

Seattle Housing Levy Renewal Comment Letter

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The Seattle Planning Commission supports the renewal of the Seattle Housing Levy and would like to thank Mayor Harrell for leading with a strong proposal of \$970 million over seven years to further affordable housing efforts in Seattle.

While the Mayor's proposal is strong, the scale of need for affordable housing and investment in supportive services in Seattle is enormous and goes well beyond the scale of what is possible with the levy as proposed. The Commission sees the current proposal as a strong starting point, but considers the proposed \$970 million as a floor, not a ceiling, for the total value of the levy.

A strong housing levy is necessary to rise to the challenge of Seattle's affordable housing gap.

The Mayor's levy proposal will essentially maintain the current level of production of new affordable housing produced by the 2016 levy. With the growing need for more affordable housing at the top of mind, the Commission offers the following reasons why the City Council should send the strongest possible housing levy to voters:

- 1. The scale of need for affordable housing far outstrips the reach of current funding strategies.*

As the Commission detailed in a recent [paper](#), Seattle's current need for affordable housing is immense. Seattle needs more housing units for all income levels, and particularly needs units affordable to households making between 0-50 percent of the Area Median Income (AMI). Fifty percent AMI is currently at about \$64,000 per year for a household of four people. Based on calculations by the King County Affordable Housing Committee, Seattle will need 21,959 new units of housing affordable to households making 0-50 percent AMI over the seven-year life of the new housing levy.¹ The proposed levy will only produce 3,158 new units of housing in that time frame, a mere 14 percent of the projected need. The housing levy cannot meet the scale of need on its own, but it is a critical piece of a larger system of funding and support for affordable housing. The levy as proposed can only address a small portion of the projected affordable housing need. The Commission supports the proposal of a strong housing levy while the city continues to seek additional resources to fund affordable housing alongside the levy.

- 2. Under-funding affordable housing leads to additional costs and inequitable outcomes.*

The City of Seattle has a responsibility to ensure that people of all socioeconomic circumstances can afford to live in the city. People with low incomes deserve to be able to live in Seattle, and the whole city suffers when they are pushed out. When only the highest-income households can afford to live comfortably in the city, it leads to the displacement of workers across a variety of fields such as

¹ King County Affordable Housing Committee, "King County Housing Needs Dashboard," Accessed March 28, 2023. <https://tableaupub.kingcounty.gov/t/Public/views/AllocationMethodComparisonsUpdated/AllocationsStory?%3Aembed=y&%3Aiid=1&%3AisGuestRedirectFromVizportal=y>

service industry jobs, teachers, and medical support professionals.² We also experience a loss of the socioeconomic and cultural diversity that makes the city a vibrant and interesting place to live. The financial burden of not having enough housing also adds up; from the direct costs of homelessness like providing temporary housing and supportive services to the indirect costs of emergency medical services or reduced business revenue.³ A right-sized levy that provides sufficient affordable housing and supportive services to prevent homelessness can reduce the overall costs to taxpayers over time.

Failing to provide enough affordable housing has far-reaching and inequitable impacts. Stories from local communities and research conducted by the City of Seattle have made clear that households of color are disproportionately impacted by the housing affordability crisis.⁴ People of color, particularly Black and Indigenous households, have been systematically excluded from homeownership and pushed out of the city by rising housing costs.⁵

Existing affordable housing also falls short of meeting the needs of people with disabilities. Lack of sufficient housing support for those with disabilities has further equity impacts, as people with disabilities are more likely to have low incomes⁶ and those at the lowest income levels are disproportionately Black, Indigenous, and people of color.⁷ Building more accessible housing helps both people with disabilities and the aging population, and more accessible spaces tend to work better for everyone. Adding features to improve accessibility in affordable housing and adapting projects to be more inclusive can be expensive, however, it is necessary to provide more equitable access to the benefits of affordable housing. The levy should have enough funding to produce a greater quantity of units while also providing an improved quality of life.

A well-funded plan for increasing and maintaining affordability, particularly for households experiencing the intersecting challenges of racism, lack of accessibility, and financial hardship, is necessary for a thriving and equitable city.

