

June 18, 2024

MEMORANDUM

To: Housing and Human Services Committee
From: Traci Ratzliff and Jennifer LaBrecque, Analysts
Subject: CB 120804 Adoption of the 2023 Housing Levy Administrative and Financial Plan for 2024 through 2026 and Housing Funding Policies

On June 26, 2024, the Housing and Human Services Committee (Committee) will continue to discuss and potentially vote on Council Bill (CB) 120804. The Committee received an initial pre-introduction briefing from the Office of Housing at its meeting on June 12th. This proposed bill would adopt the Seattle Housing Levy Administrative and Financial Plan (A&F Plan, Attachment A to CB 120804) and the Housing Funding Policies for program years 2024 through 2026 (HFP, Attachment B to CB 120804).

This memorandum provides background information on the Housing Levy Administrative and Financial Plan (A&F Plan) and the Housing Funding Policies (HFP), describes pre-introduction changes made to the legislation by Councilmember Moore, and an amendment proposed by Councilmember Saka.

Background

In November 2023, voters in Seattle approved the current housing levy that authorizes an estimated \$970 million over a seven-year period to provide, produce, and/or preserve affordable housing in Seattle and to assist low-income Seattle residents. The legislation ([Ordinance 126837](#)) that placed the 2023 Housing Levy (Levy) on the ballot requires that the Office of Housing (OH) develop and submit to the City Council for adoption an A&F Plan to guide implementation of the Levy.

The A&F Plan includes: dollar amounts allocated to each Levy program, use of program income and investment earnings, descriptions of Levy-funded programs, and reporting requirements. It also includes specific program guidelines and eligibility requirements for the Homelessness Prevention and Housing Stability Programs.¹ The first A&F Plan will cover three years. It is typically updated and approved by the City Council every two years.

¹ OH only receives levy dollars for those two programs, but these programs are also funded through the Human Services Department (HSD). HSD's 2024 Adopted Budget includes General Fund support for Rapid Rehousing (\$5.4 million) and Homelessness Prevention (\$2.3 million); however HSD funding for these two programs are not covered under the A&F Plan or HFP.

The A&F Plan also incorporates the HFP. The HFP establishes program priorities, eligibility requirements, financing terms, and other guidelines for OH-administered housing programs. The HFP applies to programs supported by: the 2023 Housing Levy; earnings and repayments received from earlier housing levies; federal HOME Investment Partnerships Program and Community Development Block Grant (CDBG); payments made to comply with Land Use Code requirements for the Incentive Zoning and Mandatory Housing Affordability programs; JumpStart Payroll Expense Tax; and other City funding and grant funding as identified in the HFP. The OH housing programs covered by the HFP include the following:

- Rental Housing Program;
- Operating, Maintenance and Services Program;
- Short Term Loan Program;
- Long Term Preservation of City-funded Housing;
- JumpStart/Payroll Expense Tax Community Self-Determination Fund Program;
- Homeownership Program;
- Housing on Publicly Owned Sites Policies; and
- Home Repair, and HomeWise Weatherization Program

In addition to passing Ordinance 126837, the City Council adopted companion [Resolution 32093](#) that requested OH to address specific policy issues in the development of the A&F Plan and the HFP. For the most part, the Executive's proposed legislation addresses the requests included in that companion Resolution.

Race and Social Justice Analysis

In the preparation of the proposed A&F Plan and HFP, OH engaged with community stakeholders to seek input on policy proposals and completed formal Racial Equity Toolkit analyses of several different specific policy proposals that were transmitted with the legislation. Additionally, OH did extensive stakeholder engagement with communities disproportionately impacted by housing costs and unavailability of housing and related services to inform the Levy proposal that was approved by the voters.

Description of Pre-Introduction Changes

Councilmember Moore made pre-introduction changes to CB 120804 and the A&F Plan policies transmitted by the Executive. She also incorporated changes proposed by Councilmember Nelson to the HFP. The pre-introduction changes are described below.

- 1) As transmitted, CB 120804 directed that investment earnings and other proceeds from the Levy be used for the same purpose as the original proceeds which generated the investment earnings. This could have been strictly interpreted to limit use of such proceeds only to the Rental Production and Preservation (RPP), Homeownership, and Operating, Maintenance and Services programs, which are the three programs that generate interest earnings. Councilmember Moore's amendment modifies the language so that it is the A&F Plan that establishes the allowable uses for investment earnings.
- 2) The A&F Plan transmitted by the Executive stated that investment earnings generated by RPP and Homeownership programs would support those two programs respectively. The transmitted A&F Plan also gave the OH Director discretion to allocate a portion of the RPP investment earnings for pre-development costs. The Executive's intent was to support pre-development costs for small-community based organizations, consistent with the direction provided in Resolution 32093 that was adopted by the City Council along with the Housing Levy Ballot Measure Ordinance. The JumpStart/PET Community-Based Organization Capacity and Grant Program provides \$2 million in annual funding that can be used for pre-development costs and other costs for small-community based organizations. OH estimates that approximately \$3.2 million in investment earnings could be generated annually, depending on the available fund balances and interest rates.

