

Memo

To: King County Affordable Housing Committee (AHC or Committee) Members

From: Housing Interjurisdictional Team (HIJT) Members

Date: November 8, 2019

Re: 2020 Work Plan Analysis and Recommendation

The HIJT has prepared a recommendation on two priority actions for 2020 at the request of the AHC chair. These two actions would be a part of the proposed 2020 work plan referenced in Table A.

Recommendation

After careful review and consideration of stakeholder input and other contributing factors, the HIJT is forwarding two actions for inclusion in the AHC work plan:

- **Analyze and identify unused and new revenue sources** sufficient to support the countywide share of **funding** to build or preserve 44,000 affordable units within 5 years of implementation and **help build the public case** for greater investment in long-term affordable housing (*see action #1 in Attachment C: Priority Actions Matrix*).
- **Review and recommend zoning and land use actions to increase and diversify housing choices and maximize affordability**, particularly in areas with current or planned high-capacity transit (*see actions #2 and #6 in Attachment C: Priority Actions Matrix*).

The HIJT recommends these two actions due to:

- **Impact:** Public investment that leverages private funding is the most direct and impactful strategy to create housing for households earning 50% of the median income and below, while zoning regulations provide a critical framework to diversify the housing stock and unlock development value for affordable housing. Tackling these two issues regionally represents a significant opportunity to address the goal of building or preserving 44,000 units within 5 years of implementation.
- **Timeliness:** The region must act quickly to leverage the public's historic capital investments in transit.

For additional details, please refer to the analysis/discussion section of this memo.

Background

At the July 30th AHC meeting, the Committee considered a framework for the work plan (*Table A*). This memo focuses on recommending two actions for work plan item #6: advance Committee priorities to produce more homes.

Table A: Proposed 2019-2020 Affordable Housing Committee Work Plan Framework

BUILD ACCOUNTABILITY	TAKE ACTION
1. To each other Establish Committee procedures	4. Focus on emerging opportunities Take advantage of timely opportunities to increase regional collaboration
2. To the people we serve Center equity in the Committee's work	5. Work with the community To build support for affordable housing, develop a community engagement strategy
3. To achieve our goals Develop the data dashboard and reporting systems	6. Advance Committee priorities to produce more homes <i>Two prioritized actions to be determined by AHC</i>

Analysis/Discussion

Between the September 20th, 2019 AHC meeting and the October 29th, 2019 HIJT meeting, staff received input on the eight priority actions from a variety of groups, including:

- AHC member constituents,
- Growth Management Planning Council (GMPC) members, and
- Sound Cities Association (SCA) Public Issues Committee members.

For a summary of input received, please refer to *Attachment E: Input on Eight Prioritized Actions*.

HIJT members met on October 29th to review this input, discuss the eight prioritized actions, and form a recommendation. Each member voted for their top two actions, and this staff memo contains a recommendation for the two highest-voted actions.

Analyze and identify unused and new revenue sources sufficient to support the countywide share of funding to build or preserve 44,000 units within 5 years of implementation and help build the public case for greater investment in long-term affordable housing (Action #1).

In 2020, the AHC will identify unused and new revenue sources available to the County and cities sufficient to support the countywide share of funding sufficient to build or preserve 44,000 units within 5 years of implementation. In doing so, it will also disseminate the data and information necessary to build the public case for increased investment. For a summary list of potential funding sources, please see *Attachment D: Funding Sources* prepared in 2018 for the Regional Affordable Housing Task Force.

Justification and Considerations

- This action had the highest number of votes by AHC and HIJT members and also generated significant discussion about implementation strategy.

Responding to high demand for public resources and accelerating production

- In order to achieve the goal of building or preserving 44,000 units within 5 years of implementation, additional revenue is needed to support the local share of funding, particularly at the 0-50% AMI level where the private market cannot provide and where the need is greatest.
- There is a large volume of affordable housing projects in the pipeline waiting for funding and the demand for funding outstrips the supply of funds available.

- In 2018 the City of Seattle Office of Housing received over \$211.5 million in funding requests for 20 projects projected to produce over 2,500 units of affordable housing. Ultimately, the Office of Housing was able to award over \$69 million for 10 projects projected to produce nearly 2,000 units.
- Office of Housing also received requests to the amount of over \$21 million to refinance and rehabilitate 268 units from existing portfolio projects, and ultimately invested over \$6.5 million in 238 homes.
- In 2018, King County received over \$62 million in funding requests for 18 projects projected to produce over 2,100 units of affordable housing. Ultimately, King County was able to award \$25.6 million for 11 projects projected to produce over 950 units. (Note: *Because affordable housing projects may have received funding from both the Seattle Office of Housing and King County, there may be overlap in the count of units funded between the two entities*)
- A stable housing resource can also drive increased development demand. Public entities will likely receive more affordable housing funding requests if they have more funds available to award.

Building a public case for increased funding

- Some suburban communities and the SCA representative to the HIJT expressed reservations about community support for increased taxes associated with this approach.
- The local share of funding around the County has to be considered within the context of a larger funding strategy that accounts for the role of the private sector, the State, and the Federal Government.
- The HIJT should develop a communications strategy to help stakeholders understand how funding is currently being used, what the real cost of development is, why more revenue is needed, and how we can close the funding gap with a range of funding sources.

Equity considerations

- If not carefully designed, new taxes have the potential to have a greater negative impact on people who earn at or below 80% of AMI, who are often members of historically marginalized communities.
- Moderate-income and middle-income households will also be impacted by the regressive tax system, which may impact support for a tax increase.
- Developing criteria for how the resource gets allocated and which level of AMI is the primary beneficiary is critical for deploying the funds in a way that does not further exacerbate inequitable outcomes.

