

Seattle Office of Housing Housing Financing Overview

Housing & Human Services Committee

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Terms Simplified

- **AMI** (Area Median Income)
- **NOFA** (Notice of Funding Availability)
- **RFP** (Request for Proposals)
- **LIHTC** (Low Income Housing Tax Credits)
- **Equity**
- **Leverage**
- **Construction loan, bank loan**
- **OMS** (Operating, Maintenance, & Services)



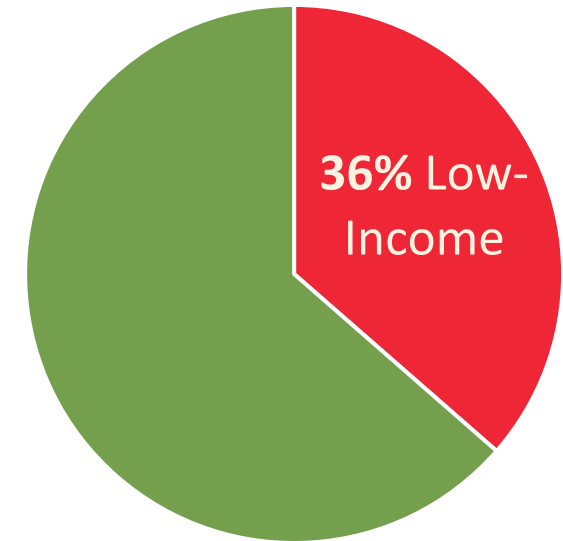
What does 'low income' mean?

Area Median Income (AMI) is a measure established by HUD, used to determine eligibility for various human services and housing.

- **Low-income** households make less than 80% AMI
- **Very low-income** households make less than 50% AMI
- **Extremely low-income** households make less than 30% AMI

Over 1/3 of Seattle households are low-income.

Percentage of low-income households in Seattle



Source: US Department of HUD, CHAS 2015-2019, ACS 5-Year Estimates, Seattle

Who can't afford to live in Seattle?



Richie and Renee are expecting a baby. They'd like a 1-bedroom, but can only afford a studio apartment.

| | | |
|-------------------------|------------|----------|
| Richie | Barista | \$31,200 |
| Renee | Dishwasher | \$31,200 |
| Household Income | | \$62,400 |
| Affordable monthly rent | | \$1,560 |



Jamie and Carl want to buy a home, but don't qualify for a mortgage. They can afford a 2-bedroom apartment, where their elderly mother and daughter share a room.

| | | |
|-------------------------|---------------------|-----------|
| Jaime | Construction Worker | \$50,900 |
| Carl | Art Teacher | \$53,352 |
| Rosalia | Elderly Parent | \$0 |
| Jade | Child | \$0 |
| Household Income | | \$104,252 |
| Affordable monthly rent | | \$2,606 |





