

Can We Achieve Equity Using Smart Growth?

GROUP 1 - Breakout Discussion Guide

Generating Resources for Affordable Housing Development and Preservation

EXISTING TOOLS IN SEATTLE	TOOLS NOT CURRENTLY AVAILABLE IN SEATTLE	TOOLS NOT CURRENTLY IN SEATTLE; CONSTITUTIONAL QUESTIONS AND/OR MORE LEGAL ANALYSIS NEEDED
<p>Bonus Program Funds</p> <p>Funds from the Sale of City-Owned Property</p> <p>General Funds for Land Banking</p> <p>Housing Levies</p> <p>Housing Trust Funds</p> <p>Real Estate Transfer Taxes</p> <p>Tax-Exempt Housing Bonds</p>	<p>Concurrency Requirements</p> <p>Housing Growth Increments</p> <p>TOD Affordable Housing Acquisition Funds</p>	<p>Tax Increment Financing (TIF) for Affordable Housing</p>

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GROUP 1 - Breakout Discussion Guide Definitions

Generating Resources for Affordable Housing Development and Preservation

EXISTING TOOLS IN SEATTLE

Bonus Program Funds for Housing. Extra floor area above the base height limit may be achieved for residential, commercial, and industrial developments in exchange for affordable housing. Under the payment in lieu of option, developers can make a contribution of approximately \$19 per bonus square foot to the City to fund new affordable housing.

Funds from the Sale of City-Owned Property. City policy provides that unused city-owned property should be utilized for municipal purposes to the fullest extent possible. In 2006, the City Council amended the policies to expand opportunities to identify opportunities for public use or use of property that would benefit the public, including the provision of low-income housing. The policy does not identify how the proceeds from the sale of these should be used.

General Funds for Land Banking. A new Levy program, the Acquisition and Opportunity Loan Fund, over 7 years will provide \$6.5 million in short-term loans to take advantage of the changing market conditions to make strategic purchases of property to secure the long-term affordability of properties that in a better economy might become market-rate apartments or condos. General Fund dollars could also be contributed to the fund.

Housing Levies ask voters to support local housing goals. Seattle voters have supported three levies since 1981. In 2009, they passed a seven year, \$145 million housing levy to create and preserve affordable housing. The median cost to Seattle homeowners is \$65/year or \$5.50/month.

Housing Trust Funds are established via legislation, ordinance or resolution) to provide ongoing, dedicated funding for affordable housing development. Typical sources of funds include real estate transfer taxes and document recording fees. The Washington State Housing Trust Fund was founded in 1987 to provide funding for affordable housing projects for low-income families and individuals. In 2009 it was cut in half, from \$200 million to \$100 million. Its fund sources are the Capital budget, interest on real estate escrow accounts penalties from failure to pay transfer tax; and repayments, and the General fund. Counties and Cities can create Housing Trust funds too. In East King County, the ARCH Housing Trust Fund (HTF) was created by ARCH member cities in 1993 with both local general funds and locally controlled, federal Community Development Block Grant (CDBG) funds.

Real Estate Transfer Taxes are state or local taxes assessed on real property when ownership of the property is transferred. This tax is either based on the sales price of a property or is a fixed amount.

Tax-Exempt Housing Bonds can be sold by state and local governments to finance affordable mortgages for first-time homebuyers and affordable housing production.

TOOLS NOT CURRENTLY AVAILABLE IN SEATTLE

Concurrency Requirements (also called linkage fees in other states) link other forms of development such as office with a community's needs for affordable housing. Linkage fees are typically charged to developers and then spent on affordable housing preservation or production through existing housing programs.

Housing Growth Increments link taxes generated from new development to the community's housing needs. In Seattle, for nearly two decades, at budget time a portion of new taxes generated from yearly new office development was dedicated for low income housing rather than going into the general fund.

TOD Affordable Housing Acquisition Funds have been established by localities to provide dedicated fund for the purchase of land or houses within a TOD district or corridor for the purpose of building or preserving affordable housing early, before speculation drives up the price. The city of Charlotte created the South Corridor Land Acquisition Fund to ensure mixed-income housing along the South Corridor Light Rail, capitalizing it with \$5 million. In Denver, the Metro Mayors Caucus and Colorado Housing and Finance Authority created a TOD Fund that provides \$53 million in bonding authority to finance the construction, acquisition and rehabilitation of multifamily TOD housing near transit.

TOOLS NOT CURRENTLY AVAILABLE IN SEATTLE; RAISES CONSTITUTIONAL QUESTIONS AND/OR MORE LEGAL ANALYSIS NEEDED

Tax Increment Financing (TIF) for Affordable Housing is increasingly being used in communities with high-cost housing markets where affordability is a concern. TIF is traditionally a local economic development tool to fund capital improvements: it allows localities that are making public improvements (such as roads, parks, and sewers) in specific areas designated for redevelopment to borrow funds for the improvements and pay back that debt with the additional tax revenue that the improvements will generate via increased property and/or sales tax revenues (the "increment"). It is based on the idea that public investments will increase the value of a place and that will show up in higher property values and/or more sales receipts. In 2007, Portland passed a new policy that sets aside 30 percent of TIF funds for affordable housing in most of the city's TIF districts for households with incomes below 80 percent of the median, with at least 48 percent of the set-aside resources going to households with incomes under 30 percent of the median. Austin, Texas passed legislation in 2007 to enable the creation of "Homestead Preservation Districts" in TODs that would use TIF, land trusts, and land banks to preserve affordable housing and prevent gentrification in neighborhoods around transit.