

## Minutes: Seattle Housing Levy Oversight Committee Meeting

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**November 3, 2022, 3:00 pm – 4:30 pm (Virtual)**

**Committee Members Present:** Ann Melone (Chair), Beth Boram, Cara Kadoshima Vallier, Colin Morgan-Cross, Damien James, Dan Wise, Denise Rodriguez, Joel Ing, Traci Ratzliff, Vallerie Fisher

**Other City Staff Present:** Maiko Winkler-Chin, Kelli Larsen, Andrea Akita, Dan Foley, Erika Malone, Jennifer LaBrecque, Laurie Olson, Nathan Antonio

**Guest Presenters:** None

**Committee Members not Present:** Erin Ishizaki, Patience Malaba, Pradeepta Upadhyay

**Members of the Public Present:** None

Director Maiko Winkler-Chin welcomed everyone to the meeting and made introductory remarks. Chair Ann Melone called the meeting to order at 3:03 pm.

### 1. Welcome and Committee Business

- Introductions of committee members and new staff who were not in attendance at the last meeting.
- Approval of Meeting Minutes. Vallerie Fisher moved to approve the minutes of the June 28, 2022, meeting. Colin Morgan-Cross seconded. The minutes were unanimously approved.

### 2. Housing Levy Renewal Efforts (Office of Housing)

- Kelli Larsen observed that some committee members already received the presentation of the initial Housing Levy Proposal at the 10/28 Technical Advisory Committee (TAC) meeting. Regardless, she invited any input from this expert group.
- Presentation on the initial 2023 Seattle Housing Levy Proposal by Kelli Larsen.
  - Brief overview of past stakeholder engagement including three focus groups (Equity, Homeownership, and Rental Housing Capital/OMS), this Housing Levy Oversight Committee (HLOC), and TAC, with more public engagement to occur later this year on-site at levy-funded projects.
  - Approval process – After receiving and integrating feedback from the public, the Office of Housing (OH) will refine the proposal and provide it to the Mayor’s Office for review and revision in early 2023. The Mayor’s Office will then likely transmit the Levy legislation to City Council in April or May. Council will hold their own deliberations and possibly make changes before voting on including the Levy on the ballot.
  - Summary of input received thus far – Significant increase in resources to meet needs, costs of development and maintenance need to be taken into account, investments must be targeted to address equity and support organizations rooted in BIPOC communities, residents and frontline workers need more support.
  - Rental, Preservation, and Homeownership programs outcomes met or exceeded goals. Operating and Maintenance and Prevention programs very close and highly likely to meet goals.
  - Total Levy production since 1981, approximately 15,000 rental homes and over 1,000 homeownership.
  - Change in rental housing capital investments since 2018, increase of over 200% funds from OH for rental capital investments
    - JumpStart/Payroll Expense Tax (JS/JS/PET) significant change since 2022. Provided \$92M in 2022, projected \$123M in 2023. A rapidly growing funding source, plays a big role in how OH is modeling for the Levy.
    - Questions:
      - Is JS/JS/PET oversight a part of this committee’s duties?