Housing Needs and the Role of Seattle's Office of Housing

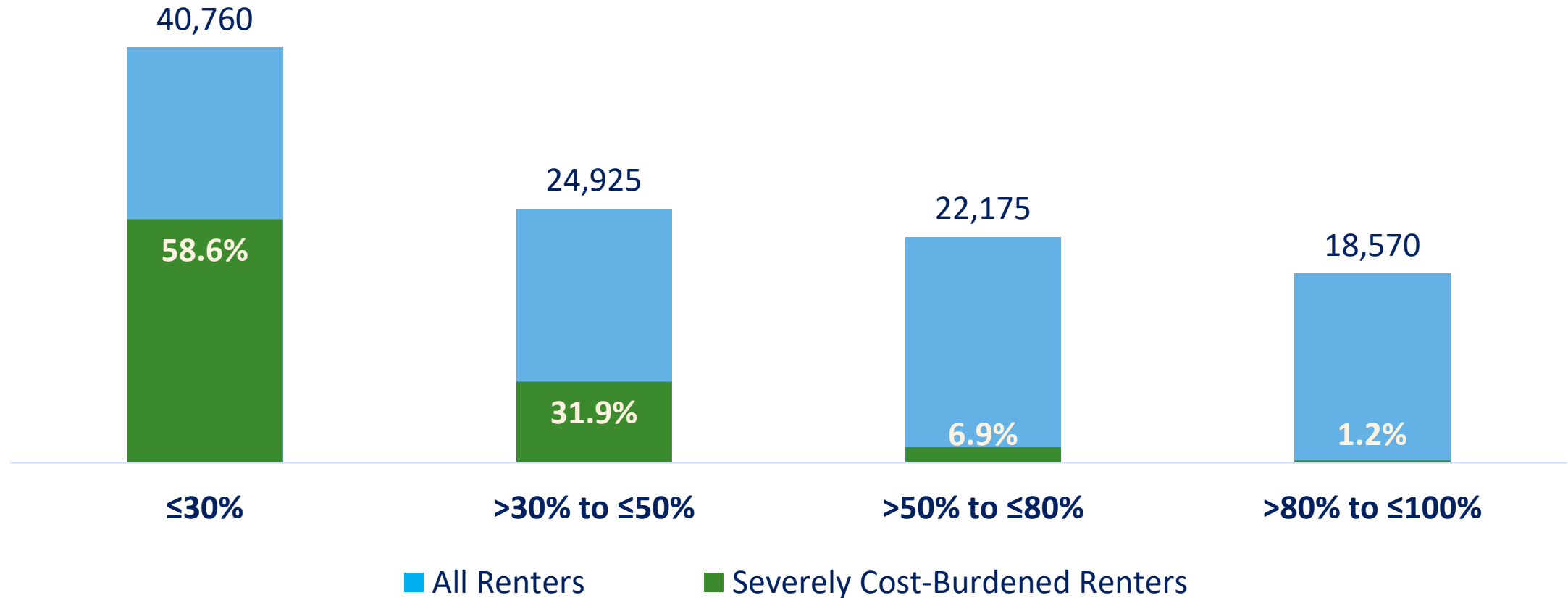
Key Principles

- By 2044, Seattle needs 112,000 more affordable homes
- Seattle's housing need is greatest for those with the lowest incomes
- Leveraging other funding sources helps us maximize OH funding to build as many affordable homes as possible
- Existing homes also need support



*Africatown CLT and Community Roots Housing
Liberty Bank Building, 114 affordable homes*

Severe housing cost-burden affects those with the lowest incomes



Source: US Department of HUD, CHAS 2015-2019, ACS 5-Year Estimates, Seattle



Seattle needs 112,000 new homes by 2044

Future housing needs broken down by AMI

| Permanent Supportive Housing | Affordable Housing | | | Private Market | |
|------------------------------|--------------------|---------------|--------------|----------------|---------------|
| | 0-30% AMI non-PSH | 30-50% AMI | 50-80% AMI | 80-120% AMI | 120% AMI+ |
| 28,572 | 15,024 | 19,144 | 7,986 | 11,572 | 29,702 |
| 0-30% AMI PSH | 0-30% AMI non-PSH | 30-50% AMI | 50-80% AMI | 80-120% AMI | 120% AMI+ |

Assumes average household size of 2.24

Source: Countywide Planning Policies, King County Growth Management Planning Council, 2023



