

Office of Housing

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<http://www.seattle.gov/housing/>

Department Overview

The mission of the Office of Housing (OH) is to build strong healthy communities and increase opportunities for people of all income levels to live in our city. To accomplish this mission, OH has four program areas:

- Multi-Family Production and Preservation;
- Homeownership and Sustainability;
- Policy and Program Development; and
- Administration and Management.

The **Multi-Family Production and Preservation Program** employs the Housing Levy and other federal and local funding to make low-interest loans to developers to develop or preserve affordable multifamily rental housing. OH monitors the housing portfolio to ensure that the policy objectives of the City are achieved and the units remain in good condition. The portfolio now includes over 300 buildings with more than 13,000 units, representing a significant investment of City and other funding in affordable housing over 35 years.

The **Homeownership and Sustainability Program** includes three sub-programs to assist low-income households:

- The **Homeownership Assistance Program** supports first-time homebuyers and existing low-income homeowners through down payment assistance loans, subsidies for permanently affordable homes, and foreclosure prevention loans.
- The **Home Repair Program** provides grants or no- to low-interest loans to assist with critical home repairs.
- The **HomeWise Weatherization Program** provides grants to increase energy efficiency and lower utility costs for low-income residents in both single-family and multifamily properties.

The **Policy and Program Development Program** establishes long-term strategic plans, develops and implements policy-based tools, and addresses housing-related aspects of citywide land use and community development planning. Key components of this program include expanding resources for affordable housing and homelessness programs, creating and administering incentive programs to advance housing affordability goals, and coordinating disposition of vacant land for redevelopment purposes to increase housing opportunities for Seattle residents.

The **Administration and Management Program** provides centralized leadership, coordination, technology, contracting, and financial management services to OH programs and capital projects.

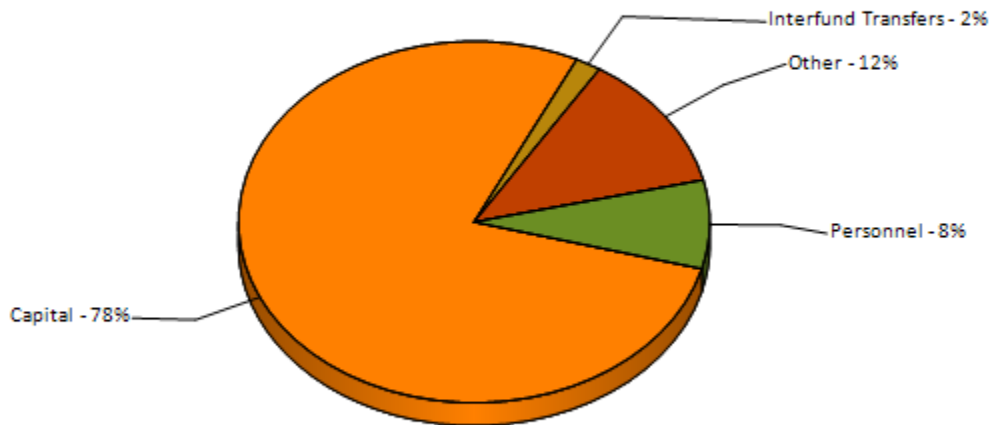
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Budget Snapshot

Department Support	2018 Adopted	2019 Proposed	2020 Proposed
General Fund Support	\$468,770	\$576,068	\$555,025
Other Funding - Operating	\$68,579,480	\$68,557,360	\$68,594,049
Total Operations	\$69,048,250	\$69,133,428	\$69,149,074
Total Appropriations	\$69,048,250	\$69,133,428	\$69,149,074
Full-time Equivalent Total*	44.50	45.00	45.00

