

**ORDINANCE NO. 3 - 2006**  
**AN ORDINANCE RESTRUCTURING THE AFFORDABLE HOUSING FUND**  
**COMMISSION INTO THE SAN JUAN COUNTY HOUSING BANK**  
**AND REPEALING ORDINANCE 5-1994**

WHEREAS, the San Juan County Council has elected to put a ballot measure before the voters for the approval of a one-half of one percent real estate excise tax pursuant to RCW 82.46.075; and

WHEREAS, the funds from this tax will be deposited in an Affordable Housing Trust Fund; and

WHEREAS, the County Council has prepared an expenditure plan for the proceeds of the tax as required by RCW 82.46.075(6); and

WHEREAS, funds collected pursuant to RCW 36.22.178, RCW 36.22.179, RCW 43.185A and other funds and grants to support the development of affordable housing and to aid the homeless shall also be placed in the Housing Trust Fund; and

WHEREAS, the Housing Advisory Board has been dissolved and replaced by the Affordable Housing Fund Commission; and

WHEREAS, the County Council desires to restructure the Affordable Housing Fund Commission as the San Juan County Housing Bank; and

WHEREAS, the County Council intends that the new San Juan County Housing Bank administer the funds in the Housing Trust Fund; and

WHEREAS, a public hearing was held on February 14, 2006 to consider both the adoption of (1) the proposed expenditure plan preparatory to an election to be held on May 17, 2006 for the adoption of the tax; and (2) the restructuring of the Affordable Housing Commission as a Housing Bank.

NOW, THEREFORE, BE IT ORDAINED as follows:

**Sec. 1.** San Juan County Code 2.27.010 and Ordinance 20-2002 § 1 are hereby amended as follows:

There is hereby established the San Juan County Affordable Housing Trust Fund. There is also established the San Juan County Housing Bank and Housing Bank Commission that shall administer the affordable housing accounts including the Affordable Housing Trust Fund in accordance with this Ordinance. If the excise tax authorized by RCW 82.46.075 is approved by the voters a new county department shall be created called the Housing Bank that will administer the programs set out in this chapter. If the housing tax is not authorized the Housing Bank shall perform the duties

set out in this chapter under the auspices of the Department of Health and Community Services.

**Sec. 2.** San Juan County Code 2.27.020 and Ordinance 20-2002 § 2 shall be amended as follows:

**2.27.020. Purpose**

A. The purpose of the San Juan County Housing Bank affordable housing fund is to provide leadership, support and funding for aid the development and preservation of quality affordable housing for San Juan County residents with very low, low, moderate and middle incomes in the County through the disbursement of funds collected pursuant to RCW 36.22.178, RCW 36.22.179, RCW 43.185A, RCW, 82.46.075 and other funds and grants collected for the purpose of the development of affordable housing and aid for the homeless. All funds disbursed by the Housing Bank shall be distributed in a manner that is consistent with state and federal laws which may limit the use of specific funds to particular income levels and special needs.

B. Income thresholds used to develop eligibility standards for the housing programs run by the Housing Bank are as follows:

- |                           |   |
|---------------------------|---|
| <u>1. Very Low Income</u> | <u>0 to 50% of median income in San Juan County</u>                               |
| <u>2. Low Income</u>      | <u>Greater than 50% and up to 80% of median income in San Juan County</u>         |
| <u>3. Moderate Income</u> | <u>Greater than 80% and up to 95% of median income in San Juan County</u>         |
| <u>4. Middle Income</u>   | <u>Greater than 95% and up to 120 percent of median income in San Juan County</u> |
| <u>5. Upper Income</u>    | <u>More than 120% of median income in San Juan County</u>                         |

BC. In developing programs and supporting affordable housing projects, the County shall place a high priority on programs and projects that benefit long-term residents of the County; that provide housing for employees to diversify the County's economic base and provide a more balanced, year-round economy; that provide housing for workers in positions critical to the health and welfare of the community, such as teachers, medical workers, and public safety workers; that provide opportunities for young people growing up in the County to establish themselves and start a family here; and that allow long-term senior residents a place to stay in the County in their retirement years with care appropriate to their needs.

