

**CITY OF TACOMA**  
**AFFORDABLE HOUSING POLICY ADVISORY GROUP**

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**POLICY RECOMMENDATIONS TO THE  
CITY COUNCIL**

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**December 2, 2010**

Affordable Housing Policy Advisory Group  
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## 1. INTRODUCTION AND SUMMARY

The City Council of Tacoma, by Resolution 38017 on April 27, 2010, created the Affordable Housing Policy Advisory Group. *See* Appendix A. The resolution appointed the following persons to serve on the Advisory Group:

### **Co-Chairs**

Michael Mirra	Tacoma-Pierce County Affordable Housing Consortium
Blaine Johnson	Market Rate Developer

### **Committee Members**

Connie Brown	Tacoma-Pierce County Affordable Housing Consortium
Sandy Burgess	Burgess LLC
Lyn Messenger	Belay Architects
Tom O'Connor	O'Connor & Associates; Tacoma Planning Commission
Gary Pedersen	Builder Consultant
John Purbaugh	Pierce County Planning Commission
Mike Pyatok	Pyatok Architects
Tiffany Speir	Master Builders of Pierce County
Walter Zisette	Common Ground

The resolution assigned the following duties to the Advisory Group:

- (1) review the work of the Council's Neighborhood and Housing Committee on affordable housing and the work of the Pierce County Housing Affordability Task Force;
- (2) review demographic data and identify data development needs in order to inform planning efforts;
- (3) provide input and consultation necessary to refine the Committee's affordable housing policy recommendations;
- (4) recommend a series of policy actions that are consistent with or complimentary (sic) to the City Comprehensive Plan; and,
- (5) build a consensus of Advisory Group members.

The Resolution also directed the Group to provide its final report to the Council's Neighborhood and Housing Committee by December 15, 2010.

This is the Advisory Group's report to the Council's Committee. It comes in parts.

Part 1 is an introduction and summary.

Part 2, Statement of the Problem, reviews data measuring the scope and nature of the City's present unmet need in Tacoma for affordable places for its residents to live. In general,

the data show that the City has a very serious shortage of affordable housing. That section also projects the significant increased future need the City faces for additional affordable housing.

Part 3, Recommendations to the City Council, contains the Group's twenty-five (25) policy recommendations in the seven (7) categories listed here with their section numbers in Part 3 of this report. Appendix B is a chart summarizing the recommendations.

- 3.1 City Policy and Leadership
- 3.2 Housing Incentive or Inclusionary Programs
- 3.3 Regulatory Assistance To Developers Of Affordable Housing
- 3.4 Financing Tools
- 3.5 Affordable Building Design Practices
  
- 3.6 Preservation, Acquisition, Conversion and Rehabilitation of Existing Housing
  
- 3.7 Community Development Incentives
- 3.8 Planning And Zoning Tools

The policy recommendations would have the City focus its efforts in four main ways:

(1) *Non-Profit Development:* This report recommends how the City can become a more effective source of financial and regulatory assistance to nonprofit developers of affordable housing. The housing that these organizations develop are a principal source of affordable housing in the City. This part of the housing stock is also the most effective at serving the neediest households, including those with special needs. Helping these nonprofit developers succeed in their mission, and become more competitive for financing from other sources, is one of the report's two principal themes.



(2) *For-Profit Development:* The report's second principal theme is to harness the engine of private, for-profit developers and make it financially worthwhile for them to include affordable units in market rate projects. For this purpose, the report recommends a range of incentive and limited mandatory inclusionary programs. Enlisting for-profit development efforts in this way is important for three reasons. **First**, nonprofit development efforts will not likely ever be enough. There is not enough financing available to do the job. **Second**, for-profit developers can usually build at a lower per-unit cost because their financing sources do not impose expenses common with non-profit financing. **Third**, including affordable units into market rate projects also promotes economic and other demographic integration. The report also notes, however, that such incentive and inclusionary programs generally do not serve the lower income tiers. For this reason, both the for-profit and the non-profit development efforts are necessary to address the range of the City's housing needs.

