

2014 ANNUAL PERFORMANCE REPORT



**Bellingham Housing Levy
2014-2015 Bellingham General Fund
2014 Community Development Block Grant (CDBG)
2014 HOME Investment Partnership Fund**



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About this Report

The City receives formula grants from the U.S. Department of Housing and Urban Development ("HUD") for housing and community development activities. In addition, Bellingham voters approved a Levy in 2012 for housing activities. Both funding sources require preparation of an Annual Performance Report that shows progress towards meeting goals.

This report covers the "2014" Action Plan year. In 2013, the City changed its Action Plan year from a calendar year (January 1 - December 31) to a new cycle starting July 1 and ending on June 30th. This report covers the period from July 1, 2014 through June 30, 2015.

Citizen Participation

HUD requires the City to provide the public with two opportunities for input. The City provides one of those opportunities to comment on the Annual Performance Report. This hearing took place before the City's Community Development Advisory Board ("CDAB") on **September 10, 2015 at 6:00 p.m.** in the Mayor's Boardroom at City Hall.

Submission of Report

HUD requires the Annual Performance Report to be submitted by September 30th. The City will provide the findings to the Mayor, City Council, and Library and post the report on the city's webpage: <http://www.cob.org/services/planning/cd-planning/caper.aspx>.

For More Information

Contact the Planning and Community Development department with any questions about this report or the funding programs.

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FINANCIAL PERFORMANCE

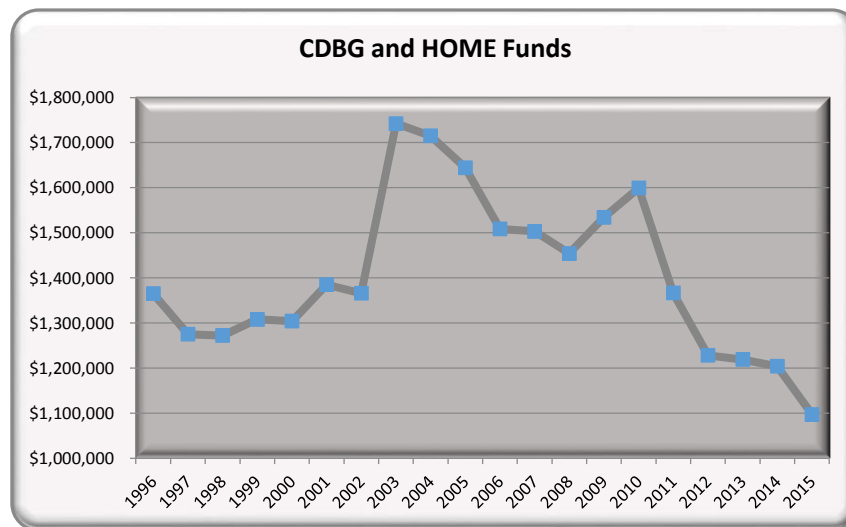
Bellingham receives federal and local funding for the housing and community development activities covered by this Annual Performance Report.

Federal Funds

Bellingham receives two "entitlement" grants from the U.S. Department of Housing and Urban Development (HUD):

- Community Development Block Grant (CDBG)
- HOME Investment Partnership (HOME)

The city receives these grants based on a formula adopted by Congress and HUD. The formula takes into account numerous factors to allocate funds after Congressional appropriation to the program. The grants from HUD have declined to the lowest level ever, without even considering inflation.



CDBG and HOME have their own respective rules about commitment of funds and timeliness of expenditure. The federal grants cannot be drawn until expenses have been incurred. New HOME rules do not allow funds to be committed until the entire project has been funded. The following table shows the amount of prior year funds left to commit and draw.

Fund	Authorized Amount	Amount Committed	Net Drawn Amount	Available to Commit	Available to Draw
CDBG (2012)	711,300	711,300	711,300	0	0
HOME (2012)	516,847	516,847	436,046	0	80,801
CDBG (2013)	746,106	746,106	746,106	0	0
HOME (2013)	472,962	472,962	82,296	0	390,666
CDBG (2014)	739,465	470,173	182,069	269,292	557,396
HOME (2014)	464,419	92,326	46,442	372,093	417,977
	\$3,651,099	\$3,009,715	\$2,204,259	\$641,384	\$1,446,840

Bellingham Housing Levy (aka "Home Fund")

In 2012, Bellingham voters approved a property tax levy of \$21 million over a 7-year period to provide, produce, and/or preserve affordable housing. 2/3rds of the funding must benefit those households earning less than 50% of the Area Median Income (AMI).



Most property owners pay their property tax in two installments; the first half taxes are due on April 30th and the balance on October 31st. As of June 30th, the City collected \$7,553,835 and had \$5,167,687 in reserve (not spent), with second half tax receipts of another \$1.5 million expected October 31st.

Bellingham General Fund

The City allocates "general fund" money for housing and human service grants. For the 2014 Action Plan year, the City appropriated \$378,110 in human service grants and another \$45,835 to support the administrative costs of the Whatcom Homeless Service Center. The general fund also supports general administrative costs of the programs covered in this report.

Leveraging Funds

An anticipation of both federal and city funding is that the funds will help leverage other non-federal or non-city funds. In 2014, for every federal dollar expended on activities which were completed, \$6.31 of non-federal funds were leveraged. Future commitments indicate even greater leveraging, as the Levy has enabled additional resources to assist in housing development, preservation and services. The projection for activities committed in 2014, but which are not yet completed, is that for every federal dollar expended, another \$12.25 of non-federal funds will be expended.

The following table shows the anticipated leveraging of new activities committed in 2014.

Program	Federal Funds	Local City Funds	Total Project	Leverage of City/Fed Funds	Leverage of Federal Funds	Leverage of City Funds
Rental Housing Development						
Preservation of Housing	446,784	125,000	571,784	\$ -	\$ 0.28	\$ 3.57
Homebuyer	210,000		1,529,821	\$ 6.28	\$ 6.28	
Community Facilities	348,868		2,345,179	\$ 5.72	\$ 5.72	-
Rental Assistance & Services	396,296	527,439	4,201,083	\$ 3.55	\$ 9.60	\$ 6.97
TOTAL	1,401,948	652,439	8,647,867	\$ 3.21	\$ 5.17	\$ 12.25

Outstanding Loans

When the City financially assists with improvements or construction on real property, the City most often provides the funding in the form of a loan that is secured on the property. There are two basic types of loans the City provides:

- 1) Deferred Payment Loan - Repayment is not required as long as the housing or community development facility continues to provide benefit for low-income persons or households. Once that benefit ends, through sale or otherwise, repayment is required.
- 2) Payment Loan - repayment of the loan is required, most often at reduced rates and extended terms.