GD. In attempting to achieve the County's objectives, this purpose, the County shall solicit the cooperation of state and federal agencies, other local governments, for-profit builders and developers, nonprofit organizations, nonprofit organizations providing affordable housing or housing-related services in the County, and similar agencies and organizations.

DE. The Housing Bank Commission affordable housing fund commission shall seek to balance the affordable housing units developed through a Affordable Housing Trust Fund programs among the various islands based on their population and needs.

~~EF.~~ The Housing Bank Commission ~~affordable housing fund commission~~ shall seek to provide a wide variety of housing types and tenancy options in order to meet the wide variety of housing needs in the County. In supporting affordable housing, the Housing Bank eCommission ~~may~~ shall consider proposals for ownership, cooperative, leasehold, rental and other forms of home tenancy. The ~~eCommission~~ may shall consider proposals for apartments, condominiums, duplexes, modular and manufactured housing, mobile homes, congregate care housing, conventional single-family detached housing, and other types of housing suitable to meet local needs.

~~FG.~~ ~~In order to~~ To maximize the effectiveness of affordable housing programs and minimize cost in the long term, the Housing Bank ~~affordable housing fund eCommission~~ may shall place a priority on projects and programs that provide perpetually ~~permanently~~ affordable housing.

~~GH.~~ In order to sustain the local San Juan County economy and promote the development of a continuing local capability to construct affordable housing, the ~~affordable h~~ Housing Bank ~~fund eCommission~~ shall ~~place a priority on projects that utilize~~ encourage local developers, local builders, local subcontractors, local suppliers, and local workers ~~and local materials in construction to participate in competitive projects.~~

~~HI.~~ In accordance with the County's Comprehensive Plan, the County, through the Housing Bank ~~affordable housing fund~~ will not directly develop, own or operate affordable housing units. ~~The affordable housing fund may temporarily own or operate housing units for the period and to the extent necessary to transfer the ownership and operation of such units to others in accordance with the purposes of the affordable housing fund. The fund may permanently own land or non-fee interest in land on which affordable housing units are located.~~ (Ord. 20-2002 § 2)

**Sec. 3.** San Juan County Code 2.27.030 and Ordinance 20-2002 § 3 shall be amended as follows:

### **2.27.030 Definitions.**

These words when used in this chapter shall have the following meanings:

~~“Acquisition” means the purchase from a willing seller of fee or less than fee interest in real property, without the exercise of eminent domain. These interests include, but are not limited to, options, rights of first refusal, affordable housing easements, leases, mineral rights, water rights and development rights. Nothing contained in this definition shall be construed to prevent the affordable housing fund commission and the property owner from jointly agreeing to seek judicial determination of property value.~~

~~“Affordable housing” means that occupants are spending no more than 30% of their gross household income on housing costs. Housing costs for renters are considered to include rent and utilities, or, for owners, to include the principal and interest on the mortgage plus property taxes and insurance (PITI). Utility costs include water, sewage disposal, electricity and/or gas for lighting, heating and cooking. the same as that term is defined and used in the County’s Unified Development Code.~~

~~“Affordable housing easement” means a property interest which limits the use of the property to affordable housing, or requires development or use of the property to include~~

~~a certain number or percentage of affordable housing units, as those terms are used in the County's Unified Development Code.~~

"Affordable housing excise tax" means that tax authorized by the voters of the County, pursuant to the enablement and requirements of RCW 82.46, and San Juan County Ordinance 2-2006 as now enacted or subsequently amended.

"Director" means the staff professional person selected hired or assigned by the board of County commissioners or affordable housing fund commission to direct and supervise the affordable housing program established by this chapter and provide professional and technical support services to the Housing Bank affordable housing fund eCommission.

