

Seattle Office of Housing
2017 Investment Report
Attachment 1

Seattle Housing Levy

March 2018



HOUSING LEVY OVERSIGHT COMMITTEE

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HOUSING LEVY ACCOMPLISHMENTS IN 2017

The 2016 Seattle Housing Levy provides \$290 million over seven years for housing production, preservation, and assistance. The current Housing Levy builds on a history of voter support that has provided a significant, consistent resource for affordable housing in Seattle for the past 35 years. Housing Levy funding has attracted substantial investments by other public and private fund sources and created affordable housing that serves thousands of Seattle residents each year.

In 2017, the Office of Housing made its first awards of 2016 Housing Levy funding. This report presents the Levy-funded housing only; a full summary can be seen in the **Office of Housing 2017 Investments Report**.

Rental Production and Preservation

The program awarded \$28.56 million in Levy funds seven housing development projects with 502 affordable apartments and substantial rehabilitation of an existing low-income building with 233 apartments. The availability of City Council-approved housing bonds and a high level of incentive zoning payments helped the program exceed its production goal for the first year of the levy. Funded projects will begin operations in 1 to 3 years after buildings permits are issued and construction is completed.

Operating and Maintenance

The program provides annual operating subsidies to Levy-funded housing that serves extremely low-income and homeless residents. The program will begin awarding funds in 2018 or 2019, when the housing development is ready to begin operations in the coming year.

Homelessness Prevention and Housing Stability Services

Seattle's Human Services Department provided \$1.15 million in Levy funds, combined with other City funds, to community-based agencies for homelessness services and rent assistance. The program assisted 629 households at imminent risk of eviction and homelessness to maintain stable housing, and 260 households to move into housing after living in their car, shelter or on the street – exceeding the program goal.

Homeownership

The program funded two developments that will construct 25 affordable townhomes for low-income first-time buyers. These 3-bedroom family sized homes will have resale restrictions so that they will be sold at affordable prices to future homebuyers. The program also provided grants for urgent home repairs to five low-income homeowners unable to access home repair loans. In addition, the administrator for a Foreclosure Prevention Loan Pilot Program was selected; mortgage loans will be available beginning in 2018.

Acquisition and Preservation Loans

The program funded three site acquisition loans for a total of \$10.54 million. Two are short-term loans for projects that applied for and received permanent financing in 2017; they are expected to be repaid in 2018. The third loan has a 5-year term to allow for project planning for housing and ground floor commercial and social services uses.

Administration

The Housing Levy ordinance sets aside 9% of revenues for administration. In 2017, OH expended \$2.64 million for overall Levy administration and the Human Services Department expended just over \$57,000 to administer the Homelessness Prevention and Housing Stability Services Program. Unspent funds are reserved for later years of the Levy when inflation is expected to push administrative costs above the annual allocation.

Seattle Housing Levy – Summary of Funding and Production in 2017

Levy Program	Funding		Housing Outcomes		Status:
	Total Levy Funding 2017-2023	Funding Committed 2017	Levy Goals 2017-2023	Housing / Households 2017	Meeting or Exceeding Goal
Rental Production and Preservation	\$201 M	\$28.56	2,150 units added	523	✓+
			350 units reinvestment	233	✓+
Operating and Maintenance ¹	\$42 M	NA	280 units	NA	NA
Homelessness Prevention / Housing Stability Services	\$11.5 M	\$1.15 M	4,500 households	889	✓+
Homeownership ²	\$14.3 M	\$2.28 M	280 households	30	✓
Acquisition and Preservation ³	Up to \$30 M	\$10.54 M	N/A	303	NA

¹ O&M Program will begin making awards in 2018. Funds are awarded to Levy-funded housing developments in the year prior to project opening.

² Homeownership Program funding includes \$9.5 million in 2016 Levy funds and \$4.5 million carried forward from the 2009 Levy; additional funds may become available from loan repayments. The Program funded homeownership development and home repair in 2017; foreclosure prevention and purchase assistance loans will begin in 2018.

³ Acquisition & Preservation Program makes short-term loans for acquisition of buildings or development sites, using other Levy program funds that are not yet needed for projects. Levy outcomes are counted when the project receives permanent financing from the Rental or Homeownership program.