The following table shows the amount of outstanding loans¹ the City has by program and fund.

Funding Source:	Housing-CD Fund	Homebuyer	Housing Preservation Program	TOTAL
HOME	5,421,194	2,026,063	947,509	8,394,766
CDBG	2,023,356	971,656	2,978,622	5,973,635
Levy	1,362,282	194,157	590,055	2,146,494
General Fund	150,000			150,000
TOTAL	\$ 8,956,832	\$ 3,191,876	\$ 4,516,186	\$ 16,664,895

The following table shows the amount of outstanding deferred payment loans the City has.

Funding Source:	Housing-CD Fund	Homebuyer	Housing Preservation Program	TOTAL
HOME	1,944,790	2,026,063	274,950	4,245,803
CDBG	1,078,264	971,656	2,844,258	4,894,179
Levy	149,782	194,157	590,055	933,994
General Fund	150,000			150,000
TOTAL	\$ 3,322,837	\$ 3,191,876	\$ 3,709,263	\$ 10,223,976

¹ This represents the full loan, and not the outstanding balance that might be owed on the loan.

HOUSING, HUMAN SERVICE AND COMMUNITY FACILITY PROGRAMS

The City has seven main program areas for housing, human service and community facility programs. These program areas are used to solicit grant or loan applications, set goals, and monitor progress. These programs include:

- Production of Rental Housing
- Homebuyer
- Preservation of Housing
- Rental Assistance and Supportive Services
- Community Facilities
- Acquisition & Opportunity Fund
- Administration

Production of Rental Housing

Program Objectives

The program objectives include:

- Provide a mix of affordable rental housing, promoting housing opportunity and choice throughout the City.
- Work collaboratively with other funders to ensure that the greatest number of affordable housing units are produced each funding round.
- Contribute to countywide efforts to end homelessness by providing housing that serves individuals and families who are homeless or at risk of homelessness.
- Promote cost-effective sustainable design, construction, rehabilitation, and operations of affordable housing.
- Promote the development of housing that is sited in already urbanized areas and close to basic services.
- Promote the development of housing that is energy efficient, resulting in the reduction of resources and costs to low-income households.
- Contribute to the revitalization of low-income communities through development of affordable housing, including mixed-income housing and housing.

Funding Sources

All funding sources can be used to help support the production of rental housing. CDBG funds are generally not used, however, because construction of new permanent residential structures is not eligible. CDBG funds can be used to pay for other costs associated with rental housing for low-income persons, including rehabilitation of existing housing or public facility and improvement costs (e.g. sewer or storm water extensions). The primary funding source used for this program is HOME and Housing Levy.

2014 Production of Rental Housing Funding Summary

Housing Levy and HOME funds were budgeted and committed in 2014 for the production of rental housing. At the end of 2019, there is an anticipated fund balance of approximately \$3.95 million.²

	2014	2015	2016-19	TOTAL
Budget:				
Levy	1,275,000	1,825,000	6,452,464	9,552,464
HOME	318,000			318,000
Commitments:				
Levy	1,053,737	2,104,000	2,507,135	5,664,872
HOME	318,000			318,000
Fund Balance	279,329	329	3,945,329	3,945,658

Expenditures: In the 2014 Action Plan year, the City expended \$5,791 of Levy funds, and \$2,841 of HOME funds. Expenditure of federal funds includes commitments from years prior to 2014.

Summary of 2014 Committed Rental Housing Development Program Projects

During this reporting period, there were not any new rental development projects the City committed funding for.

Summary of 2014 Completed Rental Housing Development Program Projects

During this reporting period, none of the rental development projects were completed and occupied. However, Francis Place (42 units) was completed and occupied in July 2015 and will be reported in the next annual report. Bakerview Family Housing, a 50-unit farmworker housing project, is ready to break ground in the fall of 2015 and should be completed one year later.

Production of Rental Housing Goals

The City has established goals and outcomes in the 2013-2017 Consolidated Plan (<http://www.cob.org/services/planning/cd-planning/consolidated-plan.aspx>) and the Housing Levy Administrative and Financial Plan (<http://www.cob.org/documents/planning/housing/housing-levy-2013.pdf>).

There are three goals in the Consolidated Plan which are closely related to the production of new rental housing (one goal has two different outcomes). The following table shows the five year goal, the number of units where funding was committed to activities in 2014, and the number of units actually completed. The final two columns show the City's progress towards achieving those goals, including accomplishments in 2013.

² The table includes Housing Levy commitments made in the 2015 Action Plan, and an initial fund balance carried forward from 2013 of \$58,066. It also includes \$1,125,000 used for acquisition of the Aloha Motel, a property condemned by the City. If the City disposes of this property for a use other than low-income housing, these funds will be repaid and the fund balance increased.

Goal Description	Outcome	Goal	2014 Committed	2014 Actual	% of Goal Committed	% of Goal Actual
Increase supply of affordable rental housing	Rental units constructed	100	0	0	13%	2%
Increase supply of affordable rental housing	Housing for Homeless Added	40	0	0	25%	0%
Increase supply of affordable family housing	Rental units constructed	12	0	0	333%	0%
Increase supply of permanent supportive housing	Rental units constructed	60	0	0	63%	15%
TOTALS:		212	0	0	48%	5%

Levy Goals:

The Housing Levy set a combined goal for both Production and Preservation of Housing. The combined goal was 417 units over seven years. See the section on Preservation of Housing regarding achievement towards this goal.

Preservation of Housing

Program Objectives

The program objectives include:

- Working collaboratively with other funders of affordable rental housing, ensure that the greatest number of quality affordable housing units are preserved each funding round.
- Contribute to countywide efforts to end homelessness by providing housing that serves individuals and families who are homeless or at risk of homelessness.
- Promote cost-effective sustainable design, construction, rehabilitation, and operations of affordable housing.
- Promote the preservation of housing that is energy efficient, resulting in the reduction of resources and costs to low-income households.
- Promote preservation of affordable housing, and prevent displacement of low-income residents, through purchase and rehabilitation of existing housing.
- Contribute to the revitalization of low-income communities through preservation of affordable housing, including mixed-income housing and housing opportunities for existing low-income residents at risk of being displaced by redevelopment and rising housing costs.
- Promote the preservation of owner-occupied housing, allowing seniors to age in place and the disabled to improve mobility and accessibility.

