



Legislation Text

File #: 2024-0279, **Version:** 3

A MOTION requesting the executive develop a regional workforce housing initiative implementation plan.

WHEREAS, the Countywide Planning Policies define workforce housing as "housing that is affordable to households with one or more workers [...with a] particular need for workforce housing that is reasonably close to regional and sub-regional job centers and/or easily accessible by public transportation," and

WHEREAS, Countywide Planning Policy H-15 aims to increase housing choices for everyone, particularly those earning lower wages, that is colocated with, accessible to, or within a reasonable commute to major employment centers and affordable to all income levels, and

WHEREAS, King County established the regional affordable housing task force in 2017 through Motion 14873, with the charge to develop a recommended countywide affordable housing strategy, and

WHEREAS, the regional affordable housing task force's five-year action plan, accepted through Motion 15372, includes census data that showed that more than one hundred twenty-four thousand low- and moderate-income households in King County are cost burdened, with communities of color and renters disproportionately likely to be severely cost burdened, and

WHEREAS, the regional affordable housing task force's five-year action plan includes a goal to strive to eliminate cost burden for households earning eighty percent area median income and below, with a priority for serving households at or below fifty percent area median income, and

WHEREAS, King County currently has approximately nine billion dollars of debt capacity, and

WHEREAS, the King County council believes that people should be able to live close to where they work, which helps with climate, congestion, morale, and sense of community, and

WHEREAS, households are sometimes forced to relocate due to increased housing costs, evictions, or the loss of neighborhood community connections, and

WHEREAS, the King County council believes that people should be protected from displacement and should be able to stay in their home and community for as long as they choose, and

WHEREAS, in January 2022, the Puget Sound Regional Council's Regional Housing Needs Assessment shows anticipated future housing needs by income group, showing a need between 2020 and 2050 for one hundred thirteen thousand units for households between fifty-one and eighty percent area median income and one hundred eighty-six thousand units for households between eighty-one and one hundred twenty percent area median income, and

WHEREAS, workforce housing helps people live close to where they work and works to address King County's housing affordability crisis, and

WHEREAS, increasing the availability of workforce housing supply relieves pressures on the rest of the market and increases housing affordability, and

WHEREAS, King County lacks sufficient availability of permanently rent-restricted homes available to all, including low- and moderate-income households at or below one hundred and twenty percent area median income;

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

A. The council requests the executive develop a regional workforce housing initiative implementation plan with two parts: part one should consider options to utilize excess debt capacity to partner with housing agencies and housing developers to provide permanently rent-restricted, multiple-unit housing; and part two should consider utilizing excess debt capacity to develop a revolving construction loan fund wherein housing developers borrow from the county to construct housing units that would be sold to income qualified homebuyers.

B. For the purpose of the implementation plan, workforce housing should be defined as housing that is

affordable to households with one or more workers that is located near jobs and services necessary for residents to meet their day-to-day needs, such as grocery stores and public transportation.

C. The implementation plan should seek to utilize at least one billion dollars in excess debt capacity towards this regional workforce housing initiative.

D. The development of the implementation plan shall be completed with input from labor organizations, labor unions, and experts in fair housing, affordable housing, community development, management, public and private financing, and historically and currently underrepresented housing developers in development or construction of housing.

E. Recommendations in the implementation plan should prioritize King County's ability to maintain a strong bond rating.

F. Recommendations in the implementation plan should seek to increase the availability of transit-oriented development within one-half mile of a transit station.

G. Recommendations in the implementation plan should include how to increase participation of historically and currently underrepresented housing developers, including those led by Black, Indigenous, and People of Color in development or construction of housing should either or both options of the implementation plan be deployed.

H. Recommendations in the implementation plan should include a determination of any shovel ready projects and sites for which the county could partner in the near term.

I. Recommendations in the implementation plan should include an estimate on how many units could be built with the one billion dollars in financing requested in section D. of this motion, as well as the mix of income levels that would make the plan sustainable for both models requested in part one and part two of the implementation plan.

J. The executive should consider funding one or more demonstration projects prior to completion and transmittal of the implementation plan that are ready to commence construction and could benefit from county

funding using the principles outlined in this motion.

K. The executive should consider land and building acquisition funding as part of the workforce housing initiative, particularly in areas at risk of displacement, in recognition of the fact that there are few affordable housing funding sources that allow for acquisition funding, while there is vacant land suitable for affordable housing throughout the county.

L. Part one of the implementation plan, regarding the utilization of excess debt capacity to partner with housing agencies and housing developers to provide permanently rent-restricted, multiple-unit housing, should consider scenarios wherein rent would reflect full cost recovery of developing and operating the units, specifically principal and interest payments for the incurred debt. The rent charged to residents should remain constant, other than to reflect interest rate changes on debt service and rising operating costs for the property manager.

