

SEATTLE HOUSING LEVY ADMINISTRATIVE & FINANCIAL PLAN

Program Years 2017-2018

and

HOUSING FUNDING POLICIES

(As adopted by Ordinance 125308 and amended by Ordinance introduced as Council Bill 119236 in 2018, with amendments shown as **bold underlined text** and **~~((strikethrough))~~**)



Seattle
Office of Housing

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1. INTRODUCTION

The 2016 Seattle Housing Levy authorizes an estimated \$290 million over a 7-year period to provide, produce, and/or preserve affordable housing in Seattle and to assist low-income Seattle residents. The Levy funds five programs:

1. Rental Production and Preservation
2. Operating and Maintenance
3. Homeownership
4. Acquisition and Preservation (NOTE: there is not a separate allocation for this program; ~~((loans may be made using))~~ uses funds not yet required for disbursement for other Levy programs)
5. Homelessness Prevention and Housing Stability Services

The 2016 Housing Levy, approved by Seattle voters in August 2016, authorized increased property tax levies authorized for seven years, from 2017 through 2023. The Office of Housing (OH) administers all 2016 Seattle Housing Levy programs except the Homelessness Prevention and Housing Stability Program, which is administered by the Human Services Department.

Ordinance 125028, passed by City Council on May 2, 2016, placed the Levy proposition on the August ballot and directed OH to prepare a Levy Administrative and Financial Plan (A & F Plan) every two years beginning in 2017. The ordinance calls for the A & F Plan to include, among other things, amounts allocated to programs, criteria for selecting projects, guidelines for loans or grants, and requirements for project sponsors. The A & F Plan may also include other information as the Mayor or Housing Director may deem appropriate or the City Council may request.

The Levy A & F Plan is adopted by City Council by ordinance, with such modifications as the City Council may require. A draft A & F Plan is first developed by OH with input and assistance of working groups that include representatives of housing providers, the Seattle Housing Authority, business, groups addressing homeless and other human service issues, and other interested community members. The Housing Levy Oversight Committee reviews the draft and makes recommendations to the Mayor and City Council.

This A & F Plan governs implementation of Housing Levy programs in 2017 and 2018 and will remain in effect until amended or superseded by ordinance. This A & F Plan incorporates policies for the Housing Levy Homelessness Prevention and Housing Stability Services Program that were adopted by City Council in Ordinance 125217, passed on November 28, 2016. It incorporates the Housing Funding Policies (Funding Policies), a copy of which is attached, except to the extent that provisions of the Funding Policies apply only to fund sources other than the 2016 Housing Levy. The contents of this A & F Plan are not intended to confer any legal rights on actual or potential project borrowers, applicants, or other persons.

Capitalized terms used in this A & F Plan that are defined in the Funding Policies have the meanings set forth in the Funding Policies unless the context otherwise requires. The terms of this Plan are subject to revision by ordinance and to the effect of applicable laws, regulations, and ordinances. To the extent that the terms of this A & F Plan, including incorporated terms of the Housing Funding Policies, may be considered to add to or change any of the programs as described in Exhibit A to Ordinance 125028, the adoption of this A & F Plan makes those additions to and changes in programs.

The 2016 Housing Levy provides critical resources to address City housing priorities:

- It provides funding for homelessness prevention and housing stability services, as well as capital and operating funding for supportive housing and other affordable housing serving households who are homeless or at risk of homelessness, to implement Seattle's Pathways Home Initiative.
- It provides funding for affordable housing that helps prevent displacement of low-income residents and is an essential component of equitable development in Seattle communities.
- It is a cornerstone of the Housing Affordability and Livability Agenda (HALA) implementation, helping the City to meet the goal of producing or preserving 20,000 affordable units.
- It provides opportunities to foster greater collaboration between community groups and housing developers to achieve the City's race and social equity goals.

2. LEVY FUNDING PLAN

All revenues collected from the additional taxes levied for housing are deposited in the Low-Income Housing Fund and may be placed in subfunds or accounts created by the Director of Finance and Administrative Services as needed to implement the purposes of the 2016 Levy. Table 1 below shows annual amounts allocated to each program based on projected revenues from additional taxes levied pursuant to the Levy. If revenues collected in any year are lower than the amounts levied, that does not affect the amount that may be committed from the allocation to any program unless OH determines that the availability of funds when required to meet commitments might reasonably be impaired. The Acquisition and Preservation Program is not separately funded; ~~((the loans are a short term use of))~~ funds allocated to other levy programs that are not yet needed for projects **may be used for short-term Site Acquisition loans or directly for Site Acquisition, which may include acquiring options.** In addition, funds allocated to the Rental Production and Preservation, Operating and Maintenance, and Homeownership programs may be used for short-term bridge loans as described in Chapters 2 and 4 of the Funding Policies, subject to limits in those Chapters.

