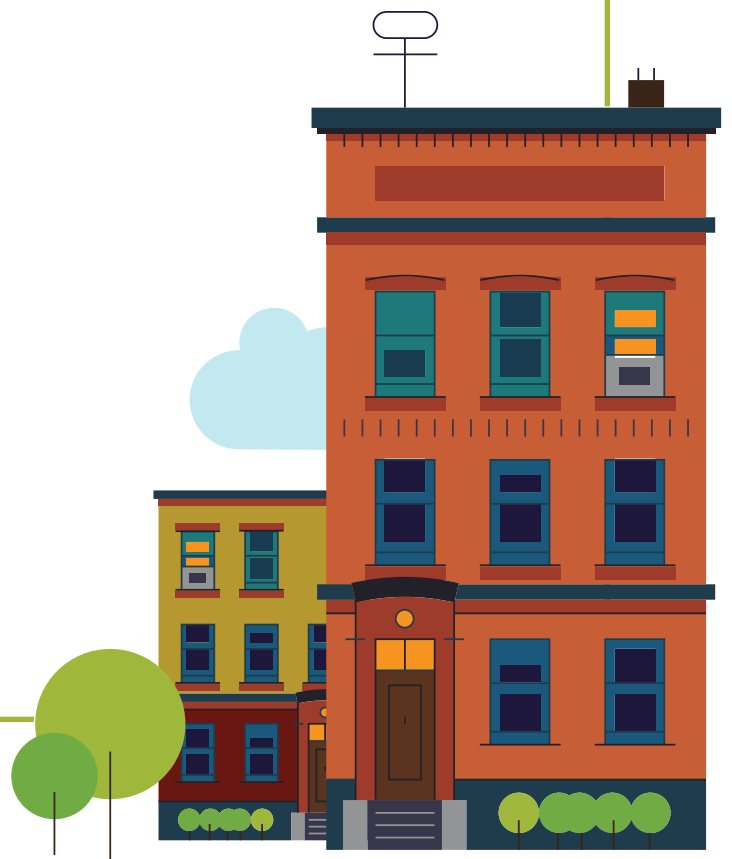


City of Tacoma

AFFORDABLE HOUSING ACTION STRATEGY



SEPTEMBER 2018



ACKNOWLEDGMENTS

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The City of Tacoma and project team would like to thank the members of the public and representatives from local and regional organizations for their participation and assistance in developing the AHAS. Your input throughout the process, as well as your assistance in organizing and conducting engagement activities, was instrumental in developing this strategy.

**Members of the City of Tacoma Internal Working Group or Technical Advisory Group who also assisted with community meetings.*

EXECUTIVE SUMMARY

Why did the City of Tacoma develop an Affordable Housing Action Strategy?

The City of Tacoma developed its *Affordable Housing Action Strategy* as an urgent response to a changing housing market, increasing displacement pressure among residents, and a widespread need for high-quality, affordable housing opportunities for all.

While the City of Tacoma has a strong legacy of working to solve its affordable housing challenges, it recognized a need for a more strategic approach to its housing investments—both today and in the future. The City of Tacoma needs to increase housing affordability as a way to maintain the quality of life that the city is known for and ensure housing costs do not worsen as the city grows over time.

The City of Tacoma lacks affordable, high-quality homes for all its residents. Today, nearly 33,000 households in Tacoma pay at least 30 percent of their income on housing costs each month, reducing their ability to pay for other necessities. The cost of rental homes increased by nearly 40 percent and home values nearly doubled since 1990, and within the last few years, these costs have begun to accelerate.

Throughout the broad community outreach that informed the *Affordable Housing Action Strategy*, many Tacoma residents shared that the city's market gains are a source of stress in their lives. Recent spikes in housing costs and a limited supply of housing options have created uncertainty for them, in addition to other barriers. Seniors face long waiting lists at properties built to serve them; families live in overcrowded conditions; and interested homebuyers experience steep costs and competition for homes.

Simply put, the city's housing supply cannot meet the daily needs of its residents, and this needs to change. No one living in Tacoma should have to choose between paying their rent or mortgage and other necessities.

What will this strategy accomplish over the next 10 years?

Guided by the *Affordable Housing Action Strategy*, the City of Tacoma will dramatically increase its investments in new rental and homeownership opportunities and establish broader anti-displacement measures, including preserving affordable units at-risk of converting to market-rate rent and creating comprehensive protections for renters.

Together, this approach has the potential to produce 6,000 new affordable units; preserve 2,300 existing affordable units; and serve an additional 2,200 households by 2028. In total, these new or preserved homes and new services or programs will reach 10,500 households living in the City of Tacoma.

What will the City of Tacoma do over the next 10 years to reach nearly 10,500 households?

Actions within the *Affordable Housing Action Strategy* aim to help Tacomans in every walk of life. Because needs within the City of Tacoma vary—across owners and renters, neighborhoods, incomes, and abilities, among other factors—these actions cover a wide range of needs.

However, the city's need for affordable housing is greatest among households with the lowest incomes and in some cases, with the highest barriers to accessing housing opportunities. The City of Tacoma aims to serve these households through a share of the new units and other resources created through the *Affordable Housing Action Strategy*.

This strategy focuses on how to enhance existing policies and programs that the city is already using to serve more people; cultivate additional funding; and establish strong anti-displacement measures to stabilize existing residents. The *Affordable Housing Action Strategy* outlines four strategic objectives that will guide implementation over the next 10 years:

- 1. Create more homes for more people.**
- 2. Keep housing affordable and in good repair.**
- 3. Help people stay in their homes and communities.**
- 4. Reduce barriers for people who often encounter them.**

Each strategic objective is supported by a set of actions and implementation steps. Targets and their associated level of investment were broadly estimated for each strategic objective. These targets are intended to guide public investments in housing activities and enable the City of Tacoma to track and report its progress along three key metrics:

- 1. Number of units produced**
- 2. Number of units preserved**
- 3. Number of households served**

Finally, the success of the *Affordable Housing Action Strategy* depends on two critical elements. The first critical element is the active participation of all Tacoma residents. Actions will not be successful without policy leadership, changes to the way the city programs and departments operate, and close partnerships with local and regional developers, cultural and nonprofit organizations, financial institutions, philanthropic organizations, and community members.

The other critical element is a large investment of public, philanthropic, and private resources. The total cost to meet the targets in the *Affordable Housing Action Strategy* is significant: as much as \$70 million over the next 10 years. The *Affordable Housing Action Strategy* outlines several ways to cultivate new resources, such as passage of a local tax levy; value capture, and additional authorization of federal Section 108 funds, to help meet its targets. It also recognizes the wealth of resources that already exist within the City of Tacoma and identifies ways to maximize the impact of them.

Background

Many Tacoma residents make difficult financial choices each month—paying higher housing costs (at the expense of other living expenses), living in overcrowded or less than desirable conditions, or dealing with an unexpected housing crisis. Tacoma needs to build and preserve more affordable housing for all its residents and ensure new development benefits everyone.

Why does the City of Tacoma need to address housing affordability?

Many residents in the City of Tacoma have significant unmet housing needs. One measure of housing need is “cost-burden”—or when a household pays more than 30% of their gross income on housing, including utilities. If a household pays more than one-half (50%) of their gross income on housing, that household is “severely cost-burdened.” Cost-burdened households have less for other essentials, like food, clothing, transportation, and medical care. Currently, more than 18,600 renters and 14,000 owners in the City of Tacoma experience cost-burdens.

Everyone benefits from affordable housing. People with the greatest need for it, though, are often working lower-wage occupations or living on fixed incomes, like seniors and persons living with disabilities.

What is the Affordable Housing Action Strategy (AHAS)?

The City is developing more ways to serve more residents with housing needs through its *Affordable Housing Action Strategy* (AHAS). The Community and Economic Development Department is leading the development of the AHAS. The goal of the AHAS is to preserve and increase the number of affordable, available, and accessible housing units throughout the city. The AHAS will explain how the City of Tacoma and its partners will achieve this goal.

What does “affordable housing” mean?

Housing is typically considered affordable if total housing costs do not exceed 30% of a household’s gross income.

The U.S. Department of Housing and Urban Development (HUD) uses an income benchmark—area median income or AMI—for its federal housing programs. The FY17 regional AMI for a family is \$74,500. Using this regional standard likely undercounts the housing affordable within the City of Tacoma, as well as overestimates what the average household can afford. Despite some limitations, a majority of the City’s existing funding is from federal funds, which use HUD-defined AMI to determine eligibility, making it an important measure for the AHAS.

Do “affordable housing” and “subsidized housing” mean the same thing?

Affordable housing and subsidized housing are different, even though they are sometimes used interchangeably. Subsidized housing refers to programs that provide direct payments to individual households or development projects. These payments help their overall housing costs. Typically, to live in subsidized housing, you need to be below a certain income level (and sometimes you need to meet other requirements). Public housing, rental assistance like Section 8, and developments that use Low-Income Housing Tax Credits are examples of subsidized housing.



TECHNICAL ADVISORY GROUP
CITY OF TACOMA AFFORDABLE HOUSING POLICY

September 14, 2018

Mayor Victoria Woodards and City Councilmembers
City of Tacoma
747 Market Street, Twelfth Floor
Tacoma, Washington 98402

Re: City of Tacoma Housing Affordability Action Strategy

Dear Mayor Woodards and City Councilmembers:

I write on behalf of the members of the City's Technical Advisory Group (TAG). City staff convened the TAG to advise them and the consultants from Enterprise Community Partners in the drafting of the report, Affordable Housing Action Strategy. This report reviews Tacoma's crisis shortage of affordable housing. It recommends policies and program to meet the crisis.

We urge the City Council to carefully consider the recommendations and to adopt effective versions of them. We especially direct the Council's attention to those recommendations that would serve the following two purposes. Both are central to any plausible effort to address the crisis:

- establish local sources of funding for the construction, purchase and preservation in Tacoma of affordable housing and so remove more of the City's housing stock from the speculative rental market;
- extend to other parts of the City inclusionary zoning requirements that developers include affordable housing in their market rate mix, and to provide height enhancements and other considerations to make this financially feasible for them to do. (*Please note: one TAG member does not favor mandatory inclusionary zoning*);

TAG members also note, and endorse, the report's sense of urgency that the City's affordable housing crisis requires an effective and timely response. The report's recommendations provide a way to do that. We note that many of the main recommendations resemble those in the 2010 report to the City Council from the City's Affordable Housing Policy Advisory Group. For this reason, the Council can feel an enhanced confidence in those recommendations that now reach the Council again with this more detailed and updated analysis.

TAG members appreciate the effort, expertise and thought by City staff and consultants that produced this report. We appreciate the chance to offer comments throughout their effort. We remain ready to assist the Council and City staff with the work still ahead.

Thank you.

Cordially,

TACOMA HOUSING AUTHORITY



Michael Mirra
Executive Director

TAG MEMBERS:

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CONTENTS

1	Introduction	1
	Relationship to Past and Ongoing Efforts	5
	A Community-informed, Data-driven Approach	6
	Opportunities for Closer Partnerships	8
	Strategic Objectives and Actions	9
2	A Snapshot of Local Housing Market Conditions and Unmet Needs	13
	Changing Housing Market Conditions	13
	Affordable Housing Supply	16
	Affordable Housing Need	18
	Accessing Housing	19
	Housing Affordability and Tacoma’s Workforce	19
3	Strategic Objective 1: Create More Homes for More People	21
4	Strategic Objective 2: Keep Housing Affordable and in Good Repair	39
5	Strategic Objective 3: Help People Stay in Their Homes and Communities	49
6	Strategic Objective 4: Reduce Barriers for People Who Often Encounter Them	55
7	Implementing the Affordable Housing Action Strategy	61
	Laying the Foundation for Successful Implementation	61
	Funding	64
	Milestones	64
	Evaluating Implementation Over Time	65
	Appendices	73
	Appendix A Summary of Selected Programs and Policies	
	Appendix B Data Summary	
	Appendix C Summary of Community Engagement	
	Appendix D Evaluation of Policy Approaches (from June 2018 TAG Meeting)	

EXHIBITS

Exhibit 1	Actions in the AHAS Serve Residents of All Income Levels	2
Exhibit 2	Summary of Strategic Objectives and Actions by Implementation Lead	9
Exhibit 3	Median Rent at Single-family and Multifamily Rental Properties, Tacoma (2016–2018)	14
Exhibit 4	Median Home Sale Price, Tacoma (2016–2018)	14
Exhibit 5	Cost-burdened Households by Income Level (Share), Tacoma	18
Exhibit 6	What Can Tacoma Residents Afford?	20
Exhibit 7	Value-capture Options Under Washington State Law	35
Exhibit 8	Strategic Objective 1: Actions to Create More Homes for More People	66
Exhibit 9	Strategic Objective 2: Actions to Keep Housing Affordable and In Good Repair	69
Exhibit 10	Strategic Objective 3: Actions to Help People Stay in Their Homes and Communities	71
Exhibit 11	Strategic Objective 4: Actions to Reduce Barriers for People Who Often Encounter Them	72

SECTION 1

Introduction

The City of Tacoma is known for being one of the safest and most diverse cities in the country. When asked about the city's future, members of the public summed it up in one word: "potential."¹ Yet, this future is slowly slipping away for many residents or seems out-of-reach for others.

Why? Because the City of Tacoma lacks affordable, high-quality homes for all its residents. The cost of rental homes increased by nearly 40 percent and home values nearly doubled since 1990, and within the last few years, these costs have begun to accelerate.

Today, nearly 33,000 households in Tacoma pay at least 30 percent of their income on housing costs each month, reducing their ability to meet other needs like transportation, childcare, or healthcare. The City of Tacoma needs to stay affordable to help maintain the quality of life that Tacoma is known for, and to ensure housing costs do not worsen as the city grows over time.

The City of Tacoma developed this *Affordable Housing Action Strategy* (AHAS) as an urgent response to its changing housing market, increasing risk of displacement among residents, and widespread need for high-quality, affordable housing opportunities for all.

The City of Tacoma needs to dramatically increase its investments in new rental and homeownership opportunities and establish broader anti-displacement measures, including preserving affordable units at-risk of converting to market-rate rent and creating permanent protections for tenants.

The AHAS creates four strategic objectives to inform decision making and build stronger partnerships both within and outside of city government:

- 1. Create more homes for more people.**
- 2. Keep housing affordable and in good repair.**
- 3. Help people stay in their homes and communities.**
- 4. Reduce barriers for people who often encounter them.**

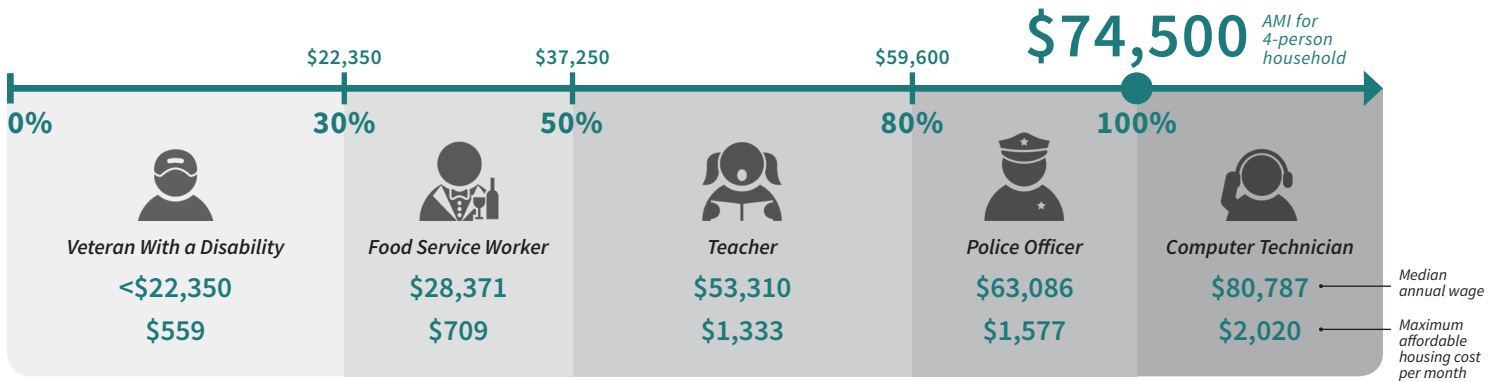
The actions that will achieve these strategic objectives aim to reach Tacomans in every walk of life. Because needs within the City of Tacoma vary—across owners and renters, neighborhoods,

¹ See *Tacoma2025: Shared Vision | Shared Future*. Available at <http://cms.cityoftacoma.org/tacoma-2025/tacoma-2025.pdf>.

incomes, and abilities, among other factors—these actions cover a wide range of needs. Exhibit 1 below illustrates the number of actions items targeting residents across the income spectrum within each of the four strategic objectives.

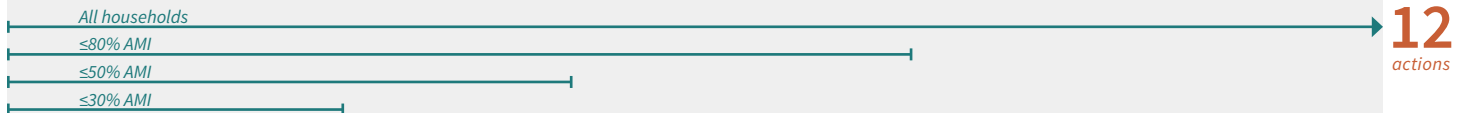
Together, this approach has the potential to produce 6,000 new affordable units; preserve 2,300 existing affordable units; and serve an additional 2,200 households by 2028. In total, it will reach 10,500 households living in the City of Tacoma.

Exhibit 1 Actions in the AHAS Serve Residents of All Income Levels



STRATEGIC OBJECTIVES AND NUMBER OF SUPPORTING ACTIONS

1 CREATE more homes for more people.



2 KEEP housing affordable and in good repair.



3 HELP people stay in their homes and communities.



4 REDUCE barriers for people who often encounter them.



Sources: U.S. Bureau of Labor Statistics, "Occupational Employment and Wages in Tacoma-Lakewood—May 2017." The median annual wage was calculated by multiplying the mean hourly rate for each occupational group by 2,080, the number of hours for year-round, full-time work. HUD User "Income Limits, FY 2017." Area median income data are based on FY 2017 fair market rents in the HUD-defined Fair Market Rent area.

What are some proposed solutions to ensure all Tacoma residents have an affordable place to live and that new development benefits everyone?



1 CREATE MORE HOMES FOR MORE PEOPLE.

The City of Tacoma needs to considerably increase its supply of affordable housing options, especially for households with the lowest incomes. Actions that would increase the city's supply of affordable homes include:

- Creating dedicated sources of funding—whether general funds, property tax levy, real-estate transaction fees or other methods—that provide the City's Housing Trust Fund with greater and more reliable resources to preserve and build new housing.
- Enhancing incentives—like increased density, reduced parking requirements, and property tax exemptions—to create more income-restricted units in new market-rate development.
- Using city-owned land to provide new opportunities for affordable rental and homeownership development.
- Changing the City of Tacoma's land-use provisions to make it easier to build less costly, small-scale homes, such as accessory dwelling units or duplexes, as well as provide other supports like technical assistance and financial incentives for people who want to create these alternatives.



3 HELP PEOPLE STAY IN THEIR HOMES AND COMMUNITIES.

Many residents in Tacoma already cannot keep up with rising housing costs in the form of higher tax bills or rents. They are often on the verge of making painful decisions about leaving their current home or community and have limited options for assistance. Actions that would help stabilize homeowners and tenants include:

- Ensuring residents have substantial notice for rent increases or lease terminations and establish relocation assistance as part of a comprehensive tenant protections policy.
- Supporting residents or organizations interested in leading or participating in community-based initiatives, including those that protect tenants' rights.
- Exploring creation of a community land trust, leveraging local expertise.
- Creating an additional source of local tax relief to stabilize more homeowners.



2 KEEP HOUSING AFFORDABLE AND IN GOOD REPAIR.

The City of Tacoma needs to take steps to ensure existing affordable housing options remain available to our community. Loss of affordable homes could further burden or displace Tacoma residents. Actions that would preserve and improve the city's existing supply of affordable housing include:

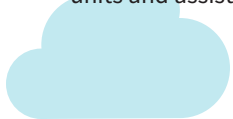
- Making it easier, through a preservation ordinance, for the City of Tacoma or its partners to buy back subsidized properties as their income restrictions expire.
- Exploring creation of a proactive code enforcement program, which would actively inspect properties for health and safety violations.
- Creating a dedicated source of funding to keep rents stable at existing subsidized and unsubsidized housing units and assist residents facing a housing crisis.



4 REDUCE BARRIERS FOR PEOPLE WHO OFTEN ENCOUNTER THEM.

Even when affordable units exist, many residents must overcome significant barriers to access them. Residents mentioned barriers like limited knowledge of housing resources; language barriers; and difficulty qualifying for or securing housing (like meeting security deposit requirements). Actions that make it easier for residents to access housing opportunities, including those in the private housing market, include:

- Streamlining processes for households applying for and using rental assistance.
- Working with landlords to increase participation in rental assistance programs and their willingness to accept "higher-barrier" households.
- Ensuring a portion of new or expanded funding sources can provide services as part of new housing development.



Key Terms

Affordable Housing

Housing is typically considered affordable if total housing costs do not exceed 30% of a household's gross income.

Affordable Housing Action Strategy (AHAS)

The *Affordable Housing Action Strategy* (AHAS) will explain how the City of Tacoma and its partners will safeguard and increase the number of affordable, available, and accessible housing units throughout the city over the next 10 years. Having this type of strategy will help the City of Tacoma serve more residents with housing needs.

Area Median Income (AMI)

The U.S. Department of Housing and Urban Development (HUD) uses an income benchmark—area median income or AMI—for its federal housing programs. The FY17 regional AMI for a family is \$74,500. Using this regional standard likely undercounts the affordable units within the City of Tacoma, as well as overestimates what the

average household can afford. A majority of the City's existing funding is from federal funds, which use HUD-defined AMI to determine eligibility, making it an important measure for the AHAS.

Cost-burden

When a household pays more than 30% of their gross income on housing, including utilities, they are “cost-burdened.” Cost-burdened households have less for other essentials, like food, clothing, transportation, and medical care. Currently, 40% of households in the City of Tacoma experience cost-burdens.

Fair Market Rent (FMR)

The amount of money a property would rent for if it was available now. FMR is used by the U.S. Department of Housing and Urban Development to estimate rents covered by the Housing Choice Voucher program, also known as Section 8.

Fair Market Value

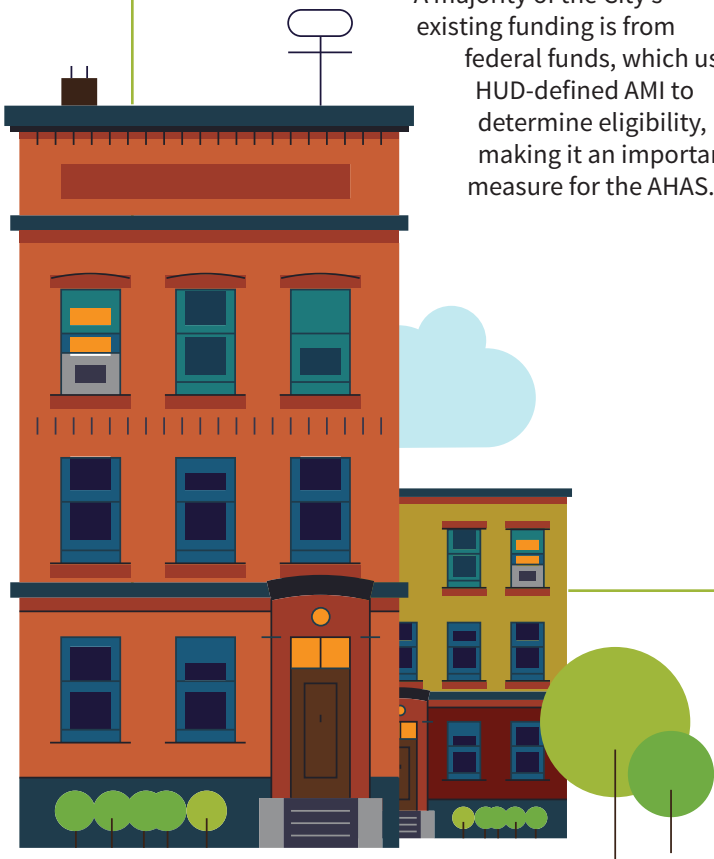
The amount a property would sell for if sold on the open market. In other words, it's the highest price a buyer is willing to pay and lowest price a seller is willing to accept for a property.

Housing Displacement

Housing displacement is closely associated with gentrification, which is characterized by market, economic, and demographic change. When home costs increase, they can price out existing residents of a community. Housing displacement hurts both displaced residents and the community at-large.

Subsidized Housing

Public housing, rental assistance vouchers like Section 8, and developments that use Low-Income Housing Tax Credits are examples of subsidized housing. Subsidized housing lowers overall housing costs for people who live in it. Affordable housing and subsidized housing are different, even though they are sometimes used interchangeably.



RELATIONSHIP TO PAST AND ONGOING EFFORTS

The City of Tacoma has a strong legacy of working to solve its affordable housing challenges. In 2010, the Affordable Housing Policy Advisory Group (AHPAG) made a set of recommendations to City Council. This report carved out a clear set of principles to guide the city's housing investments. These principles included emphasizing the role of affordable housing in promoting civic interests (like economic development and increased prosperity); harnessing the private-sector to assist with affordable housing creation; and making affordable housing a high priority among other community needs.²

These recommendations culminated in the adoption of housing incentives and the creation of more flexible regulations for infill development. The AHAS builds on the legacy of the AHPAG's work, along with other local and regional plans like the *One Tacoma Comprehensive Plan*, *Tacoma2025*, and *HousingHilltop*.

It also builds on the existing programs and policies that already exist or are actively being developed (for a summary of existing programs, see Appendix A). The City of Tacoma, along with its partners, has made direct investments to increase the supply of subsidized housing throughout the city, often as part of mixed-income development. Investments over the last 2–3 years totaled more than \$3 million in public funds and supported five new development projects, rehabilitation of single-family homes, and down-payment assistance to homebuyers.³

Today, the City of Tacoma has approximately 5,500 subsidized units and 3,500 households using rental assistance throughout the city.⁴ Despite this supply and recent investments, the City of Tacoma still lacks enough housing to serve its diverse population.

This strategy focuses on how to enhance existing policies and programs that the city is already using to serve more people; ways to create or use additional funding; and establish strong anti-displacement measures to stabilize existing residents.

² See the Affordable Housing Policy Advisory Group (AHPAG) 2010 report. Available at http://cms.cityoftacoma.org/cedd/housing/AHPAG_Final_Report_Dec_2010.pdf.

³ Data provided by the City of Tacoma, Community and Economic Development Department staff (2018).

⁴ Subsidized units include all public housing units managed by the Tacoma Housing Authority and privately owned properties that receive at least one federal subsidy. Rental assistance includes tenant-based rental assistance vouchers (Section 8/ Housing Choice Vouchers) administered by the Tacoma Housing Authority. Data from THA Real-Estate Development since 2002. Prepared by the Tacoma Housing Authority, February 7, 2018 and National Housing Preservation Database. (2018). See Appendix B for a full discussion of the city's affordable housing supply.

A COMMUNITY-INFORMED, DATA-DRIVEN APPROACH

The AHAS was developed between March and September 2018. The AHAS benefited from the expertise and guidance of a Technical Advisory Group (TAG); dozens of interviews with City of Tacoma staff and local nonprofit and cultural organizations; four focus groups or interviews with persons who have unique housing needs; seven in-person community meetings; and community-wide survey (which captured more than 250 responses).

The AHAS also used a wide range of quantitative data to help identify the key needs and challenges among Tacoma residents (for a full summary of the data analysis, see Appendix B). Information and perspectives collected through the community engagement and outreach process provided additional insight about how specific challenges affect the lives of residents, especially those populations that are not always represented in these conversations (for a full summary of the community engagement activities, see Appendix C).

As part of this project, the City of Tacoma also modeled the results of different market-based policy approaches, like increased density, reduced parking requirements, or property tax exemptions, to understand how they would perform under different market conditions, such as if the City of Tacoma's growth accelerates (as regional growth forecasts suggest) or if growth begins to lag (for a comparison of various policy alternatives that were considered over the course of developing the AHAS, see Appendix D).

HOUSING MARKET POLICY DASHBOARD

As part of developing the AHAS, the City of Tacoma developed its Housing Market Policy Dashboard that compares the performance of market-based tools. To access the dashboard, visit:

<http://tacoma.berk-maps.com/>

The City of Tacoma aims to increase the number of affordable, available, and accessible units through a combination of actions, some of which harness the city's growing market strength to produce new income-restricted units and some of which devote additional public funding to affordable housing development.

Because of the significant unmet need among very and extremely low-income households (which roughly translates into a family of four earning \$37,000 or \$25,000, respectively), a key question as part of this modeling was, "Can market-based tools produce units for income levels with the greatest unmet need?" In short, it is possible to use these tools in a few submarkets within the City of Tacoma, and if coupled with services or other resources like project-based rental assistance when needed, could produce nearly 3,100 units over the next 10 years.

Voices from the Community

As part of developing the AHAS to improve affordable housing, the City of Tacoma talked with residents to understand barriers to securing affordable housing as well as their ideas for improving housing. The City conducted public engagement over 4 months and heard from more than 300 members of the public and stakeholders.

WHAT PUBLIC ENGAGEMENT ACTIVITIES WERE CONDUCTED?

4

FOCUS GROUPS
AND INTERVIEWS

7

LISTENING SESSIONS AND
COMMUNITY MEETINGS

256

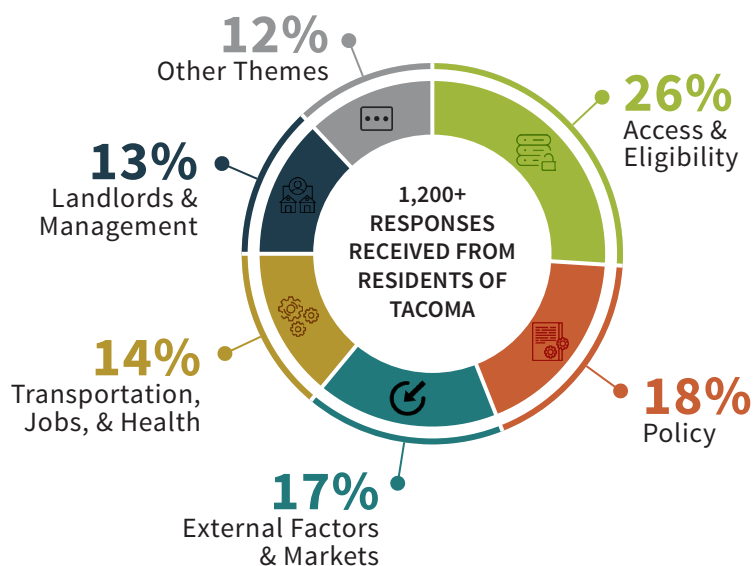
ONLINE SURVEY
RESPONSES

How was this input used?

1. Informed strategic objectives.
2. Shaped specific implementation steps.
3. Provided insight into what key barriers needed to be addressed.

How does the AHAS create ongoing dialogue about affordable housing?

- General communications and outreach.
- Measurement of and reporting on implementation over time.
- In-person meetings with community members and stakeholders to inform implementation of specific actions.



What housing issues are on the top of Tacomans' minds?

Responses summarized by how often they were shared by members of the public.

NEED FOR BETTER MANAGEMENT BY LANDLORDS

67

CONCERNS ABOUT SAFETY

59

BARRIERS DUE TO SECURITY DEPOSITS

56

CONCERNS ABOUT HOMELESSNESS

55

BETTER INCENTIVES TO BUILD HOUSING

49

Sources: City of Tacoma Affordable Housing Survey, Listening Sessions, and Community Meetings, 2018.



Finally, targets and their associated level of investment were broadly estimated for each strategic objective. These targets are intended to guide public investments in housing activities and enable the City of Tacoma to track and report its progress along three key metrics:

- Number of units produced
- Number of units preserved
- Number of households served

PRIORITIES AMONG THE TECHNICAL ADVISORY GROUP

The Technical Advisory Group (TAG) played an integral role in shaping the solutions proposed within the AHAS. As an early step, the TAG identified a short list of actions to further vet through the strategy development process. A majority of these actions comprise the actions within this document.

As the process concluded, the TAG also identified a set of priorities that they would like the City of Tacoma to pursue in the next 1–2 years:

1. creation of a dedicated source of local funding for affordable housing activities;
2. changes to market-based tools (like inclusionary housing and the Multifamily Tax Exemption Program);
3. adoption of a comprehensive tenant protections policy; and
4. advocacy for state and federal legislative actions that support housing affordability.

A NOTE ABOUT THE 10-YEAR TARGETS

Ten-year targets within the AHAS were developed based on real-world examples of local projects, past local investment, or national programs or projects (or a combination of these examples). Different approaches or assumptions could yield different costs or number of units produced or preserved or households served.

For instance, regional affordable housing developers noted that other municipalities in Washington state invest as much as 10 percent of affordable housing project costs. Historically, the City of Tacoma has invested between 2–3 percent of total project costs. If the City of Tacoma invested a larger share of local resources into projects to leverage other public and private funding, it may realize fewer projects (but these projects may be more competitive for state resources).

OPPORTUNITIES FOR CLOSER PARTNERSHIPS

The City of Tacoma cannot achieve its ambitious strategic objectives alone. Everyone—including members of the public—will play a critical role in realizing its ambitious goal to build 6,000 new affordable units; preserve 2,300 affordable units; and serve an additional 2,200 households by 2028.

It will need the active support of local and regional developers; Tacoma Housing Authority (THA); foundations; nonprofit and cultural organizations; Washington State Housing Finance Commission; and counterparts at state and federal agencies.

STRATEGIC OBJECTIVES AND ACTIONS

Exhibit 2 summarizes the strategic objectives and their related actions over the next 10 years, organized by implementation lead:

- Tacoma City Council for legislative actions;
- City of Tacoma departments for administrative actions; and
- Partners, who can play a critical role in implementation by leading one of the opportunities for partnership.

Exhibit 2 Summary of Strategic Objectives and Actions by Implementation Lead

LEGISLATIVE ACTIONS

(listed by implementation timeline)

Immediate (1-2 years):

- 1** 1.1 Seed the Tacoma Housing Trust Fund with local sources of funding.
- 1** 1.2 Modify inclusionary housing provisions to target unmet need and align with market realities.
- 1** 1.3 Update the Multifamily Tax Exemption Program to increase its impact.
- 1** 1.4 Leverage publicly and partner-owned land for affordable housing.
- 2** 2.2 Develop and adopt a preservation ordinance.
- 3** 3.1 Expand tenants' protections through a comprehensive policy.
- 3** 3.2 Create a range of resources for households experiencing a housing crisis.

Short-term (3-4 years):

- 1** 1.9 Establish a dedicated source of funding for the Tacoma Housing Trust Fund.
- 3** 3.4 Create a source of local tax relief to stabilize more low-income homeowners.

Numbers correspond to the strategic objectives, which are detailed in Sections 3-6. They do not denote priorities.

Continued on the following page

- 1** **CREATE** more homes for more people.
- 2** **KEEP** housing affordable and in good repair.
- 3** **HELP** people stay in their homes and communities.
- 4** **REDUCE** barriers for people who often encounter them.

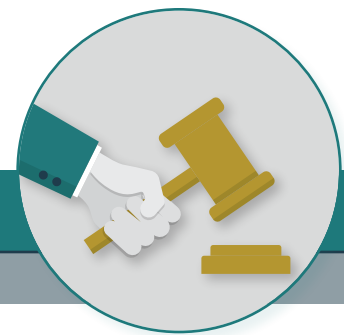


Exhibit 2 Summary of Strategic Objectives and Actions by Implementation Lead (cont.)



ADMINISTRATIVE ACTIONS

(listed by implementation timeline)

Immediate (1-2 years):

- 1** 1.8 Encourage more diverse types of housing development through relaxed land use standards, technical assistance, and financial incentives (with a focus on technical assistance and relaxed land use standards).
- 1** 1.7 Increase participation in existing first-time homebuyer programs and resources for new homebuyers.
- 1** 1.5 Create consistent standards for fee waiver eligibility and resources to offset waived fees.
- 1** 1.6 Create a process to coordinate public investments, like capital improvements, with affordable housing activities to reduce the overall cost of development.
- 2** 2.1 Develop a system to address derelict properties
- 2** 2.3 Target existing resources to improve the livability of existing owner-occupied homes.
- 3** 3.3 Work with partners to increase community organizing efforts (including for tenants' rights).
- 2** 2.4 Improve tracking and monitoring of existing subsidized and unsubsidized affordable housing properties (with a focus on using publicly available information, like the National Housing Preservation Database).
- 4** 4.3 Integrate culturally competent and trauma-informed practices into new and existing programs.

