



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

February 17, 2016

Motion 14573

Proposed No. 2016-0021.1

Sponsors Upthegrove

1 A MOTION acknowledging receipt of the Affordable
2 Housing Strategy as required by the 2015/2016 Biennial
3 Budget Ordinance, Ordinance 17941, Section 58, Proviso
4 P2.

5 WHEREAS, Ordinance 17941, Section 58, appropriated the community and
6 human services administration fund 2015/2016 biennium budget and included Proviso
7 P2;

8 NOW, THEREFORE, BE IT MOVED by the Council of King County:

9 The council acknowledges receipt of the report, Affordable Housing Strategy,
10 Attachment A to this motion.

11

Motion 14573 was introduced on 1/19/2016 and passed by the Metropolitan King
County Council on 2/16/2016, by the following vote:

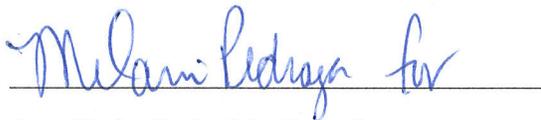
Yes: 8 - Mr. von Reichbauer, Mr. Gossett, Ms. Lambert, Mr. Dunn,
Mr. McDermott, Mr. Upthegrove, Ms. Kohl-Welles and Ms. Balducci
No: 1 - Mr. Dembowski
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



J. Joseph McDermott, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments: A. Affordable Housing Strategy



King County

Affordable Housing Strategy

Response to King County Ordinance 17941, Section 58, Proviso P2

Department of Community and Human Services

December 2015

I. EXECUTIVE SUMMARY

King County faces unprecedented affordable housing challenges. Amidst tremendous economic and population growth, in places both obvious and hidden, many in our community are struggling to meet their basic housing needs. While King County has supported affordable housing, in all its forms, for many years, clearly the dramatic need demands new solutions and broader thinking. This Affordable Housing Strategy is the beginning of that new approach.

The need is acute. As detailed below, nearly 50,000 households earning minimum wage are paying over 50% of their income towards their housing costs. These families and individuals are often an illness or injury away from joining the ranks of the homeless. And as we are reminded again and again, there are already over 3,000 homeless individuals living outdoors on any given night in King County. Add to these the projected population growth, increased housing costs and the desire for affordable housing near transit and the need for an affordable housing strategy for King County is clear.

The Affordable Housing Strategy both calls for new resources and enhances existing programs. It is organized around five major strategies and identifies tools and resources designed to make each strategy effective. Used strategically, these tools are critical elements in the development of an implementation plan:

1) Target Resources

- Implement Homeless Coordinated Entry for All Populations
- Target Housing Capital Resources
- Deploy the Transit Oriented Development Bond Program Around High Capacity Transit sites
- Formalize Transit Oriented Development Partnerships Between King County Metro, DCHS, and Sound Transit

2) Seek Innovative Housing Partnerships and Models

- Utilize Publicly Owned Property for Innovative Affordable Housing
- Explore Incentivizing the Production of Accessory Dwelling Units
- Explore Partnerships with Market Rate Developers
- Support Implementation of Multi-Family Tax Exemption Program
- Utilize County Owned Property to Pilot New TOD Models and Partnerships to create mixed income vibrant communities

3) Increase Housing Funding

- Issue Hotel/Motel Tax Bonds for Transit Oriented Affordable Workforce Housing
- Dedicate MIDD Housing Resources
- Consider Increasing Veterans and Human Services Levy Funding for Housing
- Identify Options for Consideration for Implementing a County-wide Affordable Housing REET.
- Connect Housing Funding to Other County Initiatives, such as Communities of Opportunity and Familiar Faces

4) Increase Housing Stability

- Utilize Best Starts for Kids Funds to prevent homelessness
- Adopt Additional Tenant Protections
- Promote Affordable Housing Preservation

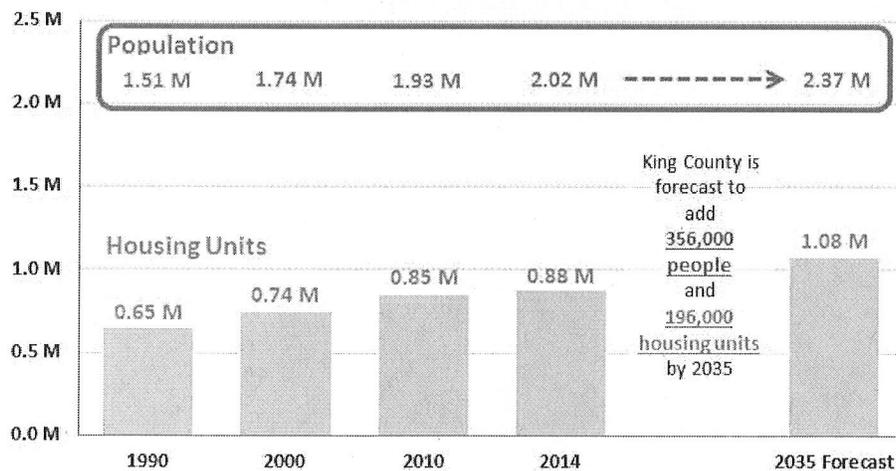
5) Analyze and Create Strategies for Future Housing Needs

To be sure, these strategies, tools, and resources are not the panacea to all of our region’s affordable housing needs. Additional concepts, funds, and partnerships, many not even imagined, will be needed to meet our housing demand. Some of the identified tools are authorized and can be implemented by King County without additional process. Others will need additional work to develop in coordination between the King County Executive, Council and other jurisdictions and/or stakeholders. Identifying these strategies and tools represent the first step in a renewed effort to ensure that King County remains a healthy and vibrant community where everyone has a stable home. A secondary step will be to develop an implementation plan and work with Council to authorize necessary actions to carry the plan out.

II. NEED SUMMARY

King County is a dynamic, diverse region. King County enjoys a low unemployment rate with a rapidly expanding technology sector and real estate development working to produce the commercial and residential products demanded by the local economy. However, this rapid growth also strains our region’s housing resources.

Since 2000, King County’s population has grown by over 16%, adding nearly 300,000 residents. And with local businesses expanding, this trend is expected to continue for the foreseeable future.

