

**Interlocal Agreement Between Kitsap County and the  
City of Bainbridge Island, City of Bremerton, City of Port Orchard and City  
of Poulsbo Concerning Allocation of SHB 2060 Surcharge Funds to Very  
Low-Income Housing Projects in Kitsap County and its Incorporated Cities**

This Agreement, made pursuant to Chapter 39.34 RCW, is between KITSAP COUNTY (hereinafter, the County), a political subdivision of the State of Washington, and the CITY OF BAINBRIDGE ISLAND, the CITY OF BREMERTON, the CITY OF PORT ORCHARD, and the CITY OF POULSBO, (hereinafter, the Cities), municipal corporations of the State of Washington.

WHEREAS, in 2002, the State enacted an Act relating to funding the operation and maintenance of low-income housing projects through SHB 2060, 2002 Washington Laws Ch. 294;

WHEREAS, pursuant to SHB 2060, RCW 36.22.178, revenue generated through a surcharge on recording documents (*hereafter* "SHB 2060 surcharge funds") may be used by the County and its Cities and Towns for housing projects that are affordable to very low-income persons;

WHEREAS, under the Act, the portion of the surcharge retained by a county shall be allocated to very low-income housing projects or units within such housing projects in the county and the cities within the county according to an Interlocal Agreement;

WHEREAS, in 2004, the County and the Cities agreed through an inter-local agreement that the SHB 2060 surcharge funds would be distributed through a competitive grant program (*hereafter* "grant program") that would be administered and governed through the Kitsap Regional Coordinating Council (hereinafter KRCC);

WHEREAS, the grant program was implemented through the KRCC, using a set of Guiding Principles developed jointly by the County and the Cities that served as a framework for allocating the surcharge monies to the various projects;

WHEREAS, these Guiding Principles were incorporated into a Policy Plan in 2012 that was adopted and subsequently updated by the County and the Cities through participation in the KRCC;

WHEREAS, in January 2015, the KRCC voted to recommend to the Cities and County that this grant program be administered and governed by Kitsap County instead of by the KRCC;

WHEREAS, the County and the Cities desire to formalize this agreement to designate Kitsap County to carry out administration and governance of the SHB 2060 surcharge funds through this Interlocal Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions contained herein, the parties agree as follows:

## **SECTION 1 PURPOSE**

The purpose of this Agreement is to establish the County as the administrator and governing-body for the allocation of SHB 2060 (RCW 36.22.180) surcharge funds to eligible applicants.

## **SECTION 2 ADMINISTRATIVE STRUCTURE**

2.1 The County is governed by the Board of County Commissioners, (BoCC) consisting of elected commissioners from three voting districts. The BoCC shall set policy concerning the use and distribution of SHB 2060 funds as per the Affordable Housing Program Policy Plan previously adopted by the KRCC Board, and may amend the Policy Plan at its discretion from time to time.

2.2 The Kitsap Continuum of Care Coalition (KCoCC), which is an unincorporated association of low-income and homeless housing providers in Kitsap County, has agreed, through a separate memorandum of agreement, to act as the technical advisory body to the BoCC for this program.

2.3 The KCoCC agreed to develop and recommend to the BoCC specific annual priorities for the use of that year's SHB 2060 funds. Representatives of the Cities and the County shall have the opportunity to participate in the process to develop funding priorities.

2.4 Each year an Advisory Board(s) of citizen volunteers shall be appointed as follows: each Mayor shall appoint one citizen volunteer to each Board and each County Commissioner shall appoint one citizen volunteer to each Board. The Advisory Board(s) will review funding applications and prepare funding recommendations for the BoCC's consideration. The Advisory Board(s) will review the annual priorities developed by the KCoCC and include in its recommendations how the priorities are being addressed by the recommendations given. The recommendations may include options or a single set of recommended projects. Representatives of the Cities shall have the opportunity to attend a study session on the recommended grant awards prior to the BoCC making final awards.

2.5 The Kitsap County Human Services Department and the Kitsap County Auditor shall partner to administer awarded funds. The administrative costs are to be covered by the 5% of the surcharge allowed to be retained by the County for collecting and dispersing the document recording fees, as referenced in the Policy Plan.

2.6 The County may set aside a percentage or specific amount of funds to address emergent housing needs consistent with the purposes of Chapter 36.22 RCW, so long as it meets the requirements of RCW 36.22.178.

