



Background Presentation

Tuesday, March 27th, 2018
Elected's Summit

Our Vision

All people live with dignity in safe, healthy, and affordable homes
within communities of opportunity



HDC's Purpose

- HDC exists solely to serve as an **advocate, broker** and **convener** of and for our 166 member organizations and businesses.
- Since its inception 30 years ago, HDC and our members have known that it takes a unique set of personal and professional skills to increase the effectiveness, visibility, and impact of the affordable housing sector.
- **Mission:** Through **education, advocacy** and **leadership**, HDC supports and inspires its members as they work collaboratively to meet the housing needs of limited-income people throughout King County.

Brief History of SKC Engagement

During the 7 years prior to 2016 (beginning of SKHHP) , SKC stakeholders met to deepen cross-jurisdictional coordination, create a common understanding for housing and homelessness needs and strategies for SKC, and move forward strategies in the *SKC Response to Homelessness*.

Two separate groups regularly convened by HDC are: – the SKC Homeless Action Committee (HAC) and the SKC Joint Planners. The work of both of these groups was then supported by the South King Housing & Homelessness Partnership (SKHHP) starting in 2016.

Regular Participants in SKC Convenings

- City of Renton
- City of Auburn
- City of Burien
- City of Federal Way
- City of SeaTac
- City of Tukwila
- City of Kent
- King County Housing Authority
- Renton Housing Authority
- Kent Youth & Family Services
- Valley Cities
- Catholic Community Services
- Multi-Service Center
- YWCA Seattle-King-Snohomish
- Habitat for Humanity Seattle-King County
- Housing Development Consortium

Initial Goals:

- Regularly convene and organize a network of local stakeholders, including new partners, working to end homelessness and address affordable housing needs.
- Improve alignment of county and state homeless and affordable housing interventions and funding opportunities with South King County interests.
- Provide technical assistance to support implementation of comprehensive plan policies.
- Renew attention and mobilize stakeholders to implement the “SKC Response.”
- Improve South King County stakeholders’ understanding of promising practices and their potential for local impact.
- Improve and streamline services for homeless and poorly housed individuals and families in SKC.
- Determine and implement strategies that achieve program sustainability.

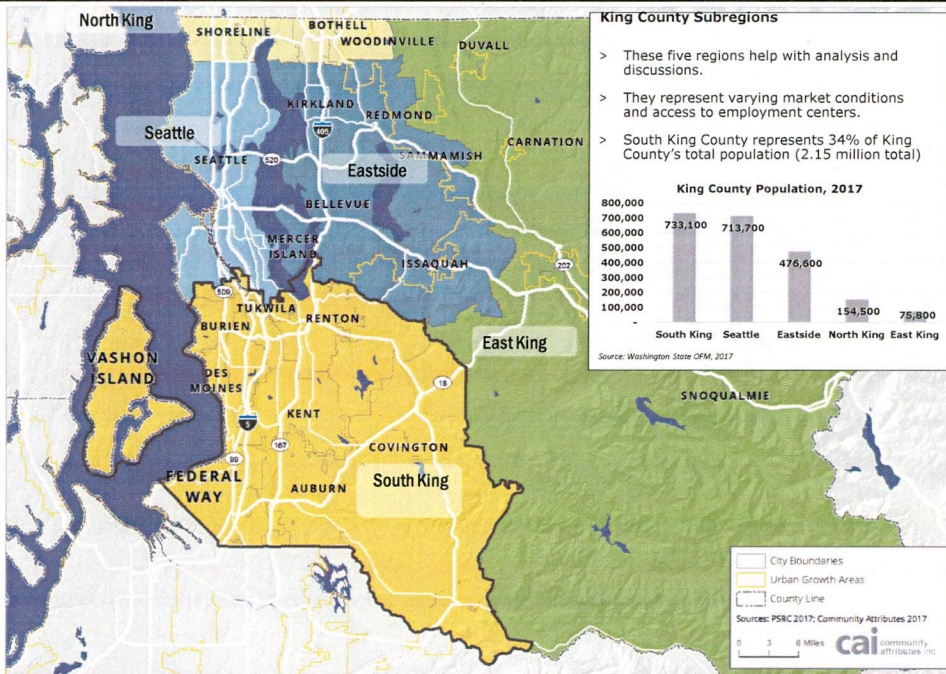
Desired Results:

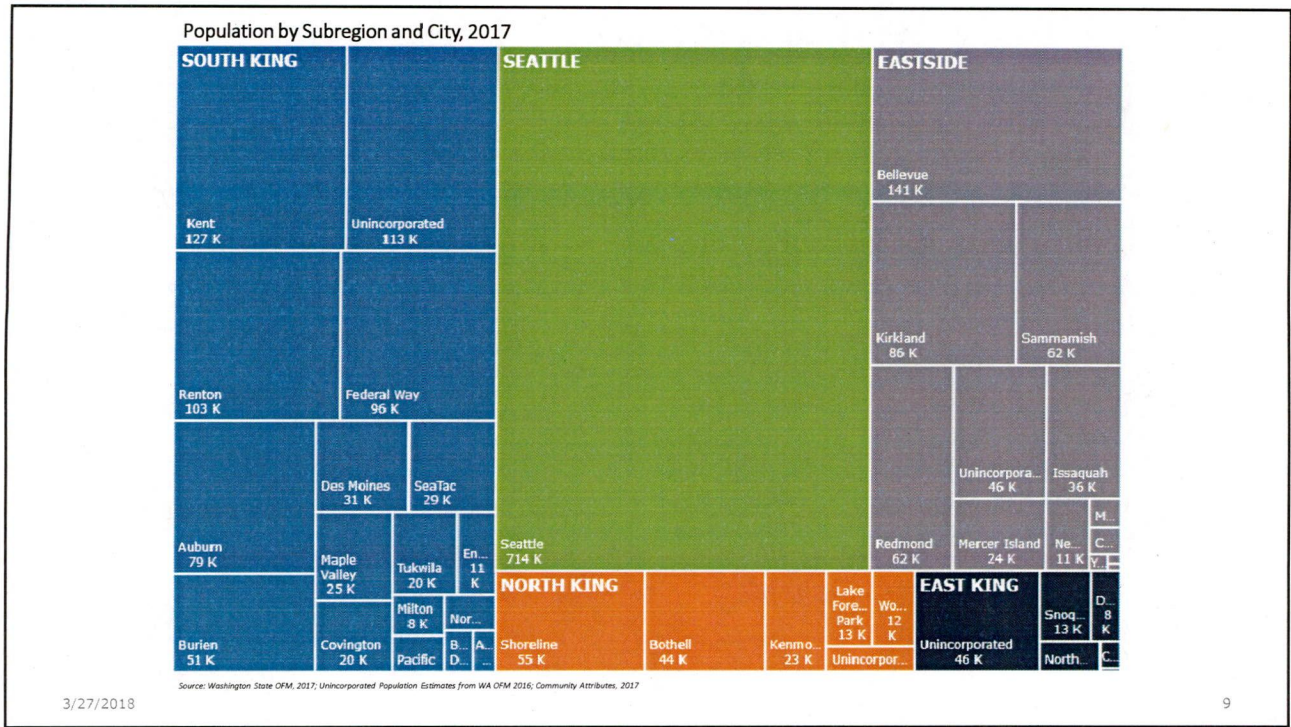
- County and state decision makers receive input from SKC stakeholders early in the decision-making process to ensure a more effective and efficient public engagement process.
- South King County stakeholders are better informed of opportunities to impact regional and state housing programs and policies including regional plans, state legislative proposals and funding opportunities.
- South King County stakeholders are better able to speak with a united voice to ensure external programs and policies address local community needs.
- SKC stakeholders, including those in the education, employment and health sector, are more engaged in housing and homelessness activities.