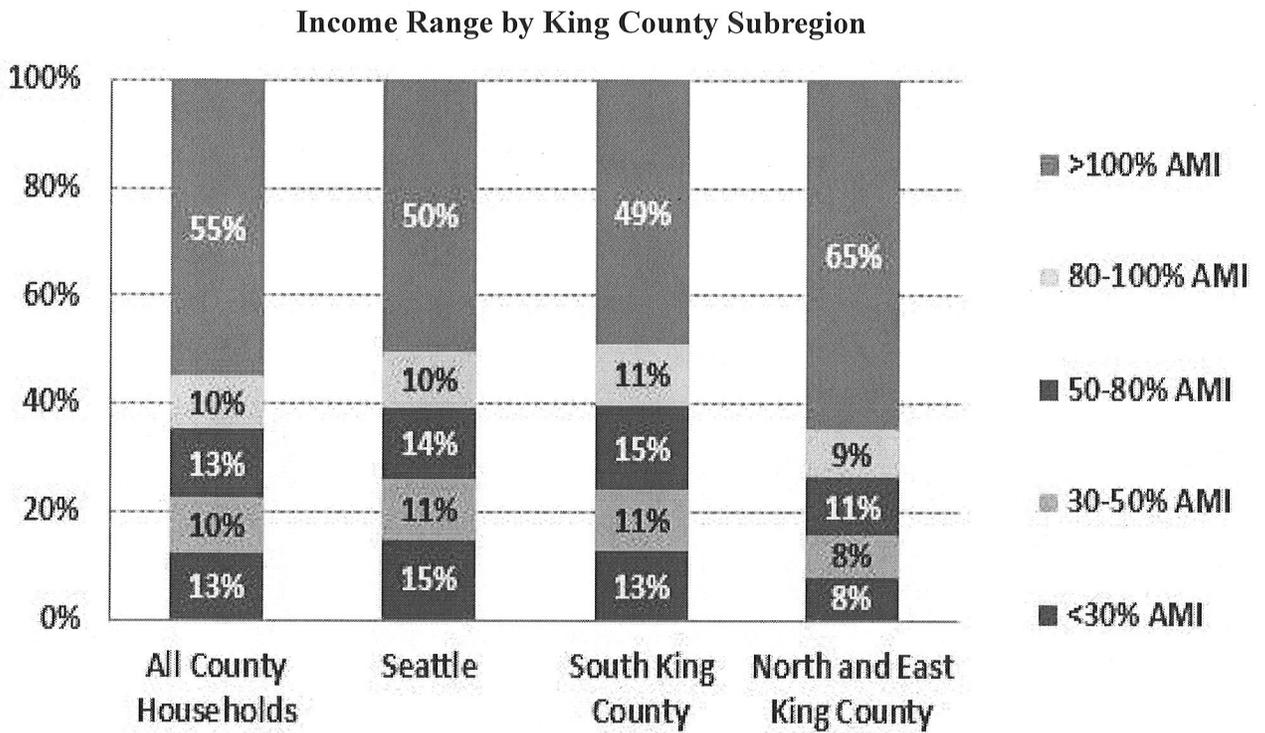


However, during that time, incomes have increased by only approximately 7%. In addition, King County’s growth is not uniform across all areas. As of 2014, King County’s median

household income was approximately \$86,000. Broken into segments, area median income (AMI) for a family of four is as follows:

- 100%: \$86,600
- 80%: \$69,400
- 50%: \$43,400
- 30%: \$26,040

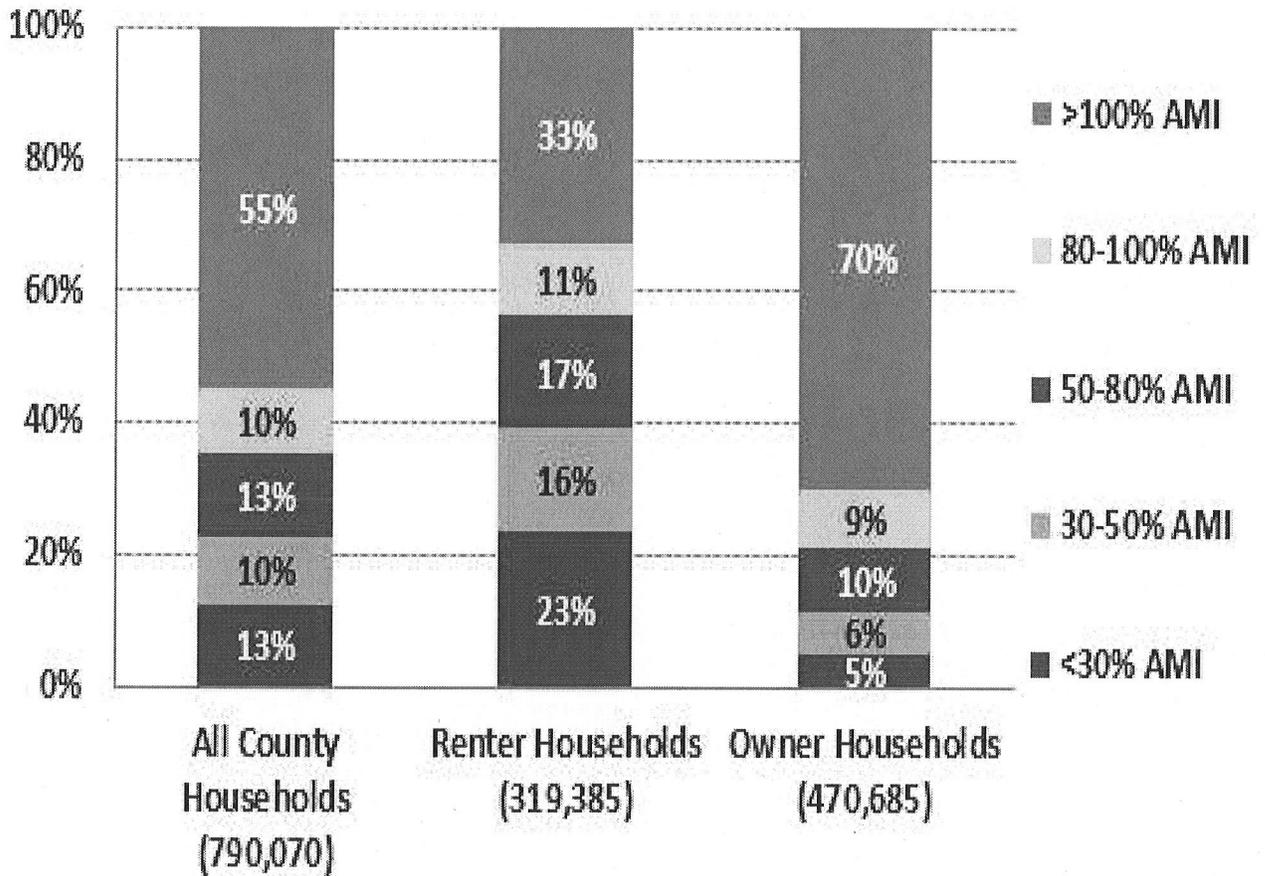
And as the following table demonstrates, there are subregional differences in income, with more low income households living in Seattle and South King County than in East King County.



The Critical Need is for Rental Housing

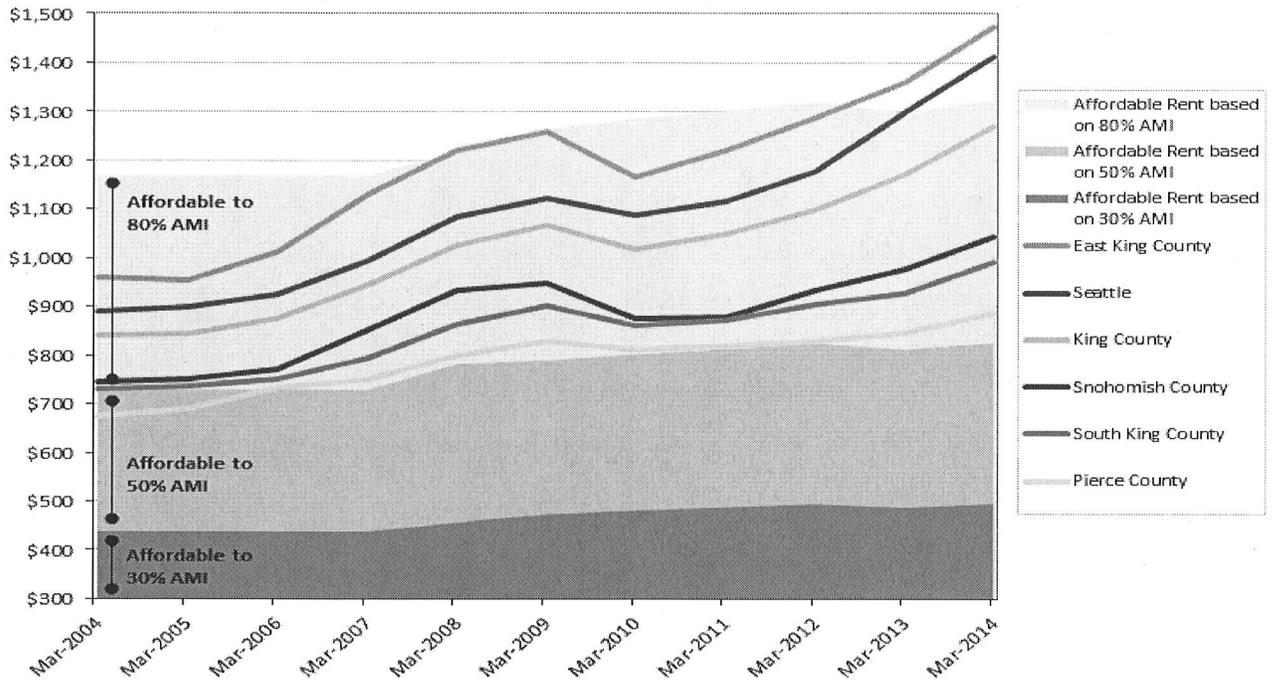
Renter households make up approximately 40% of all households in King County. However, they make up nearly 70% of King County households earning less than 50% of area median income. With lower income and higher housing costs, renters are at higher risk of an adverse event negatively impacting housing security. The following table identifies the income ranges for renters and home owners in King County.

