



SEATTLE CITY COUNCIL

Legislative Summary

CB 118962

Record No.: CB 118962

Type: Ordinance (Ord)

Status: Passed

Version: 1

Ord. no: Ord 125308

In Control: City Clerk

File Created: 04/06/2017

Final Action: 05/11/2017

Title: AN ORDINANCE relating to housing for low-income households; adopting the Housing Levy Administrative and Financial Plan for program years 2017-2018; adopting Housing Funding Policies for the 2016 Housing Levy and other fund sources; authorizing actions by the Housing Director regarding past and future housing loans and contracts; and ratifying and confirming certain prior acts.

Date

Notes:

Filed with City Clerk:

Mayor's Signature:

Sponsors: Burgess

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments: Ex A - Housing Levy Administrative and Financial Plan, Ex B - Housing Funding Policies v11, Ex C - Pathways Home Initiative

Drafter: kelly.gonzalez@seattle.gov

Filing Requirements/Dept Action:

History of Legislative File

Legal Notice Published:

☐ Yes

☐ No

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Mayor	04/18/2017	Mayor's leg transmitted to Council	City Clerk			
1	City Clerk	04/18/2017	sent for review	Council President's Office			
1	Council President's Office	04/19/2017	sent for review	Affordable Housing, Neighborhoods, and Finance Committee			
Action Text: The Council Bill (CB) was sent for review. to the Affordable Housing, Neighborhoods, and Finance Committee							
Notes:							

Legislative Summary Continued (CB 118962)

1	Full Council	05/01/2017	referred	Affordable Housing, Neighborhoods, and Finance Committee	
1	Affordable Housing, Neighborhoods, and Finance Committee	05/03/2017	pass as amended		Pass
	Action Text: The Committee recommends that Full Council pass as amended the Council Bill (CB).				
	Notes:				
			In Favor: 4	Chair Burgess, Vice Chair Herbold, Member Johnson, Alternate O'Brien	
			Opposed: 0		
1	Full Council	05/08/2017	passed		Pass
	Action Text: The Council Bill (CB) was passed by the following vote, and the President signed the Bill:				
	Notes:				
			In Favor: 9	Councilmember Bagshaw, Councilmember Burgess, Councilmember González , Council President Harrell, Councilmember Herbold, Councilmember Johnson, Councilmember Juarez, Councilmember O'Brien, Councilmember Sawant	
			Opposed: 0		
1	City Clerk	05/10/2017	submitted for Mayor's signature	Mayor	
1	Mayor	05/11/2017	Signed		
1	Mayor	05/11/2017	returned	City Clerk	
1	City Clerk	05/11/2017	attested by City Clerk		
	Action Text: The Ordinance (Ord) was attested by City Clerk.				
	Notes:				

CITY OF SEATTLE

ORDINANCE

125308

COUNCIL BILL

118962

AN ORDINANCE relating to housing for low-income households; adopting the Housing Levy Administrative and Financial Plan for program years 2017-2018; adopting Housing Funding Policies for the 2016 Housing Levy and other fund sources; authorizing actions by the Housing Director regarding past and future housing loans and contracts; and ratifying and confirming certain prior acts.

WHEREAS, pursuant to Ordinance 125028, in 2016 the voters of the City of Seattle approved the levy of property taxes for the purpose of financing and supporting housing for low-income households; and

WHEREAS, Ordinance 125028 provides for periodic adoption by the City Council of an Administrative and Financial Plan for programs funded by the 2016 Housing Levy; and

WHEREAS, the City Council adopted Resolution 31606 endorsing the goals of the Committee to End Homelessness in King County Strategic Plan July 2015 – July 2019 and stating the intent to focus investment of new resources on effective prevention and housing services to better align City spending with the federal Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009 and evidence-based practices; and

WHEREAS, since the adoption of the 2016 Housing Levy by the voters, the Pathways Home Initiative has been developed to guide the City's investments in homeless services and housing; and

WHEREAS, the goals, principles, and programs included in the Pathways Home Initiative reflect national best practices and therefore should guide expenditure of Housing Levy funds targeted to assist those who are homeless or at risk of homelessness; and

1 WHEREAS Ordinance 125217, passed on November 28, 2016, adopted policies for the Housing
2 Levy Homelessness Prevention and Housing Stability Program which are consistent with
3 the Pathways Home Initiative and allowed funding under this program to begin in
4 January 2017; and

5 WHEREAS, the Office of Housing has determined that policies for Housing Levy funding and
6 for other fund sources administered by the Office of Housing that support housing for
7 low income households should be combined in a Housing Funding Policies document to
8 improve accessibility and clarity; and

9 WHEREAS, the Office of Housing, with the Housing Levy Oversight Committee, has developed
10 policies for Housing Levy programs for 2017-2018, and has developed additional funding
11 policies for housing based in part on requirements of other federal, state, and local fund
12 sources administered by the Office of Housing; NOW, THEREFORE,

13 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

14 Section 1. The City Council hereby adopts the 2016 Seattle Housing Levy Administrative
15 and Financial Plan for program years 2017-2018 attached to this ordinance as Exhibit A (the "A
16 & F Plan"). The A & F Plan incorporates Housing Levy Homelessness Prevention and Housing
17 Stability Services Program policies previously adopted in Ordinance 125217. The A & F Plan
18 also incorporates the Housing Funding Policies attached to this ordinance as Exhibit B ("Funding
19 Policies"), except those policies that specifically apply only to fund sources other than the 2016
20 Housing Levy and except as otherwise stated in the A & F Plan or Funding Policies. The terms of
21 the A & F Plan and Funding Policies for the Rental Production and Preservation, Operating and
22 Maintenance, and Homeownership programs involve some changes to the summary descriptions
23 anticipated programs in Exhibit 1 to Ordinance 125028, all consistent with the purposes of that

ordinance, which changes are adopted pursuant to subsection 5.D of Ordinance 125028. As provided in the A & F Plan and Funding Policies, 2016 Housing Levy programs targeted to assist those who are homeless or at risk of homelessness (Homelessness Prevention and Housing Stability Services, Rental Production and Preservation, and Operating and Maintenance) shall be implemented consistent with the Pathways Home Initiative dated September 27, 2016 and attached to this ordinance as Exhibit C.

Section 2. The City Council hereby adopts the Funding Policies attached to this ordinance as Exhibit B. The Funding Policies supersede the Housing Funding Policies adopted by Ordinance 123994 ("2013 Policies") except as provided in Section 4 of this ordinance. The Funding Policies authorize certain actions and approvals by the Housing Director regarding loans and contracts made under the Funding Policies and those made under prior plans, policies and ordinances. That authority is granted in addition to, and not in limitation of, any authority under prior plans, policies and ordinances.

Section 3. The A & F Plan and Funding Policies are intended to provide policy direction for the implementation of programs funded by the 2016 Housing Levy, and for the use of other housing funds to the extent provided in Exhibit B, and to provide authority for the Office of Housing and the Department of Housing and Human Services, but not to confer any legal rights or entitlements on any persons, groups or entities.

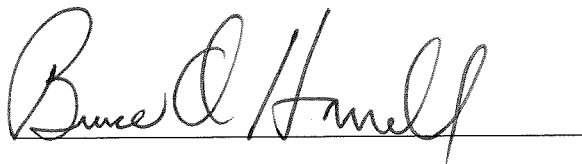
Section 4. The A & F Plan and Funding Policies are effective as of January 1, 2017, and shall remain in effect until amended or superseded by ordinance, except as provided in this section. Any actions on or after January 1, 2017 conforming to the A & F Plan and Funding Policies, as applicable, are ratified and confirmed. The terms of the A & F Plan and Funding Policies shall not require changes to the terms, or to the implementation, of any contract in effect

1 prior to the effective date of this ordinance. The Director of Housing may implement funding
2 awards made prior to January 1, 2017 in a manner consistent with policies in effect when the
3 related notice of funding availability was issued or the application was submitted, whether or not
4 there is a binding agreement prior to the effective date of this ordinance, anything in the A & F
5 Plan or Funding Policies notwithstanding. However, with the agreement of the borrower or
6 applicant the Director of Housing may apply provisions of the A & F Plan, or Funding Policies,
7 that are not specific to the 2016 Housing Levy, to agreements implementing such previous
8 funding awards, and any provisions of any agreement or amendment conforming to those
9 provisions are ratified and confirmed.

10 Section 5. The provisions of this ordinance are declared to be separate and severable.
11 The invalidity of any clause, sentence, paragraph, subdivision, section or portion of this
12 ordinance or any exhibit to this ordinance, or the invalidity of the application thereof to any
13 person or circumstance, shall not affect the validity of any other provisions of this ordinance or
14 its exhibits, or the validity of their application to other persons or circumstances.
15

Section 6. Subject to Section 4 above, this ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the 8th day of MAY, 2017,
and signed by me in open session in authentication of its passage this 8th day of
MAY, 2017.



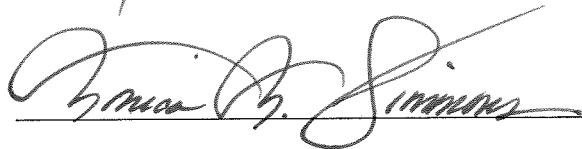
President _____ of the City Council

Approved by me this 11th day of MAY, 2017.



Edward B. Murray, Mayor

Filed by me this 11th day of MAY, 2017.



Monica Martinez Simmons, City Clerk

(Seal)

- 1 Exhibits:
- 2 Exhibit A – Seattle Housing Levy Administrative & Financial Plan Program Years 2017-2018
- 3 and Housing Funding Policies
- 4 Exhibit B – Housing Funding Policies
- 5 Exhibit C – Pathways Home Initiative – September 27, 2016

SEATTLE HOUSING LEVY ADMINISTRATIVE & FINANCIAL PLAN

Program Years 2017-2018

and

HOUSING FUNDING POLICIES



Seattle
Office of Housing

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1. INTRODUCTION

The 2016 Seattle Housing Levy authorizes an estimated \$290 million over a 7-year period to provide, produce, and/or preserve affordable housing in Seattle and to assist low-income Seattle residents. The Levy funds five programs:

1. Rental Production and Preservation
2. Operating and Maintenance
3. Homeownership
4. Acquisition and Preservation (NOTE: there is not a separate allocation for this program; loans may be made using funds not yet required for disbursement for other Levy programs)
5. Homelessness Prevention and Housing Stability Services

The 2016 Housing Levy, approved by Seattle voters in August 2016, authorized increased property tax levies authorized for seven years, from 2017 through 2023. The Office of Housing (OH) administers all 2016 Seattle Housing Levy programs except the Homelessness Prevention and Housing Stability Program, which is administered by the Human Services Department.

Ordinance 125028, passed by City Council on May 2, 2016, placed the Levy proposition on the August ballot and directed OH to prepare a Levy Administrative and Financial Plan (A & F Plan) every two years beginning in 2017. The ordinance calls for the A & F Plan to include, among other things, amounts allocated to programs, criteria for selecting projects, guidelines for loans or grants, and requirements for project sponsors. The A & F Plan may also include other information as the Mayor or Housing Director may deem appropriate or the City Council may request.

The Levy A & F Plan is adopted by City Council by ordinance, with such modifications as the City Council may require. A draft A & F Plan is first developed by OH with input and assistance of working groups that include representatives of housing providers, the Seattle Housing Authority, business, groups addressing homeless and other human service issues, and other interested community members. The Housing Levy Oversight Committee reviews the draft and makes recommendations to the Mayor and City Council.

This A & F Plan governs implementation of Housing Levy programs in 2017 and 2018 and will remain in effect until amended or superseded by ordinance. This A & F Plan incorporates policies for the Housing Levy Homelessness Prevention and Housing Stability Services Program that were adopted by City Council in Ordinance 125217, passed on November 28, 2016. It incorporates the Housing Funding Policies (Funding Policies), a copy of which is attached, except to the extent that provisions of the Funding Policies apply only to fund sources other than the 2016 Housing Levy. The contents of this A & F Plan are not intended to confer any legal rights on actual or potential project borrowers, applicants, or other persons.

Capitalized terms used in this A & F Plan that are defined in the Funding Policies have the meanings set forth in the Funding Policies unless the context otherwise requires. The terms of this Plan are subject to revision by ordinance and to the effect of applicable laws, regulations, and ordinances. To the extent that the terms of this A & F Plan, including incorporated terms of the Housing Funding Policies, may be considered to add to or change any of the programs as described in Exhibit A to Ordinance 125028, the adoption of this A & F Plan makes those additions to and changes in programs.

The 2016 Housing Levy provides critical resources to address City housing priorities:

- It provides funding for homelessness prevention and housing stability services, as well as capital and operating funding for supportive housing and other affordable housing serving households who are homeless or at risk of homelessness, to implement Seattle's Pathways Home Initiative.
- It provides funding for affordable housing that helps prevent displacement of low-income residents and is an essential component of equitable development in Seattle communities.
- It is a cornerstone of the Housing Affordability and Livability Agenda (HALA) implementation, helping the City to meet the goal of producing or preserving 20,000 affordable units.
- It provides opportunities to foster greater collaboration between community groups and housing developers to achieve the City's race and social equity goals.

2. LEVY FUNDING PLAN

All revenues collected from the additional taxes levied for housing are deposited in the Low-Income Housing Fund and may be placed in subfunds or accounts created by the Director of Finance and Administrative Services as needed to implement the purposes of the 2016 Levy. Table 1 below shows annual amounts allocated to each program based on projected revenues from additional taxes levied pursuant to the Levy. If revenues collected in any year are lower than the amounts levied, that does not affect the amount that may be committed from the allocation to any program unless OH determines that the availability of funds when required to meet commitments might reasonably be impaired. The Acquisition and Preservation Program is not separately funded; the loans are a short-term use of funds allocated to other levy programs that are not yet needed for projects. In addition, funds allocated to the Rental Production and Preservation, Operating and Maintenance, and Homeownership programs may be used for short-term bridge loans as described in Chapters 2 and 4 of the Funding Policies, subject to limits in those Chapters.

Administration funding shown on Table 1 is intended to be used for administration of the use of Levy proceeds. Administration funds shall be utilized based on staffing and other operating costs needed to administer these programs, as approved in the City budget. Due to inflation, OH staffing costs will increase over the life of the Levy. Revenue is expected to be received evenly over the seven years, but expenditures for administration will be slightly lower in the early years of the Levy and slightly higher in the later years. The unspent balance in the early years will be preserved in the fund balance of OH's Operating Fund.

On a quarterly basis, the Human Services Department will submit a reimbursement request to OH for expenses related to the Homelessness Prevention and Housing Stability Services program, including funding for HSD's administration of the program.

TABLE 1
ANNUAL FUNDING PLAN, 2017 - 2023

Program	Annual Funding
Rental Production and Preservation ¹	28,714,285
Operating & Maintenance	6,000,000
Homelessness Prevention and Housing Stability Services	1,642,857
Homeownership	1,357,143
Acquisition and Preservation ²	NA
Administration ³	3,714,286
Total	\$41,428,569

NOTES:

1. Funds are used for the Rental Housing Program as described in Chapter 2 of the Funding Policies, except that up to \$2 million annually may be used for Rental Rehabilitation Loans as described in Chapter 6 of the Funding Policies.
2. Up to \$30 million in short-term loans may be made over the 7-year term of the levy, using funds allocated to other levy programs.
3. Includes \$147,857 for HSD administrative costs.

BUDGET AUTHORITY

The budget allocation for OH does not include amounts specifically for Acquisition and Preservation loans or for any forward commitments of Rental Production and Preservation Program funds. OH is authorized to make such loans and forward commitments, consistent with the Funding Policies, in advance of a specific budget allocation. In the event that Acquisition and Preservation loans and/or advance funding commitments require additional budget authority in a given year, OH will request additional authority through a supplemental budget ordinance in the year that the funding award is made.

PROGRAM INCOME AND INVESTMENT EARNINGS (2016 AND PRIOR LEVIES)

The provisions of this section govern the use of Program Income and investment earnings to the extent consistent with provisions that remain in effect of applicable City ordinances submitting housing levy measures to the voters and with state Law.

Program Income received during the term of this A & F Plan from any of the 1986, 1995, 2002, or 2009 Housing Levy programs in the table below will be used consistent with current policies for the respective programs shown in Table 2 below. Investment earnings on any fund balances or Program Income from prior levies, and from the current levy, will also generally be used consistent with Table 2 below, except that:

- Earnings received from the 2002 and 2009 Homebuyer Assistance programs and the 2016 Homeownership program will be used consistent with the current Rental Production and Preservation Program. In each of these three levies, the ownership and rental housing programs share a subfund.
- At the end of each calendar year, OH will calculate investment earnings on the 2016 Levy Rental Production and Preservation Program fund balance. OH shall allocate such earnings to the Homelessness Prevention and Housing Stability Services Program in an amount not to exceed \$250,000, unless during the annual budget process it is determined by Council that investment earnings should be retained in the Rental Production and Preservation Program.
- Investment earnings for O&M programs authorized in the 1986, 1995, 2002, 2009 and 2016 levies are accumulated and will remain along with the original Levy allocation in discrete O&M subfunds to support 20-year subsidy awards, as well as any short-term loans as authorized in the Funding Policies or otherwise by ordinance.

Anything in this section notwithstanding, Program Income and investment earnings derived from taxes levied under RCW 84.52.105 pursuant to the 1995 and 2002 Levies shall be used only to finance affordable housing for Very Low-Income households.

TABLE 2
APPLICABLE POLICIES FOR PROGRAM INCOME FROM PRIOR LEVIES

Original Levy Program	Program policies that apply to Program Income
1986 Levy	
• Small Family Program	• 2016 Levy Rental Preservation and Production
• Large Family Program	• N/A - Units in SHA's inventory
• Downtown Preservation	• 2016 Levy Rental Preservation and Production
• Special Needs Housing	• 2016 Levy Rental Preservation and Production
1995 Levy	
• Rental Production	• 2016 Levy Rental Preservation and Production
• Homeowner Rehabilitation	• Home Repair and Weatherization
• Homebuyer Assistance	• 2016 Levy Homebuyer Program
2002 Levy	
• Rental Preservation and Production	• 2016 Levy Rental Preservation and Production
• Homebuyer Assistance	• 2016 Levy Homebuyer Program
• Neighborhood Housing Opportunity	• 2016 Levy Rental Preservation and Production
• Rental Assistance	• N/A - 2002 Levy funds spent, do not revolve
2009 Levy	
• Rental Preservation and Production	• 2016 Levy Rental Preservation & Production
• Homebuyer Assistance	• 2016 Homeownership Program
• Rental Assistance	• N/A - 2009 Levy funds spent, do not revolve

3. LEVY PROGRAM POLICIES

Each Levy-funded program is administered according to program policies, which include goals and priorities, fund allocation process, allowable use of funds, and other requirements. These policies are contained in the Housing Funding Policies, a copy of which is attached as Appendix A. However, policies for the Homelessness Prevention and Housing Stability Services Program are included in this section.

RENTAL PRODUCTION AND PRESERVATION

Goal: Produce or Preserve 2,150 affordable apartments, Reinvest in 350 affordable apartments

The Levy Rental Production and Preservation Program funds acquisition, construction, and rehabilitation of property to provide housing that serves Low-Income households, including seniors, people with disabilities, formerly homeless individuals and families, and people working for low wages. Over the term of the Levy, at least 60% of the sum of program funds, combined with Operating and Maintenance Program funding, will support housing with rents affordable to individuals and families with incomes at or below 30% of Median Income; remaining funds may serve households up to 60% of Median Income. Program funds may be used according to Appendix A, Chapter 2, and Chapter 7 where applicable. As provided in the Levy Funding Plan section above, program funds may be used for Rental Rehabilitation Loans as described in Appendix A, Chapter 6.

OPERATING AND MAINTENANCE

Goal: Support operations for 510 affordable apartments

The Operating & Maintenance (O&M) Program funds building operations in Levy-funded housing, supplementing rental income in buildings that serve households with incomes at or below 30% of Median Income. Fund awards are for 20 years, subject to appropriations and annual reviews, and O&M funds are matched with tenant paid rent, other operating funding and, in most cases, services funding. Funding for this Program will support housing developed with 2016 Levy funding, except that Program funds may also be used to extend O&M contracts for projects receiving O&M funds under prior levies, as described in Appendix A, Chapter 3.

HOMEOWNERSHIP

Goal: Assist 280 low-income homeowners

The Levy Homeownership Program assists Low-Income, First-Time Homebuyers to purchase a home in Seattle and Low-Income Seattle homeowners to maintain stable housing. Loans are also made to housing organizations that will sell homes to First-Time Homebuyers with incomes at or below 80% of

Median Income, which homes have restriction on resale prices and may be sold only to eligible buyers for 50 years or longer. Low-Income homeowners can receive assistance in the form of home repair grants or one-time mortgage loans to prevent foreclosure.

ACQUISITION AND PRESERVATION

The Acquisition and Preservation Program provides short-term funding to permit strategic acquisition of property for low-income housing preservation and development consistent with the objectives and priorities of the Levy Rental Production and Preservation and Homeownership programs. Loans will be made with 2016 Housing Levy funds that are not yet needed for other Levy programs; upon repayment the funds and interest earned return to the initial Levy program.

HOMELESSNESS PREVENTION AND HOUSING STABILITY SERVICES

Goal: Assist 4,500 individuals and households

The Homelessness Prevention and Housing Stability Services Program serves vulnerable families and individuals who are at risk of homelessness or experiencing homelessness. The program addresses housing-related barriers through a combination of housing stabilization support services and financial assistance. A housing stability assessment is required at the onset of services to determine the level of need and the amount of assistance required. Stabilization services typically include but are not limited to assistance with housing search, landlord negotiations, budget and financial coaching, assistance applying for mainstream benefits, reviewing leases, and meeting with participants to assess their ongoing level of need.

This program is structured to be flexible to meet the different financial and service needs of those at risk of homelessness and people experiencing homelessness using a progressive engagement framework. This approach is consistent with current national promising practices and local experience that point to the need for a holistic and flexible approach. In serving households at risk of homelessness, the program targets resources for households at greatest risk of homelessness including formerly homeless households and households experiencing extreme overcrowding.

Contractors are required to enter data in the Homeless Management Information System for the purpose of overall program planning as well as performance review. A key outcome measure is ongoing housing stability: the number of households who do not enter or return to homelessness 12 months after assistance to the household ends.

A. Eligible households

To be eligible to apply for program funds, households must meet all the following requirements:

- Homeless or at risk of homelessness

- Households at risk of homelessness must have a documented housing crisis. For the purposes of this program, couch surfing or doubled up households with limited resources may be considered at risk of homelessness. Households must reside in Seattle at the time of program intake.
- Homeless households must be literally homeless households staying in a place not meant for human habitation and must be referred through King County's regional Coordinated Entry for All system.
- 50% of Area Median Income or below
- Inadequate financial resources to secure or maintain stable housing without assistance
- Financial assistance may not exceed 12 months in a 36-month period

B. Eligible use of funds

Financial assistance is available for:

- Rent payments
- Rent or utility arrears needed to obtain or retain secure, stable housing
- Security and/or utility deposits and other move-in costs (background check fees, first and last month's rent)
- Legal and language interpretation fees needed to stop an eviction action
- Agency staffing and associated service delivery costs required to provide housing stabilization services
- Transportation assistance

C. Program requirements

Levy funds will be administered by contractors who demonstrate ability to do the following:

- Provide housing stabilization services
- Provide financial assistance to prevent or address homelessness using a progressive engagement framework
- Enter data directly into the region's Homelessness Management Information System (HMIS) for program planning and performance review

D. Program reporting

The Human Services Department will provide an annual program progress report to the Office of Housing to be included in the Housing Levy annual report due to the City Council no later than March 31st of each year. The annual data will be provided separately for homelessness prevention assistance to households at risk of homelessness, and for assistance to households who are experiencing homelessness. The data will include but not be limited to:

- Demographic data for program participants such as race, gender, disability status, household income, and household composition,

- Program financial information such as average amount of assistance per household,
- The number of households served; and
- Program performance outcomes including the following:
 - 1) The number and percent of households exiting to permanent housing at program exit;
 - 2) The number and percent of households exiting to other (homelessness, shelter, etc.) at program exit;
 - 3) The number and percent of households stably housed at 12 months;
 - 4) The number and percent of households stably housed at 24 months.

4. REPORTING

OH will provide an annual program progress and performance report to the Mayor and City Council no later than March 31st of each year, covering activity for the previous year and cumulative performance for the 2016 Housing Levy. Reports will be reviewed in draft by the Housing Levy Oversight Committee. The annual report will include, but not be limited to:

- Accomplishments / production for each Levy program, including actual unit production and households assisted compared to goals:
 - Rental Production and Preservation -- units funded and funding reserved for those units, location of funded projects, populations served by projects
 - Operating and Maintenance -- units funded and their funding level
 - Homeownership -- number and value of loans approved; number, value and location of closed loans; income and demographics of assisted homeowners; average length of repaid and outstanding loans; and number and term of affordability for land trust and other housing units with resale restrictions. Foreclosure Prevention Program: number and value of loans approved; income and demographics of those assisted; reasons assistance needed; housing status at 12 and 24 months post assistance.
 - Acquisition and Preservation – loans approved along with loan amounts and due dates, loans repaid, projected units to be produced and preserved
 - Home Repair Program – number and value of loans and grants approved; income and demographics of those assisted; types of repairs funded with program.
 - Rental Rehabilitation Loans – number and value of loans approved; number, value and location of closed loans; number and affordability of units funded by program.
 - Rental Assistance -- number of households provided housing assistance and success at stabilizing households
- Affordability levels of housing produced with program funds, actual compared to goals;
- Demographic information for those served by Levy programs;
- Leverage achieved for each Levy program;
- The extent that Section 8 vouchers are linked to Levy-funded projects;
- Administrative costs and revenues available to cover such costs;
- Any additional information that the Housing Levy Oversight Committee believes should be included.

APPENDIX A

HOUSING FUNDING POLICIES



Seattle
Office of Housing

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1. INTRODUCTION

The Housing Funding Policies contain funding priorities and guidelines for the following programs administered by the Office of Housing (OH):

- Rental Housing Program
- Operating and Maintenance Program
- Homeownership Program
- Acquisition and Preservation Program
- Home Repair, Rental Rehabilitation, and HomeWise Weatherization Programs

Prior to 2014, policies governing most of these programs were primarily contained in the Administrative and Financial Plans for prior Housing Levies and in the Seattle Consolidated Plan for Housing & Community Development. Program funding policies are now combined in this document to improve accessibility and consistency. The Administrative and Financial Plan for Program Years 2017 – 2018 (A & F Plan) contains the funding allocations for 2016 Housing Levy programs and the allocation of Program Income and investment earnings from prior levies, and annual reporting requirements.

The Housing Funding Policies apply to the 2016 Seattle Housing Levy as specified in the A & F Plan; to earnings and repayments derived from earlier housing levies as specified in the A & F Plan; to OH-administered federal HOME and CDBG funds and earnings and repayments derived from such federal funds; and to other City funding and grant funding as identified for each program in this document. For convenience, all fund sources are referred to as a single program, although, for example, an affordable housing incentive program under the City Land Use Code is legally a separate program.

The use of certain fund sources must also comply with requirements that are not included in this document. HOME and CDBG funds, including Program Income, are subject to federal and other requirements, including those in the Consolidated Plan, as applicable depending on the proposed use of funds. Any funds derived from bonds issued by the City will be subject to state law requirements and those of ordinances authorizing the bonds. Funds received by the City under land use code provisions (including Incentive Zoning and Mandatory Housing Affordability provisions) are subject to requirements in applicable ordinances, laws and any related agreements or permit documents. In addition, special federal grants, prior housing levies, and other fund sources may be subject to legal requirements that are not reflected in these Housing Funding Policies. Use of any funds may be subject to requirements based on constitutional provisions, statutes, regulations, and court decisions. In case of any conflict with these Policies, the other requirements referred to in this paragraph control.

2. RENTAL HOUSING PROGRAM

The policies for this Program generally apply to these sources used by the Office of Housing (OH) to fund the development and preservation of affordable rental housing in Seattle: Housing Levy Rental Production and Preservation Program funds, Rental Production and Preservation funds from earlier housing levies, federal HOME and CDBG funds, funds received through land use code provisions for incentive zoning and mandatory housing affordability, earnings and repayments derived from earlier housing levies and other OH-administered housing funds, proceeds from City-issued bonds, and other fund sources if authorized by ordinance. Bridge loans authorized in this Chapter also may use funding derived from the 2009 and 2016 levies. The following program objectives and policies apply to all fund sources for the Rental Housing Program, subject to the requirements described in Chapter 1 and unless otherwise indicated below in these Policies.

Funds are made available annually through one or more Notices of Funds Available (NOFAs) for new housing production or preservation projects, and for existing housing preservation or rehabilitation projects. In addition, funds may be made available through a competitive Request for Proposal (RFP) process as authorized in Chapter 7. The published NOFA or RFP will include additional funding priorities and requirements. Funding may be awarded outside the NOFA or RFP process for emergency repairs to previously funded projects as described in these Policies.

Program Objectives and Priorities

The following objectives will guide the Rental Housing Program:

- Provide a mix of affordable rental housing, serving a range of households and income levels consistent with income limits and affordability requirements for each fund source, to promote housing opportunity and choice throughout the City.
- Contribute to countywide efforts to make homelessness rare, brief, and one-time by providing housing that serves individuals and families who are homeless or at risk of homelessness, including those with long or repeated periods of homelessness, chronic disabilities, criminal records, or other significant barriers to housing.
- Provide a stable and healthy living environment where Low-Income individuals and families can thrive, with culturally relevant and linguistically competent services, and with access to education, employment, affordable transportation, and other opportunities and amenities.
- Promote preservation of affordable housing, and prevent displacement of Low Income residents, through purchase and rehabilitation of existing housing.
- Contribute to the City's equitable development goals through the development and preservation of affordable housing in low-income neighborhoods where underserved groups

have historic ties, including neighborhoods where low income individuals and families are at high risk of displacement.

- Contribute to the development of sustainable, walkable neighborhoods, particularly near high-capacity transit, giving Low Income residents access to transportation, services, and economic opportunity.
- Working collaboratively with other funders of affordable rental housing to ensure that the greatest number of quality affordable housing units are preserved or produced each funding round.
- Promote cost-effective sustainable design, construction, rehabilitation, and operations of affordable housing.
- Reinvest in low-income housing when necessary to upgrade major building systems, improve operations, energy efficiency, and safety, and extend the life of the building.

To meet these objectives, the Rental Housing Program will apply the following priorities to project funding decisions.

I. RESIDENT POPULATION PRIORITIES

The following funding priorities relate to the resident populations intended to be served in Rental Housing Program projects. A project may propose to serve residents who fall into more than one population group – for example, seniors who are formerly homeless – and therefore may address several priorities.

A. Housing for homeless families, adults, and youth and young adults, including chronically homeless individuals with disabling conditions

Priority will be given to projects that will dedicate units to serve homeless people and will meet the following conditions:

- Applicants must demonstrate a high likelihood of securing operating subsidies as well as funds to provide appropriate levels of supportive services. For permanent supportive housing that will serve chronically homeless people with disabling conditions, including substance use disorder, serious mental illness, developmental disability, or chronic physical illness or disability, such housing will have appropriate services that generally will include on-site case management, mental health, health care, and chemical dependency services.
- Homeless housing projects must be aligned with the City's Pathways Home Initiative and the All Home strategic plan. Permanent supportive housing or other housing with a homeless services funding contract must receive tenant referrals through a coordinated entry system approved by service funders. Homeless housing that does not have a homeless services funding contract will make units available through agreements with homeless services providers and through the Housing Resource Center once established. Such housing will generally receive tenant referrals from homeless service providers participating in King County's Coordinated Entry for All system, who will

provide stabilization services for the formerly homeless residents. OH may approve homeless housing that is set-aside for other identified homeless groups, consistent with City and All Home priorities, such as homeless families with students attending Seattle Schools, people exiting or diverted from institutional settings, and residents moving from permanent supportive housing to housing with less intensive on-site services.

All housing owners will increase access to housing opportunities for people with significant barriers to housing, such as criminal records, through their tenant admissions policies, and tenant screening criteria included in approved management plans referred to in Section IX. In addition, owners will provide housing for homeless residents through voluntary referral relationships. Housing owners who have units that do not receive referrals from a coordinated entry system will affirmatively market units to provide access to homeless applicants and other underserved groups as well as other eligible applicants.

B. Housing for seniors and people with disabilities

OH-funded housing is generally available to seniors and people with disabilities; all projects should be designed to include accessible housing units and accessible common areas.

OH will give priority to projects that provide housing units set-aside for senior or disabled residents, particularly projects designed to provide support for underserved groups. These projects must show that proposed building design and services support independent, healthy living and social interactions that benefit these populations. Projects that are proposing to provide on-site services for Extremely Low-Income seniors, people with disabilities and/or people who require supportive services to live independently must demonstrate high likelihood of obtaining appropriate levels of operating and services funding for the intended residents. OH will prioritize projects that will provide culturally appropriate services to create welcoming and safe home environments for immigrant seniors, LGBTQ seniors, and other underserved groups.

C. Housing affordable to low-wage working families and individuals

OH will prioritize projects that will serve low-wage households by providing a mix of unit sizes and a range of income levels, generally up to 60% of median income, and that include units serving households at 30% of median income. A mix of unit sizes and amenities to accommodate families, including large families, is a priority for new construction projects. Projects serving families should consider design features such as play areas, direct sight lines to play areas, and adequate space within units. Projects should be located near transportation and local services and amenities, giving low-wage workers the option to forgo a vehicle, and providing safe access to schools, parks, transit, and community facilities serving families with children. Projects should take into consideration the diversity of the neighborhood and the anticipated tenant population, and should plan for culturally appropriate services at the site and through community partnerships.

II. PROJECT LOCATION PRIORITIES

The City encourages production and preservation of affordable housing throughout the city. OH's investment in affordable housing in all City neighborhoods is intended to maximize choice for low-income residents of Seattle and to promote City goals to affirmatively further fair housing.

OH will prioritize locations that:

- **Provide Access to Transit:** Access to transit is a priority for all housing projects, as transportation costs are second only to housing costs for most low-income households and many low-income households do not own a car. In particular, OH will prioritize locations near high capacity transit and light rail station areas, both existing and planned.
- **Provide Access to Opportunity:** OH will prioritize housing project locations that afford low-income residents the greatest access to opportunities such as jobs, quality education, parks and open space, and services. To achieve development throughout the City, including in high cost markets, OH will accept acquisition costs reflecting neighborhood level market conditions.
- **Advance Equitable Development Goals and Address Displacement:** OH will prioritize housing projects that support community development investments in low-income communities, including neighborhoods where marginalized groups have historic roots or access to culturally-relevant business and services, and projects in locations where low-income residents have a high risk of displacement.
- **Serve Needs of Residents:** Proposed projects should demonstrate that the proposed location is appropriate. This will vary depending on the project. OH will prioritize, for example, locations near schools and parks for projects with large units that will serve families and locations near senior centers for senior housing.

In addition, for purposes of investing payment funds from the Mandatory Housing Affordability program, OH shall consider a location's proximity to where development has generated payment contributions.

III. COST-EFFECTIVENESS AND SUSTAINABILITY

The Rental Housing Program emphasizes efficient, cost-effective, and sustainable housing development. To meet Levy production goals, projects must leverage other public and private fund sources: capital funding for housing development and, for homeless and special needs housing, ongoing funding for building operations and supportive services. OH will continue to prioritize leverage of other public and private investment, both capital funding for housing development and operating and supportive services funding for residents with special needs. Proposed projects will be prioritized if they will preserve existing housing subsidies and/or prevent displacement of Low Income residents.

OH will encourage project design and construction that promotes efficient, cost-saving and energy-conserving operations over the life of the building. All new construction and most renovation projects must meet Washington's Evergreen energy efficiency standards for new construction and renovations, respectively. OH will support efforts to exceed standards with energy and water saving features that

provide long-term public benefit as well as lower cost building operations. For existing low-income housing projects seeking funding for building improvements, OH will prioritize investments that extend the useful life of the building, improve health and safety, provide energy conservation, and reduce operating costs.

Rental Housing Program Policies

I. AFFORDABILITY REQUIREMENTS

A. Housing Levy Fund Allocation

The following fund allocation policy applies to the total of all awards of 2016 Housing Levy funds under this Program and the O&M Program, except for bridge loans, and not on a project-by-project basis.

- At least 60% of the sum of Program funds and Operating & Maintenance Program funds shall be used for housing affordable to households with incomes at or below 30% of Median Income.
- The balance of Program funds shall be used for housing affordable to households with incomes at or below 60% of Median Income.

B. Federal HOME and CDBG Funds

This policy is applied to federal HOME and CDBG funds that are available for rental housing projects each program year, consistent with the Consolidated Plan's Annual Action Plan and federal requirements:

- HOME funds shall be used for housing affordable to households with incomes at or below 60% of Median Income. A portion of units, generally 20%, will be affordable to households at or below 50% of Median Income as required by HOME regulations.
- CDBG funds shall be used for housing affordable to households with incomes at or below 60% of Median Income, except that CDBG funds used for acquisition of occupied residential buildings may follow CDBG regulations which generally require a minimum of 51% of units affordable to households at or below 80% of Median Income.