Situation Overview

Our Vision

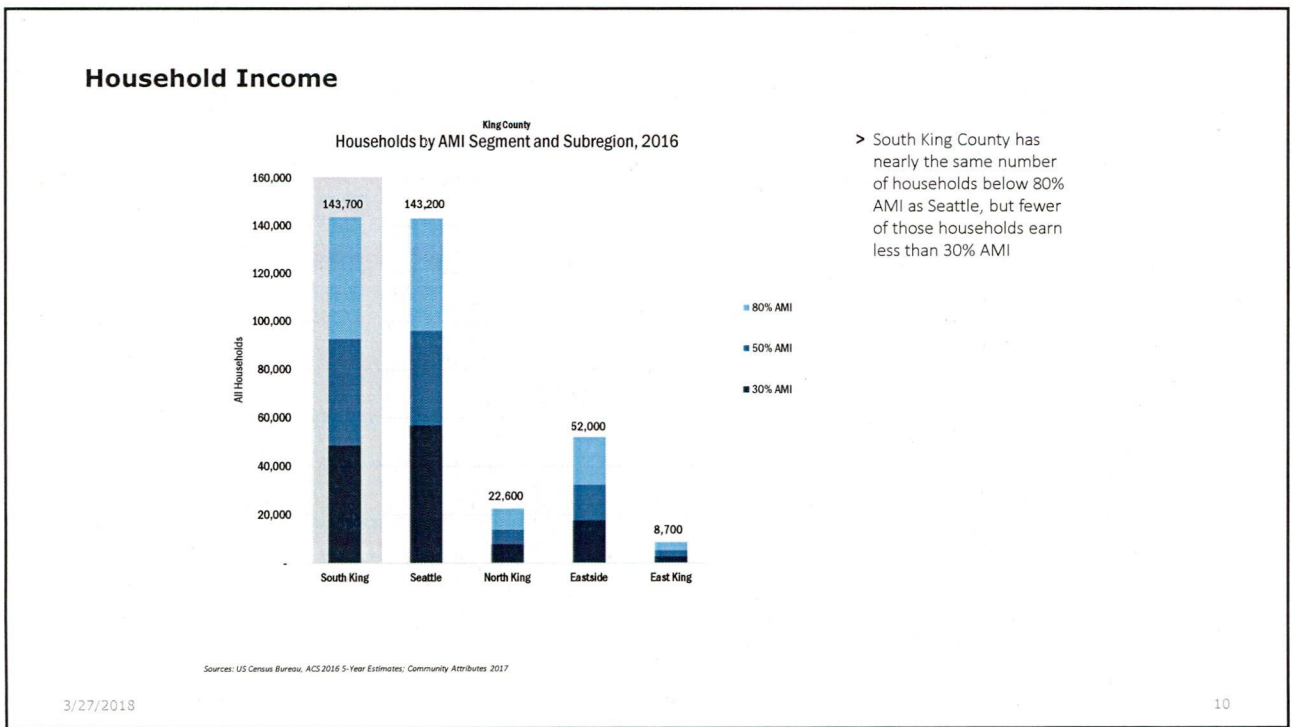
All people live with dignity in safe, healthy, and affordable homes within **communities of opportunity**





