

Housing News

November 21, 2001



Housing News is a publication of the Housing Development Consortium of Seattle - King County
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“The Voice for Low Income Housing in King County”

Need to Be Insured Against Insurance?

HDC's members are reporting huge increases for property and liability insurance for the upcoming year. Do insurance companies think nonprofit offices and housing are likely sites for future terrorist attacks, or are they charging all of us to pay retroactively for this year's disasters?

Geoff Spelman at **Mt. Baker Housing Association** asked HDC to query members, after being notified his property and liability insurance would not be renewed--and he had ten years' history of zero claims! He finally cajoled his company to renew at double the cost.

Mental health providers have been notified by Washington Casualty, the area's largest insurer of mental health centers, that their insurance will be canceled with the excuse that some clients are offenders (which public funders require providers to serve). However, the same company has also canceled the insurance of a number of physicians.

Delridge Neighborhoods Development Association searched for months for insurance. Their agency liability policy was \$400 for this year, but the policy for their new project and the owning limited partnership will be \$16,000!

Two insurance sources were recommended by our members, but be aware that this is a very busy time of year for them, so they may not be able to offer immediate help:

- Great American Insurance Co. (Jim Regan, 415/ 440-2771, jpr52@worldnet.att.net)
- Sprague Israel Giles (John Policar, 206/ 623-7035, jpolicar@sig-ins.com)

From Policar, we learned that the insurance industry is making up for a decade-long "soft market" when carriers couldn't increase rates. Starting about two years ago, the market changed and rates started increasing 15-20% annually. However, the 20-50% increases we are seeing today are a direct result of the September 11 terrorist attack, with insurers expected to pay in the billions for the World Trade Center losses. Also, in the

current "hard market," insurers can get away with not renewing policies without affecting their bottom line when they aren't comfortable with the property or client--and nonprofits aren't of particular interest to the insurers. Policar says to expect 2-3 more years of these rate increases.

Sam Anderson of the **Master Builders Association of King and Snohomish Counties** says for-profit developers and builders are being hit hard as well, with a number of them being dropped from coverage. They have thoroughly researched the possibility of doing a bulk-buy of insurance, but found that no carriers were interested. (One said that if the Master Builders could get \$2 million worth of premiums together, maybe....) Policar concurs, saying that the carriers feel there are too many negative risks disguised by setting up a pool. The Master Builders have decided to take a legislative approach and will be supporting a bill this session to require insurers to provide reasonable coverage. They will also be tackling the issue of liability coverage for condominiums.

Merging Non-Profits

In 1969 there were 165,000 501(c)3 organizations in the United States. Today there are over 700,000. This growth in non-profits reflects the growth in community development organizations and small grassroots organizations. As the economy takes a down turn and sources of funding become more uncertain, non-profits will be looking for ways to economize and some may begin to think of merging. On November 13th, the University of Washington's Dan Evans School of Public Policy presented a forum on three community organizations (Pioneer Square Business Improvement Association, the Pioneer Square Community Council, and the Pioneer Square Community Development Organization) that merged to form the **Pioneer Square Community Association**.

Mergers can be very challenging since organizations often have different cultures and priorities. Challenges to this merger included:

- 1) Long standing power struggles between the organizations, over both areas of work and funding.
- 2) Volunteers with domineering personalities.
- 3) Struggles between volunteers, who had long-term commitments to the organizations, and professional staff who often felt things needed to be changed.

Despite these challenges the organizations, through a four-month process, were able to come to agreement on how to merge. Here are some of the important items that allowed them to merge:

- 1) All of the organizations had the strong common interests of promoting Pioneer Square. They all believed in the neighborhood plan, and were committed to making it a reality. Despite their divergent goals and focuses, their neighborhood orientation gave them a basis for beginning to work together. The organizations felt that the merger would have been much harder if they had been citywide organizations.
- 2) All three organizations experienced a large amount of staff turnover. This meant that the organizations were generally in flux, but it also created the opportunity to bring three staffs together.
- 3) There was an outside force encouraging the merger. The South Downtown Seattle Foundation, which is in charge of dispersing stadium mitigation funds, was instrumental in the process. SDSF provided a strong impetus for the merger by making it clear to the organizations that unless things were worked out they might not receive funding. SDSF also found a facilitator and paid for the costs of the process surrounding the merger.

