recognition of the recommendations made by the HFTF, a Regional Affordable Housing Program (RAHP)/2060 Planning Group convenes to plan for the use of King County SHB 2060 funds. The King County RAHP/2060 Planning Group¹ is made up of city representatives, county representatives, and representatives from a variety of private housing and services organizations in King County.

¹ City representatives have included staff from the cities of: Burien, Tukwila, Kent, Federal Way, Redmond, Kirkland, Issaquah, Shoreline, Covington, Seatac, Auburn, Seattle, Bellevue and ARCH

Housing and services organization representatives included staff from the following: Seattle-King County Housing Development Consortium, Impact Capital, South King County Multi-Service Center, Hopelink, Fremont Public Association, Seattle Habitat for Humanity, South King County Habitat for Humanity, Friends of Youth, the Salvation Army, Community Psychiatric Clinic, Lifelong Aids Alliance, St. Andrews Housing Group, Housing Resource Group, EDVP, YWCA, Mental Health Housing Foundation, Rental Housing Association, Highline-West Mental Health, Valley Cities Counseling, Seattle Emergency Housing Service, Common Ground, and Vietnam Veterans.

The King County RAHP/2060 Planning Group has designed a regional low income housing fund source, to be administered by the King County Housing and Community Development Program (HCD) in the Department of Community and Human Services.

B. Duration of the Guidelines

The RAHP Guidelines shall take effect on January 1, 2007, and shall remain in effect until December 31, 2010.

C. Review and Update of the Guidelines

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D. Decision-Making Structure and Regional Allocation Method

1. Approving Body – Joint Recommendations Committee

The interjurisdictional JRC, as defined in the RAHP Agreement, shall be the body that reviews and updates the RAHP Guidelines beginning in 2010, and reviews and adopts annual RAHP funding allocations and related allocation policies. The JRC will be expanded, pursuant to the RAHP Agreement, to include representation from the City of Seattle on RAHP matters.

Allocations and related policies adopted by the JRC must be consistent with these RAHP Guidelines, the Consolidated Plans of the King County Consortium and the City

Leadership Program, Compass Center, Catholic Community Services, the King County Housing Authority, Seattle Mental Health, and the Committee to End Homelessness

of Seattle, other local housing plans, as applicable, and the Ten Year Plan to End Homelessness in King County.

a. Appeal Process for JRC Decisions

1. Cities – Adoption of Guidelines

Pursuant to the RAHP Interlocal Agreement, a participating jurisdiction may appeal a JRC decision concerning the update of RAHP Guidelines. The jurisdiction must inform the Chair of the JRC, and the JRC chair will schedule time on the JRC agenda to discuss the appeal issue.

2. Applicants – Annual Fund Allocations

Applicants for RAHP funds may appeal a JRC allocation decision if they have grounds based on substantial violation of a fair allocation process, such as bias, discrimination, conflict of interest, or failure to follow the RAHP Guidelines. Appeals by applicants will receive initial review for adequate grounds by the Director of the King County DCHS. If adequate grounds for an appeal are found, the DCHS director will put the appeal on the JRC agenda for review.

2. Annual Fund Allocation Recommendations

An interjurisdictional advisory committee to the JRC, made up representatives from participating jurisdictions in the RAHP Consortium, will work with the King County Housing Finance Program (HFP) staff of King County HCD to make RAHP allocation recommendations and related program policy recommendations to the JRC. While the advisory committee may make recommendations concerning several fund sources for affordable housing in the King County Consortium, the City of Seattle staff

will participate on the committee solely for the purpose of making RAHP recommendations.

The review process for RAHP allocations will proceed as follows:

- King County HCD staff will review all RAHP applications and make preliminary funding recommendations.
- Cities' staff will review applications for projects in their jurisdiction and make preliminary recommendations on those applications.
- Cities' staff will receive information on all RAHP applications to review prior to the advisory committee meeting at which final funding recommendations are formulated for transmittal to the JRC.
- Advisory committee participants will meet together at least annually to decide upon RAHP funding recommendations to the JRC, and may meet at other times during the year, as necessary, to discuss RAHP issues and make recommendations to the JRC.

3. Subregional Allocation Targets

The RAHP Fund will be a flexible fund that can address regional and subregional housing needs. The fund will use subregional allocation targets as a means to achieve geographic equity in the distribution of SHB 2060 funds by December 31, 2010, the date that these guidelines expire.

a. Subregional Areas:

- 1) City of Seattle Subregion

- 2) North/East Subregion – north and east urban and rural areas, including 34% of unincorporated King County²
- 3) South Subregion – south urban and rural areas, including 66% of unincorporated King County

b. Formula for Subregional Allocation Targets

Each subregion will have a targeted percentage of the RAHP funds, including the interest on the RAHP funds, allocated to projects within the subregion over the period of time that the RAHP Guidelines are in effect. Each subregion will receive allocations to projects within the subregion that are equal to or greater than 95%, of the subregions' allocation target by December 31, 2010.

