



**HOUSING
DEVELOPMENT**
consortium

April 4, 2019

Office of Housing
700 5th Avenue
Seattle WA 98104

Dear Office of Housing,

On behalf of the Housing Development Consortium, thank you for this opportunity to comment on the draft policy changes updating the Housing Levy Administrative and Financial (A&F) Plan and Housing Funding Policies.

HDC is a nonprofit membership organization consisting of more than 180 nonprofit developers, private businesses and public partners who are working to produce and preserve affordable housing in King County. Our members are dedicated to the vision that all people should live with dignity in safe, healthy and affordable homes within communities of opportunity. We very much appreciate your work towards our vision through a thoughtful process of updating policies that apply to all Office of Housing (OH) fund sources, including Housing Levy, Incentive Zoning and Mandatory Housing Affordability in-lieu fees, other local and federal funds to scale your impact. As the department considers policy changes, we are supportive of the effort and urge you to consider some additional strategies and programmatic areas for partnership provided by HDC members who are also great partners of OH. We invite you to consider the following;

Robust affirmative marketing needs to be planned for and implemented

Even where affordable housing is available, it may not truly be accessible to low-income households without well-designed outreach and admissions practices. This dynamic is reinforced by the simple difficulty of gaining meaningful information about rentals in areas where residents lack friends, family, or other community connections. Affirmative marketing programs supported by nondiscriminatory tenant selection procedures serve an important role in ensuring equal access to information, helping cities overcome the legacies of exclusion, and promoting fair and open housing choice. HDC supports the purpose of affirmative marketing to provide equal access to housing choices regardless of race, national origin, familial status, disability, and other protected class status. We see this as an essential step to further fair housing. We support the action step to require a draft affirmative marketing plan following a funding award and a final plan submission prior to leasing or sale of the units. We are interested in engaging programmatically on the OH developed guideline and would like to engage the department as you craft a guideline specific to homeownership housing.

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Advance Community Preference Policies

It is essential that communities benefit from affordable housing sprouting up in their neighborhoods. By allowing a permissive approach on the Community Preference Policy, the city would ensure that the first people to be pushed out by redevelopment and growth can be the first on the list for the housing that the city is investing in. The affected communities have spoken and included this language in the companion resolution to one of the first of the city's Mandatory Housing Affordability (MHA) bills for rezones in Chinatown International District (CID). We urge OH to give the owners the option for a case-by-case community preference in areas of high risk of displacement and include people that currently live in the community, people who lived in the community prior, and people who work in the community. We recommend this clearly defined approach that can run efficiently along the scope of the fair housing laws.

Review residential prevailing wages on levy dollars upon HB 1743 adoption by the legislature

Thank you for advocating in support of HB 1743, addressing the methodology for establishing the prevailing rate of wages for the construction of affordable housing, homeless and domestic violence shelters, and low-income weatherization and home rehabilitation public works. Many of our members have advocated in support of this bill and recognize that if passed, the emergency clause translates to immediate effect. We look forward to the legislation passing and call on OH to also review the residential prevailing wages on levy funded projects.

Use public sites for permanent affordable home ownership

We appreciate the draft policy changes that emphasize an increase of the number of affordable homes that can be created, allowing a higher per unit subsidy for permanently affordable homeownership developments on publicly owned sites. This is a step in the direction of mitigating displacement and ensuring that our city supports our communities by helping provide homeownership opportunities to all people including the low- and moderate-income families that have not had the opportunity to build wealth through ownership. This policy change centers on creating strong communities and offers community stability and resilience in the face of development pressures.

Allow the Acquisition and Preservation (A&P) Program \$30 million allocation to be a revolving loan

Preserving long-term affordability by ensuring properties will stay affordable for current residents and those who will follow will help increase and maintain our stock of affordable housing. We support the change of making the \$30 million total for loans available for acquisition and preservation, a revolving loan.



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Use of home repair program funding to produce accessory dwelling units with an affordability requirement We support the new eligible use for home repair program funding, which would allow loans to low income homeowners to create an accessory dwelling unit (ADU) and require rent and income restrictions to apply so that the unit will benefit a low-income renter. If a loan will be used to create a city-approved accessory dwelling unit within the home, loan terms will include income and rent restrictions for the rental unit.

We also like to offer other **programmatic specific perspectives** and non-draft policy changes related areas of work that we would like to engage the Office of Housing on, offer partnership and convene platforms with our 180 diverse members. The following are some programmatic areas that we would like you to consider working with us on;

Update the developer fee scale

The current developer fee scale has not been updated for some time. The scale does not adequately cover staff expenses plus risk or guarantee obligations for very large projects. It is specifically challenging for projects with joint ventures and RFPs issued requiring non-residential components. Diminishing scale of the developer fee for large projects often means that our members are bringing in their own money to cover risk costs and developer fee limits their ability to leverage the 4 percent credit when investors only allow 50 percent of the total fee to be deferred. We urge you to review the developer fee scale and would be interested in convening our members to input in the process.

Ensure that the city's operating support capacity for permanent supportive housing is brought to scale Current federal housing programs provide limited support for communities to use the permanent supportive housing model. Limits exist on the amount of federal housing funding that can be used to provide services to people. For a permanent supportive housing strategy to be successful, we would need to ensure that resources, are accessible and effective in supporting people living in permanent supportive housing. Considering the growing need for resources to scale the efficiency on this, we are a willing community that is ready to roll our sleeves, dig deep and explore more opportunities for resources.

Robust affirmative marketing

We would like to offer a partnership with our members identified as community ownership organizations and have been working since 2018 on affirmative fair marketing and resident selection. As partial fulfillment of the City of Seattle grant, they are to share with other stakeholders their own strategies and practices for affirmative fair marketing and provide proposed strategies for resident selection. HDC would provide convening support to bring our members to the table and work with them in crafting guidelines for homeownership organizations.

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Explore other opportunities to leverage the NOFA

Considering the impending leadership transition at the Office of Housing, we would like to ensure that policy changes are not too significant and ensure that they are conceptual. In the spirit of continuous growth after the transition, HDC would like to offer the support in shaping conversations on how the NOFA can leverage on additional advantages on top of the great current time frame to leverage on 9 percent credit, King County funding and other opportunities. As partners in this work, we would be open to convene our members to provide perspective, strategies and best promising practices based on the many years of experience in this sector.

HDC members have partnered with the city for more than three decades to meet the growing housing need in our community. We are extending an invitation to the city of Seattle to continue this commitment of ensuring dignified lives for all people.

We thank you again for the opportunity to comment on the draft policy changes and we look forward to continuing to work with you on ensuring that Seattle remains a diverse, inclusive, and affordable community for people of all incomes.

Sincerely,

Marty Kooistra
Executive Director

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