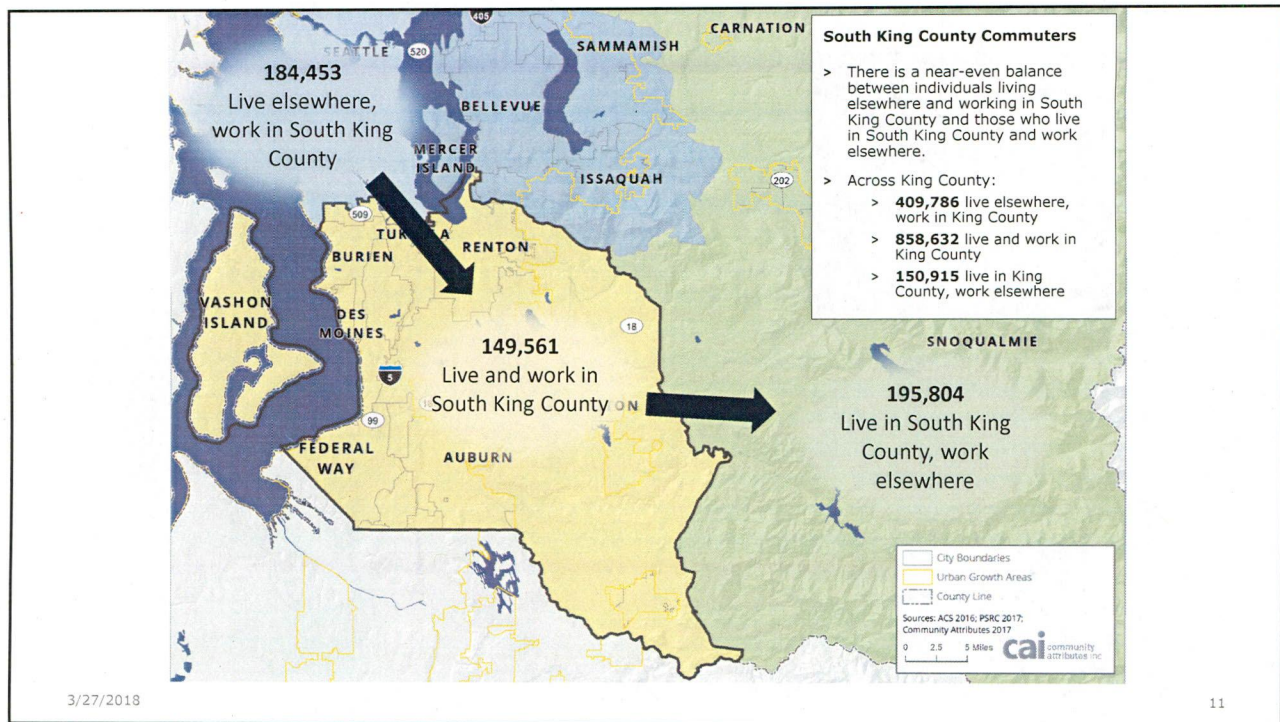
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After brief slowdown, Seattle-area rents surge back up again; when will it end?

Originally published March 27, 2017 at 5:25 pm Updated March 28, 2017 at 9:27 am Seattle Times

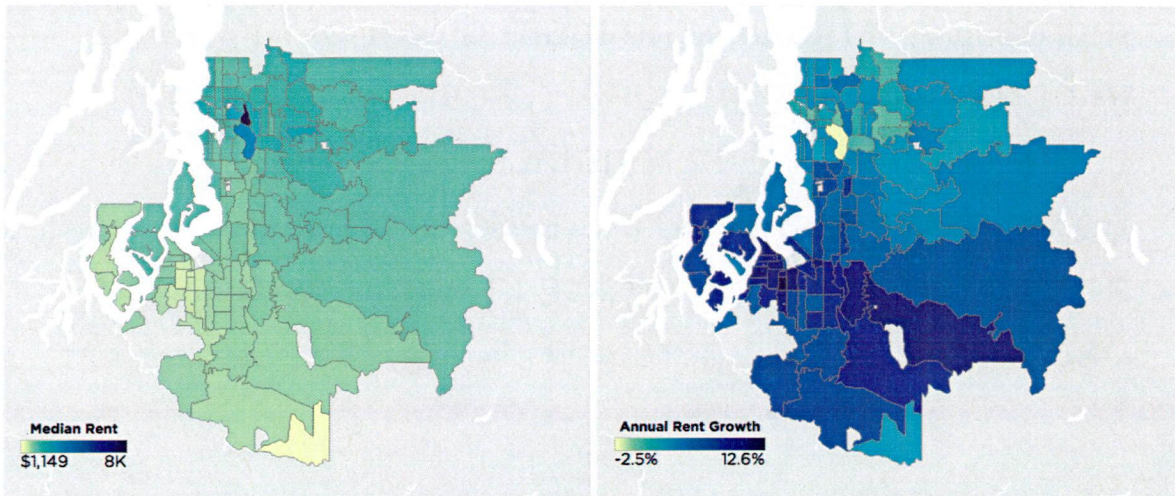
Neighborhoods where a lot of apartments have been built — like the greater downtown Seattle area, Ballard and Capitol Hill — all saw rents increase only about 5 percent year-over-year, well below the regional average, according to Dupre + Scott.

On the other end, the biggest rent increases were generally in outlying areas, which have seen barely any new apartment buildings even as they generate more interest from locals priced-out of Seattle and the Eastside.

The South King County area, in particular, saw the biggest jumps, with annual rent increases topping 10 percent in Burien, Rainier Valley, Des Moines, Kent, Federal Way and White Center. In SeaTac, rents are up more than 15 percent

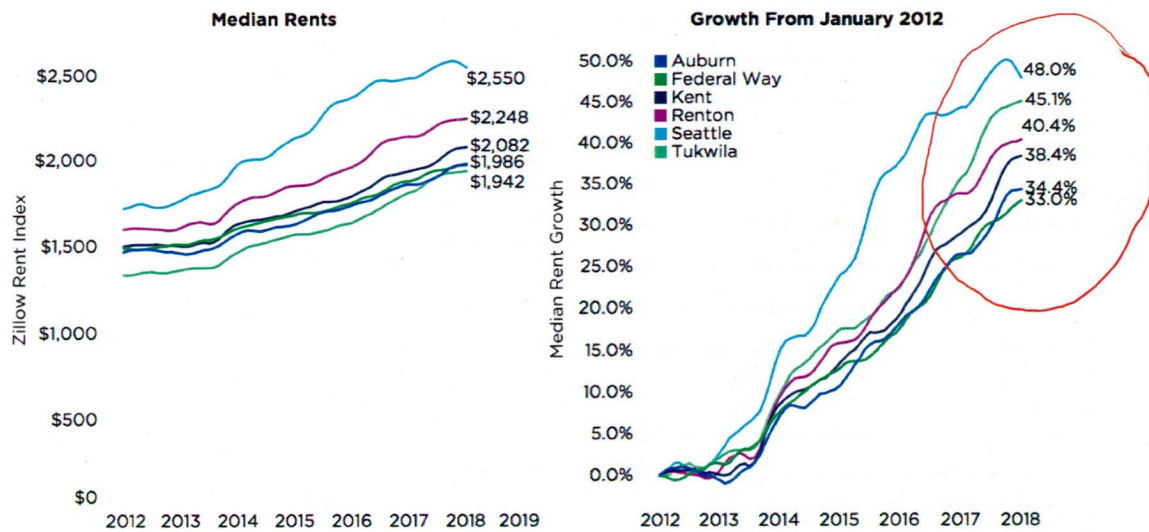
Median Rents: YoY Growth by ZIP code

Rent is increasing everywhere in King County, with big increases in South King County



