

**CITY OF UNION GAP, WASHINGTON**  
**RESOLUTION NO. 632**

A **RESOLUTION** authorizing the Mayor to sign an interlocal agreement between Yakima County and various cities concerning the use of auditor surcharge on recorded documents money for affordable housing projects.

**WHEREAS**, the County Auditor charges a \$10 surcharge on the recording of documents in the auditor's office pursuant to RCW 36.22.178;

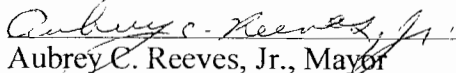
**WHEREAS**, the surcharge money collected is divided with 40% going to the Washington State Department of Community Trade, which is deposited into the State Housing Fund. The remaining 60% is deposited into a special fund for use on affordable housing projects as determined under the processes set forth in the interlocal agreement;

**WHEREAS**, in order to participate the City must enter into the interlocal agreement;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF UNION GAP, WASHINGTON, HEREBY RESOLVES as follows:**

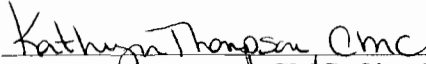
The Mayor is authorized to sign the Interlocal Agreement between Yakima County and Cities and Towns for Administering Housing Funds per RCW 36.22.178.

**PASSED** this 14<sup>th</sup> day of August 2006.

  
Aubrey C. Reeves, Jr., Mayor

ATTEST:

APPROVED AS TO FORM:

  
Kathryn Thompson, CMC, City Clerk

  
Robert F. Noe, City Attorney

**INTERLOCAL AGREEMENT BETWEEN YAKIMA COUNTY AND CITIES AND TOWNS FOR ADMINISTERING HOUSING FUNDS PER RCW 36.22.178**

**THIS AGREEMENT** is entered into this day by and between **YAKIMA COUNTY**, a political subdivision of the State of Washington (herein referred to as "COUNTY") and the **CITIES and Towns of GRANDVIEW, GRANGER, HARRAH, MABTON, MOXEE, NACHES, SELAH, SUNNYSIDE, TIETON, TOPPENISH, UNION GAP, WAPATO, YAKIMA, AND ZILLAH**, all municipal corporations of the State of Washington (herein referred to as "CITIES and TOWNS").

WHEREAS, the Washington State Legislature enacted RCW 36.22.178 which became effective on June 13, 2002; and

WHEREAS, the legislation authorizes a ten dollar surcharge on certain documents recorded with the Auditor's office for the purpose of providing funds for affordable low-income housing; and

WHEREAS, the COUNTY and its CITIES and TOWNS agree additional resources are needed for housing projects or units within housing projects that are affordable to very low-income persons with incomes at or below 50 percent of the area median income; and

WHEREAS, the COUNTY and its CITIES and TOWNS are required to develop an Interlocal Agreement for the distribution of these funds; and

WHEREAS, the parties are authorized to enter into such agreements by virtue of RCW 39.34;

NOW, THEREFORE, in consideration of the terms and conditions contained herein, it is mutually agreed by and between the COUNTY and its CITIES AND TOWNS as follows:

**SECTION 1 – PURPOSE**

The purpose of this agreement is to provide for the implementation of RCW 36.22.178 and to memorialize the agreement between the parties relating to administration of these funds.

**SECTION 2 – COUNTY OBLIGATIONS**

The COUNTY shall:

1. Collect the required revenue authorized by SHB 2060 and hold it in a single fund; and
2. Participate in activities in accordance with the attached 2060 Guiding Principles, which are attached to and incorporated by reference to this Agreement as Exhibit 1; and
3. Disburse funds to designated eligible recipients in accordance with Exhibit 1, Guiding Principles; and
4. Provide an annual written summary of funds collected and expended under the terms of this agreement to all parties.

**SECTION 3 – CITIES AND TOWNS OBLIGATIONS**

The CITIES and TOWNS agree to abide by Exhibit 1, Guiding Principles, for the use of these funds. The CITIES and TOWNS shall issue a letter of consistency with their current

Comprehensive Land Use Plan for proposed projects located within their jurisdictional boundaries.

