



City of Seattle Seattle Planning Commission

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May 28, 2009

Honorable Councilmember Richard J. McIver,
Chair, Council Committee of the Whole - Housing Levy Renewal
Seattle City Council
PO Box 34025
Seattle WA 98124-4025

RE: Commission Recommendations on Seattle Housing Levy Renewal Ordinance

Dear Councilmember McIver,

The Commission appreciates the opportunity to provide the City Council with comments regarding the 2009 Housing Levy Renewal ordinance. Housing affordability is one of the most pressing needs for our city. As you know, the Planning Commission released its Affordable Housing Action Agenda in February 2008, and included in our recommendations was strong support for the renewal of Seattle's Housing Levy. In these uncertain economic times, the renewal of the Housing Levy will help stabilize our community.

We reiterate our strong support for the vital work the levy enables. We recommend that the levy renewal go on the ballot with funding that will serve at least as many low income households and create and preserve at least as many units as the current levy.

City Leadership on Affordable Housing—an Enduring Policy of the City

Maintaining City leadership and commitment to affordable housing is a key policy in Seattle's Comprehensive Plan. Since 1981, Seattle voters' support, through a bond and three levies, has allowed the City to play a vital role in increasing affordable housing.

The survey conducted recently by EMC Research indicates that this is a commitment that the general public believes is especially important to keep at this time. In 2006, more than 20,000 of Seattle's renter households—almost 95 percent of whom had low-incomes—paid more than half their income for housing costs. Layoffs, reduced hours, and cuts in vital health and human service programs are creating additional hardships for households struggling to afford housing.

Reducing the number of low-income households in need of housing assistance is an explicit goal of the Comprehensive Plan. The 2002 Levy represents about 40 percent of the total funding that the Office of Housing has available to produce and maintain affordable housing for low income households. After six out of seven years of its life, the current levy has produced or preserved over 1,800 affordable rental units and provided down payment assistance loans to more than 200 first time homebuyers. It has also provided emergency assistance to about 600 renters per year at risk of eviction or homelessness.

Recommend Seven-Year Housing Levy Renewal Funded At or Above \$145 Million

A renewed Housing Levy is absolutely essential to reducing the number of low-income households in Seattle who cannot afford housing. It is our understanding that due to heightened construction costs relative to 2002 and inflation projected to occur in the next seven years, a funding level at least equal to the \$145 million in the Mayor's proposal is the minimum needed to continue making a similar commitment to reducing housing cost burdens for low income residents. The Planning Commission therefore recommends that the Council place a levy of no less than \$145 million on the ballot.

Strategically Administered 2009 Levy Will Provide an Important Boost to the Local Economy

Renewing the Housing Levy will help to recharge Seattle's economy in sectors that have been hit particularly hard by the recession. The Office of Housing estimates that the 2002 Housing Levy leveraged more than three dollars in capital funding from other sources for every dollar spent on rental production and preservation. The 2002 Levy has not only helped to sustain the existence of a highly-skilled and savvy group of local low-income housing developers, but has also created over 4,000 construction jobs and provided more than \$250 million in revenue to local businesses in construction, contracting, real estate, architecture, and other fields. With a package of programs designed to take maximum advantage of leveraging opportunities, the proposed levy will provide an important boost to the local economy.

The renewed levy will create housing opportunities for low- and moderate-wage workers near employment centers, thereby enhancing the availability and productivity of workers for Seattle businesses. Purchases made by residents in levy-created housing will also contribute to the vitality of neighborhood retailers.

Focus Majority of Levy Assistance at Lowest Income Levels

The Planning Commission supports the combination and relative funding prioritization of programs in the Housing Levy Renewal proposed by the Mayor.

We also support specifying in the levy that at least 55 percent of the Rental Production and Preservation Program be devoted to households with extremely low incomes (incomes up to 30 percent of area median income or AMI). The 55 percent requirement is consistent with Comprehensive Plan policies that emphasize assisting households most in need and is achievable given experience to date.

The housing levy, and the funds it leverages from outside the city, provides a key source of funding to help Seattle's homeless to get into housing. The levy helps catalyze philanthropic initiatives that work in tandem with the levy programs, intensifying the impact of funding from both the levy and these other sources. The housing levy is an important part of Seattle's contribution to the Ten-Year Plan to End Homelessness in King County. Endorsed by the Seattle City Council and formally launched in 2005, the Ten-Year Plan seeks to end homelessness by 2014. In the resolution endorsing the plan, the City highlighted its intent to work with the Committee to End Homelessness to aggressively seek increased funding at all levels of government to fulfill this goal. Devoting at least 55 percent of the new Housing Levy's Rental Production and Preservation funding to housing for households with extremely low incomes is critical to the Ten-Year Plan to End Homelessness.

