

2023-2024 PROPOSED MID-BIENNIAL BUDGET ADJUSTMENTS REVIEW

Office of Housing

Staff: Traci Ratzliff

Table 1: Budget Summary (\$ in 000s)

	2023 Adopted	2024 Endorsed	2024 Proposed	% Change 2024 Endorsed to 2024 Proposed
Appropriations by BSL				
Operating				
Homeownership & Sustainability	\$23,560	\$21,900	\$27,933	28%
Leadership & Administration	\$8,158	\$8,020	\$9,954	24%
Multifamily Housing	\$221,277	\$223,622	\$296,789	33%
Operating Subtotal	\$252,995	\$253,542	\$334,676	32%
Total Appropriations	\$252,995	\$253,542	\$334,676	32%
Total FTE	63.5	63.5	66.0	4%
Revenues				
General Fund*	\$2,592	\$2,291	\$0	(100%)
JumpStart Fund	\$139,477**	\$142,268**	\$137,452	(3%)
Other Sources	\$111,926	\$108,983	\$197,224	81%
Total Revenues	\$252,995	\$253,542	\$334,676	32%

*JumpStart funding allocated from Finance General for administrative costs

**Did not include administrative funding allocated from Finance General

I. Introduction

The Office of Housing's (OH's) 2024 Proposed Budget Adjustments would increase by \$81 million (32 percent), to a total of approximately \$335 million, compared to the 2024 Endorsed Budget, as shown in Table 1. This increase is driven entirely by the inclusion of revenues from the proposed 2023 Housing Levy, with the expectation that the levy will be approved by the voters on November 7. As shown in the revenues section of Table 1, JumpStart Fund support for OH programs would decrease by a total of \$4.8 million, and General Fund (GF) support for administration (also backed by JumpStart revenues) would decrease by \$2.3 million compared to the 2024 Endorsed Budget. See below for staff identified issues related to these changes.

II. Issue Identification

A. Issues and Options

1. Transfer \$916,000¹ of JumpStart funding to the Human Services Department (HSD) to support relocation of Rosie's Tiny House Village (THV) in University District.

The 2024 Proposed Budget Adjustments would transfer \$916,000 of JumpStart funding to HSD from the Multifamily Housing Program to support the relocation of Rosie's THV. Rosie's THV is located on a Sound Transit owned site at 1000 NE 45th Street that will be developed as low-income housing over the next several years. The City is leasing this property for the THV at no cost. The Executive has reported that Sound Transit will only commit to a lease extension through May 2024, and maintains the site needs to be cleared in 2024.

This proposed expenditure, the majority of which would be used to develop a new site for the THV, is not consistent with JumpStart housing funding policies. The policies require funds to be used for the capital costs associated with the construction or acquisition of permanent rental housing serving households with incomes at or below 30 percent of Area Median Income (AMI) or housing services serving those under 30 percent of AMI. In addition, although Sound Transit has informed the City that Rosie's THV needs to be moved in 2024, Sound Transit has not yet issued a Request for Proposals (RFP) or selected a developer for this development site, which means that development of the site is at least eighteen months away. It is possible that the relocation of the THV could be moved to early 2025, but Sound Transit cannot commit to this extension until a developer is selected and a timeline for development is established. A developer is expected to be selected in early 2024. See Jen LaBrecque's HSD Budget Review paper for more information on this issue.

Options:

- A. Reduce the proposed transfer of \$916,000 from OH to HSD.
- B. Swap the source of funds for this proposed transfer from the JumpStart Fund to the GF and reallocate the JumpStart funds for other housing priorities. This will require identifying \$916,000 of reductions to proposed GF appropriations to balance this fund swap.
- C. No change.

B. Contextual Budget Issues

1. Additional reductions of \$3.7 million in JumpStart program funding and \$2.3 million in administrative funding supported by JumpStart revenues.

In addition to the transfer described in the issue identified above, OH's 2024 Proposed Budget Adjustments would be reduced by an additional \$3.7 million in program funding and \$2.3 million in administrative support. In the 2023 Adopted and 2024 Endorsed Budgets, \$2.3 million was provided in administrative support from the GF that was funded with JumpStart revenues. That administrative funding is proposed to be cut, requiring OH to support administrative costs with existing JumpStart program funding. The proposed reduction would be taken entirely from the Multifamily Housing Program, and it would reduce funding available to support loans for the development of low-income housing. See Central Staff's JumpStart Fund Balancing Analysis memo regarding issues and options related to JumpStart funding reductions made to OH and other departments.

¹ The 2024 Proposed Budget Adjustments includes an incorrect amount of \$993,000 for this proposal in OH's Proposed Budget, instead of their intended amount of \$916,000. The Executive did include the correct amount in HSD's 2024 Proposed Budget Adjustments. If Council approves this proposal, the OH amount can be corrected in the errata.