



## City of Ferndale

# POVERTY TASK FORCE REPORT

MEETING DATE: Dec. 4<sup>th</sup>, 2019

**SUBJECT: Ferndale Home Fund**

**DATE: 12/2/19**

**FROM: Riley Sweeney, Communications Officer**

**PRESENTATION BY: Riley Sweeney**

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**SYNOPSIS:** Here are some more details about a potential Ferndale Home Fund, both in terms of funds, legal restrictions and prospective impact.

**STAFF NOTES:** This is the more ambitious option and it requires a great deal of planning to pull off. Which is exactly the scale that is required to confront the growing needs in our community. This report is the first step, I will have more material for the group in January, but I wanted to give an update with a few more details than the discussion we had in November.

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### *FERNDALE HOME FUND*

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The North Whatcom Poverty Task Force is recommending that the City of Ferndale place an affordable housing property tax levy on the 2020 Ballot, modeled after the successful Bellingham Home Fund.

This type of housing levy is authorized under RCW 84.52.105 which allows for a city or county to pass a measure for providing affordable housing for very low-income households which is defined at or below 50% of the median income.

**The City of Ferndale, that means approximately family income of \$40k or less<sup>1</sup>.**

While the Poverty Task Force has several recommendations to enact, this particular measure is required to have a rather narrow but necessary focus on housing.

This measure will need to be placed on the ballot by the Ferndale City Council and approved by 50% + 1 vote of the voters of Ferndale.

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<sup>1</sup> The law cites the US Housing and Urban Development Department numbers which were last calculated in 2016 and use Bellingham as their point of reference. Ferndale's median income is actually higher than Bellingham's since it isn't artificially depressed by 10,000 students. With the census happening in 2020, we will get more accurate information in 2021 and I expect this number to rise.

When last discussion, the task force was looking at taking this levy at \$0.35 per \$1,000 of assessed value. Obviously that would have a different impact on each resident depending on their housing situation but here's some quick math:

<b>Assessed Property Value</b>	<b>Annual Increase (\$)</b>
\$200,000	\$70.00
\$250,000	\$87.50
\$300,000	\$105
\$400,000	\$140
\$500,000	\$175

It results in an approximately 4% increase in the property tax bill.

**This would generate just over \$490,000 a year for the ten year duration of the Home Fund.**

## The Bellingham Home Fund

The City of Bellingham organizes their efforts around four key programs:

### **1) The Production and Preservation of Homes**

This includes funding non-market rate housing (permanently affordable housing, the purchase of multifamily units in neighborhoods to preserve them for use as rental units, and accessibility and repairs to that housing.

### **2) Rental Assistance and Support Services**

This includes funding for housing services provided by Lydia Place, Opportunity Council, DVSAS, YWCA, Northwest Youth Services and the Homeless Outreach Team. They also the funds to support rent payments and emergency winter shelters.

### **3) Low-income Homebuyer Assistance**

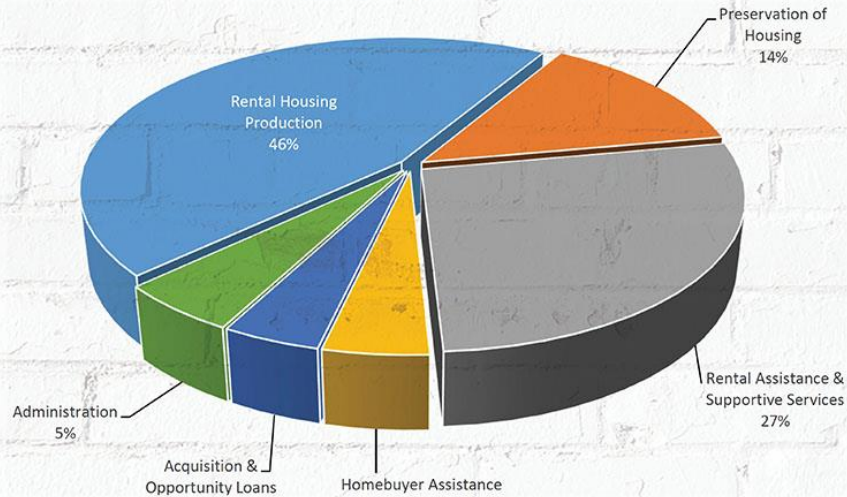
Bellingham partners with the Kulshan Community Land Trust to help with down payment and closing costs. They also assist with weatherization and repair of owner-occupied housing.

### **4) Acquisition & Opportunity Loans**

These are loans to provide short-term funding to permit strategic acquisition of sites for low-income housing developments. In short, they purchase a good location with the goal of holding briefly until a project materializes.

On the next page is a breakdown of how these funds are spent.

## Community Investment



### your community investment

Housing costs which do not keep pace with income have created a need in our community for housing to help low-income families. The Bellingham Home Fund is a voter-approved effort to address this need by producing new homes, preserving existing homes, providing rental assistance and support services, and creating new opportunities for first-time home buyers.

## Proposed Ferndale Home Fund Budget

With a smaller scale and a different set of priorities, staff's recommendations on the best way to direct the funds are as follows:

### **Housing Services Manager - \$125,000.**

This position would coordinate the distribution, oversight and management of the Ferndale Home Fund while also providing support for the Ferndale Community Resource Center as a full-time employee.

Whether this is officially a City of Ferndale employee or an annual grant to the Community Resource Center is something we will need to hammer out.

### **Rental Assistance and Support Services - \$125,000**

Through grants to Opportunity Council, Lydia Place and other community partners, we provide rental assistance to Ferndale residents. The goal is that the service provider interacts with the clients, determines eligibility, etc so we don't have to reinvent the wheel.

This could also be an opportunity to contribute to countywide emergency cold weather shelters, or homeless shelter efforts.

### **Low-Income Homeowner Assistance - \$120,000**

Rather than helping with downpayments, I'd like this to be devoted towards weatherization and energy efficiency upgrade for low-income homeowners. This will reduce their ongoing costs and help the city consume less utilities.

**Production and Preservation of Housing - \$120,000**

This would be used to purchase existing rental property to retain them in the rental market as permanently affordable units. It could be leveraged as a private/public partnership to incentivize more affordable housing units are built.