Short-term (3-4 years):

- 1** 1.10 Use value capture to generate and reinvest in neighborhoods experiencing increased private investment (with a focus on areas with planned or existing transit).
- 1** 1.8 Encourage more diverse types of housing development through relaxed land use standards, technical assistance, and financial incentives (with a focus on creating financial incentives).
- 1** 1.11 Explore innovative, low-cost housing solutions to serve persons experiencing homelessness.
- 1** 1.12 Explore opportunities for increased staff support during the development review process (with a focus on creating more embedded staff).
- 2** 2.5 Explore creation of a proactive rental inspection program.
- 2** 2.4 Improve tracking and monitoring of existing subsidized and unsubsidized affordable housing properties (with a focus on building a more comprehensive inventory of affordable properties).
- 4** 4.4 Earmark a portion of new or expanded sources of local funding to provide support services in new development

Medium-term (5-6 years):

- 1** 1.12 Explore opportunities for increased staff support during the development review process (with a focus on hiring additional staff).

Numbers correspond to the strategic objectives, which are detailed in Sections 3-6. They do not denote priorities.

Continued on the following page

- 1** **CREATE** more homes for more people.
- 2** **KEEP** housing affordable and in good repair.
- 3** **HELP** people stay in their homes and communities.
- 4** **REDUCE** barriers for people who often encounter them.

Exhibit 2 Summary of Strategic Objectives and Actions by Implementation Lead (cont.)



OPPORTUNITIES FOR PARTNERSHIP

(listed by implementation timeline)

Immediate (1-2 years):

- 4 4.1 Streamline processes for households applying for and using rental assistance.
- 4 4.2 Create stronger alignment across the Tacoma-Lakewood-Pierce County Continuum of Care (with a focus on creating stronger connections between programmatic goals, funding streams, and administrative requirements).

Short-term (3-4 years):

- 1 1.9 Establish a dedicated source of funding for the Tacoma Housing Trust Fund.
- 1 1.11 Explore innovative, low-cost housing solutions to serve persons experiencing homelessness.
- 2 2.4 Improve tracking and monitoring of existing subsidized and unsubsidized affordable housing properties.
- 2 2.6 Facilitate efforts to create a community land trust

Medium-term (5-6 years):

- 2 2.7 Create a housing preservation fund.

Long-term (7+ years):

- 4 4.2 Create stronger alignment across the Tacoma-Lakewood-Pierce County Continuum of Care (with a focus on creating a large-scale, regional affordability initiative).

Numbers correspond to the strategic objectives, which are detailed in Sections 3-6. They do not denote priorities.

- 1 **CREATE** more homes for more people.
- 2 **KEEP** housing affordable and in good repair.
- 3 **HELP** people stay in their homes and communities.
- 4 **REDUCE** barriers for people who often encounter them.

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SECTION 2

A Snapshot of Local Housing Market Conditions and Unmet Needs

Located in a dynamic region, the City of Tacoma has not been immune to higher housing costs over the past several decades, with housing costs beginning to accelerate in the last few years.

The City of Tacoma, along with its partners, have made a concerted effort to meet the housing needs of local residents. However, needs among Tacoma residents have increased, while resources to address these needs have declined. As a result, the City and its partners have not produced enough income-restricted housing for its lowest income residents to keep pace with their needs. This section, along with Appendix B, summarizes Tacoma's market conditions, existing supply of affordable housing, and housing needs in more detail.

CHANGING HOUSING MARKET CONDITIONS

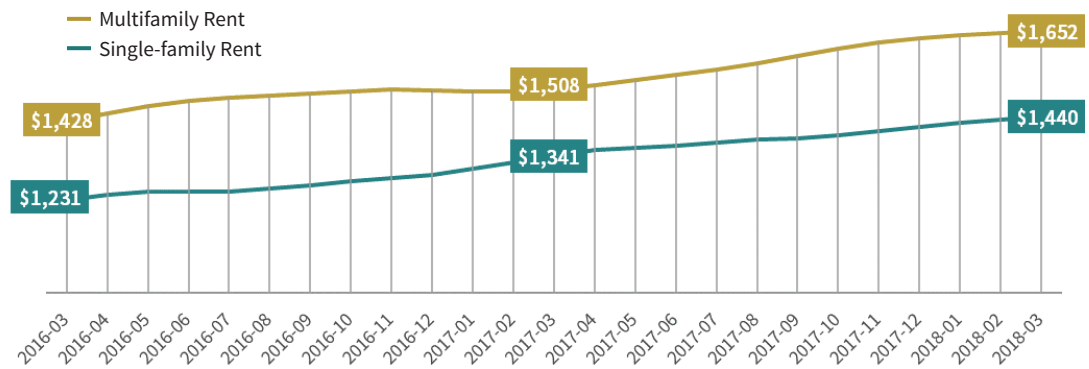
Both rental and for-sale homes are becoming increasingly costly, making it difficult for residents in the City of Tacoma to find an affordable rental unit or buy a home. The City of Tacoma's housing market has changed significantly in recent years, with increases in home values and rents outpacing growth in household income. Long-term and short-term trends in the city's rental and homeownership markets highlight increased pressure on residents due to housing cost increases—changes that largely mirror five-year market dynamics in neighboring jurisdictions.

- Within Tacoma's rental market, the city experienced a steady increase in median rent between 1990 and 2016—the last year for which data is available from the American Community Survey.⁵ Over that time, Tacoma's median rent increased 39 percent (to \$980 in 2016), while median household income only increased by 20 percent.

⁵ 1990 & 2000 Decennial Census and 2005–2016 American Community Survey Public Use Microdata Sample 1-Year Estimates.

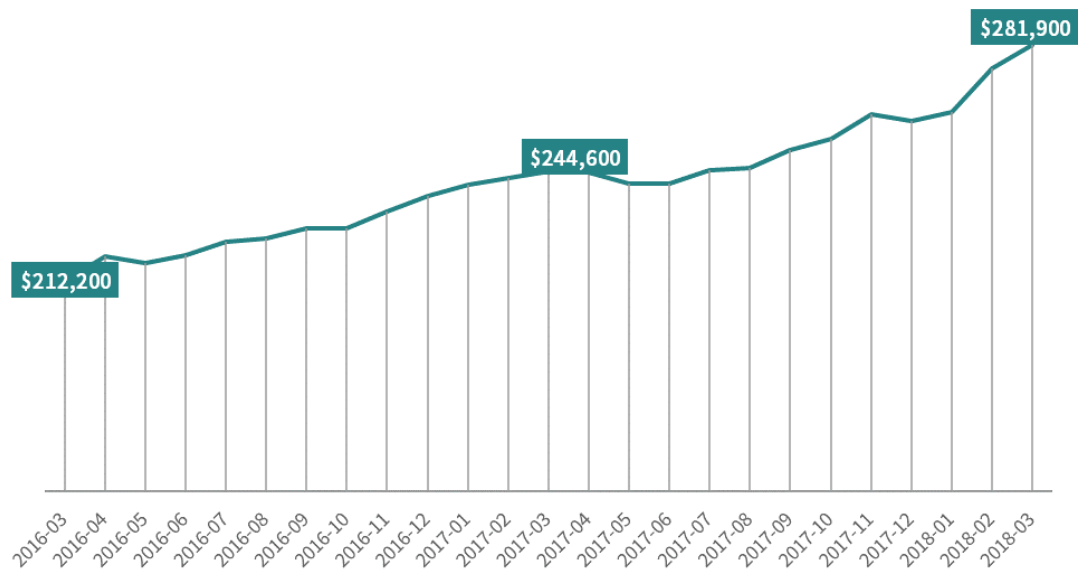
- A snapshot of shorter-term market trends suggests that a renter looking for a unit could face much steeper costs: For a family looking to rent a single-family home, the median rent was \$1,652 as of March 2018—an increase of 16 percent from March 2016.⁶ For a person or family looking to rent a unit in a multifamily apartment building, the median rent was \$1,440 as of March 2018—an increase of 17 percent from March 2016.⁷

Exhibit 3 Median Rent at Single-family and Multifamily Rental Properties, Tacoma (2016–2018)



Source: Zillow, March 2016–2018.

Exhibit 4 Median Home Sale Price, Tacoma (2016–2018)



Source: Zillow, March 2016–2018.

⁶ Zillow, March 2016–2018, Median Rent at Single-Family Rental Properties.

⁷ Zillow, March 2016–2018, Median Rent at Multifamily Rental Properties.

- Between 1990 and 2016, the median value of homes in Tacoma nearly doubled. Short-term, for-sale market trends suggest an even tighter housing market for potential homebuyers. The median home sale price increased by one-third between March 2016 and March 2018, peaking at \$281,900.⁸ Additional data from Zillow suggests that the city's overall for-sale inventory shrank by 43 percent, while home sales experienced a modest increase (9 percent) between March 2016 and March 2018.

CHANGING HOUSING MARKET CONDITIONS

Rents have increased 39% and home values have nearly doubled since 1990, while household income only increased by 20%.

CONCERNS ABOUT DISPLACEMENT

During past planning efforts, residents have expressed concerns that changing market conditions could price out long-time residents or make it difficult to access homeownership opportunities.

LIMITED PUBLIC RESOURCES

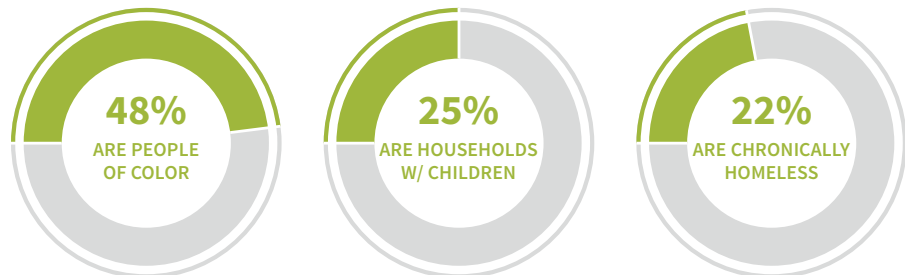
Between 2000 and 2017, federal budget cuts resulted in a loss of more than \$2 million in federal funding for local community development and housing investments.

HOUSING COSTS (1990–2016)



VULNERABLE RESIDENTS

More than 1,600 people are homeless on any given night in Tacoma–Pierce County:



Sources: 1990 & 2000 Decennial Census, 2005–2016 ACS PUMS 1-Year Estimates; FY17 Fair Market Rents via HUD User; 2018 Point-in-Time Count for Pierce County; Housing Hilltop/2014 Hilltop Subarea Plan; HUD Exchange.

⁸ Zillow, March 2016–2018, Median Sale Price of For-Sale Properties.

AFFORDABLE HOUSING SUPPLY

Tacoma's limited affordable rental supply creates significant unmet need, particularly among extremely low-income households. Despite recent efforts by the City of Tacoma, along with its partners like Tacoma Housing Authority (THA), Catholic Community Services of Western Washington, and Mercy Housing, to increase the city's supply of subsidized or "income-restricted" units, many residents are still in need of affordable options.⁹

Today, Tacoma has an income-restricted supply of approximately 5,500 units and 3,500 rental assistance vouchers.¹⁰ However, Tacoma still lacks enough affordable housing units for households earning 50 percent of area median income or below.

- The City of Tacoma lacks enough rental housing for low-income households.¹¹ Based on a supply gap analysis that accounts for all available and affordable units for households earning 80 percent of area median income or below, the city has a shortfall of about 3,000 units for all low-income households. Examining the rental supply by income range rather than cumulatively demonstrates the need for additional supply for extremely low-income and very low-income households.¹² Unmet need is greatest among extremely low-income households. Today, the city's rental supply can only serve 27 percent of households earning 30 percent of area median income or less. In contrast, the city's rental supply can serve a larger share of very low-income households (81 percent), although a gap still exists for these households, too.¹³
- The city's limited supply of rental housing priced for low-income individuals and families reinforces the importance of its income-restricted housing, which helps keep housing costs manageable for the individuals and families living in it. Privately owned, federally subsidized properties (as many as 3,910 units at 57 properties) and tenant-based rental assistance (about 3,500 vouchers at any given time) provided by THA makes up most of the city's income-

⁹ City-supported investments over the last 2–3 years totaled more than \$3 million in public funds and supported five development projects, including Oak Trace and Bay Terrace (Phase 2), rehabilitation of single-family homes, and down-payment assistance to homebuyers. Data provided by the City of Tacoma, Community and Economic Development Department staff (2018).

¹⁰ Income-restricted housing in Tacoma falls into three main categories: 1) public housing, which receives federal funding to provide housing for eligible households and is managed by the Tacoma Housing Authority (1,535 units); 2) tenant-based rental assistance like Section 8 (~3,500 vouchers); and 3) privately owned housing that receives a federal subsidy (as many as 3,910 units at 57 properties).

¹¹ Extremely low-income corresponds with households earning 30 percent of area median income or below (\$25,100 for a family of four); very low-income corresponds to households earning between 31 and 50 percent of area median income (\$37,300 for a family of four); and low-income corresponds to households earning between 51 and 80 percent of area median income (\$59,700 for a family of four). All income levels are based on HUD-defined categories using FY18 income limits.

¹² Income bands are defined as follows: Households earning 30% or less of area median income; households earning between 31% and 50% of area median income; and households earning between 51% and 80% of area median income.

¹³ 2016 American Community Survey Public Use Microdata Sample 1-Year Estimates.

restricted supply.¹⁴ A large number of the city’s federally subsidized properties serve vulnerable populations—elderly, persons living with disabilities, or both.¹⁵

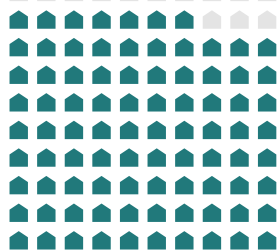
- Loss of subsidized or income-restricted units could put additional pressure on the city’s affordable housing supply. Income-restricted units can be lost through a variety of ways—expiring subsidies, deteriorating quality that ultimately makes them uninhabitable, and owners “opting out” of subsidized housing contracts. Among Tacoma’s existing privately owned, federally subsidized supply, 326 units at 9 properties have subsidies that expire as early as 2021.¹⁶

RENTAL HOUSING SUPPLY & DEMAND

Tacoma has...



87 affordable & available units for every 100 **LOW-INCOME** households



COST-BURDENED HOUSEHOLDS

16% of households (13,386) pay gross **50% OR MORE** of their monthly income on housing costs



40% of households (32,842) pay gross **30% OR MORE** of their monthly income on housing costs

WIDESPREAD, PERSISTENT NEED

The City of Tacoma has a shortage of affordable and available rental units for low-income households. Forty percent of households in Tacoma pay more than 30% of their gross income on housing each month.

Source: 2016 American Community Survey PUMS 1-Year Estimates.

¹⁴ THA Real-Estate Development since 2002. Prepared by the Tacoma Housing Authority, February 7, 2018. National Housing Preservation Database. (2018). Data accessed via <http://preservationdatabase.org>. Tenant-based rental assistance may also be in use at some federally subsidized properties, which may slightly inflate this figure. Nonetheless, it underscores the importance of ensuring these properties stay affordable, because they may also be properties where rental assistance in the form of vouchers are in use.

¹⁵ Of the 41 federally subsidized properties within Tacoma with available data on population served, 26 properties serve the following: elderly residents (13), persons living with disabilities (1), or both (12). Data from the National Housing Preservation Database. (2018). Data accessed via <http://preservationdatabase.org>.

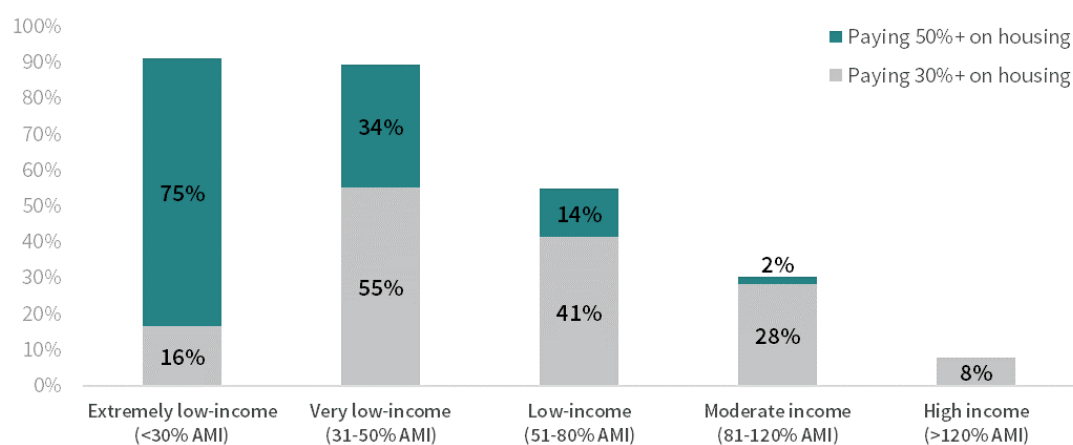
¹⁶ Based on earliest expiration. This count does not include six properties with subsidy expirations in 2018, including those that have passed or properties owned by THA, which are considered affordable in perpetuity. Data from the National Housing Preservation Database. (2018). Data accessed via <http://preservationdatabase.org>.

AFFORDABLE HOUSING NEED

In addition to a limited supply of these rental units, residents face other barriers that make it difficult to access or stay in a home:

- Currently, 40 percent of households in the City of Tacoma experience cost-burdens. Of these households, 16 percent pay more than 50 percent of their gross income on housing each month.¹⁷ These households would be considered “severely cost-burdened.” Cost-burdened households have less for other essentials, like food, clothing, transportation, and healthcare.

Exhibit 5 Cost-burdened Households by Income Level (Share), Tacoma



Source: 2016 American Community Survey Public Use Microdata Sample 1-Year Estimates.

- Many cost-burdened households have characteristics (like renting, having a limited income, or being a special needs population like a senior or veteran) that suggest they are more likely to experience housing displacement. These households are more vulnerable to changes in the city’s housing market, especially if those changes occur rapidly. For instance, one in every four renters and one in every five seniors living in Tacoma are severely cost-burdened. Extremely low-income households represent nearly three-quarters of all severely cost-burdened renters and 42 percent of all severely cost-burdened homeowners.¹⁸
- Interviews and focus groups highlighted other barriers to accessing and being able to stay in that home over time. Staff at Centro Latino reported that their clients encounter dishonest landlords and properties in poor condition and that pose safety concerns, including overcrowding with families doubling or tripling up in one unit. Additionally, many tenants, especially non-English speakers do not know their rights as renters, and routinely face eviction threats from landlords or have limited understanding of their leases.

¹⁷ 2016 American Community Survey Public Use Microdata Sample 1-Year Estimates.

¹⁸ 2016 American Community Survey Public Use Microdata Sample 1-Year Estimates.

ACCESSING HOUSING

In addition to a limited supply of these rental units, residents face other barriers that make it difficult to access or stay in a home:

- Limited knowledge of housing resources and programs.
- Difficulty qualifying for or securing housing due to past criminal history, legal status, or lack of credit.
- Trouble gathering all the documents required for a lease or other assistance programs.
- Mismatch between job opportunities or other essential services, like healthcare, and affordable housing.
- Lack of alignment between unit size or features, such as accessibility features, and current or potential occupant.

Many of these challenges are compounded by language barriers: Non-English speakers frequently encounter these barriers, including a lack of translators and translated documents. Stakeholders reported that individuals without legal status are vulnerable to dishonest landlords and often live in unsafe housing.

HOUSING AFFORDABILITY AND TACOMA'S WORKFORCE

Higher housing costs within the City of Tacoma directly affect the city's workforce, such as residents working retail, hospitality, and healthcare jobs, in addition to residents who directly rely on public assistance.

THA has consistently analyzed the city's workforce in relation to maximum affordable housing costs, using data from a range of federal sources including the U.S. Bureau of Labor Statistics and HUD's Comprehensive Housing Affordability Strategy (CHAS) to complete its calculations.¹⁹

This analysis demonstrates that local wages do not align with rents within the City of Tacoma. Within the city, a "low-income" household earns about \$20 an hour or nearly \$42,000 annually. A very low-income household within the City of Tacoma earns about \$13 an hour, which translates into slightly more than \$26,000 annually. This is only slightly more than the earnings of a minimum wage worker in the city (\$12 an hour). The exhibit below summarizes what Tacoma residents can afford.

Workers earning about \$12 an hour (such as a short-order cook earning \$12.16 an hour or a home healthcare aide earning \$12.10 an hour) could afford monthly housing payments of about \$630.

¹⁹ City of Tacoma's Estimated Rent Burden Housing Need by Income: 2017–2040. Prepared by the Tacoma Housing Authority, January 10, 2018.

Exhibit 6 What Can Tacoma Residents Afford?

			
Family of Three Using TANF \$521 per month	Home Care Aide \$12.10 per hour	Administrative Assistant \$19.18 per hour	Teacher \$21.88 per hour
Maximum Monthly Housing Payment \$143	Maximum Monthly Housing Payment \$631	Maximum Monthly Housing Payment \$1,012	Maximum Monthly Housing Payment \$1,101
Share of Rental Units at or Below \$150 1 percent	Share of Rental Units at or Below \$650 17 percent	Share of Rental Units at or Below \$1,000 52 percent	Share of Rental Units at or Below \$1,000 52 percent

Source: Adapted from analysis prepared by the Tacoma Housing Authority (January 2018); 2012–2016 American Community Survey 5-Year Estimates.

Only a small share of rental units have rents around \$630 (or less). According to 2016 American Community Survey data, 17 percent of rental units within the city have rents less than \$650.²⁰

Households between these two income levels (very low-income and low-income) work as salespeople at retail stores (\$34,000 annually), technicians at medical labs (\$38,000 annually), and financial clerks (\$40,000 annually). These households could afford monthly housing payments between \$778 and \$997, which is slightly higher than the city's median rent of \$980 (as of 2016). About one-half of the city's rental supply has rents below \$1,000—but part of that supply is also intended to serve households at lower income levels.²¹

Households classified as extremely low-income earn less than \$16,000 annually. A household receiving disability benefits or Temporary Assistance for Needy Families (TANF) both earn significantly less annually, about \$9,000 and \$6,000 respectively. THA estimates an affordable monthly housing payment for a person receiving disability benefits to be \$225 and a family of three receiving TANF to be \$143. For perspective, 4 percent of the city's rental units have rents below \$250, and less than 1 percent have rents below \$150.²²

²⁰ 2012–2016 American Community Survey 5-Year Estimates.

²¹ 2012–2016 American Community Survey 5-Year Estimates.

²² 2012–2016 American Community Survey 5-Year Estimates.

SECTION 3

Strategic Objective 1: Create More Homes for More People

The City of Tacoma needs to considerably increase its supply of affordable housing options. The need for affordable housing affects nearly all residents within the city. It spans families looking for larger apartments, seniors looking for a home to serve their daily needs, and local workers trying to live within a reasonable distance of their job.

When households can't find affordable housing options, they face painful tradeoffs. Cost-burdened households have less for other essentials, like food, clothing, transportation, and medical care. Other households may pay more to access better economic opportunities, such as living near transit service, employment, or higher-performing schools, when those options are not widely available throughout a city. Interviews and focus groups with local residents suggest they are already making these types of tradeoffs.

The need for affordable housing, though, is greatest among households with the lowest incomes and in some cases, with the highest barriers to accessing housing opportunities. The City of Tacoma aims to have a share of new units serve these households. A need exists for at least an additional 6,400 units for extremely low-income renters to create enough units for households at this income level.²³

Creating more income-restricted units, as well as having a dedicated source of funding for services when needed, is a critical piece of helping more persons experiencing homelessness move into permanent homes. While this strategic objective won't produce all the units to close this gap among extremely low-income households, it takes some key steps to beginning to better meet their needs. For instance, actions under this strategic objective update the City of Tacoma's inclusionary housing policy and devote more resources to better serve these households.

10-YEAR TARGET:

6,000 NEW UNITS

**TOTAL 10-YEAR
INVESTMENT:**

\$15–\$33 MILLION

²³ 2016 American Community Survey Public Use Microdata Sample 1-Year Estimates.

Finally, the City of Tacoma needs to ensure housing production can keep up with anticipated growth and changing needs among local residents. Regional growth projections suggest that the City of Tacoma will grow at a faster pace over the next decade, adding more than 35,000 new households by 2030, compared with past growth. Much of Tacoma's housing production has been concentrated among single-family homes and larger, multifamily buildings over the last several years. In addition to increasing its housing supply, the City of Tacoma needs to continue to diversify it.

The remainder of this section summarizes the actions that will create more homes for more people.

ACTION

1.1 Seed the Tacoma Housing Trust Fund with local sources of funding.

The City of Tacoma primarily relies on federal funding to support housing development, services, and infrastructure upgrades, but those federal allocations have been heavily reduced over the last several years. The City's HOME funds, which are the City's primary source of funding for housing production, fell by more than \$1 million since 2010. The City of Tacoma needs more resources to support a range of actions, including creating and preserving rental units; assisting first-time homebuyers; and funding supportive services.

This action provides an initial upfront investment of \$1.8 million for the Tacoma Housing Trust Fund, which roughly translates into a \$20 per capita investment over the next two years. An initial upfront investment of \$1.8 million would aim to leverage additional public and private funding to add 175 new housing units within the next two years (or fund other activities).

The most straightforward way to make this investment is through a one-time allocation of general funds and revenue from a City Council-initiated revenue source, like a business and occupation tax or business license fees. The City's Office of Management and Budget estimates that business and occupation taxes and business license fees could generate as much as \$9 million and \$1.1 million, respectively, over the next six years.



LEGISLATIVE

Income Levels Served:	120% AMI and below, priorities can be created for income levels or special populations
Geographic Scale:	Citywide, priorities can be created for projects near existing or planned transit, job centers, or higher-performing schools
Local Policy Action:	Yes (via budget approval)
Public Funding:	New
Renters, Homeowners, or Both:	Both

ACTION

1.2 Modify inclusionary housing provisions to target unmet need and align with market realities.



LEGISLATIVE

The City of Tacoma encourages private-sector developers to voluntarily include below-market rental apartments or for-sale homes as part of their market-rate development projects by offering them a range of incentives. While these incentives have been used by some developers in recent projects, they are not widely used. The City of Tacoma also recently passed a requirement to include affordable units as part of new development in the Tacoma Mall subarea. Among both these policies, long-term affordability—through a state-mandated affordability period of at least 50 years—is a chief benefit.

Today, both the city's inclusionary housing incentives and requirements focus on homes priced for households earning at or below 80 percent of area median income, which roughly translates into \$60,000 for a family of four. There's a shortage of units for households earning at or below 50 percent of area median income (about \$37,000 for a family of four). Some areas within Tacoma, namely New Tacoma and to a lesser extent, North Tacoma and West End, could support units for these households as part of market-rate development.

This action modifies the city's existing inclusionary housing provisions to require more units for households earning 50 percent of area median income or below in market-rate development. While the Planning and Development Services Department will assess the specific provisions in more detail, modeling suggests the following approach could produce nearly 3,100 income-restricted units over the next 10 years (when used in combination with the 12-year option under the Multifamily Tax Exemption Program):

- Use a mandatory approach, requiring 10 percent of units in development be affordable to households earning at or below 50 percent of area median income.
- Target policy to selected areas within the City of Tacoma, such as New Tacoma, North Tacoma, and West End. Additional areas may be added over time, based on ongoing monitoring and evaluation of the policy using the Housing Market Policy Dashboard.
- Provide 10-foot height increase; 10 percent floor-area-ratio increase; and 25 percent reduction in current parking requirements (in multifamily zones) in exchange for income-restricted units.

- Change fee-in-lieu payments to align with cost of providing an income-restricted unit and to encourage onsite development. Modeling suggests that a fee structure of more than \$30,000 per unit would encourage onsite development. In-lieu fees are typically designed to support housing development when these units are not directly incorporated into a proposed project. Setting the fee based on production cost, the fee-in-lieu could be as high as \$200,000 per unit.

A primary goal of this policy approach is social inclusion, meaning units are built throughout the entire city, particularly in areas where households may not be able to afford to live otherwise. This approach helps operationalize the community values within Tacoma2025 such as equity and opportunity. New Tacoma has the potential to add the most units through these policy changes. Based on analysis of local access to opportunity, this area has higher-performing schools; lower rates of poverty; and better access to transit and walkability—in other words, stronger access to opportunity—compared to other areas of the city. For a full discussion of access to opportunity in Tacoma, see Appendix B.

Income Levels Served:	50% AMI and below
Geographic Scale:	Targeted, based on anticipated development and market conditions
Local Policy Action:	Yes
Public Funding:	None
Renters, Homeowners, or Both:	Both

ACTION

1.3 Update the Multifamily Tax Exemption Program to increase its impact.



LEGISLATIVE

To encourage construction, rehabilitation, or conversion of existing structures, the City of Tacoma offers a property tax exemption to developers who build multifamily housing within the city.

The Multifamily Tax Exemption Program offers both an 8-year option and 12-year option to developers. The 8-year option does not require any affordability. The 12-year option requires that developers reserve 20 percent of units for renters earning 80 percent of area median income or below and homebuyers earning 115 percent of area median income or below.

Since the program's inception, a majority of developers have opted for the 8-year tax exemption, rather than produce income-restricted units—although more projects are beginning to use the 12-year option. Even when developers incorporate income-restricted units in their projects, they can “opt-out” of their tax exemption (and related income restrictions) at any time without penalty.

This action aligns changes to the Multifamily Tax Exemption Program with changes to the inclusionary housing policy. One of these changes is only offering the 12-year option in areas where the City of Tacoma plans to also implement mandatory inclusionary housing. This change would help produce as many as 3,100 income-restricted units over the next 10 years (when used in combination with proposed changes to inclusionary housing provisions outlined within the AHAS).

This action also creates a notification requirement for property owners using the 12-year option, who want to terminate their income-restrictions before the 12-year period ends. When used in tandem with an “early warning” system to track other subsidized or unsubsidized affordable properties, the City of Tacoma can use this notice requirement to help track and stabilize these properties.

Income Levels Served:	50% AMI or below
Geographic Scale:	Targeted, based on anticipated development and market conditions
Local Policy Action:	Yes
Public Funding:	None
Renters, Homeowners, or Both:	Both

ACTION

1.4 Leverage publicly and partner-owned land for affordable housing.

The City of Tacoma, along with Pierce County, Tacoma Housing Authority, Tacoma Public Schools, and Tacoma Public Utilities, controls land or other surplus properties that could be used for new affordable homes.

This action establishes a comprehensive land disposition policy that clearly outlines its goals for use of publicly owned land, including creating a priority for affordable housing development. Without being overly prescriptive, it should also create additional criteria to assess specific sites: location (e.g., multifamily zones and/or higher-opportunity areas), readiness for development, size, and value.

The policy should articulate a consistent process for developers to access publicly owned land and surplus property, such as through semi-annual solicitations (in coordination with other solicitations like the Tacoma Community Redevelopment Authority's Affordable Housing Developer Notice of Funding Availability (NOFA)). This policy should also include a well-coordinated internal process across city departments and designate a lead agency to administer it, ideally Real Property Services within the Public Works Department.



LEGISLATIVE

Income Levels Served:	80% AMI and below
Geographic Scale:	Citywide
Local Policy Action:	Yes
Public Funding:	None
Renters, Homeowners, or Both:	Both

ACTION

1.5 Create consistent standards for fee waiver eligibility and resources to offset waived fees.



ADMINISTRATIVE

The Planning and Development Services Department helps offset the cost of new affordable housing development by waiving some or all the fees associated with development review. Today, these decisions occur in an informal way, as there is no established process to support fee waiver policies.

This action creates standard guidelines that identify which affordable housing properties are eligible for fee waivers; a schedule to determine what portion of fees can be waived; and a formal application process for interested developers to request these funds. This action will also maintain the existing funding that already exists to offset fees for affordable housing development within Tacoma today and increase this resource over time.

Income Levels Served:	80% AMI and below
Geographic Scale:	Citywide
Local Policy Action:	None
Public Funding:	Existing and new
Renters, Homeowners, or Both:	Both

ACTION

1.6 Create a process to coordinate public investments, like capital improvements, with affordable housing activities to reduce the overall cost of development.

The City of Tacoma invests millions of dollars in new sidewalks, pavement, curbs, and gutters across neighborhoods. Private developers also make these types of improvements—sometimes called “offsite improvements”—as part of individual projects. In these cases, the developer pays for these improvements.

Local affordable housing developers shared that these costs have a significant impact on their overall development costs, sometimes requiring them to rethink how a project may look as a way to avoid costly upgrades.

This action creates a process to coordinate public investments, like installation of sidewalks or gutters, with affordable housing activities to help ease the cost of offsite improvements for developers. For instance, this process may prioritize capital improvements around planned affordable housing development or on publicly owned property reserved for affordable housing. It may also assess the compatibility of capital improvements for affordable housing (such as integration of housing into other community facilities, like libraries or community centers). Once established, this process will become part of developing the City’s Capital Improvement Plan and occur on an ongoing basis.

**ADMINISTRATIVE**

Income Levels Served:	80% AMI and below
Geographic Scale:	Citywide
Local Policy Action:	None
Public Funding:	Existing
Renters, Homeowners, or Both:	Both

ACTION

1.7 Increase participation in existing first-time homebuyer programs and resources for new homebuyers.



ADMINISTRATIVE

Homebuying is still an important avenue to build wealth, especially intergenerational wealth. The City of Tacoma needs to ensure its existing homeownership programs continue to serve residents interested in purchasing a home. The City offers first-time homebuyers down-payment assistance to increase the reach of Washington state's Home Advantage Program and its pre- and post-purchase housing counseling services. Last year, these programs helped about 15 residents within the City of Tacoma purchase homes.

As home sale prices within Tacoma increase, these resources will serve fewer households, making it increasingly difficult to use these programs to promote homeownership.

This action increases homebuyers' participation in first-time homebuyer programs and resources available to them. The City of Tacoma will use additional local monies to supplement down-payment assistance, helping close the gap between what existing public programs enable a family to purchase and current for-sale prices. The City of Tacoma may prioritize its supplemental down-payment assistance in areas with higher for-sale prices or higher-opportunity areas like those with higher-performing schools.

The City of Tacoma will also work with local anchor institutions and other large-scale employers to develop employer-assisted housing programs. Employer-assisted housing (EAH) is an employer-provided benefit, usually designed to assist employees in becoming homeowners near their places of employment. EAH programs often provide grants for down-payment assistance, low-interest loans, matched dollar savings plans, credit counseling, and homebuyer education.

Income Levels Served:	120% AMI and below
Geographic Scale:	Citywide, priorities can be created for higher opportunity areas
Local Policy Action:	None
Public Funding:	Existing and new
Renters, Homeowners, or Both:	Homeowners

ACTION

1.8 Encourage more diverse types of housing development through relaxed land use standards, technical assistance, and financial incentives.

Building a wider range of housing options is one way to support broader affordability within the City of Tacoma. Smaller homes, like cottage-style homes or accessory dwelling units, typically cost less to construct and maintain, making them a good option for seniors or families interested in supplementing their household income. The City of Tacoma is already examining ways to make it easier to build a wider range of housing products, especially smaller scale options, throughout the city.

This action provides technical assistance and financial incentives to help interested residents and organizations produce smaller scale homes. Specifically, the City of Tacoma will develop a pre-approved set of construction drawings. These drawings will enable property owners using these construction drawings to by-pass some components of the review process. The City will also identify ways to lower the cost of developing these units. One option would be to reduce the overall development costs through waived permitting fees and property tax abatements, which could help encourage homeowners to build these units; an additional construction loan in exchange for affordability requirements would help ensure smaller scale units will increase Tacoma's subsidized supply.

**ADMINISTRATIVE**

Income Levels Served:	All, priorities can be created for income levels or special populations
Geographic Scale:	Citywide
Local Policy Action:	Yes (for land use changes)
Public Funding:	New (for incentives)
Renters, Homeowners, or Both:	Both

ACTION

1.9 Establish a dedicated source of funding for the Tacoma Housing Trust Fund.



LEGISLATIVE

Local housing trust funds typically receive dedicated sources of public funding to support housing activities for low- and moderate-income households. While the City of Tacoma has the structure for a housing trust fund, this fund does not have a dedicated source of funding to capitalize it. Given the City's declining federal resources, limited affordable housing supply, and displacement threat to residents, the City of Tacoma needs to establish a dedicated source of funding for its trust fund.



PARTNERSHIPS

This action establishes a long-term, dedicated source of funding for the Tacoma Housing Trust Fund through voter-approved sources. The city has several options to create a reliable source of capital for its housing trust fund:

- **Property tax levy.** The state of Washington allows towns, cities, or counties experiencing a significant shortage of affordable housing to impose a property tax levy of up to 50 cents per \$1,000 of assessed value for 10 years. The City's Office of Management and Budget estimates that a property tax levy (at the maximum rate allowed by state law of \$0.50 per \$1,000 of assessed value) would generate as much as \$11 million over the next six years. Washington cities that have passed a property tax levy, like Bellingham and Vancouver, have set their levy rates at \$0.36 per \$1,000 of assessed value.
- **Sales tax levy.** The state of Washington allows towns and cities to impose a sales tax levy of up to 0.1 percent for affordable housing and related services. A majority (60 percent) of this tax must fund construction of affordable housing or maintenance and operating costs of affordable housing developments. The remainder of these funds can be used for services (including mental and behavioral health services). Using this levy would align with the city's needs among very and extremely low-income households, as this funding needs to serve households earning 60 percent of area median income or lower.
- **Real-estate excise taxes (REET).** Taxes generated through real-estate transactions are commonly used to support housing trust funds. The state of Washington allows cities to pass several different types of real-estate excise taxes, including one for housing specifically for persons experiencing homelessness (REET 2) and one for affordable housing (REET 4). In order to use REET 4 for affordable housing, however, the Washington State Legislature will need to modify its requirements, namely removing the requirement to approve REET 3 before being able to use REET 4.²⁴

²⁴ In order use REET 4, a county must have adopted REET 3 in 2003; only one county in the state adopted REET 3. As a result, this requirement would need to be lifted for the city to use REET 4.