II. ELIGIBLE AND INELIGIBLE ACTIVITIES AND COSTS

Program funds shall be used to fund the preservation and production of rental housing. Funds may be used to finance entire developments, individual units, or residential portions of a development. Different portions of the same development may be funded by separate Program loans, but for purposes of these Policies, including limits on OH funding for Eligible Total Development Costs, OH may consider them as a single project, and may consider funds lent to the owner or developer of one portion of the project as supporting units in another portion, including for purposes of policies allocating funds based on affordability levels or income limits.

A. Eligible costs

Eligible costs include, but are not limited to:

- Appraisals
- Architectural/engineering fees
- Capitalized Operating Reserves
- Capitalized Replacement Reserves
- Closing costs
- Construction
- Contingency
- Developer fees
- Environmental Assessment
- Financing fees
- Hazardous materials abatement
- Inspections & Surveys
- Insurance
- Interest
- Option costs
- Permits
- Reimbursement of pre-development costs*
- Professional Fees
- Purchase price
- Relocation
- Title insurance

*Nonprofit borrowers are encouraged to use other cost-effective sources for pre-development funding, such as Impact Capital.

Program funds may refinance debt incurred for acquisition or for any eligible costs, and if necessary to finance a rehabilitation project, program funds may refinance other existing secured debt.

B. Residential spaces

Program funds may be used to fund housing units, residential spaces, and common areas to the extent they serve the low-income housing and not other uses. Examples include:

- Areas for cooking, eating, bathing
- Building Lobby
- Areas for resident use such as television or reading rooms
- Corridors, stairwells, storage areas
- Management and service office space that is accessory to the housing
- Spaces used for on-site social services

C. Mixed-use and mixed-income developments

Program funds can be used for projects that combine Low-income rental housing with market-rate housing and/or commercial or other nonresidential spaces. However, costs associated with non-residential uses and market-rate housing are not eligible for Program funding. Common areas and office space may be eligible for funding if OH determines they will serve residents of the affordable rental housing.

Borrowers must demonstrate that Program funding is attributable to eligible residential spaces and that costs of other parts of the project are paid by funds eligible for that purpose. Where it is impractical to

segregate costs between Program-funded units and other portions of a mixed-use or mixed-income project, the Director may permit such costs to be pro-rated between Program funding and other funding sources based on a reasonable formula.

In order to facilitate development of the eligible residential spaces, OH may allow Program funds to be disbursed for the full amount of a shared cost item if:

1. Documentation is provided prior to expenditure of Program funds that assures sufficient funding from other sources will be provided prior to project completion equal to the full amount allocable to space that is not eligible for Program funds, and that the other space is an eligible use of the other sources; and
2. The loan documents require that the final cost certification confirms the allocation of appropriate non-Program funds for such other spaces.

D. Leases

Ownership of a property is preferred to site control through a long-term lease. A long-term lease will be permitted in cases where the City or another public agency is lessor, or the lessor and the lessee agree to accept the loan conditions in Section VI and the City receives security in both leasehold and fee interests. Projects involving a borrower that is a lessee (except from the City) where the lessor and lessee do not both accept these terms and conditions will be permitted only if the project represents an unusual cost-effective opportunity or furthers community development objectives in low income neighborhoods. At a minimum, the following conditions will apply to properties where the borrower is the lessee and the owner (other than the City) does not agree to subject its interests to the City's deed of trust and regulatory agreement:

1. Repayment: Loans involving leases must be structured to provide for repayment over the life of the lease. The Director may modify the normal repayment terms, as appropriate, by requiring different terms from or in addition to those generally specified in this chapter.
2. Lease term: Leases will generally be 75 years or longer. Minimum lease term is 50 years with a preference for longer terms when feasible. The lease term must exceed the City loan term by at least five years.
3. Security: Security for the City loan should be appropriate to protect the City's interest in repayment of the loan.

E. Replacement housing conditions

Program funds shall not be used to finance development of replacement housing units developed as a condition to a tax exemption through the Multifamily Tax Exemption program, as a condition to a Major Institution Master Plan boundary expansion, or otherwise required as mitigation for demolition of existing housing.

III. PROJECT REQUIREMENTS

A. Eligible Borrowers

An applicant and/or proposed borrower must demonstrate ability and commitment to develop, own, and manage affordable housing, including a stated housing mission in its organizational documents. OH will evaluate the experience of an applicant's development team, management team, Executive Director, staff, and Board of Directors (if applicable) to determine there is sufficient capacity to sustainably develop, own and operate housing on a long-term basis. Applicants that lack direct experience in these areas may demonstrate capacity by partnering with an entity or entities that provide essential expertise to the project. In these cases, OH will evaluate the proposed partnership to ensure it meets the needs of the project and is sustainable for an appropriate length of time. The applicant, proposed borrower, and all Affiliated Entities of each of them (whether or not involved in the proposed project) must be in Good Standing on all existing loans and subsidy contracts administered by OH. Good Standing is defined in Section X Project Monitoring.

Eligible applicants and borrowers are:

1. Nonprofit agencies with charitable purposes. Private nonprofit agencies will be required to submit articles of incorporation and an IRS letter as proof of nonprofit status.
2. Any corporation, limited liability company, general partnership, joint venture, or limited partnership.
3. Public Development Authorities.
4. Seattle Housing Authority (SHA), except that housing to be developed at Yesler Terrace must be authorized in the Yesler Terrace Cooperative Agreement approved by City Council.
5. Private for-profit firms.

B. Cost-effective long-term investments

Proposals for quality affordable housing must demonstrate a cost effective, sustainable investment of public funding. OH will apply the following policies to determine whether a proposal satisfies this requirement.

1. Land acquisition costs should be justified and not exceed a competitive market price for the location. OH recognizes that land cost will be higher in some market areas within the city.
2. Design for new construction should clearly promote efficient use of space and utilities.
3. For acquisition and rehabilitation of existing buildings, building improvements should address energy efficiency and related health and safety benefits, as feasible and appropriate, and utilize funding through OH's Weatherization program if available.
4. Per-square foot and per-unit costs should reflect current market rates for the type of housing being produced.
5. Low per-square-foot land acquisition costs should not be sought at the expense of considerable site work challenges.
6. Fees for contractors and professional services should be competitive.
7. Unnecessary costs should be avoided whenever possible.

C. Maximizing production and preservation

The City strives to leverage non-City resources for capital, operating, and supportive services to the greatest extent possible. OH works collaboratively with other funders of affordable housing including, but not limited to: the Washington State Housing Trust Fund, King County's Community and Human Services Division, the City's Human Services Department, the Washington State Housing Finance Commission, equity syndicators and investors, and private lenders. OH and its borrowers are expected to maximize these capital resources to ensure that the greatest number of quality affordable housing units are preserved or produced by the public funders each funding round, consistent with adopted priorities and funding allocation policies for the Housing Levy and other housing fund sources. Funds will generally not be used to replace existing housing for extremely low income households, unless the Director determines the housing is nearing the end of its useful life and would be more cost effective to replace than to renovate, or replacement facilitates a net gain in the number of extremely low income housing units.

D. Leveraging and maximum percentage of capital funds

In general, OH will award funds up to a maximum of 40% of the eligible residential total development costs ("Eligible TDC") of a project. The City's maximum percentage of project financing includes any capital funding from document recording fee revenues awarded by King County. Eligible TDC includes all components of the development budget, including site acquisition and development, construction costs, and soft costs, attributable to the housing units that are eligible for City funding and any common areas to the extent that OH has determined they are eligible for funding.

The Director may allow up to a total of 50% of Eligible TDC to be financed with City funds for projects that meet at least one of the following criteria:

1. Project is located in a high cost area with access to appropriate services and amenities for the intended population and little or no existing low-income housing opportunities are available.
2. OH determines that additional funding is needed to increase the number of units that have Affordable Rent for Extremely Low-Income tenants.
3. Projects that provide special amenities and/or unique design features for the proposed tenant population such as large units for families; units requiring reconfiguration to meet the needs of the proposed population; or special design features resulting from the participation of potential tenants and/or community members in project development.

E. Additional policies

Projects must also comply with policies contained in Chapter 9, as applicable:

- Development Siting Policy
- Community Relations
- Relocation, Displacement, and Real Property Acquisition
- Affirmative Marketing

- Fair Contracting Practices, WMBE Utilization, and Section 3

Additional or different requirements may apply to fund sources other than the Housing Levy, including federal requirements for HOME and CDBG funds, and some requirements may be applied to projects not using HOME funds in order to satisfy federal matching conditions.

IV. CONSTRUCTION REQUIREMENTS

OH strives to ensure fair contracting methods and competitive pricing in the construction and rehabilitation of affordable housing. Borrowers receiving permanent financing shall generally meet the following minimum construction requirements. OH may include additional requirements in a NOFA or RFP, but may reserve the right to waive or modify any such additional requirements. Borrowers are responsible for the compliance of all documents, plans and procedures with all applicable laws, regulations, codes, contracts and funding requirements.

A. Competitive selection of contractors

Borrowers must make every reasonable and practical effort to competitively select their general contractor, unless an alternative selection process is approved by the Director. Borrowers must propose a competitive process that clearly meets the City's requirements as published in each NOFA or RFP. The borrower shall submit a summary of the proposed competitive selection process for OH approval. OH may require modifications to the process prior to implementation.

B. Contracting types and project delivery methods

Borrowers may propose to use a Cost Plus a Fee with a Guaranteed Maximum Price, a Stipulated Sum contract, or an alternative contract type that meets the City's requirements as published in each NOFA or RFP. The borrower's construction contract with the general contractor and any amendments to the contract shall be submitted to OH prior to execution.

C. Construction management

If borrowers do not have sufficient in-house construction management capacity, they will be required to contract for this service. Borrowers proposing to manage their own construction projects must demonstrate such expertise to OH. Such borrowers must have prior experience managing a construction project and have staff available to coordinate necessary work. In addition, the scope of work should appropriately match the sponsor's construction management experience and staff expertise.

D. Wages

State Residential Prevailing Wage Rates shall be the minimum rates applicable to all projects, unless a higher minimum rate applies or an exception is made as allowed in this paragraph. When federal funds in a project require prevailing wages to be determined under the Davis-Bacon Act, the higher of either

the state residential prevailing wage rates (unless modified as stated below) or Davis-Bacon wage rates will apply to each job classification, unless applicable law requires otherwise. The Director may approve a change in these prevailing wage requirements if necessary to achieve compatibility with a state or federal funding source. OH shall establish procedures regarding payment of appropriate wages, in consultation with the City's Department of Finance and Administrative Services which monitors compliance. In cases where Davis Bacon wages are triggered, Davis Bacon monitoring procedures are followed as required by HUD and administered through the Human Services Department.

E. Apprenticeship programs

All borrowers are encouraged to require contractors to participate in state-approved apprenticeship programs.

F. Workforce diversification

In a published NOFA or RFP, OH may include expectations for contractors to establish and achieve workforce diversification goals. Such expectations will be modeled on the City's existing Priority Hire goals and will apply to projects that the Director deems suitable for such goals. In a housing project where workforce diversification goals are applied, OH may determine that these goals supersede certain requirements in Chapter 9 below.

G. Sustainability requirements

Projects must comply with requirements of the state's Evergreen Sustainable Development Standard ("ESDS") applicable at the time of OH's funding award. These requirements apply to all projects, regardless of whether state funding is used, except that OH may approve a limited scope of work that does not include all ESDS requirements for rehabilitation of a previously funded housing project as provided in Section VIII below. Details are available through the State Department of Commerce.

V. PROJECT SELECTION

A. Notice of Funds Available

At least once per year, OH will issue a Notice of Funds Available (NOFA), which will provide application requirements, details on specific fund sources available, application forms, and deadlines. The NOFAs will announce, together or separately, opportunities to apply for permanent financing for new housing production, preservation and rehabilitation of housing, or supplemental funding for rehabilitation of existing OH-funded housing, and for bridge loans for site and building acquisition for future development. As provided in Chapter 7, OH may separately announce funding for housing development on a publicly owned site through a competitive RFP process.

To the extent consistent with a Council-approved redevelopment plan or Cooperative Agreement, OH may review and approve funding applications separate from the selection process described in

subsection C of this section for housing developments at the Fort Lawton Army Reserve Center or Yesler Terrace. OH shall not award funds for housing at Fort Lawton or Yesler Terrace until a detailed funding application including cost estimates is submitted and reviewed by the OH and determined by the Director to be in accordance with these Policies. OH may expend funds directly on the lease or acquisition of property at Fort Lawton, prior to adoption of the redevelopment plan and separate from a funding award for development of affordable housing.

All applicants are required to attend a project pre-application conference with OH staff prior to submitting an application for funding. OH will allow minor deficiencies to be corrected and clarifications to be made by applicants during the review process. Otherwise, incomplete applications will not be considered for funding.

B. Application components

OH uses the Washington State Combined Funder Application for Affordable Housing. At minimum, applications must contain the following:

1. Project description: location, number of units, rent levels, need, and special characteristics.
2. Applicant and borrower capacity in the development, ownership, and management of affordable multifamily housing and capacity to serve the focus population. For homeless housing proposals, if the applicant currently operates homeless housing, OH will consider any available information provided by services funders and the applicant regarding the applicant's performance in meeting homeless contract standards.
3. Tenant profile: a description of proposed and existing tenants and their needs, projected household sizes, estimated amounts and sources of tenant income, any tenant referral arrangements and eligibility as required by proposed services fund sources.
4. Evidence of site control: fee simple ownership, an option to purchase, an earnest money agreement, or a lease (or option to lease) with a minimum term of 50 years, will constitute site control. OH will consider projects where the underlying ownership is through a real estate contract if the contract holder is willing to subordinate his/her interest to the OH loan or if there is adequate provision for the applicant to discharge the underlying contract and obtain fee title.
5. Appraisal: If the project involves property acquisition, an appraised value based on the highest and best use at the time of site control will be used to assess whether a fair price is paid for land, including any structures. Project applicants should make acquisition offers subject to verification by appraisals acceptable to the City and subject to the outcome of environmental review.
6. Construction description: Proposed contractor selection plan; scope of work; outline specifications; cost estimates; contract type and project delivery method; Evergreen standards; reports and evidence of early design guidance from the City's Department of Planning and Development if the proposed project will be subject to Design Review.

7. Project schedule.
8. Zoning: Zoning must be appropriate for the proposed project at the time of application or within a timeframe approved by the Director.
9. Phase I site assessment including asbestos/lead paint/hazardous materials survey—a survey to identify the presence and amount of asbestos/lead paint and/or any other hazardous materials or underground tanks within the building or elsewhere on site and a description of proposed abatement measures. A Phase II assessment will be required if recommended in the Phase I assessment.
10. Development budget and proposed sources: Budget shows reasonable leverage of other fund sources and demonstrates that the requested OH funding amount is necessary to complete the project. Projects with capital campaigns proposed as a source of financing must provide documentation that at least 50% of the total campaign amount has been pledged, unless a lower threshold is approved by the Director.
11. Relocation Plan, if applicable.
12. Operating Pro Forma: a 30-year operating pro forma with proposed rents and required rental assistance or operating subsidy, taxes, insurance, utilities, salaries, management fees, replacement and operating reserves, maintenance supplies and services. Borrowers using low income housing tax credits should anticipate a 50% of cash flow payment on the City loan after the tax credit compliance period in projects that can support such payment.
13. Support services: budget and support services plan, if applicable
14. Community Relations Plan: description of neighborhood notification process completed prior to submitting the application and plans for ongoing community relations activities. Proposal must describe how community issues or concerns raised will be addressed.

C. Proposal review

Funding applications are reviewed and evaluated in detail by OH staff based on the requirements listed in these Policies, specific fund source requirements, and additional criteria published in the NOFA. OH staff works closely with the other public funders that have been requested to fund each project. The public funders collaborate on proposal evaluations and financing strategies that meet the requirements of each fund source while maximizing the number of affordable housing units that can be produced and/or preserved each funding round.

When projects have been evaluated, staff makes funding recommendations to the Director. The Director may request review by a Credit Committee composed of persons appointed by the Director and staff members of the Mayor's Office and City Council who have expertise in affordable housing financing and/or public policy. The Director, whose decisions on funding shall be final, shall make funding awards based on his or her judgment as to the merits of the proposed projects; the projects' strengths in meeting the objectives and priorities stated in applicable plans and policies and the NOFA; the overall mix of projects funded by the City; and leveraging of public and private resources to preserve or produce

the highest number of quality affordable housing units each funding round. Results are reported to the Housing Levy Oversight Committee and made public.

D. Fund reservation

The Director authorizes a fund award for each selected project, which provides information about fund source requirements, funding levels, and conditions that must be met prior to closing and prior to occupancy. Fund awards are not binding on the City until contract documents are signed by both the Director and the owner.

The Director may reduce or revoke funding to any project based on failure to meet funding conditions; decrease in costs from the preliminary cost estimate submitted in the application; failure of the applicant to obtain other funding; noncompliance by the applicant with City policies; determination of inaccuracies in the information submitted; increased costs or other factors affecting feasibility; results of environmental or other reviews; changes in the Good Standing of the applicant, borrower, or Affiliated Entities; or failure to the applicant to agree to loan conditions.

If a project continues to be eligible for OH funding throughout the development process, OH will take into account, in considering any reduction in a funding award, whether it would eliminate the project's ability to utilize another critical funding source. The Director also may increase funds to a project after the initial fund reservation if reasonably necessary to assure success of the project or maximum public benefit, based on new information not available at the time of the initial decision.

E. Forward Commitments

At the discretion of the Director, one or more forward commitments of up to 30% of the following year's allocation of 2016 Levy Rental Production and Preservation funds (up to \$8.6 million) may be awarded to a rental housing project or projects applying for funds through a NOFA, consistent with program policies and subject to future appropriation and to the allocation of tax revenues to the program. A forward commitment of Levy funds under this policy will allow OH to respond to special circumstances such as large and/or significant housing development opportunities that are ready to proceed, may become infeasible or incur significant cost due to delay, and cannot be fully funded using the current year's resources.

VI. LOAN CONDITIONS

Financing shall generally be in the form of long-term loans. In addition, OH may approve short-term loans as provided in Section VII. Bridge Loans, Section VIII. Supplemental Funding and Chapter 5, Acquisition and Preservation Program.

Loan conditions are meant to promote and encourage long-term use of properties for low-income housing. The Director may deviate from the loan terms and conditions contained in these Policies in the following cases:

1. For tax credit entities, where such loan terms may impair the availability of tax benefits
2. When the borrower expects to receive other funding sources from which full or partial repayment of the City loan can be made prior to the normal maturity date
3. To enable a project to secure other financing, including HUD-insured loans and HUD capital grant

A. Loan terms

Permanent loan terms will be a minimum of 50 years. OH may provide an acquisition or construction loan for a much shorter term that is eligible for conversion to a permanent loan upon satisfaction of conditions.

B. Interest rate

The interest rate for projects not using low-income housing tax credits will generally be 1%. The interest rate for projects using low-income housing tax credits will be a minimum of 1% simple interest and a maximum of the Applicable Federal Rate for the purposes of Section 42 of the Internal Revenue Code, depending in part on the project's projected capacity for repayment. The actual interest rate for projects using low-income housing tax credits will generally be 1% and can range from 1% to 3%. The interest rate may exceed 1% where there is a benefit to the project's development financing. One purpose of establishing a range for the interest rate on Program funds is to provide flexibility in financial structuring to maximize tax credit equity contributions and to help preserve long-term affordability.

C. Repayment

OH will generally make deferred payment loans that are payable in full on sale, on change of use, or at the end of the loan term. Terms generally will permit borrowers to further defer payment of principal, deferred interest, and contingent interest by extending the loan term. Cash flow payment loans, or loans requiring periodic payment of some or all interest, will generally be required if project proformas indicate that the borrower will be able to make payments and meet expenses consistent with rent limits. Required payments may be set to begin at a future date, such as after a tax credit compliance period. Terms of repayment will be established in the award letter and subject to revision at the time the regulatory agreement is executed. OH may agree to an owner's request to modify repayment terms at a future date, such as after a tax credit compliance period, if the Director finds that the change is necessary in order to obtain favorable refinancing terms for senior debt, or that the owner is unable to make scheduled payments without an undue adverse effect on operations or necessary reserves, or that an alternative use of building income will benefit Low-Income residents or will enhance or protect the City's investment in the Property.

D. Transfer and assumption

OH may permit the assumption of the loan, and the transfer of the property acquired, constructed or rehabilitated with the proceeds of the loan, without requiring repayment of principal, interest or other amounts owing under the loan at the time of the transfer, under the following circumstances:

- The loan is assumed by a tax credit entity and the entity makes a substantial equity investment in the low-income housing;
- The property is transferred by a tax credit entity to a nonprofit corporation or public agency approved by the Director, or to an entity controlled by such a nonprofit corporation or public agency, including without limitation a transfer to the general partner or manager pursuant to the terms of an option agreement made in connection with the formation of the tax credit entity; or
- The property is transferred, with the approval of the Director, to a qualified nonprofit corporation or public agency, without substantial consideration to the transferor other than assumption by the transferee of outstanding obligations.

Prospective new owners must complete a transfer of ownership application and meet the guidelines established for transfer of ownership.

E. Refinancing of private debt

OH may allow refinancing of private debt in cases that result in additional capital investment in the project; that result in a lower interest rate and reduced debt service; or that produce some other long-term project benefit. OH shall review the proposed new financing terms; proposed transaction costs; a capital needs assessment; and the adequacy of reserve accounts. OH may define additional submittal requirements.

F. Covenant (Regulatory Agreement)

A covenant will be recorded against the property that requires continued use of the units funded by the City as low-income housing for the stated term of the loan, and for any period for which the loan is extended or remains outstanding. Unless otherwise agreed by the Director, the covenant shall continue in effect if the loan is repaid or discharged before the maturity. The Director may release the covenant, wholly or in part, in connection with a sale of the property approved by the Director, including any foreclosure, if the Director determines that under all the circumstances, including any proposed substitution of other units, the release will likely result in a net benefit to the City's efforts to achieve low-income housing goals, compared to maintaining the covenant. The Director may release a covenant, consistent with this section, on housing loans made under prior A & F Plans for any housing levies, Consolidated Plans, or other City policies or ordinances governing the use of housing fund sources, subject to any applicable requirements of federal or state law, or of grant agreements with the City's fund sources.

G. Supportive housing

Loan terms may include requirements specific to dedicating units for people who have been homeless or who have special needs. Borrowers whose projects have units restricted to persons with particular special needs may propose to change the special needs or target population group being served in a project sometime during the loan term. If an event occurs requiring a change in population group served, borrowers with special needs projects will first be required to serve another special needs population. If OH determines that it is not feasible or appropriate, OH may allow for any households within incomes at or below a specified income level to be served.

H. Contingent interest

Contingent interest shall be required for all projects at maturity, except as described below, or in the event of change of use or sale of property before the loan maturity date. Upon maturity, sale, change of use, or acceleration or prepayment of the loan, loan principal plus the greater of either deferred interest or contingent interest shall be due. Contingent interest shall be calculated according to a formula established by OH.

The City's contingent interest should reflect the amount of City funds contributed as permanent financing to a project and should be modified by any additional funds contributed during the loan term, such as capital contributions approved by the City or borrower subsidy necessary to cover operating losses. For example, if City funds are 50% of total project costs, the City should receive, in addition to repayment of its principal, 50% of proceeds remaining after repayment of approved project debt (but not including contingent interest owing to other project lenders). Contingent interest may be limited, however, to a maximum effective rate of interest on the City loan, determined by the Director to be reasonable in light of the City's relative priority to other lenders on the project and any other relevant factors. Contingent interest may also be subject to cancellation or reduction as described in Sections J and K below.

I. Prepayment premium

Prepayment in full of loans will be subject to OH approval. Such approval shall not be unreasonably withheld if the borrower provides adequate assurances of future compliance with the affordability and occupancy restrictions in the regulatory agreement. If a borrower repays the City loan (principal plus the greater of interest or contingent interest) during the first 15 years of the loan term, a prepayment premium shall also be due.

The prepayment premium shall be 50% of the original loan principal if the loan is repaid during the first five years of the loan term. The prepayment will decline by 5% per year in years 6 through 15. There will be no prepayment premium after 15 years.

Prepayment premiums shall not be due in the event of involuntary prepayment, due to casualty where there are insufficient insurance proceeds or other sources reasonably available to complete the repairs or condemnation.

J. Loan term extension

Any unpaid principal balance and accrued, but unpaid, interest on OH loans will be due and payable at the end of the initial approximately 50-year loan term. Loan documents may provide borrowers with an option of extension, or, in certain circumstances described below, satisfaction of some or all of the amounts owing through extended provision of affordable housing. At the end of the loan term, borrowers will be encouraged to extend the loan term and continue to extend the period of affordability restrictions for an additional 25 years, provided the property continues to be in compliance with OH requirements. If the loan documents do not allow the option to extend, such encouragement may take the form of provisions that would result in the cancellation of any contingent interest if the borrower requests extension but the City determines to require repayment of principal and ordinary interest. Loan terms also may provide that if the City denies or conditions a request to extend the loan at maturity, payment of Contingent Interest will not be required.

K. Debt satisfaction through extended affordability

As an inducement to serve Extremely Low-Income households, OH may agree to terms in loan documents, for projects in which 50% or more of the units serve these households, by which, if the loan term is extended for 25 years and the borrower and the property remain in compliance with OH loan documents, the debt will be deemed satisfied at the end of that extension period or ratably over the extension period.

For any other projects, loan terms will not provide for any forgiveness of principal debt or ordinary interest, but if the period of affordability restrictions is extended after the initial approximately 50-year term for an additional 25 years, then the terms may provide that contingent interest will be deemed satisfied at the end of that extension period or the contingent interest percentage reduced ratably over the extension period.

L. Use of funds owing to the City

Sale of projects during the loan term requires OH consent. Loan payments to the City will be deposited in the Low-Income Housing Fund unless otherwise required by the fund source for the loan. Payments will be reallocated by OH to low-income housing projects according to priorities established in the currently applicable City policy plans as determined by OH, subject to any specific requirements applicable to Program Income from particular fund sources.

M. Deed of Trust; Non-recourse

Loans shall generally be secured by a deed of trust on the property where the City-funded units are located and generally shall be made on a non-recourse basis, with the City's remedy limited to its security in the project, project rents, and project reserves, except in cases of fraud, waste, or other circumstances determined by the Director to justify recourse against the borrower. OH may require recourse to the borrower or a guarantor, or both, if for any reason a loan is not secured by the real property or otherwise would not be adequately secured in the opinion of the Director, or may require

recourse for a specific amount of time or until certain conditions are satisfied when the City's security in the property may be inadequate.

N. Use of OH-funded projects as security for other low-income projects

Borrowers may use OH-funded projects as security for financing other low-income housing projects if borrowers receive advance written approval from the OH Director. OH may give such approval if the borrower demonstrates that using an OH-funded project as security for financing another project will achieve benefits for the City and not jeopardize the viability of the OH-funded projects.

O. Conduit financing

To take advantage of opportunities to respond to requirements of particular projects, OH may provide funds to a project indirectly, for example by a loan to a borrower that then re-lends the funds to a project owner or lessee. Such financing may include, without limitation, acquisition of tax-exempt bonds from a conduit financing agency where the proceeds are used for an eligible project. In general, the project owner or lessee in such cases must agree to OH's regulatory terms and must provide a deed of trust for the benefit of the City or assigned to the City.

P. Management Plan

Prior to completion of construction, the borrower must submit for OH's approval a management plan for operations of the building, consistent with the requirements of Section IX below, with the exception of the capital needs assessment, which must be submitted to OH for approval within six months after completion of construction. For projects that do not include construction, a management plan and capital needs assessment shall be submitted when required by OH. The borrower must make any corrections required by OH and must operate the property in accordance with the management plan and not materially modify the plan or management policies without the prior written consent of OH.

VII. BRIDGE LOANS

OH may provide bridge loans, either directly or through an agreement with another lender or lenders, as short-term financing to assist in the development of projects that would further the objectives of the Rental Housing Program. The total outstanding principal balance of bridge loans under this Section must not exceed \$7 million. This limit does not include loans for rental housing projects made under the Acquisition and Preservation Program or any convertible loans as authorized in Section VI above. OH may use funds derived from the 2009 and/or 2016 Housing Levies and any other funds authorized for this program, for bridge loans. Repayments on bridge loans and any interest earnings will be allocated to the subfunds from which the loans were made.

Bridge loans must be used for the acquisition of improved or unimproved property, or both, to assist in the production or preservation of low-income rental housing. Once completed, the housing development must provide affordable housing consistent with Program policies. Project sponsors must

demonstrate that bridge financing is necessary for the proposed project to proceed, and that there is a high likelihood of obtaining permanent financing within two years.

To be eligible for a bridge loan, the borrower must meet the eligibility requirements for the Rental Housing Program. In addition, the borrower or sponsor must have successfully developed and operated at least three affordable housing projects, and must have demonstrated capacity to secure permanent financing for the proposed project before the loan maturity date.

For bridge loans made directly by OH, the interest rate generally shall be 3% simple interest, provided that the Director may authorize a lower rate if the bridge loan is made in conjunction with a bridge loan from another lender, and that the loans together achieve blended interest rate of 3%. Accrued interest shall be paid in full when the loan is repaid. Loans may be made on a nonrecourse basis, but OH may require recourse to the borrower or a guarantor when, for example, a loan is not fully secured by the real property or the loan to value ratio does not fully support OH's investment.

A 20-year covenant will be recorded against the property, unless a longer term is required by the fund source, which will require use of the property wholly or in part for low-income housing. The covenant shall continue in effect when the loan is repaid or discharged. However, the Director may release the covenant, wholly or in part, in connection with a sale of the property approved by the Director, if the property is not in housing use and the Director determines that development of low-income housing is infeasible and that the loan must be repaid.

The maximum term of the loan shall be 2 years. The Director shall have the option to allow extensions, or to convert the bridge loan to permanent financing if permanent financing is awarded through a NOFA. Any extensions may be conditioned on the borrower submitting an updated proposal for approval by OH. Borrowers must agree to terminate a use other than low-income housing upon OH request.

VIII. SUPPLEMENTAL FUNDING

OH may provide supplemental funding for projects that address capital needs of existing City-funded housing projects. For over 30 years the City has been funding affordable housing development, and many projects involved acquisition of older buildings. In recent years OH has encouraged owners to prepare detailed capital needs assessments of their housing portfolio, strengthen replacement reserves, and identify available fund sources for necessary upgrades. City funds may be used to assist with capital improvement projects which will improve living environments for residents, reduce building operating costs, achieve energy savings, and extend the life of the building.

Unless otherwise stated in this Section, Rental Housing Program policies will apply. Consistent with Section V, OH will issue a NOFA at least once a year, which will be the primary opportunity for project owners to apply for supplemental funding. The Director may approve a supplemental funding award outside the annual NOFA process to address emergency or time-sensitive needs where the health and wellbeing of the residents are at risk. Consistent with Section III, project owners must demonstrate that

they have operated the housing in accordance with their loan and regulatory agreements, and either that they have the ability to complete the rehabilitation work and effectively manage the housing or that they propose an appropriate relationship with an entity that will provide the necessary capabilities.

Project sponsors must demonstrate that the housing has capital needs that cannot be addressed through the property's cash flow, reserves or other available resources. OH will give priority to proposals that meet at least one of the following additional criteria:

- Projects that are at or near the end of their existing City loan terms, if the owner would consider discontinuing the use as affordable housing unless the property can be rehabilitated.
- Proposals that present leverage opportunities that would allow a substantial rehabilitation of an existing project.
- Proposals whose scope of work includes items that, in addition to extending the useful life of the building by 20 years or more, will also improve the operational efficiency of the building.

A. Eligible and ineligible activities and costs

The project scope of work generally shall be limited to activities that address unmet capital needs and/or improve operational efficiencies. Eligible costs include, but are not limited to:

- | | |
|--|--|
| • Architectural/engineering fee | • Inspections & Surveys |
| • Capitalized Replacement Reserves in an amount approved by OH in the NOFA | • Insurance |
| • Closing costs | • Permits |
| • Construction | • Professional Fees |
| • Contingency | • Relocation |
| • Construction management | • Title insurance |
| • Environmental Assessments | • Condominium association assessments imposed for capital purposes |
| • Hazardous materials abatement | • Owner project management costs |

Supplemental funding may be used to fund housing units, other residential spaces, and structural elements or common areas to the extent they support the low-income housing and not other uses in the building. Examples of acceptable uses include:

- Areas for cooking, eating, bathing
- Building Lobby
- Areas for resident use such as television or reading rooms
- Roofs, facades, corridors, stairwells, storage areas
- Management and service office space that is accessory to the housing
- Spaces used for on-site social services that are required to serve the residents of the housing

Costs associated with market-rate residential units or commercial spaces are not eligible for supplemental funding.

B. Cost-effective long-term investments

Supplemental funding proposals must demonstrate a cost effective, sustainable investment of public funding. Following are minimum requirements:

- Capital needs assessment must demonstrate that the proposed scope of work will extend the useful life of the building by at least 20 years, unless otherwise approved by the Director for specific building components.
- Project scope must address energy efficiency and related health and safety benefits, as feasible and appropriate, and should utilize funding through OH's Weatherization program if available.
- Per-square foot and per-unit costs must be reasonable given the type of housing, scope of work and market conditions.
- Fees for contractors and professional services must be competitive.

C. Leveraging and maximum percentage of capital funds

In general, OH will allow a maximum of 40% of Eligible Total Development Costs (Eligible TDC) of the project to be financed with Program funds. Eligible TDC includes all components of the development budget, including rehabilitation and soft costs, attributable to the housing units that are eligible for City funding, and any common areas to the extent that OH has determined they are eligible for funding. The maximum percentage of project financing includes capital funding from document recording fee revenues awarded by King County. For purposes of this section, "project" is defined as those housing units that have previously received City funding and are rent-regulated, any additional housing units proposed to be rent-regulated, and common areas to the extent they serve those housing units. The Director may allow for up to 75% of Eligible TDC to be financed with City funds for a project with a least 75% of units restricted by OH to serve households with incomes at or below 30% of Median Income, if the Director finds that other financing sources have made their maximum award and any reduction of the proposed scope of work would negatively impact the remaining useful life of the building.

The owner is expected to contribute financially to the project. Existing project reserves may be included as an owner contribution only if a post-rehabilitation capital needs assessment approved by OH demonstrates a 20-year useful life of the building. Owner contribution requirements will not apply to projects where at least 75% of units are restricted by OH to serve households at or below 30% of Median Income.

D. Construction requirements

Section IV Construction Requirements policies will apply to supplemental funding with the following exceptions:

1. Competitive selection of contractors. The Borrower must make every reasonable and practical effort to competitively select its general contractor, unless an alternative selection process is approved by the Director. Borrowers must propose a competitive process that clearly meets the City's requirements as published in the NOFA. The Borrower shall submit a summary of its

proposed competitive selection process. OH shall review the process and may require modifications prior to implementation. Depending on the scope of work in the supplemental funding proposal and the Borrower's demonstrated ability, OH may allow the Borrower to act as its own general contractor.

2. Sustainability requirements. Projects generally must follow the requirements of the Washington State Evergreen Sustainable Development Standard. Details are available through the Washington State Department of Commerce. OH may waive certain requirements in instances where application of the standard would unnecessarily expand the scope of work of the proposed capital improvement project.

E. Loan conditions

Section VI Loan Conditions policies will apply to supplemental funding with the exception of the following areas:

1. Loan maturity. Supplemental funding loans will generally be a minimum of 50 years. OH may make a supplemental funding loan for a shorter term if the scope of work is relatively limited or if modification of the existing loan provides increased public benefit as described in paragraph 3 below. OH may provide short-term financing, for example, to address an urgent capital need or health or safety concern.
2. Interest rate. The interest rate for supplemental funding loans will generally be one percent (1%). If the project serves households with incomes at or below 30% of Median Income in at least half of the units, the Director may set the interest rate at zero percent (0%).
3. Loan terms. OH may modify existing loan terms and conditions to conform with current Rental Housing Program policies. OH may change the income limits or affordability level for units within the project if required by the fund source used for the supplemental loan or to provide increased public benefit by serving lower income and/or special needs residents. A loan modification will not result in higher Income or Rent limits for City-funded units, except where the Director determines that such a modification is required to sustainably operate the project and capital fund sources permit higher limits.

IX. MANAGEMENT AND OPERATIONS

Good management is critical to the overall success of projects. Project owners will be required to submit a management plan to OH for approval prior to completion of construction.

A. Management plan

Management plans should include the following:

1. Occupancy standard (# of persons per unit) that is consistent with applicable law, including Seattle Housing Code and federal, state and City fair housing standards.
2. Rent standard (household income and rents) that complies with contract restrictions.

