

Housing Funding Policies (HFP), Program Years 2024-2026

Summary of Notable Proposed Changes from Prior Version, May 2024

| Supporting Housing Providers and Workers | | | |
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| Item | Description | Rationale for Proposed Change | Location in Document |
| Permanent Supportive Housing (PSH) Operating, Maintenance, and Services (OMS) - Workforce Stabilization Fund (WSF) | Describes the purpose, guidelines, and requirements for the new PSH OMS - Workforce Stabilization Fund. | PSH OMS - Workforce Stabilization Fund is a new program, established under the 2023 Housing Levy. In prior draft, policy details were in Administrative and Financial (A&F) Plan, which deals exclusively with Levy funded programs, Moved to HFP because the program utilizes Levy and JumpStart/PET. | HFP, OMS Chapter III.2. |
| Resident Services | Describes the purpose, guidelines, and requirements for the new Resident Services program. | Resident Services is a new program, established under the 2023 Housing Levy, to assist affordable housing providers to offer resident services that support the housing stability and physical, emotional, and financial well-being of residents of non-Permanent Supportive Housing. | HFP, OMS Chapter III.3. |
| Supplemental Operating Support for Organizational Stabilization | Adds a new section to HFP with high-level guidelines for the deployment of funds intended for organizational and operating financial stabilization. | Ad-Hoc funding opportunities for the purpose of stabilizing project or organizational operating finances (or mitigating negative financial impacts) has been offered at least twice by OH. This language provides guidelines that OH staff can use to design such offerings that builds on learnings, allowing flexibility to adapt to changing conditions. These funding opportunities have been in very high demand from current operators of OH funded housing as inflation, increases in insurance, rent arrears, and other costs have increased. | New Section in Chapter III (OMS) of HFP, III.4. |

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| Long-Term Preservation of City-Funded Rental Housing | Adds a new section to HFP with guidelines for addressing expiring terms of affordability in City-funded rental housing. These guidelines include options for preservation, redevelopment, and exploration of community ownership, along with considerations for notification, relocation, and other support for current residents. | Responsive to Resolution 32093 , Section 4C. City investments in affordable housing date back to the 1980s, and some of these buildings are now approaching the ends of their agreed terms of affordability. This proposed change builds on work that was already in progress at OH and is intended to be the first step in formalizing the City's practices as more buildings reach the ends of their affordability terms. | New Chapter V in HFP. In prior version of HFP, placed after Foreclosure Prevention Program, prior version Chapter 4.II |
| Increase OMS Per-Unit Cap and Addition of JumpStart/PET as Potential Source of OMS | Modifies language to increase maximum per-unit OMS subsidy to \$5,415 and allows use of JumpStart/PET as a funding source. | The current per-unit cap of \$2,500 per year has not been changed in approximately 20 years. In that time, operating costs have increased significantly for buildings that provide permanent housing for people experiencing homelessness. At the same time, some public sources of operating funding have decreased, as the number of PSH homes needing operating support has increased. This change allows the City to provide operating support at levels that are more reflective of actual need. | HFP Operating, Maintenance, and Services Program (previously Operating and Maintenance Program), Chapter III.1.C, prior version Chapter 3.C |
| Developer Fee Schedule and Policy; Upward Adjustment of LIHTC Equity | <p>Developer Fee – Updates the developer fee schedule.</p> <p>Upward Adjustment – Clarifies expectations about the use and distribution of upward adjusters from the Low-Income Housing Tax Credit program (LIHTC).</p> | <p>Developer Fee – The current developer fee schedule has been virtually unchanged for approximately 10 years. In that time, the cost and complexity of affordable housing development has increased. In collaboration with housing developers and other funders, OH proposes increasing the fees developers may receive from projects, scaled based on project type and size. In addition, OH proposes incentives for cost-effective development and certain requirements for joint ventures to facilitate equitable distribution of the cash fee.</p> <p>Upward Adjustment – OH, in collaboration with housing developers and other funders, proposes a policy on upward adjusters to improve transparency, equity, and clarity. The proposed policy balances reinvestment in previously-funded projects and investment in new homes.</p> | <p>HFP Rental Housing Program Policies, Chapter II.2.E.iii and v, prior version Chapter 2.VI.</p> <p>Developer Fee is detailed in a separate document outside of policy.</p> |
| Pre-Development Costs | Adapts language to make pre-development costs an eligible use of funds. Creates a definition for pre-development costs. Adds language to | Pre-development costs can be a significant barrier to affordable housing development, particularly for sites that require remediation or have other characteristics that make them | HFP Rental Housing Program Policies Chapter II.2.A.iii, prior version |

