

ORDINANCE NO. **10315**

AN ORDINANCE relating to capital funding for low-income housing, amending the King County Comprehensive Plan by adding a housing capital facilities element and amending Ordinance No. 8279, Section 1, and K.C.C. 20.12.150.

PREAMBLE:

In 1987 the King County council adopted the Affordable Housing Policy Plan as the housing element of the King County Comprehensive Plan. The Affordable Housing Policy Plan contains policies and a broad work program of land use strategies to improve housing affordability and housing assistance programs for low-income families and individuals. The Plan encourages development and acquisition of housing that is affordable to low-income households.

The King County council established a Housing Opportunity Fund in 1990, and appropriated 1990, 1991, and 1992 real estate excise tax revenues to capitalize the fund, to provide funding for development and acquisition of housing in King County to serve low-income individuals and families, homeless persons, and persons with special housing and human services needs.

The State Growth Management Act requires that local real estate excise tax revenues be used primarily for financing capital projects specified in a capital facilities plan element of a comprehensive plan, and further requires that the capital facilities plan element contain an inventory of existing facilities, a forecast of future needs, proposed locations of new facilities, and a six-year financing plan.

The King County Comprehensive Housing Affordability Strategy, which contains an assessment of housing needs and resources for low-income and moderate-income households, was adopted by the King County council on October 7, 1991, and approved by the United States Department of Housing and Urban Development. It contains policies affecting the use of federal Community Development Block Grant (CDBG) funds and other federal funds by the King County CDBG Consortium. It provides extensive needs analysis, policy direction, and work program priorities for King County and the twenty-six cities who are members of the Consortium.

A Housing Capital Funding Plan is needed to supplement the Comprehensive Housing Affordability Strategy to address specific state capital facilities planning requirements. The location, capacities, and financing of future projects must be planned in a flexible manner to reflect the competitive fund allocation process and uncertain future funding levels for low-income housing development and acquisition.

The Housing Capital Funding Plan provides coordination and policy direction for future expenditure of housing capital funds by King County, including funding through the Housing Opportunity Fund, consistent with adopted policies in the King County Affordable Housing Policy Plan and the King County CDBG Consortium's Comprehensive Housing Affordability Strategy.

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1 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

2 SECTION 1. Ordinance No. 8279, Section1, and K.C.C.
3 20.12.150 are hereby amended to read as follows:

4 A. The goals, policies, objectives and strategies and the
5 short range work program and mid-range work program contained
6 in the revised Executive Proposed Affordable Housing Policy
7 Plan dated September, 1987 are adopted as a functional plan of
8 the King County Comprehensive Plan. As an amplification and
9 augmentation of the King County Comprehensive Plan they
10 constitute official county policy which affect housing supply,
11 conditions, occupancy, cost, design, mix and location.

12 B. The forecast of low-income housing needs, inventory of
13 existing housing facilities, proposed locations of new
14 facilities, and six-year financing plan contained in the
15 Housing Capital Funding Plan set forth in Attachment A to this
16 ordinance are adopted as the low-income housing capital
17 facilities subelement of the capital facilities element of the
18 King County Comprehensive Plan. As an amplification and
19 augmentation of the King County Comprehensive Plan, the low-
20 income housing subelement constitutes county policy guidance
21 for selection and funding of low-income housing projects to be
22 included in the annual, adopted capital improvement program.

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NEW SECTION SECTION 2. Low income housing projects selected for funding from the Housing Opportunities Aquisition Fund shall be specifically identified as individual subprojects within the housing projects (project number 322200) in the capital improvement program, as amended.

INTRODUCED AND READ for the first time this 10th day of February, 1992.

PASSED this 30th day of March, 1992.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Audrey Dwyer
Chair

ATTEST:

Guadalupe Patten
Clerk of the Council

APPROVED this 10th day of April, 1992

Jim Hill
King County Executive

Housing Capital Funding Plan

Introduction

The capital funding plan for housing addresses specific State capital facilities planning requirements. This Housing Capital Funding Plan fulfills the requirements of the 1990 Growth Management Act by providing a framework for the expenditure of capital funds for housing.

This Plan has a relatively narrow focus in order to meet the requirements for capital facilities expenditures. Other King County housing plans provide a broader policy framework regarding a range of housing issues. These plans include the Affordable Housing Policy Plan (AHPP) which is the housing element of the King County Comprehensive Plan. The AHPP implements County goals and policies encouraging affordable housing opportunities for all County residents. The Comprehensive Housing Affordability Strategy (CHAS) is a document required by the federal government to receive federal housing and community development funds. The CHAS provides extensive needs analysis, policy direction, and work program priorities for King County and the 26 cities who are members of the King County Community Development Block Grant (CDBG) Consortium.