3. A management philosophy that is appropriate for the target population.
4. Affirmative Marketing Plan that complies with federal, state and City laws and demonstrates outreach to all segments of the community. Borrowers must demonstrate cultural competency.
5. Roles and Responsibilities of key staff and contracted management.
6. Maintenance Plan including a schedule of routine and preventative maintenance; a schedule of inspections; and the long-term maintenance plan.
7. A Capital Needs Assessment (CNA) that includes a 20-year schedule of major replacements with a corresponding schedule of replacement reserve account deposits.
8. Budget: Annual projection of income, expenses, capital improvements, and reserve accounts.
9. Operating Policies and Procedures for the following management functions, at a minimum:
 - a. Admissions Policies: Income qualification procedures; tenant referral agreements if applicable, screening criteria, including procedures for individual assessment of applicants when screening criminal records; and a copy of the lease or program agreement. Housing owners who use criminal records for tenant screening purposes should be able to describe how the policy or practice of making decisions based on criminal history actually assists in protecting resident safety or property. A stereotype that a person with a conviction record poses a greater risk than any individual without such a record is insufficient. Housing owners will take steps to ensure the accuracy of criminal records and other records used in the screening process. Examples of both practices are described in Resolution 31669 and related attachments. Owners will provide notice of screening criteria as required by law.
 - b. Rent: Rent collection, deposits, late payments, addressing damage to units, rent increases
 - c. Commitment to the City's Just Cause Eviction Ordinance.
 - d. Management of tenant files and records
 - e. Work order and Repair process
 - f. Unit turnaround: filling vacancies
 - g. Building security and emergency plan
 - h. Community education and involvement plan for addressing complaints or issues raised by tenants and neighbors about the building or tenants.
10. Management plans for special needs housing and housing with support services should also include the following:
 - a. Description of service support program to be provided to tenant households including funding commitments and contracts.
 - b. Identification of key staff roles and responsibilities related to service delivery including written agreements that describe relationships with other agencies.
 - c. A description of any tenant referral arrangement required by operating and/or services funding, including participation in King County's Coordinated Entry for All system.
 - d. For permanent supportive housing or other housing with a homeless services funding contract, screening criteria consistent with service funder requirements.
 - e. Involvement of tenants in project governance and house rules.
 - f. Description of performance or outcome measures.

B. Tenant income and rent requirements

Housing units are restricted to tenants who are income eligible at time of initial occupancy by the household, or at time of funding by the City, if later. Consistent with Program objectives and priorities, and affordability requirements to specific fund sources, housing units may be restricted to households with income up to 30%, 40%, 50%, 60%, or 80% of median income. Tenants must be income qualified prior to move in or prior to City funding for acquisition of occupied units. A maximum restricted rent is established for each housing unit, no higher than Affordable Rent for the income eligibility category and based on the number of bedrooms.

The Director may allow a housing unit restricted to Extremely Low-Income households to be rented to a household with income up to 40% of Median Income, on a case-by-case basis, if the household is homeless or if OH determines that the owner made a reasonable but unsuccessful effort to find an income-eligible tenant, and the unit has been vacant for at least 90 days or the building is undergoing initial lease up and may fail to meet occupancy requirements. This determination will be made upon review of the owner's advertising of available housing, including affirmative marketing, and data about income of applicants turned away. This waiver is available only to housing funded in 2017 or later, for units restricted to Extremely Low-Income households up to 30% of Median Income that are not receiving operating subsidy, such as Section 8 housing choice vouchers or Levy O & M funding. The Director shall include information on waivers granted and denied during the past year in the annual Housing Levy report. The requirement of Affordable Rent for Extremely Low-Income tenants for the unit will remain in effect, except as allowed in Section C below.

Where an occupied housing project is acquired or rehabilitated with Program funds, and rehabilitation does not require that existing tenants move out of units, OH may waive the unit affordability and occupancy restrictions for an incidental number of units occupied by existing over-income tenants. The waiver will be limited to a specified period, generally two years, and OH will require an extension of the regulatory term for an equal period for the units occupied by over-income tenants. At or before the end of the waiver period, over-income tenants must be relocated.

To the extent consistent with the Yesler Terrace Cooperative Agreement, OH may waive the income and rent restrictions for Yesler Terrace Replacement Housing units that are occupied, or to be occupied, by Yesler Terrace residents who must relocate due to public housing demolition and who are eligible to return pursuant to the Yesler Terrace Relocation Plan, provided that the income of the relocated tenant household does not exceed 60% of Median Income. Rents for City-funded Replacement Housing units will not exceed those allowed by HUD's Low Income Public Housing rent regulations and limits established in agreements with OH, which shall generally limit Rent to 30% of the tenant's income. Because Replacement Housing units will be occupied by relocated Yesler Terrace residents whose incomes are predominantly below 30% of Median Income, or by other households with incomes at or below 30% of Median Income, OH may count Levy and other funds used for development of Yesler Terrace Replacement Housing as funding serving households at or below 30% of Median Income for the purposes of the Levy Funding Allocation Policy in Section I of the Rental Housing Program Policies in this Chapter, above.

C. Rent increases

Rents generally may be adjusted annually to the maximum allowable rent based on number of bedrooms and affordability level. To avoid displacement of Low Income tenants, owners should avoid sudden, sizable Rent increases that could cause undue financial hardship or displace residents, particularly for existing tenants immediately after rehabilitation or acquisition. If Rent will increase as a result of acquisition and/or rehabilitation of housing, the initial post-rehabilitation or post-acquisition Rent increases for existing tenants will be subject to OH review to determine that Rent adjustments are reasonably necessary to ensure adequate project operating funds.

Tenants who are income-eligible at the time of their initial occupancy or the time of City funding, whichever is later, are not required to be relocated solely because their income later exceeds the restriction of their unit. However, upon recertification such over-income tenants may be subject to separate mandatory or optional rent increases, as follows.

- The owner must charge the maximum restricted rent for the unit if a tenant's income surpasses 140% of the maximum income limit for that unit.
- For units with any federal operating subsidy, or occupied by a tenant using a rental voucher, the tenant may pay up to 30% of income for housing costs when the tenant's income exceeds the maximum income limit for the unit, consistent with requirements of the subsidy program and as approved by OH.
- For units that do not have any rent or operating subsidy, the owner is strongly encouraged to increase rent to 30% of the tenant's income if 1) the tenant's income surpasses 140% of the maximum income limit for the unit and/or 2) the tenant's income surpasses 65% of Median Income.
- If an agreement with HUD requires a higher Rent for a Yesler Terrace Replacement Housing unit than this section would permit, SHA may increase Rent for any tenant whose income exceeds the restriction of their unit (generally 30% of Median Income) up to the level required by HUD and as approved by OH.

All Rent increases are subject to other funder restrictions, and state and local law.

D. Floating units

OH may approve a "floating unit" regime that allows affordability levels in specific units to change so long as the total number of units at each affordability level in the development is maintained. In such cases, owners will be strongly encouraged to change the affordability level in a unit occupied by an over-income household when a unit at a higher affordability level becomes available in the building. The tenant will not physically move, but a lower affordability level will be assigned to the vacant unit, which would be made available to an income-eligible tenant.

E. Special populations

Owners who have committed to serve specific populations, and who sustain a loss of services funding that affects service delivery to such populations, shall consult with OH concerning alternatives.

X. PROJECT MONITORING

Owners must report annually on the status of their projects each year by June 30th, or on an alternative date specified by OH upon reasonable advance notice. OH coordinates its monitoring, site visits and inspections with other funders to help reduce administration time and disturbance to residents. Owners will submit written reports on a combined funders' annual report form, and OH supplemental reporting forms.

A. Compliance and performance evaluation

OH's compliance and performance assessments include, but are not limited to, the following compliance and performance areas. Additional, project-specific requirements may be included in loan documents.

1. Sound borrower fiscal health: The project borrower and its general partner, managing member or other owner when applicable are in sound fiscal health.
2. Management Plan: The project is operated according to the owner's original or amended management plan for the property.
3. Affordability: borrower must provide an annual report that demonstrates that tenant income determinations and rent levels complied with affordability requirements.
4. Affirmative marketing and nondiscrimination: The housing is affirmatively marketed, including advertisements in OH-identified listing sites that reach the general population and underserved groups; the population served is diverse; and the borrower can demonstrate nondiscriminatory treatment for all applicants and occupants, consistent with federal, state, and local fair housing laws and regulations.
5. Occupancy: The tenant family sizes are appropriate for the unit sizes and projects designed for particular populations are appropriately serving those populations with housing and, if applicable, services.
6. Unit Turnover and Vacancy: Vacant units are turned over quickly and vacancies are minimized.
7. Physical conditions: The property must be maintained in good and tenantable condition and repair that ensures safe, secure and sanitary conditions. Spaces must be used for their intended purposes (housing units, common areas, storage, accessibility etc.). The project's sustainable 'green' features are maintained and operating as designed.
8. Capital needs assessments: Long-term replacement needs and capital improvements are adequately planned for and completed on schedule according to capital needs assessment (CNA) schedule of replacements. Preventive maintenance and repairs are completed according to maintenance plan and schedule.
9. Sound project fiscal management: The project is operated according to sound fiscal management practices, and all reserves, taxes, utilities and debt service including any amounts due to the City are paid on schedule and reported as required.

- a. Revenue management: The borrower collects rents in a timely manner and in a way that ensures adequate income to the property; ensures compliance with contracts for operating subsidy and rental assistance.
 - b. Expense management: The borrower manages expenses by re-evaluating and re-procuring goods and services from time to time.
10. Community relations: The housing project is a good neighbor, which is measured by good maintenance, street appearance, and responsiveness to neighborhood concerns and complaints.

B. Annual performance letters; actions to resolve Findings

OH will provide performance letters each year to all borrowers specific to their projects that have at least one full year of operation. The performance letter will:

1. Summarize OH's review of compliance and performance in the project monitoring areas described above;
2. Identify any instances of major or chronic non-compliance with terms of the loan agreement, subsidy contract or other loan documents ("Findings");
3. Specify actions required to resolve Findings that must be performed and documented by the borrower by a certain deadline, and/or specify a date by which the borrower must submit a plan to resolve Findings for OH review and approval.

OH may accept, accept with conditions, or reject a proposed plan to resolve Findings. If a borrower's plan includes a proposal for City funding, the borrower must make a significant financial contribution and satisfy all other requirements of Section VIII.

A borrower that disputes a Finding may submit a written protest to OH within 30 days of receipt of the performance letter. A protest must state the reasons why OH's determination of Findings was unjustified, provide copies of any supporting documents, and include affidavits or declarations as to any facts rebutting the basis for the OH determination that are not established by other supporting documents. The Director or another OH employee designated by the Director shall make a written decision on a protest within 30 days of receipt. That decision shall be the final administrative decision of the City for purposes of determining whether a borrower is in "Good Standing" as described below.

C. Good Standing

A borrower is in Good Standing if (a) the borrower has no Findings identified in its most recent performance letter; (b) OH determines that the borrower has remedied all Findings in its most recent performance letter; (c) the borrower is diligently pursuing a plan accepted by OH to remedy Findings as promptly as feasible; or (d) the borrower's timely protest of the Findings is upheld by OH. The borrower has the responsibility to provide timely documentation to OH to demonstrate that it has remedied Findings, or complied with the terms and conditions of the OH accepted plan.

In January of each year, the Director will notify borrowers that OH has determined are not in Good Standing. A notice that a borrower is not in Good Standing shall identify the Findings that the borrower has not demonstrated are remedied, and/or the actions or conditions in the OH accepted plan that the borrower has not diligently pursued or satisfied. Such notice shall also state that the borrower and its Affiliated Entities are ineligible to apply for Program funding until after a determination of Good Standing in the following year.

No determination of Good Standing, or failure to make a Finding, or determination with respect to a finding, or acceptance of any plan to remedy Findings or actions thereunder, shall constitute a waiver or modification of any terms or requirements of loan documents or any other legal obligations of any borrower or other person, unless expressly so agreed in writing by OH. For example, OH may pursue remedies for any default under loan documents even though the default is not considered a Finding.

3. OPERATING & MAINTENANCE PROGRAM

The Operating & Maintenance (O&M) Program provides operating support for Levy funded housing affordable to households with incomes at or below 30% of the Median Income. O&M funds are used to fill the gap between eligible operating and enhanced property management costs, and project income from rent and any other subsidies. OH may make a contingent commitment of up to 20 years of operating support, which assists owners to secure project financing.

O & M Program Priorities

Priority will be given during the project review process to Levy funded projects for which significant non-City operating or service funds have been secured and that will serve homeless or other special needs populations requiring supportive services to maintain safe, stable living arrangements.

O & M Program Policies

These policies apply to all initial commitments of 2016 Housing Levy O&M funds and annual renewals made under any of the housing levies, except to the extent there is a binding contract in effect providing that the City will renew an agreement on specific terms or the policies are inconsistent with a provision of a prior levy ordinance that is still in effect. If there are terms still in effect governing renewals in a binding contract, renewals shall be based upon the terms of the contract, except to the extent that OH and the project owner agree to substitute different terms consistent with these policies.

A. Eligible projects; Project selection for initial commitments

Rental projects funded with 2016 Levy Rental Production and Preservation funds are eligible for 2016 Levy O&M Program funding. In addition, OH may use 2016 O&M funding to extend the contract of a project that received O&M funding from a prior levy if O&M funding provided by the prior levy has been fully disbursed.

At least once per year, OH will issue a Notice of Funds Available (NOFA) for the O&M Program. Application requirements will be included in the NOFA.

The application review process considers the following project characteristics:

- The reasonableness of the proposed operating budget;
- The amount of operating and supportive service funds leveraged by the project;

- The experience and capacity of the owner in serving similar populations as well as the owner's general affordable housing development and management experience;
- The adequacy of the management plan for the proposed tenant population and building;
- The scope of any rehabilitation and whether the work minimizes operating expenses;
- The adequacy of the maintenance plan in maintaining the building and preventing long-term maintenance problems; and
- The commitment and reasonableness of support services, if necessary, for the proposed tenant population.

B. Eligible households

To be eligible for O&M subsidy, units must be occupied by households with incomes at or below 30% of Median Income. Households must be income qualified prior to moving into the unit or at the time of funding for occupied buildings.

C. Funding limits for initial commitments

O&M funding is intended to be a shallow subsidy that is combined with tenant paid rent and/or other operating subsidies to cover building operating costs attributable to the O&M-funded units. In order to provide opportunities for as many projects as possible, the maximum funding award is \$2,500 per unit per year, for the initial full year of occupancy. In addition, funding will generally be limited to no greater than 25% of effective gross income of the building, except as approved by the Director, for the initial full year of occupancy. Section 8 subsidy and O&M subsidy may be combined for the same project to increase the number of Extremely Low-Income units, but subsidies from the two programs generally may not be combined to support the same unit. OH may approve O&M to support permanent supportive housing units with Section 8 subsidy if additional operating subsidy is necessary to cover enhanced property management costs and no other fund source is available. Enhanced property management costs must be reasonable and necessary costs of operating the housing in light of the population to be served, such as 24-hour staffing.

Projects will be eligible for annual increases in O&M subsidy, subject to OH approval and availability of funds, to cover increases in the annual funding gap.

D. Rents and occupancy

Eligible households generally shall be required to pay 30% of monthly income for Rent. As part of the rent calculation, OH will allow adjustment of monthly income for certain allowable expenses as contained in 24 CFR Section 5.611. Owners may request alternate Rent schedules to meet unique program objectives. For example, OH may permit exceptions if tenants are directing their income to other program goals such as education or saving for transition to permanent housing (e.g., first month rent, deposits). Specific program requirements will be outlined in subsidy contracts. Occupancy rates are

expected to be maintained at 95% or better or a rate determined optimal for the specific project and housing program. Annual project budgets should reflect estimated rental income based on type of occupancy.

Income shall be reviewed annually and the tenant's rent payment may be adjusted by the owner, but may not exceed 30% of monthly income. If a household's income changes prior to the annual review (due to loss of a job, addition of a household member, death of a household member, etc.), rents can be adjusted.

Some households may have little or no income when first moving into O&M-subsidized housing. In these instances, OH may allow the minimum tenant share of income paid for Rent to be waived or reduced until the household qualifies for public assistance or becomes employed. Owners must include any plan to temporarily reduce the share of tenant income required for Rent in their application, and must demonstrate that the housing units will be financially viable.

E. Ineligible units

When a household in an O&M subsidized unit has a change in income or household composition that results in income greater than 30% of Median Income, the household is determined to be "over-income" and the unit is no longer eligible to receive subsidy. In such cases, the O&M subsidy amount would be adjusted from the date the unit was determined ineligible based upon a revised calculation of income and expenses for eligible units. The household may have an adjustment in Rent depending on the terms of the City regulatory agreement or conditions of other funding.

F. Management plan

A management plan is required for each application for O&M subsidy. The plan must be consistent with Rental Housing Program policies and local laws and regulations.

G. Maintenance plan

Each project must have a maintenance plan that describes how the building will be managed and maintained. It should describe the acceptable standard for each room, common space (hallways, stairs, lobby), building systems and exterior. The Plan should include a schedule for inspections and regular and preventive maintenance of the building. The plan must also describe how long-term replacements and maintenance will be accomplished.

H. Operating budget and use of funds

Each year, owners with O&M subsidy contracts will be invited to apply for an annual renewal of subsidy. Applicants will submit actual financial statement for the previous year and a proposed operating budget, in the required format, based on the actual expenses from the previous 12-month period plus a reasonable adjustment for inflation. The budget and the annual award follow the City's fiscal year, which begins January 1, unless OH allows an alternate subsidy period.

Eligible uses of O&M subsidy include operating expenses attributable to O&M-supported units:

- On-Site Management: Operations and maintenance costs directly associated with operating the building. This includes on-site management salaries, benefits and personnel costs; utilities; contracted building services such as elevator, pest control, landscaping, fire safety, security; repair and maintenance expenses such as materials, janitorial supplies, unit turnover costs and other repairs. Enhanced property management costs directly related to managing the Levy-funded units, including, to the extent they are reasonably necessary, costs of operating the housing in light of the population the owner has committed to serve (e.g. 24 hour resident manager).
- Off-Site Management: Property management and personnel costs directly associated with operating the building.
- Administration: Property taxes, insurance, legal, marketing, accounting, financial statements and audits, and other costs directly associated with administration in the building.
- Replacement and Operating Reserves: Replacement reserve deposits are an eligible operating expense. O&M funds can be used to fund replacement reserves to a maximum set by OH, with disbursements from reserves restricted to repairs and replacement of major building components as approved by OH. The amount added to the reserve will be based on OH loan conditions and periodic Capital Needs Assessments to be prepared by owners.

Operating reserve deposits to cover unforeseen operating costs are an eligible expense. The operating reserve account is considered adequate when the balance is equal to 50% of a year's operating budget. The operating reserve may also be used to pay for building improvements that cannot be entirely funded by the replacement reserve. As part of the management plan, each owner must provide their policy and procedures for managing reserve accounts. The requirements and limits on replacement and operating reserves for specific projects may be adjusted periodically by the Office of Housing based on a review of the capital needs and operating risks of projects and of other public funder standards.

The program will not subsidize debt service. O&M subsidies may be provided to a portion of units in a mixed-income project that has debt service, provided that all debt service costs are carried by the income from the non-O&M supported portion of the building and the building owner demonstrates a shortfall between income and expenses attributable to the O&M supported units. O&M subsidy will not be granted to support a shortfall on the non-O&M supported portion of the building.

I. Subsidy term

O&M awards have a maximum contract term of 20 years from the date that the O&M units are complete and occupied. Subsidy is subject to availability of funding and to annual reviews that may result in adjustments to subsidy amounts or discontinuance of subsidy, in the discretion of OH. For example, subsidies may be reduced or discontinued if increasing revenues from other housing units,

commercial space, or alternative subsidy sources are available to a project, or if shortfalls in funding resources require OH to prioritize O&M-eligible projects.

O&M contracts may provide that if, during the term of commitment for O&M subsidy, the subsidy is discontinued or reduced, and if the owner therefore cannot meet operating expenses of the O&M units with rents affordable to Extremely Low-Income households, the owner may rent the units to any Very Low-Income households who can pay rents sufficient to cover operating costs of the units, but not to exceed Affordable Rents for Very Low-Income households. The owner must prepare a plan acceptable to OH prior to any change in occupancy or program focus. The plan must give preference to the lowest income households who can pay such rents.

J. Expiring contracts

For most of the properties supported by 1986 Levy O&M Program funding, the initial program contracts have expired and owners have received contract extensions. OH may continue to grant extensions to expiring O&M subsidy contracts originally funded under the 1986 and 1995 Housing Levies, provided there are available funds in the 1986 and 1995 Levy O&M program reserves. If the program funding has been fully expended, OH may award 2016 Levy funds to extend contracts for a portion or all of the O&M-supported units. Projects will be required to demonstrate:

- Need for continued subsidy.
- Housing meets current City housing priorities.
- Project meets applicable performance measures and housing outcomes.

K. Annual reviews

OH will conduct financial, management, operations, and maintenance reviews of projects receiving subsidy each year. OH will determine the subsidy amount on a year to year basis for the term of the contract.

For the annual review, the owner must provide:

- An annual report according to the terms of the OH loan agreement.
- Operating Budget projected for the next year based on current year 'actuals'.
- An actual financial statement for the project compared with the operating budget. The statement must include cumulative balances for replacement and operating reserves.
- Audit, if applicable, in a form acceptable to OH
- Tenant Rent Roll including household incomes and rents charged for each unit.
- Capital Needs Assessment updates and details on major repair and maintenance work planned for the next year, if any including an estimate of the work and source of funds.
- Examination of services outcomes and copies of service contracts.

- A narrative report explaining how the subsidy received in the prior year and the subsidy requested for the next year will allow the owner to meet its commitment to serve Extremely Low Income households.

L. Subsidy payments and adjustments

O&M subsidy will generally be paid to projects on a quarterly basis. The amount and the conditions for providing subsidy will be negotiated between OH and the owner, and established in an annual contract amendment. The amount of subsidy paid each quarter will depend on the operating budget and cumulatively cannot exceed the approved annual amount. Owners will be required to provide quarterly financial reports. Owners may request subsidy readjustment at any time; however, except for unusual circumstances, OH will review just one adjustment request per project annually.

Increases to the subsidy amounts prior to the annual review will only be made when it is determined by OH to be reasonable due to unforeseen circumstances and only if in the judgment of OH, there are sufficient uncommitted O&M funds to provide an increase.

A project that is showing a surplus at the end of the year may be required to make repayment to OH or make additional contributions to replacement reserves in the amount of the surplus.

4. HOMEOWNERSHIP PROGRAM

I. Homebuyer Assistance

The Office of Housing uses funds from various sources to help create affordable homeownership opportunities for low income homebuyers in Seattle. The following program policies apply to funds awarded by OH for homeownership, including 2016 Levy Homeownership Program funds, 2009 Levy uncommitted Homebuyer Assistance Program funds; funds received through land use code provisions; program income and investment earnings derived from Housing Levies and other OH-administered homeownership fund sources, subject to the limitations described in Chapter 1.

PROGRAM OBJECTIVES

The Program assists Low-Income First-Time Homebuyers to purchase a home in Seattle. The following objectives are variously met through two basic models of assistance: subordinate mortgage loans, also known as down payment assistance; and acquisition or development subsidy, which increases the supply of Resale Restricted Homes affordable to the initial and successive homebuyers.

The following objectives guide the Program:

- Enable qualified low-income families and individuals to become homeowners and achieve housing stability and other benefits of homeownership.
- Promote socioeconomic diversity among homeowners in Seattle neighborhoods.
- Create an ongoing resource to assist future Low-Income homebuyers through either resale restrictions that will maintain an affordable home price or loan repayment terms that will generate Program Income with which to assist future homebuyers or other Low-Income households.
- Promote the expansion of programs that achieve long-term homeownership affordability.
- Increase the supply of for-sale housing affordable to Low-Income homebuyers.
- Combine with other sources of homebuyer assistance funds (Washington State Housing Finance Commission, State Housing Trust Fund, Federal Home Loan Bank, etc.) to leverage City dollars and capitalize on existing service delivery systems.
- Promote homebuyer education as a best practice by requiring households using City homebuyer assistance to complete a pre-purchase homebuyer education program.

PROGRAM POLICIES

A. Eligible use of funds

Housing Levy funds may be used for any of the following, and other Program funds may be used for the following to the extent authorized for the fund source used:

1. **Subordinate Mortgage Loans:** Also known as down payment assistance, loans to assist eligible homebuyers by filling all or part of the gap between the cost to purchase an eligible home and an affordable first mortgage amount plus the buyer's down payment.
2. **Development Loans for Resale Restricted Homes:** Loans to assist qualified developers acquire or develop homes to be sold to eligible homebuyers. Such homes are resale-restricted to preserve affordability, and to limit resales to successive Low-Income First-Time Homebuyers.
3. **Bridge Loans:** Short term loans to purchase land or building(s) to develop homes to be sold to eligible buyers as Resale Restricted Homes. Bridge loans are intended to be repaid with permanent financing.

B. Eligibility requirements

1. Homebuyer eligibility. Homebuyers must be First-Time Homebuyers with household incomes at or below 80% of Median Income, adjusted for household size. A "First-Time Homebuyer" is defined as a household that does not include any person who has owned and occupied a primary residence at any time in the 3 years preceding the home purchase for which Program assistance is provided.

The first mortgage, or share loan in the case of cooperative housing, or other financing that the homebuyer uses to purchase the home is subject to OH approval. Homebuyers may use any first mortgage product approved by OH, including FHA and Fannie Mae products, and portfolio loans. FHA 203(k) purchase-rehabilitation loans are also eligible, provided the rehabilitation amount exceeds \$5,000.

Homebuyer households must successfully complete a pre-purchase homebuyer education program and one-on-one homebuyer counseling conducted by an OH-approved agency.

A homebuyer purchasing a Resale Restricted Home developed using financing from OH is ineligible for a subordinate mortgage loan from OH, but if the developer takes a subordinate mortgage as seller financing, OH may require that it be assigned to the City either absolutely or as security for repayment of a City loan to the developer.

2. Homebuyer contribution. Homebuyers must provide a minimum of \$2,500 or 1% of the purchase price, whichever is greater, of their own funds toward the home purchase, except as provided in this paragraph. The homebuyer contribution must include all liquid assets, except that the homebuyer

may retain \$10,000 or six months of housing payments, whichever is greater. Homebuyers may receive gifts of funds towards their portion of the down payment; however, gifts must not exceed 25% of the homebuyer's total down payment requirement. Homebuyers may provide a lower financial contribution as follows: (1) for eligible buyers participating in an OH-approved, nonprofit-sponsored, sweat equity housing program that requires significant participation by the homebuyer, the homebuyer's contribution of volunteer time may be accepted in lieu of the minimum cash contribution; and (2) for eligible buyers who have a long-term disability and whose household income includes SSI or similar public income support, gifts may constitute up to 75% of the homebuyer's total down payment requirement.

3. Minimum housing payment. The homebuyer's annual housing payments as projected, subject to OH approval, prior to closing of the purchase, shall not be less than 25% of the household's annual income. Housing payments include principal, interest, property taxes, homeowner's insurance and, if applicable, homeowners association dues or lease payments, and do not include utility payments. A homebuyer with sufficient liquid assets so that, after the required down payment, the mortgage financing needed on normal terms would result in housing payments below 25% of household income, generally would not be eligible, including for subsequent purchases of a Resale Restricted Home.

4. Property requirements. All types of for-sale units are eligible for funding consideration, including single-family residences, condominium units, limited equity cooperatives, co-housing, and homes on leased land. Homes must be located in Seattle, and have a purchase price no greater than a maximum amount established by OH and published annually. Properties must be the homebuyer's principal residence and remain owner-occupied through loan maturity or payoff. The Director may waive the owner-occupancy requirement for a limited period of time under certain circumstances, such as military service. Purchases of properties for investment are not allowed under this program. Homes with an accessory dwelling unit are eligible, provided that the buyer will be an owner-occupant of the home. A lease-to-own contract or long-term lease may be considered a purchase.

C. Subordinate mortgage loans

1. Amount of assistance. Assistance to enable homebuyers to purchase a home will be limited to gap financing of homebuyers, up to a maximum of \$55,000 for any assisted household except as stated below. "Gap" is defined as the difference between the cost to purchase the home and the buyer's down payment plus an affordable mortgage amount for the homebuyer. Generally, an affordable mortgage is one that results in total housing payments in the range of 25% to 35% of the household's income, depending on the buyer's individual circumstances. OH will establish the gap formula used by homebuyer agencies receiving program awards, and will review the gap analysis for each individual loans for compliance with these policies and requirements published in a NOFA.

Loans in excess of \$55,000 are allowed under one circumstance: In order that single-source subordinate mortgages may be provided for the convenience of borrowers, in lieu of assistance

from Levy or other City funds and non-City sources to the same borrower, OH may allow a higher amount of City-funded homebuyer assistance, not to exceed \$70,000, for a borrower that receives assistance made as part of a project or lending program for which a nonprofit lending agency has obtained commitments of non-City homebuyer subsidy funds, but only if all of the following conditions are satisfied:

- a. Non-City subsidy funds provided to such project or program must be used for deferred subordinate mortgages or other assistance that assists Low Income households to purchase a home in Seattle.
- b. The average amount of City homebuyer assistance, of loans made between January 1, 2017 and December 31, 2023 for all eligible households assisted by the project or program to purchase a home in Seattle, including buyers who do not receive any City-administered funds, may not exceed \$55,000.

2. Loan terms. Proceeds of subordinate mortgage loans may be applied to purchase price, closing costs, counseling fees, and interest rate write-downs of the first or subordinate mortgages. Subordinate mortgage loans will generally be 30-year deferred loans. Loan repayment terms shall specify the interest rate, which generally shall not exceed 3% simple interest; loan term; period of payment deferral; and any contingent interest or share of appreciation, which may be reduced and/or eliminated over time. The terms of the subordinate mortgage loans shall provide that the entire principal balance is due upon sale, other transfer or refinancing of the home, at the lender's option, to the extent permitted by applicable law. However, OH may permit assumption of the loan by another eligible buyer household in lieu of repayment and may subordinate its deed of trust or other security to substitute senior loan financing.

3. Notice of Funds Available. OH will provide subordinate mortgage funds via qualified homebuyer assistance agencies. Homebuyer agencies are responsible for affirmative outreach, identifying and screening potential borrowers, and submitting borrowers' loan packages to OH for approval. OH will issue a Notice of Funds Available (NOFA) at least once per year to solicit applications from such agencies. The NOFA will provide application requirements, applicant eligibility criteria, details on specific fund sources available, application forms, and deadlines. OH may allow minor deficiencies to be corrected and clarifications to be made by applicants during the review process. Otherwise, incomplete applications will not be considered for funding. The applicant and Affiliated Entities must be in Good Standing on all existing loans, program agreements and contracts administered by OH as defined in Section H below.

D. Development loans for Resale Restricted Homes

1. Resale Restricted Homes. Program funds may be used to assist in the Site Acquisition and/or development of land and homes to be sold to eligible homebuyers as Resale Restricted Homes. "Resale Restricted Homes" are homes that are subject to recorded restrictions intended to require that, for a period of at least 50 years, upon resale, the homes must be sold to eligible homebuyers at a sales price that is likely to be affordable to a Low-Income homebuyer. Resale restrictions must be

in the form of a ground lease, covenant, or other recorded document approved by OH. The applicant's methodology for establishing maximum initial and resale prices is subject to approval by OH.

2. Initial Purchase Price and resale price formula. The Initial Purchase Price and the formula to be used to determine resale price limits are subject to OH approval. The "Initial Purchase Price" is the value that will be entered into the instrument restricting the resale price and is the value to which the resale formula will be applied. The Initial Purchase Price and the resale price limit may exclude or provide adjustments for subsidies to the buyer or junior mortgage financing that is subject to forgiveness or may be assumed upon resale. The terms of any junior mortgages and/or other subsidy shall be subject to approval as well as their potential impact on current and future affordability. OH may provide development subsidy to allow for an Initial Purchase Price to be affordable to households with incomes between 65% and 75% of Median Income to improve the likelihood that homes will continue to be affordable to income-eligible homebuyers for a minimum of 50 years.

The applicant must demonstrate that the Initial Purchase Price is affordable at an income level approved by OH and the resale formula is likely to keep the home affordable to Low-Income households at subsequent resales over the course of the affordability period. Generally, an affordable price is one that results in total housing payments in the range of 25% to 35% of the household's income. OH will assess the affordability of the Initial Purchase Price assuming the minimum required homebuyer contribution and a household size equal to the number of bedrooms plus one. OH may allow or require exceptions to the assumed household size, for example for shared housing or limited equity cooperatives. Other assumptions used to determine the Initial Purchase Price, including but not limited to housing payment ratios, interest rates and property taxes, are subject to OH approval.

The resale price formula shall be applied to the Initial Purchase Price and shall establish restrictions on future purchase prices in order to provide for continued affordability to Low-Income homebuyers over a reasonable range of future changes in median incomes and interest rates. The resale price formula may allow for limited annual increases in resale prices, generally between 1% and 3% per year, with possible adjustments based on junior financing terms as described above or others approved by OH.

3. Financing. Assistance shall generally be in the form of long-term financing. Long-term assistance shall generally be made available through 0% to 1% interest loans with payments deferred for 50 years. Short-term acquisition funding shall generally be through the Acquisition and Preservation Program; however, OH may make a bridge loan under the policies set forth below.

4. Eligible and Ineligible Costs and Activities. Program funds shall be used for costs associated with Site Acquisition and/or development of Resale Restricted Homes. Funds may be used to finance entire developments, individual units, or residential portions of a development. Nonprofit

borrowers are encouraged to use other cost-effective sources for pre-development funding such as Impact Capital.

Eligible costs include but are not limited to:

- Appraisals
- Architectural/engineering fees
- Closing costs
- Construction
- Contingency
- Counseling fees
- Developer fees
- Environmental Assessment
- Financing fees
- Hazardous materials abatement
- Insurance
- Interest
- Inspection and survey
- Option costs
- Permits
- Reimbursement of pre-development costs
- Professional Fees
- Purchase price
- Relocation
- Title insurance

Program funds may be used to fund housing units, residential spaces, and common areas to the extent they serve the low-income housing and not other uses. Program funds can be used for projects that combine affordable Resale Restricted Homes with market-rate housing and/or commercial or other nonresidential spaces. However, costs associated with market-rate housing and commercial spaces are not eligible for Program funding.

Borrowers must demonstrate that proposed uses of Program funding are attributable to eligible residential spaces only and that costs of other parts of the project are paid by funds eligible for that purpose. Where it is impractical to segregate costs between Program-funded units and other portions of a mixed-use or mixed-income project, the Director may permit such costs to be pro-rated between Program funding and other funding sources based on a reasonable formula.

5. Project requirements

a. Eligible borrowers. An applicant and/or proposed borrower must demonstrate the ability and commitment to develop, sell and steward affordable homeownership units, including a stated housing mission in its organizational documents. OH will evaluate the experience of an applicant's development team, management team, Executive Director, staff, and Board of Directors (if applicable) to determine if there is sufficient capacity to sustainably develop, own and steward affordable homeownership units on a long-term basis.

Applicants that lack direct experience in these areas may demonstrate capacity by partnering with an entity or entities that provide essential expertise to the project. In these cases, OH will evaluate the proposed partnership to ensure it meets the needs of the project and is sustainable for an appropriate length of time.

The applicant, proposed borrower, and all Affiliated Entities of each of them (whether or not involved in the proposed project) must be in Good Standing on all existing loans and contracts administered by OH, as defined in Section H below.

Eligible applicants and borrowers are:

- Nonprofit agencies with charitable purposes. Private nonprofit agencies will be required to submit articles of incorporation and an IRS letter as proof of nonprofit status.
- Any corporation, limited liability company, general partnership, joint venture, or limited partnership.
- Public Development Authorities.
- Seattle Housing Authority, except that funds for housing developed at Yesler Terrace must be consistent with the Yesler Terrace Cooperative Agreement.
- Private for-profit firms.

b. Maximum amount per unit, leverage and cost-effective investments. The City will award up to \$70,000 per unit, except that, in order to encourage the development of family-sized units, the Director may approve funding up to \$90,000 per unit for development of units with 3 or more bedrooms. This maximum amount does not include any short-term acquisition and/or bridge loan that has been repaid. The development subsidy award will be based on the demonstrated development gap, defined as the difference between total projected initial sale prices of the homes and eligible total development cost. Total development costs are all components of typical development budgets, including Site Acquisition, construction costs and soft costs.

The City strives to leverage non-City resources for capital to the greatest extent possible. Borrowers are expected to maximize other capital resources to help ensure that the greatest number of quality affordable homeownership units are produced, taking account of policies and factors affecting cost, including family-sized units.