Courtesy of Zillow

Median Rents: South King County Cities

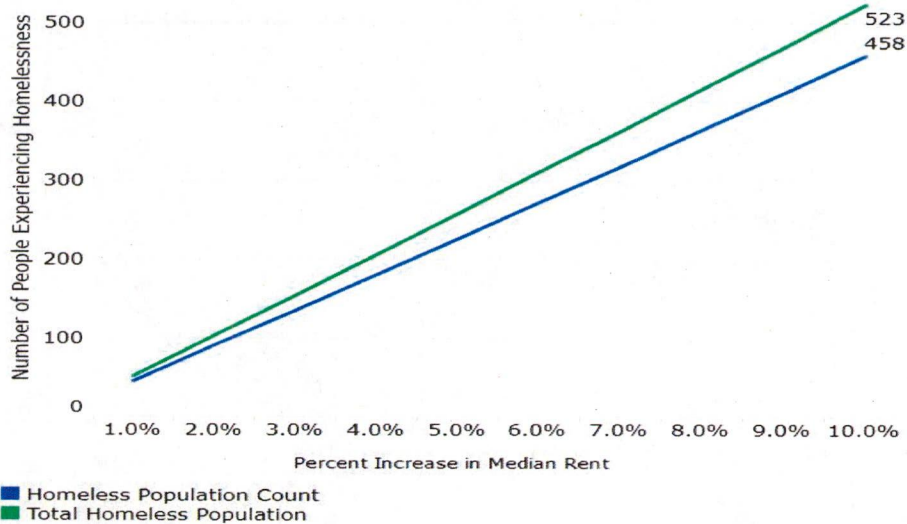


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Increasing rents are the main driver of increases in homelessness. National research shows a connection between rent increases and homelessness: a \$100 increase in rent is associated with an increase in homelessness of between 6 and 32 percent.

How Many More People in Seattle Metro Area Will Experience Homelessness if Rents Rise 1-10% ?



Source: *Rising Rents Mean Larger Homeless Population* (Aug. 3, 2017) . www.zillow.com/research/rents-larger-homeless-population-16124/

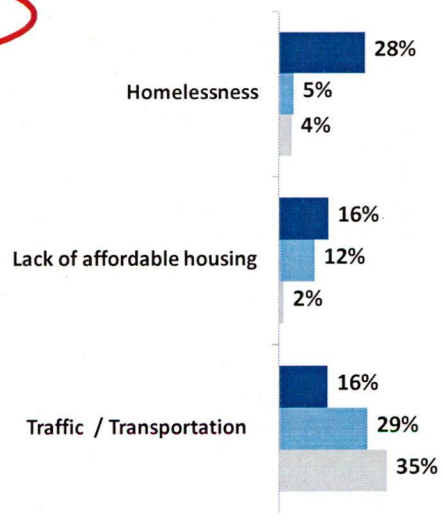
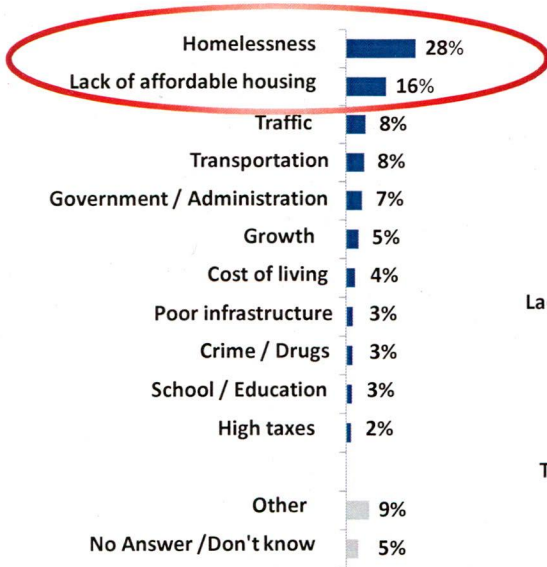
King County's homeless count rises above 11,600 people

Originally published May 31, 2017 at 11:32 am Updated May 31, 2017 at 9:08 pm Seattle Times

Twenty percent of the 5,485 found living without shelter on Jan. 27 were counted in the southwest part of the county in cities such as Burien, Auburn and Kent.

Most Important Problem: 2017

■ 2017 ■ 2015 ■ 2013



Some would call this a pretty wicked problem!

The notion of “wicked problems” is explored in detail in:

*Developmental Evaluation: Applying Complexity
Concepts to Enhance Innovation and Use*

by Michael Quinn Patton (The Guilford Press, 2010)

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A “Wicked Problem”...

- ... is difficult to define;
- ... has tangled root causes;
- ... involves stakeholders with diverse values, interests, and positions;
- ... varies from person to person and community to community;
- ... is constantly evolving; and
- ... has no obvious answers or measures of success.

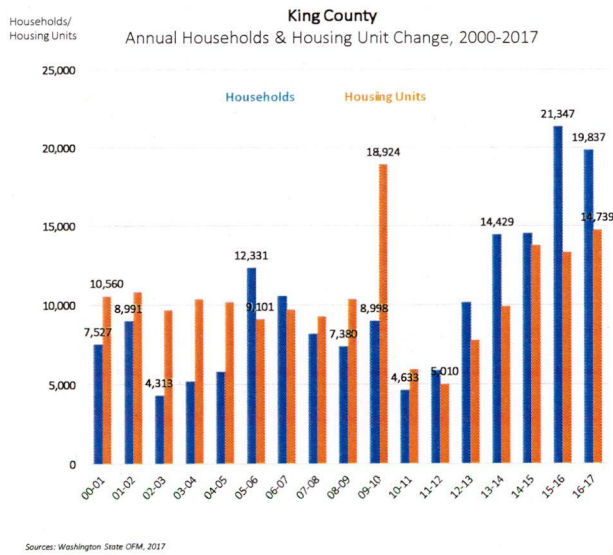
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Many factors of supply and demand affect the price of housing.

