

PROPOSITION 1 BALLOT MEASURE FACT SHEET (AFFORDABLE HOUSING)



On November 5th voters in Port Angeles will be given the opportunity to approve or reject Port Angeles Proposition 1. It is a ballot measure to increase the sales tax in support of the construction and maintenance of affordable housing. This Fact Sheet provides information about this ballot measure.

Proposition 1 Ballot Language:

The City Council of the City of Port Angeles adopted Resolution No. 14-19 concerning a proposition to implement a sales tax of 0.1 percent pursuant to RCW 82.14.530 to be used only for construction of affordable housing, or funding the operations and maintenance of new units of affordable housing and facilities where housing-related programs are provided. Should this proposition be approved? Yes No

How will the tax revenue be used for affordable housing?

The funds must be used for construction, operation, or maintenance of housing, or facilities where housing-related programs are provided, for people who fall within one of the following categories: persons with mental illness; veterans; senior citizens; homeless, or at risk of being homeless; families with children; unaccompanied homeless youth or young adults; persons with disabilities; or domestic violence survivors, and who earn 60% or less than the area median income (AMI). City income limits for 2019¹ are shown below:

	Size of Household (persons)			
	1	2	3	4
60% AMI				
Annual Income Limit	\$ 27,960	\$ 31,920	\$ 35,940	\$ 39,900

How much will this cost me?

If approved, Proposition 1 will increase the sales tax in the City of Port Angeles by 1/10th of 1%. That means, for every \$100 you spend on goods or services that are taxed, you would pay an additional 10 cents (\$0.10). In considering the effect of Proposition 1, it is important to remember that Washington State does not tax food, prescription drugs, machinery and equipment sold to manufacturers and processors for direct use in manufacturing operations.² Equally important is the fact that a sales tax, unlike a property tax that is imposed only on City residents, is paid by all who make purchases in Port Angeles, including our millions of visitors.

Will the sales tax in Port Angeles be higher than other areas nearby?

If approved by voters, Port Angeles' sales tax would increase from 8.7% to 8.8%, the same rate as the City of Sequim. The City of Port Townsend and Jefferson County have a 9.0% sales tax, as does all of Kitsap County. Forks and unincorporated Clallam County's sales tax rate is lower, at 8.5%. If voters approve this 1/10th of 1% sales tax increase, a retail purchase of \$100 would cost you 30 cents less if you purchased that item in Forks or unincorporated Clallam County. The same purchase would cost 20 cents more in Port Townsend.

How much money would this sales tax collect?

The City of Port Angeles would expect to receive \$325,000 annually if the voters approve the ballot measure this fall.

Will this sales tax leverage other funds?

Yes. A new law passed by the Legislature in 2019 ([SHB 1406](#)) provides a sales tax credit to the City of Port Angeles for affordable housing. Note that the additional tax revenue paid to the City under SHB 1406 is a credit to the City of sales taxes that would otherwise be sent to Washington State, not a sales tax increase. To obtain the greatest credit back from Washington State under SHB 1406, the City must enact a "local qualifying tax" no later than July 28, 2020. Proposition 1 is a "local qualifying tax." If it is passed, the City will obtain twice as much sales tax credit from the state over the next 20 years,

¹ 2019 income and rent limits for Clallam County. Source: <https://ric.novoco.com/tenant/rentincome/calculator/z4.jsp>

² See <https://dor.wa.gov/find-taxes-rates/retail-sales-tax>

which is what Proposition 1 is proposing on this fall's ballot. The credit back to the City over 20 years is estimated at \$1.1 million.³

It is estimated that these two new funds, SHB 1406 and Proposition 1 together would generate over \$7.6 million over the next 20 years for affordable housing. These funds will be available to assist housing providers to leverage other funding sources. The [Washington State Housing Trust Fund](#) and the [Washington State Housing Finance Commission](#) (WSHFC) give preference⁴ in their funding awards where other funds are leveraged and where local government supports and contributes to the project. As one example, in Bellingham, every \$1 of City funds from their local housing levy was able to be leveraged into an additional \$10.80 in funds for their projects.⁵

What will the funds be used for?

The City of Port Angeles has chosen to direct these funds to the following projects and programs:

- ✓ New construction of affordable housing
- ✓ Rehabilitation of existing housing into affordable housing
- ✓ Construction of infrastructure – water, power, sidewalks and other public improvements – required for affordable housing development

For these purposes, the City will fund affordable housing proposals from other private developers, governments, or nonprofits. The City itself will not construct, own or manage any affordable housing.

