

Seattle City Council Select Budget Committee
Proposed Budget Amendments | Wednesday, October 27, 2021

Office of Housing (OH)

CBA #	Title	Sponsor	Page
OH-001-A-001	Add \$200,000 of fund balance in OH to fund the Home and Hope Program	Lewis	2
OH-002-A-001	Add \$45 million GF to OH for a Social Housing Acquisition Fund	Morales	4
OH-003-A-001	Add \$25 million GF to OH for a Tenant Opportunity to Purchase Fund	Morales	6
OH-004-A-001	Request that SDCI Report on the Notice of Intent to Sell Policy and Program Development	Mosqueda	8
OH-005-A-001	Add \$1.5 million GF to OH for services and capacity funding for non-permanent supportive housing providers	Herbold	10
OH-006-A-001	Add \$200,000 GF to OH for the Home for Good Program	Herbold	12
OH-007-A-001	Add \$1 million GF to OH for pre-development costs for an affordable housing project at North Seattle College	Juarez	14
OH-008-A-001	Add \$13 million GF to OH to support Green New Deal programs such as OH's Heat Conversion Program	Sawant	16
OH-009-A-001	Add \$2.8 million GF to OH to fund operations and maintenance costs for new permanently affordable housing projects serving homeless households	Sawant	18
OH-010-A-001	Request that funding decisions for OH's Fall 2021 Notice of Funding Availability (NOFA) recognize 2022 affordable housing appropriations and request that OH recommend modifications to the Housing Funding Policies	Mosqueda	20

2022 Seattle City Council Budget Action

Council Budget Action: Agenda

Tab	Action	Option	Version
OH	001	A	001

Budget Action Title: Add \$200,000 of fund balance in OH to fund the Home and Hope Program

Ongoing: Yes Has Budget Proviso: No

Has CIP Amendment: No Has Attachment: No

Primary Sponsor: Andrew Lewis

Council Members: Debora Juarez, Dan Strauss

Staff Analyst: Traci Ratzliff

Council Bill or Resolution:

Date		Total	LH	TM	KS	AP	DJ	DS	AL	BC	LG
	Yes	0									
	No	0									
	Abstain	0									
	Absent	0									

Summary of Dollar Effect

See the following pages for detailed technical information

	2022 Increase (Decrease)	2023 Increase (Decrease)
General Fund		
General Fund Revenues	\$0	
General Fund Expenditures	\$0	
Net Balance Effect	\$0	
Other Funds		
Office of Housing Fund (16600)		
Revenues	\$0	
Expenditures	\$200,000	
Net Balance Effect	\$(200,000)	
Total Budget Balance Effect	\$(200,000)	

Tab	Action	Option	Version
OH	001	A	001

Budget Action Description:

This Budget Action adds \$200,000 of fund balance from the Office of Housing's (OH's) Operating Fund to provide increased support for the Home and Hope Program. This program is proposed to receive \$200,000 in funding in the Mayor's 2022 Proposed Budget.

The Home and Hope program works to accelerate the development of affordable housing in conjunction with early childhood education centers, health clinics, or other community uses, on underutilized, public or tax-exempt sites. The City has provided funding for this program since 2017. City funds will be used for pre-development services to support future development of identified sites in the City of Seattle.

Budget Action Transactions

#	Transaction Description	Position Title	Number of Positions	FTE	Dept	BSL	Fund	Year	Revenue Amount	Expenditure Amount
1	Add appropriation for the Home and Hope Program		0	0	OH - HU000	OH - BO-HU-1000 - Leadership and Administration	16600 - Office of Housing Fund	2022	\$0	\$200,000

2022 Seattle City Council Budget Action

Council Budget Action: Agenda

Tab	Action	Option	Version
OH	002	A	001

Budget Action Title: Add \$45 million GF to OH for a Social Housing Acquisition Fund

Ongoing: Yes Has Budget Proviso: No

Has CIP Amendment: No Has Attachment: No

Primary Sponsor: Tammy Morales

Council Members: Andrew Lewis, Lorena González

Staff Analyst: Traci Ratzliff

Council Bill or Resolution:

Date		Total	LH	TM	KS	AP	DJ	DS	AL	BC	LG
	Yes	0									
	No	0									
	Abstain	0									
	Absent	0									

Summary of Dollar Effect

See the following pages for detailed technical information

	2022 Increase (Decrease)	2023 Increase (Decrease)
General Fund		
General Fund Revenues	\$0	
General Fund Expenditures	\$45,000,000	
Net Balance Effect	\$(45,000,000)	
Total Budget Balance Effect	\$(45,000,000)	

Tab	Action	Option	Version
OH	002	A	001

Budget Action Description:

This Council Budget Action would add \$45 million GF to the Office of Housing (OH) for a Social Housing Acquisition Fund.

This funding would allow OH to acquire buildings from the private market and preserve them as permanently affordable homes. Once acquired, the buildings may stay in public ownership as rent-stabilized housing, and/or create the opportunity for community/tenant ownership through the sale to community organizations or by direct sale to tenants.

Budget Action Transactions

#	Transaction Description	Position Title	Number of Positions	FTE	Dept	BSL	Fund	Year	Revenue Amount	Expenditure Amount
1	Add appropriation for Social Housing Acquisition Fund		0	0	OH - HU000	OH - BO-HU-3000 - Multifamily Housing	00100 - General Fund	2022	\$0	\$45,000,000

2022 Seattle City Council Budget Action

Council Budget Action: Agenda

Tab	Action	Option	Version
OH	003	A	001

Budget Action Title: Add \$25 million GF to OH for a Tenant Opportunity to Purchase Fund

Ongoing: Yes Has Budget Proviso: No

Has CIP Amendment: No Has Attachment: No

Primary Sponsor: Tammy Morales

Council Members: Lisa Herbold, Andrew Lewis

Staff Analyst: Traci Ratzliff

Council Bill or Resolution:

Date		Total	LH	TM	KS	AP	DJ	DS	AL	BC	LG
	Yes	0									
	No	0									
	Abstain	0									
	Absent	0									

Summary of Dollar Effect

See the following pages for detailed technical information

	2022 Increase (Decrease)	2023 Increase (Decrease)
General Fund		
General Fund Revenues	\$0	
General Fund Expenditures	\$25,000,000	
Net Balance Effect	\$(25,000,000)	
Total Budget Balance Effect	\$(25,000,000)	

Tab	Action	Option	Version
OH	003	A	001

Budget Action Description:

This Council Budget Action would add \$25 million GF to the Office of Housing (OH) for a Tenant Opportunity to Purchase Fund.

This funding would be used to provide technical assistance, purchase assistance, and ongoing maintenance assistance for buildings being purchased by tenants or non-profit organizations on behalf of tenants, as a result of the Notice of Intent to Sell policy.

Budget Action Transactions

#	Transaction Description	Position Title	Number of Positions	FTE	Dept	BSL	Fund	Year	Revenue Amount	Expenditure Amount
1	Add appropriation for Tenant Opportunity to Purchase Fund		0	0	OH - HU000	OH - BO-HU-3000 - Multifamily Housing	00100 - General Fund	2022	\$0	\$25,000,000

2022 Seattle City Council Statement of Legislative Intent

Council Budget Action: Agenda

Tab	Action	Option	Version
OH	004	A	001

Budget Action Title: Request that OH and SDCI report on the Notice of Intent to Sell Policy and program development

Ongoing: Yes Has Attachment: No

Primary Sponsor: Teresa Mosqueda

Council Members: Lisa Herbold, Debora Juarez

Staff Analyst: Traci Ratzliff

Date		Total	LH	TM	KS	AP	DJ	DS	AL	BC	LG
	Yes	0									
	No	0									
	Abstain	0									
	Absent	0									

Statement of Legislative Intent:

This Statement of Legislative Intent (SLI) would request that the Office of Housing (OH) and the Seattle Department of Construction and Inspections (SDCI) work with community housing representatives and report to the Council on the City’s Notice of Intent to Sell policy.