#### **SECTION 4 – TERM OF THE AGREEMENT**

This Agreement shall commence on the date of execution of this Agreement. If the Washington State legislature withdraws the funding for the program per RCW 36.22.178, this inter-local agreement terminates. This Agreement shall automatically renew for one year increments beginning January 1 and ending midnight, December 31, unless terminated by giving 90 days written notice to the other party.

#### **SECTION 5 – INDEMNIFICATION AND DEFENSE**

The COUNTY shall defend, indemnify, and save harmless the CITIES and TOWNS, its officers, employees, and agents from any and all costs, claims, judgments, or awards of damages, resulting from the acts or omissions of the COUNTY, its officers, employees, or agents associated with this Agreement. In executing this Agreement, the COUNTY does not assume liability or responsibility for or in any way release the CITIES and TOWNS from any liability or responsibility which arises in whole or in part from the existence or effect of Substitute House Bill 2060, ordinances, rules, regulations, resolutions, customs, policies, or practices. If any cause, claim, suit, action or administrative proceeding is commenced in which the enforceability and/or validity of any such law, ordinance, rule, regulation, resolution, custom, policy or practice is at issue, the CITIES and TOWNS shall defend the same at its sole expense, and if judgment is entered or damages are awarded against the CITIES and TOWNS, the COUNTY, or both, the CITIES and TOWNS shall satisfy the same, including all chargeable costs and attorney's service charges.

The CITIES and TOWNS shall defend, indemnify and save harmless the COUNTY, its officers, employees and agents from any and all costs, claims, judgments, or awards of damages, resulting from the acts or omissions of the CITIES and TOWNS , its officers, employees or agents associated with this Agreement. In executing this Agreement, the CITIES and TOWNS do not assume liability or responsibility for or in any way release the COUNTY from any liability or responsibility which arises in whole or in part from the existence or effect of COUNTY ordinances, rules, regulations, resolutions, customs, policies, or practices. If any cause, claim, suit, action, or administrative proceeding is commenced in which the enforceability and/or validity of any such COUNTY ordinance, rule, regulation, resolution, custom, policy, or practice is at issue, the COUNTY shall defend the same at its sole expense, and if judgment is entered or damages are awarded against the COUNTY, the CITIES and TOWNS, or both, the COUNTY shall satisfy the same, including all chargeable costs and attorney's service charges.

Each party to this Agreement shall be responsible for the negligence of its officers, employees, and agents in the performance of this Agreement and any Program Agreement. No party to this Agreement or any Program Agreement shall be responsible for the acts and/or omissions of entities or individuals not party to this Agreement and any Program Agreement. The COUNTY and the CITIES and TOWNS shall cooperate in the defense of tort lawsuits, when possible. Both parties agree and understand that this provision may not be feasible in all circumstances. The COUNTY and the CITIES and TOWNS agree to notify the attorneys of record in any tort lawsuit where both are parties if either the COUNTY or the CITIES and TOWNS enter into

settlement negotiations. It is understood that the notice shall occur prior to any negotiations, or as soon as possible, and the notice may be either written or oral.

**SECTION 6 – NO THIRD-PARTY BENEFICIARY**

The COUNTY does not intend by this Agreement to assume any contractual obligations to anyone other than the CITIES and TOWNS, and the CITIES and TOWNS do not intend by this Agreement to assume any contractual obligations to anyone other than the COUNTY. The COUNTY and the CITIES and TOWNS do not intend that there be any third-party beneficiary to this Agreement.

**SECTION 7 – INSURANCE COVERAGE**

The CITIES and TOWNS shall maintain at all times during the course of this Agreement a general liability insurance policy or other comparable coverage with a self-insured retention of no more than \$2,000,000 and a policy limit of no less than \$5,000,000 dollars.

**SECTION 8 – NON-DISCRIMINATION**

The COUNTY and the CITIES and TOWNS certify that they are Equal Opportunity Employers.

**SECTION 9 – ASSIGNMENT**

Neither the COUNTY nor the CITIES and TOWNS shall have the right to transfer or assign, in whole or in part, any or all of its obligations and rights hereunder without the prior written consent of the other Party.