Implementation

- Progress will be slow and may span multiple years as the recommended funding strategy moves from plan to action.

Review and recommend zoning and land use actions to increase and diversify housing choices and maximize affordability, particularly in areas with current or planned high-capacity transit (Actions #2 and #6).

In 2020, the AHC will review and recommend zoning and land use regulations to increase and diversify housing choices and achieve the deepest affordability possible, particularly in suitable areas with current or planned high-capacity transit stations. This would include an evaluation of a strategy that supports comprehensive inclusionary/incentive housing policies in suitable existing and planned frequent transit service areas to be identified by local jurisdictions. It would also include recommending zoning and land use regulations (where suitable in transit areas and single-family low-rise zones) to increase and diversify housing choices, including but not limited to: a) accessory dwelling units and detached accessory dwelling units; b) duplex, triplex, and four-plex; c) zero lot line town homes, row houses, and stacked flats; and d) micro-efficiency units.

Justification and Considerations

Unlocking development value and providing housing choices

- Zoning regulations provide a critical framework to diversify the housing stock and unlock development value for affordable housing.
- Zoning that allows density through diverse housing choices supports people of varying income levels, household sizes and stages of life.
- The HIJT should develop strategic messaging to emphasize that communities without transit should also review actions to increase housing density.

Leveraging historic capital investments in transit

- Light rail extension in North, South, and East King County is a timely opportunity for reviewing and recommending regulations near transit areas.
- Supports the transit-focused growth goals of Puget Sound Regional Council's Vision 2050

Equity considerations

- Zoning that allows additional density and the introduction of high-frequency transit in communities can potentially increase land values, accelerate redevelopment activity, decrease housing affordability and in low-income communities, increase displacement and intensify gentrification.
- The AHC should identify land use policies or other mechanisms that slow the rate of displacement and allow communities—particularly communities of color—to stay.
- Transit oriented development can displace small businesses and community gathering places due to rising rents.
- Regulatory mechanisms to increase density to accommodate growth don't necessarily result in units affordable to those earning at or below 50% AMI, particularly in transit areas.

Additional Actions Considered

There were three other actions that were discussed at length that did not score as well. *Attachment C: Priority Actions Matrix* includes a summary of factors for consideration

surfaced by HIJT members.

- Action #3: Lower barriers to homeownership
- Action #4: Preserve manufactured housing
- Action #5: Leverage public-private partnerships

Implementation and Considerations

The following section describes implementation strategies in 2020 for exploring new revenue sources and recommending regulations to increase housing density and achieve deep affordability in housing near transit areas. For additional information on the AHC's role, the HIJT's role, equity considerations, and other factors for consideration for all eight prioritized actions, please refer to *Attachment C: Priority Actions Matrix*.

Analyze and identify unused and new revenue sources sufficient to support the local share of funding to build or preserve 44,000 units within 5 years of implementation (Action #1)

AHC's Role

- As part of the overall strategy to identify suitable funding mechanisms, direct the HIJT to build a public case for greater investment as part of a communication strategy
- Based on stakeholder outreach, provide direction to the HIJT on criteria for a funding strategy sufficient to support the local share of funding needed to build or preserve 44,000 units within 5 years of implementation
- Adopt recommendations for a coordinated multi-jurisdictional funding strategy
- Communicate the recommendation and remaining need to stakeholders
- Track and monitor progress

HIJT'S Role

- Develop overview of local funding sources and identify the remaining need to be filled by other sources (e.g. state and federal government, non-governmental sources)
- Based on direction from the AHC, develop funding strategy for consideration
- Develop materials to articulate need
- Identify performance metrics to monitor

Review and recommend zoning and land use actions to increase and diversify housing choices and maximize affordability, particularly in areas with current or planned high-capacity transit (Actions #2 and #6).

AHC's Role

- Develop and issue recommendations on land use actions that have a significant impact on increasing density through diverse housing choices
- Work with transit agencies to identify properties suitable for zoning and land use regulatory updates that maximize affordability near transit
- Build support for recommendation by meeting with stakeholders to understand needs, priorities, and most applicable best practices for them to consider for the 2023 Comprehensive Plan update

- Determine priority affordability levels for focus of HIJT analysis, that reflects stakeholder input and needs around transit stations
- Develop and issue a recommendation to cities, the County, and Sound Transit
- Build support for the recommendation
- Track and monitor progress

HIJT's Role

- Meet with stakeholders and collaborate with jurisdictions to develop briefing on the effectiveness of various zoning and land use tools for AHC
- Develop model ordinances and/or fact sheets
- Collaborate with stakeholders to understand the current landscape and identify barriers and potential opportunities to maximize deep affordability at transit area
- Develop model ordinances and/or technical assistance program for local jurisdictions interested in pursuing zoning changes
- Identify dashboard metrics and define monitoring approach

Staff have outlined agenda topics for Committee meetings through 2020 for the purpose of assessing capacity and time constraints. *Attachment A* contains an outline of proposed agenda topics for 2019- 2020 with allocations of time for work plan implementation.

