

**RESOLUTION NO. 2021-04**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINGTON, WASHINGTON, ADOPTING A POLICY FOR EXPENDING FUNDS COLLECTED PURSUANT TO THE LOCAL SALES AND USE TAX FOR HOUSING AND RELATED SERVICES UNDER THE PROVISIONS OF RCW 82.14.530.

WHEREAS, during its 2020 regular session, the Washington State Legislature passed House Bill 1590, Chapter 222, Laws of 2020, which amended RCW 82.14.530 to allow cities to impose an additional sales and use tax to fund investments in affordable housing and related services; and

WHEREAS, at its October 5, 2020 regular meeting, the City Council of the City of Covington (“Council”) approved Ordinance No. 14-2020, which adopted and authorized the additional local sales and use tax for housing and related services under the provisions of RCW 82.14.530; and

WHEREAS, a minimum of 60 percent of the funds collected from this tax must be used for constructing affordable housing, constructing mental and behavioral health-related facilities, or funding the operations and maintenance costs of new units of affordable housing and facilities where housing-related programs are provided, or newly constructed evaluation and treatment centers; and

WHEREAS, the affordable housing and facilities providing housing-related programs may only be provided to persons whose income is at or below 60 percent of the median income of King County and are persons with behavioral health disabilities, veterans, senior citizens, homeless families with children, unaccompanied homeless youth or young adults, persons with disabilities, or domestic violence survivors; and

WHEREAS, the remainder of the funds collected from this tax must be used for the operation, delivery, or evaluation of mental and behavioral health treatment programs and services or housing-related services; and

WHEREAS, at its annual budget workshop on October 24, 2020, Council allocated 50 percent of the to be collected funds to the South King Housing and Homelessness Partners for the construction of affordable housing and related facilities; and

WHEREAS, Council directed staff to draft a policy to guide future allocations of the funds; and

WHEREAS, at its annual Council Strategic Planning Summit on January 26, 2021, Council considered a draft policy setting forth principles and criteria to guide spending the funds collected pursuant to RCW 82.14.530; and

WHEREAS, RCW 82.14.530 provides cities with broad discretion and authority to spend the funds for constructing affordable housing, which may include new units of affordable housing within an existing structure, and facilities providing housing-related services, constructing mental and behavioral health-related facilities, funding the operations and maintenance costs of new units of affordable housing and facilities where housing-related programs are provided, or newly constructed evaluation and treatment centers, and the operation, delivery, or evaluation of mental and behavioral health treatment programs and services or housing-related services; and

WHEREAS, Council wishes to adopt a flexible policy memorializing its broad authority and discretion with an emphasis on support for the local community; and

WHEREAS, Council will provide annual direction to the City of Covington Human Services Commission (“Commission”) for recommendations regarding how to spend funds for the operation, delivery, or evaluation of mental and behavioral health treatment programs and services or housing-related services; and

WHEREAS, Council desires to have the Commission provide recommendations each year in time for Council to include those recommendations in its annual budget deliberations; and

WHEREAS, Council finds that adopting an RCW 82.14.530 funds expenditure policy will benefit the public and provide appropriate parameters;

NOW THEREFORE, the City Council of the City of Covington, King County, Washington, resolves as follows:

Section 1. Policy Adopted. The City of Covington RCW 82.14.530 Funds Expenditure Policy, attached as Exhibit A and incorporated by this reference, is hereby approved and adopted.

Section 2. Human Services Commission Recommendations. The City of Covington Human Services Commission is directed to provide RCW 82.14.530 funding recommendations to Council each year to be incorporated into the Council’s annual budget deliberations.

Section 3. Severability. If any section, paragraph, sentence, clause, or phrase of this resolution, or its application to any person or situation, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be pre-empted by state or federal law or regulation, such decision or preemption shall not affect the validity of the remaining portions of this resolution or its application to other persons or situation. The City Council of the City of Covington hereby declares that it would have adopted this resolution and each section, subsection, sentence, clauses, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions be declared invalid or unconstitutional.

