

## PROPOSED CHANGES TO HOUSING FUNDING POLICIES AFFIRMATIVE MARKETING & COMMUNITY PREFERENCE

### Affirmative Marketing:

To promote fair access to OH-funded housing, the policy defines the required elements of an affirmative marketing plan. The policy emphasizes outreach through community-based organizations to promote housing opportunities for underserved groups citywide and to prevent displacement in low-income diverse communities. Affirmative marketing has long been required for all OH-funded housing that does not have a population set-aside with a tenant referral requirement. These policy changes are intended to promote robust affirmative marketing and to clarify expectations for both housing providers and community members interested in accessing affordable housing opportunities. OH will require a draft affirmative marketing plan following a funding award; the final plan must be submitted prior to leasing or sale of the units. OH has developed a guideline for rental housing developers describing a range of strategies and recommendations for affirmative marketing; a guideline specific to homeownership housing will follow.

### Community Preference:

Allow housing developments to prioritize certain applicants when leasing or selling units in communities at high risk of displacement, consistent with requirements to affirmatively further fair housing. Communities experiencing rapid growth and displacement have requested that the City develop a preference policy to prioritize local residents – and prior local residents and/or local workers in some locations – in an OH-funded housing project. OH proposes a permissive policy that would enable interested housing organizations to propose community preference for a specific project. OH anticipates working with SOCR and community members to develop a guideline that would specify the type of data and analysis necessary to justify a preference on a case-by-case basis, using the Equity Analysis and related City data and indicators. It would also include parameters for implementing the preference through leasing or sale of affordable units. OH and SOCR would review each preference proposal.

---

## 9. GENERAL POLICIES FOR CAPITAL FUNDING

### IV. Affirmative Marketing and Community Preference

~~Owners are required to affirmatively market vacant units. Sponsors must use marketing methods designed to reach persons from all segments of the community, 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.~~

*[replace with the following text]*

Owners are required to affirmatively market affordable rental and homeownership housing, taking proactive steps to promote fair access and equal opportunity, so that individuals of similar economic levels in the same housing market area have a range of housing choices regardless of their race, familial status, disability or other protected class status. Project sponsors must submit a draft Affirmative Marketing Plan following a funding award for a rental or homeownership development, and a final Affirmative Marketing Plan prior to leasing or sales. Funded organizations will be required to maintain records of their affirmative marketing efforts. Owners may propose a community preference for a portion of the housing units to address displacement, in some cases, consistent with fair housing law.

The objectives of the affirmative marketing policy are:

- Promote robust, effective affirmative marketing to ensure fair access to affordable housing opportunities for diverse racial and ethnic communities and other protected classes, consistent with local, state and federal fair housing laws.
- Sustain and foster integrated, inclusive communities through effective outreach and advertising of affordable housing opportunities, and through preference policies that prioritize certain housing applicants in high risk of displacement areas when determined to be consistent with fair housing law.
- Encourage early engagement with local organizations in low-income communities of color that are at high risk of displacement to help address historical housing discrimination and prevent displacement of current residents.
- Increase opportunities for people experiencing homelessness -- who are disproportionately people of color, people with disabilities, LGBTQ individuals, and others who face barriers to housing -- through voluntary agreements with service providers for set-aside units and through affirmative marketing of non-set-aside housing units.
- Promote communication and referral relationships so that accessible units are available to people with physical disabilities and units with multiple bedrooms are available to families with children.

The objectives of community preference are:

- Affirmatively further fair housing choice across the city, including by sustaining and/or restoring inclusive communities, through preference policies that prioritize certain housing applicants in high risk of displacement areas when determined to be consistent with fair housing law.
- Help address displacement in high risk of displacement communities.