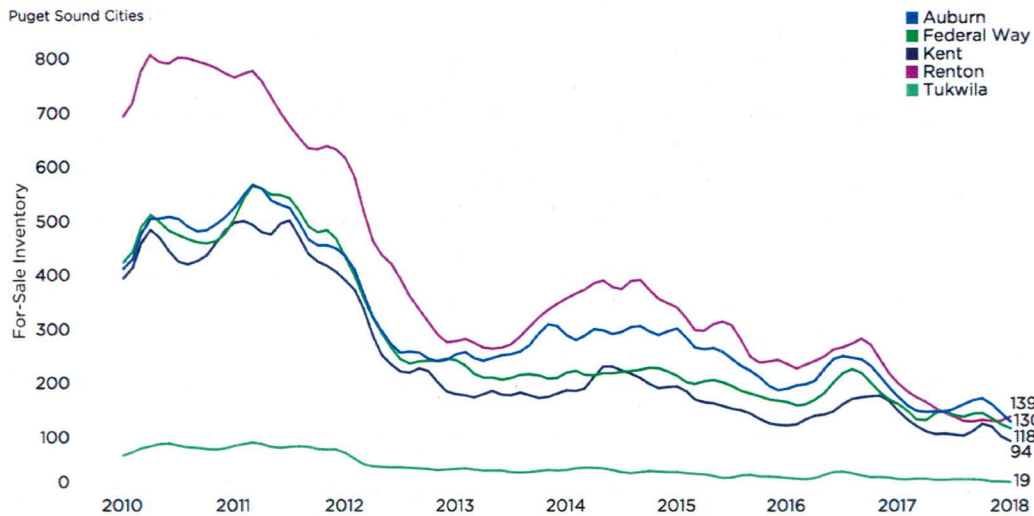
| DEMAND | SUPPLY |
|---|---|
|  <p>Incomes and income inequality</p> |  <p>Available inventory on the market</p> |
|  <p>Growth of households and jobs</p> |  <p>Net new development</p> |
|  <p>Household sizes and composition</p> |  <p>Vacancy rates</p> |
| <p><small>Courtesy Community Attributes, King County Housing Affordability Task Force</small></p> |  <p>Development costs</p> |

Population and Housing Growth



- > Across King County, population growth has been greater than housing production since 2011.
- > Since 2010, on average, King County has added 31,800 people per year, or 13,000 households at 2.45 persons per household.
- > Only 10,100 new housing units per year have been added during the same time.

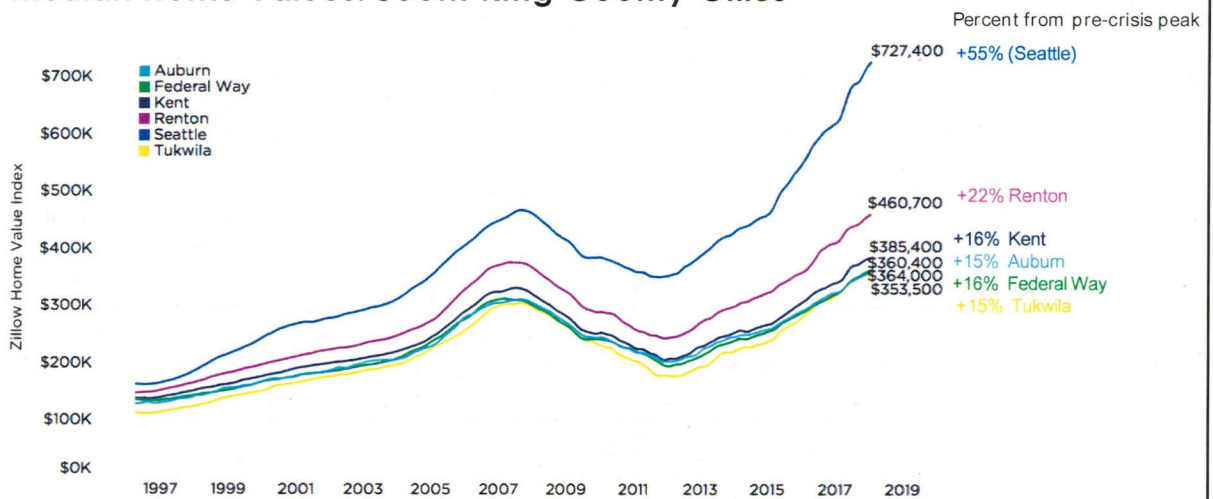
Inventory is tight, nationwide and in the Puget Sound



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Median Home Values: South King County Cities



Courtesy of Zillow

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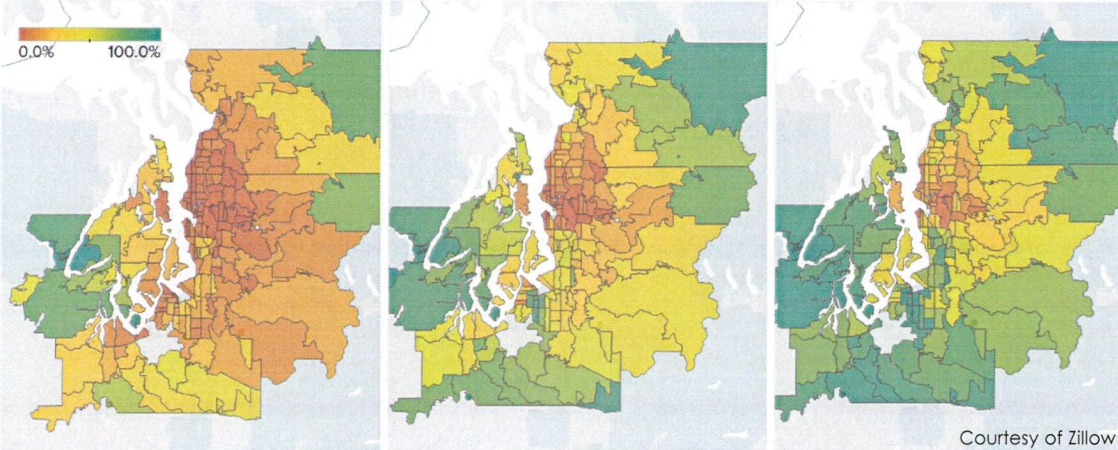
Very Few Affordable Homes for Sale

Share of For-Sale Listings Affordable, 2017-H1

\$30,000 per year

\$55,000 per year

\$80,000 per year



Courtesy of Zillow

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Many types of households struggle with housing costs



