

# Racial Equity Toolkit – Geographic Distribution of OH Investments

## Office of Housing Administrative & Financial (A&F) Plan and Housing Funding Policies

<b>Title of policy, initiative, program, budget issue:</b> Geographic Distribution of OH Investments	
<b>Description:</b>	Council Resolution 32093 requested from the Office of Housing (OH) in its proposed Administrative & Financial Plan and Housing Funding Policies that: “Efforts will be made to encourage the geographic distribution of low-income housing developed with 2023 Housing Levy programs throughout Seattle, with a focus on areas with a high risk of displacement and underserved by previous affordable housing development.”
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<input checked="" type="checkbox"/> Policy	<input type="checkbox"/> Initiative	<input type="checkbox"/> Program	<input type="checkbox"/> Budget Issue
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### Step 1. Set Outcomes.

1a. What does your department define as the most important racially equitable community outcomes related to the issue?

- Alignment with Affirmatively Furthering Fair Housing principles, which require the City to
  - determine who lacks access to opportunity and address any inequity among protected class groups;
  - promote integration and reduce segregation in housing; and
  - transform racially or ethnically concentrated areas of poverty into areas of opportunity
- Mitigate and prevent displacement of low-income and BIPOC households
- Increase housing choice and economic mobility for low-income and BIPOC households

1b. Which racial equity opportunity area(s) will the issue primarily impact?

<input type="checkbox"/> Education	<input checked="" type="checkbox"/> Community Development
<input type="checkbox"/> Criminal Justice	<input type="checkbox"/> Environment
<input type="checkbox"/> Health	<input checked="" type="checkbox"/> Housing
<input type="checkbox"/> Jobs	

### Step 2. Involve stakeholders. Analyze data.

2a. Are there impacts on geographic areas?

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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Check all neighborhoods that apply:

<input checked="" type="checkbox"/> All Seattle neighborhoods	<input type="checkbox"/> Ballard	<input type="checkbox"/> Central
<input type="checkbox"/> Delridge	<input type="checkbox"/> East District	<input type="checkbox"/> Greater Duwamish

<input type="checkbox"/> North	<input type="checkbox"/> NE	<input type="checkbox"/> Lake Union
<input type="checkbox"/> Southeast	<input type="checkbox"/> Southwest	<input type="checkbox"/> King County (outside Seattle)
<input type="checkbox"/> Outside King County <u>Please describe:</u>		

**2b. What are the racial demographics of those living in the area or impacted by the issue?**

While this policy/initiative may apply to any neighborhood where City-funded affordable housing is located, the Council Resolution calls for a specific focus on areas with a high risk of displacement and areas underserved by previous affordable housing development. Upon reviewing OPCD’s Displacement Risk Index and Racial & Social Equity Index maps, areas with a high risk of displacement tend to have larger populations of Black, Indigenous, and People of Color (BIPOC) households, while areas underserved by previous affordable housing development tend to have lower populations of BIPOC households.

**2c. How have you involved community members and stakeholders?**

On November 2, 2023, OH held a meeting with stakeholders, including representatives from community-based organizations, to gather feedback on geographic and community development priorities. OH will seek out additional opportunities, potentially in collaboration with other City departments, to have additional conversations with stakeholders and other community-based organizations. Feedback from engagement has helped inform OH’s updates to its Housing Funding Policies and Notice of Funding Availability (NOFA) priorities.

**2d. What does data and your conversations with stakeholders tell you about existing racial inequities that influence people’s lives and should be taken into consideration?**

- Areas with a high risk of displacement tend to have larger populations of BIPOC households, higher concentrations of low-income households, and a greater number of publicly-subsidized affordable housing developments. Areas considered to have “high access to opportunity” tend to have smaller populations of BIPOC households, lower concentrations of low-income households, and a smaller number of publicly-subsidized affordable housing developments.
- According to OPCD’s Community Indicators Report (2020), there are disparities in outcomes for households between Race & Social Equity (RSE) priority areas (often correlated with high risk of displacement areas) and non-priority areas (often correlated with high access to opportunity areas). Some of these disparities include:
  - Health Outcomes: “Households in RSE priority areas face disproportionately high risks of exposure to air pollution.” (pg. 5)
  - Food & Cultural Relevance: “Households in RSE priority areas are as likely as those in the city as a whole to have a grocery store nearby that sells fresh fruits and vegetables, but gaps in access and cultural relevance remain.” (pg. 5)
  - Education & Economic Opportunity: “The Washington Schools Improvement Framework (WSIF), an index of school performance, shows large disparities among Seattle’s elementary schools by race/ethnicity, income, and neighborhood.” (pg. 6)
- OH stakeholders engaged on 11/2 emphasized the importance of recognizing and addressing past discrimination against BIPOC communities and the need to prioritize redressing the harm that has been done to those

communities through targeted investments and strategies that mitigate and prevent displacement while also providing access to socio-economic opportunity, as well as by creating opportunities to build generational wealth (namely through homeownership).