Funding Sources

All funding sources can be used to help support the preservation of housing.

2014 Preservation of Housing Funding Summary

Housing Levy, CDBG and HOME funds were budgeted and committed in 2014 for the preservation of housing. At the end of 2019, there is an anticipated fund balance of \$866,124.

	2014	2015	2016-19	TOTAL
Budget:				
Levy	950,000	200,000	1,600,000	2,750,000
CDBG	335,840			335,840
HOME	110,944			110,944
Commitments:				
Levy	891,918	295,000	734,508	1,921,426
CDBG	335,840			335,840
HOME	110,944			110,944
Fund Balance	95,632	632	866,124	866,124

Expenditures: In the 2014 Action Plan year, the City expended \$876,781 of Levy funds, \$434,208 of CDBG funds and \$100,885 of HOME funds. Expenditure of federal funds includes commitments from years prior to 2013.

Summary of 2014 Committed Preservation of Housing Projects

Project Sponsor <i>Project Name</i> Neighborhood	Project Description	Units	City \$	Project \$
City of Bellingham <i>Homeowner Rehabilitation Program</i> Various	The City of Bellingham provides financial assistance to low-income homeowners for repairs and weatherization of their homes. <u>Income Target:</u> 6 below 50% AMI; 8 below 80% AMI	14	\$446,784	\$446,784
Opportunity Council <i>Manufactured Home Repair</i> Various	The Opportunity Council will coordinate with the low-income home weatherization and minor home repair program to rehabilitate and repair mobile homes in the city. Typical repairs or replacements will include roof, subfloor, electrical and plumbing, window and door, and heating system. <u>Income Target:</u> 34 below 50% AMI; 10 below 80% AMI	44	\$125,000	\$125,000
TOTALS:		58	\$ 571,784	\$ 571,784

In addition to the new 2014 commitments shown above, prior year commitments carried forward and using 2014 Levy funds included:

- **Opportunity Council, Dorothy Place, \$167,377**
- **YWCA, Larrabee Residence, \$244,501**
- **Lydia Place, Lydia Place, \$5,040**
- **Bellingham Housing Authority, Deer Run Terrace, \$350,000**

2015-19 Commitments for Preservation projects using Levy funds include:

- **Opportunity Council, Manufactured Home Repair, \$125,000 each year through 2019 (\$625,000)**
- **Interfaith Coalition, Four-plex, \$154,508**
- **Emergency Repair, as needed, \$50,000 each year through 2019 (if funds not used, they will be returned to be in the fund balance)**

Summary of 2014 Completed Preservation of Housing Projects

Project Sponsor <i>Project Name</i> Neighborhood	Project Description	Units	City \$	Project \$
Opportunity Council <i>Manufactured Home Repair</i> Various	The Opportunity Council coordinates with the low-income home weatherization and minor home repair program to rehabilitate and repair mobile homes in the city. Typical repairs or replacements will include roof, subfloor, electrical and plumbing, window and door, and heating system. <u>Income Target:</u> 20 below 30% AMI; 16 below 50% AMI; 7 below 80% AMI	43	\$ 190,993	\$ 196,996

Project Sponsor <i>Project Name</i> Neighborhood	Project Description	Units	City \$	Project \$
City of Bellingham <i>Homeowner Rehabilitation Program</i> Various	The City of Bellingham provides financial assistance to low-income homeowners for repairs and weatherization of their homes. <u>Income Target:</u> 4 below 30% AMI; 2 below 50% AMI; 6 below 80% AMI	11	\$ 391,489	\$ 391,489
TOTAL:		54	\$ 582,482	\$ 588,485

There are several preservation projects, originally awarded in 2013, that are nearing completion at the end of this reporting period. Each project is wrapping up completion reports, or final work necessary in order to meet contract expectations. The projects include:

Project Sponsor <i>Project Name</i> Neighborhood	Project Description	Units	City \$	Project \$
Lydia Place <i>ADA Upgrade - minor remodel</i> Puget	Lydia Place is a large 8-bedroom home built in 1966. Funds will be used to address a number of critical needs including deferred long-term maintenance, increase energy efficiency and lower operation costs, meeting ADA standards and increasing accessibility, increase safety and functionality of common space, and to build capital expense reserves. <u>Income Target:</u> 8 below 30% AMI	8	\$230,040	\$251,259
Opportunity Council <i>Dorothy Place Rehabilitation</i> Sehome	Dorothy Place serves women and children who have experienced domestic violence and are homeless. The work focuses on replacement of flooring, plumbing and electrical fixtures, and appliances, along with painting and other maintenance. <u>Income Target:</u> 27 below 30% AMI; 9 below 50% AMI	36	\$367,377	\$368,577
YWCA <i>Larrabee Residence Rehabilitation</i> Sehome	The proposed improvements to YWCA's Larrabee Residence will address deficiencies in indoor air quality, energy efficiency and plumbing systems and will renovate the building's lower level for the YWCA's emergency and transitional shelter programs serving very low-income women. <u>Income Target:</u> 21 below 30% AMI; 1 below 50% AMI	22	\$244,501	\$272,001
Bellingham Housing Authority <i>Deer Run Terrace Rehabilitation</i> Barkley	Deer Run Terrace is a 42-unit affordable apartment building serving seniors originally built in 1995. Deer Run Terrace is in need of modernization, energy efficiency upgrades and an envelope replacement. The sustainability measures focus on improved energy performance, thermal comfort, healthier indoor air environment, environmental compatibility and simplified maintenance. <u>Income Target:</u> 14 below 30% AMI; 16 below 50% AMI; 12 below 60% AMI	42	\$550,000	\$4,558,003
TOTALS:		108	\$1,391,918	\$5,449,840

Preservation of Housing Goals

The City has established goals and outcomes in the 2013-2017 Consolidated Plan (<http://www.cob.org/services/planning/cd-planning/consolidated-plan.aspx>) and the Housing Levy Administrative and Financial Plan (<http://www.cob.org/documents/planning/housing/housing-levy-2013.pdf>).

