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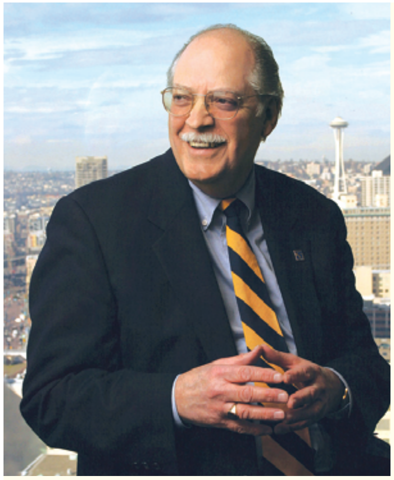
My View FROM KIM HERMAN, EXECUTIVE DIRECTOR

MARCH 2009

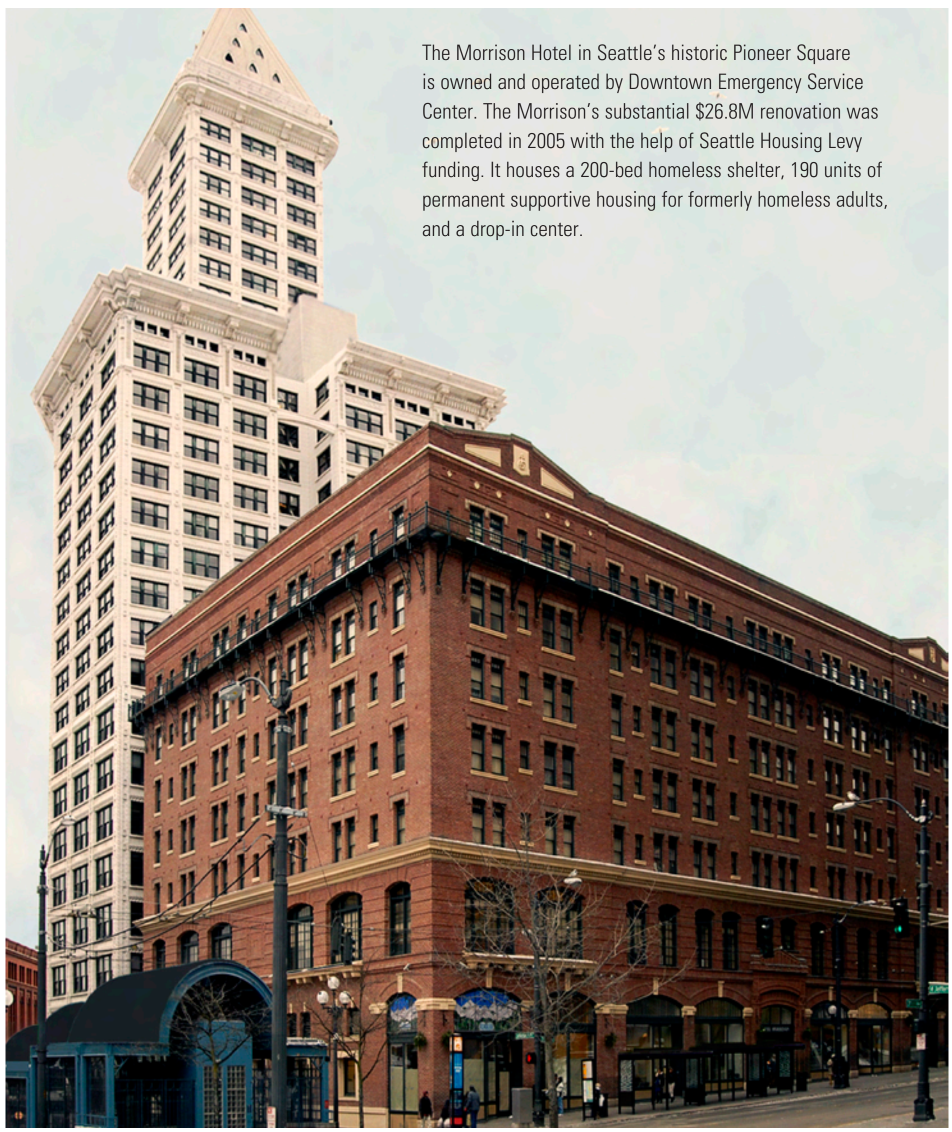


A unique, "inside" perspective on housing and community development from the executive director of the Washington State Housing Finance Commission.

Inside this Issue

The Seattle Housing Levy

The story of the City's significant investment in affordable housing: Endorsed by Seattle voters four times since 1981, a fifth ballot measure goes before voters this November.