"Disposal" means the sale or trade of real property interests acquired by the affordable housing fund commission upon a finding of the board of County commissioners, after recommendation by the affordable housing fund commission, that the interest acquired no longer achieves or is no longer necessary to achieve the rationale/public purpose that justified its acquisition.

"Gap funding" means an amount of money which when combined with other sources of project funds (such as tax credits, state and federal grants, private donations, rents and purchase prices and all other sources of project funds) will allow a project to proceed or will make project rents or purchase prices affordable to target income groups. (Ord. 20-2002 § 3)

"Perpetual affordability" means housing that through legal restriction is pledged to remain affordable for each purchaser for a minimum of 198-years for households earning an annual income equal to or less than 120% of the San Juan County median income. Legal restrictions to enforce perpetual affordability include:

1. Continuous ownership of the land and structure by a public agency or nonprofit housing provider;
2. Continuous ownership of land by a public agency or nonprofit housing provider with a renewable land lease allowing ownership of the structure by an eligible household;
3. A deed restriction, restrictive covenant, resale or rental restriction or other contractual agreement that assures affordability as defined above.

**Sec. 4.** San Juan County Code 2.27.040 and Ordinance 20-2002 § 4 shall be amended as follows:

**2.27.040 Affordable hHousing Bankfund eCommission – Composition.**

Within 60 days of adoption of this ordinance tThere shall be established an affordable hHousing Bank fund eCommission, a citizen board appointed by the board of County Councilcommissioners. The affordable hHousing Bankfund eCommission shall be composed of seven members, one who resides appointed from each County commissioner district on each of the three largest Islands – San Juan, Orcas and Lopez, plus one who resides in Friday Harbor, and fourthree appointed at large by the County Councilboard of County commissioners.

A. Initial appointment shall be as follows: three members appointed for four-year terms, two members appointed to three-year terms, and two members appointed for two-year terms.

B. Upon the expiration of initial appointments, successive appointments shall be for a period of four years. ~~Affordable h~~Housing Bank~~fund e~~Commission members may be reappointed on a majority vote of the County Council~~board of County commissioners~~.

C. ~~Eligibility for appointment to the affordable housing fund commission shall be open to residents of both the incorporated and unincorporated areas of the County. In appointing affordable housing fund commission members, t~~The County Council~~board of County commissioners shall strive to achieve a diversified and objective membership.~~

D. In the event an ~~affordable h~~Housing Bank~~fund e~~Commission member is absent from three consecutive meetings without prior approval from the ~~affordable h~~Housing Bank ~~e~~Commission chair, the County Council ~~board of County commissioners~~ may remove such member and appoint a replacement to fulfill that member's unexpired term. (Ord. 20-2002 § 4)

**Sec. 5.** San Juan County Code 2.27.050 and Ordinance 20-2002 § 5 shall be amended as follows:

**2.27.050 ~~Affordable h~~Housing Bank~~fund e~~Commission – Powers and duties.**

The ~~affordable h~~Housing Bank~~fund e~~Commission shall have the following powers and duties:

A. To develop and regularly update a Housing Plan that sets out goals, measurable strategies and methods for evaluating program effectiveness. ~~Recommend affordable housing goals, strategies and programs to meet the affordable housing needs of the County identified in the Comprehensive Plan.~~

B. To assess the need for housing and the demand for certain types of housing by geographic areas in the county, utilizing both secondary source materials, such as the U.S. Census and demographic data, and primary source materials, such as surveys and interviews.

C. To set clear performance standards for loan and grant applicants to be considered for funding, and provide guidance and counsel to applicants that will help them achieve those standards.

~~D.B. To a~~Assist the County Council~~board of County commissioners to create a substantial~~stable, permanent, local funding sources to complement federal, state and private funds~~to meet the County's affordable housing needs.~~

~~C. To recommend development priorities to guide expenditures from the fund.~~

~~D. To recommend to the board of County commissioners the acquisition and/or disposal of fee or less than fee interests in land, including affordable housing easements, for affordable housing development as defined in this chapter~~

E. To establish procedures for soliciting and evaluating applications for competitive grants and loans funded through excise tax funds generated by RCW 82.46. This shall include the development of requests for proposals for competitive grants and loans that are specifically tailored to the affordable housing needs of the County as set out in the Housing Plan.

