

Memo

To: King County Affordable Housing Committee Members

From: McCaela Daffern, Regional Affordable Housing Implementation Manager

cc: Housing Interjurisdictional Team

Date: March 19, 2021

Re: Proposed Shared Revenue Next Steps

Background

At the March 24 meeting, the Affordable Housing Committee (the AHC or Committee) will be asked to confirm an approach to their 2021 work plan item “Discuss, identify, and take next steps to advance the AHC’s Shared Revenue Principles.” This report lays out a potential approach for the Committee to consider. To prepare for the Committee discussion, please review this proposal and be prepared to provide feedback.

Context

Since inception, the AHC has recognized the necessity to secure new revenue sources to meet the affordable housing need and unit production goals identified by the Regional Affordable Housing Task Force. Related past committee work includes:

- providing recommendations for HB 1406, a new revenue tool (2019)
- analyzing total cost and revenue gap to meet the short-term goal (2020)
- adopting shared principles to guide future decisions related to pursuing and implementing revenue (2020)

Roadmap

The region needs to continue advancing efforts to secure new financial resources at all levels of government and across the corporate and philanthropic sectors and to efficiently deploy these resources. While the Committee does not have the authority to raise or implement new revenue, it is well positioned to facilitate regional dialogue, ensure greater transparency, and advise and advocate for effective revenue strategies—all activities aimed at helping to build the political will needed to fill the revenue gap.

The following roadmap describes key steps the Committee can take:

- ✓ **Phase 1: Understand the Need (2016-2018)**
 - Drivers of affordable housing crisis identified
 - Need defined
 - Solutions identified
 - Goals set, including goals for additional revenue by 2024
- ✓ **Phase 2: Consensus (2019-2020)**
 - HB 1406 recommendation
 - The cost to meet the 2024 goal analyzed and agreed upon
 - Shared principles to guide future revenue decisions adopted

- **Phase 3: Transparency and Efficiency (2021)**
 - Demonstrate efficient use of recent revenue authority and remaining gap
 - Establish a shared consciousness about current revenue deployment through added transparency
 - Articulate a shared understanding of the challenges in generating and efficiently deploying resources to address housing affordability and recommend possible solutions
- **Phase 4: Political Will (2022 and beyond)**
 - Establish sufficient political will and cross-jurisdictional consensus to secure new revenue to meet the 2024 goal in accordance with shared revenue principles
- **Phase 5: Action to Meet the Need (2022 and beyond)**
 - Activate regional stakeholders to champion and secure new or expanded revenue tools

Proposed Approach for Phase 3 (2021)

To spur further action to meet this need in 2021, the AHC should:

- **increase transparency, accountability, coordination, and communication around two existing revenue sources** by:
 - collectively monitoring progress on implementation of revenue sources secured since the Task Force Plan was adopted, such as HB 1406, HB 1590, and major philanthropic investments by inviting public funders and others to present to the Committee;
 - articulating regional and local challenges that inhibit implementation of these revenue sources, supported by a preliminary analysis by HIJT members;
 - evaluating the extent to which the use of existing revenue sources is achieving the intended outcomes, in alignment with the AHC’s shared revenue principles; and
 - identifying and recommending actions to address these challenges.
- **monitor and possibly shape new revenue authority** by:
 - tracking new revenue authority provided in the 2021 state legislative session and
 - speaking in a collective voice on how any new revenue tools could be implemented in a regionally coordinated manner. This could take the form of issuing a guidance memo, co-authoring public comment to lawmakers, or publishing an op-ed.

Outcomes and Impact

This work will:

- build trust among cities, the County, and stakeholders;
- further establish the AHC’s role as a strong, coordinated, influential voice that shapes new revenue decisions;
- maintain forward momentum in an election year during an economic recovery;
- improve transparency, efficiency, and accountability around existing resources;
- increase public trust in effective use of revenue; and
- ignite political will for seeking new revenue sources with a unified voice in 2022 and beyond.

As a result, the AHC will be better positioned in the future 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 to households at or below 50% of AMI by 2024.

Other Concepts Considered

Three other concepts were considered and are not recommended by DCHS staff for a variety of reasons.

1. Advocate for a regional or statewide revenue tool: Select a high-impact countywide, multi-county, or statewide tax to champion in 2022 to meet the 44,000-unit goal by 2024.
 - The region needs to first demonstrate efficient use of existing revenue authority and reach consensus on revenue deployment strategies.

2. Issue a local revenue challenge: Identify a suite of viable city- and county-level revenue tools that don't require additional state authority. Issue a challenge to all cities and King County to evaluate the potential for implementing these tools in 2022 and report back to the Committee on their progress.
 - The region needs to first establish a practice of transparency, coordination, communication, alignment, and accountability
3. Create a roadmap to 44,000 affordable units by 2024: Establish a progressive, regionally coordinated plan for raising the \$5 billion that's needed locally to build and operate 44,000 units of affordable housing by 2024.
 - a. Staff analyzed the cost to meet the need in the consensus phase. What's needed is political will to act on those findings.