The Housing Capital Funding Plan includes the following components:

- o an inventory of existing capital facilities owned by public entities,
- o a forecast of future housing needs,
- o the proposed locations and capacities of new capital facilities, and
- o a six-year financing plan.

King County uses a variety of funds to support the capital side of housing development for low- and moderate-income people in King County. These sources include CDBG and HOME Investment Partnership Act funds, the Housing Opportunity Fund (HOF) and, potentially, regional housing levy funds. Although the Growth Management Act requires this plan primarily because of the use of Real Estate Excise Tax (REET) funds for housing, all housing funds administered by King County will be allocated consistent with this Plan.

The inventory of and forecast of future needs for this Plan will address the area of King County outside Seattle. While this geographic area is beyond the scope of the Comprehensive Plan, it is consistent with the use of REET funds, and also bears some relationship to the use of CDBG, HOME, and potential County-administered levy funds.

The inventory of housing "owned by public entities" will list in detail publicly owned housing, CDBG Consortium-funded projects, and HOF-funded projects. Privately owned assisted housing and other federally developed housing will be listed in summary form.

Unlike traditional capital facilities plans, this plan does not identify specific future projects because they are generally selected each year as a result of a competitive request for proposals process based on funds appropriated annually by federal, state, and local sources. The plan does provide direction for future funding by citing the project selection and location criteria used to award funds administered by King County.

Inventory of Existing Capital Facilities Owned By Public Entities

The lists on pages three through seven show the number of units, location, and type of assisted housing projects in King County, generally outside the City of Seattle. Those units that are located in Seattle and listed here are those in which the County has invested capital dollars because the project serves a unique regional purpose.

There are currently 9,544 units of assisted housing; the largest portion of those (4,523) are projects which were privately developed and federally subsidized through the Department of Housing and Urban Development and the Farmers Home Administration. The period of time that these units will remain affordable varies depending on the program and when the buildings were constructed. However, many of these units may not remain in the assisted housing stock much longer as owners opt to prepay their mortgages and return the units to market rate housing.

Over 43% (4,129) of the assisted units are low-rent public housing owned by the King County and Renton Housing Authorities. Some are designated as elderly housing, a small number are for special populations, and two projects equaling several hundred units are manufactured housing. All of the units are owned and managed by the housing authorities and are a permanent part of the assisted housing stock.

The 506 units assisted with King County CDBG funds include housing for the mentally ill, youth, developmentally disabled, persons with AIDS, seniors, and the physically disabled. Although King County doesn't actually own the units, the County retains an ownership interest in the project for the term of affordability, usually 10-25 years. These projects are typically owned by nonprofit organizations which will help to ensure that the housing continues to benefit low- and moderate-income persons and special populations indefinitely.

Since the inception of the HOF in 1990, awards have been made for 386 units serving a variety of at risk and special populations including the mentally ill, victims of domestic violence, teen parents, homeless families, homeless men, and runaway youth. Four projects are located in the City of Seattle and serve a regional need. King County maintains a property interest regulating the use of the units produced by the HOF for 35 years.

KING COUNTY HOUSING AUTHORITY AND RENTON HOUSING AUTHORITY

PUBLIC HOUSING UNITS

LOCATION		UNITS
<u>Auburn</u>	Green River Homes	110
	Wayland Arms	67
	Plaza Seventeen	70
	Gustaves Manor	35
	Firwood Circle	50
	Burndale Homes	50
<u>Bellevue</u>	Eastside Terrace	50
	College Place	51
<u>Black Diamond</u>	Rainier View	31
<u>Bothell</u>	Green Leaf	27
	The Northwood	34
	Northlake House	38
<u>Des Moines</u>	Campus Court	13
<u>Federal Way</u>	Evergreen Court	30
	Kings Court	30
	Southridge House	80
	Campus Green	15
<u>Issaquah</u>	Eastridge House	40
<u>Kent</u>	Springwood Apartments	345
	Valli Kee Homes	114
	Mardi Gras	61
	Cascade Apartments	108
	Cottonwood	75
<u>Kirkland</u>	Juanita Court	30
	Juanita Trace	39
	Wells Wood	30
	Kirkwood Terrace	28
	Casa Juanita	80
	Cedarwood	25
	Slater Park	5