(3) *Reduce Cost of Housing Development:* The report recommends ways that the City can reduce the cost of housing development generally. These measures would make all housing more affordable, including housing for low-income households.

(4) *Accommodation of Appropriate Density*: The report also recommends how the City can accommodate the increased density it will need for the additional 43,353 households it projects to be living in Tacoma by 2030. Increased density is not only necessary for growth management goals. It is also an important element for affordable housing for all income tiers, including low income households. A crucial theme of these recommendations is that increased density can be attractive and congenial to the values that make neighborhoods vibrant and appealing. This is mainly a design challenge. The recommendations focus on ways to meet it.

This report designates the priority of its recommendation as “high”, “medium” or “low”. It also indicates for each recommendation the income tier it is more likely to benefit and whether it is focused on renters or owners or both.

The Advisory Group has two expressions of thanks and gratitude to offer. First, throughout this effort it has enjoyed the very able and amiable support and expertise of City staff. We particularly acknowledge the help of Ric Teasley, Housing Division Manager, and Ian Munce, Urban Planner, both in the City’s Community and Economic Development Department. The City is fortunate to have such talented, expert and interested professionals working on such complex and important topics.

The Advisory Group also offers thanks to the City Council and the City Manager. The Group appreciates the interest and leadership they have already shown in addressing the City’s housing needs. The adoption in 2009 of an enhanced mixed-use center ordinance, for example, is a very good step forward. The City’s affordable housing needs, however, will require further efforts. Those needs are dire. They are worsening. The Group understands that its convening denotes the City’s intent to further enhance policies to address these needs. We hope this report is helpful for that purpose.

**The Group is very pleased to report that all of its recommendations enjoy the consensus of its members. This is a notable achievement among the diverse voices that the Group represents. This consensus is one of the main gifts the Group’s report offers the City Council. It should help the Council make its own policy choices, perhaps by a consensus as well.**

All the members of the Advisory Group were pleased to serve our City in this way.

## 2. STATEMENT OF THE PROBLEM

This section summarizes the affordable housing challenges facing the City of Tacoma currently and over the next twenty years. The Advisory Group did not conduct additional research or compile new data. Doing so was not necessary because adequate data and information is already available from a variety of sources. In particular, this report uses those sources and estimates that the City of Tacoma uses for planning purposes. In particular, it uses data and information from the Consolidated Plan for Housing and Community Development 2010 – 2015 (Tacoma-Lakewood HOME Consortium)(hereinafter referred to as the “Consolidated Plan”).

These data offer estimates only and the estimates vary by source. However, this variance does not obscure the scale and nature of the affordable housing needs of the City. In summary the City of Tacoma currently has a very serious shortage of affordable housing for its residents. This shortage will likely worsen over the next twenty years.

### 2.1 Summary of the Problem and Limitations of this Report

The City of Tacoma does not have enough housing affordable<sup>1</sup> to many of its residents. The extent and nature of the problem are evident in ways that this section describes. The problem, in broad terms, arises from a mismatch between the cost of housing in Tacoma and the incomes of Tacoma's residents.<sup>2</sup> Large portions of Tacoma's population do not have enough income to afford the housing available in Tacoma's private market at a cost of no more than 30% or even 50% or more of their income. The sections below, and the cited sources, show the following aspects of the problem:



- In 2009, Fair Market Rent (FMR)<sup>3</sup> for a one bedroom apartment in Tacoma is about \$776 a month. The FMR for a two bedroom apartment is \$926 a month. To afford the FMR for the two bedroom apartment a household would need an annual income of about \$37,040, or the full time equivalent of \$17.81/hour. Yet, the average Tacoma renter income is only \$12.35/hour.<sup>4</sup> The state's minimum wage is \$8.55/hour.
- As of the 2000 census, 73% of Tacoma's very low income households and 77% of its extremely low income households are paying more than 30% of their gross

<sup>1</sup> “Housing is considered to be affordable when the cost of housing plus utilities equals no more than 30% of household [gross] income.” Consolidated Plan at page 58.