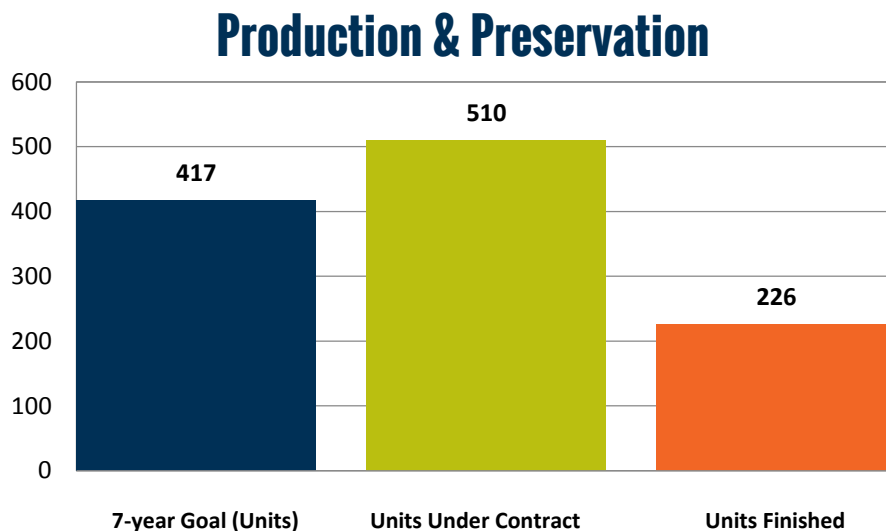
There are two goals in the Consolidated Plan which are closely related to the preservation of housing (one goal has two different outcomes). The following table shows the five year goal, the number of units where funding was committed to activities in 2014, and the number of units actually completed. The final two columns show the City's progress towards achieving those goals.

Goal Description	Outcome	Goal	2014 Committed	2014 Actual*	% of Goal Committed	% of Goal Actual
Maintain housing stock	Homeowner housing rehabilitated	50	58	54	234%	196%
Maintain housing stock	Rental units rehabilitated	250	-		17%	30%
Maintain inventory of interim housing	Homelessness Prevention	400	-		18%	2%
TOTALS:		700	58	54	33%	40%

* Some activities were committed in prior years and completed in 2014

Levy Goals:

The Housing Levy set a goal for both the Production of Rental Homes and the Preservation of Housing programs. The goal does not distinguish between either programs. The 7-year Levy goal is 417 units, with the City committing funds towards 510 units³ and 226 units completed.⁴



³ This number includes 2015 Action Plan commitments to Mercy Housing (80 units), Pioneer Human Services (50 units), Northwest Youth Services (10 units), and 4 units being rehabilitated for Interfaith Coalition.

⁴ This number includes units completed after the close of the program year (June 30, 2015), but now known to be complete and occupied as of the report date. The additional units shown include Francis Place (42 units), YWCA Larrabee Residence (36 units) and Opportunity Council's Dorothy Place (22 units).

The following table identifies the number of units by program.

Program	Contract Target	Units Finished
Production	238	48
Preservation	272	178
	510	226

With a Production Program fund balance of \$3.95 million, plus another \$2 million allocated towards the Aloha Inn property acquisition that will either produce low-income housing or the funds will be repaid, the Production Program should be on target to support another 150 units of housing development over the course of the Levy.

However, these numbers might not get achieved if funds are not found to support the operation of projects for extremely low-income households. Consideration should be given in the next six months to moving some Production and Preservation Program funding to Rental Assistance and Supportive Services, which could reduce the total new units put into production but still achieve Housing Levy goals.

Homebuyer Program

Program Objectives

The Homebuyer Program is intended to provide an ongoing resource to enable low-income households to purchase a home in Bellingham. The following general program objectives guide the Homebuyer Program:

- Assist homebuyers to acquire their home at an affordable cost that will enable them to manage the costs of homeownership and to realize a reasonable share of any increase in home value so they can purchase other housing when the household's needs change.
- Create an on-going resource to assist future low-income home-buyers through resale restrictions that will maintain an affordable home price and/or loan repayment terms that will generate funds to assist future home purchasers.
- Promote programs that achieve long-term affordability through restrictions on resale.
- Combine with other sources of homebuyer and housing rehabilitation assistance funds.
- Use existing service delivery systems for lending activities.
- Promote pre-purchase homebuyer education as a best practice by requiring households using City of Bellingham homebuyer assistance to complete a pre-purchase homebuyer education program.

Funding Sources

All funding sources can be used to help support the homebuyer program. The funding has shifted in recent years from the CDBG program to HOME and Housing Levy.

2014 Homebuyer Funding Summary

Housing Levy and HOME funds were budgeted in 2014 for the homebuyer program. Some of the 2014 funds included carryover from commitments made in 2013.

	2014	2015	2016-19	TOTAL
Budget:				
Levy	\$ 141,264	\$ 141,336	\$ 543,487	\$ 938,084
HOME	210,000			\$ 210,000
Commitments:				
Levy	141,264	1,739	-	\$ 255,000
HOME	210,000			\$ 210,000
Fund Balance	-	139,597	\$ 683,084	\$ 683,084

Expenditures: In the 2014 Action Plan year, the City expended \$140,000 of Levy funds and \$78,853 of HOME funds towards homebuyer activities. The Homebuyer program has \$683,084 in Levy funds remaining to be committed.

Summary of 2014 Committed Homebuyer Program Projects

Project Sponsor <i>Project Name</i> Neighborhood	Project Description	Units	City \$	Project \$
Kulshan Community Land Trust <i>McKenzie Green & Scattered Site Acquisition</i> Happy Valley	KCLT proposed to develop and create an affordable homeowner project for older adults. The project would create five new homes for low-income. An additional \$35,000 was allocated to a scattered site acquisition. <u>Income Target:</u> 6 @ 80% AMI or below	6*	\$210,000	\$1,529,821
TOTALS:		6*	\$210,000	\$1,529,821

* In June 2015, Kulshan Community Land Trust decided not to move forward with the McKenzie Green project. Those funds were reallocated to contingency projects identified in the 2015 Action Plan to ensure funds would be committed in a timely manner as required by HOME Rules. The final commitment is for just 1 scattered site location.