The Morrison Hotel in Seattle's historic Pioneer Square is owned and operated by Downtown Emergency Service Center. The Morrison's substantial $26.8M renovation was completed in 2005 with the help of Seattle Housing Levy funding. It houses a 200-bed homeless shelter, 190 units of permanent supportive housing for formerly homeless adults, and a drop-in center.

My View FROM KIM HERMAN, EXECUTIVE DIRECTOR

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The Seattle Housing Levy

The Seattle Housing Levy is a singular achievement. It is a legacy in affordable housing production, homelessness prevention, and low-income homebuyer assistance that those of us who live in this region are justly proud of. There's simply nothing quite like it anywhere else in the country. Seattle voters again and again have endorsed a property tax that takes dollars out of their pockets to create better housing opportunities for the least advantaged members of their community.

Since 1981, Seattle voters have said *yes* to affordable housing—four times all told. The first vote, in 1981, was a bond issue to create affordable homes for seniors. The next three ballot issues, Housing Levies in 1986, 1995, and 2002, helped Seattle to expand the availability of housing to other vulnerable community members, including low and moderate wage earners.*

This November, Seattle's political and community leaders hope to extend the Seattle Housing Levy's success story, as the Levy renewal will go before voters for the fourth time.

The Levy's accomplishments over the past 28 years have been profound. In terms of rental housing production alone, more than 10,000 rental homes have been created—serving tens of thousands of individuals. In addition to providing great housing for the individuals and families who most need a hand up the economic ladder, the Levy has literally changed the face of Seattle. It has helped to spur investment in economically stressed communities, preserved historic buildings for affordable housing, and protected the character of neighborhoods.

But there's so much more to the Seattle Housing Levy story. The seven community leaders I've interviewed for *My View* will tell this story. To a one, I don't think they could imagine what Seattle would look like—more importantly, would *be* like—today without this great resource. The Levy is an integral part of what continues to make Seattle a great city, in no small part because it looks after the interests of all its citizens. Here's what this issue encompasses:

- A brief history and perspective from former Seattle Mayor Charles Royer.
- Nonprofit housing developers Paul Lambros, Sarah Lewontin, and Tony To describe what past Levies are accomplishing across the affordable housing spectrum from housing the homeless to affordable rentals to providing down-payment assistance to low-income homebuyers.
- Community development banker Don Brewer talks about the Levy's effectiveness at investing in communities alongside for-profit banks—and serving as a catalyst for private investment.
- Adrienne Quinn, director of the Seattle Office of Housing (OH), and Seattle City Councilmember Richard McIver look back at some of the recent Levy's achievements, and look ahead to the renewal process in the coming months.

*For the sake of simplification, I'll refer to all four previous voter-approved affordable housing measures as "the Seattle Housing Levy" or "the Levy."

TOP: Housing Resources Group's (HRG) downtown rental development Stewart Court provides supportive housing for the homeless.
CENTER: Kenyon House in southeast Seattle was developed by Housing Resources Group for Seattle Mental Health.
BOTTOM: PHG's Langdon & Anne Simons Senior Apartments houses seniors and homeless veterans.

The Seattle Housing Levy

A stimulus and a safety net

Charles Royer is quick to point to Seattle's voter-supported Levies as both "stimulus and safety net." Not only have they been focused on the most vulnerable people; the Seattle community has historically been able to leverage Levy expenditures "to create jobs and create economic activity."

When Charley served as Seattle's mayor from 1978 to 1990, his administration provided the political leadership for the first two housing levies to be placed on the ballot. More recently, in 2002, Charley, along with former Seattle Mayor Norm Rice, served as Co-Chair of the Levy's Steering Committee. This year, Charley and Norm are again the Co-Chairs for the 2009 Housing Levy Steering Committee. So Charley has been very engaged with this taxpayer-funded process over the years, excepting the years between 1990 and 1994 when he was directing the John F. Kennedy School of Politics at Harvard.

According to Charley, the initial housing bond issue for seniors was a clear choice: "We needed cash, and we needed capital. We knew we could get it out of the property tax. And we thought the notion that the people who had helped build this city should be able to live in the city would resonate with voters. They should not have to move away because they couldn't keep up with the rising rents and low vacancy rates due to the real estate boom taking place at that time. It was a bad situation for a significant number of people."

"We've had political leaders for a long time who have been willing to put themselves on the line for tax increases that make sense—that improve the quality of life for everyone. There are so many good things to say about this Levy."

CHARLES ROYER served as mayor of Seattle from 1978 to 1990, and is co-chair of the Steering Committee for the 2009 Seattle Housing Levy. He is president of the Institute for Community Change, a private nonprofit in Seattle, and a partner in the Royer Group, a local consulting firm.