<sup>2</sup> Consolidated Plan at 58 -63.

<sup>3</sup> HUD conducts surveys every year to calculate Tacoma's Fair Market Rent. It seeks to identify the amount needed to pay the “gross rent {shelter rent plus utilities) of privately owned, decent, and safe rental housing or a modest (non-luxury) nature with suitable amenities.” Furthermore, it seeks to identify this amount for the 40<sup>th</sup> percentile of the rental market (lower 40%). See 74 Fed. Reg. 50551 (September 30, 2009).

<sup>4</sup> Out of Reach 2009 for Tacoma, WA (National Low Income Housing Coalition 2010) at <http://www.nlihc.org/oor/oor2009/>

income for housing and utilities; 22% of its very low income households and 61% of its extremely low-income households are paying more 50% of an already low income.

- It is estimated that between 4,440 and 5,550 persons experienced homelessness in Tacoma during 2009; members of families homeless with minor children constituted more than 80% of this total.
- Tacoma presently needs approximately an additional 14,096 affordable housing units for its present population of low-income households who are paying unaffordable amounts for housing. To accommodate the additional households Tacoma expects between now and 2030, Tacoma will require an additional 8,174 affordable units.



This assessment of need already recognizes the approximately 4,106 subsidized apartment units serving low-income households in Tacoma, as well as the 2,666 tenant-based housing vouchers serving them.<sup>1</sup> Households in these units or with these vouchers have affordable housing. The data in this section refer to those additional low-income households who do not.

Solutions require attention to both the inadequacy of income and excessive housing cost. This report and its recommendations address only those City policies that would address the cost and availability of affordable housing. It does not address the equally important need for Tacoma to produce higher income jobs and residents qualified to fill them. This report also focuses on the problem as it appears in the private rental market. The purchase housing market poses its own challenges, which this report describes as well. However, as it explains, the main problem appears among lower-income households. They are largely renters and the likely solutions relate to the rental market.



This report also does not recount the consequences that result when significant portions of the City's population lack affordable housing or, for some, any housing at all. These consequences are covered by an extensive literature. The City's Consolidated Plan discusses them as well. The lack of affordable housing causes problems for major areas of civic concern that will determine the City's future health and prosperity, including economic development, growth management, transportation policy, child welfare, education, and emergency services.

Taken altogether, the City of Tacoma has an affordable housing crisis. This section describes its scope and nature.

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<sup>1</sup> Consolidated Plan at 78, Appendix Table A-1

2.2 City of Tacoma's Estimated Housing Need By Income Groups: 2010 - 2030

	No. of renter households <sup>2</sup> % of renter population <sup>3</sup>	Affordable Monthly Housing Payment <sup>4</sup>	2010 Monthly Rental Housing Costs <sup>5</sup>	% of rent burdened households <sup>6</sup>			Affordable Units Needed for Rent Burdened Households			Totals (existing and future need)
				2010 (existing need) rent burden (% of gross income that households pay for rent and utilities)			2010 - 2030 (future need)			
				>30%	>30%	>50%	>30%	>30%	>50%	
<b>2009 Household Gross Income levels<sup>1</sup></b>										
Computer Programmer (\$79,800/year)	11,767 31%	\$1,995	\$1,587/4 BR rental (FMR)							
Area Median (AMI) Income (\$23,561/hour;\$48,996/year)		\$1,225	\$1,410/3 BR rental (FMR)	5%	1%	118	308	48	896	166
Executive Secretary/Admin. Asst. (\$22.39/hour;\$46,570)		\$1,164								
Medical Lab Technician (\$19.35/hour;\$40,248)		\$1,006								
<b>Low Income; 80% AMI (\$18.84/hour/\$39,197/year)</b>	7,603 22%	\$980	\$968/2 BR rental (FMR)							
Bookkeeping Clerk (\$17.90/hour;\$37,232/year)		\$931								
Starting Teacher (\$15.89/hour;\$33,054/year)		\$673	\$790/2 BR rental (AVG)	29%	4%	304	1,269	175	3,474	479
Retail Sales (\$12.93/hour;\$26,908/year)		\$642	\$776/1 BR rental (FMR)							
Average Renter Income (\$12.35/hour;\$25,688/year)		\$612	\$694/1 BR rental (AVG)							
<b>Very Low Income; 50% AMI (\$11.78/hour/\$24,498/year)</b>	6,063 18%	\$575	\$665/0 BR rental (FMR)							
Home Care Aide (11.06/hour;\$23,005/year)		\$551								
Federal Poverty Line for Family of 4 (\$10.60/hour;\$22,050/year)		\$517		73%	22%	1,334	2,614	788	7,040	2,122
Dishwasher \$9.95/hour;\$20,696		\$445								
State Minimum Wage (\$8.55/hour;\$17,793/year)		\$367								
<b>Extremely Low Income; 30% AMI (\$14,698/year)</b>	8,931 26%	\$202								
SSI Disability (\$674/month;\$8,088/year)		\$198								
TANF for Family of 4 (\$661/month;\$7,932/year)										
<b>Total Affordable Units Needed</b>						<b>7,204</b>	<b>8,174</b>	<b>4,167</b>	<b>22,270</b>	<b>11,371</b>