Proposals for quality affordable housing must demonstrate a cost effective, sustainable investment of public funding. Minimum requirements for cost-effectiveness may be set in the NOFA.

c. Additional policies. Development projects must also comply with the following policies contained in Chapter 9, General Policies for Capital Development, where applicable:

- Community Relations
- Relocation, Displacement, and Real Property Acquisition
- Affirmative Marketing (applies to projects where developer is selling units to homebuyers)
- For projects involving construction, Fair Contracting Practices, WMBE Utilization, and Section 3

Additional requirements apply to fund sources other than the 2016 Housing Levy, including federal requirements for HOME and CDBG funds. Applicants should contact OH to determine applicable policies.

6. Project selection

a. Notice of Funds Available. OH will issue a Notice of Funds Available (NOFA), at least once per year, which will provide application requirements, details on specific fund sources available, application forms, and deadlines. As provided in Chapter 7, OH may separately announce funding available for affordable housing development on a publicly owned site. In addition, OH may separately review and approve applications for funding for housing developments at the Fort Lawton Army Reserve Center consistent with a Council-approved redevelopment plan. OH may also expend funds directly on the lease or acquisition of property at Fort Lawton, prior to adoption of the redevelopment plan and separate from a funding award for development of affordable housing. Applicants and Affiliated Entities must be in Good Standing on all existing loans, program agreements and contracts administered by OH as defined in Section H below.

All applicants are required to attend a project pre-application conference with OH staff prior to submitting an application. OH may allow minor deficiencies in funding applications to be corrected and clarifications to be made by applicants during the review process. Otherwise, incomplete applications will not be considered for funding.

OH strives to ensure fair contracting methods and competitive pricing in the construction of affordable housing. OH may include minimum construction requirements in the NOFA, including but not limited to standards around selection of contractors, contracting and project management capacity. Borrowers are responsible for the compliance of all documents, plans and procedures with all applicable laws, regulations, codes, contracts, and funding requirements.

Other information may also be requested or required in the NOFA, including but not limited to project description, borrower capacity to develop, own and steward permanently affordable homeownership units, buyer profile, evidence of site control, appraisal, and community notification.

b. Proposal review. Funding applications are reviewed and evaluated in detail by OH staff based on the requirements listed in this Section and additional criteria published in the NOFA.

When projects have been evaluated, staff makes funding recommendations to the Director. The Director, whose decisions on funding shall be final, shall make funding awards based on his or her judgment as to the merits of the proposed projects; the projects' strengths in meeting the objectives and priorities stated in applicable plans and policies and the NOFA; the capacity of the applicant to attain and sustain long-term homeownership affordability and other factors as detailed in the NOFA or offering documents.

c. Fund award. The Director authorizes a fund award for each selected project, which provides information about fund source requirements, funding levels, and conditions that must be met prior to closing. Fund awards are not binding on the City until contract documents are signed by both the Director and the owner.

The Director may reduce or revoke funding to any project based on failure to meet funding conditions; decrease in costs from the preliminary cost estimate submitted in the application; failure of the applicant to obtain other funding; noncompliance by the applicant with City policies; determination of inaccuracies in the information submitted; increased costs or other factors affecting feasibility; results of environmental or other reviews; changes in the Good Standing of the applicant, borrower, or Affiliated Entities; or failure to the applicant to agree to loan conditions.

7. Loan conditions. Loan conditions, including but not limited to repayment, covenant terms, interest rate, extensions and/or deed of trust will be covered in the NOFA, other offering documents and/or in loan documents.

A covenant or other acceptable legal restriction, such as a ground lease, will be recorded against the property that makes the units funded by the City Resale Restricted Homes. Unless otherwise agreed by the Director, the restriction shall continue in effect if the loan is repaid or discharged before the maturity. The Director may release the restriction, wholly or in part, if there is recorded a substitute covenant or other legal restriction such as ground lease at the time homes are sold to eligible homebuyers so that they are Resale Restricted Homes. The Director also may release the restriction, wholly or in part, in connection with a sale of the property approved by the Director, including any foreclosure, if the Director determines that under all the circumstances, including any proposed substitution of other units, the release will likely result in a net benefit to the City's efforts to achieve low-income housing goals, compared to maintaining the covenant.

G. Bridge loans

OH may provide bridge loans as short-term financing to assist in the development of projects that would further the objectives of the Program. The principal balance outstanding on bridge loans authorized in this section must not exceed \$2 million in Program funds. This limit does not include any loans made under the 2016 Housing Levy Acquisition and Preservation Program for homeownership housing. OH may use funds from the 2009 Levy Homebuyer Assistance Program or the 2016 Levy Homeownership Program, alone or together with other funds. Repayments on bridge loans and any interest will be allocated to the subfund from which the loan was made.

Bridge loans must be used for Site Acquisition, which includes the acquisition of improved or unimproved property, or both, to assist in the production or preservation of low-income homeownership housing. Once completed, the housing development must provide affordable housing consistent with Homeownership Program policies. Bridge loans may be made available through a rolling NOFA in which the applicant can apply at any time. A pre-application meeting is required before applying for a bridge loan.

Project sponsors must demonstrate that bridge financing is necessary for the proposed project to proceed, and that there is a high likelihood of obtaining development financing within two years. To be eligible for a bridge loan, the borrower must meet the eligibility requirements defined in Section D and be in Good Standing as defined in Section H. In addition, the borrower or sponsor must have successfully developed and operated at least three affordable housing projects, and must have

demonstrated capacity to secure development financing for the proposed project before the loan maturity date.

The interest rate on bridge loans generally shall be 3% simple interest. The Director may authorize a lower rate in order to leverage other funds that, together with OH funds, create a blended rate of approximately 3%. Accrued interest shall be paid in full when the loan is repaid. Loans generally will be made on a non-recourse basis. OH may require recourse to the borrower or a guarantor, or both, if for any reason the Director deems it necessary or prudent in order to minimize risk.

The Director shall have the option to allow extensions, or to convert the bridge loan to permanent development financing if permanent financing is awarded through a NOFA. Any extensions may be conditioned on the borrower submitting an updated proposal for approval by OH. Borrowers must agree to terminate a use other than low-income housing, upon OH request.

OH will require a covenant or other acceptable legal restriction to be recorded against the property which will require use of the property wholly or in part for Resale Restricted Homes. The restriction shall continue in effect when the loan is repaid or discharged. The Director may release the restriction, wholly or in part, if as a substitute there is recorded a covenant or other legal restriction such as a ground lease at the time of closing of development financing or at the time homes are sold to eligible homebuyers, so that the homes supported by OH funding will be Resale Restricted Homes. The Director also may release the restriction, wholly or in part, in connection with a sale of the property approved by the Director, if the property is not in housing use and the Director determines that development of low-income housing is infeasible and that the loan must be repaid.

H. Good Standing

An applicant or borrower must meet the following conditions to be in Good Standing:

- The applicant or borrower is not in default of the terms of any outstanding loan, contract or program agreement with the Office of Housing, or if in default has reached resolution with OH on remedy.
- Any project for which the applicant or borrower, or its Affiliated Entity, has received OH development, acquisition, or bridge financing is proceeding without substantial concerns (such as construction delays, budget overruns or inability to sell units); or, if substantial concerns exist, an appropriate mitigation plan has been proposed by the applicant or borrower and accepted by OH.

II. Foreclosure Prevention Program

The Foreclosure Prevention Program provides loans to eligible low-income homeowners who are at risk of foreclosure. Funds can be used to pay for housing-related costs, such as mortgage payments and property tax arrears, necessary to prevent foreclosure. The program will operate as a pilot program to provide the City an opportunity to judge its viability on an ongoing basis. The program is funded solely with 2016 Housing Levy funds.

PILOT PROGRAM OBJECTIVES

- Decrease the number of foreclosures in Seattle and the subsequent displacement of low-income homeowners from Seattle, which disproportionately impact homeowners of color and senior.
- Assist low-income homeowners to remain successfully in their homes and communities.
- Explore and create effective partnerships with housing counselors, other City departments, and King County to determine how and when to appropriately intervene with financial or other assistance to assist low-income homeowners to successfully remain in their homes.

PILOT PROGRAM FUNDING POLICIES

A. Homeowner eligibility

Homeowners with household incomes at or below 80% of Median Income who own and occupy their homes may be eligible for assistance. Homeowners must have experienced an identifiable hardship, such as job loss or medical crisis, that resulted in delinquent housing payments and must demonstrate the ability to afford the housing payments after receiving assistance. Homeowners must be working with and referred by an OH-approved homeownership counseling agency, and must fully explore alternatives, including workout options, prior to or in conjunction with applying for the Foreclosure Prevention Loan. OH will allow the homeowner to retain financial reserves up to a maximum amount.

B. Eligible uses

Funds can be used for housing-related costs that are necessary to avert foreclosure. Such costs may include costs required to obtain a mortgage modification, delinquent mortgage payments, overdue property taxes, delinquent homeowner association dues, and interest and fees associated with late payments on the above.

C. Loan terms

Loan amounts will not exceed an amount that OH determines the borrower needs to avoid foreclosure. Additional underwriting criteria such as loan to value ratio established by OH will apply. The maximum loan amount will be \$30,000. The minimum loan amount will be \$2,000.

Interest rates may range between 0% and 3%. Loans may be amortized or deferred. Deferred loans will be due in 30 years or upon sale or transfer, and deferred loans may require monthly payments after the senior mortgage loan has been paid off. For amortizing loans, the amortization period can extend up to 20 years, but the payment must be at least \$50 per month and must cover interest.

A lien will be recorded against the home. The Director may forgive all or part of the loan if the home sells for less than existing liens against the home and repayment of the loan would cause significant hardship to the Low-Income homeowner.

D. Program Administration

OH will issue a competitive Request for Proposals (RFP) to select a program administrator with the necessary experience in underwriting, originating and/or servicing loans. The RFP will require a strong track record of lending services, working successfully with the network of Seattle area housing counseling agencies, and service to the community. The RFP will also require demonstrated experience and capacity for affirmative marketing, record keeping and reporting, customer service, fair lending and portfolio management. The selected administrator will be responsible for compliance with all applicable laws, regulations, codes, contracts, and funding requirements.

The RFP will include an administration fee structure for the program administrator to underwrite and provide origination services for loans to be made by the City after review and approval by OH. This fee may include a counseling fee that may be paid to a third-party counseling agency, subject to approval by OH.

5. ACQUISITION AND PRESERVATION PROGRAM

The Acquisition and Preservation Program provides short-term funding for strategic property acquisition for low-income housing development and preservation. Loans can be made for acquisition of land or buildings, with a priority for acquisition of occupied buildings, and can support development of rental or ownership housing. This program provides resources that could be used to purchase buildings identified through Seattle's Notice of Intent to Sell ordinance. The loans will be repaid with permanent project financing, which may or may not include City fund sources. Bridge loans of up to two years are authorized under separate policies in the Rental Housing and Homeownership programs.

PROGRAM OBJECTIVES

- Acquire and preserve existing affordable housing, including occupied buildings that are subsidized rental housing or affordable private market housing, particularly such occupied buildings where low-income residents may be at risk of displacement.
- Provide affordable housing opportunity in communities where low income residents and communities of color may be at risk of displacement.
- Produce or preserve low-income housing in high-capacity transit station areas and locations with high-frequency transit service, to provide access to employment and services.
- Support cost-effective housing investment, particularly where short-term acquisition financing is critical to achieve cost savings.
- Leverage significant funding for housing development, operations, and/or services, or project-related infrastructure investments, which may be lost without the availability of short-term acquisition financing.

PROGRAM POLICIES

A&P Loans must be used for site acquisition, including acquisition of improved or unimproved property, or both, to assist in the development or preservation of low-income rental or homeownership housing.

A. Notice of Funds Available

OH will issue a Notice of Funds Available (NOFA) and may accept applications on a rolling basis. The NOFA will specify application requirements similar to the Rental Housing and Homebuyer Assistance program applications. Pre-application meetings with OH staff will be mandatory. A&P Loans may be made only when, in the judgment of the OH Director, there is a high likelihood that permanent financing for low-income housing will be available on acceptable terms before the loan maturity date.

B. Eligible borrowers

To be eligible for an A&P loan, the applicant must: have successfully developed and operated at least three affordable housing projects and demonstrate capacity to secure permanent financing within 5 years for the proposed project; or be working in partnership with one or more community-based organizations that can demonstrate capacity to secure permanent financing within 5 years for the proposed project, and one of these community-based organizations must have successfully developed and operated at least three affordable housing projects. The applicant and its Affiliated Entities must be in good standing on any OH loans. Applicants who have, or whose Affiliated Entities have, an outstanding A&P loan will generally not be eligible unless permanent financing for the outstanding loan has been secured.

C. Loan rate and terms

- For vacant land, the loan to value shall generally be up to 95% and may be up to 100% subject to criteria identified in the NOFA. Loan to value shall be up to 80% on improved income producing property but may be up to 100% for properties that are not producing income sufficient to cover debt. OH will generally expect City funds to be leveraged with other acquisition sources.
- The interest rate shall be 1% to 3% simple interest. Accrued interest shall be paid in full when the loan is repaid.
- Loans generally will be made on a non-recourse basis. OH may require recourse to the borrower or a guarantor, or both, if for any reason the Director deems it necessary or prudent in order to minimize risk.
- Borrowers must agree to terminate a use other than low-income housing, upon OH request.
- The loan term shall be up to 5 years. The Director shall have the option to allow extensions, or to convert the loan to permanent financing if permanent financing is awarded through a NOFA. Any extensions may be conditioned on the borrower submitting an updated proposal for approval by OH.
- A 20-year covenant will be recorded against the property that will require use of the property wholly or in part for low income housing. Low income rental housing shall provide an Affordable Rent for households with incomes up to 60% of Median Income. When a loan is used to acquire an occupied building, low-income rental housing may provide an Affordable Rent to existing tenant households up to 80% of Median Income and will be required to provide an Affordable Rent to households with incomes at 60% of Median Income upon unit turnover. Low-income for-sale housing shall be sold to eligible First-Time Homebuyers up to 80% of Median Income for Resale Restricted Homes.

The covenant shall continue and shall remain in first position when the loan is repaid or discharged. If OH provides permanent financing for the project, the covenant will be amended and restated to comply with Rental Housing or Homeownership program policies as then in effect. However, the Director may release the covenant, wholly or in part, in connection with a sale of the property approved by the Director, if the property is not in housing use and the Director determines that development of low income housing is infeasible and that the loan must be repaid.

6. HOME REPAIR, RENTAL REHABILITATION, AND WEATHERIZATION

I. Home Repair Program

The Home Repair Program provides low-interest loans and grants to address immediate health and safety issues and structural deficiencies of homes occupied by low-income homeowners. Weatherization grants also may be provided to improve energy efficiency, reduce utility costs, and address indoor air quality issues for low-income owners. Except as otherwise required for particular fund sources, the following program policies apply to all funds administered by OH for home repair purposes, including funds from prior levies, federal CDBG funds, other local sources, and Program Income from loan repayments to be used for home repair loans and grants; and 2016 Housing Levy Homeownership Program funds to be used for home repair grants.

PROGRAM OBJECTIVES AND PRIORITIES

- Assist low-income homeowners to remain safely in their homes and communities, especially low-income seniors on fixed incomes and other homeowners at risk of displacement.
- Assist low-income homeowners make health and safety repairs, including repairs that will enable the homeowner to access free weatherization upgrades that reduce the owner's housing costs through utility cost savings.
- Prioritize repairs that are most urgent, including those that address immediate health and safety issues, and other urgent repair needs that will result in increased repair costs and unhealthy living conditions if left unaddressed.

HOME REPAIR LOAN POLICIES

A. Loan amounts

The maximum individual home repair loan is \$24,000. Total outstanding loans for repair of any home may not exceed \$45,000. If a home has additional health and safety needs that cannot be addressed within this amount, the Director may allow up to \$55,000 in total outstanding loans for repair of any home.

B. Homeowner eligibility

Homeowners with incomes up to 80% of Median Income may be eligible for assistance.

The home must be owner-occupied and must be the owner's principal residence. The home may be a single-family home, duplex, triplex or fourplex, or an individual condominium unit, townhome or cooperative unit. Manufactured homes affixed permanently to a foundation may be eligible, as long as the homeowner owns the land as well as the home. Depending on structure type, some home repairs may not be eligible. If the home has a rental unit(s), funding may be used solely to pay for exterior measures and any work needed in the unit occupied by the homeowner.

C. Loan terms

Interest rates generally are set at 0% for borrowers with incomes below 50% of median income or 3% for borrowers with income between 50% and 80% of median income. Loans may be amortized or deferred depending on borrower income, debt, and ability to pay debt service to the City in addition to other obligations.

D. Priority uses of funds

Loans will be limited to measures that address health, life and safety concerns and/or address the structural integrity of the home. OH staff will conduct a visual inspection of the home to identify needed repairs that are eligible for assistance under the Program. OH will set priorities for the scope of work based on Program priorities.

E. Funding process

OH will accept homeowners' applications for home repair loans on a rolling basis. Applications must meet underwriting criteria established by OH including loan to value ratio, ability to make housing-related payments, and financial condition of the borrower. OH will also assess the immediate health and safety impact of the needed repair.

HOME REPAIR GRANT POLICIES

A. Grant amounts

OH may provide grants of up to \$10,000. A home may receive multiple home repair grants over time, but total lifetime grant amounts for repairs to any home cannot exceed \$10,000. The total amount of outstanding loans and grants to repair any home cannot exceed \$55,000. There will be no minimum grant amount, but if the repair need is small, the homeowner will be encouraged to use other existing programs if available.

B. Homeowner eligibility

Homeowners at or below 50% of Median Income may be eligible for assistance. In addition to income limits, OH will generally limit liquid assets to no greater than \$25,000.

The home must be owner-occupied and must be the owner's principal residence. The home may be a single-family home, duplex, triplex or fourplex, or an individual condominium unit, townhome or cooperative unit. Manufactured homes affixed permanently to a foundation may be eligible, as long as the homeowner owns the land as well as the home. Depending on structure type, some home repairs may not be eligible. If the home has a rental unit(s), grant funding may be used solely to pay for exterior repairs such as roof or siding, and repairs needed in the unit occupied by the homeowner.

C. Recoverable grants terms

Grant terms may require the homeowner to repay a portion or the entire grant at time of sale if the property is sold within three years of the date of the award and there are positive net proceeds from the sale.

D. Eligible uses of grant funding

The program can be used to fund interior or exterior repairs to a home necessary to maintain or improve homeowner health and safety. The priority uses for the program will be:

- Emergency repairs that address an immediate threat to health and safety
- Repairs that cannot be funded by other available home repair programs, including repairs that enable the homeowner to access free weatherization grants

OH staff will conduct an inspection of the home and must approve the scope of work.

E. Application process

OH will accept applications for home repair grants on a rolling basis. OH will assess a homeowner's eligibility for a home repair loan prior to considering a grant award. A grant may be approved if the homeowner is ineligible for a home repair loan from OH or if the cost of essential repairs exceeds the amount OH determines that the homeowner is qualified to borrow. Homeowners will immediately be considered for a grant if (1) the cost of repairs is less than \$3,000 or (2) the repair need must be addressed immediately due to health or safety concerns.

II. Rental Rehabilitation Loans

Rental rehabilitation loans are intended to improve the condition of low cost rental housing by providing owners with capital to make needed improvements without raising rents. Owners, who may include new owners acquiring housing, will agree to provide units at Affordable Rents for Low-Income tenants for a term determined by the amount of OH funding. The loans may be made with 2016 Housing Levy Rental Production & Preservation Program funds, to the extent authorized in the Levy A & F Plan currently in effect, and with federal CDBG funds.

A. Eligible properties and priorities

- Properties must have existing multifamily rental housing. A minimum of three units, or half of all units, whichever is more, must be designated as affordable units (see Income and Rent Restrictions).
- Properties must not be subject to existing income or rent restrictions, except through a tax exemption program.
- Properties may be located throughout the city, although OH may prioritize locations identified as high risk for displacement of low-income residents in its Notice of Fund Availability.
- Priority will be given to properties with units that have rents at or below Affordable Rents for households with incomes at or below 60% of Median Income, and to properties with such households in occupancy.

B. Income and rent restrictions

- In general, all units assisted with City funds shall be designated as affordable units, subject to both income and rent restrictions described below for the term of the loan. (CDBG funds may be used for work that includes units that may not serve Low-Income tenants, and those units may be subject to different affordability limits consistent with Chapter 2 and federal regulations.) OH may permit or require substitution of comparable units as affordable units. Owners must designate at least half the units in their property as affordable units.
- Affordable units must be rented to tenants with incomes at or below 60% of Median Income, at Affordable Rents, for the term of the loan. For affordable units that have rents at the time of application lower than Affordable Rents, rents may not be increased except as provided below.
- Units not designated as affordable shall not be subject to income restrictions. However, to prevent displacement of current Low-Income tenants, owners must agree to hold rents in all units occupied by Low-Income tenants at no more than their current rates (as of the time of loan application), with reasonable periodic increases limited by an index or a fixed percentage for so long as those tenants, or successor Low-Income tenants, occupy those units during the term of the loan. When Low-income tenants who are not in affordable units move out, the owner's criteria for new tenants may not exclude Low-Income tenants based on income if they can afford the prior Rent. To ensure that tenants are not intentionally displaced prior to application, owners must certify that rents have not been raised within the 6 months

immediately prior to application, with reasonable exceptions granted at the discretion of OH, for instance for a rent increase on unit turnover. If tenancies of Low-Income tenants were terminated, or not renewed, within the prior 6 months that may result in denial of an application. OH may request copies of leases or other documentation of past rents and changes in occupancy to verify this information.

- As affordable units turn over, owners must advertise broadly to provide access to a wide range of applicants, including underserved groups.
- If a property does not initially have all of its affordable units occupied by income-qualified tenants, OH may approve a loan on the condition that rent and income restrictions are extended by the amount of time it takes for all affordable units to be occupied by such tenants, provided there is a commitment from the owner that the required number of affordable units will be occupied by such tenants within a reasonable time period. Pending occupancy by an income-qualified tenant, covenant terms may exempt a unit from Affordable Rent limits, but limits based on rents at the time of application will apply if the Unit is occupied by a Low-Income household.

C. Loan and regulatory terms

- The maximum loan amount shall be \$20,000 or \$30,000 per affordable unit depending on the term of affordability agreed to by the Owner. The maximum total loan amount shall be \$1 million unless the Director determines that program resources are sufficient to justify a higher amount.
- OH may require owner financial participation for projects that require more work than can be covered by the City loan amount or work not fairly allocable to affordable units, for properties with outstanding code violations, and in other circumstances where City funding of all costs is not approved.
- The term of affordability shall be determined by the actual loan amount per affordable unit in the project, as follows:

Loan Amount per Affordable Unit	Affordability Term / Maturity
Up to \$20,000	10 years
\$20,001 to \$30,000	15 years

For example, an owner with a 7-unit building providing the minimum of 4 affordable units for 10 years could borrow a maximum of \$80,000. If an owner wished to borrow more, he/she could either provide more than 4 units as affordable, or agree to a longer term of affordability (e.g., 5 units for 10 years yields up to \$100,000, or 4 units for 15 years yields up to \$120,000).

- Loan disbursements shall be made for eligible uses of funds only.

- Interest shall generally be 3% simple interest. For non-amortizing loans, as an incentive to participation and affordability, the loan terms may reduce or eliminate the interest payable over a specified period or at the end of the loan term if the property remains in compliance with all loan and regulatory terms.
- Payments shall generally be based on amortization over 30 years, and the loan will require a balloon payment at maturity. As an incentive to participation and affordability, and based on analysis of projected property cash flow, OH may also provide borrowers with the option to defer payments until the maturity date, provided OH is satisfied that the property will have sufficient value in excess of senior liens to protect the City and/or owner has the financial capacity to make the balloon payment at maturity.
- Loans may be made on a non-recourse basis if there is sufficient owner equity, but the Director may require the owner and/or a guarantor to assume liability. The owner shall grant a deed of trust and covenant that runs with the land. The City may subordinate its interests to another loan or loans, subject to OH review and approval of senior loan documents.
- OH may approve an extension of the loan and affordability term if the project remains in compliance, if requested by the owner.
- Loan terms may provide the owners with the option to prepay the loan and obtain a release of the covenant, subject to terms established by the Director, which may include a prepayment premium and provisions for protection of then existing Low-Income tenants.
- Projects that would permanently displace tenants generally will not be funded. Provisions for the relocation of tenants must accompany any scope of work that will temporarily displace tenants; such assistance is not eligible for Program funding. Work that would cause Very Low-Income tenants to be displaced within the meaning of SMC Ch. 21.210 generally will not be funded unless the owner contributes funding to the project that at least offsets any relocation assistance payments owed by the City.
- To the maximum extent feasible, affordable units should be distributed throughout the property and include a mix of unit sizes (such as number of bedrooms) comparable to the overall property.
- Additional loan terms may be established in the NOFA.

D. Eligible uses

The scope of rehabilitation must, at a minimum, address any health and safety issues and any code violations. OH may augment the rehabilitation loan with a HomeWise weatherization grant to pay for eligible energy efficiency improvements. Eligible uses of loan funds include, but are not limited to, the following:

- Rehabilitation work, including energy efficiency improvements, accessibility improvements, and abatement of hazardous materials
- Architectural/engineering fees
- Environmental/hazardous materials assessment
- Permit fees

- Lender required builders risk insurance
- Refinancing existing debt, provided that such activity is in concert with actual rehabilitation work
- Financing costs, including title insurance, escrow fees, recording fees and loan fees

E. Project selection

Funding under the Program shall be advertised through a periodic Notice of Fund Availability (NOFA). Application requirements and selection criteria will be specified in the NOFA and generally will include the necessity of the proposed rehabilitation, the extent of benefits to the building tenants, and the credit-worthiness of the applicant.

III. HomeWise Weatherization Services

The HomeWise program provides funding and project management services in support of residential energy efficiency upgrades. The program actively supports preservation of existing affordable housing and reduces costs for both income-qualified homeowners and affordable rental housing residents and owners.

Single-family homes and multi-family apartment buildings with income-qualified residents may receive weatherization services. Income limits vary by fund source, with most funds available for residences occupied by households with incomes at or below 60% of the state median income as published by the State of Washington based on data from the U.S. Department of Health and Human Services, or at or below 80% of Median Income as defined in Chapter 10, adjusted for household size. OH shall publish income limits in HomeWise application materials and on OH's website. HomeWise serves eligible oil and gas heated homes located in Seattle, and eligible electrically heated homes in Seattle and elsewhere in the Seattle City Light service territory.

Policies governing HomeWise weatherization services are specified in individual grant agreements between the City and the entity providing funds, including Seattle City Light and Washington State. OH receives multiple grants from the State Department of Commerce, which are subject to rules and regulations contained in the State's Weatherization Manual, including but not limited to income eligibility restrictions, project prioritization criteria, technical certifications, and restrictions on permissible weatherization, health and safety, and repair measures.

7. HOUSING DEVELOPMENT ON PUBLICLY OWNED SITES

Publicly owned sites provide an opportunity for affordable rental and ownership housing development, including affordable housing combined with other public facilities and amenities. When a suitable site that is owned by the City or another public agency has been designated for affordable housing development, OH may follow the policies in this chapter to competitively select an affordable housing developer and award OH funding, in lieu of awarding funding from the Rental Housing or Homeownership program through an annual NOFA process.

The objectives for these developments include:

- Utilize well-located publicly owned properties for affordable rental or ownership housing, particularly properties located near transit station areas and high capacity transit service.
- Co-locate affordable housing, when feasible, with facilities providing community and public services, such as community centers, providing convenient access for low-income families, seniors, and people with disabilities.
- Achieve cost-savings for affordable housing development through favorable purchase terms, and efficient funding and disposition processes.
- Align housing funding processes with other broad City priorities and local community needs.

FUNDING POLICIES

OH may award funding from the Rental Housing Program for a rental housing development, or the Homeownership Program for homeownership development, for a site specific development opportunity that utilizes publicly owned property. The following policies shall apply:

A. Competitive process

Funds shall be awarded through an open, competitive process such as a Request for Proposals (RFP). In addition, OH may utilize a Request for Interest (RFI) or Request for Qualifications (RFQ) process prior to an RFP to help generate interest in a property and/or define the field of interested or qualified applicants.

B. Funding amounts

OH may publish an “up to” funding amount that provides sufficient resources to achieve program goals for affordability and overall production, while encouraging competition based on cost effectiveness.

C. Coordination with other public agencies

When allocating City funds for development on a site owned by another public agency, OH will coordinate with partner agencies to release a joint RFP or coordinated RFPs that award site control and

funding, incorporating City housing goals, policies and priorities into the selection process.

D. Evaluation criteria

Evaluation criteria shall be published in offering documents, and shall include factors such as conceptual soundness, financial feasibility, organizational capacity, and ability to advance affordability goals. OH may allow for consideration of other public benefits in addition to affordability as part of the evaluation process provided that OH funds are limited to eligible housing uses, and promotion of such non-housing goals is not at the expense of achieving affordable housing goals for the project.

E. Review panel

Proposals shall be evaluated by a review panel that includes OH staff, and may also include other City staff, partner agency staff, and other technical advisors as deemed appropriate by the Director for the development site.

F. Decision-making

Funding decisions shall be made by the Director based on his or her judgment of the strengths of each proposal in meeting the published goals, priorities and evaluation criteria specified in offering documents.

G. Applicable funding policies

Rental Housing Program and Homeownership Program policies shall apply to funds awarded through a site-specific RFP process, except where those policies conflict with policies stated in this section. General policies for capital funding in Chapter 9 apply under this Chapter.

H. Community relations

Winning applicants shall comply with the Community Relations Policy in Chapter 9 below, except that neighborhood notification shall begin upon award of OH funding, rather than prior to application for funding.

I. Pre-development funding

OH may pay for pre-development expenses such as surveys, environmental reports, appraisals, and other costs. Such funding may be expended directly by OH, either prior to or following selection of the project developer, or may be provided to the project developer through a loan, once a developer has been selected.

8. INVESTMENT LOCATIONS AND OTHER REPORTING

On an annual basis, OH shall provide a report to City Council on affordable housing produced under the City's land use code programs: Seattle's Incentive Zoning Program and Mandatory Housing Affordability Program (MHA) Program. The report is due on March 31. The report shall include, by program:

- The share of projects that selected performance, off-site development, or payment options
- Total dollar amount of contributions pledged, collected, committed to affordable housing projects in last year
- The total number of units at each relevant affordability level in projects receiving commitments of payment funds
- The average number of years that each payment contribution dollar was held by the City before committing those dollars to a project.

Under MHA, the Office of Housing may receive cash contributions when an applicant elects the payment option to comply with SMC 23.58B and 23.58C. OH awards the cash contributions derived from MHA to housing development projects consistent with MHA requirements and Rental Housing and Homeownership program policies to the extent not inconsistent with legal requirements applicable to MHA.

Per SMC 23.58C.040.B3, for purposes of determining the location for use of MHA payments, the City shall consider the extent to which the housing supported by MHA payments advances the following factors:

- a. Affirmatively furthering fair housing choice
- b. Locating within an urban center or urban village;
- c. Locating in proximity to frequent bus service or current or planned light rail or streetcar stops;
- d. Furthering City policies to promote economic opportunity and community development and addressing the needs of communities vulnerable to displacement and;
- e. locating near developments that generate cash contributions.

In addition, the OH report to City Council shall show how the location of affordable housing funded by OH advances the factors set forth in SMC 23.58C.040.B3. This shall include:

- A list of OH funded affordable rental and ownership projects;
- A map or maps of such projects relative to:
 - Access to opportunity
 - Displacement risk;
 - Transit access; and
 - Urban village and urban center boundaries.

In addition, the report shall tally OH investments into the following urban centers and groupings of urban villages (investments outside urban center and urban village boundaries shall be grouped with the nearest urban center or village):

- Downtown
- South Lake Union
- First Hill/Capitol Hill
- Northgate
- University District
- Uptown & Upper Queen Anne
- West Seattle Junction; Admiral; Morgan Junction; Westwood-Highland Park; South Park
- Mt. Baker; North Beacon Hill; Columbia City; Othello; Rainier Beach
- 23rd & Union-Jackson; Madison-Miller; Eastlake;
- Wallingford; Fremont; Roosevelt; Green Lake;
- Crown Hill; Ballard; Greenwood-Phinney Ridge;
- Lake City; Bitter Lake Village; Aurora-Licton Springs

The Report shall indicate the total amount of MHA payments generated from multifamily and/or commercial development in each geographic area listed above.

A geographic area listed above shall be identified as a priority area in OH's Notice of Funds Availability (NOFA) if either: (1) At least \$4 million in MHA payments is generated from multifamily and/or commercial development in the geographic area and OH has made no investment in affordable housing projects in that geographic area, or (2) OH has made an investment in the area, but there remains a significant imbalance between the amount of MHA payments generated from multifamily and/or commercial development in the geographic area and the amount OH has invested in affordable housing projects in that geographic area.

9. GENERAL POLICIES FOR CAPITAL FUNDING

The following policies apply to all OH-funded affordable rental and homeownership projects except to the extent otherwise provided in these Policies, where otherwise required for use of a fund source, or where a more limited class of projects is identified below, but do not apply to projects involving only weatherization and home repair.

I. Development Siting Policy

The Development Siting Policy is intended to promote development and preservation of housing for Seattle's lowest-income and most vulnerable populations throughout the city, including in our most amenity-rich neighborhoods in terms of transit, schools, parks, retail and other services. The policy supports City efforts to affirmatively further fair housing for extremely low income people who have disabilities and other significant barriers to housing.

A. General policy

For any proposed project not previously funded by the City, the proposed number of subsidized rental housing units for Extremely Low-Income households must not exceed the capacity for additional subsidized rental housing units for Extremely Low-Income households in the Census block group where the proposed project will be located, except as otherwise specified below. Capacity for additional subsidized rental housing units for Extremely Low-Income households is defined as:

- Twenty percent of the sum of: the total number of housing units in the Census block group (according to the latest data available from the Department of Construction and Inspections, "SCDI"),-calculated based on Decennial Census data plus net new residential units), the total number of rental housing units in the proposed project, and any new rental housing units funded by OH but not yet captured in SCDI's data;
- Less the number of existing subsidized rental housing units for Extremely Low-Income households in the Census block group according to the latest data available from OH. Existing subsidized rental housing units are units in projects with capital subsidies from public agencies (City-funded projects and non-City funded projects as reported periodically by county, state and federal agencies, including units that are funded by OH but not yet constructed or occupied).

This policy does not apply to proposed housing developments in the Yesler Terrace Replacement Housing, or located within the Downtown, Uptown and South Lake Union Urban Centers because of the special nature of these Urban Centers as high priority areas for affordable housing investment. It does not apply to proposed replacement housing developments or other housing that must be developed in a designated geographic area to meet community benefit requirements of a Major Institutions Master Plan.

B. Alternative conditions

A project may exceed capacity, as defined above, if the Director finds that one or more of the following conditions are met:

- Additional market-rate housing development is planned in the Census block group, and the proposed project would not result in more than 20% of total housing units in the block group being subsidized rental housing for Extremely Low-Income households, based on an adjusted estimate of total housing units that includes units for which building permits have been issued (based on the Department of Planning & Development's latest report of building permit data) or other such documentation as deemed appropriate by OH.
- Natural or manmade barriers (e.g. a bluff, waterway, or freeway) physically separate the proposed project from existing concentrations of subsidized rental housing for Extremely Low-Income households.

C. Siting Determination

A project sponsor may request a determination of available capacity under this policy ("Siting Determination") if the sponsor does not have a current Siting Determination for a project at a different location for which the sponsor has not submitted an application for funding. The request must specify a project location, a maximum number of rental housing units for Extremely Low-Income households and, if applicable, a minimum number of other proposed housing units. The Siting Determination shall be in effect for up to one year, during which time any request for a certification of the project's consistency with these Policies and any application to OH for funding may rely on the determination, provided that the parameters of the proposed project remain consistent with the project description at the time of the determination, even if the number of housing units or other Extremely Low-Income units in the Census Block Group has changed. A sponsor may withdraw a Siting Determination prior to its expiration and request a determination for a new or revised project proposal.

In accordance with the Fair Housing Act and other applicable laws, the Director may make reasonable accommodations specific to the Development Siting Policy when such accommodations may be necessary to afford people with disabilities equal opportunity to use and enjoy a dwelling.

II. Community Relations

The City of Seattle supports affordable housing production and preservation in neighborhoods throughout the city. The Community Relations policy requires organizations seeking OH funding for a housing development to give local community members opportunities to learn about the project and to provide input prior to an application for OH funding, and to maintain communication during development and operations. The policy applies to all rental housing projects and to homeownership developments with four or more for-sale homes. It applies to applications for permanent and bridge

financing for new construction, acquisition/rehabilitation and renovation of an existing building, regardless of whether there is a change in ownership.

A. Objectives

A successful community relations effort leads to open, ongoing communication between developers and neighbors. This requires cooperation by developers, the City, and neighborhood residents. A positive, open relationship between housing developers and neighbors can prevent misunderstandings, facilitate prompt resolution of any inadvertent misunderstandings, and provide a fair, thoughtful, dependable means of ironing out differences.