Summary of 2014 Completed Homebuyer Program Projects

Project Sponsor <i>Project Name</i> Neighborhood	Project Description	Units	City \$	Project \$
Kulshan Community Land Trust <i>New Homebuyer Units</i> Birchwood (2) and York, Puget & Roosevelt (1 each)	The City provided down payment and/or closing cost assistance to Kulshan Community Land Trust/Habitat home buyers whose incomes are below 80% AMI. <u>Income Target:</u> 1 @ 50% AMI or below; 4 @ 80% AMI or below	5	\$175,000	\$1,122,781
Kulshan Community Land Trust <i>Resales of Existing Homes</i> Happy Valley (3), Columbia (1), and Birchwood (1)	The City provided additional financial assistance for the resale of existing affordable homes with Kulshan Community Land Trust. <u>Income Target:</u> 5 @ 80% AMI or below	5	\$43,853	\$1,079,080
Kulshan Community Land Trust <i>Resales of Existing Homes</i> Lettered Streets (1)	The City approved resale of existing affordable homes without any additional financial assistance. <u>Income Target:</u> 1 @ 80% AMI or below	1	\$0	\$
TOTALS:		5 new	\$218,853	\$2,201,861

Production of Homebuyer Goals

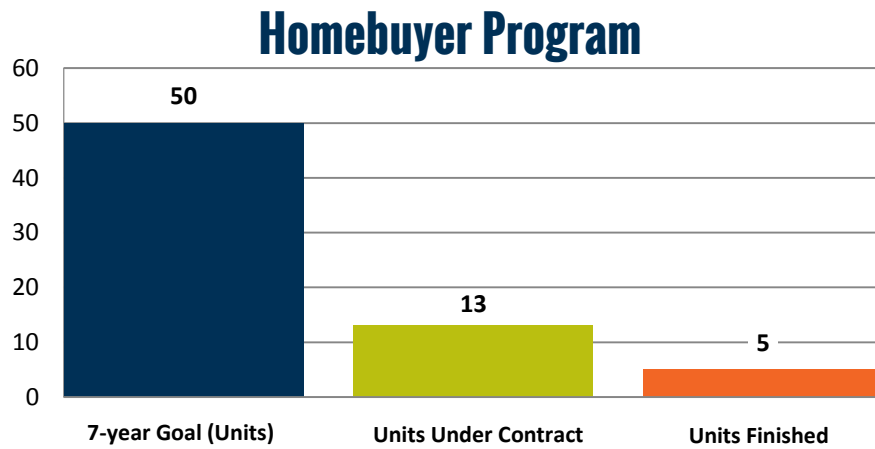
The City has established goals and outcomes in the 2013-2017 Consolidated Plan (<http://www.cob.org/services/planning/cd-planning/consolidated-plan.aspx>) and the Housing Levy Administrative and Financial Plan (<http://www.cob.org/documents/planning/housing/housing-levy-2013.pdf>).

There are two goals in the Consolidated Plan which are closely related to the production of new homebuyer units (one goal has two different outcomes). The following table shows the five year goal, the number of units where funding was committed to activities in 2013, and the number of units actually completed. The final two columns show the City's progress towards achieving those goals.

Goal Description	Outcome	Goal	2014 Committed	2014 Actual	% of Goal Committed	% of Goal Actual
Increase supply of affordable family housing	Direct financial assistance to homebuyers	16	-	-	38%	31%
Increase supply of affordable owner-occupied housing	Direct financial assistance to homebuyers	20	1	4	70%	35%
Increase supply of affordable owner-occupied housing	Homeowner Housing Added	4	5	1	200%	100%
TOTALS:		40	6	5	70%	40%

Levy Goals:

The Housing Levy set a goal for the Homebuyer program. The goal was 50 units over seven years. In 2013, the City committed \$255,000 to Kulshan CLT to create 13 new homebuyer units. Thus far, five new homes have received financial assistance.



Community Facilities Program

Funding Sources

Generally, only CDBG funding can be used to fund capital improvements for community facilities. City general funds could also be used for this purpose if appropriated. However, the City has funded only limited projects through this program over the years.⁵

Program Objectives

The Community Facilities Program provides funding to "public facilities and improvements" that can include infrastructure, such as sewer, drainage, parks, sidewalks, architectural barriers, or public facilities, such as food banks, senior centers and community centers. All funding in this program must primarily benefit low-income persons, households or neighborhoods. The terms "public facilities" or "public improvements" are broadly interpreted in the CDBG program to include all improvements and facilities that are either publicly owned or that are traditionally provided by the government, or owned by a nonprofit, and operated so as to be open to the general public.

2014 Community Development Funding Summary

CDBG funds were budgeted and committed in 2014 for the Community Facilities program.

	2014	2015	2016-19	TOTAL
Budget:				
CDBG	\$ 348,868	\$ 410,665	\$ 0	\$ 759,533
General Fund	0	0	0	\$ 0
Commitments:				
CDBG	\$ 348,868	\$ 410,665	\$ 0	\$ 759,533
General Fund	0	0	0	\$ 0
Fund Balance	0	0	\$ 0	\$ 0

Expenditures: In the 2014 Action Plan year, the City expended \$245,511 of CDBG funds towards community facility activities.

Summary of 2014 Committed Community Facility Program Projects

Project Sponsor Project Name Neighborhood	Project Description	Units	City \$	Project \$
Bellingham Food Bank Expansion Sunnyland	The Food Bank Distribution Center will double in size to 20,000 square feet in order to meet the growing need for food in the community.. <u>Income Target:</u> presumed benefit low-income	1 (see 2013 Goals)	\$100,000 (\$85,000 also awarded in 2013)	\$1,927,629
Brigid Collins Accessibility Sehome	The project makes improvements to the Family Activity room entrance with new railing and stairs, overhang and fencing.	1,900	\$24,000	\$96,311

⁵ The city funds many activities that can be considered community facilities, however. Transportation and other public works projects take place in low-income neighborhoods. Funds directed to economic development, public safety improvements and other programs can also be considered community facilities that benefits low-income persons.

Project Sponsor <i>Project Name</i> Neighborhood	Project Description	Units	City \$	Project \$
	<u>Income Target:</u> presumed benefit low-income			
Opportunity Council <i>Accessibility</i> Central Business District	The Opportunity Council is undertaking a major rehabilitation of the main building where they deliver a wide variety of services to low-income families. Work includes removal of roof, insulation, replacement of heat pumps, and exterior lighting. <u>Income Target:</u> presumed benefit low-income	13,500	\$224,868	\$321,239
TOTALS:		15,401	\$ 348,868	\$ 2,345,179

Summary of 2014 Completed Community Facility Projects

Project Sponsor <i>Project Name</i> Neighborhood	Project Description	Units	City \$	Project \$
Bellingham Food Bank <i>Expansion</i> Sunnyland	The Food Bank Distribution Center will double in size to 20,000 square feet in order to meet the growing need for food in the community. <u>Income Target:</u> presumed benefit low-income	15,489	\$185,000	\$1,927,629
TOTALS:		15,489	\$ 185,000	\$ 1,927,629

Community Facility Goals

The City has established goals and outcomes in the 2013-2017 Consolidated Plan (<http://www.cob.org/services/planning/cd-planning/consolidated-plan.aspx>) and the Housing Levy Administrative and Financial Plan (<http://www.cob.org/documents/planning/housing/housing-levy-2013.pdf>).

