SEATTLE CITY COUNCIL

Legislative Summary

CB 118656

Record No.: CB 118656 **Type:** Ordinance (Ord) 125028 **Status:** Passed

Version: 1 **In Control:** City Clerk

File Created: 02/25/2016

Final Action: 05/04/2016

Title:

Notes:

	Date
Filed with City Clerk:	5/4/2016
Mayor's Signature:	4/29/2016
Vetoed by Mayor:	
Veto Overridden:	
Veto Sustained:	

Sponsors: Burgess

Attachments: Exhibit 1 - 2016 Housing Levy Programs v3

Drafter: adam.schaefer@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	03/01/2016	Mayor's leg transmitted to Council	City Clerk			
	Action Text: The Council Bill (CB) was Mayor's leg transmitted to Council. to the City Clerk						
	Notes:						
1	City Clerk	03/01/2016	sent for review	Council President's Office			
	Action Text: The Council Bill (CB) was sent for review. to the Council President's Office						
	Notes:						
1	Council President's Office	03/03/2016	sent for review	Select Committee on the 2016 Seattle Housing Levy			
	Action Text: The Council Bill (CB) was sent for review. to the Select Committee on the 2016 Seattle Housing Levy						
	Notes:						
1	Full Council	04/04/2016	referred	Select Committee on the 2016 Seattle Housing Levy			
	Action Text: The Council Bill (CB) was referred. to the Select Committee on the 2016 Seattle Housing Levy						

Notes:

1	Select Committee on the 2016 Seattle Housing Levy	04/04/2016	discussed	

Action Text: The Council Bill (CB) was discussed.

Notes: The Committee held a Public Hearing on this Bill.

1	Select Committee on the 2016 Seattle Housing Levy	04/22/2016	pass as amended	Pass

Action Text: The Committee recommends that Full Council pass as amended the Council Bill (CB).

In Favor: 8 Chair Burgess, Member Bagshaw, Member Harrell, Member Herbold, Member Johnson, Member Juarez, Member O'Brien, Member Sawant

Opposed: 0

1	Full Council	05/02/2016	passed	Pass

Action Text: The Motion carried, the Council Bill (CB) was passed by the following vote, and the President signed the Bill:

Notes: Motion was made and duly seconded to pass Council Bill 118656.

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	05/03/2016	submitted for Mayor's signature	Mayor

Action Text: The Council Bill (CB) was submitted for Mayor's signature. to the Mayor

Notes:

1	Mayor	05/04/2016	Signed	

Action Text: The Council Bill (CB) was Signed.

Notes:

1	Mayor	05/04/2016	returned	City Clerk

Action Text: The Council Bill (CB) was returned. to the City Clerk

Notes:

1	City Clerk	05/04/2016	attested by City Clerk	

Action Text: The Ordinance (Ord) was attested by City Clerk.

Notes:

CITY OF SEATTLE

ORDINANCE 125028

COUNCIL BILL 118656

AN ORDINANCE relating to low-income housing; requesting that a special election be held concurrent with the August 2, 2016 primary election for submission to the qualified electors of the City of a proposition to lift the limit on regular property taxes under chapter 84.55 RCW in order to authorize the City to levy additional taxes for low-income housing for up to seven years; providing for interim financing pending tax receipts; creating a levy oversight committee; requiring annual progress reports; providing for implementation of programs with funds derived from the taxes authorized; and ratifying and confirming certain prior acts.

WHEREAS, the $145,000,000 housing levy authorized in Ordinance 123013 and approved by the voters in 2009 (the "2009 Levy") expires with the collection of 2016 property taxes; and

WHEREAS, the $86,000,000 housing levy authorized in Ordinance 120823 was approved by the voters in 2002; and

WHEREAS, the $59,211,000 housing levy authorized in Ordinance 117711 was approved by the voters in 1995; and

WHEREAS, the $49,975,000 housing levy authorized in Ordinance 112904 was approved by the voters in 1986; and

WHEREAS, the $48,170,000 low-income elderly and handicapped housing bond issue authorized in Ordinance 110124 was approved by the voters in 1981; and

WHEREAS, the low-income elderly and handicapped housing bond approved in 1981 and three housing levies approved in 1986, 1995, and 2002 have all exceeded goals for producing and preserving housing, and the 2009 Levy programs are meeting or exceeding goals for housing production and assistance; and

WHEREAS, in September 2014, the City Council adopted Resolution 31546, in which the Mayor and the City Council jointly convened the Seattle Housing Affordability and Livability Agenda (HALA) Advisory Committee to evaluate potential strategies to make Seattle more affordable, equitable, and inclusive; and in particular to promote the development and preservation of affordable housing for residents of the City; and

