



**Item #4.**

**Staff Report 098-19**

**TO:** Mayor and City Council  
**FROM:** Eric Holmes, City Manager  
**DATE:** 7/8/2019

**SUBJECT** Approval of Notice of Intent to impose sales tax for affordable housing

**Key Points**

- In the 2019 legislative session, the legislature passed SHB 1406 which authorizes cities and counties to impose a .0146 percent sale tax for affordable housing.
- The law requires the city to adopt a Notice of Intent to impose the sales tax prior to January 28, 2020, and an ordinance imposing the tax by July 28, 2020.
- The sales tax is credited against the state share of the sales tax and does not result in any additional sales tax being imposed against the consumer.

**Strategic Plan Alignment**

**Goal 6, Objective 6.2.1:** Implementation of the Affordable Housing Task Force recommendations

**Present Situation**

SHB 1406 provides authority for cities and counties to impose a sales tax of .0146 percent that is credited against the state's share of the sales tax. The revenue can be used for the acquisition, construction or rehabilitation of affordable housing or facilities providing supportive housing, and for the operations and maintenance costs of affordable or supportive housing. Because it is credited against the state's share of the sales tax, the imposition of this tax will not result in any increase in the sales tax the consumer pays. In order to impose the sales tax, the City must adopt a notice of intent to impose the sales tax and, subsequently, adopt an ordinance imposing the sales tax. The sooner the City adopts the ordinance, the sooner it will begin receiving this revenue.

**Advantage(s)**

Provides additional funding for affordable housing initiatives.

**Disadvantage(s)**

None

**Budget Impact**

It is estimated that this sales tax will generate approximately \$600,000 per year in revenue.

**Prior Council Review**

None

**Action Requested**

Adopt a resolution declaring the City's intent to impose the affordable housing sales tax.

*Natasha Ramras, Chief Financial Officer, 487-8484; Bronson Potter, City Attorney, 487-8521*

**ATTACHMENTS:**

- Resolution

7/08/2019

RESOLUTION NO. M- 4026

A RESOLUTION declaring the City's intent to authorize a sales and use tax for affordable and supportive housing in accordance with Substitute House Bill 1406.

WHEREAS, in the 2019 Regular Session, the Washington State Legislature approved, and the Governor signed, Substitute House Bill 1406 (Chapter 338, Laws of 2019) ("SHB 1406"); and

WHEREAS, SHB 1406 authorizes the governing body of a city to impose a local sales and use tax for the acquisition, construction or rehabilitation of affordable housing or facilities providing supportive housing, and for the operations and maintenance costs of affordable or supportive housing; and

WHEREAS, the tax must be used to assist persons whose income is at or below sixty percent of the city median income; and

WHEREAS, there are nearly 18,000 very low income families in Vancouver and approximately 7,000 families in Vancouver spend half of their income on housing; and

WHEREAS, in 2016, the City Council declared the existence of an emergency with regards to very low income housing; and

WHEREAS, in order for the City or county to impose the tax, within six months of the effective date of SHB 1406, or January 28, 2020, the Council must adopt a resolution of intent to authorize the maximum capacity of the tax, and within twelve months of the effective date of SHB 1406, or July 28, 2020, must adopt legislation to authorize the maximum capacity of the tax; and

**RESOLUTION - 1**

WHEREAS, the City Council now desires to declare its intent to impose a local sales and use tax as authorized by SHB 1406 as set forth herein;

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY OF VANCOUVER:

Section 1. Resolution of Intent. The City Council declares its intent to adopt legislation to authorize the maximum capacity of the sales and use tax authorized by SHB 1406 within one year of the effective date of SHB 1406, or by July 28, 2020.

Section 2. Effective Date. This resolution shall take effect immediately upon its adoption.

ADOPTED at a Regular Meeting of the Vancouver City Council this 8th, of July, 2019.

DocuSigned by:  
*Anne McEnery-Ogle*  
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Anne McEnery-Ogle, Mayor

Attest:

DocuSigned by:  
*Carrie Jewellen*  
661359AB277E439...  
Natasha Ramras, City Clerk

Approved as to form:

DocuSigned by:  
*E. Bronson Potter*  
AAC4768B6D2D446...  
E. Bronson Potter, City Attorney

**RESOLUTION - 2**