

Housing Levy Oversight Committee

June 13, 2018 Meeting Minutes

Committee Members Present: Beth Boram, Debbie Carlsen, Doug Ito, Ann Melone, Kristin Pula, Traci Ratzliff, Doug Vann

Staff: Emily Alvarado, Maureen Kostyack, Laurie Olson

1. Welcome and Minutes

Doug Ito opened the meeting at 2:40 pm. Maureen reported that three committee members had last minutes conflicts and could not attend, and Erin Christensen Ishizaki is on maternity leave. The minutes from the March 15, 2018 meeting were approved.

2. Committee Updates

Boards and Commissions Online Training. Maureen Kostyack described the new online training series developed for members of the City's 70+ boards and commissions. The online training replaces the 3-hour orientation previously offered. It covers the City's Race and Social Justice Initiative, ethics, public records and open meetings. New members are expected to complete the training within 90 days of appointment and other members are strongly encouraged to do the training as well. Debbie Carlsen reported that the training was interesting and informative, and its interactive features were effective for learning. Each of five modules took her less than 10 minutes to complete. Maureen will send out the link to the new boards and commissions website, which includes the online training.

Annual Reports. Maureen handed out the OH Investments Report and Housing Levy annual report, and thanked committee members for helping OH staff with the major redesign. Given the extensive public debate about housing and homelessness, it has been extremely helpful to have these comprehensive reports available online. The data has been cited by elected officials and members of the public.

Committee appointment. OH and Mayor's Office interviewed several candidates for the committee's one vacant position and we expect the new member to be appointed in the next week.

3. Office of Housing Updates

Homelessness Funding. Committee members asked whether the discussions of homelessness funding and priorities over the past few months will have any impact on the Housing Levy programs and funding. They also asked about next steps now that the Employee Hours Tax has been repealed. There was a strong sense among committee members that the public and perhaps elected officials did not distinguish between housing development and homelessness services.

Traci Ratzliff replied that Councilmembers have a good understanding that homeless housing requires operating and services funding and that this funding is not available through the Housing Levy. Under the Council's plan, the EHT would have funded services for permanent supportive housing. Committee members expressed concern that the negative tenor of the EHT debate – particularly that local government does not have clear, effective strategies – was harmful for affordable housing development. Doug Vann pointed out that HSD's competitive RFP in 2017, and its performance-based contracting, will help demonstrate the City's commitment to effective programs.

Laurie Olson explained that operating and services funding for permanent supportive housing (PSH) and other homeless housing continues to be the most significant barrier to production. About \$1 million is

needed annually for each building. Federal sources – McKinney and Section 8 – are by far the largest sources. Most of the 300 Section 8 vouchers that SHA committed to the current Levy will likely be awarded to already funded PSH, and there is no McKinney funding for new projects on the horizon. OH remains committed to funding more PSH, but the operating and services funding must be identified locally. Beth Boram and other members suggested that services funding needs the kind of coordination currently in place for capital funding. Doug Ito asked whether there was a services funding advisory group that the Oversight Committee could meet with.

As next steps, there was discussion about the Oversight Committee’s role in efforts to highlight performance outcomes and the long-term benefit of capital investment in housing development. In addition, committee members are interested in strategies to communicate the urgent need to identify homelessness and services funding for future Levy-funded PSH projects.

Community Resident Preference. Emily Alvarado briefed the committee on OH’s work, in coordination with the Seattle Office for Civil Rights, regarding a potential preference for local residents during lease up or sale of City-funded housing. City Council asked OH to research and report back on this topic, and OH submitted a briefing memo in March. On June 12th we presented our research findings to Councilmember Herbold’s committee. Councilmember Herbold is urging us to move quickly because several housing developments already underway would like to pilot a preference policy. Over the next six months we will meet with a range of community organizations to discuss how a preference policy could fit with their racial equity and anti-displacement work. We will also do more analysis of demographic data and fair housing legal issues.

2018 Income/Rent Limits. Emily also briefed the committee on OH’s decision regarding 2018 income and rent limits. For the second year in a row, HUD’s published median income rose sharply, raising concerns about displacing lower income tenants in both OH-funded housing and buildings participating in incentive programs. OH was able to avoid such steep rent increases by basing our 2018 income limits on another HUD-published income measure that did not contain a significant upward adjustment for our high cost market. After much discussion, housing owners agreed that OH’s 2018 rents provide sufficient operating income and are aligned with their initial projections.

Intents to Apply. Laurie Olson briefly reviewed the list of projects that have indicated their intent to apply for Rental Housing Program funds in 2018. The list includes 20 new developments, 3 portfolio projects, and funding set-aside for 3 site-specific RFPs, for a total request to OH of \$270 million. This is the largest number of projects, with the largest total funding request, that OH has ever seen. All of the projects have site control. A few applied last year as well. OH anticipates about \$70 million available in 2018, including Levy, Incentive Zoning, HOME/CDBG, and funding from the Convention Center expansion. OH staff will meet with individual applicants over the summer.

4. Acquisition and Preservation (A&P) Program and Bridge Lending

Laurie handed out a 2-page summary of the A&P Program and Bridge Lending. She pointed out that while a variety of short-term acquisition loan products are available, the A&P Program is uniquely designed to meet City goals such as housing preservation and site assembly. Its 5-year term allows more time for project planning. Doug Ito asked what happens when the authorized \$30 million is spent. Traci replied that Council approval would be needed to increase the amount. Maureen added that, since A&P Program loans use funds from other Levy programs, they must be repaid and cannot revolve. Beth asked if OH has seen any low-rent market rate buildings for this program yet. Laurie replied that OH is

talking with owners of two buildings – a Low Income Housing Tax Credit preservation project and a newly constructed Small Efficiency (SEDU) building where about half the residents are below 50% AMI.

5. Next meeting

Maureen previewed the topics anticipated for the September meeting: status reports from the Homeownership and Homelessness Preservation programs, and process for updating the Levy Administrative and Financial Plan for 2019-2020.

Doug Ito adjourned the meeting at 3:55 pm.