WHEREAS, in July 2015, the HALA Advisory Committee published its Final Advisory Committee Recommendations and the Mayor published Housing Seattle: A Roadmap to an Affordable and Livable City, which outlines a multi-prong approach of bold and innovative solutions to address Seattle's housing affordability crisis; and

WHEREAS, in October 2015, the City Council adopted Resolution 31622 declaring the City's intent to expeditiously consider strategies recommended by the HALA Advisory Committee, including renewal of the Seattle Housing Levy; and

WHEREAS, the City Council adopted Resolution 31606 endorsing the goals of the Committee to End Homelessness (CEH) 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 evidenced-based practices; and

WHEREAS, substantial need remains for additional low-income housing and assistance to help low-income persons access housing they can afford, as documented in the Housing Appendix to the Comprehensive Plan and the City's 2014-2017 Consolidated Plan; and

WHEREAS, chapter 84.55 RCW generally limits the dollar amount of regular property taxes that a city may levy in any year, but RCW 84.55.050 allows a city to levy taxes exceeding such limit by majority approval of the voters, and allows a city to include in the ballot

proposition a limit on the purpose for which the additional taxes levied will be used and to provide for the expiration of the additional taxing authority; and

WHEREAS, RCW 35.21.685 authorizes a city to assist in the development or preservation of publicly or privately owned housing for persons of low income by providing loans or grants of general municipal funds to the owners or developers of the housing, including loans or grants to finance the acquisition, construction, or rehabilitation of low-income housing;

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Findings. The City Council makes the following findings and declares as follows:

A. The City of Seattle has insufficient safe, sanitary, and appropriate housing affordable to low-income households to meet the present and anticipated needs of such households, as documented in the Housing Appendix to the Comprehensive Plan and the City's 2014-2017 Consolidated Plan.

B. Affordable rental housing for low-income households, including people experiencing homelessness, persons with special needs, families, and seniors, often requires a commitment of City funds for development or preservation, or other forms of assistance.

C. Supporting home ownership through grants to low-income homeowners to make critical health and safety repairs, and through loans to low-income first-time homebuyers coupled with homeownership counseling, helps create financial stability for families and promotes mixed income neighborhoods.

D. Rental assistance combined with stabilization services for low-income families and individuals facing eviction helps maintain stable housing and prevents homelessness.

E. Providing funding to help develop, preserve, and finance housing affordable to low-income renters and homebuyers helps create construction jobs and on-going employment and generates income for local businesses.

F. The additional taxes to be levied under this ordinance would enable the City to provide for the housing needs of low-income households and so fulfill the purposes of federal, State, County, and City laws and policies, including without limitation the State Growth Management Act ("GMA"), the Countywide Planning Policies adopted under GMA, and the City's Comprehensive Plan.

Section 2. Definitions. The following terms used in this ordinance shall have the definitions stated below unless the context otherwise clearly requires:

"Household" means a single person, family, or unrelated persons living together.

"Low-income household" means a household with income less than or equal to 80 percent of median income.

"Low-income housing" means housing that will serve "low-income households."

"Median income" means annual median family income for the statistical area or division thereof including Seattle for which median family income is published from time to time by the U.S. Department of Housing and Urban Development, or successor agency, with adjustments according to household size in a manner determined by the Director of Housing, provided that if an Administrative and Financial Plan adopted under Section 6 of this ordinance shall adopt a substitute definition of "median income," the substitute definition shall apply.

To the extent permitted by State law, income determinations may take into account such exclusions, adjustments, and rules of computation as may be prescribed or used under federal

housing laws, regulations, or policies for purposes of establishing income limits, or as may be established in City planning documents consistent with federal laws, regulations, or policies.

Section 3. Proposition to Authorize Levy of Additional Regular Property Taxes. The City hereby submits to the qualified electors of the City a proposition as authorized by RCW 84.55.050, to exceed the levy limitation on regular property taxes contained in chapter 84.55 RCW for property taxes levied in 2016 through 2022 for collection in 2017 through 2023, respectively, raising up to $290,000,000 in aggregate over a period of up to seven years. The proposition shall be limited so that the City shall not levy more than $41,428,571 in additional taxes each year, in addition to the maximum amount of regular property taxes the City would have been limited to by RCW 84.55.010 in the absence of voter approval under this ordinance. Proceeds shall be used for the purposes specified in Section 5.A of this ordinance. Pursuant to RCW 84.55.050(5), the maximum regular property taxes that may be levied in 2023 for collection in 2024 and in later years shall be computed as if the limit on regular property taxes had not been increased under this ordinance.

