



**Seattle**  
Office of Housing

# Mayor's Proposed 2016 Seattle Housing Levy

Seattle City Council  
Select Committee - 2016 Seattle Housing Levy  
March 24, 2016



# 2016 Seattle Housing Levy Presentation Outline

1. Housing Levy Legacy of Success
2. Proposed 2016 Housing Levy Programs
3. Impact of Renewing and Expanding the  
Seattle Housing Levy in 2016



# Seattle Housing Levy

## 35 Year History of Affordable Housing Investment Exceeding Commitments to Seattle Voters

### Affordable opportunities citywide

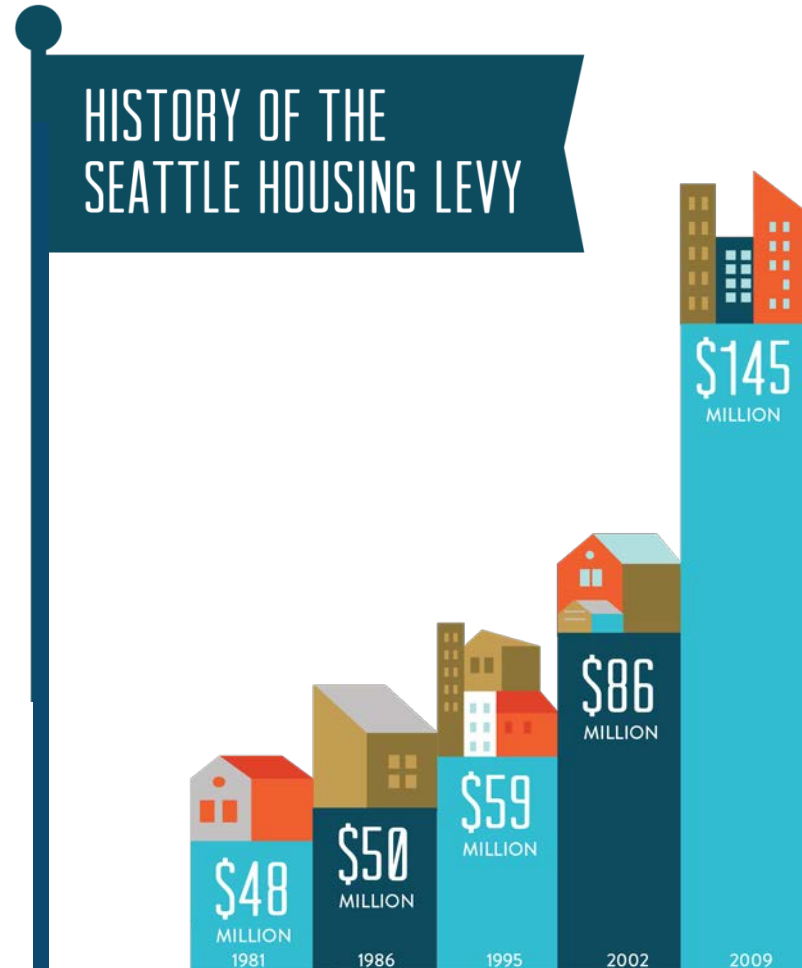
- 12,500+ affordable apartments funded
- 22,000+ residents served in 2014