The notification, outreach and other community relations requirements are intended to give neighbors and community members an opportunity to communicate any concerns about design, construction, operation and management of a project and to work collaboratively with housing developers and/or residents to identify ways to address those concerns. The City supports affordable housing projects that will preserve and enhance the strengths of Seattle's neighborhoods. Housing developers and neighbors should keep OH informed of any issues or concerns throughout the development and operation of the project.

It is the policy of The City of Seattle that OH funding of affordable housing not be refused solely on the basis of concerns expressed by neighbors and other community members. The City supports and is committed to promoting diversity in Seattle neighborhoods. Consistent with local, state and federal law, housing may not be excluded from a neighborhood based on any of the following characteristics of the persons who will live there: age, ancestry, color, creed, disability, gender identity, marital status, honorably discharged veteran or military status, national origin, parental status, political ideology, race, religion, sex, sexual orientation, possession or use of a Section 8 voucher, or use of a service animal by a disabled person.

B. Notification and community relations requirements

The steps outlined below describe minimum notification and community relations requirements. Applicants should tailor community relations efforts to best serve each individual project and neighborhood. OH may make exceptions to these requirements due to the unique circumstances of a proposed project (e.g., housing for victims of domestic violence with confidential location).

1. Prior to releasing purchase and sale agreement contingencies:

- Consultation with OH: OH will help identify developers of other affordable housing in the neighborhood(s) being considered and suggest neighborhood organizations to contact. A list of suggested organizations will be available from OH, which will include both neighborhood-based organizations and other community groups who may be interested in the project.
- Contacts with other affordable housing owners. Housing owners in or near the neighborhood can provide information about a neighborhood's historical and current housing- and development-related concerns.

2. Prior to submitting a funding application:

- **Neighborhood notification:** Notify neighbors (including all residential and commercial property owners, and tenants as feasible) within at least 500 feet of the site using a written notice, letter or flyer (“notification letter”). Include basic information about the sponsor organization and proposed project (e.g., estimated schedule, contact person, and neighborhood organizations that have also been notified about the project). The neighborhood notification letter must be sent within one year before the application is submitted.
- **Community organization outreach:** Identify and contact neighborhood and community organizations to provide updated information about the project, including final site selection, schedule, and proposal for ongoing communication with the neighborhood.

3. Included in the application for funding:

- **Documentation of notification and outreach:** The application for funding must include a copy of the neighborhood notification letter and a list of recipients, and a list of community organizations contacted along with any supporting documentation.
- **Community Relations Plan:** Every application must include a Community Relations Plan consistent with OH’s published application guideline. The plan must include completed and planned future activities for maintaining ongoing communication with immediate neighbors and neighborhood and community organizations throughout the project’s pre-development, design and construction, and operation phases. The plan must provide a description of strategies to be used to achieve inclusive community engagement, and highlight any strategies for engaging historically underrepresented communities, including communities of color and communities for which English is a second language. The community relations plan may include presentations at regularly scheduled neighborhood organization meetings, invitation to a meeting hosted by the housing developer, formation of an advisory committee, and/or regular project updates in neighborhood organization publications or posted at local libraries, community centers, etc.

Information the housing developer should provide at meetings includes the following, to the extent that it does not compromise the safety, confidentiality, or well-being of the residents:

- Project design and intended resident population, and planned supportive services for residents if applicable
- Estimated schedule for construction and completion
- Experience of the applicant in developing and operating other affordable housing projects.
- Opportunities to provide input on the project.

- Mechanisms for ongoing communication once the housing is operational.

4. Communication during construction and after opening:

During development and, for rental housing developments, once the housing is operational, applicants must implement the Community Relations Plan and maintain communication with neighborhood organizations and neighboring residents and businesses. This may include updates on any changes to design or construction timing and invitations to any project open houses or other events. The owner should also keep OH apprised of any issues related to the building, promptly address emerging issues, and share stories of success during the operation of the building.

III. Relocation, Displacement, and Real Property Acquisition

Development of affordable rental and homeownership housing, and acquisition of property for such development, should minimize displacement of households. Any temporary relocation or permanent displacement of households must comply with all applicable provisions of law and fund source requirements, including without limitation the following, as applicable: (a) Seattle Municipal Code 20.84–Relocation Assistance; (b) the City’s Just Cause Eviction Ordinance; and (c) for projects using federal funds, the federal Uniform Relocation Act (URA), section 104(d) of the Housing and Community Development Act of 1974, the City’s Residential Anti-displacement and Relocation Assistance Plan (RARAP), and any other relocation regulations and handbooks applicable to the particular funding program. This policy does not apply to acquisition of owner-occupied or vacant homes by homebuyers using Homeownership Program assistance, unless required by applicable laws or regulations.

These policies, laws and regulations contain, among other requirements, different timelines under which households must be given various notices and provided financial assistance under certain circumstances. Consultation with OH staff prior to submission of applications for funding is required for any applicant whose project will involve acquisition, demolition, rehabilitation, or temporary or permanent relocation activities. In order to reduce the risk of impairing eligibility for funding, applicants should not take any action regarding these activities prior to consultation with OH staff. Applicants are responsible for assuring and documenting compliance.

IV. Affirmative Marketing

Owners are required to affirmatively market vacant units. Sponsors must use marketing methods designed to reach persons from all segments of the community, including minorities, persons of color and persons with disabilities. In addition, owners of rental housing projects are strongly encouraged to inform providers of emergency shelters and transitional housing about their projects and to promote access to households ready to move into permanent housing. Owners will be required to maintain records of their affirmative marketing efforts and to report annually to OH on those efforts.

V. Fair Contracting Practices, WMBE Utilization, and Section 3

Sponsors must comply with the City's Fair Contracting Practices Ordinance. Sponsors and their general contractors shall be encouraged to take actions, consistent with that ordinance, which would increase opportunities for women and minority business enterprises (WMBE). A combined WMBE aspirational goal of 14% of the total construction and other contracted services contracts shall apply for all affordable rental housing capital projects funded by OH. OH shall encourage additional efforts to increase WMBE participation including mentoring programs and participation in apprenticeship and other training opportunities.

In addition, projects that are awarded federal funds must comply with applicable regulations under Section 3 of the Housing and Urban Development Act of 1968, as amended, which is intended to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing federal, state and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns that provide opportunities to low-income persons. Borrowers and their contractors on projects covered under Section 3 regulations must develop a Section 3 plan stating numerical goals for contracting and hiring that meet federal targets as well as a description of the efforts they will make to achieve these goals. OH will provide connections to agencies serving Section 3 businesses and workers to assist in these efforts.

10. DEFINITIONS

In the Housing Levy Administrative & Financial Plan and Housing Funding Policies, the following terms, when capitalized, shall have the following meanings unless the context otherwise clearly suggests a different meaning:

"Affiliated Entity" of a person means any organization that, directly or indirectly, is controlling, controlled by, or under common control with, that person. In this definition, "organization" includes, without limitation, any type of legal entity and any partnership, joint venture, unincorporated association, or sole proprietorship; "person" includes any natural person or organization.

"Affordable Rent" for Low-Income tenants means annual Rent not exceeding 30% of 80% of Median Income; Affordable Rent for tenants with income not exceeding 60% of Median Income means annual Rent not exceeding 30% of 60% of Median Income; Affordable Rent for Very Low-Income tenants means an annual Rent not exceeding 30% of 50% of Median Income; and Affordable Rent for Extremely Low-Income tenants means annual Rent not exceeding 30% of 30% of Median Income.

"Director" means the Director of the Seattle Office of Housing.

"Extremely Low-Income" means Income not exceeding 30% of Median Income.

"First-Time Homebuyer" is defined in Chapter 4, section 1.B.

"Initial Purchase Price" is defined in Chapter 4, section 1.B

"Low-Income" means Income not exceeding 80% of Median Income.

"Median Income" means annual median family income for the Seattle-Bellevue, WA HUD Metro FMR Area, as published from time to time by the U.S. Department of Housing and Urban Development (HUD) for the Section 8 or successor program, with adjustments according to household size in a manner determined by the Director, which adjustments shall be based upon a method used by HUD, and which adjustments for purposes of determining affordability shall be based on the presumed size of household considered to correspond to the size of the housing unit: for rental housing, one (1) person for studio units and one and a half (1.5) persons per bedroom for other units; for ownership housing, as stated in Chapter 4, Section I.D for Resale Restricted Homes.

"Program Income" means funds received by the City as payments on or with respect to a loan, or recovery from loan collateral, and may include interest and share of appreciation, as required under the terms of the loan.

"Rent" means all amounts charged to tenants for the use or occupancy of the housing unit (whether or not denominated as rent or constituting rent under state law), plus a utility allowance for heat, gas, electricity, water, sewer, and refuse collection to the extent such items are not paid by the owner.

“Resale Restricted Home” is defined in Chapter 4, section 1.D.

“Site Acquisition” includes the acquisition of interests in land or in improvements to land, or both, and may include repayment of fund sources initially used for acquisition.

“Siting Determination” is defined in Chapter 9, section I.C.

“Very Low-Income” means Income not exceeding 50% of Median Income.

“Yesler Terrace Cooperative Agreement” means Exhibit A to C.B. 117536 as approved by the City Council on September 4, 2012, as it may be amended.

“Yesler Terrace Redevelopment Area” is as defined in Exhibit A to C.B. 117536 as approved by the City Council on September 4, 2012.

“Yesler Terrace Relocation Plan” is as defined in Exhibit A to C.B. 117536 as approved by the City Council on September 4, 2012, as it may be amended.

“Yesler Terrace Replacement Housing” means one or more of the first 561 housing units constructed or rehabilitated in the Yesler Terrace Redevelopment Area that are restricted to occupancy solely by residents who must relocate due to demolition and construction or households with incomes no higher than 30 percent of Median Income, and that satisfy the additional requirements of the Yesler Terrace Cooperative Agreement.

The Director may adopt further refinements or interpretations of the above definitions, consistent with the intent of the ordinance adopting these Policies.



PATHWAYS HOME

Seattle's Person-Centered Plan to
Support People Experiencing Homelessness

The vision of the City of Seattle is that all members of our community are able to benefit from the advantages of our thriving economy. We must always strive for our success to be equitable and are therefore measured by the how we care for our most vulnerable residents, including people who are experiencing homelessness. Homelessness should be rare, brief and a one-time occurrence.

rev September 27, 2016

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Executive Summary

Introduction

The City of Seattle invests over \$50 million in services that provide prevention, intervention, and permanent housing for individuals and families experiencing homelessness. Despite these investments, at least 4,505 men, women, and children in King County were without shelter during the One Night Count in January 2016, which is a 19% increase over 2015 and a 40% total increase over 2014. Approximately 75% of those unsheltered individuals reside in the City of Seattle. At the same time, our city is experiencing unprecedented economic prosperity resulting in two very different experiences of living in Seattle. The City of Seattle envisions that every resident benefit from the prosperity and growth of our city and its economy. Our success as a city must be defined by how we care for our most vulnerable residents.

The current crisis is a result of complex social and economic factors at a federal, regional and local level, but is also due to process and system inefficiencies. Rather than investing in a comprehensive continuum of services, investments have been made very haphazardly, without true strategic direction. HSD has not routinely engaged in a competitive funding process for homeless investments in more than a decade. During that time, homeless investments have been made based upon legacy funding, program advocacy, and designated budget adds. Pilot projects are not evaluated and often result in ongoing funding regardless of their efficacy. While individual providers may be highly successful, the lack of systemic cohesion has resulted in a system that is not designed to work efficiently to exit people out of homelessness.

Seattle has historically been a frontrunner in the implementation of innovative homeless housing programs, including the adoption of Housing First principles, and still has many examples of nationally recognized programs and providers. However, in recent years, other communities have experienced significantly greater progress towards addressing the crisis of homelessness. In comparing these more effective cities to Seattle, it is clear that the focus on the development of a comprehensive system, rather than exemplary individual programs, is critical to successfully reducing homelessness. Seattle is at a critical juncture, where we have a comprehensive understanding of our system function and clear guidance in ways to dramatically increase its efficacy. Now is the time to demonstrate our commitment to better serving those experiencing homelessness and provide meaningful access to the necessary services to ensure that homelessness is rare, brief and one-time.

Context

Addressing homelessness has been a central tenant of Mayor Murray's administration since taking office in 2014. Focusing simultaneously on the immediate needs of those experiencing homelessness and the long-term strategy and resources necessary to create impactful change, Mayor Murray has outlined a three-pronged strategy for approaching the crisis of homelessness in our community:

1. Emergency Task Force on Unsheltered Homelessness & Declaration of a State of Emergency (SOE) - Address the immediate needs of the unsheltered through quickly implementable solutions requiring non-budgetary policy changes or one-time budget-impact strategies.
2. Housing Affordability and Livability Agenda (HALA) - Address the growing pressure to create more permanent, affordable housing options across the income spectrum in Seattle, including housing for homeless or formerly homeless people.
3. Assessment of City's existing investments in homeless services - Address long-term system issues through evaluating Human Services Department (HSD) investments in homeless services and interventions with recommendations on better aligning our efforts with local and national best practices.

The Homeless Policy Framework (HPF) is the City's response and implementation plan to the assessment of existing investments in homelessness. In September 2014, Seattle Mayor Ed Murray tasked HSD to conduct an evaluation of the City's investments in homeless services, compare those investments with nationally recognized best practices, and identify ways to better meet the needs of people experiencing homelessness in our communities. HSD released the Homelessness Investment Analysis in March 2015, which clearly showed that our current investments are disjointed, with a heavy focus on basic intervention services, such as shelters and hygiene centers focused on immediate crisis, rather than a cohesive and comprehensive continuum of strategies designed to end people's homelessness. The Homeless Investment Analysis identified the necessity to develop a Homeless Policy Framework in order to ensure future investments align with and supports the regional All Home Strategic Plan, the provisions of the federal HEARTH Act, and evidence-based best practices.

The City of Seattle engaged with two nationally recognized consultant firms – Focus Strategies and Barbara Poppe and Associates – to support the development of the Homeless Policy Framework. Through a partnership with All Home, the City, King County DCHS, and the United Way, engaged Focus Strategies to conduct an assessment of the current performance and efficiency of the Seattle/King County Continuum of Care, utilizing the System Wide Analytics and Projections (SWAP) suite of tools. The SWAP analyzed the Seattle/King County system performance at a project-by-project level utilizing client data, point-in-time count, and program budgets. The analysis also models the potential effects of the recommended programmatic and investment changes on the size of the community's homeless population over a five-year period. In addition to the SWAP analysis, the City of Seattle also engaged Barbara Poppe and Associates to provide the City with specific recommendations on ways to operationalize system improvement efforts. Barbara Poppe and Focus Strategies worked closely together through the process to ensure alignment between their recommendations.

Homeless System Analysis

The Seattle Human Services Department developed the Pathways Home Initiative in response to the findings and recommendations from Focus Strategies and Barbara Poppe and Associates. The analyses and recommendations provide a comprehensive understanding of our homelessness system. They lay a

framework that the City must implement in order to reduce unsheltered homelessness and increase the speed and efficiency in which people move from homelessness to permanent housing. These goals can be accomplished by:

1. Expanding funding for program approaches that are most effective at exiting people from homelessness such as diversion, rapid re-housing and permanent supportive housing.
2. Prioritizing shelter and housing access for people living unsheltered and people who have the longest histories of homelessness.
3. Orienting all aspects of the homeless response system towards exits to permanent housing.
4. Working together urgently and boldly to implement meaningful solutions.

Each of these recommendations includes many actions, which represent a critical element of Seattle's ability to implement system improvements and move us closer to the goal of housing as many people experiencing homelessness as quickly as is possible.

Investment Principles

The vision of the City of Seattle is that all persons, regardless of their housing status, are members of this community and deserve access to the best possible intervention to help them exit homelessness. In order to ensure that the City of Seattle is investing in programs that have the best possible outcomes, the Human Services Department (HSD) has adopted the following investment priorities and principles:

Create a Person-Centered Response to Homelessness

The City of Seattle must develop and invest in a comprehensive and integrated system of interventions that form a person-centered crisis response system. A systemic response to homelessness involves more than having quality individual programs available. Those programs must be accessible, coordinated, and achieving results. A person-centered approach responds to the unique needs of each family and individual based on a brief assessment of their needs, strengths and vulnerabilities. Once assessed, people are matched to the appropriate housing resource. Customized services must fit an individual's needs rather than following strict programmatic guidelines. As a funder, HSD intends to provide increased latitude and flexibility in funding to ensure customized services are not in conflict with compliance requirements. Individualized services must be altered to fit the participant's needs rather than being refused for not being an appropriate referral. Services should also consider a participant's culture, as homelessness often looks very different in diverse cultures.

Invest in Models with Demonstrated Success

Moving forward, all funding for homeless investments will be awarded on a competitive basis for programs which meet critical needs and can demonstrate that the program contributes to reducing

homelessness by assisting program participants in obtaining or maintaining stable permanent housing. Only by concentrating investments on programs with a relentless focus on permanent housing can our system obtain enough throughput to adequately begin to address our large unsheltered population. All adult and family programs must focus on program exits to permanent housing. Programs focused on youth and young adults must demonstrate housing stability outcomes, as youth many not be developmentally prepared for permanent housing options. HSD must reallocate funds to new projects whenever reallocation would improve outcomes and reduce homelessness.

Address Racial Disparities

People of color continue to be overrepresented in the homeless service system, and the City and HSD must continue to work to eliminate institutional policies and practices that perpetuate these disproportional numbers. As a City dedicated to racial equity and social justice, we cannot ignore the fact that people of color make up only about a third of the U.S. population yet they comprise just over half of all sheltered people experiencing homelessness. In 2015, 80-90% of the people served in our family homeless programs were persons of color, in a city where less than 34% of our population are people of color. Because homelessness so disproportionately impacts persons of color, it is essential to use a racial equity lens when examining any programming and investments in this area.

Priority Actions

Commitment to Families Living Unsheltered

Currently there are over 500 families on the Coordinated Entry waitlist who are living unsheltered. The vision of Coordinated Entry is to provide families with quick centralized access to shelter and housing. However, barriers to program entry and system inefficiencies cause families to experience very long wait times. Living unsheltered with young children creates a serious health and safety risk with potentially lifelong negative consequences. The City of Seattle is making a commitment that no family should be unsheltered.

Expanding 24-Hour Shelter Options

During the 2016 One Night Count in January, 2,942 people were counted living unsheltered in the City of Seattle. At the same time, the SWAP analysis indicates that we have unutilized shelter capacity. People who are choosing to live outdoors rather than in shelter very clearly state that there are significant barriers to coming indoors for some people. In order to bring people inside and connect them with appropriate housing interventions, shelter must be perceived as a preferable option to living outdoors. By embracing a housing first, low barrier, service-oriented shelter model, the City is committed to making shelter accessible and moving away from survival only shelter models to comprehensive shelters that focused on ending a person's homelessness.

Actively Problem Solving Wait Lists

Coordinated Entry for All is an essential element to a fully functioning integrated response to homelessness. However, developing prioritized Coordinated Entry waitlists is not sufficient to move people quickly into housing. Currently, our system has thousands of people experiencing homelessness living outdoors or in shelter waiting to access an appropriate housing intervention. The process needs to transition from one focused on matching people to programs to one that adapts programs to match people. Learning from communities that have made substantial progress in reducing their waitlists, as well as our community's work on Veteran's Homelessness, the development of "By Name List" (BNL) procedures has been shown to be an essential tool to help with managing the lists and reducing wait times. By Name Lists allow providers and funders to work together to actively problem solve the lists developed by Coordinated Entry. They do not circumvent Coordinated Entry; but rather use the coordinated entry process and enhance it by overlaying case staffing. It creates accountability between providers, and to the funder, but most importantly to the people experiencing homelessness. HSD is committed to developing By Name List processes for the Family Impact Team, Youth and Young Adults, Long-term Shelter Stayers and People Living Unsheltered.

Connecting People to Services

Outreach is a critical component to connecting people who are living outdoors to services and housing interventions. While HSD funds multiple outreach providers who individually do good work, there is no coordinated system of outreach to ensure adequate placement and coverage. Some areas may receive multiple contacts in a week and others none. Outreach must also become a gateway to housing interventions. Outreach will always include other components such as survival supports, medical interventions, mental health and substance abuse, but outreach must be the entrance to our homeless response system, actively working to get people indoors either into shelter or into permanent housing placements.

Making Rental Units Accessible

There is no doubt that Seattle is in the midst of an affordable housing crisis. Nothing in the recommendations or this plan denies that. Rather, Focus Strategies and Barbara Poppe both focus on the need to increase access to any and all available affordable and private market housing stock and to identify creative housing solutions so that homelessness can be reduced in spite of our housing market. Rapid re-housing and rental voucher programs can only place people into housing if the housing stock is available to rent. Currently, people with these supports are often faced with challenging and difficult housing searches, complicated by rental restrictions and barriers to entry such as credit and background checks. It can take months for people on the verge of permanent housing placement to successfully locate a rental unit to make use of their subsidy. The City of Seattle is committed to supporting the development of a Housing Resource Center to increase access to rental units.

Ensuring Good Government and Performance

The City of Seattle and HSD also has had a significant role to play in the current state of our homeless response system. The lack of clarity, strategy and formal investment process is a contributing factor to the disjointed patchwork collection of programs. Routine competitive funding processes have not happened in over a decade, resulting in legacy funding with little change to accommodate new directions or models. That type of environment does not encourage innovation. In order to develop a person-centered homeless response system, investments must be made strategically, based on data and grounded in best practices. HSD commits to conducting routine competitive funding processes and engage in performance based contracting.

Timeline

Reforming a system as complex and fractured as the current homeless response system is a multifaceted task and must be undertaken in a thoughtful and meaningful way. Now it is time to begin taking action to plan and implement change. Not everything will be accomplished at once, so decisions have been made regarding the elements to prioritize. Over the next two years, continued planning and engagement will occur regarding the best way to operationalize the commitments and priorities contained within this framework. Some priorities and actions the City of Seattle intends to undertake immediately with the remainder being implemented over the next two years. All of these actions lie within a larger implementation plan that the City has agreed to with King County, All Home, and the United Way for those areas where there is joint responsibility for system reform.

Community Vision

The City of Seattle is one of the most prosperous and innovative cities in the country. However, in spite of that prosperity, Seattle is in the midst of a crisis of homelessness. There has been a lot of attention in recent months to those living on our streets, camping under the freeway, and living in their automobiles or RVs. Those discussions have often neglected to acknowledge that people living in those conditions are our neighbors and residents of the City of Seattle. Like all residents, people experiencing homelessness deserve to be honored for their humanity and served in the best and most efficient means possible. The City of Seattle envisions that every resident benefit from the prosperity and growth of our city and its economy. Our success as a city must be defined by how we care for our most vulnerable residents.

"The U.S. Interagency Council on Homelessness has looked at how Seattle spends its money. For years, they have urged us to adopt an approach that is person-centered, uses data to invest in what works, and is aligned with our federal partners. But our City has been unable for decades to gather the political courage to make this shift."

--Mayor Ed Murray

In order to best serve and support people experiencing homelessness, we must make some difficult decisions and adjustments. We can no longer continue to do what we have always done. Seattle's response to homelessness has grown organically over time. The result is an extensive collection of individual programs without the coordination and integration necessary to function as a system focused on ending someone's experience of homelessness. Seattle is a city of innovation, and we must embrace the spirit of change, create greater efficiencies, strengthen programs that are working, and discontinue our support for programs that have proven to be ineffective at ending homelessness. We have consulted with some of our nation's leading experts, have the best understanding of how our system is working that we have ever had, learned from cities that have successfully made a difference in their communities, and now we know what we must do. It is time to stop studying and begin acting. We must have the political courage to make those difficult choices, keeping the best interest of those we serve at the heart of all decisions. Our neighbors experiencing homelessness deserve for our community to do better.

The vision of All Home King County is that homelessness is rare, racial disparities are eliminated, and if one becomes homeless, it is brief and only a one-time occurrence.¹ The City of Seattle joins in supporting that vision. Every investment must be working towards that end. To make homelessness brief and one-time, we must provide each person with what is needed to gain housing stability as quickly as possible. Access to housing must not be contingent upon being "housing ready." We recognize that the lack of housing can be a barrier that prevents people from accessing services to address their

¹ All Home (formerly the Committee to End Homelessness) is a community-wide partnership to make homelessness in King County rare, brief and one-time – <http://allhomekc.org/the-plan/>

other issues. As a community, we must embrace the Housing First philosophy and commit fully to using proven and effective approaches to support people experiencing homelessness in quickly gaining housing stability.

As a City dedicated to racial equity and social justice, we cannot ignore the fact that this disproportionately impacts people of color, with African Americans five times more likely and Native American/Alaska Natives seven times more likely to experience homelessness. Four out of five children who experience homelessness are children of color. As a community, we must address the underlying institutional racism that contributes to this disparity and ensure that people of color have opportunities to exit homelessness and obtain permanent housing at the same rates as their white counterparts.

As a community, we must develop a culture of accountability. We must expect that the programs we fund will provide quality data that demonstrates their program performance. We must use that data to make strategic decisions both at a programmatic and system level. Data-informed decisions increase the accountability of programs to us as funders, and of the funders to the public, as good stewards of public money.

Although we already know ending homelessness is as difficult as any challenge we face as a city, Seattle and its partners can make significant strides towards accomplishing this. It requires being willing to do that which has been demonstrated to work, developing a comprehensive and seamless service delivery system, and working collaboratively. Most importantly, it will require remembering that the center of our vision is a better result for people who are suffering on our streets.

Homelessness disproportionately impacts people of color

Native Hawaiian/Pacific Islanders:

3X more likely 

African Americans:

5X more likely 

Native American/Alaska Native:

7X more likely 

Source: All Home

Introduction

The City of Seattle Human Services Department (HSD) funds programs to assist single adults, youth, young adults, and families with children who are at imminent risk of or are experiencing homelessness. In 2016, HSD has invested over \$50 million for services that provide homeless prevention, homeless intervention, and permanent housing. Despite these investments, at least 4,505 men, women, and children in King County were without shelter during the One Night Count in January 2016, representing a 19% increase over 2015 and a 40% total increase over 2014. Approximately 75% of those unsheltered individuals reside in the City of Seattle.²

While individual circumstances vary, the primary reason people experience homelessness is because they are unable to maintain or secure housing they can afford. Additional factors contribute to the problem including poverty, a decline in federal support for affordable housing, a decline in public assistance safety nets, and lack of affordable health care to address mental illness and addictive disorders. Due to economic recession and erosion of federal and state support, the safety nets that people have historically relied upon to support them in times of crisis have been diminished. The United States contributes more than \$70 billion annually on the mortgage income tax deduction, with 77% of its benefit going to predominantly white households with incomes over \$100,000 per year, while at the same time only appropriating \$44.8 billion to the entire Department of Housing and Urban Development (HUD) budget directed at low-income populations. The result of this disproportionate allocation is that only 25% of the households eligible for HUD aid actually receive assistance. In addition, since the late 1970s the significant budget cuts to HUD have resulted in reductions of approximately 10,000 units per year in the stock of publicly assisted housing.³

In the City of Seattle, economic factors currently play a significant role in our community's emerging crisis of homelessness. Rent cost burdens in Washington have risen at an unprecedented rate and this trend is predicted to continue. Even with the local hourly minimum wage currently at \$13.00, a worker would need to make an estimated \$23.56 in order to afford a one-bedroom home at fair market rent.⁴ High rent levels are a primary determinant of homelessness in a community. In spite of progressive efforts to address income inequality by raising the minimum wage, Seattle continues to see considerable economic disparity with the top 20% of household incomes being 19 times those of the lowest 20%.⁵ This income inequality also closely ties with racial and ethnic breakdowns of the City's populations, with

² Seattle-King County Coalition on Homelessness – [http://www.homelessinfo.org/what we do/one night count/](http://www.homelessinfo.org/what_we_do/one_night_count/)

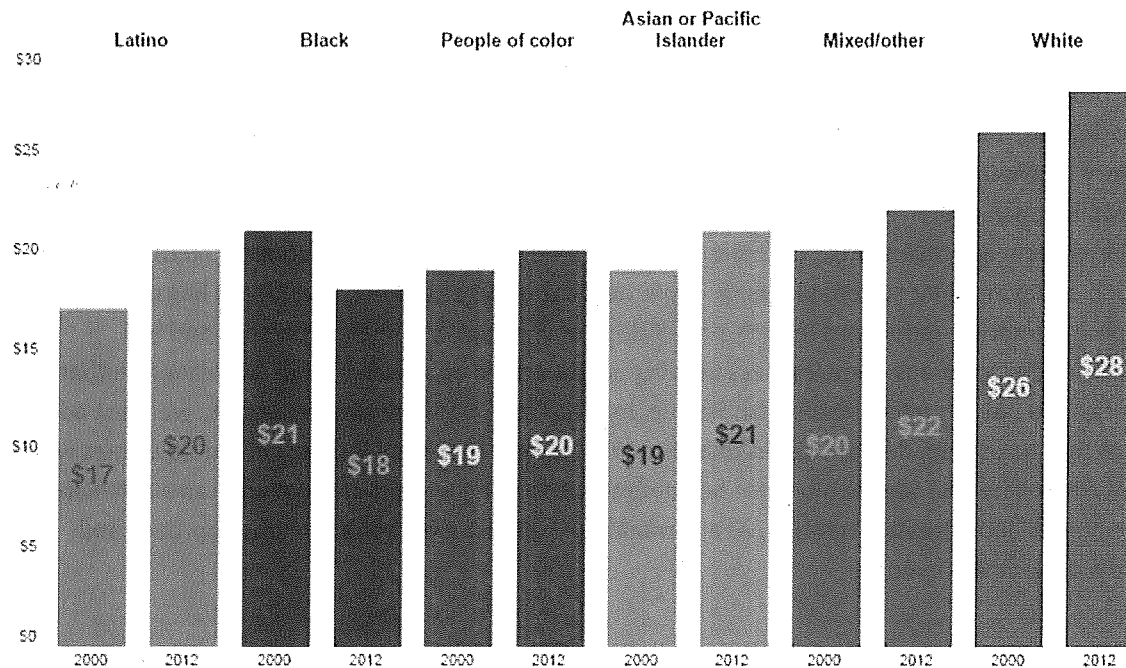
³ Western Regional Advocacy Project, *Without Housing: Decades of Federal Housing Cutbacks, Massive Homelessness, and Policy Failures 20* (2010)

⁴ Yentel, Diane, Andrew Aurand, Dan Emmanuel, Ellen Errico, Gar Meng Leong, and Kate Rodrigues. *Out of Reach 2016: No Refuge for Low Income Renters*. National Low Income Housing Coalition. 2016.
<http://nlihc.org/sites/default/files/oor/OOR_2016.pdf>

⁵ U.S. Census Bureau, 2013

persons of color being disproportionately represented in the lowest income levels and over-represented among persons experiencing housing instability.⁶

Median Hourly Wage by Race, 2000-2012



Source: PolicyLink Equity Atlas. Race and ethnicity categories based on source data and do not necessarily match U.S. Census categories.

Washington State ranks 47th in the nation in funding for mental health and substance abuse treatment services.⁷ Untreated mental health and addictions are a leading cause of homelessness. Outreach workers have reported that as many as 90% of unsheltered people are struggling with these issues. The resulting impact is that increased numbers of people are living in marginalized situations, unstably housed and coping with untreated mental health and substance abuse conditions.

In addition to these larger economic and social factors, the City's process and system inefficiencies are contributing to the current crisis. HSD has not regularly engaged in a competitive funding process in more than a decade. During that time, homeless investments have been made based upon legacy funding, program advocacy, and designated budget adds or special pilot projects that are not evaluated in a system context and often result in ongoing funding. This has resulted in a patchwork of investments concentrated with specific providers without any precise strategic direction. While individual providers

⁶ United Way of King County Key Racial Disparity Report, October 2015. <https://www.uwkc.org/wp-content/uploads/ftp/RacialDisparityDataReport_Nov2015.pdf>

⁷ Mental Health America – <http://www.mentalhealthamerica.net/issues/ranking-states>

may be highly successful with their niche programs, the lack of systemic cohesion has resulted in a system that is not designed to work efficiently to exit people out of homelessness. This system inefficiency combined with the economic factors discussed above has resulted in the increases in numbers of people experiencing homelessness and living unsheltered on our streets.

Seattle has been a frontrunner in the implementation of innovative homeless housing programs, including the adoption of Housing First principles and still has many examples of nationally recognized programs and providers. However, in recent years, other communities have experienced significantly greater progress towards addressing the crisis of homelessness. In comparing these more effective cities to Seattle, it is clear that the focus on the development of a comprehensive system, rather than exemplary individual programs, is the key to success. In the past five years, the City of Houston has seen a 57% reduction in overall homelessness by implementing a system-wide approach to service standards and other system improvements.⁸ Communities who achieve success are also committed to the utilization of data in their system planning, implementation and evaluation. Las Vegas has been able to accomplish significant reductions in their populations of chronically homeless persons and has effectively ended Veterans homelessness utilizing a data-driven approach.⁹ While we recognize that other cities are not interchangeable with Seattle, in order to experience similar success, we must adopt practices that have been demonstrated to be effective at reducing homelessness in multiple cities with a range of circumstances. Seattle must not be content with having a few individual programs achieving positive results and national attention, as a community we must embrace a systems approach and develop a data-driven culture.

⁸ Coalition for the Homeless: Leading Houston Home - <<http://www.homelesshouston.org/wp-content/uploads/2016/06/2016-PIT-Executive-Summary-v4.pdf>>

⁹ USICH - <https://www.usich.gov/news/how-southern-nevada-achieved-an-end-to-veteran-homelessness>

Context for the Homeless Policy Framework

Addressing homelessness has been a central tenant of Mayor Murray's administration since taking office in 2014. Focusing simultaneously on the immediate needs of those experiencing homelessness and the long-term strategy and resources necessary to create impactful change, Mayor Murray has outlined a three-pronged strategy for approaching the crisis of homelessness in our community:

1. Emergency Task Force on Unsheltered Homelessness & Declaration of a State of Emergency (SOE)
 - Address the immediate needs of the unsheltered through quickly implementable solutions requiring non-budgetary policy changes or one-time budget-impact strategies.
2. Housing Affordability and Livability Agenda (HALA)
 - Address the growing pressure to create more permanent, affordable housing options across the income spectrum in Seattle, including housing for homeless or formerly homeless people.
3. Assessment of City's existing investments in homeless services
 - Address long-term system issues through evaluating Human Services Department (HSD) investments in homeless services and interventions with recommendations on better aligning our efforts with local and national best practices.

Addressing Needs of the Unsheltered

Mayor Murray declared a civil state of emergency on homelessness on November 2, 2015.¹⁰ The SOE resulted in \$7.3 million in one-time funding to support services designed to address the immediate needs of unsheltered individuals in our community. Mayor Murray has been clear that, while this emergency declaration and funding was necessary to be able to act quickly to attempt to address the crisis of homelessness, system improvements must be made in order to more adequately respond to homelessness long-term. These primarily short-term measures, while providing immediate relief for many unsheltered individuals, will not lead to a reduction in homelessness. The City must change the way in which it currently invests the additional \$40 million dollars of ongoing funding dedicated to homeless services. These changes are the goal of the Homeless Policy Framework (HPF).

Addressing the Growing Pressure to Create More Permanent, Affordable Housing

In addition to emergency response, we must address the limited supply of affordable housing in order to ensure long-term impact on the rates of homelessness. In 2014, Mayor Murray and the City Council convened the HALA Advisory Committee, which was tasked with developing a plan that would generate

¹⁰ Office of the Mayor, "Mayor Declares State of Emergency in Response to Homeless Crisis" – <http://murray.seattle.gov/homelessness>

an increase of 50,000 housing units, including 20,000 new or preserved affordable units.¹¹ The HALA committee work resulted in a comprehensive package of 65 recommendations to increase housing affordability across the income spectrum that the City is now working to implement. A key recommendation was to increase the Seattle Housing Levy in 2016 - which was renewed and expanded thanks to the generosity of Seattle voters. Through the previous housing levies, the City has constructed or preserved over 12,500 rental units designated as affordable housing. Many of these units are required to serve extremely low-income households, and many units are paired with project-based rental assistance funded by the Seattle Housing Authority so that formerly homeless households can pay what they can afford. In addition to recommending a larger housing levy, the HALA recommendations also include strategies for increasing the availability of affordable housing such as developer requirements to include affordable units (either on-site or through a payment option) in all future multifamily housing developments, newfound sources for housing production and preservation, and new protections for tenants to increase access to housing. HALA recommendations consistently indicate that innovation is essential to addressing the shortage of affordable housing in our community.

Addressing Long-Term System Issues

In September 2014, Seattle Mayor Ed Murray tasked HSD to conduct an evaluation of the City's investments in homeless services, compare those investments with nationally recognized best practices, and identify ways to better meet the needs of people experiencing homelessness in our communities.

In 2014, HSD invested nearly \$40.8 million across 183 contracts and 60 agencies for services that provide homeless prevention, homeless intervention, and permanent housing.