F. To develop criteria for evaluating the proposals for the competitive grants and loans that ensure that the disbursement money is spent for affordable housing that is durable, modest, cost-effective and perpetually affordable.

G. To review grant and loan applications and make recommendations to the County Council for the award of grants and loans. Such review shall include background checks on applicants for loans or grants.

H. Provide assistance as needed to the local homeless housing task force.

I. Prepare and recommend to the County Council an annual budget for the Affordable Housing Trust Fund and other affordable housing accounts, if any.

J. To prepare annual reports detailing Housing Bank activity.

~~H. To recommend to the board of County commissioners action on proposed gifts of real property to be utilized for the purposes stated in this chapter.~~  
K. Set policies and procedures for the administrative duties of the director including, but not limited to:

1. Pursuing the collection of unpaid loans.

2. Monitoring compliance with conditions contained in grant or loan approvals including administrative review to ensure that funds are being spent in accordance with loan and grant approvals.

3. Handling requests for loan modifications.

4. Preparing applications to state and federal agencies for pass-through grants.

5. Monitoring all pass-through grants and loans to ensure compliance with the terms of federal and state grants or loans.

6. Managing the affordable housing revolving loan fund including approving applications for loans and monitoring compliance with terms of loans and enforcement actions against loan recipients who are out of compliance with terms of loans.

~~E. To recommend to the board of County commissioners other expenditures necessary to increase the supply of affordable housing in the County. Such expenditures may include emergency grants or loans for operation of housing providers involved in project development, if necessary to the success of a project in the development process.~~

~~F. To supervise property interests including affordable housing restrictive use easements as described in SJCC 18.60.260(E)(2).~~

~~I. To authorize real property appraisals and negotiate real property purchases or trades as specified in the affordable housing fund commission budget and affordable housing plan for land banking.~~

~~J. To recommend to the board of County commissioners contracts for services.~~

~~K. To recommend to the board of County commissioners the lease of acquired real property for uses not inconsistent with or detrimental to the purpose/rationale which justified the acquisition. (Ord. 20-2002 § 5)~~

**Sec. 6.** San Juan County Code 2.27.060 and Ordinance 20-2002 § 6 shall be amended as follows:

**2.27.060 Affordable Housing Bank fund eCommission – Organization.**

~~The board of County commissioners shall appoint the chair of the affordable housing fund commission to serve for the first two years of operation (2002 to 2003). The housing fund commissioner shall elect the vice-chair to serve for the same period. Beginning in 2004, and each year thereafter, tThe affordable hHousing Bankfund eCommission shall elect a chair and vice-chair for a one-year term. The chair and vice-chair may be reelected on expiration of their one-year term. Within 90 days of their first meeting, the affordable hHousing Bankfund eCommission shall adopt such rules and procedures as they deem necessary to accomplish their function. (Ord. 20-2002 § 6)~~

**Sec. 7.** San Juan County Code 2.27.070 and Ordinance 20-2002 § 7 shall be amended as follows:

**2.27.070 Affordable hHousing Bankfund eCommission – Staff.**

~~The affordable hHousing Bankfund eCommission shall recommend to the board of County commissioners candidates for the position of eDirector. The board of County commissioners is responsible for firing the director. The Director shall have the background skills, and experience appropriate to the evaluation and negotiation of complex financing, real estate transactions and public-private partnerships. The eDirector shall serve as the primary staff of the commission and have the functions and duties described in this chapter.~~