Income Range by Housing Type



This situation is compounded by the rapid rise of rent. The following table shows how rents have increased in King County generally, by King County sub region, and as compared to Pierce and Snohomish Counties.

Average Apartment Rent Trend

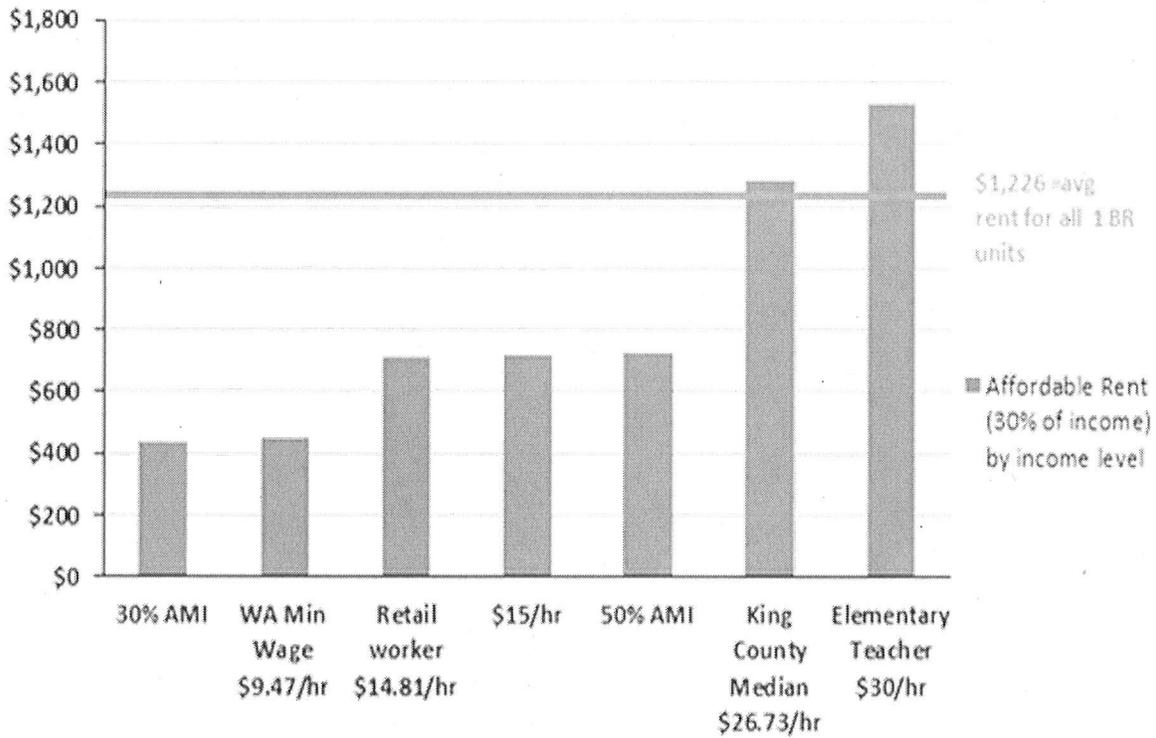


Source: Average Apartment Rent from Dupre & Scott and Affordable Rent based on AMI from HUD.

On average, households earning 80% of area median income can only afford to live in South King County unless the household is able to obtain subsidized housing in other parts of the County. And for households earning 50% of area median income or below (\$43,400, nearly 100,000 households) there is no subregional area in King County that is affordable (based on the HUD principle that housing affordability is no more than 30% of income used for housing related costs).

The following table compares affordable rent (30% of income) at various income levels to the median rent for a one bedroom apartment in King County. The concept of affordable rent originated in the National Housing Act of 1937 and has increased over time to its current level of 30% (established in 1981). It is also important to note that the amount of money that can be dedicated to housing costs increases as household income rises.

Affordable Rent and Wages

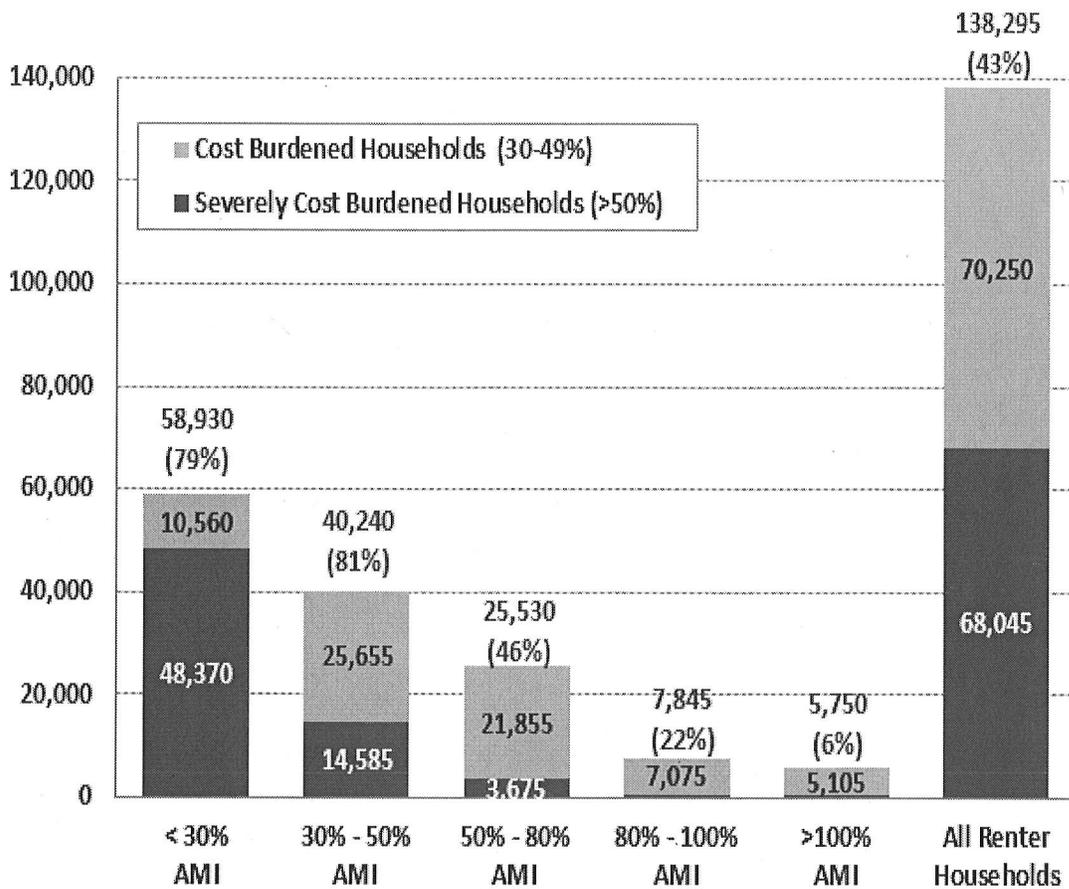


As can be clearly seen, the average one-bedroom apartment is out of reach for many households. Even for those benefitting from the recent increase in the minimum wage to \$15/hour in SeaTac and Seattle, an affordable one-bedroom apartment is likely not attainable.