The voters did respond, and the City was able to ultimately build about 1,300 units of senior housing, exceeding the original goal of 1,000 homes, from the $48.17 million raised. "It was delightful to watch these senior citizens walk into their new homes—we dedicated one after the other in Seattle neighborhoods—you could just see the worries slip off their faces," Charley remembers.

Bread and roses

By 1986, other housing challenges were coming to the fore. Growing numbers of immigrants new to Seattle, with large families, were struggling to secure housing. The Seattle Housing Authority (SHA), for example, did not then have a significant inventory to serve large families. At the same time, downtown housing was being lost to new development. "We were losing downtown units," says Charley. "Except for single men, very few people lived downtown. There was very little housing stock, and most of that was rundown, with some being closed down."

That year, Charley and other city officials pulled together what has since become a template for each subsequent Levy: Funding targeted to specific affordable housing gaps. The 1986 Levy, which also raised close to $50 million, designated investments to Seattle's most critical needs, including rental housing for large families, small families, and special needs populations, and rehabilitating and preserving about 500 rental units in the downtown area.

In addition, unlike the first bond issue, $5 million in operating and maintenance (O&M) funds was set aside to maintain and preserve these new and refurbished homes. O&M for many of these buildings is problematic, particularly those that house people with no income or those at the low end of the area median income (AMI) who can afford very little rent. In fact, last month the Seattle OH was recognized with a grant—a major endorsement of the City's accomplishments—from the MacArthur Foundation to help the City to develop strategies that will help it sustain the housing that's been created well into the future. I'll talk about this in more depth later on.

The Seattle Housing Levy

One last aside about the 1986 Levy; its success with voters depended on an unlikely partnership: Art museum patrons and affordable housing advocates. After the first bond issue, Charley had promised the Seattle Art Museum (SAM) that the next "turn" to go before voters would be to fund the museum's downtown home. "But we had this emergent housing problem.... I told the art museum they would have to wait," Charley says. That did not go down well, so Charley and House Speaker Frank Chopp (then head of the Fremont Public Association) and others went to work on a solution. "We all hatched the idea of putting the Housing Levy and SAM funding on the ballot together: We called it *Bread and Roses*." Patrons of the art museum financed the campaign; low-income housing advocates were the foot soldiers. The vote passed with a small majority. Charley is convinced that neither would have passed if standing alone.

"We've had political leaders for a long time who have been willing to put themselves on the line for tax increases that make sense—that improve the quality of life for everyone. There are so many good things to say about this Levy. But we're going to have to do a better job of bringing the whole community together behind this. We have to go out and make a case that is relevant to the times and circumstances." In their role as Steering Committee Co-Chairs, Charley and Norm Rice will be working hard over the coming months to bring that message to Seattle.

Seattle Voter-approved Housing Programs

1981 Senior Housing Bond: $48.17 million	
Senior housing	1,297 units[1]
1986 Housing Levy: $49.975 million over 8 years	
Small family rental housing	446 units
Large family rental housing	178 units[1]
Special needs rental housing	698 units
Downtown housing preservation	505 units
TOTAL PRODUCTION	1,818 units
Operating and maintenance	$5,000,000
1995 Housing Levy: $59.211 million over 7 years	
Rental preservation & production	2,301 units
Homebuyer assistance	90 units
Homeowner housing repair	241 units
TOTAL PRODUCTION	2,632 units
Operating and maintenance	$8,751,000
2002 Housing Levy: $86 million over 7 years	
Rental preservation & production	1,522 units
Neighborhood housing opportunity	196 units
Homebuyer assistance	154 units
TOTAL PRODUCTION	1,872 units
Operating and maintenance	$7,800,000
Homelessness prevention/rent assistance:	$2,800,000/3,500 households

The 2002 Levy was structured to cost the owner of a $300,000 home $49 a year in property taxes. In 2002, $300,000 was the average home value in Seattle.

As the final funding rounds are not completed for the 2002 Levy, the dollars and units shown in the chart above are the program's original goals. In fact, the 2002 Levy has already exceeded its goals in terms of rental units, downpayment assistance, and households helped to prevent homelessness.

[1] Housing developed by Seattle Housing Authority.

Homes for the homeless

Reaching the goals of King County's 10-Year Plan to end homelessness has been a high priority of the 2002 Seattle Housing Levy. In fact, of the 1,814 rental units funded by the Levy between 2003 and 2006, 1,134 units have been set aside for homeless families and individuals. Seattle's Plymouth Housing Group (PHG) has played a huge role in this effort, building new and renovating five homeless-designated apartment buildings in the past five years alone with the help of the 2002 Levy—and they'll break ground on a sixth project, an 84-unit development in Seattle's Belltown neighborhood, next month.