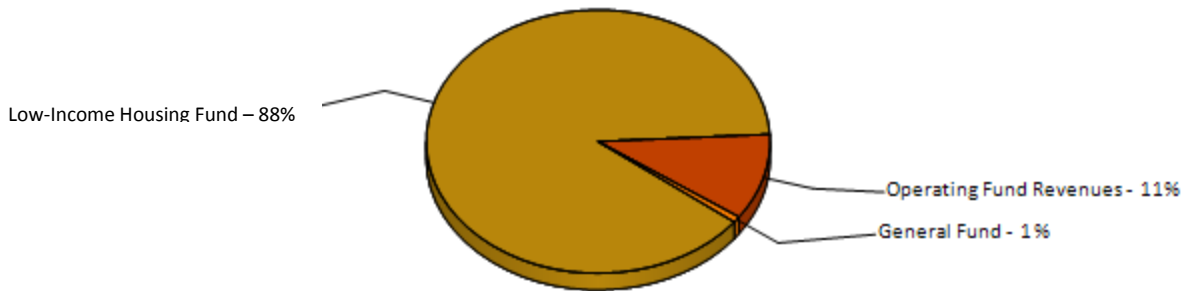
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2019 Proposed Budget - Expenditure by Category



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2019 Proposed Budget - Revenue by Category



Budget Overview

Mayor Durkan wants to create economic opportunity for all in Seattle and one way to achieve that goal is through affordable housing. The lack of housing affordability threatens to displace many underserved communities and makes it increasingly difficult for working families to continue to live and work here. It also contributes to homelessness. To address the affordable housing and homelessness crises, the Mayor has made her top priority the building of affordable housing for low- and middle-income families as quickly as possible.

The Office of Housing (OH) plays a central role in the Mayor's plans to improve accountability, effectiveness, and flexibility in tackling Seattle's affordable housing problem. In 2018, the City opened its books to external reviewers, including the office's portfolio of various housing investments to assess the efficacy of the City's investments. These include transitional housing that help people transition out of homelessness, permanent supportive housing that provides case-management services to those with physical or mental health needs, and long-term affordable housing for those whose incomes generally are at or below 60% of the area median income.

The office also helps lead the Housing Investment Fund, a new, innovative model that will leverage the City's resources to incentivize philanthropic investment in affordable housing and supporting homeless services. This effort will help investors, public and private, achieve a greater impact together than by acting alone. The fund will focus on financing affordable housing for moderate-income families, those that are unable to or barely can afford market-rate housing but are largely not eligible for City-funded long-term affordable housing. For rental housing, these are families with incomes at 50-80% the area median income; and for ownership housing, families between 60%-100% of the area median income.

The office uses two main sources of revenue to support the City's affordable housing efforts: proceeds generated by the Mandatory Housing Affordability program and the Seattle Housing Levy. The Levy, the main source of OH funds, was passed in August 2016 at double the size of the previous levy. Voters approved a seven-year, \$290

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million levy to provide affordable housing for seniors, people with disabilities, low-wage workers, and people experiencing homelessness. The levy also provides funding for homelessness prevention and home ownership assistance. The following programs are funded under the levy:

Program	Program Description	Total Funding (7 Years)	Estimated Housing Produced/Households Assisted
Rental Production and Preservation	Funds new construction or preservation of rental housing for low-income households, including people with disabilities, the elderly, homeless individuals and families, low-wage working people, and families with children.	\$201,000,000	2,150 units produced or preserved 350 units reinvested
Operating and Maintenance	Operating support for levy-funding buildings. Supplements rent paid by residents at or below 30% of median income.	\$42,000,000	510 units supported
Homelessness Prevention and Housing Stability Services	Short-term rent assistance and stability services for low-income individuals and families.	\$11,500,000	4,500 households assisted
Homeownership	Down payment assistance loans, one-time loans to prevent foreclosure and emergency home repair grants.	\$9,500,000	280 households assisted
Acquisition and Preservation	Short-term acquisition loans for purchases of building or land for rental or homeownership development.	<i>Up to \$30,000,000 (Loans will be made with Levy proceeds not yet needed for other Levy programs.)</i>	
Administration	Supports staff and operations at the Office of Housing and the Human Services Department.	\$26,000,000	N/A
Total		\$290,000,000	

The 2019-2020 Proposed Budget continues to improve affordable housing in Seattle while also being in alignment with the Mayor's vision to maximize effectiveness of public dollars. Largely, the proposed budget consists of technical or routine changes in the office's use of Community Development Block Grant (CDBG) funding and Housing Levy and Mandatory Housing Affordability administrative resources. Additionally, the proposed budget includes the use of existing resources for security and maintenance at Fort Lawton.