**SECTION 10 – NOTICE**

Any formal notice or communication to be given by the COUNTY to the CITIES and TOWNS under this Agreement shall be deemed properly given, if delivered, or if mailed postage prepaid and addressed to:

City or Town  
Address  
City, WA 98901  
Attention: Director

Any formal notice or communication to be given by the CITIES and TOWNS to the COUNTY under this Agreement shall be deemed properly given, if delivered, or if mailed postage prepaid and addressed to:

Yakima County Department of Community Services  
128 North 2<sup>nd</sup> Street, Room 102  
Yakima, WA 98901  
Attention: Director

The name and address to which notices and communications shall be directed may be changed at any time, and from time to time, by either the CITIES and TOWNS or the COUNTY giving notice thereof to the other as herein provided.

**SECTION 11 – CITIES AND TOWNS AS INDEPENDENT CONTRACTORS**

CITIES AND TOWNS are, and shall at all times be deemed to be, independent contractors. Nothing herein contained shall be construed as creating the relationship of employer and employee, or principal and agent, between CITIES AND TOWNS and COUNTY or any of the CITIES AND TOWNS' agents or employees. The CITY AND TOWNS shall retain all authority for rendition of services, standards of performance, control of personnel, and other matters incident to the performance of services by COUNTY pursuant to this Agreement.

Nothing in this Agreement shall make any employee of the CITIES and TOWNS a COUNTY employee or any employee of the COUNTY a CITIES and TOWNS employee for any purpose, including, but not limited to, for withholding of taxes, payment of benefits, worker's compensation pursuant to Title 51 RCW, or any other rights or privileges accorded CITIES and TOWNS OR COUNTY employees by virtue of their employment.

**SECTION 12 – WAIVER**

No waiver by a party of any term or condition of this Agreement shall be deemed or construed to constitute a waiver of any other term or condition or of any subsequent breach, whether of the same or a different provision of this Agreement.

**SECTION 13 – ENTIRE AGREEMENT**

This Agreement contains all of the agreements of the Parties with respect to any matter covered or mentioned in this Agreement and no prior or other agreements shall be effective for any purpose.

**SECTION 14 – AMENDMENT**

Provisions within this Agreement may be amended with the mutual consent of the parties hereto. No additions to, or alteration of, the terms of this Agreement shall be valid unless made in writing, formally approved, and executed by duly authorized agents of both parties.

**SECTION 15 – NO REAL PROPERTY ACQUISITION OR JOINT FINANCING**

This Interlocal Agreement does not provide for the acquisition, holding or disposal of real property. Nor does this Agreement contemplate the financing of any joint or cooperative undertaking. There shall be no budget maintained for any joint or cooperative undertaking pursuant to this Interlocal Agreement.

**SECTION 16 – FILING**

Copies of this Interlocal Agreement, together with the resolution of the Board of Yakima County Commissioners and the CITIES and TOWNS Council's approving and ratifying this Agreement, shall be filed with the CITIES and TOWNS Clerk, the Yakima County Auditor, and the Secretary of State of Washington after execution of the Agreement by both parties.

**SECTION 17 – SEVERABILITY**

If any of the provisions contained in this Agreement are held illegal, invalid or unenforceable, the remaining provisions shall remain in full force and effect.

**YAKIMA COUNTY AFFORDABLE HOUSING PROGRAM**  
**Guiding Principles**

**INTRODUCTION**

The Washington State Legislature passed SHB 2060 into law on June 13, 2002. The law requires county auditors to charge a ten-dollar surcharge on all recorded documents with the exception of those previously excluded from any fees. The intent of this act is to assist in the development and preservation of affordable low-income housing to address critical local housing needs.

As required under RCW 36.22.178, the County can retain up to 5% of these funds for administration of the act, of the remaining amount 40% will be forwarded to the State (CTED) and is deposited into the State Housing Trust Fund account to be used to support extremely low-income persons with incomes at or below 30% of the area median income. The remaining 60% retained by the County is deposited into in a special fund to be used for housing projects or units within housing projects that are affordable to very low-income persons at or below 50% of the area median income.

<b>Yakima County 2006 Median Income Limits</b>								
Percent	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
50%	\$17,450	\$19,950	\$22,450	\$24,950	\$26,950	\$28,950	\$30,950	\$32,950

The portion retained by the County shall be allocated to very low-income housing projects or units within housing projects in the county, cities and towns according to an inter-local agreement between the county and the cities and towns within the county, consistent with countywide and local housing needs and policies.