There is one goal in the Consolidated Plan which is closely related to community facilities. The following table shows the five year goal, the number of units where funding was committed to activities in 2013, and the number of units actually completed. The final two columns show the City's progress towards achieving those goals.

Goal Description	Outcome	Goal	2014 Committed	2014 Actual	% of Goal Committed	% of Goal Actual
Help fill gap in basic needs	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit	800	15,401	15,489	3307%	1936%
Support equitable investment in public facilities and improvements	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit	3,000	-	-	513%	0%
TOTALS:		3,800	15,401	15,489	3307%	0%

Levy Goals:

The Housing Levy does not authorize funding for community facilities.

Rental Assistance and Housing/Human Services Program

Program Objectives

The Rental Assistance and Housing/Human Services Program provides funding to a wide range of activities. The primary areas of activity for 2013 include:

- Tenant-based rental assistance (TBRA)
- Project-based rental assistance and housing services
- Housing services
- Human and social services
- Winter emergency shelter

Funding Sources

All funding sources are used to support the numerous activities in the rental assistance and housing/human services program. However, each funding source has its limitations. Housing Levy funds can only be used for rental assistance and housing services. CDBG funds can only be used for those activities that can account for the federal requirements to benefit low-income populations. HOME funds cannot be used for services, but can fund tenant-based rental assistance (TBRA). City general funds can be used for any activity that benefits low-income persons or households.

2014 Rental Assistance and Housing/Human Service Funding Summary

All four funds were budgeted and committed in 2014 for the Rental Assistance and Housing/Human Service program.

	2014	2015	2016-19	TOTAL
Budget:				
Levy	404,430	693,000	2,425,500	3,522,930
General Fund	447,256	465,316	-	912,572
CDBG	146,358	141,313	-	287,671
HOME	249,938	165,000	-	414,938
Commitments:				
Levy	404,430	566,981	1,139,427	2,110,838
General Fund	447,256	465,316	-	912,572
CDBG	146,358	141,313	-	287,671
HOME	249,938	165,000	-	414,938
Fund Balance⁶	\$ 155,773	\$ 69,659	\$ 1,489,482	\$ 1,489,482

⁶ Fund Balance in the Levy comes from a set-aside of funding for Project-based operating assistance. In addition, funds for the Homeless Outreach Team have not been committed beyond June 2016, nor any funds for housing services beyond existing contracts executed in 2015.

Expenditures: In the 2014 Action Plan year, the City expended the following on rental assistance and services.

Program	CDBG	HOME	LEVY	GF	TOTAL
Housing and Human/Social Services	167,584	-	158,831	303,199	\$ 629,613
Rental Assistance		176,771	46,174	58,219	\$ 281,164
TOTALS	\$167,584	\$ 176,771	\$ 205,005	\$ 361,418	\$ 910,778

Summary of 2014 Rental Assistance and Housing/Human Service Program Projects

Agency	Program Name	Goal Supported	City \$	Total Project
<i>Rental Assistance and Housing Services</i>				
Domestic Violence & Sexual Assault Services	Domestic Violence Safe Shelter	Provide supportive services to homeless	\$ 25,000	\$ 404,606
Lydia Place	Housing Homeless Families	Provide supportive services to homeless	\$ 43,494	\$ 124,037
Northwest Youth Services	Transitional Living	Provide supportive services to homeless	\$ 37,815	\$ 235,000
Northwest Youth Services	Positive Adolescent Development	Provide supportive services to homeless	\$ 50,000	\$ 452,097
Opportunity Council	Homeless Housing Services	Provide supportive services to homeless	\$ 40,000	\$ 383,611
Opportunity Council	Anti-Victimization Rehousing Program	Provide supportive services to homeless	\$ 48,703	\$ 118,173
Opportunity Council	Homeless Outreach Team	Provide supportive services to homeless	\$ 197,913	\$ 434,006
Opportunity Council	Tenant-based Rental Assistance	Support rapid rehousing of homeless persons and families	\$ 231,958	
Opportunity Council	Winter Emergency Shelter	Help fill gap in basic needs to low-income	\$ 30,000	
YWCA	Larrabee Residence	Provide supportive services to homeless	\$ 25,000	\$ 17,165
<i>Human and Social Services</i>				
Bellingham Childcare & Early Learning Center	Childcare & Early Learning Center	Help fill gap in basic needs to low-income	\$ 25,703	\$ 68,343
Bellingham Food Bank	Free Grocery Program	Help fill gap in basic needs to low-income	\$ 35,000	\$ 766,694
Boys & Girls Club	SMART Moves Program	Help fill gap in basic needs to low-income	\$ 10,000	
Boys & Girls Club	Academic Success Program	Help fill gap in basic needs to low-income	\$ 28,509	\$ 73,571
Boys & Girls Club	Summer Healthy Lifestyles	Help fill gap in basic needs to low-income	\$ 20,000	
Brigid Collins Family Support Center	School Linked Intervention for Child Abuse	Provide supportive services to homeless	\$ 6,546	\$ 116,004
Domestic Violence & Sexual Assault Services	Providing Help & Healing to Children of DV Victims	Help fill gap in basic needs to low-income	\$ 10,875	\$ 57,875
Hearing, Speech & Deafness Center	Deaf & Hard of Hearing Services	Help fill gap in basic needs to low-income	\$ 11,250	\$ 208
LAW Advocates	Homeless Disability Benefits Project	Help fill gap in basic needs to low-income	\$ 25,000	\$ 3,163
LAW Advocates	Tenant Clinic & Housing Case Management	Help fill gap in basic needs to low-income	\$ 8,757	\$ 10,240

