

Housing Levy Oversight Committee Meeting (Virtual)

December 11, 2020

Committee Members Present: Doug Ito, Vallerie Fisher, Kelli Larsen, Traci Ratzliff, Brinson Leslie, Kelly Rider, Colin Morgan-Cross

Other City Staff Present: Emily Alvarado (OH), Laurie Olson (OH), Miriam Roskin (OH), Stephanie Velasco (OH), Miguel Jimenez (CBO)

1. Welcome and Committee Business (1:00)

- Introductions
- Approval of Meeting Minutes
 - September 24, 2020: Traci moved, Vallerie seconded. 7 votes for approval, none opposed.
 - March 12, 2020: Vallerie moved, Traci seconded. 7 votes for approval, none opposed.
 - January 29, 2020: Traci moved, Colin seconded. 7 votes for approval, none opposed.
- Staffing update: Stephanie will be going on parental leave starting December 23, 2020, returning in May 2021. In her absence, Miriam Roskin will be filling in to staff this committee.
 - Miriam previously served as Deputy Director for the Office of Housing, and now is back from sabbatical as an advisor on the OH Management Team.

2. 2020 Housing Investments Announcement

- Emily shared the following context about the Office of Housing's 2020 Housing Investments:
 - This year we offered the first-in-a-decade spring round of Rental Housing Notice of Funding Availability (NOFA), in addition to our spring Homeownership funding awards.
 - This year we offered the first ever funding round for the Permanent Supportive Housing (PSH) Pilot.
 - These two additional funding rounds were in addition to OH's traditional Fall Rental Housing NOFA.
 - Acting with urgency to push out more work – Capital Investments Team has been working so hard --- KUDOS on the incredible amount of credit due to her team
 - Able to invest \$115 M because of reliable resource of Levy
 - Forward commitment of 2 years of Levy through PSH, in the middle of homelessness crisis and pandemic – expediting new affordable housing
 - Also included MHA/IZ
 - Hopeful but not too optimistic re: federal and other funds (will likely still be minority funds)
- Laurie shared additional details about the housing developments supported by the 2020 Housing Investments:

- Several projects that OH funded this year are already under construction. Thanks to emergency provisions put in place during COVID, we've been able to get many of these projects moving quickly, including the following:
 - Fremont Eclipse is currently under construction.
 - Inland Lake City project closing now.
 - South Park Cottages are under construction.
- Fall Rental Housing NOFA: \$20M was awarded, using all MHA/IZ dollars.
 - We received over \$90M in requests, including many repeat applicants and applications.
 - We awarded funds to 4 projects – 2 new developments and 2 reinvestment/rehabilitation properties
 - Kudos to Charles (Mt. Zion) and Rosey (Elizabeth Thomas Homes), who worked with these orgs for multiple years to get new development projects across the funding finish line.
 - OH has worked with Mt. Zion over the past couple years to:
 - Navigate financial challenges – the project didn't have a balance sheet typical for LIHTC. As a result, this is not a LIHTC deal – the project is only taking OH funding and debt.
 - Development team worked hard on getting costs down.
 - Sam Cameron (architect and Mt. Zion Housing Development Board Member) has been key in navigating permitting.
 - Project will not have to compete in 4% bond round.
 - Elizabeth Thomas Homes
 - OH made acquisition loan several years ago, knowing Rainier Beach light rail station area would be a high risk of displacement area.
 - Evelyn Allen has been champion of this project over the past 8 years.
 - 119 units serving predominantly families: 2-3 bedroom units, with a focus on serving black families through community preference & affirmative marketing.
 - Reinvestment & Rehabilitation Projects:
 - DESC – longstanding PSH provider in OH portfolio
 - First Housing First building in PNW
 - 20 years old, but needs rehab
 - When we serve PSH, we know that these buildings don't cash flow like a traditional apt building would. We know they will need reinvestment.
 - Investments will go toward replacing siding, windows, flooring, and making sure units are in good shape to maintain residency for a long time.
 - YWCA – new to OH portfolio
 - YWCA's headquarters, over 100 years old
 - Needs gut rehab. Currently SROs, where people need to exit rooms to use restroom facility

- Want to create studios and 1-bedrooms, which is more pandemic-safe
- Unreinforced Masonry (URM) needs – earthquake proofing to make it a seismically safe building
- Leverage: Hoping to do well in January (our projects did well in June), but it's very competitive/challenging to secure leverage through bond round and statewide resources
- Colin: grateful there are other resources to draw on, given need for PSH – the need was severe in the spring. Thoughts on future of the Levy, as we go into next year (with forward commitment that was made)? Where is Levy headed for funding?
 - Laurie: We have 4 years left of Levy, and we committed 2020 and 2021 funds this year. We have 2 more years before the Levy period is up. We do need more resources, and regular resources.
 - Emily: PSH pilot wasn't a functional change in terms of current Levy program. In this case, we just drew forward funds and spent them in the way we would have otherwise spent that money. For remaining years, we still have projects in the pipeline and will continue to receive project applications. We will rely on MHA/IZ payments going forward, as well.
 - Colin: Acknowledge that those PSH units will go to help meet Levy goals. But given leverage challenges that Laurie mentioned, may still be tricky to support future projects.
 - Traci: Should Jumpstart survive legal challenge, this will be an available resource to help move the pipeline. Not likely available until 2022. The County is also wrapping up efforts to provide resources for affordable housing, including PSH.
 - Emily: In regards to meeting the housing need at 50-60% AMI, we need a housing ecosystem-wide conversation about how these units get shuffled into their own system of prioritization (around bond cap, etc). Because these projects are being put up competitively against privately developed projects. We're trying to balance expediting vs slowing down projects, so that projects can access the leverage they need to succeed.