~~Revenues required to support the direct and indirect expenses of the Director and additional staff as may be deemed necessary shall be derived solely from the Affordable Housing Trust Fund. Annual administration costs of the fund shall be held to the minimum required to efficiently and properly administer the Housing Trust Fund, but shall not exceed ten percent of revenues received in any year; provided that no more than six percent of recording fees collected pursuant to RCW 36.22.179 may be used for administrative costs for the homeless housing program. Nothing in this section would preclude the County from contracting with an individual, or organization, or commercial bank to provide any or all of the administrative functions of the affordable hHousing Bankfund eCommission, or assigning this responsibility to an existing county department. If the affordable housing excise tax is not approved by the voters and there are insufficient funds in the Affordable Housing Trust Fund to hire a director, nothing shall prevent the director of Health and Community Services from performing the duties of Housing Bank director.~~

~~Annual administration costs of the fund shall be held to the minimum required to administer efficiently and properly the affordable housing fund, but shall not exceed eight percent of revenues received in any year unless specifically authorized for that year by the board of County commissioners, exclusive of bond proceeds. Administrative costs for purpose of this limitation shall not include project-related costs listed under SJCC 2.27.080(B)(2). (Ord. 20-2002 § 7)~~

**Sec. 8.** San Juan County Code 2.27.080 and Ordinance 20-2002 § 8 shall be amended as follows:

**2.27.080 San Juan County aAffordable hHousing Trust fFund.**

A. There shall be established in the County treasury a proprietary fund titled "San Juan County ~~a~~Affordable ~~h~~Housing ~~Trust~~ ~~f~~Fund." Deposited into this fund shall be all revenues, ~~except revenues from the federal government and from private donors, that the affordable ~~h~~Housing Bank fund commission is authorized to receive.~~ Funds from private and federal sources shall be held in special accounts separate from county or state funds. The Housing Trust Fund shall include revenues received from the following sources: ~~Interest earned from investments of this fund, proceeds from the sale of surplus lands, or revenues to the affordable housing fund from housing projects shall remain with the fund.~~

~~1. Real estate excise taxes generated under RCW 82.46.075 if approved by the voters of San Juan County. Such funds must be expended in conformance with San Juan County Ordinance 2-2006, RCW 82.46.075 and state and federal laws.~~

~~2. Recording fees collected pursuant to RCW 36.22.178. Such funds must be expended in conformance with RCW 36.22.178 and state and federal laws.~~

~~3. Recording fees collected pursuant to RCW 36.22.179. Such funds must be expended to accomplish the purposes of RCW 43.185C and in accordance with RCW 36.22.179 and state and federal laws.~~

~~4. Grant and loan funds received from the Department of Community, Trade and Economic Development pursuant to RCW 43.185A. Such funds must be spent in accordance with the requirements set by the state of Washington.~~

~~5. Interest earned from investments of the fund.~~

~~6. Other funding sources as they become available and acceptance of such funds is recommended by the Housing Bank Commission and approved by the County Council. Any funds expended from additional sources must be spent in conformance with state and federal laws, this ordinance and the contractual requirements attached to the receipt of the funds.~~ ~~from the sale of surplus lands, or revenues to the affordable housing fund from housing projects shall remain with the fund.~~

B. Expenditures from the ~~a~~Affordable ~~h~~Housing ~~Trust~~ ~~f~~Fund shall be  tied to a particular revenue source and spent in accordance with the applicable requirements as set out in Section A. All expenditures shall be made in accordance with the legally adopted County budget. Excise tax funds shall be spent in accordance with the expenditure plan set out in San Juan County Ordinance 2-2006. The annual budget, submitted for public hearing, shall be based upon recommendations of the affordable ~~h~~Housing ~~Bank~~ ~~fund~~ ~~e~~Commission and ~~final action of adopted by the County Council~~board of County commissioners. Authorized expenditures for affordable housing fund moneys shall be:

~~1. The acquisition of the types of real property interest specified in this chapter, including but not limited to costs for appraisals, site assessments and legal fees.~~

~~2. Expenditures necessary to the development of specific affordable housing projects in which the affordable housing fund has a real property interest or will take a real property interest on completion. Such expenditures may include all normal project development expenses including land acquisition and development, construction, financing (debt and equity funding, interest and loan expenses and development expenses (professional services, taxes, insurance, permit fees, accounting and project administration). Such expenditures may also include emergency grants or loans for~~