Attachments

- **Attachment A:** Proposed 2020 Schedule
- **Attachment B:** Work Plan Components
- **Attachment C:** Priority Actions Matrix
- **Attachment D:** Funding Sources
- **Attachment E:** Input on Eight Prioritized Action

Attachment A: Proposed 2020 Schedule

Date	Main Topic	Other Topics
November 15, 2019	<ul style="list-style-type: none"> Applying equity concepts to the housing chapter of the Countywide Planning Policies, <i>staff briefing and discussion</i> 	<ul style="list-style-type: none"> 2020 work plan, <i>adoption</i> Dashboard, <i>staff briefing</i> HB 1406 implementation, <i>staff update</i>
January 17, 2020	<ul style="list-style-type: none"> Countywide Planning Policies, <i>study session</i> 	<ul style="list-style-type: none"> Dashboard, <i>staff update</i> Equity stakeholder outreach, <i>staff update</i>
March 30, 2020	<ul style="list-style-type: none"> Countywide Planning Policies, <i>review & revise recommendation</i> 	<ul style="list-style-type: none"> Beta dashboard, <i>staff briefing and discussion</i> Annual report, <i>staff briefing</i> Explore new revenue sources, <i>staff briefing</i>
May 15, 2020	<ul style="list-style-type: none"> Explore new revenue sources, <i>study session</i> 	<ul style="list-style-type: none"> Countywide Planning Policies, <i>recommendation adoption</i> Update regulations to increase housing density, <i>staff briefing</i> Beta dashboard, <i>staff briefing and discussion</i>
July 22, 2020	<ul style="list-style-type: none"> Update regulations to increase housing density, <i>study session</i> 	<ul style="list-style-type: none"> Explore new revenue sources, <i>staff update</i> Community engagement strategy, <i>staff briefing</i> Annual report, <i>distribution</i> Revisit charter and Committee procedures, <i>staff briefing and possible adoption</i>
September 30, 2020	<ul style="list-style-type: none"> Emerging opportunity, <i>staff briefing</i> 	<ul style="list-style-type: none"> Explore new revenue sources, <i>adoption</i> Update regulations to increase housing density, <i>update</i> 2021 work plan, <i>study session</i> Community Engagement strategy, <i>staff update</i>
November 13, 2020	<ul style="list-style-type: none"> Community engagement strategy, <i>adoption</i> 	<ul style="list-style-type: none"> Update regulations to increase housing density, <i>adoption</i> 2021 work plan, <i>adoption</i> 2021 dashboard topics, <i>staff briefing</i> Revisit membership procedures, <i>staff briefing</i>

Attachment B: Work Plan Components

2020 Work Plan Components	Status
1. Build accountability to each other: Establish Committee procedures <ul style="list-style-type: none"> Refine Committee procedures throughout 2020 Revisit the Charter and propose changes Discuss procedures for onboarding and offboarding of membership 	<i>In Progress</i>
2. Build accountability to the people we serve: Center equity in the Committee's work <ul style="list-style-type: none"> Build upon the grounding work of September and November 2019 AHC meetings by providing time at each meeting to discuss topical and timely equity-related housing issues Continue to expand an equity stakeholder network, build those relationships, establish feedback loops, and add value to the groups who engage Prioritize information obtained from equity stakeholders to inform decisions Encourage the GMPC to prioritize people of color and nonprofit stakeholders serving marginalized populations when seeking new Committee membership 	<i>In Progress</i>
3. Build accountability to achieve our goals: Develop the data dashboard and reporting systems <ul style="list-style-type: none"> Shape the content of the dashboard by providing input on scope, layout, tracking, metrics, and visualization of data Provide data to Committee staff for inclusion in the dashboard or annual report Review a draft dashboard and be briefed on the annual report by March 30th, 2020 Share public-facing information with their constituents 	<i>In Progress</i>
4. Focus on emerging opportunities: Take advantage of timely opportunities to increase regional collaboration <ul style="list-style-type: none"> Reserve time on AHC agendas for member discussion on timely and emerging issues related to affordable housing Share information and determine whether the Committee could make a positive impact on advancing the opportunities presented Provide direction to the HIJT based on these discussions to produce work products for Committee review Allocate time at the September AHC meeting for an emerging opportunity to be the main focus 	<i>In Progress</i>
5. Work with the community: Build support for affordable housing, develop a community engagement strategy <ul style="list-style-type: none"> Create a community engagement strategy to address common misconceptions and guide advocacy efforts for affordable housing Review, the community engagement strategy Adopt the community engagement strategy 	<i>In Progress</i>
6. Advance Committee priorities to produce or preserve more homes <i>To be determined by the AHC</i>	<i>Pending Committee Decision</i>

Attachment C: Priority Actions Matrix

This matrix contains implementation strategies and considerations for the eight priority actions. The matrix presents four categories of analysis to consider:

- AHC Role (Activities the Committee could do to implement the action in 2020)
- HIJT Role (Activities the HIJT could do to support implementation in 2020)
- Equity Considerations (Ideas to consider before implementing the action in order to advance equity and minimize negative impact on marginalized groups, such as: people of color, people living with disabilities, immigrants and refugees, LGBTQ people, low income young adults, low income seniors, low income people, those paying rent with assistance, those with felony records, those who have experienced homelessness)
- Factors for Consideration (Other important considerations for prioritizing actions, such as: biggest impact on unit production, high number of votes from AHC and HIJT members, meaningful role for the AHC, non-duplicative of existing efforts, timely)

8 PRIORITY ACTIONS AND IMPLEMENTATION STRATEGIES

FROM THE REGIONAL AFFORDABLE HOUSING TASK FORCE FIVE YEAR ACTION PLAN

1. EXPLORE NEW REVENUE SOURCES

Staff combined two similar action items into a single action for consideration:

- Cities and the County should identify revenue sources available to them sufficient to support the local share of funding 44,000 units over five years. Examples of potential local government fund sources for consideration: inclusionary housing in-lieu fee; 2) proceeds from land sales; 3) property tax; 4) .01% sales tax; 5) sales tax credit; 6) real estate excise tax; 7) capital gains tax. (2.A.i)
- Cities and the County should explore unused authority to raise revenue to support the goal of building or preserving 44,000 units over five years. Unused authority might include a countywide property tax, a countywide sales tax, free or discounted publicly owned land. (2.A.iv)

AHC ROLE	HIJT ROLE	EQUITY CONSIDERATIONS	FACTORS FOR CONSIDERATION
<ul style="list-style-type: none"> • As part of the overall strategy to identify suitable funding mechanisms, <u>direct the HIJT to build a public case for greater investment</u> as part of a communication strategy • <u>Based on stakeholder outreach, provide direction</u> to the HIJT on criteria for a funding strategy sufficient to support the countywide share of funding needed to build 44,000 by 2024 	<ul style="list-style-type: none"> • Develop overview of funding sources and identify the remaining need to be filled by other sources (e.g. state and federal government, non-governmental sources) • Based on direction from the AHC, develop funding strategy for consideration • Develop materials to articulate need • Identify performance metrics to monitor 	<ul style="list-style-type: none"> • If not carefully designed, new taxes have the potential to have a greater negative impact on people who earn at or below 80% of AMI, who are often members of historically marginalized communities. • Moderate-income and middle-income households will also be impacted by the regressive tax system, which may impact support for a tax increase. • Developing criteria for how the resource gets allocated and which level of AMI is the primary beneficiary 	<ul style="list-style-type: none"> • Adding new revenue sources are critical for increasing unit production & preservation, particularly at the 0-50% AMI level where the private market cannot support it and where the greatest need is • This action had the highest number of votes by AHC and HIJT members • Progress will be slow and may span multiple years as the recommended funding strategy moves from plan to action

<ul style="list-style-type: none"> • <u>Adopt recommendations</u> for a coordinated multi-jurisdictional funding strategy • <u>Communicate the recommendation</u> and remaining need to stakeholders • <u>Track</u> and monitor progress 		is critical for deploying the funds in a way that does not further exacerbate inequitable outcomes.	<ul style="list-style-type: none"> • There is a large volume of affordable housing projects in the pipeline waiting for funding and the demand for funding outstrips the supply of funds available.
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2. REVIEW AND RECOMMEND REGULATIONS TO INCREASE HOUSING DENSITY

- Cities and the County to review and update zoning and land use code to increase density to accommodate greater housing growth by supporting diverse housing choices, including but not limited to: ADUs and DADUs; duplexes, triplexes, and fourplexes; zero lot line town homes, row houses, and stacked flats; and micro-efficiency units. (6.A.iii)

AHC ROLE	HIJT ROLE	EQUITY CONSIDERATIONS	FACTORS FOR CONSIDERATION
<ul style="list-style-type: none"> • <u>Develop and issue recommendations</u> on land use actions that have a significant impact on increasing density through diverse housing choices • <u>Build support for recommendation</u> by meeting with stakeholders to understand needs, priorities, and most applicable best practices for them to consider for the 2023 Comprehensive Plan update • <u>Track</u> and monitor progress 	<ul style="list-style-type: none"> • Meet with stakeholders and collaborate with jurisdictions to develop briefing on the effectiveness of various zoning and land use tools for AHC • Develop model ordinances and/or fact sheets • Identify dashboard metrics and define monitoring approach 	<ul style="list-style-type: none"> • New zoning to increase density increases land values and has the potential to accelerate redevelopment activity, displacement of historic communities, and gentrification. • Identify land use policies or other mechanisms that slow the rate of displacement and allow communities—particularly communities of color—the option to stay • Regulatory mechanisms to increase density to accommodate growth don't necessarily result in units affordable to those earning at or below 30% AMI 	<ul style="list-style-type: none"> • The action scored the second highest in votes among AHC members • New zoning to increase density through diverse housing choices supports people of varying income levels, household sizes and stages of life because the majority of urban areas in King county are zoned for single-family use only

3. LOWER BARRIERS TO HOMEOWNERSHIP THROUGH ALTERNATIVE HOME-OWNERSHIP MODELS

Staff combined two related action items into a single category for consideration:

- Cities and the County to encourage homeownership opportunities as a way to prevent displacement within communities of color while also promoting the growth of intergenerational wealth. (5.B.v)
- Cities and the County to support alternative homeownership models that lower barriers to ownership and provide long-term affordability, such as community land trusts, co-ops, and rent- to-own models. (6.D.ii)

AHC ROLE	HIJT ROLE	EQUITY CONSIDERATIONS	FACTORS FOR CONSIDERATION
<ul style="list-style-type: none"> • <u>Meet with stakeholders to identify effective strategies and provide guidance</u> to the HIJT on multi-jurisdictional solutions for encouraging home ownership • <u>Develop and issue a recommendation</u> to cities and the County • <u>Build support</u> for the recommendation • <u>Track</u> and monitor progress 	<ul style="list-style-type: none"> • Develop analysis on affordable homeownership landscape, identify barriers and potential opportunities for multi-jurisdictional coordination or collaboration for AHC consideration • Develop model ordinances, model financing programs, and/or fact sheets • Identify dashboard metrics and define monitoring approach 	<ul style="list-style-type: none"> • Historically, communities of color have been blocked from homeownership through exclusionary policies; homeownership is an important aspect of building intergenerational wealth and is an effective tool for preventing displacement • Our systems are currently built to prioritize wealth vs. income as the qualifier for home ownership. Shifting this paradigm with alternative home ownership models offers potential positive impact on communities with a high number of low-income renters and people of color at risk of displacement 	<ul style="list-style-type: none"> • Key priority for GMPC members • Alternative homeownership strategies suitable for dense environments (e.g. condos, co-ops, rent-to-own) would be explored • Minimal impact on goal to build/preserve 44,000 units but will directly support over-arching RAH goal of lowering cost burden • Efforts to make homeownership accessible to low-income and minority households is dependent on economy and housing market • Legal issues have created some barriers to progress in this space • HIJT members felt that the region needs more information on homeownership barriers before implementing the action