How we meet Seattle's housing needs

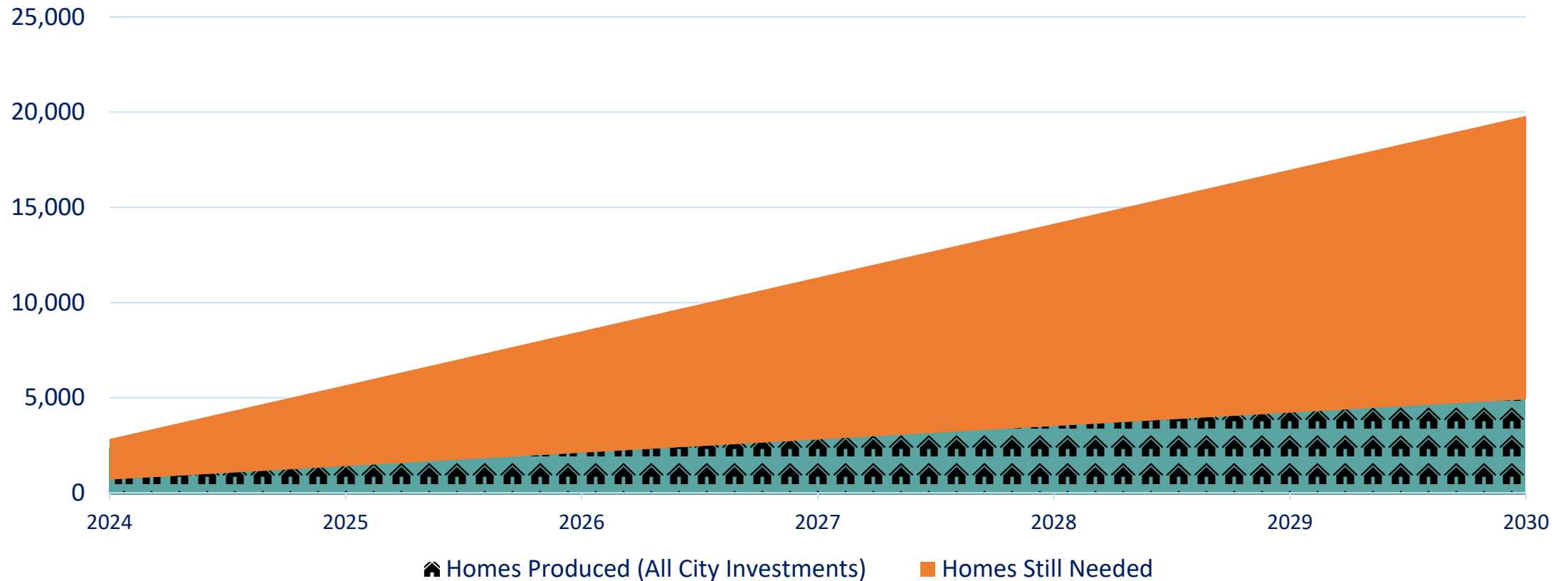
Affordability Levels (Household Income)

| | 0% - 50% AMI | 50% - 80% AMI | 80% - 100% AMI | Over 100% AMI |
|---|--------------|---------------|----------------|---------------|
| OH investments (Housing Levy, JumpStart) | ✓ | ✓ | | |
| Government incentives (MHA, MFTE, IZ) | | ✓ | ✓ | |
| Private Market | | | ✓ | ✓ |

Source: BERK Consulting and City of Seattle OPCD, 2021,
with additions by Seattle OH, 2023














Affordable Housing Need & Production (Projected 2024-2030)