### Serves the most vulnerable

- Majority of funding for extremely low-income and homeless residents

### Fosters inclusive communities

- Affordable options to prevent displacement
- Addresses racial disparities



# 2009 Seattle Housing Levy Impact

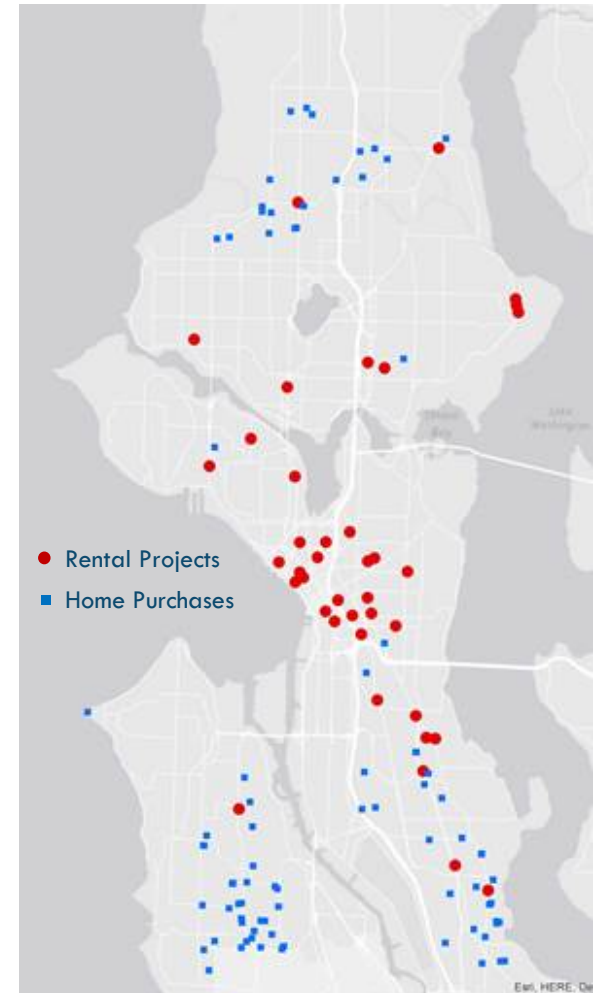
## First Six Years: Exceeding Goals

- Exceeding 1,670-unit goal: funded 2,184 apartments, affordable for 50 years
- Reinvestment to upgrade 410 units
- \$700 million total capital investment, leveraging over \$3 for each City dollar
- Emergency rent assistance for 2,442 families
- 143 homebuyer loans closed, plus 43 funded
- 3,516 construction jobs; 44 ongoing jobs\*
- Meet or exceed Evergreen Sustainable Development Standard

\*National Association of Homebuilders methodology



### 2009 Housing Levy Rental Projects and Home Purchases



# Mayor's Proposed 2016 Levy

\$290 million over 7 years

\$122/year for owner of median value home (\$5/month increase)

Program	Funding	Performance
Rental Production & Preservation	\$201 M	2,150 new apartments 350 reinvestment
Operating & Maintenance	\$42 M	510 units supported
Homelessness Prevention	\$11.5 M	4,500 households
Homeownership	\$9.5 M	280 households
Administration (9%)	\$26 M	
<b>Total</b>	<b>\$290 M</b>	



# Rental Production & Preservation Program

\$201 million, 2,150 units created, 350 units reinvested

- Serves families, seniors and people with disabilities, including homeless and low-wage workers
  - Up to 60% AMI, priority below 30% AMI
  - Affordable rents for at least 50 years
  - On-site and community-based services often provided
- Operating and services funding secured for homeless housing
- New construction and acquisition/rehabilitation projects, and reinvestment to upgrade previously funded affordable housing
- Competitive, flexible funding maximizes leverage of other capital funds, stretching City dollars

**Area Median Income (AMI)  
Selected Household Sizes**

<b>Persons / HH</b>	<b>30% AMI</b>	<b>60% AMI</b>
1	\$18,850	\$37,680
2	\$21,550	\$43,020
3	\$24,250	\$48,420



# Rental Production & Preservation Program – continued

## 2016 Production Goal



**Key Factors:** rising market costs, limited amount of equity for leverage, policy objectives to achieve rents at or below 30% AMI and increase family sized units

### Capital leverage assumptions:

- Incentive Zoning at \$5 million/year; limited Federal, State, County support
- Competitive tax credit equity (9%): Limited resource produces about 160 units/year. Critical to housing for homeless and extremely low incomes.
- Tax credit equity (4%) with tax exempt bonds: More readily available, shallower subsidy, requires more City subsidy per unit.