The formula for allocating RAHP funds to the subregions is as follows:

- One half of the RAHP funds shall be targeted for allocation among the three subregions based on each subregion's relative share of total existing need for affordable housing. Existing need shall be determined by the percentage of low-income households paying more than 30% of their income for housing in the subregion, according to the 2000 U.S. Census data.
- One half of the RAHP funds shall be targeted for allocation amongst the three subregions based on the subregions' growth targets for future need, as established through the Growth Management Planning Council. Future need shall be determined by the subregions' relative share of total future

² Percent of unincorporated King County attributed to the North/East and South Subregions is based on the 2000 census data for households in the unincorporated portions of the King County Community Planning Areas, as listed in the 2002 Annual Growth Report.

need for affordable housing in the County. A subregion's relative share of future need is the percentage of the subregion's affordable housing target for low-income households relative to the cumulative affordable housing target for low-income households of all jurisdictions in the county, including unincorporated King County³.

Based upon the RAHP formula, the sub-regional allocation targets are as follows:

City of Seattle:	37.9%
South:	32.7%
North/East:	29.4%

c. Interjurisdictional Advisory Committee to Monitor Subregional Allocation

Targets

The advisory committee will monitor the subregional distribution of RAHP funds every year, determining if any subregion(s) received allocations below 95% of the subregion's allocation target.

If any subregion received allocations under 95% of the target allocation after several funding cycles, the HCD staff will work with the advisory committee to adjust the allocation targets of such subregion(s) in the subsequent funding cycles, as needed. In addition, the advisory committee may propose strategies and actions, for review by the JRC, that are designed to increase the percentage of RAHP funds spent

³ The percentage of a subregion's target relative to the cumulative target is derived by averaging the target percentages of the jurisdictions within that subregion. For each jurisdiction, the target percentage is calculated in the following manner: the number of households that a jurisdiction must anticipate, per the 2002-2022 Countywide Planning Policy (CPP) Growth Target, is multiplied by .24 or .20 (depending on the ratio of low wage jobs to low

in those subregion(s). Staff of the jurisdictions that are parties to the RAHP Agreement will assist in implementing actions that will aid in achieving geographic equity in RAHP allocations by December 31, 2010.

E. Use of the RAHP Funds in King County

1. RAHP Priorities

Top Priority:

- Capital funds for the acquisition, rehabilitation and/or new construction of units of eligible housing types. New construction is not eligible if the low-income housing vacancy rate for all of King County exceeds 10%⁴.

Second Priority:

- Operations & Maintenance (“O&M”) fund program for existing homeless housing⁵. This program provides O&M funding for existing⁶ transitional housing and transition in place⁷ units. The housing units must be eligible for the Washington State Housing Trust Fund, and must show that they require RAHP O&M funds in order to cover ongoing building operating expenses.

Third Priority:

- O& M funds for existing emergency shelters and licensed overnight youth shelters.

cost housing for the jurisdiction in Appendix 3 of the CPPs); that number is divided by the cumulative affordable housing target for low income households of all King County jurisdictions, including unincorporated King County.

⁴ The low income housing vacancy rate for each county will be established by the state, pursuant to the SHB 2060 legislation.

⁵ The O&M fund for the 2007-2010 guidelines is set at approximately 22% of \$3,222,000 (the average of the RAHP collections in 2004 and 2005), which is \$700,000 per year for the four year period of the guidelines.

⁶ Existing housing is defined as housing that exists as of the date of an application for RAHP funds.

⁷ Transition in place units are permanent rental units where supportive services are provided for a period of time, as needed by a household. Households do not need to move when the supportive services are phased out.

Last priority:

- Rental assistance vouchers to be administered by a local housing authority in conformity with the Section 8 program.

2. RAHP Eligibility**a. Eligible Housing Types****i. Capital Funds**

- Permanent rental housing units
- Transition in place and transitional housing units; units that are not time-limited are encouraged.
- Emergency shelter and licensed overnight youth shelter⁸
- Ownership housing

ii. O&M Funds:

- Existing transitional and transition in place housing units
- Existing emergency shelters and licensed overnight youth shelters

b. Eligible Populations Served by Housing Units

- All units funded with RAHP funds must serve households at or below 50% of area median income. Projects that include units for households at or below 30% of area median income are encouraged.
- Homeless households⁹, including youth

⁸ RAHP funds are limited to 50% of the development cost of any project; consequently, if a shelter project cannot secure adequate funding for the entire cost of development, the RAHP cannot prioritize the project.