Fort Lawton Security and Maintenance Costs

In 2008, OH and the City Council approved the Fort Lawton Redevelopment Plan. This plan included market-rate housing, various types of affordable housing, the preservation of the existing wildlife habitat, and the creation of a new neighborhood park.

The City renewed its efforts in recent years and updated the previous redevelopment plan. The current proposal now includes:

- 85 units of supportive housing for formerly homeless seniors, including veterans;
- 100 units of affordable rental housing for low-wage workers and their families;
- 52 units of affordable homeownership; and

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- Over 21 acres for parks and recreation uses including active and passive park space, as well as repurposing of an existing structure for a park maintenance facility.

In 2017, OH and the Department of Parks and Recreation agreed to lease Fort Lawton and split the security and maintenance costs. In 2018, these costs significantly increased due to unforeseen circumstances requiring additional use of resources by both departments.

General Fund Target Reduction

The 2016 Adopted Budget used General Fund to add a position to the Office of Housing (OH) to support the implementation of the Housing Affordability and Livability Agenda recommendations. This position worked with the Office of Intergovernmental Relations (OIR) to lobby the State for new and expanded resources for affordable housing including enacting a Real Estate Excise Tax for affordable housing. The position also worked to create a preservation property tax exemption. To meet its General Fund reduction target, OH reduced the lobbying role of the position and added policy to the scope of work. This shift makes a portion of the position's costs eligible for funding by the Housing Levy or the Mandatory Housing Affordability administrative resources. OH does not anticipate that this minor shift will impact service delivery.

Operations and Miscellaneous Needs

The adopted budget also provides the Office of Housing with additional appropriation authority to spend existing resources to fund various items for its day-to-day operations and to improve outreach and engagement to underserved communities.

Incremental Budget Changes

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	2019		2020	
	Budget	FTE	Budget	FTE
2018 Adopted Budget	\$ 69,048,250	44.50	\$ 69,048,250	44.50
Baseline Changes				
Citywide Adjustments for Standard Cost Changes	\$ 723,431	0.00	\$ 731,427	0.00
Supplemental Budget Changes	\$ 0	0.50	\$ 0	0.50
Adjustment for One-Time Budget Additions	-\$ 893,253	0.00	-\$ 893,253	0.00
Proposed Changes				
Fort Lawton Security and Maintenance Costs	\$ 0	0.00	\$ 0	0.00
Recognizing Efficiencies Citywide	\$ 0	0.00	\$ 0	0.00
Operating and Miscellaneous Costs	\$ 255,000	0.00	\$ 262,650	0.00
Proposed Technical Changes				
Community Development Block Grant Reduction	\$ 0	0.00	\$ 0	0.00
Total Incremental Changes	\$ 85,178	0.50	\$ 100,824	0.50
2019 - 2020 Proposed Budget	\$ 69,133,428	45.00	\$ 69,149,074	45.00

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Descriptions of Incremental Budget Changes

Baseline Changes

Citywide Adjustments for Standard Cost Changes - \$723,431

Citywide technical adjustments made in the baseline phase reflect changes to internal services costs, health care, and industrial insurance charges for the department. These adjustments reflect initial assumptions about these costs and inflators early in the budget process. This technical adjustment also transfers internal services costs for Human Resources, Finance and Administrative Services, and Information Technology from Finance General to the department. With this change, department budgets will better reflect support costs. Previously these costs were included in the Finance General budget.

Supplemental Budget Changes/.50 FTE

This adjustment reflects changes made through supplemental budget legislation since the last adopted budget. Supplemental budget legislation is developed by the Executive and adopted by the City Council four times a year to provide for corrections to the adopted budget, unforeseen changes in circumstance, new funding opportunities or new policy priorities. These changes may include additions or reductions in appropriations and FTEs. The 2017 4th Quarter Supplemental Budget Ordinance changed a 0.5 FTE part-time position to a 1.0 FTE full-time position to handle to scope of work in the Homeownership and Sustainability Program.