While past measures to pass a property tax levy failed in Tacoma in 2001 and 2005, unmet housing needs among residents are gaining increased attention and could provide a renewed interest in mobilizing a successful ballot measure campaign.

Public engagement activities highlighted a few additional considerations that will need to be addressed as this action is implemented. While many stakeholders acknowledged more resources are necessary for housing-related activities, they also shared concerns about the regressive nature of using property or sales tax levies. Another consideration was understanding if separate levies—one for housing construction and renovations and one for services, drawing on a similar model used by the City of Los Angeles and Los Angeles County—would garner more support among members of the public.

One early implementation step—conducting a poll of local and regional residents about their general support for a levy and support for different potential uses—will help the City of Tacoma and its partners better understand these considerations.

A FLEXIBLE RESOURCE

One of the biggest benefits of a dedicated housing trust fund is its flexibility. Municipalities may structure their funds as either grants or revolving loan funds, and they can fund a range of activities, including support services, rental production and preservation, and homeownership. A dedicated housing trust fund could unlock several benefits for the City of Tacoma: increased housing production (via 4 percent tax credit-financed projects), ability to provide deeper subsidies, and affordability periods beyond federal compliance periods, to name a few.

Income Levels Served:	120% AMI and below, priorities can be created for income levels or special populations
Geographic Scale:	Citywide, priorities can be created for projects near existing or planned transit, job centers, or higher-performing schools
Local Policy Action:	Yes
Public Funding:	New
Renters, Homeowners, or Both:	Both

EXAMPLE: VANCOUVER, WA

In advance of a vote on its housing levy (Proposition 1), Vancouver launched a widespread public education campaign, “Bring Vancouver Home.” Ten local nonprofits raised \$100,000 through \$10,000 donations to support the campaign. Outreach efforts included designing a website, television ads, door knocking, lawn signs, four mailers, four community forums, and meetings with community leaders and activist groups. Professional campaign staff was hired to lead this campaign.

ACTION

1.10 Use value capture to generate and reinvest in neighborhoods experiencing increased private investment (with a focus on areas with planned or existing transit).



ADMINISTRATIVE

Many parts of Tacoma, like Downtown and the Stadium District, are experiencing unprecedented private investment. Additionally, large-sale public investments, like the Link Extension, will generate additional private investments in neighborhoods like Hilltop.

The City of Tacoma can use “value capture” to capture a portion of economic gains from private investment and reinvest a portion of these gains back into communities. Value capture works well in areas where private investment is anticipated, like around large-scale public infrastructure improvements, like the Link Extension, transit-oriented development, or in federally designated Opportunity Zones.

This action establishes new or expands existing value capture districts to leverage the economic growth created from public investments and lower overall development costs. Many of the value capture tools available in Washington state are better-suited to support infrastructure than housing production or preservation activities. For instance, tools like Local Revitalization Financing or Local Infrastructure Project Area could assist with the cost of offsite, public-realm improvements, which local affordable housing developers noted add significant costs to their projects. Exhibit 7 outlines some of the City of Tacoma’s options to implement value capture under state law.

Income Levels Served:	80% AMI and below
Geographic Scale:	Targeted, priorities can be created for areas with existing or planned transit or anticipated growth
Local Policy Action:	Yes
Public Funding:	None
Renters, Homeowners, or Both:	Both

Exhibit 7 Value-capture Options Under Washington State Law

PROGRAM	SUMMARY	CREATED	CONSIDERATIONS
Community Revitalization Finance (CRF)	Cities, towns, counties, and port districts can create a tax “increment area” and finance public improvements within the area by using increased revenues from local property taxes generated within the area.	2011	Requires approval of local taxing districts
Hospital Benefit Zone (HBZ)	This program is designed to leverage increment local sales tax to encourage private business development and development of a hospital within a “hospital benefit zone” for hospitals that are looking to construct or expand new facilities.	2006	No longer accepting applications and would require future legislative action for renewal.
Local Revitalization Financing (LRF)	The LRF program authorizes jurisdictions to create a “revitalization area” (RA) and allows increases in local sales and tax revenues and local property tax revenues generated from within the revitalization area to be used for payment of bonds issued for financing local public improvements within the revitalization area. The program is currently being used in Tacoma. The program is also available at the local level without the state contribution.	2009	Caps annual state contribution at \$500,000.
Local Infrastructure Project Area (LIPA)	This program allows certain increases in local property tax revenues generated from within the district to be used for payment of bonds issued for financing local public improvements within the LIPA. This program provides for the transfer of development rights (TDRs) from rural farm and forest lands to cities to be used within the LIPA.	2011	Excludes sales taxes.
Local Improvement District (LID)	Cities and towns can create Local Improvement Districts (LID). A LID is a special assessment district where property owners that receive benefits from a public investment are taxed an additional incremental amount. The additional amount can be used to finance capital improvement projects.	1987	Requires agreement among property owners and a narrowly defined public benefit project.

Source: Proposed strategies to increase housing affordability and stem displacement on Hilltop. Study prepared for the City of Tacoma (2017).

ACTION

1.11 Explore innovative, low-cost housing solutions to serve persons experiencing homelessness.



ADMINISTRATIVE

Homelessness within Tacoma–Pierce County is becoming increasingly pervasive and visible. Creating units for persons experiencing homelessness is a critical piece of helping more people move into permanent homes. New housing production from other actions are intended to help provide more homes for persons experiencing homelessness, at least in part.



PARTNERSHIPS

Other housing solutions like tiny homes or canvas-sided homes can supplement these units, providing more immediate housing solutions that can be scaled to meet changing demands among the region's homeless population at any given time. This action explores ways to create housing solutions for persons experiencing homelessness, which can be developed more quickly and at a lower cost (to both the public and person living in the home).

In other communities, these solutions have been generated and implemented by local nonprofits or faith-based institutions, often using more creative funding sources, like crowdsourcing websites or gathering private sponsorship for each home. The City of Tacoma may develop a pilot program to encourage local organizations to pursue these types of solutions or work with partners, like the Greater Tacoma Community Foundation or University of Washington–Tacoma, to host a competition for low-cost models that serve persons experiencing homelessness.

Income Levels Served:	30% AMI and below
Geographic Scale:	Citywide and regional
Local Policy Action:	None
Public Funding:	New (if city-led)
Renters, Homeowners, or Both:	Renters

ACTION**1.12 Explore opportunities for increased staff support during the development review process.**

Many nonprofit developers affirmed that time equals money during the development process. The longer administrative processes take, the more costs a project can incur. The Planning and Development Services Department consistently strives to shorten its development review timeline and conduct its review within six weeks. Yet, review by other departments or additional rounds of review can lengthen the timeline for development approvals.

This action explores opportunities for increased staff support during the development review process. The development process could be streamlined in a range of ways:

- A project coordinator that assists with expedited permitting for affordable housing developments or other housing priorities (like infill development).
- Additional “embedded staff” from other departments with subject-matter expertise. Because these staff members work in close coordination with Planning and Development Services staff and primarily focus on permit review, they often can help streamline the development review process.
- On-call contract labor that can assist with development review on an as-needed basis.

Income Levels Served:	All
Geographic Scale:	Citywide
Local Policy Action:	None
Public Funding:	New
Renters, Homeowners, or Both:	Both

**ADMINISTRATIVE**

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SECTION 4

Strategic Objective 2: Keep Housing Affordable and in Good Repair

Today, as many as 9,000 households live in a home that receives some sort of public subsidy. Countless others live in homes that offer affordable rents to lower-income households, but do not have any requirements to keep rents from being increased over time. Because of increasing demand for these units and large-scale public investments, like the Link Extension, the City of Tacoma's existing affordable housing supply—both subsidized and unsubsidized—is at-risk of being lost.

Loss of Tacoma's affordable housing stock, even in part, would begin to offset any new housing production and increase unmet need among residents. Among Tacoma's existing federally subsidized supply, a total of 1,588 units at 30 privately owned properties have subsidies that expire by 2028.²⁵ These expirations amount to losing approximately 160 units each year. For comparison, only about 100 subsidized units were built on average over the last few years within Tacoma. At this rate of loss, the City of Tacoma's supply gap could grow substantially by 2028.

Expiring subsidies at subsidized properties are not the only way that affordability can be lost. It can also be lost through:

- Subsidized housing contract “opt-outs,” where a property owner terminates their housing contract prior to its scheduled end date.
- General increases in housing costs, which make more opportunities out-of-reach for local residents.
- Deteriorating property conditions, which ultimately make a home unsafe or uninhabitable (or both) for the family or person living in it.

10-YEAR TARGET:

**2,300 PRESERVED
UNITS**

**TOTAL 10-YEAR
INVESTMENT:**

\$10-\$24 MILLION

²⁵ National Housing Preservation Database, 2018.

Potential homebuyers and existing homeowners aren't immune to potential losses in affordability. The City of Tacoma's overall inventory of for-sale homes shrank over the last few years. In March 2018, the median home sale price was nearly \$282,000—much higher than what most low- or moderate-income households could easily afford.

Homeowners are also at-risk of losing their ability to stay in their homes, because of higher costs associated with home maintenance, utilities, and property taxes. This is especially true among the more than 14,000 homeowners who are already paying above what's typically considered affordable for their existing homes (30 percent of their gross income or more).

Loss of existing affordable housing options—whether through higher costs, health and safety concerns associated with poor conditions, or loss of affordability requirements—are closely tied to displacement. Two ways to proactively address displacement is to stabilize the properties that already offer affordable rents or help lower the costs of owning a home.

The City of Tacoma needs to proactively ensure existing affordable rental and homeownership opportunities are not lost, as well as invest in aging properties to improve their overall quality. The remainder of this section summarizes the actions that will help keep housing affordable and in good repair.

ACTION

2.1 Develop a system to address derelict properties.

At any given time, there are 300–400 derelict properties within the City of Tacoma. A derelict property is unfit for a person to live in—a determination made by a code compliance officer. Members of the public shared how these properties affect their neighborhoods, citing concerns about blight and public safety during community meetings.

The ownership of these properties influences what the City of Tacoma can do to address them. In many cases, the property owner has abandoned their property, but still retains ownership, making it difficult to gain direct access to these properties. In some cases, a property owner could not afford their utility bills and their utilities have been shut off. In other cases, a bank owns the property and may be willing to negotiate a transfer or donation to the city. One home was recently donated to the Tacoma Community Redevelopment Authority for rehabilitation and resale to a low-income homebuyer. The Tacoma Community Redevelopment Authority is partnering with Habitat for Humanity to complete this work.

This action explores ways to more systematically gain access to derelict properties and renovate and resell them. For instance, the City of Tacoma could expand its local definition of “chronic nuisance property” to include abandoned properties where nuisance activity exists and financial institutions and lien holders as responsible parties. The City of Spokane uses similar distinctions, along with receivership, which enables them to take control of abandoned properties, clear their titles, and ultimately, renovate them. Additionally, changes to the state legal framework, stronger partnerships with financial institutions, and additional resources to rehabilitate these properties would also help address them.

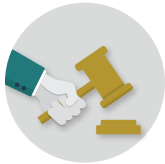


ADMINISTRATIVE

Income Levels Served:	All
Geographic Scale:	Citywide
Local Policy Action:	Yes
Public Funding:	Existing and new
Renters, Homeowners, or Both:	Homeowners

ACTION

2.2 Develop and adopt a preservation ordinance.



LEGISLATIVE

This action creates a comprehensive policy for the City of Tacoma's preservation activities.

Having a preservation ordinance will help the City of Tacoma prioritize resources for preservation activities and help keep apartment buildings affordable if a property owner decides to terminate income-restriction requirements at a property.

A strong preservation ordinance would include the following provisions:

- **Notification.** Require property owners of a rental building with a local, state, or federal subsidy that plan to opt-out of their contract or other affordability restrictions, refinance, or sell their property to notify the City of Tacoma within a set period of time. Many communities use 12 months as a common notice period. In higher-cost markets, some communities are extending their notice period to 18 or 24 months, to give them more time to assemble the financing or other resources needed to purchase a property.
- **Right-of-first-refusal.** Allow the City of Tacoma or a partner, like THA or mission-driven developer, to buy these publicly supported properties before private buyers can purchase them on the open market.
- **Priorities for preservation.** Outline priorities for preserving expiring properties, such as those for specific populations, like seniors or persons living with disabilities; near existing or planned transit; or in higher-opportunity areas.

A preservation ordinance will be especially important as the City of Tacoma and its partners invest more local funds in new affordable housing development, which would be covered by this new law.

Income Levels Served:	80% AMI and below
Geographic Scale:	Citywide, priorities can be created for properties near existing or planned transit or in higher opportunity areas
Local Policy Action:	Yes
Public Funding:	New
Renters, Homeowners, or Both:	Both

ACTION

2.3 Target existing resources to improve the livability of existing owner-occupied homes.

Many homeowners in Tacoma are struggling with monthly housing costs, like rising property tax or utility bills, or long-term maintenance of their home. Some homeowners, like seniors on fixed incomes, cannot make needed repairs to their properties, and if their properties are not well-maintained, these homeowners may receive a code violation from the City of Tacoma.

Code compliance is typically viewed as a punitive measure—one that requires a property owner to resolve a code violation, pay a costly fine, or sometimes both. When used to target existing programs designed to help homeowners in need, code compliance can serve as a way to connect these households to the local resources that can assist them.

This action coordinates existing local programs, such as the City of Tacoma’s Single-Family Rehabilitation Program and utility assistance and weatherization programs available through Tacoma Public Utilities, with ongoing code compliance efforts.

Stronger connections to public utility assistance may also help address the proliferation of derelict properties in Tacoma. According to Neighborhood and Community Services staff, some properties are classified as “derelict,” because the utilities in the home have been shut off. By using code compliance efforts to help better target resources, some property owners may be able to remain in their homes and some may be able to get their utilities restored.



ADMINISTRATIVE

Income Levels Served:	80% AMI and below
Geographic Scale:	Citywide, priorities can be created for areas with higher numbers of cost-burdened households
Local Policy Action:	None
Public Funding:	Existing
Renters, Homeowners, or Both:	Homeowners

ACTION

2.4 Improve tracking and monitoring of existing subsidized and unsubsidized affordable housing properties.



ADMINISTRATIVE



PARTNERSHIPS

This action creates an “early warning system” that tracks properties at-risk of losing their affordability, due to expiring subsidies, opting out of local programs like the Multifamily Tax Exemption Program, or higher rents. This type of system will help the City of Tacoma and its partners understand when and where subsidies are scheduled to expire and market conditions are changing (which could affect unsubsidized affordable properties). With this information, the City of Tacoma can work directly with individual property owners to understand their property needs and provide public or private funding and technical assistance (as needed).

In some communities, these monitoring systems are maintained by universities or academic research centers. For instance, the Institute for Housing Studies at DePaul University in Chicago and the Shimberg Center for Housing Studies at the University of Florida both maintain housing inventories. Housing these monitoring systems at academic institutions provides benefits like access to a wider range of data, technological infrastructure, and expertise to evaluate market conditions (among other risk factors). While the City of Tacoma is developing a more robust inventory and tracking system, it will use publicly available data from public sources, like the National Housing Preservation Database, to track federally subsidized properties in the immediate-term.

Income Levels Served:	All, if including unsubsidized affordable properties
Geographic Scale:	Citywide, priorities can be created for properties near transit or job centers, or higher-performing schools
Local policy action:	None
Public funding:	New
Renters, Homeowners, or Both:	Both

ACTION

2.5 Explore creation of a proactive rental inspection program.

Within Tacoma, changing housing market conditions are forcing families and persons into risky living situations. According to local residents and organizations, some are living in homes with safety problems or in overcrowded conditions. With few alternatives, these types of issues often go unreported. Renters may fear retaliation from their landlords for reporting problems or losing their home (due to code violations that threaten their health and well-being).

Like many other cities, the City of Tacoma uses a combination of referrals and ongoing visual inspections to identify code violations. However, this process cannot account for health and safety issues inside of a property. In response to this reality, many communities are creating proactive rental inspection programs. These programs are designed to protect residents, particularly renters, by ensuring their homes meet minimum health and safety standards.

This action explores creation of a proactive rental inspection program. One concern that stakeholders noted was that this type of program has the potential to displace residents, in the event an inspection finds significant health and safety issues. Stakeholders noted the importance of having resources available for households that may need to move as a result of this program, which are being created or expanded through other actions in the AHAS.



ADMINISTRATIVE

Income Levels Served:	All
Geographic Scale:	Citywide
Local Policy Action:	Yes
Public Funding:	Existing and new
Renters, Homeowners, or Both:	Both

ACTION

2.6 Facilitate efforts to create a community land trust.



PARTNERSHIPS

A community land trust is a community-based organization that helps provide affordable housing in perpetuity by owning the land and leasing it to the families that live in the houses on that land. Depending on the size of and participation in the land trust, it could serve anywhere from 8 to 80 families and individuals annually.

Having a community land trust in Tacoma would stabilize existing homeowners who opt-in to the land trust and preserve future homeownership opportunities in areas where housing costs are escalating. In addition to keeping housing costs stable, community land trusts extend decision making power about future development to local residents. Those within the land trust and those within the community typically make up a large share of the trust's board.

Some organizations within Tacoma–Pierce County have begun to explore using this model throughout the city and county for long-term affordability of homeownership opportunities. This action supports efforts among local and regional partners to create a community land trust, including identifying ways to use the City's assets (like public land) to support this effort.

Income Levels Served:	100% AMI and below
Geographic Scale:	Citywide, focus could be created for specific neighborhoods where housing costs are escalating
Local Policy Action:	None
Public Funding:	New
Renters, Homeowners, or Both:	Homeowners

ACTION

2.7 Create a housing preservation fund.

The City of Tacoma and its partners will need reliable access to funding in order to preserve housing at-risk of converting to market-rate rents. Having this funding will help public and mission-driven organizations act fast to stabilize a subsidized or otherwise affordable property. This action creates a preservation fund, a dedicated source of funding that the City of Tacoma and its partners can use to acquire properties or offer low-interest financing to keep rents stable, make property improvements, and extend or attach affordability periods to these properties.

This fund will ensure expiring units, along with unsubsidized affordable properties, are not lost due to deteriorating property conditions, expiring subsidies, or subsidy opt-outs. An investment of between \$3–\$5 million over the next 10 years could preserve as many as 1,100 units (or more than 60 percent of those units in properties scheduled to expire over that timeframe). In many communities, private developers, financial institutions, or philanthropic foundations (or a combination of these entities) have led development of this type of fund.



PARTNERSHIPS

Income Levels Served:	80% AMI and below
Geographic Scale:	Citywide, priorities can be created for properties near existing or planned transit or in higher opportunity areas
Local Policy Action:	None
Public Funding:	New
Renters, Homeowners, or Both:	Renters

PROTECTING EXISTING AFFORDABLE UNITS

Because it will take time to fundraise for a preservation fund, what can the City of Tacoma do in the interim to ensure existing expiring units are not lost?

It can use some existing regional resources as an immediate way to preserve at-risk properties. Both the Regional Equitable Development Initiative and the Strong Communities funds could assist with acquisition and preservation of existing multifamily rental properties. Another option is to work with financial institutions to bring a Real-Estate Investment Trust to the area to assist with strategic acquisition of properties at-risk of losing their affordability.

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SECTION 5

Strategic Objective 3: Help People Stay in Their Homes and Communities

Many Tacoma residents expressed concern around the potential effects of higher housing costs—namely that changing market conditions could price out long-time residents and community-based businesses from their neighborhoods or make it difficult to stay in or buy a home within Tacoma.

A 2018 incident within the City of Tacoma highlights how changes in ownership at properties that have historically offered affordable rents to lower-income households, including those on fixed incomes, can create stress and uncertainty. One resident being displaced as part of renovations at Tiki Apartments described the situation as “a disaster situation, for all of us.”²⁶

Residents facing these circumstances often have little notice and few alternatives within Tacoma. Due to changing market conditions, this situation has the potential to become more common among Tacoma residents, especially in increasingly desirable areas like Downtown Tacoma or Hilltop. In short, loss of existing affordable units would almost certainly further burden or displace Tacoma residents.

Many residents within Tacoma are already vulnerable to rapid changes in the housing market. Many households that are already paying a large portion of their incomes toward housing have characteristics that make it more difficult for them to resist displacement: being a renter, having a limited income, or being a special needs population like a senior or veteran.

For instance, one in every four renters and one in every five seniors living in Tacoma are severely cost-burdened, paying more than one-half of their gross income toward housing each month.

10-YEAR TARGET:

**1,200 HOUSEHOLDS
SERVED**

TOTAL 10-YEAR INVESTMENT:

\$3–\$4 MILLION

²⁶ www.thenewstribune.com/news/local/news-columns-blogs/matt-driscoll/article209395059.html.

Extremely low-income households represent nearly three-quarters of all severely cost-burdened renters and 42 percent of all severely cost-burdened homeowners.²⁷

The City of Tacoma needs to help both renters and owners stay in their homes and communities through stronger anti-displacement measures. These types of measures include tenant protections, expanded participation in existing stabilization programs, and more resources to help households facing a housing crisis or homeowner struggling with their tax bills. The remainder of this section summarizes the actions that will help people stay in their homes and communities.

²⁷ 2016 American Community Survey Public Use Microdata Sample 1-Year Estimates.

ACTION

3.1 Expand tenants' protections through a comprehensive policy.

Tacoma City Council made an important statement about protecting tenants through passage of an emergency ordinance in Summer 2018. However, these provisions will sunset in Fall 2018. Conversations are already underway to create a permanent tenant protections policy.

The policy under consideration would (among other things):

- Extend notice periods for rent increases; lease terminations; and the need to vacate due to renovations.
- Prohibit discrimination based on source of income.
- Require landlords to provide a summary of rights and past code violations to tenants.
- Create an option to pay security deposits and last month's rent in installments.
- Establish relocation assistance.

In addition to these provisions, the City should also consider expanding this policy (either as part of an expanded policy in 2018 or over time) to:

- Set standards for "just cause" evictions.
- Require culturally competent practices like providing materials in multiple languages.
- Create a right-to-return preference in publicly funded programs or projects.

Once this policy is in place, the City of Tacoma will need to create an effective structure to:

- Educate tenants and landlords on their rights and responsibilities, such as creating a tenants' bill of rights.
- Resolve complaints quickly.
- Provide additional resources to support residents (such as short-term rental assistance or relocation resources).

Some community-based organizations, such as the Asia Pacific Cultural Center, Centro Latino, and the Korean Women's Association, already play this role for their constituents today, and other expertise on tenant rights and fair housing regulations exists in organizations like the Washington State Tenants' Union and Fair Housing Center of Washington. One option would be to build the enforcement structure around the existing network of community-based organizations, providing them with additional funding to create landlord-tenant liaisons.



LEGISLATIVE

Income Levels Served:	All
Geographic Scale:	Citywide
Local Policy Action:	Yes
Public Funding:	New (for relocation assistance)
Renters, Homeowners, or Both:	Renters

ACTION

3.2 Create a range of resources for households experiencing a housing crisis.



LEGISLATIVE

A housing crisis can take many forms: facing an eviction or foreclosure, experiencing an unexpected rent increase, or having a lease end without warning. When families in Tacoma experience these types of crises, they have limited, easy-to-use options to help them.

Having resources available, like short-term housing or utility assistance or legal services, can make the difference between a family staying in their home and becoming homeless or having a permanent mark on their credit history that could make it more difficult to find another place to live in the future.

This action increases the funding available for households in need of immediate help during a housing crisis. In the 2019–2020 biennium budget, City Council should include a line item for emergency housing assistance to support short-term housing and utility payments and legal services to individuals and families at-risk of involuntary displacement or facing an eviction or foreclosure. An investment of \$400,000–\$700,000 would provide resources for 200 households over the next two years (depending on the how the assistance is provided).

Income Levels Served:	80% AMI and below, priorities can be created for special populations (e.g., persons experiencing homelessness, seniors, veterans, families with children, people with special needs, domestic violence survivors, populations with limited English proficiency)
Geographic Scale:	Citywide, priorities can be created for areas with a high concentration of immigrants and service providers
Local Policy Action:	Yes
Public Funding:	New
Renters, Homeowners, or Both:	Both

ACTION

3.3 Work with partners to increase community organizing efforts (including for tenants' rights).

A critical piece of realizing these housing activities—and ensuring they reflect the needs and values of local communities within the city—is an organized and engaged public.

When members of the public are organized, it's easier to discuss and identify challenges more quickly, collaborate on housing solutions, and share information on existing housing resources. Being organized is especially important when a housing crisis occurs, like when affordability requirements no longer apply at a property.

This action supports local efforts to organize members of the public and community groups. The City of Tacoma has some established groups, and a few others are beginning to organize around a collective set of affordable housing priorities. One recently formed group is the Moral Voice Initiative, a faith-based group focused on affordable housing advocacy. This group has a four-pronged platform that aligns with several actions within the AHAS.²⁸ The Moral Voice, along with other groups, can help mobilize broader public support for specific actions over time. The City of Tacoma will also continue to collaborate with members of the public and advocacy groups as they implement specific actions.



ADMINISTRATIVE

Income Levels Served:	All
Geographic Scale:	Citywide
Local Policy Action:	None
Public Funding:	None
Renters, Homeowners, or Both:	Both

²⁸ The full report, authored by Associated Ministries, is available at <https://associatedministries.org/wp-content/uploads/2018/07/AM-Report-Housing-Hope.pdf>.

ACTION

3.4 Create a source of local tax relief to stabilize more low-income homeowners.



LEGISLATIVE

As housing values increase, homeowners face higher property tax bills—costs that are often difficult to absorb for a senior on a fixed income or among homeowners already paying a large share of their income on their housing costs.

Several resources, like rehabilitation loans, property tax exemptions and deferrals, and utility assistance are available for seniors and persons living with disabilities. However, some homeowners don't use these programs (reportedly due to their structure as a deferral), and some homeowners are not eligible for them.

This action explores creation of a local tax relief program or other tax relief tools for long-time homeowners to help lower their overall housing costs and keep them in their homes. This program could also provide a grant back to eligible homeowners to help offset higher property taxes.

Income Levels Served:	80% AMI and below
Geographic Scale:	Neighborhoods where housing costs are escalating
Local Policy Action:	Yes
Public Funding:	New
Renters, Homeowners, or Both:	Homeowners

SECTION 6

Strategic Objective 4: Reduce Barriers for People Who Often Encounter Them

By 2028, the AHAS envisions that the City of Tacoma will have built 6,000 affordable homes and preserved 2,300 additional units. Equally important is reducing the barriers that keep people out of these units in the first place or make it difficult for them to stay in their homes over time.

Unfortunately, even when affordable units exist, some residents must overcome significant barriers to access them. As a result, producing and preserving affordable homes is not enough. Barriers to accessing these homes need to be addressed in order for all Tacoma residents to benefit from the other actions within the AHAS.

There's no "one-size-fits-all" approach to meet the diverse needs of populations living in the City of Tacoma. Yet, conversations with different groups highlighted a set of common barriers that can be considered and systematically integrated into how policies and programs are designed and implemented:

- **Limited knowledge of existing resources.** Many members of the public noted difficulties in understanding what types of assistance may be available to them, as well as their eligibility for different programs. Service providers and persons experiencing homelessness both affirmed the valuable role that peer navigators can play in helping assess a person's eligibility for mainstream assistance programs, as well as help them look for housing and meet with landlords.
- **Language barriers.** Non-English speakers frequently encounter lack of translators and translated documents. In some instances, tenants may want to report something in their apartment that needs repair but are not always able to effectively communicate with their landlords or the City's code compliance staff. They often seek assistance from cultural organizations to assist with translating and understanding documents, including notices related to their housing situation.

10-YEAR TARGET:

1,000 HOUSEHOLDS
SERVED

TOTAL 10-YEAR
INVESTMENT:

\$3-\$7 MILLION

- **Past trauma.** Service providers shared how past trauma for groups like survivors of domestic violence or persons who previously lived on the streets colors their personal experience and daily interactions, including interactions with case workers, landlords, and peers. They noted a need for training in trauma-informed approaches to better serve people who have experienced trauma, including minimizing trauma-inducing practices in delivering services.
- **Qualifying for or using housing assistance, like a Section 8 voucher.** Many members of the public noted challenges ranging from gathering all the necessary documents to apply for assistance to getting timely information about their assistance application to finding a landlord willing to accept their assistance without asking for a large security deposit. Some populations, like individuals without legal status, are not eligible for most government rental assistance, making them particularly vulnerable to dishonest landlords and unsafe housing situations.

The City of Tacoma needs to deliberately take steps to ensure that these barriers do not serve as impediments to accessing new or existing housing opportunities, including those in the private housing market. The remainder of this section summarizes the actions that will help people who often encounter barriers access homes.

ACTION

4.1 Streamline processes for households applying for and using rental assistance.

One common refrain from members of the public who want to use existing rental assistance programs was how each part of the process to apply for and use it posed a new challenge.

When applying for rental assistance, they shared how it is hard to navigate the various programs and gather even basic materials, like identification, to complete applications. After they applied for rental assistance or other types of support, they shared how it was hard to receive consistent, timely information about the status of their requests. And if they received rental assistance, like a Section 8 voucher, they shared how they faced new challenges, such as finding a landlord willing to accept it or unattainable requests, like providing two to three times their rent as a security deposit.

This action streamlines processes for people applying for and using rental assistance, especially systemic barriers for persons with limited literacy or English-language proficiency. Ways to streamline processes may include:

- Creation of a common in-take application (available in multiple languages) for service providers to use.
- Ability to apply and recertify eligibility online (including a way to track the status of requests and other information).
- Additional peer navigators to assist people applying for housing assistance (along with mainstream assistance programs, such as TANF).
- Expanded partnerships with landlords through local and regional programs to increase their willingness to accept higher-barrier households.

Income Levels Served:	80% AMI and below
Geographic Scale:	Citywide and regional
Local Policy Action:	None
Public Funding:	New
Renters, Homeowners, or Both:	Renters



PARTNERSHIPS

ACTION

4.2 Create stronger alignment across the Tacoma-Lakewood-Pierce County Continuum of Care.



PARTNERSHIPS

On any given night, about 1,600 people are without a place to sleep in Tacoma–Pierce County, and nearly six times that many people were documented in Homeless Management Information System (HMIS), a regional database that captures people seeking help, in 2017. The Tacoma-Lakewood-Pierce County Continuum of Care, a U.S. Department of Housing and Urban Development program to address homelessness, provides a range of housing solutions for persons experiencing homelessness or at-risk of becoming homeless within the region.

This action ensures that programmatic goals, funding streams, and administrative requirements across the City of Tacoma, City of Lakewood, and Pierce County (which make up the Continuum of Care) are well-coordinated.

Specific opportunities for closer alignment include:

- Funding the Coordinated Entry System and requiring all referrals go through this system.
- Actively participating in the regional Landlord Liaison Program.
- Streamlining requirements across service providers, including exploring performance-based contracts.

Stakeholders also emphasized a need for greater regional coordination on homelessness and the related need for more affordable housing within Pierce County. They expressed a hope that stronger coordination through the Continuum of Care would grow into a regional push to address the region's broader affordability challenges. They also expressed a desire to see leaders in the City of Tacoma, with their counterparts in other jurisdictions within Pierce County, play an active role in convening a regional, cross-sector conversation on these issues.

Income Levels Served:	50% AMI and below
Geographic Scale:	Regional
Local Policy Action:	None
Public Funding:	Existing
Renters, Homeowners, or Both:	Both

ACTION

4.3 Integrate culturally competent and trauma-informed practices into new and existing programs.

Members of the public and service providers shared how lack of understanding about a person's cultural background or past trauma can create misunderstandings or barriers to helping them, particularly during pressing situations. For instance, several members of the public feel more comfortable reporting issues about their homes to representatives at local cultural organizations than to local government officials or housing authority staff.

Service providers also emphasized the importance of using trauma-informed practices when designing programs and developing homes to serve survivors of trauma. Service providers who served survivors of domestic violence noted the importance of building mutual trust and a need to have housing available throughout the entire city. While some service providers understand these dynamics, culturally competent and trauma-informed practices need to be the rule rather than the exception in government and other publicly funded programs.

This action integrates culturally competent and trauma-informed practices into the City of Tacoma's existing and new programs (including those that receive funding from the City). This action will expand municipal staff's and service providers' understanding of how trauma affects a person (or community); train staff to recognize trauma; and identify and integrate program-specific practices into local and regional programs. The City of Tacoma may conduct an audit of its programs to identify ways to incorporate culturally competent practices, such as ensuring written materials are in plain language (or "laymen's terms") and available in multiple languages and providing the option to complete forms orally.



ADMINISTRATIVE

Income Levels Served:	All
Geographic Scale:	Citywide
Local Policy Action:	None
Public Funding:	New
Renters, Homeowners, or Both:	Both

ACTION

4.4 Earmark a portion of new or expanded sources of local funding to provide support services in new development.



ADMINISTRATIVE

Much of the City of Tacoma's unmet need is among extremely low-income households, followed by very low-income households. While needs vary across these income groups, some people at this income level, including persons exiting homelessness or persons living with disabilities, typically require wrap-around, supportive services. Other populations, like seniors, may benefit from onsite services or living close to these services.

This action provides a portion of new or expanded local funding for services in new development, including units produced using existing or updated market-based tools. These services are a critical part of creating a stable home for lower income households, and resources need to be available to support these households as new units are developed.

Income Levels Served:	50% AMI and below, priorities can be created for special populations (e.g., persons experiencing homelessness, seniors, veterans, families with children, people with special needs, domestic violence survivors, populations with limited English proficiency)
Geographic Scale:	Citywide
Local Policy Action:	Yes (as part of new funding decisions)
Public Funding:	New
Renters, Homeowners, or Both:	Both

SECTION 7

Implementing the Affordable Housing Action Strategy

The AHAS provides comprehensive direction for the City’s affordable housing initiatives, addressing the city’s changing housing market, increased risk of displacement, and widespread need for high-quality, affordable rental and homeownership opportunities.

This strategy sets an ambitious goal for the City of Tacoma to serve 10,500 households over the next 10 years by building or preserving 8,300 affordable units and serving an additional 2,200 households through expanded programs and services, including anti-displacement measures. The Implementation Plan (see Exhibit 8–Exhibit 11) at the end of this section outlines how each strategic objective in the AHAS will be implemented over time. The remainder of this section highlights additional steps the City of Tacoma and its partners can take to ensure implementation is successful, both today and in the future.

LAYING THE FOUNDATION FOR SUCCESSFUL IMPLEMENTATION

Implementation is the primary focus of the AHAS. Implementing the AHAS extends beyond the specific actions that the City of Tacoma will take over the next 10 years. The City of Tacoma also needs to undertake a set of actions that will help build a strong foundation for the long-term success of the AHAS. These actions fall into four broad categories:

Ongoing Education and Outreach

Implementation of the AHAS will require an ongoing and deliberate effort to continue a two-way dialogue on existing and emerging housing challenges within the City of Tacoma. The City of Tacoma or its partners may:

- **Launch a public education campaign.** While many members of the public recognize the pressing need to address housing affordability within Tacoma, a broader communications campaign will build widespread support for actions within the AHAS over time. This campaign can explain the benefits of affordable housing and specific actions being used to increase or preserve homes within Tacoma, as well as address displacement pressure. This campaign may develop compelling stories and educational materials and use a range of outreach tactics, including traditional and social media, to reach Tacoma residents. This action could be accomplished in tandem with building broader public outreach and support for creating a dedicated source of revenue for affordable housing activities.
- **Host “lunch and learns.”** These informal, information sessions may review and discuss the actions within the AHAS to help City of Tacoma staff, partners, and members of the public better understand the ideas and actions within the AHAS.
- **Hold additional community meetings.** Development of the AHAS benefited from several community meetings, among other engagement activities that gathered additional perspectives. Often, community conversations end when a planning process concludes. The City of Tacoma may host additional quarterly public meetings to share progress on implementation of the AHAS and gather additional input on the implementation of specific actions as they are being designed.
- **Organize an annual housing summit.** Due to the widespread interest in affordable housing within the City of Tacoma, the City and its partners may organize an annual housing summit. This summit would provide a central place to learn about and apply for existing (or new) housing programs; share local success stories; and gather emerging needs from members of the public.

