

City of Ferndale

Housing Levy Administrative and Financial Plan

2021-2029



## Table of Contents

1.0	Mayor's Welcome
2.0	Introduction to Administrative and Financial Plan
3.0	Goals
4.0	Administrative and Financial Plan
4.1	Housing Development
4.2	Housing Services
4.3	Homebuyer Assistance
4.4	Administrative Planning
5.0	Budget Addendum

### 1.0 - Mayor's Welcome

At a time of rising housing prices and continued growth for the City of Ferndale, it is absolutely essential that we make the investment to ensure that Ferndale remains a community that is affordable to all who want to live and grow in our city.

As a community of innovators and pioneers, we pride ourselves on staying ahead of the curve. We work hard to ensure that we rise to meet each challenge, rather than responding to what has already happened. The Affordable Housing Levy and this plan are critical components to making progress on the challenges of rising housing costs, the impacts of income inequality and the harsh conditions of homelessness.

By investing today in workforce housing, we can keep our residents with a roof over their heads and prevent families from sliding into homelessness. Homelessness is a much more difficult and intractable problem and the best solution is prevention. By ensuring an ample supply of affordable housing and getting more residents to transition to home ownership, we can ensure that this community remains a community for all, not just those who can afford it.

- Mayor Greg Hansen

## 2.0 - Housing Levy Administrative and Financial Plan

In 2020, the City of Ferndale is considering an affordable housing levy to fund housing and related services for low-income and very low-income households. The City Council has adopted the Housing Levy Administrative and Financial Plan to articulate how those funds will be spent and what the goals for those programs will be.

The measure is authorized by RCW 84.52.105 which states, “ A county, city, or town may impose additional regular property tax levies of up to fifty cents per thousand dollars of assessed value of property in each year for up to ten consecutive years to finance affordable housing for very low-income households when specifically authorized to do so by a majority of the voters of the taxing district voting on a ballot proposition authorizing the levies.”

Furthermore, “ For purposes of this section, the term "very low-income household" means a single person, family, or unrelated persons living together whose income is at or below fifty percent of the median income, as determined by the United States department of housing and urban development, with adjustments for household size, for the county where the taxing district is located.”

The measure currently under consideration by the public that would be governed by this document is seeking to collect \$0.35 per \$1,000 of assessed property value which would generate a total of \$490,000 annually for the next ten years for a total of \$4.9 million dollars. These funds would be administered by the City of Ferndale.

## 3.0 - Goals

The central focus of this measure is to ensure that there is adequate affordable housing in the City of Ferndale. While the private real estate and development market can fluctuate from year to year, it is in the City’s best interest to avoid drastic increases in housing prices for the most vulnerable residents. The private development market will continue to increase the supply of housing which will help however the current market trends will leave many residents unable to afford the increases.

To counter this, the City will partner with utilize these funds to ensure that housing will remain affordable to those making fifty percent or less of the median income.

To address this challenge, the Affordable Housing Levy funds will be used for **Housing Development, Housing Services, and Homebuyer Assistance.**

## 4.0 - Affordable Housing Levy Administrative and Financial Plan



**4.1 - Housing Development** – The foremost goal of this measure will be to add more housing units to Ferndale. With appropriate matching funds, there are numerous grant opportunities available for the construction of affordable housing. On the federal level, the Department of Agriculture and the Department of Housing and Urban Development give out hundreds of millions of dollars each year to communities similar to Ferndale for housing development. On the state level, the Washington State Department of Commerce provides robust resources for similar programs.

Currently, the City of Bellingham leverages their affordable housing levy dollars for federal and state housing grants which results in an additional \$7 dollars in grant money for every \$1 they invest. The City of Ferndale would not be able to achieve the same level of matching dollars but a \$1 to \$3 ratio of matching funds is a reasonable assumption when utilizing grant applications and partnerships with local agencies such as the Bellingham/Whatcom Housing Authority and private developers.

The resources allocated as part of this program would be used as matching funds for grant applications that could then be applied to individual housing construction projects. These projects would be required to be located within the city limits and serve very low-income households.

Partnerships for these funds include the aforementioned Bellingham/Whatcom Housing Authority, the Opportunity Council which would be involved in determining eligibility for residents, Habitat for Humanity, private developers and Whatcom County.

Based on similar projects within the City of Ferndale, each housing unit would cost approximately \$100,000 to construct.

While the primary focus of these funds is construction of new housing units, they may also be used to facilitate a construction project with the same goal, including but not limited to permit fees, tax

incentives and land acquisition provided that the end result is the creation of new housing units for very low-income households.

**Total Funds to be allocated each year: \$286,000**

**Goals: Develop 9 housing units for very low-income households annually for a total of 90 new housing units over the duration of the levy.**

*Note: Due to grant cycles and the limitations of the construction season, there may not be 9 units constructed each year but over the life cycle of the program, it would average out to 9 units annually.*



**4.2 - Housing Services** – One of the key gaps identified by the North Whatcom Poverty Task Force is the lack of housing case manager to help connect eligible residents with the resources needed to improve their situation. Often, those experiencing hardship are unable to navigate the system of programs and resources without the assistance of a housing case manager. A case manager has a drastic impact on ensuring that those using the programs make progress out of poverty and become self-sustaining residents.

Furthermore, a housing case manager can also provide other essential housing related services such as landlord liaison work, eviction prevention and tenant safety inspections. These services ensure that affordable housing remains on the market and up to the standards expected by the community.