## **SECTION 3 FUND AVAILABILITY**

3.1 On an annual basis, the County shall publish a Notice Of Funds Availability (NOFA). This notice will set forth the annual program priorities; amount of funds available; the duration of funds to be awarded or distributed; the deadline for submission of funding applications; and any other pertinent information related to the process.

## SECTION 4 ELIGIBLE RECIPIENTS

4.1 Eligible recipients. Eligible recipients of the SHB 2060 surcharge funds shall include public housing authorities, IRS-certified non-profit agencies/providers of affordable housing, the Cities, the County, the Tribes, and for-profit developers, provided the funds are used only for projects as defined in Section 5, herein and as provided under RCW 36.22.178.

4.2 Geographic Equity. The County shall be responsible for ensuring that funds are distributed in a manner that balances existing needs throughout the County with program users' access to services. It is the overall intent of this Agreement that, over time, all areas of Kitsap County shall equitably receive appropriate levels of funding pursuant to this Interlocal Agreement consistent with countywide and local housing needs and policies.

## SECTION 5 PERMISSIBLE USES OF SHB 2060 SURCHARGE FUNDS

5.1 Permissible Uses of the SHB 2060 surcharge funds are limited to those uses set out under RCW 36.22.178 as follows:

(a) Acquisition, construction, or rehabilitation of housing projects or units within housing projects that are affordable to very low-income households with incomes at or below fifty percent (50%) of the area median income, including units for homeownership, rental units, seasonal and permanent farm worker housing units, units reserved for victims of human trafficking and their families, and single room occupancy units;

(b) Supporting building operation and maintenance costs of housing projects or units within housing projects eligible to receive housing trust funds, that are affordable to very low-income households with incomes at or below fifty percent (50%) of the area median income, and that require a supplement to rent income to cover ongoing operating expenses;

(c) Rental assistance vouchers for housing units that are affordable to very low-income households with incomes at or below fifty percent (50%) of the area median income, including rental housing vouchers for victims of human trafficking and their families, to be administered by a local public housing authority or other local organization that has an existing rental assistance voucher program, consistent with or similar to the United States Department of Housing and Urban Development's Section 8 rental assistance voucher program standards; and

(d) Operating costs for emergency shelters and licensed overnight youth shelters.

5.2 SHB 2060 funds shall not be used for construction of new housing if at any time the vacancy rate for available low-income housing within the County rises above ten percent (10%).

5.3 A priority must be given to eligible housing activities that serve extremely low-income households with incomes at or below thirty percent (30%) of the area median income.

5.4 In the event RCW 36.22.178 is amended to include additional permissible uses of the SHB 2060 surcharge funds, those permissible uses shall also be permitted under this Agreement without formal amendment to this Agreement.

5.5 In the event RCW 36.22.178 is amended to disallow any current permissible uses of the SHB 2060 surcharge funds, set forth in Section 5.1 above, those permissible uses shall no longer be permitted under this Agreement without formal amendment to this Agreement.

## SECTION 6 FUND DISTRIBUTION

6.1 As a condition to receiving any SHB 2060 surcharge funds, each successful applicant shall enter into a contract with Kitsap County, relating to the applicant's use of the funds and applicable standards for the project ("the Contract").

6.2 The process for grantees receiving funds is specified in the Policy Plan.

## SECTION 7 SHB 2060 PROGRAM REVIEW

At least each five years the County, with input from the cities, KCoCC, the public and other interested parties, shall review the program operation, including geographic equity, and shall implement any appropriate changes.

## SECTION 8 PROJECT MONITORING

8.1 The County shall monitor all projects for compliance with the funding terms and conditions in the Contract(s).

8.2 The County shall require all funding recipients to provide quarterly program reports to the County.

## SECTION 9 MISCELLANEOUS

9.1 Duration. This Agreement will have an indefinite duration unless the funding source is eliminated by the State Legislature.

9.2 Termination. Any party may terminate its participation in this Agreement upon 90 days' written notice to the other parties.

9.3 Filing. When fully executed, this Agreement shall be filed with the Kitsap County Auditor.

9.4 Notices. Any notices required by this Agreement shall be delivered, or mailed postage prepaid, and addressed to:

Kitsap County  
Clerk to the Board  
Office of the Kitsap County  
Board of Commissioners  
614 Division Street  
Mailstop 4  
Port Orchard, WA 98366

City of Bainbridge Island  
City Clerk  
City of Bainbridge Island  
280 Madison Avenue N.  
Bainbridge Island, WA 98110

City of Bremerton  
City Clerk  
City of Bremerton  
345 6<sup>th</sup> Street, Suite 600  
Bremerton, WA 98337

City of Port Orchard  
City Clerk  
City of Port Orchard  
216 Prospect Street  
Port Orchard, WA 98366

City of Poulsbo  
Mayor  
City of Poulsbo  
200 NE Moe St.  
P.O. Box 98  
Poulsbo, WA 98370

9.5 Administration. As this Agreement contemplates no joint or cooperative undertaking, each party shall administer the Agreement as to its own responsibilities under the Agreement. The County shall oversee the revenue sharing process provided for in this Agreement.

