



OFFICE OF HOUSING ANNUAL INVESTMENTS REPORT – 2017 EXECUTIVE SUMMARY

The Office of Housing’s Annual Investments Report provides a comprehensive look at the City of Seattle’s affordable housing production and preservation through direct investments and incentive programs. The suite of programs both increase the supply of affordable homes and help preserve affordability for those at risk of displacement, while our City is experiencing unprecedented growth. The impact is felt across Seattle communities and by our neighbors now and for years to come: Providing homes for people experiencing homelessness. Allowing low income renters to contribute to and access opportunity in the city. Enabling low-income first-time homebuyers to share in the benefits of homeownership. And enhancing the quality, sustainability, and affordability of the homes of low-income homeowners and renters.

These investments promote racial equity and fair access to housing opportunities. People of color, particularly African-Americans and American Indian and Alaskan Natives, are more likely to experience housing cost burden and homelessness. Affordable housing is a critical way for the City to address these and other long-standing racial disparities. Each of the housing programs makes special efforts to reach people of color, and immigrant and refugee communities. Fifty-seven percent of the residents in City-funded rental housing are people of color, as are 43 percent of the participants in the City’s homebuyer programs.

Housing equity and equitable development are also advanced through City location priorities for housing investment. Seattle housing policies direct investments to neighborhoods where low-income residents, including many people of color, face displacement due to rising rents and gentrification. This affordable housing helps sustain cultural communities and enables residents to stay in their neighborhood as transit and other improvements are made. Seattle housing policies also direct investments to higher cost areas where many opportunities are available, including schools, transportation, and amenities. The Investment Report provides a series of maps illustrating how housing investments further equitable development as well as meet specific location priorities for fund sources.

Through investments over the past 35 years, Seattle now has 14,999 City-funded rental housing units in operation or under development. In addition, over 1,050 homebuyers purchased their first home with an affordable City-funded loan, including buyers who purchased one of 200 permanently affordable homes developed with City assistance. Market rate buildings participating in City incentive programs include 5,652 affordable apartments in operation or under development.

Rental Housing Opening and Under Construction

The City's longstanding track record of investment helps secure a steady supply of new affordable units. Projects that received funding or approvals in the past few years have proceeded to permitting and construction. The following projects opened, were seeking permits, or under construction in 2017:

- Three OH-fund rental housing buildings were completed, providing 225 affordable homes
- Eleven OH-funded rental buildings are in permitting and construction and will lease 1,233 apartments in 2018 and 2019
- 30 market rate buildings participating in the Multifamily Tax Exemption Program (MFTE) were completed, providing 592 affordable homes
- 28 market rate buildings participating in MFTE were approved and will begin leasing 645 affordable apartments between 2018 and 2020

2017 Housing Investments

As prior-year funding was delivering completed affordable housing, OH housing programs set a new round of affordable homes in motion with 2017 funding awards for development projects.

Rental Housing Program: funds production and preservation of rental housing that will serve low-income Seattle residents for a minimum of 50 years

- \$93.4 million awarded for rental housing production and preservation
- 944 units -- affordable rental housing created
- 534 units -- reinvestment in affordable rental housing
- Over \$306 million in total housing investment: \$2.71 leveraged for each City dollar

Homeownership Program: funds development of housing that will be sold to low-income first-time buyers at affordable prices for a minimum of 50 years

- \$2.25 million for permanently affordable homeownership development
- 25 units to be constructed in two developments
- Almost \$10 million in total housing investment, \$3 leveraged for each City dollar

OH also made investments in housing rehabilitation and sustainability. The projects were completed during in 2017, improving safety, health, and affordability for housing owners and residents.

Home Repair Program: funds critical health and safety repairs, helping low-income homeowners preserve their most important financial asset and sustain their home ownership

- Over \$440,000 provided as loans and grants
- 28 low-income homeowners assisted

Weatherization Program: funds energy conservation and related indoor air quality improvements, enhancing health and living conditions and lowering utility bills for low-income owners and renters

- \$3.57 million in grant funds expended
- 112 single family homes upgraded, benefiting low-income owners or renters
- 24 affordable apartment buildings upgraded, benefiting 1,306 low-income renters

Supplementary Reports on Housing Programs and Investments

Three supplementary reports are attached to this Investment Report, which provide additional information as required by City Council ordinance.

1. Seattle Housing Levy: Seattle’s voter-approved \$290 million, 7-year levy made its first funding awards in 2017. This report covers levy performance in relation to adopted goals and affordability requirements for each of the five levy-funded programs, as required in Housing Levy Administrative and Financial Plan.

2. Incentive Zoning and Mandatory Housing Affordability: New mandatory housing affordability programs for residential and commercial development in Seattle are gradually replacing the housing affordability elements of Seattle’s long-standing voluntary incentive zoning programs. This report compiles both information on both the voluntary and mandatory programs, including information on participating properties and resulting production of affordable housing, as required in the Council-adopted OH Housing Funding Policies.

3. Multifamily Tax Exemption Program: Participating multifamily buildings can receive a property tax exemption on residential improvements in exchange for placing income and rent restrictions on 20 or 25 percent of the units. This annual report is required under Ordinance 124877. It compiles the results of the MFTE trimester reports including participation rates, housing production, and program benefits and costs.