Section 4. Levy Revenues.

A. Unless otherwise directed by ordinance, all revenues collected from the additional taxes authorized pursuant to this ordinance shall be deposited in the Low-Income Housing Fund to finance housing for low-income households and provide for the housing needs of low-income households. The Director of Finance and Administrative Services or successor department is authorized to create other subfunds or accounts within the Low-Income Housing Fund as may be needed or appropriate to implement the purposes of this ordinance.

B. Pending expenditure for the purposes authorized in this ordinance, amounts deposited in the Low-Income Housing Fund pursuant to this ordinance may be invested in any investments

permitted by applicable law. All investment earnings on the balances shall be deposited into the Low-Income Housing Fund. Amounts received by the City from payments with respect to proceeds of sale or disposition of property, loans, recovery of grants, or insurance proceeds ("program income") shall be deposited into the Low-Income Housing Fund unless otherwise specified by ordinance. The Director of Housing or designee shall use any investment earnings and program income derived from revenues collected from the additional taxes authorized pursuant to this ordinance consistent with the provisions of any Administrative and Financial Plan ("A & F Plan") adopted by the City Council under Section 6 of this ordinance.

Section 5. Administration; Use of Proceeds.

A. The levy funds shall be used to finance affordable housing for low-income households, and otherwise to provide for the housing needs of low-income households.

B. The City Office of Housing, or such other department as may be designated by ordinance, shall administer programs funded with the additional taxes authorized pursuant to this ordinance. Programs adopted by the City Council for use of the funds derived under this ordinance shall be referred to as "Levy Programs." Anticipated Levy Programs are shown in Exhibit 1, attached to this ordinance.

C. For levy funds allocated to assist people experiencing homelessness or those at risk of homelessness, the City Office of Housing and the Human Services Department will allocate such funds to evidence-based homelessness prevention efforts, or the development, preservation, or operation of affordable housing. In addition, it is intended that the funding of such programs will closely align with federal, State, and County strategies and recommended best practices in order to maximize the City's

investments targeted to assist people experiencing homelessness or those at risk of homelessness thereby more effectively serving Seattle's most vulnerable residents.

D. The City Council, upon recommendation of the Oversight Committee described in Section 9 of this ordinance, or upon recommendation of the Mayor, or on its own, may review the timing of the allocations to particular Levy Programs and may by ordinance make changes to the programs, including the amount of funds allocated to any program and/or additions and deletions of programs, consistent with the basic purposes of this ordinance and applicable law. Administration funding shown in Exhibit 1 is intended to be used for administration of Levy Programs. In addition, administration funding may be used for monitoring performance of funded projects, and administration of the Operating and Maintenance Program funding from prior levies. Administration funding for the Operating and Maintenance Program, for the monitoring of funded projects over their lives, and for any use of loan repayments, may come from investment earnings or program income.

Section 6. Administrative and Financial Plans.

A. Every two years, or at such other intervals as the City Council may specify, the Director of Housing, or other department head as may be designated by the Mayor, shall prepare an A & F Plan covering all of the Levy Programs. Such plans shall cover periods commencing in 2017 and continuing through 2023, and thereafter if so specified by the City Council.

B. Unless otherwise requested by the City Council, each A & F Plan shall include: amounts allocated to programs, which may vary from year to year in order to respond to changing housing market conditions, leveraging opportunities, or other circumstances; criteria for evaluating and selecting projects; guidelines for loans or grants, including any fees to be

collected to defray costs; requirements for project sponsors; progress and performance reports for each Levy Program; program reviews to ensure that levy funds are used for their stated purposes; and guidelines for use of program income and investment earnings. An A & F Plan may include such other information as the Mayor or Director of Housing may deem appropriate or the City Council may request.

C. The A & F Plan shall be submitted to the City Council for its approval, with such modifications as the City Council may require. For purposes of future updates of the A & F Plan, all criteria, guidelines, and requirements contained in a previously approved A & F Plan shall remain in effect pending approval by City Council of a new A & F Plan, unless otherwise provided by ordinance.

Section 7. Approvals. The Director of Housing or other department head as may be designated by the Mayor, or the designee of such department head, is authorized to:

A. Select projects for funding and to approve, make, and modify loans, grants, or other expenditures to carry out the Levy Programs, provided that such authority is subject to the appropriation of sufficient funds; and

B. Execute and deliver such documents and instruments as the department head or designee determines are necessary or appropriate to implement the financing of specific projects or to otherwise carry out the Levy Programs.