~~operation of housing providers involved in project development, if necessary to the success of a project in the development process.~~

~~3. Expenditures necessary to identify housing needs and appropriate responses, such as market surveys and housing needs assessments.~~

~~4. The rehabilitation and maintenance of acquired real property interests. A reserve within the affordable housing fund shall be established within one year after acquisition of any interest in real property to provide funding for the maintenance of acquired real property interest in perpetuity if necessary to meet the specific objectives of the project or site acquired. It is the objective of this reserve that the interest earned from it will fund all maintenance and operation expenses upon the expiration of authorized revenue sources~~

~~5. Fund Administration. Repayment of bonds (principal and interest) issued by the County, the proceeds of which have been deposited in the affordable housing fund.~~

~~C. It is the interest of the County, on behalf of the affordable housing fund, to issue intermediate term revenue or general obligation bonds in order to provide revenue to take advantage of immediate opportunities for acquisition of land for affordable housing in a time of rapidly rising real estate prices. (Ord. 20-2002 § 8)~~

**Sec. 9.** San Juan County Code 2.27.090 and Ordinance 20-2002 § 9 shall be amended as follows:

### **2.27.090 Budget and affordable housing plan**

~~A. Based on the goals and objectives of the County's housing element and the County's most recent hHousing Planneeds assessment, the affordable hHousing Bankfund eCommission will prepareapprove an annual budget and affordable housing plan, including an acquisition and development program for the coming budget year. In preparing the budget and affordable housing plan, the affordable housing fund commission shall consult with the County's planning department. The budget and affordable housing plan will include:~~

~~1. A n estimate of the number of affordable housing units needed for each of the principal islands of the County.~~

~~2. Recommended affordable housing projects identifying parcels or preferred areas or locations (including rationale for recommendation);~~

~~3. The nature of the interest(s) to be acquired and other project support to be provided~~

~~4. The expenditure required to acquire interest in property and facilitate the development of affordable housing (including such expenditures as grant writing, project startup, gap funding, administrative and overhead estimates);~~

~~5. An estimate of the annual cost of ownership of the interest acquired (i.e., maintenance, improvements, repair and restoration, etc.); and~~

~~6. A proposed management plan.~~

~~B. The annual budget and housing plan shall be adopted by the affordable hHousing Bank eCommission and shall be subject to approvalratification by the County Council board of County commissioners during the adoption of the annual budget for the County. The plan may provide for contingencies and may be amended following a~~

public hearing by the ~~affordable-hHousing fundBank eCommission~~ and approval/ratification by the ~~County Council board of County commissioners~~.

C. Prior to any action by the ~~affordable-hHousing fundBank eCommission~~ to adopt an annual budget, the ~~affordable-hHousing fundBank eCommission~~ shall hold at least one public hearing. A draft plan shall be available for public review 10 days prior to the date of any ~~affordable-hHousing fundBank eCommission~~ public hearing.

D. The ~~affordable-hHousing fundBank eCommission~~ may adopt ~~their~~its recommended budget by a majority vote at ~~their~~its next regular ~~affordable hHousing fundBank eCommission~~ meeting following the public hearing.

E. Notices of ~~affordable-hHousing fundBank eCommission~~ meetings or hearings on the annual draft or final budget shall be published in the legal newspaper of the County at least 10 days prior to the meeting or hearing. (Ord. 20-2002 § 9)

**Sec. 10.** San Juan County Code 2.27.100 and Ordinance 20-2002 § 10 shall be amended as follows:

**2.27.100 Affordable-hHousing fundBank eCommission operations report.**

As part of the ~~affordable-hHousing fundBank eCommission~~'s preparation of its annual budget, the ~~affordable-hHousing fundBank eCommission~~ shall prepare and submit to the ~~County Council board of County commissioners~~ by January 31st of each year an annual operations report summarizing the previous year's activities, including at a minimum:

A. Inventory of the status of the particular projects ~~or properties~~ approved for funding in the prior year's annual budget. Each project shall be linked in the report to its funding source.

