

2020 Seattle City Council Budget Action

Agenda

Tab	Action	Option	Version
OH	8	A	1

Budget Action Title: Impose a proviso on a \$2.5 million in OH for an Accessory Dwelling Unit (ADU) Loan Program, cut \$3.5 million from the ADU Loan Program and add \$3.5 million to the 2019 Notice of Funding Availability

Ongoing: No Has Budget Proviso: Yes

Has CIP Amendment: No

Primary Sponsor: Lorena González

Council Members:

Staff Analyst: Aly Pennucci

Council Bill or Resolution:

Date		Total	LH	BH	KS	AP	DJ	MO	SB	TM	LG
	Yes	0									
	No	0									
	Abstain	0									
	Absent	0									

Summary of Dollar Effect

See the following pages for detailed technical information

	2020 Increase (Decrease)	2021 Increase (Decrease)
General Fund		
General Fund Revenues	\$0	
General Fund Expenditures	\$0	
Net Balance Effect	\$0	
Total Budget Balance Effect	\$0	

Budget Action Description:

The 2020 Proposed Budget adds \$6 million GF (one-time) to the Office of Housing (OH) for an Accessory Dwelling Unit (ADU) Loan Program using proceeds from the sale of the Mercer properties. This budget action:

(1) Imposes a proviso on \$2.5 million of the proposed \$6 million. Prior to releasing the funds, OH is required to complete a Racial Equity Toolkit (RET) on the proposed program and prepare legislation amending the Housing Funding Policies that includes programmatic details to ensure that the Program is consistent with the Council's policy goals. The policy intent is to develop a loan program for ADUs that help stabilize low-income homeowners, particularly low-income homeowners in areas identified as having a high risk of displacement, and increases access to affordable rental housing in Single-family

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(2) Cuts the remaining \$3.5 million proposed for the ADU Loan Program and adds \$3.5 million to OH to make financing commitments to affordable rental housing projects (affordable to households with incomes between 30 percent and 60 percent of Area Median Income (AMI)) that applied for funding in OH's 2019 Notice of Funding Availability (NOFA) process.

Approximately \$5.4 million of the \$6 million added in the 2020 Proposed Budget for the ADU Loan Program would be directed to a loan fund to provide low cost loans to households with incomes at or below 120 percent of AMI and the additional \$600,000 would be used for other programmatic components (staffing, tenant screenings, landlord training, etc.). Any ADUs developed through this program would be rented to households with incomes at or below 80 percent of AMI for at least 10 years. However, a smaller City investment can be made and used to partner with a nonprofit lender to create a loan fund that could be leveraged by the lender. Any partnership with a nonprofit lender is expected to include contractual requirements to ensure that the loan program is designed to achieve the policy goals described above.

This proposal to decrease the investment from \$6 million to \$2.5 million is expected to provide sufficient resources to launch a pilot program. Approximately \$2 million is intended for the loan fund; this will require a competitive bid process. The remaining \$500,000 will support other programmatic requirements (e.g. funding for City staff or contracted services for tenant screenings, landlord training for homeowners, etc.).

This Council budget action would impose the following budget proviso:

“Of the appropriation in the 2020 budget for the Office of Housing, \$2,500,000 is appropriated solely for an Accessory Dwelling Unit Loan (ADU) Program and may be spent for no other purpose. Furthermore, none of the money so appropriated may be spent on the ADU Loan Program until authorized by future ordinance.”

Budget Action Transactions

#	Transaction Description	Position Title	Number of Positions	FTE	Dept	BSL	Fund	Year	Revenue Amount	Expenditure Amount
1	Add funding to rental production and preservation program		0	0	OH - HU000	OH - BO-HU-3000 - Multifamily Housing	00100 - General Fund	2020	\$0	\$3,500,000
2	Cut funding for the ADU pilot program		0	0	OH - HU000	OH - BO-HU-2000 - Homeownership & Sustainability	00100 - General Fund	2020	\$0	\$(3,500,000)