3 person HH at 30% AMI

- > **Cashier** earning \$25,410*, \$12.20/hr
- > **Home health aide** earning \$25,864, \$12.40/hr



2 person household under 80% AMI

- > Full-time **taxi driver** earning \$26,340 plus **childcare worker** earning \$26,038
- > Full-time **welder** earning \$48,548
- > **Retired couple** earning \$42,200 in pensions



2 person HH at 50% AMI

- > **Teacher** earning \$37,447
- > **Restaurant cook** earning \$30,281



4 person household under 80% AMI

- > **Biologist** earning \$76,900
- > **Accountant** earning \$69,940
- > Full-time **office clerk** earning \$37,566 plus full-time **security guard** earning \$32,427

*All salaries represent the median annual salary for the occupation in King and Snohomish Counties as reported by WA ESD 2017
 Courtesy Community Attributes,
 King County Housing Affordability Task Force

Cost burden is a measure of whether or not housing is affordable. Cost burden is both a concept and a data term.



HUD determines a household to be **cost burdened** if the household spend **more than 30% of their income** on housing



Households that spend more than **50%** are also considered **severely cost burdened**

Courtesy Community Attributes, King County Housing Affordability Task Force

290,100 Households (1 in 3) in King County are cost-burdened in 2017.



| AMI | Cost-Burdened Households | Severely Cost-Burdened Households | All Cost-Burdened Households |
|--------------------|--------------------------|-----------------------------------|------------------------------|
| 0-30% AMI | 25,400 | 75,700 | 101,100 |
| >30-50% AMI | 43,300 | 28,900 | 72,200 |
| >50-80% AMI | 53,900 | 13,100 | 67,000 |
| >80-125% AMI | 32,200 | 3,500 | 35,700 |
| +125% AMI | 12,600 | 1,500 | 14,100 |
| All Incomes | 167,400 | 122,700 | 290,100 |

Courtesy Community Attributes, King County Housing Affordability Task Force

100,800 Households in South King County (38%) are Cost-Burdened

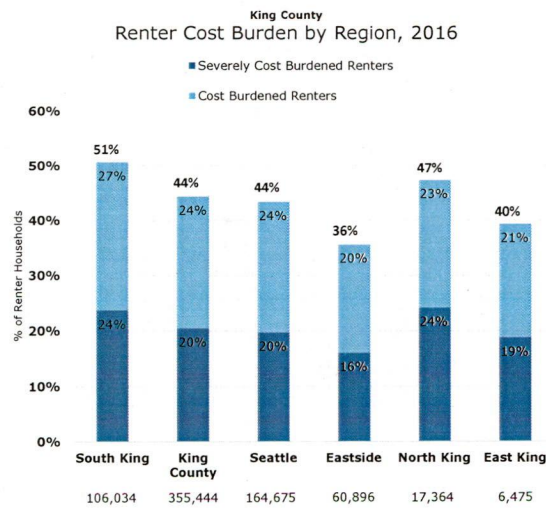


| AMI | Cost-Burdened Households | Severely Cost-Burdened Households | All Cost-Burdened Households |
|--------------------|--------------------------|-----------------------------------|------------------------------|
| 0-30% AMI | 11,200 | 28,000 | 39,200 |
| >30-50% AMI | 17,500 | 9,900 | 27,400 |
| >50-80% AMI | 16,700 | 3,600 | 20,300 |
| >80-125% AMI | 10,300 | 1,000 | 11,300 |
| +125% AMI | 2,400 | 200 | 2,600 |
| All Incomes | 58,100 | 42,700 | 100,800 |

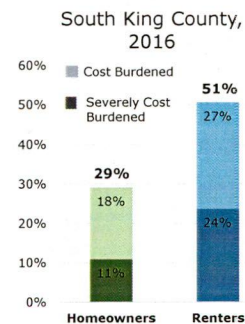
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Housing Cost Burden



> South King County has the highest share of cost burdened renters, by a larger margin than for homeowners.

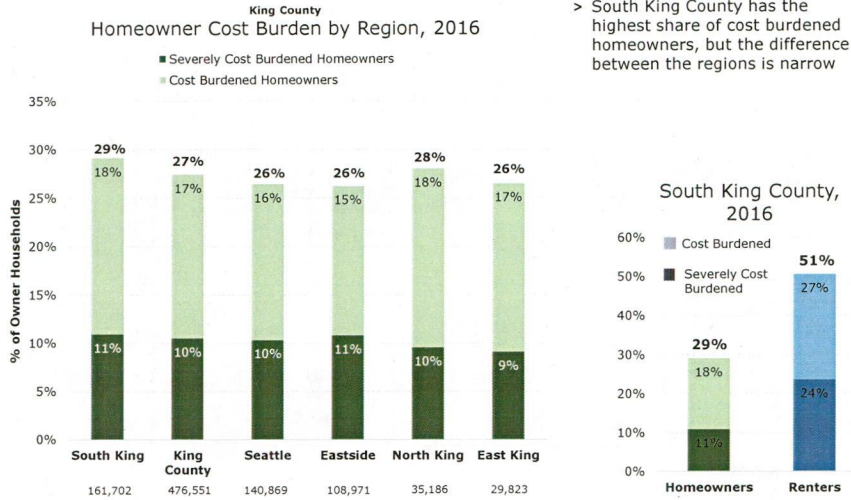


Sources: US Census Bureau, ACS 2015 5-Year Estimates; Community Attributes 2017

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Housing Cost Burden



Sources: US Census Bureau, ACS 2015 5-Year Estimates; Community Attributes 2017

King County Requires 156,000 new homes to address countywide need for today alone (not including continued growth).