Although the organizations are formally merged with a new executive director, they are still working on combining the three different styles into the new form. Who will serve on the new board, how to maintain the involvement of all those who are interested in the development of Pioneer Square, and how to balance the competing interests of a community council, business development and housing are issues the new organization is still struggling with. However, the process does make a great case study for any non-profits considering a merger on their own.

How to End Homelessness

The Seattle Housing Levy is up for renewal next fall. The Office of Housing has been conducting extensive meetings with stakeholders in order to help shape the Levy. On October 30th the City held a workshop on homelessness in Seattle to help generate ideas about how the levy might help impact that problem.

Nan Roman, Executive Director of the National Alliance to End Homelessness, spoke at the workshop. Since 1983 the NAEH has been working to end homelessness. They found that after years of expanding homelessness programs the problem still persisted. The bigger the homeless care system got the more people came to fill it. The NAEH's study found two major problems that needed to be addressed. NAEH realized that people were being forced to enter homelessness in order to get the services they need in the first place. In Boston for example the study showed that 80% of those in shelters had recently been released from a hospital, mental health, drug rehab or jail. It became clear that other overloaded systems were using the homeless care programs as a dumping ground. To bring an end to homelessness we need to **close the front door**. At the same time we need to **open the backdoor**. 80% of those using shelters enter and exit the system quickly. This indicates that the main cause of their homelessness is a shortage of affordable housing rather than a long-term chronic problem. The remaining 20% of shelter users spend long periods of time in the system. These are generally people with severe and/or chronic illnesses. New York City recently conducted a study on that 20% and found that it cost only \$1,000 more to provide supportive housing for an individual than it did to let them remain homeless. This was due to the drop in the amount of emergency services needed when someone is stabilized in housing.

These two findings lead to the NAEH's three-pronged plan to end homelessness.

- 1) Create more affordable housing.
- 2) Force mainstream programs to become involved in the planning process. Get them to stop making people homeless.
- 3) Open the back door faster, get people with chronic problems into supported housing, and get people in crisis out the door quicker.

With these ideas in mind it seems that the Seattle Housing Levy can be part of a broader plan to help end homelessness in our city and region.

Measuring Success

How do you measure the success of your non-profit? Sometimes how money is spent and the numbers of units produced don't tell the whole story of your program's performance. But how do you measure things such as increased self-esteem of residents, an increased sense of community, or an increased neighborhood pride? One way is to look at impacts. Impacts are the changes in people's conditions due to program activities compared to what would be expected without the program. Doing an impact evaluation is a big undertaking that can

take about five percent of an organization's human and financial resources. However, this sort of formal impact measurement system can help an organization in ongoing strategic planning, demonstrate results to funders and heighten awareness of the topics under investigation.

In developing an impact evaluation you must first come up with what impacts you hope to achieve. A list of desired impacts for housing might include reduced monthly housing payments, a greater sense of security and self-esteem for residents, a heightened sense of community, stronger property values and less crime for the whole neighborhood. Some of these impacts, such as monthly housing payments are easy to measure. Other will need to be measured indirectly using indicators. For example to measure a sense of community you might count the number of people who know more than three of their neighbors.

The Development Leadership Network (DLN), a professional association of community development practitioners, has developed a guidebook for this process called The Success Measures Project. It is available on the Internet at www.developmentleadership.net/smp/index.htm

Congestion Inflates Cost of Living

Clipped from State Representative Geoff Simpson's Legislative Update, November 19, 2001.

A recent Washington Research Council study shows that increases in traffic congestion may have added more than 0.5 percent per year to the Seattle area inflation rate over the last 17 years. The resulting higher prices cost local consumers more than \$9 billion in 2000.