Adjustment for One-Time Budget Additions - (\$893,253)

This item includes budget reductions for one-time additions in the 2018 Adopted Budget: Duwamish weatherization and health improvements (\$50,000); technological assessments and improvements (\$208,000); transferring consulting funds from Finance General to the Office of Housing (OH) (\$125,000); a Community Ownership Housing Model (\$150,000); use of OH's operating fund balance to support a Home and Hope program (\$75,000); use of OH's operating fund balance to pay for the pre-development costs of a mixed-use project in Pioneer Square assisting American Indian and Alaskan Native people (\$100,000); and a Seattle-Department-Mandatory Housing Affordability systems update (\$185,000).

Proposed Changes

Fort Lawton Security and Maintenance Costs

This item uses existing funding, \$167,432 in 2019 and \$172,455 in 2020, for security and grounds maintenance services at Fort Lawton. The Office of Housing (OH) and Department of Parks and Recreation (DPR) jointly leased this property in 2017. OH plans to help finance the building of long-term affordable housing on the site. In 2018, the costs significantly increased from the initial estimate, requiring additional funding. OH and DPR agreed to split the costs. To read more about this incremental change please read the Finance and Administrative Services and DPR sections in the budget.

Recognizing Efficiencies Citywide

This item shifts \$25,000 of the General Fund support of a lobbying position, a Strategic Advisor 1, to Office of Housing operating fund. This lobbying position was added in the 2016 Adopted Budget to support the City's efforts to pursue new and expanded State resources for affordable housing. This shift in costs is necessary to meet Citywide targets to improve efficiencies and reduce use of General Fund. To be eligible for funding either by

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the Housing Levy of the Mandatory Housing Affordability administrative funding available in the operating fund, the position will have a reduced lobbying role and an increased share of policy work.

Operating and Miscellaneous Costs - \$255,000

This item increases additional appropriation authority but not additional funding to help the office deliver on its capital investments. Administrative resources from the Housing Levy and Mandatory Housing Affordability will cover various items:

- \$120,000 for additional legal counsel to handle the increased volume and complexity of OH's financial transactions legal costs;
- \$20,000 for customized Seattle housing market data to inform the office's planning and policy analyses
- \$20,000 to host four community events annually: two focused on housing-related policy issues such as affordable housing workshops for community-based organizations, and the other two focused on specific projects such as Fort Lawton outreach;
- \$20,000 to provide outreach and engagement efforts for the office's direct service programs, especially in underserved communities to better align with the City's Race and Social Justice Initiative (RSJI) and efforts to improve access to the City's services for those with limited English skills as stated in Executive Order 2017-10
- \$10,000 for staff training with subject-matter experts on topics such as loan underwriting for affordable housing projects, and creating housing-specific learning opportunities for RSJI; and
- \$65,000 for position reclassifications and subsequent cost adjustments approved by the Department of Human Resources.

Proposed Technical Changes

Community Development Block Grant Reduction

This item is a technical adjustment to the Community Development Block Grant (CDBG) allocations in the department. The \$74,915 reduction in the CDBG administrative funding will be replaced with more than \$80,000 in additional HOME Investment Partnerships Program (HOME) administrative funding. In 2018, the department received an incremental increase of \$809,944 in total HOME funding from the previous year and it's expected to continue in 2019 and 2020. Ten percent of this amount is eligible for administrative funding.

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Expenditure Overview

Appropriations	2018 Adopted	2019 Proposed	2020 Proposed
Leadership and Administration Budget Summary Level			
General Fund	418,770	576,068	555,025
Office of Housing Fund (16600)	5,376,518	5,319,898	5,353,214
Total for BSL: BO-HU-1000	5,795,288	5,895,966	5,908,239
Homeownership & Sustainability Budget Summary Level			
General Fund	50,000	0	0
Low-Income Housing Fund (16400)	5,226,234	5,226,234	5,226,234
Office of Housing Fund (16600)	1,206,882	1,241,382	1,243,328
Total for BSL: BO-HU-2000	6,483,116	6,467,616	6,469,562
Multifamily Housing Budget Summary Level			
Low-Income Housing Fund (16400)	55,419,060	55,419,060	55,419,060
Office of Housing Fund (16600)	1,350,786	1,350,786	1,352,213
Total for BSL: BO-HU-3000	56,769,846	56,769,846	56,771,273
Department Total	69,048,250	69,133,428	69,149,074
Department Full-time Equivalent Total*	44.50	45.00	45.00

* FTE totals are provided for information purposes only. Changes in FTEs resulting from City Council or Personnel Director actions outside of the budget process may not be detailed here.