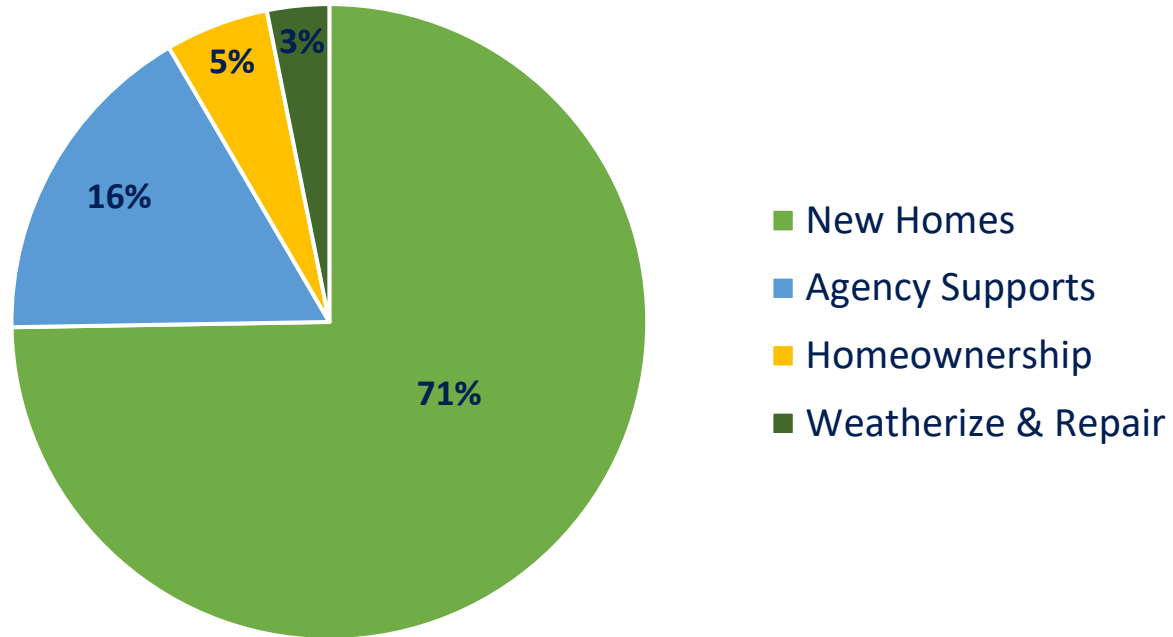
Affordable for incomes 0%-80% AMI



How do OH fund sources work together?

| | Rental Production & Preservation | | Operating, Maintenance & Services (OMS) | Homeownership | Homelessness Prevention |
|---------------------------------------|--|--|--|---|---|
| | 0-30% AMI | 30-60% AMI | 0-30% AMI | 0-80% AMI | 0-50% AMI |
| Housing Levy |  |  |  |  |  |
| Payroll Expense Tax |  |  |  |  | |
| Mandatory Housing Affordability (MHA) | |  | |  | |

OH Program Areas



Majority of OH investments are dedicated to building new rental housing.

Administration funding of 6% not reflected

Affordable Housing Development and Production

Affordable Rental Housing

- Invest to develop
- Invest to operate
- Compliance monitoring





OH Process of Developing Rental Housing Projects

Typical Affordable Development Process



Organizing and Visioning

- Meet with Developer and partners to discuss project concept
- Review site questions

Project Concept and Pre-Development

- Discuss project feasibility
- Provide technical assistance to projects
- NOFA/RFP issued, and applications are reviewed

Development and Construction

- Budget scrutiny, legal review, and underwriting
- In coordination with other funders, produce and execute loan docs
- Site inspections
- Develop and negotiate OH contract for operating and services funding, if applicable

Operations and Sustainability

- Provide technical assistance to owner on operating and services funding
- Asset Management Team ongoing compliance and monitoring of project, including onsite inspections and document review

Office of Housing tasks and activities throughout development process

We partner with other public funders to finance affordable housing

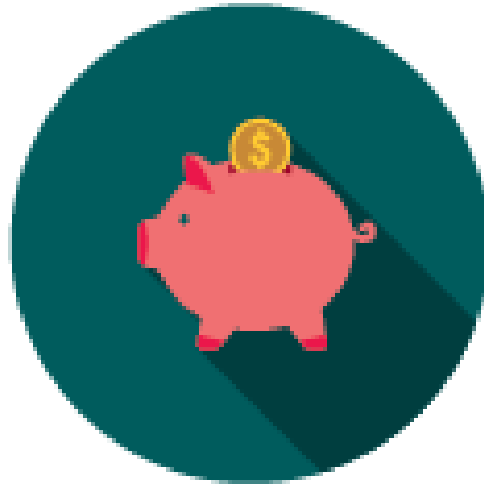
- Washington State Housing Finance Commission and LIHTC investors
- Washington State Department of Commerce and Housing Trust Fund
- King County Department of Community and Human Services



