

Shared Principles to Guide Future Affordable Housing Revenue Decisions in King County

Intent of the shared principles

The Affordable Housing Committee is committed to developing and sharing principles to guide individual member efforts to implement untapped and generate new revenue sources sufficient to support the federal, state, countywide, and local (county and city) funding needed to build or preserve 44,000 units affordable for those making up to 50% of the Area Median Income (AMI) by 2024.

Development and preservation of units affordable to those making between 50-80% AMI is necessary. However, a focused effort is required to meet the housing need for those making less than 50% AMI as the market does not provide housing for this population. These principles are intended to support the generation of revenue for housing for those at this income level.

The revenue principles are intended for the following uses:

- Serve as an advocacy tool for the 2021 (and/or future) legislative sessions, as well as federal lobbying efforts; and
- Provide recommended guidance in decision making related to pursuing and implementing local, state, and federal revenue sources.

A note on the current economic situation

As we take up this statement of revenue principles, the coronavirus has severely impacted state and local revenue, many sectors of the business community, and many individuals, especially low-income, Black, Indigenous and People of Color. As a result of significant revenue shortfalls, many cities reduced services this year and will be reducing services for at least the next biennium. Significant revenue losses and shortfalls are also the reality for the county and state.

Scale of the resources needed for housing for 0-50% AMI

King County Department of Community and Human Service's cost model¹ estimates it will cost \$20 billion to construct/preserve, operate, and service 44,000 homes affordable at 0-50% Area Median Income (AMI) between 2019 and 2024 (adjusted for inflation). Approximately \$18 billion of this total is composed of capital costs and \$2 billion is composed of operating and services costs.

Existing public revenue sources for capital needs are estimated to generate approximately \$3 billion over this six-year time period, enough for about 7,000 affordable units. Meaning, approximately \$15 billion in additional capital resources are needed by 2024 to meet the Committee's goal of building or preserving 44,000 affordable homes in King County.

Historical patterns show the federal government contributing approximately 69% of the funding to build affordable housing, through programs such as the Low-Income Housing Tax Credit, HOME, and CDBG. The state has contributed approximately 6%, primarily through the Housing Trust Fund. Assuming these federal and state contributions remain the same, the local government share of the

¹ See https://www.kingcounty.gov/~media/depts/community-human-services/housing-homelessness-community-development/documents/affordable-housing-committee/Meeting_09-30-2020/Draft_AHC_Shared_Revenue_Principles_Memo.ashx?la=en

\$18 billion capital cost to build or preserve 44,000 units would be roughly \$5 billion, or 25% of the overall capital revenue needed. Urgency demands that we raise sufficient resources, while remaining mindful of the challenge in doing so. Additional federal and state funding may be needed, as well as finding ways to reduce the costs of building affordable housing. Strategies, such as updating land use codes, streamlining permitting, fee exemptions, and others could reduce the total revenue needed to meet the 44,000 unit goal.

Proposed shared principles

1. Government and other funders should aim to deploy existing and new revenue tools sufficient to meet the need to build or preserve 44,000 units affordable at or below 50% AMI.
2. Local governments should work to ensure that all levels of government are actively engaged in addressing the challenge and maximizing opportunities to leverage funds, including all of the following:
 - a. The county and cities should strive to implement all appropriate revenue tools as swiftly as possible. They should also secure and/or implement new revenue tools that do not disproportionately burden low-income households. This means maximizing the impact of the authority already available while also ensuring that new revenue tools are progressive.
 - b. The state should increase existing funding sources and authorize new, progressive sources that do not disproportionately burden low-income households, to the greatest extent possible.
 - c. The federal government should increase the amount of funding available at the local level, including: stabilizing and increasing the Low-Income Housing Tax Credit program, Housing Choice Voucher Program (Section 8), and direct housing infrastructure investments.
 - d. The county and cities should implement strategies to support affordable housing development and increase housing choices at all income levels. Appropriate strategies include those that: preserve current affordable housing, incentivize the creation of affordable housing, reduce the cost to build and operate affordable housing, increase the supply of housing, and diversify housing options.
3. Government and other funders should partner with communities most disproportionately impacted by the housing crisis, including extremely low-income households and Black, Indigenous, and People of Color (BIPOC) communities to inform resource design and allocation decisions. These decisions should prioritize strategies that reduce and undo disproportionate harm to these communities consistent with Principle 8, recognizing that specific needs of these communities may vary based on location.
4. The business and philanthropic communities should play a significant and sustained role in filling the resource gap and piloting new strategies.
5. Local, state, and federal governments and other private funders should be transparent about: 1) how money is spent; 2) the outcomes of spending, including by race; and 3) the remaining housing and funding gap. It is essential to keep the public and officials educated on the status of need versus availability of affordable housing.
6. Local governments and the state should implement a variety of revenue sources that help build overall resilience in revenue for affordable housing to mitigate the impact of fluctuations in the economy.

7. When local jurisdictions and funders implement new revenue, they should collaborate regionally and subregionally in the implementation and distribution of housing funding to achieve the priorities identified within these principles.
8. Jurisdictions implementing new revenue tools should prioritize serving those most disproportionately impacted by the affordable housing crisis, because these needs are not met by the private market. This includes:
 - a. Capital investments and ongoing operating and services support for new and existing projects serving 0%-30% AMI households. This includes support for permanent supportive housing and workforce 0-30% AMI housing.
 - b. Projects that promote access to opportunity, anti-displacement, and wealth building opportunities for Black, Indigenous, and People of Color communities.
9. Local governments should encourage the state and federal government to design and implement revenue authority to maintain maximum flexibility and align with these principles to aid the region in nimbly meeting the housing need and adapting as necessary.

Approved November 13, 2020 by the Affordable Housing Committee of the King County Growth Management Planning Council.

Committee Membership

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- **Susan Boyd (Committee Vice Chair)**, *Bellwether Housing*
- **Don Billen**, *Sound Transit*
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To learn more about the Affordable Housing Committee, please visit: www.kingcounty.gov/AHC.