LOCATION		UNITS
<u>Redmond</u>		
	Avondale Manor	20
	Forest Glen	40
	Forest Grove	25
<u>Renton</u>		
	Glenview Heights	10
	Cole Manor	28
	Cedar River Terrace	73
	Evergreen Terrace	50
	Hillcrest Terrace	60
	Sunset Terrace	100
<u>Snoqualmie</u>		
	Pickering Court	30
<u>North King County</u>		
	Ballinger Homes	110
	Paramount House	70
	Northridge House	70
	Northridge II	70
	Briarwood	70
	The Lake House	70
	Echo Cove	4
	Harborview	5
	Brookside	16
<u>South King County</u>		
	Park Lake Homes, Site I	535
	Park Lake Homes, Site II	198
	Riverton Terrace	60
	Boulevard Manor	70
	Munro Manor	60
	Yardley Arms	67
	Brittany Park	43
	Burien Park	102
	Vantage Glen	164
	Glenbrook	148

KING COUNTY HOUSING OPPORTUNITY FUND PROJECTS

	<u>No. of Units/ Capacity</u>	<u>Location</u>	<u>Status</u>
AIDS Housing of Washington	35 SRO/35	Seattle	Complete
Domestic Abuse Women's Network	5-br SFR/10	Unincorporated King County	Acquisition--in progress
Eastside Domestic Violence Program	5-br SFR/10	East King County	Predevelopment
Highline-West Seattle Mental Health Center	5-br SFR/5	Tukwila	Complete
Kent Valley Youth Services	2 4-br SFR/8	Unincorporated King County	Acquisition--in progress
Kent, City	10 apts/20	Kent	Complete
King County Housing Authority	50 apts/50	Kent	Under construction
Friends of Youth	60 spaces/120	Southeast King County	Predevelopment
Salvation Army	8 SFRs/32	Bellevue	Acquisition--in progress
United Cerebral Palsy Association of King-Snohomish Counties	10 apts/28	Bothell	Predevelopment
Auburn Youth Resources	155 beds/155	Seattle	Under construction
Black and Latino Adolescent Alcohol and Drug Endeavor	4 3-br SFRs/12	Unincorporated King County	Under construction
King County Housing Authority/ Eastside Mental Health Center/ Highline-West Seattle Mental Health Center/Northwest Mental Health Services	4-br SFR / 14 5-unit apt/	Auburn	Predevelopment
King County Housing Authority/ YWCA of Seattle-King County	8 SRO/8	Seattle	Predevelopment
Ruth Dykeman Children's Center	85 SRO/85	SFRs: Redmond and Auburn; ARTFs: Unincorporated King County Duplex: South King County Fourplex: Federal Way	Acquisition--in progress
United Indians of All Tribes Foundation	14 apts/28	Kent	Predevelopment
	36 SRO/36	Unincorporated King County	Predevelopment
	11 rms/22-25	Seattle	Acquisition--in progress

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**CDBG CAPITAL SUPPORT FOR HOUSING
(1980 - 1991)**

<u>Type</u>	<u>Number of Units</u>	<u>Location</u>
<u>Semi-independent Adults</u>		
Mentally Ill	10	Unincorporated North King County
Mentally Ill	4	Unincorporated East King County
Mentally Ill	14	Unincorporated South King County
Mentally Ill	6	Seattle
<u>Emergency Shelter</u>		
Youth	6	Unincorporated East King County
Youth	10	Auburn
Youth	12	Seattle
<u>Permanent Housing</u>		
Developmentally Disabled	6	Unincorporated North King County
Developmentally Disabled	12	Unincorporated South King County
<u>Hospice</u>		
Persons with AIDS	11	Renton
Seniors	35	Seattle
<u>Permanent Housing</u>		
Seniors	267	Unincorporated South King County
Seniors	5	Unincorporated East King County
Seniors	48	Unincorporated North King County
Seniors	15	Federal Way
<u>Transitional Housing</u>		
Physically Disabled	40	Redmond
Physically Disabled	5	Unincorporated North King County

OTHER ASSISTED HOUSING UNITS

Federally Assisted--No Local Government Contribution

<u>Jurisdiction</u>	<u>Type</u>	<u>Number Units</u>
Auburn	HUD	366
Bellevue	HUD	709
Bothell	HUD	74
Enumclaw	FmHA	106
Federal Way	HUD	64
Issaquah	HUD	146
Issaquah	FmHA	24
Kent	HUD	850
Kirkland	HUD	340
Mercer Island	HUD	59
North Bend	FmHA	47
North Bend	HUD	39
Redmond	HUD	128
Renton	HUD	705
Balance King County	HUD	770
Balance King County	FmHA	57

HUD units were developed through a variety of different projects or programs including privately developed, federally assisted units (236, Below Market Interest Rate, LMSA, Section 8--New Construction) and Section 202 for elderly and handicapped persons.