Section 4. Corrections. Upon the approval of the City Attorney, the City Clerk and the codifiers of this resolution are authorized to make any necessary corrections to this resolution including, but not limited to, the correction of scrivener's/clerical errors, references, resolution numbering, section/subsection numbers, and any reference thereto.

Section 5. Ratification. Any act consistent with the authority and prior to the effective date of this resolution is hereby ratified and affirmed.

Section 6. Effective Date. This resolution shall be effective immediately upon passage by the City Council of the City of Covington.

Passed by the City Council of the City of Covington this 13th day of April, 2021.

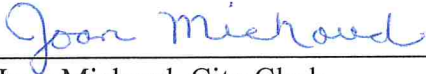
Signed in authentication of its passage this 14<sup>TH</sup> day of April, 2021.



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Jeff Wagner, Mayor

AUTHENTICATED:



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Joan Michaud, City Clerk

APPROVED AS TO FORM:

/s/ Mark Orthmann, as authorized by email on April 13, 2021  
Mark Orthmann, City Attorney

**EXHIBIT A**

**CITY OF COVINGTON**  
**RCW 82.14.530 FUNDS EXPENDITURE POLICY**

- A. A minimum of 60 percent of the proceeds must be used for the following purposes:
1. Constructing affordable housing, which may include new units of affordable housing within an existing structure, and facilities providing housing-related services, solely for eligible households (as defined below);
  2. Constructing mental and behavioral health-related facilities; or
  3. Funding the operations and maintenance costs of new units of affordable housing and facilities where housing-related programs are provided, or newly constructed evaluation and treatment centers.
- B. The remaining proceeds shall be used for the operation, delivery and evaluation of mental and behavioral health treatment programs and services or housing-related services.
1. For purposes of this provision, “mental and behavioral health treatment programs and services” is defined as including, but is not limited to, therapy and other forms of counseling; psychiatry; hospital programs; peer support and recovery partnerships; in-patient care; substance abuse programs; social work programs; and similar programs and services for mental or behavioral health issues that support eligible households or other people whose income is at or below sixty percent of median income.
  2. For purposes of this provision, “housing-related services” is defined as including, but is not limited to, case management; tenant education and support; financial assistance for essential costs of housing, such as temporary rental or mortgage payments, emergency repair costs necessitated by life-safety concerns, or utility fees (does not include late fees, property tax assessments, HOA fees, or nonessential costs, such as parking, pet rent, storage fees, etc.); assessment and referral to other human services; emergency and transitional housing, and homeless prevention services; and other similar services that support affordable housing, eligible households, or other persons whose income is at or below sixty percent of median income.
- C. No more than ten percent of the proceeds may be used to supplant existing local funds.
- D. For purposes of this provision, “eligible households” means persons within any of the following population groups whose income is at or below sixty percent of median income:
1. Persons with mental illness;
  2. Veterans;
  3. Senior citizens;
  4. Homeless (or at-risk of being homeless) families with children;
  5. Unaccompanied homeless youth or young adults;

6. Persons with disabilities; or
7. Domestic violence survivors.

- E. In accordance with RCW 82.14.530(5), up to 50 percent of the proceeds may be used for repayment of bonds issued to finance the provision or construction of affordable housing, facilities where housing-related programs are provided, or evaluation and treatment centers, all as described in A.3, above.
- F. The city council shall determine the application of moneys available to the eligible expenditures described above, in its discretion, including the locations, specifications, eligibility requirements and other elements necessary for the appropriate use of the proceeds within the purposes described above, as well as the timing, order, and manner of implementing or completing any such projects. Such expenditures shall be limited to those that benefit the local community and shall be made in accordance with RCW 82.14.530. All eligible construction expenditures described above shall be deemed to include the costs of all necessary design, engineering, financial, legal, and other consulting services, inspection and testing, administrative and relocation expenses, and all other costs incurred in connection with the foregoing. If the city council shall determine that it has become impractical to acquire, construct, or implement all or any particular proposed project by reason of changed conditions, incompatible development, costs substantially in excess of the amount of sales and use tax proceeds estimated to be available, lack of matching funds, or acquisition by a superior governmental authority, the city shall not be required to acquire, construct, or implement such portions.