

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

Effect: The Chair's amendment includes changes that reflect member comments and requests at the September AHC meeting and updates to provide additional context and clarify as suggested by SCA.

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 affordable 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 principles are meant to:

- Guide decision making related to pursuing and implementing local, state, and federal revenue sources; and
- Address who should be responsible for raising the revenue and what types of revenue sources to prioritize.

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.

What is the ~~s~~Scale of the resources needed for housing for 0-50% AMI

King County Department of Community and Human Services' cost model 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. (Additional analytical detail can be found in Exhibit 1.)

Existing public revenue sources for capital needs are estimated to will 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.

Commented [DM1]: Councilmember (CM) Balducci: Included SCA's change to confirm that "affordable housing" in this document means affordable to 50% AMI or less.

Commented [DM2]: CM Balducci: Included SCA suggested paragraph to provide additional context

Commented [DM3]: CM Balducci: Included this proposed SCA paragraph, which provides good context regarding COVID.

Commented [DM4]: CM Balducci: Included proposed edit from SCA.

Commented [DM5]: CM Balducci: Included proposed edit from SCA.

Assuming federal, state, and local contributions grow proportionally, the local government share of the \$18 billion capital cost to build or preserve 44,000 units would be roughly \$5 billion, or 25% of the overall capital revenue needed. Strategies, such as updating land use codes, streamlining permitting, and others, could reduce the cost of building affordable housing and, therefore, reduce the total revenue needed to meet the 44,000 unit goal.

Commented [DM6]: Jane Broom: The way this is framed indicates that if the money was there, the 44k unit goal would be reached, which isn't necessarily true. Include a note that multiple strategies are needed to reach the goal besides just money.

Proposed shared principles

Commented [DM7R6]: Language added.

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.

Commented [AM8]: Susan Boyd: Continue to emphasize the role of local governments within the principles.

2. Local governments should work to ensure that all levels of government are actively engaged in addressing the challenge and maximizing leverageable opportunities to leverage funds, including all of the following:

Commented [DM9R8]: Emphasis edits made in principles 5, 6, 7 and 10.

a. The County and cities should implement all available revenue tools as swiftly as possible. The County and cities should maximize the impact of existing resources. They should also and explore securing and/or implementing new revenue tools that do not place a disproportionately burden on low-income households. This means maximizing the impact of the authority already available while also ensuring that new revenue tools are progressive.

Commented [DM10]: CM Balducci: "Leverageable" isn't a word.

b. The State should increase existing funding sources and authorize new, progressive sources that do not place a disproportionate burden on low-income households, to the greatest extent possible.

Commented [DM11]: CM Larimer: 2a could be problematic with AHC discussion on HB 1590, a regressive tax.

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.

Commented [DM12R11]: Principle 8 merged with 2a due to similar nature. Revised 2a addresses the comment. The Work Group does not recommend any changes. Other light edits to improve clarity.

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.

Commented [DM13]: CM Balducci: Included proposed SCA change. Preservation was a missing element.

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.

Commented [DM14]: Michael Ramos: Local govt should use a race and equity lens to prioritize strategies and practice robust community engagement to develop the revenue sources that reduce disproportionate impacts on BIPOC communities. Move this idea up to prioritize visually.

4. The business and philanthropic communities should play a significant and sustained role in filling the resource gap and piloting new strategies.

Commented [DM15R14]: Moved up to Principle 3 and added this statement.

Commented [DM16]: CM Larimer: BIPOC community needs are not equal across the county. They differ subregionally and specificity should be added to address this. Local governments should work together subregionally to ensure that BIPOC community needs are met.

Commented [DM17R16]: Added this statement.

5. ~~Local, state, and federal governments and other private funders~~ ~~All actors should be strive for~~ transparency 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.

Commented [DM18]: HIJT Revenue Work Group: Suggested edit to improve clarity.

6. ~~The region~~ 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 revenue sources are identified and deployed,~~ local jurisdictions and funders implement new revenue, they should collaborate regionally and subregionally, coordinate to promote regional in the implementation and distribution of housing funding to achieve the priorities identified within these principles.

Commented [DM19]: Alex Brennan: Encourage coordination among cities on implementation of revenue tools to avoid unequal tax burdens across the county. Cities shouldn't raise revenue on their own; they should commit to implementing revenue sources together.

~~8. The County and cities need to implement all of the tools available as swiftly as possible. This means maximizing the authority already available while also seeking to ensure that new revenue tools are progressive.~~

~~9.8.~~ 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. ~~Some of these projects, such as affordable homeownership, may serve households above 50% AMI. These costs would not be included in the revenue projections for the 44,000 unit need.~~

Commented [DM20R19]: Sentence modified to reflect the Committee's interest in encouraging coordination among jurisdictions and minimize use of passive voice.

Commented [DM21]: HIJT Revenue Work Group: Merged with 2a due to similar nature of the two principles.

~~10.9.~~ 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-ensure the region ~~in an~~ nimble meeting the housing need and adapting as necessary.

Commented [DM22]: CM Balducci: Removed second sentence as proposed by SCA.

Commented [DM23]: CM Balducci: Included edits proposed by SCA.

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

Committee Membership:

- **Council Chair Claudia Balducci (Committee Chair), King County Council**
- **Susan Boyd (Committee Vice Chair), Bellwether Housing**
- **Don Billen, Sound Transit**
- **Alex Brennan, Futurewise**
- **Jane Broom, Microsoft Philanthropies**
- **Caia Caldwell, Master Builders Association of King and Snohomish Counties**
- **Kelly Coughlin, SnoValley Chamber of Commerce**
- **Chelsea Hicks, Northwest Justice Project**
- **Stephen Norman, King County Housing Authority**
- **Michael Ramos, Church Council of Greater Seattle**
- **Brett Waller, Washington Multi-Family Housing Association**
- **Councilmember Jeanne Kohl-Welles, King County Council**

- **Councilmember Girmay Zahilay**, *King County Council*
- **Emily Alvarado (on behalf of Mayor Jenny Durkan)**, *City of Seattle, Office of Housing*
- **Councilmember Teresa Mosqueda**, *Seattle City Council*
- **Deputy Mayor Claude DaCorsi**, *Auburn, Sound Cities Association*
- **Mayor Lynne Robinson**, *Bellevue, Sound Cities Association*
- **Councilmember Nancy Tosta**, *Burien, Sound Cities Association*
- **Councilmember Ryan McIrvine**, *Renton, Sound Cities Association*

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- **Councilmember Zach Hall**, *Issaquah, Sound Cities Association*
- **Councilmember Marli Larimer**, *Kent, Sound Cities Association*
- **Mayor Rob McFarland**, *North Bend, Sound Cities Association*
- **Council President Tanika Padhye**, *Redmond, Sound Cities Association*

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