TODAY'S CHALLENGES

| Household by Type | Estimated Homes Required |
|--|--------------------------|
|  11,600 People Experiencing Homelessness | 9,700 |
|  122,700 Severely Cost-Burdened Households | 75,700 |
|  167,400 Cost-Burdened Households | 70,200 |




290,100 Households & **12,000** Experiencing Homelessness

Requires **156,000** Homes in 2017

Courtesy Community Attributes, King County Housing Affordability Task Force

South King County

TODAY'S CHALLENGES

| | Household by Type | Estimated Homes Required |
|---|---|--------------------------|
|  | 3,700 People Experiencing Homelessness* | 3,000 |
|  | 42,700 Severely Cost-Burdened Households | 21,400 |
|  | 58,100 Cost-Burdened Households | 30,300 |

100,800 Households & **3,700** Experiencing Homelessness

Requires **54,700** Homes Today


*Rough estimate based on applying South King County's Countywide population proportion to Countywide estimate of homeless population

King County requires 244,000 new homes to address the countywide affordable housing need by 2040.

| Income Segments | Households |
|---------------------|----------------|
| 0-30% AMI | 29,700 |
| 31-50% AMI | 23,900 |
| 51-80% AMI | 34,500 |
| 81-125% AMI | 36,300 |
| > 125% AMI | 77,100 |
| Total Growth | 201,500 |

ADD GROWTH 2017-2040

88,000 Households @ 80% AMI or lower



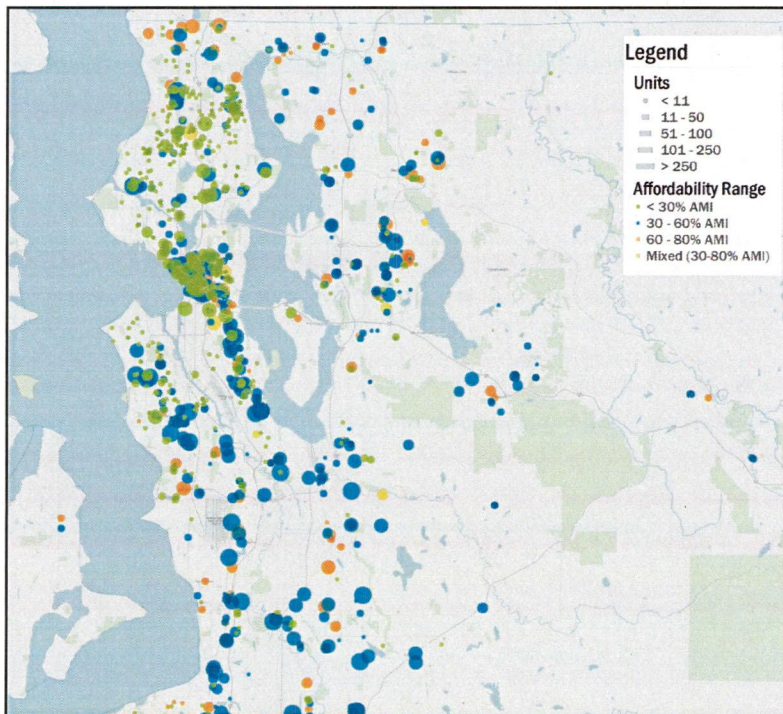
 **156,000** Homes Required for 2017 Alone

Requires **244,000** Homes by 2040

Courtesy Community Attributes, King County Housing Affordability Task Force

REGIONAL EFFORTS

- All Home
- Regional Affordable Housing Task Force
- One Table



Affordable
Housing In
King County

The Housing Continuum

Different housing strategies apply to different income levels and household types.



South King County Households, 2016

<30% AMI: Extremely low income households include people experiencing homelessness, many people with disabilities, seniors, and more.

30-50% AMI: Eligible for many of the tools serving those under 30% AMI.

50-80% AMI: Market rents should be affordable, though circumstances vary. There may be challenges in finding housing near work, and addressing other lifestyle factors.

80-125% AMI: Home ownership becomes an option, though the exact minimum income level depends on individual factors.

Over 125% AMI: Market rate housing

Ongoing rent subsidy required and services may be required. Sample tools: Section 8 Vouchers, Public Housing, 9% LIHTC

Ongoing rent subsidy or lower workforce rents required. Sample tools: Multifamily Tax Exemption (MFTE), 4% and 9% LIHTC, Bonds

Need housing quantity, types, and location to match household needs. Sample tools: Bonds, Land use strategies, Habitat for Humanity.

Expand options for ownership and address barriers to lower income buyers.

Expand options for ownership and address barriers to first time buyers. Increase housing supply.

Frequently Asked Questions
Potential Collaboration between South King County Cities
on Affordable Housing and Homelessness
March 27

Who will participate?

Members of the collaboration will be South King County cities. Depending on the will of the group, unincorporated areas located in South King County could be included. Participation is voluntary. Only cities who want to take advantage of this collaborative work will participate.

What work will this collaborative structure accomplish? What is its role?

Member cities will determine what work they want to focus on, based on discussion about their city's needs. For example, the collaborative structure could represent member cities at regional and state forums where policy and funding decisions are made, write grants or help member cities compete in regional and state funding processes. The new staff capacity could draft policies or suggest programs that member cities want to pursue (e.g. multi-family inspection programs, or multi-family tax exemption programs), draft zoning proposals (e.g. Accessory Dwelling Unit (ADU) or inclusionary zoning), assist in drafting housing elements for comprehensive plan updates, or provide technical support for addressing issues of homelessness, including work on collaborative siting of shelter facilities.

Who will do this work?

The initial proposal is to pool resources to create central staff capacity that would provide services to all member cities. The staff might do some work that only one member city requests, as well as work that could benefit all member cities.

Where will funding support come from?

It is anticipated that funding to support the staff would come from a combination of sources: member cities, King County, and local philanthropy. It is assumed that other entities will need to see that local cities will "have skin in the game". Contributions can be in the form of cash, and in-kind contributions.

What will the local share be? How will local shares be determined?

This will depend on the amount of staff capacity created, and the amount of matching funds secured. The participating cities will need to determine how they want to allocate shares. One common approach is to determine shares based on percentage of population. An initial rough estimate suggests that local shares could range between approximately \$7,500 - \$25,000 annually, depending on the size of a city.

What is the value-add to member cities?

The work will focus on important municipal functions that currently one city on its own cannot afford or it must use scarce resources to support. There are significant efficiencies in jointly funding staff work that supports multiple cities. There is also value in having ongoing expertise

available to work on issues regarding affordable housing and homelessness, and in allowing South King County cities to play a more effective role in leveraging county, regional and state funds for affordable housing and homelessness.