The Lowest Income Are the Most at Risk

Unsurprisingly, King County’s lowest income households face the greatest risk of housing instability. Nearly 50,000 households earning 30% of area median income (approximately Washington State’s minimum wage) are severely housing cost burdened (defined as paying more than 50% of income towards rent). An additional 14,500 households earning 50% of area median income are severely housing cost burdened.

Cost Burdened Households by Income Range

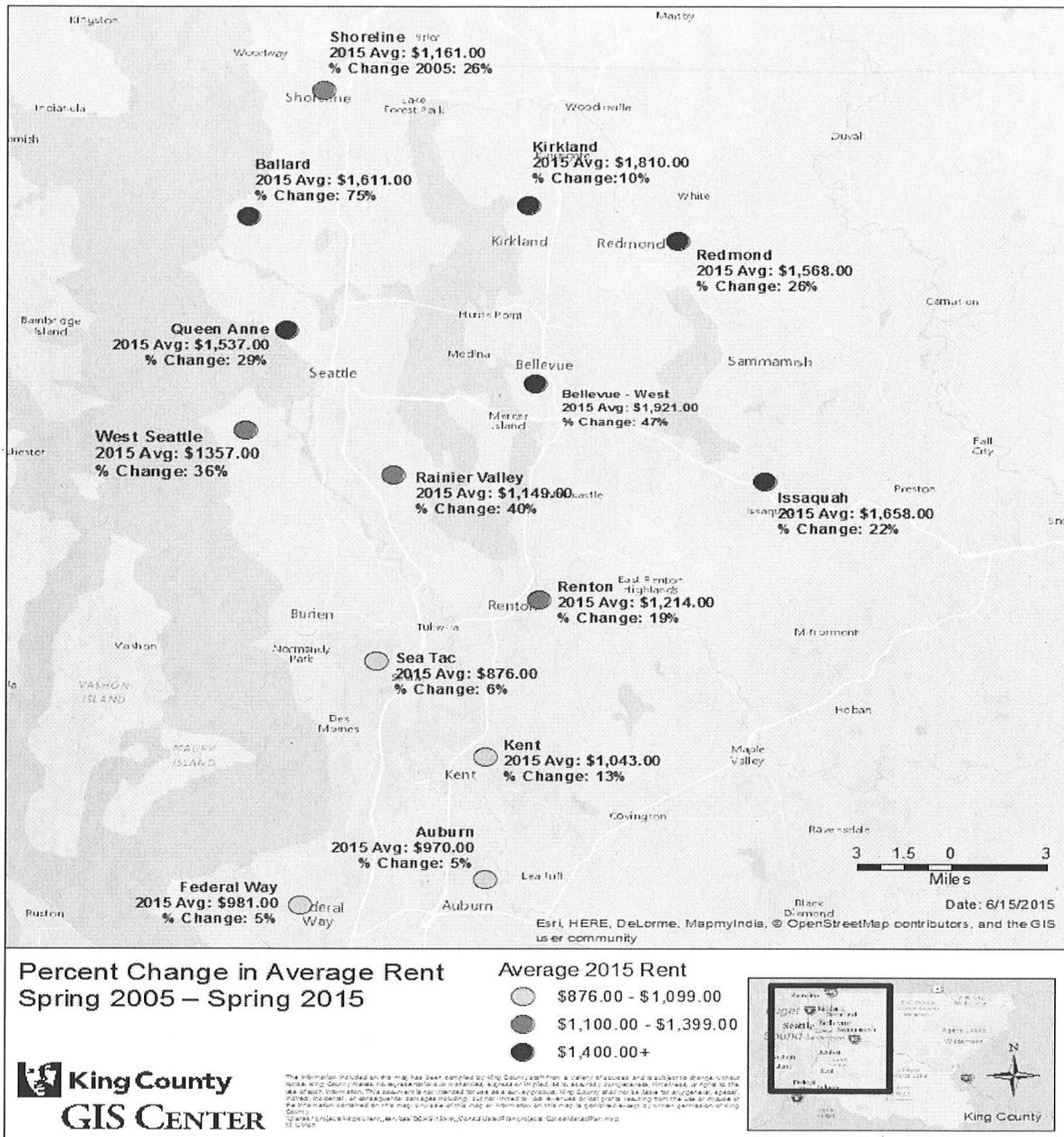


Taken together, that is nearly 65,000 households that are unstably housed. With one adverse event, such as an illness, accident, or reduced work hours, many of these households would be at severe risk of homelessness. In fact, a 2012 study in the Journal of Urban Affairs found that a \$100 rise in rents leads to a 15% increase in homelessness.

There Are Subregional Differences

With over two million residents, King County communities have a broad range of housing needs. The following map shows the change in rent over the 10 years from 2005 to 2015. As can be clearly seen, Seattle, East King County, and South King County have experienced different changes in the rental market. While rent has increased everywhere in King County, rents in South King County have increased less than in other parts of King County. However, even within South King County, differences can be found, with Kent and Renton showing 10 year increases of 15% while Auburn, Federal Way, and SeaTac are closer to 15%.

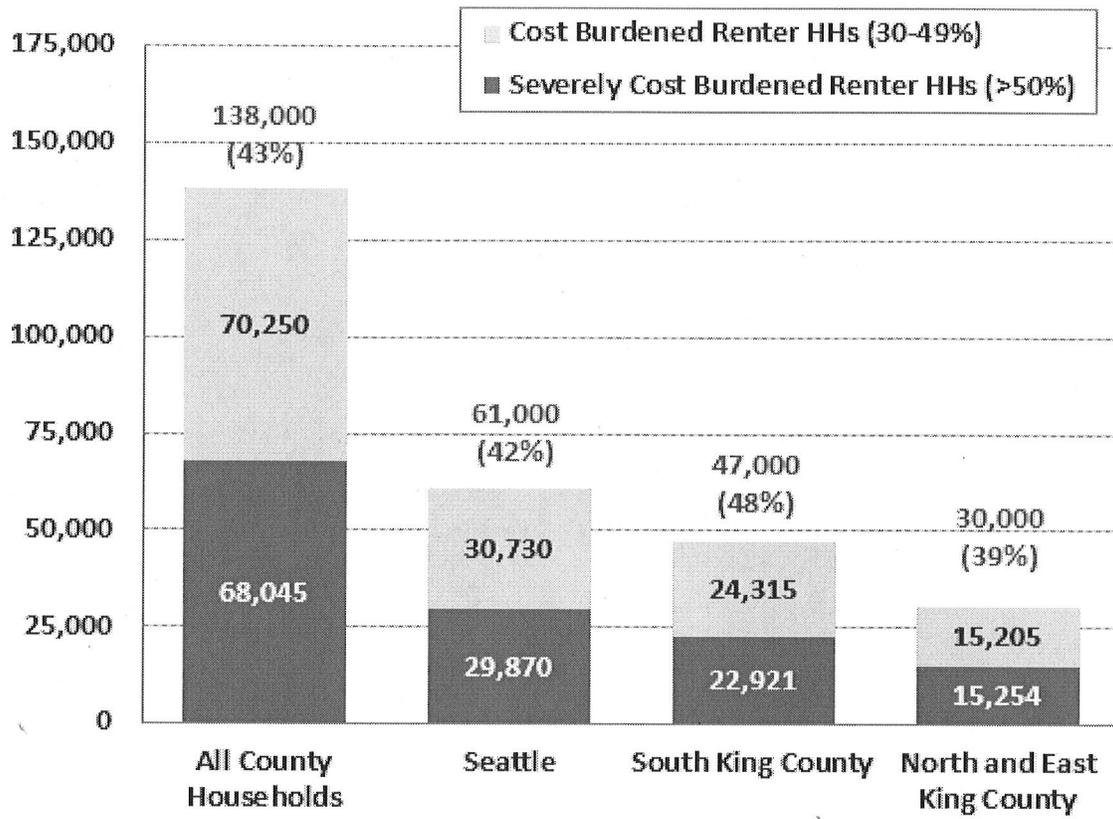
Rent Increase for Specific King County Locations