Work Force Housing Needs

NOTES:

1. U.S. Bureau of the Census - ESRI 2009 Forecast; Bureau of Labor Statistics, May 2009 Metropolitan Area Occupational Employment and Estimates of Average Wages, Tacoma, WA [http://www.bls.gov/oes/current/oes\\_45104.htm](http://www.bls.gov/oes/current/oes_45104.htm); Tacoma Public School District at <http://www2.tacoma.k12.wa.us/hr/certsalary.PDF>
2. Consolidated Plan at page 67.
3. Tacoma has 34,364 renter households. *Id.* The % of that total in each income tier derives from dividing the number in each tier by that total. The % and number for the top tier are households at or above 80% AMI.
4. "Housing is considered to be affordable when the cost of housing plus utilities equals no more than 30% of household [gross] income." *Id.* at page 58.
5. HUD calculates Fair Market Rents (FMR) annually. "In general, the FMR for an area is the amount that would be needed to pay the gross rent (shelter rent plus utilities) of privately owned, decent, and safe rental housing of a modest (non-luxury) nature with suitable amenities." FMRs reflect the rent for the 40<sup>th</sup> percentile of the market. 74 Fed. Reg. 50551 (September 30, 2009); average rents WA Center for Real Estate Research, WSU.
6. Consolidated Plan at page 67. Households paying >30% of their income include those paying >50%.
7. The City projects that 43,253 additional households will join the city by 2030. City of Tacoma Vision 2030 Geography for Housing Unit Allocation, October 22, 2009. 45% of current city households rent. Consolidated Plan at page 52. Applying that percentage to the new households means that 19,897 of them will rent. Applying the percentages of the current renter population in each income tier and rent burden categories estimates the number of the new renter households in each income tier that will be rent burdened.

### 2.3 Supply vs. Need: Misalignment

An interesting and exacerbating aspect of Tacoma’s shortage of affordable housing arises from the mismatch within its unsubsidized housing market between need and cost. “Units are not allocated on the basis of need – just because there are units renting or sold at a price affordable to low-income households does not mean those are the households actually occupying the units.”<sup>1</sup> HUD data estimate that only about “half of the rental units within the appropriate affordability range were actually occupied by households with incomes in that range in 2000.” *Id.* Of the units affordable to households at or below 30% of AMI (extremely low income), “only 61% were occupied by households with incomes in that range. The others were occupied by households with higher incomes.” *Id.* This mismatch is greater in owner-occupied homes, which more than rentals are occupied by households with incomes higher than what is necessary to afford the home. *Id.* This misalignment works to further limit the availability of units affordable to the lower income households. It means that the estimates in the previous section on the City’s need for more affordable units are an undercount.



### 2.4 Other Indications that Tacoma Needs More Affordable Housing

Tacoma’s inadequate supply of affordable housing is evident in other ways, including the following.

