



Summary of Policy Proposals

Housing Levy Administrative & Financial Plan, November 2016

Policy Proposals available at: Seattle.gov/housing/levy

Acquisition & Preservation Program

The Acquisition and Preservation (A&P) Program will provide loans for strategic acquisition of sites for low income housing development and preservation, with a priority of occupied buildings with low rents. Projects must demonstrate that short-term bridge financing is necessary for the proposed project to proceed, and have a high likelihood of obtaining permanent financing within 5 years. Each loan can be up to \$5 million dollars and have a loan term up to 5 years with an affordability covenant to remain in place for 20 years. A&P funds must serve households at or below 80% of median income; lower affordability requirements may be applied by permanent financing sources, including OH permanent financing. Market-rate units will be allowed so long as the number of restricted units is proportional to the funding provided by OH.

Place-Based Development Funding

OH may award funding from the Rental Housing and Homeownership programs through a competitive Request for Proposals process for a site specific development opportunity in concert with disposition of a publicly owned site. The site may be owned by the City or by a public agency partner or partners. The RFP process provides a way for OH to award development financing at the same time as selecting a developer. It eliminates the need for an already selected project developer to compete for funding in the annual NOFA process.

Rental Rehabilitation Loans

OH will offer rehabilitation loans to private owners to improve the condition of low cost rental housing and preserve affordable rents for low-income Seattle residents. At least half the units will be rent and income restricted at or below 60% of median income, and the loan term will be based on the amount of City funding per affordable unit. The scope of rehabilitation work must address any outstanding housing code violations and OH will encourage, and fund to the extent feasible, energy saving building improvements.

HOME and CDBG Affordability

OH administers federal HOME and CDBG funds, which have declined significantly in recent years and currently total about \$2.5 million annually. This policy increases the City-adopted affordability levels to provide greater flexibility in the use of these dollars, particularly in preservation projects. Allowing federal funds to support projects serving households with incomes up to 60% of median will also enable these funds to replace any Levy funds used for Rental Rehabilitation loans. New affordability limits are:

- HOME: 80% of units affordable to households at or below 60% of median income and 20% of units at or below 50% of median income, per federal regulations.
- CDBG: affordable to households at or below 60% of median income.

Supplemental Funding

OH awards supplemental funding for improvements to low-income rental housing previously funded by OH that is still subject to an OH regulatory agreement. Policy changes relate to requirements for owner contributions and leverage of other fund sources:

- Maximum City funding increased from 40% to 50% of total development cost (TDC) for projects using OH-administered low-income weatherization funds
- Maximum City funding up to 75% of TDC, and mandatory sponsor contribution waived, for buildings with at least 75% of units restricted at or below 30% AMI
- Director may award funding for an emergency repair loan outside of competitive NOFA cycle to address life/safety emergencies

Operating & Maintenance Program Funding

The O&M Program provides a shallow operating subsidy to housing serving extremely low income residents, with a priority for projects serving homeless or other special needs populations. The maximum initial subsidy remains unchanged at \$2,500/unit/year, but the cap on overall project funding is lowered to 25% of operating income, based on realistic leverage requirements and recent trends. In addition, policies now allow O&M to support enhanced property management costs in PSH units with project-based Section 8 under limited circumstances.

Tenant Access and Admissions

OH proposes changes and clarifications to funding policies and monitoring procedures that will increase access to housing for homeless households and others with barriers. These changes would affect portfolio projects (as appropriate given existing loan agreements) as well as new developments. In addition, OH will continue to support best practices in housing operation through training sessions, OH guidelines, and implementation of the Housing Resource Center. The overall recommendation includes:

- Listing vacancies
- Increasing access for people with barriers
- Referrals from coordinated entry to homeless housing
- Voluntary homeless housing
- Funding coordination

Tenant Income and Rent

This policy implements a provision of the 2016 Levy which allows households with income up to 40% AMI to qualify for units regulated at 30% AMI in limited cases. OH would allow higher income tenants on a case by case basis, upon a finding that the owner made sufficient efforts to market the unit and the unit has been vacant for 90 days, or the building is at risk of missing lease up deadlines. This policy also adds a reference to current practice for over-income tenants in mixed-income buildings: owners are encouraged to offer the next available unit to a lower-income household.

Home Repair Grants

OH will provide Home Repair Grants of up to \$10,000 for low-income homeowners at or below 50% of median income to assist with maintaining stable housing. Grants will be available 1) to owners who are ineligible for OH's existing home repair loan program, 2) to cover necessary repairs in excess of the owner's borrowing capacity, or 3) to pay for low-cost repairs necessary to access weatherization grants.

The grants would be administered by OH so that homeowners can access OH's home repair loans, home repair grants and weatherization grants efficiently based on their needs and eligibility.

Homebuyer Assistance

The Homebuyer Assistance policy changes address the challenge of achieving ownership for households below 80% of median income in a high-cost market and the need for development of affordable homeownership units for this income group. For down payment assistance programs, the maximum OH loan amount is increased by \$10,000 to \$55,000 for all low-income buyers, eliminating the higher subsidy for buyers under 60% of median income. For acquisition and development loans, new policies are added modeled after policies in the Rental Housing Program. OH will fund up to \$70,000 per unit for development of resale-restricted homes. Individual homebuyer counseling will now be required for anyone purchasing a home through DPA or an OH-funded re-sale restricted unit.

Foreclosure Prevention Loans

OH will provide loans of up to \$30,000 to assist low-income homeowners at or below 80% of median income who are facing foreclosure to become current on delinquent mortgage payments, real-estate tax payments and/or homeowner association dues. Loans will be provided only to those who can demonstrate that they can continue to afford housing payments after assistance has been received. Homeowners must be referred by, and working with, an OH-approved homeowner counselor. The administrator of the loan program will be selected through a competitive RFP process. This is proposed to be a 24-month pilot program.