RENTAL PRODUCTION AND PRESERVATION PROGRAM

The largest Levy program provides approximately \$29 million annually in capital funds to support development and preservation of affordable rental housing. Levy funds provide affordable opportunities in neighborhoods throughout the city, and leverage other public and private investment for housing development and operations.

- The program funds new construction, building acquisition and rehabilitation to preserve low-cost housing, and reinvestment in affordable housing when major upgrades are needed. The housing serves eligible residents for a minimum of 50 years.
- At least 60% of total Levy rental housing funds must serve extremely low-income households below 30% AMI. This policy is met by reserving all Operating and Maintenance funds to serve this income group, and awarding at least 52% of Rental Production and Preservation funds to housing set-aside for extremely low income residents.
- Physical inspections and annual compliance reporting ensures that the housing is well maintained, serves the intended resident population, and is financially viable.



Housing Levy Impact Rental Production & Preservation

7-year Goal: 2,150 rental units added
350 reinvestment units

1st year Outcome: 523 units added
233 reinvestment units

2017 Funding Summary

OH awarded \$28.56 million in Levy funds and \$26.16 million in other City housing funds to seven new development projects and one portfolio preservation project, listed below. These projects will produce 523 affordable apartments, and substantially improve an existing affordable property serving 233 low-income households.

With a significant amount of other City funds available in 2017, OH was able to make substantial progress toward the Levy's 7-year production goals. Other funding included payments made through Incentive Zoning and housing bonds authorized by City Council. The 523 new units funded exceeds the benchmark of 307 units per year; the 233 reinvestment units are well on the way to reaching the Levy goal of 350 reinvestment units.

Funding awarded in 2017 also exceeds the required minimum amount that will serve extremely low-income households: 74% of program funds will support housing for people with incomes at or below 30% AMI. The balance of funds will support housing for people at or below 50% AMI and 60% AMI.

This level of funding reflects the continued success in leveraging other key sources of public and private capital investment, including private equity investment through the 9% Low Income Housing Tax Credit program which is critical for supportive housing and other homeless housing. Overall, projects funds by the Rental Housing Program in 2017 leveraged \$2.71 in other capital investment, and many projects will also leverage significant operating and services funding.

Rental Production and Preservation Program Funding Awards, 2017

Project Name <i>Project Sponsor</i>	Population Served	Affordability			Capital Funding	
		<30% AMI	<50% AMI	<60% AMI	Total City \$	Levy Funding
22 nd Ave Supportive Housing <i>Downtown Emergency Services Center</i>	Supportive housing for homeless adults with chronic disabilities	85			\$7.8 M	\$7.8 M
Filipino Community Village <i>HumanGood Affordable Housing and Filipino Community of Seattle</i>	Seniors aged 55 and over	24	25	44	\$8.9 M	\$3.67 M
Mt Baker Family Housing <i>Mercy Housing Northwest</i>	Homeless and other low-income families	47		48	\$5 M	\$2 M
Belmont Avenue <i>Pioneer Human Services</i>	Supportive housing for formerly incarcerated and homeless adults	30	37	22	\$7.9 M	\$3.4 M
501 Rainier Supportive Housing <i>Plymouth Housing Group</i>	Supportive housing for homeless adults with chronic disabilities	102			\$7 M	\$6.7 M
Eng House <i>Plymouth Healing Communities</i>	Adults with mental illness	7			\$800,000	\$800,000
Patricia K Apartments <i>Community House Mental Health Agency</i>	Supportive housing for adults with mental illness, majority homeless	52			\$1.25 M	\$1.25 M
Total - New Development		347	62	114	\$39.6 M	\$25.63 M
Portfolio Reinvestment						
Frye Hotel <i>Low Income Housing Institute</i>	Low-income households	119	114		\$15 M	\$2.93 M

Note: Table includes Levy-funded housing projects only. See OH 2017 Investment Report for a complete list of funded projects and other OH fund sources awarded.

Rental Rehabilitation Loans

In 2017 OH announced the availability of a new loan product for rehabilitation loans to private market rental housing. The loans were authorized in 2016 Housing Levy. In exchange for the low-cost loan, owners will agree to maintain a proportion of rental units at affordable rents. OH is conducting targeted marketing of these loans in neighborhoods with relatively lower rents where rising housing costs threaten displacement of current residents.