Administration funding shown on Table 1 is intended to be used for administration of the use of Levy proceeds. Administration funds shall be utilized based on staffing and other operating costs needed to administer the ~~((these))~~ programs, as approved in the City budget. Due to inflation, OH staffing costs will increase over the life of the Levy. Revenue is expected to be received evenly over the seven years, but expenditures for administration will be slightly lower in the early years of the Levy and slightly higher in the later years. The unspent balance in the early years will be preserved in the fund balance of OH's Operating Fund.

On a quarterly basis, the Human Services Department will submit a reimbursement request to OH for expenses related to the Homelessness Prevention and Housing Stability Services program, including funding for HSD's administration of the program.

**TABLE 1
ANNUAL FUNDING PLAN, 2017 - 2023**

Program	Annual Funding
Rental Production and Preservation ¹	28,714,285
Operating & Maintenance	6,000,000
Homelessness Prevention and Housing Stability Services	1,642,857
Homeownership	1,357,143
Acquisition and Preservation ²	NA
Administration ³	3,714,286
Total	\$41,428,569

NOTES:

1. Funds are used for the Rental Housing Program as described in Chapter 2 of the Funding Policies, except that up to \$2 million annually may be used for Rental Rehabilitation Loans as described in Chapter 6 of the Funding Policies.
2. Up to \$30 million ~~((in short-term loans))~~ **of funds allocated to other Levy programs may be ~~((made))~~ used for short-term Site Acquisition loans or directly for Site Acquisition over the 7-year term of the levy ~~((, using funds allocated to other levy programs))~~.**
3. Includes \$147,857 for HSD administrative costs.

BUDGET AUTHORITY

The budget allocation for OH does not include amounts specifically for Acquisition and Preservation loans or for any forward commitments of Rental Production and Preservation Program funds. OH is authorized to make such loans and forward commitments, consistent with the Funding Policies, in advance of a specific budget allocation. In the event that Acquisition and Preservation loans and/or advance funding commitments require additional budget authority in a given year, OH will request additional authority through a supplemental budget ordinance in the year that the funding award is made.

PROGRAM INCOME AND INVESTMENT EARNINGS (2016 AND PRIOR LEVIES)

The provisions of this section govern the use of Program Income and investment earnings to the extent consistent with provisions that remain in effect of applicable City ordinances submitting housing levy measures to the voters and with state Law.

Program Income received during the term of this A & F Plan from any of the 1986, 1995, 2002, or 2009 Housing Levy programs in the table below will be used consistent with current policies for the respective programs shown in Table 2 below. Investment earnings on any fund balances or Program Income from prior levies, and from the current levy, will also generally be used consistent with Table 2 below, except that:

- Earnings received from the 2002 and 2009 Homebuyer Assistance programs and the 2016 Homeownership program will be used consistent with the current Rental Production and Preservation Program. In each of these three levies, the ownership and rental housing programs share a subfund.
- At the end of each calendar year, OH will calculate investment earnings on the 2016 Levy Rental Production and Preservation Program fund balance. OH shall allocate such earnings to the Homelessness Prevention and Housing Stability Services Program in an amount not to exceed \$250,000, unless during the annual budget process it is determined by Council that investment earnings should be retained in the Rental Production and Preservation Program.
- Investment earnings for O&M programs authorized in the 1986, 1995, 2002, 2009 and 2016 levies are accumulated and will remain along with the original Levy allocation in discrete O&M subfunds to support 20-year subsidy awards, as well as any short-term loans as authorized in the Funding Policies or otherwise by ordinance.

Anything in this section notwithstanding, Program Income and investment earnings derived from taxes levied under RCW 84.52.105 pursuant to the 1995 and 2002 Levies shall be used only to finance affordable housing for Very Low-Income households.