Will this effort focus on the development or preservation of affordable housing, and address the increase in homelessness in South King County communities?

The member cities will determine the focus of the work effort. It is anticipated that when the initial interlocal agreement is signed, it would include a work plan for the first year that member cities support.

What would be the governance structure?

The member cities will need to determine the governance structure. The members of the governance structure could be elected or appointed officials from member cities. A governance structure used by some other collaborative models allocates one vote per member.

Who would staff report to?

This will need to be determined by the members. There are different approaches that could be taken, including, but not limited to, reporting to the board for the collaborative structure; one of the member cities agrees to provide daily oversight; or a housing authority or non-profit provides daily oversight.

What is the role of Housing Authorities and other affordable housing developers?

Generally Housing Authorities, non-profit and for-profit housing developers construct, own and manage affordable housing units aimed at a variety of income levels. It is not anticipated that the new collaborative structure would be an entity that would develop, own or manage affordable housing units. The member cities would need to determine the role, if any, that Housing Authorities or other affordable housing developers would play in the collaborative structure. The range of roles could be as a contributor to the initiative, participation on the governance body, serve solely in an advisory capacity, or no formal involvement. Also, the staff employed by the collaborative structure, with knowledge and expertise about affordable housing and homelessness and familiarity with each member city, can serve as a very valuable resource for the housing developers (both for-profit and non-profit).

When would it start?

It is hoped that an agreement to create a collaborative structure can be reached this year, and the new structure would begin in the first quarter of 2019.

What mechanism would be used for cities to make commitments to this collaborative structure?

It is assumed that the initial member cities will sign an inter-local agreement that spells out the role of the group, the governance structure, the commitments from member cities, and the first year work plan.

Are there other similar models?

Yes, there are two comparable models in the Puget Sound region (Snohomish County and East King County), and several models around the country. (See summary of other models.) In South King County there are other examples of municipal collaborations, and sharing of resources to create greater efficiencies – Use of the Valley Special Weapons and Tactics team, Valley Communications Center for 911 Services, Valley Narcotics Enforcement Task Force.

How is this different than other regional forums (e.g. One Table, King County Affordable Housing Task Force, Sound Cities Association, South King Council of Human Services)?

Those other forums are primarily designed to share information or develop county-wide strategies to address homelessness or affordable housing. The proposed collaborative structure will create new staff capacity and technical assistance for member cities to develop and/or implement policies or programs, focused on the unique needs of South King County cities. By pooling resources, member cities can create new technical capacity that would be difficult for any single city to achieve.

Would a trust fund be created to provide matching funding for development of new affordable housing?

That is not being proposed as an initial role for the South King County collaboration. If member cities want to consider this in the future it is an option.

Does every South King County city need to participate to make this work?

No. There needs to be a large enough core group to spread the initial costs. It is hoped that initially somewhere between 5 – 7 cities will participate.

Would HDC have a role in the work?

The Housing Development Consortium (HDC) has provided fiscal management and staff support for the South King Housing and Homelessness Partnership (SKHHP) for the past two years. This is the third year of a three-year pilot project. HDC remains committed to the critical importance of the work in South King County and looks forward to discussing ways that it could support the work of a new collaborative structure, but the SKHHP project as it has been known the last two years will end this year.



Interjurisdictional Affordable Housing Programs

Cedar River Group





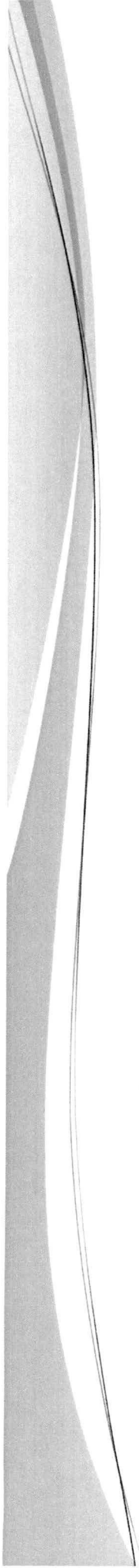
Overview

- Reviewed 11 other interjurisdictional programs focused on affordable housing.
 - 2 in WA (Snohomish Co. and East King Co.); CA, IL, MN, GA and MA
 - 5-23 jurisdictions; populations of 100,000 – 700,000 residents
- Most established (1) in response to growing affordability in city/region (Boston, Atlanta, etc.) or (2) in response to foreclosure crisis.
- Looked at:
 - Areas of Focus
 - Structure & Membership
 - Funding sources
 - Examples of projects



Areas of Focus

- Research, education, outreach
- Baseline data on need and or production
- Advocacy and/or grant-writing for more funding
- Coordinate/leverage funding from other sources
- Affordability programs - energy audits/efficiency, repair resource guide
- Helping develop programs, policies and/or regulations
- Helping meet regional, comprehensive & other planning needs
- Working with local employers
- Serve as a source of financing – Establish Housing Trust fund
- Directly acquiring, rehabbing, and/or managing properties



Structures & Membership

- Some are stand-alone nonprofit; others are “housed” within one city’s government or within a local Housing Authority
- Staffing of 1 – 5 fulltime, plus many get in-kind from local jurisdictions
- All have intergovernmental or interlocal agreements
- All have executive board or steering committee from participating cities
- Some have Citizen’s Advisory Board
- Some rely on technical assistance from other regional government



Funding Sources

- Membership dues by participating jurisdictions
- Access to Federal/State/County/Regional funds
- Grants from local philanthropy
- Local Employers and Private Sector
- Self-financing through loan funds



Examples of Work Activities

- Housing profile for each member city and for the county (demographic and housing data) (Snohomish County, WA)
- Assisted with update of housing elements for 2015 comprehensive plans (Snohomish County, WA)
- Created policies for member cities to help increase supply of affordable units, including: ADU's, zoning changes to increase development capacity, create multi-family tax exemption programs, etc. (East King County)
- Secured a \$2.4 million HUD Sustainable Communities grant to for interjurisdictional transit-oriented development goals (S. Cook County, IL)
- Held a resource forum for owners and managers of multifamily rental housing and municipal leaders to start planning a rental preservation strategy. (NW Cook County, IL)
- Construction and predevelopment loans to nonprofit developers who build or renovate affordable apartment (San Mateo County, CA)