The study examines whether there is a correlation between Seattle's Consumer Price Index (CPI) and Seattle's Travel Time Index. The data indicates that increasing congestion added an average of 0.65 percent to the annual inflation rate in the Seattle area between 1983 and 2000. Based on this, it is possible to quantify the cost to Seattle area consumers of increasing congestion. Had inflation averaged 0.65 percent less, the Seattle area CPI would have been 160.4 for 2000, rather than 179.2. That is, without the congestion increase, the price level in the Seattle area would have been 10.5 percent lower in 2000. While the data provides strong evidence of a positive relationship between congestion and inflation, there is uncertainty as to the magnitude of that relationship.

The study can be found at <http://www.researchcouncil.org/briefs/2001/pb01-27/congestioncpi.htm>

King County Budget Surprise!

The King County Council restored \$362,622 of the cut recommended by the King County Executive to the **Housing Opportunities Fund**. For 2002 it is funded at \$3,349,051. This is about \$100,000 less than last year, in part due to lower interest earnings on the fund balance.

Home Loan Discounts for Employees of HDC Members

As an employee of any member of HDC, you're eligible for significant savings on home loans. Several years ago the City of Seattle and HomeStreet Bank developed the Hometown Home Loan program to help police and fire department employees qualify for home loans in neighborhoods closer to where they worked. The program soon expanded to benefit other organizations. One of the first to get involved was the Housing Development Consortium of Seattle-King County (HDC). After several years, we thought it would be a good idea to remind members about it again.

The Hometown Home Loan program offers participants reduced loan fees and closing costs, free pre-approvals, free home ownership education and priority service levels. There are no income restrictions for participation, and you do not have to be purchasing your first home. However, you must plan to live in the house you purchase or refinance. If you purchase or refinance a home within the Seattle city limits, you will receive closing cost discounts and will be eligible for special programs.

- Reduce your loan fee by 50 percent
- Discount other costs, such as home inspections, appraisals, and other fees
- Save between \$1,000 and \$1,500 or more on closing fees
- Know within 72 hours if your loan will be approved

For more information on taking advantage of this program contact HomeStreet Bank's Affinity Lending Center at (206) 628-0207 or hthl@homestreetbank.com

WLIHN Section 8 Risk Assessment

This October the Washington Low Income Housing Network (WLIHN) released the latest update of *Washington State Project-Based Section 8 Housing: A Risk Assessment*. The report tracks project-based Section 8 projects in the state and ranks the risk that they will opt-out of the program. Risk level is determined by several variables including: assessment of the property or owner, effect of HUD-subsidies mortgage levy of subsidy in

relation to Fair Market Rents or street rents, demand in local housing market, and participation in the Mark- to-Market program. The Risk Assessment concludes that of 472 Section 8 contract 271 (11,728 units) are at a high risk of opting out, and 201 (7,290 units) are at lower risk. Of those at high risk 212 have contracts that will expire before 2006.

Copies of the Risk Assessment are available to Network members free of charge. Non-members may order copies for \$15. To join the Network or to order copies of the report please call Megan Farley at 206/ 442-9455.

State Update

Freeze on the Capital Budget - The Governor's decision to freeze the capital budget, which is the primary funding source of the HTF, is a major concern for the affordable housing community. Under the state constitution, bond debt cannot exceed 9% of revenue. Current state law further restricts this to 7%. With shrinkage in revenue, due to the economic slow down, the amount of allowable debt shrinks with it. For example, an \$800M loss in revenue translates into \$200M less in bonds being able to be issued. Some legislators do not believe the Governor has the authority to freeze spending, although they recognize his attempt at prudence. Key legislators are hoping they can either exempt schools from the debt limit, thus freeing up what is counted under the 7%, or increase the 7% limit to, say, 8%. The business community wants the statutory limit to be eliminated entirely, because they see the connection between capital construction and jobs to boost the economy. Any of these strategies will take months, and they require a 60% vote in each house.

Meanwhile the freeze put many projects in jeopardy. Three kinds of projects are affected:

- 1) Projects funded in the spring round, of which some are under contract and have started construction, some are under contract and have not started construction, and some have contracts written but not signed;
- 2) Projects funded in the emergency round that by definition need the state's money this fall;
- 3) Projects that would be applying for funding in the winter HTF round that OCD has proposed.