**PERMISSIBLE USES UNDER THE LAW**

1. Acquisition, construction, or rehabilitation of housing projects or units within housing projects that are affordable to very low-income persons with incomes at or below 50% of the area median income;
2. Supporting building operation and maintenance costs of housing projects or units within housing projects eligible to receive housing trust funds, that are affordable to very low-income persons with incomes at or below 50% of the area median income, and require a supplement to rent income to cover ongoing operating expenses;
3. Rental assistance vouchers for housing projects or units within housing projects that are affordable to very low-income persons with incomes at or below 50% of the area median income, to be administered by a local public housing authority or other local organization that has an existing rental assistance voucher program, consistent with the United States Department of Housing and Urban Development's Section 8 rental assistance voucher program standards; and
4. Operating costs for emergency shelters and licensed overnight youth shelters.

The funds generated with this surcharge shall not be used for construction of new housing if at any time the vacancy rate for available low-income housing within the county rises above 10% prior to application approval by the Yakima County Board of Commissioners. The real estate research center at Washington State University shall develop a vacancy rate standard for low-income housing in the state as described in RCW 18.85.540 (1) (i).

## **LOCAL PLAN**

A 2060 Affordable Housing Committee was created to produce guidelines for the use of funds under RCW 36.22.178. The 2060 Affordable Housing Committee is made up of representatives from Yakima County, City of Yakima, Conference of Governments, Yakima Housing Authority, Yakima Valley Landlords Association, Yakima Federal Savings and Loan Assoc., affordable housing developers and homelessness housing and service providers.

It is the intent of the 2060 Affordable Housing Committee to provide the following Guiding Principles to the Yakima County Board of Commissioners for the implementation of RCW 36.22.178.

### **A. Review Committee**

The United Way of Yakima County Community Investment Committee and staff from the Yakima County Department of Community Services serve as the Review Committee for application's submitted for funds under RCW 36.22.178. In addition, up to four (4) persons with affordable housing experience will be selected by the 2060 Affordable Housing Committee to serve on the Review Committee. Review Committee members will be required to follow established conflict of interest policies. The Board of Yakima County Commissioners shall make final determinations of awards.

### **B. Fund Availability**

On an annual basis Yakima County Department of Community Services shall publish a Request for Proposal (RFP) through its established methods. This notice will set forth the amount of funds available; the duration of funds to be awarded; the deadline for submission of funding applications; and other information related to the application process.

Applications will be distributed to all parties requesting a copy. Yakima County will make copies of applications to distribute to the Review Committee for consideration.

### **C. Eligible Recipients**

Eligible recipients of the funding under RCW 36.22.178 shall be certified non-profit agencies or for-profit agencies/providers of affordable housing, the county, cities and towns. Furthermore, eligible recipients must demonstrate their ability, experience and resources to implement and sustain the project during the term of the project.

### **D. Preferences**

Projects will be selected based on meeting the greatest affordable housing need which will be determined annually by assessing local Census and affordable housing data. Projects will also be given preference if they address one or more of the following criteria:

- The applicant contributes toward total project costs, including in-kind;
- The degree of leveraging other funds that will occur;
- Projects that provide homeowner education or self-help components;
- Projects serving populations with special needs;
- Projects that sustain or make use of existing affordable housing stock;
- Applicants that can articulate how their project will strengthen or enhance the continuum of low-income housing options in Yakima County.

### **E. Eligible Activities**

The following are eligible activities:

### **Capital (acquisition, rehabilitation or new construction)**

- Leveraging support (coordinate with grant timelines)
  - Used to secure other funding sources or to fill remaining gap in funding;
  - Funding is contingent on project receiving other funding within 12 months of application
- Acquisition or Rehabilitation
  - Grants or loans to leverage other financing;
  - Can be used to guarantee a loan;
  - Rentals and housing projects qualify;
  - Priority to projects with an added monitoring component
- New construction
  - Capital loans or grants for new housing projects;
  - Can be used for land purchases;
  - Can be used as earnest money for a property purchase;
  - Can be used to leverage funding for a building project;
  - Pre-construction or development fees are eligible uses;
  - Need for new construction projects are tied to 10% vacancy rate