"Seattle's \$40 million annual investment in homeless services is one of the highest commitments in the nation. However, the number of our neighbors lacking access to safe, decent and affordable housing is unacceptably high.... The findings in the Homelessness Investment Analysis will set the roadmap to shift City investments and service models to ensure that homelessness is rare, brief and one-time."

--Mayor Ed Murray

HSD released the Homelessness Investment Analysis in March 2015, which clearly showed that our current investments are disjointed, with a heavy focus on basic intervention services, such as shelters and hygiene centers focused on immediate crisis, rather than a cohesive and comprehensive continuum of strategies designed to end people's homelessness. This volume of homeless contracts presents a particular challenge to efficiency and seamless service delivery both within HSD and at the provider level.

The 2015 Homelessness Investment Analysis identified three strategies as a path forward in addressing homelessness:

¹¹ Office of the Mayor, "Housing Affordability Agenda Goals and Values" – <http://murray.seattle.gov/housing-affordability-agenda-goals-and-values/>

1. Evaluate and scale investments in best and promising practices expected to have a positive impact on housing placement and shelter throughput, such as Rapid Re-housing, Housing Long-term Shelter Stayers, and Diversion.
2. Pilot Portfolio Contracts, a progressive engagement model combining a portfolio of services aimed at making homelessness rare, brief, and one time.
3. Develop a policy framework and investment plan for the City's homeless investments that aligns with and supports the regional All Home Strategic Plan, the provisions of the federal HEARTH Act, and evidence-based best practices.

Evaluate and Scale Investments in Best and Promising Practices

In 2012, the Human Services Department released the Communities Supporting Safe and Stable Housing Plan (CSSSH), a document that outlined HSD's investment plan from 2012-2018. It identified an intention to alter the way HSD funded programs and service systems. The plan provided a framework for investment in three priority areas:

- Homeless Prevention
- Homeless Intervention Services
- Housing Placement, Stabilization and Support

The investment plan set a framework for system-wide change over six years to more effectively serve households experiencing homelessness. Two major funding cycles were planned for the investments, one in 2012 and one in 2014. In addition, the plan proposed modest increases to homelessness prevention, rapid re-housing and housing stabilization services by 2015, accomplished by making incremental funding shifts.

Many key elements of the 2012 Investment Plan for homeless services were not implemented, including competitive funding processes and a failure to shift even a modest 2% goal of "base-funding" from intervention services to other strategies and best practices. In an attempt to implement intentions of the CSSSH plan on a much smaller scale, HSD designed several pilot projects to demonstrate the potential effectiveness of the proposed models. These pilots, along with others, were implemented over the past several years and provide valuable insight into the most effective way to scale best practices in our community. The Homeless Investment Analysis recommended the evaluation of all pilots in order to analyze the possibility of bringing them to scale.

Diversion Pilot

Diversion is a one-time, light touch intervention, designed to keep people from entering the homeless system at the time when they are most at risk of becoming unsheltered. The City of Seattle has been funding a diversion program in collaboration with Building Changes and King County since 2013. Currently four agencies provide diversion services, such as debt reduction, legal assistance, moving

costs, background checks and documentation procurement. Diversion is an efficient and cost effective strategy to prevent individuals from becoming homeless. In the first six months of 2016, 58 families have been successfully diverted from the homeless system using an average of \$1,533 per family assistance. To date, this program has primarily focused on families; however, due to its successful outcomes, investments will expand diversion to all populations.

Long-Term Shelter Stayers Pilot

Nationwide, there is an effort to address those individuals who have become nearly permanent residents in shelter and have been very difficult to engage in housing solutions. The *Closer to Home Initiative* was developed in 2004 by the Corporation for Supportive Housing to attempt to evaluate creative solutions to engage and house people whose combinations of circumstances and long histories of homelessness have left them stuck in the shelter system. This evaluation concluded that long-term shelter stayers, even those with significant barriers, could be successfully engaged in housing with the proper level of engagement and supportive services.¹² It is clear that addressing long-term shelter stayers is essential to increasing shelter bed availability. A small number of individuals are using a large percentage of our community's shelter resources. Providing them with housing will free up significant additional shelter resources.

In 2015, Mayor Murray budgeted \$410,000 to address the impact long-term shelter stayers were having on the throughput of emergency shelters in Seattle. This project was matched with \$410,000 from United Way King County (UWKC) and was used to secure approximately \$3 million from a Federal McKinney grant for the Scattered Site Permanent Supportive Housing Project, a regional effort to move 235 long-term shelter stayers into permanent housing with long-term rent subsidies and case management. This project, awarded in June 2015, is an expansion of an effort conducted in 2013 that moved over 80 long-term shelter stayers into housing. Many of them were placed in new homeless housing units that came online during that time. The success of the long-term shelter stayers project has been impacted by the design of the project and the available housing placements attached to it. The defining assumption was that all long-term stayers would require the level of service intensity of Permanent Supportive Housing and that has not been shown to be true. The project must be retooled to ensure a variety of housing options are available to this population in order to move them into permanent housing and free up a large amount of capacity in our shelter system.

Family Rapid Re-Housing Pilot

In 2014, the City of Seattle, King County, Building Changes and UWKC invested approximately \$3 million to house as many as 350 homeless families in King County through Rapid Re-housing (RRH). RRH is a Housing First approach designed to help homeless families quickly exit homelessness with a

¹² Final Report on the Evaluation of the Closer to Home Initiative, Corporation for Supportive Housing, February 2004, http://www.csh.org/wp-content/uploads/2011/12/Report_cth_final1.pdf

combination of housing search assistance and a short-term rental subsidy. RRH programs have a 90% success rate at moving families into and retaining permanent housing.¹³ In 2015, the City of Seattle incorporated the RRH pilot programs and rent assistance into the current RRH Portfolio. Through these pilot programs, there are 498 people enrolled and 241 families have been successfully placed in housing.

Single Adult Rapid Re-housing Pilot

Building on the learnings and successes in the Family Rapid Re-Housing pilot, in 2015, Mayor Murray budgeted \$600,000 to implement a RRH program for Single Adults. HSD conducted a competitive process and selected Catholic Community Services and YMCA to house 100 people experiencing homelessness. This program identified people of color and Veterans as priority populations to be served by these resources. In the first six months of 2016, the Single Adult RRH programs have enrolled 165 individuals and successfully housed 98.

Veteran Homelessness

In 2015, Mayor Murray joined the Mayors Challenge to End Veteran Homelessness.¹⁴ Through a collaborative effort with King County, the Veterans Administration, and All Home, the team has made significant progress in identifying and moving Veterans into housing. The initiatives to house veterans initially began with estimates and projections based on Point in Time counts and then transitioned to management of a By Name List to actively move veterans into housing. Over the past 18 months, 1,137 Veterans from King County have been housed. The Mayors Challenge work has been successful at enacting Housing First and meets the benchmark number of Veterans moving into permanent housing versus transitional housing. The current focus for the Veterans Challenge is to house the remaining Veterans experiencing chronic homelessness and to reduce the length of time homeless for all Veterans.

The Portfolio Pilot Project

In July 2016, HSD launched the first Portfolio Pilot contracts, an innovative partnership with service providers to align services for people experiencing homelessness, streamline contracts to increase flexibility, implement standardized outcome metrics, and more actively manage contracts through a results-driven contracting framework. The Portfolio Pilot was a recommendation from the Homeless Investment Analysis as a way to collaborate with community agencies to:

1. Explore a person-centered progressive engagement model that utilizes best practices to provide housing-focused, strength-based interventions at the front door of service access at key points in the system.

¹³ Rapid Re-Housing for Homeless Families Demonstration Programs Evaluation Report Part II: Demonstration Findings – Outcomes Evaluation, U.S. Department of Housing and Urban Development, April 2016

¹⁴ Mayors Challenge to End Veteran Homelessness –

http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/veteran_information/mayors_challenge/

2. Identify opportunities to streamline services by giving agencies the flexibility to shift resources, service provision, and staff time to best meet the needs of people experiencing homelessness.
3. Decrease the administrative burden of agencies with multiple service contracts by creating contract efficiencies that support service delivery, including combining contracts.
4. Reorient contracts to be performance-focused and improve contracted results by using data to inform programmatic, policy, and funding changes.

The Portfolio Pilot has transitioned 24 contracts into eight Portfolio contracts across five agencies, and added new funding for staffing and flexible client assistance for activities such as diversion. Regular review and analysis of data will increase program and funder accountability, and support consistent program performance evaluation. The Harvard Kennedy School Government Performance Lab (GPL)¹⁵ provided pro-bono technical assistance to the Seattle pilot project through Bloomberg Philanthropies' What Works Cities initiative¹⁶ to help HSD develop a results-driven contracting framework, that will help agencies and HSD understand the impact of their work and our investment and encourage collaboration to implement changes when necessary.

The foundation of a results-driven contracting framework is the regular review of performance data to understand what is happening on the ground in real-time and use that information to inform policy decisions. With standardized outcomes and indicators, HSD will be able to better understand and articulate how Seattle's homeless investments are helping households experiencing homelessness move to more stable environments and compare performance across programs and monitor performance for specific program models and progress of specific target populations. This information will give HSD the tools necessary to collaborate on creative solutions at the individual program level, understand system-wide performance, and right size funding to service providers and service delivery models.

Develop a Homeless Policy Framework and Investment Plan

The final recommendation of the Homeless Investment Analysis was the development of this Homeless Policy Framework. This document provides the City with a road map to correct internal and system issues that are barriers to the homeless response system working with the greatest efficiency. The adoption of this framework marks a pivot point in the City's planning and investments designed to support people experiencing homelessness.

¹⁵ Harvard Kennedy School Government Performance Lab – <http://govlab.hks.harvard.edu/>

¹⁶ Bloomberg Philanthropies' What Works Cities initiative – <http://www.bloomberg.org/program/government-innovation/what-works-cities/>

2016 Update to the Homeless Investment Analysis

Due to the Declaration of the State of Emergency and other on-going support for homeless interventions, funding has increased in the two years since the initial investment analysis occurred. To inform the development of a policy framework and investment plan (this HPF) HSD updated the earlier Homelessness Investment Analysis to reflect current investments. It is important to note that this analysis reflects a point-in-time description of homeless investments, which frequently shift in response to external factors and evolving policy priorities.

Table 1. HSD Investments by Program Type as of May 2016

Program Type	Contracted Amount as of	Percent of Total
Emergency Shelters & Safe Havens	\$11,727,525	23%
Permanent Supportive Housing & Transition in Place	\$10,805,977	21%
Day Centers, Hygiene Centers & Other Services for People Experiencing Homelessness	\$8,065,885	16%
Eviction Prevention & Services for Tenants, and Prevention Services for At-Risk Youth	\$5,237,369	10%
Transitional Housing	\$4,609,388	9%
Rapid Re-housing	\$3,837,347	8%
Authorized Encampments, Outreach & Safe Parking	\$2,823,933	6%
Housing Programs for Survivors of Domestic Violence	\$1,427,735	3%
Case Management & Employment Programs for Homeless Youth	\$763,550	2%
Meal Programs for People Experiencing Homelessness	\$500,903	1%
Homelessness Diversion	\$423,500	1%
CDBG Capital/Repair Projects for Homeless Services	\$236,742	0.5%
Total	\$50,459,854	

As Table 1 shows, two of the primary investments are in emergency shelters/safe havens and day centers/hygiene centers. Together those two interventions models receive \$19,793,410 in funding for survival services – nearly 40% of the total investment. In contrast, HSD's investment in permanent housing is 21% of total investment, and Rapid Re-housing and Diversion – program intervention types associated with cost effective permanent housing outcomes – receive just over 8% of total funding. The intention of the HPF is to begin to right size our system so that we have a more balanced approach to ensure both continued availability of necessary survival services and an increased focus on the permanent housing placements necessary to end a person's homelessness.

Homeless System Analysis

Community Engagement

Homelessness is a community problem to solve, impacting all segments of the City of Seattle. The individuals experiencing homelessness are our neighbors, our children, and our elders and they reflect our broader community. Successfully addressing such a complex community concern will take the entire community, including the people experiencing homelessness, coming together to identify a solution.

"The continuous increase of individuals living on our streets tells us that we cannot build our way out of homelessness. Coordinated investments with regional government partners, service providers and the faith community that are focused on a system of prevention and early intervention services are critical to end homelessness."

-- Catherine Lester, Director, HSD

The Homeless Policy Framework (HPF) builds upon the significant previously conducted systems reform work and all of the community engagement processes that have occurred. This includes the 2012 *Community Supporting Safe and Stable Housing* Investment Plan, the All Home Strategic Plan, and the 2016 Housing Levy renewal process. The recommendations of the HPF reflect the recommendations and the vision of the community throughout these previous processes.

Communities Supporting Safe and Stable Housing

In 2011, the Human Services Department (HSD) launched the *Communities Supporting Safe and Stable Housing* (CSSSH) initiative with the goal of establishing a framework for system-wide change to more effectively serve households facing or experiencing homelessness. HSD carried out an extensive community engagement process where clients of services, community members, shelter and housing providers, businesses, faith communities, charitable foundations, schools, local government, and elected officials all contributed to the proposed strategies and priorities for Seattle's homeless service investments.

Community stakeholders identified affordable housing, rapid re-housing and programs that provide flexible financial/rental assistance, along with an appropriate intensity of supportive services, as high priorities. Stakeholders also supported the reallocation of funding to increase investments in rapid re-housing and homeless prevention programs. Participants indicated that eligibility restrictions often put in place by funding requirements, including population priorities created for housing units, create barriers and bottlenecks within the system that further restrict access to housing. Stakeholders also wanted housing assistance, housing options and policy changes that would help adults with criminal histories, including felony convictions, and households with poor rental histories access housing.

Stakeholders identified additional strategies that would assist in developing a seamless service continuum in Seattle, including community-based resource centers where clients could access multiple

services at a single location. Shelter that is more comprehensive was also identified as a community need, including increased or flexible shelter hours that would accommodate work and school schedules as well as shelters that can accommodate couples and households with pets.

CSSSH established guiding principles including a commitment to culturally relevant services, high quality standards, coordinated services and data quality. Stakeholders emphasized the need for services to recognize the unique needs and strengths of every individual and each family member and provide services based upon those characteristics rather than utilizing a one-size-fits-all approach. Feedback indicated that investments should support services that demonstrate cultural and linguistic competence with an increased capacity to address our City's diversity and to reduce persistent disparities experienced by communities of color, immigrants, and refugees. Investments should also build upon successful models but balance opportunities to create and pilot innovative strategies that will prevent and reduce homelessness.

All Home Strategic Plan

During 2014, All Home King County began the process of establishing a new vision and plan for ***making homelessness rare, brief and one-time in King County*** that ultimately resulted in the All Home Strategic Plan, which was released in 2015. Recognizing that the entire community is necessary to successfully implement a strategic plan regarding such a pervasive problem, All Home engaged over 500 residents of King County through a yearlong process. The primary feedback expressed by participants in the planning process was that experiencing homelessness should not be criminalized in our community. Addressing this concern became a strategy identified in the final plan. The All Home Strategic Plan calls for a continuation and improvement of efforts to measure our progress and adapt practices based on data, which is consistent with the HPF. All Home is currently in the process of developing or updating a plan for each of the sub-populations (Single Adults/Veterans, Youth and Young Adults, and Families). At the core of these strategies is the implementation of coordinated entry to ensure increased access to housing resources for all populations. The HPF aligns with the vision and goals of the All Home Strategic and sub-population plans where appropriate and relevant.

2016 Housing Levy Renewal

One of the key elements of the Housing Affordability and Livability Agenda (HALA) recommendations was to increase the Seattle Housing Levy, one of the primary means of developing affordable housing in the City of Seattle. Mayor Murray proposed the largest housing levy in Seattle's history, which was successfully passed by the voters in the August 2016 primary. The Office of Housing (OH) conducted extensive community outreach in the development of the housing levy renewal proposal. One of the things consistently heard at community meetings was the need to do even more to address homelessness than the Levy is able to. The HPF will assist in meeting the community's demand for increased effective homeless intervention.

Homeless Policy Framework Stakeholder Engagement

Although the Homeless Policy Framework (HPF) builds upon the strategies and priorities identified by the engagement process described above, ongoing community engagement is essential to the success of this systems transformation work. HSD staff and Barbara Poppe met with providers from each segment of the service delivery system to gain valuable insights into the homeless services system in Seattle. Providers all agreed that the current system is not adequately meeting the needs of our neighbors experiencing homelessness. An overview of HPF Community Engagement Efforts is included in Appendix B.

HSD staff also meet regularly with the broader community where residents consistently express desire for the City to use homeless investments in the most effective means possible and support increasing accountability and ensuring that City tax dollars are invested only in programs that demonstrate success in reducing homelessness. Many of the strategies within the HPF were identified as early as 2011 as being community priorities and remain sound means to address our growing crisis of homelessness.

System Wide Analysis and Projections from Focus Strategies

The City of Seattle partnered with King County, UWKC and All Home to contract with Focus Strategies to conduct a performance evaluation of the current homeless continuum in Seattle/King County using their System Wide Analytics and Projection (SWAP) tools¹⁷ that model homeless program and population changes to inform funding decisions and allocation of resources. Between July of 2015 and May of 2016, Focus Strategies analyzed local data to assess the performance of individual programs, types of interventions, and the performance of the homeless system as a whole. All Home began the process by engaging the homeless service providers and clarifying the role of service providers in helping provide the data necessary to complete the SWAP. Focus Strategies also completed a series of provider and community interviews as part of their analysis. The data analyzed included 1) Seattle/King County's inventory of emergency shelter, transitional housing, rapid re-housing and permanent supportive housing units from the 2015 Housing Inventory Count, 2) program client data from the Homeless Management Information System (HMIS), and 3) program budget data collected directly from funded providers. Using the SWAP tool, Focus Strategies then used this data to analyze the performance of each program and the entire system across multiple measures. The SWAP tool was also used to predict the impact of shifting investments on homeless outcomes.

Based on the data analysis and interviews with stakeholders Focus Strategies provided a series of recommendations for systems improvements to support the community goal of making homelessness rare, brief and one-time:

¹⁷ Focus Strategies' System Wide Analytics and Projection (SWAP) Suite of Tools – <http://focusstrategies.net/swap/>

Summary of Findings and Recommendations¹⁸

Act with Urgency and Boldness

Our overarching recommendation to Seattle/King County is to act urgently and with boldness to implement impactful solutions. Homelessness is on the rise in the community and leaders have implemented a number of initiatives that are helping to turn the curve towards an improved response to the problem. However, our analysis reveals that the pace of change is slow and resources continue to be invested in interventions that have limited results. We believe homelessness in King County can be dramatically reduced using existing resources and even given the significant unaffordability of the current housing market. Urgent and bold action are required.

Create a Funder-Driven, Person-Centered System

*There are an estimated 4,000 people living outdoors in Seattle and King County at any given time – some of them families with children. Even more people are cycling in and out of emergency shelter. The United Way, All Home, the City of Seattle, and King County collaboratively commissioned this work with the intention of determining a path forward to dramatically reduce, and potentially functionally end homelessness. To achieve that goal, the work of creating a **system** out of an array of homeless programs must be completed. All initiatives and programs have to be understood and measured in relation to what they contribute to the overall goal of reducing the number of homeless households.*

It is critical that Seattle/King County's homeless crisis response system shift to become more funder-driven and person-centered: all decision-making needs to be based on what will yield the greatest results for people who are unsheltered or cycling in and out of emergency shelter. Policies, programmatic initiatives, and investment strategies have to be shaped by this person-centered approach. In a system centered on homeless people, all interventions are designed to target and prioritize those who are unsheltered or living in shelters. Funders invest only in interventions that can be measurably demonstrated to move homeless people into housing and providers are held accountable for results. The effectiveness of the system is measured by the number of homeless people who are housed and do not subsequently return to homelessness.

Establish an Action Oriented and Data Informed Governance and Funding Structure

Local leadership has appointed All Home to serve as the community's Continuum of Care, and to oversee coordination and planning for homelessness-related activities more broadly. Yet, All Home does not have the authority to make and implement decisions. Its governance is designed to solicit input, identify problems, and discuss solutions. It can convene but cannot make critical decisions, so leading significant changes may not be possible as currently structured. Typically,

¹⁸ Seattle/King County: Homeless System Performance Assessment and Recommendations with Particular Emphasis on Single Adults, p. 5-7.

< <http://www.seattle.gov/documents/departments/pathwayshome/FS.pdf> >

successful, large-scale shifts are made when public agencies identify the changes needed and hold all stakeholders accountable for the use of public dollars. Although the All Home governance structure has recently been re-organized, Focus Strategies recommends that local leadership consider further changes. Most importantly, we advise re-structuring the All Home Executive Committee to include only funders and designate it as the entity empowered to make and implement decisions relating to design and implementation of the community's homeless crisis response system. The Executive Committee needs to oversee the community's investment strategy for all targeted homelessness funding, and ensure that investment decisions are data-driven. Much faster progress can be made to reduce homelessness if all funders can agree on a shared set of objectives and performance targets and hold all providers accountable to meeting them.

Improve Performance throughout the System

Our analysis found a wide range of performance levels amongst programs and program types. There are some highly effective projects and system components, while some are performing poorly. Focus Strategies has recommended a set of performance targets for all program types that have been accepted by the client group. We have also recommended some strategic shifts in how the system operates to yield improved results and a reduction in the size of the homeless population:

1. Use Outreach and Coordinated Entry to Target and Prioritize Unsheltered People and Frequent Shelter Users

Our analysis found that there are a significant number of households entering homeless programs in King County who are not literally homeless – meaning they are not living outdoors, in vehicles, or in an emergency shelter. Many are housed or doubled-up, but assessed as being at-risk of homelessness. This means system capacity to serve people who are unsheltered is diverted away from solving homelessness. At the same time, there are approximately 5,000 people cycling repeatedly in and out of emergency shelter – long-term shelter stayers who may be “stuck” in temporary crisis beds and not effectively being connected to housing. The community is investing in a Coordinated Entry system – Coordinated Entry for All (CEA) that is establishing policies to ensure literally homeless people are prioritized for assistance. Yet, to ensure this system is as effective as possible, we further recommend that people be prioritized not just on whether they are currently homeless, but how long they have been homeless. Finding housing solutions for those who have been homeless the longest and who are repeatedly accessing shelter will significantly improve the movement of people from homelessness into housing.

2. Expand Shelter Diversion/More Effective Targeting of Prevention Resources

A significant number of people currently enter homeless programs in the community who are doubled-up or otherwise housed. As part of CEA, some households receive shelter diversion – an

approach designed to prevent entry into shelter by helping people who are still housed to stay in place or to move directly to other housing using problem solving, mediation, and small amounts of financial assistance. To maximize the use of homeless system resources for people who are unsheltered, we recommend that shelter diversion must be attempted for all households seeking shelter.

3. Improve Effectiveness of Shelter in Exiting People to Permanent Housing

Our analysis found that the emergency shelter system in Seattle/King County does not perform to maximum effectiveness. Significant reductions in homelessness could be achieved if households had shorter lengths of stay in shelters and exited into permanent housing at a higher rate. One key strategy for accomplishing this will involve bringing rapid re-housing to scale and connecting it to shelter, so that those households in shelter beds have a rapid pathway to exit. Shelters also need to be required to meet performance targets and re-orient their work to focus on helping people exit to permanent housing as quickly as possible. Long-term shelter stayers must be prioritized for housing assistance, based on how long they have been homeless.

4. Shift Funding from Low Performing to High Performing Interventions and Programs

Seattle/King County currently invests significant resources in interventions that are not achieving strong results on the key measures, which assess progress in rapidly moving homeless households into housing in a cost effective manner. To make faster progress, we recommend investing in intervention types that are high performing, while disinvesting in those that are less effective. This includes bringing rapid re-housing to scale and cutting back investment in lower performing transitional housing, permanent supportive housing, and other permanent housing (OPH). This does not mean that funds are lost to the system – they are re-invested in strategies that are the most effective at reducing the numbers of homeless people.

5. Make More Strategic Use of Permanent Affordable Housing to Provide Pathways out of Homelessness.

The rental market in Seattle/King is incredibly challenging, with low vacancy rates and extremely high rents. Continuing efforts to expand the supply of deeply affordable housing are critical if the community is to meet its goals for continued economic and racial diversity, and to be a welcoming place for lower income families and individuals. However, expanded affordable housing is not a precondition for reducing homelessness. The community has to commit to making an impact on the problem with the existing housing inventory or there may never be a significant reduction. Waiting for enough housing to be produced means continuing to tolerate the current situation in which thousands of people, including some families with children, are living on the streets and in tents. Focus Strategies recommends a number of strategies to help improve access to the existing supply of housing of affordable housing, including ensuring that affordable housing for homeless people is targeted towards assisting those who are unsheltered

or are long-term shelter stayers, and lowering or removing barriers to entry. We also recommend a large-scale "moving on" effort that identifies current tenants in permanent supportive housing, who are stabilized and no longer need intensive services. This program would help them transition to regular affordable housing. This approach has been successfully implemented and utilized in several communities and has proven to be a highly effective way to free up capacity in the existing permanent supportive housing inventory for chronically homeless, unsheltered individuals.

System Transformation Recommendations from Barbara Poppe

Building on the analysis and recommendations from the Focus Strategies SWAP process, the City of Seattle contracted with Barbara Poppe and Associates to provide recommendations for the development of the Homeless Policy Framework. The result has been "The Path Forward – Act Now, Act Strategically, and Act Decisively" report, which helps the City to operationalize the vision of homeless as rare, brief and one-time in our community.

The report identifies twin priorities:

- 1) Reduce unsheltered homelessness.
- 2) Increase the "throughput" from homelessness to stable housing.

These priorities can be accomplished through a series of recommendations designed to shift key policies, reallocate resources and advocate with local partners to support system improvements:¹⁹

Recommendation 1: Create a person-centered crisis response system

To be successful, the City of Seattle must develop and invest in a comprehensive array of interventions that are integrated to provide a person-centered crisis response system that responds to the unique needs of each family and individual. Some interventions will be existing program models, some will need to be re-tooled for improved results and greater efficiency, and some will be new approaches. Additionally investment in some program types may need to end or at least not be included as part of Seattle's investment in homelessness. All interventions must contribute to rapidly providing access to stable housing for families and individuals who are at imminent risk of or experiencing literal homelessness, that is, living outside, on the streets, or in a shelter....

Recommendation 2: Improve Program and System Performance and Require Accountability

¹⁹ Recommendations for the City of Seattle's Homeless Policy: The Path Forward – Act Now, Act Strategically, and Act Decisively, Commissioned by the City of Seattle, Barbara Poppe and Associates, August 2016, p. 6-15. < <http://www.seattle.gov/documents/departments/pathwayshome/BPA.pdf> >

To be successful at reducing homelessness, the homeless crisis response system must be organized and invested in by public and major philanthropic funders. The system leadership must be action-oriented and nimble enough to enable course corrections promptly when needed. Funders must invest only in evidence-based, best and promising practices and providers should be required to effectively implement these practices and meet performance standards as a condition of receiving funding.

In keeping with the HEARTH Act²⁰ and national best practices, Seattle and King County have begun undertaking the shift from a loosely organized network of programs to building a system of care with the intent to quickly rehouse individuals and families. The large number of providers that will need to shift practices makes the challenge of transformation daunting. The current level of public funding investment is strong so the impact of shifting to more effective approaches can be immense if the funders establish a strong infrastructure to support the new system.

HMIS and other data should be used to inform planning, set resource allocation strategies, measure progress and system performance, and evaluate program performance to inform investment decisions. Seattle should invest in and use HMIS as the primary data system. HSD should require providers that receive funding to collect and input quality, timely, and comprehensive data in order to receive city funding....

Recommendation 3: Implement well with urgency

The communities which are making the greatest reductions in homelessness – Houston, Las Vegas, and New Orleans – are acting boldly and with urgency to rapidly change systems to meet the needs of families and individuals who are facing homelessness. The findings of this report and the 2016 Focus Strategies report indicate that solutions are within imminent reach. The City of Seattle will need to act concurrently in six key areas:

1) Translate the investment recommendations from the Focus Strategies modeling and the Path Forward recommendations into City of Seattle specific investments and design a competitive funding process. Develop and implement updated policies, procedures, and protocols to implement the Path Forward recommendations.

²⁰ On May 20, 2009, President Obama signed the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009. The HEARTH Act amended and reauthorized the McKinney-Vento Homeless Assistance Act. One key change was requiring communities to adopt a performance based, data driven, systems approach to ending homelessness.

- 2) Implement the performance standards with current providers to prepare for competitive funding.*
- 3) Stand up the Family Impact Team, Outreach Action Team, and the Long Term Shelter Stayers Team.*
- 4) Design and implement community engagement and communications plans to ensure free flow of information across, among, and between stakeholders within the City of Seattle and other stakeholders.*
- 5) Engage with All Home, King County, United Way and other major funders to coordinate and collaborate on execution of the Focus Strategies recommendations.*
- 6) Increase HSD staff capacity, expertise, and skills to operate as effective change agents for the new paradigm.*

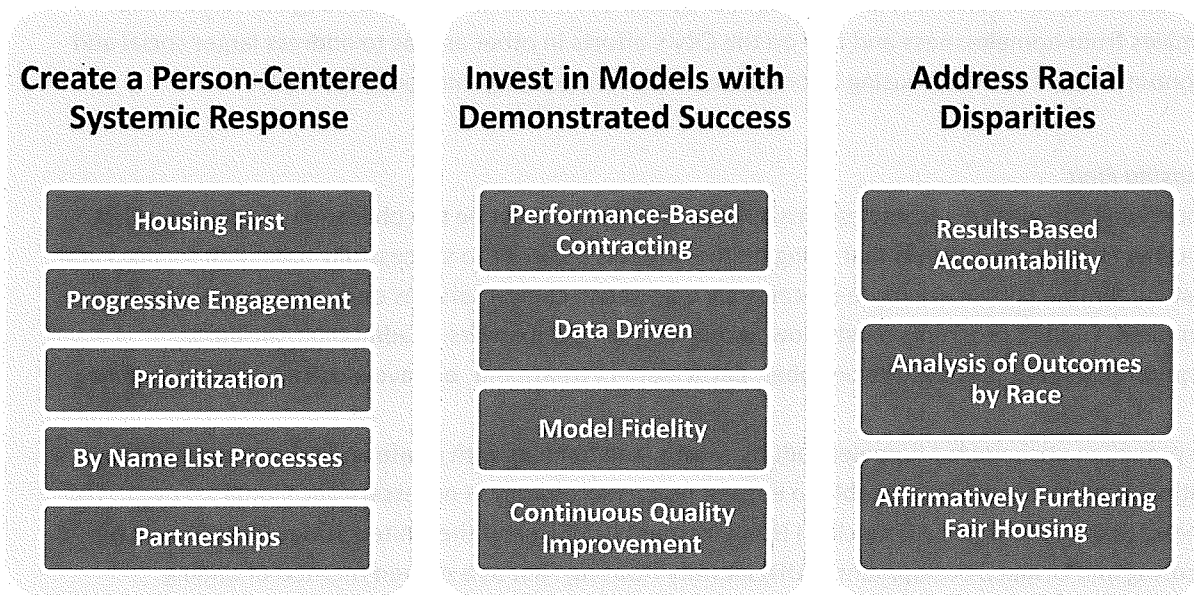
Seattle and King County have a tremendous foundation of public investments, quality providers, and dedicated elected officials, staff, volunteers, and community leaders who believe in the vision of Opening Doors²¹ that “no one should experience homelessness – no one should be without a safe, stable place to call home.” Political will and disciplined action by elected officials and City staff will be required. If the City of Seattle acts boldly and with urgency, reductions in unsheltered homelessness can occur quickly.”

²¹ Opening Doors is the nation’s first comprehensive federal strategy to prevent and end homelessness. It was presented by the U.S. Interagency Council on Homelessness to the Office of the President and Congress on June 22, 2010, and updated and amended in 2015 to reflect what we have learned over the past five years.

City of Seattle Implementation Plan

Investment Principles and Strategies

The vision of the City of Seattle is that all persons, regardless of their housing status, are members of this community and deserve access to the best possible intervention to help them exit homelessness. In order to ensure that the City of Seattle is investing in programs that have the best possible outcomes, the Human Services Department (HSD) has adopted the following investment priorities and principles. HSD's priorities and principles will provide the basis for the requirements and scoring criteria for all future funding processes and investment decisions.



Create a Person-Centered Systemic Response to Homelessness

The City of Seattle must develop and invest in a comprehensive and integrated system of interventions that form a person-centered crisis response system. A systemic response to homelessness involves more than having quality individual programs available. Those programs must be accessible, coordinated, and achieving results. A person-centered approach responds to the unique needs of each family and individual based on a brief assessment of their needs, strengths and vulnerabilities. Once assessed, people are matched to the appropriate housing resource. Services should be customized to fit an individual's needs rather than following strict programmatic guidelines. As a funder, HSD intends to provide increased latitude and flexibility in funding to ensure customized services are not in conflict with compliance requirements. Individualized services must be altered to fit the participant needs rather than being refused for not being an appropriate referral. Services should also consider a participant's culture, as homelessness often looks very different in diverse cultures.

It is essential that the homeless crisis response system be solely focused on exiting persons from homelessness. While there are many economic, social and personal factors that contribute to the experience of homelessness, the homeless crisis response system must be intensely focused on placing individuals and families into housing. This is an enormous task in such a challenging housing market, but that cannot be a barrier allowed to stand in the way of identifying solutions to ensure someone has access to housing. Overcoming the challenge of a high cost housing market will require creative solutions and abandoning some of the ideals of affordable housing in an effort to exit people from homelessness. That may mean that formerly homeless clients are placed in shared housing, or housing that is a considerable distance from work or which creates a substantial rent burden. While these are not ideal situations, they are all better than the alternative of homelessness. The response to homelessness must stay focused on responding to the immediate crisis of exiting individuals and families from homelessness and rely on the City's efforts in other arenas to address larger social and economic issues such as housing affordability, income inequality and food insecurity.

Housing First

Underlying the idea of a Homeless Crisis Response System must be the philosophy of Housing First. Housing First's foundation is that living on the street is a barrier to successfully accessing services and that vulnerable people are more successfully engaged in clinical services once that barrier has been removed. Funded programs must allow access and remove barriers to admission, including requirements that participants be sober, participate in treatment, or have a certain level of income.

By providing unsheltered homeless adults, youth, and families with a safe and permanent housing option as a first step, they are able to engage more successfully in necessary additional services. The United States Interagency Council on Homelessness (USICH) and the United States Department of Housing and Urban Development (HUD) identify Housing First as a proven method of ending homelessness. Housing First has also been shown to demonstrate higher housing retention rates, lower returns to homelessness, and significant reductions in the use of crisis service and institutions.²² Housing First projects ensure housing and service options are modified to meet the unique needs of each individual or family requesting services and that clients are offered the services that they identify as important to them. However, participation in services should not be a condition of housing.

The City of Seattle, along with other local funders, such as King County, the United Way and the Gates Foundation all recognize the importance of utilizing a Housing First philosophy as a means to address homelessness. There are providers and programs in Seattle who pioneered the Housing First approach and continue to embrace it. However, Housing First must not be limited to specific programs, but must be a philosophy throughout our entire system. Emergency shelters, rapid re-housing programs, transitional housing (e.g. Youth and Young Adult or Bridge Housing), and permanent supportive housing programs must all have low-barrier admission criteria. Communities that are making progress on

²² United States Interagency Council on Homelessness (USICH), Housing First Checklist: Tool for Assessing Housing First in Practice, <https://www.usich.gov/tools-for-action/housing-first-checklist>

reducing and ending homelessness implement Housing First in every program and as a community system.

Progressive Engagement

Utilizing a progressive engagement model is a national best practice in addressing homelessness and a hallmark of person-centered service delivery and efficient use of resources. Progressive engagement provides customized levels of assistance to households and preserves the most expensive interventions for those with the most severe barriers to housing success, enabling service providers to effectively target resources. This approach is supported by research that household characteristics such as income, employment, substance use, etc., cannot predict what level of assistance a household will ultimately need to exit homelessness.²³

Prioritization

All programs that receive City of Seattle homeless services funding will be required to prioritize households that are experiencing literal homelessness, which is defined as unsheltered, living in a place not meant for habitation, or residing in emergency shelter. All programs whose populations are included in the Coordinated Entry (CEA) system are required to receive 100 percent of their admissions via this system, which should ensure compliance with the literally homeless designation. All program referrals from CEA must be accepted for services. Those populations and programs not initially included in the CEA system, such as Youth & Young Adult and Single Adult shelters, will need to achieve this result outside of the CEA system.

In the case of Targeted Homeless Prevention funding, priority will be given to those at imminent risk of homelessness and those households who are most likely to be admitted to shelters or be unsheltered if not for this assistance.

Data collected from HMIS on prior living situation will be used as an indicator of whether housing programs and services are effectively targeting those who are literally homeless.

