



King County

Shannon Braddock
King County Executive

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June 26, 2025

The Honorable Girmay Zahilay
Chair, King County Council
Room 1200
C O U R T H O U S E

Dear Councilmember Zahilay:

Pursuant to Motion 16690, please find enclosed the required Regional Workforce Housing Initiative Implementation Plan (Plan) and a proposed Motion that would, if approved, acknowledge its receipt.

As required, the Plan includes analysis of the opportunity to utilize at least one billion dollars of King County bonding authority to address the countywide need for workforce housing. The enclosed Plan provides analysis of potential housing programs developed with bond financing where rents reflect the total cost of development and operations and a homeownership revolving construction loan program. The Plan describes local housing market conditions, recent related plans, similar models from other jurisdictions, bond financing legal and risk analyses, program model analyses, and potential next actions for Council consideration.

Extensive community input informed the Plan that I am transmitting today. The County hosted seven large topical meetings and conducted 15 informational interviews with community experts, including labor organizations, experts in fair housing, affordable housing, community development, public and private financing, organizations that provide impact equity, property management organizations, housing authorities, and historically and currently underrepresented housing developers.

Through the financial and risk analysis outlined in the Plan, the Department of Community and Human Services determined that current affordable rents for workforce will not likely generate sufficient operating income to meet the debt service requirements for the bonds. To bridge the gap between development costs and rental income, the County would need to invest additional equity with deferred payment terms into workforce housing projects. The Plan includes a

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review of programs in municipalities across the United States that use municipal bond-financing to fund affordable housing projects. In all cases these programs utilized an additional capital or operating source of funding that did not require immediate or significant debt service payments. This research confirmed the results from the program financial modeling conducted for the Plan.

Given the significance of the legal and program model analysis findings, the following next steps are identified for the Council's consideration before preparing proposed legislation: 1) establish a legal foundation that can support workforce housing where projects may serve moderate income households (80 percent to 120 percent of area median income or AMI); 2) secure new revenue for affordable workforce and low-income housing capital funding bonds; 3) create a bond-financed housing acquisition and conversion loan pilot program; and 4) update the credit enhancement program. A sample five-year plan to support \$1 billion in credit and bonds for affordable workforce and low-income housing that could be phased in to scale the Regional Workforce Housing Initiative is included. To implement these recommendations, the County would need to accept and mitigate associated financial risks described in the Plan, approve the hiring of 10 full-time employees, and identify a new revenue source in the amount of \$1.2 billion over a 30-year period to support the program. The first five years require a total of \$158 million to support the program.

It is our intent for the Plan's recommendations to complement the County's existing priority to serve households at the lowest incomes. The King County Countywide Planning Policies clearly outline housing needs at various income levels and show the greatest need for housing affordable to households with incomes at or below 50 percent of AMI. Yet the assessment also finds justification for investments in workforce housing, including housing affordable to households at 50 to 80 percent of AMI. The Plan proposes possible actions that would help alleviate pressures for workforce households and expand the County's ability to meet housing needs across the income spectrum.

Thank you for interest in this issue. Increasing the supply of workforce housing is an important step in ongoing efforts to meet housing needs across income spectrums and ensuring all residents in King County have access to safe, affordable, and stable housing.

If you or your staff have any questions, please contact Kelly Rider, Director, Department of Community and Human Services, at 206-263-5780.

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Sincerely,

A handwritten signature in black ink, appearing to read "Karan Gill". The signature is stylized with a large, sweeping initial "K" and "G".

for

Shannon Braddock
King County Executive

Enclosure

cc: King County Councilmembers

ATTN: Stephanie Cirkovich, Chief of Staff, King County Council

Melani Hay, Clerk of the Council

Karan Gill, Deputy Executive, Chief of Staff, Office of the Executive

Stephanie Pure, Council Relations Director, Office of the Executive

Kelly Rider, Director, Department of Community and Human Services