Agency	Program Name	Goal Supported	City \$	Total Project
Mercy Housing Northwest	Farm Worker & Senior Support Services	Help fill gap in basic needs to low-income	\$ 12,000	\$ 49,157
Northwest Alliance for College Access	Transition Success Project	Help fill gap in basic needs to low-income	\$ 13,464	\$ 4,385
Northwest Youth Services	Vocational Readiness	Provide supportive services to homeless	\$ 35,000	\$ 40,002
Northwest Youth Services	Teen Court	Help fill gap in basic needs to low-income	\$ 25,000	\$ 23,750
Opportunity Council	Maple Alley Inn	Provide supportive services to homeless	\$ 17,117	\$ 66,158
Sean Humphrey House	Services for Adults Living with AIDS / HIV	Help fill gap in basic needs to low-income	\$ 12,400	\$ 333,370
Volunteer Center of Whatcom County	House 2 Home	Support rapid rehousing - homeless persons / families	\$ 15,000	\$ 6,278
Volunteer Center of Whatcom County	Volunteer Chore Program	Help fill gap in basic needs to low-income	\$ 20,000	\$ 57,854
Whatcom Alliance for Health Advancement	Case Management for the Frequently Incarcerated	Help fill gap in basic needs to low-income	\$ 35,000	\$ 26,118
Whatcom County Council on Aging	Meals on Wheels	Help fill gap in basic needs to low-income	\$ 30,000	\$ 174,300
Whatcom Literacy Council	Gaining Jobs through Literacy	Help fill gap in basic needs to low-income	\$ 7,164	\$ 154,918
TOTAL:			\$ 1,133,668	\$4,201,083

Summary of 2014 Committed Project-based Rental Assistance and Housing Services

Project Sponsor <i>Project Name</i>	Project Description	Units	City \$	Project \$
Catholic Housing Services <i>Francis Place</i> Central Business District	The City committed funds for seven years to assist with rental payments, housing case management and operational staff for security. This commitment was in conjunction with a capital development award. <u>Income Target:</u> 21 below 30% AMI; 13 below 50% AMI; 8 below 60% AMI	42	\$ 978,994	\$ 1,921,939
Sun Community Services <i>Greggie's House</i> Sunnyland	The City committed funds for seven years to assist with case management services, rent and administrative costs. <u>Income Target:</u> 6 below 30% AMI	6	\$ 391,398	\$ 405,555
TOTAL:		48	\$ 1,370,392	\$ 2,327,494

Rental Assistance, Housing and Human/Social Service Goals

The City has established goals and outcomes in the 2013-2017 Consolidated Plan

(<http://www.cob.org/services/planning/cd-planning/consolidated-plan.aspx>) and the Housing Levy Administrative and Financial Plan (<http://www.cob.org/documents/planning/housing/housing-levy-2013.pdf>).

There are three goals, each with two different outcome indicators, in the Consolidated Plan which address rental assistance, housing and human/social services. The following table shows the five year

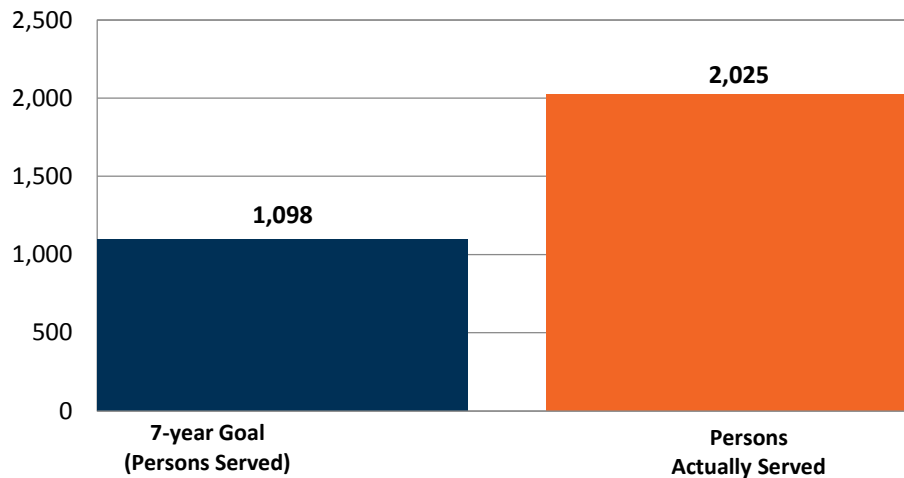
goal, the number of units where funding was committed to activities in 2014, and the number of units actually completed. The final two columns show the City's progress towards achieving those goals.⁷

Goal Description	Outcome	Goal	2014 Committed	2014 Actual	% of Goal Committed	% of Goal Actual
Rapid rehousing of homeless persons	TBRA/Rapid Rehousing	100	40	41	130%	71%
Rapid rehousing of homeless persons	Overnight Shelter	400	76	227	24%	77%
Provide supportive services to the homeless	Public Service activities	400	2,560	2,520	643%	374%
Provide supportive services to the homeless	Homelessness Prevention	3,000	462	627	41%	136%
Help fill gap in basic needs	Public Service activities	50,000	18,987	18,836	71%	100%
Help fill gap in basic needs	HIV/AIDS Housing	35	6	6	37%	43%
TOTALS:		53,935	22,131	22,257	69%	101%

Levy Goals:

The Housing Levy set a goal for both the Rental Assistance and Supportive Services' programs. The goals are not distinct to the various aspects of the program (e.g. rental assistance versus services). The 7-year Levy goal is 1,098 persons or households. The program has delivered services to 2,025 persons, far surpassing the Levy goals. The City should re-establish benchmarks for this program to measure progress over the next five years.

Rental Assistance & Supportive Services



⁷ The numerous contracts the City has for housing, human and social services do not always align well with the Consolidated Plan goals and outcomes. For example, are winter motel vouchers considered a supportive service to homeless persons or rapid rehousing of homeless persons? In addition, initial commitments are not always reported in final close outs with the same goal and outcome as the initial grant application. The key indicator is the number of persons that have actually been helped in a year with services. In this case, we can confidently say that more than 22,000 services were provided to people in the City during 2014.

Acquisition and Opportunity Program

Program Objectives

The Acquisition and Opportunity Program is a Housing Levy program intended to permit strategic acquisition of sites for low-income housing development. These loans are expected to be repaid with permanent project financing, which may be from either City or non-City funding sources. Loans are intended to facilitate development of rental or homeownership housing consistent with the objectives and priorities of those two programs.

Project Commitments and Fund Balance

\$875,000 of Housing Levy funds have been budgeted for this program. The City has used this fund to help pay for the acquisition of the Aloha Inn Motel, which was condemned by the City. The City will be required to dispose of this property through a public process. If the final disposition is not for low-income housing, then the funds must be repaid to this fund.

Since the long-term use of the Aloha is unknown, the City is still considering acquisition and opportunity loans from affordable housing providers.