Applicants are encouraged to consult with OH early in project planning about community-based organizations and resources that may be part of an affirmative marketing effort. An Affirmative Marketing Plan must include the following:

1. Project location and populations needing targeted outreach. Analysis of the demographic make-up of the local area in comparison to citywide demographics. Determination of whether the proposed project location is in an area designated as high risk of displacement or an Equity Area for the purposes of Design Review. Identification of groups to receive targeted outreach to provide awareness and access to housing.
2. Outreach to community-based organizations. Description of completed and planned outreach to specific organizations. Description of efforts to seek input and, as appropriate, assistance with marketing, from organizations serving populations needing target outreach.
3. Lease up or sales procedures: Description of application process and how procedures provide fair access, including to populations identified for targeted outreach. Description of how demographic and other information will be used to assess the impact of affirmative marketing efforts. Projects located in areas identified as high risk of displacement may propose a community preference for a portion of the housing units, and provide data and analysis as required by OH’s published guideline, to be reviewed by OH and the SORC for consistency with fair housing requirements.
4. Advertising and marketing. Description of planned marketing such as working with community-based partner organizations, nearby schools and social services agencies; targeted advertising such as local and culturally specific media; marketing through local employers with low-wage workforce; materials distributed at local and culturally specific events and locations; translated materials.
5. Other strategies to address barriers and support applicants. May include training and other support to community partners assisting with marketing, assistance with completing applications, voluntary referral agreements with organizations serving disadvantaged groups, and flexible screening criteria.

---

[Related policy changes]

---

## **2. RENTAL HOUSING PROGRAM**

# **IX. MANAGEMENT AND OPERATIONS**

A. Management plan (page 25)

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. Management Plans ~~should~~ must include the following:

...

4. Affirmative Marketing Plan that complies with federal, state and City laws and ~~demonstrates outreach to all segments of the community~~ the Affirmative Marketing policy in Chapter 9. Borrowers must demonstrate cultural competency.
5. Community Preference policy and procedures, with prior approval by OH and SOCR, if applicable.

*[renumber remaining items on list]*

---

## **PROPOSED CHANGES TO HOUSING FUNDING POLICIES DEVELOPMENT ON PUBLICLY OWNED SITES**

**Encourage partnerships with local nonprofit organizations that are culturally relevant and historically rooted, particularly when developing affordable housing in areas that are at high risk of displacement.** Publicly owned sites provide a unique opportunity to address community priorities. All affordable development on publicly owned sites includes community engagement to identify priorities for housing and any commercial and community spaces in the project. OH policies should highlight this engagement, in particular the potential for developing partnerships to address the equitable development needs and priorities of low-income communities that have experienced displacement or face a high risk of displacement.

**To increase the number of affordable homes that can be created, allow a higher per unit subsidy for permanently affordable homeownership developments on publicly owned sites.** Even with low- or no-cost land, the feasibility of ownership development is challenging. It is sometimes necessary to build a mix of affordable and market-rate homes on the property, with the market rate sales proceeds covering site and building development costs not supportable by the affordable units. Therefore, a higher per unit investment could result in a higher number of permanently affordable units or bringing development online more quickly at these high priority locations.

---

## **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.
- Encourage partnerships with local nonprofit organizations that are culturally relevant and historically rooted, particularly when developing affordable housing in areas that are at high risk of displacement.

## **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:

.....

### **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. For homeownership development, OH may approve funding that exceeds the maximum per unit amount under the Homeownership Program policies, to achieve a benefit such as providing additional affordable homes by reducing the number of market rate units needed to subsidize the project, or completing development and making homes available more quickly.

.....

### **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. Partnerships with local nonprofit organizations that are culturally relevant and historically rooted will be considered, particularly when the project site is in an area that is at high risk of displacement. 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.

## PROPOSED CHANGES TO HOUSING LEVY A&F PLAN ACQUISITION AND PRESERVATION PROGRAM

**Allow Acquisition and Preservation (A&P) Program loans to total \$30 million outstanding at any time, so that repaid funds can be used for additional affordable housing developments.** The A&P Program provides loans for acquisition of buildings and development sites for future affordable ownership or rental housing. A&P loans are an important part of OH’s broader preservation and anti-displacement strategy. The Program is not separately funded, rather it makes short-term loans using other Housing Levy program funds that are not yet needed for project construction or operations. The 2016 Housing Levy authorized up to \$30 million in loans, and this cap has already been reached. This policy change would allow additional loans within the \$30 million limit due to loan repayments. Priorities for loans would include OH acquisitions to secure key sites for future projects, and Seattle Housing Authority acquisitions to preserve expiring subsidized housing and prevent displacement of low-income residents.