The City’s Notice of Intent to Sell (NOIS) ordinance requires building owners with 2 or more units to notify tenants and the City about their intention to sell residential rental property if at least one unit is rented at 80% of Area Median Income (AMI) or below. The City disseminates this information to non-profit affordable housing providers who may wish to purchase the buildings. The ordinance establishes a timeline and process for interested tenants, tenant groups, or non-profit housing organizations to indicate interest and to submit proposed offers to purchase buildings. Owners are not currently required to accept such offers. There is also no right of first refusal provision in the current NOIS. At the time that the NOIS was last updated in 2019, constitutional law prevented the City from incorporating such a provision in the NOIS ordinance. In November 2019, the 9th Circuit Court issued a ruling paving the way for the City to consider the imposition of a right of first refusal provision in the NOIS. In August 2021, the City Auditor’s report on NOIS implementation was released with recommendations including: strengthening enforcement, and providing technical assistance to tenants to support potential purchases of buildings. Based on these recent events, the City Council intends to update the NOIS ordinance after further policy and program development work (described below) is completed. This work is anticipated to be completed no later than April 29, 2022.

This Statement of Legislative Intent would request OH and SDCI to work with community housing representatives and the City Council to address the following key policy questions:

- Should enforcement of NOIS be modified? If so, how?
- Should a new, separate fund be created to support acquisitions of buildings or should additional flexibility be provided to allow existing City acquisition programs to facilitate such purchases?
- Is technical and capacity support needed for tenants or community organizations who purchase buildings to assist them in owning and operating buildings after purchase?

2022 Seattle City Council Statement of Legislative Intent

Council Budget Action: Agenda

Tab	Action	Option	Version
OH	004	A	001

- Should a mandatory right of first offer and/or right of first refusal be imposed?
- Are there potential incentives that could be implemented to encourage building owners to sell to tenants or non-profits?
- What are the types of buildings that have sold over last 2 to 3 years, i.e. the size, location, age, sales prices - and how would this inform priorities for purchasing available buildings?
- Are there opportunities for OH and SDCI to increase information and education to: tenants about their rights and opportunities under NOIS; landlords about their obligations under NOIS; and housing providers about NOIS notifications?

The City Council requests OH and SDCI to submit recommendations for modifications to the NOIS ordinance and other programmatic changes to the Finance & Housing Committee, or successor, and the Central Staff Director no later than April 29, 2022.

Responsible Council Committee(s):

Finance & Housing

Date Due to Council:

April 29, 2021

2022 Seattle City Council Budget Action

Council Budget Action: Agenda

Tab	Action	Option	Version
OH	005	A	001

Budget Action Title: Add \$1.5 million GF to OH for services and capacity funding for non-permanent supportive housing providers

Ongoing: No Has Budget Proviso: No

Has CIP Amendment: No Has Attachment: No

Primary Sponsor: Lisa Herbold

Council Members: Tammy Morales, Teresa Mosqueda

Staff Analyst: Traci Ratzliff

Council Bill or Resolution:

Date		Total	LH	TM	KS	AP	DJ	DS	AL	BC	LG
	Yes	0									
	No	0									
	Abstain	0									
	Absent	0									

Summary of Dollar Effect

See the following pages for detailed technical information

	2022 Increase (Decrease)	2023 Increase (Decrease)
General Fund		
General Fund Revenues	\$0	
General Fund Expenditures	\$1,500,000	
Net Balance Effect	\$(1,500,000)	
Total Budget Balance Effect	\$(1,500,000)	

Tab	Action	Option	Version
OH	005	A	001

Budget Action Description:

This Council Budget Action would add \$1.5 million GF to the Office of Housing (OH) for services and capacity funding for non-profit housing providers operating non-permanent supportive housing projects.

In 2021, the City adopted Ordinance 126371, allocating \$1 million of federal American Rescue Plan Act funds for this purpose. OH completed a request for proposals process in October for this funding. It received 14 applications totaling \$2.5 million in requests. OH is in the process of reviewing the requests and making funding decisions.

This Council Budget Action would also request OH to provide a report to the Housing and Finance Committee (or successor committee) by March 31 2022, that includes the following information:

- * The projected size, cause, and duration of the need for services funding for the non-PSH affordable housing providers;
- * Recommendations to the City Council on whether additional funding may be needed for this purpose on a one-time or ongoing basis;
- * Identification of potential funding sources to support services funding if ongoing resources are recommended.