3. Legislative Updates & Upcoming Work in 2021

- Streamlined permitting for Permanent Supportive Housing
 - As part of the City's pandemic response to move to online systems, emergency legislation was passed that exempted affordable housing from design review and allowed for some certain departures. This legislation has helped expedite and provide cost-efficiencies in our pipeline.
 - Third Door Coalition made a recommendation, and Councilmember Lewis responded with a vision for legislation, that would make permanent some of these permitting efficiencies/departures that we are temporarily using for broader set of affordable housing projects during COVID.

- SEPA has been released (environmental review) – open opportunity now for public comment
- This legislation helps to save projects costs, helps our housing get built faster. Because the new legislation would be for PSH projects, it will just be OH-funded housing. Might this Committee weigh in now (during public comment period for environmental review) or during Council process?
 - Vallerie: Will this diminish the quality of housing being produced?
 - Emily: Our role as public stewards is to ensure it will not, but this is an appropriate concern. Design review has not necessarily been effective in improving the look and feel of our buildings. But we already have very high-quality design projects. And some of the departures are also responsive to this particular population served in PSH.
 - Laurie: Examples include – bike parking, which in PSH buildings can turn into hoarding situation. In addition, many residents do not use bikes. These are cost-saving measures to ensure homeless housing providers and their clients are not paying for design aspects that are not meant to serve them.
 - Buildings still have to get building permit – this is really where the quality of building is determined. Design review is more subjective and adds about 6 months to permitting process.
 - Emily: The Housing Levy Administrative & Financial Plan and Housing Funding Policies already require outreach – so it doesn't eliminate this opportunity for public engagement in the design process.
 - Colin: Wholly support the process and potential cost-savings. If advocacy or letter is helpful during environmental review, it would be good for this committee to consider. To meet Levy goals, it would be to the advantage of this committee to support.
 - Kelli: would also support a letter from the committee
 - Laurie: Anecdote about conflict of prioritization between building design and building staff/resident priorities – 3-month back and forth about placement of community room on first-floor. Staff and residents of transitional resources want more privacy (hidden, facing interior courtyard). SDCI staff wanted this room to be in front and public-facing.
- Affordable housing development on property owned by religious organizations
 - Stephanie: As we've shared with this committee in previous meetings, SHB 1377 is a state bill that was passed in 2019, requiring municipalities to provide additional density when affordable housing is proposed on property owned or controlled by religious organizations.
 - Office of Housing and Office of Planning & Community Development staff have been developing a proposal for local policies that would implement this state mandate. We anticipate the environmental review (SEPA) will be published in January 2021, at which time public comment period will open.
 - For more information, see link in meeting packet for the video/narrated slideshow.

- Vallerie: Properties that are zoned commercial – how does that affect what churches can do?
 - Stephanie: We’re actually seeing the opposite interest for many churches – where they want to provide small commercial spaces, in addition to housing – in order to maintain their assets and support small local businesses. The policies being considered would provide flexibility, so that religious organizations may be able to provide affordable housing, as well as some commercial space.
- Emily: This policy work is directly related to projects that will likely be city-funded housing on these sites. Should this group want to provide comment, it would be an opportunity to provide input on how policy work can help support the subsidy side of work. Consideration is welcome.
- Doug: Many of these sites are in single family or other more residential neighborhoods, and this allows for additional density to be developed in these areas for affordable housing.
- Administrative & Financial Plan (A&F Plan) for Program Years 2021-2022
 - Stephanie: We will be moving forward with an A&F Plan for Council, but it will likely be limited compared to what we’ve seen in the past. We just have 3 years left for the 2016 Housing Levy.
 - Emily: Are there pressing policy issues to address? Or urgent technical issues that need to be addressed to allow us to implement our ongoing work?
 - Evaluating critical updates – example: Acquisition authority
 - Other technical changes – thinking through this with staff
 - Want to accommodate schedules, current virtual climate, etc.
 - Traci: There is great interest in expanding authority in the Acquisition & Preservation program. There is interplay between that and JumpStart (payroll tax) funding, and expanded authority. There is an implementation plan due in June 2021 – so there’s some opportunity about how to coordinate timing between A&F Plan.
 - Council is now more comfortable in virtual format. Going forward, don’t think there will be hesitation to plan for Committee availability and discussions. Just need to coordinate on these discussions.
- 2020 Annual Investments Report and Housing Levy Report
 - Reminder to this group that Housing Levy Report is due at the end of March. In February, Committee will convene to provide feedback.
 - Doug: Request to calendar out all meetings for next year, so we don’t get overbooked.

4. Adjourn Meeting (2:12)