Adjusted for inflation

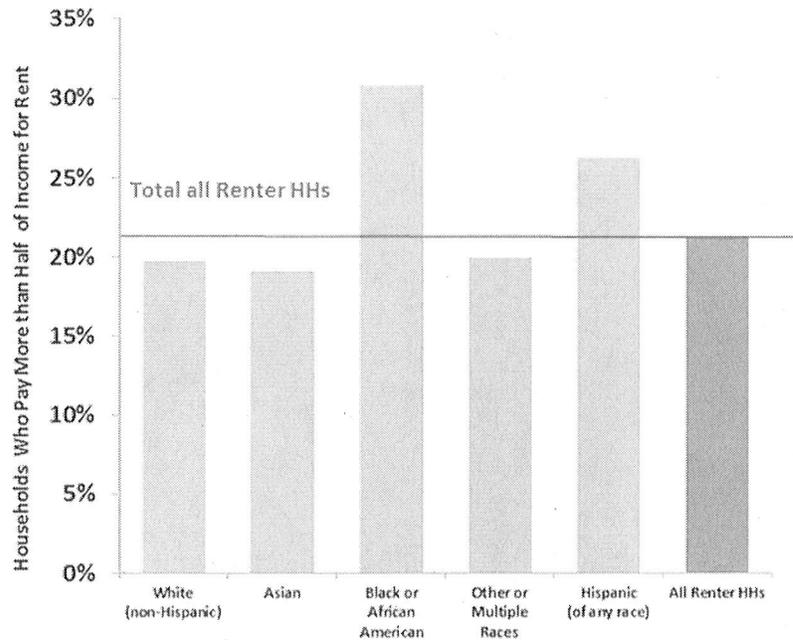
Figures for cost burdened households also show subregional differences. Seattle has the highest number of severely cost burdened households while South King County has the highest percentage.

Cost Burdened Renter Households by Subregion



And cost burden does not fall equally across all racial and ethnic groups. As the following table shows, Black or African American and Hispanic households are disproportionately severely cost burdened.

Cost Burdened Renter Households by Race/Ethnicity



Special Needs Demand Specialized Housing

Beyond the general population, households with special needs require specialized housing. These include households experiencing homelessness, disabilities, domestic violence, and seniors.

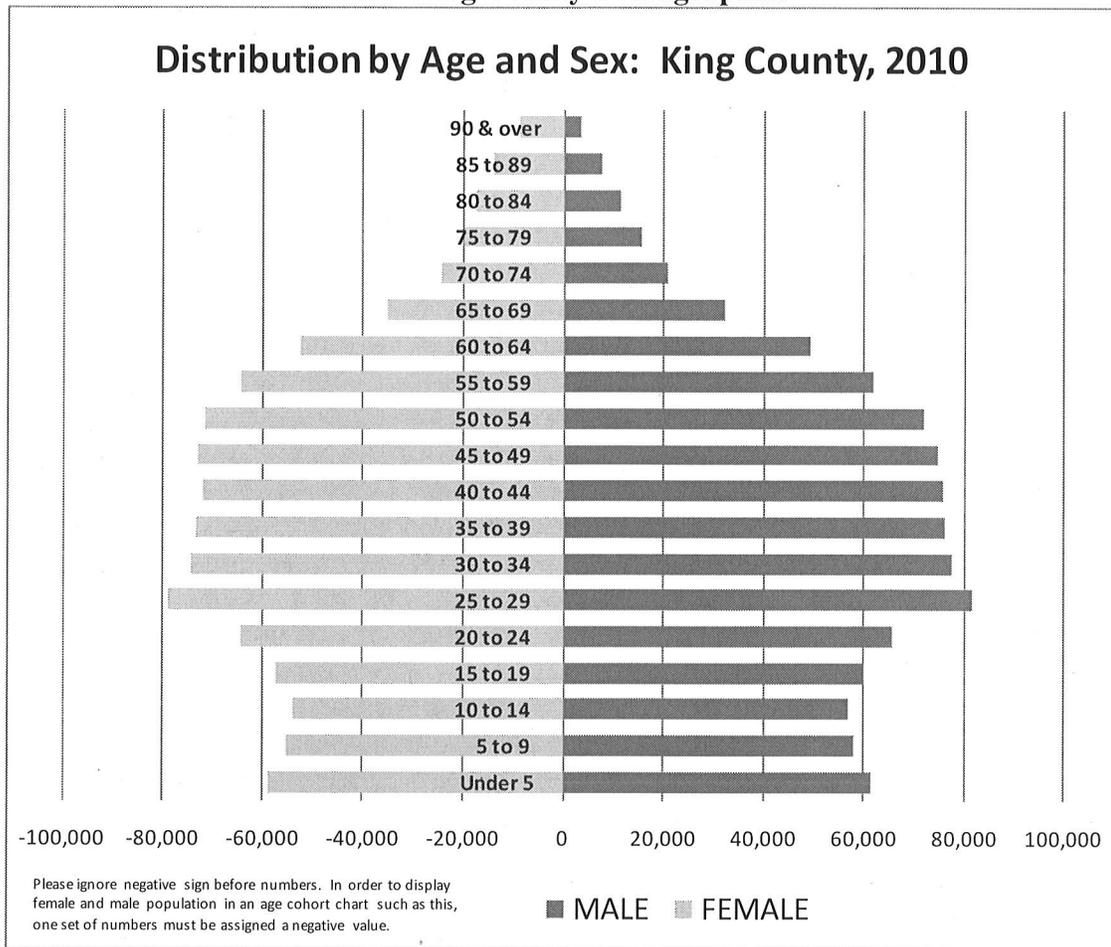
In many cases, homelessness is a result of special circumstances. An individual or household may be faced with mental illness, chemical dependency, or domestic violence. Untreated or unresolved, these issues contribute to housing instability through loss of wages and/or erratic behavior, often leading to homelessness. The following table shows the results of the most recent King County Point-In-Time Homeless Count, completed in January 2015.