Budget Action Transactions

#	Transaction Description	Position Title	Number of Positions	FTE	Dept	BSL	Fund	Year	Revenue Amount	Expenditure Amount
1	Add appropriation for services and capacity funding for non-PSH housing providers		0	0	OH - HU000	OH - BO-HU-3000 - Multifamily Housing	00100 - General Fund	2022	\$0	\$1,500,000

2022 Seattle City Council Budget Action

Council Budget Action: Agenda

Tab	Action	Option	Version
OH	006	A	001

Budget Action Title: Add \$200,000 GF to OH for the Home for Good Program

Ongoing: No Has Budget Proviso: No

Has CIP Amendment: No Has Attachment: No

Primary Sponsor: Lisa Herbold

Council Members: Andrew Lewis, Lorena González

Staff Analyst: Traci Ratzliff

Council Bill or Resolution:

Date		Total	LH	TM	KS	AP	DJ	DS	AL	BC	LG
	Yes	0									
	No	0									
	Abstain	0									
	Absent	0									

Summary of Dollar Effect

See the following pages for detailed technical information

	2022 Increase (Decrease)	2023 Increase (Decrease)
General Fund		
General Fund Revenues	\$0	
General Fund Expenditures	\$200,000	
Net Balance Effect	\$(200,000)	
Total Budget Balance Effect	\$(200,000)	

Tab	Action	Option	Version
OH	006	A	001

Budget Action Description:

This Council Budget Action (CBA) would add \$200,000 GF to the Office of Housing (OH) for the Home for Good Program. The City Council provided this new program \$750,000 in 2020 and \$200,000 in 2021.

Program implementation was delayed due to the pandemic and to changes in the state Housing Essential Needs Program that impacted the target population to be served by the program. It is now operating and is providing case management and housing stabilization services to 40 individuals who are 50 years or older and are homeless or at risk of homelessness. The program has unexpended fund balance of approximately \$560,000 that, coupled with the proposed \$200,000 included in this CBA, would allow the program to serve a total of 65 people, 40 existing clients and 25 new clients, through the end of 2022.

Budget Action Transactions

#	Transaction Description	Position Title	Number of Positions	FTE	Dept	BSL	Fund	Year	Revenue Amount	Expenditure Amount
1	Add appropriation for the Home for Good Program		0	0	OH - HU000	OH - BO-HU-1000 - Leadership and Administration	00100 - General Fund	2022	\$0	\$200,000

2022 Seattle City Council Budget Action

Council Budget Action: Agenda

Tab	Action	Option	Version
OH	007	A	001

Budget Action Title: Add \$1 million GF to OH for pre-development costs for an affordable housing project at North Seattle College

Ongoing: No Has Budget Proviso: No

Has CIP Amendment: No Has Attachment: No

Primary Sponsor: Debora Juarez

Council Members: Kshama Sawant, Andrew Lewis

Staff Analyst: Traci Ratzliff

Council Bill or Resolution:

Date		Total	LH	TM	KS	AP	DJ	DS	AL	BC	LG
	Yes	0									
	No	0									
	Abstain	0									
	Absent	0									

Summary of Dollar Effect

See the following pages for detailed technical information

	2022 Increase (Decrease)	2023 Increase (Decrease)
General Fund		
General Fund Revenues	\$0	
General Fund Expenditures	\$1,000,000	
Net Balance Effect	\$(1,000,000)	
Total Budget Balance Effect	\$(1,000,000)	

Tab	Action	Option	Version
OH	007	A	001

Budget Action Description:

This Council Budget Action would add \$1 million GF to the Office of Housing (OH) to fund the pre-development costs for a 200-unit affordable housing project at North Seattle College. Chief Seattle Club and Bellwether Housing are the co-developers of this project.

Pre-development costs could include: architectural services, engineering services, environmental studies, etc. City funding would be expended consistent with contracting and other funding and legal requirements. Total development costs for this proposed project are estimated at \$96 million. Potential permanent funding sources for this project include: State, County, and City funds, low-income housing tax credits, bond cap, and philanthropic sources.

