

AFFORDABLE HOUSING ACTION STRATEGY

CITY OF TACOMA SUMMER 2023



Tacoma's Housing Rules are Changing

Housing gives us a roof over our heads and connects us with community, jobs, schools, and transportation. Where we find housing and whether it is affordable matters to our health and wellbeing. And yet finding housing is hard, and many Tacoma residents pay more than they can afford or face housing instability.

The city of Tacoma, like many cities across the country, is in a housing crisis. There are many things that have contributed to this, some of which, like the job market, regional growth, and the cost of building supplies, are out of the City's direct control.

However, one factor related to the housing crisis that the City does control is zoning— the rules that tell us what types and sizes of housing are allowed to be built.

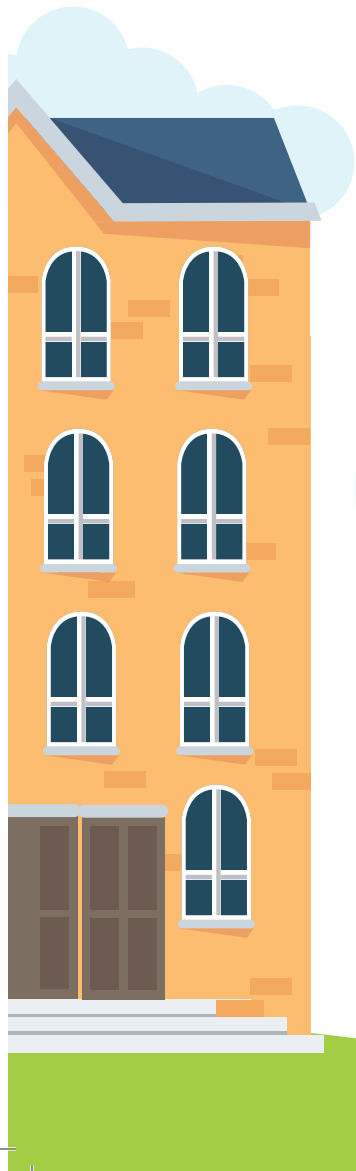
To help address the housing crisis, Tacoma is in the process of updating its residential zoning in order to better guide housing growth to meet Tacoma's housing needs today and into the future.

Since the 1950s, Tacoma has enforced zoning rules that set aside three quarters of our neighborhoods for only single-family houses, meaning just one house could be built per lot. Historically, this has been one of the most prevalent, and least affordable, housing types in Tacoma. Smaller housing types, often called "missing middle" housing, such as cottages, duplexes, triplexes, and multifamily were no longer allowed to be built. Over time, these rules have limited the supply of housing, driven prices higher, and reduced people's choices of where they can live.

"Leading up to the 1950s, owning a single-family home was widely accepted as the path to the American dream" said Elliott Barnett, Senior Planner at the City of Tacoma and the Home in Tacoma project manager.

"Cities across the country put in place zoning that mandated single-family houses, though racially discriminatory practices like redlining meant that not everyone could access them. A lot has changed since the 1950s—we're more aware of the long-term housing and environmental costs of that low-density pattern. Today, many people still want to live in a house, but whether for financial or other reasons, many are seeking other housing choices and more walkable neighborhoods."

In 2021 the City Council decided to make a change and started Tacoma on a path to allowing middle housing such as townhouses, cottages and multifamily to be built citywide. Now, the City is undertaking the task of establishing new residential zoning rules, design standards, and actions to make housing more affordable and create more ownership opportunities.



By changing these rules, and allowing more housing types, we can meet goals around housing and affordability.

Middle housing uses less space and is often more affordable compared to detached houses, making zoning reform an essential part of the City's affordability strategy. However, the reality of rising housing costs and population growth in our region mean that many will still struggle to access housing they can afford. Therefore, the Home in Tacoma effort will also include targeted actions to create more deeply affordable housing, as well as homeownership opportunities and anti-displacement actions. For example, the City can partner with developers to create affordable units in exchange for a bonus such as additional building density or height.