4. PRESERVE MANUFACTURED HOUSING

Staff combined two related action items into a single category for consideration:

- Where appropriate, cities and the County to acquire and preserve manufactured housing communities to prevent displacement. (5.B.vi)
- Where appropriate, cities and the County to preserve existing manufactured housing communities through use-specific zoning or transfer of development rights. (6.D.iv)

AHC ROLE	HIJT ROLE	EQUITY CONSIDERATIONS	FACTORS FOR CONSIDERATION
<ul style="list-style-type: none"> • <u>Direct HIJT to further research specific collaboration opportunities</u> after identifying most effective acquisition and preservation strategies for multi-jurisdictional coordination • <u>Develop and issue a recommendation</u> to cities and the County • <u>Build support</u> for the recommendation with jurisdictions • <u>Track</u> and monitor progress 	<ul style="list-style-type: none"> • Based on meeting with stakeholders across jurisdictions, develop analysis on acquisition and preservation strategies for manufactured housing • Develop model ordinances and/or fact sheets • Identify dashboard metrics and define monitoring approach 	<ul style="list-style-type: none"> • Manufactured homes comprise the largest share of unsubsidized affordable home ownership in the U.S., and 80% of manufactured home residents are at risk of displacement through closure or rising rents to make room for larger housing developments • Manufactured home residents are disproportionately low-income, 	<ul style="list-style-type: none"> • There are other organizations already supporting this work (e.g. Department of Commerce, Manufactured Housing Community Preservationists, King County Housing Authority, ROC USA, Northwest Cooperative Development Center) • Because there are roughly 17,900 manufactured homes, 9,000 of which

		seniors, non-or limited-English-speaking households <ul style="list-style-type: none"> Some, but not all, manufactured homes are aging and may not meet the quality standards expected of newly constructed affordable housing 	are in manufactured home communities, this could have a significant impact on the preservation of 44,000 units for those at the hardest-to-serve 0-30% AMI level <ul style="list-style-type: none"> Has the potential to be a visible easy win, but will not affect all communities evenly
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5. LEVERAGE PUBLIC-PRIVATE PARTNERSHIPS

Staff combined two similar action items into a single category for consideration:

- Cities and the County should work with business and philanthropy to increase and effectively leverage private investments in affordable housing. (2.A.v)
- Cities, the County, and Affordable Housing Committee to create stakeholder partnerships with business, philanthropy, non-profits, faith-based organizations, the health care sector, and others to encourage investments in affordable housing. (7.B.ii)

AHC ROLE	HIJT ROLE	EQUITY CONSIDERATIONS	FACTORS FOR CONSIDERATION
<ul style="list-style-type: none"> <u>Determine a priority stakeholder group</u> for initial focus (e.g. business, faith-community) <u>Identify shared priorities</u> by inviting stakeholders from priority group to meet with the committee <u>Communicate recommendation and priority stakeholder group</u> to the general public and non-governmental entities to build awareness and support <u>Track</u> and monitor progress 	<ul style="list-style-type: none"> Develop analysis of the County landscape of non-governmental by meeting with stakeholders to understand needs and priorities Create financial options for the Committee to consider for the share of funding needed from non-governmental entities to meet the need for 44,000 preserved or new affordable homes affordable to those earning at or below 80% AMI Identify dashboard metrics and define monitoring approach 	<ul style="list-style-type: none"> The investment priorities from non-governmental entities may not align with the needs or priorities of the region's most vulnerable or marginalized populations 	<ul style="list-style-type: none"> Public-private partnerships could help close the gap in funding or make land available for affordable housing production and preservation Public-private partnerships are nimbler at utilizing resources, but the process of structuring a public-private partnership often takes many years, involves a lot of people, and is expensive Some of this work is underway (e.g. Microsoft, King County, KCHA partnership to buy residential apartment complexes to maintain affordability)

6. REVIEW AND RECOMMEND REGULATIONS NEAR TRANSIT AREAS TO MAXIMIZE AFFORDABILITY

- City and the County to evaluate and update zoning in transit areas in advance of transit infrastructure investments to achieve the deepest affordability possible. (3.A.iv)

AHC ROLE	HIJT ROLE	EQUITY CONSIDERATIONS	FACTORS FOR CONSIDERATION
<ul style="list-style-type: none"> • <u>Determine priority affordability levels for focus of HIJT analysis</u>, based on meetings with stakeholders to understand needs and priorities around transit stations • <u>Develop and issue a recommendation</u> to cities, the County, and Sound Transit • <u>Build support</u> for the recommendation • <u>Track</u> and monitor progress 	<ul style="list-style-type: none"> • Collaborate with stakeholders to understand the current landscape and identify barriers and potential opportunities to maximize deep affordability at transit areas • Develop model ordinances and/or technical assistance program for local jurisdictions interested in pursuing zoning changes • Identify dashboard metrics and define monitoring approach 	<ul style="list-style-type: none"> • High-frequency transit development can increase land values, decrease housing affordability and increase displacement of low-income residents • Transit oriented development can displace small businesses and community gathering places due to rising rents 	<ul style="list-style-type: none"> • Key priority among AHC constituents • Timely & limited window of opportunity that builds off the construction boom near future light rail expansion to North, South, and East King County • Supports goals of PSRC's Vision 2050 • Updated zoning for increased affordability and density in transit areas will have a large impact on unit production at the 0-60% AMI level.