Staffing

In addition to direct investments, the actions within the AHAS have implications for staffing within different departments within the City of Tacoma. Having enough staff to implement the AHAS is critical for successful implementation and meeting the needs of Tacoma residents over time. As these actions are implemented, the City of Tacoma needs to evaluate existing staff capacity and identify areas where additional capacity or specialized expertise would be necessary to effectively implement an action. The City of Tacoma may also create better strategic alignment across city departments to implement the strategic objectives outlined in the AHAS. This alignment could result in existing or new staff members carrying out different functions and closer coordination of existing or new programs and funding or other resources.

- **Coordination and accountability.** Many of the functions to support housing programs and policy development are spread across multiple City departments, namely Community and Economic Development; Planning and Development Services; Neighborhood and Community Services; Tacoma Community Redevelopment Authority; and the City’s partners. As a result

of these diffused functions, the City of Tacoma needs a process or structure to ensure implementation is well-coordinated. To build this coordination and related accountability, the City of Tacoma and its partners may:

- **Convene a strategy implementation team.** This group would be responsible for advocating for changes in their respective departments or organizations that would advance the objectives in the AHAS, coordinating implementation of specific actions, and monitoring and reporting progress to City Council and members of the public more broadly. In addition to this team, the City could also dedicate a staff person to coordinate implementation of the AHAS, similar to how it approached implementation of *Tacoma2025*.
- **Report progress on an ongoing basis.** The Tacoma City Council may receive quarterly reports that detail the progress on the actions being implemented over time, including key programmatic changes and new projects or resources being used as result of actions from the AHAS. By consistently measuring and reporting progress, municipal staff will be able to quickly identify the need for course corrections to ensure the City of Tacoma meets its ambitious targets.
- **State-level partnerships.** At the state level, the City of Tacoma will continuously advocate for state-level legislative actions that create a more supportive environment for production and preservation of affordable housing opportunities. It will draw on the recommendations in the 2017 report prepared by the Housing Affordability Response Team to help guide these efforts (available at www.commerce.wa.gov/wp-content/uploads/2017/07/HART-Housing-Affordability-2017.pdf). At the federal level, the City of Tacoma will continue to advocate for maintaining and expanding critical funding programs, such as CDBG, HOME, the Low-Income Housing Tax Credit, and resources that fund opportunity, like New Market Tax Credits and Opportunity Zones. The City of Tacoma will also align its local resources with state and federal ones to maximize their impact.
- **Local capacity for affordable housing development.** Many of the actions within the AHAS require increased community development capacity, especially among local nonprofit partners. In addition to the actions within the AHAS, the City of Tacoma needs to cultivate expertise among existing nonprofits and stand-up new entities, like a Community Development Corporation, that can assist with longer-term efforts. The City of Tacoma may:
 - Help local community partners pursue resources, such as federal Section 4 funding or philanthropic support, for capacity-building efforts.
 - Continue to provide Community Housing Development Organization operating funds to local nonprofits to grow local development capacity.
 - Build local and regional capacity to develop affordable housing, especially permanent supportive housing, through stronger partnerships and other capacity-building efforts.

Funding

Accomplishing the goals outlined in this strategy will require a significant investment, as much as \$70 million over the next 10 years.

It will require that the City of Tacoma, along with its partners, continue to devote existing resources to support the actions within the AHAS. It will also require that the City of Tacoma, along with its partners, devote significantly more funding and resources in service to this effort.

On a biannual basis, the City of Tacoma and its partners could devote between \$7 million and \$25 million to support the actions outlined in the AHAS and increase its public investments to support additional actions over time.

The City of Tacoma will continue to invest in housing activities using federal funds and work to increase its local resources through actions that seed and create a dedicated source of funding for the Tacoma Housing Trust Fund and allocate additional resources for households experiencing a housing crisis. At the same time, partners can assist by leading actions like establishing a preservation fund and piloting low-cost housing solutions for persons experiencing homelessness. Making this level of investment will make an affirmative statement to Tacoma residents that creating high-quality, affordable housing opportunities for all is a local priority.

Recognizing the need for a significant investment for successful implementation, the AHAS proposes developing new revenue sources to increase monies for affordable housing activities. These local revenue sources include using City Council–approved sources (like a business and occupation tax), value capture, and federal Section 108 financing. The City of Tacoma will also regularly pursue competitive public, private, and philanthropic funding opportunities to support implementation.

Milestones

Strategic objectives in the AHAS will be pursued over four timeframes: immediate (1–2 years); short-term (3–4 years); medium-term (5–6 years); and long-term (7+ years).

Notable milestones that will be accomplished within the first two years of implementation include:

- Adopting changes to the City of Tacoma’s inclusionary housing policy and Multifamily Tax Exemption Program
- Adding or preserving as many as 2,000 housing units
- Serving as many as 500 households through new or expanded programs
- Creating a dedicated resource for households experiencing a housing crisis, like an unanticipated rent increase, eviction, or foreclosure
- Building better alignment across the Tacoma-Lakewood-Pierce County Continuum of Care
- Tracking and reporting progress on implementation of the AHAS

EVALUATING IMPLEMENTATION OVER TIME

To support long-term implementation, the City of Tacoma needs a process to continuously monitor, evaluate, and adapt these actions to changing market conditions or needs among residents over time. It also needs a process to measure and report implementation progress on the targets within the AHAS.

To assist with monitoring, evaluation, and reporting, the City of Tacoma may:

- **Evaluate market-based incentives using its online dashboard.** As part of developing the AHAS, the City of Tacoma developed its Housing Market Policy Dashboard to help evaluate the performance of market-based tools. This dashboard will help ensure that these incentives can be monitored and adjusted over time, including as market conditions change. To visit the dashboard, go to <http://tacoma.berk-maps.com/>.
- **Develop a two-year implementation checklist.** The City of Tacoma will need to translate the implementation steps into a biannual workplan that spans the various City departments and partners working on these actions. Developing this workplan, organized as a checklist, can serve as the process by which the strategy implementation team outlines its two-year milestones, assesses and reports progress on targets, and identifies adjustments to actions within the AHAS. This workplan can serve as the primary deliverable of the strategy implementation team and can be used to inform each budget cycle to ensure actions for affordable housing activities are well-resourced.
- **Create a biannual scorecard that reports performance.** The AHAS sets 10-year targets for each strategic objective, with a goal to reach 10,500 households by 2028. These targets enable the City of Tacoma to track and report its progress along three key metrics::
 - Number of units produced
 - Number of units preserved
 - Number of households served

Targets will be integrated into and measured through Results 253, the City’s performance monitoring and reporting system (see <https://data.cityoftacoma.org/stat/goals/jbp4-pw8n/>). The City of Tacoma may also develop and release a biannual report card that highlights the city’s overall two-year progress on these metrics.

Exhibit 8 Strategic Objective 1: Actions to Create More Homes for More People

HOW WILL THIS ACTION BE IMPLEMENTED?	WHEN WILL WORK HAPPEN?	WHO CAN LEAD IMPLEMENTATION?	WHO CAN ASSIST WITH IMPLEMENTATION?
ACTION 1.1 Seed the Tacoma Housing Trust Fund with local sources of funding.			
- Earmark \$1.8 million for affordable housing activities in the 2019–2020 biennium budget cycle. - Work with local partners to set priorities for how to use this funding. - Update Affordable Housing Developer Loan NOFA guidelines, underwriting standards (if needed), and solicitation process to align with local funding priorities. - Identify separate revenue source (in place of or in addition to general funds).	Immediate (1–2 years)	Tacoma City Council	- City Manager's Office - Office of Management and Budget - Community and Economic Development Department - Tacoma Community Redevelopment Authority - Tacoma Housing Authority - Local and regional developers
ACTION 1.2 Modify inclusionary housing provisions to target unmet need and align with market realities.*			
- Work with developers and other stakeholders to refine the policy proposal outlined in the AHAS. - Develop draft legislative language. - Establish revised inclusionary housing policy. - Conduct outreach to developers about new tools, including what projects they affect, where they apply, and how to use them. - Identify lead department to monitor performance of new policy and regularly report on performance to City Council. - Work with the Tacoma Housing Authority to provide project-based vouchers to support the rents at these units (as needed).	Immediate (1–2 years)	Tacoma City Council	- Planning and Development Services Department - Community and Economic Development Department - Local and regional developers - Residents living in proposed target areas - Tacoma Housing Authority
ACTION 1.3 Update the Multifamily Tax Exemption Program to increase its impact.*			
- Offer 12-year option in areas where revised inclusionary housing policy applies (by eliminating 8-year option in those areas). - Revise Multifamily Tax Exemption Program guidelines to create a notice provision for property owners using the 12-year option who opt out of it. - Incorporate properties using the 12-year option into the city's "early warning" system.	Immediate (1–2 years)	Tacoma City Council	- Community and Economic Development Department - Property owners - Tenants - Local and regional nonprofits
ACTION 1.4 Leverage publicly and partner-owned land for affordable housing.			
- Develop draft language for a comprehensive land disposition policy for publicly owned land. - Adopt a comprehensive land disposition policy for publicly owned land. - Evaluate near-term opportunities for affordable housing on city-owned land, using existing baseline data on vacant or publicly owned parcels that could be used for development or sale. - Complete inventory of publicly and partner-owned land (as part of public land study led by Forterra). - Evaluate opportunities for affordable housing development on an ongoing basis, using findings from the City of Tacoma's forthcoming public land study and land disposition policy.	Immediate (1–2 years)	Tacoma City Council	- Public Works Department - Community and Economic Development Department - Tacoma Housing Authority - Tacoma Public Schools - MetroParks - Pierce County - Forterra - Local and regional developers

Note: An asterisk (*) denotes a priority action among Technical Advisory Group members.

Continued on the following page

Exhibit 8 Strategic Objective 1: Actions to Create More Homes for More People (cont.)

HOW WILL THIS ACTION BE IMPLEMENTED?	WHEN WILL WORK HAPPEN?	WHO CAN LEAD IMPLEMENTATION?	WHO CAN ASSIST WITH IMPLEMENTATION?
ACTION 1.5 Create consistent standards for fee waiver eligibility and resources to offset waived fees.			
- Allocate additional local funding to offset waived fees (e.g., general funds, Tacoma Housing Trust Fund, etc.). - Develop criteria for eligible projects (such as share of income-restricted units in development, income levels served, location [near transit or services], etc.). - Coordinate solicitation and evaluation of projects seeking fee reductions or waivers with other local solicitations for housing funds, such as Tacoma Community Redevelopment Authority's annual NOFA. - Conduct outreach to affordable housing developers about available resources and selection process.	Immediate (1–2 years)	Planning and Development Services Department Public Works Department	- Community and Economic Development Department - Tacoma Housing Authority - Local and regional developers
ACTION 1.6 Create a process to coordinate public investments, like capital improvements, with affordable housing activities to reduce the overall cost of development.			
- Map key decision making and timelines associated with developing the city's Capital Improvement Plan and ongoing community-development activities (e.g., NOFA solicitation, CBDG investments, etc.). - Create criteria to assess public infrastructure related to affordable housing development, including target areas for affordable housing policies or programs or planned affordable housing developments. - Develop coordinated process that can be used as part of capital improvement planning. - Identify lead department to integrate coordinated process into the Capital Improvement Plan.	Immediate (1–2 years)	City Manager's Office	- Planning and Development Services Department - Environmental Services Department - City Manager's Office - Community and Economic Development Department - Tacoma Public Utilities
ACTION 1.7 Increase participation in existing first-time homebuyer programs and resources for new homebuyers.			
- Proactively partner with community-based groups to market existing programs to interested homebuyers, focusing on areas where residents are at-risk of displacement. - Allocate additional local funding (e.g., general funds, Tacoma Housing Trust Fund, etc.) to supplement down-payment assistance offered through existing homebuyer assistance programs. - Work with local anchor institutions or other large-scale employers to create "Live Near Your Work" or other employer-assisted housing programs.	Immediate (1–2 years)	Community and Economic Development Department	- Homeownership Center of Tacoma - Washington State Housing Finance Commission - Habitat for Humanity - City Manager's Office - Anchor institutions - Large-scale employers
ACTION 1.8 Encourage more diverse types of housing development through relaxed land use standards, technical assistance, and financial incentives.			
- Evaluate current land-use regulations and identify ways to support a wider range of housing types through existing or modified zoning classifications and areas of higher opportunity. - Conduct outreach to residents in areas where changes may occur to discuss proposed changes and adjust recommendations accordingly. - Develop technical assistance programs, such as a set of pre-approved construction drawings for small-scale housing products (like accessory dwelling units). - Develop additional incentives to support development of infill, such as fee waivers and construction cost grants. - Engage national experts, like the Incremental Development Alliance, to cultivate local expertise in small-scale development.	Immediate (1–2 years) Short-term (3–4 years)	Planning and Development Services Department	- Tacoma City Council - Community and Economic Development Department

Note: An asterisk (*) denotes a priority action among Technical Advisory Group members.

Continued on the following page

Exhibit 8 Strategic Objective 1: Actions to Create More Homes for More People (cont.)

HOW WILL THIS ACTION BE IMPLEMENTED?	WHEN WILL WORK HAPPEN?	WHO CAN LEAD IMPLEMENTATION?	WHO CAN ASSIST WITH IMPLEMENTATION?
ACTION 1.9 Establish a dedicated source of funding for the Tacoma Housing Trust Fund.*			
- Convene an advisory group of local partners to develop a financing plan and articulate the potential uses of the fund. - Conduct a poll of local and regional residents to understand their support for different potential uses (and adjust financing plan accordingly). - Pass an emergency ordinance and adopt financing plan (per state law). - Work with partners on a public education campaign to educate members of the public on the importance of a dedicated source of funding.	Short-term (3–4 years)	Tacoma City Council	- City Manager's Office - Office of Management and Budget - Community and Economic Development Department - Tacoma residents
ACTION 1.10 Use value capture to generate and reinvest in neighborhoods experiencing increased private investment (with a focus on areas with planned or existing transit).			
- Study the feasibility of creating a value-capture tool tailored to areas experiencing increased private investment, including areas with or planned high-capacity transit. - Use findings of study to identify and establish appropriate value-capture mechanism(s). - Work with local residents in neighborhoods where value-capture is being used to discuss potential investments. - Coordinate investments with capital improvement planning.	Short-term (3–4 years)	Community and Economic Development Department Office of Management and Budget	- Planning and Development Services Department - Tacoma City Council - Public Works Department - State of Washington - Residents living in proposed value capture areas
ACTION 1.11 Explore innovative, low-cost housing solutions to serve persons experiencing homelessness.			
- Work with local and regional foundations and anchor institutions to discuss opportunities to support low-cost housing solutions. - Identify resources to host a design competition or solicit for proposals to develop housing prototypes. - Identify resources (including City funding) to support pilot projects. - Work with the Tacoma Housing Authority to provide project-based vouchers to support the rents at these units.	Short-term (3–4 years)	Community and Economic Development Department Neighborhood and Community Service Department	- Local and regional philanthropic organizations - Anchor institutions - Service providers - Tacoma Housing Authority - Pierce County - Persons experiencing homelessness
ACTION 1.12 Explore opportunities for increased staff support during the development review process.			
- Assess existing staff capacity to accommodate increased development, including new affordable housing development. - Identify ways to increase existing staff capacity to handle increased workload, such as creating “embedded” staff positions; creating a project expediter; or using contract labor to assist with heavier workloads. - Identify ways to offset costs related to hiring new staff or expanding capacity through contract labor.	Short-term (3–4 years) Medium-term (4–6 years)	City Manager's Office	- Planning and Development Services Department - Fire Department - Community and Economic Development Department - Public Works Department - Local and regional developers

Note: An asterisk (*) denotes a priority action among Technical Advisory Group members.

Exhibit 9 Strategic Objective 2: Actions to Keep Housing Affordable and In Good Repair

HOW WILL THIS ACTION BE IMPLEMENTED?	WHEN WILL WORK HAPPEN?	WHO CAN LEAD IMPLEMENTATION?	WHO CAN ASSIST WITH IMPLEMENTATION?
ACTION 2.1 Develop a system to address derelict properties.			
- Continue to identify changes to the City and state legal framework that would streamline access to derelict properties. - Consider legislative changes to the City's local nuisance and building laws to provide better access to derelict properties. - Advocate for changes to state law that create more tools and resources to address derelict properties. - Work with private financial institutions, like banks, to identify candidates to rehabilitate and resell to qualified buyers. - Work with Tacoma Public Utilities to identify properties at-risk of losing utility services and target outreach to property owners (via code compliance) accordingly.	Immediate (1–2 years)	Neighborhood and Community Services Department	- Community and Economic Development Department - Local and regional nonprofits - Private financial institutions - Tacoma Public Utilities - Faith-based institutions
ACTION 2.2 Develop and adopt a preservation ordinance.			
- Establish a preservation working group (with representation from City staff and key stakeholders, including tenants' groups, landlords, and the development community) to coordinate the City's work on affordable housing preservation. - Identify clear priorities for the City's preservation efforts (e.g., preventing displacement, protecting specific vulnerable groups, maintaining affordability near transit or high-performing schools). - Develop draft legislative language. - Establish preservation policy.	Immediate (1–2 years)	Tacoma City Council	- Community and Economic Development Department - Office of Equity and Human Rights - Property owners - Tenants - Local and regional nonprofits - Cultural organizations - Tacoma Housing Authority
ACTION 2.3 Target existing resources to improve the livability of existing owner-occupied homes.			
- Create set-aside for referrals from code enforcement (within existing federally funded programs). - Establish an internal process to connect homeowners to resources (via code enforcement). - Partner with nonprofit organizations to conduct targeted outreach to older adults and persons living with disabilities to increase their participation in existing tax relief and energy efficiency programs.	Immediate (1–2 years)	Community and Economic Development Department Neighborhood and Community Services Department	- Property owners - Tacoma Public Utilities - Local and regional nonprofits - Homeowners
ACTION 2.4 Improve tracking and monitoring of existing subsidized and unsubsidized affordable housing properties.			
- Used publicly available tools, like the National Housing Preservation Database, to start tracking properties with expiring subsidies. - Engage academic institutions and other entities that could help operate an "early warning" system. - Work with stakeholders to define the system's focus, including housing types and geographic areas to be tracked (in coordination with preservation ordinance). - Collect and regularly update data from local, state, and federal sources to create an inventory of existing affordable properties. - Share information about at-risk properties to guide deployment of public preservation funding and technical assistance. - Conduct outreach to existing property owners of subsidized and unsubsidized properties to discuss financial needs. - Direct existing federal or regional resources to provide interim financing options to property owners. - Update at-risk property inventory on a regular basis.	Immediate (1–2 years) Short-term (3–4 years)	Community and Economic Development Department Anchor institutions (academic)	- Property owners - Tenants - Washington State Finance Commission - U.S. Department of Housing and Urban Development Regional Office

Note: An asterisk (*) denotes a priority action among Technical Advisory Group members.

Continued on the following page

Exhibit 9 Strategic Objective 2: Actions to Keep Housing Affordable and In Good Repair (cont.)

HOW WILL THIS ACTION BE IMPLEMENTED?	WHEN WILL WORK HAPPEN?	WHO CAN LEAD IMPLEMENTATION?	WHO CAN ASSIST WITH IMPLEMENTATION?
ACTION 2.5 Explore creation of a proactive rental inspection program.			
• Apply lessons from code compliance pilot program to determine need for additional study on the design and implementation of rental inspection programs in other jurisdictions. • Design proactive rental inspection program, including staffing needs, fee structure, inspection schedule, ways to connect persons to existing or new resources, and culturally competent practices. • Solicit input on the program design from a range of stakeholders (e.g., landlords, tenants' groups, local nonprofits and cultural organizations, City staff, etc.). • Establish and administer proactive rental inspection program.	Short-term (3–4 years)	Neighborhood and Community Services Department	• Community and Economic Development Department • Property owners and managers • Tenants' rights organizations • Local and regional nonprofits • Cultural organizations
ACTION 2.6 Facilitate efforts to create a community land trust.			
• Work with lead entity and local organizations to determine organizational and operational decisions that will shape the land trust's overall structure and geographic service area. • Identify land throughout Tacoma suitable for donation or strategic acquisition, using the public land inventory created through the City's forthcoming public land study by Forterra.	Short-term (3–4 years)	Local and regional nonprofits	• Community and Economic Development Department • Public Works Department • Forterra • Cultural organizations • Residents living in target areas for community land trust
ACTION 2.7 Create a housing preservation fund.			
• Convene an advisory group of local partners to articulate the potential uses of the fund (in coordination with other preservation activities). • Work with private-sector and philanthropic partners and developers to develop the fund's guidelines. • Provide municipal funding as part of capitalizing the preservation fund. • Conduct outreach to existing property owners and local nonprofits about using this resource.	Medium-term (5–6 years)	Private financial institutions Local and regional philanthropic organizations	• Community and Economic Development Department • Local and regional nonprofits • Local and regional developers • Property owners • Residents living at target properties

Note: An asterisk () denotes a priority action among Technical Advisory Group members.*

Exhibit 10 Strategic Objective 3: Actions to Help People Stay in Their Homes and Communities

HOW WILL THIS ACTION BE IMPLEMENTED?	WHEN WILL WORK HAPPEN?	WHO CAN LEAD IMPLEMENTATION?	WHO CAN ASSIST WITH IMPLEMENTATION?
ACTION 3.1 Expand tenants' protections through a comprehensive policy.*			
- Coordinate additional policy provisions with the Office of Equity and Human Rights. - Establish an enforcement structure, leveraging relationships at existing cultural and nonprofit organizations. - Coordinate with local, regional, and state organizations to provide education, resources, and legal advice and representation to tenants. - Make information on tenants' rights available in multiple languages. - Convene tenants, landlords, property managers, and other stakeholders on a semi-regular basis to understand effectiveness of tenant protections and identify adjustments to the policy or enforcement structure (as needed).	Immediate (1–2 years)	Tacoma City Council	- Office of Equity and Human Rights - Fair Housing Center of Washington - Washington State Tenants' Union - Cultural organizations - Tacoma Housing Authority - Landlords
ACTION 3.2 Create a range of resources for households experiencing a housing crisis.			
- Identify and allocate general fund dollars for emergency housing assistance to support short-term housing and utility payments and legal assistance in the next budget cycle. - Explore and identify a dedicated source (or sources) of funding for emergency housing assistance. - Work with cultural and nonprofit organizations to publicize available assistance and generate referrals. - Establish process for accessing some resources (e.g., relocation assistance) through a comprehensive tenant protections policy.	Immediate (1–2 years)	Tacoma City Council	- Office of Equity and Human Rights - Fair Housing Center of Washington - Washington State Tenants' Union - Cultural organizations - Tacoma Housing Authority - Landlords
ACTION 3.3 Work with partners to increase community organizing efforts (including for tenants' rights).			
- Solicit organizing expertise, including working with community leaders to solicit private or philanthropic funding to support leadership development, seed grants, etc. - Actively participate in organizing efforts with community members. - Work with organized groups to disseminate information about existing housing programs and resources. - Work with organized groups to gather information to improve existing housing programs or resources (as necessary).	Immediate (1–2 years)	Office of Equity and Human Rights	- Faith-based institutions - Fair Housing Center of Washington - Washington State Tenants' Union - Cultural organizations - Tacoma Housing Authority
ACTION 3.4 Create a source of local tax relief to stabilize more low-income homeowners.			
- Commission study to understand costs of extending various forms of tax relief to homeowners (e.g., property owners whose assessed taxes increased by a certain percentage). - Use study findings to design a local tax relief program or other tools. - Actively conduct outreach to long-time homeowners to participate in local tax relief programs.	Short-term (3–4 years)	Tacoma City Council	- Office of Management and Budget - Nonprofit organizations - Cultural organizations - Community and Economic Development - Pierce County Tax Assessors' Office

Note: An asterisk (*) denotes a priority action among Technical Advisory Group members.

Exhibit 11 Strategic Objective 4: Actions to Reduce Barriers for People Who Often Encounter Them

HOW WILL THIS ACTION BE IMPLEMENTED?	WHEN WILL WORK HAPPEN?	WHO CAN LEAD IMPLEMENTATION?	WHO CAN ASSIST WITH IMPLEMENTATION?
ACTION 4.1 Streamline processes for households applying for and using rental assistance.			
• Provide additional funding to increase the availability of peer navigators to assist people applying for and using housing assistance, including gathering specific information about housing needs and preferences or documents. • Investigate common issues that people encounter when applying for housing assistance, such as screening requirements or unattainable security deposits. • Work with landlords and higher barrier populations to identify more flexible screening requirements (based on research of common barriers). • Increase participation in Pierce County's Landlord Liaison Program by conducting direct outreach to landlords. • Create and maintain a central database of participating landlords (in conjunction with creation of the City's "early warning" system to assist with preservation activities).	Immediate (1–2 years)	Tacoma Housing Authority	• Human Services, Pierce County • Service providers • Cultural organizations • Community Development and Economic Development • Office of Equity and Human Rights • Landlords
ACTION 4.2 Create stronger alignment across the Tacoma-Lakewood-Pierce County Continuum of Care.			
• Develop an annual set of common goals, priority populations, and funding priorities. • Work with service providers to audit existing administrative requirements and identify conflicting or burdensome requirements. • Develop common language that can be used in contracts among service providers working within the region (based on the findings from the audit). • Convene local and regional partners to discuss interest in creating a broader regional initiative around regional housing affordability, including homelessness. • Establish a cross-sector regional initiative to address regional housing affordability.	Immediate (1–2 years) Long-term (7+ years)	Neighborhood and Community Services (in partnership with other jurisdictions in the Continuum of Care)	• Human Services, Pierce County • City of Lakewood • Service providers, including those participating in Coordinated Entry • Community Development and Economic Development • Tacoma City Council
ACTION 4.3 Integrate culturally competent and trauma-informed practices into new and existing programs.			
• Audit City programs to identify ways to incorporate culturally competent and trauma-informed practices and make adjustments as necessary. • Sponsor semi-regular trainings on cultural competence. • Develop a pool of staff or contractors with demonstrated experience in culturally competent and trauma-informed practices. • Include cultural competency as selection criteria for service providers receiving public funding.	Immediate (1–2 years) Ongoing	Office of Equity and Human Rights	• Neighborhood and Community Services • Community and Economic Development • Service providers • Cultural organizations • Tacoma Housing Authority
ACTION 4.4 Earmark a portion of new or expanded sources of local funding to provide support services in new development.			
• Include services as a potential use for the Tacoma Housing Trust Fund. • Create set-aside within the Tacoma Housing Trust Fund for support services in subsidized projects. • Develop selection process and criteria to award funding to new development projects. • Conduct outreach to developers about the availability of this funding, including how to apply for it.	Short-term (3–4 years) Ongoing	Community and Economic Development	• Neighborhood and Community Services • Service providers • Cultural organizations • Local and regional developers • Tacoma Housing Authority

Note: An asterisk (*) denotes a priority action among Technical Advisory Group members.

City of Tacoma

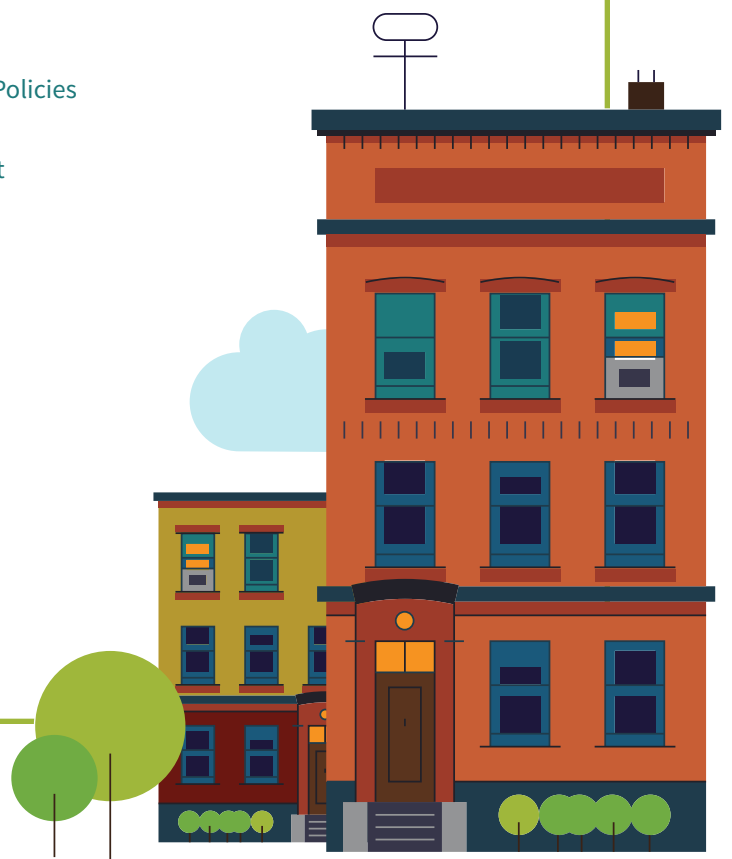
AFFORDABLE HOUSING ACTION STRATEGY



Appendices

- Appendix A Summary of Selected Programs and Policies
- Appendix B Data Summary
- Appendix C Summary of Community Engagement
- Appendix D Evaluation of Policy Approaches
(from June 2018 TAG Meeting)

SEPTEMBER 2018



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APPENDIX A

Summary of Selected Programs and Policies

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AFFORDABLE HOUSING PROVIDER LOANS

Description	Developers of affordable housing (including permanent supportive housing) in Tacoma may be eligible for HOME funds for purchase, rehabilitation, or construction. Funds are awarded through an annual NOFA process. Use of these funds requires long-term affordability and monitoring by the City of Tacoma staff.	
Administering jurisdiction	City of Tacoma	
Lead administrator(s)	Community and Economic Development Department	
Policy source (if applicable)	Tacoma Community Redevelopment Authority (TCRA)	
Type of recipient	N/A	
Target geography	Direct Developers	
Target population	Citywide	
Funding source	Households earning 80% AMI or lower	
Funding type	Priority for households earning 60% AMI or lower	
Total annual funding	Federal (HOME and Community Development Block Grant (CDBG))	
Outputs	Loan	
	\$1.1 million (FY18–19 HOME) \$800,000 (FY18–19 CDBG)	
	201 units completed; additional units in progress	

MULTIFAMILY PROPERTY TAX EXEMPTION (MFTE) PROGRAM

Description	The MFTE program provides a tax incentive to multifamily projects of 4 units or more. The incentive exempts property taxes on the assessed improvement value for either 8 or 12 years, the latter option requiring at least 20 percent affordable units are for eligible households.	
Administering jurisdiction	City of Tacoma	
Lead administrator(s)	Community and Economic Development Department	
Policy source (if applicable)	Revised Code of Washington (RCW) 84.14.007	
Type of recipient	Direct Property owner	
Target geography	17 designated Mixed-Use Centers	
Target population	Renters: Households earning 80% AMI or lower	
Funding source	Homebuyers: Household earning 115% AMI or lower	
Funding type	Property owners must commit to making the unit available to families with children under six.	
Total annual funding	State	
Outputs	Incentive	
	None	
	19 units; additional units in progress	

DOWNPAYMENT ASSISTANCE PROGRAM

Description	The Downpayment Assistance Program is a second mortgage loan program that partners with the Washington State Housing Finance Commission's Home Advantage first mortgage loan program. It serves income-eligible, first-time homebuyers (defined as not having owned a home within the last three years) who are buying a home within the City of Tacoma.	
Administering jurisdiction	City of Tacoma	
Lead administrator(s)	Washington State Housing Finance Commission (for loans 2014 and after)	
Policy source (if applicable)	Community and Economic Development Department (for loans prior to 2014)	
Type of recipient	N/A	
Target geography	Direct Homebuyers	
Target population	Citywide	
Funding source	HOME-funded loans: Households earning 80% AML or lower	
Funding type	State-funded loans: Household earning 120% AML or lower	
Total annual funding	Federal (HOME); state (Attorney General funds)	
Outputs	Deferred loan	
	HOME: \$75,000 (FY2018–2019)	
	15 families (FY2018–2019)	

HOUSING COUNSELING

Description	To be eligible for a loan from the Downpayment Assistance Program, prospective homebuyers must attend a free Homebuyer Education Seminar sponsored by the Washington State Housing Finance Commission.	
Administering jurisdiction	City of Tacoma	
Lead administrator(s)	Partner organizations throughout Washington state	
Policy source (if applicable)	N/A	
Type of recipient	Direct (homebuyers)	
Target geography	Statewide	
Target population	HOME-funded loans: Households earning 80% AML or lower	
Funding source	State-funded loans: Household earning 120% AML or lower	
Funding type	Federal (HOME); state (Attorney General funds)	
Total annual funding	Direct services	
Outputs	Overlaps with Downpayment Assistance Program	
	Overlaps with Downpayment Assistance Program	

RESIDENTIAL INFILL PILOT PROGRAM

Description	This program promotes innovative residential infill housing, while demonstrating high-quality building and site design that fits with existing neighborhood character. This program solicits for infill projects on a rolling basis. These projects are reviewed and selected projects move to permitting. This program informs future regulations on housing types (accessory dwelling units, two-family housing, cottage homes, and multifamily buildings).	
Administering jurisdiction	City of Tacoma	
Lead administrator(s)	Planning and Development Services Department	
Policy source (if applicable)	<i>One Tacoma</i> Tacoma Municipal Code (TMC) 13.05.115 Residential Infill Pilot Program	
Type of recipient	Direct Homeowners Developers	
Target geography	Varies depending on infill product: R-1, R-2, R2-SRD, HMR-SRD	
Target population	None	
Funding source	General fund (program costs only)	
Funding type	Administration	
Total annual funding	None	
Outputs	3 accessory dwelling units and one 2-family building; up to 7 additional units can be approved.	

SINGLE-FAMILY REHABILITATION LOAN PROGRAM

Description	This program assists low- and moderate-income homeowners preserve the quality and stability of their home. Loans range from \$5,000 to \$30,000. They can be used health and safety improvements like roof replacement or electrical repairs. To qualify for this program, homeowners must be current on mortgage payments, property taxes, and property insurance.	
Administering jurisdiction	City of Tacoma	
Lead administrator(s)	Community and Economic Development Department	
Policy source (if applicable)	N/A	
Type of recipient	Direct Homeowners	
Target geography	Citywide	
Target population	Homeowners of single-family, owner-occupied homes	
Funding source	Households earning 80% AMI or lower Federal (Community Development Block Grant)	
Funding type	Loan Deferred loan	
Total annual funding	\$570,000 (FY2018–2019)	
Outputs	16 homeowners (FY2018–2019)	

HOUSING INCENTIVES (VIA ORDINANCE NO. 28336)

Description	Ordinance No. 28336 established a range of incentives, such density bonuses, expedited permitting (pending available resources), and reduction in permitting fees (pending available resources) to support affordable housing, among other public benefits. The affordability period for units produced with these incentives is 50 years (per state law) and eligible projects must have 20 units or more.	
Administering jurisdiction	City of Tacoma	
Lead administrator(s)	Planning and Development Services Department	
Policy source (if applicable)	Ordinance No. 28336	
Type of recipient	Direct (developers)	
Target geography	Planned residential districts; residential upzones; Downtown	
Target population	Households earning at or below 80% AMI	
Funding source	General fund (program costs only)	
Funding type	Incentive	
Total annual funding	N/A	
Outputs	None (as of September 2018)	

TRANSFER OF DEVELOPMENT RIGHTS PROGRAM

Description	This program allows eligible property owners to transfer their development rights (via TDR Certificate) to development in areas where density is desired. The transfer aims to conserve farmland or natural areas where development may not be suitable and direct new development into areas that can accommodate additional growth.	
Administering jurisdiction	City of Tacoma	
Lead administrator(s)	Planning and Development Services Department	
Policy source (if applicable)	Ordinance No. 28087 Resolution No. 38536 Resolution No. 38539	
Type of recipient	Direct (developers)	
Target geography	Sending and receiving sites	
Target population	N/A	
Funding source	General fund (program costs only)	
Funding type	Incentive	
Total annual funding	N/A	
Outputs	21 market-rate units / 20 acres of farmland preserved	

APPENDIX B

Data Summary

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Introduction

To inform the City of Tacoma's *Affordable Housing Action Strategy* (AHAS), a data-driven analysis of Tacoma's market conditions, existing supply of affordable housing, and housing needs was completed. Several key trends emerged through this analysis that shaped the strategic objectives and actions within the AHAS.

Methods

This analysis used secondary data from the following national datasets:

- 2012–2016 American Community Survey 5-Year Estimates
- 2016 American Community Survey Public Use Microdata Sample (PUMS) 1-Year Estimates
- 2018 National Housing Preservation Database
- 2016–2018 Zillow

It also incorporates analysis completed by local partners, including the 2018 Pierce County Point-In-Time Count and a comparison of local wages by occupation to maximum housing payments prepared by the Tacoma Housing Authority.