"The Levy has been vital to our efforts," says Paul Lambros. Paul is the executive director of PHG, whose mission is to move people out of homelessness into supportive housing that will help them stabilize their lives. Paul and PHG have been very effective in utilizing Levy funding as seed capital, and then successfully leveraging that funding to raise the bulk of the capital required from a host of other sources, including private philanthropy, the United Way, the Washington State Housing Trust Fund (HTF), the Commission's tax credit program, Section 8 housing dollars for ongoing rental subsidies—the list goes on and on.

The first money in

Every Levy dollar spent leverages about three dollars from other sources for PHG's ending-homelessness goals. "Generally," Paul explains, "the Levy is the first money in on a project in Seattle. PHG builds larger buildings to be more cost effective, so we can have 24-hour staffing on site. We need to bring in private dollars to make these bigger projects work. Because of our mission to serve the homeless, and because of the leverage the Levy provides, it has brought forth many foundations, corporations, and individuals who want to support and be involved in a winning project."

On PHG's website is an impressive list of local and national corporate and foundation donors. Paul estimates that approximately 25% of the funding for the last few PHG projects has come from private philanthropy. "When we can show all the public dollars that have been committed, particularly the Levy as a local source, that has helped to bring them to the table.

"And because of the great work of the Levy," Paul continues, "the SHA stepped up to provide Project-based Section 8 for our last few projects. These operating dollars are vital for our work. What's really helped us, as far as leverage as well, is that United Way of King County has really stepped up their commitment in support of housing for the homeless, as part of the 10-year planning process."

PHG's strong focus is on serving chronically homeless single adults. "These are folks who are long-time homeless, living on the streets," says Paul. "This includes people with mental illness, veterans, seniors—a lot of them enter the system through agencies that serve their disability. But frequently, PHG is the first contact for many of these people."

PHG has been a national leader in its Housing First program. The Begin at Home Project was created to address the comprehensive needs of medically compromised individuals who have struggled with long-term or repeated homelessness. Seattle Levy funding has been integral in helping support the creation of these Housing First rental units; a study of the first-year outcomes for 20 residents in the program demonstrated a 75% reduction in medical costs ($1.2 million), along with reduced drug use and improved health for participants.

PAUL LAMBROS
Executive Director, Plymouth Housing Group

Paul serves on the Oversight Committee for the current Levy as well as the Inter-agency Council with the Committee to End Homelessness in King County. "Our 10-year plan is a working document. We've brought on a lot of units of housing and we're making great headway with homelessness. Our concern during the current hard times is: Are more people entering the homeless system? So it's important for all of us to keep focused on homeless prevention as well."

Housing the community's backbone

After homelessness, the next step up on the economic ladder that the Levy addresses is rentals: Homes within the reach of low- and moderate-income individuals and families, as they build financial stability. Founded in 1980 by the Downtown Seattle Association to provide affordable places to live for low-wage working people, Housing Resources Group (HRG) has played a key role in the Levy's mandate to serve this population. HRG's mission, says Executive Director Sarah Lewontin, is "to provide excellent affordable housing for the residents and communities we serve."

Most of the people who live in HRG-built rental homes, Sarah says, "are in that spectrum of affordability that's critical to preventing homelessness. So many people talk about ending homelessness, but a lot of people in our community are living just one or two paychecks away from it. Having an affordable place to live is one of the prime ways to help prevent them from falling into homelessness—something that may be temporary but is still devastating. We see a big part of what we provide as homelessness prevention."

HRG provides apartments for people in a broad range of income levels, from no income to up to 80% of AMI. But most of HRG's rentals are designed to be affordable in the range of 30 to 60% of AMI—people earning minimum wage to about $20/hour. "The vast majority of our residents are people who work in the community," says Sarah. "Their pay doesn't allow them to afford market-rate rentals or buy a home in Seattle. They are people who work in the retail, medical, hospitality, food service, nonprofit, and education fields. These are jobs that are truly the backbone of our community."

SARAH LEWONTIN
Executive Director, Housing Resources Group

HRG's Stone Way Apartments houses low-income individuals and families in the Wallingford neighborhood.

Leveraging partnerships—and conserving lifecycle costs

Over the life of the Levies, HRG has developed 19 Seattle apartment buildings that have received Levy funding. 12 of these are currently under HRG's ownership or management, or both. The other seven were developed by HRG on behalf of other nonprofit service providers, including the Downtown Emergency Services Center, YWCA, Harborview Medical Center, Building Changes, and Seattle Mental Health. All told, Sarah says, "that's more than 1,200 apartments in Seattle that couldn't have been built without the Levy."

