

To: Emily Alvarado & Steve Walker, Director, Office of Housing
From: Seattle Planning Commission
Date: 3/10/2017
Re: Office of Housing's Administrative & Financial Plan

Director Walker and Emily Alvarado:

The Planning Commission offers our strong support for the vital work that the Office of Housing (OH) does in managing investments to fund the preservation and production of affordable housing and increase housing opportunities in Seattle for residents of all income levels. As Seattle becomes increasingly expensive, the programs that OH manages will become more critical to promoting economic opportunity, achieving inclusive neighborhoods, and combating displacement of Seattle's communities. We support your various efforts to respond to Seattle's housing crisis.

As stewards of the Comprehensive Plan, we have been consistent supporters of elevating equity as a core value in how Seattle plans for growth. The Planning Commission commends the Office of Housing for your commitment to funding a variety of units that serve vulnerable populations—the high caliber of this work is evident in your record of accomplishment creating and preserving over 13,000 affordable homes throughout the City.

Many areas in Seattle have historically denied housing access to people of color through exclusionary zoning and housing discrimination. This has led to disparate living conditions and housing opportunities for people across the City. Creating genuine housing choice in Seattle will require actively addressing the lasting impacts on marginalized communities from these practices by both providing housing opportunities for low-income residents in areas with a history of exclusion and providing housing opportunities that can keep people in place—especially in areas where communities have ties to historic and cultural resources. A multi-pronged approach is critical to our City's equity agenda and works to combat racial and socioeconomic segregation by promoting inclusive communities. Several of our recommendations below aim to address the historic discrepancies in housing choices available to residents.

The 2017-2018 Administrative & Financial Plan (A&F Plan) guides how the Office of Housing utilizes Housing Levy funds as well as other funds, including payments made through Mandatory Housing Affordability. We believe that this document provides a strong framework for supporting affordability for vulnerable populations, including seniors, low- and moderate-wage workers and families, people with disabilities, people at risk of becoming homeless, and those currently experiencing homelessness. As MHA cash contributions increase the amount of funding available, OH will be managing a larger portfolio and awarding funding to more projects. We encourage OH to consider

Commissioners

Grace Kim, *Chair*
Tim Parham, *Vice-Chair*
Michael Austin
Keiko Budech
Eileen Canola
Lauren Craig
Sandra Fried
David Goldberg
Kara Martin
Jake McKinstry
Marj Press
Julio Sanchez
David Shelton
Lauren Squires
Jamie Stroble
Patti Wilma

Staff

Valerie Kinast
Interim Executive Director
John Hoey
Senior Policy Analyst
Katy Haima
Policy Analyst
Robin Magonegil
Administrative Staff

further refinements to the A&F Plan that boldly reinforce Seattle's commitment to promoting equitable growth and access to housing opportunity as our funding opportunities grow.

Prioritize Family-Sized Housing

The Planning Commission has long voiced support for family-sized affordable housing in Seattle, including our report, *"Family-Sized Housing Agenda"* in 2014. We support the inclusion of low-wage working families as a priority in the Rental Production and Preservation Program. We encourage you to elevate policies and priorities that encourage more family-sized and family-friendly housing. As it seems unlikely that the performance option under MHA will produce many affordable family-sized units (especially 3+ bedroom units), it is even more critical for projects using City funds to reach this niche.

The A&F plan accounts for the challenges of providing larger, family-sized units by allowing up to 50% of the total development cost to be financed with City funds if projects provide special or unique design features for the proposed population. The Planning Commission recommends including guidelines or specifying particular features that contribute to family-friendly developments, and giving higher priority in funding decisions to projects that include these. Examples include: units with 3 or more bedrooms; play areas; units with direct sightlines to play areas; units with adequate storage; and a generous entry area in each unit.

Shift Policies to Make Affordable Housing Feasible in High Cost and High Opportunity Areas

The Planning Commission recommends policies that increase the priority for affordable housing project proposals in areas receiving growth but seeing few affordable units through the MHA performance option, such as South Lake Union. It is critical to make choices available for all people in neighborhoods seeing significant growth, especially in areas with a history of exclusion of communities of color. Requiring cash contributions under MHA to be spent in the same geographic area could potentially limit the funding available for areas that have a significant need for affordable housing, but are not receiving much growth. Instead, we recommend a strategy that provides OH with the flexibility and agility to respond to potential locational gaps in affordable housing production resulting from market constraints. We recommend adding an item to the "Project Location Priorities" section in the A&F Plan that specifically addresses responding to the distribution of affordable unit production amongst high, medium, and low cost areas as defined by the MHA cost areas map. This could be achieved by adding a sentence to the "Provide Access to Opportunity" items that reads: "OH will prioritize housing project locations in areas that have a low production of affordable units in relation to the overall growth occurring in the neighborhood and payments received under MHA." We understand that it is likely to take a few years more accurately assess the outcomes of MHA, and we believe that including this language now will set a precedent for future A&F Plans while signal a commitment to promoting affordable housing opportunities across the City.