Unlike many state-funded capital projects which have only one source of funds (the state's), affordable housing projects have multiple funders and leverage extraordinary amounts of money. For example, of the 40 projects that were awarded contracts from the affected biennium, 16 also received allocations of Low Income Housing Tax credits from the Washington State Housing Finance

Commission. In total, these 16 projects have leveraged \$11.5 million in State funding into housing projects worth \$105,111,367. Housing advocates urged the Governor to release the frozen funds.

The Housing Trust Fund is a very important program to this state, and the legislature has recognized this with continuing substantial support. This will be even more crucial in the next few years with a slowing state economy. HTF projects bring more money into the state, create state revenue through sales tax from construction, and create needed jobs.

Federal Update

Source: National Low Income Housing Coalition Memo to Members, 11/19, 11/16.

HUD Appropriations – On November 8 the appropriations bill passed both houses of Congress, funding HUD at \$30 billion. Housing advocates feel that it could have been a lot worse, but few real gains were made. Here are some highlights of the budget.

- The Housing Certificate Fund received \$15.641 billion, which is less than requested by the House and Senate – but should fully fund Section 8 renewals. The budget provides for 26,000 incremental vouchers – 18,000 to be used on a “fair use” basis, and 6,000 reserved for non-elderly recipients.
- The Homelessness Assistance Grants were funded at \$1.023 billion. Shelter Plus Care renewal was funded under this program; in the last budget it was a separate item.
- HOPE VI was level-funded at \$574 million. Vouchers for residents displaced by HOPE VI were funded under this item instead of in the Housing Certificate Fund as they had been in the past.
- The Public Housing Capital Fund received \$2.843 billion. The Public Housing Operating Fund received \$3.495 billion. This is a 3% cut, as housing authorities must now use these funds to pay for activities that had been funded under the Public Housing Drug Elimination Program that was cut earlier this year.
- The Community Development Fund received \$5 billion with \$4.341 for block grants.
- Section 811 (disabled housing) received \$241 million and Section 202 (elderly housing) received \$783 million.

OTAG/ITAG Freeze - The HUD budget failed to provide the \$10-\$15 million to fund the efforts of nonprofits organizations and tenant groups with OTAG/ITAG grants. These groups work to keep Section 8 tenant informed and involved. HUD has frozen funds to these groups due to violations by

OHMAR, impacting the tenants through no fault of their own. Although the VA-HUD appropriations committee did not act, several Senators including Paul Sarbanes (D-MD) and Rick Santorum (R-PA) will be circulating a Senator-to-Senator letter asking their colleagues to urge the Labor-HHS Appropriations Subcommittee to provide for continued funding of the programs.

S. 739 - Supportive Housing For Homeless Veterans. On November 15th the Senate passed this bill, which would set aside 500 new vouchers for eligible veteran in FY2003, the number would increase by 500 each year until it reaches 2000. HUD will provide the vouchers and the VA will provide supportive services. The House has passed a similar bill – the two versions must now be reconciled in a House-Senate conference.

HDC Hires Community Outreach Coordinator

HDC is excited to welcome **Kim Hines** as our new Community Outreach Coordinator. In this temporary part-time position, Kim will be responsible for setting up the Speakers Bureau, as part of the planning effort for renewal of the 2002 Seattle Housing Levy.

The Community Outreach Coordinator will be responsible for finding and matching speakers with community and business organizations. Speakers will use a Power Point presentation that has been developed. We encourage all HDC members to sign up for the Speakers Bureau and also to help Kim find good venues for the presentations.

Formerly in the high-tech industry, Kim brings a wealth of sales, people and presentation skills to this newly created position. She's a business administration graduate of Ohio State University with a focus on marketing.

Recruiting Speakers For HDC Speakers Bureau

Passionate about affordable housing?
Sign up to educate community, church and business groups throughout the community about the continuing need for more affordable housing and the successful role that HDC members have played in developing and creating more affordable housing.

It's easy. You'll get training, plus have access to a Power Point presentation and script.

Watch for information from HDC's community outreach coordinator!

