

Housing Levy Oversight Committee

September 21, 2017 Meeting Minutes – Approved January 18, 2018

Committee Members Present: Beth Boram, Erin Christensen Ishizaki, Doug Ito, Ann Melone, Colin Morgan Cross, Kristin Pula, Traci Ratzliff, Doug Vann

Staff: Emily Alvarado, Jennifer LaBrecque, Maureen Kostyack

1. Welcome and Minutes

Doug Ito opened the meeting at 2:30 pm. The minutes from the May 25, 2017 meeting were approved later in the meeting, with Kristin Pula and Colin Morgan Cross abstaining.

Maureen Kostyack informed the committee that City Council will appoint Mark Putnam, director of All Home, to the vacancy created when Betsy Hunter moved away from Seattle. OH staff appreciated that Council selected a new member who would continue to provide expertise in homelessness.

2. Homeownership Program Report

Jennifer LaBrecque, OH's Homeownership Program Manager, provided an update on the homebuyer and homeowner assistance activities funded in the 2016 Housing Levy. She presented a briefing paper, which was sent in advance. So far this year OH has made six home repair grants to low-income owners. For homebuyer assistance, OH issued a request for proposals (RFP) for development of 7 to 9 homes on a surplus publicly owned property, and is about to release a notice of funds available (NOFA) for down payment and development funds. Jennifer noted that OH but does not anticipate many requests for down payment funds because programs have not fully expended funds awarded under the prior levy. In addition, OH recently released an RFP for the administrator of the foreclosure prevention loan pilot program.

Traci Ratzliff asked how low-income homeowners find out that home repair grants are available. Jennifer explained that homeowners apply via OH's existing home repair and weatherization programs. The homeowner is offered a grant if they are unable to access a home repair loan or need only a small repair to access a weatherization grant. Doug Ito asked about community outreach and Jennifer replied that, due to a staff retirement, OH was able to create a new community engagement staff position. Vallerie Fisher asked whether OH was doing outreach via the community service centers, and recommended these locations as a good place to distribute program materials.

Jennifer presented OH's estimate of Homeownership Program funds available. At the time the 2016 Levy was proposed, it was known that unspent Homebuyer Assistance funds from the 2009 levy would be carried forward. The unspent funds result from the slower pace of loan closings due to rising prices, and the large number of OH loan repayments due to low interest rates and refinancing. These loan repayments return to the program to be loaned to new homebuyers. Therefore the 2016 Levy goal of serving 280 households assumed these additional funds. The final carryforward amount was \$5.26 million (on December 31, 2016). Additional loan repayments will accrue to the program in future years.

Maureen pointed out that this amount does not include funds that have been awarded to lending programs and are not yet spent, since loans to be made with those funds were counted as production under the 2009 Levy. Going forward, OH will count performance at the time of loan closing rather than when funding is awarded.

Kristin Pula gave an update on recent experience with HomeSight's home buyer assistance. Due to rising prices, the average borrower gets \$70,000 to \$80,000 of down payment assistance with five layers of subsidy. Most purchases are in partnership with Homestead Community Land Trust. Homes are almost all townhomes and condominiums. Doug Vann noted that a change in State condominium law would help increase supply. Kristin agreed, saying that HomeSight is looking at a possible limited equity cooperative development at Othello.

Jennifer then presented her projection, for planning purposes, of how funds would likely be allocated to the eligible activities over the course of the levy. Colin Morgan Cross asked about the basis for the allocation. Jen explained that a consultant estimated need for foreclosure loans and home repair grants, and the homebuyer estimates are based on recent trends. These are projections only, and the levy policies allow OH to allocate funds to the various activities as needed.

