

Housing Levy Oversight Committee

May 25, 2017 Meeting Minutes

Committee Members Present: Beth Boram, Betsy Hunter, Erin Christensen Ishizaki, Doug Ito, Ann Melone, Traci Ratzliff, Kelly Rider, Doug Vann

Staff: Miriam Roskin, Emily Alvarado, Maureen Kostyack, Sean Walsh

1. Welcome and Minutes

Doug Ito opened the meeting at 2:30 pm. The minutes from the March 22, 2017 meeting were approved later in the meeting, with Traci Ratzliff and Erin Christensen Ishizaki abstaining.

2. Human Services Department RFP

Sean Walsh of the Human Services Department reported on the department's upcoming Request for Proposal (RFP) for approximately \$30 million in homelessness investments (see Attachment, p. 3). The RFP is a key step to implementing the 2016 Pathways Home Initiative, since most City homelessness funds have not been competitively bid in over 10 years. [Note: Levy funds administered by HSD have been competitively bid as required by A&F Plan policies]. The RFP is expected to include seven program areas of which two – Homelessness Prevention and Rapid Rehousing – may receive Levy Homelessness Prevention and Housing Stability Services funding. HSD's goal is to "right size" the system, shifting funds between program areas to increase housing outcomes. Forty percent of an application's score will be based on performance data reported through the Homelessness Management Information System, HMIS. HSD anticipates that some or all contracts will be re-bid in 2 to 3 years.

Doug Ito asked how the \$30 million will be allocated among program areas. Sean said that a maximum amount for each program area will be published in the RFP when it is released in June. Actual funding for each program will depend on how well applications align best with housing outcomes. Beth Boram asked whether households served with levy spending will be separately tracked, and Sean replied yes. Kelly Rider asked how does the split between Rapid Rehousing and Prevention affect the ability to meet levy goals, and whether we will be able to see outcomes beyond what's reported in HMIS. Sean replied that reporting is now being designed, and that outcomes reporting will rely primarily on HMIS. Beth asked whether projects applying for Permanent Supportive Housing funds must already be operating, or whether new projects were eligible to apply. Sean replied both are eligible to apply. This generated a discussion about future OH and HSD coordination for PSH funding, since HSD does not participate in the countywide Operating, Rental Assistance, and Services funding round where new and renewing projects seek operating and services funding. Sean noted that OH will be asked to review the RFP applications this fall.

3. Office of Housing Updates

Yesler Terrace.

Maureen Kostyack reported to the committee about proposed legislation amending the Cooperative Agreement (CA) between the City and the Seattle Housing Authority for Yesler Terrace (See Attachment, page 4). This legislation was proposed by SHA, and supported by OH. Among other changes, the City would commit \$13 million in 2016 Housing Levy funds to three of the four remaining replacement housing projects. In the original CA, \$7.6 million in 2009 Levy and CDBG funds was committed; the three funded developments are now completed or underway. The additional \$13 million, which represents 3%

to 6% of OH funding over the next six years, will support 263 replacement units at 30% of AMI and 157 units at 60% of AMI.

Ann Melone asked about the timing of funding and the relationship to OH's competitive funding round. Maureen replied that past practice has been to review SHA applications outside the NOFA process. Since the funding is set-aside, OH recommends continuing this separate review. The first of the new Yelser projects is planned to be a nonprofit development. Per the CA, SHA will make land available at no cost and will provide project-based Section 8 for the replacement units. SHA will release an RFP in late 2017 or early 2018 and OH will participate in selecting the developer.

Doug Ito asked whether SHA would also be seeking State Housing Trust Fund dollars. Maureen replied that SHA does not apply for the other competitive fund sources, such as the Trust Fund and 9% tax credits. The projects at Yesler will use SHA and OH funds, and 4% tax credits. The replacement units will have project-based Section 8; these vouchers are in addition to the 300 vouchers SHA committed to the levy.