Farmers Home Administration (FmHA) units were developed through the Section 515 multifamily mortgage program for rural areas in King County.

Future Needs Forecast

Data from the 1990 Census shows the population of King County (less Seattle) to be 991,060. The growth of King County's population is expected to continue during the 1990s, although at a slower pace than during the last decade. Recent adjustment of the 1988 forecasts prepared by the Puget Sound Council of Governments (PSCOG) suggests that the King County (less Seattle) population could grow to about 1,122,692 by 1998 (six years from the date of this plan). This represents a 13.3% increase in King County population.

Although it is difficult to determine the extent of need by jurisdiction, it is generally accepted that the City of Seattle accounts for roughly one-third to one-half the housing need in all of King County. Seattle currently has the majority of assisted housing in the County while the low-income population appears to be growing at a faster rate in the County. Therefore, it is the policy of King County to focus capital dollars for housing outside the City of Seattle. There may periodically be a need to fund projects within the City of Seattle when it can be demonstrated that the project serves a regional need.

The 1992 CHAS estimates that over 49,000 households in King County (less Seattle) are in need of housing assistance or are at risk of displacement. This includes the elderly, youth, single adults, the homeless, and those with special supportive service needs. Of these, over one-third are families, about one in five are elderly, 11% special needs, and 12% homeless.

It is generally believed that the extent of housing need and the size of the low- and moderate-income population will likely increase in coming years. If we assume the same proportion of the population in need in 1998, an additional 6,517 households will be in need of housing assistance given the 13.3% projected increase in the population. There is little data to suggest that the particular populations in need will vary significantly from today. Given the extent of need, it is impossible to specify exactly what kinds of housing and how much of each type will be needed in six years.

The extent of housing need is so great that this plan cannot project enough housing development to meet even current needs, let alone future needs. There are a number of elements that are highly uncertain including funding levels, the real estate market, and the availability of services funding. Availability of services funding affects the supply of housing for special needs populations since these non-capital funds come from a variety of federal, state and local sources which are often completely independent of capital funding sources and allocation processes.

Given the unmet need for affordable housing by many populations, capital funds in King County will be allocated based on the relative merit of the proposal, the need it addresses, and the particular opportunity the project presents.

Proposed Locations and Capacities of New Capital Facilities

Location Criteria

In 1991 six housing projects (to be developed at 11 different sites) were funded by the HOF. Of those with sites, projects will be located in Auburn, Seattle, Kent, Redmond, and unincorporated King County.

The location and capacity of future projects must be planned in a flexible manner to reflect the competitive fund allocation process, uncertain future funding levels, and the availability of appropriate sites. All housing development projects which receive public funds must comply with location criteria which are described in detail in the CHAS. These criteria regulate both new construction and rehabilitation programs. The criteria identified in the CHAS reflect a concern of King County and the Consortium cities that housing be appropriate to the area in which it is located and to the residents it serves by promoting diversity in neighborhoods, avoiding overconcentration of assisted housing, and providing increased housing opportunities for low- and moderate-income households. The specific site and location criteria provide the basis for sensitive and appropriate development for families, the elderly, and special populations in rural and urban areas of King County.

In addition, each project must comply with land use and zoning restrictions of the appropriate jurisdiction.

King County acknowledges a role in funding facilities of regional significance that are located in Seattle. King County has developed a specific policy related to funding of such projects. Capital dollars may only be used for projects in Seattle if it can be demonstrated that the project serves a unique regional need, will serve balance of County residents, has secured regional funding, and will provide a housing resource not feasibly provided elsewhere in the County. This policy helps ensure that the County's limited resources serve County residents in the communities in which they live rather than requiring them to travel to downtown Seattle.