Enable Flexibility in Allocating and Administering Assistance

The levy ordinance should otherwise remain flexible with respect to allocating the balance of Rental Production and Preservation funding among low-income households. Flexibility in the administration of the program is needed to adapt to changing economic conditions and leveraging opportunities. Flexibility is also needed to enable assistance for low-income households who may have incomes above 30 percent of AMI, but who have higher costs for expenses such as health care, child day care, transportation, job training or tuition. If more specific requirements are needed, these should be included in the Levy Administrative and Financial (A&F) Plan that the City Council adopts, and if necessary alters, every two years.

Maintain Homebuyer's Assistance to Provide Affordable Opportunities along the Housing Continuum

It is important to retain the approximately \$9 million in the Mayor's proposal to continue the Homebuyer's Assistance program. Continuing this successful revolving loan program will allow additional low- and moderate-wage workers to responsibly purchase a home, secure an important source of financial stability for their family, and vacate rental units that will then become available for other households. Improving access to homeownership is also important for social equity. In the year 2000, Seattle was 64th out of the 100 largest cities in Black and African American homeownership rates and 78th out of 100 in Latino and Hispanic homeownership rates. More recent Census Bureau surveys suggest that rates of homeownership among both groups have not improved, and that Seattle's rankings on these measures have worsened relative to other large cities.

Take Advantage of Opportunities to Make Affordable Housing Investments in Favorable Market

The Planning Commission supports the creation of the new Acquisition and Opportunity Loan Fund to enable the Office of Housing more flexibility in providing bridge loans for purchases of buildings and land to take advantage of favorable market conditions.

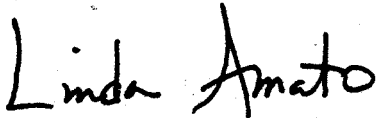
Provide Direction in the Levy A&F Plan to Prioritize Housing Investments to Mesh with Transportation and Community Planning Goals

Affordable housing is integral to good planning and essential to creating vibrant and livable neighborhoods. For the new levy to provide maximum benefit to both the households it assists and the larger community, it should be implemented in ways that are sensitive to household transportation costs and to larger transportation and community planning efforts. Implementing policies should be included in the 2009 Levy A&F Plan to facilitate this.

- Specifically, the Planning Commission recommends that implementation of Rental Production and Preservation Program give preference to housing within walking distance of transit services. The Commission also recommends that the 2009 Housing Levy provide the flexibility for the City to offer incentives, such as higher loan amounts, for housing purchased in such areas. Such strategies can be important in retaining and creating affordable housing among the evolving mix of housing near light rail stations, transit hubs, and other areas served by Seattle's Urban Village Transit Network.
- For both rental units and ownership housing, the A&F plan should also focus portions of the levy programs on larger units to serve families, consistent with Comprehensive Plan policies for attracting and accommodating a broad range of household types in the city.
- The A&F plan should enable the Office of Housing to consider exploring various models to help ensure prolonged affordability through a portion of the funding in the Homeownership Assistance Program.

The Commission would be happy to discuss our recommendations regarding the proposed 2009 Housing Levy and to comment on any other alternatives the Council considers for the Housing Levy renewal. If you have any other questions about our comments, please don't hesitate to contact Barbara Wilson at (206) 684-0431.

Linda Amato, Chair



Seattle Planning Commission

cc: Seattle City Council
Mayor Greg Nickels
Tim Ceis, Nathan Torgelson, Mayor's Office
Adrienne Quinn, Rick Hooper, Office of Housing
Diane Sugimura, Alan Justad, Ray Gastil, DPD
Norm Schwab, Traci Ratzliff, Ketil Freeman, Council Central Staff

Record of Disclosure and Recusal:

- Chair Linda Amato disclosed that her firm, ICF Jones & Stokes, works on affordable housing policy and currently has a contract with PSRC.
- Vice-Chair Chris Fiori disclosed that his employer, Heartland, is providing consulting services for affordable housing in Yesler Terrace, and that Yesler Terrace is a project for which levy funding may be sought in the future.
- Commissioner David Cutler disclosed that his employer, GGLO, designs affordable housing projects that may seek funding through the Housing Levy
- Commissioner Colie Hough-Beck disclosed that her firm, HBB, provides landscape architectural services for low income housing developments.
- Commissioner Amalia Leighton disclosed that her firm, SvR, provides services for affordable housing providers.
- Commissioner Josh Brower disclosed he is currently President of Elderhealth Northwest, a non-profit that has received funding under the expiring levy, and will likely seek levy funding in the future to develop boarding home for impoverished elders suffering from dementia. He also disclosed that he and his firm, Tupper Mack Brower, represent developers, some of whom develop low-income housing.
- Commissioner Marty Kaplan disclosed that he is currently a candidate for City Council.
- Commissioner Christopher Persons disclosed that his firm, Capitol Hill Housing, manages and develops affordable housing and that he serves on the Housing Development Consortium's board. Capitol Hill Housing has received funding for this purpose under the expiring levy.
- Catherine Benotto disclosed that her firm, Weber Thompson, designs affordable housing.