#### 2.4.1 Homelessness

The number of homeless persons and families continues to grow. The primary measure of homelessness in Tacoma and Pierce County is the annual “count” during a 24 hour period in January of persons found in shelters, other transitional programs, other settings not fit for human habitation or on the street.



Annual Homeless County 2006-2009: Pierce County <sup>2</sup>					
	2006	2007	2008	2009	2009 Tacoma Only
Sheltered	1,058	1,342	1,478	1,853	
Unsheltered	340	254	265	230	
<b>Totals</b>	<b>1,398</b>	<b>1,596</b>	<b>1,743</b>	<b>2,083</b>	<b>1,110</b>

<sup>1</sup> Consolidated Plan at page 66.

<sup>2</sup> Consolidated Plan at pages 85 -86; Pierce County Homeless Survey 2009, page 4 (Pierce County 2009)

Members of families who are homeless with minor children constituted 84% of the total. *Id.*

These numbers are better understood as indications of trends and not as estimates of the size of the homeless population. In particular:

- These numbers significantly undercount the number of homeless persons.<sup>1</sup> The count misses people who sleep in cars, the woods or in shelters that do not participate in the count.<sup>2</sup>
- “National studies estimate that 4 to 5 times more people will be homeless during the year than are homeless on a given night.”<sup>3</sup> Using this measure would translate the one time count into an estimate that annually between 4,440 and 5,550 persons experienced homelessness in Tacoma during 2009. The vast majority are members of families who are homeless with minor children.



#### 2.4.2 Low Income Senior Households

Households headed by people 65 years of age and older have significantly lower incomes than households headed by people between the ages of 25 and 65.<sup>4</sup> This is not surprising since most seniors are retired and many are disabled. For this reason most rely on fixed incomes that will not increase significantly in their remaining lifetimes.



Most pertinent to the City’s affordable housing needs is the projection that the elderly portion of the City’s population, and the nation’s, will significantly increase in the next two decades in both the gross number and percentage of the total population. In 2007, people of this age constituted about 11% of Tacoma’s population, or about 22,000 persons.<sup>5</sup> By 2020, they will be 14% of a larger population, or about 35,000 persons. By 2030, their percentage will rise to 18% of a still larger population, or about 50,000.<sup>6</sup> This will mean a substantial increase in a population that will necessarily be among the City’s lowest income households.

<sup>1</sup> See Consolidated Plan at page 86.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.* at 85.

<sup>4</sup> See Consolidated Plan at page 42.

<sup>5</sup> *Id.* at page 23.

<sup>6</sup> *Id.* at 25; Vision 2030 Housing Unit Allocation (October 22, 2009).

### 2.4.3 Home Owners<sup>1</sup>

About 42,000 households in Tacoma own the home they occupy. The data below, from 2000, shows that the low-income portion of this population has its share of problems affording this housing. According to this data, in 2000, about 29%, or 11,986, of all homeowners pay more than 30% of their income for housing costs and about 10%, or 4,235, pay more than 50%. As expected, the lower the owner household income the greater the percentage of that income it spends on housing costs.

City of Tacoma Owner Households: Cost Burden of Homeownership: 2000				
Income Tier of Homeowners	% of All Homeowners	# of Homeowners in Income Tier	% / # of Homeowners in Income Tier Paying >30% and >50% of Household Income for Housing Costs	
			>30%	>50%
>80% A.M.I.	70%	29,441	16% / 4,711	2% / 588
51%-80% A.M.I.	16%	6,732	52% / 3,501	15% / 1,015
31% - 50% A.M.I.	7%	3,034	62% / 1,881	36% / 1,092
< 30% A.M.I.	6%	2,524	75% / 1,893	61% / 1,540
<b>Totals</b>	<b>99%</b>	<b>41,731</b>	<b>28.7% / 11,986</b>	<b>10.1% / 4,235</b>

This problem has likely worsened since 2000.

