

2 Shared Principles to Guide Future Affordable 3 Housing Revenue Decisions in King County

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

7 8 Intent of the shared principles

9 The Affordable Housing Committee is committed to developing and sharing principles to guide
10 individual member efforts to implement untapped and generate new revenue sources sufficient to
11 support the federal, state, countywide, and local (county and city) funding needed to build or
12 preserve 44,000 units affordable for those making up to 50% of the Area Median Income (AMI) by
13 2024.

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

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20 The principles are meant to:

- 21
22 • Guide decision making related to pursuing and implementing local, state, and federal
23 revenue sources; and
- 24 • Address who should be responsible for raising the revenue and what types of revenue
25 sources to prioritize.

26 27 A Note on the current economic situation

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

33 34 Scale of the resources needed for housing for 0-50% AMI

35 King County Department of Community and Human Services' cost model estimates it will cost \$20
36 billion to construct/preserve, operate, and service 44,000 homes affordable at 0-50% Area Median
37 Income (AMI) between 2019 and 2024 (adjusted for inflation). Approximately \$18 billion of this total
38 is composed of capital costs and \$2 billion is composed of operating and services costs. (Additional
39 analytical detail can be found in Exhibit 1.)

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

45
46 Assuming federal, state, and local contributions grow proportionally, the local government share of
47 the \$18 billion capital cost to build or preserve 44,000 units would be roughly \$5 billion, or 25% of
48 the overall capital revenue needed. Strategies, such as updating land use codes, streamlining

49 permitting, and others could reduce the cost of building affordable housing and, therefore, reduce
50 the total revenue needed to meet the 44,000 unit goal.

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52 **Proposed shared principles**

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54 1. Government and other funders should aim to deploy existing and new revenue tools sufficient to
55 meet the need to build or preserve 44,000 units affordable at or below 50% AMI.

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

60 a. The County and cities should implement all available revenue tools as swiftly as possible.
61 They should also secure and/or implement new revenue tools that do not
62 disproportionate burden low-income households. This means maximizing the impact of
63 the authority already available while also ensuring that new revenue tools are
64 progressive.

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

68 c. The Federal government should increase the amount of funding available at the local
69 level, including: stabilizing and increasing the Low Income Housing Tax Credit program,
70 Housing Choice Voucher Program (Section 8), and direct housing infrastructure
71 investments.

72 d. The County and cities should implement strategies to support affordable housing
73 development and increase housing choices at all income levels. Appropriate strategies
74 include those that: preserve current affordable housing, incentivize the creation of
75 affordable housing, reduce the cost to build and operate affordable housing, increase the
76 supply of housing, and diversify housing options.

77

78 3. Government and other funders should partner with communities most disproportionately
79 impacted by the housing crisis, including extremely low-income households and Black,
80 Indigenous, and People of Color (BIPOC) communities to inform resource design and allocation
81 decisions. These decisions should prioritize strategies that reduce and undo disproportionate
82 harm to these communities consistent with Principle 8 recognizing that specific needs of these
83 communities may vary based on location.

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

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88 5. Local, state, and federal governments and other private funders should be transparent about: 1)
89 how money is spent; 2) the outcomes of spending, including by race; and 3) the remaining
90 housing and funding gap. It is essential to keep the public and officials educated on the status of
91 need versus availability of affordable housing.

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93 6. Local governments and the state should implement a variety of revenue sources that help build
94 overall resilience in revenue for affordable housing to mitigate the impact of fluctuations in the
95 economy.

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97 7. When local jurisdictions and funders implement new revenue, they should collaborate regionally
98 and sub-regionally in the implementation and distribution of housing funding to achieve the
99 priorities identified within these principles.

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101
102 8. Jurisdictions implementing new revenue tools should prioritize serving those most
103 disproportionately impacted by the affordable housing crisis, because these needs are not met
104 by the private market. This includes:
- 105 a. Capital investments and ongoing operating and services support for new and existing
106 projects serving 0%-30% AMI households. This includes support for permanent
107 supportive housing and workforce 0-30% AMI housing.
 - 108 b. Projects that promote access to opportunity, anti-displacement, and wealth building
109 opportunities for Black, Indigenous, and People of Color communities.
- 110
111 9. Local governments should encourage the state and federal government to design and implement
112 revenue authority to maintain maximum flexibility and align with these principles to aid the
113 region in nimbly meeting the housing need and adapting as necessary.
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116 Approved XX XX, 2020 by the Affordable Housing Committee of the King County Growth Management
117 Planning Council.
118

119 Committee Membership:

- 120 • **Council Chair Claudia Balducci (Committee Chair), King County Council**
- 121 • **Susan Boyd (Committee Vice Chair), Bellwether Housing**
- 122 • **Don Billen, Sound Transit**
- 123 • **Alex Brennan, Futurewise**
- 124 • **Jane Broom, Microsoft Philanthropies**
- 125 • **Caia Caldwell, Master Builders Association of King and Snohomish Counties**
- 126 • **Kelly Coughlin, SnoValley Chamber of Commerce**
- 127 • **Chelsea Hicks, Northwest Justice Project**
- 128 • **Stephen Norman, King County Housing Authority**
- 129 • **Michael Ramos, Church Council of Greater Seattle**
- 130 • **Brett Waller, Washington Multi-Family Housing Association**
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- 133 • **Emily Alvarado (on behalf of Mayor Jenny Durkan), City of Seattle, Office of Housing**
- 134 • **Councilmember Teresa Mosqueda, Seattle City Council**
- 135 • **Deputy Mayor Claude DaCorsi, Auburn, Sound Cities Association**
- 136 • **Mayor Lynne Robinson, Bellevue, Sound Cities Association**
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- 138 • **Councilmember Ryan McIrvine, Renton, Sound Cities Association**

139
140 Alternate Members

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

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