By Name List Processes

HSD's investments ensure the availability of services to assist those who are experiencing homelessness, and the Coordinated Entry for All system ensures that individuals and families are uniformly assessed to be placed on the appropriate waiting list for housing. However, both the system and services can be fragmented, piecemeal, and difficult to use. Even experienced case managers often admit difficulty navigating the complex systems on which their clients must rely. The establishment of By Name Lists can increase the coordination between providers to actively work to move people off of the waiting lists generated by coordinated entry. HSD will convene all agencies who are funded to provide services for a

²³ National Alliance to End Homelessness (NAEH), Progressive Engagement Stability Conversation Guide
<<http://www.endhomelessness.org/library/entry/progressive-engagement-stability-conversation-guide>>

specific population and actively work from the top of the lists down, consulting on barriers to housing placement, and collaboratively problem solving as a group. Participation in By Name List case consultation will be included in contracts as appropriate.

Partnerships

The City of Seattle is part of a larger regional response to homelessness. In order for our efforts to be successful, we must align with the direction of our community, county, state and philanthropic partners. Through partnerships and funder alignment, resources are maximized and systems work cohesively. It also provides a level of consistency to providers to have all their program funders utilizing similar standards and messages. HSD can only adequately address the crisis of homelessness facing our community with the support and collaboration of numerous City and regional partners.

❖ *Office of Housing*

The Seattle Office of Housing (OH) manages investments from the Seattle Housing Levy and other local and federal capital sources to fund the preservation and production of affordable homes. Seattle now has over 12,500 affordable rental homes that provide a critical resource for making Seattle a diverse and equitable city. OH's portfolio includes thousands of units serving homeless households, including both permanent supportive housing with extensive services on site and affordable units set aside for homeless families and individuals via partnership with homeless service providers. OH is a significant partner in implementing the systems changes outlined in the HPF. OH will work with housing providers to improve access to housing for people who experience homelessness. OH will also work with housing owners and funders to ensure that our community's valuable real estate investments are preserved and continue to serve homeless and other extremely low income people as homeless program changes and funding shifts are implemented.

❖ *Seattle Housing Authority*

The Seattle Housing Authority (SHA) is a key partner in our City's efforts to provide stable, affordable housing for homeless individuals and families and other extremely low-income households. SHA provides ongoing operating funding (project-based Section 8 vouchers) for over 3,500 units of nonprofit rental housing, most of which received development funding from the Seattle Office of Housing. These projects include 1,620 units of permanent supportive housing for chronically homeless people with disabilities. SHA also provides vouchers for homeless veterans and their families, and is a partner in an innovative partnership working to prevent homelessness and improve educational outcomes for Seattle schoolchildren.

❖ *Mayor's Office on Domestic Violence and Sexual Assault*

Gender-based violence (GBV) is a leading cause of homelessness among women and youth. While Pathways Home recognizes this important connection, throughout planning for systems

transformation work, very conscious decisions were made to exclude domestic violence (DV) programs from the homeless systems analysis. The data analysis was based in client data obtained from HMIS, which for domestic violence programs excludes most of the essential elements necessary to complete the SWAP analysis. This data accommodation is done to protect survivor's confidentiality and safety. In addition, most of the metrics being analyzed by the SWAP tools would be expected to yield significantly different results for DV programs than they would for homeless programs, such as entries from housed situations. It should be expected that most people entering DV shelter would enter from a housed situation and most people entering homeless shelters would not.

While domestic violence is a significant contributing factor to homelessness, in Seattle/King County the interventions for DV and homelessness are very distinct. DV shelters and housing programs have been exempted from the Coordinated Entry process which is the backbone of the homeless response system. Currently HSD funds DV and sexual assault programs for significantly different outcomes than homeless investments, recognizing that the primary outcome in GBV response is survivor safety. In addition to building upon coordinated entry, the intent of the system transformation work was to align all funders and contracts with similar outcomes, metrics for performance measures and program standards, most of which would not be appropriate for inclusion in DV program contracts. Best practices and recommendations for the two populations are often very divergent as well, such as transitional housing. While transitional housing is considered a poor intervention for most homeless adults and families, it is still widely considered an appropriate intervention for domestic violence survivors.

Throughout the planning process, there was recognition that applying these homeless system transformation efforts to DV housing programs would create significant barriers for both GBV survivors and the programs that serve them. It was never the intent for the homeless system transformation to negatively impact domestic violence programs or investments. The investment principals, priority activities, and performance metrics are not intended to be applied to housing programs serving victims of any form of gender based violence.

HSD will work closely with the Mayor's Office on Domestic Violence and Sexual Assault to ensure that appropriate training on recognizing gender-based violence and responding appropriately is provided to homeless service providers. The goal being to connect any individuals or families homeless as a result of violence to the appropriate resource to meet their needs.

❖ ***Regional Alignment with other funders***

Without coordination between funders, the homeless service delivery system cannot possibly expect to become a fully integrated and cohesive system. All Home is a broad coalition of stakeholders to focus on addressing and eliminating homelessness in King County. The Funder's Alignment Committee operationalizes the funding priorities of the All Home strategic plan, by

supporting the prioritized strategies, allocating and monitoring resources and leveraging funding decisions to ensure accountability to identified policies, priorities, and best practices. The Funders Alignment Committee has withstood multiple changes of administrations, governance, and leadership at all levels and demonstrates considerable commitment to ensuring funding collaboration and continuity. The City of Seattle has been an active participant in the Funders Alignment Committee since its inception.

Funding decisions are often influenced by intense political pressures when funders attempt to set goals and priorities individually. This is particularly true for the three major funders in our region: The City of Seattle, King County and the United Way. In addition to participation in the All Home Funders Alignment Committee, these three funders have worked cooperatively to establish additional consistency between their funding processes. These funders contracted and paid jointly for the System Wide Analysis and Project (SWAP) and have agreed to implement minimum performance standards and system targets for funding decisions. System change, which can be expected by its very nature to incur resistance, can be defeated by individual funders not supporting change or “backfilling” with dollars to support the status quo when others try to redirect investments. By embracing shared priorities and work plans, funder alignment creates a much more successful force for change. Having funders aligned also encourages the other partners within the system, such as providers and advocates, to be more accepting and willing to work in new ways. The hope is that eventually other regional funders in cooperation through the Funder’s Alignment Committee are able to adopt similar performance standards.

In addition to agreed investment priorities, performance standards and best practices, the City of Seattle, King County and United Way have agreed to align contracting to the extent possible. Alignment in contracting is achieved by inclusion of consistent language for areas that impact all funders, such as the use of the Homeless Management Information System (HMIS) and participation in CEA.

Many other issues intersect with homelessness. While the homeless response system must be focused on interventions that address literal homelessness and not on broader social and economic issues, these intersections cannot be ignored. Through partnerships with systems such as child welfare, juvenile and criminal justice, education, the homeless response system is best able to connect persons experiencing homelessness to mainstream providers to meet their needs. Partnerships may also result in interventions designed to effectively prevent homelessness further upstream.

Invest in Models with Demonstrated Success

Moving forward, all funding for homeless investments will be awarded on a competitive basis for programs which meet critical needs and can demonstrate that the program contributes to reducing homelessness by assisting program participants in obtaining or maintaining stable permanent housing. Only by concentrating investments on programs with relentless focus on permanent housing can our system obtain enough throughput to adequately begin to address our large unsheltered population. All adult and family programs must focus on program exits to permanent housing. Programs focused on

youth and young adults must demonstrate housing stability outcomes, as youth many not be developmentally prepared for permanent housing options. HSD must reallocate funds to new projects whenever reallocation would improve outcomes and reduce homelessness.

Performance-Based Contracting

Performance-Based Contracting is a results-oriented contracting method that focuses on obtaining specific, measurable performance outcomes. Funding processes will clearly define the results being purchased by the investment and the range of eligible activities service providers may use to achieve those outcomes. By clearly defining and measuring specific outcomes, HSD will be able to respond more directly and immediately to the needs of individuals and families experiencing homelessness in our community. HSD will also use past performance data to guide future funding decisions, make policy changes, and help ensure that city funds are being spent in an impactful way.

Outcomes metrics must be designed to reflect meaningful success of individuals and families and be relevant to the provider's service delivery model. HSD will review multiple outcomes metrics to ensure that programs are having positive impacts on reducing the time an individual or family experiences homelessness, increasing the number of people moving into permanent housing, and reducing the number of people who return to homelessness.

Data Driven

Accurate and reliable data is the best means available to evaluate the performance of a program and system. By using cost, performance, and outcomes data, HSD can improve how resources are utilized to end homelessness. HSD will use data to regularly evaluate system and program performance in partnership with funded agencies. Funded agencies will be expected to implement improvement strategies and quickly demonstrate improvement in performance is below expectations.

Communities that make progress on preventing and ending homelessness use the community's Homelessness Management Information System (HMIS) as the primary data source for planning, resource allocation, and measuring results at program and system levels. All of the funders have identified HMIS as the primary source for data management; therefore, funded agencies must participate in HMIS. Data quality will be monitored as a part of routine contract monitoring. Data must be accurate, timely, and complete and meet the standards established by the Seattle/King County Continuum of Care (CoC). The data contained within HMIS will be the primary source of data for all program monitoring and system performance evaluation.

Model Fidelity

Implementation of evidence-based practices requires fidelity to the best practice program models. Fidelity determines how a program measures up to an ideal model based on ongoing research and expert consensus. For example, Rapid Re-housing (RRH) has three core components: Housing Identification, Financial Assistance and Case-Management. In order for RRH programs to achieve the

evidence-based results, each of these elements must be present and executed effectively. Research has demonstrated that model fidelity is a critical factor in the success of achieving program outcomes. HSD will ensure that programs funded implement all evidence-based practices with fidelity. HSD will work in partnership with providers and best practice experts to develop program standard manuals that will be used throughout the development and scoring of funding processes, as well as in contract development. Contract monitoring will ensure increased fidelity to intended program models.

Continuous Quality Improvement

The SWAP analysis has provided the most comprehensive overview of our homeless system performance that has ever been compiled in King County. This data has formed the basis for necessary system transformation work. An effectively functioning system engages in ongoing evaluation and course correction based on performance data. HSD commits to engaging in regular data evaluation, system performance reviews, gap analysis, and the development of innovative pilot projects in an effort to continuously work towards a more effective homeless response system.

Address Racial Disparities

People of color continue to be overrepresented in the homeless service system, and the City and HSD must continue to work to eliminate institutional policies and practices that perpetuate these disproportional numbers. As a City dedicated to racial equity and social justice²⁴, we cannot ignore the fact that according to HUD's 2014 Annual Homeless Assessment Report, people of color make up only about a third of the U.S. population yet they comprise just over half of all sheltered people experiencing homelessness. These disparities are even more stark for African-Americans and Native Americans. While African-Americans make up only 12% of the U.S. population, they comprise an estimated 41% of all sheltered people experiencing homelessness. This data indicates that African-Americans are more than five (5) times as likely to experience homelessness as White Non-Hispanics. In communities with a higher Native American population such as Seattle, the rates of homelessness among Native Americans are even more alarming. Eighteen percent of our City's unsheltered population identifies as American Indian or Alaskan Native. In 2015, 80-90% of the people served in our family homeless programs were persons of color, in a city where less than 34% of our population are people of color.²⁵ Because homelessness so disproportionately impacts persons of color, it is essential to use a racial equity lens when examining any programming and investments in this area.

Addressing the racial disparities in the homeless system is a critical component to system transformation and improving the lives of those experiencing homelessness. However, it takes more than simply being committed to addressing these disparities; it takes specific focus and attention on the institutional structures and policies that perpetuate the increased risk of homelessness for persons of

²⁴ City of Seattle Race and Social Justice Initiative – <http://www.seattle.gov/rsji>

²⁵ 2014 US Department of Housing & Urban Development Annual Homeless Assessment Report (AHAR) – <https://www.hudexchange.info/resource/4074/2014-ahar-part-1-pit-estimates-of-homelessness/>

color. As such, HSD made an intentional effort to apply this lens to the development of the homeless policy framework. The City's Racial Equity Toolkit was utilized to help formulate recommendations for inclusion in these policies. More information on the race and social justice analysis and the resulting recommendations are included in Appendix C.

Results-Based Accountability

Results-Based Accountability™ (RBA) is a *disciplined way of thinking and taking action* used by communities to improve the lives of children, families and the community as a whole. RBA is also used by agencies to improve the performance of their programs. RBA allows HSD to define the goal or impact of an investment and then work backwards, to outline step-by-step the means necessary to achieve that outcome. For communities, the goals are conditions of well-being for children, families and the community as a whole – such as “Residents with stable housing,” “Children ready for school,” or “A safe and clean neighborhood” or even more specific conditions such as “A place where neighbors know each other.” For programs, the ends are how clients are better off when the program works the way it should – such as “Percentage of people who exit to Permanent Housing” or “Number of graduates of the job training program who get and keep good paying jobs.”²⁶

The Seattle Race and Social Justice Initiative (RSJI)

“The Seattle Race and Social Justice Initiative (RSJI) is a citywide effort to end institutionalized racism and Race-based inequities in Seattle. RSJI builds on the work of the civil rights movement and the ongoing efforts of individuals and groups in Seattle to confront racism. The Initiative’s long term goal is to change the underlying system that creates Race-based inequities in our community and to achieve racial equity.”

Using RBA in support of the City's RSJI values, HSD's investments will focus on having a measurable impact on identified racial disparities that exist related to any investment area. Racial equity goals are required to be included in each funding process proposal. This has not yet applied to homeless investments as there have not been any funding processes conducted for homeless investments since the adoption of the Outcomes Framework. All future funding processes will include the inclusion of racial disparity goals based on this framework design. Programs responding to Requests for Proposals (RFPs) will be required to report their plan for impacting the racial disparity goal(s) identified in the RFP as a portion of their application.

Analysis of Outcomes by Race

In order to effectively monitor if racial disparities are being adequately addressed by homeless investments, it is necessary to track the rate in which people of color are achieving program outcomes. It is not enough to know that persons of color are being served by investments, it is essential to understand if programs are successful serving those disproportionately impacted by homelessness.

²⁶ Results-Based Accountability Guide – 2010, Results Leadership Group, LLC. < <http://resultsleadership.org/> >

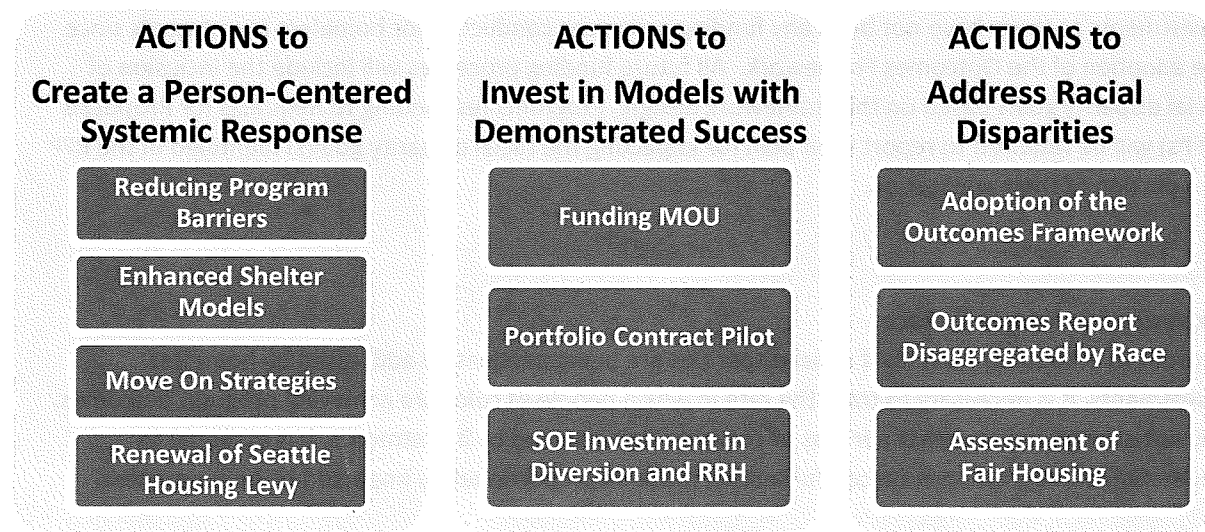
Outcomes disaggregated by race will be tracked and evaluated at both the programmatic and system levels to evaluate the efficacy of interventions in addressing racial disparities. This will allow us to see at what rate persons of different races are successfully exiting homelessness. Technical assistance will be offered to those programs whose outcomes are not meeting minimum performance standards when racially disaggregated.

Affirmatively Furthering Fair Housing

Seattle has historically funded numerous programs specializing in meeting the housing and service needs of culturally specific populations. While these services provide positive support for the participants who meet their eligibility criteria, the challenge comes from providing those resources while also further affirming Fair Housing laws, which prohibit the assignment of housing based on race or other protected classifications. As there are insufficient resources to ensure equal access to the same level of service for every racial or cultural group, it is essential to determine how best to meet the specialized needs of persons of color and immigrants and refugees. HSD is committed to upholding fair housing practices, and examining ways to ensure that the unique needs of individuals are best served within that context. HSD will require all agencies to provide fair housing and practice non-discrimination to ensure fair, equal, and appropriate access.

Actions Already Underway

The City of Seattle has worked closely with Focus Strategies and Barbara Poppe over the past year in order to plan for system reform and become more familiar with best practices. Their recommendations also align with guidance from HUD. In addition, our region is committed to system improvement as outlined in the All Home Strategic Plan. Therefore, some of the work to implement systems reforms has already begun.



Actions to Create a Person-Centered Systemic Response

Reducing barriers in family shelter and homeless housing programs

In December 2015, the All Home Funder Alignment Committee established standardized screening criteria for program eligibility for all projects dedicated to serving individuals and families experiencing homelessness in our community. These standards align with the guidance from HUD and best practices for creating a low barrier homeless response system. Programs are no longer able to enact screening criteria that is more restrictive than defined by the funding source. Our Seattle/King County Continuum of Care is working towards establishing a system-wide Housing First approach, which requires low-barrier policies in all housing interventions dedicated to serving homeless households.

Enhanced shelter services, and preparation for a Seattle-based navigation center

In order to bring people indoors and connect them to housing resources, shelters must be very low barrier and provide sufficient services to result in housing placement. The navigation center is modeled on the [San Francisco Navigation Center](#), which is a dormitory-style living facility that provides people living outside with shower, bathroom, laundry and dining facilities, and a place to store their belongings. Additionally, the navigation center will provide round-the-clock case management, mental and behavioral health services, and connections to benefit programs and housing all in one location. This funding intends that staff on site will offer support for basic needs like shelter, hygiene, meals, secure and accessible storage, case management, and supportive services including meaningful referrals to substance abuse and mental health that are organized to quickly move people into housing.

HSD established an opportunity for up to \$1.67 million in funding to create a Seattle Navigation Center intended to serve at least 75 people at a time. The open and competitive request for qualifications (RFQ) process was released on August 26, 2016 and the contract for the new model is anticipated to start in early December.

Move On strategy pilot with Plymouth Housing

Plymouth Housing's Sylvia's Place opened at the end of 2015. This 65-unit development serves residents in the Housing Options Program, which is Plymouth Housing's graduation program. The formerly homeless residents of Sylvia's Place have stabilized with the support of intensive services from one of Plymouth Housing's Permanent Supportive Housing (PSH) programs. Residents have demonstrated an ability to live more independently but may not be able to make the transition to fully independent living. This process allows the more expensive, service-intensive units to be available to other people who require that level of support to exit homelessness.

Renewal of Seattle Housing Levy

In August 2016, Seattle voters passed the largest housing levy in our City's history sending the message that there is a strong desire to ensure that all of Seattle's residents have access to affordable housing in our community, particularly the most vulnerable. The housing levy provides \$290 million dollars to support low-income housing, double the previous levy. In addition to an overall increase in affordable

housing stock, the levy funds essential programs to address homelessness. There was a strong emphasis on the development of units for people living below 30% area median income and a substantial increase in funding for homeless prevention programs.

Actions to Invest in Models with Demonstrated Success

Funding MOU between City of Seattle, King County and United Way

In response to the recommendations from Focus Strategies, the City of Seattle, King County and United Way have agreed to adopt consistent minimum and target performance standards for inclusion in contracts and funding processes. Alignment between funders will allow for consistent expectations and messaging to providers. Each funder will be implementing the standards on a slightly different timeline based on their funding cycles, but the method of integrating the standards into funding processes has been agreed on by each funder. An MOU detailing these commitments has been signed by each of the appropriate directors. More information on the implementation of performance standards is included in Appendix D.

Implemented Portfolio Contract Pilot

In July 2016, HSD launched the first Portfolio Pilot contracts after a yearlong planning process with five agencies. Streamlined portfolio contracts work to align services for people experiencing homelessness, increase agency flexibility, implement standardized outcome metrics, and more actively manage contracts through a results-driven contracting framework.

SOE investment in Shelter Diversion and Rapid Re-housing

When Mayor Murray declared the State of Emergency (SOE) in November 2015, he made additional funding available to support services to meet the housing needs of those living unsheltered. Since that time, HSD has utilized money available through the SOE to expand investments in Diversion and Rapid Re-housing (RRH) by \$1,347,000. This funding more than doubled the City's investment in Diversion.

Actions to Address Racial Disparities

Outcomes Framework adopted by HSD

Beginning in 2014, HSD developed a theory of change called the [Outcomes Framework](#) that ensures data informs our investments, particularly around addressing racial disparities. The theory of change allows HSD to define the goal or impact of an investment and then map backwards to outline the steps necessary to achieve that outcome including the necessary analysis of racial disparity data and the development of a racial equity target. Using this theory of change, HSD's investments focus on having a measurable impact on identified racial disparities that exist related to any investment area. Racial equity goals are required to be included in each funding process proposal.



Outcomes report disaggregated by race

The Seattle/King County CoC established a new vendor contract for the management of its HMIS in March 2016. The transition to this new data system has allowed for the development of more comprehensive reports that are easily accessible to both the providers and to funders. HSD has not previously had the capability to routinely conduct analyses of the impact of our investments on different racial and ethnic groups. While knowledge about the demographics of the clients being served is a useful data point, it only tells us the rate in which racial and ethnic populations are being served and nothing about their success at exiting homelessness. A new report has been developed that will allow housing outcomes to be disaggregated by race and ethnicity so that relevant data can be used to maximize the impact our investments are having on addressing racial disparities.

Assessment of Fair Housing impacts

Seattle's Assessment of Fair Housing (AFH) report is due to HUD in April 2017. Completion of the report is required in order for the City to continue receiving CDBG, HOME, HOPWA, and ESG funds in 2018 and beyond. Combined, these funds provide the City with approximately \$14 million to provide services and housing for low- and moderate-income persons. The AFH explores previous patterns and reasons for residential segregation in the City and commits the City to strategies and actions to address and redress those patterns and reasons. HUD requires extensive community engagement in the AFH process. Extensive data analysis, based on residential mapping data provided by HUD, is also required. The development of the AFH involves input and assistance from a number of City departments, including HSD, OH, Office of Economic Development, Office for Civil Rights, Office of Community Planning and Development, the Law Department, and Department of Transportation. The Seattle Housing Authority and HSD have elected to do a joint submittal to fulfill both their departmental requirements.

Priority Actions

Focus Strategies and Barbara Poppe have recommended a comprehensive set of actions necessary to implement system reform. The City of Seattle is highly committed to exploring the implementation of all of these reforms. This includes working in partnership with King County to explore implementation of recommendations that live outside of the City. Implementing a number of the recommendations have considerable budget, facility, and staffing impacts that must be explored thoughtfully and with extensive stakeholder engagement. However, there are recommendations that should be implemented immediately in order to begin to address the crisis of homelessness in our community. These priority actions will have immediate measurable impact and have been identified as the necessary first steps for the City's system transformation efforts.

Commitment to Families Living Unsheltered

Currently there are over 500 families on the Coordinated Entry waitlist who are living unsheltered. The vision of Coordinated Entry is to provide families with quick centralized access to shelter and housing. However, barriers to program entry and system inefficiencies cause families to experience very long wait

times. Living unsheltered with young children creates a serious health and safety risk with potentially lifelong negative consequences. The City of Seattle is making a commitment that no family should be unsheltered. The following actions are the first essential steps to fulfilling that commitment:

Family Impact Team

In order to more efficiently problem solve barriers and service gaps to move families off the Coordinated Entry waiting list, the City of Seattle will stand up a Family Impact Team. HSD staff will convene and actively engage family service providers in working a "By Name List" to shelter families on the CEA waitlist. The By Name List process will allow HSD to identify barriers and gaps so they can be addressed and families can more quickly access the resources necessary to exit homelessness.

Coordinated Entry Prioritization

Families are currently prioritized on the Coordinated Entry waitlists based on their scores on the VI-SPDAT assessment. The recommendations from both Focus Strategies and Barbara Poppe suggest that prioritization for shelter and housing should use alternative criteria. While the City is not the lead entity for Coordinated Entry, it is a priority action to work with All Home and King County to explore alternative options for shelter and housing prioritization so that families with children are not forced to live unsheltered as a result of prioritization factors.

Increase Investments in Diversion and Rapid Re-housing

Through the State of Emergency, \$1,347,000 in additional funding was allocated to support diversion and rapid re-housing investments. Continuing the increased level of investments and dedicating more investment dollars to diversion is essential to ensuring that families are able to access flexible funding to end their homelessness quickly.

Expanding 24-Hour Shelter Options

During the 2016 One Night Count in January, 2,942 people were counted living unsheltered in the City of Seattle. At the same time, the SWAP analysis indicates that we have unutilized shelter capacity. People who are choosing to live outdoors rather than in shelter very clearly state that there are significant barriers to coming indoors for some people. In order to bring people inside and connect them with appropriate housing interventions, shelter must be perceived as a preferable option to living outdoors. By embracing a housing first, low barrier, service-oriented shelter model, the City is committed to making shelter accessible and moving away from survival only shelter models to comprehensive shelters that focused on ending a person's homelessness.

The Seattle Navigation Center

The Seattle Navigation Center, based off a successful model in San Francisco, will provide single adults and couples experiencing homelessness access to the basic needs of shelter, hygiene, and food and meals but will also include enhancements such as secure, accessible storage and supportive services/case management that are focused on quickly move people into housing. The Navigation

Center model will eliminate many of the traditional barriers to entering shelters, such as sobriety, pets, gender segregation, curfews and morning closures. It will be a model for the adoption of the system reform recommendations and will provide valuable insights into ways to expand these interventions and principles to other shelters.

Prioritization for Access to Shelter

Access to shelter for single adults currently is not included in the Coordinated Entry for All system. Entry into the Navigation Center will be prioritized to those living unsheltered and who have the longest lengths of time homeless. By focusing on length of time homeless as the prioritization factor, the Navigation Center can pilot methods for effectively moving people who have been living outdoors for very long periods into permanent housing.

Navigation Center Funding Process

The recently released Request for Qualifications for the Seattle Navigation Center was developed to include the system reform recommendations in the project design. The competitive funding process and resulting contract will allow HSD an early opportunity to integrate infrastructure changes into the contracting and monitoring process. The Navigation Center contract will be developed utilizing the performance based contracting elements defined in the Good Government section.

Actively Problem Solving Wait Lists

Coordinated Entry for All is an essential element to a fully functioning integrated response to homelessness. However, developing prioritized Coordinated Entry waitlists is not sufficient to move people quickly into housing. Currently, our system has thousands of people experiencing homelessness living outdoors or in shelter waiting to access an appropriate housing intervention. The process needs to transition from one focused on matching people to programs to one that adapts programs to match people. Learning from communities that have made substantial progress in reducing their waitlists, as well as our community's work on Veteran's Homelessness, the development of "By Name List" (BNL) procedures has been shown to be an essential tool to help with managing the lists and reducing wait times. By Name Lists allow providers and funders to work together to actively problem solve the lists developed by Coordinated Entry. They do not circumvent Coordinated Entry; but rather use the coordinated entry process and enhance it by overlaying case staffing. It creates accountability between providers, to the funder, but most importantly, to the people experiencing homelessness. HSD is committed to developing By Name List processes for the Family Impact Team, Youth and Young Adults, Long-term Shelter Stayers and People Living Unsheltered.

A New Role for HSD

Traditionally, the Human Services Department (HSD) has focused primarily on contracting with providers to execute services, and while that will not change, the addition of managing By Name List processes will be a new function for HSD staff. HSD taking on this role allows for much greater in-depth knowledge of the barriers to access and the gaps in services that exist in our system. It also allows the real-time

flexibility in problem solving restrictions that sometimes only a funder can provide. This knowledge will be useful in the planning and design of future funding processes, initiatives and pilot projects.

Stakeholder Engagement

As HSD develops procedures for each of the unique populations, it will be essential to engage multiple sets of stakeholders in each development process. There is a commitment to working with King County, both to engage the Coordinated Entry process but also to explore the possibility of expanding teams beyond the City of Seattle to have the greatest impact. Providers will also have opportunity to provide input into the procedure development, and while participation in BNL staffing will ultimately be a requirement of contracting with HSD, the goal is for the process to enhance providers' ability to effectively connect people to housing. Each procedure may look slightly different based on the unique needs of the population, the providers contracting to work with that population, the level to which Coordinated Entry is engaged with the population and many other factors.

Connecting People to Services

Outreach is a critical component in connecting people who are living outdoors to services and housing interventions. While HSD funds multiple outreach providers who individually do good work, Seattle/King County does not have a coordinated system of outreach to ensure adequate placement and coverage. Some geographic areas may receive multiple contacts in a week and others none. Outreach must also become a gateway to housing interventions. Outreach will always include other components such as survival supports, medical interventions, mental health and substance abuse, but outreach must also be the entrance to our homeless response system, actively working to get people indoors either into shelter or into permanent housing placements.

Outreach Planning Group

HSD along with REACH, a local outreach provider, and with the support of All Home, has jointly convened a workgroup to develop a comprehensive outreach plan. The goal is to develop an outreach continuum that ensures not only geographic coverage and continuity of services between providers but also shifts the goal of outreach to housing placement. The plans developed by this workgroup will be implemented accordingly and will ultimately inform the planning for future funding processes.

HMIS Participation

In order for outreach to begin to serve as an entrance point for housing services, it is essential that outreach providers input their services and clients into the Homeless Management Information System (HMIS). Currently HSD does not require HMIS participation of outreach providers. However, beginning in 2017 contracts, all providers will be required to enter HMIS data. This will not only facilitate the connection of people to housing, but also will provide a more comprehensive picture of our system and the efficacy of outreach services.

Making Rental Units Accessible

There is no doubt that Seattle is in the midst of an affordable housing crisis. Nothing in the recommendations or this plan denies that. Rather, Focus Strategies and Barbara Poppe both focus on the need to increase access to any and all available affordable and private market housing stock and to identify creative housing solutions so that homelessness can be reduced in spite of our housing market. Rapid re-housing and rental voucher programs can only place people into housing if the housing stock is available to rent. Currently, people with these supports are often faced with challenging and difficult housing searches, complicated by rental restrictions and barriers to entry such as credit and background checks. It can take months for people on the verge of permanent housing placement to successfully locate a rental unit to make use of their subsidy. The City of Seattle is committed to supporting the development of a Housing Resource Center to increase access to rental units.

Housing Resource Center

The Housing Resource Center (HRC) is a systematic way of increasing access to the stock of affordable and market rate rental units available to individuals and families exiting homelessness through the use of a rental subsidy or voucher program. HSD, along with King County and the United Way, have for several years invested in the Landlord Liaison Project. The HRC is a redesign of the Landlord Liaison Project, expanding on the lessons learned locally and the success that other cities have had increasing their rental access. The King County Department of Community and Health Services (DCHS) will be releasing a Request for Proposal (RFP) for the implementation of the project in 2016. HSD will support King County in the planning of the RFP process.

Seattle has a long history of building affordable housing with the support of our community through successful housing levies. The creation and preservation of affordable housing is primarily the work of the Housing Affordability and Livability Agenda (HALA), but it intersects with homelessness as accessing those units can be a way to help someone exit homelessness. Currently, affordable property owners or property managers often maintain independent wait lists; navigating these lists and accessing a unit requires a lot of luck or an extremely skilled case manager. A centralized list of available affordable units will assist case managers and people experiencing homelessness to more effectively locate permanent housing options.

There is not a city in the country that has enough affordable housing stock to serve everyone in need, and Seattle is no exception. In order to increase access to units, the HRC must also focus on increasing the availability of private, market rate units for people exiting homelessness. This will require engaging with private developers and property managers to help them understand the financial argument for including their units in the Housing Resource Center. This is a different approach to the way our community has historically engaged landlords, with a focus on the civic responsibility and being a good neighbor to those in need. While that approach has secured the participation of some landlords, it does not appeal to the business needs of a property developer. Rather than having a social service focus, the staff at the HRC will have a real estate focus and can recruit both affordable and market rate units based

on sound business arguments and incentives for participation. More information on the Housing Resource Center can be found in the Barbara Poppe Report.

Ensuring Good Government and Performance

The City of Seattle and the Human Services Department also have had a significant role to play in the current state of our homeless response system. The lack of clarity, strategy and formal investment process is a contributing factor to the disjointed patchwork collection of programs. Routine competitive funding processes have not happened in over a decade, resulting in legacy funding with little change to accommodate new directions or models. That type of environment does not encourage innovation. In order to develop a person-centered homeless response system, the City must make investments strategically, based on data and grounded in best practices. HSD commits to conducting routine competitive funding processes and engaging in performance based contracting.

Implementation of Minimum and Target Performance Standards

In 2013, the Seattle/King County Continuum of Care (CoC) established CoC System Wide Performance Metrics for: 1) Exits to Permanent Housing, 2) Length of Stay, and 3) Returns to Homelessness that each program aspires to accomplish. The current CoC targets were developed based on a review of existing project type data considering sub-population distinctions. The City of Seattle, King County, and United Way funding contracts all include the current CoC targets language detailing the quarterly monitoring of targets and the consequences of projects failing to meet projected targets. While the City of Seattle has included these targets in contracts, monitoring and contract negotiations do not routinely use targets.

Focus Strategies has recommended that our continuum move away from an approach based on incremental improvements to our current system to one based on setting standards according to national best practices. They also recommend that the Seattle/King County CoC adopt minimum performance standards that determine eligibility for future funding, and adopt two additional performance measures, *utilization rate* and *entries from homelessness*.

The City of Seattle, along with King County and the United Way have agreed to the adoption of the following performance standards for inclusion in all future funding processes and resulting contracts:

❖ *Utilization Rate:*

Measures the average daily bed or unit (for families) occupancy of the program. This is calculated by using HMIS data compared to maximum program capacity. Rapid re-housing does not have utilization rate standards because the rapid re-housing model does not have a fixed bed capacity to generate occupancy comparisons.

❖ ***Entries from Homelessness:***

Measures the degree to which programs are serving people who are literally homeless, including living outdoors, in a car or in another emergency shelter. The measure is calculated in HMIS based on responses to "immediate prior living situation."

❖ ***Lengths of Stay:***

Measures the number of days from program entry to program exit. For rapid re-housing programs, this is defined as the time from program entry to the end of the financial subsidy.

❖ ***Exits to Permanent Housing (PH):***

Measures the percentage of program participants who exit the program into a form of permanent housing, including permanent supportive housing, stable/long term rental of shared housing, subsidized housing or market rate housing. For Permanent Supportive Housing (PSH), the measure also includes existing residents who exit the PSH program but remain stably housed in another form of permanent housing.

❖ ***Return to Homelessness:***

Measures the percentage of program participants who have exited the program and are subsequently served by any other homeless intervention in HMIS within two years.

Beginning in 2017, HSD will add these performance standards into contracts for monitoring and technical assistance purposes. Programs not meeting minimum standards will be required to develop a technical assistance plan with their HSD program specialist. The implementation of minimum standards and revision of current target performance standards provides an opportunity to support systems improvement by identifying and rewarding high-performing projects and providing targeted assistance to low-performing projects. Specific minimum and target standards and the CoC plan for implementing performance measures is included in Appendix D.

Funding Allocation Process

HSD commits to routine competitive funding processes as a means to ensure system performance and adherence to best practices. HSD will release a Combined Notice of Funding Availability (NOFA) in advance of a Request for Proposal to take place in mid- to late 2017. Successful proposals will receive funding for 2018 contracts. This Combined NOFA will include funding for all homeless investments and serving all populations. Priority populations will be determined based on proportional representation in the homeless population using annual One Night Count results for both the sheltered and unsheltered populations and additional data from current service numbers. System analysis and best practices research will identify priority services or models. Agencies providing emergency shelter, transitional housing, permanent supportive housing, rapid re-housing, outreach, day services and housing navigation

assistance will be able to compete for city resources to address the needs of the populations they serve. By combining all homeless investments into a single funding process, agencies will have increased flexibility to propose the project and models that will allow them to most effectively implement services and meet the performance outcomes. The combined funding process will also ensure HSD has the ability to fund a comprehensive system of services rather than piecemeal programs for different populations and housing models.

The goal is to remain on a two-year funding cycle, but minor deviations may occur in order to best align with our regional funding partners.