B. ~~Affordable-hHousing fundBank eCommission~~ recommendations regarding changes in the ~~acquisition or disposal and affordable housing development objectives~~ contained in the prior year's annual expenditure plan; and

C. Any recommendations by the ~~affordable-hHousing fundBank eCommission~~ for amendments to the County's Housing Element, Unified Development Code or other County regulations related to affordable housing. The ~~affordable-hHousing fundBank eCommission~~ shall also forward such recommendations to the planning department for inclusion in the regular review and update of these plans and regulations. (Ord. 20-2002 § 10)

**NEW SECTION. Sec. 11. Application and Submittal Standards.** A new section shall be added to San Juan County Code 2.27 to read as follows:

A. One or more application deadlines for competitive grants and loans shall be established by January 30 of each calendar year.

B. Recommended awards shall be announced not later than eight weeks after the application deadline.

C. Each Request for Applications shall include a criteria-based weighting system that is consistent with the Housing Bank's current ~~hHousing pPlan~~.

D. Applications shall include at a minimum:

1. A profile of the organization applying, including history, experience, financial statements and capacity of staff and board;
2. A detailed description of the proposed project, including beneficiaries, site description and demonstrated consistency with current County plans and codes;
3. A detailed description of project financing including development budget, operating budget and permanent and interim financing.

**NEW Section. Sec. 12. Criteria for proposal selection.** A new section shall be added to San Juan County Code 2.27 to read as follows:

The Housing Bank shall give priority to applicant projects that:

- A. Meet the standards and goals identified in the Request for Applications;
- B. Provide durable housing that is cost effective and financially viable;
- C. Are sponsored by a non-profit organization(s) that have the demonstrated ability, stability and resources to implement the project;
- D. Provide perpetual affordability;
- E. Leverage support from other sources, including private donations, private investments and other grants and loans.

**NEW SECTION. Sec. 13. Reserve fund.**

A. A reserve fund shall be established to provide for the monitoring and compliance of grant and loan terms. It is the objective of this reserve fund that the interest earned from it will fund monitoring and compliance activities after tax revenues in support of the Housing Bank expire.

B. The fund shall be capitalized by a percentage of the grant or loan award deemed by the Housing Bank Commission to be sufficient to carry out the perpetual responsibilities of monitoring compliance with grant and loan terms.

**NEW SECTION. Sec.14.** San Juan County Code 2.27.110 and Ordinance 20-2002 § 11 are each repealed.

**NEW SECTION. Sec. 16. Homeless housing task force.** A new section is added to San Juan County Code 2.27 to read as follows.

The County Council shall appoint a local homeless housing task force to perform the duties set out in RCW 43.185C. The task force shall include at least three members of the Housing Bank Commission, as well as at least one homeless or formerly homeless person and a representative of a private nonprofit organization with experience in low-income housing. The local homeless housing task force shall prepare and recommend to the County Council a 10-year homeless housing plan for San Juan County. The local plan developed by the task force shall be consistent with the guidelines set out in RCW 43.185C.

**Sec. 17.** San Juan County Code 2.27.120 and Ordinance 20-2002 § 12 shall be amended as follows:

**2.27.120 County Council Board authority.**

A. The following actions of the ~~affordable housing fund~~ Housing Bank ~~Commission~~ shall require ~~approval~~ ratification ~~of~~ by the County Council ~~board of County commissioners~~:

1. The annual budget;
2. ~~The affordable housing plan~~ The receipt of gifts of real property.
3. The 10-year homeless housing plan recommended by the local homeless housing task force.
4. The award of competitive grants and loans.

B. If the County Council ~~board of County commissioners~~ elects not to ~~approve~~ ratify the annual budget, ~~and the affordable housing plan, the 10-year homeless housing plan or the awarding of grants and loans,~~ it must reject the ~~item~~ plan in its entirety and remand it back to the ~~affordable housing fund~~ Housing Bank ~~Commission~~ with specific recommendations for reconsideration. The County Council ~~board of County commissioners~~ shall have no authority to amend the budget, plans or awards ~~plan~~.

