

Minutes: Seattle Housing Levy Oversight Committee

Meeting of February 24, 2021, 2:30 pm – 4:00 pm (Virtual)

Committee Members Present: Doug Ito (Chair), Beth Boram, Erin Christensen-Ishizaki, Kelli Larsen, Ann Melone, Traci Ratzliff, Kelly Rider, Colin Morgan-Cross

Other City Staff Present:

- Office of Housing: Emily Alvarado (Director), Dan Foley, Jessica Gomez, Nathan Haugen, Jennifer LaBrecque, Erika Malone, Daniel Murillo, Laurie Olson, Miriam Roskin
- Human Services Department: Audrey Triantafillidis, Maurine Worgum

Members of the Public Present: Eric Alozie

1. Welcome and Committee Business

- Introductions. Doug called the meeting to order at 2:35 pm and welcomed all attendees. At Doug's request all meeting attendees introduced themselves.
- Approval of Meeting Minutes. Ann moved to approve the minutes of the December 11, 2020 meeting. Beth seconded. There were seven votes for approval, with Erin abstaining because she missed the last meeting.
- Public Comment Period. Eric Alozie of NW Construction provided comment concerning WMBE contracting and subcontracting.

2. Briefing: Summary Findings of the DRAFT 2020 Housing Levy Annual Report (Office of Housing)

- Overview: Emily shared an overview about the upcoming suite of annual reports, one of which is the Levy report mandated under the Levy ordinance. She emphasized that one of the Oversight Committee's most fundamental roles is to monitor accountability under the Levy, including reviewing the annual report's findings concerning progress towards the Levy's seven-year goals.

She also noted that a recurring theme appearing in the 2020 report is the Levy's ability to help the City be resilient in times of crisis. This was especially true in 2020 as Levy resources and its program structure positioned the City to rapidly adapt to 2020's multiple crises, including the Covid-19 pandemic and the spotlight it placed on the ongoing crises of both homelessness and racial inequity in housing.

- Rental Production and Preservation Program. Laurie shared an overview of OH investments made during 2020. Three notices of funding availability resulted in \$115 million in funding awards. She noted that:
 - The second of the three NOFAs was structured as a pilot initiative to deliver homeless housing with exceptional cost-efficiency and/or speed of delivery. Laurie noted that, as

discussed with the Oversight Committee beforehand, two years' worth of Levy proceeds were dedicated to this special NOFA. Accelerating one year of Rental Production and Preservation proceeds allowed OH to award about \$56 million under this NOFA rather than the standard \$29 million.

- Given a lot of competition for both 9% and 4% Low-Income Housing Tax Credits, OH is funding several projects without LIHTC allocations, especially in the case of projects sponsored by smaller BIPOC-led organizations that could face tough underwriting by the banks that assemble LIHTC financing.
- Funds available from the State Housing Trust Fund have stayed flat over the past few years but there are indications that the level of State funding dedicated to affordable housing may increase this year. If so, that will be very helpful in making City funds go further.
- Acquisition and Preservation Program. Laurie listed the three short-term loans made under this program in 2020: one site by the Mount Baker light rail station, one bundled \$15 million loan to the Seattle Housing Authority for three properties that will now be subject to an OH regulatory agreement for 20 years, and one for the Eclipse project in Fremont. That final loan has already been repaid as the project was awarded (non-Levy) permanent financing in the Spring 2020 NOFA. Laurie also previewed three new Acquisition and Preservation loans that are expected to close early in 2021. The first is to LIHI for The Clay, a recently completed studio-apartment building featured in a recent Seattle Times article. The second is to Mount Baker Housing Association for the three-acre "Thunderbird" lot in Rainier Valley). The third is to LIHI for the Black Angus site located at 125th and Aurora.
- Operating and Maintenance Program. Dan spoke about the close partnership between the Capital Investment and Asset Management Team when deciding how to allocate Levy-funded operating and maintenance support (as well as other sources of O&M resources plus service funding) to Levy-funded capital projects that serve extremely low-income residents. He listed the four projects previously funded with Levy dollars that are presently receiving 2016 Levy O&M funding: Patricia K (Community House Mental Health), Hobson Place 1 (DESC), Gardner House (Mercy Housing), and Almquist Place (Plymouth Housing). He stressed that the Levy's O&M program provides only a very shallow subsidy of around \$220 per unit per month, which means that OH and the providers must coordinate with other funders to ensure that properties that receive very little rent revenue can stay operational.
- Homeownership Program. Erika outlined the elements of the Levy's Homeownership Program that contribute to annual production numbers.
 - New development: OH awarded Levy funds for development of two projects (17 new cottages or townhomes). These units are counted at the point that they are awarded, not when they are sold to households.
 - Resales: Three OH-funded homes were sold to income-qualified first-time homebuyers in 2020. Prior-year Levy investments had converted one-time downpayment assistance loans at these houses to permanent investment for permanent affordability. Homeowners assisted in this way are counted at the point of resale, not funding award.
 - Foreclosure prevention/stabilization: Via a contract with Homesight, the 2016 Levy funded four loans in 2020 to help low-income homeowners avoid foreclosure. OH

expects that foreclosure prevention loans will be in greater demand as Covid-related foreclosure protections expire.