Performance Contract Monitoring

HSD aims to establish clear and distinct protocols for analyzing program performance based on best practices and fidelity to program model. A Planner and a Grants and Contracts (G&C) Specialist assigned to each project type/program model will engage with stakeholders in developing a program standards manual for each project type, based on best practices, which clearly defines the service expectations. HSD will use program manuals in the development of all funding processes and for contract monitoring. Applicants for HSD funding will clearly know what the City intends to purchase with its investments and the program elements that are considered essential to successful program implementation.

Contract monitoring will include both monthly and quarterly processes. Monthly monitoring will focus on fiscal monitoring and achievement of outcomes, including an invoice and status report submitted by the agency and an HMIS data report pulled by HSD staff. Quarterly monitoring will utilize data pulled from HMIS to look at achievement of minimum performance standards. If monitoring results in any concerns regarding finance or performance issues, HSD will work with the program to develop a plan of action when necessary.

HSD will conduct on-site program monitoring for all contracts at least annually. Monitoring visits will utilize the appropriate program standards manual, monitoring handbook, and checklist to ensure equity in monitoring approach. If any necessary actions result, program notification will occur during the monitoring visit and a follow up letter sent within 30 days of the monitoring visit with a clear list of action items, required responses, and date due. Due date for action will be noted in a monitoring log and checked weekly by administrative specialists to alert staff of deadlines and follow up required.

The program area leads will gather and interpret system-wide data on their specific program type and coordinate quarterly program meetings with all funded agency providers. Program meetings will provide an opportunity for HSD to engage in partnership with providers to evaluate system level performance, and for programs to see where they are performing compared to the rest of the project type cohort. Program meetings will also provide opportunities for peer learning and ongoing technical assistance.

Based on lessons learned from the Portfolio Pilot, HSD plans to expand performance-based contracting strategies to other homeless services contracts managed by the department. The increased focus on performance and collaboration between HSD and service providers has the potential to boost the effectiveness of programs and help improve the outcomes of people experiencing homelessness in Seattle.

Capacity Building and Technical Assistance

Capacity building and technical assistance will be an essential component of implementing minimum performance standards and performance-based contracting. While contracts will include performance standards beginning with renewal contracts in 2017, program performance will not impact agency funding in 2017. Programs that are not meeting standards will receive capacity building and technical assistance designed to improve their performance and increase their ability to compete in future competitive funding processes where performance measures will impact funding decisions. HSD will take an active role in providing technical assistance and support to all funded agencies through regular communication and training. HSD will work in partnership with King County and All Home to implement a capacity-building plan to increase the abilities of programs to meet performance standards.

If technical assistance is determined to be necessary, HSD will contact program staff or agency administration to identify the best way to meet the agency's technical assistance needs. For issues that require in-person technical assistance, HSD staff will visit the agency on site at the program location or invite the agency to a meeting at the City of Seattle. The goal of the in-person meeting is to provide deeper clarity, set expectations and answer any concerns with the agency as well as to engage in problem solving to course correct on outcomes or program.

If further assistance is necessary, a technical assistance plan will be developed outlining the program needs and action items to increase the program performance. Budget support may be available to assist the agency in building their capability to meet program standards.

The goal of technical assistance is to increase the likelihood that an agency or program is able to meet their performance standards. Technical assistance is intended to be a partnership between HSD and the agency and is not meant to be punitive in nature.

City Staff Capacity Building

Performance-based contracting will require additional capacity and expertise to implement effectively. Current monitoring practices focus almost exclusively on fiscal monitoring with minimal attention paid to program implementation and outcomes. Results-based contracting is a time and labor-intensive process requiring data expertise to collect and interpret both program- and system-level data as well as program model knowledge to actively monitor fidelity to models. Monitoring is also made more complex by the addition of federal funding requirements included in many contracts. Currently just over 50% of our funds are city General Fund with the other half in restricted federal funds that add complexity to the contracting and monitoring process for both the agency and HSD. In addition to

ongoing program monitoring, HSD will also be required to provide meaningful technical assistance to programs.

Planning & Development and Grants & Contracts staff must have a depth and breadth of knowledge in all areas of homelessness and then very specific expertise in their assigned program models in order to effectively implement performance-based contracting and technical assistance plans. Staff capacity can be increased by peer learning and cross training and participating in educational offerings. Staff should be encouraged to engage in these activities and staff work plans should reflect them as a priority.

Timeline

Reforming a system as multifaceted and fractured as the current homeless response system is a complex task and must be undertaken in a thoughtful and meaningful way. We have reached this point after an entire year of staff process, working with consultants, and stakeholder engagement. Now it is time to begin taking action to implement change. Not everything will be accomplished at once, so decisions have been made regarding the elements to prioritize. Over the next two years, continued planning and engagement will occur as we move toward the best way to operationalize the commitments and priorities contained within this framework. The timeline below details the priorities and actions that the City of Seattle intends to undertake immediately and over the next two years. These actions lie within a larger implementation plan that the City has agreed to with King County, All Home, and the United Way for those areas where there is joint responsibility for system reform.

Create a Person-Centered Systemic Response to Homelessness

Families

Commit to get Families living unsheltered indoors

- Stand up Family Impact Team: HSD staff to convene and actively engage family service providers in working a "By Name List" to shelter families on the CEA waitlist.
- Work with All Home and King County to adjust prioritization model for shelter to focus on health and safety outcomes
- Offer diversion to every family entering homelessness
- Increase investment in Rapid Rehousing

Single Adults

Expand 24-hour shelter options (Navigation Center, Housing First)

- Early adoption of the person-centered, low barrier, housing first, comprehensive shelter approach with focus on achieving exits to permanent housing for a population not currently served by our homeless system.
- Access only to those unsheltered with priority to those experiencing long lengths of time homeless.

Actively problem solve for each person – by name – who are on wait lists

- Apply lessons learned from Family By Name List process to other populations: unsheltered outreach, long-term shelters stayers and Youth and Young Adults
- Active staff engagement and exposure to program successes and challenges to inform 2017 RFP.

System Infrastructure

Improve access to affordable housing units (Housing Resource Center)

- Implement HRC in partnership with King County to increase access to permanent housing exits through 2016 RFP
- Increase participation of non-homeless affordable units and market rate units in HRC through incentives

Connecting people to services by developing an Outreach Continuum

- All Home and City leading stakeholder engagement process underway to design coordinated outreach continuum focused on housing outcomes.

Implementation of Outreach Continuum

- Work with Outreach providers to implement some changes in advance of 2017 RFP
- Establish expectation of HMIS participation

Sustain Change through Continuous Quality Improvement

- Conduct routine system performance evaluations using SWAP tool.
- Conduct regular gaps analysis.
- Evaluate changes: Build on what works, course correct where necessary and develop proposals to address identified issues or gaps.
- Adjust to maintain alignment with best practices from HUD and USICH

Invest in Models with Demonstrated Success and Address Racial Disparities

Performance Based System

Establish Expectations for Performance-Based Contracts

- Funders alignment on minimum standards and target performance metrics and timeline for implementation.
- Providers notified of past & current performance
- Provider engagement to develop technical assistance plans to achieve outcomes.
- Develop Housing First definition and communicate expectations to providers.

Build Capacity to Increase Performance Outcomes

- 2017 will be a "Hold Harmless Year" - Contracts will include metrics that will be actively monitored and evaluated by HSD so that technical assistance plans can be executed to improve but funding will not be impacted.
- Improve data: Require HMIS participation and monitor data quality.
- Focus on training and technical assistance to providers (housing first, progressive engagement, exits to permanent housing, data quality, addressing racial disparities, etc.)
- Develop capacity to monitor achievement of outcomes by race.

Housing Stabilization Request for Proposal (RFP)

- All homeless investments in one RFP allows for the most flexibility to shift dollars to the programs making the biggest impacts. (Case Management and Outreach, Diversion and Housing Stability Services, Emergency Shelter, Transitional Housing, Rapid Rehousing, Day/Hygiene Centers)
- Funding will be focused on programs that can demonstrate:
 - Meeting performance standards, including rapid exits to permanent housing
 - Housing first approach
 - Fidelity to best practice models
 - Cultural competency and advancement of racial equity goals
- Release RFP in Q3.

Invest in What Works

- Awards in Q1 to those best meeting the intent and needs of the redesigned homeless crisis response system
- Contracts in Q2 will require model fidelity, housing first, HMIS participation.
- Contracts will hold programs to minimum standards. HSD will actively engage when programs not meeting targets.

Closing

The adoption of the Homeless Policy Framework is a pivot point for the Human Services Department and the City of Seattle to ensure that investments truly provide a pathway home for people experiencing homelessness. While this report is the culmination of several years' worth of system reform discussions and a dedicated year of strategic learning and planning, rather than an ending it is a beginning. It is a response to a very clear call to action from our Federal government, two nationally recognized consultants, our community, and most importantly from people suffering from the crisis of homelessness. We must do better to care for our most vulnerable neighbors.

The City of Seattle has a unique opportunity based on a window of time in which there is more information about how our homeless response system is and is not working than we have ever had before. We have asked for and received very clear directions on ways to implement necessary system improvements. Now is the time to engage with stakeholders, providers and community to ensure that we providing meaningful solutions to homelessness.

Appendix A: HPF Development Process

The Homeless Policy Framework has been developed by a Core Team consisting of staff from HSD's Community Support & Assistance (CSA) and Youth and Family Empowerment (YFE) Divisions and the Office of Housing (OH). The work has also been guided by a larger Planning Team made up of HSD leadership, staff from other divisions and the Mayor's Office. Barbara Poppe, a nationally recognized expert, was contracted to provide consultation and recommendations on the process. Ms. Poppe is a leader in addressing homelessness through data driven solutions and community collaboration. Ms. Poppe served as the Executive Director of the United States Interagency Council on Homelessness from November 2009 to March 2014. During her tenure, Poppe oversaw the Federal response to homelessness by working with 19 Federal agencies to create partnerships at every level of government and with the private sector to reduce and end homelessness. In June 2010, Barbara Poppe and four Cabinet Secretaries announced Opening Doors, the nation's first-ever comprehensive Federal plan to prevent and end homelessness.²⁷

Over the past year, the HPF Framework has been developed in conjunction with Ms. Poppe's work and recommendations from her consultation with the City of Seattle. The Core and Planning teams have worked closely with Barbara Poppe, including three in-person work sessions.

Because homelessness so disproportionately impacts persons of color, HSD used a racial equity lens when developing the HPF and conducted a Race and Social Justice analysis throughout the HPF development process with support from staff experienced with the intersections of race and social justice with homelessness, including members of HSD's RSJI Change Team. A summary of the RSJI analysis is included in Appendix C.

The development of the Homeless Policy Framework builds upon all the previously conducted systems reform work and all of the resulting community engagement processes that have occurred. The recommendations of the HPF reflect the resulting recommendations and the vision of the community throughout these previous processes. The HSD staff accompanied Ms. Poppe during all her program site visits and interviews utilized to formulate her recommendations. Staff from HSD, OH, the Mayor's Office and City Council also participated in a series of learning sessions with cities from around the country that have made significant progress in reducing their homeless populations.

However, as ongoing community engagement is essential to the success of any systems transformation, HSD staff and Barbara Poppe, the consultant working on the HPF development, met individually with providers from each of segment of the service delivery system. Many providers participated in multiple meetings. These meetings helped inform providers about the HPF development process and allowed HSD staff and Ms. Poppe to gain valuable insights into the homeless service delivery system in order to better inform HPF recommendations. Providers all agreed that the current system is not adequately meeting the needs of our neighbors experiencing homelessness. Meetings were also conducted with other funders,

²⁷ United States Interagency Council on Homelessness – <https://www.usich.gov/opening-doors>

both public and private, in order to discuss issues of funder alignment and ensure that funding supports a seamless service delivery system.

HSD Staff also participated in multiple homelessness meetings throughout the development process. These meetings included membership meetings for the Seattle/King County Coalition on Homelessness, All Home Advisory Group meetings and strategic planning sessions. While the focus of these meetings was not specifically the HPF, there was valuable information gained that informed the development process. This was particularly useful in ensuring that the direction of the HPF aligned with other initiatives throughout the community, such as the All Home population-specific strategic plans.

The goal of transforming the homeless service system to make homelessness rare, brief and one time through the development and adoption of the Homeless Policy Framework was presented to the general community at a number of community meetings. Many community members expressed frustration with the current crisis of unsheltered homelessness in their neighborhoods. They would like the city to develop a solution that balances the needs of those experiencing homelessness and the quality of life and safety in the community. Residents consistently expressed desire for the City to use homeless investments in the most effective means possible. There was also support for increasing accountability, ensuring that City tax dollars are invested only with programs that demonstrate success in reducing homelessness.

For a complete list of community engagement efforts for the development of the Homeless Policy Framework, see Appendix B.

Appendix B: HPF Community Engagement Efforts

Audience	September 2015 Barbara Poppe 1 st On sight	January 2016 Individual Meetings	February 2016 Barbara Poppe 2 nd On sight	April 2016 Best Practices Calls/ Community Events	June 2016 Barbara Poppe 3rd On sight/Follow-up calls	June 2016 Stakeholder's Meeting	July 2016 Barbara Poppe Calls with Providers	July 2016 Stakeholder Meetings
Providers	YMCA, YWCA, Youthcare, Mary's Place, DESC, Plymouth Housing, Catholic Community Services	Wellspring, DESC, Interim CDA, Youthcare, SKCCH	DESC, Interim CDA, Youthcare, UGM, SKCCH, Wellspring	DESC	LIHI, Share, Nicklesville, SKCCH, DESC, Church Council of Greater Seattle, Youthcare, Solid Ground, UGM, SHA, Parks, REACH, Compass Housing Alliance, Healthcare. for the Homeless, Housing Development Consortium, Wellspring	DESC, Solid Ground, UGM, REACH, Compass Housing Alliance, Healthcare for the Homeless, Housing Development Consortium, YWCA	Auburn Youth Resources, Compass Housing Alliance, Friends of Youth, PSKS, Lambert House, Therapeutic Health Services, Youth and Outreach Services, Youthcare, New Horizons	DESC, Solid Ground, REACH
King County	All Home Focus Strategies Community Meeting	All Home	All Home	All Home	All Home, DCHS	All Home, DCHS		DCHS
Other		Raikes Foundation	Gates Foundation, Raikes Foundation	Livability Night Out, Belltown Community Council	United Way, Homeless Rights Advocacy Project, Office of Intergovernmental Relations, USICH	United Way, DEEL		DEEL, Gates Foundation, Raikes Foundation, Pioneer Square Alliance, Downtown Seattle Association, Chamber of Commerce

Appendix C: Racial and Social Justice Analysis

In order to conduct a thorough racial and social justice analysis a team was assembled of participants from throughout HSD, representing each of the three service divisions. Participating staff members had a combination of expertise in homelessness and in race and social justice, often combining both. Three members of the HSD Race and Social Justice Initiative (RSJI) Change Team participated in the ongoing analysis and half of the participants were persons of color. Utilizing a combination of data review, guided discussion and application of the City of Seattle's [Racial Equity Toolkit](#), the RSJI analysis team was able to guide the framework development. In addition to working on an on-going basis with the advisory team, the concept of the Homeless Policy Framework was presented to the HSD RSJI Change Team and all members of the change team were invited to participate in a deep dive conversation regarding the potential race and social justice ramifications of the policy outcomes.

From this analysis and discussion opportunity, the following recommendations to attempt ensure increased ability for the Homeless Policy Framework to maximize the capacity of HSD to address the disparate impacts on people of color experiencing homelessness in our city.

Recommendation 1: Collect Data on Outcomes by Race

While we can easily identify the overrepresentation of persons of color participating in our homeless assistance services, HSD does not collect or analyze the outcomes of those services by race. All indications are that very few people in the homeless system achieve permanent housing, resulting in a crisis of capacity and ultimately unsheltered people living on our streets. This crisis is potentially compounded if persons of color are not achieving permanent housing outcomes at a rate commensurate to their white counterparts. However, HSD does not currently have the capacity to analyze the situation due to a lack of data. An expectation of the development of the HMIS system under the new vendor should include the capacity to pull reports of exits to permanent housing by race. Grants and Contracts Specialists should use this data as an element of their program performance monitoring and HSD should use system wide data to ensure that homeless investments are increasing racial equity in our city. HSD should require the measurement of exits to permanent housing for persons of color as a programmatic evaluation element.

Recommendation 2: Develop New Strategies to Increase Racial Equity

HSD has historically relied upon the funding of agencies who specialize in serving marginalized populations to ensure that racial disparities are adequately addressed. However, with the overall increase in the size of the homeless population in Seattle and the disproportionate number of persons of color experiencing homelessness, small culturally specific agencies are not able to adequately meet demand. Should this practice continue without additional funding or interventions, HSD is omitting culturally sensitive and/or specific services for the remaining, unfunded groups. For example, while Native Americans are seven times more likely to experience homelessness, there are no culturally specific programs funded to provide services to this vulnerable population.

Reliance primarily on funding these culturally specific agencies to achieve racial equity is not ensuring the desired results across all populations. Therefore, it is essential to identify additional strategies to ensure racial disparities are addressed throughout the homeless service system. One possible strategy could be

exploring the option of a system that separates housing resources from culturally specific case-management services. HSD should consider requiring all programs to participate in race and social justice training and fair housing training for staff, leadership, and volunteers as a condition of their contract. Another strategy includes strictly enforcing non-discriminatory practices. HSD may also elect to increase funding available to offer homeless assistance services across a broader range of culturally specific homeless service groups with a focus on those groups that are shown in local data to be disproportionately over-represented in Seattle's homeless population. HSD should work closely with the community, particularly with those communities of color disproportionately impacted by homelessness, to identify additional strategies to increase racial equity.

Appendix D: Revised System Wide Performance Targets and New Minimum Standards Implementation Plan

I. Background

The federal Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act requires that each Continuum of Care (CoC) establish targets and show annual progress in achieving those targets and reducing homelessness.

In 2013, the Seattle/King County CoC established CoC System Wide Performance Metrics for: 1) Exits to Permanent Housing, 2) Length of Stay, and 3) Returns to Homelessness that each program aspires to accomplish. The current CoC targets were developed based on a review of existing project type data taking sub-population distinctions into consideration. The City of Seattle, King County, and United Way funding contracts all include the current CoC targets language detailing the quarterly monitoring of targets and the consequences of projects failing to meet projected targets. Programs were provided with performance data in both 2013 and 2014 as an initial step toward measuring progress quarterly.

The All Home Strategic Plan calls for a continuation and improvement of efforts to measure our progress and adapt practices based on data. As part of the action steps of the Strategic Plan, All Home stakeholders committed to using the System-Wide Analytics and Projection (SWAP) suite of tools to better understand our systems planning and change efforts. King County, the City of Seattle, and United Way of King County (the "Funders") jointly funded a consulting contract with Focus Strategies that includes a full system analysis using the SWAP tools. Using our local data, Focus Strategies has made recommendations to realign funding and programming, and to improve investment alignment between King County funders to better support our shared goals to make homelessness rare, brief, and a one-time occurrence.

II. Focus Strategies Recommendations

Focus Strategies recommends that the Seattle / King County CoC revise the current CoC System Wide Targets as follows: move away from an approach grounded in local data to one based on national practices; adopt utilization rate and entries from homelessness as additional standards; eliminate the distinction between overnight and case managed emergency shelters for single adults; adopt standards for transitional housing that reflect a 'bridge' model; and alter the distinctions between sub-populations.. See Attachment A for a comparison of current and recommended Focus Strategies system wide targets. Based on the Focus Strategies recommended targets, the proposed System Wide Targets are:

REVISED System Wide Targets					
Project Type	Core Outcomes			Entries from Homelessness	Utilization Rate
	Exit Rate to PH	Length of Stay	Return Rate to Homelessness		
Emergency Shelter	50% (S & YYA) 80% (F)	30 days (S & F) 20 days (YYA)**	8% (S & F) 5% (YYA)**	90%	95%

Transitional Housing	85%	90 days (S & F) 180 (YYA)**	8% (S & F) 5% (YYA)**	95%	95%
Rapid Rehousing	85%	120 days	3% (S & F) 5% (YYA)**	95%	NA
PSH	90%*	N/A	3% (S & F) 5% (YYA)**	95%	95%

*Following HEARTH, the PSH performance standard for Exits to Permanent Housing will be exits to and retention of permanent housing. This measure differs slightly from the Focus Strategy PSH permanent housing exit data included in the SWAP.

**Focus Strategies' recommendations do not include specific targets or minimum standards for Youth and Young Adults (YYA). These YYA metrics were established through subsequent analysis provided by Barbara Poppe.

NEW System Wide Minimum Standards					
Project Type	Core Outcomes			Entries from Homelessness	Utilization Rate
	Exit Rate to PH	Length of Stay (days)	Return Rate to Homelessness		
Emergency Shelter	40%(S) 65%(F) 35% (YYA)	90 (S/F) 30 (YYA)	10% (S/F) 20% (YYA)	90%	85% (S/F) 90% (YYA)
Transitional Housing	80%	150 (S/F) 270 (YYA)	10% (S/F) 20% (YYA)	90%	85%
Rapid Rehousing	80%	180	5% (S/F) 20% (YYA)	90%	NA
PSH	*90%	NA	5% (S/F) 20% (YYA)	90%	85%

In addition, Focus Strategies recommends that for the first time the Seattle / King County CoC adopts minimum standards. As below, the minimum standards reflect the following changes in approach: move away from an approach grounded in local data to one based on national best practices; adopt utilization rate and entries from homelessness as additional standards; eliminate the distinction between overnight and case managed for exits to permanent housing from emergency shelters for single adults; adopt standards for transitional housing length of stay that reflect a 'bridge' model; and alter the distinctions between sub-populations.

*Following HEARTH, the PSH performance standard for Exits to Permanent Housing will be exits to and retention of permanent housing. This measure differs slightly from the Focus Strategy PSH permanent housing exit data included in the SWAP.

**Focus Strategies' recommendations do not include specific targets or minimum standards for Youth and Young Adults (YYA). These YYA metrics were established through subsequent analysis provided by Barbara Poppe.

III.Funder Commitment

Funders recognize that projects have made considerable efforts to align with and reach the current CoC targets. To that end, King County, the City of Seattle, and United Way of King County agree to phase in a shift from our current CoC targets to the recommended Focus Strategies targets over the next two years (hereafter referred to as the NEW system-wide targets and minimum standards), fully implementing by 2018. This agreement is reflected in the Memorandum of Understanding for Implementation of Revised System Wide Performance Targets and Minimum Standards.

Improving system-wide performance increases our ability to make homelessness rare, brief, and one-time in King County. The implementation of minimum standards and revision of current target performance standards provides an opportunity to support this improvement by identifying and rewarding high-performing projects and providing targeted assistance to low-performing projects.

IV.Implementation Plan

Alignment to the NEW system wide targets and minimum standards will be made as follows:

- Effective immediately, the CoC will measure performance standards including entries from homelessness and utilization rate. All programs will be notified of the NEW system wide targets and minimum standards for use in future contracts.
- In the third quarter of 2016, the CoC will review the new system-wide targets and minimums to create a project - level plan to align with or exceed the recommended targets by 2018.
- Standards will be reviewed annually by the All Home Data and Evaluation Sub-Committee. Any changes to the standards will be determined by the Funders.

An annual implementation plan may be found in Attachment B.

A. Future Funding Rounds

In all future competitive funding rounds (see schedule below), minimum and target performance standards will be clearly defined.

RFI/RFP funding decisions will be based on a model consistent with our **Continuum of Care Notice of Funding Availability (CoC NOFA) ranking system**, adopted by the All Home Funder Alignment Committee. Under this model, for each RFI/RFP:

- 1) For all funding processes, the CoC evaluation team, acting on behalf of All Home, will create a consolidated ranking of all projects based on performance on the NEW system-wide targets and minimum standards identified above. The performance ranking will be used by funders for scoring in the RFI/RFP process. The ranking and the process used to create it will be shared on the All Home website. For processes led by a single funder, funder evaluation staff will follow a parallel process.
- 2) In addition, as part of the application process, agencies will report on their project performance and provide a plan and timeline for improvement where needed.
- 3) Projects meeting the System Wide Performance Targets in effect at the time of the RFI/RFP will be awarded bonus points.

B. Continuation Funding

Projects seeking the continuation of existing funding must show increasing progress toward meeting the project – level new system-wide targets and minimum standards.

C. Shifts to Project Models

In order to implement the NEW system-wide targets and minimum standards, shifts in project models for transitional housing projects and emergency shelters without case management are needed. Shifts in relevant targets for those project types will be made in accordance with shifts in project models, with a goal to fully implement the recommendations by 2018.

V. Technical Assistance

Effective immediately, contract monitoring will include evaluation of progress towards CURRENT System Wide Performance Standards and NEW Minimum Standards.

All Agencies will be offered the opportunity to participate in technical assistance and support activities. Agencies with projects not meeting System Wide Minimum Standards in one or more categories, and/or agencies with projects not meeting at least one current System Wide Performance Standard will be required to participate in technical assistance activities.

Technical assistance may include the following:

- Peer-Peer Best Practice Seminars: Highlighting high-performing projects and cross-training/learning opportunities (staffed by All Home)
- City of Seattle Provider Learning Circles
- Capacity Building Plan – In development by All Home. Includes Fair Housing Training, Risk Management Training, Behavioral Health Cross-training and Resources, Housing First Training, Crisis Intervention, Risk Mitigation Funding, and Community/Neighborhood conversations about housing first.

VI. Provider Notification Process

Upon completion of the SWAP and following the All Home Community Meeting with Focus Strategies, a joint letter from funders will be sent to each agency to notify them of the changes documented here.

As soon as possible for calendar year 2015, and Q1 2016, project-level performance information on the recommended Focus Strategies targets will be published on the All Home website. Thereafter, project-level performance will be published on the All Home website on a quarterly basis. Results will be published with a one-quarter lag (i.e., results for Q1 will be published at the end of Q2) to allow sufficient time for data entry, clean-up, and analysis. It is the expectation of funders that all HMIS data be entered correctly on the timeline documented in current contracts. Adjustments will not be made to quarterly performance reports due to errors in the underlying data. Targets in effect at the time of the analysis for both System Wide Performance Standards and System Wide Minimum Standards will be incorporated.

Attachment A: System Wide Performance Metrics Comparison Chart

Project Type	Length of Stay			Exit Rate to PH			Return Rate to Homelessness			Entries from Homelessness		Utilization Rate	
	Previous CoC Target	Focus Strategies Target	Revised CoC Target	Previous CoC Target	Focus Strategies Target	Revised CoC Target	Previous CoC Target	Focus Strategies Target	Revised CoC Target	Focus Strategies Target	Revised CoC Target	Focus Strategies Target	Revised CoC Target
Emergency Shelter	37 (S) 100 (F) 20 (YYA)	30 days	30 days (S/F) 20 days (YYA)	5%/20% (S-overnight/ case mgd) 33%(F) 10%(YA) 33%(Y)	50% (S/YYA) 80% (F)	50% (S/YYA) 80% (F)	15% (S) 5% (F) 30% (YYA)	NA	8% (S/F) 5% (YYA)	90%	90%	95%	95%
Transitional Housing	325 (S) 390 (F) 275 (YYA)	90 days	90 days (S/F) 180 days (YYA)	70%(S) 80%(F) 64%(YYA)	85%-90%	85%	7% (S/F) 15% (YYA)	NA	8% (S/F) 5% (YYA)	95%	95%	95%	95%
Rapid Rehousing	NA	120 days	120 days	80%	85%-90%	85%	10%	NA	3% (S/F) 5% (YYA)	95%	95%	NA	NA
PSH	NA	NA	NA	91%	NA	90%	10%	NA	3% (S/F) 5% (YYA)	95%	95%	95%	95%

Attachment B: Annual Implementation Plan

Below is an outline of how each of the Funders will align to our shared 2018 goal that all housing programs will meet at least one of the CORE NEW system wide targets to be eligible for funding and that 50% of RFP scoring will be based on performance metrics.

Year 1 - 2016			
	County	City	UWKC
Data Review			
	- Project-level performance will be posted quarterly on the All Home website with a one-quarter delay. - As always, providers may review their performance on all metrics other than returns to homelessness at any time.		
RFP's			
	- Include language in all RFPs prioritizing the NEW system wide targets and minimum standards. - 30% of RFP points are dedicated to performance metrics. - Apply CoC Funding Ranking Order process to determine applicants points awarded for performance metrics.	No RFP process in 2016	- Include language in all RFPs prioritizing the NEW system wide targets and minimum standards. - Apply CoC Funding Ranking Order process to determine applicants points awarded for performance metrics.
Continuation Contracts			
	- At contract renewal, projects that do not meet or demonstrate progress on the project – level targets and minimums during 2016 will receive a notification of low performance.		

Year 2 – 2017	
<u>Changes from year 1 are underlined</u>	
Data Review	
	- Project-level performance will be posted quarterly on the All Home website with a one-quarter delay. - As always, providers may review their performance on all metrics other than returns to homelessness at any time.
RFP's	
	- <u>40%</u> of RFP points are dedicated to performance metrics. - Apply CoC Funding Ranking Order process to determine applicants points awarded for performance metrics. - <u>Projects must meet one of the NEW system wide minimum standards.</u>

Continuation Contracts	
	- Projects that do not meet or demonstrate progress on the project – level targets and minimums during 2017 <u>will not receive continuation funding in 2018.</u> - <u>At contract renewal projects must meet at least one of the Core NEW system minimum standards.</u>

Year 3 – 2018	
<u>Changes from year 2 are underlined</u>	
Data Review	
	- Project-level performance will be posted quarterly on the All Home website with a one-quarter delay. - As always, providers may review their performance on all metrics other than returns to homelessness at any time.
RFP's	
	- <u>50%</u> of RFP points are dedicated to performance metrics. - Apply CoC Funding Ranking Order process to determine applicants points awarded for performance metrics. - <u>Projects must meet one of the core NEW system wide targets.</u>
Continuation Contracts	
	- Projects that do not meet or demonstrate progress on the project-level targets and minimum standards may not receive continuation funding. - <u>At contract renewal projects must meet at least one of the Core NEW system minimum standards.</u>



SEATTLE CITY COUNCIL | DISTRICT 1

COUNCILMEMBER LISA HERBOLD

May 4, 2017

Jayson Morris
2632 26th St Northwest, #D
Seattle, WA 98107

Dear Jayson,

I am pleased to appoint you to the Seattle Commission for People with Disabilities. You will be serving a term ending on April 30th, 2019

This appointment is subject to confirmation by the full Council after review by the Civil Rights, Utilities, Economic Development and Arts Committee. The Committee members prefer that new appointees appear in person, so please plan to attend the committee meeting scheduled for Tuesday, May 9th at 9:30am. The meeting will take place in City Council Chambers. If you have any questions regarding the confirmation process, please contact Marta Idowu at (206) 684-4540 or at marta.idowu@seattle.gov.

As you know, the Seattle Commission for People with Disabilities will require your time and creative energy, so I truly appreciate your willingness to make this commitment. You bring valuable skills and experience to the Seattle Commission for People with Disabilities, and I am sure the city will benefit from your participation.

Thank you for serving the people of Seattle.

Sincerely,

Lisa Herbold, Chair, Civil Rights, Utilities, Economic Development and Arts Committee
Seattle City Council

Copy: Andra Kranzler, Legislative Aide to Councilmember Lisa Herbold
Wayne Barnett, Executive Director, Ethics and Elections
Marta Idowu, Commission Administrator, Seattle Office for Civil Rights

STATE OF WASHINGTON -- KING COUNTY

--SS.

349861

No.

CITY OF SEATTLE, CLERKS OFFICE

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

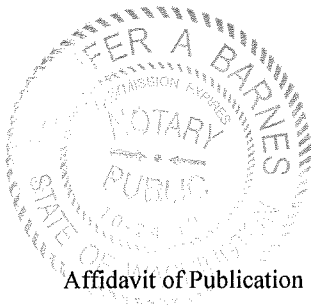
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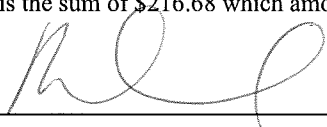
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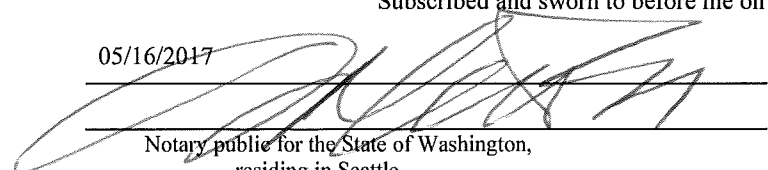
05/16/17

The amount of the fee charged for the foregoing publication is the sum of \$216.68 which amount has been paid in full.




Subscribed and sworn to before me on

05/16/2017


Notary public for the State of Washington,
residing in Seattle

State of Washington, King County

City of Seattle

The full text of the following legislation, passed by the City Council on May 8, 2017, and published below by title only, will be mailed upon request, or can be accessed at <http://seattle.legistar.com>. For information on upcoming meetings of the Seattle City Council, please visit <http://www.seattle.gov/council/calendar>.

Ordinance 125301

Council Bill 118949

AN ORDINANCE amending Ordinance 124927, which adopted the 2016 Budget, including the 2016-2021 Capital Improvement Program (CIP); changing appropriations to various departments and budget control levels, and from various funds in the Budget; and ratifying and confirming certain prior acts, all by a 3/4 vote of the City Council.

Ordinance 125302

Council Bill 118950

AN ORDINANCE amending Ordinance 125207, which adopted the 2017 Budget, including the 2017-2022 Capital Improvement Program (CIP); changing appropriations to various departments and budget control levels, and from various funds in the Budget; and ratifying and confirming certain prior acts, all by a 3/4 vote of the City Council.

Ordinance 125303

Council Bill 118951

AN ORDINANCE authorizing, in 2017, acceptance of funding from non-City sources; authorizing the heads of the Executive Department, Department of Education and Early Learning, Department of Parks and Recreation, Human Services Department, Seattle Fire Department, Seattle Police Department, and Seattle City Light, to accept specified grants and private funding and to execute, deliver, and perform corresponding agreements; and ratifying and confirming certain prior acts.

Ordinance 125304

Council Bill 118952

AN ORDINANCE amending Ordinance 125207, which adopted the 2017 Budget, including the 2017-2022 Capital Improvement Program (CIP); changing appropriations to various departments and budget control levels, and from various funds in the Budget; adding new projects; revising project allocations for certain projects in the 2017-2022 CIP; creating both new exempt and non-exempt positions; modifying positions; making cash transfers between various City funds; lifting a proviso; and ratifying and confirming certain prior acts; all by a 3/4 vote of the City Council.

Ordinance 125305

Council Bill 118956

AN ORDINANCE relating to the Department of Parks and Recreation; accepting deeds for real property and property rights acquired in connection with the Parks and Green Spaces Levy in designated greenspaces (Arroyos Greenspace, Carkeek Park, Duwamish Head Greenspace, East Duwamish Greenspace, Kubota Gardens Natural Area, Lakeridge Greenspace, Leschi Natural Area, Me-Kwa-Mooks Natural Area, Northeast Queen Anne Greenbelt, Puget Creek Greenspace, Thornton Creek Natural Area, and West Duwamish Greenbelt), for park additions (Baker Park, Greenwood/Phinney RUV Park), for playgrounds (Puget Ridge Playground), and for a Conservation Easement in the Maple Leaf neighborhood of NE Seattle, all for open space, park, and recreation purposes; and ratifying and confirming certain prior acts.

Ordinance 125306

Council Bill 118957

AN ORDINANCE relating to King County Conservation Futures Levy proceeds; authorizing the Mayor to amend the

Interlocal Cooperation Agreement between The City of Seattle and King County authorized by City of Seattle Ordinance 114978; authorizing the deposit of 2015 and 2016 allocations from King County Conservation Futures Levy proceeds into The City of Seattle's 2008 Parks Levy Fund; and superseding Ordinance 124866.

Ordinance 125307

Council Bill 118961

AN ORDINANCE relating to funding for housing and community development programs; adopting the 2017 City of Seattle and Seattle Housing Authority Joint Assessment of Fair Housing and authorizing its submission to the Office of Fair Housing and Equal Opportunity (FHEO) of the United States Department of Housing and Urban Development.

Ordinance 125308

Council Bill 118962

AN ORDINANCE relating to housing for low-income households; adopting the Housing Levy Administrative and Financial Plan for program years 2017-2018; adopting Housing Funding Policies for the 2016 Housing Levy and other fund sources; authorizing actions by the Housing Director regarding past and future housing loans and contracts; and ratifying and confirming certain prior acts.

Ordinance 125309

Council Bill 118964

AN ORDINANCE authorizing the Director of Finance and Administrative Services to execute a five-year lease agreement with the United States for the City of Seattle to use and occupy space at the Fort Lawton Army Reserve Center located adjacent to Discovery Park in the Magnolia neighborhood in Seattle, Washington; and ratifying and confirming certain prior acts.

Ordinance 125310

Council Bill 118966

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

Date of publication in the Seattle Daily Journal of Commerce, May 16, 2017.

5/16(349861)