



MEMO TO: Members of the City Council

FROM: Mayor Angela Birney

DATE: May 19, 2020

SUBJECT: Allocation of Sales and Use Tax Authorized Under House Bill 1406 for Rental Assistance

I. RECOMMENDED ACTION

Allocate funds collected in accordance with Ordinance No. 2985 enabled by Chapter 52.14 of the Revised Code of Washington (as amended by Substitute House Bill 1406) and authorize the expenditure of \$100,000 of the special tax revenue funds for the purpose of rental assistance.

II. DEPARTMENT CONTACTS

Carol Helland, Director	425-556-2107
Beverly Mesa-Zendt, Human Services Manager	425-556-2423
Brooke Buckingham, Senior Human Services Planner	425-556-2416
<i>Planning and Community Development</i>	

III. DESCRIPTION/BACKGROUND

At the April 21, 2020, Human Services Commission meeting, the Human Services Commission recommended that the City Council establish a special tax revenue fund for funds collected in accordance with Ordinance No. 2985 (authorized by 52.14 RCW as amended by Bill 1406) and authorize the expenditure of \$100,000 of the special tax revenue funds for the purpose of rental assistance.

Although state, regional, and local funding have been identified to address critical life and safety needs, specifically shelter and day center operations for individuals experiencing homelessness, rental assistance has emerged as one of the greatest and most persistent needs of the community. With recent job losses and/or reduced wages, many residents are struggling to pay for their most basic needs, and some are accessing services for the first time. Given the extended nature of the pandemic, rental assistance continues to be one of the greatest, underfunded needs. This is exemplified by the experiences and reports of the following local non-profit agencies that offer rental assistance.

- United Way launched a \$5M [rental assistance program](#) on Friday, April 10, and by Saturday, they had [reported](#) receiving more than double the number of applicants

they could support. Specifically, United Way staff reported that they had received 6,000 applications, but only had funding for 2,000. Of the 6,000, 611 came from the Eastside, including 123 from Redmond households.

- Early projections from Hopelink show that they have received requests from over 400 households, with budgeted funds to assist only 266 families (\$266,000 month at \$1,000 per household).
- Muslim Community Resource Center (MCRC) expects to provide additional rental assistance support to 450 households for a total of \$450,000.

In 2019, the State Legislature approved House Bill 1406 which creates a sales tax revenue sharing program that allows cities and counties to access a portion of state sales tax revenue to make local investments in affordable housing. The tax credit is in place for up to 20 years and can be used for acquiring, rehabilitating, or constructing affordable housing; operations and maintenance of new affordable or supportive housing facilities; **and, for smaller jurisdictions, rental assistance** to tenants that are at or below 60 percent of the median income

Should Council approve this allocation, funds would be awarded to the following non-profit service providers who are already providing rental assistance in the Redmond community:

Non-Profit Service Provider	Amount
Hopelink	\$50,000
MCRC	\$50,000
Total	\$100,000

IV. PREVIOUS DISCUSSIONS HELD

- May 5, 2020 – Staff presentation at the Parks and Human Services Committee of the Whole
- December 3, 2019 -- Council adopted Ordinance No. 2985 “Authorizing the Maximum Capacity of the Tax Authorized under the Provisions of Substitute House Bill 1406 for Affordable Housing; and Other Matters Related Thereto.”

V. IMPACT

A. Service/Delivery:

Upon approval of funds, human services would notify grant recipients and proceed with necessary contracts. Programs would need to ensure that minimum eligibility for use of these funds is met (i.e. assistance to individuals whose incomes are at or below 60 percent of area median income).

B. Fiscal Note:

The City projects to receive nearly \$290,000 in 1406 revenue this year. With Council's approval, \$100,000 will be allocated to human services for rental assistance through the use of the state sales tax credit allotted to the City through House Bill 1406. Finance will bring a housekeeping budget ordinance forward at a later date to allocate the money in the current budget.

VI. ALTERNATIVES TO STAFF RECOMMENDATION

The City Council could choose not to approve this recommendation at this time. The City may also choose to revise the amount being proposed for this purpose.

VII. TIME CONSTRAINTS

Timely approval would allow for funds to be awarded and expended. City staff will return to Council to discuss further utilization of 1406 revenue at a later date.

VIII. LIST OF ATTACHMENTS

None

Carol V. Helland

Carol Helland, Director of Planning and Community Development

Angela Birney

Approved for Agenda _____
Angela Birney, Mayor