9.6 Reporting. At the start of each calendar year, the County shall report to the Cities all awards made with SHB 2060 surcharge funds pursuant to this Agreement during the preceding calendar year.

9.7 Waiver. The failure by the County or any City to enforce any term or condition of this Agreement shall not be construed to constitute a waiver of any other term or condition, or of any subsequent breach of any provision, of this Agreement.

9.8 Entire Agreement. This Agreement includes the entire Agreement of the parties with respect to any matter addressed in this Agreement

9.9 Amendment. This Agreement may be amended only upon the written agreement of the parties made with the same formalities as those required for its original execution.

9.10 Review. The County and the Cities shall review this Agreement every five years; **provided**, that nothing herein shall be construed as limiting the parties' rights to amend this Agreement at any time in accordance with Section 9.9 above.

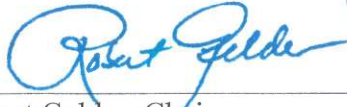
9.11 Effective Date. This Agreement shall take effect immediately upon recording a fully executed original of this Agreement in the office of the Kitsap County Auditor.

9.12 Authorization. By resolution or ordinance, the governing bodies of the County and the Cities have authorized their respective designated officials to execute this Agreement on their behalf.

9.13. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

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APPROVED BY THE KITSAP COUNTY BOARD OF COMMISSIONERS  
this 23<sup>rd</sup> day of February, 2015



Robert Gelder, Chair

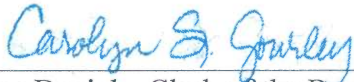


Edward E. Wolfe, Commissioner

NOT PRESENT

Charlotte Garrido, Commissioner

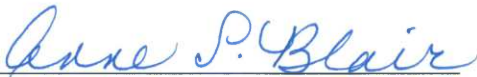
ATTEST:



for Dana Daniels, Clerk of the Board

**Interlocal Agreement Between Kitsap County and the  
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PASSED BY THE CITY OF BAINBRIDGE ISLAND CITY COUNCIL  
this 24<sup>th</sup> day of FEBRUARY, 2015.



\_\_\_\_\_  
Anne S. Blair, Mayor

ATTEST:



\_\_\_\_\_  
Rosalind Lassoff, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Lisa Marshall, City Attorney

**Interlocal Agreement Between Kitsap County and the  
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PASSED BY THE CITY OF BREMERTON CITY COUNCIL  
this 4<sup>th</sup> day of March, 2015.

APPROVED BY THE CITY OF BREMERTON MAYOR  
this 4<sup>th</sup> day of MARCH, 2015.

  
\_\_\_\_\_  
Patty Lent, Mayor

ATTEST:

  
\_\_\_\_\_  
Shannon L. Corin, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Roger A. Lubovich, City Attorney



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PASSED BY THE CITY OF PORT ORCHARD CITY COUNCIL  
this 10 day of March, 2015.

APPROVED BY THE CITY OF PORT ORCHARD MAYOR  
this 10 day of March, 2015.

Tim Matthes

Tim Matthes, Mayor

ATTEST:

Brandy Riearson

Brandy Riearson, City Clerk



APPROVED AS TO FORM:

[Signature]  
City Attorney

**Interlocal Agreement Between Kitsap County and the  
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PASSED BY THE CITY OF POULSBO CITY COUNCIL  
this 4<sup>th</sup> day of March, 2015.

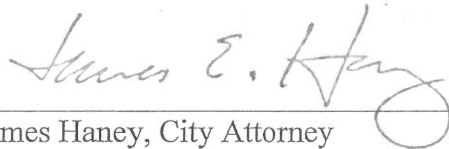
APPROVED BY THE CITY OF POULSBO MAYOR  
this 4<sup>th</sup> day of March, 2015.

  
\_\_\_\_\_  
Becky Erickson, Mayor

ATTEST:

  
\_\_\_\_\_  
Nicole Stephens, CMC, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
James Haney, City Attorney