### **Home Ownership Assistance**

- Promote homeownership through down payment and closing costs assistance
  - Preference to existing homeownership programs to expand their capacity or service area;
  - Must meet the United States Department of Housing and Urban Development's First Time Home Buyer program definition
- Owner occupied rehabilitation to preserve housing

### **Operations**

- Operations and maintenance of both existing and new housing projects
  - Defined as physical plant activities;
  - Emergency shelters and licensed overnight youth shelters qualify;
  - Higher priority toward supporting existing housing projects
- Deposits (first, last, security, damage, etc.)
  - Grants to agencies to administer a fund on behalf of individuals

### **Rent Subsidies**

- Rent Subsidies for safe and affordable housing
  - Must be consistent with the United States Department of Housing and Urban Development's Section 8 rental assistance voucher program standards and;
  - Must be administered by a local public housing authority or other local organization that has an existing rental assistance voucher program

**F. Timeline for Applications:**

Applications Available:	June 1
Applications Due:	July 31
Review Committee Meetings:	August
Decisions announced by:	August 31
Funds Available**:	September 15

\*\*After contracts/agreements signed

**G. Terms and Conditions of Funding:**

- Projects must serve very low-income persons with incomes at or below fifty percent of the area median income.
- Projects must ensure they remain affordable to low income households and must meet commitment guidelines, under RCW 43.185.070(3)(f), of serving the target population for a period of at-least twenty-five years.
- Projects must be consistent with local and countywide housing plans and policies.
- Successful recipients are required to adhere to HUD’s Fair Housing Act standards and State laws that govern the landlord-tenant relationship as set forth at RCW 59.18. Recipients governed by RCW 59.18 must enter into lease agreements with tenants and leases may not be terminated by the landlord unless the tenant fails to substantially comply with the lease.
- Funds that are provided for operation and maintenance projects shall be distributed in the form of a grant all other projects may apply for grants or loans which will be determined by the Review Committee based on the type of project being considered.
- Loans have flexible interest terms and may include at least a one-year deferral period. Exact terms of each loan will be based on the project’s operating pro forma.
- Grants are for one year only and can be renewed annually for a total of 3 years. After 3 years successful projects may reapply.
- Projects may use up to 5% of their award toward administrative costs.
- The Review Committee may impose additional terms and conditions

**H. Reporting Requirements:**

Successful applicants will provide an annual report detailing their use of funds in a format to be determined by the Yakima County Department of Community Services. Successful applicants will also be required to participate in the County Homeless Management Information System (HMIS).

**I. Geographic Equity:**

The intent is to insure all areas of Yakima County receive appropriate levels of funding based on local affordable housing needs.

**J. Annual Review:**

These Guidelines will be reviewed annually by the 2060 Affordable Housing Committee.

**K. Recipient Default:**

If it is discovered that a recipient of funding has misappropriated or misused funds, this matter will be forwarded to the Yakima County Prosecutors Office for action.

**L. Grievance Process:**

Applicants who feel they have been treated unfairly in the process or have not had their applications considered appropriately, shall have the opportunity to present both written and oral testimony to the Review Committee, in accordance with the Administrative Procedures Act RCW 34.05.

**M. Sale and Change of Use:**

The Department of Community Services shall adopt policies to ensure that the County's interest will be protected upon either the sale or change of use of projects financed in whole or in part with 2060 funds.

**N. Project Monitoring:**

Yakima County shall monitor all projects for compliance with the funding terms and conditions in the contract(s). Project monitoring shall be conducted no less than annually.

IN WITNESS WHERE OF, the parties have caused this Agreement to be executed on this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

**CITY OF UNION GAP**

**BOARD OF COUNTY COMMISSIONERS**

Aubrey Reeves 8-15-06  
Aubrey Reeves, Mayor Date

\_\_\_\_\_  
Jesse S. Palacios, Chairman

\_\_\_\_\_  
Michael D. Leita, Commissioner

\_\_\_\_\_  
Ronald F. Gamache, Commissioner

**CONTRACT AUTHORIZATION**

**Approved as to Form:**

**Attest:**

\_\_\_\_\_  
Deputy Prosecuting Attorney

\_\_\_\_\_  
Jennifer Adams, Deputy Clerk of the Board

\_\_\_\_\_  
Date