Like PHG, HRG has very successfully leveraged Levy funding on most of these projects to raise "at least four or five dollars for every dollar the Levy has provided." And, as with PHG, "having the Levy as an expression of public support for what we provide to the community is critical." In HRG's case, that extends beyond private philanthropy to the banking community. Though it represents a relatively small part of the overall development costs, HRG also depends on loans from banks for its projects. "The banks look at these projects, and they say: 'Do you have the support of your local community?' This is a big concern for them—and we can say *yes*."

A big difference between HRG and for-profit developers, Sarah points out, is that HRG's projects are build-and-stay developments. "We're not in the market to build and hold for five years and then sell at a profit. Because of this, we want to make sure that these buildings are sustainable. The City has been very supportive of environmentally sustainable construction with the Levy projects. One of those myths about green building is that it's more expensive up front. There is a small premium in cost when you use materials that are low in toxins and create a healthy environment. The upside is that it generally costs less to operate these buildings. With the Levy's support, what we're able to consider are not only upfront costs, but how we can ensure that we keep buildings in great shape for the next 50 years."

HRG's most recently completed development is Kenyon House in southeast Seattle, which received a LEED platinum rating. Developed in collaboration with Sound Mental Health and Building Changes, Kenyon House is home to people with chronic mental illness and other health challenges. "We were able to incorporate a significant number of sustainable features, including healthy finishing materials, wonderful landscaping, and energy conservation measures," Sarah says. "And we were able to keep our development costs very reasonable. The City of Seattle's SeaGreen program was out ahead of the LEED program in looking for ways to build sustainability into projects that takes into consideration lifecycle costs as well as first costs.

"The Levy has become more and more important over the years," Sarah concludes. "To have the citizens of this city say, 'we believe strongly in making sure that this community is affordable for a variety of different folks, and *yes*: I'll pay for it'—having that consistent support is an amazing benefit that we have, and one we can't afford to lose."

Homeownership matters

Including homeownership as part of the Levy's mandate helps to ensure that the entire continuum of affordable housing is addressed. Simply stated, supporting responsible homeownership, particularly in communities where private investment is lacking, revitalizes and stabilizes neighborhoods. The last two Seattle Housing Levies have included downpayment assistance for low- to moderate-income homebuyers. This Homebuyer Assistance Program is a second mortgage at 3% interest.

"Back in 1995, redlining was still a major problem," says Tony To. Tony is the executive director of HomeSight, which participates in the program. "People have forgotten that it wasn't very long ago that you couldn't get a mortgage in certain neighborhoods. Seattle's Central District was one of those neighborhoods. When we first started building houses in the Central District in 1994, you couldn't get an appraisal high enough to cover the costs of building a house there."

HomeSight wears three hats: it helps educate homebuyers; provides buyer purchase assistance, loan underwriting and origination; and, is also in the business of affordable new home construction. For the Levy, HomeSight is one of the agencies that help guide homeowners through the Homebuyer Assistance program. "The Levy helps us put about 25 to 30 families into homes every year with purchase assistance," says Tony. Other nonprofits, including Habitat for Humanity, Homestead Community Land Trust, and Parkview Services, also participate in this program, which has helped to create more than 400 homeownership opportunities since 1995.

The Levy's requirements are designed to create a stable lending environment for buyers and neighborhoods. Participants must be first-time homebuyers, all below 80% of AMI, with 50% of that number required to

The 19-unit Cokoffi, located near Seattle University, was developed by HomeSight for low- to moderate-income homeowners. The Levy's Homebuyer Assistance program enabled close to half of the buyers of these townhomes to access downpayment assistance. Photo: Gregg Krogstad

TONY TO Executive Director, HomeSight earn below 60% of AMI, Tony explains. These are 30- or 40-year conventional fixed-rate loans—not exotic mortgages. "We help people get into sound products," he says. A key requirement is that all qualifying homebuyers must participate in a homebuyer education and financial planning program.

Zero foreclosures

The Homebuyer Assistance program has a perfect record since the 2002 Levy: *No foreclosures* for program participants. That's a stunning statistic in the housing market we're in; Tony attributes it to a well-designed program that ensures that people are educated about what they're getting into, get a stable product—and are carefully vetted to ensure this is something they can afford. And despite our nation's current mortgage crisis, people are still coming through the program and getting into homes of their own.