⁹ Homeless households include: households that lack a fixed, regular and adequate residence; households that reside in a publicly or privately operated shelter designed to provide temporary living accommodations; households that reside in time-limited

- Households at risk of homelessness¹⁰
- Disabled households or households with a disabled member
- Families
- Special needs populations, including seniors

c. Eligible Applicants

- Nonprofit organizations
- Housing Authorities
- Local governments
- For-profit entities are only eligible for capital funds in the top priority. This is due to the language of the SHB 2060 legislation, which restricts building operations and maintenance funds to projects “eligible for the Washington State Housing Trust Fund.” For-profit entities are not eligible for the Washington State Housing Trust Fund.

d) Eligible use of RAHP Funds by Priority

i. Capital funds:

- Acquisition of land for eligible housing
- New construction of eligible housing
- Acquisition of building(s) for eligible housing
- Rehabilitation of units of eligible housing or to create new units of eligible housing

housing; and households that currently reside in an institution and will be exiting the institution without a fixed, regular and adequate residence.

¹⁰ Households at risk of homelessness include: households paying 50% or more of their income for rent, households that have a history of homelessness and are currently unstable, households living in overcrowded or substandard housing, households that

- Capitalization of a replacement reserve in connection with a capital investment for new or existing eligible housing units.
- Capitalization of O&M rent buy-down reserves for new eligible housing units to serve households below 50% of AMI that are primarily homeless¹¹, or at risk of homelessness¹². Capitalized O&M reserves may only be used to write down rents to very affordable rent levels, below 30% of AMI and below 50% of AMI (i.e. between 30% and 50% of AMI,) for units that do not have debt service. Capitalized O&M reserves must be used for expenses directly related to running the building and may not be used for services to the tenants or to cover debt service¹³. This eligible use may not exceed 20% of the RAHP capital funds in any funding cycle.

ii. O&M Funds:

- Existing transition in place or transitional housing units are eligible for O&M for ongoing building operations and maintenance expenses that cannot be covered by the rental income of the project, and may not include the cost of services to tenants or debt service.
- Existing emergency shelters and licensed, overnight youth shelters are eligible for O&M for general operating expenses, including services.

are substantially behind on their monthly housing payment or have a pending eviction, households with a disability whose housing is at risk due to aging relatives or other factors.

¹¹ See Note 6.

¹² See Note 7.

¹³ Other requirements for capitalized O&M reserves include: 1) projects will not be eligible for these funds unless they have either applied first to CTED for O&M and been denied, or have not received Housing Trust Fund capital dollars and are, therefore, not eligible for O&M from CTED; 2) funds will be awarded only in appropriate amounts as needed pursuant to review by the Housing Finance Program, and will be subject to negotiated modifications; and 3) capitalized reserves will be committed for a maximum of five years' rent buy-down subsidy.

iii. Vouchers:

- Rental assistance vouchers must be administered by a local housing authority in conformity with the Section 8 program.

F. RAHP Administration

The RAHP funds shall be administered as a regional fund by the King County HCD Program.

1. RAHP Capital Funds

RAHP capital funds, including capitalized O&M reserves for new projects and maintenance reserves, will be administered by HFP in conjunction with other fund sources administered by HFP.

The HFP will staff the interjurisdictional advisory committee and will work with the committee to develop RAHP funding allocation recommendations and related policy recommendations for JRC review and adoption.

The HFP will distribute RAHP funds through contracts pursuant to the allocations adopted by the JRC, and will generate an annual RAHP report that provides information about the projects that received funding in the current year, as well as the status of projects awarded RAHP funds in prior year(s).

The terms of the King County Housing Opportunity Fund (HOF) will apply to RAHP contracts, with the exception of the following:

- To the extent that there are differences between the HOF guidelines and RAHP guidelines, the RAHP guidelines will apply.

- A financial match by the local government where a housing project is to be located is not required, but is encouraged.
- RAHP funds will have no maximum subsidy per unit, but the development portion of the award (not including O&M rent buy-down reserves) will be limited to 50% of the total development cost of a project.

2. RAHP Operating and Maintenance Funds

The RAHP O&M funds will be administered through the King County HCD Program's Homeless Housing Programs (HHP) Section.

The priority for RAHP O&M funds is existing projects that have been unsuccessful in receiving State 2060 O&M funds or ESAP funds.

HHP will work with the Committee to End Homelessness to ensure that the uses of RAHP O&M funds are consistent with the priorities of the Ten Year Plan to End Homelessness.

HHP will invite city staff and other stakeholders to participate in updating the RFP parameters for O&M funds, if and when updates are necessary, and will invite the same to participate on the panel to review applications for the RAHP O&M funds. The review panel will recommend O&M fund awards to the JRC for final adoption.