It supplements this secondary data with primary data collected directly from local residents, community-based organizations, and service providers as part of developing the AHAS:

- Three listening sessions in the Eastside, South End, and Hilltop neighborhoods
- Two community conversations hosted by students at the University of Washington-Tacoma and Lincoln High School
- Responses to a communitywide survey posted on the City of Tacoma's website (including Spanish-language responses collected by staff at Centro Latino)
- Three focus groups conducted at meal sites hosted by the Korean Women's Association (KWA) (Korean; Vietnamese; and Cambodian residents)
- Interviews with guests at the Nativity House Day Center
- Stakeholder interviews with representatives from the YWCA; KWA; Associated Ministries; Asia Pacific Cultural Center; Centro Latino; and The Black Collective

Key definitions

- **Affordable housing:** Housing is typically considered affordable if total housing costs do not exceed 30 percent of a household's gross income.
- **Area median income:** The analysis in this report primary relies on area median income—an income benchmark calculated and used by the U.S. Department of Housing and Urban Development (HUD)—to understand housing needs and other characteristics by income level. Unless otherwise noted, mentions of “area median income” or “AMI” throughout the rest of this report refer to the HUD-defined standard.

Many stakeholders have noted the difference between household income within the City of Tacoma and within the Fair Market Rent Area used by the U.S. Department of Housing and Urban Development (which contains Pierce County). Within this area, the FY18 AMI is \$76,500. Using this regional standard likely undercounts affordable units

Affordable Housing Action Strategy: Data analysis summary

within the city limits, as well as overestimates what the average household can afford. The difference between the HUD-defined and local median income is about \$11,000. However, when adjusted for household size and income category, the difference between the HUD-defined and local median incomes is much smaller (\$3,000–\$4,000) (see Table 1). Despite its limitations, a majority of the City’s existing funding sources, including Community Development Block Grant, HOME, and public housing programs, use the HUD-defined AMI to determine eligibility, making it an important measure for the AHAS.

- **Cost-burdened:** When a household pays more than 30 percent of their gross income on housing, including utilities, they are “cost-burdened.”
- **Subsidized housing:** Public housing, rental assistance vouchers like Section 8, and developments that use Low-Income Housing Tax Credits are examples of subsidized housing. Subsidized housing lowers overall housing costs for people who live in it. Affordable housing and subsidized housing are different, even though they are sometimes used interchangeably.

Table 1. Comparison of regional and local area median income (based on FY18 HUD income limits)

		Persons in family				
City of Tacoma	Median income	Income level	1	2	3	4
	\$63,900	Extremely low-income 0-30% CMI	\$14,900	\$17,000	\$20,780	\$25,100
		Very low-income 31-50% CMI	\$23,350	\$26,700	\$30,050	\$33,350
		Low-income 51-80% CMI	\$39,700	\$45,350	\$51,000	\$56,650
		Persons in family				
HUD Fair Market Rent Area (Pierce County)	Median income	Income level	1	2	3	4
	\$74,600	Extremely low-income 0-30% AMI	\$15,700	\$17,950	\$20,780	\$25,100
		Very low-income 31-50% AMI	\$26,150	\$29,850	\$33,600	\$37,300
		Low-income 51-80% AMI	\$41,800	\$47,800	\$53,750	\$59,700

Source: HUD USER (<https://www.huduser.gov>) and Enterprise Community Partners.

Note: This chart is for explanatory purposes only and should not be used in place of federally defined income limits.

Summary

Changing housing market conditions

Both rental and for-sale homes are becoming increasingly costly, making it difficult for residents in the City of Tacoma to find an affordable rental unit or buy a home. The City of Tacoma's housing market has changed significantly in recent years, with increases in home values and rents outpacing growth in household income. Long-term and short-term trends in the city's rental and homeownership markets highlight increased pressure on residents due to housing cost increases—changes that largely mirror five-year market dynamics in neighboring jurisdictions.

- Within Tacoma's rental market, the city experienced a steady increase in median rent between 1990 and 2016—the last year for which data is available from the American Community Survey.¹ Over that time, Tacoma's median rent increased 39 percent (to \$980 in 2016), while median household income only increased by 20 percent.
- A snapshot of shorter-term market trends suggests that a renter looking for a unit could face much steeper costs: For a family looking to rent a single-family home, the median rent was \$1,652 as of March 2018—an increase of 16 percent from March 2016.² For a person or family looking to rent a unit in a multifamily apartment building, the median rent was \$1,440 as of March 2018—an increase of 17 percent from March 2016.³
- Between 1990 and 2016, the median value of homes in Tacoma nearly doubled. Short-term, for-sale market trends suggest an even tighter housing market for potential homebuyers. The median home sale price increased by one-third between March 2016 and March 2018, peaking at \$281,900.⁴ Additional data from Zillow suggests that the city's overall for-sale inventory shrank by 43 percent, while home sales experienced a modest increase (9 percent) between March 2016 and March 2018.
- Analysis completed by the Tacoma Housing Authority (THA) demonstrates that housing costs are much higher than what local workers and households receiving public assistance can afford within the City of Tacoma.⁵ Common occupations, like healthcare aides, cooks, and salespeople at retailers, along with households receiving public benefits, have few options within the City of Tacoma.

Affordable housing supply

Tacoma's limited affordable rental supply creates significant unmet need, particularly among extremely low-income households. Despite recent efforts by the City of Tacoma, along with its partners like THA, Catholic Community Services of Western Washington, and Mercy Housing, to increase the city's supply of subsidized or "income-restricted" units, many residents are still in need of affordable options.⁶

¹ 1990 & 2000 Decennial Census and 2005–2016 American Community Survey Public Use Microdata Sample 1-Year Estimates.

² Zillow, March 2016–2018, Median Rent at Single-Family Rental Properties.

³ Zillow, March 2016–2018, Median Rent at Multifamily Rental Properties.

⁴ Zillow, March 2016–2018, Median Sale Price of For-Sale Properties.

⁵ City of Tacoma's Estimated Rent Burden Housing Need by Income: 2017–2040. Prepared by the Tacoma Housing Authority, January 10, 2018.

⁶ City-supported investments over the last 2–3 years totaled more than \$3 million in public funds and supported five development projects, including Oak Trace and Bay Terrace (Phase 2), rehabilitation of

Affordable Housing Action Strategy: Data analysis summary

Today, Tacoma has an income-restricted supply of approximately 5,500 units and 3,500 rental assistance vouchers.⁷ However, Tacoma still lacks enough affordable housing units for households earning 50 percent of area median income or below.

- The City of Tacoma lacks enough rental housing for low-income households.⁸ Unmet need is greatest among extremely low-income households. Today, the city's rental supply can only serve 27 percent of households earning 30 percent of area median income or less. In contrast, the city's rental supply can serve a larger share of very low-income households (81 percent), although a gap still exists for these households, too.⁹
- The city's limited supply of rental housing priced for low-income individuals and families reinforces the importance of its income-restricted housing, which helps keep housing costs manageable for the individuals and families living in it. Privately owned, federally subsidized properties (as many as 3,910 units at 57 properties) and tenant-based rental assistance (about 3,500 vouchers at any given time) provided by THA makes up most of the city's income-restricted supply.¹⁰ A large number of the city's federally subsidized properties serve vulnerable populations—elderly, persons living with disabilities, or both.¹¹
- Loss of subsidized or income-restricted units could put additional pressure on the city's affordable housing supply. Income-restricted units can be lost through a variety of ways—expiring subsidies, deteriorating quality that ultimately makes them uninhabitable, and owners “opting out” of subsidized housing contracts. Among Tacoma's existing privately owned, federally subsidized supply, 326 units at 9 properties have subsidies that expire as early as 2021.¹²

single-family homes, and down-payment assistance to homebuyers. Data provided by the City of Tacoma, Community and Economic Development Department staff (2018).

⁷ Income-restricted housing in Tacoma falls into three main categories: 1) public housing, which receives federal funding to provide housing for eligible households and is managed by the Tacoma Housing Authority (1,535 units); 2) tenant-based rental assistance like Section 8 (about 3,500 vouchers); and 3) privately owned housing that receives a federal subsidy (as many as 3,910 units at 57 properties).

⁸ Extremely low-income corresponds with households earning 30 percent of area median income or below (\$25,100 for a family of four); very low-income corresponds to households earning between 31 and 50 percent of area median income (\$37,300 for a family of four); and low-income corresponds to households earning between 51 and 80 percent of area median income (\$59,700 for a family of four). All income levels are based on HUD-defined categories using FY18 income limits.

⁹ 2016 American Community Survey Public Use Microdata Sample 1-Year Estimates.

¹⁰ THA Real-Estate Development since 2002. Prepared by the Tacoma Housing Authority, February 7, 2018. National Housing Preservation Database. (2018). Data accessed via <http://preservationdatabase.org>. Tenant-based rental assistance may also be in use at some federally subsidized properties, which may slightly inflate this figure. Nonetheless, it underscores the importance of ensuring these properties stay affordable, because they may also be properties where rental assistance in the form of vouchers are in use.

¹¹ Of the 41 federally subsidized properties within Tacoma with available data on population served, 26 properties serve the following: elderly residents (13), persons living with disabilities (1), or both (12). Data from the National Housing Preservation Database. (2018). Data accessed via <http://preservationdatabase.org>.

¹² Based on earliest expiration. This count does not include six properties with subsidy expirations in 2018, including those that have passed or properties owned by THA, which are considered affordable in perpetuity. Data from the National Housing Preservation Database. (2018). Data accessed via <http://preservationdatabase.org>.

Affordable Housing Action Strategy: Data analysis summary

Affordable housing need

Housing costs have increased faster than incomes within Tacoma, and many residents, including renters, seniors, and veterans, already pay too much for their current housing situation. When a household pays more than 30 percent of their gross income on housing, including utilities, they are considered “cost-burdened.”

- Currently, 40 percent of households in the City of Tacoma experience cost-burdens. Of these households, 16 percent pay more than 50 percent of their gross income on housing each month.¹³ These households would be considered “severely cost-burdened.” Cost-burdened households have less for other essentials, like food, clothing, transportation, and healthcare.
- Many cost-burdened households have characteristics (like renting, having a limited income, or being a special needs population like a senior or veteran) that suggest they are more likely to experience housing displacement. These households are more vulnerable to changes in the city’s housing market, especially if those changes occur rapidly. For instance, one in every four renters and one in every five seniors living in Tacoma are severely cost-burdened. Extremely low-income households represent nearly three-quarters of all severely cost-burdened renters and 42 percent of all severely cost-burdened homeowners.¹⁴
- Interviews and focus groups highlighted other barriers to accessing and being able to stay in that home over time. Staff at Centro Latino reported that their clients encounter dishonest landlords and properties in poor condition and that pose safety concerns, including overcrowding with families doubling or tripling up in one unit. Additionally, many tenants, especially non-English speakers do not know their rights as renters, and routinely face eviction threats from landlords or have limited understanding of their leases.
- A close relationship exists between the city’s limited supply of affordable housing and homelessness. There is a close link between homelessness and the need for more affordable housing in Tacoma. In fact, people reported lack of affordable housing and evictions as the two most common reasons for being homeless during the most recent Point-In-Time Count (2018).¹⁵ This sentiment was echoed in interviews at Nativity House Day Center. Guests there voiced concerns about lack of affordable housing, especially for households earning less than 50 percent of area median income. Guests at Nativity House said an “affordable” rent for them would fall between \$250 and \$350. They also expressed a need for more help, like case managers or peer navigators, to guide them and people like them through different housing programs and requirements.

Accessing housing

In addition to a limited supply of these rental units, residents face other barriers that make it difficult to access or stay in a home:

- Limited knowledge of housing resources and programs.

¹³ 2016 American Community Survey Public Use Microdata Sample 1-Year Estimates.

¹⁴ 2016 American Community Survey Public Use Microdata Sample 1-Year Estimates.

¹⁵ The third reason was “inadequate employment or income.” Pierce County, 2018 Point-In-Time Count.

Affordable Housing Action Strategy: Data analysis summary

- Difficulty qualifying for or securing housing due to past criminal history, legal status, or lack of credit.
- Trouble gathering all the documents required for a lease or other assistance programs.
- Mismatch between job opportunities or other essential services, like healthcare, and affordable housing.
- Lack of alignment between unit size or features, such as accessibility features, and current or potential occupant.

Many of these challenges are compounded by language barriers: Non-English speakers frequently encounter these barriers, including a lack of translators and translated documents. Stakeholders reported that individuals without legal status are vulnerable to dishonest landlords and often live in unsafe housing.

Community characteristics

Total population and households and projected change in households

More than 205,000 people in 80,000 households live in Tacoma.¹⁶ The city experienced modest population growth between 2000 and 2016, growing by more than 6 percent (or by nearly 12,500 persons).¹⁷

The Puget Sound Regional Council (PSRC) forecasts a faster pace of growth in coming years, particularly in its urban centers like Tacoma.¹⁸ PSRC projects that Tacoma could have as many as 92,808 households by 2020, and the city could grow to 115,086 households by 2030. The change between 2020 and 2030 alone represents an increase of nearly 20 percent in households.

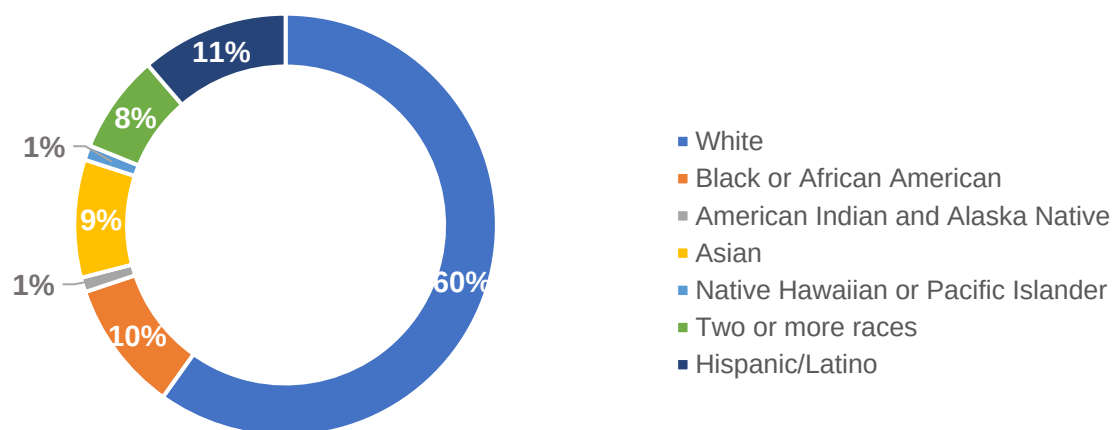
Population by race and ethnicity

The City of Tacoma is becoming more racially and ethnically diverse.¹⁹ Between 2000 and 2016, the share of White, non-Hispanic residents decreased by nearly 7 percentage points and the share of residents of color increased by the same amount.

While Tacoma is becoming more racially and ethnically diverse, White residents are still the largest racial group within Tacoma. A majority of residents in Tacoma identify their race as White (60 percent) (see Figure 1). This racial and ethnic composition mirrors trends within Pierce County and the State of Washington, where White residents are also the largest racial groups (74 percent and 77 percent, respectively).

After White residents, Hispanic residents make up the largest shares of the city's population (11 percent); followed by Black residents (10 percent); Asian residents (9 percent); and residents that identify as more than one race (8 percent).

Figure 1. Total population by race and ethnicity (share), City of Tacoma, WA



Source: 2012–2016 American Community Survey 5-Year Estimates

¹⁶ 2012–2016 American Community Survey 5-Year Estimates.

¹⁷ 2000 U.S. Census Summary File 3 and 2012–2016 American Community Survey 5-Year Estimates.

¹⁸ Puget Sound Regional Council. 2017. Macroeconomic Forecasts.

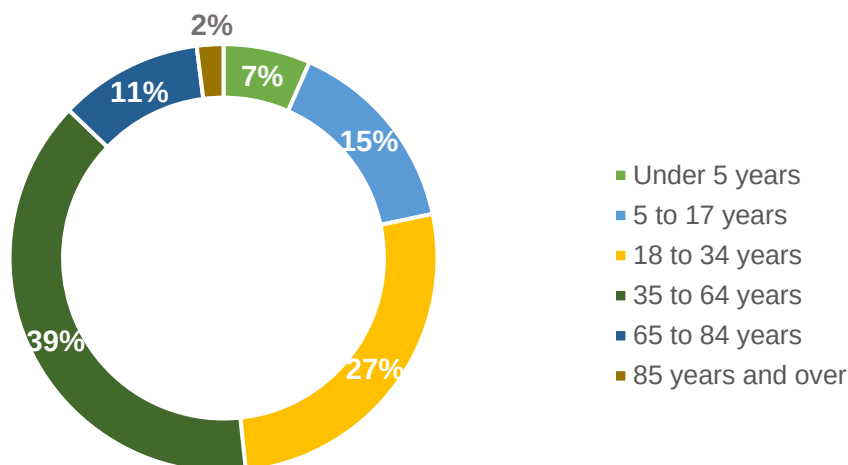
¹⁹ 2000 U.S. Census Summary File 3 and 2012–2016 American Community Survey 5-Year Estimates.

Population by age

On the whole, Tacoma is a young city. Nearly half of the city's population is under the age of 34 years old, and the median age is 36 years old.²⁰ The median age in both the United States and Washington state is slightly higher (38 years old).

Within Tacoma, there are populations with unique housing needs and preferences, based on their age group: Millennials, those between 18 and 34 years old (1 in 4 residents); children and youth (1 in 5 residents); and seniors, those aged 65 years or older (13 percent) (see Figure 2).

Figure 2. Total population by age (share), City of Tacoma, WA



Source: 2012–2016 American Community Survey 5-Year Estimates

Household and family composition²¹

Tacoma residents live in all types of households and family situations. The most common type of family is single or unrelated adults living together without children, representing 42 percent of all households in Tacoma. This living situation is slightly more common among women (22 percent of all households) than men (20 percent of all households). Married couples, either with or without children, are also common throughout the city. These households make up 46 percent of all households in Tacoma.

Thirty percent of all households have children living in them: Seventeen (17) percent of children live with married parents; 10 percent live with a single mother; and 3 percent live with a single father.

Renters and owners

Today, there's an even split between renters and owners, who each make up 50 percent of the city's housing market. This split may shift, as renting a home is becoming more prevalent in Tacoma. Between 2000 and 2016, the share of renters increased by about 5 percentage points (or nearly 5,800 new renters).

²⁰ 2012-2016 American Community Survey 5-Year Estimates.

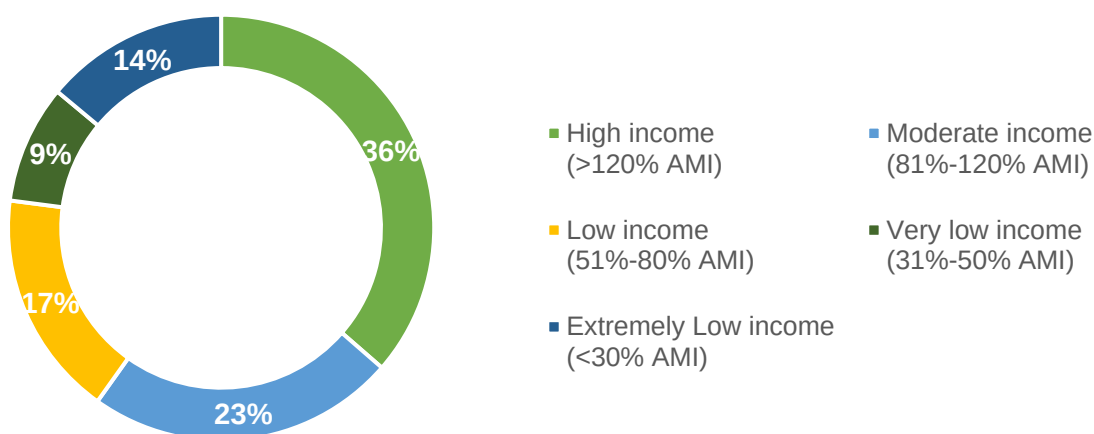
²¹ 2016 American Community Survey Public Use Microdata Sample 1-Year Estimates.

Household income levels

The majority of households in Tacoma earn above 80 percent of area median income, with more than one-third of these households in Tacoma earning above 120 percent of area median income.²²

However, 40 percent of Tacoma's households qualify as low-income, meaning they earn 80 percent of area median income or less (see Figure 3). Among these households, the largest share (17 percent or 14,099 households) are among households earning 51–80 percent of area median income; followed by households earning 30 percent of area median income or less (14 percent or 11,438 households) and households earning between 31–50 percent of area median income (9 percent or 7,370 households).

Figure 3. Total households by income level (share), City of Tacoma, WA



Source: 2016 American Community Survey Public Use Microdata Sample 1-Year Estimates

²² 2016 American Community Survey Public Use Microdata Sample 1-Year Estimates. Note that this report uses income levels based on HUD income limits for its Fair Market Rent Area, which contains Pierce County and uses a median household income of \$74,600. Using these income limits provides consistency with eligibility for federal funding, which represents the largest funding source within the city. However, it may underestimate housing needs among households living within the city limits.

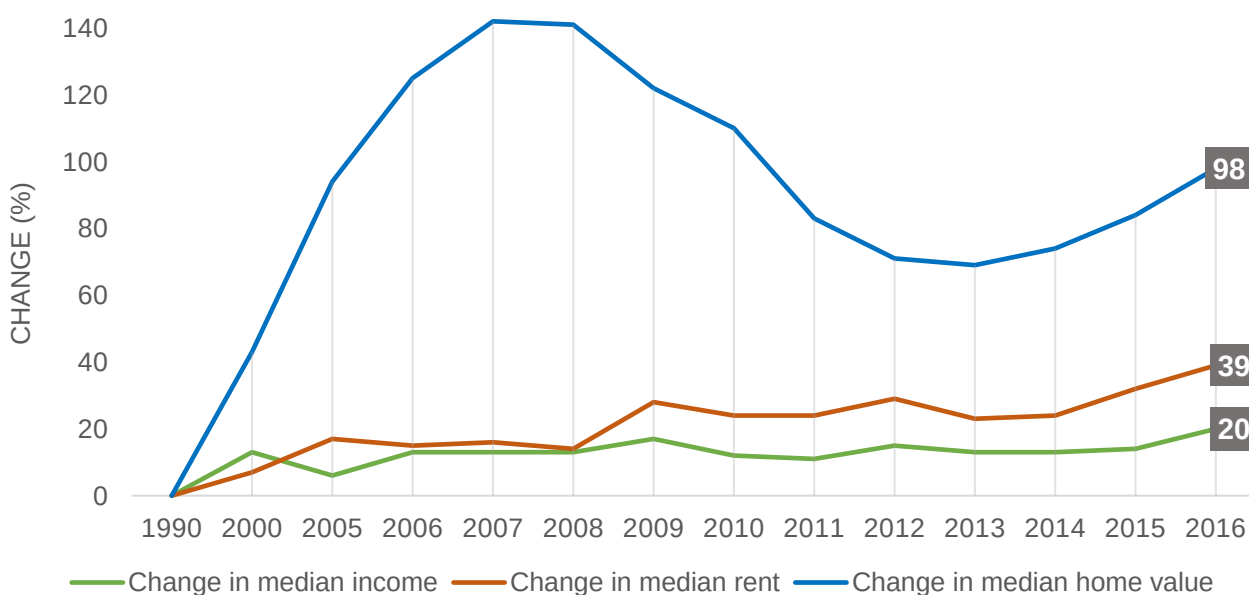
Local market conditions

Both long-term and short-term trends in the city's rental and homeownership markets highlight increased pressure on residents due to housing cost increases.

Rental market

Within Tacoma's rental market, the city experienced a steady increase in median rent between 1990 and 2016—the last year for which data is available from the American Community Survey.²³ Over that time, Tacoma's median rent increased 39 percent (to \$980 in 2016), while median household income only increased by 20 percent (see Figure 4).

Figure 4. Comparison of change in median home value, rent, and household income, City of Tacoma, WA (1990–2016)



Sources: 1990 & 2000 Decennial Census and 2005–2016 American Community Survey Public Use Microdata Sample 1-Year Estimates / Calculated as the percent change from 1990 base year, adjusted for inflation.

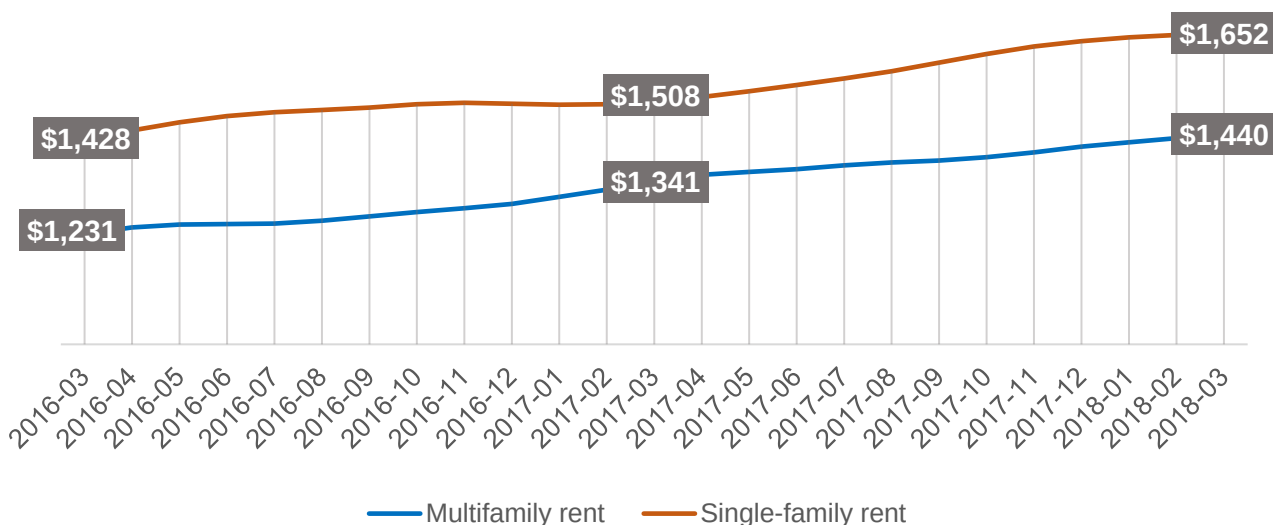
A snapshot of shorter-term market trends suggests that a renter looking for a unit could face much steeper costs: For a family looking to rent a single-family home, the median rent was \$1,652 as of March 2018—an increase of 16 percent from March 2016.²⁴ For a person or family looking to rent a unit in a multifamily apartment building, the median rent was \$1,440 as of March 2018—an increase of 17 percent from March 2016 (see Figure 5).²⁵

²³ 1990 & 2000 Decennial Census and 2005–2016 American Community Survey Public Use Microdata Sample 1-Year Estimates.

²⁴ Zillow, March 2016–2018, Median Rent at Single-Family Rental Properties.

²⁵ Zillow, March 2016–2018, Median Rent at Multifamily Rental Properties.

Figure 5. Median rent at single-family and multifamily rental properties, City of Tacoma, WA (2016–2018)

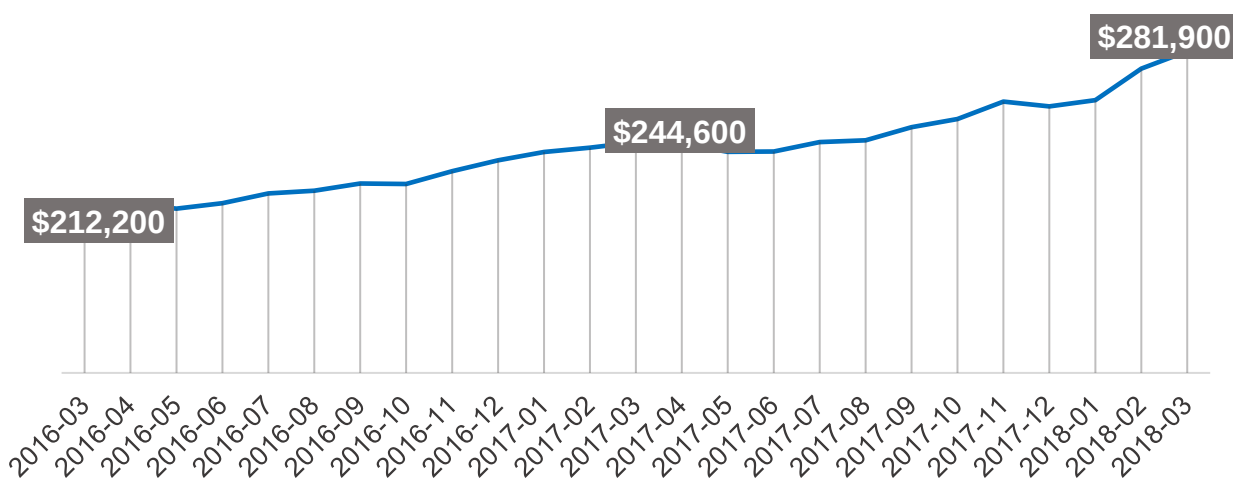


Source: Zillow, March 2016–2018

For-sale market

Within the homeownership market, the long-term trend suggests consistent gains in market strength. Between 1990 and 2016, the median value of homes in Tacoma nearly doubled (to \$212,400). Short-term, for-sale market trends suggest an even tighter housing market for potential homebuyers. The median home sale price increased by one-third between March 2016 and March 2018, peaking at \$281,900 (see Figure 6).²⁶ Additional data from Zillow suggests that the city's overall for-sale inventory shrank by 43 percent, while home sales experienced a modest increase (9 percent) between March 2016 and March 2018 (see Table 2).

Figure 6. Median home sale price, City of Tacoma, WA (2016–2018)



Source: Zillow, March 2016–2018

²⁶ Zillow, March 2016–2018, Median Sale Price of For-Sale Properties.

Table 2. For-sale market characteristics, City of Tacoma, WA (2016–2018)

	Mar-16	Mar-17	Mar-18
<i>Median for-sale price</i>	\$212,200	\$244,600	\$281,900
<i>Total home sales</i>	370	427	403
<i>Total for-sale inventory</i>	446	396	255

Source: Zillow, March 2016–2018

Local housing market in context²⁷

Placing Tacoma’s short-term market dynamics in their regional context demonstrates that the city’s housing market largely tracks with its neighbors. For instance, both median rents at single-family properties and for-sale home prices in Tacoma command similar prices to Lakewood (\$1,652 and \$1,682 and \$281,900 and \$308,100, respectively). Among multifamily properties, median rent in Tacoma (\$1,440) is beginning to mirror similar rents in Federal Way in King County (\$1,491).

Concerns about displacement

Many Tacoma residents expressed concern around the potential effects of higher housing costs—namely that changing market conditions could price out long-time residents and community-based businesses or make it difficult to buy a home within the city.

Many cost-burdened households have characteristics (like renting, having a limited income, or being a special needs population like a senior or veteran) that suggest they are more likely to experience housing displacement. These households are more vulnerable to changes in the city’s housing market, especially if those changes occur rapidly. For instance, one in every four renters and one in every five seniors living in Tacoma are severely cost-burdened. Extremely low-income households represent nearly three-quarters of all severely cost-burdened renters and 42 percent of all severely cost-burdened homeowners.²⁸

This concern about displacement pressure is not new, especially for residents on the Hilltop neighborhood. It appears in past plans including *HousingHilltop* and the 2014 Hilltop Subarea Plan. A study completed as part of technical assistance provided by the Federal Transit Administration in 2017 analyzed gentrification-related change on Hilltop. It found that Hilltop is in the early stages of gentrification. Early stages of gentrification indicate housing costs and displacement pressures may be increasing, but opportunities still exist to ensure existing

²⁷ Based on five-year trends (March 2013 to March 2018) Median Sale Price of For-Sale Properties; Median Rent at Single-Family Rental Properties; and Median Rent at Multifamily Rental Properties from Zillow.

²⁸ 2016 American Community Survey Public Use Microdata Sample 1-Year Estimates.

Affordable Housing Action Strategy: Data analysis summary

residents can stay in these areas and benefit from new growth and development before significant displacement occurs.²⁹

²⁹ City of Tacoma. (2017). "Proposed Strategies to increase affordability and stem displacement on Hilltop." Available at www.documentcloud.org/documents/4324639-Tacoma-City-Council-Hilltop-Strategies.html.

General housing characteristics

Total housing units and occupancy

As of 2016, Tacoma had 87,632 housing units.³⁰ Of these units, 8 percent are vacant (and the remaining 92 percent are occupied).³¹ This vacancy rate is comparable to Pierce County (8 percent) and slightly lower than the vacancy rate statewide (9 percent). The rental vacancy rate is slightly higher than the for-sale vacancy rate (5 percent compared with 3 percent, respectively).

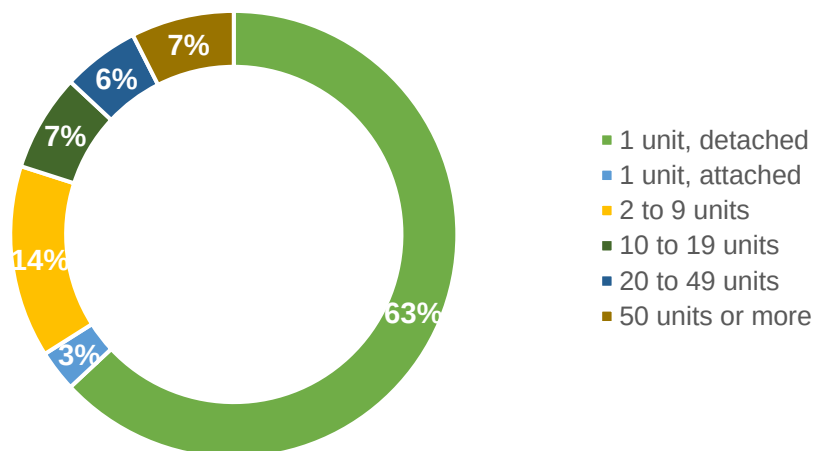
Permitting

Residential permitting fluctuated from as many as 1,202 permits in 2017 to as few as 203 permits in 2011 (see Table 3). It's notable that last year (2017) experienced the most permits issued in a single year since 2010, which could signal the city's growing market strength.³²

Housing types

Housing products are concentrated among detached, single-family homes (see Figure 7). The city experienced a slight gain in attached single-family and small-scale multifamily buildings since 2000.³³ The majority of the city's housing supply is single-family homes: 63 percent of all housing units are detached single-family homes and 3 percent are attached single-family homes (like townhomes).

Figure 7. Housing types (share), City of Tacoma, WA



Source: 2012–2016 American Community Survey 5-Year Estimates

³⁰ 2012–2016 American Community Survey 5-Year Estimates.

³¹ The American Community Survey defines “vacant” units “if no one is living in it at the time of the interview, unless its occupants are only temporarily absent.” Units where the interior is not protected or there is “positive evidence (such as a sign on the house or block) that the unit is to be demolished or is condemned” are excluded from vacant unit counts. Definition via U.S. Census Bureau at www.census.gov/housing/hvs/definitions.pdf. Based on this definition, this count may include some properties that have been classified as “derelict” by city standards.

³² State of Washington Office of Financial Management, 2017.

³³ 2000 U.S. Census Summary File 3 and 2012–2016 American Community Survey 5-Year Estimates.

Affordable Housing Action Strategy: Data analysis summary

The share of attached single-family home and smaller-scale buildings with 2–9 units in them each increased by 1 percent between 2000 and 2016. Detached single-family homes decreased slightly (1 percent) over the same time period, whereas all other housing types largely remained unchanged.

More recent permitting data from the Washington State Office of Financial Management reinforces that single-family homes are still a popular housing product (see Table 3). They made up 29 percent of permitted properties between 2010 and 2017. This same data also shows growth in multifamily buildings (with 5 or more units), which represent the largest share of permitted buildings over the same time period (65 percent).³⁴

Table 3. Development by housing type, City of Tacoma, WA

Year	Single-family	Duplexes	Multifamily 3 or 4 units	Multifamily 5+ units	Mobile Homes	Total permitted Units
2010	110	48	52	336	0	546
2011	119	6	3	75	0	203
2012	161	64	0	530	0	755
2013	162	6	9	233	1	411
2014	216	4	0	31	0	251
2015	243	24	7	840	0	1,114
2016	204	14	6	293	1	518
2017	245	28	8	921	0	1,202
Total	1,460	194	85	3,259	2	5,000
<i>Percent of total</i>	29%	4%	2%	65%	0%	-
<i>Per year</i>	182.50	24.25	10.63	407.38	0.25	625.00
<i>Per year since 2015</i>	230.67	22.00	7.00	684.67	0.33	944.67

Source: Washington State Office of Financial Management, 2017

Housing age

The median age of housing within Tacoma was 51 years in 2016 (based on a median year built of 1965). Within Tacoma, owner-occupied housing is slightly older than renter-occupied housing, with a median age of 58 years (based on a median year built of 1958).³⁵ Housing within the city is much older than housing within Pierce County and the State of Washington (with median ages of housing 35 and 36 years, respectively).

The majority of properties within the city were built prior to 1980 and more than one-third of these properties were built prior to 1950 (see Table 4). Only a small share of properties have been built since 2000 (11 percent), with 9 percent of those properties built between 2000 and 2009 and the remaining 2 percent built in 2010 or later.