Improving Efficiency of OH Investments



Tax credit reform and more **federal investments**



Decrease construction costs and **innovate**



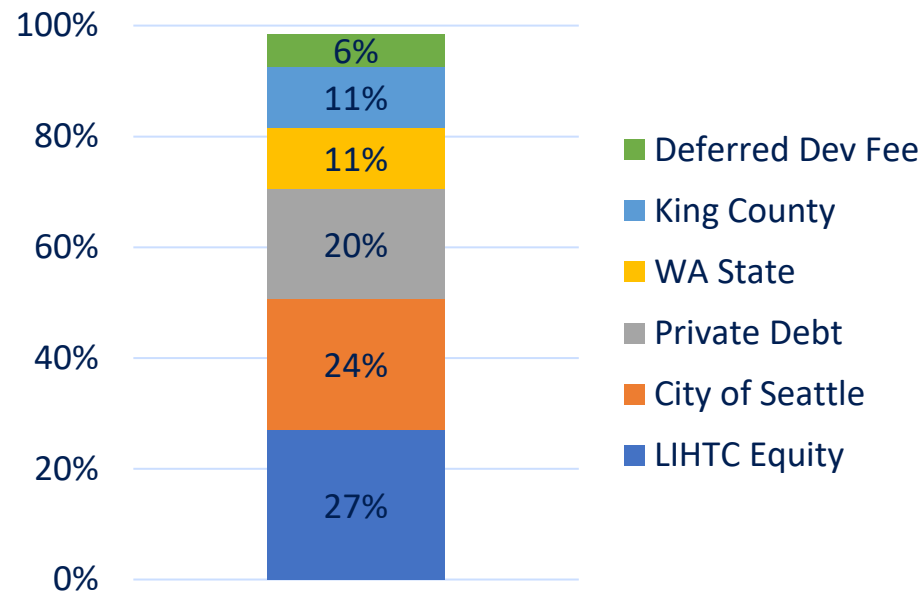
Enhanced **efficiency in permitting**



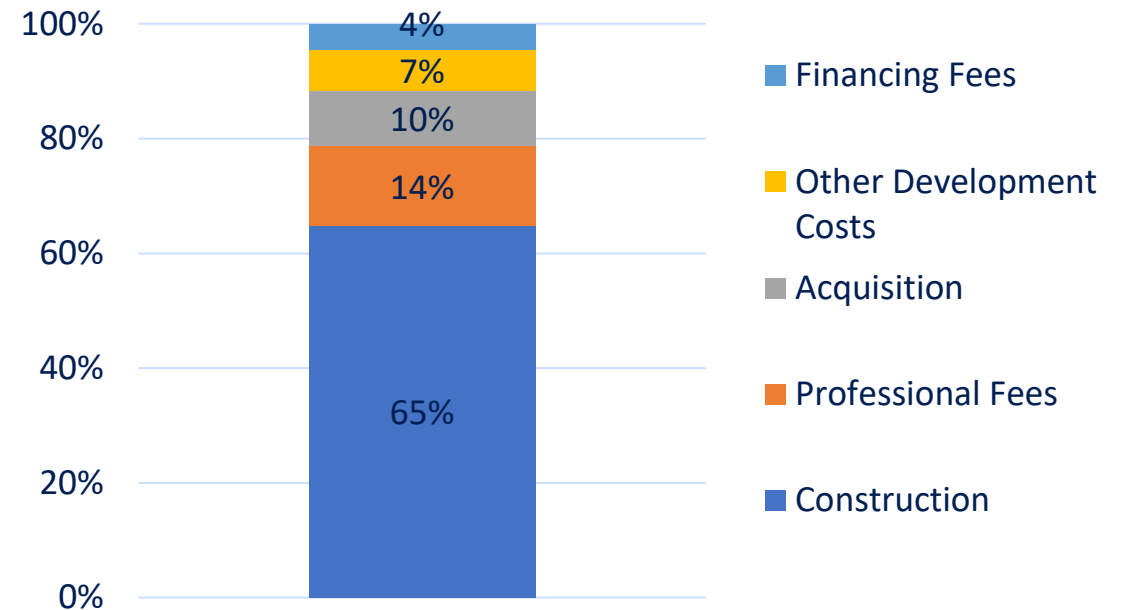
Process improvements and **regulatory reform**