**Once access to competitive tax credits is exhausted, projects are financed with the next greatest leverage opportunity: tax credit equity with tax exempt bonds.**



# Operating & Maintenance Program

\$42 million, 510 units supported

## **Operating subsidy for Levy housing serving lowest income residents**

- Attracts significant federal homeless funding
- Subsidizes building operations for 20 years
- Increased program funding due to loss of other operating sources

## **Operating leverage assumptions** for homeless housing, other 30% AMI housing

- 300 – SHA Section 8 vouchers plus services funding
- **350 - Levy O&M** plus federal McKinney homeless funding
- **160 - Levy O&M** plus other operating and services funding
- Up to 440 units at 30% AMI without operating subsidy, tenant pays “rent chart” rent

**Without O&M and project-based Section 8 vouchers, it would be impossible to emphasize housing for the most vulnerable**





# Rental Housing Programs - Production and O&M

**Production:** 2,150 new units, 350 reinvestment units; 510 supported with O&M

**Affordability:** Maintain emphasis on serving the most vulnerable - 60% of combined funds to serve extremely low income and homeless residents

- Prioritize Levy capital funds and competitive tax credits for 30% AMI housing
- Provide additional capital subsidy to mixed-income buildings to reduce some rents to 30% AMI; higher rent units help offset operating expense
- Increase O&M due to limited operating sources, seek new resources to support homeless housing

**Feasibility:** Strategically pair two major Levy programs to achieve maximum production and deep affordability

- Capitalize on opportunity to include 30% AMI units in mixed-income affordable buildings



# Homelessness Prevention Program

\$11.5 million, 4,500 households assisted

## **Households at imminent risk of eviction and homelessness:**

- Stay in home or move to more affordable location
- Diverse network of nonprofit providers, help in 17 languages
- One-time costs: rent/utility arrears, deposits, application fees, moving costs
- Stabilization services: housing search, budgeting
- Rent assistance: one-time or a few months

## **2009 Levy performance:** 2,442 households assisted

- 83% of households in stable housing six months later

## **New program elements:**

- Levy-funded stabilization services
- Rent payments can be extended if families need more assistance



# Homeownership Program

## Program Review – Home Buyer Assistance

### Revolving Down Payment Loans

- Active loans: 590
- Average loan: \$41,400
- Repayments: 300
- Repayments support new eligible homebuyers

### Resale Restricted Home Purchases

- Active loans: 160
- Average loan: \$48,000
- Resales: 13
- Homes sold to new eligible homebuyers

### Investment Considerations: Homeownership and Rental Production

Roughly equivalent cost per “unit”

Homeownership:

- Mortgage interest deduction available
- Can build wealth through equity
- Homebuyer education supports successful homeownership
- Opportunity for family-sized housing



# Homeownership Program

\$9.5 million, 280 households assisted

Proposed funding augmented by \$2.25 million in Levy funds due to past and anticipated loan repayments

Assistance to first-time homebuyers, up to 80% AMI

- 180 home purchase loans
- Both revolving down payment loans and resale restricted home purchases

New: assistance to low-income homeowners, up to 50% AMI

- 100 home repair grants for owners at risk of losing their home
- Critical health and safety repairs
- Supplements existing HomeWise home repair loan program, covers urgent conditions where loans are infeasible



# Levy Impact: Preventing and Ending Homelessness

- **Invest in permanent supportive housing:** a proven strategy to move people with long histories of homelessness and disabling conditions from the streets to stable housing
- **Align with Federal, State, and All Home priorities:**
  - Supportive Housing for chronically homeless people with disabilities
  - Affordable rentals for people below 30% AMI, most likely to be severely cost burdened
  - Emergency assistance to prevent the trauma of homelessness