Budget Summary by Fund for Housing

	2018 Adopted	2019 Proposed	2020 Proposed
00100 - General Fund	468,770	576,068	555,025
16400 - Low-Income Housing Fund (16400)	60,645,294	60,645,294	60,645,294
16600 - Office of Housing Fund (16600)	7,934,186	7,912,066	7,948,755
Budget Totals for OH	69,048,250	69,133,428	69,149,074

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Revenue Overview

2019 Estimated Revenues

Summit Code	Source	2018 Adopted	2019 Proposed	2020 Proposed
411100	Property Tax Levy	37,862,143	37,862,143	37,862,143
433010	Federal grants - CDBG	1,057,278	1,057,278	1,057,278
433010	Federal Grants - Weatherization	632,734	1,000,000	1,000,000
434010	State Grants - Weatherization	975,000	600,000	600,000
445810	Bonus/MHA Capital	18,000,000	18,000,000	18,000,000
461110	Investment Earnings	2,000,000	2,000,000	2,000,000
469930	Program Income	4,000,000	4,000,000	4,000,000
471010	Federal Grants-HOME Program	2,262,246	2,968,574	2,968,574
569990	Local Grants-Weatherization	1,665,000	1,707,000	1,750,000
	Total Low-Income Housing Fund Revenues	68,454,401	69,194,995	69,237,995
587001	General Subfund	468,740	576,068	555,025
	Total General Fund	468,740	576,068	555,025
411100	Levy Administration	3,566,429	3,566,429	3,566,429
433010	Federal grants - CDBG	491,349	387,731	387,731
433010	Federal Grants-Weatherization	753,226	750,000	750,000
434010	State Grants-Weatherization	232,000	250,000	250,000
445800	MFTE application fees	160,000	200,000	200,000
445810	Bonus/MHA Administration	2,000,000	2,000,000	2,000,000
469990	Miscellaneous Revenue	0	0	0
471010	HOME Administration	226,224	329,842	329,842
541490	City Light Administration	775,000	795,000	815,000
	Total Operating Fund Revenues	8,204,228	8,279,002	8,299,002
	Total Revenues	77,127,369	78,050,065	78,092,022
379100	Use of (Contribution To) Fund Balance	-7,459,077	-8,549,701	-8,592,701
	Total Low-Income Housing Fund Revenues	-7,459,077	-8,549,701	-8,592,701
379100	Use of (Contribution To) Fund Balance	-620,042	-366,936	-350,247
	Total Operating Fund Revenues	-620,042	-366,936	-350,247
	Total Resources	69,048,250	69,133,428	69,149,074

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Appropriations By Budget Summary Level (BSL) and Program

Leadership and Administration Budget Summary Level

The purpose of the Leadership and Administration Budget Summary Level is to provide centralized leadership, strategic planning, program development, and financial management support services to the office.

Program Expenditures	2018 Adopted	2019 Proposed	2020 Proposed
Citywide Indirect Costs	751,817	764,478	747,159
Departmental Indirect Costs	3,420,550	3,629,311	3,615,363
Policy & Planning	950,541	801,541	803,325
Pooled Benefits	672,380	700,636	742,392
Total	5,795,288	5,895,966	5,908,239
Full-time Equivalents Total*	17.50	17.50	17.50

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The following information summarizes the programs in Leadership and Administration Budget Summary Level:

Citywide Indirect Costs Program

The purpose of the Citywide Indirect Costs program is to fund internal services costs originating from outside of the department such as allocated costs from the Department of Finance and Administrative Services and Seattle Information Technology Department.

Expenditures	2018 Adopted	2019 Proposed	2020 Proposed
Citywide Indirect Costs	751,817	764,478	747,159
Full-time Equivalents Total	0.00	0.00	0.00

Departmental Indirect Costs Program

The purpose of the Departmental Indirect Costs program is to fund costs associated with management of the department. This may include personnel costs related to department leadership and administration or other administrative costs such as external rent and operating supplies or services.