2015 King County Homeless Point In Time Count				
Population	Unsheltered	Emergency Shelter	Transitional Housing	Total
Families	-	983	2,063	3,046
Youth	133	268	388	789
Single Adults	3,179	1,307	243	4,729
- Veterans	109	288	271	668
- Chronic	351	436	28	815
TOTAL	3,722	3,282	2,993	10,047

In 2015, the One Night Count of homeless in King County revealed 3,772 individuals without shelter (21% increase from 2014). Another 6,275 homeless individuals were in emergency shelters and transitional housing, for a total of 10,047 homeless individuals throughout the County. Although temporarily housed, it is important to note that households residing in either shelter or transitional housing are not considered housed by the federal Department of Housing and Urban Development (HUD). Finally, these figures do not represent the many thousands of households that are marginally housed, living one adverse event away from homelessness.

Finally, the number of seniors in King County is on the rise. As the following graphic shows, there is a demographic bubble moving through the age curve.

2010 King County Demographics



King County will need a dramatic increase in the number of units designed to meet the needs of a senior population that is living longer and experiencing the mental and physical constraints of that longevity.

The Affordable Housing Needs Summarized

The need for affordable housing is high throughout King County. However, certain populations are most at risk, including low income renters, households with special needs, and seniors. With cost and development pressures continuing to rise and limited affordable housing resources, where possible, King County should prioritize housing strategy for populations with the greatest need.

III. STRATEGIES, TOOLS, AND RESOURCES SUMMARIZED

In order to meet the high demand for affordable housing, King County will need to target existing programs, seek new resources, and develop new housing models and partnerships. These tools and resources, which are central to the success of the Affordable Housing Strategy, are identified below and discussed in greater detail in this report.

1. **Target Resources:** Target affordable housing resources to specific needs, ensuring that regions and/or populations receive the appropriate type of housing intervention.
 - **Implement Homeless Coordinated Entry for All Populations:** This will ensure that each homeless individual or household receives the appropriate level of service while allowing King County to prioritize and efficiently utilize homeless resources.
 - **Target Housing Capital Resources:** In order to ensure that limited capital resources are used wisely, target affordable housing capital resources to the specific sub-regions and/or populations based on need and housing type.
 - **Deploy the Transit Oriented Development (TOD) Bond Program Around High Capacity Transit Sites:** Up to \$45 million in bond proceeds will be used at or near capacity transit nodes in Seattle, East, and South King County for affordable workforce housing.
 - **Formalize TOD Partnerships Between King County Metro, DCHS, and Sound Transit:** DCHS will work with Metro and Sound Transit on a TOD partnership as both transit agencies work on expanding service and redeveloping publicly owned property.
2. **Seek Innovative Partnerships and Housing Models:** Identify new affordable housing partnerships and models, including those with County departments, private market landlords, and market rate developers.
 - **Utilize Publicly Owned Property for Innovative Affordable Housing:** Develop pilots on publicly owned property for innovative housing options such as micro modular housing, encampment with service access, and shelter with permanent supportive housing.
 - **Explore Incentivizing the Production of Accessory Dwelling Units:** Work with local municipalities to explore programs that streamline production of accessory dwelling units through technical and financial assistance.
 - **Explore Partnerships with Market-Rate Developers:** Seek partnerships with market rate developers to include affordable housing units in market rate projects.
 - **Support Implementation of Multi-Family Tax Exemption (MFTE):** Consider adoption of MFTE for unincorporated areas and County leadership for municipal adoption of MFTE will lead to a powerful incentive program being available County wide. King County will also support a state legislative strategy to expand MFTE to include existing apartments in addition to new construction.
 - **Utilize County Owned Property to Pilot New TOD Models and Partnerships:** Use publicly owned property to pilot new models and partnerships to produce affordable housing near high capacity transit.

3. **Increase Housing Funding:** Expand current affordable housing investments and ensure they enhance other County programs and strategies.
 - **Issue Hotel/Motel Tax Bonds for Transit Oriented Affordable Workforce Housing**
 - **Dedicate Mental Illness and Drug Dependency (MIDD) tax Housing Resources:** Seek to incorporate dedicating MIDD resources for affordable housing capital and operating and service support to create long term affordable housing for King County residents who are experiencing mental health or substance use disorders in the 2016 renewal. A range of housing resources should be created from low barrier housing such as permanent supportive housing to housing for those who are farther along in their recovery journey and need clean and sober housing.
 - **Explore Increased Veterans and Human Services Levy Funding in 2017 Renewal for Housing:** Evaluate including dedicated housing service funding in the renewed levy, assisting both veteran and non-veteran households
 - **Identify Options for Consideration for Implementing a County-Wide Affordable Housing REET:** Evaluate affordable housing Real Estate Excise Tax and develop a plan to work at the state legislative and/or voter levels to obtain approval.
 - **Connect Housing Funding to Other County Initiatives:** Leverage other programs, including Communities of Opportunity and Familiar Faces, to amplify the impact of affordable housing investments.
4. **Increase Housing Stability:** Employ and explore multiple approaches to achieving housing stability for County residents, one of the most effective and least expensive affordable housing strategies.
 - **Implement Best Starts for Kids Funds to Support Housing stability:** The Best Starts for Kids Levy has \$19 million to prevent and divert youth and their families from homelessness.
 - **Adopt Additional Tenant Protections:** Consider adopting broader tenant protections, increasing housing stability for many low and moderate income renters in unincorporated King County.
 - **Promote Affordable Housing Preservation:** Using both existing and new models, such as the Regional Equitable Development Initiative (REDI) fund, work aggressively to preserve affordable housing, which is less costly than building new affordable units.
5. **Analyze and Create Strategies for Future Housing Needs:** Analyze housing and population trends to inform how funds are directed through various RFP processes and what changes need to be made to the County's housing strategy. For example, King County will look at future demographic and income trends such as the growing need for senior housing.

IV. AFFORDABLE HOUSING STRATEGY DISCUSSION

King County's Affordable Housing strategy combines innovation, incentives, targeting and proposals for additional housing resources. All of these components are necessary to increase affordable housing options for King County residents.

The following five strategies, together with tools and resources, lay out a plan for integrating housing investments into new and existing County programs in order to generate ongoing housing funding streams that will create healthy and vibrant communities and increasing the opportunities for King County residents to have a safe and affordable home. Further analysis, in partnership with the King County Council, is needed to ensure that the appropriate mix of tools for each strategy is incorporated into an implementation plan.

1. Target Resources

As discussed earlier in this report, the affordable housing crisis in King County is both broad and diverse. And yet it is also clear that a particular need requires a specific type of intervention. For example, a simple affordable apartment may not be a suitable housing solution for a household escaping domestic violence. Therefore, King County will begin to target affordable housing resources to specific needs based on data and needs analyses.

King County will move capital funding for affordable housing to a *Targeted Request for Proposal* process. Even with the additional resources identified in this report, King County will continue to have a considerable disparity between available funding and affordable housing need. Consequently, beginning in a limited capacity in 2016, King County will target capital funds for affordable housing to specific sub-regional needs or housing types. Specifically, King County proposes to target the existing \$7 million in housing capital dollars to special needs housing, such as housing for people exiting homelessness or people with disabilities (incomes below 30% Area Median Income). Hotel/motel tax bond resources (discussed below) will be targeted to individuals and families whose incomes are between 30%-80% of Area Median Income to create affordable workforce housing. Based on discussion with partner agencies, funders, and local jurisdictions, examples could include family size units near high capacity transit, high acuity youth facilities, or permanent supportive housing units in specific jurisdictions. The targeted RFP will also direct housing investments where they augment other programs, such as Communities of Opportunity and Familiar Faces, discussed earlier in this report. Additional planning for the Targeted Request for Proposal will occur in 2016 with roll out completed over several years.

