

2023 Seattle Housing Levy: Office of Housing Initial Proposal Background

The Office of Housing (OH) has developed an initial proposal to renew the Seattle Housing Levy. OH's proposal for a \$758 million, seven-year levy from 2024 through 2030, would enable the City to produce 2,150 new rental homes, preserve 350 existing rental homes, and assist more than 8,100 low-income households.

The proposal would also maintain rental and homeownership production goals of the current Housing Levy, increase Operating, Maintenance, and Services funds (OMS) needed to successfully house people exiting homelessness, invest in critical workforce and OMS needs faced by nonprofit affordable housing providers, and continue efforts to prevent homelessness and evictions with rental assistance programs.

Renewal of the Housing Levy requires significant, iterative financial analysis and forecasting that incorporates different revenue, cost, and leverage factors. OH's proposal has been informed by conditions in the affordable housing and local real estate market, including:

- **Citywide affordable housing needs** by income levels and desired production levels.
- **Cost drivers**, including inflation, land and construction costs, and interest rates.
- **Need for Operating, Maintenance, and Services (OMS) funds** to support existing and new housing, while adding support for workforce sustainability in Permanent Supportive Housing and affordable housing.
- **Leverage and availability of other funding sources**, such as the Low-Income Housing Tax Credit, State Housing Trust Fund, private debt, and other City resources.

Proposal Principles

This 2023 Housing Levy proposal supports the following programmatic goals:

- Rental housing production level is maintained, with a goal of producing 2,150 new units; the production and preservation of rental housing is the largest program investment area;
- At least 60% of combined Rental Housing Production and Operating, Maintenance, and Services (OMS) investments will serve extremely low-income households earning less than 30% of median income, including continued emphasis on Permanent Supportive Housing and affordable housing units for individuals exiting homelessness;
- Operating, Maintenance, and Services (OMS) subsidy levels are increased to support more sustainable operations in new and existing Housing Levy-funded buildings, and additional investments are proposed to address operating and staffing needs beyond what has been provided in prior levies;
- Housing Levy dollars will maximize available leverage from other sources, such as state funding, federal funding, and private debt. Housing Levy dollars will work together with other local funds, including proceeds from the Payroll Expense Tax and Mandatory Housing Affordability program, to help address needs across the entire affordable housing ecosystem.
- Flexibility in Housing Levy program elements will allow OH to adjust to changes in citywide affordable housing needs, shifts in funding availability, and other unknown factors in future years.
- Housing Levy programs and investments will address racial disparities in housing cost burden, homeownership rates, and homelessness. Consistent with the City's Assessment of Fair Housing, housing supported by OH investment is located throughout the city, provides opportunities for



low-income households through access to transit, jobs, and services, and helps sustain integrated communities in areas at high risk of displacement. Racial and social equity will continue to be an explicit consideration in shaping all Housing Levy program areas.

Background on the Seattle Housing Levy

The [Seattle Housing Levy](#) has been the cornerstone of funding for affordable housing in Seattle, creating and preserving more than 14,000 affordable rental homes and 900+ homeownership opportunities throughout the city since 1981. The Housing Levy has also provided long-term and consistent operating, maintenance, and services support for over 1,300 affordable homes.

Office of Housing is developing a proposal to renew the Housing Levy. The current \$290 million, seven-year Housing Levy was approved by voters in August 2016 and will sunset in 2023. The Office of Housing (OH) is now developing a proposal to renew the Housing Levy in 2023. Over the past year, OH has been gathering data and analyzing information, holding program-related focus groups, and is now convening a [Technical Advisory Committee](#) (TAC) to provide input on OH's initial proposal. The TAC will meet from August through December 2022 and bring technical and subject matter expertise for analysis and discussion of different investment and programmatic options to inform the OH levy proposal. OH will also host Open Houses in November and December, providing additional opportunities for the public to learn about the Housing Levy and provide feedback on OH's proposal. All feedback received will be summarized in a report that will be part of a Director's Recommendation to the Mayor in early 2023.

Addressing growing needs and challenges. OH investments are creating more affordable homes than ever, with nearly 6,000 new affordable rental and for-sale homes slated to open in the coming years. Housing Levy funds work together with other local funds, including proceeds from the Payroll Expense Tax and Mandatory Housing Affordability program, to increase the amount of affordable housing across Seattle. Taken together, these investments create opportunities for families and individuals of all incomes to live in our city. However, [the need for affordable and available homes](#) in Seattle is greater than ever.

Building on our community's success. The Office of Housing is building on our community's success in the production, preservation, and long-term sustainability of affordable rental and for-sale housing in Seattle. Seattle's housing levies have historically met or exceeded program goals. The current Housing Levy is [exceeding the primary goals set in 2016](#) and is on track to meet the remaining goals by 2023 when the Levy expires.

OH's proposal builds from the current Housing Levy's core programs:

- Rental Housing Production & Preservation
- Operating, Maintenance, and Services (OMS)
- Prevention, Rental Assistance, Housing Stabilization
- Homeownership
- Acquisition & Preservation