We strongly support measures proposed in the Plan that make development of affordable homes in high-cost areas of the City feasible. This is one of several ways the City can counteract the segregation that has resulted from historic exclusionary policies and helps level the playing field for acquiring land in these costlier areas. We support including language in the Rental Housing Program that clarifies the practice of accepting acquisition costs for proposals if they reflect the neighborhood market conditions, as well as increasing the amount of the residential development costs to be financed with City funds to 50% for projects in high-cost areas that are currently

lacking low-income housing opportunities. Ensuring that project proposals in high-cost areas can be competitive is critical to providing housing choice and fostering inclusive communities.

Align Housing Investments with the Goals of Communities Experiencing Displacement

Seattle is a city of neighborhoods with distinct character and unique histories, shaped by residents and communities with historic roots. OH's priority to "*advance equitable development goals and address displacement*" should consider community priorities for affordable housing that have been identified through community planning processes, especially in areas with a high risk of displacement. Some neighborhoods have voiced the desire for housing that responds to historic patterns—such as preservation and new ownership opportunities around 23rd Ave and Jackson--while others have emphasized housing for certain users, such as families or elderly residents. Consider employing a separate RFP process (similar to that proposed for surplus City-owned land) outside of the annual notice of funding availability (NOFA) process that would target specific community housing needs in high-displacement risk neighborhoods.

Provide for Options in Lower Intensity Zones and Smaller Developments

The Planning Commission supports the program objective of the Rental Housing Program to "*Provide a mix of affordable rental housing, serving a range of household and income levels...to promote housing opportunity and choice throughout the City.*" OH has demonstrated their commitment to achieving this goal amongst neighborhoods, as is evident by the distribution of projects in their portfolio. However, the Planning Commission encourages OH to also work towards this goal *within* neighborhoods. While the A&F Plan does not preclude funding for smaller-scale projects, the higher cost per unit to develop and manage them has led to fewer and fewer being funded. New affordable housing projects are often and increasingly larger-scaled developments, and the zones that can accommodate this size project are often in the highest intensity areas along or near major streets. To ensure that true housing choice is achieved, set targets for units in lower intensity zones produced through a combination of performance, new City-funded projects, preservation, and homeownership opportunities. We encourage OH to consider strategies that increase the supply of affordable units in smaller-scale developments such as dedicating OH staff for technical assistance; allowing developers to link several (non-adjacent) sites to achieve economies of scale; creating a pilot program for innovative housing projects or models; and adjusting the MHA requirements in lower-density zones to encourage on-site performance.

Expand Assistance for Homeowners & Homeownership

The Planning Commission supports expansion of programs that assist first-time home buyers and help low-income households stay in their homes. Not only do these programs address the need for more small-scale housing opportunities, but they are important tools for addressing racial and economic equity by improving access to homeownership. The Home Repair Grants of up to \$10,000 for low-income homeowners to assist with maintaining stable housing and Foreclosure Prevention Loans of up to \$30,000 can provide emergency funds to help with financial stability when undertaking critical home repairs or when facing unexpected life events. In addition, increasing down payment assistance to \$55,000 for all low-income buyers will help to expand opportunities to more low- and moderate-wage workers to purchase homes.

The Planning Commission offers our support in working with OH and community partners to explore innovative solutions to increasing homeownership opportunities, especially those

focused on supporting community development in areas where marginalized groups have ties to culturally relevant resources and in areas where low-income residents have a high risk of displacement.

Monitor Goals for Housing Choice & Variety

While we understand that OH needs flexibility within a complex funding environment, we believe that setting targets and monitoring progress will provide a framework to help determine if priorities for the annual NOFA should be adjusted to encourage projects in certain locations or that serve specific populations. We encourage the City to establish metrics and targets more specific than general unit counts to strengthen the approach to providing housing options that meet various needs and aspirations of low-income residents. We encourage the City to monitor data on affordable units produced under MHA including building types and unit size; the location of units as it relates to displacement risk, access to opportunity, and the cost of land; and populations served by income, race, family size, and unique needs.


Realizing the complex and dynamic factors that contribute to displacement, the sensitivity of markets, and the potential for unintended consequences resulting from well-intentioned policies, the Planning Commission would like to offer our support as a resource to help create targets and to develop/review program outcomes ensure that housing policies are promoting inclusive growth across the city.

Use Partnerships and Innovative Approaches to Produce Affordable Housing

To achieve the necessary and ambitious Citywide goals for affordable housing, it is essential that new and innovative approaches to public, private, and non-profit partnerships are explored. We encourage OH to continue collaborating with communities and developers, and to consider pilot programs that can encourage innovative thinking and solutions to providing affordable housing.

We appreciate you taking the time to meet with us and for your interest in our feedback. We would like to reiterate our support for the important work you do, and are happy to discuss our suggestions and/or provide additional comments. Please contact me or our Interim Executive Director, Valerie Kinast, at (206) 233-7911, if you have any questions or would like to discuss our interest in your work.

Sincerely,



Grace Kim, Chair
Seattle Planning Commission