

From: [Miranda Redinger](#)
To: [Debbie Tarry](#); [John Norris](#); [Carolyn Wurdeman](#); [Rachael Markle](#)
Subject: FW: Funding Gap
Date: Tuesday, April 15, 2014 10:31:43 AM
Attachments: [image003.png](#)
[funding_new_workforce_affordable_housing.pdf](#)

George requested that this information be forwarded to the Commission and Council. I'll send to Plancom and let you decide whether or how much to pass on to Council.

Thanks,
Miranda

From: George Smith
Sent: Tuesday, April 15, 2014 9:09 AM
To: Rob Beem; Miranda Redinger; Rachael Markle
Subject: FW: Funding Gap

Hi All,

Housing Resource Group recently changed its name to Bellwether. They are a major non-profit developer of work force housing in Seattle. When I spoke with Tory, the Deputy Director, she described the funding gap they encounter with all projects. In Seattle, since there is a large housing levy, developers have a significant source of local funding to help fill this gap. No such resource exists in Shoreline, which makes building housing for this segment of the market very difficult financially.

The information she sent should be shared with Planning Commission and City Council.

George

From: Tory Laughlin Taylor [mailto:tlaughlin@bellwetherhousing.org]
Sent: Thursday, April 10, 2014 2:08 PM
To: George Smith
Subject: RE: Funding Gap

Hi George.

As part of another effort, we recently went through an analysis of Bellwether's past new-construction affordable housing projects to look at the balance of sources of funding over time. I am showing an illustrative slide that we put together to help communicate our project funding, which shows you our average balance of kinds of sources. I think it aligns fairly well with where we are today, which is that after maximizing our debt and equity from the federal Low Income Housing Tax Credit ("4%" program), we have a capital gap of about 1/3 of the project cost. Bear in mind these assumptions:

- 1) This is based on below-market land costs. We almost always are able to acquire through some discounted arrangement.
- 2) The construction type is what we can generally build in 65-70' commercial/mixed use zoning, such as Shoreline has implemented along Aurora: 5 stories of apartments built in wood frame over one story of concrete frame commercial space on the ground level.

- 3) These are urban infill project, meaning that the sites are usually fairly tight, the building scale is usually 60-80 units, the building is elevated, and the parking has to be provided in a structured garage fully underground. All of these obviously add construction cost over a suburban garden style apartment with surface parking.
- 4) We are assuming the operating cost savings achieved through use of Seattle's Multi-family Tax Exemption program, and that is reflected here in the debt level we can achieve.
- 5) Bear in mind that as a permanent owner of our housing, we take a lifecycle cost approach to our construction and consequently tend to employ higher quality detailing and finishes, recognizing that higher durability materials and systems pay off in the long run with lower maintenance costs. This has a slight impact on our construction cost, though I think a bigger impact is that our projects are limited in size by what can be gap funded, so we aren't able to achieve the scale savings that market apartment projects often do.

So it is all about the money to fill the gap illustrated above. I would say that you state it exactly right: "...favorable zoning , reduced parking and other incentives are helpful but they cannot trump the cash gap." I hope this helps answer the questions.



Tory Laughlin Taylor
Deputy Director
bellwether housing
Bellwether and Common Ground are now one organization

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From: George Smith [mailto:gsmith@shorelinewa.gov]
Sent: Wednesday, April 09, 2014 3:51 PM
To: Tory Laughlin Taylor
Subject: Funding Gap

Hi Tory,

At the Planning Commission presentation I participated in last week on affordable housing, one of the commissioners asked what they can do. We didn't give as good a response to such a simple direct question as we should have. I would like to loop back to the commissioner with more specifics. \$\$ seems to be paramount. Would you be able to give me a description of what the funding gap is, in general, that you rely on local government to fill. Perhaps as a percent of the project or some other general metric. We have a Planning Commission that is really interested in doing some good things and we want to be responsive.

Am I right in assuming that for jurisdiction's, such as Shoreline, favorable zoning , reduced parking and other incentives are helpful but they cannot trump the cash gap.

Any information on the gaps question would be very helpful.

George Smith

Human Services Planner

City of Shoreline

206 801-2252

I work Tues, Wed and Thursday