7. RECOGNIZE THE NEEDS OF COMMUNITIES WITHOUT TRANSIT

- Subject to performance standards for achieving affordable housing, provide equitable footing with TOD housing projects for suburban communities to receive competitive affordable housing funding. (3.D.i)

AHC ROLE	HIJT ROLE	EQUITY CONSIDERATIONS	FACTORS FOR CONSIDERATION
<ul style="list-style-type: none"> • <u>Direct staff to focus on specific areas</u> of performance standards and challenges faced by suburban communities • <u>Develop and recommend policy changes</u> to affordable housing funders to ensure these suburban communities receive an equitable share of affordable housing funding relative to TOD areas • <u>Build support for the recommendation</u> by meeting with stakeholders to understand needs and priorities and how they relate to the recommendations • <u>Track</u> and monitor progress 	<ul style="list-style-type: none"> • Collaborate with stakeholders to understand the current landscape and identify barriers and potential opportunities to develop a briefing about performance standards and challenges faced by suburban communities • Develop a draft recommendation for AHC consideration • Identify dashboard metrics and define monitoring approach 	<ul style="list-style-type: none"> • There is a need for affordable workforce housing in suburban areas to retain workforce and maintain a jobs-housing balance throughout the region 	<ul style="list-style-type: none"> • This action received the second least number of votes from AHC members • GMPC and AHC members reported that communities like Snoqualmie Valley should still be able to compete for funding for affordable housing without planned transit-oriented development

8. INCREASE AVAILABILITY OF PUBLICLY-OWNED LAND

- The County to develop policies for the sale of County-owned property at reduced or no cost when used for affordable housing, which may be used as a model ordinance by cities. (2.B.iv)

AHC ROLE	HIJT ROLE	EQUITY CONSIDERATIONS	FACTORS FOR CONSIDERATION
<ul style="list-style-type: none"> • <u>Based on the HIJT briefing, consider suggested actions, ordinances, etc.</u> to increase the supply of publicly-owned land for affordable housing, including County-owned land • <u>Track</u> and monitor jurisdictional progress 	<ul style="list-style-type: none"> • Collaborate with stakeholders to understand the current landscape and identify barriers and potential opportunities to present to the AHC • Develop a draft recommendation for the AHC's consideration • Identify dashboard metrics and define monitoring approach 	<ul style="list-style-type: none"> • There are many competing needs for publicly-owned land in cities besides housing (e.g. early learning, groceries, open space) 	<ul style="list-style-type: none"> • This action received the least number of votes from AHC members • This action received the least number of votes from AHC members • A feasibility analysis of County-owned lands is currently underway • Freeing up public lands for affordable housing development is a way to increase unit production for 0-80% AMI levels

Attachment D: Funding Sources as of Q1 2018

Potential *Countywide Sources* for Affordable Housing

Source of Funds	Description	Populations Served	Action to Implement	Order of Magnitude ¹
Sales Tax Credit	County would impose a local sales tax, credited against the state sales tax, for affordable or supportive housing. No impact to tax payers.	TBD	State Legislature would have pass law granting authority. (HB 2437 was introduced in 2018 by Rep. Robinson. Up to .25%)	0.1% = \$69 million 0.25% = \$170 million
.1% Sales Tax	Voter approved sales tax. Cities can access if County does not place measure on the ballot by October 2018. At least 60% for constructing affordable housing, mental and behavioral health facilities, or for operating and maintenance of either. Remainder for operation, delivery or evaluation of mental the behavioral health treatment programs and services, or for housing-related services	Affordable housing must be for residents earning less than 60% AMI who fall into one of these groups: unaccompanied homeless youth and young adults; people with disabilities; or domestic violence survivors.	Jurisdiction would place on ballot. In 2018, there was a bill to make the tax Councilmanic, but it did not pass	0.1% = \$69 million
Property Tax Levy	City or County Property Tax levy	TBD	Jurisdiction would place on ballot.	Countywide \$0.01 = \$5.35 million
Real Estate Excise Tax (REET) Flexibility	Cities and County collect the second .25% on real estate sales (REET 2). Until June 30, 2019, State law allows these funds to be used for acquisition, construction, improvement, or rehabilitation of facilities to provide housing for the homeless.	TBD	State Legislature action to extend flexibility to spend on homeless housing past June 2019.	\$100,000 or 25% of collections, not to exceed \$1million/year
REET 4	Cities and County would collect up to .50% real estate sales and use for the acquisition, construction, and operation of affordable housing. Currently available only to San Juan County.	Currently in RCW 82.46.075, people with very low, low, and moderate incomes, and those with special needs.	State Legislature pass law.	King County only .25% = \$7,937,290

1. All sales tax, property tax and REET estimates based on the King County Office of Economic and Financial Analysis May 2018 forecast.

