

Implementation of House Bill 1406 in King County

The newly-established Affordable Housing Committee (or Committee) was created to support greater coordination among cities, sub-regional housing collaborations, and King County in their collective efforts to meet the affordable housing crisis in our region. The creation of the Committee was a key recommendation of the Regional Affordable Housing Task Force, which estimated that King County needed 156,000 additional affordable homes in 2018, and a total of 244,000 new or subsidized affordable homes by 2040 to ensure low-income households have a safe and affordable place to call home.

The Regional Affordable Housing Task Force's Five-Year Action Plan calls for the Committee to identify new resources to build or preserve 44,000 units of affordable housing in the next five years and track progress towards that goal. More homes need to be built or preserved that are affordable to those earning at or below 30% area median income (AMI) than any other income range. The Action Plan also acknowledges a need to support community-led preservation strategies that enable communities of color and low-income residents to remain in their communities and benefit from growth and redevelopment.

Earlier this year, the Washington State Legislature adopted House Bill 1406, which creates a funding tool for cities and counties to accelerate investments in affordable and supportive housing through local retention of a portion of the state sales and use taxes already paid by taxpayers. The Committee believes that this is the most significant new funding tool available to local jurisdictions in King County to increase the number of affordable homes available to those who need them.

Recommendations

The annual amount to individual cities may not seem large, but if looked at cumulatively, House Bill 1406 creates a significant new revenue source for affordable housing. Over the next 20 years, the sales tax credit will generate \$230-\$240 million countywide. Given the relatively small amount of money the tax will generate for individual jurisdictions annually, the Affordable Housing Committee recommends pooling funds for rapid investment to maximize the impact of this revenue source and prioritizing serving those residents with the greatest need. Specifically, the Committee recommends local jurisdictions consider the following policies:

Pool funds with existing sub-regional collaborations or new partners and deploy funds as quickly as possible to maximize the impact of this revenue tool.

- Cities and the County are encouraged to pool resources and consider other tools such as bonding against future revenue to more quickly address the region's housing crisis.
 - For most jurisdictions, acting alone means waiting multiple years for House Bill 1406 funds to accumulate to a level sufficient to provide a meaningful contribution to a capital project or preservation effort. Pooling allows jurisdictions to more quickly address the region's housing crisis, leverage this resource with other investments, and deploy funds within the first two years. This approach lets jurisdictions collaboratively address regional or sub-regional pipelines of capital or preservation projects.
 - Bonding allows jurisdictions to address the urgent need for affordable housing by making future revenues available up front for capital investments.
- Cities that are members of A Regional Coalition for Housing (ARCH) or South King Housing and Homelessness Partners (SKHHP) should take advantage of existing Interlocal Agreements (ILAs) to pool their resources to create fund sources large enough to have an impact in the realm of capital funding.
- Due to the need to increase the amount of funds available for affordable housing, jurisdictions should use this new resource as an additive source of funding to their existing allocations for housing.
- Seattle and King County should closely coordinate with ARCH and SKHHP on investment of funds.

- Cities not part of a regional collaboration should consider exploring a partnership with a regional collaboration, King County, or the King County Housing Authority.

Prioritize construction and preservation of affordable homes for households earning at or below 30% area median income (AMI) to the greatest extent possible.

- Because the need for new affordable homes is greatest for households earning at or below 30% AMI and the capital for development and ongoing operating needs are more scarce for this housing type, King County should offer incentives to encourage jurisdictions to contribute local resources like House Bill 1406 proceeds toward the construction or preservation of housing serving those earning at or below 30% AMI.
- If other limitations prevent cities and the County from deploying the funds for affordable housing or supportive housing efforts that serve those earning at or below 30% AMI, prioritize those households at or below 50% AMI.

Advance preservation efforts and equitable development in partnership with communities of color, immigrant and refugees, and low-income communities at risk of displacement in gentrifying areas.

- Cities and the County should prioritize preserving existing affordable housing if the project is shown to prevent displacement of households earning at or below 50% AMI.
- Cities and the County should look to successful models like the City of Seattle's Equitable Development Initiative (EDI) when designing implementation strategies for new capital projects. New development may increase displacement risk if not developed in collaboration with existing community residents. The EDI model seeks to mitigate this impact by supporting community-driven projects that address displacement and lack of access to opportunity for historically marginalized communities in Seattle.

For more information, please visit: <https://www.seattle.gov/opcd/ongoing-initiatives/equitable-development-initiative>.

Approved September 20, 2019 by the Affordable Housing Committee of the King County Growth Management Planning Council.

Committee Membership:

Claudia Balducci, King County Councilmember, Committee Chair
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 Emily Alvarado, on behalf of Seattle Mayor, Jenny Durkan
 David Baker, Kenmore Mayor
 Debbie Bertlin, Mercer Island Mayor
 Don Billen, Sound Transit
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 Kelly Coughlin, SnoValley Chamber of Commerce
 Claude DaCorsi, Auburn Councilmember
 Larry Gossett, King County Councilmember
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 Jeanne Kohl-Welles, King County Councilmember
 Stephen Norman, King County Housing Authority
 Mike O'Brien, Seattle Councilmember
 Nancy Tosta, Burien Councilmember
 Brett Waller, Washington Multi-Family Housing Association
 Bryce Yadon, Futurewise

To learn more about the Affordable Housing Committee, please visit: www.kingcounty.gov/AHC.