HDC Annual Retreat

*"Setting the Course for Difficult Times"
Friday, December 14th, 9:00 am-1:00 pm
St. Andrew's Church,
2650 148th Avenue S.E., Bellevue
Lunch Included*

All members & associates should attend.

Project Open Houses & Events

Open House for The Lewiston, November 28th, 4:00pm-6:00pm, 2201 First Avenue, Seattle. Join the Plymouth Housing Group in celebrating the completion of the year long renovation of the Lewiston Hotel.

Workshops, Seminars and Conferences

Development by Design: Shaping the Shape of Things to Come, December 1, 10:00am - 1:00pm, Miller Community Center. This session will help participants understand the forces driving development in Seattle and the stage projects go through, and will provide tools with which to aid (or oppose) a project in your community. Presented by the Neighborhood Leadership Program.

Ending Homelessness for People with Mental Illness and/or Substance Use Disorders, December 5-8, Washington, D.C. Sponsored by the National Resource Center on Homelessness and Mental Illness. For more information visit www.prainc.com/nrc/.

Community Power Analysis: A Case Study, December 8, 10:00am-1:00pm, Miller Community Center. This session will explore how to analyze a neighborhood or community to determine who holds power and how to organize effective opposition. Presented by the Neighborhood Leadership Program.

Land Supply and Markets, December 13, 8:00am-12:00 noon, Renton City Council Chambers. Sponsored by the Housing Partnership and the Suburban Cities Association of King County. This program will cover the "buildable Lands" and

housing target processes. The market for raw land for single-family construction, and the market for redevelopable land. Cost: \$20 for Housing Partnership members, \$30 for non-members. To register call 425/ 453-5123.

Building Community Partnerships, December 18, Time and Location TBA. This session will help community leaders and neighborhood professionals recognize how to mobilize their capacities to build strong community partnerships. Presented by the Neighborhood Leadership Program.

The 2002 Community Reinvestment Conference, January 30-February 1, 2002, San Francisco, CA. Includes sessions on CRA Compliance Training, Community Development Investments, Community Development Lending, Community Development Services, and Community Building. For more information visit www.frbsf.org/community/index.html.

Energy Out West, May 20-24, 2002, Spokane. Join the Western Regional Weatherization Network and learn the most current tips, tricks and practices for doing energy retrofits on the housing stock in your area. Find out what is going on in the energy efficiency world from beginner to advanced, in the class room, and with hands-on tutorials. For more information call 253/445-4575.

National Alliance to End Homelessness Annual Conference and Training Institutes, July 17-20, 2002. Save the Date!

*****Employment Opportunities***
see www.hdc-kingcounty.org for
up-to-date announcements!**

Executive Director, Community Home Ownership Center Manage statewide operations serving several thousand clients annually. Excellent organizational and communication skills, public speaking, manage fundraising activities, establish and maintain collaborative relationships with partner organizations. Some in-state travel required. Non-profit experience preferred. Salary DOE. Send resume, cover letter and salary history to WSHFC, Attn: Lisa DeBrock, 1000 2nd Avenue, Suite 2700, Seattle WA 98104. **OPEN UNTIL FILLED**

Housing Project Manager/Relocation Specialist, King County Housing Finance Program This position will be part of the team of King County project managers responsible for reviewing funding requests and managing contracts for individual housing projects. In addition, this position will serve as the relocation specialist for the Housing and Community Development Program. The relocation specialist provides technical assistance to project sponsors, suburban cities and County staff, and ensures compliance for all housing and community development projects that involve acquisition of properties with existing tenants. Qualifications include a degree in urban planning, architecture, public administration or a related field, plus experience in housing finance, project management, planning and/or development. Experience with relocation regulations is desirable. We're looking for someone who can communicate clearly and sensitively with agencies and tenants in acquisition/relocation situations. To learn more, contact Maureen Kostyack, Housing Finance Program Coordinator, at 206-296-8669. The position will be posted in December at <http://www.metrokc.gov/ohrm/psd/openings.html>.

**DEADLINE FOR NEWS ITEMS IS
THE 12TH OF EVERY MONTH**