Section 8. Bonds and Notes. To the extent permitted by applicable law, the City may issue bonds, notes or other evidences of indebtedness payable wholly or in part from the proceeds of the additional taxes authorized under this ordinance, and apply such tax proceeds to the payment of principal of, interest on, and premium (if any) on such bonds, notes or other evidences of indebtedness and to the payment of costs associated with them.

Section 9. Oversight Committee.

A. Conditioned upon voter approval of the ballot proposition submitted by this ordinance, there is established an Oversight Committee for the purpose of monitoring the progress of Levy Programs and reporting to the Mayor and the City Council on the progress of Levy Programs. The Committee also shall perform monitoring and reporting functions for any funds remaining from the 2009 Housing Levy. The Committee shall inform the Mayor and the City Council of Levy Program accomplishments and challenges and make recommendations on the A & F Plans and on actions to be taken, including additions to or deletions of programs or amounts of funds allocated to the several programs, so that Levy Programs may be conducted in a timely and efficient manner. The Committee may elect officers and establish rules of procedure, including what shall constitute a quorum. The Director of Housing or such other department head as may be designated by the Mayor shall provide the Committee such information as is necessary for the Committee to determine the status of individual programs and projects. The Oversight Committee shall consist of 13 voting members, selected as follows: one shall be a City employee appointed by the Mayor or designee; one shall be a City employee appointed by the City Council; the remainder shall be persons outside City government, of whom six shall be appointed by the Mayor and five by the City Council. The appointing authority shall remove any member who is absent from two or more consecutive meetings without cause. The appointing authority may remove any member for other good cause shown or to ensure compliance with subsection 9.B of this ordinance.

B. No more than three Committee members appointed by the Mayor and no more than two Committee members appointed by the City Council shall be an officer, director, board member, trustee, partner, or employee of an entity that receives or competes for funding under

this ordinance; or be a member of the immediate family of, or an individual residing with, an officer, director, board member, trustee, partner, or employee of an entity that receives or competes for funding under this ordinance; or be a person seeking or having an arrangement concerning future employment with an entity that receives or competes for funding under this ordinance. For the purposes of this ordinance, an individual's "immediate family" means the individual's spouse, domestic partner, child, child of a spouse or domestic partner, sibling-in-law, parent, parent of a spouse or domestic partner, a person for whom the individual acts as a guardian, or a person claimed as a dependent on the individual's most recent federal income tax return. Subject to the preceding sentence and applicable law, an individual serving as an officer, director, board member, trustee, partner, or employee of an entity that receives or competes for funding under this ordinance, or who has an interest in such an entity, shall not thereby be disqualified from serving on the Committee, but shall fully disclose any such relationships and shall not vote on any matter in which the interest of such entity is directly involved. For purposes of this subsection 9.B, "entity" does not include a City department or office.

C. Upon the resignation, retirement, death, incapacity, or removal of a Committee member, the authority appointing such member may appoint a replacement for the balance of the term.

D. Committee members shall serve without compensation.

E. The City Council shall prescribe by ordinance or resolution the terms of office of Committee members, which may be staggered to provide continuity, and the initial committee members shall be selected within six months after voter approval of the proposition submitted by this ordinance. The City Council may prescribe such other rules relating to the operation of the Committee as shall be necessary or appropriate.

F. The Oversight Committee shall continue in existence through 2023, and thereafter if so provided by ordinance.

Section 10. Reporting. The Director of the Office of Housing, or successor department, will prepare and submit to the Oversight Committee, City Council, and the Mayor an annual progress report on the implementation of the Housing Levy.

Section 11. Election - Ballot Title. The City Council directs that the City Clerk file this ordinance with the Director of Elections of King County, Washington, as ex officio supervisor of elections, requesting that the King County Director of Elections call and conduct a special election in the City in conjunction with the primary election to be held on August 2, 2016, for the purpose of submitting to the qualified electors of the City the proposition set forth in this ordinance. The City Clerk is directed to certify to the King County Director of Elections the ballot title approved by the City Attorney in accordance with the City Attorney's responsibilities under RCW 29A.36.071. The following ballot title is submitted to the City Attorney for consideration:

Seattle's Proposition 1 concerns increased property taxes for seven years for low-income housing assistance.

Proposition No. 1

Property Tax Levy Renewal for Affordable Housing

The City of Seattle's Proposition 1 concerns replacing the Seattle Housing Levy.