Tony points out that, although home prices have stabilized in Seattle, the challenge now is that most mortgages require 20% down. "You have a situation that's very favorable for a number of buyers, but the requirements and underwriting standards are a lot higher. The Levy money helps households that would not necessarily be able to meet those downpayment requirements on their own to get access to homeownership. That continues to be critical in Seattle for lower-income households."

Since 2003, 75% of participating loans must be used for home purchases within specified Housing Investment Areas—areas of the city that have been economically distressed and/or have low rates of homeownership—and where targeted housing strategies can do the most good. One example of this is the vast swath of land in southeast Seattle where the soon-to-launch Seattle Light Rail is causing property values to escalate near transit stations, edging out lower-income buyers and renters.

Despite all its benefits, the downpayment program has its detractors—although they are in the minority. "The reality is that we are in very difficult economic times right now," Tony says. "In our Steering Committee meetings [for the 2009 Levy] we're trying to slice up the Levy. Some people are saying we should focus on the people who won't get housing any other way. That's one perspective and I understand where it's coming from."

Homebuyer Assistance makes up a relatively small part of the 2002 Levy, Tony points out, about 10%. And it's a revolving loan fund, so that over time, as the loans are repaid, more and more people will be helped to buy their first home. "I think it's important that we are trying to help everyone, rather than saying that some group is more deserving than another. There is no question that the priority should be the people in desperate straits."

Tony echoes every other interviewee when he speaks to the Levy's stimulus factor. "Housing production creates and preserves jobs in many sectors," he says. "And the Levy has made a strong contribution to the stability of our neighborhoods. Whether it's rentals or homeownership, providing these stable housing opportunities for our residents just can't be overemphasized."

For-profit lending: "As we strengthen our communities, the Levy strengthens us"

Don Brewer has been involved in the afordable housing and community development arena for about 15 years, formerly with Key Bank, then with national oversight of community development banking for Washington Mutual. Currently he is Western Region Manager, Community Development Banking at Chase Bank. I've worked with Don on a number of advisory committees for the City—for the Seattle Housing Levy as well as for all kinds of affordable housing and community development lending, where he has provided knowledgeable input from his private-sector lender perspective.

I knew Don's perspective would be useful for this newsletter, because he knows how private and public investment can best be utilized in partnership to achieve the kinds of strong, economically vibrant communities that everyone wants. In his roles with Key, WaMu, and Chase, he's had the opportunity to see what works well in cities and municipalities across the country.

Seattle was "in early"—a pioneer in its Levy process for affordable housing, says Don. "Seattle voters have been very supportive in renewing the Levies as they moved forward, on more of a consistent basis than other cities and states." But what Don believes truly sets Seattle apart is how the City has utilized the Levy in achieving a host of other objectives important to voters. "We've focused on a variety of different issues to make sure that the City's programs

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"Banks participate in these Levy projects because they are sound investments in the communities where we do business. The developments that are financed through the Levy program are ones that would not happen with only private sector resources—essentially, it's something the private sector can't do on its own. It takes this partnership model to make it happen."

DON BREWER Western Region Manager, Community Development Banking, Chase Bank

leverage each other. That's a real strength, and something we've done better in Seattle than other cities."

Don points to Seattle's sustainable building and energy conservation initiative, SeaGreen, and on the Levy's focus on stabilizing neighborhoods, minimizing families' transportation in terms of time, costs, and congestion, and minimizing environmental impact. "I think the City took on a leadership role with these initiatives. It sounds sexy, in the sense that we're doing things that people want to see, but it's also a way of producing housing that, on a long-term basis, produces more homes at a lower cost. Added to the fact that the Levy provides affordable family housing close to downtown where residents work, it also stabilizes communities and reduces transportation costs."

Funds are also allocated, he adds, with the goal of creating more balance in terms of residents' incomes—reducing segregated low-income population "clusters" in neighborhoods. As Don can attest, the process that has gone into these allocations and initiatives is thoughtful, inclusive—and often grueling. And it's produced remarkable results.

The private sector can't do it alone

The role of community lending for banks like Don's is in providing loans to help finance affordable rental developments like those built by Housing Resources Group. The majority of residents are low-income working people who need—and pay—lower rents. But their rental income kicks in enough to pay back those loans. For the banks, these Levy-sponsored projects are solid investments. Nonprofit developers like HRG are well established and are practiced at managing these properties. Though private investment usually accounts for a small slice of the entire development pie, it's also, like every other piece, critical to the big picture.