Multifamily Tax Exemption Program (MFTE)

Emily Alvarado briefed the committee on the use of OH's MFTE program by housing developments that received OH funding. This briefing was in response to a question raised at a prior meeting and a written summary was sent to the committee in advance.

Emily explained that the most significant property tax exemption for subsidized rental housing is the State exemption. The State exempts both housing improvement and associated land for projects where 75% or more of the residents have incomes below 50% of AMI. A pro-rated exemption is available if the percentage falls below 75%. The state exemption is based on the actual income of residents each year, so as resident incomes change, the property taxes due can vary.

As a result, housing development with units regulated at 50% and 60% of AMI often apply to MFTE as a back-up in case the 75% threshold is not met. MFTE provides a smaller but still significant exemption: for buildings with at least 20% affordable units, the value of the residential improvement (not including land) is exempt from property tax for 12 years. Emily explained that OH reports on these projects separately from other MFTE units, since the MFTE participation does not create additional affordable rental units.

4. Committee Work for the 2nd Half of 2017

Maureen asked the committee for potential topics for the two remaining meetings in 2017 and for future meetings in 2018. A summary of potential topics -- including program updates, performance reporting, and emerging issues -- was sent in advance. Committee members suggested updates on advocacy, a map of development on publicly owned sites, and status of Fort Lawton. There was also interest in the impact of market conditions on private participation in programs.

Doug Ito ended the meeting at 4:00 pm.

Pathways Home Request for Proposal (RFP) Overview 5/25/17 Housing Levy Oversight Committee

Background & Desired Outcome

Most City homelessness investments have not been competitively bid in more than 10 years.

The Pathways Home Initiative is the City's plan to address homelessness. One of the plan's recommendations is to release a new Request for Proposal as a tool to meet Pathways Home goals of **reducing unsheltered homelessness** and increasing the speed and efficiency in which people move from homelessness to **permanent housing**.

1. Expanding funding for program approaches that are most effective at exiting people from homelessness such as diversion, rapid re-housing and permanent supportive housing.
2. Prioritizing shelter and housing access for people living unsheltered and people who have the longest histories of homelessness.
3. Orienting all aspects of the homeless response system towards exits to permanent housing.
4. Working together urgently and boldly to implement meaningful solutions.

Logistics

Note - RFP is still in design – the below information is subject to change

Program Areas

- **Rapid Re-Housing**
- Emergency Services (overnight shelter, day shelter, hygiene)
- Diversion
- Transitional Housing
- Permanent Supportive Housing
- **Prevention**
- Outreach and Engagement

Amount

Approximately \$30M

Timeline

RFP Release – late June

Due – early September

Award Notifications – late November/early December

Scoring

60% Narrative

40% HMIS data

**Proposed Legislation to Amend the Yesler Terrace Cooperative Agreement
May 25, 2017**

Cooperative Agreement – authorized by City Council ordinance

- SHA commitments to provide affordable housing and other community benefits
- City commitments to contribute funding
- Reporting requirements related to development and relocation of residents

A&F Plan Policies – long-standing policies retained in recently adopted Funding Policies

- Funding for housing at Yesler must be authorized in Cooperative Agreement
- Review of applications can be done outside the NOFA process; all other Rental Housing Program policies apply

Housing Funding for Phase I and II -- authorized in original Cooperative Agreement

- \$7.62 million in Levy and CDBG funds to three projects
- Estimated at 7.6% of available OH funds over 5 years
- Produced 104 units of replacement housing (up to 30% AMI), 70 units up to 60% AMI
- In addition, \$50,000 weatherization grant for 18-unit building (replacement housing)
- City Housing and Parks funding provided local match for Choice Neighborhoods application (\$30 million federal grant)

Housing Funding Proposed for Phase III

- \$13 million in Levy and other rental development funds to three projects
- Estimated at 3% to 6% of available OH funds over 6 years
- Will produce 263 units of replacement housing, 157 units up to 60% AMI
- Proposing to donate land for one nonprofit project, with developer selected in 2018