Rental Housing Development Sources and Uses

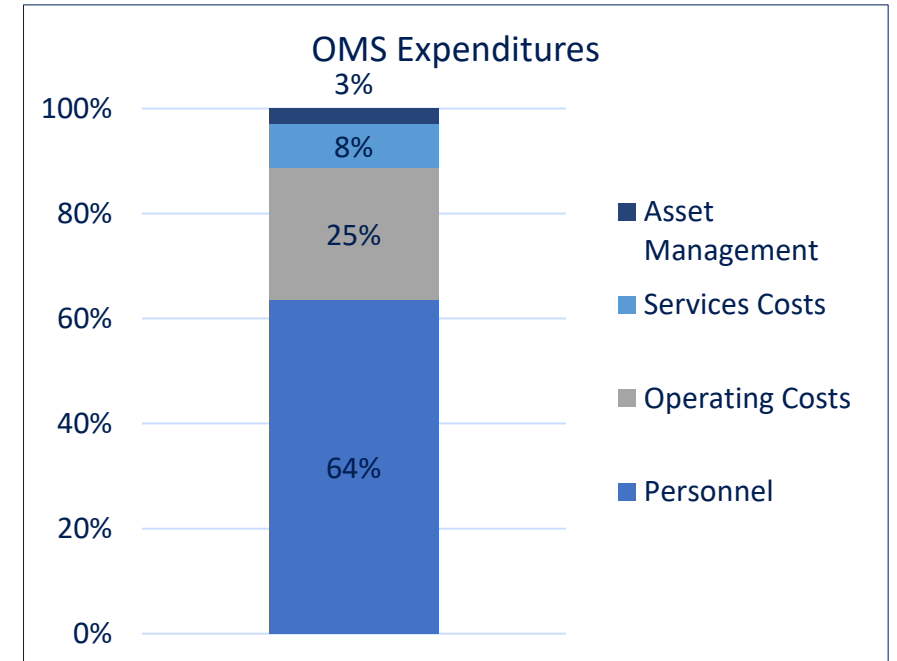
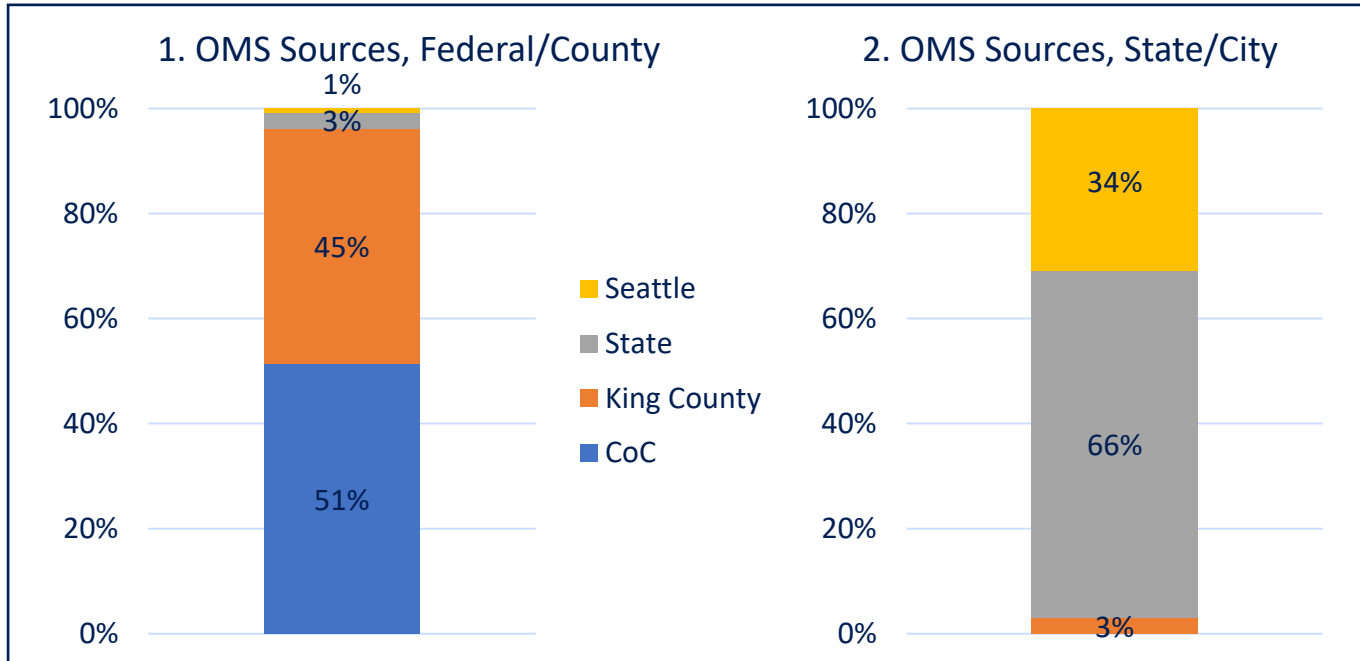
Example Capital Funding Stack