OPERATING & MAINTENANCE PROGRAM

The Operating & Maintenance (O & M) Program provides annual subsidies for buildings that serve extremely low-income and formerly homeless residents who pay very low rents. Levy funds, along with other critical operating subsidies, help ensure the housing is well maintained and financially viable.

- Funds are available only to housing that received 2016 Housing Levy capital funds. O&M funds are matched with other funding for building operations and resident services.
- Funds are awarded the year before the building will begin operations, typically one or two years after capital funding,
- Projects receive a 20-year operating support commitment. Funds are allocated each year to fill the gap between project income and expenses, up to a maximum of \$2,500 per unit in the first year, with adjustments for inflation.



2016 Housing Levy Impact Operating & Maintenance

7-year Goal: 510 rental units

O&M awards begin in 2018

Operating Support Using Seattle Housing Authority Vouchers

In addition to Levy O & M Program funds, projects that receive Levy capital funding may apply for vouchers from Seattle Housing Authority. SHA has committed 300 Section 8 vouchers to the 2016 Housing Levy, which will be “project-based” to provide ongoing building operating subsidies. SHA funding requirements and timing are comparable to the Levy O & M Program. SHA will allocate additional vouchers to replacement housing at Yesler Terrace that receives Levy capital funding.

2017 Funding Summary

No funds were awarded in 2017. Projects receiving capital funding for rental housing development in 2017 will be eligible to apply for O&M funds beginning next year.

HOMELESSNESS PREVENTION AND HOUSING STABILITY SERVICES PROGRAM

The Homelessness Services Program, administered by the Seattle Human Services Department (HSD), serves families and individuals who are at risk of homelessness or experiencing homelessness.

The program serves households with incomes up to 50% AMI. Levy funding is used for rent assistance, security and utility deposits, move in costs, and rental and utility arrears, and is combined with other funding for case management services.

The program goal is to assist 643 households per year and evaluate their housing stability at 12 and 24 months after case management and rental assistance ends. Contracted agencies offer rich culturally and linguistically relevant services, target services to underserved communities and communities with emerging needs, and provide specialized programs for a range of household types such as young adults, families with children, and single adults. Program activities and performance are monitored with the region's Homelessness Management Information System (HMIS) called Clarity.

Two homeless services programs are funded:

- **Homelessness Prevention:** serves households at imminent risk of homelessness to maintain their housing.
- **Rapid Rehousing:** assists households experiencing homelessness to move into stable housing after living in a car, shelter or a place not meant for human habitation.

2017 Funding Summary

In 2017, seven community-based nonprofit agencies programs spent \$ 1,153,656 in Housing Levy funds to serve 889 households – including 1,088 adults and 842 children under the age of 18 -- through seven homelessness prevention programs and four rapid rehousing programs.

Homelessness Prevention

- 629 households assisted
- Average financial assistance: \$1,531 Levy funds per household; \$3,360 total assistance per household (includes all funds administered by HSD)
- Average length of enrollment: 94 days from initial case management appointment until rental assistance and case management ended
- Housing stability: 97% of households did not enter the homeless service system within twelve months after assistance ended¹

¹ Based on HMIS data for the 548 households whose assistance ended during 2017. The 12-month return rate could increase up until 12/31/2018 as this is a full 12 months after the last possible exit in 2017. HMIS data captures if a household enters homelessness, i.e., enters emergency shelter, transitional housing, rapid rehousing, or permanent supportive housing.

**2016 Housing Levy Impact
Homelessness Services**

7-year Goal: 4,500 households assisted

1st year Outcome: 889 households

Rapid Rehousing

- 260 households assisted
- Average financial assistance: \$732 Levy funds per household; \$3,934 total assistance per household (includes all funds administered by HSD)
- Average length of enrollment: 200 days from initial case management appointment until rental assistance and case management ended
- Housing stability: 98% did not return to the homeless service system within twelve months after assistance ended ²

² Based on HMIS data for the 228 households whose assistance ended during 2017. The 12-month return rate could increase up until 12/31/2018 as this is a full 12 months after the last possible exit in 2017. Data captures if a household returns to homelessness, i.e., enters emergency shelter, transitional housing, rapid rehousing, or permanent supportive housing.