Household income spent on homeownership, however, differs from household income spent on rental housing in some ways pertinent to assessment of affordability. Both expenditures purchase shelter. Yet a home purchase buys additional benefits. **First**, the household will gain equity if the value of the home increases. In this way, the household builds assets. **Second**, a home confers substantial tax benefits. **Third**, a home purchase provides an added measure of security and reassurance that ownership provides. These benefits may justify a larger percentage of household income for purchase than it could justify for rental expenses.

### 2.4.4 Transportation Expenses

Estimates of housing costs should also include expenses for transportation to work, school, and shopping. The Consolidated Plan cited a recent study that “determined that when housing and commute costs are combined, the combination of the two is considerably greater than 30% of income for working families.”<sup>2</sup> That study surveyed information from 28 metropolitan areas, including Seattle. “Working families with incomes between \$20,000 and \$50,000 spent 57% of their earnings for the combination of transportation and housing, split about evenly between housing and transportation.”<sup>3</sup>

<sup>1</sup> *Id.* at page 69.

<sup>2</sup> Consolidated Plan at page 63.

<sup>3</sup> *Id.*

The transportation costs of housing have a special pertinence to Tacoma. City residents who work in Tacoma have an advantage of a short commute. The significant number of Tacoma residents, however, who work in King County may lose any savings from Tacoma’s lower housing costs in the higher transportation costs they incur in their commute. In this way, Tacoma’s lack of jobs for more of its residents is part of the housing affordability problem it faces.

## 2.5 Special Needs Housing

Tacoma’s need for more affordable housing appears in distinct ways for discrete groups within the city’s low-income population who have special needs. Like other low-income portions of the population, households within these groups require affordable places to live that are not available on the private market. They face other challenges as well. Two in particular are pertinent to this report. **First**, they need other kinds of assistance and supportive services located within an easily accessible distance from where they live to be successful even if housing is affordable. **Second**, their history of need or institutionalization makes it harder for them to find private landlords willing to rent to them. This chart outlines those groups and the challenges they face.

Subpopulation of Special Need	Number	Needs in Addition to Affordable Housing
Disabled persons and frail elderly	The 2000 census reported that 22.9% of Tacoma’s population or 40,198 persons between the ages of 5 and 64 had disabilities. <sup>1</sup> The frail elderly will grow as a part of the City’s disabled population. Presently, about 6% of Tacoma’s residents are 75 years of age or older. Consolidated Plan at 95. This percentage will grow significantly. <i>Id.</i>	<ul style="list-style-type: none"> <li>• supportive services both out of home and in-home to allow a person to live independently</li> <li>• assisted living housing</li> </ul>
Homeless families	<i>See</i> Section 1 above. Between 8,332 and 10,415 persons experienced homelessness in Pierce County during 2009; and of them between 5,373 and 6,716 were members of families with minor children. Veterans appear in this population to a disproportionate extent.	<ul style="list-style-type: none"> <li>• prevention services</li> <li>• shelter</li> <li>• supportive services, especially for victims of domestic violence</li> </ul>
Homeless single adults, including veterans		<ul style="list-style-type: none"> <li>• prevention services</li> <li>• shelter</li> <li>• services, especially for those afflicted with mental illness and drug or alcohol addiction.</li> </ul>

<sup>1</sup> See U.S. Census 2000 at <http://factfinder.census.gov/home>. See also Consolidated Plan at 97. This compares with 19.3% of the nation’s population that is disabled. See U.S. Census 2000.