Examples of middle housing supported by Tacoma's growth strategy

Home In Tacoma will also prioritize managing neighborhood change and supporting growth. To do this, the City is inviting broad public input on topics including middle housing design, neighborhood amenities and infrastructure, and keeping housing affordable. Home in Tacoma – Phase 2 is a large public process that focuses on these topics and works on how to get housing growth right.

“While we’re allowing more housing choices, we also have to think about housing design, infrastructure and neighborhood amenities so that neighborhoods stay livable and keep the qualities people like about them,” Barnett said.

Home in Tacoma Phase 2 is focusing on the following areas when conducting public outreach:

- **Design:** Actions to increase flexibility for buildings and make room for Middle Housing
- **Amenities/Infrastructure:** Actions to ensure neighborhood amenities, infrastructure, and utilities to support housing growth
- **Affordability:** Actions to keep housing affordable, promote ownership and combat displacement
- **Zoning/Map:** Determine where density should be allowed in the City
- **Engagement:** Broad public input in the form of events, online surveys, and presentations

“Everyone has a stake in housing and neighborhoods,” Barnett added. “Making sure that we change our standards and zoning in the best way today is very important, because the impacts will be felt

for decades. I think with the broad community engagement and City Council’s leadership, more people will be able to find their home in Tacoma.”

This community conversation on housing will continue through 2023. Share your ideas and get involved by visiting cityoftacoma.org/homeintacoma for more information or contact us at homeintacoma@cityoftacoma.org or (253) 591-5030 (Option 6).



Q and A with Jennifer Hines, Real Property Services

We sat down with Jennifer Hines, Real Property Services Manager at the City of Tacoma, to talk about the City's Surplus Real Property Policy and to better understand why the City owns property.

Q. What is real property and why does the City own real property?

A. Real Property Services manages all City-owned real property and rights of way. The City of Tacoma owns real property and rights of way in five counties in Washington State. All City property is acquired in order to provide services or for future expansion of services to our customers and residents.

City-owned real property includes, but is not limited to: City buildings and operational facilities, parks, active and passive open spaces, tidelands and utility property (ex. Substations, treatment plants).

Q. How many properties does the City own?

A. The City owns over 1000 parcels of real property in the State of Washington. Many of these parcels are very small (under 5' in width), non-buildable strips. Some property appears vacant but is actually used for stormwater management or utility purposes, or has a future intended use. Other property includes City facilities necessary for City operations. In fact, only a small fraction of the property the City owns is ever considered surplus property.