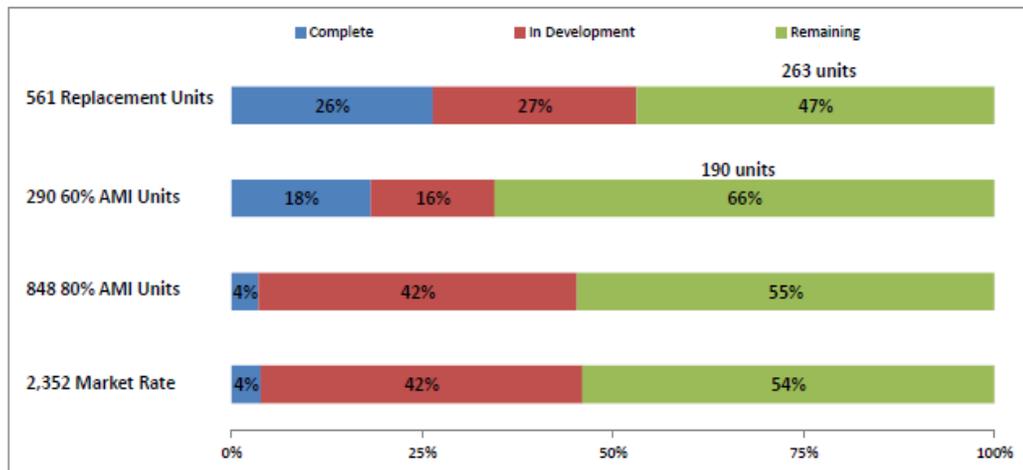
Other Proposed Amendments

- Location of replacement housing within redevelopment area – KC Records site
- Location of P-Patch Community Gardens near redevelopment area – WSDOT site
- Eligible residents for replacement housing – public housing transfers
- Returning residents – waitlist if needed when final building is completed
- Funding process – continue application review outside NOFA

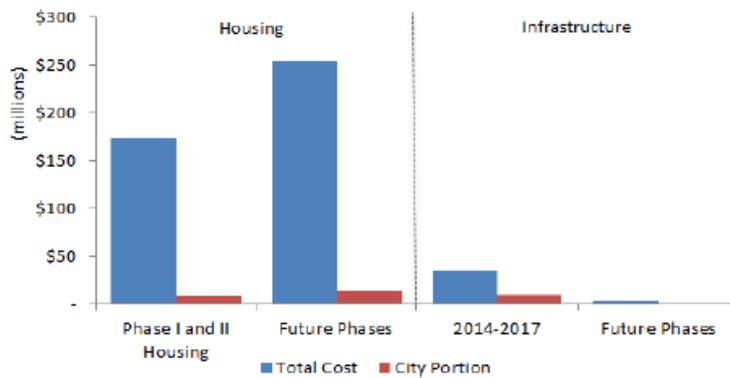
Yesler Terrace Unit Production Summary

	Complete	In Development	Total Complete or In Development	Remaining
Market Rate (2,352)	90	991	1081	1271
80% AMI (848 units)	30	354	384	464
60% AMI (290 Units)	53	47	100	190
Replacement (561 Units)	148	150	298	263

	Complete	In Development	Total Complete or In Development	Remaining
Market Rate (2,400)	4%	42%	46%	54%
80% AMI (795 units)	4%	42%	45%	55%
60% AMI	18%	16%	34%	66%
Replacement	26%	27%	53%	47%



City Commitment to Yesler Development Costs



	Total Cost	City of Seattle
Housing		
Phase I and II Housing	173,930,906	7,670,000
Future Phases	253,944,150	13,000,000
Infrastructure		
2014-2017	34,579,155	9,350,000
Future Phases	2,623,554	-

Infrastructure excludes demolition and grading