Subpopulation of Special Need	Number	Needs in Addition to Affordable Housing
Domestic violence victims	Domestic violence appears as a significant factor among homeless persons and households. The estimates range. <i>E.g.</i> , 14% <sup>1</sup> , 27%, <sup>2</sup> 36%. <sup>3</sup>	<ul style="list-style-type: none"> <li>• confidential shelter</li> <li>• protective services</li> <li>• counseling</li> </ul>
Persons afflicted with alcohol/drug addiction	Alcohol and drug addiction is widespread among the population of homeless single adults. <i>E.g.</i> , 42% of single homeless adults are chronic substance abusers. <sup>4</sup>	<ul style="list-style-type: none"> <li>• treatment</li> <li>• supportive housing</li> </ul>
Persons coming from institutions: <ul style="list-style-type: none"> <li>- corrections</li> <li>- psychiatric</li> <li>- nursing homes</li> <li>- foster care</li> </ul>	<p>The Tacoma area hosts sizeable institutions that house persons who are then released: Western State Hospital; McNeil Island Correctional Facility (which may be closing); Purdy Correctional Institution for Women; Pierce County Jail. Tacoma also has a sizable population of youth aging out of foster care.</p> <p>Persons coming from these institutions and settling in Tacoma have notable housing needs. <b>First</b>, they generally have very low incomes and share the challenge facing all low-income households. <b>Second</b>, their institutional record will make landlords less interested in renting to them. <b>Third</b>, some of them will need a structured or supervised type of housing.</p>	<ul style="list-style-type: none"> <li>• supportive services both out of home and in-home to allow a person to live independently</li> <li>• assisted living housing</li> </ul>
Unaccompanied homeless youth	Unaccompanied youth appear among the county's population of homeless persons. Efforts to count them give varying estimates. The school districts of Bethel, Sumner, Clover Park and Tacoma reported a total of 87 enrolled homeless youth. <sup>5</sup> Most sources agree that all counts understate the problem.	<ul style="list-style-type: none"> <li>• shelter</li> <li>• family services</li> <li>• health care</li> <li>• protection services</li> <li>• counseling</li> </ul>

<sup>1</sup> Ten Year Homeless Plan: 2008 Annual Report, page 35 (Washington State Dept. of Commerce Dec. 2008)

<sup>2</sup> Homeless Families in Washington State: A Study of Families Helped by Shelters and Their Use of Welfare and Social Services, 63 (DSHS 2001).

<sup>3</sup> Pierce County Homeless Housing Plan, 19 (Pierce County 2008)

<sup>4</sup> Consolidated Plan at page 100.

<sup>5</sup> Pierce County Homeless Housing Plan, 22 (Pierce County 2008)

## **2.6 Conclusion to the Statement of the Problem**

The data and information in this section show that the City of Tacoma has an affordable housing crisis. It will only worsen as the City's population grows and ages over the next two decades unless Tacoma takes immediate action to ensure an adequate supply of affordable housing for its existing and anticipated residents at all income levels. Identifying the policies useful for this purpose is the subject of the following section.

### 3. POLICY RECOMMENDATIONS TO THE CITY COUNCIL

#### 3.1 City Policy and Leadership

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]					Owner/Renter	Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
***	***	***	***	Renter*** Owner***	<b>High</b>	

The City should incorporate the following principles and acknowledgements in pertinent and authoritative policies and planning documents. In its exercise of civic leadership, the City should make concerted efforts to help residents, neighborhood councils and other civic groups understand and appreciate them:



(1) Affordable Housing is Vital to Important Civic Interests

The City’s welfare requires an adequate supply of well built and well managed affordable housing serving the full range of incomes appearing among its residents. An adequate supply of this housing is vital to the following important civic needs or values:

- the City’s prosperity, economic development and growth of employment opportunities;
- the appropriate management of the City’s projected population growth and transportation needs;
- the City’s fulfillment of its legal obligation to make “adequate provisions for existing and projected [housing] needs of all economic segments of the community” (RCW 36.70A.070(2)), and to comply with the related directives of the CountyWide Planning Policies for Pierce County. The new draft of those Policies direct Tacoma and other Pierce County general purpose local governments to arrange that 25% of its housing development be affordable to low-income households;
- the survival of green spaces throughout the City and Pierce county;
- the success of the City’s schools;



- the effectiveness of the City’s emergency services;
- the City’s ability to continue its accommodation of a population that is increasingly diverse by income, race, ethnicity, ability, disability and age;
- the City’s ability to accommodate a population that, in the aggregate, is getting older;
- the City’s values of social justice.