## 2. LEVY FUNDING PLAN (Page 4)

.....

**TABLE 1  
ANNUAL FUNDING PLAN, 2017 - 2023**

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

**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 of f~~ Funds allocated to other Levy programs may be used for short-term Site Acquisition loans or directly for Site Acquisition, over the 7-year term of the levy up to \$30 million in outstanding loan balances at any given time.
3. Includes \$147,857 for HSD administrative costs.

## PROPOSED CHANGES TO OH HOUSING FUNDING POLICIES

### HOME REPAIR LOANS

**Offer all home repair loans at 0% interest, to increase affordability and reduce barriers for low-income homeowners in need of critical health and safety repairs and other improvements to address livability.** This change addresses a common concern about the cost of incurring debt, which may discourage some low-income homeowners from seeking assistance even when they may be eligible for a 0% interest loan. Loans would still be amortizing or deferred based on the homeowner's ability to make an additional monthly payment.

**Create a new eligible use for home repair program funding, which would allow loans to low-income homeowners to add or improve habitable space within the existing home to meet the household's needs.** Such improvements could provide additional living space, for example for an older parent or adult child, or could help a low-income homeowner generate rental income to support themselves and their household. If an accessory dwelling unit (ADU) is created with OH funding, rent and income restrictions would apply so that the unit will benefit a low-income renter.

---

## 6. HOME REPAIR, RENTAL REHABILITATION AND WEATHERIZATION

### Home Repair Loan Policies (Page 52)

#### 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.

#### A. Loan amounts

The maximum ~~individual~~ home repair loan is \$24,000. A homeowner may apply for additional loans provided that t Total outstanding loans for repair of any home generally 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. If a loan will be used to create a City-approved accessory dwelling unit within the home, loan terms will include income and rent restrictions for the rental unit.

## **D. Priority uses of funds**

Program funds may be provided for the following activities:

- ~~Loans will be limited to m-~~ 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~~ prioritize urgent repairs that address immediate health and safety issues or prevent increased repair costs and unhealthy living conditions. Other 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, may also be included in the scope of work based on Program Priorities.
- Measures that improve or increase the habitable space in the home. OH may approve repairs and improvements for purposes of providing suitable living space for current or additional household members, or for generating rental income to support household stability. OH will set priorities for the scope of work, including features such as basement egress, on a case-by-case basis.

## **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 health and safety impact of the needed repair and/or impact of improvements to the habitable space in the home.

## PROPOSED CHANGES TO HOUSING FUNDING POLICIES COMMUNITY RELATIONS

**Clarify the objectives and requirements of the Community Relations policy, including its relationship to community outreach for affirmative marketing and the City's design review process.** When applying for funding, project sponsors submit a Draft Community Relations Plan that describes notification of nearby neighbors and any outreach to community organizations prior to submitting the application, and planned community outreach and other activities for maintaining communications through development and operation of the housing. Recent changes to Design Review now require expanded community outreach prior to early design review; OH and SDCI have determined that, although developers will often choose to hold community meetings during pre-development, for many projects conducting community outreach after OH funds are awarded (and project scope and schedule are less likely to change significantly) is the most effective. In addition, OH's proposed changes to the Affirmative Marketing policy emphasize outreach to community-based organizations to help provide fair access to OH-funded housing, particularly in high risk of displacement areas. This Community Relations policy change is intended to address the overlapping purposes and timing.

This policy relates to both rental and homeownership development projects. For applicants responding to a request for proposal for housing development on a publicly owned site, the community relations activities required in this policy will occur after selection of the housing developer and award of funding.