Expenditures/FTE	2018 Adopted	2019 Proposed	2020 Proposed
Departmental Indirect Costs	3,420,550	3,629,311	3,615,363
Full-time Equivalents Total	9.50	9.50	9.50

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Policy & Planning Program

The purpose of the Policy & Planning program is to provide strategic planning, program development, and vacant land redevelopment services to increase housing opportunities for Seattle residents.

Expenditures/FTE	2018 Adopted	2019 Proposed	2020 Proposed
Policy & Planning	950,541	801,541	803,325
Full-time Equivalents Total	8.00	8.00	8.00

Pooled Benefits Program

The purpose of the Pooled Benefits program is to fund department costs associated with health and dental insurance, workers compensation, and unemployment insurance contributions.

Expenditures	2018 Adopted	2019 Proposed	2020 Proposed
Pooled Benefits	672,380	700,636	742,392
Full-time Equivalents Total	0.00	0.00	0.00

Homeownership & Sustainability Budget Summary Level

The purpose of the Homeownership & Sustainability Budget Summary Level is to provide loans and grants to low-income Seattle residents to support first-time home-buyers, health and safety home repair needs, and energy efficiency improvements.

Program Expenditures	2018 Adopted	2019 Proposed	2020 Proposed
Home Ownership	1,680,078	1,680,078	1,680,317
Home Repair	727,469	727,469	727,722
Weatherization	4,075,569	4,060,069	4,061,523
Total	6,483,116	6,467,616	6,469,562
Full-time Equivalents Total*	14.50	15.00	15.00

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The following information summarizes the programs in Homeownership & Sustainability Budget Summary Level:

Home Ownership Program

The purpose of the Home Ownership program is to support first-time homebuyers and existing low-income homeowners through down payment assistance loans, subsidies for permanently affordable homes, and foreclosure prevention loans.

Expenditures/FTE	2018 Adopted	2019 Proposed	2020 Proposed
Home Ownership	1,680,078	1,680,078	1,680,317
Full-time Equivalents Total	1.50	1.50	1.50

Home Repair Program

The purpose of the Home Repair program is to provide grants or no- to low-interest loans to assist low-income homeowners with critical home repairs.

Expenditures/FTE	2018 Adopted	2019 Proposed	2020 Proposed
Home Repair	727,469	727,469	727,722
Full-time Equivalents Total	2.00	2.00	2.00

Weatherization Program

Expenditures/FTE	2018 Adopted	2019 Proposed	2020 Proposed
Weatherization	4,075,569	4,060,069	4,061,523
Full-time Equivalents Total	11.00	11.50	11.50

Multifamily Housing Budget Summary Level

The purpose of the Multifamily Lending Budget Summary Level is to make long-term, low-interest loans to develop or preserve affordable multifamily rental housing; and to monitor the affordable housing portfolio.

Program Expenditures	2018 Adopted	2019 Proposed	2020 Proposed
Asset Management	7,148,861	7,148,861	7,149,536
Multifamily Lending	49,620,985	49,620,985	49,621,737
Total	56,769,846	56,769,846	56,771,273
Full-time Equivalents Total*	12.50	12.50	12.50

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The following information summarizes the programs in Multifamily Housing Budget Summary Level:

Asset Management Program

The purpose of the Asset Management program is to monitor the housing portfolio to ensure that the policy objectives of the City are achieved and the units remain in good condition.

Expenditures/FTE	2018 Adopted	2019 Proposed	2020 Proposed
Asset Management	7,148,861	7,148,861	7,149,536
Full-time Equivalents Total	6.50	6.50	6.50

Multifamily Lending Program

The purpose of the Multifamily Lending program is to employ the Housing Levy and other federal and local funding to make low-interest loans to developers to develop or preserve affordable multifamily rental housing.

Expenditures/FTE	2018 Adopted	2019 Proposed	2020 Proposed
Multifamily Lending	49,620,985	49,620,985	49,621,737
Full-time Equivalents Total	6.00	6.00	6.00