In addition, King County will complete the shift for accessing homeless services to a countywide system of *Coordinated Entry*. Although planning for Coordinated Entry is not complete, it anticipates a system of sub-regional hubs that plan and organize delivery of homeless services in each sub-region. With one nonprofit agency serving as the lead, homeless individuals and households will access the system through various entry points where they will receive an assessment for services. Once entered into the Homeless Management Information Services system (HMIS to be operated by King County in 2016), HMIS and placement specialists will identify the appropriate homeless services within the sub-region for the household. By using a uniform assessment tool and directing access to services, Coordinated Entry will ensure that each

homeless individual or household receives the appropriate level of service while allowing King County to prioritize and efficiently utilize homeless resources.

Also, as announced by King County Executive Dow Constantine in September 2015, King County will work to promote affordable workforce housing near high capacity transit with the goal of creating vibrant, mixed income communities. Multiple studies have found, and King County's own experience corroborates, the fact that housing costs rise more quickly near high capacity transit. Conversely, it is low and moderate wage households that benefit the most from proximity to transit. The collective savings from lower housing and transportation costs promotes stability and allows for alternate investments such as education.

Over the next 12 months, King County may deploy up to \$45 million through the ***Hotel/Motel Tax Bond Program*** to acquire, preserve, and/or develop affordable housing near high capacity transit (generally light rail, street car, and bus rapid transit). Likely investments include new development at Northgate and East King County as well as preservation and new construction along the proposed light rail line in South King County. Funds will be made available through competitive RFPs to be announced in 2016 following approval of the process by the County Council.

Finally, King County will work to ***formalize TOD partnerships between DCHS, Metro, and Sound Transit*** to ensure the creation of vibrant, mixed income communities. As Sound Transit works to build out the light rail system throughout King County, multiple opportunities to use publicly owned property will arise. The TOD partnership will work to ensure that affordable housing is included in all projects utilizing public property. In addition, the partnership will collaborate with private property owners and housing developers to see that affordability is a prime consideration in all development in and around high capacity transit stations.

2. Seek Innovative Partnerships and Housing Models

King County's affordable housing issues cannot be addressed solely with traditional County resources and programs. Consequently, King County will identify new affordable housing partnerships and explore new housing models. These partnerships, whether with other county departments, private landlords or market-rate developers, can expand options beyond what the county is able to do on its own.

The most direct impact of the housing shortage is on the lowest income. With housing out of reach due to cost and shelters full, extremely low income households and those with special needs such as substance use disorders, mental illness, and domestic violence often have few options but to live outside. To address this acute need, King County will pilot new approaches to homeless housing on County-owned property. These could include continuing to explore at least one site to pilot a ***micro modular housing community*** (designed as simple, affordable homes) and another site to serve as a location for a ***rotational homeless encampment***. The micro-housing pilot would demonstrate how small units can be built affordably and serve as housing for households temporarily experiencing homelessness. The homeless encampment pilot will provide housing services and a safe, dedicated location with case management for individuals and couples with no alternative but to stay outside.

King County will also explore modular housing and micro housing for people of modest means and as a possibility for detached accessory dwelling units. Additional strategies may include *acquisition of hotels/motels* or other similar housing to serve as low-cost residence for the formerly homeless as well as *pairing shelter expansion with permanent affordable housing*, currently being considered in locations outside Seattle. All pilots will include access to services and permanent housing planning.

In an effort to spur production of affordable rental units, King County will work with local municipalities to explore programs that streamline production of accessory dwelling units through technical and financial assistance. Accessory dwelling units (ADUs), whether part of an existing home or detached on the same property, hold the promise to create hundreds of new rental units at a low cost to the public. A King County ADU program could support development of these affordable apartments in three ways. First, King County could explore design partnership with local architectural and design firms in order to develop ADU concepts that could be quickly applied throughout the county. Second, King County could work with the Dept. of Permitting and Environmental Review and local municipal permitting departments to create a set of ADU plans that are pre-permitted and ready to use. Finally, together with local lending institutions, King County could explore how ADUs can be financed. Access to financing may be income dependent or require that the ADU be rented to a low income household.

Taken together, the three components of the ADU program would reduce cost by facilitating permitting and also provide a funding source for construction, allowing existing homeowners to build ADUs and use them for increased income or family flexibility. Additionally, lower income renters would have access to new apartment units. King County will evaluate where in unincorporated areas the ADU program could be used most effectively and will also work with local jurisdictions to offer the program where appropriate.

In addition, King County will *explore partnerships with market-rate developers* to “buy down” the affordability of units in new market-rate buildings. For example, King County will determine where sale of County-owned property could create affordable units in market rate buildings. Sale proceeds or incentive payments could be reinvested in a formerly County-owned property where market-rate residential development is anticipated. Buying down unit affordability, purchasing entire floors of a building, or a similar approach could result in a more cost effective or efficient delivery of affordable housing.

King County will also support implementation of the *Multi-Family Tax Exemption* (MFTE). Used effectively in Seattle to create affordable housing units, MFTE provides a tax subsidy for apartment developers willing to dedicate a portion of their units towards affordable housing. In general, at least 20% of the units in a new building need to be income and rent restricted, ensuring their affordability to households earning approximately 80% of Area Median Income or less. As part of this effort, King County will first evaluate authorizing MFTE in the unincorporated areas of the county. This could be particularly useful the urban unincorporated areas such as Skyway and White Center where development costs are high but many lower income families seek affordable housing near employment and transit centers. Secondly, King County will work with local municipalities analyze adoption of MFTE in their jurisdictions. Finally, King County will consider efforts to expand the MFTE authority to existing housing

units, providing an incentive for affordable housing preservation. Preservation tax incentives could be paired with inspection and/or required improvements to ensure that all households have a healthy place to live.

3. Increase Housing Funding

King County should expand current affordable housing investments and ensure they enhance other County programs. Repeatedly, we hear from those working in behavioral health, the criminal justice system, and homeless advocates that none of these initiatives or fields can be successful unless the people that they are serving have access to housing. Otherwise, people cycle back through the mental health or criminal justice system because stable housing is fundamental to successful treatment.

King County has historically had few financial resources for affordable housing. In 2015, King County allocated approximately \$7 million for affordable housing capital, in a County with over 1.3 million residents (outside Seattle).¹ Most of these funds are highly restricted state or federal dollars. Therefore, there is little ability to innovate and resources are not available to create housing for people that do not meet certain state or federal eligibility standards. New resources will enable the County to create more of a housing continuum.

Additional resources will also improve outcomes for existing County programs and strategies. As noted above, when individuals successfully complete inpatient mental health treatment or graduate from King County's Family Treatment Court but exit into homelessness, the likelihood of long term recovery greatly declines. However, having housing available, whether through a voucher, a subsidized unit, or a unit made affordable through a unique partnership with for-profit developers, can ensure the success of recovery.

To increase the availability of housing that is affordable to King County residents and to improve outcomes for existing County-funded programs, dedicated funding, both capital and operating dollars, should be considered via the following potential new or renewing funding sources: the *Hotel/Motel Tax Bonds* (previously discussed above), the *Mental Illness and Drug Dependency Program* (MIDD); the *Veterans and Human Services Levy* (VHSL) and exploration of a *County-wide affordable housing Real Estate Excise Tax* (REET).–

The addition of the hotel/motel tax housing bonds will create an important new resource for affordable workforce housing. However, a significant and unmet need for housing continues to exist. The MIDD could be expanded to include dedicated capital funding for the production of supportive housing for MIDD populations. Many of the chronically homeless, including those staying years in homeless shelters would directly benefit from permanent MIDD housing. Similarly, the VHSL, if renewed, could include housing resources that reach beyond solely veteran populations. This may include operating and service funding that will ensure that residents can be successful in their housing and the units remain viable over the long term.