What is the housing market in Port Angeles?

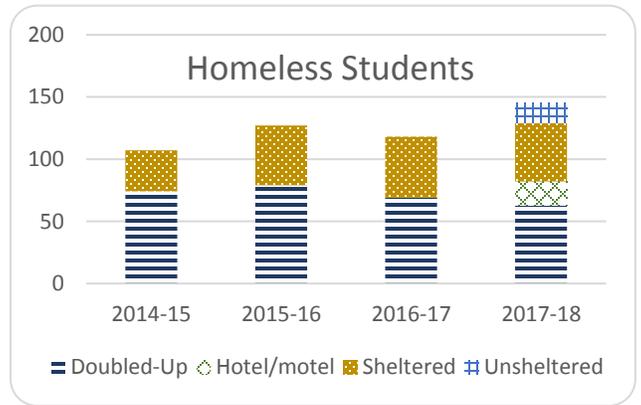
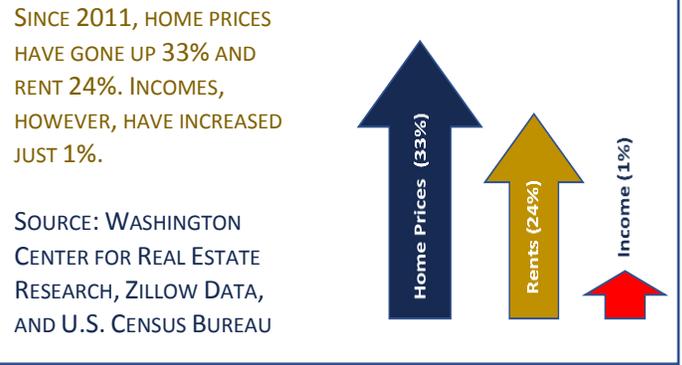
In May 2019, the City completed a Housing Action Plan.⁶ This plan identified changes in the City's population, housing market, inventory and public opinions. The impact of rising housing costs and stagnant income affects low-income households the most. HUD data shows there are 4,120 low-income households in the City paying more than 30% of their income on housing.⁷ In 2019, there were 196 people who were without homes in Clallam County.⁸ Not included in this count are students who are without homes, doubled-up, sleeping in a hotel or motel or unsheltered. During the 2017-18 school year, the Port Angeles School District reported 142 students without housing.

In 2000, 18% of the population in the City was over 65; currently, that number is almost 20%. Today, more than 551 elderly households pay more than 50% of their income on housing.⁹

What are the future housing expectations and needs in Port Angeles?

The City is anticipating growing from its current population of 19,620 to 27,623 by 2035. This increase in population would need another 3,600 housing units to be added to the City's current housing supply. The City's Comprehensive Plan¹⁰ housing goals include:

- ✓ improve housing opportunities
- ✓ increase the availability and affordability of affordable housing opportunities
- ✓ use the 2019 Housing Action Plan to guide future City actions



³ See "SHB 1406: Understanding the Affordable Housing Sales Tax Credit" <http://mrsc.org/Home/Stay-Informed/MRSC-Insight/July-2019/SHB-1406-Affordable-Housing-Sales-Tax-Credit.aspx>

⁴ [RCW 43.185.070](#) and WSHFC 9% Competitive Housing Tax Credit Policies <http://www.wshfc.org/mhcf/9percent/2020application/c.policies.pdf>

⁵ See "2018 Annual Performance Report", City of Bellingham <https://www.cob.org/services/housing>

⁶ Housing Action Plan, May 2019. <https://www.cityofpa.us/DocumentCenter/View/6702/Housing-Needs-Assessment?bidId=>

⁷ Comprehensive Housing Affordability Strategy, HUD, (<https://www.huduser.gov/portal/datasets/cp.html>)

⁸ Washington State Department of Commerce Annual Point in Time Count (<https://www.commerce.wa.gov/serving-communities/homelessness/annual-point-time-count/>)

⁹ Comprehensive Housing Affordability Strategy, HUD, Table 7 (<https://www.huduser.gov/portal/datasets/cp.html>)

¹⁰ City of Port Angeles Comprehensive Plan (<https://www.cityofpa.us/DocumentCenter/View/6689/2019-Comprehensive-Plan>)