Councilmember Moore's amendment modifies the A&F Plan policies to instead require that all investment earnings from the RPP be used only for the Homelessness Prevention Program, based on indications of high demand for such assistance from housing providers (e.g., high rates of rent arrears² and eviction data³). The Homelessness Prevention program assists households at imminent risk of homelessness to remain housed by providing case management, rental assistance, utility assistance and other services.

² [Unpaid rent in low-income housing skyrocketed, evictions may be next | The Seattle Times](https://www.seattletimes.com/seattle-news/homeless/unpaid-rent-in-low-income-housing-skyrocketed-evictions-may-be-next/#:~:text=The%20Seattle%20Housing%20Authority%2C%20a%20public%20housing%20agency%2C,about%203%25%20of%20tenants%20are%20behind%20on%20rent.)

(<https://www.seattletimes.com/seattle-news/homeless/unpaid-rent-in-low-income-housing-skyrocketed-evictions-may-be-next/#:~:text=The%20Seattle%20Housing%20Authority%2C%20a%20public%20housing%20agency%2C,about%203%25%20of%20tenants%20are%20behind%20on%20rent.>)

³ [Washington State & County Monthly Filing Counts Compared to 2019 Historical Average \(dwcdn.net\)](https://datawrapper.dwcdn.net/KBFD7/)

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- 3) The A&F Plan transmitted by the Executive provides \$2.8 million in funding annually for Homelessness Prevention, Housing Stability and Rapid Rehousing services. The transmitted A&F Plan did not specify the amount between Homelessness Prevention and Rapid Rehousing (which provides short-term rental assistance to households who are experiencing homelessness).

Councilmember Moore's amendment modifies the A&F Plan policies to set the amount of annual funding that will be allocated to the Homelessness Prevention Program (\$2.47 million) and the Rapid Rehousing Program (\$430,000), as well as the total amounts for each program over the seven-year levy period. Currently in 2024, \$1.1 million is under contract with community-based organizations to provide homelessness prevention services and \$430,000 is under contract with King County Regional Homelessness Authority to provide rapid rehousing services. The 2023 Housing Levy provided an additional \$1.3 million annually as compared to the 2016 Housing Levy for Homelessness Prevention, Housing Stability and Rapid Rehousing. Based on engagement with homelessness prevention providers, who indicated unmet demand for their services, HSD's intention is to utilize the additional \$1.3 million for homelessness prevention contracts.

- 4) The A&F Plan transmitted by the Executive included a list of eligible uses of funding for the Homelessness Prevention and Housing Stability Program that includes legal fees in addition to other expenses such as rental assistance and utility assistance. Councilmember Moore's amendment modifies the A&F Plan policies to eliminate legal fees as eligible costs in that program because Washington State and the City (through the Seattle Department of Construction and Inspections) provide funding for legal representation for those in the eviction process.
- 5) The HFP transmitted by the Executive included a list of objectives and priorities for the Rental Housing Program, including: providing a mix of affordable rental housing, serving a range of households, family sizes, and income levels; providing housing for individuals and families who are homeless or at risk of homelessness, and other priorities. Councilmember Nelson's amendment includes an additional priority for housing that supports recovery for those with substance use disorders in order to address a need for more of that type of housing.
- 6) The HFP transmitted by the Executive included provisions related to project monitoring that requires, among other things, that affordable housing owners report at least annually on a variety of measures, including project vacancies. Currently, affordable housing owners provide vacancy data through a State web-based database, which does not meet the City's needs in terms of frequency or content. Councilmember Nelson's amendment would direct OH to explore alternative methods for obtaining more frequent information on vacancies in order to identify and address any persistent unresolved issues for specific providers.

Proposed Amendment to CB 120804, as introduced:

Councilmember Saka has one proposed amendment to the HFP (Attachment B to the legislation), as introduced. It is as follows:

- 1) The HFP transmitted by the Executive includes priorities for the types of residents served by the Rental Housing Program. The Resident Priorities include those who are: experiencing homelessness or chronic homelessness; older adults and people with disabilities, and low-wage working families and individuals. Councilmember Saka's proposed amendment would modify the resident population priorities to add: youth formerly served by the foster care system; and those who served in the US military, in order to address the challenges faced by these populations related to accessing affordable housing.

Attachments:

1. CB 120804 as introduced
2. Attachment A – Administrative and Financial Plan as introduced
3. Attachment B – Housing Funding Policies as introduced

cc: Ben Noble, Director
Aly Pennucci, Deputy Director
Yolanda Ho, Supervising Analyst