"Clearly," Don says, "one of the things I can say is that banks participate in these Levy projects because they are sound investments in the communities where we do business. The developments that are financed through the Levy program are ones that would not happen with only private sector resources—essentially, it's something the private sector can't do on its own. It takes this partnership model to make it happen. I think most folks in the private sector would agree with that: They can't produce housing that would rent at these levels on their own nickel. It just wouldn't give them enough return. But leverage is huge in this model. Very high leverage comes with this because you're taking advantage of all the various resources, both public and private. There's a very high efficiency with the dollars going out."

Ultimately, says Don, for banks, investing in the Levy's initiatives benefits all participants: "As we strengthen our communities, it strengthens us."

The Seattle Housing Levy

Seattle sees the results

Seattle OH Director Adrienne Quinn believes one key reason why Seattle voters have renewed the Housing Levy three times since 1981 is "because they see the results." These results go well beyond the personal stories of the thousands of people whose lives are touched directly by gaining stable housing. The Levies impact all of Seattle, contributing to the economy and the environment, transforming neighborhoods, preserving historic downtown buildings for low-wage residents, and enhancing the city's quality of life.

"A number of Levy projects have been focused in areas where there had not been new investment for some time, so there's that economic development aspect of the Levy," she says. "The buildings are extremely well designed and the wages paid to construction workers are good union-wage jobs. We also require a lot of green elements to the housing. So the housing is not only good for the environment, it's good for the people who live there."

Adrienne cites some facts and figures. The 2002 Levy has:

- Created more than 4,000 jobs in the construction and housing industry
- Contributed $40+ million in municipal revenue
- Attracted $350 million in non-city dollars to Seattle

"Over the life of all the Levies, we estimate that we have created nearly 10,000 construction jobs," she says. You've heard the leverage story from others in this newsletter, and Adrienne emphasizes it as well. Overall, the Seattle OH estimates that for the 2002 Levy: One dollar of the City's Levy funds brings in about $3.25 in other public and private capital funding. The largest source of public funding is the HTF; the largest source of private funding is private equity attracted through the Commission's tax credit program.

This is a huge turnaround from the first bond issue in 1981. "At that time, the Levy dollars basically funded entire buildings. So on a per-unit basis we were spending more in 1981 than we are now because we've leveraged so many sources," Adrienne explains. Seattle is currently in the last year covered by the 2002 Levy, with two more funding rounds slated for this spring and fall, yet in the first six years, "we've already exceeded all of our goals."

One new line item to the 2002 Levy was the addition of funds for emergency rental assistance, a program entitled Rental Assistance Homeless Prevention. $2.8 million was allocated for the seven-year period. This funding is envisioned as a short-term one-time help to families in crisis to enable them to stay in their homes while they get back on their feet. Administered through Seattle's Human Services Department, it has most often been used as eviction protection; it has also helped victims of domestic violence, for example, to get a foot into stable housing.

"To date, we've helped over 4,000 people stay in their homes just since 2002," says Adrienne. "We track these residents—after six months, we have found the vast majority of those helped are still stably housed."

Many of the largest projects financed with Levy dollars in the City's Housing Investment Areas in recent years have taken on ambitious community development goals. These include the Coleman School in the Central District that had been vacant for decades. Now it houses the NW African American Museum on the ground floor, and affordable housing on its upper floors. The Cooper School is having a similar impact in the Delridge neighborhood, combining affordable housing with a major cultural arts center that includes arts facilities, meeting spaces, and a refurbished auditorium. In the International District, ID Village Square II is home to affordable rentals and a community center. All of these developments are seed investments in their communities that attract private investment.

"These are projects that would never have gotten off the ground without the investment we were able to make and other sources we were able to leverage," Adrienne says.

MacArthur Foundation recognizes Seattle's commitment

Seattle residents aren't alone in acknowledging the success of the Levies by voting their support. Last month, the MacArthur Foundation announced a $1 million award to the Seattle OH and the state Department of Community, Trade, and Economic Development (CTED) in recognition of their efforts to preserve affordable housing. These organizations' great track records were the impetus for this grant.

"We're very excited—and it's great for CTED too: they've worked so hard," Adrienne says. The grant is targeted to rental housing preservation. "This will help us to work on the strategies and the capital needs assessments to work with our partners statewide." For Seattle, the task is a tall order: "How do we sustain the 10,000 units created through the Levy that we have right now—and

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The Levy's Neighborhood Housing Opportunity (NOH) program targets designated areas of the City for community development and revitalization. Coleman School in the Central District (below right) benefited from the NOH with Levy dollars for rental production on its upper floors; the ground floor is home to the NW African American Museum. Vacant for many years, Colman School is one of many Levy "projects that would never have gotten off the ground without the investment we were able to make and other sources we were able to leverage," Adrienne says.