---

### 9. GENERAL POLICIES FOR CAPITAL FUNDING

#### II. Community Relations (page 64)

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~~ must give neighbors and 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 construction 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, and acquisition/rehabilitation projects. ~~And Applications for projects that will renovate renovation of an existing building, regardless of whether there is without a change in ownership must conduct only Neighborhood Notification and any community engagement required for Design Review.~~

## A. Objectives

- ~~Promote 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.
- Provide information about the proposed project including the design, permitting and construction schedule, opportunities to provide input and submit comments, and eligibility requirements and application process for those interested in renting or purchasing the affordable housing.
- ~~The notification, outreach and other community relations requirements are intended to g~~ 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 fair housing 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~~ Project sponsors 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. **Consultation:** Prior to releasing purchase and sale agreement contingencies for site acquisition:
  - 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. Neighborhood notification:** Prior to submitting a funding application:

- 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. Draft Community Relations Plan:** Included in the application for funding, a summary of completed activities and a plan for actions to be undertaken following a funding award:

- ~~Documentation of completed 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 outreach: Relations Plan: Every application must include a Community Relations Plan consistent with OH’s published application guideline. The plan must include c~~  
Completed outreach 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 I~~  
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. This community engagement can be designed to meet affirmative marketing requirements in Section IV below, particularly when a project is in an area at high risk of displacement.
- Outreach for Design Review: community outreach prior to early design guidance, including outreach to historically underrepresented communities for projects located in Equity Areas. Requirements can be found at [SDCI Director’s Rule](#) and [DON website](#).

**4. Strategies for communications with neighbors and community organizations**

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~~ project team in developing and operating ~~other~~ affordable housing ~~projects~~
- Information about eligibility, affirmative marketing and how to apply for housing
- Opportunities to provide input on the project
- Mechanisms for ongoing communication once the housing is operational

**5. 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~~ Rental housing owners 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.

**2. RENTAL HOUSING PROGRAM**

**V. PROJECT SELECTION**

...

**B. Application Components**

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

...

14. Draft Community Relations Plan: description of neighborhood notification process completed prior to submitting the application and plans for ongoing community relations activities, consistent with the Community Relations policy in Chapter 9. Proposal must describe how community issues or concerns raised will be addressed.

## **PROPOSED CHANGES TO HOUSING FUNDING POLICIES BEDROOM STANDARDS**

**OH will establish standards to be used when designating a room as a bedroom for the purpose of determining rent limits.** In recent years, proposed developments have more frequently included residential units with an interior bedroom with no window. These rooms follow Seattle Building Code requirements and may be fully enclosed rooms with mechanical ventilation and artificial light, or partially enclosed rooms with light and ventilation from the adjacent living space. For the partially enclosed “open bedroom” units, OH has required additional separation between the bedroom and adjacent living area -- following the bedroom definition adopted by City Council under the Multifamily Tax Exemption Program (MFTE) Program – for rooms designated as a bedroom for the purpose of determining rent limits.

OH intends to propose additional standards for these bedroom types later this year. The purpose is to maintain the benefits of efficient design and construction cost savings while increasing the privacy and livability of units with interior bedrooms. Standards could include a requirement for natural light in enclosed rooms. Standards for units with open bedrooms could include minimum wall height to increase privacy and comparability, and comparable unit size with traditional units in the building with the same number of bedrooms.

OH will adopt a Directors Rule, which will involve input from housing developers, managers, renters and homebuyers. The Rule will set standards for OH funding programs, the MFTE Program and MHA performance units. It will include bedroom standards for the development of for-sale housing for the purposes of setting initial purchase price and OH funding amounts. The Rule would be updated if needed to adapt to changing housing market trends and program experience.

---

## **2. RENTAL HOUSING PROGRAM**

### **II. ELIGIBLE AND INELIGIBLE ACTIVITIES AND COSTS (PAGE 6)**

. . .

#### **B. Residential Spaces**

Program funds may be used to fund housing units, residential spaces, and common areas to the extent they serve low-income housing and not other uses. The Director may set standards for

bedrooms in residential units for the purpose of establishing unit size and associated rent restrictions. Examples of eligible residential spaces 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
- 

## **4. HOMEOWNERSHIP PROGRAM**

### **I. HOMEBUYER ASSISTANCE**

...

D. Development Loans for Resale Restricted Homes (page 40)

...

#### **4. Eligible and Ineligible Costs and Activities**

...

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. The Director may set standards for a bedroom for the purposes of OH funding amounts and setting initial purchase prices.