Q. How does the City define "surplus" real property?

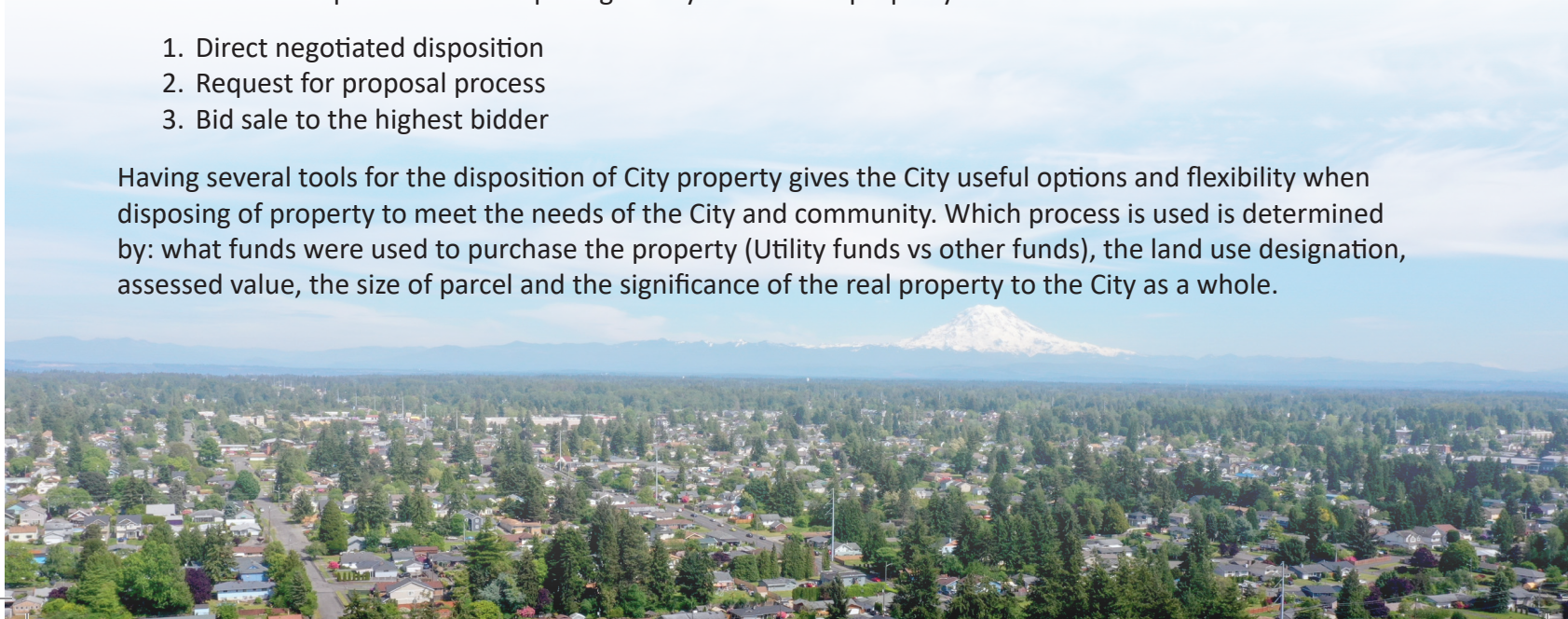
A. The City uses the term surplus to describe property when there is no longer an identified, present or future public need or use for the real property. It is rare for real property owned by the City to become surplus. While some property may appear to be vacant or unused, there are most often uses on the site, which are not visible. These include stormwater treatment and mitigation, tree canopy requirements, underground utilities and wetland preservation. Some also have future public purpose for services, such as utility or facility expansions.

Q. What happens when the City does have surplus real property?

A. In the rare event we no longer need a property for public purpose, the City will declare that property surplus to our needs and may dispose of the property. If a property is declared surplus, the City has policies and processes for disposition of both General Government and Tacoma Public Utility Properties. The City has three established processes for disposing of City-owned real property:

1. Direct negotiated disposition
2. Request for proposal process
3. Bid sale to the highest bidder

Having several tools for the disposition of City property gives the City useful options and flexibility when disposing of property to meet the needs of the City and community. Which process is used is determined by: what funds were used to purchase the property (Utility funds vs other funds), the land use designation, assessed value, the size of parcel and the significance of the real property to the City as a whole.



Building Housing and Stability Through Action

The creation of new affordable housing is at the core of the City's Affordable Housing Action Strategy (AHAS). New affordable units allow low-income Tacomans to stay in their neighborhoods and help them weather uncertain economic conditions by locking in their housing costs.

"Affordable housing is a key component of a thriving city and community. By focusing on housing first, we can better help support residents with their health, education, access to livable wage employment, and so much more. The solutions to our greatest challenges as a community, such as homelessness and community safety, must include a clear connection to our AHAS in order to create, preserve, and stabilize housing," stated Jacques Colon, the City's Chief Strategy Officer.

Since 2019, the City has helped fund 457 completed affordable units in Tacoma with another 326 currently under construction. In 2022, the City's multifamily tax exemption (MFTE) program also lowered its maximum income level to 70 percent of the area median income (AMI), or \$71,260 for a family of four. In total, the MFTE program has contributed 246 rent-restricted units in the last four years and another 505 units are on the way.