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| | encourage borrowers to utilize other cost-efficient sources of funding for pre-development costs. | difficult to develop. This proposed change would allow OH to provide funds to support such costs, when appropriate. | section 2.II.A. HFP Homeownership Program Chapter IV.2.D.iv, prior version Chapter 4.I.D.4. HFP Definitions Chapter XI, prior version Chapter 11. |
| Conditions for increases in funding (Rental Housing) | Adds non-exhaustive list of conditions under which fund increases may be warranted. | Better describe and define possible reasons for funding increases, including construction cost increases and interest rate increases. | HFP Rental Housing Program Policies Chapter II.2.D.iv |
| Forward commitment of funds (Rental Housing) | Removes mention of all fund sources except for Levy to be used for forward commitments. Added simple definition of forward commitment. Clarified language. Maintained \$15 m cap. | Limits forward commitments to Housing Levy Rental Housing funds to minimize risk associated with other local sources. | HFP Rental Housing Program Policies Chapter II.2.D.v |

Advancing Racial Equity and Increasing Access to Affordable Housing

| Item | Description | Rationale for Proposed Change | Location in Document |
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| Adjustments to caps on Homeownership Development (Per-Unit Cap) and Down Payment Assistance (DPA Cap) | <p>Per-Unit Cap – Creates scaled development subsidy caps for affordable for-sale homes, based on the number of bedrooms per home, and increases caps overall.</p> <p>DPA Cap – Raises cap on maximum Down Payment Assistance from \$55,000 to \$80,000.</p> <p>Land Acquisition Cost for Homeownership Development.</p> | <p>Per-Unit Cap – The previous cap was set years ago and only defined subsidy levels for studios and homes with three or more bedrooms. The proposed policy raises the caps overall and scales to the number of bedrooms per home. This proposed change increases the financial feasibility of affordable homeownership developments and more effectively incentivizes the development of a range of family-sized homes.</p> <p>DPA Cap – The previous cap on Down Payment Assistance was set in 2016. Since that time, both housing costs and the cost of borrowing have greatly increased in Seattle and across the country. Raising the cap on the amount of Down Payment Assistance a low-income household may receive enables the</p> | <p>Per-Unit Cap – HFP Homeownership Program Chapter IV.2.D.v.3, prior version Chapter 4.D.</p> <p>DPA Cap – HFP Homeownership Program Chapter IV.2.C.i (Subordinate Mortgage Loans),</p> |