M. Part one of the implementation plan should include at least the following:

1. An analysis of financing options that utilize the issuance of excess debt capacity to fund the construction, rehabilitation, or conversion of permanently rent-restricted multiple-unit housing, including multibedroom, family sized units, with an analysis of options for environmental standards, such as LEED and Passive House, where feasible;

2. Recommendations on potential partnerships with housing agencies and housing developers, including the King County Housing Authority, the Seattle Housing Authority, the Renton Housing Authority, and the Seattle Social Housing Developer, with accompanying analysis of any statutory requirements on housing agencies to provide housing to households with certain income levels. The recommendations should assess how to best harness the strengths of public-private partnerships in providing debt financing support for both new construction and acquisitions, revenue through master lease agreements, and wraparound services where appropriate. Any funding provided to housing agencies should be used for the capital and operating costs of housing units and not the operations of the housing agencies;

3. A plan for partnering with private sector businesses to provide impact equity for the development of the units;

4. Options for leveraging county debt incurred in the development of the units to receive additional state and federal investments;

5. Recommendations on which income levels would be housed in such units, with a preference for serving individuals and households with the lowest possible income levels that are financially feasible;

6. A pro forma analysis on the feasibility of constructing new multiple-unit housing versus acquiring and rehabilitating or converting existing multiple-unit housing based on the income restrictions and funding mechanism proposed, with priority given to projects that increase the stock of affordable housing workforce units;

7. An explanation of how all projects resulting from the regional workforce housing initiative will prioritize fair labor practices, including the payment of prevailing wage rates to workers, policies to prevent wage theft, and the utilization of King County's priority hire community workforce agreement program, when required;

8. A risk assessment analyzing the level of risk this model could present to the County;

9. A review of similar programs in other jurisdictions and any lessons learned from those programs;

10. An analysis of opportunity costs associated with pursuing this model, particularly if this model would negatively affect the County's work for meeting low-income housing needs; and

11. An analysis of potential impacts to the general fund or the county's AAA bond rating, as well as recommendations for mitigating those impacts.

N. Part two of the implementation plan, regarding the utilization of excess debt capacity to develop a revolving construction loan fund, should consider scenarios wherein housing developers borrow from the county to construct housing units that would be sold to income qualified homebuyers. The loans should get repaid to the county by the housing developer upon sale of the home to an income-qualified homebuyer, which

should be defined in the implementation plan.

O. Part two of the implementation plan should include at least the following components:

1. An analysis of financing options that utilize the issuance of excess debt capacity to develop a revolving construction loan fund to fund the construction of housing units that would be sold to income qualified homebuyers, with an analysis of options for environmental standards, such as LEED and Passive House, where feasible;
2. Recommendations on potential partnerships with housing developers;
3. A plan for partnering with private sector businesses to provide impact equity for the development of the units;
4. Options for leveraging county debt incurred in the development of the units to receive additional state and federal investments;
5. Recommendations on which income levels an individual or household would need to be qualified to purchase such units, with a preference for serving individuals and households with the lowest possible income levels that are financially feasible;
6. An explanation of how all projects resulting from the regional workforce housing initiative will prioritize fair labor practices, including the payment of prevailing wage rates to workers, policies to prevent wage theft, and the utilization of King County's priority hire community workforce agreement program, when required;
7. A risk assessment analyzing the level of risk this model could present to the County;
8. An inventory of public sites that could be developed and utilized for housing, such as properties owned by Sound Transit or the state;
9. A review of similar programs in other jurisdictions and any lessons learned from those programs;
10. An analysis of opportunity costs associated with pursuing this model, particularly if this model would negatively affect the county's work for meeting low-income housing needs; and

11. An analysis of potential impacts to the general fund or the county's AAA bond rating, as well as recommendations for mitigating those impacts.

P. In the event the executive determines that bonding at least one billion dollars without tax revenue backing is infeasible or inadvisable for any reason, the executive may consider proposing an alternative approach or approaches to support expanding workforce and more affordable housing, including, but not limited to, proposing: pilot or demonstration projects; alternative levels or mechanisms for funding; and different policy approaches than those outlined in this motion.

Q. The executive should electronically file the implementation plan requested by this motion, as well as any necessary legislation to effectuate the recommendations of the implementation plan and establish the regional workforce housing initiative, no later than June 15, 2025, with the clerk of the council, who shall retain the original and provide an electronic copy to all councilmembers, the council chief of staff, the chief policy officer, and the lead staff for the budget and fiscal management committee, or its successor. The implementation plan should be accompanied by a proposed motion that should acknowledge receipt of the implementation plan. The council's approval of legislation to effectuate the recommendations of the plan would establish the regional workforce housing initiative.