3. Funding needs to adjust for rising costs.

Development and maintenance costs in the area have increased dramatically since the last levy passed in 2016. With increased costs, even though the value of the proposed levy has nearly tripled, the number of units it can produce will not grow at the same rate. Just as each resident feels the

² Seattle Affordable Middle-Income Housing Advisory Council, "Policy Recommendations," 2020, 5, <https://durkan.seattle.gov/wp-content/uploads/sites/9/2020/01/AMIHAC-Final-Report-2020-01-22-.pdf>

³ National Alliance to End Homelessness, "Ending Chronic Homelessness Saves Taxpayers Money," 2017, <http://endhomelessness.org/wp-content/uploads/2017/06/Cost-Savings-from-PSH.pdf>

⁴ PolicyLink, "Advancing Racial Equity as part of the 2024 Update to the Seattle 2035 Comprehensive Plan and Urban Village Strategy," 2021, 6, <https://www.seattle.gov/Documents/Departments/OPCD/OngoingInitiatives/Seattle'sComprehensivePlan/ComprehensivePlanPolicyLinkFinalRecommendations.pdf>

⁵ Ibid, 5.

⁶ Urban Institute, "People with Disabilities Living in the US Face Urgent Barriers to Housing," 2022, 1, https://www.urban.org/sites/default/files/2022-10/People%20with%20Disabilities%20Living%20in%20the%20US%20Face%20Urgent%20Barriers%20to%20Housing_0.pdf

⁷ Ibid, 2.

impacts of inflation, the City's purchasing power for each unit of affordable housing has decreased.⁸ As land costs and construction costs continue to rise, the level of government support needed to meet the needs of low-income households will also continue to increase.

To help account for rising costs, the City should continue to pursue steps to reduce development costs for affordable housing projects, some of which are generated by City policies and regulations. Costs that are within the City's purview to reduce include permitting costs, including but not limited to unpredictable Design Review timelines; and infrastructure costs, such as water, sewer, and drainage main extensions. Reducing these costs for affordable housing developments could allow more levy funds to be directed toward producing additional homes.

The levy is a key piece of the affordable housing puzzle.

Voters may be wondering why the mayor is proposing a large increase to the housing levy when the City has recently added several new strategies for funding affordable housing. New funding sources in recent years, such as Mandatory Housing Affordability (MHA) and the Jumpstart/Payroll Expense Tax (PET), bring a much-needed influx of resources for affordable housing. Even with the additional funding tools in the City's toolbox, however, the level of need outpaces existing resources. Additionally, these funds can fluctuate year to year, as they rely on the function of external markets. The housing levy is one of the most reliable funding sources available to the City that is dedicated to meeting the needs of Seattle's lowest income households.

The levy is part of a system of funds that includes other local, regional, and state funds such as MHA, PET, King County levies, and the Washington Housing Trust Fund. Regional levies, such as the King County Veterans, Seniors, and Human Services levy and the Crisis Care Centers levy, work in concert with the Seattle Housing levy to improve access to supportive services for those experiencing homelessness, behavioral health issues, and financial hardship. Each of these levies address a slightly different piece of the puzzle and work together to create a regional approach to reducing homelessness and improving community resilience.

To weather changing financial times, the City needs a flexible collection of funding sources for affordable housing that can thrive in different market conditions. While MHA and PET were successful during a time of high growth, the levy is a steady source of funding that can be counted upon even during an economic downturn. A right-sized levy renewal is critical to maintain Seattle's recent momentum toward greater affordability. The City needs to propose a strong levy to voters while continuing to seek additional revenue sources for affordable housing that can help bridge the gap in funding.

⁸ Seattle Office of Housing, "Seattle Housing Levy Overview, Office of Housing Presentation to Seattle Planning Commission," December 8, 2022, 11, <https://www.seattle.gov/documents/Departments/SeattlePlanningCommission/MinutesAndAgendas/2022%20Minutes%20and%20Agendas/HousingLevyPresentation12.8.2022.pdf>

The housing levy continues to be a solid investment for Seattle.

The Office of Housing has consistently delivered on the goals of the previous levies, with over 12,000 units of affordable housing created or preserved. Continuing to support their work through a renewed levy is a smart and essential investment for Seattle. Since the first levy in the 1980s, the Office of Housing has grown its portfolio to provide housing units for over 16,000 people at any given time and works to operate and maintain those units while building more housing and improving quality of life for residents.⁹ The Commission supports the continued investment in the Office of Housing's excellent work through the housing levy renewal.