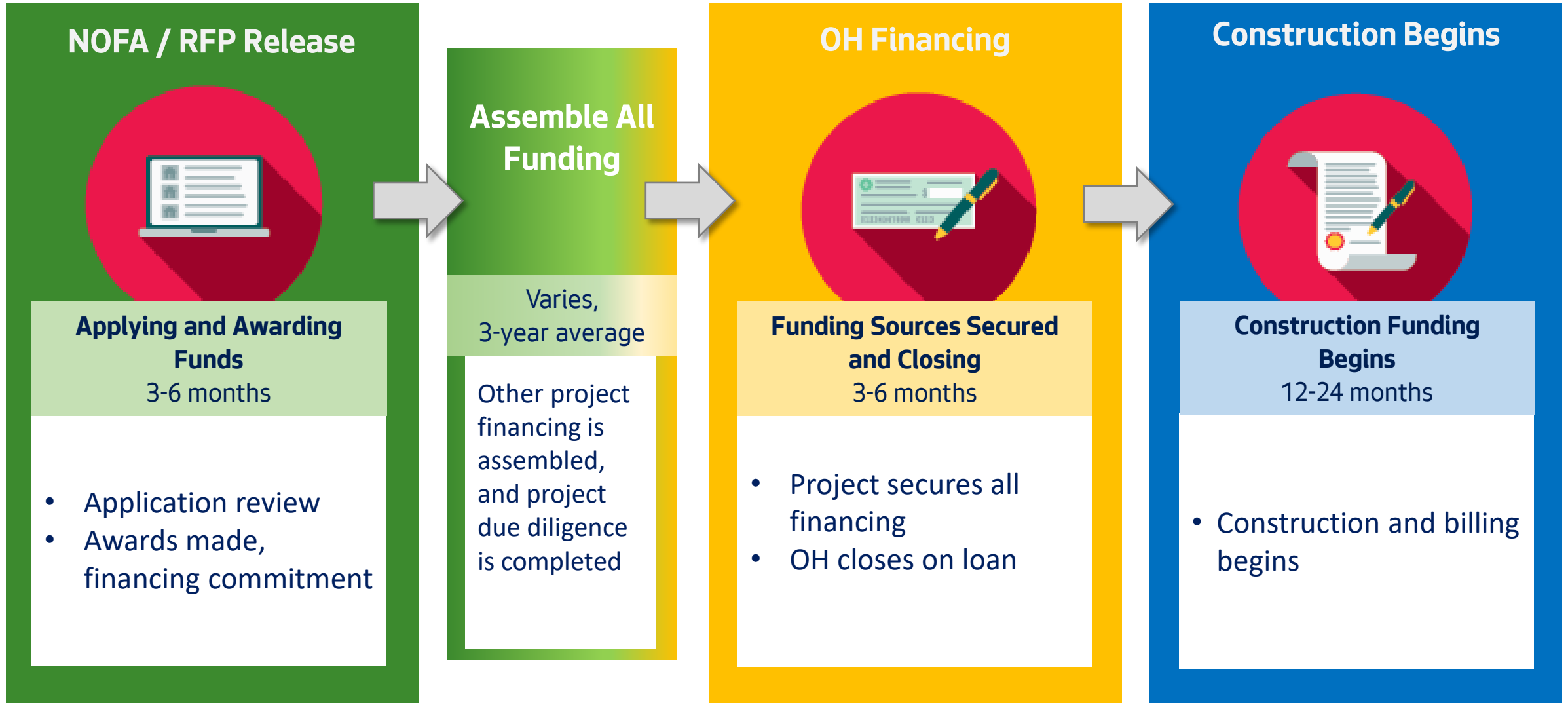
Example Capital Expenditures



Supportive Housing OMS Sources and Uses



OH Rental Production Funding Timeline



OH work ahead

- Build as many affordable homes as possible
- Prioritize new investments for the lowest income households
- Partner with community organizations and other funders to maximize impact of OH funding
- Support the existing portfolio of housing investments