If approved, this proposition would replace an expiring levy to fund: housing for low-income seniors, workers, and households, and the disabled and mentally ill; and homelessness prevention and reduction programs, including emergency rental assistance for at-risk families.

It authorizes regular property taxes above RCW 84.55 limits, allowing $290,000,000 in additional taxes over seven years beginning in 2017, limited to $41,428,571/year. The 2017 regular tax rate would be limited to $3.60/$1,000 assessed value, including approximately $0.25/$1,000 assessed value in additional taxes.

Should this levy lid lift be approved?

Yes

No

Those in favor shall vote "Yes"; those opposed shall mark their ballots "No".

Section 12. Section Titles. Section titles are for convenient reference only and do not modify or limit the text of a section.

Section 13. Severability. If any one or more provisions of this ordinance shall for any reason be held invalid, such invalidity shall not affect any other provision of this ordinance or the levy of additional taxes authorized, but this ordinance shall be construed and enforced as if such invalid provisions had not been contained herein, except that if any provision shall be held invalid by reason of its extent or the range of persons eligible to benefit therefrom, then such provision shall be deemed to be in effect to the extent permitted by law and to benefit only such class of persons as may lawfully be granted the benefit thereof.

Section 14. Ratification. The City Clerk's certification to the King County Director of Elections of the proposition referred to in Section 11, and any other acts taken after the passage of this ordinance and consistent with its authority, are ratified and confirmed.

Section 15. Effectiveness. Those portions of this ordinance providing for the submission of a ballot proposition to the voters shall take effect and be in force immediately upon the approval by the Mayor; or if returned to the City Council by the Mayor unsigned, then immediately upon its return; or if not approved and returned by the Mayor within ten days after

presentation, then on the eleventh day after its presentation to the Mayor; or if vetoed by the Mayor, then immediately after its passage over the Mayor's veto.

Passed by the City Council the 2nd day of MAY, 2016, and signed by me in open session in authentication of its passage this 2nd day of MAY, 2016.

President _____ of the City Council

Approved by me this 4th day of May, 2016.

Edward B. Murray, Mayor

Filed by me this 4th day of MAY, 2016.

Monica Martinez Simmons, City Clerk

(Seal)

Exhibits:
Exhibit 1 – 2016 Housing Levy Programs

2016 Housing Levy Programs

Program	Total Funding (7 Years)	Estimated Housing Produced/ Households Assisted	Program Description and Affordability Levels
Rental Production and Preservation	$201,000,000	2,150 units produced or preserved 350 units reinvested	• Rental housing for low-income households, including people with disabilities, the elderly, homeless individuals and families, low-wage working people, and families with children. • Reinvestment in existing affordable housing to make critical capital improvements. • Rehabilitation of existing multi-family housing with affordability requirements imposed. • Acquisition of affordable subsidized and market-rate buildings for long-term affordable rental housing. • Program funds support housing that will serve families and individuals with incomes at or below 60% of median income. • At least 60% of the sum of Program funds and Operating and Maintenance Program funds supports housing with rents affordable to individuals and families at or below 30% of median income. Housing will primarily serve households at or below 30% of median income; in limited cases housing may serve households up to 40% of median income.
Operating and Maintenance	$42,000,000	510 units	• Operating support for Levy-funded buildings, supplementing rent paid by residents at or below 30% of median income, including formerly homeless and other residents with supportive service needs.
Homelessness Prevention and Housing Stability Services	$11,500,000	4,500 households	• Rent assistance and stability services for individuals and families at or below 50% of median income, to prevent eviction and address homelessness.

Program	Total Funding (7 Years)	Estimated Housing Produced/ Households Assisted	Program Description and Affordability Levels
Homeownership	$9,500,000	280 households	• Emergency home repair grants for homeowners at or below 50% of median income to assist with maintaining stable housing. • Foreclosure prevention assistance for homeowners at or below 80% of median income who are at risk of losing their homes through foreclosure. • Assistance to first-time home buyers at or below 80% of median income through home purchase loans, including models that create long-term affordability of ownership housing. • Acquisition of affordable subsidized and market-rate buildings for alternative homeownership opportunities for households at or below 80% of median income.
Acquisition and Preservation	Up to $30,000,000 *No additional funding; loans will be made with levy funds not yet needed for other levy programs.*		• Short-term acquisition loans for cost-effective purchases of buildings or land for rental or homeownership development that will then be used to serve households at or below 80% of median income. This program will prioritize the acquisition of occupied buildings.
Administration	$26,000,000	N/A	
Total	$290,000,000		