³⁴ State of Washington Office of Financial Management, 2017.

³⁵ 2012-2016 American Community Survey 5-Year Estimates.

Table 4. Age of housing (total and share), City of Tacoma, WA

Year built	Total units	Percent
Built 2014 or later	197	0.2%
Built 2010 to 2013	1,237	1%
Built 2000 to 2009	7,961	9%
Built 1990 to 1999	8,113	9%
Built 1980 to 1989	9,138	10%
Built 1970 to 1979	12,023	14%
Built 1960 to 1969	9,796	11%
Built 1950 to 1959	7,917	9%
Built 1940 to 1949	7,123	8%
Built 1939 or earlier	24,127	28%

Source: 2012–2016 American Community Survey 5-Year Estimates

Housing affordability and needs

Housing costs have increased faster than incomes within Tacoma, and many residents, including renters, seniors, and veterans, already pay too much for their current housing situation.

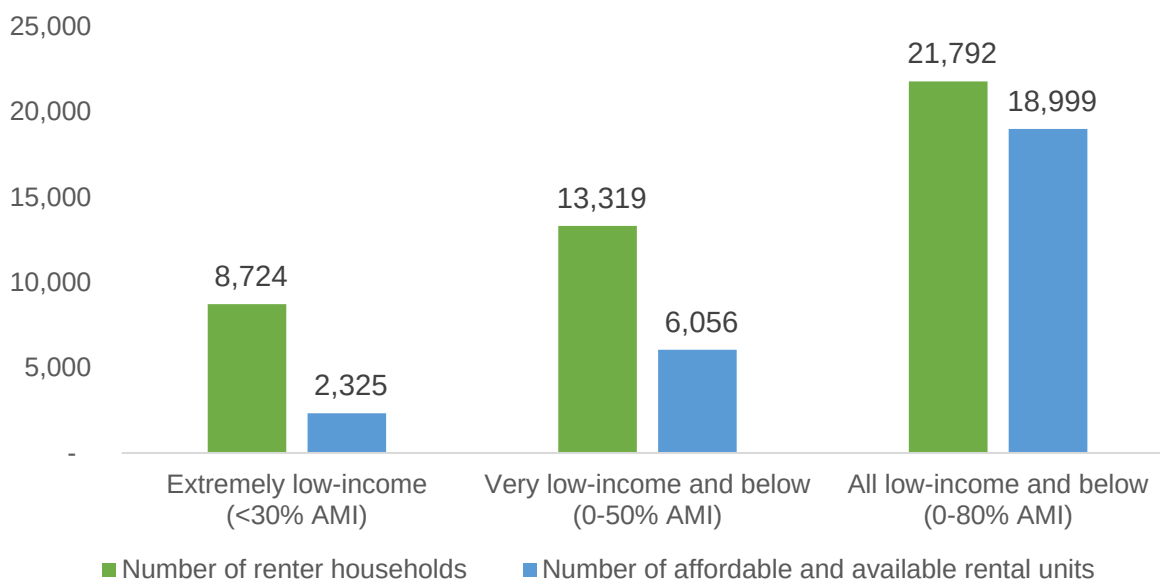
Rental supply gap and unmet need

The City of Tacoma lacks enough rental housing for low-income households.³⁶ Based on a supply gap analysis, the city has a shortfall of about 3,000 units for all low-income households (see Figure 8). The city's rental supply gap is presented cumulatively, because higher income households can afford a wider range of housing prices. Availability of these units to lower-income households is also an issue. Higher income renters often occupy units that would otherwise be affordable to households at a lower income, further limiting the supply at the lowest end of the market. This is the case within Tacoma, where moderate- and higher-income households (those earning above 80 percent of area median income) occupy more than one-third of rental units priced for low-income households.

Examining the rental supply by income range, rather than cumulatively, demonstrates the need for additional supply for extremely low-income and very low-income households.³⁷

Unmet need is greatest among extremely low-income households. Today, the city's rental supply can only serve 27 percent of all households earning 30 percent of the area median income or less. In contrast, the city's rental supply can serve a larger share of very low-income households (81 percent) and all low-income households (81 percent) and all low-income households.

Figure 8. Total affordable and available rental units, City of Tacoma, WA



Source: 2016 American Community Survey Public Use Microdata Sample 1-Year Estimates

³⁶ 2016 American Community Survey Public Use Microdata Sample 1-Year Estimates.

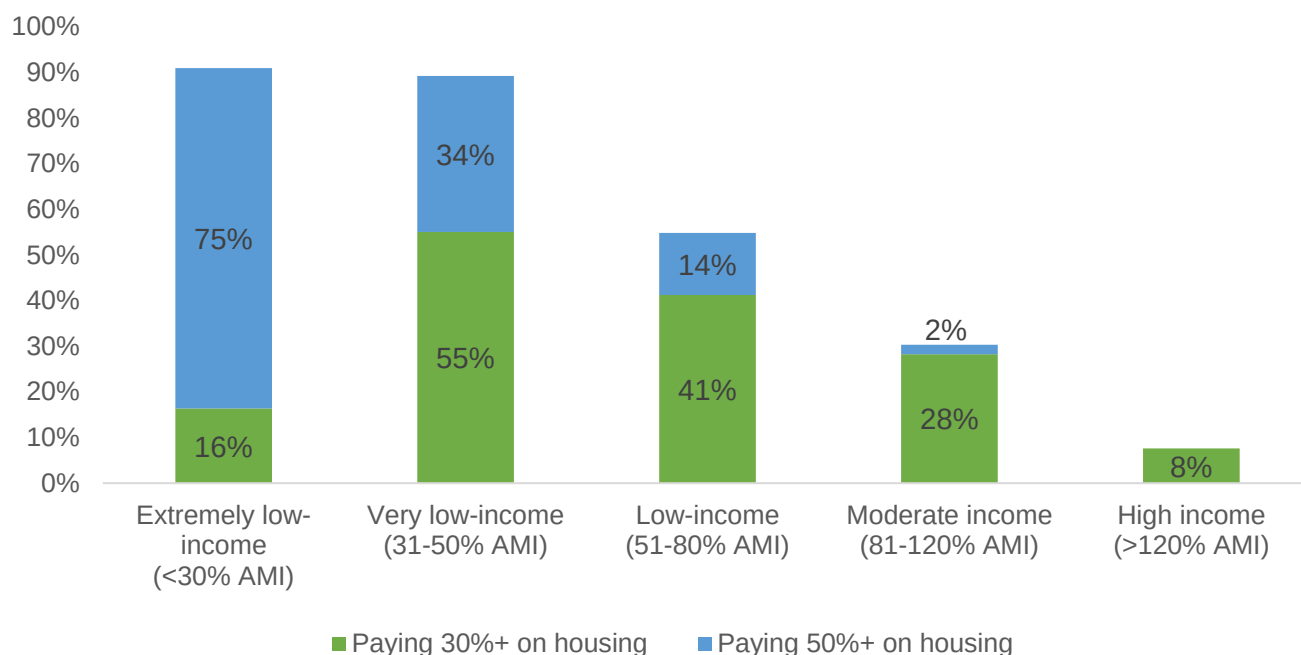
³⁷ Income bands are defined as follows: Households earning 30% or less of area median income; households earning between 31% and 50% of area median income; and households earning between 51% and 80% of area median income.

Cost-burdens (moderate and severe)³⁸

When a household pays more than 30 percent of their gross income on housing, including utilities, they are considered “cost-burdened.” Forty percent of households (or 32,842 households) pay 30 percent or more on housing each month. Twenty-four percent (or 19,456 households) experience “moderate cost-burdens,” meaning they pay between 31 and 50 percent of their income on housing each month. Sixteen percent of households (or 13,386 households) experience “severe cost-burdens,” meaning they pay more than half of their income on housing each month.

Among severely cost-burdened households, nearly all of them (97 percent) are earning at or below 80 percent of area median income, with a majority (64 percent) earning 30 percent of area median income or less (see Figure 9).

Figure 9. Cost-burdened households by income level (share), City of Tacoma, WA



Source: 2016 American Community Survey Public Use Microdata Sample 1-Year Estimates

Race/ethnicity

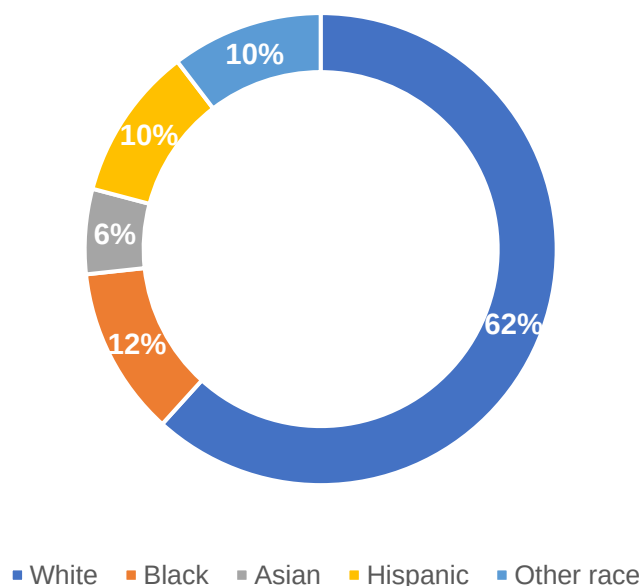
In general, households in different racial and ethnic groups experience cost-burdens at a similar rate to their representation in the city’s general population (see Figure 10). For instance, White households comprise 69 percent of the city’s total population and 62 percent of households with moderate or severe cost-burdens identify their race as White.

Black and African-American and Hispanic households experience cost-burdens at slightly higher rates than they are represented in the city’s general population. Black and African-American households make up 10 percent of the city’s total population but represent 12 percent of moderately and severely cost-burdened households. Hispanic households make up 8 percent of

³⁸ 2016 American Community Survey Public Use Microdata Sample 1-Year Estimates.

the city's total population but represent 10 percent of moderately and severely cost-burdened households.

Figure 10. Cost-burdened households by race and ethnicity (share), City of Tacoma, WA



Source: 2016 American Community Survey Public Use Microdata Sample 1-Year Estimates

Cost-burdens among renters³⁹

Forty-eight percent of all renters, regardless of income, are cost-burdened. Put another way, nearly 1 in 2 renters are cost-burdened. Twenty-three percent of all renters are severely cost-burdened.

Income level

Moderate cost-burdens are most common among households earning between 31 and 80 percent of area median income. These households represent approximately 70 percent of all moderately cost-burdened renters. Severe cost burdens predominantly fall on extremely low-income households, those earning 30 percent of area median income or less. These households represent nearly three-quarters of all severely cost-burdened renters.

Household type

Sixty-four (64) percent of moderately cost-burdened renters are households without children (compared with 36 percent of households with children). Sixty-six (66) percent of severely cost-burdened renters are households without children (compared with 34 percent of households with children).

Seniors

Thirty-one (31) percent of seniors (or 1,486 seniors) who rent their homes are moderately cost-burdened. Thirty-five percent of seniors (or 1,706 seniors) who rent their homes are severely cost-burdened.

³⁹ 2016 American Community Survey Public Use Microdata Sample 1-Year Estimates.

Affordable Housing Action Strategy: Data analysis summary

Veterans

Twenty-nine (29) percent of veterans (or 1,915 veterans) who rent their homes are moderately cost-burdened. One-fifth of veterans (or 1,323 veterans) who rent their homes are severely cost-burdened.

Cost-burdens among owners⁴⁰

One-third of all homeowners, regardless of income, are cost-burdened, and 10 percent of these homeowners are severely cost-burdened.

Income level

While moderate and severe cost-burdens primarily affect lower income levels among renters, moderate cost-burdens among owners tend to affect moderate-income households, in addition to households earning 80 percent of area median income or less.

Moderate cost-burdens are most common among households earning between 81 and 100 percent of area median income. These households represent 39 percent of all moderately cost-burdened owners. Households earning between 51 and 80 percent of area median income represent an additional 24 percent of these households, followed by households earning 120 percent of area median income, which represent another 22 percent.

Severe cost-burdens tend to affect extremely and very low-income homeowners more than homeowners at other income levels. A majority (76 percent) of severely cost-burdened homeowners represent those households with some of the lowest incomes within the city.

Household type

Compared with renters, moderately cost-burdened homeowners are slightly less likely to have children. Thirty-four (34) percent of moderately cost-burdened owners have children compared with 36 percent of moderately cost-burdened renters. Like renters, a larger share of moderately cost-burdened owners do not have children (46 percent of households without children compared with 24 percent of households with children).

Seventy-one percent of severely cost-burdened homeowners are households without children (compared with 29 percent of households with children).

Seniors

Nineteen (19) percent of seniors (or 2,147 seniors) who own their homes are moderately cost-burdened. Fourteen (14) percent of seniors (or 1,552 seniors) who own their homes are severely cost-burdened.

Veterans

One-fifth of veterans (or 1,375 veterans) who own their homes are moderately cost-burdened. Twelve percent (12) of veterans (or 826 veterans) who own their homes are severely cost-burdened.

Persons experiencing homelessness

On any given night, more than 1,600 persons experience homelessness in Tacoma–Pierce County.⁴¹ Statistics from the Homeless Management Information System (HMIS) suggest that

⁴⁰ 2016 American Community Survey Public Use Microdata Sample 1-Year Estimates.

⁴¹ Pierce County, 2018 Point-In-Time Count.

Affordable Housing Action Strategy: Data analysis summary

the number of persons experiencing homelessness could be much higher. Nearly 9,500 persons were counted through HMIS during 2017.

There is a close link between homelessness and the need for more affordable housing in Tacoma. In fact, people reported a lack of affordable housing and eviction as the two most common reasons for being homeless during the most recent Point-In-Time Count (2018).⁴² This sentiment was echoed in interviews at the Nativity House Day Center. Guests there voiced concerns about a lack of affordable housing, especially for households earning less than 50 percent of area median income. Guests at Nativity House said an “affordable” rent for them would fall between \$250 and \$350. They also expressed a need for more help, like case managers or peer navigators, to navigate different housing programs and requirements.

Homelessness is becoming a significant equity issue. Residents with special needs, such as persons with physical or mental disabilities, and persons of color make up a large share of persons experiencing homelessness in Tacoma–Pierce County. For instance, nearly half (48 percent) of persons experiencing homelessness are people of color.⁴³

Total subsidized housing supply

Income-restricted housing in Tacoma falls into three main categories: 1) public housing, which receives federal funding to provide housing for eligible households and is managed by the Tacoma Housing Authority (1,535 units); 2) tenant-based rental assistance like Section 8 (3,500 vouchers); and 3) privately owned housing that receives a federal subsidy (as many as 3,910 units at 57 properties).

Tacoma Housing Authority’s portfolio

The Tacoma Housing Authority has a large portfolio of housing within Tacoma, totaling nearly 7,000 units.⁴⁴ Within this portfolio, about half are tenant-based rental assistance provided by THA and used within the private housing market (51 percent or ~3,500 households), and about one-fifth of Tacoma’s income-restricted units (22 percent or 1,535 units) are public housing units owned by THA. In addition to its direct assistance to households, THA also finances units and purchases land for additional development, which comprises 27 percent of units in its housing portfolio.

The longevity of income-restricted units is an important consideration, and over the last several years, THA has made a concerted effort to increase overall quality and viability of units at its properties. It measures the long-term viability of its portfolio by “unit years.”⁴⁵ THA estimates that it increased the “unit years” of its properties by nearly 700 percent between 2002 and 2017. In 2002, the average “unit years” of a THA-owned unit was 5 years; in 2018, it is 25 years.

Federally subsidized, privately owned housing

The remaining subsidized supply is 3,910 units distributed among 57 privately owned properties

⁴² The third reason was “inadequate employment or income.” Pierce County, 2018 Point-In-Time Count.

⁴³ Pierce County, 2018 Point-In-Time Count.

⁴⁴ THA Real-Estate Development since 2002. Prepared by the Tacoma Housing Authority, February 7, 2018.

⁴⁵ THA defines “unit years” as “the estimated number of years a unit has before needing major repair.” It is a measure that THA uses to understand the condition of housing stock and investment required to maintain or replace units. It assumes a newly built unit will likely not need a major repair until 25 years after being built.

Affordable Housing Action Strategy: Data analysis summary

that receive at least one federal subsidy.⁴⁶ A large number of these properties (26) serve vulnerable populations—elderly, persons with disabilities, or both. A smaller number serve families or a mix of populations.⁴⁷

Expiring subsidized housing

Subsidized units can be lost through a variety of ways—expiring subsidies, deteriorating quality that ultimately makes them inhabitable, and subsidized housing contract “opt-outs.”

While it is difficult to predict if a property owner will opt-out of their subsidized housing contract, it is important to note that changing housing markets and large-scale transit investments, like the Link Extension, can increase the number of opt-outs of subsidized housing contracts.⁴⁸

More predictable is when subsidies are scheduled to expire—these subsidies can be tracked and individual properties can be assessed for their risk of loss, based on other considerations like ownership and location.

Among Tacoma’s existing federally subsidized supply, a total of 1,588 units at 30 privately owned properties have subsidies that expire by 2028.⁴⁹ Within the next two years alone, the City of Tacoma could lose as many as 326 units through expiring subsidies at federally assisted properties.

Many of these properties are owned and managed by nonprofit partners, like Mercy Housing, the Korean Women’s Association, and Catholic Housing Services of Western Washington, which minimizes the risk of loss (but does not guarantee their long-term affordability).

Recent local investments in affordable housing

The City of Tacoma, along with its partners, has made direct investments to increase the supply of subsidized housing throughout the city, often as part of mixed-income developments. Investments over the last 2–3 years totaled more than \$3 million in public funds and supported five development projects, rehabilitation of single-family homes, and downpayment assistance to homebuyers.⁵⁰

⁴⁶ 2018 National Housing Preservation Database.

⁴⁷ Of the 41 federally subsidized properties within Tacoma with available data on population served, 26 properties serve elderly residents (13), persons living with disabilities (1), or both (12). Data from the National Housing Preservation Database. (2018). Data accessed via <http://preservationdatabase.org>.

⁴⁸ One study suggests one of the negative consequences of public transit investment is increased opt-outs among property owners receiving housing subsidies. This means that landlords that previously accepted housing subsidies, like Section 8 or Housing Choice Vouchers, decide to terminate their contracts. They typically do so to raise the rent, and these affordable units may no longer be affordable or available to low-income households. Boarnet, M. et al. (2017). “Affordable Housing in Transit-Oriented Developments: Impacts on Driving and Policy Approaches.” White paper prepared for the National Center for Sustainable Transportation. Available at https://ntl.bts.gov/lib/61000/61300/61397/NCST-TO-027Boarnet-Bostic-Affordable-TOD-White-Paper_FINAL.pdf.

⁴⁹ 2018 National Housing Preservation Database.

⁵⁰ Data provided by the City of Tacoma, Community and Economic Development Department staff (2018).

Affordable Housing Action Strategy: Data analysis summary

Recent projects include:⁵¹

- **Oak Trace**—A new 120-unit mixed-income, multifamily rental development. The project includes a mix of bedroom sizes (one- to four-bedroom units) and units priced for extremely low-income households.
- **Bay Terrace, Phase 2**—A new 74-unit multifamily rental property owned and managed by the Tacoma Housing Authority. Bay Terrace serves households earning 60 percent of area median income or less and offers a mix of one- to three-bedroom units.
- **Homeownership Center of Tacoma**—Provided nearly \$700,000 between 2014 and 2017 in funding to this certified Community Housing Development Organization to support downpayment assistance to homebuyers, second mortgages, and financing for developers.
- **McKinley Artist Lofts***—When complete, this development will offer 14 live-work/work-live spaces. This property aims to serve low-income artists, although a few units are available at market-rate.
- **Multi-Service Center / Shelter Resources Inc.***—When complete, this rehabilitated development will offer 60 one-, two-, and three-bedroom units for extremely and very low-income households.
- **YWCA Broadway Project***—When complete, this 52-unit multifamily development will serve survivors of domestic violence and other households experiencing homelessness.

Housing affordability and Tacoma's workforce

The higher housing costs within the City of Tacoma directly affect the city's workforce, such as residents working retail, hospitality, and healthcare jobs, in addition to residents who directly rely on public assistance.

THA has consistently analyzed the city's workforce in relation to maximum affordable housing costs, using data from a range of federal sources including the U.S. Bureau of Labor Statistics and HUD's Comprehensive Housing Affordability Strategy (CHAS) to complete its calculations.⁵²

This analysis demonstrates that local wages do not align with rents within the City of Tacoma. Within the city, a "low-income" household earns about \$20 an hour or nearly \$42,000 annually. A very low-income household within the City of Tacoma earns about \$13 an hour, which translates into slightly more than \$26,000 annually. This is only slightly more than the earnings of a minimum wage worker in the city (\$12 an hour).

Workers at this income level (such as a short-order cook earning \$12.16 an hour or a home healthcare aide earning \$12.10 an hour) could afford monthly housing payments of about \$630. Only a small share of rental units within the city offer rents at this level or lower. According to 2016 American Community Survey data, 17 percent of rental units within the city have rents less than \$650.⁵³

Households between these two income levels (very low-income and low-income) work as salespeople at retail stores (\$34,000 annually), technicians at medical labs (\$38,000 annually), and financial clerks (\$40,000 annually). These households could afford monthly housing

⁵¹ Includes both completed and in-progress projects with funding commitments from the City of Tacoma. In-progress projects are denoted using an asterisk (*).

⁵² City of Tacoma's Estimated Rent Burden Housing Need by Income: 2017–2040. Prepared by the Tacoma Housing Authority, January 10, 2018.

⁵³ 2012–2016 American Community Survey 5-Year Estimates.

Affordable Housing Action Strategy: Data analysis summary

payments between \$778 and \$997, which is slightly higher than the city's median rent of \$980 (as of 2016). About one-half of the city's rental supply has rents below \$1,000—but part of that supply is also intended to serve households at lower income levels.⁵⁴

Households classified as extremely low-income earn less than \$16,000 annually. A household receiving disability benefits or Temporary Assistance for Needy Families (TANF) both earn significantly less annually, about \$9,000 and \$6,000 respectively. THA estimates an affordable monthly housing payment for a person receiving disability benefits to be \$225 and a family of three receiving TANF to be \$143. For perspective, 4 percent of the city's rental units have rents below \$250, and less than 1 percent have rents below \$150.⁵⁵

Housing affordability and transportation costs

Traditional measures of housing affordability ignore transportation costs, even though transportation typically represents a household's second-largest expenditure. These costs are heavily influenced by the neighborhood characteristics where a household lives. When people live farther from job centers or other key destinations and there's few reliable alternatives, they typically need to own a vehicle to make their daily trips.

Many stakeholders noted the importance of understanding the connection between housing and transportation costs, as well as commuting times as part of developing the AHAS. This analysis examines housing and transportation (H+T) costs, as calculated by the Center for Neighborhood Technology; commute mode from the American Community Survey; and changes in travel times.⁵⁶ On the whole, many households in Tacoma rely on a vehicle to travel to and from work and annual transportation costs tend to be higher than other cities in the region.

Commuting patterns

In Tacoma, 72,400 people commute into the city; 56,300 people commute out of the city; and 26,100 people (or about 13 percent of Tacoma's total population) live and work in the city. The majority of Tacoma residents (75 percent) commute alone by car; 11 percent carpool; and 5 percent use public transportation. The most frequent destinations for out-commuters is Seattle (representing about 10 percent of residents leaving the city), followed by Lakewood (5 percent).⁵⁷ The average commute time within Tacoma is 27 minutes—slightly higher than the national average of 26 minutes. However, overall commute times vary, with a large share (82 percent) of residents commuting less than 45 minutes. A smaller share (11 percent) experience commutes of 60 minutes or more.

H+T costs

Even with a reliance on vehicle ownership, the typical household spends below the commonly accepted benchmark for housing and transportation (H+T) costs.

⁵⁴ 2012–2016 American Community Survey 5-Year Estimates.

⁵⁵ 2012–2016 American Community Survey 5-Year Estimates.

⁵⁶ The Center for Neighborhood Technology (CNT) measures H+T costs through its Housing and Transportation Affordability Index. The index accounts for neighborhood characteristics (e.g., gross & block density, employment access, transit access); household characteristics (e.g., household income, household size, commuters); auto ownership; auto usage; and transit usage. For a detailed explanation of the methods used in the index, see https://htaindex.cnt.org/about/HTMethods_2016.pdf.

⁵⁷ Tacoma WA: Commute Profile. Prepared by University of Washington-Tacoma Urban Studies Program. Full profile available at www.tacoma.uw.edu/urban-studies/tacoma-wa-worker-commute.

Affordable Housing Action Strategy: Data analysis summary

The Center for Neighborhood Technology sets the benchmark at no more than 45 percent of household income spent on combined housing and transportation costs. In Tacoma, housing and transportation costs are slightly below this standard. H+T costs make up 41 percent of a typical household's budget (compared to 46 percent in Seattle).

However, compared with Seattle, a typical household in Tacoma spends more annually in transportation. In Tacoma, a household spends \$12,680 on annual transportation costs, compared to \$11,609 in Seattle.⁵⁸

The Center for Neighborhood Technology also identifies "location efficient" neighborhoods, those that are compact, close to jobs and services, with a variety of transportation choices. Location efficient neighborhoods allow residents to spend less time, energy, and money on transportation. Only 6 percent of Census Tracts in Tacoma are considered "location efficient" neighborhoods.⁵⁹

Changes in commuting patterns and travel time

The Puget Sound Regional Council (PSRC)'s 2014 *Regional Travel Study* compared travel survey data from 1999, 2006, and 2014 to understand regional trends in transportation over time.

On the whole, transit ridership and nonmotorized trips (such as those on foot or by bicycle) increased throughout the region between 1999 and 2014. Over the same time period, the share of trips by car declined, but this decline was very small. Trips taken in personal vehicles declined 4 percentage points over the study period (from 86 percent in 1999 to 82 percent in 2014).

While regional changes among transportation modes have been marginal, some cities experienced much larger shifts from driving to other modes of transportation. The biggest shifts were in the urban cores of Seattle and some areas in Bellevue, Everett, and Redmond (albeit to a smaller extent). This study also found very small fluctuations in average commute times, which increased from 28 minutes to 29 minutes between 1999 and 2014.

The study does not look at specific trends for the City of Tacoma, but it does examine changes in Regional Growth Centers (including Downtown Tacoma) from 2006 to 2014. Over that time period, people traveling in Downtown Tacoma took fewer trips by car and public transit and more trips on foot (18 percent in 2014) or by other modes (5 percent in 2014), such as by bicycle.⁶⁰

⁵⁸ Annual transportation cost from <https://htaindex.cnt.org/map/>. CNT measures annual transportation costs for a "regional typical household," meaning a household of average size with the median income and average number of commuters for the region. Annual transportation costs account for three components of travel behavior: auto ownership, auto use, and transit use. According to CNT, "to calculate total transportation costs, each of these modeled outputs is multiplied by a cost per unit (e.g., cost per mile) and then summed to provide average values for each block group."

⁵⁹ The Center for Neighborhood Technology defines "location-efficient neighborhoods" as "compact, mixed-use, and with convenient access to jobs, services, transit and amenities." Households that live in these types of neighborhoods tend to have lower transportation costs.

⁶⁰ PSRC's 2014 Regional Travel Study: Key Comparisons of 1999, 2006 and 2014 Travel Survey Findings. Puget Sound Regional Council. June 2015. Available at www.thefuturetaskforce.org/wp-content/uploads/2015/11/PSRC-2014-Regional-Travel-Study.pdf.

Regional and local access to opportunity

In addition to cost, there's a growing recognition that place—more than any other factor—plays a significant role in shaping a person's long-term economic potential and overall health and well-being. *The Equity, Opportunity, and Sustainability in the Central Puget Sound Region* report highlighted that “no single negative factor leads to the creation of a marginalized community... [and more] often than not, multiple factors work together in a particular place.”

In short, neighborhoods matter, and the broader context in which the City of Tacoma makes housing investments needs to account for considerations beyond cost. It also needs to account for considerations like school quality, proximity to jobs and services, and environmental quality. The City of Tacoma needs to understand how housing investments relate to access to opportunity—defined by the Kirwan Institute as “a situation or condition that places individuals in a position to be more likely to succeed and excel”. This section highlights what access to opportunity looks like within the City of Tacoma from both regional and local perspectives, drawing on past and new analysis.

Regional perspective

The Puget Sound Regional Council and the Kirwan Institute developed a geographic analysis of opportunity using the Kirwan Institute's Communities of Opportunity framework. This framework incorporates indicators across five dimensions: 1) housing and neighborhood quality; 2) education; 3) jobs; 4) transportation; and 5) health. Data from these five dimensions were used to create an “index of opportunity” for all Census Tracts within the urbanized growth area in the region. The results of this analysis were then mapped to illustrate regional differences in access to opportunity.

When comparing the City of Tacoma to the broader Puget Sound region, much of the city is characterized by low levels of access to opportunity. A large number of Tracts are classified as having “low” or “very low” access to opportunity, although some exceptions exist (like around Downtown Tacoma and in the West End).⁶¹ In contrast, a larger share of Tracts in North King County, including much of Seattle and Bellevue are classified as having “high” or “very high” access to opportunity.

Local perspective

As part of developing the AHAS, the City of Tacoma examined access to opportunity within its city limits to understand differences in local access to opportunity. This analysis uses Enterprise Community Partners' Opportunity360, a framework grounded in research on neighborhood effects and economic mobility.

Using this framework, access to opportunity was measured through a cluster analysis of 4 indices with 17 independent variables. The opportunity types measure commonalities among Census Tracts for four key neighborhood-level dimensions: 1) social capital; 2) community institutions; 3) access to jobs, goods, and services; and 4) environmental quality. Table 5 summarizes the variables used for this part of the analysis.

The relative strength of these dimensions is reported as index scores, where scores above 50 suggest better-than-average conditions or “stronger pathways to opportunity” compared to the

⁶¹ See Map 1.1 in *Equity, Opportunity and Sustainability in the Central Puget Sound Region*. Kirwan Institute. 2012. <http://kirwaninstitute.osu.edu/my-product/equity-opportunity-and-sustainability-in-the-central-puget-sound-region/>.

Affordable Housing Action Strategy: Data analysis summary

rest of the City of Tacoma. Scores below 50 suggest below-average conditions or “weaker pathways to opportunity” compared to the rest of the City of Tacoma. The relative importance of these dimensions and their scores vary based on local priorities, and tradeoffs between stronger conditions on one dimension may be offset by stronger conditions or other strategic considerations in another one.

Based on common conditions that shape access to opportunity, Census Tracts were broadly grouped into three types (see Figure 11):

- **Type 1:** Type 1 areas have stronger pathways to social capital; community institutions; and environmental quality, but weaker pathways to access jobs, goods, and services. In other words, these areas are more likely to have higher-performing schools; higher income households; lower rates of poverty; and lower risks associated with pollution. However, these areas also tend to be less walkable and fewer job centers are accessible by either transit or car. West End and part of North Tacoma fall into Type 1.
- **Type 2:** Type 2 areas have stronger pathways for access to jobs, goods, and services, but weaker pathways across all other pathways: 1) social capital; 2) community institutions; and 3) environmental quality. These areas are more likely to be easy to navigate on foot and more job centers are accessible by transit or car. However, they are more likely to have higher rates of poverty and risks associated with pollution and lower performing schools. Much of the southern part of Tacoma, including Eastside, South End, and South Tacoma, fall into Type 2 (with some exceptions).
- **Type 3:** Type 3 areas have stronger pathways for social capital; access to jobs, goods, and services; and community institutions and weaker pathways to environmental quality. These areas are more likely to have higher-performing schools; are more accessible by transit or on foot; and higher income households. However, they are more likely to have higher rates risks associated with pollution—although one local stakeholder noted this may be skewed by the use of Census Tracts and proximity to the Port of Tacoma. Much of New Tacoma and some parts of Central Tacoma and North Tacoma fall into Type 3.

Compared with the regional access to opportunity, this local view highlights some of the key assets in Tacoma (see Table 6) and suggests that access to opportunity is not necessarily a zero-sum game. For instance, Type 2 and Type 3 both have stronger pathways for access to jobs, goods, and services. This suggests that these areas are more walkable and more job centers are accessible by transit or car, and affordable housing in these areas would create a stronger housing and transportation connection. Type 1 has stronger pathways along three dimensions: 1) social capital; 2) community institutions; and 3) environmental quality. This suggests that in these areas, affordable housing investments may help households access better schools and areas with fewer environmental hazards.

It also highlights some of the tradeoffs that households in the city are making, since strong pathways across all four dimensions of opportunity are not present anywhere within Tacoma. For instance, the primary tradeoff in both Type 2 and Type 3 is environmental quality, although within Type 2, tradeoffs are also in community institutions (like school quality) and social capital. Type 1 scores lower on access to jobs, goods, and services. This data suggests a tradeoff

Affordable Housing Action Strategy: Data analysis summary

between increased mobility and other assets in areas classified as Type 1.

Affordable Housing Action Strategy: Data analysis summary

Table 5. Indicators used to measure access to opportunity, City of Tacoma, WA

Variable (by index)	Source
<i>Social capital</i>	
Median household income	2011–2015 American Community Survey 5-Year Estimates
HUD Labor Market Engagement Index Score	2016 HUD Affirmatively Furthering Fair Housing (AFFH)
Share of people with a high school diploma or higher	2011–2015 American Community Survey 5-Year Estimates
Share of people with a Bachelor's degree or higher	2011–2015 American Community Survey 5-Year Estimates
Unemployment rate	2011–2015 American Community Survey 5-Year Estimates
Percent of people in poverty	2011–2015 American Community Survey 5-Year Estimates
<i>Environmental quality</i>	
Diesel particulate matter level in air	2016 EPA EJSCREEN
Cancer risk from air toxics	2016 EPA EJSCREEN
Respiratory risk score	2016 EPA EJSCREEN
Traffic exposure score	2016 EPA EJSCREEN
Particulate matter concentration score	2016 EPA EJSCREEN
<i>Access to jobs, goods, & services</i>	
Walkscore	2016 Walkscore
TransitScore	2016 Walkscore
Jobs accessible via a 45-minute automobile commute	2014 EPA Smart Location Database
Jobs accessible via a 45-minute transit commute	2014 EPA Smart Location Database
<i>Community institutions</i>	
Standardized Test Score Rank (National Percentile)	2016 Location, Inc.
Percent of all students who are in poverty	2011–2015 American Community Survey 5-Year Estimates

Source: Enterprise Community Opportunity360 (www.enterprisecommunity.org/opportunity360).

Figure 11. Access to opportunity by Census Tract, City of Tacoma, WA

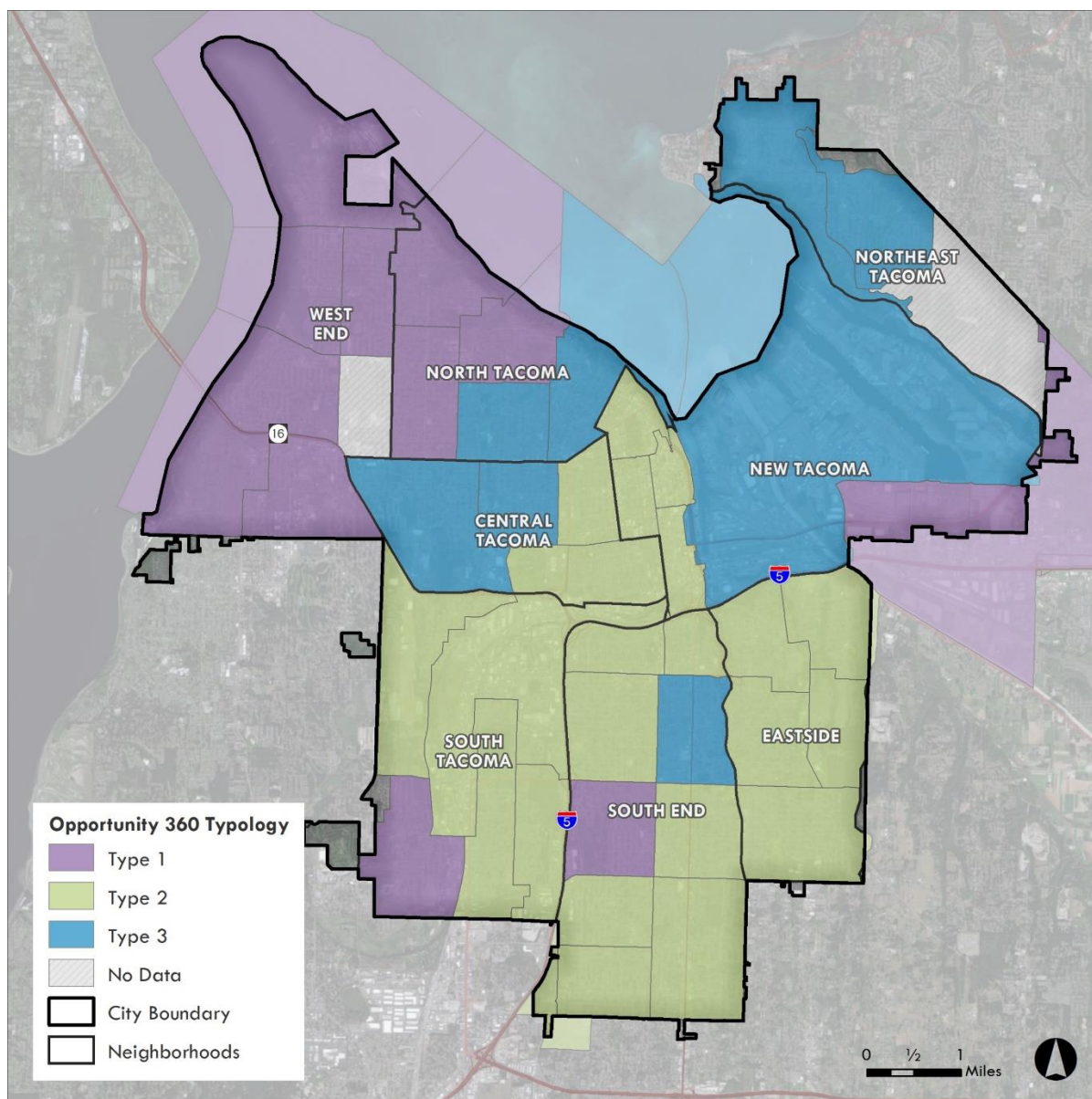


Table 6. Strong pathways to opportunity, City of Tacoma, WA

Type	Pathways to opportunity			
	Access to jobs, goods, and services	Social capital	Community institutions	Environmental quality
Type 1	-	✓	✓	✓
Type 2	✓	-	-	-
Type 3	✓	✓	✓	-

Source: Enterprise Community Opportunity360 (www.enterprisecommunity.org/opportunity360).