Demographic Information	Homelessness Prevention 629 Households	Rapid Rehousing 260 Households
Households below 30% AMI	82%	64%
Households with minor children	48%	42%
People of Color Head of Households	83%	80%
Disabled individuals	34%	43%

2017 Participating Agencies Referrals through 2-1-1 and Coordinated Entry for All

- Interim Community Development Association
- Muslim Housing Services
- Neighborhood House
- Solid Ground
- Wellspring Family Services
- YMCA of Greater Seattle
- YWCA Seattle-King-Snohomish Counties

HOMEOWNERSHIP PROGRAM

The Homeownership Program creates and sustains homeownership opportunities for low-income Seattle residents. Approximately \$1.4 million in new funding is available annually, plus funds carried forward from the 2009 Housing Levy and down payment loan repayments from prior housing levies.

Funds support:

- **Development:** Acquire or construct homes that are sold to first-time homebuyers with income up to 80% AMI, and are resale-restricted to be available for eligible buyers for a minimum of 50 years
- **Purchase Assistance:** Assist first-time homebuyers with income up to 80% AMI to purchase a home anywhere in Seattle. Buyers access Levy funding through participating nonprofit housing agencies and mortgage lenders. Loans are repaid upon resale or refinancing, and assist additional homebuyers.
- **Home Repair:** New in the 2009 Levy -- Grants to homeowners with income up to 50% AMI who need to make critical home repairs and are unable to access a home repair loan. Repairs improve living conditions, help owners access weatherization grants, and help preserve the home.
- **Foreclosure Prevention:** New in the 2009 Levy -- Assist homeowners with income up to 80% AMI to pay housing-related costs that are necessary to avert foreclosure and remain successfully in their homes and communities.

2016 Housing Levy Impact Homeownership

7-year Goal: 280 households assisted

1st year Outcome: 30 households

2017 Funding Summary

In 2017 the Program allocated funds for two of these activities. Funding will assist 30 households:

- 25 homebuyers purchasing permanently affordable townhomes in two development projects
- 5 low-income homeowners who received grants for urgent home repairs

Homeownership Development

The number of permanently affordable homeownership homes in Seattle is growing. There are now 193 resale-restricted homes; seven were resold in 2017 at affordable prices to eligible buyers. In 2017 funding was awarded for two new projects:

Project Name <i>Project Sponsor</i>	Description	Housing Units	Levy Funding
Habitat 35 th @ Lake City <i>Habitat for Humanity, Seattle - King County</i>	3-bedroom 1,250 sf permanently affordable townhomes affordable to buyers at 30-60% AMI. Buyers must partner and complete sweat equity	16	\$1.44 M
Yakima Ave Townhomes <i>Edge Developers Inc. and Homestead CLT</i>	3-bedroom townhomes to be developed on surplus City property in Central area, affordable 50 years or longer. Working with community partners to address displacement.	9	\$810,000

Home Purchase Loans

Lending programs typically provide home purchase loans to eligible buyers over the 12 to 18 months following a Levy funding award. During 2017 the participating lending organizations continued to provide this down payment assistance with funds awarded under the 2009 Housing Levy. Since those loans were attributed to the Program's performance under that prior levy, they are not reported here. As organizations begin to make loans with 2016 Levy funds, OH will report the number of homebuyers assisted based on loan closings during the calendar year.

Home Repair Grants

OH's Home Repair Program began to offer grants in mid-2017 to low-income homeowners unable to access home repair loans. OH made five grants for a total \$28,360 to fund small, urgent home repairs:

- **Household incomes:** all below 30% AMI
- **Age:** 4 out of the 5 households had at least one household member who was over 60
- **Race/ethnicity** of applicant: 2 Black, 2 White and 1 Asian
- **Average grant:** \$5,672
- **Typical repairs:** hot water tank, new heating system, plumbing repairs, roofing repairs and exterior painting

Foreclosure Prevention

The Foreclosure Prevention Pilot Program was designed to be administered by an agency selected by OH in 2017. The administrator will create effective partnerships with housing counselors, City departments, King County and community groups to identify at-risk homeowners early in the foreclosure process and deliver information on available resources. The administrator will qualify eligible borrowers and make loans to cover the eligible costs such as delinquent mortgage payments, property taxes, and homeowner association dues.

Through a competitive process, OH selected HomeSight, a nonprofit community development association based in Southeast Seattle, as administrator. The Pilot Program's goal is to assist 20 low-income homeowners over a two-year period. An evaluation will be conducted, and the program may be extended.