Budget Action Transactions

#	Transaction Description	Position Title	Number of Positions	FTE	Dept	BSL	Fund	Year	Revenue Amount	Expenditure Amount
1	Add appropriation for pre-development costs for housing project at North Seattle College.		0	0	OH - HU000	OH - BO-HU-3000 - Multifamily Housing	00100 - General Fund	2022	\$0	\$1,000,000

2022 Seattle City Council Budget Action

Council Budget Action: Agenda

Tab	Action	Option	Version
OH	008	A	001

Budget Action Title: Add \$13 million GF to OH to support Green New Deal programs such as OH's Heat Conversion Program

Ongoing: Yes Has Budget Proviso: No

Has CIP Amendment: No Has Attachment: No

Primary Sponsor: Kshama Sawant

Council Members: Tammy Morales, Alex Pedersen

Staff Analyst: Traci Ratzliff

Council Bill or Resolution:

Date		Total	LH	TM	KS	AP	DJ	DS	AL	BC	LG
	Yes	0									
	No	0									
	Abstain	0									
	Absent	0									

Summary of Dollar Effect

See the following pages for detailed technical information

	2022 Increase (Decrease)	2023 Increase (Decrease)
General Fund		
General Fund Revenues	\$0	
General Fund Expenditures	\$13,000,000	
Net Balance Effect	\$(13,000,000)	
Total Budget Balance Effect	\$(13,000,000)	

Tab	Action	Option	Version
OH	008	A	001

Budget Action Description:

This Council Budget Action would add \$13 million GF to the Office of Housing (OH) to support Green New Deal programs, such as OH's Heat Conversion Program.

This program converts low-income homes from heating oil or natural gas to electric heat. The 2022 Proposed Budget includes \$1.498 million in Payroll Expense Tax revenues to fund the Heat Conversion Program. This program will also be funded by a tax on heating oil that will begin to be collected April 1, 2022.

Budget Action Transactions

#	Transaction Description	Position Title	Number of Positions	FTE	Dept	BSL	Fund	Year	Revenue Amount	Expenditure Amount
1	Add appropriation for Green New Deal programs such as Heat Conversion Program		0	0	OH - HU000	OH - BO-HU-2000 - Homeownership & Sustainability	00100 - General Fund	2022	\$0	\$13,000,000

2022 Seattle City Council Budget Action

Council Budget Action: Agenda

Tab	Action	Option	Version
OH	009	A	001

Budget Action Title: Add \$2.8 million GF to OH to fund operations and maintenance costs for new permanently affordable housing projects serving homeless households

Ongoing: Yes Has Budget Proviso: No

Has CIP Amendment: No Has Attachment: No

Primary Sponsor: Kshama Sawant

Council Members: Alex Pedersen, Andrew Lewis

Staff Analyst: Traci Ratzliff

Council Bill or Resolution:

Date		Total	LH	TM	KS	AP	DJ	DS	AL	BC	LG
	Yes	0									
	No	0									
	Abstain	0									
	Absent	0									

Summary of Dollar Effect

See the following pages for detailed technical information

	2022 Increase (Decrease)	2023 Increase (Decrease)
General Fund		
General Fund Revenues	\$0	
General Fund Expenditures	\$2,827,000	
Net Balance Effect	\$(2,827,000)	
Total Budget Balance Effect	\$(2,827,000)	

Tab	Action	Option	Version
OH	009	A	001

Budget Action Description:

This Council Budget Action would add \$2,827,000 GF to the Office of Housing (OH) to fund the operations, maintenance, and services costs for new permanently affordable housing projects serving homeless households, which have been acquired or are being acquired through the City's Rapid Acquisition Program. Currently, it is anticipated that a portion of the buildings acquired through the City's Rapid Acquisition Program will be filled with residents utilizing Emergency Housing Vouchers allocated through the Seattle Housing Authority in collaboration with the King County Regional Homelessness Authority. The 2022 Proposed Budget includes \$6 million of funding from the JumpStart Payroll Expense Tax to cover services costs for these Emergency Housing Choice Vouchers. The combination of the vouchers and services funding would provide the full funding needed to support the new projects that receive these vouchers, if the services funding included in the 2022 Proposed Budget remains intact.