Note: "Strong pathways" are where a majority of Tracts in this dimension are higher than median score of 50.

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APPENDIX C

Summary of Community Engagement

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Overview

The City of Tacoma developed its *Affordable Housing Action Strategy* (or AHAS) to preserve and increase the number of affordable, available, and accessible housing units throughout the city. Public engagement has been an integral part of these efforts. Collaborating with various community partners and hundreds of individuals, the City of Tacoma gathered input and experiences from members of the public to understand their challenges related to housing and to solicit ideas for future action.

This input directly informed the AHAS. The public input is reflected in proposed solutions such as updated inclusionary zoning standards, stronger tenant protections, and more resources for people experiencing a housing crisis. They are also reflected in how quickly actions are implemented, as well as how they will be implemented over time. Specifically, one strategic objective—reduce barriers for people who often encounter them—emerged directly from public engagement activities. This input underscored that producing and preserving affordable homes will not be enough. Barriers to accessing these homes need to be addressed in order for all Tacoma residents to benefit from the other actions within the AHAS.

Public engagement activities

This report summarizes the primary public engagement activities, which reached more than 300 members of the public through a variety of methods. These methods ranged from targeted focus groups and interviews to a communitywide survey to in-person listening sessions and community meetings. Activities to engage members of the public occurred from March to July 2018 while the AHAS was being developed. Through these activities, a variety of unmet housing needs, barriers to accessing housing, and potential solutions were identified.



The questions asked during these activities were formulated in collaboration with the City of Tacoma staff and representatives with local community-based organizations (through initial interviews). They focused on three major topic areas:

- How lack of affordable housing affects the daily lives of Tacoma residents
- Factors that affect the quality, availability, accessibility, and affordability of housing options within Tacoma, including barriers and challenges
- Actions that City of Tacoma and its partners should take to make Tacoma a more affordable and inclusive place to live

Focus groups and interviews

Three focus groups and additional interviews were conducted around the city with people that typically have unique or unmet housing needs, such as seniors, immigrants, individuals with limited English proficiency, and persons experiencing homelessness. Interviews were

conducted with guests at the Nativity House Day Center, and three focus groups were held at meal sites operated by the Korean Women’s Association with groups of Korean-Americans, Vietnamese-Americans, and Cambodian-Americans, many of whom are also seniors.

Listening sessions and other community meetings

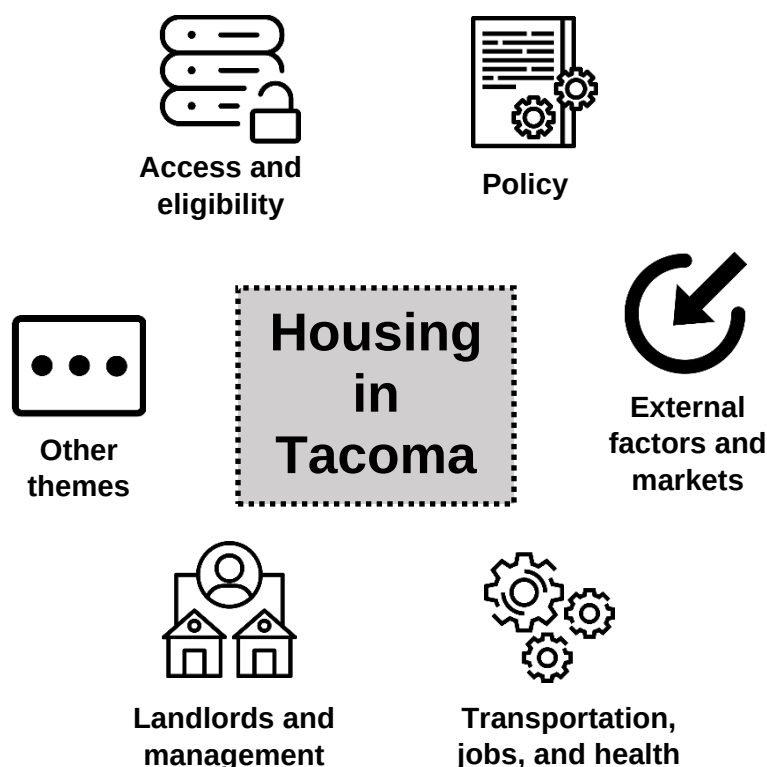
Three listening sessions on Hilltop (at Peace Community Center on May 8th); Eastside (at Blix Elementary School on May 12th); and South End (at Asia Pacific Cultural Center on June 7th) were held throughout the development of the AHAS. There were also two community meetings in March 2018, one led by high school students at Lincoln High School and another at the University of Washington–Tacoma as part of its Livable City Year work. Additional outreach was conducted on the recommended actions in the AHAS—one at The Black Collective on July 7th and one at the Hilltop Engagement Committee on July 11th.

Online survey

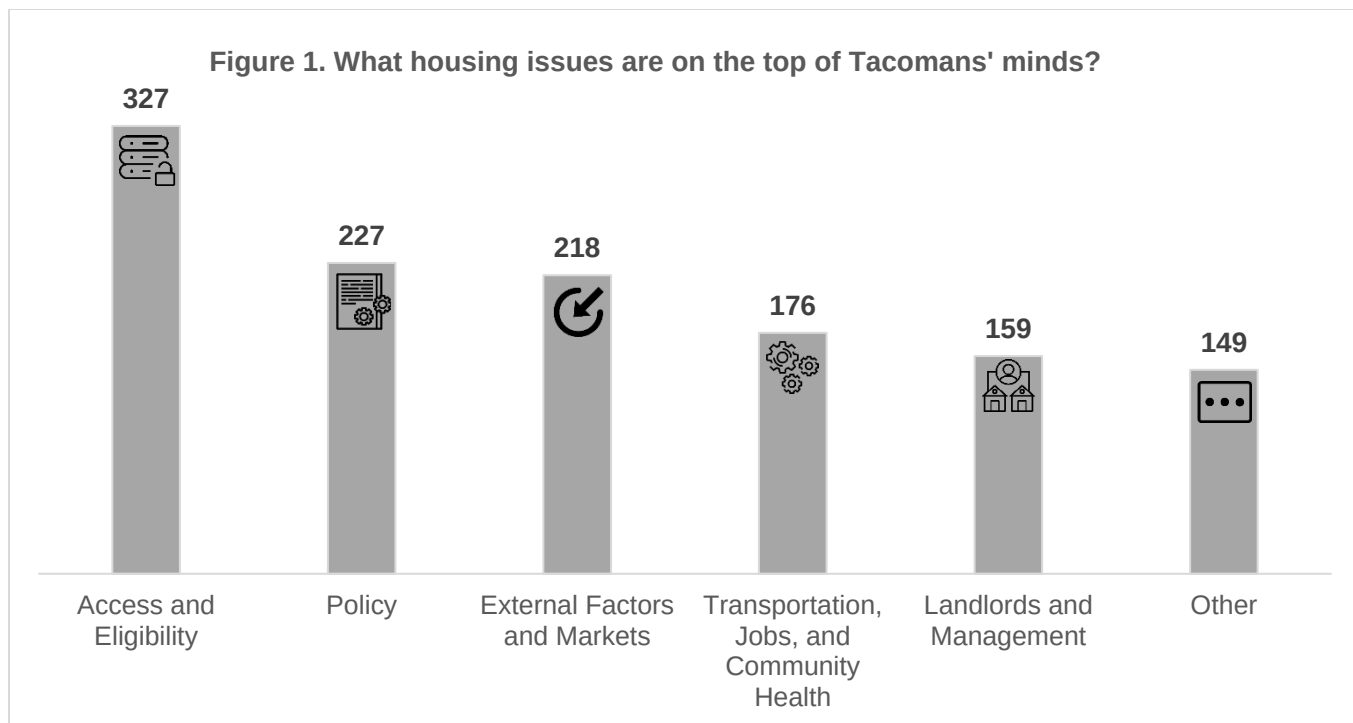
An online, open-ended survey was open for four weeks from May to June 2018. The survey covered the same topics as the listening sessions. Hard copies of the survey and a Spanish-language version were also available.

Results from public engagement

Members of the public identified several housing issues throughout the engagement activities that fall into these broad categories:



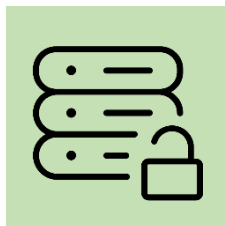
Of these six categories, access and eligibility for housing came up the most often among members of the public. Comments related to access and eligibility was referenced 327 times, followed by policy and external factors (see Figure 1)



Each of the following themes are discussed in more detail below:

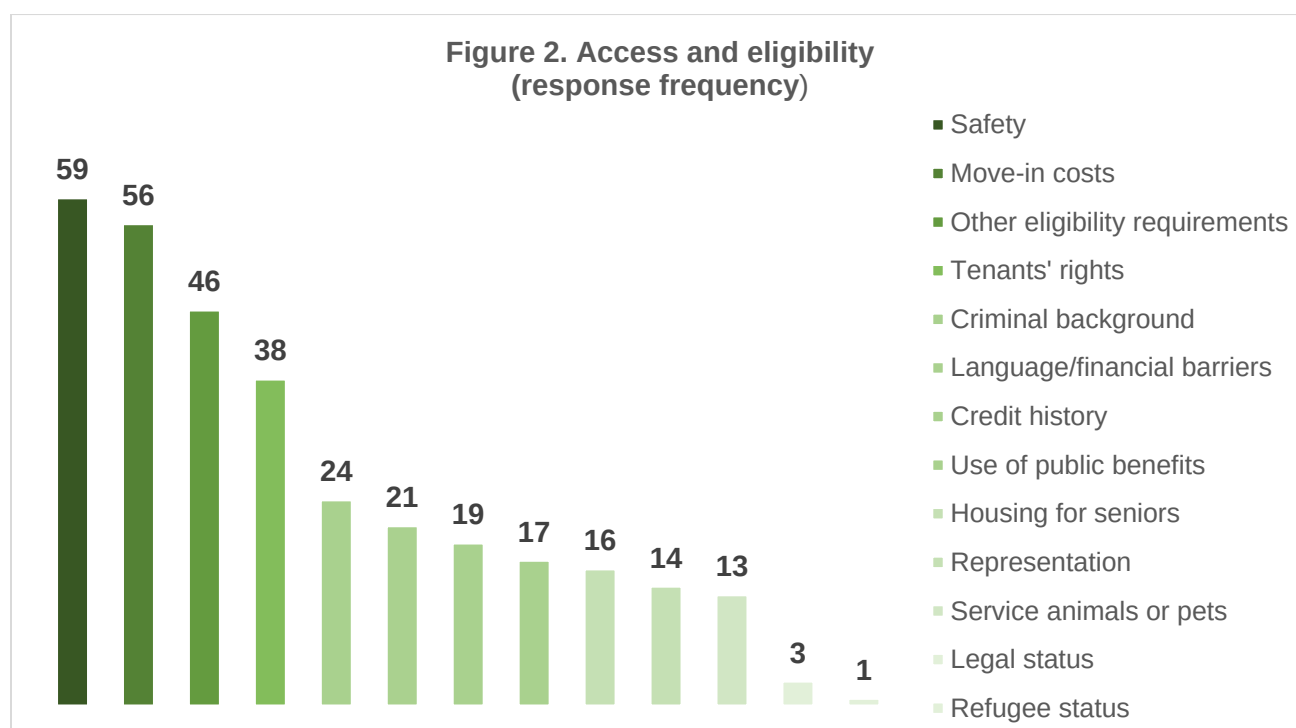
- **Access and eligibility:** Barriers due to eligibility requirements such as legal status or criminal history; limited computer and financial literacy affecting the search and application for housing; neighborhood safety; and lack of representation and engagement of low-income people
- **Policy:** Rent control; density and infill; better code compliance; and accessory dwelling units (ADUs) and tiny homes
- **External factors and markets:** Barriers due to gentrification and displacement; impact of real estate speculation, developers, and private equity; incentives to promote affordable housing; and solutions such as community land trusts and a housing trust fund
- **Transportation, jobs, and community health:** Job opportunities, workforce training, and living wage jobs; transportation and public transit; food and grocery stores; and health and mental health services
- **Landlords and management:** Issues related to management and no-cause evictions; discrimination and legal issues; and landlords' needs
- **Other themes:** Homelessness; independence, dignity, and community; and housing for families

Access and eligibility



Themes related to access and eligibility were the most frequently mentioned by members of the public, with 327 instances throughout the engagement activities (see Figure 2). The most common theme within this category was safety. One respondent said, “My family has the option to either live in a ‘safe suburban city’ that we can’t afford and live comfortably or live in an unsafe neighborhood that is more affordable.” This tradeoff between safety and affordability was a common response.

Other themes frequently cited were the challenges of moving in to a new home, which included unattainable security deposits or the impact of poor credit history or criminal background. One respondent said, “I am now struggling to even stay in a rental with Section 8. My rent is over half our income... who on Section 8 has \$3,700 for just the deposits to move in? We can’t even pay our electric bill on our income! Let’s not even get into feeding, clothing, and gas for our vehicle to get to school and appointments for the month.”



Other barriers were finding a home that allowed pets and service animals, finding a home because of income or physical constraints for people with disabilities, or facing barriers because of language, computer access, or financial literacy. One respondent mentioned the following frustration: “Having the time to look for a new place without taking time off work then just to lose it as you are looking at it because the other people looking brought their laptop to apply online.”

Centro Latino staff translated eight survey responses from Tacoma residents from Spanish to English. These respondents emphasized how pervasive language barriers are for Spanish-speaking persons in securing housing. Additionally, the need for senior housing and the need for better representation and engagement of impacted populations were also identified. Many respondents mentioned the need for tenant protections, such as a tenants’ bill of rights or committee.

Policy

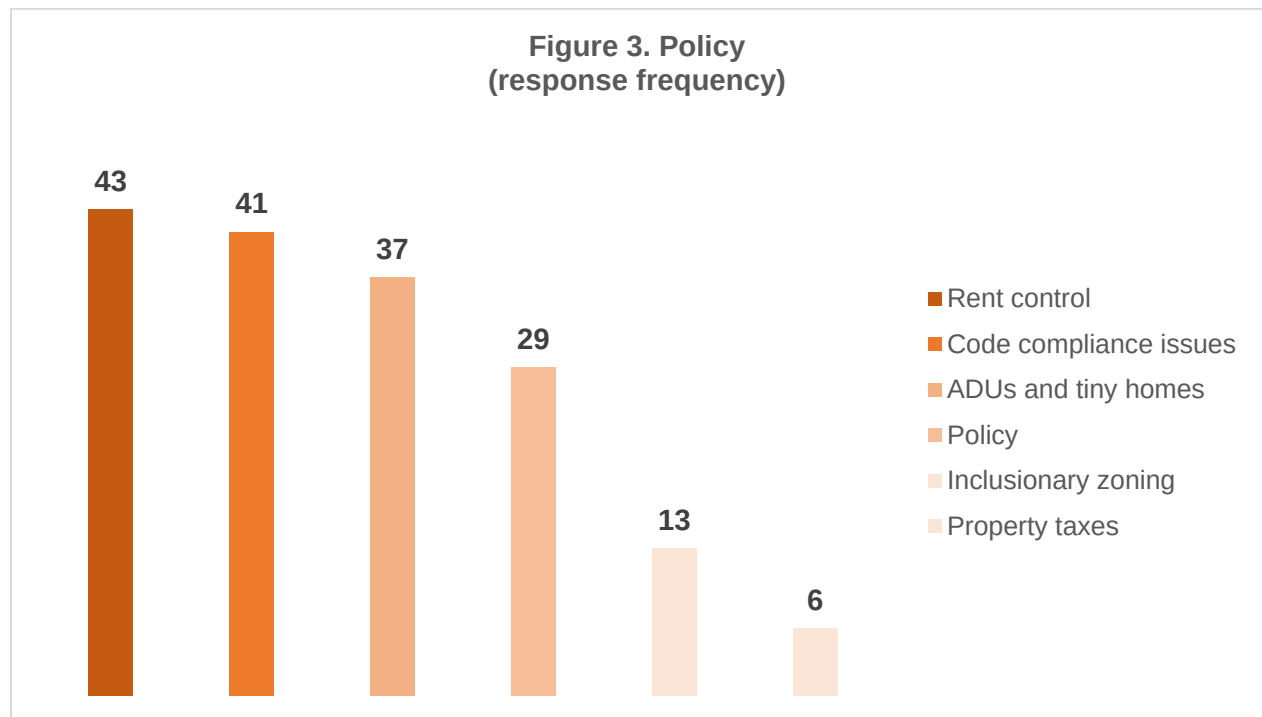


Policy was the second most common category. There were 43 responses from members of the public about the need for rent control (see Figure 3). Another frequent theme was code violations, a lack of enforcement, and issues around the quality of housing such as garbage or pests. One respondent said, “The city needs more regulations and better enforcement of current standards.

Landlords and property investors are taking advantage of vulnerable populations in order to make money.” Another said, “Most folks I know are one paycheck away from homelessness. If the building is bought out, a new owner can refuse to give us another lease... The only options for housing seems to be a terrible apartment like mine, where the heat and water go out during the winter—the tradeoff is that it is more affordable—or luxury high rises that my community or I cannot afford.”

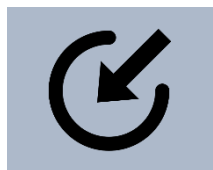
Many people spoke about the need for density and infill, from taller houses and smaller lot sizes to a need for multi-family construction. One respondent said, “Create density with humans in mind, not cars. And hopefully do it before it’s too late to create something stunning and unique that will bring Tacoma ahead as a future city that is healthy to live in.”

**Figure 3. Policy
(response frequency)**



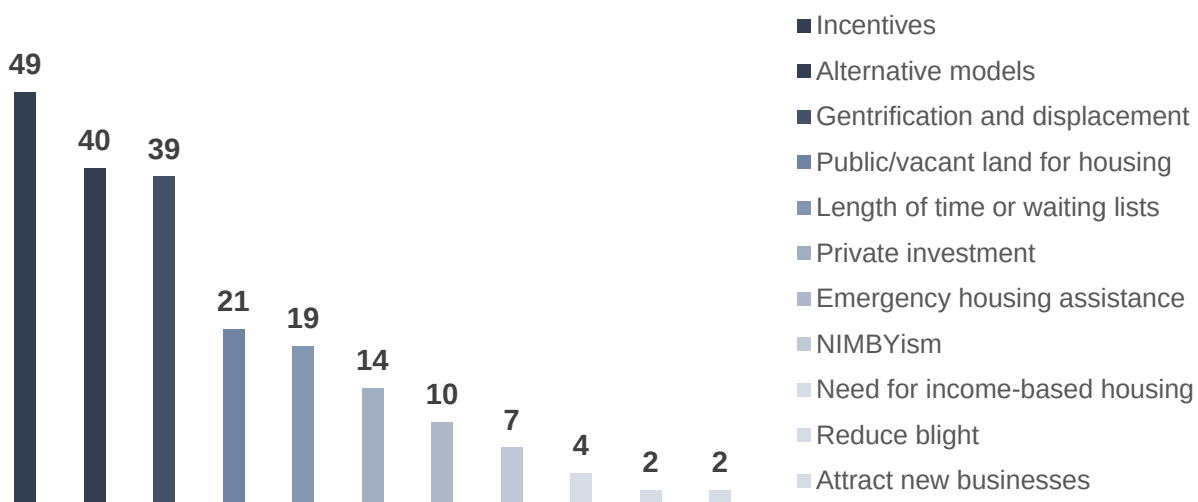
Respondents mentioned accessory dwelling units (ADUs) or tiny homes 37 times, including providing ADUs for persons experiencing homelessness. Several people discussed the need to make the permitting process faster, and 13 respondents mentioned a desire for inclusionary zoning. A few respondents stated that property taxes were too high.

External factors and markets



Of the six categories, the third most common was external factors and markets. This category includes themes such as incentives, from incentivizing the construction of affordable housing and density to tax breaks for developers building affordable housing (see Figure 4). One respondent provided the following recommendation: “Streamline permitting and fees to encourage more affordable housing construction,” and another said, “Expedite permitting for new construction.”

**Figure 4. External factors and markets
(response frequency)**



Solutions such as community land trusts, housing co-ops, a housing trust fund, and linkage fees were also mentioned. Several people mentioned using publicly owned or vacant land to create housing. Another main theme was concerning gentrification and displacement. One respondent said, “You all have pushed us out of the area I was born and raised in: Hilltop. I can’t afford anything so I sit in a small apartment with people fighting all the time.” The length of waiting lists for public housing and rental assistance, like Section 8 vouchers, was also identified as another need among members of the public.

Transportation, jobs, and community health



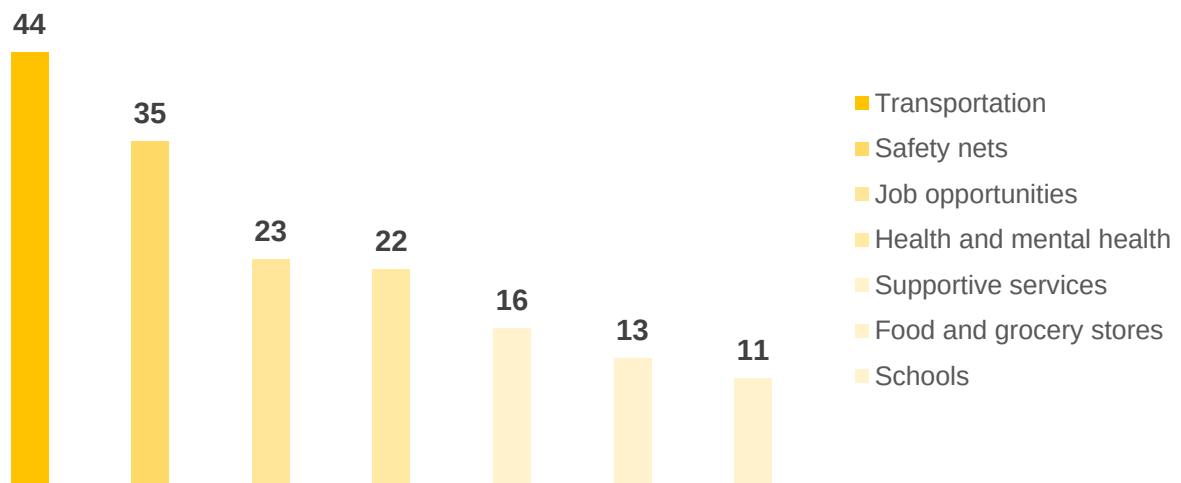
The fourth most common category from the responses was transportation, job opportunities, and community health. Forty-four people mentioned the role of transportation, from needing affordable housing near public transportation and in walkable neighborhoods to investing in transit, buses, and bike lanes (see Figure 5). One person said, “Tacoma is a great place. Start thinking that way instead of hoping we will get the scraps from Seattle. Build a city with parks

and transportation and libraries and schools and restaurants that people want to live in. Stop building suburbia. Focus on people and not cars.”

Other people talked about the role of a strong safety net and living wage jobs. One respondent said, “Neither of my sons, one of whom works for minimum wage and the other who is just starting a job, can afford to live in an apartment/condo/house of their own. So they live with me. They feel very hopeless about their future ability to have a space of their own, to get married and build a family, or to have much of a life.”

Others spoke about the need for better job opportunities and training, and one respondent said, “I was once a young and broke teenage parent and several times we lost our home to eviction. That was a long time ago but the key to ending my life in poverty was job training, which eventually led me to a career in IT.” Health and mental health services were mentioned 22 times, and respondents also talked about the need for supportive services, grocery stores, and housing near schools and parks.

**Figure 5. Transportation, jobs, and community health
(response frequency)**



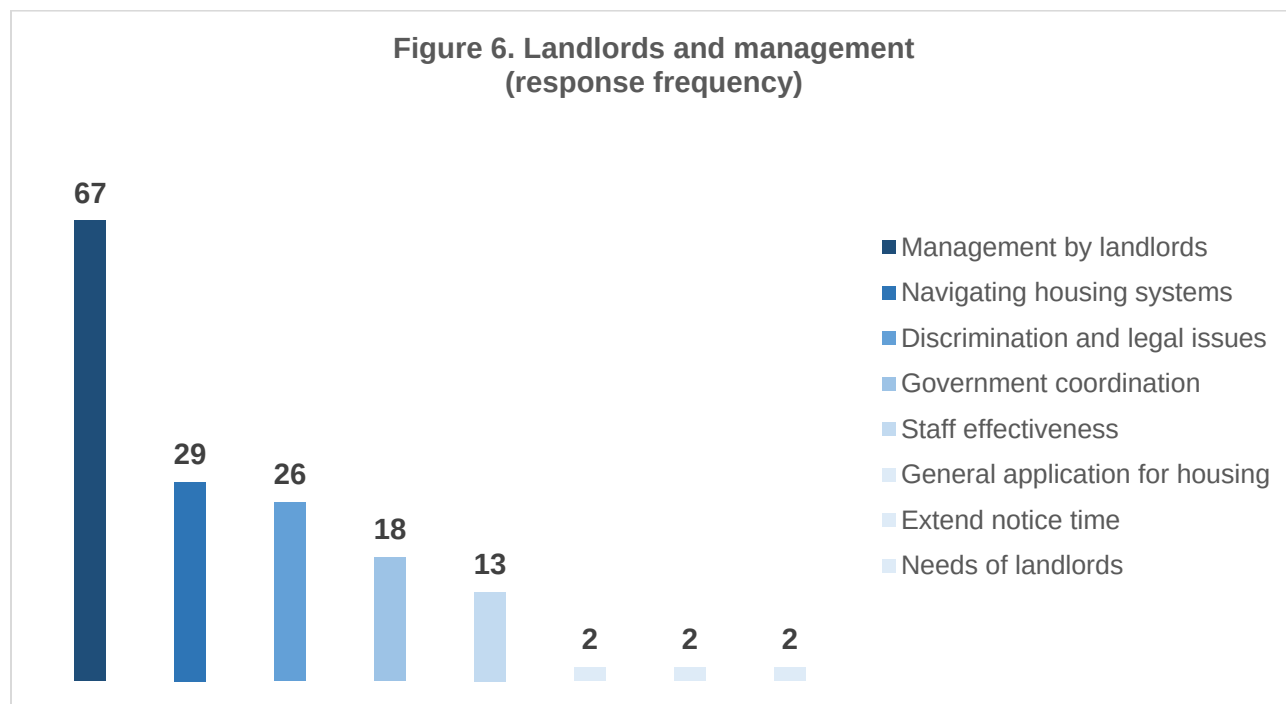
Landlords and management



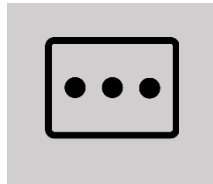
The fifth most common category was landlords and management. Within this category, the most common theme was issues with landlords' management styles, with 67 responses (see Figure 6). In fact, these issues—which ranged from no-cause evictions and raising rents unfairly with little notice, to limited notice on evictions or misrepresentation of the property's conditions—were the most frequently cited theme in all of the responses from members of the public. Respondents raised concerns about absent, mean, or non-trustworthy landlords and expressed reluctance to communicate concerns about the property for fear of retaliation. One respondent mentioned wanting “honest, ethical property management with fair landlord and tenant policies that encourage accountability.” Another said, “When housing is found, it is rat and bug infested. Landlords are mean, liars, and try to take advantage of people needing housing.”

Another common theme was the difficulty of navigating a complex housing system with multiple organizations and providers. Learning about homeownership programs or knowing where properties are located—in particular affordable properties—were other commonly reported experiences. Discrimination around Section 8 vouchers, income from other public benefits, and race was also frequently mentioned. Several people mentioned the need for better-coordinated and more effective city services. One respondent said, “Tacoma residents increasingly feel those with authority aren't trying to solve problems.”

**Figure 6. Landlords and management
(response frequency)**

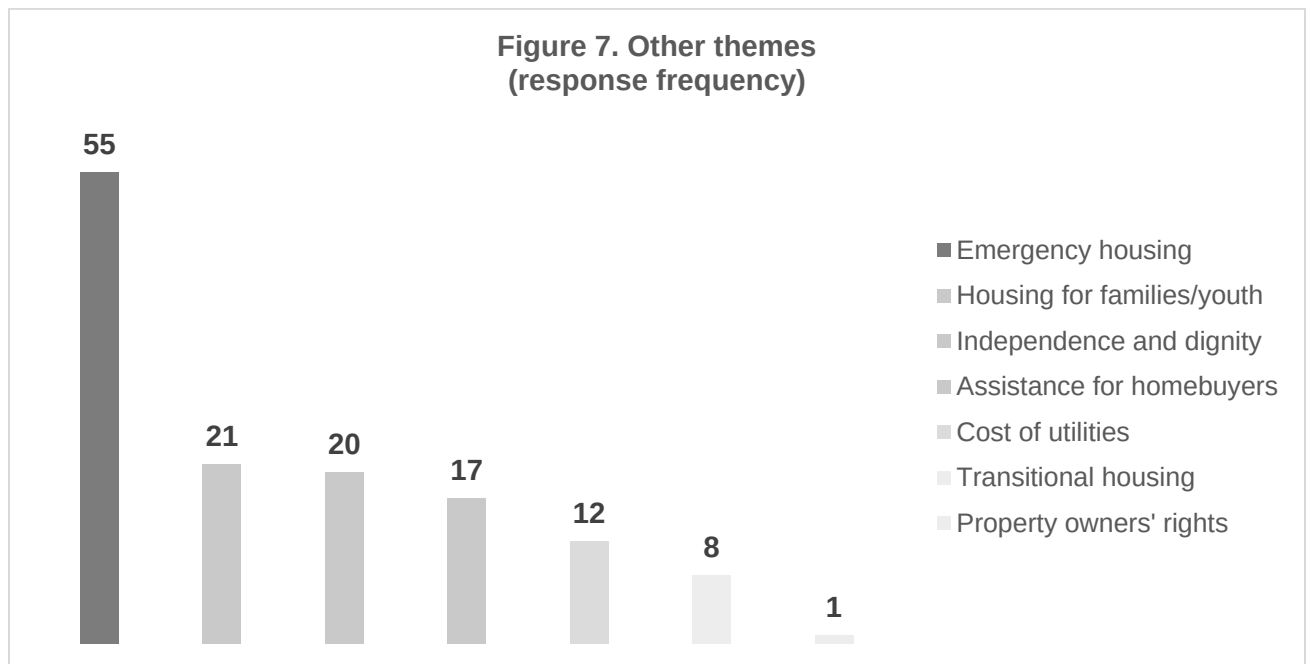


Other themes



Another common theme was concerns about homelessness, with 55 different mentions (see Figure 7). Ideas offered by members of the public ranged from improving shelters and linking people who are homeless to jobs and services, to providing emergency and transitional housing. One survey respondent said, “Make a clear path from homelessness and addiction to affordable housing and workable income. Rehabilitation for addicts and a way out of the shelter system should be paramount.” Another respondent recommended donating bus passes to help people at shelters get to work and appointments and providing WiFi access at shelters to help with job and apartment searches.

Twenty-one people mentioned the need for family housing, housing for youth, or “second chance” housing for those with prior evictions. Several people mentioned the need to cultivate community, build trust, and promote dignity and independence. Seventeen people talked about the need for homebuyers’ assistance, and others talked about their struggles to pay for utilities. Other respondents mentioned a desire to preserve the character and integrity of neighborhoods and prevent “cookie-cutter” homes.



Methods

The findings were identified by a content analysis in Summer 2018. The survey results, notes from the focus groups, and notes from the community meetings were analyzed to determine the major themes. Through an initial reading of the material, major keywords or key phrases were identified and grouped by category. On a second reading of the material, the keywords and phrases were counted and contextualized. For example, when someone talked about accessory dwelling units or density and infill, were they mentioned in a positive or negative way? The frequencies of the coded results are listed below, and the themes are differentiated by 1) in-person engagement methods (i.e., focus groups, listening sessions, and community meetings), 2) the survey, and 3) the sum of both.

Themes identified (n=1,256 responses)	In-person	Survey	Sum
ACCESS AND ELIGIBILITY (n=327)			
Safety	14	45	59
Security deposits or move-in costs		56	56
Other eligibility requirements	16	30	46
Tenants' rights, assistance, and protections	9	29	38
Criminal background	7	17	24
Barriers due to language, computer access, or financial literacy	14	7	21
Credit history	-	19	19
Public benefits (Social Security Income)	-	17	17
Housing for seniors	6	10	16
Representation, outreach, and engagement	9	5	14
Service animals and pets	-	13	13
Legal status	3	-	3
Refugee status	-	1	1
POLICY (n=227)			
Rent control	-	43	43
Quality, code violations, and compliance	5	36	41
Density, infill, and zoning	10	27	37
ADUs and tiny homes	14	23	37
Policy	10	19	29
Inclusionary zoning	-	13	13
Spatial configuration of units and suitability of type	8	2	10
Multifamily construction and permitting	-	7	7
Property taxes	-	6	6
Need for mixed-income neighborhoods	-	4	4

Table continues on next page.

Themes identified (n=1,256)	In-person	Survey	Sum
EXTERNAL FACTORS AND MARKETS (n=218)			
Incentives	12	37	49
Alternative ownership models	12	28	40
Gentrification and displacement	11	28	39
Publicly owned or vacant land for housing	9	12	21
Length of time on waiting lists	8	11	19
Workforce, middle class, or income-based housing	-	15	15
Speculation, developers, and investors	8	6	14
Emergency fund for rental assistance	-	10	10
NIMBYism	6	1	7
Blight	-	2	2
New businesses attraction	-	2	2
TRANSPORTATION, JOBS, AND COMMUNITY HEALTH (n=176)			
Transportation	13	31	44
Safety net and living wage jobs	5	30	35
Job opportunities, workforce training	10	13	23
Health and mental health	7	15	22
Supportive services and early intervention	7	9	16
Food and grocery stores	6	7	13
Schools	-	11	11
Green space and parks	-	6	6
Energy efficiency or eco-friendly features	-	6	6
LANDLORDS AND MANAGEMENT (n=159)			
Management by landlords	18	49	67
Navigating the system and case management	12	17	29
Discrimination and legal issues	8	18	26
Coordination (with city government)	6	12	18
Staff effectiveness	6	7	13
General application for housing	-	2	2
Extended notice periods	-	2	2
Needs of landlords	-	2	2
OTHER (n=149)			
Homelessness, shelters, and emergency housing	9	46	55
Housing suitable for families or youth	3	18	21
Independence, dignity, community, and trust	10	10	20
First-time homebuyer assistance or promoting ownership	-	17	17
Aesthetics and urban design	7	8	15
Cost of utilities	3	9	12
Transitional housing	-	8	8
Property owners' rights	-	1	1

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APPENDIX D

Evaluation of Policy Approaches (from June 2018 TAG Meeting)

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Tacoma Affordable Housing Action Strategy

Economic Evaluation of Incentive Policy Alternatives

KEY FINDINGS

- *Future market conditions will have a large impact on the outcomes of market-based incentives.*

Modeling suggests that many incentives will perform well if a strong housing market continues. However slower growth in market rents and higher vacancies can change the financial feasibility of development significantly.

- *Removing the 8-year Multifamily Tax Exemption (MFTE) option could immediately increase the supply of income-restricted units.*

Modeling suggests a strong financial incentive for developers to choose the current 8-year MFTE option over the 12-year option. This reduces potential development of income-restricted units under the 12-year MFTE option. When the 8-year option is removed, modeling suggests many developers would choose the 12-year option, resulting in up to 2,600 income-restricted units affordable to households at 80% AMI within the next 10 years.