**TABLE 2
APPLICABLE POLICIES FOR PROGRAM INCOME FROM PRIOR LEVIES**

Original Levy Program	Program policies that apply to Program Income
1986 Levy	
• Small Family Program	• 2016 Levy Rental Preservation and Production
• Large Family Program	• N/A - Units in SHA’s inventory
• Downtown Preservation	• 2016 Levy Rental Preservation and Production
• Special Needs Housing	• 2016 Levy Rental Preservation and Production
1995 Levy	
• Rental Production	• 2016 Levy Rental Preservation and Production
• Homeowner Rehabilitation	• Home Repair and Weatherization
• Homebuyer Assistance	• 2016 Levy Homebuyer Program
2002 Levy	
• Rental Preservation and Production	• 2016 Levy Rental Preservation and Production
• Homebuyer Assistance	• 2016 Levy Homebuyer Program
• Neighborhood Housing Opportunity	• 2016 Levy Rental Preservation and Production
• Rental Assistance	• N/A - 2002 Levy funds spent, do not revolve
2009 Levy	
• Rental Preservation and Production	• 2016 Levy Rental Preservation & Production
• Homebuyer Assistance	• 2016 Homeownership Program
• Rental Assistance	• N/A - 2009 Levy funds spent, do not revolve

3. LEVY PROGRAM POLICIES

Each Levy-funded program is administered according to program policies, which include goals and priorities, fund allocation process, allowable use of funds, and other requirements. These policies are contained in the Housing Funding Policies, a copy of which is attached as Appendix A. However, policies for the Homelessness Prevention and Housing Stability Services Program are included in this section.

RENTAL PRODUCTION AND PRESERVATION

Goal: Produce or Preserve 2,150 affordable apartments, Reinvest in 350 affordable apartments

The Levy Rental Production and Preservation Program funds acquisition, construction, and rehabilitation of property to provide housing that serves Low-Income households, including seniors, people with disabilities, formerly homeless individuals and families, and people working for low wages. Over the term of the Levy, at least 60% of the sum of program funds, combined with Operating and Maintenance Program funding, will support housing with rents affordable to individuals and families with incomes at or below 30% of Median Income; remaining funds may serve households up to 60% of Median Income. Program funds may be used according to Appendix A, Chapter 2, and Chapter 7 where applicable. As provided in the Levy Funding Plan section above, program funds may be used for Rental Rehabilitation Loans as described in Appendix A, Chapter 6.

OPERATING AND MAINTENANCE

Goal: Support operations for 510 affordable apartments

The Operating & Maintenance (O&M) Program funds building operations in Levy-funded housing, supplementing rental income in buildings that serve households with incomes at or below 30% of Median Income. Fund awards are for 20 years, subject to appropriations and annual reviews, and O&M funds are matched with tenant paid rent, other operating funding and, in most cases, services funding. Funding for this Program will support housing developed with 2016 Levy funding, except that Program funds may also be used to extend O&M contracts for projects receiving O&M funds under prior levies, as described in Appendix A, Chapter 3.

HOMEOWNERSHIP

Goal: Assist 280 low-income homeowners

The Levy Homeownership Program assists Low-Income, First-Time Homebuyers to purchase a home in Seattle and Low-Income Seattle homeowners to maintain stable housing. Loans are also made to housing organizations that will sell homes to First-Time Homebuyers with incomes at or below 80% of Median Income, which homes have restriction on resale prices and may be sold only to eligible buyers

for 50 years or longer. Low-Income homeowners can receive assistance in the form of home repair grants or one-time mortgage loans to prevent foreclosure.

ACQUISITION AND PRESERVATION

The Acquisition and Preservation **(A&P)** Program provides short-term funding ~~((to permit))~~ **for strategic Site ~~((a))~~ Acquisition. A&P Program loans can be made for acquisition of land or buildings ~~((of property))~~ for low-income housing preservation and development consistent with the objectives and priorities of the Levy Rental Production and Preservation and Homeownership programs. ~~((Loans will be made with))~~ **2016 Housing Levy funds that are not yet needed for other Levy programs may also be used for strategic Site Acquisition by OH to secure long-term opportunities for implementation of A&P Program objectives, when the property involved is suitable for long-term low-income housing use and, if it is not already in use as housing, development for that use will be feasible within a reasonable time.** ~~((; u))~~ Upon repayment **of loans or receipt of proceeds for property acquired,** the funds and **any** interest earned return to the initial Levy program.**

HOMELESSNESS PREVENTION AND HOUSING STABILITY SERVICES

Goal: Assist 4,500 individuals and households

The Homelessness Prevention and Housing Stability Services Program serves vulnerable families and individuals who are at risk of homelessness or experiencing homelessness. The program addresses housing-related barriers through a combination of housing stabilization support services and financial assistance. A housing stability assessment is required at the onset of services to determine the level of need and the amount of assistance required. Stabilization services typically include but are not limited to assistance with housing search, landlord negotiations, budget and financial coaching, assistance applying for mainstream benefits, reviewing leases, and meeting with participants to assess their ongoing level of need.