Administration

The city commits administrative resources in order to carry out the activities of these various programs. The administrative tasks include:

- Strategic and Action Plans
- Annual performance reports
- Contract management, including review of proposals and underwriting
- Monitoring of activities
- Audits of city records
- Payment of invoices and expenses
- Reporting to federal and other funding sources

Funding Sources

All funding sources include funds for administrative expenses. Each funding source has its own unique requirements for administrative expenses. Highlights include:

- CDBG Program - No more than 20% of the federal grant and program income can be spent on administrative expenses.
- HOME Program - No more than 10% of the federal grant and program income can be spent on administrative expenses. Administrative expenses for the tenant-based rental assistance (TBRA) program, delivered by the Opportunity Council, are included within this limit.
- Levy Program - The Levy set aside 5.2% of the Levy funds for administrative purposes. These expenses include city interfund charges for management of the fund and procurement process, accounting for nearly half of the administrative expenses charged to the Levy.
- General Fund - The City general fund contributes space, legal and financial services, other salaries and miscellaneous expenses to the programs.

2014 Administrative Funding Summary

All four funds were budgeted and committed in 2014 for Administrative Expenses.

	2014	2015	2016-19	TOTAL
Budget:				
Levy	146,312	153,578	599,480	\$ 899,370
General Fund	178,118			
CDBG	169,903	184,045	-	353,948
HOME	56,441	49,500		105,941
Commitments:				
Levy	159,157	184,605		343,762
General Fund	169,903			
CDBG	146,853	184,045		
HOME	61,521	49,500		
Fund Balance	\$ 62,055	0	\$ 599,480	\$ 599,480

Monitoring Fund

The 2012 Housing Levy provides seven years of funding for both activities and administrative expenses. Some Levy programs require fifty years of ongoing commitment to affordable housing. This ongoing commitment is established through covenants and annual reporting requirements that must be monitored and reviewed by City staff. In order to meet this ongoing requirement, the City has established an annual monitoring fee, currently set at \$450 for projects with 10 or fewer housing units and \$25 per unit for 11 or more units. A 10-unit project with a fifty year affordability requirement would require payment of \$22,500 into the monitoring fund.

As of the end of the 2014 Action Plan year, the City has collected \$165,755 that is reserved for future administrative expenses directed towards monitoring.

PERSONS SERVED

The primary purpose of the Housing, Human Service and Community Facility programs is to provide benefit to low-income persons or households, defined as those earning 80% or less of area medium income (AMI). The City also has a policy that ensures fair and equal housing and services, and tracks progress to ensure that funds are equitably distributed.

Income Limitations

Each funding source has its own limitations for income. In some cases, the limits are considered by project or activity, and in some cases by program. Here is a snapshot view of the limits:

CDBG Program - The City has an obligation that, in the aggregate, at least 70% of CDBG funds benefit low-income persons or households. Activities that provide services to a mix of incomes must "primarily" benefit low-income persons or households, meaning that at least 51% of those served are low-income. If the funds are used to provide a direct benefit, such as financially assisting a homeowner rehabilitation, then the household must be low-income.

HOME Program - HOME funds must benefit low-income persons or households. However, 90% of the households assisted for rental or TBRA program must have incomes that do not exceed 60% AMI. Finally, HOME has a "project" rule where projects of five or more HOME-assisted units, at least 20% of the units must be for households with incomes that are 50% AMI or below.

Levy Program - The Levy requires funds to benefit low- (80% AMI or below) and very-low (50% AMI or below) income households. Two-thirds of the funding must be directed to very-low income persons or households.

City General Fund - City general funds can be used for any income group. However, if the funds are used to provide financial assistance directly to a person or household, it would be considered a gifting of public funds if they were not considered necessary in support of the "poor" or "infirm". The City's use of general funds for housing and human service activities follows the CDBG programs for income requirements.

Affirmative Market Fair Housing

Fair and equal housing, having its basis in the Fourteenth Amendment to the United States Constitution adopted in 1868 and the Civil Rights Act of 1964, has historically been a desired goal of this nation. The City of Bellingham, committed to nondiscrimination and equal opportunity in housing, establishes procedures to further this commitment and to affirmatively market units receiving funding through the City.

The City of Bellingham believes that individuals of similar economic levels in the same housing market area should have available to them a like range of housing choices regardless of their race, color, religion, ancestry, national origin, familial or marital status, disability, sex, sexual orientation or gender identify.

2014 Households/Persons Served

The following table shows the persons served with projects or activities that were committed in 2014. Information by race/ethnicity is not available at the time of commitment.

Program	Households/ Persons	Income			
		<=30% AMI	> 30%, <=50% AMI	>50%, <=80% AMI	>80% AMI
Homebuyer	6			6	
Rental Production					
Preservation	58	20	18	20	
Community Facilities	15,401			15,401	
Housing, Human/Social Services	22,131	14,277	6,976	472	
TOTALS	37,596	14,297	6,994	15,899	0
		38%	19%	42%	0.0%

The following table shows the persons served with projects or activities that were completed in 2014.

Program	Households/ Persons	Income				Race/Ethnicity (# of Persons)					
		<=30% AMI	> 30%, <=50% AMI	>50%, <=80% AMI	>80% AMI	White	Am. Indian	Black/Af. Am	Asian	Other Race	Hispanic
Homebuyer	5		5			14					
Rental Production											
Preservation ⁸	54	22	20	12		14			3	2	
Housing, Human/Social Services	22,257	14,448	6,971	475		21,446	1,190	739	363	1,082	2,549
TOTALS	22,316	14,470	6,991	492	0	21,474	1,190	739	366	1,084	2,549
		66%	32%	2%	0%	86%	5%	3%	1%	4%	11%

Levy Requirements for Very-Low Income

The Housing Levy requires two-thirds (67%) of the funds be directed towards very-low income (below 50% AMI) persons or households. The existing commitments with income targets indicate that 84% of the funding committed through 2014 is targeted to very-low income persons or households.

Program	Funds	Units	<=30% AMI	> 30%, <=50% AMI	>50%, <=80% AMI	ELI Levy	
						(<= 50% AMI)	LI Levy (> 50% AMI)
Homebuyer	255,000	13		2	11	39,231	215,769
Production	2,102,765	98	40	50	8	2,033,717	69,048
Preservation	1,879,368	268	111	95	62	1,495,277	384,091
Housing Services	1,647,410	841	726	85	30	1,353,712	293,698
	\$ 5,884,543	1,220	877	232	111	\$ 4,921,937	\$ 965,606
			72%	19%	9%	84%	16%

⁸ The Manufactured Home Repair program does not collect information by race/ethnicity.