Potential ***City Sources*** for Affordable Housing

Source of Funds	Description	Populations Served	Action to Implement	Order of Magnitude ¹
Inclusionary Housing (IH) In-Lieu Fee	Developer pays fee in lieu of including affordable housing in development. Jurisdiction uses revenue for affordable housing off site.	Determined by jurisdiction	Jurisdiction action	Varies Seattle anticipated \$80 million for 2018/2019
Proceeds from Land Sales	Jurisdiction uses proceeds from selling surplus property for affordable housing.	Determined by jurisdiction	Jurisdiction action	Varies based on value of property
Demolition Fee	Jurisdiction impose a fee on the demolition of a residential building to support affordable housing.	TBD	State Legislature would have to pass a law granting authority. (HB 2397 was introduced in 2016 by Rep. McBride.)	Varies
Condo Conversion Fee	Cities impose a fee on condominium conversions to support development of affordable housing.	TBD	State Legislature would have to pass a law granting authority. (HB 2395 was introduced in 2016 by Rep. McBride.)	Varies

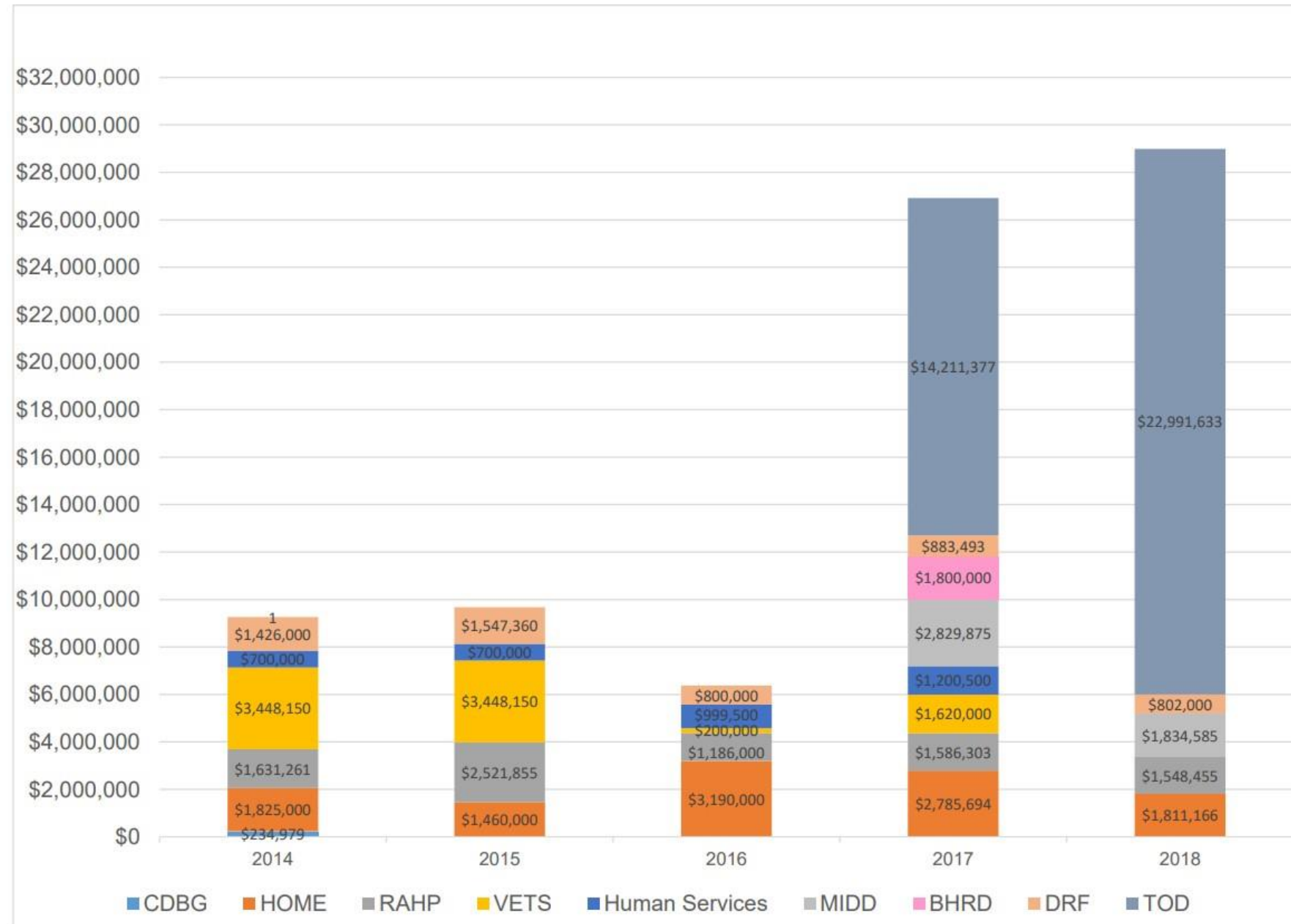
1. All sales tax, property tax and REET estimates based on the King County Office of Economic and Financial Analysis May 2018 forecast.