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| | | <p>program to provide a more meaningful level of assistance in the current housing market.</p> <p>Land Acquisition – Specifies that land acquisition costs are to be covered by JS/PET for up to \$10M in the 2023 Levy period. This was presented during public process (TAC) and Levy goals were modeled with this assumption.</p> | <p>prior version Chapter 4.C.</p> <p>Land Acquisition – HFP Homeownership Program Chapter IV.2.D.v.3</p> |
| Home Repair Grant Program Income Eligibility Raised to 80% AMI | Raises the Home Repair Grant program's income eligibility for households from 50% AMI to 80% AMI. | There are fewer homeowners with incomes at or below 50% AMI now than there were when this policy was adopted. This proposed change would allow more low-income homeowners to access this program and make needed health and safety repairs to their homes. | HFP Home Repair, Rental Rehabilitation, and Weatherization Chapter VII.3.B, prior version Chapter 7.I. |
| Maximum Home Repair Grant Amount Increased from \$10,000 to \$20,000 | Increases the maximum home repair grant amount from \$10,000 to \$20,000. | With inflation and increases in costs over the years, the prior \$10,000 maximum grant amount is no longer sufficient to cover many types of critical repairs. | HFP Home Repair, Rental Rehabilitation, and Weatherization Chapter VII.3.A, prior version Chapter 7.I. |
| Strengthened Commitment to Racial Equity in Homeownership Priorities | Modifies a priority under the Homeownership Program to focus on serving those who have been harmed by discriminatory practices. | In alignment with federal fair housing rules and the goals of the City's Race and Social Justice Initiative (RSJI), this proposed change strengthens the City's commitment to using homeownership investments to advance racial equity. | HFP Homeownership Program Chapter IV.1, prior version Chapter 4. |
| Priority for Organizations Serving Communities Historically Excluded from Equitable Access to Housing | Adds language prioritizing funding awards for organizations serving the needs of BIPOC communities and other groups that have been historically excluded from equitable access to housing. | Responsive to Resolution 32093 , Section 3G. Advances the City's commitment to undoing past harms and addressing exclusionary housing policies that have disproportionately impacted certain communities, including BIPOC communities. | HFP Rental Housing Program Chapter II.1.A, prior version Chapter 2. |

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| Encouraging Greater Geographic Distribution of Housing Levy and Other OH Housing Investments | Proposes new program priority that aligns OH with HUD's proposed Affirmatively Furthering Fair Housing rule. Encourages affordable housing investment in areas with high risk of displacement (particularly for groups disproportionately impacted), with high access to opportunity, and that have been underserved by prior affordable housing investment. | Responsive to Resolution 32093 , Section 3A and federal fair housing rules. Reflects OH's commitment to Affirmatively Furthering Fair Housing, advancing the City's equitable development goals, and upholding Race and Social Justice Initiative (RSJI) principles. | HFP Rental Housing Program Chapter II.1.A, prior version Chapter 2. JumpStart/PET Community Self-Determination Fund Program Chapter VI.1, prior version Chapter 6. |
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Improving Data and Reporting, Other Modernization Updates

| Item | Description | Rationale for Proposed Change | Location in Document |
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| Consolidation and Reform of Short-Term Loan Programs | Replaces former "Bridge Loan" programs under rental and homeownership chapters with respective Short-Term Loan programs. | Previously, multiple separate policies offered short-term loans for acquisition and development. This created a lack of clarity around the authority, limits, and terms in use with short-term loans. This proposed change consolidates all short-term loans into two policies, one for rental and another for homeownership, each with clearer terms and limitations. They are both modeled on the prior Acquisition and Preservation Loan program, but are adapted to serve their own unique needs and draw on their own funds sources. | HFP Rental Housing Program Policies Chapter II.2.F, prior version Chapter 2.VII. HFP Homeownership Program Chapter IV.2.E, prior version Chapter 4.I.E. Eliminates HFP Acquisition and Preservation Program, prior version Chapter 5. |
| Collect, Analyze, and Report on Vacancy Data | Adds language to state that OH will monitor and report on vacancy trends no less than annually. | Building on OH's current monitoring and reporting practices, OH will work with providers and other public funders to create sustainable mechanisms to collect, analyze, and report on vacancy data. | HFP Rental Housing Program Policies Chapter II.2.H.i, prior version Chapter 2.X.A.6. |
| Language Access in Affirmative Marketing | Adds a requirement to conduct outreach in languages other than English, as appropriate for the community and area. | Strengthens the implementation of affirmative marketing in alignment with the intent of the program. | HFP General Policies for Capital Funding Chapter X.4, prior version Chapter 10.IV. |

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| Addition of Homeownership Stewardship and Monitoring Sections | Adds sections under the Homeownership Program detailing stewardship and project monitoring requirements for projects receiving development subsidy. | Requirements for stewardship and project monitoring of homeownership developments were not previously articulated in the HFP, though they were expected in practice. The proposed policy language details expectations around stewardship for homeownership organizations, as well as compliance monitoring expectations and reporting requirements. | HFP Homeownership Program Chapter IV.2.D.v.2 and IV.2.F |
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