"Since its inception, the Multifamily Property Tax Exemption program has been very effective in creating housing units in Tacoma. This incentive has created over 12,000 units in the city. Seven hundred and twenty-nine of these units are rent-restricted to serve households in the 70-80% AMI range. Having housing available for people of all income levels in the city will help Tacoma continue to thrive," said Debbie Bingham, the manager of the City of Tacoma's MFTE program.

Last year, Tacoma welcomed ten new housing developments that will provide 202 units for low-income families including:

- The Hilltop Lofts development opened in 2022. It will provide 57 studio units at 60 percent of the area median income, or \$42,660 for a one-person household (\$48,720 for a two-person household).
- The Heron Apartments is another exciting new building that the Low Income Housing Institute purchased using a Washington State rapid reacquisition grant. This money allowed 75 new studio and one-bedroom units at 50 percent AMI to very quickly become available.
- Habitat for Humanity completed another four homes for purchase at their Fern Hill development.
- The MFTE program added another 66 units at 80 percent AMI.

Looking ahead, Tacoma can expect to see several new exciting affordable housing developments come online. The City has made preliminary funding commitments to four multifamily residential developments that together could bring 241 new affordable units into the development pipeline. The following projects are working through predevelopment steps necessary to establish a viable project.

- Shiloh Baptist Church's Shiloh Redevelopment on Hilltop
- The Low Income Housing Institutes senior housing development in the Lincoln District.
- Habitat for Humanity's homes for purchase at Proctor Place
- The Korean Women's Association's development at 15th and Tacoma

Through its 2023 Notice of Funding Availability, the City will contribute nearly \$14 million to affordable housing projects in Tacoma. Construction is expensive though, and the need is great. To further supplement the great costs of building new affordable housing, the City continues to look for ways to create lower cost private market housing, seek additional funding sources for more affordable housing, and preserve existing affordable housing.

AFFORDABLE HOUSING INCENTIVES AVAILABLE IN TACOMA

Are you a developer looking to build in Tacoma? Are you considering adding affordable units to your building? To support our commitment to increasing Tacoma's livability for all people, the City offers numerous affordable housing Incentives to encourage the development of housing that meets all levels of income.

Incentives that are currently available include:

LAND USE REGULATORY CODE

Downtown Regional Center (adopted 1999, modified 2015)

- Voluntary Inclusionary Housing (one of multiple bonus options for increasing FAR)
- 50% of bonus units must be affordable
- Affordable at no more than 50% Area Median Income(AMI) (rental) or 70% Area Median Income (ownership)
- 50-year duration
- Fee in-lieu option (\$10,000 for every new unit added)
- Example – A 5,000 sq. ft. site in the Downtown Mixed Use Zoning District would be allowed to have a 15,000 sq. ft. building outright with 3 Floor Area Ratio (FAR). The applicant has an average unit size of 750 sq. ft. The Floor Area Ratio is increased from 3 to 5, thereby allowing a building to be 25,000 sq. ft., an additional 10,000 sq. ft. This area can accommodate 12 more units at 750 sq. ft. size. Of these 13 additional added units, 6 would need to be 50% AMI (rental) for next 50 years. Alternatively, the applicant could have all 12 additional units market rate but would be required to pay \$10,000 per added unit (\$120,000 total).

Private Up Zones (adopted 2015)

- Mandatory Inclusionary Housing
- 25% of additional bonus units must be affordable
- Affordable at no more than 50% Area Median Income (rental) or 70% Area Median Income (ownership)
- 50-year duration
- Fee in-lieu option (\$5,000)
- Example – A 6,000 sq. ft. site that only allows one dwelling is rezoned to a zoning district that allows a four-plex. One of the four units would need to be affordable at 50% AMI for 50 years.

