

Affordable Housing Committee Recommendations for Implementation of House Bill 1406 in King County

At the Affordable Housing Committee meeting on July 30, the Committee will discuss and take possible action to adopt an agreed-upon recommendation statement regarding local implementation of House Bill 1406. The Housing Interjurisdictional Team has prepared a staff memo to inform Committee members about this recent legislation. At the Chair's direction, staff have also prepared this draft recommendation statement for consideration. This statement is intended to serve as a starting point for Committee member deliberations and can be modified by the Committee to reach a consensus opinion on recommendations. If consensus is reached at the July 30 meeting, the adopted recommendation statement will be delivered to all King County jurisdictions and sub-regional collaborations by the Chair in early August. The Committee may also decide to take up further recommendations at the September meeting after discussing the "Next Steps" section of the staff memo.

The newly-established **Affordable Housing Committee** (or Committee) was created to support greater alignment and 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 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 will need a total 244,000 new or subsidized affordable homes by 2040 to meet the growing need.

A key strategy in 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. To meet this need, more homes need to be built or preserved that are affordable to those earning 0-30% AMI than any other income range. The Action Plan also acknowledges a need to protect communities of color and low-income communities from displacement in gentrifying communities.

Earlier this year, the Washington State Legislature adopted House Bill (HB) 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 in 2019 to increase the number of affordable homes available to those who need them.

AFFORDABLE HOUSING COMMITTEE RECOMMENDATIONS

In 2019, the local retention of sales tax under HB 1406 will result in approximately \$10 million to support affordable and supportive housing, spread across all jurisdictions in King County. The new legislation provides for a similar amount each year for the next 20 years. Given the relatively small amount of money the tax will generate for individual jurisdictions, the Affordable Housing Committee recommends a targeted and coordinated approach. Prioritizing those residents with the greatest need and pooling funds will maximize the impact of this revenue source to help meet the needs of our residents. Specifically, the Committee recommends local jurisdictions consider the following policies:

Prioritize construction and preservation of affordable homes for households earning less than 30% area median income

- Cities, sub-regional housing collaboratives, and the County should align resources and target the use of funds for those with the greatest need by supporting projects serving households earning less than 30% AMI.
- King County should offer an incentive through its capital fund request for a proposal process that prioritizes those jurisdictions that contributed HB 1406 proceeds to 0-30% AMI projects, to encourage more jurisdictions to prioritize lower income households.
- This recommendation is consistent with Regional Affordable Housing Taskforce Five-Year Action Plan Goal 2

Protect existing communities of color and low-income communities from displacement in gentrifying communities

- Jurisdictions should consider racial and ethnic groups with high cost burden and/or communities at risk of displacement in the use of these funds. Examples include: 1) identifying low-income, housing cost-burdened communities for community preservation efforts; and 2) prioritizing the use of funds to preserve communities with a high risk of displacement.
- This recommendation is consistent with Regional Affordable Housing Task Force Five-Year Action Plan Goal 5.

Pool funds to the extent possible with existing sub-regional collaborations or new partners

- 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.
- Cities that are not part of an existing ILA should consider joining an ILA to increase the impact of the resource.
- King County should reach out proactively to jurisdictions not in a sub-regional collaboration to determine their interest in partnership and any technical assistance needs.
- Seattle and King County should continue to coordinate with sub-regional entities on investment of housing funds, including HB 1406.
- This recommendation is consistent with Regional Affordable Housing Task Force Five-Year Action Plan Goal 1.

If you would like to learn more about the Committee or follow its work, please visit the website: <https://www.kingcounty.gov/depts/community-human-services/housing/affordable-housing-committee.aspx>