## Seattle Office of Housing

- No.
- Mandatory Housing Affordability (MHA) and “other” (referring to a slide) a relatively small proportion of other funds?
  - Yes. Also 2021 had more “other” funding than 2022 because there was ARPA funds and forward commitment of funds for Permanent Supportive Housing (PSH) pilot.
- Are there projections for JS/PET in out years?
  - Conservative projections show approximately \$1B over next Levy period from JS/PET, though JS/PET comes with some restrictions on use.
  - Committee members noted that it is important to describe these non-Levy sources as important leverage with the Levy and other public sources to develop more affordable housing. We have little history with JS/PET and there is uncertainty about how it will perform long-term.
  - OH staff notes that current Levy modeling does not include these other City sources; likely there will be separate modeling later for those. Discussions ongoing about braiding of City fund sources into the same individual projects.
- Levy team/OH staff in conversation with other funders about how to bring costs down?
  - Yes, will come back to it later.
- Regarding braiding of funds, will that be policy going forward?
  - Not a set policy at this point, staff are working on this.
  - Committee members note that there are pluses and minuses to braiding vs. not braiding funding sources. Staff should bear in mind that the eventual decision will affect unit production. Transparency with other stakeholders and the public will be important to avoid disputes.
  - OH staff clarified that MHA and Levy have never been combined in a single project.
- Costs increasing enormously, impacting all new development and preservation.
  - Example of Hobson Place, 2017 cost was \$27.5M, but if built in 2023, would cost an estimated \$53M.
- Components and factors informing initial Levy proposal – Overall housing need; Operating, Maintenance and Services (OMS) needs; new programming and innovation; costs drivers (construction, inflation, etc.), other sources of leverage.
- Environmental conditions driving initial proposal – Need to produce more, invest in buildings and workforce in portfolio so we do not lose ground, rising costs/inflation.
- Values – New resources should be additive, investments should address needs across entire spectrum (including homeownership and prevention), need to continue to center equity so that communities can develop and live in the kinds of buildings they want.
- Modeling priorities for initial proposal – Maintain production, address increasing costs, support PSH workforce, and other potential needs of affordable housing providers.
- Initial proposal is minimum achievable with Levy funds but working to achieve greater impact: reforming and increasing LIHTC, decreasing construction costs and innovating for efficiency, streamlining permitting, process improvements, and regulatory reform.
  - Comments from committee members: need to continue to look at prioritizing surplus public property for affordable housing development. City does do this for its surplus property, since 2018.
- Initial proposal is \$758M, \$0.33/\$1,000 of assessed value, \$313/year for a median value home. 2016 was \$290M, \$0.15/\$1,000 or \$114/yr. Projecting 2,690 units created or preserved. Maintains 2016 Outcome projections across categories.
  - Specific program allocations: \$533M for Rental Production and Preservation, \$104M OMS, \$34M Homeownership, \$30M Prevention, \$57M Administration
  - 90% of investments would go to new production.
  - Question from committee member – How did you land on this number, why not go higher?
    - Committee member notes that these performance projections will look like going backward given we exceeded goals in 2016 Levy.
    - Staff acknowledges – So many changing factors that must be taken into account when it comes to forming initial proposal.

- Committee member notes concerns about increasing needs and the visibility, looking at success.
- Technical details:
  - Rental production and preservation – At least 60% of \$533M spent on households 0%-30% AMI. Specific detail on assumptions guiding the modeling and work areas was shared in the presentation slides.
    - Committee members recommend including numbers about people/households served along with units, though neither number tells the whole story.
  - OMS – \$104M with at least 60% to be invested in supporting households 0%-30% AMI. This is a new, higher level of investment in OMS. Staff received a lot of input from providers about this critical need, and in reinvesting in expiring contracts. Specific detail on assumptions guiding the modeling and work areas was shared in the presentation slides.
  - Homeownership – \$34M to support new home buyers earning up to 80% AMI and stabilizing low-income homeowners earning up to 50% AMI. Specific detail on assumptions guiding the modeling and work areas was shared in the presentation slides.
    - Question from committee member – What is meant by stabilization programs?
      - Home repair (0%-50% AMI) and foreclosure prevention loans (0%-80% AMI).
      - Committee member recommends expanded/higher income limits; consider cost of those households becoming homeless due to inability to maintain their home. Suggestion to modify eligibility for stabilization up to 80% AMI or higher.
      - OH staff clarifies that state law prohibits expenditures on households over 80% AMI, can look at flexibility within that limit.
  - Prevention – \$30M in rent assistance and stabilization services for households 0%-50% AMI. Many are still living with significant rent arrears due to impact of pandemic.
- Other/general questions and comments:
  - Committee member thanks and commends OH staff for work to design and present initial proposal. Enthusiastic about potential to address the city’s massive housing needs and encourages other committee members to engage and contribute.
  - OH staff invites additional thoughts and input even after the meeting.

### **3. Final Announcements and Meeting Adjourned**

- Kelli Larsen advised that the next meeting will likely be in December or January. Will reach out soon to calendar.
- Denise Rodriguez motioned to adjourn the meeting, Joel Ing seconded, and all approved to adjourn at 4:23 pm.