

Housing Levy Oversight Committee

January 25, 2019 Meeting Minutes

Committee Members Present: Beth Boram, Debbie Carlsen, Vallerie Fisher, Erin Christensen Ishizaki, Doug Ito, Ann Melone, Colin Morgan-Cross, Kelly Rider, Pradeepta Upadhyay

Staff: Miriam Roskin, Laurie Olson, Emily Alvarado, Maureen Kostyack

1. Welcome and Minutes

Doug Ito opened the meeting at 2:30 pm. The minutes of October 17, 2018 were approved, with Debbie Carlsen and Erin Christensen Ishizaki abstaining.

Maureen Kostyack gave an update on committee membership. Paperwork has been delayed, but we anticipate reappointment of four members, and appointment of a fifth person to fill a vacancy, sometime next month. We have a new vacancy because Kristin Pula, who is no longer working for HomeSight, resigned from the committee.

2. 2018 Rental Housing Program Funding Awards

Laurie Olson described OH's rental housing funding in 2018. OH awarded a total of \$75 million to 10 new developments and four portfolio reinvestment projects. A request for proposals (RFP) process was used for developer selection and project funding the K-site and Yesler Terrace projects. The remaining projects were selected through the Notice of Funds Available (NOFA) process conducted this fall. A third RFP process, led by King County, is underway for the Northgate station area site, and the developer and funding (2019 funds) will be announced soon. Laurie described some of the features of each project.

Miriam Roskin pointed out that OH was able to fund more housing this year in part because of a change in low income housing tax credit regulations. Areas north of Yesler Street are now designated "difficult to develop," resulting in higher equity investment and reduced OH funding. Laurie added that leverage of other funding was high this year, including SHA and City building sites, and \$30 million in Convention Center funding. OH staff underwriting is also critical for reducing costs and extending public dollars. Therefore, in spite of rapidly rising development costs, OH's investment is close to the amount used to model the levy in 2015.

Miriam commented that this year's projects include more multiple bedroom units to accommodate larger families and extended families. Debbie Carlsen asked whether the units were limited to families, and Maureen replied that there is no requirement that members of the household be married or related. Some providers choose to give a preference to households with children.

Ann Melone asked for more information specific to the six new projects and one portfolio project that received Levy funding. Maureen responded that with these awards the program is exceeding Levy goals for unit production and for funding extremely low-income housing. Data will be available at the next meeting in the annual report. Ann also asked how OH chooses the Levy projects. Laurie responded that projects with units affordable at 30% AMI generally receive Levy dollars, and that OH strives to use Levy and MHA funds in different projects, to count performance for the two fund sources separately.

Doug Ito asked about availability of services funding, noting that the legislature continues to direct State dollars to special needs housing below 30% AMI, but not funding the services. Laurie agreed that services funding is often unavailable, limiting production. The potential loss of McKinney bonus funds is the biggest challenge going forward.

Laurie reported that, in addition to the capital funding awards, OH has reserved funds for two additional permanent supportive housing projects in 2019, contingent on operating and services funding and other conditions. OH also made Operating & Maintenance funding through the NOFA this year, allowing for more flexible use of the funding that was possible through King County's Operating, Rental Assistance and Services (ORS) funding round which is limited to supportive housing for literally homeless. OH made "up to" awards to Chief Seattle Club which will assist at risk Native American population underserved by the homeless system, and to Transitional Resources for people with mental illness existing institutions. These contingent awards will help agencies seek other development, operating and services funding.

Kelly Rider commented that although services funding is challenging to secure, it's important to remember that critical fund sources been expanded recently through renewal of the MIDD sales tax, the Veterans, Seniors, and Human Services levy, and through State increases in the document recording fee. We were fearing a funding cliff but were able to sustain projects and fund new housing.

3. 2019-2020 Administrative and Financial Plan (A&F Plan) and Housing Funding Policies

Maureen Kostyack reviewed progress on the A&F Plan / Housing Funding Policies legislation, which is due to Council this Spring. She provided a brief overview of the eleven potential funding policy changes that OH presented at a community meeting in November and summarized the comments and questions we received. There were many comments about a potential change in the way open bedrooms are counted for the purpose of setting income and rent restrictions; as a result we scheduled a follow up discussion on February 6. There was also a lot of interest in OH's policy work over the past year regarding a potential community preference in leasing or sales of OH-funded housing. Participants were invited to a community meeting planned for this topic on February 13.

Emily Alvarado provided more background about community preference and responded to committee member questions including the legal issues and challenges arising in other parts of the country, which neighborhoods in Seattle would be eligible, whether policies would provide a right to return for already displaced residents, and how policies would address protected classes other than race. There were also questions about how OH would assist housing providers to understand and implement the policy. Emily explained that OH anticipates proposing a general, permissive policy and then working with housing providers and other community members to produce a guideline that would address these specific issues.

4. Next Meeting

The next meeting in March will be dedicated to reviewing the draft Levy annual plan for 2018, which is due to Council by March 31. There will be a second meeting in late March or early April to review the proposed the A&F Plan / OH Funding Policies legislation. Maureen will send out polls to schedule.

Doug Ito adjourned the meeting at 4:00 pm.