- *Mandatory inclusionary zoning could work in some neighborhoods, when paired with MFTE and other incentives, like upzones and reduced parking requirements.*

Inclusionary zoning works best when paired with a complementary MFTE program as well as other incentives, such as reductions in parking requirements, which offset revenue the developer would have otherwise collected. Modeling indicates that developers can likely achieve a necessary rate of return in neighborhoods with relatively higher rents: New Tacoma, North Tacoma, Northeast Tacoma, and West End.

- *Aligning inclusionary zoning and MFTE policy provisions, like income level served, helps encourage onsite development of income-restricted units.*

Pairing inclusionary zoning and MFTE provisions provides a large incentive for developers to build income-restricted units onsite rather than make in lieu payments. The model suggests in lieu payments have to be as low as \$30,000 per unit before any developers would benefit financially by choosing payment over building onsite.¹ Setting the in lieu payments at a higher level will encourage developers to build income-restricted housing onsite.

- *At the neighborhood-level, market conditions make multifamily development less likely in some parts of Tacoma.*

The kinds of multifamily development considered in this analysis (primarily mid-rise buildings and higher) are not financially feasible in many areas of Tacoma, regardless of the policy alternative,

¹ Some developers may have other reasons to use the in lieu option, regardless of the fee structure. For instance, they may want to avoid the administration costs associated with managing income-restricted units onsite or think they can charge more for market-rate units in a building that does not include any income-restricted housing.

due to weaker market conditions. These include areas with lower market rents such as Central Tacoma, Eastside, South End, and South Tacoma. While some of these areas have seen growth in recent years, recent building trends indicate much of that growth has been in smaller format buildings, such as duplexes and townhomes, which are less expensive to build but provide fewer housing units. Mandatory inclusionary zoning is not likely to be as successful in these neighborhoods until market-rate rents have increased.

- *Among the actions evaluated, reducing parking requirements has the biggest impact on reducing development costs of income-restricted projects.*

For income-restricted projects developed by affordable housing developers, eliminating parking requirements has the biggest impact on reducing the costs to develop new income-restricted housing by affordable housing developers—more than any other policy option (land donation, permit fee waivers, and expediting permits).²

² Data on typical offsite costs was not available for this analysis. Many stakeholders have noted how offsite improvements drive up project costs, so reducing them would also lower development costs and increase financial feasibility for nonprofit developers.

OVERVIEW

The City of Tacoma is developing an Affordable Housing Action Strategy to preserve and increase the number of affordable, available, and accessible housing units throughout the city. As part of this effort, the City of Tacoma is exploring expanding its market-based incentives—the Multifamily Tax Exemption Program and development incentives, like upzoning and reduced parking requirements.

Using market-based incentives relies on private-market activity to help produce income-restricted units. However, market-based incentives often do not produce a large number of income-restricted units, because they are not aligned with market realities, including if a project is financially viable, how a city may grow, and how market conditions may change.

As part of this effort, BERK developed a model to calculate the financial viability of new market-rate multifamily rental housing development in the City of Tacoma under different economic conditions and policy alternatives over the next 10 years. The purpose of this model is to help answer the following questions:

- How many new income-restricted units could market-rate developments produce under each alternative?
- What kinds of policies support mandatory affordability for households with the greatest unmet need (those earning 50% AMI or below)?
- Which types of housing policy changes have the greatest impact on the financial viability of market-rate housing projects in different neighborhoods?

This model incorporates regional growth forecasts from the Puget Sound Regional Council (PSRC), which indicate that Tacoma could gain more than 22,000 new housing units over the next 10 years. However, the actual amount of new growth, where it occurs, and the form it takes will depend upon both City policies *and* market conditions.

IDENTIFICATION OF POTENTIAL DEVELOPMENT SITES

As a first step, BERK identified potential development sites—parcels with characteristics that suggest they could be developed or redeveloped over time. These characteristics include:

- Zoned for multifamily housing development.
- Has an Improvement to land value ratio less than 1.0 (these parcels are assumed to be vacant or potential candidates for redevelopment).³

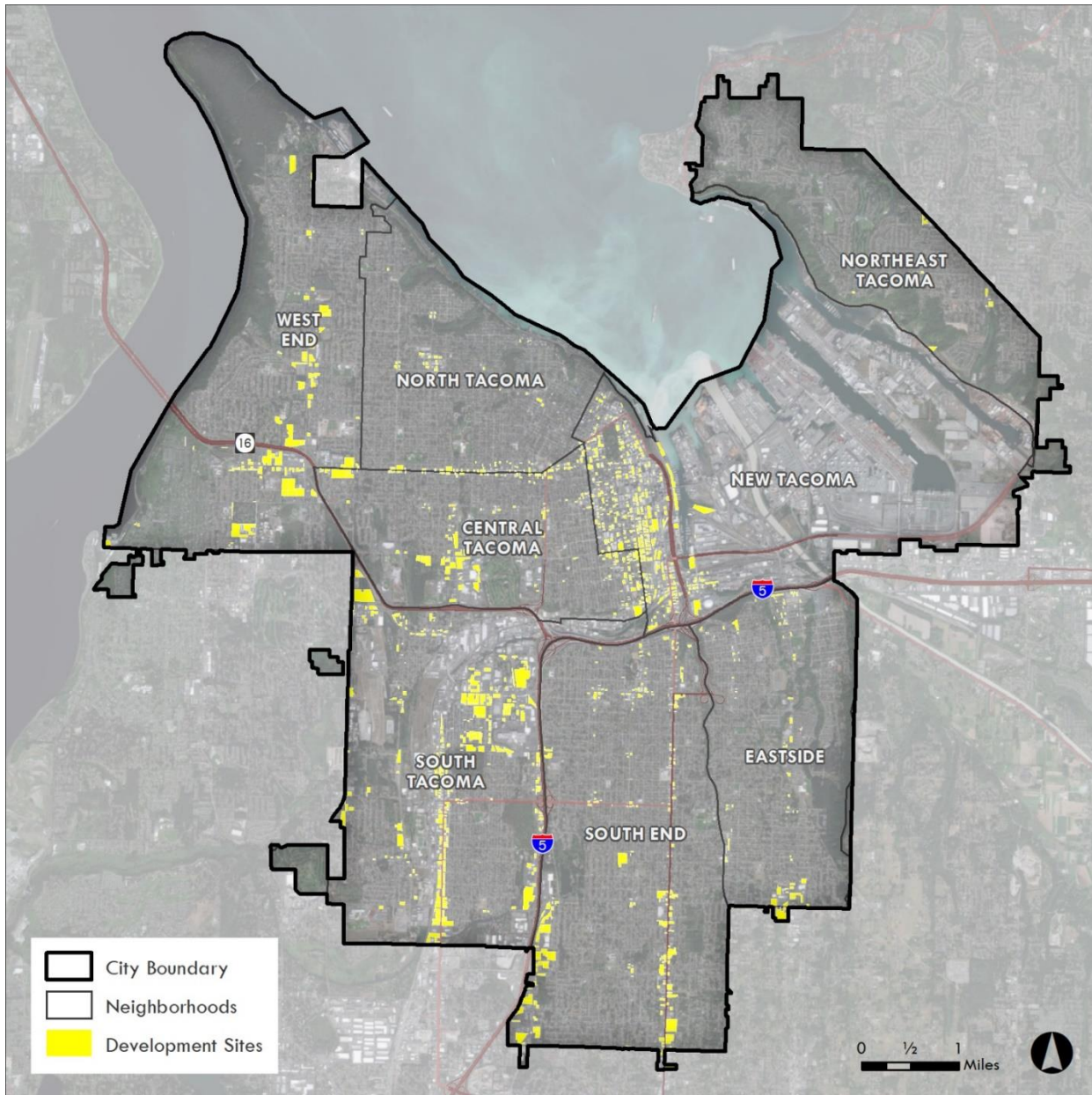
Parcels that would not support new multifamily residential development, such as parks, utilities, right-of-way, port facilities, or education and institutional uses, were excluded. Public and nonprofit-owned properties were also excluded from the modeling, assuming these parcels would be prioritized for public benefits (such as development of subsidized housing).

³ The Pierce County Assessor provides two values for each parcel in Tacoma. One is the land value, or the assessed value of only the land. The other is improvement value, which accounts for buildings and other improvements made to the land. Properties with few improvements (for instance, a parking lot) typically have an improvement to land ratio less than 1 because the assessed improvement value is less than the value of the land itself. Such parcels are more likely to be good candidates for redevelopment.

Prior to modeling different policy alternatives, adjoining vacant and redevelopable parcels were consolidated. For instance, if a vacant parcel and a redevelopable parcel were next to one another, those parcels are treated as one development site in this analysis. This consolidation yielded 1,171 potential development sites (see Figure 1).

Next, BERK analyzed city zoning codes, and discussed development trends with City of Tacoma staff to determine appropriate height, density, parking requirements, commercial use, and lot coverage assumptions for each zone. These assumptions were then applied to the potential development sites in those zones to determine baseline capacity for new housing production for each site.

Figure 1. Potential Development Sites for Multifamily Residential Development



Sources: Pierce County Assessor, 2018; City of Tacoma, 2018; BERK, 2018.

ASSUMPTIONS ABOUT FUTURE MARKET CONDITIONS

Because market-based incentives rely on some level of market activity to support the development of new income-restricted units, changes in future economic conditions could greatly affect the performance of each policy alternative. To account for uncertainty about future economic conditions, each policy alternative is analyzed against two different possible futures:

- 1) **High growth:** The high growth forecast assumes an increase in demand for new housing, low

vacancies, and continued increases in market rents.⁴

- 2) **Low growth:** The low growth forecast assumes a modest economic downturn that reduces demand for housing in Tacoma, increases vacancies, and slows the rate of growth in market rents.⁵

The model assumes future multifamily housing production will match the housing production growth forecast by neighborhood (shown in Table 1). However, it also assumes that housing construction will only occur on development sites that are financially feasible for multifamily residential development. In other words, if a developer cannot get a sufficient rate of return for building on a given development site, then the model assumes that no multifamily development will occur there. This can result in the model showing that less multifamily housing production will occur in a neighborhood than is assumed in the 10-year growth forecast.⁶

The model uses data about the unique characteristics of each development site to calculate whether development is financially feasible (see Table 2), using a pro forma. The pro forma includes a set of assumptions derived from consultations with builders in the region, City of Tacoma Planning and Development Services staff, Technical Advisory Group (TAG) members, and example pro formas for projects built in Tacoma. Financial feasibility is also impacted by future regulatory conditions reflected in the policy alternatives.

Table 1. Neighborhood Market Conditions Assumptions and Growth Forecasts

Neighborhood	2018 Market Rent (1BR)	50% AMI Affordable Rent (1BR)	Rent Gap	Total Housing Units 2017	Housing Production 2010-2017	10yr Growth Forecast (Low)	10yr Growth Forecast (High)
Central Tacoma	\$1,391	\$700	\$691	9,358	308	406	1,760
Eastside	\$1,186	\$700	\$486	8,640	683	243	1,054
New Tacoma	\$1,999	\$700	\$1,299	8,098	352	2,282	9,885
North Tacoma	\$1,891	\$700	\$1,191	11,286	217	451	1,952
NE Tacoma	\$1,538	\$700	\$838	4,461	94	295	1,278
South End	\$1,262	\$700	\$562	22,591	553	540	2,337
South Tacoma	\$1,210	\$700	\$510	13,627	843	574	2,488
West End	\$1,783	\$700	\$1,083	16,557	610	437	1,891

Sources: Apartment Insights, 2018; HUD, 2018; OFM, 2018; PSRC, 2018; BERK, 2018.

⁴ The “high growth” forecast is based on the PSRC Land Use Vision 2.0 (LUV) forecast. It assumes the rate of annual housing production doubles the rate experienced citywide between 2015 and 2017 (from about ~1,000 units to ~2,200).

⁵ The “low growth” projections assume that the overall rate of housing production in Tacoma is consistent with the average annual rate experienced between 2010 and 2017 (~500 units per year). The proportional distribution of those units by neighborhood reflects the distribution of growth in LUV.

⁶ In some neighborhoods, housing growth may be more likely to occur in other formats such as duplexes, townhomes, or single-family homes.

Table 2. Selected Inputs and Assumptions for Pro Forma Analysis

Input Type	Description	Source
Development costs		
Parking requirements	Required parking stalls to provide for each housing unit. Varies by zone.	City of Tacoma zoning code, 2018.
Land values	Assessed land and improvement value.	Pierce County Assessor, 2018.
Building heights and FAR	Allowable building heights and/or floor area ratio (FAR) vary by zone.	City of Tacoma zoning code, 2018.
Unit types	Building area breakdown by unit size (20% studio; 50% 1BR; 20% 2BR; 10% 3BR)	Tacoma AHAS TAG, Consultation with industry
Construction costs	Hard costs per square foot by building type and parking type. Soft costs as percentage of hard costs.	Consultation with industry, RSMeans Construction Costs ⁷
Construction cost inflation	Assumed inflation of 3% per year.	Consultation with industry, RSMeans Construction Costs
Permitting time	6 months. Additional 2 months for shoreline sites.	Consultation with industry and City of Tacoma permitting staff
Permitting costs	1.5% of hard construction costs	Consultation with industry
Financing		
Financing assumptions	70% loan-to-value; 5.25% interest; 30-year amortization	Consultation with industry
Revenue streams		
Market rents	Market rents by neighborhood for new development.	Apartment Insights rental market survey data, 2018.
Market rent rate of growth	High growth scenario: 5% Low growth scenario: 1.2%	Consultation with industry
Absorption rate ⁸	High growth scenario: 75% Low growth scenario: 45%	Consultation with industry
Cap rate ⁹	Capitalization rate: 5.5%	Consultation with industry
Feasibility target		
Required rate of return	10% or more for likely feasible projects 8% or more for possibly feasible projects	Consultation with industry and sample Tacoma pro formas

EVALUATION OF MARKET-RATE INCENTIVES ALTERNATIVES

The following pages summarize the results of five different policy alternatives.

All alternatives assume that policies apply to all new development (including redevelopment) in all zones that allow for multifamily residential development. Potential impacts are evaluated for the entire city, as well as by neighborhood, to show how some alternatives may perform better in some areas of the city than others.

Alternative 1 (No Action) reflects a simplified version of conditions in Tacoma *prior to the passage of inclusionary zoning in the Tacoma Mall subarea*. Both current MFTE offerings are assumed to apply to all

⁷ RSMeans publishes annual reports with construction cost information to inform cost estimation for new commercial building projects. See www.rsmeans.com/products/books/2018-cost-data-books/2018-building-construction-costs-book.aspx.

⁸ Absorption rate refers to the annual rate of apartment leasing for new buildings. In other words, at the end of the first year that a new building is open in the “high growth” scenario, the model assumes that 75% of the apartment units are leased. By year two, approximately 94% are assumed to be leased.

⁹ The capitalization rate (or cap rate) is the ratio of Net Operating Income (NOI) to property asset value. So, for example, if a property recently sold for \$1,000,000 and had an NOI of \$100,000, then the cap rate would be \$100,000/\$1,000,000, or 10% (PropertyMetrics.com, 2018).

zones allowing multifamily development citywide, as does the density bonus program (Ordinance No. 28336). It assumes that developers will continue to use these programs at the same rate as they have been in recent years.¹⁰

Table 3. Summary of Alternatives for Market-Based Incentives

ALTERNATIVE	POLICY OPTIONS			
	MFTE	Mandatory IZ	Upzone	Parking
1. No action	Current policy	Current policy	No change	No change
2. Eliminate 8-year MFTE	12-year with 20% set aside for 80% AMI	Current policy	No change	No change
3. Eliminate 8-year MFTE + modest upzone	12-year with 20% set aside for 50% AMI	Current policy	10% FAR and 10 feet in height	25% reduction
4. Mandatory IZ with modest upzone	12-year with 20% set aside for 50% AMI	10% set aside for 50% AMI	10% FAR and 10 feet in height	25% reduction
5. Mandatory IZ with larger upzone	12-year with 20% set aside for 50% AMI	20% set aside for 50% AMI	20% FAR and 20 feet in height	50% reduction

¹⁰ BERK calculated the rate of income-restricted housing production to market-rate housing production based on recent historic trends and uses this to project future development of units. Seven projects have opted to use the 12-year MFTE since 2015. Based on the 20% set aside requirement, BERK estimates that approximately 16 income-restricted units have been produced (or are in the pipeline) through this program. No data is available regarding the number of income-restricted units provided through the density bonus program, but it appears the program is not yet widely used.

Alternative 1: No Action

No action would likely result in limited production of income-restricted units: up to **70** units based on historic trends, or **4** based on economic modeling. These units would be affordable to households at **80% AMI**. Similar to past trends, developers would typically opt to use the 8-year MFTE option rather than the 12-year option.

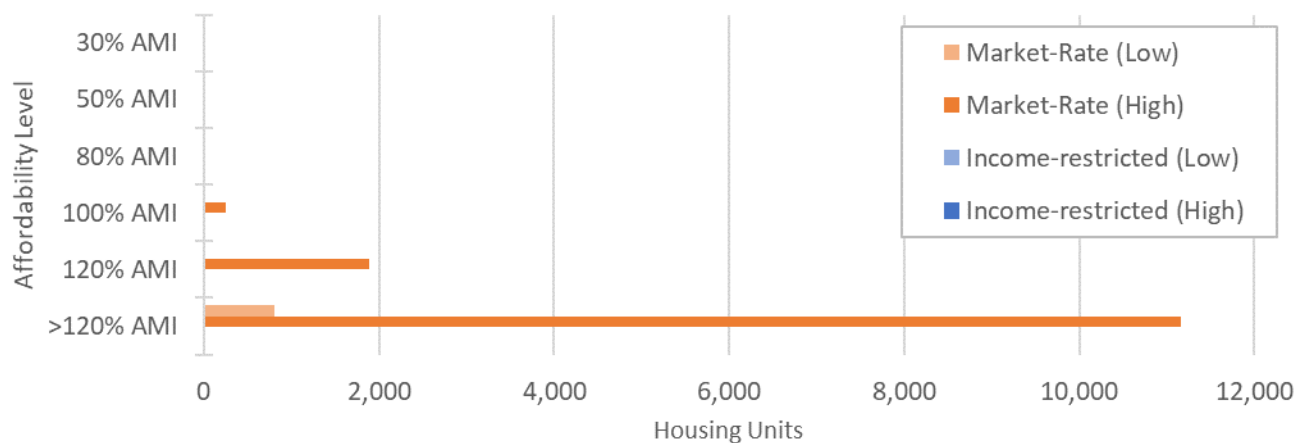
Alternative 1 - Policy Assumptions

MFTE	INCLUSIONARY ZONING	UPZONE	PARKING
8-year option with no affordability requirement 12-year option with 20% set aside affordable to 80% of AMI	No mandatory program	No change	No change

Alternative 1 - Expected Housing Production by Affordability Level, 2019-2029**

Market-rate units: **13,200** (High) – **800** (Low)

Income-restricted units: **70** (High) – **4** (Low)



Alternative 1- Expected Outcomes by Neighborhood, 2019-2029

Neighborhood	Housing units in financially viable projects*	Total housing unit capacity	Percent of unit capacity that is financially viable*	Income-restricted units (High)**	Income-restricted units (Low)	Average Cost Per Unit*
Central Tacoma	18	14,427	0.1%	0	0	\$231,189
Eastside	0	3,430	0%	0	0	
New Tacoma	36,318	36,318	100%	3	3	\$302,063
North Tacoma	1,281	1,302	98%	1	1	\$254,649
NE Tacoma	239	306	78%	0	0	\$259,544
South End	0	11,238	0%	0	0	
South Tacoma	0	30,033	0%	0	0	
West End	12,399	13,347	93%	0	0	\$262,166
Total	50,255	110,401	46%	4	4	\$288,160

* These numbers reflect the “high growth” (stronger housing market) scenario.

** This figure and table shows modeled results, consistent with the other alternatives. By historic trends, the total income-restricted units for the city could be up to 70.

Alternative 2: Eliminate the 8-year MFTE option

Eliminating the current 8-year MFTE option and leaving the current 12-year option could produce up to **2,600** new income-restricted units for households at **80% AMI**. Additionally, modeling suggests this alternative would not have a negative impact on total housing production when compared to Alternative 1: No Action.

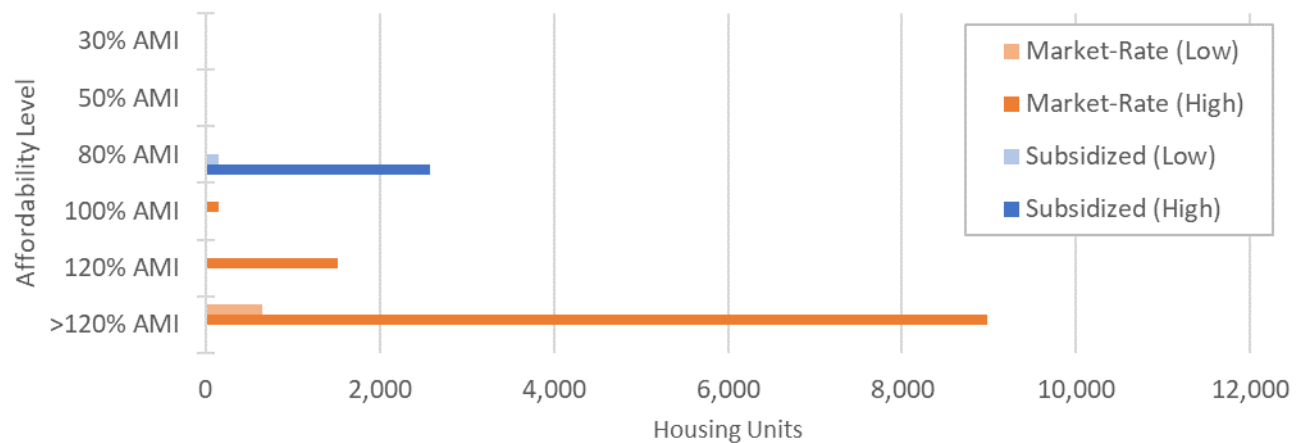
Alternative 2 - Policy Assumptions

MFTE	INCLUSIONARY ZONING	UPZONE	PARKING
12-year option with 20% set aside affordable to 80% of AMI	No mandatory program	No change	No change

Alternative 2 - Expected Housing Production by Affordability Level, 2019-2029

Market-rate units: **10,700** (High) – **700** (Low)

Income-restricted units: **2,600** (High) – **150** (Low)



Alternative 2 - Expected Outcomes by Neighborhood, 2019-2029

Neighborhood	Housing units in financially viable projects*	Total housing unit capacity	Percent of unit capacity that is financially viable*	Income-restricted units (High)	Income-restricted units (Low)	Average Cost Per Unit*
Central Tacoma	18	14,427	0%	3	0	\$231,189
Eastside	0	3,430	0%	0	0	
New Tacoma	36,318	36,318	100%	1,943	154	\$302,063
North Tacoma	1,266	1,302	97%	226	1	\$252,404
NE Tacoma	178	306	58%	34	0	\$256,400
South End	0	11,238	0%	0	0	
South Tacoma	0	30,033	0%	0	0	
West End	12,399	13,347	93%	374	0	\$262,166
Total	50,179	110,401	45%	2,580	155	\$288,096

* These numbers reflect the “high growth” (stronger housing market) scenario.

Alternative 3: Voluntary Modest Upzone and 12-year MFTE for 50% AMI

Creating a policy that offers a modest, voluntary upzone and aligns upzoning provisions with 12-year MFTE provisions could produce up to **2,800** income-restricted units affordable to households at **50% AMI**.

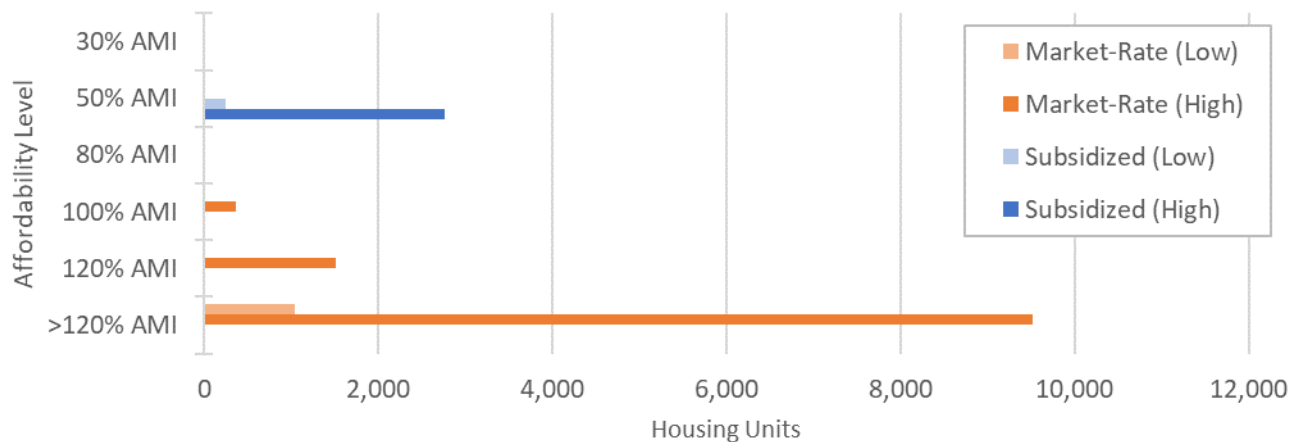
Alternative 3 - Policy Assumptions

MFTE	INCLUSIONARY ZONING	UPZONE	PARKING
12-year option with 20% set aside affordable to 50% of AMI	No mandatory program	10-foot height increase 10% FAR increase	25% reduction to current requirements

Alternative 3 - Expected Housing Production by Affordability Level, 2019-2029

Market-rate units: **11,400** (High) – **1,000** (Low)

Income-restricted units: **2,800** (High) – **250** (Low)



Alternative 3 - Expected Outcomes by Neighborhood, 2019-2029

Neighborhood	Housing units in financially viable projects*	Total housing unit capacity	Percent of unit capacity that is financially viable*	Income-restricted units (High)	Income-restricted units (Low)	Average Cost Per Unit*
Central Tacoma	0	17,654	0%	0	0	
Eastside	0	4,470	0%	0	0	
New Tacoma	40,136	40,136	100%	1,944	245	\$289,939
North Tacoma	1,940	1,940	100%	359	0	\$247,835
NE Tacoma	452	473	96%	88	0	\$250,076
South End	0	16,002	0%	0	0	
South Tacoma	0	38,477	0%	0	0	
West End	14,995	16,966	88%	374	0	\$250,792
Total	57,523	136,118	42%	2,766	245	\$276,819

* These numbers reflect the “high growth” (stronger housing market) scenario.

Alternative 4: Mandatory Inclusionary Zoning with Modest Upzone and 12-year MFTE

Creating a policy that requires all new multifamily development to incorporate affordable units (in exchange for a property tax exemption, modest upzone, and reduced parking requirements) could produce up to **3,400** income-restricted units affordable to households at **50% AMI**. Longer affordability is one advantage of aligning the MFTE and inclusionary zoning requirements. About half of these units will be subject to the 50-year affordability period of the existing inclusionary zoning provisions.

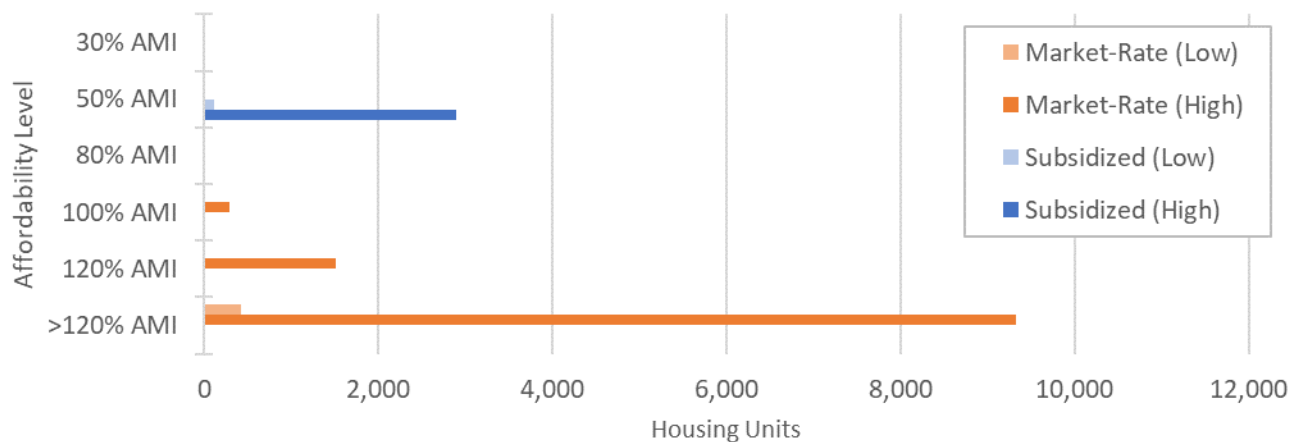
Alternative 4 - Policy Assumptions

MFTE	INCLUSIONARY ZONING	UPZONE	PARKING
12-year option with 20% set aside affordable to 50% of AMI	- Mandatory IZ with 10% set aside affordable to 50% of AMI - In lieu payment: \$150,000	10-foot height increase 10% FAR increase	25% reduction to current requirements

Alternative 4 - Expected Housing Production by Affordability Level, 2019-2029

Market-rate units: **11,100** (High) – **430** (Low)

Income-restricted units: **2,900** (High) – **100** (Low)



Alternative 4 - Expected Outcomes by Neighborhood

Neighborhood	Housing units in financially viable projects*	Total housing unit capacity	Percent of unit capacity that is financially viable*	Income-restricted units (High)	Income-restricted units (Low)	Average Cost Per Unit*
Central Tacoma	0	17,654	0%	0	0	
Eastside	0	4,470	0%	0	0	
New Tacoma	39,640	40,136	99%	2,003	117	\$288,831
North Tacoma	1,874	1,940	97%	437	0	\$245,467
NE Tacoma	363	473	77%	75	0	\$251,007
South End	0	16,002	0%	0	0	
South Tacoma	0	38,477	0%	0	0	
West End	14,964	16,966	88%	382	0	\$250,719
Total	56,841	136,118	42%	2,897	117	\$276,157

* These numbers reflect the “high growth” (stronger housing market) scenario.

Alternative 5: Mandatory Inclusionary Zoning with Larger Upzone and 12-year MFTE

Creating a policy that requires all new multifamily development to incorporate affordable units (in exchange for a property tax exemption, larger upzone, and a higher reduction in parking requirements) could produce up to **2,700** income-restricted units affordable to households at **50% AMI**. All of these units would stay affordable for a 50-year period.

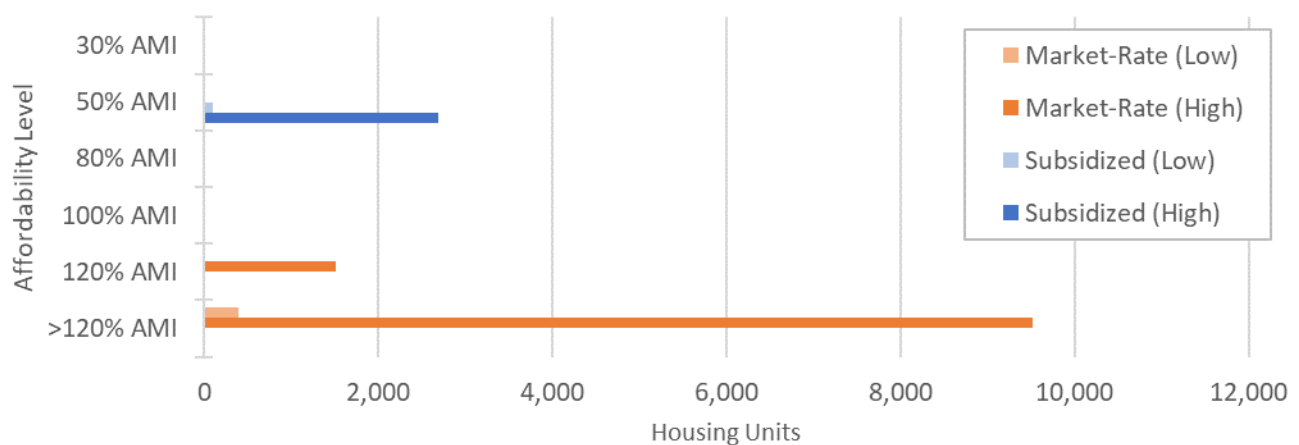
Alternative 5 - Policy Assumptions

MFTE	INCLUSIONARY ZONING	UPZONE	PARKING
12-year option with 20% set aside affordable to 50% of AMI	- Mandatory IZ with 20% set aside affordable to 50% of AMI - In lieu payment: \$150,000	20-foot height increase 20% FAR increase	50% reduction to current requirements

Alternative 5 - Expected Housing Production by Affordability Level, 2019-2029

Market-rate units: **11,000** (High) – **400** (Low)

Income-restricted units: **2,700** (High) – **100** (Low)



Alternative 5 - Expected Outcomes by Neighborhood

Neighborhood	Housing units in financially viable projects*	Total housing unit capacity	Percent of unit capacity that is financially viable*	Income-restricted units (High)	Income-restricted units (Low)	Average Cost Per Unit*
Central Tacoma	0	20,343	0%	0	0	
Eastside	0	5,088	0%	0	0	
New Tacoma	42,983	44,871	96%	1,946	95	\$281,247
North Tacoma	2,570	2,646	97%	370	0	\$238,699
NE Tacoma	0	631	0%	0	0	
South End	0	20,533	0%	0	0	
South Tacoma	0	46,924	0%	0	0	
West End	13,556	20,148	67%	374	0	\$244,045
Total	59,109	161,184	37%	2,689	95	\$269,186

* These numbers reflect the “high growth” (stronger housing market) scenario.

AFFORDABLE HOUSING / NONPROFIT DEVELOPER ALTERNATIVES

The policy alternatives discussed above focus on for-profit development. Additional policies would also directly benefit income-restricted housing development by affordable housing developers.

The impacts of different policy alternatives were evaluated using a single, typical project:

- Building is 100 units, 85 feet, on 0.44 acres of land.
- All units are income-restricted at 50% AMI.
- Land values reflect citywide average.
- This analysis assumes the project has a loan to value ratio of 70%.
- Projects with greater amounts of other sources of financing can reduce cost per unit further.¹¹
- A project is considered viable if it has a 5% internal rate of return.
- Cost of providing services to residents are not included in these calculations.
- Offsite costs required by the City are not considered in this analysis.¹²

Alternative A: No Action

MFTE	PARKING	PERMITTING	LAND DONATION
▪ 12-year option with 20% set aside affordable to 80% of AMI	▪ No change	▪ No change	▪ None

Outcomes

- Total cost per unit: \$299,004
- Additional subsidy per unit required to make project viable: \$174,558

¹¹ Modeling indicates the cost per unit decreases by about \$20,000, if the project starts with no debt.

¹² Data about typical offsite costs was not available at the time of analysis.

Alternative B: Reduced parking requirements

MFTE	PARKING	PERMITTING	LAND DONATION
12-year option with 20% set aside affordable to 80% of AMI	50% reduction	No change	None

Outcomes

- Cost per unit: \$251,054
- Additional subsidy required to make project viable: \$146,831

Alternative C: Expedited permitting (3 months)

MFTE	PARKING	PERMITTING	LAND DONATION
12-year option with 20% set aside affordable to 80% of AMI	No change	Expedited (3 months total)	None

Outcomes

- Total cost per unit: \$296,742
- Additional subsidy per unit required to make project viable: \$172,861

Alternative D: Permit waiver (all fees)

MFTE	PARKING	PERMITTING	LAND DONATION
12-year option with 20% set aside affordable to 80% of AMI	No change	Full fee waiver	None

Outcomes

- Total cost per unit: \$296,731
- Additional subsidy per unit required to make project viable: \$172,725

Alternative E: Land Donation

MFTE	PARKING	PERMITTING	LAND DONATION
12-year option with 20% set aside affordable to 80% of AMI	No change	No change	Land is donated

Outcomes

- Total cost per unit: \$294,856
- Additional subsidy per unit required to make project viable: \$170,662

Alternative F: All of the above

MFTE	PARKING	PERMITTING	LAND DONATION
12-year option with 20% set aside affordable to 80% of AMI	50% reduction	Expedited permitting and full waiver	Land is donated

Outcomes

- Total cost per unit: \$243,203
- Additional subsidy per unit required to make project viable: \$140,075

Alternative G: All of the above + very low parking requirement

MFTE	PARKING	PERMITTING	LAND DONATION
12-year option with 20% set aside affordable to 80% of AMI	90% reduction	Expedited permitting and full waiver	Land is donated

Outcomes

- Total cost per unit: \$229,595
- Additional subsidy per unit required to make project viable: \$132,318