Current Sources of King County Capital Funding for Affordable Housing

Source of Funds	Description	Populations Served	5 year funds average (approximation)
HOME	U.S. Department of Housing & Urban Development (HUD) allocates funds to King County, as well as local “entitlement” jurisdictions; 15% is required to be allocated to a Community Housing Dev. Organization (CHDOs)	Serves Low Income households \leq 80% AMI for homeownership and \leq 60% AMI DCHS focuses on serving extremely low-income households and people experiencing homelessness	\$2.25 million
Document Recording Fees (DRF) & Regional Affordable Housing Program (RAHP)	State legislation authorizes the amount of document recording fees and the population requirements under two frameworks (DRF and RAHP) RAHP funding allocated per an Interlocal Agreement with King County cities	Serves people with the highest needs or experiencing Chronic Homelessness, < 50% AMI per state authorizing legislation. DRF funds can serve homeless households and households at risk of homelessness	\$2.75 million
Transit-Oriented Development (TOD) Bond Funds	State Legislature authorized bonding against 50% of the Hotel/Motel Tax authorized for affordable housing. Funds are expended according to a County Council approved Allocation Plan. An estimated \$7.5 million/year in additional funds are expected to be available starting in 2021	Serves 30% AMI to 80% AMI households	\$87 million has been made available for 2016-2021
Veterans, Seniors, and Human Services Levy (Vets, Seniors, Human Services)	King County property tax levy approved by the voters.	Serves seniors, veterans, and vulnerable populations who are Extremely Low Income (generally < 30% AMI)	\$2.5 million Note: based on historic allocations, not new VSHSL implementation plan
Mental Illness Drug Dependency Sales Tax (MIDD)	State legislation authorizes collection of .1% sales tax and the authorized purposes. County Council approved.	Serves households with mental health and substance use disorders, \leq 30% AMI	\$1 million

Note: The State Legislature approved authority for an estimated \$7 million in new revenue related to Document Recording Fees and \$4.5 million in revenue from lodging taxes from short-term rentals. Expenditures for both have not yet been determined. Historically, the majority of Document Recording Fees have been used to fund Operating, Rental, and Services (ORS) costs to support housing for people formerly experiencing homelessness. This table does not detail current funding sources for ORS.

Current Sources of King County Capital Funding for Affordable Housing



Attachment E: Input on Eight Prioritized Actions

Groups Who Provided Input:

- AHC Constituents
 - Constituents of King County Councilmembers Gossett and Balducci
 - Burien City Council by way of Councilmember Tosta
 - Constituents of Seattle Mayor Durkan by way of Seattle Office of Housing
 - Affordable housing developers by way of Bellwether Housing CEO Susan Boyd
- Growth Management Planning Council
- Sound Cities Association Public Issues Committee

Summary of Feedback:

Constituents of King County Councilmembers Gossett and Balducci supported:

- ✓ Action #1: explore new revenue sources
 - This action had the most votes from AHC members
- ✓ Action #3: lower barriers to homeownership
- ✓ Action #6: Review and recommend regulations near transit areas
 - Timely and significant for making progress on production goal of 44,000 units
- ✓ Action #7: recognizing communities without transit
- ✓ Combination of action #2 with action #6
 - Regulations to increase housing density should be reviewed everywhere, but near suitable transit areas first

Burien City Council

At a Burien City Council meeting, there was no clear consensus on which actions to prioritize and not all councilmembers weighed in. There was some support for the following actions:

- ✓ Action #1: explore new revenue sources received two votes
- ✓ Action #5: leverage public-private partnerships received two votes
- ✓ Individual support for action #3: lower barriers to homeownership, action #4: preserve manufactured housing, and action #6: review and recommend regulations near transit areas

Constituents of Seattle Mayor Durkan

Seattle Mayor Durkan's constituents expressed that affordable housing for low-income households and individuals, including those experiencing homelessness, is the most urgent need. They supported the following actions:

- ✓ Action #6: Review and recommend regulations near transit areas
 - Support for increased density near transit hubs
- ✓ Action #3: Lower barriers to homeownership

- Listening sessions with communities of color, immigrants, refugees, and youth supported affordable homeownership opportunities and a need for larger, family-sized units
- ✓ Action #2: Review and recommend regulations to increase housing density
 - Support for ADUs to help create more housing options and support existing homeowners
 - Strong desire to have multiple housing choices, or a diversity of housing typologies

Affordable Housing Developers by way of Bellwether Housing CEO Susan Boyd:

This input was received after the HIJT formed a recommendation for the two work plan actions. In general, constituents who submitted feedback supported:

- ✓ Action #1: Explore new revenue sources
 - All respondents prioritized the need for more resources, starting with funding
 - One respondent emphasized that there is a lack of funding everywhere, but that there is a huge disparity of funding available between Seattle and East King County
- ✓ Action #8: Increase availability of publicly-owned land
 - This was the second-highest ranking priority among respondents
- ✓ Action #5: Leverage public-private partnerships
 - This action has the potential to bring more resources
- ✓ Action #2 and Action #6: review and recommend regulations to increase housing density and review and recommend regulations near transit areas to maximize affordability
 - There was less support for these actions
 - One respondent reported barriers including a lack of density in the eastside and resistance to upzoning
 - One respondent recommended implementing upzones near future transit areas after completing thorough research on when the best timing for implementation would be

The Growth Management Planning Council supported:

- ✓ Action #3: Lower barriers to homeownership
 - Homeownership is an equity and social justice issue and key to building intergenerational wealth
- ✓ Action #5: Leverage public-private partnerships
 - Key for supporting the 44,000 unit production and preservation goal
- ✓ Action #6: Reviewing regulations near transit areas
 - Need to minimize environmental and transportation impacts by leveraging transit areas
- ✓ Action #7: Recognizing communities without transit

- Communities that don't have transit-oriented development in the future should still be able to compete for funding and resources for affordable housing

Sound Cities Association (SCA) Public Issues Committee members supported:

- ✓ Streamlining permitting and lowering impact fees
- ✓ Incentivizing affordable housing development
- ✓ Combining priority actions rather than eliminating them when the list is further refined
- ✓ Focusing on opportunities to lower the cost of construction