Resident of Cheryl Chow Court, Ballard

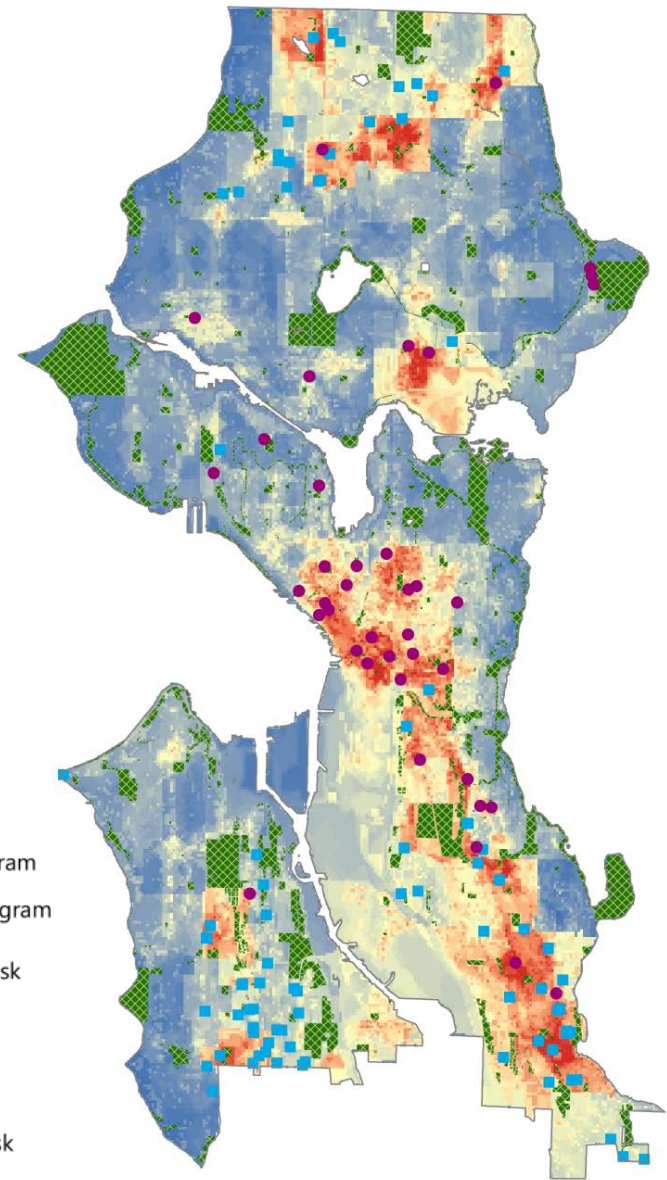
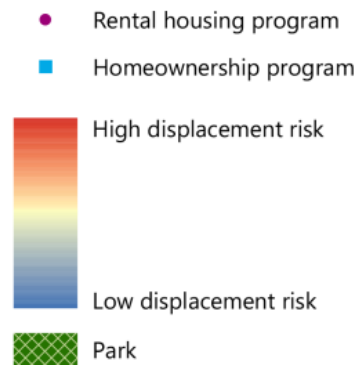


Interbay Supportive Housing



# Levy Impact: Inclusive Communities, Preventing Displacement

- **Strategically invest in communities with high displacement risks**
- **Provide stability for long term residents and access to amenities as communities grow**



Seattle Comprehensive Plan  
Displacement Risk Analysis





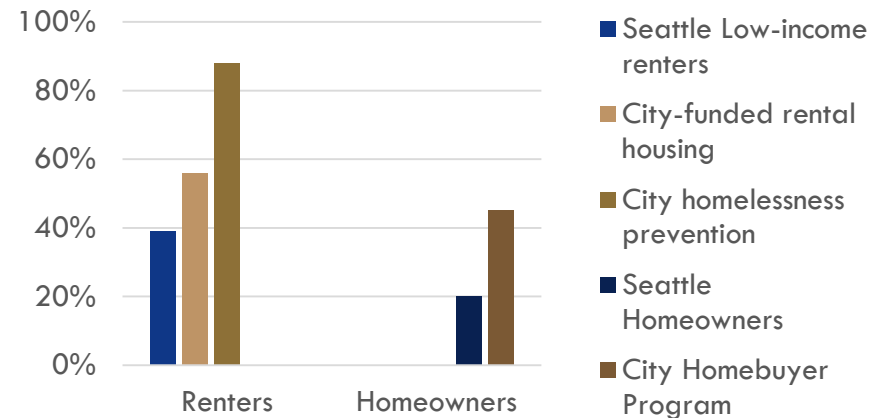
# Levy Impact:

## Inclusive Communities, Preventing Displacement

- **Advance racial equity: programs are accessible for people of color who experience the highest rates of severe cost burden**
- **Support community partnerships: address local housing needs and support local services and small businesses**



**People of Color, % of Households**



Emerald City Commons, Southeast Seattle

# Levy Impact:

## Long-term Affordability, Broad-ranging Benefits

- **People who work for low wages can live near their jobs and high capacity transit**
- **Seniors can stay in their community near familiar neighbors and services**
- **Stability for vulnerable Seattle school children and their families has long-term benefits for health and academic achievement**