- Purchase assistance: Homebuyers who receive downpayment assistance loans are counted at the time of purchase. OH made eight downpayment assistance loans in 2020, but none was funded with proceeds from the 2016 Levy.

Jen, who oversees the home repair grant portion of the Levy's overall Homeownership Program, reminded Committee members that this grant program started with the 2016 Levy. The grants help low-income homeowners who face an emergency situation such as a broken side sewer or leaking roof. In 2020 OH awarded 30 grants to 29 homeowners (one homeowner received two grants). Jen also noted that the grant program was very helpful as OH's home repair team adapted to pandemic conditions, as the non-Levy loan program require more interaction. OH staff also adapted work practices and reviewed contractors' Covid safety plans to ensure that work could proceed safely.

- Questions: Doug asked if Committee members had any questions on the OH-administered Levy programs.
 - Ann Melone asked about the impact of limited bond cap. Laurie explained that we are working with the Housing Finance Commission to ensure that projects can move forward. Miriam added that the 2020 Levy awards were made only to homelessness-oriented projects that will not compete for bond cap and associated 4% LIHTC. There were no other questions at this stage of the presentation.
 - Colin asked (later during the meeting) about whether the progress-to-goal figures for rental housing production reflected units completed or units receiving funding awards. Emily explained that units are counted at point of funding award.

3. Briefing: Summary Findings of the DRAFT 2020 Housing Levy Annual Report (Human Services Department)

- Overview. Audrey reminded the Committee that one Levy program (Homelessness Prevention and Housing Stability Program) is administered by the Human Services Department. It has two subprograms, both of which contract with community-based organizations: Homelessness Prevention and Rapid Rehousing. Together they helped 538 households in 2020, 117 of which were through rapid rehousing. The number of people assisted through 2020 is on track with the Program's seven-year goal. Audrey and Maurine together provided detail on the two subprograms.
- Homelessness Prevention (HP). All HP programs spent down their dollars except two. More heads of households were Latino and/or non-White than in past years. Audrey indicated that though no Levy funds went to Covid-response in the form of emergency rental assistance, the Levy Program's existing administrative infrastructure and contracts with community-based organizations were very helpful in facilitating rapid deployment of rental assistance funds to low-income renters who had been economically impacted by the pandemic.
- Rapid Rehousing (RRH). The level of support provided was fairly stable between 2019 and 2020, with most 2020 funding spent down. The number of supported households decreased slightly in 2020 (-7%), but the average number of days of RRH support increased by 27% to 285 days. The

average dollar assistance was up by 26% from 2019, to \$2,208. Racial equity outcomes didn't change as much as in HP, but Latino participation substantially increased.

- Questions. Doug asked for questions but there were none.

4. Next Steps for Housing Levy Annual Report

- Miriam outlined the next steps for completing the report: OH staff will make some technical edits, including probably adjusting numbers so that the one preservation project awarded in 2020 is funded by the Levy rather than other sources and thus counts toward Levy goals.
- Cover letter: Miriam said that OH staff will work with Doug to draft a cover letter from the Oversight Committee and asked Committee members to suggest themes to include in the cover letter. Responses:
 - 2020 demonstrated the Levy's role in positioning the City to respond quickly to changing circumstances, with Covid-19 as a prime example (Beth, with others in agreement).
 - The Levy-funded PSH pilot shows that the Levy has the flexibility to accelerate outcomes when they're most needed (Erin) with the corollary of getting people experiencing homelessness into permanent housing more quickly (Colin).
 - 2020 illustrated that housing is health (Erin) and housing is essential to health equity (Colin).
- Oversight Committee members made a few suggestions for the report itself.
 - Include more visuals, such as photos and renderings (Doug).
 - Include more stories and tenant profiles to add a sense of the Levy's outcomes beyond its quantitative accomplishments (Kelli, Colin, and Traci). Emily cautioned that it might not be feasible to include tenant profiles in every year's report, but that capturing these stories in the context of the Levy's midpoint could be a good way to handle it. Colin offered to share some tenant profiles with OH.
 - Include information on how OH and Seattle Department of Construction and Inspections have worked together to streamline permitting and expedite development, including emergency legislation that exempts homeless housing from certain requirements like design review. Traci noted that while this was just emergency legislation, there is a proposal at City Council to make permanent changes to the permitting requirements for the sake of more efficient production of more homeless units.
- Timing. Miriam said that OH will turn a revised draft around to the Committee members by Monday March 8, inclusive of the cover letter. Committee members will review the report and provide any final line edits and comments. OH will submit the report (along with the companion annual reports for other OH programs and funds) for Mayor's Office review by approximately March 15. All are due to City Council by March 31.

5. Final Announcements and Meeting Adjourned

- Miriam mentioned that OH is reviewing the current terms of committee members, with some coming to their end. She and Doug encouraged Committee members to let Miriam know if they had any suggestions for new members.
- Ann motioned to adjourn the meeting, Traci seconded, and all approved to adjourn at 3:51 p.m.