ADRIENNE QUINN Director, Seattle Office of Housing

statewide, there's substantially more. Now that we've funded this housing for 20-plus years, how can we make sure it stays in good condition and stays affordable for a very long time?"

Currently, with the Levy's 50-year affordability requirements, the funds set aside for O&M "are not enough," she points out. "What happens in the private sector is that apartment buildings are generally sold about every seven years. When that happens, there's usually a big cash infusion and then they raise all the rents. Because we follow HUD median income requirements, we don't raise rents substantially." SHA's commitment of 500 Section 8 vouchers for the life of the 2002 Levy has been an enormous help in terms of operational dollars; now the MacArthur grant will, hopefully, help Seattle and CTED devise long-term stewardship solutions. [For more information on the grant, here's a link: http://www.macfound.org/site/c.lkLXJ8MQKrH/b.4991519/]

Transitioning to the new Levy

Adrienne and the Seattle OH started the planning process for the 2009 Levy in the middle of 2008. Until the Seattle City Council adopts the ordinance to put the Levy on the ballot, Adrienne's office remains in the planning mode, assessing the housing market and the City's housing needs. Among the questions they're asking are: How have Seattle's demographics changed? And what has shifted on the funding side of the equation, including on the federal level?

Mayor Nickels will most likely submit a proposed Levy next month, after which the City Council will hold public hearings. Already, as we go "to press" with this electronic newsletter, the public has been invited to an Open House at Seattle City Hall on March 10 to celebrate past successes and provide feedback on some proposed programs for the new Levy. Among the proposals are creating more incentives for housing to be built in transit-oriented communities, close to the new Light Rail, for example. Another program on the City's wish list is an Acquisition Opportunity Loan Fund, which might include strategic loans for transit-oriented developments (TOD) and bridge loan financing to help nonprofit developers acquire properties and hold onto them until permanent funding resources can be assembled.

But, Adrienne warns, so much remains to be determined. "There's no question that these are tough economic times. Our political leaders, as they're looking ahead to what to present to the voters, will be making some tough choices."

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My View FROM KIM HERMAN, EXECUTIVE DIRECTOR

MARCH 2009

The Seattle Housing Levy

The 2009 Seattle Housing Levy: *How far can we go?*

When it comes to making smart, tough choices for the City of Seattle on affordable housing and community development, I can think of no one more capable than City Councilmember Richard McIver. Richard has served on the Council for 12 years, and is the current Chair of the Council's Housing & Economic Development Committee. His advocacy for the 2002 Levy was tremendously important to its passage, and I know we can look forward to the same kind of leadership from him this year.

I've known Richard for years as our paths have crossed again and again in the myriad roles he's served in both the public and private sectors in promoting affordable housing, urban renewal, neighborhood development, and historic preservation efforts. And Richard has served as a Commissioner on our board since 2003.

Richard would like to see the next Levy go to work fairly and effectively. "Historically the City has always tried to create very-low-income and low-income housing," Richard says. "The recent economics of the housing crisis have broadened the City's scope: I think our job must also be to preserve a middle-class housing stock available to middle-class people—rental assistance for working families, families with multiple jobs that are working to keep their heads above water. We know that homeownership helps stabilize a community, that we need to move more people out of homelessness through interim into permanent housing. The problem has always been, we don't have enough stock in permanent housing to get people into, to keep them moving up the ladder."

RICHARD McIVER Seattle City Councilmember

The impact the Levy has had on revitalizing communities and maintaining economic diversity "is amazing," Richard says. "You take a drive through southeast Seattle, for instance—and look at the investment nonprofits have made in low-income housing there." Before real estate prices went through the roof as a result of the new Light Rail, the City's strategic focus on southeast Seattle was geared toward "getting in ahead of for-profit developers to preserve housing for the people currently living there, as well as increasing the number of affordable units. I think that's the only way you can get ahead of the game."

To achieve the same impact as the past Levy, the price tag for the 2009 Levy will necessarily be higher; land and construction costs have risen significantly since 2002. That would mean about a 50% increase over the last Levy. "In any case, we *have* to up it," Richard says. "That will be my recommendation: That we should achieve as much as we have in the past. The Mayor will refer it down to Council, and then we'll try to get fairly wide input from the public. Part of this process, clearly, is recognizing the fact that people are strapped. The question is: *How far can we go—how far is too far?* I keep asking myself that, but in Seattle, we've always overachieved."

Seattle's Housing Levy has been an extraordinary investment in the City's future. Here's hoping that its voters vote once again in November to "overachieve"—to keep this great legacy alive.