The Office of Housing's work with the levy is important not just to produce new units but to provide access to affordable housing in an equitable and people-centered way. The Office of Housing has demonstrated a commitment to working to address racial disparities in housing by striving to reach people of color with their programs. Describing how their investments promote racial equity, the Office of Housing notes in their 2021 Annual Investments Report that "fifty-seven percent of the households in City-funded rental housing are led by a person of color, and 17 percent of all renter households are Hispanic. Forty-five percent of the households served by the City's homebuyer programs are led by a person of color."¹⁰ The Commission looks forward to seeing this work grow.

Housing levy funds, as stewarded by the Office of Housing, have contributed to many inspiring projects and collaborations with community organizations such as [Dockside Apartments](#) in Green Lake, or [Chief Seattle Club's ʔáʔal building](#) in Pioneer Square. The buildings these projects create and the communities they house add to the fabric of the city, bringing a benefit to everyone, not just to residents who directly receive support. As Seattle continues to build a toolkit of affordable housing resources, the Planning Commission supports the housing levy and other strategies that allow the Office of Housing to continue and expand their work.

Highlights from the Mayor's Proposal and Commission recommendations.

The Mayor's proposal has several strong components that the Commission hopes are carried into the final levy package by Council.

- The proposal maintains a focus on the production of new affordable rental and ownership units, which is critical to the City's effort to grow the number of permanently affordable homes available to Seattle's lowest income residents.
- The proposal includes essential increases for operating, maintenance, and services costs to help keep levy-funded buildings running smoothly and ensure high living standards for residents. The

⁹ Seattle Office of Housing, "2023 Seattle Housing Levy Proposal," Office of Housing presentation to Select Committee on the 2023 Housing Levy, April 19, 2023, 2, <https://seattle.legistar.com/View.ashx?M=F&ID=11900831&GUID=9649C187-A8FB-4845-9C6B-C1FC6409A42C>

¹⁰ Seattle Office of Housing, "Annual Housing Investments 2021 Report," 2022, 2, <https://www.seattle.gov/documents/Departments/Housing/Footer%20Pages/Data%20and%20Reports/2021%20OH%20Investments%20Report.pdf>

Commission recognizes that maintenance of existing housing is not glamorous, but it is important for making the most of housing investments and we appreciate its inclusion.

- We applaud the addition of the Workforce Stabilization Fund to improve wages for staff who provide on-site services for permanent supportive housing (PSH) and affordable housing residents. Staff who work directly with residents provide critical services and the City cannot sustain affordable housing without this workforce. Affordable housing and PSH staff need sufficient resources to support their work as well as improved wages that better reflect the value of their role.

The Commission recommends the City Council consider making the following adjustments to the proposed levy and related policy.

- Look for ways to reduce development costs for levy-funded projects to better maximize the benefits of levy dollars. Some city policies and regulations drive development-related costs such as permitting fees and infrastructure improvements. The policies could be reviewed for opportunities to reduce costs for affordable housing developments.
- Include language and implement new supportive policies that encourage the creation or preservation of affordable family-sized units of at least three bedrooms to better support low-income families with children and multi-generational households.
- Expand support for homeownership and wealth generation for both low-income and middle-income families. The ability to build wealth through homeownership is now out of reach for households making less than 130 percent AMI¹¹ and this lack of access leads to decreased economic diversity in our city and inequitable access to intergenerational wealth building.
- Improve the reliability of affordable housing funds by diversifying funding to create a more resilient network of resources. The levy is part of a system of funds that includes other local, regional, state, and federal funds. The system needs funds that perform well under different economic conditions and certain resources, such as MHA, may need to be adjusted as the financial environment changes to keep the system stable.

The Planning Commission fully supports the renewal of the housing levy and the Office of Housing's continued efforts to responsibly steward the funds. We encourage the City Council to send a robust levy proposal to Seattle voters as a key piece of Seattle's affordable housing strategy.

¹¹ BERK, "City of Seattle Market Rate Housing Needs and Supply Analysis," 2021, 41, <https://www.seattle.gov/Documents/Departments/OPCD/OngoingInitiatives/HousingChoices/SeattleMarketRateHousingNeedsAndSupplyAnalysis2021.pdf>