Budget Action Transactions

#	Transaction Description	Position Title	Number of Positions	FTE	Dept	BSL	Fund	Year	Revenue Amount	Expenditure Amount
1	Increase appropriation for O & M for permanently affordable housing projects serving homeless households.		0	0	OH - HU000	OH - BO-HU-3000 - Multifamily Housing	00100 - General Fund	2022	\$0	\$2,827,000

2022 Seattle City Council Statement of Legislative Intent

Council Budget Action: Agenda

Tab	Action	Option	Version
OH	010	A	001

Budget Action Title: Request that funding decisions for OH's Fall 2021 Notice of Funding Availability (NOFA) recognize 2022 affordable housing appropriations and request that OH recommend modifications to the Housing Funding Policies

Ongoing: No Has Attachment: No

Primary Sponsor: Teresa Mosqueda

Council Members: Lisa Herbold, Dan Strauss

Staff Analyst: Traci Ratzliff

Date		Total	LH	TM	KS	AP	DJ	DS	AL	BC	LG
	Yes	0									
	No	0									
	Abstain	0									
	Absent	0									

Statement of Legislative Intent:

This Statement of Legislative Intent would request of the Office of Housing (OH) that: (1) funding decisions for the Fall 2021 Notice of Funding Availability (NOFA) recognize proposed 2022 affordable housing appropriations; and (2) OH recommend modifications to the Housing Funding Policies to allow small, community-based developers to more easily access Acquisition and Preservation Loan Program funds.

The OH's Fall 2021 NOFA for the production and preservation of affordable rental housing has \$35 million in funding to allocate. Fourteen projects, requesting \$112 million of funding, have applied for the NOFA. The projects seeking funding include new rental housing developments and existing city-funded projects seeking rehabilitation funding. OH is in the process of reviewing the applications to determine which projects are ready to be funded and will make funding decisions in December. For context, the NOFA amounts for previous years were: \$94 million in 2020, \$110 million in 2019, \$78 million in 2018, and \$98 million in 2017.

In 2021, the State Legislature provided the State Housing Trust Fund (HTF) with the largest appropriation of funds (\$218 million) in the state's history. Typically, about 30% of HTF is allocated to projects in Seattle and King County, assuming sufficient housing sponsors apply for funding. The current limitation on available funding in OH's 2021 NOFA could result in projects being unable to access available funding from the State Housing Trust Fund since a local match improves scoring for HTF funds.

With the passage of the JumpStart Payroll Expense Tax and subsequent creation of the JumpStart Fund, which allocates two thirds of revenues to affordable housing, there is a significant new source of affordable housing dollars available beginning in 2022. The 2022 Proposed Budget includes \$88 million of additional funding for OH's Rental Production and Preservation Program from a combination of Jumpstart Payroll Expense Tax, Federal Coronavirus Local Fiscal Recovery funds, Mandatory Housing Affordability funds and Transportation Network Company Tax revenue. In future years, an estimated \$135 million could be available from JumpStart Payroll Expense Tax for affordable housing.

2022 Seattle City Council Statement of Legislative Intent

Council Budget Action: Agenda

Tab	Action	Option	Version
OH	010	A	001

Current funding policies governing OH's Acquisition and Preservation Loan Program require less experienced community-based organizations to partner with traditional, more experienced developers when applying for funding from that program. This can preclude some community-based organizations from accessing this program for such acquisitions.

This Statement of Legislative would:

- 1) State the City Council's intent that OH may use funding appropriated in 2022 for OH's Rental Production and Preservation Program (RPPP) to make financing commitments for housing projects that applied to the 2021 Fall RPPP NOFA and are ready to receive a funding commitment; and

- 2) Request OH to work with the City Council to develop proposed modifications to the City's Housing Funding Policies to address policy barriers, including partnership requirements, for small, community-based developers that may have difficulty accessing the Acquisition and Preservation Loan Program and other acquisition programs funded by the Jumpstart Payroll Expense Tax. OH is requested to submit proposed legislation with such modifications to the City Council no later than March 31, 2022.

Responsible Council Committee(s):

Finance & Housing

Date Due to Council: March 31, 2021