Planned Residential Developments (adopted 2015)

- Voluntary Inclusionary Housing (optional density bonus program)
- 50% of bonus units must be affordable
- Affordable at no more than 50% Area Median Income (rental) or 70% Area Median Income (ownership)
- 50-year duration
- Fee in-lieu option (\$10,000)
- Example – An R-2 site is allowed 8.7 dwelling units per acre outright. Through a Planned Residential Development, it is allowed 11 dwelling units per acre. Through a Planned Residential Development that provides affordable housing, it is allowed 15 dwelling units per acre. Of the 4 additional dwelling units per acre allowed through affordable housing, 2 would need to be 50% Area Median Income for 50 years.

APPLICATION SERVICES

- Affordable housing projects are assigned a dedicated project coordinator that works to trouble-shoot issues, keep review staff on track, and act as a point of contact
- Affordable housing projects receive priority review for permitting from the City, often reducing permit review times from 25% to 50%. Further, affordable housing projects are eligible for expedited review through payment of an additional fee
- Affordable housing projects receive a fee waiver for Type A pre-application meetings
- For additional information, please visit the Affordable Housing Permit Program page.

TAX INCENTIVES

- Projects that provide affordable housing are Multi-family Tax Exemption Eligible.
- Option A - A minimum of 20% of units, provided at 70% Area Median Income for 12 years, for a 12-year exemption
- Option B - 25% of the units, provided at 70% Area Median Income forever for a 20-year exemption

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For additional information regarding affordable housing incentives, please contact Dustin Lawrence, Development Specialist, at dlawrence1@cityoftacoma.org or (253) 321-1323.

NEWS BRIEFS

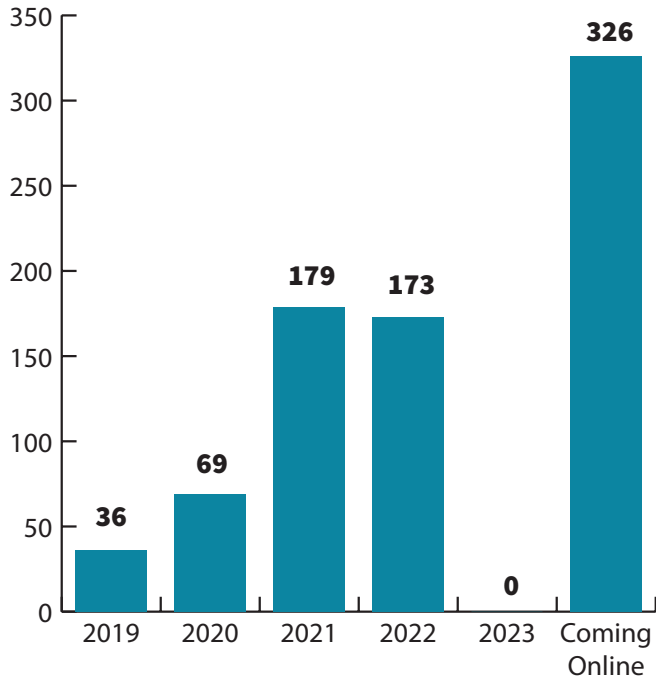
Homelessness Strategies Align to the Affordable Housing Action Strategy

Last fall the City debuted its Strategic Plan to Address Homelessness. The Homelessness Strategy provides a roadmap for short-term, mid-term and long-term investments the City can make to stabilize people in their existing housing before they become homeless as well as strategies to make homelessness a one-time brief experience. The prevention strategy, which is in alignment with AHAS, looks to strengthen access to rental assistance, establish a Workforce Development and Financial Empowerment program and increase resources available to people facing a housing crisis. Learn more about the plan at cityoftacoma.org/homelessness.