In Whatcom County, the main provider of these services is the Opportunity Council, which is the one-stop-shop for resources for those in need. In discussions with the Opportunity Council, the best course of action would be for the city to fund fifty percent of a case manager salary, and that person would be

employed by the Opportunity Council. They would then dedicate fifty percent of their time to specifically Ferndale based issues and cases. This would meet the current needs in our community.

While the person would be assigned to Ferndale clients, they would work out of the Opportunity Council office which is in downtown Bellingham. As demand and personnel costs grow, this specific program will need to be reassessed.

**Total Funds to be allocated each year: \$75,000**

**Goals: Provide 0.50 FTE position at the Opportunity Council that would provide Housing Case Manager services to Ferndale-based clients, including but not limited to housing placement, eviction prevention, and landlord outreach.**



**4.3 - Homebuyer Assistance** – While a majority of the funds as part of the affordable housing levy will be focused on the creation of affordable housing units, there is also a compelling public interest in encouraging homeownership. Homeownership is an essential component to breaking the cycle of generational poverty and leads to a more stable and engaged community.

Similar to housing development, there are several programs available for communities like Ferndale aimed at increasing rates of homeownership, including but not limited to the Good Neighbor Next Door, Homeownership for Public Housing Residents through the Department of Agriculture, the Housing Choice Voucher program through the Department of Housing and Urban Development and the

Washington State Housing Finance Commission. The City would pursue those funds and working in tandem with organizations like the Kulshan Community Land Trust work to provide opportunities for very low-income households to become first time homeowners.

The primary barrier to homeownership among very low-income households is the initial costs, including down payments and closing fees. These funds would be leveraged to assist those household in overcoming those barriers and becoming homeowners. To be eligible for this program, applicants must be able to make their monthly mortgage payment.

**Total Funds to be allocated each year: \$80,000**

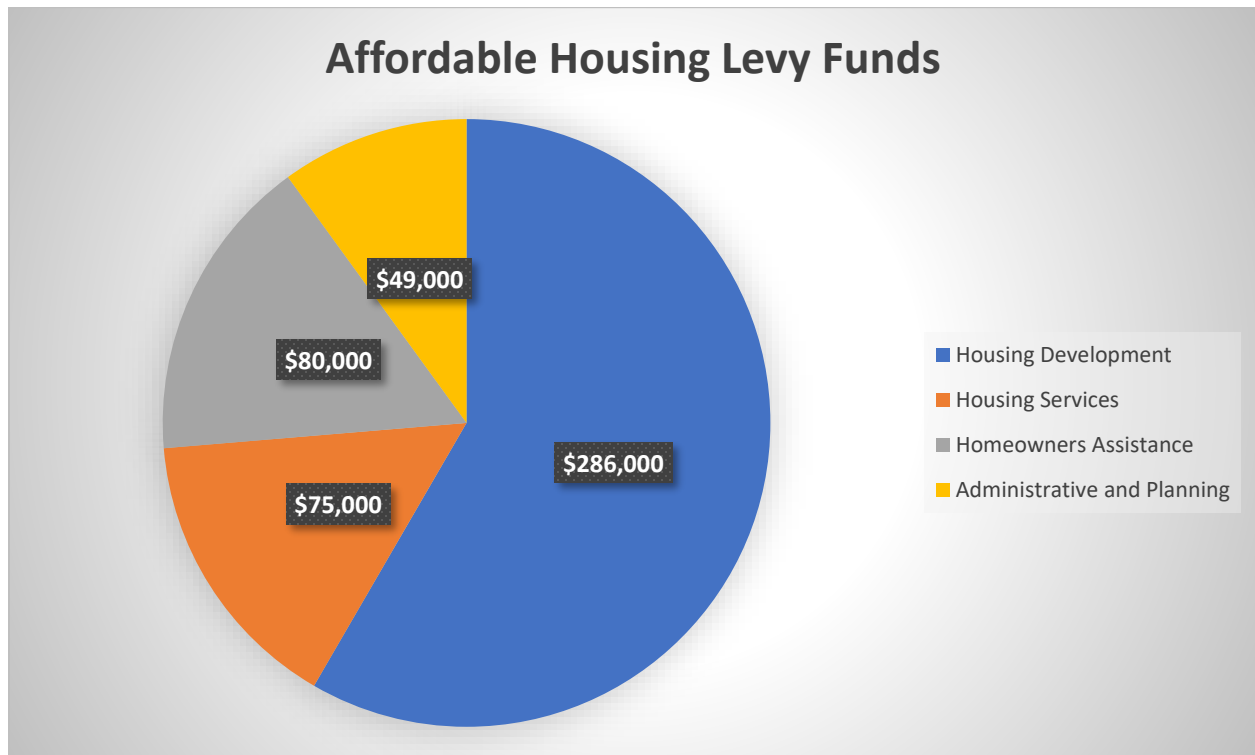
**Goals: On an annual basis, assist 2 low income households in becoming homeowners for a total of 20 new homeowners over the duration of the levy.**

**4.4 - Administrative and Planning** – Managing these programs and planning for long-term projects will incur some costs to the city. Based on the recommendations of the Municipal Research Service Center and best practices, the City will take 10% of the levy funding annually to cover these costs. As the program continues, this amount would be assessed and adjusted as needed.

**Total Funds to be allocated each year: \$49,000**

**Goals: Effectively administer this program with no additional cost to the City's general fund.**

## 5.0 – Budget Addendum



Program	Partner organization	Annual expenditure	% of total fund
Housing Development	Bellingham/Whatcom Housing Authority, Habitat for Humanity, Private Developers	\$286,000	58%
Housing Services	Opportunity Council	\$75,000	15%
Homeowners Assistance	Sustainable Connections	\$80,000	16%
Administrative and Planning	N/A	\$49,000	10%