

# 2022 Seattle City Council Statement of Legislative Intent

Council Budget Action: Agenda

Tab	Action	Option	Version
OH	010	A	001

**Budget Action Title:** Request that funding decisions for OH's Fall 2021 Notice of Funding Availability (NOFA) recognize 2022 affordable housing appropriations and request that OH recommend modifications to the Housing Funding Policies

Ongoing: No Has Attachment: No

Primary Sponsor: Teresa Mosqueda

Council Members: Lisa Herbold, Kshama Sawant, Dan Strauss, Lorena González

Staff Analyst: Traci Ratzliff

Date		Total	LH	TM	KS	AP	DJ	DS	AL	BC	LG
	Yes	0									
	No	0									
	Abstain	0									
	Absent	0									

## Statement of Legislative Intent:

This Statement of Legislative Intent would request of the Office of Housing (OH) that: (1) funding decisions for the Fall 2021 Notice of Funding Availability (NOFA) recognize proposed 2022 affordable housing appropriations; and (2) OH recommend modifications to the Housing Funding Policies to allow small, community-based developers to more easily access Acquisition and Preservation Loan Program funds.

The OH's Fall 2021 NOFA for the production and preservation of affordable rental housing has \$35 million in funding to allocate. Fourteen projects, requesting \$112 million of funding, have applied for the NOFA. The projects seeking funding include new rental housing developments and existing city-funded projects seeking rehabilitation funding. OH is in the process of reviewing the applications to determine which projects are ready to be funded and will make funding decisions in December. For context, the NOFA amounts for previous years were: \$94 million in 2020, \$110 million in 2019, \$78 million in 2018, and \$98 million in 2017.

In 2021, the State Legislature provided the State Housing Trust Fund (HTF) with the largest appropriation of funds (\$218 million) in the state's history. Typically, about 30% of HTF is allocated to projects in Seattle and King County, assuming sufficient housing sponsors apply for funding. The current limitation on available funding in OH's 2021 NOFA could result in projects being unable to access available funding from the State Housing Trust Fund since a local match improves scoring for HTF funds.

With the passage of the JumpStart Payroll Expense Tax and subsequent creation of the JumpStart Fund, which allocates two thirds of revenues to affordable housing, there is a significant new source of affordable housing dollars available beginning in 2022. The 2022 Proposed Budget includes \$88 million of additional funding for OH's Rental Production and Preservation Program from a combination of Jumpstart Payroll Expense Tax, Federal Coronavirus Local Fiscal Recovery funds, Mandatory Housing Affordability funds and Transportation Network Company Tax revenue. In future years, an estimated \$135 million could be available from JumpStart Payroll Expense Tax for affordable housing.

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Current funding policies governing OH's Acquisition and Preservation Loan Program require less experienced community-based organizations to partner with traditional, more experienced developers when applying for funding from that program. This can preclude some community-based organizations from accessing this program for such acquisitions.

This Statement of Legislative would:

- 1) State the City Council's intent that OH may use funding appropriated in 2022 for OH's Rental Production and Preservation Program (RPPP) to make financing commitments for housing projects that applied to the 2021 Fall RPPP NOFA and are ready to receive a funding commitment; and
- 2) Request OH to work with the City Council to develop proposed modifications to the City's Housing Funding Policies to address policy barriers, including partnership requirements, for small, community-based developers that may have difficulty accessing the Acquisition and Preservation Loan Program and other acquisition programs funded by the Jumpstart Payroll Expense Tax. OH is requested to submit proposed legislation with such modifications to the City Council no later than March 31, 2022.

**Responsible Council Committee(s):**

Finance & Housing

**Date Due to Council:**

March 31, 2021