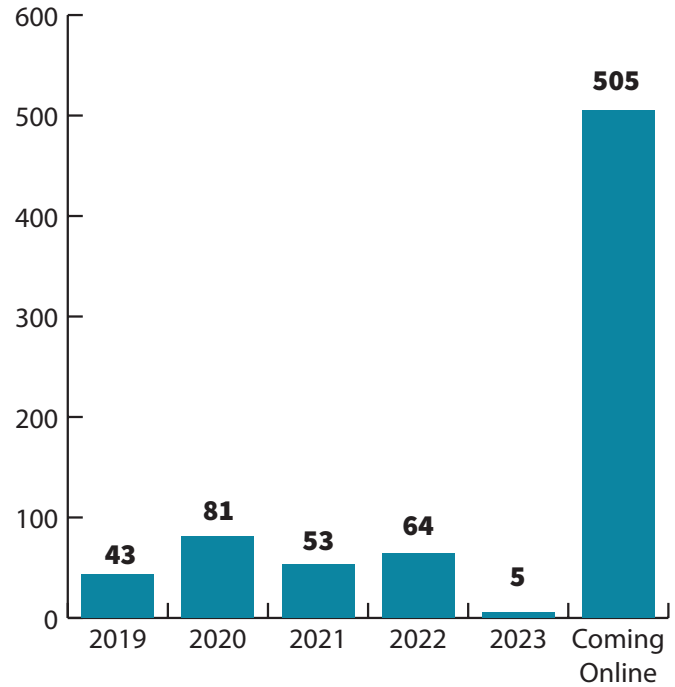


Objective 1: Create More Homes for More People

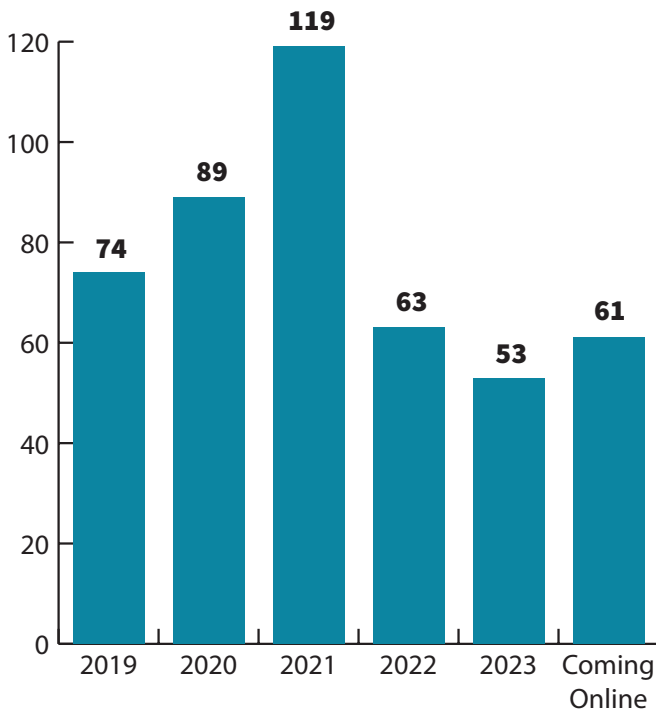
City Funded Affordable Housing Units



Multifamily Tax Exemption



Accessory Dwelling Units



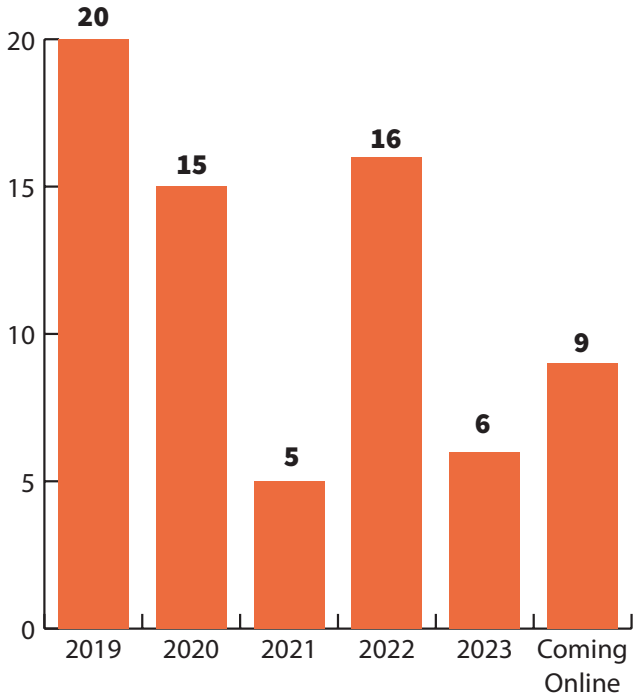
Inclusionary Zoning

Units completed: 2

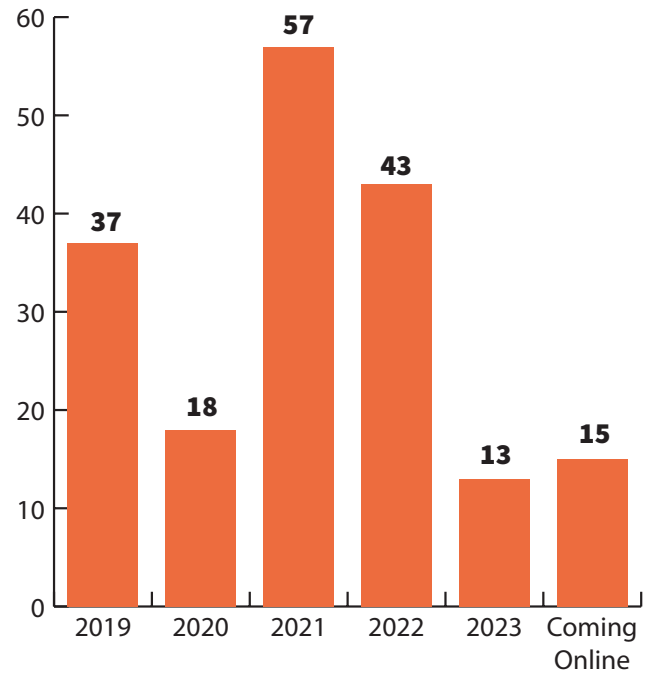
Units Coming Online: 141

Objective 2: Keep Housing Affordable and in Good Repair

Single Family Rehab Projects



Rebuilding Together South Sound Home Repair Projects Funded



Objective 3: Help People Stay in Their Homes and Communities

NUMBER OF PEOPLE SERVED AND TOTAL DOLLARS BY PROGRAM 2019-2023

Housing Assistance Services

Year	Households	Total amount
2023	526	\$1,059,397.69
2022	1338	\$683,167.00
2021	1,308	\$683,167.00
2020	653	\$344,079.00
2019	1,518	\$493,277.00

Housing Assistance Services

Year	Households	Total amount
2023	72	\$569,705.74
2022	488	\$3,143,836.72
2021	761	\$5,027,146.00
2020	638	\$902,000.00

TPU Bill Credit Assistance Plan

Year	Households	Total amount
2023	3,037	\$281,727.00
2022	1,341	\$286,246.00
2021	1,021	\$230,469.00
2020	1,084	\$227,525.00
2019	1,263	\$216,737.00

TPU Discount Rate Program

Year	Households	Total amount
2023	5,559	\$2,027,802.00
2022	5,624	\$3,636,082.00
2021	5,406	\$3,301,291.00
2020	5,504	\$2,862,946.00
2019	6,159	\$3,060,764.00