## PROPOSED CHANGES TO HOUSING FUNDING POLICIES OPERATING & MAINTENANCE PROGRAM RENTS

**Allow tenant-paid rent up to the 30% AMI rent level when O&M-supported units are in mixed-income buildings without other operating subsidies.** Housing serving extremely low income residents at or below 30% AMI is a priority for OH capital funding. This housing is frequently provided in buildings that receive other operating subsidies and services funding and where residents pay 30% of their income for rent. Housing units at 30% AMI also can be provided in mixed-income affordable buildings. These projects have amortizing debt and can support only a limited number of these units without operating subsidies. O&M Program funding, which provides a 20-year operating subsidy, can increase the number of 30% AMI units and allow even lower rents for some residents if needed. Under this scenario, O&M policies should allow tenant-paid rents up to the 30% AMI rent limit, in the same way that maximum rents are set in units affordable at 50% or 60% AMI, so that rental income can be included in underwriting for private debt.

---

### 7. OPERATING & MAINTENANCE PROGRAM (PAGE 31)

.....

#### 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.

For housing units where Program funding is combined with other operating subsidy sources, household 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. For housing units where Program funding is the primary source of operating subsidy, OH may

approve tenant-paid rents no higher than the Affordable Rent for a household at 30% of Median Income.

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.

## PROPOSED CHANGES TO HOUSING FUNDING POLICIES PROJECT LOCATION – 30% AMI UNITS

To improve the ability to affirmatively further fair housing, the policy identifies additional factors OH will take into consideration when determining whether a location is suitable for funding more housing affordable at 30% AMI. The intent of the policy is to encourage investment throughout the city and avoid segregating extremely low-income residents – who are disproportionately people with disabilities and people of color – in certain areas. For developments proposing additional units affordable at 30% AMI, the policy requires an assessment of whether a substantial amount of housing at this income level is already located in the immediate area.

---

### 9. GENERAL POLICIES FOR CAPITAL FUNDING

#### 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 eExtremely lLow-#income people who have disabilities and other significant barriers to housing.

##### A. General policy

OH generally will not provide funding for additional units of housing for Extremely Low-Income residents if a significant amount of such housing is located in the immediate area. 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. OH will make an initial assessment to determine if, upon completion of the proposed development, capacity for additional subsidized rental housing units for Extremely Low-Income households is defined as would exceed 20 percent of total number of housing units in the Census block group, using the following data:

- Twenty percent of the sum of: The total number of housing units includes existing housing units and housing units for which permits have been issued in the Census block group (according to the latest data available from the Department of Construction and Inspections, (“~~SEDCI~~”), calculated based on Decennial Census data plus net new residential units), the total number of

~~rental housing units in the proposed project, and any proposed new rental housing units funded by or otherwise known to OH but not yet captured in SCDI's data.~~

- ~~• The total number of existing subsidized rental housing units for Extremely Low-Income households in the Census block group Existing subsidized rental housing units are units in projects with capital subsidies from public agencies that are restricted to residents with incomes at or below 30% AMI, according to the latest data available from OH, which includes (existing City-funded projects, including units that are any proposed new units funded by or otherwise known to OH but not yet constructed or occupied, and non-City funded projects as reported periodically by county, state and federal agencies).~~

## **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:~~

OH may consider additional factors when determining consistency with this policy to ensure that funding programs affirmatively further fair housing, including but not limited to:

- ~~• 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., OH will 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.~~
- The housing will be located close to significant existing or planned services needed by residents, such as health care or other supports for people with disabilities.
- Housing units for Extremely Low-Income households located in the area are restricted, such as senior-only buildings, and are therefore not available to residents of the proposed development.
- 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.
- Significant market rate housing development is expected to occur soon, for example, due to nearby transit investment.
- A different geographic area, such as an area defined by distance from the proposed development, should be considered rather than the Census block group, given the physical characteristics of the area, land use and development patterns.

## **C. Siting Determination**

~~A project sponsor may request a determination of available capacity under this policy ("Siting Determination"), if the which OH will provide in the order requested if more than one sponsor is seeking a siting determination in the same area. The sponsor does must 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.~~

This policy does not apply to proposed housing developments in the Yesler Terrace ~~Replacement Housing Redevelopment Area~~, 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.~~ In addition, the policy ~~It~~ does not apply to housing developments previously funded by the City or 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.