¹ By comparison, the City of Seattle, through the Housing Levy, the Bonus and Transferable Development Rights programs provides between \$20 million and \$30 million annually for the production of affordable housing.

A final tool would be a County-wide affordable housing REET. Depending on the breadth and form, the REET could generate a large, dependable capital funding source for affordable housing. King County should evaluate whether a housing REET is appropriate and then evaluate whether to proceed working at the state legislative and/or voter levels to obtain approval.

With additional housing resources, King County should also innovate with rental housing subsidies to create incentives for individuals to reduce dependency on housing resources over time. For example, King County rental subsidies could include a matched savings plan to help individuals with first and last month's rent in a new apartment or, in some cases, a down payment for homeownership. Most federal rent subsidies decrease if a household's income increases, leaving little incentive to increase household income.

King County will amplify the reach of these resources by integrating them into existing programs such as the Health & Human Services Transformation Plan's Communities of Opportunity and Familiar Faces, King County's behavioral health programs, employment programs, public health programs and criminal justice strategies. Through the *Communities of Opportunity* program, King County, together with the Seattle Foundation, is making place-based investments to improve race, health, and socio-economic equity in our region. As discussed in the Need Summary section of this report, there are broad race and socio-economic disparities in access to housing. King County will enhance the Communities of Opportunity Initiative by ensuring that affordable housing investments are integrated into the target communities. *Familiar Faces* focuses on high utilizers of the jail (defined as having been booked four or more times in a twelve-month period) and who also have a mental health and/or substance use condition. These individuals have complex underlying health needs that cannot be met as they repeatedly cycle through incarceration and often homelessness. Developing supportive affordable housing for the Familiar Faces population will create a stable environment where individuals can address their mental illness and/or substance use issues while simultaneously reducing costs to the County for medical, judicial, and correction services. MIDD capital funds, paired with service resources from the Veterans and Human Services Levy, could yield tangible results in assisting these individuals break the incarceration/hospitalization cycle.

Similarly, housing resources should be paired with other County strategies to help ensure the success of other County programs. For example, there is a need for *clean and sober housing* for those who are on their recovery journey. It is challenging for individuals who are in recovery to live in permanent supportive housing where others may not yet be in recovery. In addition, King County has found great success in *pairing Rapid Rehousing with employment*. Individuals are able to obtain both housing and employment, which means that they will be able to pay rent after a few months and maintain their jobs because they have stable housing. Finally, housing vouchers are currently available to some individuals exiting the therapeutic courts, though the demand outstrips available resources. King County should continue to explore these models but also work to prioritize this specialized housing to those who will most benefit from the services.

Collectively, additional resources and expanded reach of existing County programs will broaden the affordable housing continuum and reach from permanent supportive housing to recovery housing for individuals and families to households that need nothing more than a more affordable place to live.

4. Increase Housing Stability

One of the most effective and least expensive affordable housing strategies is to help households retain their housing. King County will employ and explore multiple approaches to achieve housing stability including: implement the Best Starts for Kids homeless prevention funds; creating tenant protections and preserving additional affordable housing.

In November 2015, King County voters approved Proposition 1. Among its many programs, ***Best Starts for Kids establishes a \$19 million fund*** to prevent and divert youth and families from homelessness. Enabling youth and families to stay housed will promote housing stability and reduce the trauma associated with homelessness or housing instability. This is a significant step in increasing housing stability for children, youth and families experiencing the trauma of domestic abuse or rejection by their families.

King County will also ***work to strengthen tenant protections***, increasing the rights of renters in the face of rapidly rising housing costs. To ensure that renters do not live in housing that is unsafe or unhealthy or be displaced without time to find replacement housing, King County may consider adding and/or enforcing the following tenant protections:

- Increase notice to tenants when a landlord is going to sell the unit to 90 days, thereby giving the tenant an opportunity to find substitute housing;
- Prohibit landlords from retaliating against tenants who report substandard conditions in rental housing;
- Explore a matched county/landlord relocation assistance fund for households earning less than 50% of the area median income (approximately \$43,000 per year for a four person household);
- Create incentives for landlords to improve housing conditions without displacing tenants. For example, if the County receives authority to expand the Multifamily Tax Exemption discussed above, the County could link housing quality standards, with the income eligibility requirements and ability of the landlord to take advantage of the property tax exemption; and
- Explore protections and/or options for increasing housing access for those with criminal convictions.

As a final approach, King County will work aggressively to ***promote affordable housing preservation***. As shown in the needs analysis, portions of King County remain affordable to working households with modest income. However, absent intervention, development pressure will continue to push up rent and force lower income households to relocate. Existing programs such as the ***4% Low Income Housing Tax Credit*** and the recently authorized ***Regional Equitable Development Fund (REDI fund)*** and the hotel/motel tax bonds have the potential to preserve hundreds of units of currently affordable housing. The 4% tax credit program is one of the most successful, market driven affordable housing programs. Many for-profit developers use the program to create units at 60% of Area Median Income. However, as land and construction prices rise, the ability for these developers to continue to produce units is reduced. King County should explore how to maintain and, where possible, increase development of 4% tax credit projects. Options include debt guarantees, credit enhancement, and use of publicly owned property. The REDI Fund (for site acquisition), paired with the hotel/motel tax bond program could be used as a preservation tool around high capacity transit. King County will work with

partners to consider ways to effectively use these programs and explore if there are enhancements that the county can provide, such as debt or credit guarantees.

In addition, King County will review tax incentive programs such as MFTE (discussed above) and Real Estate Excise Tax exemptions to see if they can be modified to support affordable housing preservation. Finally, King County will continue to work with community partners who are part of the Communities of Opportunity initiative to explore the *Cooperative Ownership* (co-op) housing model. Under this model, existing apartment buildings could be purchased and co-op associations formed to own entire buildings and keep them affordable, with individual tenants owning a share of the building. This differs from a condominium in that coop owners don't own individual units, but have an ownership interest in the entire building and a shared interest in maintaining affordability. This model helps maintain affordability while at the same time providing an opportunity for the development of community owned assets.

5. Analyze and Create Strategies for Future Housing Needs

With expanded resources, King County Housing and Community Development Program (King County HCD) should analyze housing and population trends, similar to how market-rate housing developers do as well as continuing to analyze barriers to housing. For example, it is likely that with a significant aging in King County's population, there will be an increased demand for senior housing. King County HCD should analyze what the need might be, what part of the need the market is likely to meet and what gaps there will be in housing for seniors. Similar analysis, done in conjunction with All Home, should be done for homeless populations. This work will inform how King County directs funds through the targeted request for proposal process previously discussed.

V. CONCLUSION

Faced with the incongruous conditions of tremendous regional wealth and significant housing instability, now is the time for decisive, sustained action on affordable housing. This Affordable Housing Strategy presents an opening plan to meet the housing needs of all residents of King County. Over the next year the County will develop an implementation plan and work with Council to authorize necessary actions to carry the plan out. Where appropriate, efforts will be combined with other County programs to magnify their collective impact. And the County, together with local municipalities and community partners will continue to seek out new and innovative affordable housing solutions.

The path to a more affordable King County is neither short nor direct. But a sustained effort that continually seeks out timely, creative housing approaches will ensure that King County remains a healthy and vibrant community where everyone has a stable home.