Landlord-Tenant Program

Year	Households
2023	506
2022	909
2021	983
2020	1,353
2019	1,346

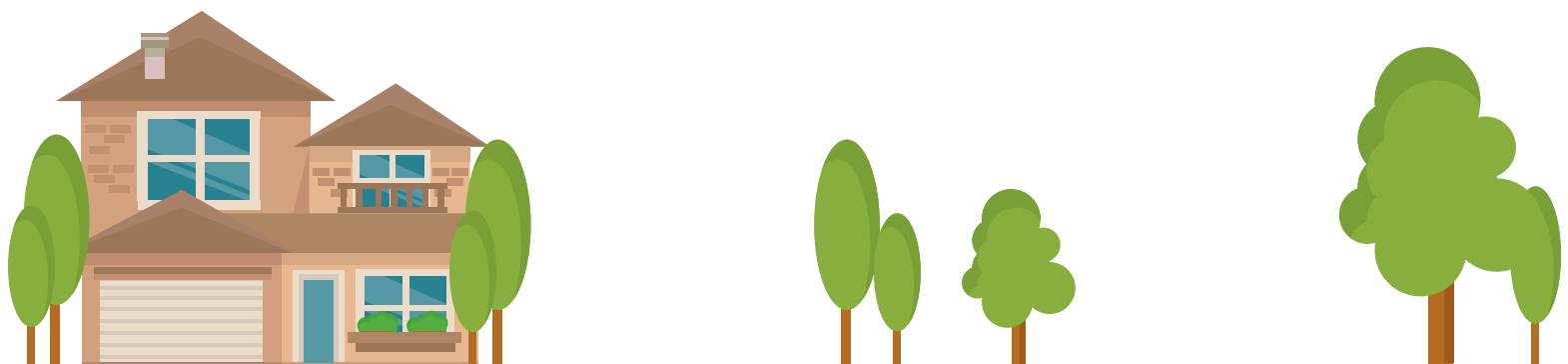
Tenant Relocation Fund

Year	Households
2023	0
2022	25
2021	0
2020	6
2019	0

Objective 4: Reduce Barriers for People Who Often Encounter Them

Homeless Emergency Sheltering System

Year	Clients served	Exits to permanent housing
2021	3152	568
2022	3106	549
2023	2055	440
TOTAL	8313	1557



CREATING PATHS to HOMEOWNERSHIP

Homeownership is one of the most impactful ways to ensure a family's financial stability and sense of safety

Ownership is more stable than renting, and according to data from Mercer Savings bank, it can positively affect family wellbeing, learning outcomes and long-term financial earnings. Tacoma/Pierce County Habitat for Humanity is helping make homeownership a reality for more families in the community.

"We kept moving south to be able to afford rent," said Tanisha, one of Habitat's Madison Meadows homebuyers. "You lose your friends when you change schools. I want my daughter to have the stability I didn't have."

Habitat has built 188 homes in Tacoma and an additional 112 throughout Pierce County since its founding in 1985. Currently, they are excited to complete eight more homes at their Madison Meadow development in South Tacoma in early 2023. All homes at Madison Meadow have been matched with homebuyers, and all families are currently working towards the 200 hours of sweat equity that is part of their purchase agreement.



HOMEOWNERSHIP IS ONE OF THE BEST TOOLS TO STOP FAMILIES FROM BEING DISPLACED.

Rising rents, rising interest rates and years of skyrocketing home prices have made housing stability very difficult to find for many Tacoma families.

Many homebuyers like Tanisha have never received public assistance and often have long-term employment, but the housing market keeps many people from being able to buy a home.

"There's just no way I would be able to get ahead enough to become a homeowner without programs like Habitat for Humanity," added Tanisha.

The City of Tacoma is proud to support this work. For each of the eight homes at Madison Meadow, the City contributed \$30,000 in down payment assistance and another \$20,000 for construction costs. Habitat also received \$300,000 in American Rescue Plan dollars for infrastructure requirements at Madison Meadow, which are often a major barrier to affordable housing development and something the City plans to further fund in the future.

Homeownership is key to family stability and preventing the displacement of longtime Tacoma residents. Habitat is an important part of stopping this displacement. They currently have 39 more homes planned in Tacoma, 19 right next to the Madison development in South Tacoma, and another 20 near Blueberry Park.

To learn more about Habitat go to tpc-habitat.org



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