ACQUISITION AND PRESERVATION PROGRAM

The Acquisition and Preservation Program provides short-term financing for strategic acquisition of sites for low-income housing development or preservation. Loan terms up to five years allow for strategic planning for use of the site, community engagement, formation of development partnerships, and identification of fund sources for housing and other building uses.

The Housing Levy authorized up to \$30 million for A & P Program loans, using funds from other Housing Levy programs not yet needed for planned projects. The Program does not have a housing production goal; instead, housing production outcomes are tracked at the time permanent financing is awarded by the Rental or Homeownership program.

- Loans can be made for land or buildings, including occupied buildings where low-income residents are at risk of displacement, and can support rental or ownership housing.
- Project sponsors must demonstrate that acquisition financing is necessary for the project to proceed, and a high likelihood that permanent financing can be secured within five years.
- The loans are repaid with permanent project financing, using City and non-City sources, producing housing with long-term affordability.

2016 Housing Levy Impact Acquisition & Preservation

**Estimated Homes to be
developed: 303**

2017 Funding Summary

The program made three loans totaling \$10.54 million in 2017:

Project Name <i>Project Sponsor</i>	Description	Housing Units	Loan Amount	Status
Judkins Junction <i>Community House Mental Health Agency</i>	Studios, 1-bedroom and 2-bedroom apartments for families and individuals up to 60% AMI	74	\$2.7 M	Loan outstanding OH permanent financing awarded 12/2017
Mt Baker Family Housing <i>Mercy Housing Northwest</i>	1-, 2- and 3-bedroom apartments, half at 30% AMI set-aside for homeless families, half at 60% AMI	94	\$3.34 M	Loan outstanding OH permanent financing awarded 12/2017
Africatown Plaza <i>Capitol Hill Housing and Africatown CLT</i>	Rental housing, potential homeownership component Potential ground floor uses: retail, nonprofit office space	134	\$4.5 M	Loan outstanding
Total		303	\$10.54 M	

LEVY FUNDING POLICIES AND ADMINISTRATION

Administrative and Financial Plan

Housing Levy programs are guided by policies in the Levy Administrative and Financial Plan adopted by the City Council every two years. The A & F Plan is prepared by the Office of Housing, with the participation of the Department of Human Services and the Housing Levy Oversight Committee, and the involvement of community members and stakeholders for each of the Levy programs.

Allocation of Levy Funds

All Levy programs award funds through a competitive application process. The Rental Production and Preservation funds are awarded via a Notice of Fund Availability (NOFA) along with other housing funds administered by OH. Homeownership funds are also awarded to housing development projects and mortgage lending programs through a competitive NOFA process.

When a publicly owned site is available for affordable housing development, Rental and Homeownership funds may be awarded through a site-specific Request for Proposal. The competitive RFP selects the developer for the site and awards OH development funding. The RFP may be conducted jointly with another public agency, such as King County or Sound Transit, that is making the property available.

For the Acquisition and Preservation Program, applicants submit project proposals on a rolling basis rather than a set deadline, enabling project sponsors to take advantage of market opportunities. As these short-term loans are repaid, the funds are made available as permanent financing via the other Levy programs.

Levy Operating & Maintenance Funds are made available in a combined NOFA led by King County along with other sources that support building operations, rental assistance, housing-based services and other housing assistance. This coordinated funding approach helps to maximize the operating and services funding that can be secured, enabling Levy-funded housing to serve extremely low-income and homeless people.

Homelessness Prevention and Housing Stability Services Program funds are administered by the Seattle Human Services Department, which selects service providers via a competitive Request for Investment process. The selected agencies assist households who are homeless or at risk of homelessness by providing housing stability services and making rent payments directly to the housing owner.

Housing Levy Oversight Committee

A Housing Levy Oversight Committee is appointed by the Mayor and City Council to monitor the progress of Levy programs. The Oversight Committee reports to the Mayor and Council and the public regarding program accomplishments, and makes recommendations for policy changes in the Administrative and Financial Plan. The Oversight Committee typically meets quarterly and is staffed by the Office of Housing.

MORE INFORMATION

For more information about the Seattle Housing Levy, contact the City of Seattle Office of Housing or visit www.seattle.gov/housing/levy.

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