3. Office of Housing Updates

Emily Alvarado, OH's Policy and Equitable Development Manager, began with an update on Rental Housing Program funding. She handed out a list of applications received in response to this year's NOFA. OH announced \$49.5 million in available funding and received sixteen applications requesting \$120 million. It's possible that additional funds will be available from Incentive Zoning payments before the end of the year. However, because the State Legislature did not adopt a capital budget, Housing Trust Fund investment anticipated for these projects will not be available. Beth Boram asked whether the OH funds included the \$29 million in Council-authorized bonds, and Emily replied that a portion of the bonds are being made available through the NOFA.

Emily then reported on levy funds being made available through site-specific RFPs, as authorized in the Funding Policies adopted this year. OH anticipates about half of future rental development funds are being made available through site-specific RFPs, often in partnership with other public agencies, that will both select developers and award development funding. An RFP was just released for Sound Transit-owned property at the Roosevelt station area. OH committed \$15 million to the project, of which \$6.75 million will be used to purchase the property. Beth Boram asked if this price is really a discount as required by State law. Emily replied that it is clearly a discount compared to fair market value. State law requires 80 percent of units to be affordable at 80% of AMI, however, and determining a discounted price based on that requirement was part of OH's negotiation with Sound Transit. Emily noted that Sound Transit board members representing other jurisdictions are supportive of a discounted price because they generally do not have local housing funds to subsidize the purchase.

Doug Ito asked about future planning with Sound Transit to identify the 80 percent of surplus property for affordable housing development as called for in State law. Emily replied that this is the goal. It will be affected by timing of available sites, and lease versus purchase options.

OH's next RFP will be a King County-owned site at the Northgate transit area. Future sites include the K-site near Seattle Center, the Copiers NW site in South Lake Union, and the former King County records site at Yesler Terrace which SHA will make available for nonprofit development.

Doug Ito asked about workforce agreements for these developments, and Emily replied that OH anticipates community workforce agreements on selected sites, similar to the City's Seawall project agreement and SHA's agreement at Yesler Terrace.

Emily's third update was a status report on Fort Lawton redevelopment. The City is the development authority, and received the property at no cost from the Army for development of rental housing for homeless seniors and low-wage working people, and ownership housing for low-income first-time buyers. The Draft Environmental Impact Statement is expected to be completed by the end of the year. Although there has been opposition from some members of the community, who are pushing the alternative of a Seattle public school, this development is consistent with City housing funding policies and fair housing policies.

Colin Morgan Cross asked when the next wave of Fort Lawton publicity would occur, and Emily said during first quarter 2018 there will be a public meeting and a 45-day comment period. The Final EIS is scheduled for completion in March, and the Plan could go to City Council in summer or fall. Erin Christensen Ishizaki asked whether there was role for the Oversight Committee, and Emily replied that a statement about consistency with housing plans and policies could be helpful.

4. Levy Reporting

Maureen Kostyack reported that the Mayor's Office has directed OH to prepare a Housing Levy Dashboard to be published online on the Performance Seattle website. This dashboard, along with dashboards for the Move Seattle and Families and Education levies, are part of the Mayor's accountability initiatives for 2018 and were planned to be announced along with the budget in September.

Maureen opened the draft dashboard on screen to show the format. For each levy program, the dashboard has numerical goals; explanation of program purpose, fund allocation, and data measures; and pictures and stories to illustrate impact. At this time, OH's levy measures are only those adopted in the levy ordinance, but HSD is also reporting about performance standards used in contracts. Since this is the first year of the levy, the first performance data will be entered in March 2018, at the same time as levy annual report is due to City Council.

Members were happy with the format of the dashboard and the opportunity to have an additional way to report levy performance to the public. There was discussion of how the two formats will complement and differ from each other. Members agreed that, although the report to Council is required to provide additional data, it should also contain stories about people and projects. Doug Ito said that we should strive for a consistent brand for the dashboard and annual report. Maureen added that OH's annual reporting will now also include the Mandatory Housing Affordability production, which must be handled in a complementary way with levy production as well.

It was agreed that discussion of reporting will continue in future meetings. OH will also provide an update on Acquisition and Preservation Loans and bridge lending.

Doug Ito ended the meeting at 4:00 pm.