C. The Housing Bank Commission shall make a recommendation for a Housing Bank director. The final selection of a director shall be made by the County Administrator and confirmed by the County Council. (Ord. 20-2002 § 12)

**NEW SECTION. Sec. 18.** San Juan County Code Chapter 2.26 and Ordinance 5-1994 are each repealed with the exception of San Juan County Code Chapter 2.26.060 and Ordinance 5-1994, Attach. A(5) which shall be recodified as a new section in San Juan County Code Chapter 2.27.

**Sec. 19.** San Juan County Code 2.26.060 and Ordinance 5-1994, Attach. A(5) shall be recodified as a new section in San Juan County Code Chapter 2.27 and amended to read as follows:

A. Conflict of interest is defined as the possibility or appearance of the possibility (not just the actuality) of a private benefit, direct or indirect, or the creation of a material or personal gain or advantage to the member, family, friends or associates who hold some share of a member's loyalty.

B. Any member who believes that he or she has a conflict of interest on any matter before the ~~HAB~~ Housing Bank Commission must, as soon as the chair introduces the matter, announce that he or she has a conflict and promptly leave the room. The particulars of the conflict must not be discussed.

C. A member who believes he or she may have the appearance of a conflict but who does not believe that an actual conflict exists, nor that his or her ability to reach an unbiased conclusion is in any way compromised, should at the opening of the discussion disclose the apparent conflict and declare that he or she does not believe himself or herself biased in any way, and ask if anyone present would object to his or her participation in the matter. If there is an objection and the ~~HAB~~ Housing Bank Commission will have a quorum without the member, the member should step down

and leave the room. If there is no objection the member may remain and participate in the matter.

D. If a member has not disclosed any appearance of a problem but is challenged from the floor and the challenge has no basis in fact, the member should so state and may decline to step down. A member is not obligated to accede to groundless challenges. However, if there may be an appearance of conflict the member should respond in accordance with the instructions given above.

E. A member who has questions about participation in any matter before the HAB Housing Bank should direct those questions to the chair who may, if necessary, call upon the ~~planning~~ director for a decision. The ~~planning~~ director, in turn, may call upon the prosecuting attorney for advice. The member, however, should begin the inquiry with the chair.

F. A member's absence due to possible or actual conflict of interest or an appearance of fairness problem may not submit written comments to the chair on the topic which is the subject of the conflict or appearance problem. If such comments are submitted the chair shall refuse them.

G. HAB Housing Bank members are encouraged to participate in local discussions on legislative matters affecting housing and to obtain as broad an understanding as possible of the general public's views. However, HAB Housing Bank members are cautioned not to offer opinions outside of HAB meetings on any quasi-judicial housing matter before the eCounty. (Ord. 5-1994 Att. A(5))

**NEW SECTION. Sec. 20. Severability.** If any provision of this ordinance or application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions of application of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are declared to be severable.

**NEW SECTION. Sec. 21. Effective date.** This ordinance shall become effective ten working days after its adoption by the County Council.

ADOPTED this \_\_\_\_ day of \_\_\_\_\_ 2006.

**COUNTY COUNCIL  
SAN JUAN COUNTY, WASHINGTON**

ATTEST: Si A. Stephens, Auditor  
and Ex-Officio Clerk of the Council

\_\_\_\_\_  
Alan Lichter, Chair  
District 4

By: \_\_\_\_\_  
Carolyn Morrison - Interim Clerk  
Date:

\_\_\_\_\_  
Bob Myhr, Vice Chair  
District 6

REVIEWED BY COUNTY

ADMINISTRATOR PRO-TEM

\_\_\_\_\_  
Date:

\_\_\_\_\_  
Kevin M. M. Ranker, Member  
District 1

APPROVED AS TO FORM ONLY  
RANDALL K. GAYLORD

By: \_\_\_\_\_  
Date