## **2e. What are the root causes or factors creating these racial inequities?**

- Historically, city planning policies (including zoning), racially restrictive covenants, and financial institution practices (including redlining) have contributed to housing segregation across Seattle and other US cities. Two factors that have influenced ongoing segregation, and particularly a lack of affordable housing development in Seattle areas deemed “high access to opportunity”, are the high cost of land and exclusionary zoning that limits development capacity.
- Additionally, it can be difficult to site affordable housing in certain neighborhoods and specific sites due to community opposition. Communities with more access to resources (namely legal, financial, and political connections) have outsized influence on development and can impede or halt affordable housing development.

## **Step 3. Determine benefit or burden.**

Given what you have learned from data and from stakeholder involvement...

### **3. How will the policy, initiative, program, or budget issue increase or decrease racial equity?**

- OH’s proposed updates to its Housing Funding Policies and Notice of Funding Availability (NOFA) priorities will advance racial equity by identifying the factors that should be prioritized in funding decisions. Examples of factors that could be assessed include displacement risk, access to opportunity, presence (or absence) of City-funded affordable homes.
- Proposed updates to the Housing Funding Policies include the following priority for the Rental Housing Program: “Affirmatively further fair housing and advance the City’s equitable development goals, including by prioritizing investments in areas where residents have experienced and/or are at risk of displacement (particularly for communities that have been disproportionately negatively impacted by systemically racist practices such as redlining), that provide high access to opportunity, or that have not received significant public investment for affordable housing previously.”
- Subsequent work will need to be undertaken to determine the precise evaluation method and process OH employs in making funding decisions. This will likely involve an iterative process where OH attempts different evaluation metrics and assesses the potential impact of their application. It will be important to use processes that are at least initially experimental and non-binding in order to avoid potentially negative unintended consequences of the practical implementation of a theoretical framework.

## **Step 4. Advance opportunity or minimize harm.**

### **4. How will you address the impacts (including unintended consequences) on racial equity?**

- The already implemented neighborhood preference policy helps to address some current displacement. Current and growing OH investments in permanently affordable homeownership will also help to a limited extent to build wealth in some low-income BIPOC families that otherwise would not have had the opportunity. Successfully

targeted investments in affordable rental housing will provide options for residents who might otherwise have been displaced to stay in place and for those who have already been displaced to return. However, because the housing development process takes a long time, immediate impact will likely be minimal.

- Root causes outside of OH’s statutory responsibility have historically driven the inequitable geographic distribution of affordable housing projects. For example: redlining, exclusionary zoning, and the resulting economic and racial segregation of Seattle neighborhoods has generally made land in formerly redlined areas less expensive than other parts of the city. Current zoning and transit patterns continue these trends. Because of this disparity in land costs and other factors such as zoning, a greater number of affordable housing buildings (which are typically developed and owned by non-profit entities) in Seattle are located in historically redlined neighborhoods.
  - OH can primarily address these root causes by working with other governmental agencies at the local, state, and federal levels, and non-governmental institutions, including banks and other funders, to influence broader systems change.
  - In order to affirmatively further fair housing in Seattle, OH intends to address segregation and historical patterns of development by prioritizing investments in areas where residents have experienced and/or are at risk of displacement, areas that provide high access to opportunity, and areas that have not received significant public investment for affordable housing previously.
  - Permanently affordable homeownership opportunities allow for some degree of wealth building, and the expansion of those investments could possibly support some households to build greater generational wealth.
- OH staff will continue to collaborate with the department’s Change Team and senior leadership to regularly assess and improve OH’s funding policies and practices, including processes related to evaluating funding applications and making funding awards. One example of current and ongoing work is a review of OH’s evaluation process for Notice of Funding Availability (NOFA) applications. OH will continue to engage community members and stakeholders to inform policy formation and practice implementation, both to determine priorities and assess the effectiveness of interventions. This could come in the form of workshops and input sessions, as well as evaluation panels composed of partners and community member representatives.
- Through intentional use of stakeholder feedback loops in formal project cycles, OH will evaluate its investment performance according to the metrics and criteria it will establish based on the priorities created as a result of this process, report that performance internally and to stakeholders to take their feedback and proposed improvements, and then make appropriate modifications to policy and practice to drive improvement.

## **Step 5. Evaluate. Raise racial awareness. Be accountable.**

### **5a. How will you evaluate and be accountable?**

Over the next 1-2 years, OH will test new processes for evaluating funding applications according to identified geographic priorities in which OH will explore different evaluation methods and metrics to determine which combination is likely to result in the most effective and streamlined system. Diverse stakeholders have and will continue to be engaged in the process of designing, implementing, and evaluating. This effort and its intent will be communicated informally in the office and with stakeholders. If and when more stable and reliable evaluation methods are identified, OH will undertake more formal communication to other City partners, stakeholders, and community.

### **5b. What is unresolved?**

While OH’s proposed updates to its Housing Funding Policies and Notice of Funding Availability (NOFA) priorities will be OH’s most concrete strategy in the short-term, OH’s internal practices around evaluation of funding applications may have a greater impact on racial equity. Over the coming years, OH will assess the outcomes of these updated policies, priorities, and practices, and will continue to work with City partners, housing providers, and community-based organizations to advance our shared equitable community development goals.

**Step 6. Report back.**

Over the coming years, OH will report on the outcomes of the Housing Funding Policies updates discussed here and work with OH Change Team and OH senior leadership to ensure these outcomes align with the department’s and City’s racial equity goals.