This program is structured to be flexible to meet the different financial and service needs of those at risk of homelessness and people experiencing homelessness using a progressive engagement framework. This approach is consistent with current national promising practices and local experience that point to the need for a holistic and flexible approach. In serving households at risk of homelessness, the program targets resources for households at greatest risk of homelessness including formerly homeless households and households experiencing extreme overcrowding.

Contractors are required to enter data in the Homeless Management Information System for the purpose of overall program planning as well as performance review. A key outcome measure is ongoing housing stability: the number of households who do not enter or return to homelessness 12 months after assistance to the household ends.

A. Eligible households

To be eligible to apply for program funds, households must meet all the following requirements:

- Homeless or at risk of homelessness
 - Households at risk of homelessness must have a documented housing crisis. For the purposes of this program, couch surfing or doubled up households with limited resources may be considered at risk of homelessness. Households must reside in Seattle at the time of program intake.
 - Homeless households must be literally homeless households staying in a place not meant for human habitation and must be referred through King County's regional Coordinated Entry for All system.
- 50% of Area Median Income or below
- Inadequate financial resources to secure or maintain stable housing without assistance
- Financial assistance may not exceed 12 months in a 36-month period

B. Eligible use of funds

Financial assistance is available for:

- Rent payments
- Rent or utility arrears needed to obtain or retain secure, stable housing
- Security and/or utility deposits and other move-in costs (background check fees, first and last month's rent)
- Legal and language interpretation fees needed to stop an eviction action
- Agency staffing and associated service delivery costs required to provide housing stabilization services
- Transportation assistance

C. Program requirements

Levy funds will be administered by contractors who demonstrate ability to do the following:

- Provide housing stabilization services
- Provide financial assistance to prevent or address homelessness using a progressive engagement framework
- Enter data directly into the region's Homelessness Management Information System (HMIS) for program planning and performance review

D. Program reporting

The Human Services Department will provide an annual program progress report to the Office of Housing to be included in the Housing Levy annual report due to the City Council no later than March 31st of each year. The annual data will be provided separately for homelessness prevention assistance

to households at risk of homelessness, and for assistance to households who are experiencing homelessness. The data will include but not be limited to:

- Demographic data for program participants such as race, gender, disability status, household income, and household composition,
- Program financial information such as average amount of assistance per household,
- The number of households served; and
- Program performance outcomes including the following:
 - 1) The number and percent of households exiting to permanent housing at program exit;
 - 2) The number and percent of households exiting to other (homelessness, shelter, etc.) at program exit;
 - 3) The number and percent of households stably housed at 12 months;
 - 4) The number and percent of households stably housed at 24 months.

4. REPORTING

OH will provide an annual program progress and performance report to the Mayor and City Council no later than March 31st of each year, covering activity for the previous year and cumulative performance for the 2016 Housing Levy. Reports will be reviewed in draft by the Housing Levy Oversight Committee. The annual report will include, but not be limited to:

- Accomplishments / production for each Levy program, including actual unit production and households assisted compared to goals:
 - Rental Production and Preservation -- units funded and funding reserved for those units, location of funded projects, populations served by projects
 - Operating and Maintenance -- units funded and their funding level
 - Homeownership -- number and value of loans approved; number, value and location of closed loans; income and demographics of assisted homeowners; average length of repaid and outstanding loans; and number and term of affordability for land trust and other housing units with resale restrictions. Foreclosure Prevention Program: number and value of loans approved; income and demographics of those assisted; reasons assistance needed; housing status at 12 and 24 months post assistance.
 - Acquisition and Preservation – ~~((loans))~~**properties and options (if any) acquired along with funding amounts** approved(~~((along with loan amounts))~~) and due dates **or expected timing for repayment of funds, as applicable, ~~((loans))~~amount and source of funding** repaid, projected units to be produced and preserved
 - Home Repair Program – number and value of loans and grants approved; income and demographics of those assisted; types of repairs funded with program.
 - Rental Rehabilitation Loans – number and value of loans approved; number, value and location of closed loans; number and affordability of units funded by program.
 - Rental Assistance -- number of households provided housing assistance and success at stabilizing households
- Affordability levels of housing produced with program funds, actual compared to goals;
- Demographic information for those served by Levy programs;
- Leverage achieved for each Levy program;
- The extent that Section 8 vouchers are linked to Levy-funded projects;
- Administrative costs and revenues available to cover such costs;
- Any additional information that the Housing Levy Oversight Committee believes should be included.