It is intended that the housing units developed by the regional housing levy will be split equally between the three subregions of Seattle, North and East King County, and South King County. The configuration of units developed in each subregion may vary depending upon needs, opportunities, and the availability of other funding; however, all projects are subject to the location criteria in the CHAS covering that jurisdiction as well as local land use regulations and siting policies.

Selection Criteria

Each fund source carries its own selection criteria, policies, and regulations regarding the use of funds.

HOF funds are allocated to projects which benefit low-income families and seniors at risk of displacement; homeless families and individuals, including youth; and people with special needs. Funds may be used for acquisition, rehabilitation, and/or new construction of emergency shelter, transitional, and permanent housing. HOF-funded projects must serve households with incomes less than 50 percent of the median, and priority is given to projects that assist people with special needs. Projects may be located in jurisdictions only if the jurisdiction contributes to the project.

Housing development projects using CDBG funds must be consistent with the CHAS and fill gaps in the continuum of housing needs as well as gaps in geographic location throughout King County. For a more complete discussion of the specific CDBG housing policies, please see the 1992 CDBG Policy Plan.

The general policies and specific selection criteria governing the use of HOME funds have not yet been developed. A working group made up of County and suburban city representatives will develop the policies and program priorities in early 1992.

If the regional housing levy is approved, levy policies and programs will be developed and overseen by a regional housing levy policy board composed of elected officials.

Capacity

King County currently uses federal CDBG and HOME funds as well as locally generated REET funds for housing development. If the proposed regional housing levy is approved by voters it will provide another source of local funds for housing projects.

Given these fund sources, approximately 2,705 units can be rehabilitated, acquired, or constructed per year. Table 1 shows annual housing production goals by housing type, and Table 2 shows those goals by housing activity. These estimates are based on the eligible activities and priorities for each fund source and assume a relatively stable flow of funds over the six-year period of this plan. (See Financing Plan.)

Six-year Financing Plan

The HOF is capitalized with REET receipts from unincorporated King County. Each year the HOF receives 50% of the net REET revenue after debt service. In 1990 and 1991 the HOF had \$2.759 and \$2.580 million dollars respectively. The fund is expected to have \$2.542 million dollars in 1992.

CDBG funds are used for housing and community development projects benefiting low- and moderate-income people in King County. The entitlement (\$4.862 million in 1992) is shared between 26 suburban jurisdictions and unincorporated King County. The entitlement amount varies each year but approximately 30% is spent on housing development or rehabilitation. Federal regulations regarding CDBG funds are extremely complex; new construction is not an eligible use. As a result, the majority of funds are spent on rehabilitation of single-family homes.

In 1992 the King County CDBG Consortium will also receive \$2.117 million in HOME Investment Partnership Act funds from the U. S. Department of Housing and Urban Development. These funds may be used for rehabilitation, new construction (in limited situations), acquisition, tenant-based rental assistance, and predevelopment costs. It is difficult to predict how much money Congress will appropriate from year to year for CDBG and HOME. Although the CDBG entitlement has increased steadily since 1990, the grant amount varied by as much as 5% up and down each year in the 1980s. CDBG and HOME will be reviewed and reauthorized by Congress in 1992.

If approved by voters, the regional housing levy will generate \$150 million dollars over eight years to support a comprehensive low-income housing program for the region. Of that amount \$50 million will be used for rent subsidies and support services. Over \$91 million will be used for housing development and rehabilitation.

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TABLE 1: ANNUAL PRODUCTION GOALS BY ACTIVITY

	<u>HOF</u> <u>1992-1997</u>	<u>CDBG/HOME</u> <u>1992-1997</u>	<u>LEVY</u> <u>1994-1997</u>	<u>TOTALS</u>
Rehabilitation/Weatherization	0	2,090	31	2,121
Acquisition/Mod Rehab	125	40	127	292
Substantial Rehab New Construction	125	15	127	267
Home Buyers Assistance	<u>0</u>	<u>10</u>	<u>15</u>	<u>25</u>
Totals	250	2,155	300	2,750

TABLE 2: ANNUAL PRODUCTION GOALS BY HOUSING TYPE

	<u>HOF</u> <u>1992-1997</u>	<u>CDBG/HOME</u> <u>1992-1997</u>	<u>LEVY</u> <u>1994-1997</u>
Home Buyers Assistance	0	10	15
Housing Repair/Rental Rehab/Weatherization	0	2,090	31
Permanent Rental	88	25	162
Emergency/Transitional	132	40	56
Mobile Home Park Preservation/ Replacement	30	10	37

d146
1/7/92