(2) Affordable Housing is Attractive, Innovative and Well Managed



Affordable housing developments by nonprofit developers, public and private, in the City, region and nation have been among the most attractively designed, most environmentally innovative and best managed in the market place. Appendix C is a collection of photographs of affordable housing developments in Tacoma, the Puget

Sound region, Washington State and around the nation. Those and other photos are also scattered throughout this report.

(3) The City Needs to Enlist the Engine of Private Development

Nonprofit developments of affordable housing will never likely be adequate to meet the City’s need. The City also needs a companion strategy to enlist the engine of private market rate developments to include a measure of affordable units. These strategies also provide the added benefit of economic and demographic integration.

(4) Affordable Housing Developments Spur Other Investments

Affordable housing developments have spurred the revitalization of neighborhoods, encouraging both public and private investment, helping the City attain its desired density, and furthering a neighborhood’s economic development.

(5) The City Should Welcome Affordable Housing Developments

Affordable housing is an asset to be encouraged and not a detriment to be tolerated and controlled.

(6) Every City Neighborhood Needs Affordable Housing Developments

The City should promote the development of affordable housing in every City neighborhood.

(7) Affordable Housing As Innovative Design  
In seeking the appropriate balance, the City should not have to compromise important neighborhood design standards in order to promote affordable housing. Instead proper design should allow affordable housing to show the way for all developments serving all incomes toward a greener, more sustainable urban future that accommodates the appropriate density that the City's planning documents anticipate to be necessary for the City's projected population allocations between now and 2030.

(8) Affordable Housing as a High City Priority Amid Competing Interests  
In a complex community like Tacoma, interests and policies often clash. Good governance is the effort to balance them appropriately. In doing so, the City should give a very high priority to the promotion of affordable housing development.



### 3.2 Housing Incentive or Inclusionary Programs

The recommendations in this section seek to enlist the efforts of private, for-profit developers of market rate units to include affordable housing units in their market rate developments. Doing this is an important companion to the efforts of the non-profit developers who focus on building affordable housing. Both are necessary. They each contribute differently in the following ways:

For-Profit Developers	Non-Profit Developers
<ul style="list-style-type: none"> <li>Incentive and inclusionary programs can encourage, or in limited circumstances require, for-profit developers to build affordable housing without direct public financing.</li> </ul>	<ul style="list-style-type: none"> <li>Non-profit developers can leverage other sources of public and private financing available only for affordable housing.</li> </ul>
<ul style="list-style-type: none"> <li>For-profit developers can build at lower per unit cost.</li> </ul>	<ul style="list-style-type: none"> <li>Non-profit developments are affordable to the neediest households.</li> </ul>
<ul style="list-style-type: none"> <li>Their affordable units can promote economic and demographic integration of affordable housing into a market rate development.</li> </ul>	<ul style="list-style-type: none"> <li>Non-profit developments also serve households with special needs by matching the housing with necessary supportive services.</li> </ul>
<ul style="list-style-type: none"> <li>Yet such housing generally is not affordable to the income groups below 50% of AMI where the need is greatest.</li> </ul>	<ul style="list-style-type: none"> <li>Non-profit developers have an organizational mission to keep the units affordable indefinitely.</li> </ul>

The policy recommendations in this section, in general, seek either (i) to provide incentives to for-profit developers to voluntarily include units affordable to low-income households as part of a market rate development or to pay a cash equivalent of those units to the City's Housing Trust Fund, or (ii) in limited circumstances to



require that they do so. Versions of such programs must incorporate the elements and make the policy choices listed below. The details of these elements or policy choices will likely vary among the types of programs. State law directs some of these choices. *See* RCW 36.70A.540. This report does not attempt to recommend specific elements or policy choices. Such specifics will likely require more detailed study than the Advisory Group could undertake.



(1) Threshold Size

The program must designate the size of the development that would make it eligible for an incentive or that would impose a requirement to include affordable units. *E.g.* developments of more than 10 units.

(2) Number of Affordable Units



The program must direct the number or percentage of units in the development that must be affordable. *e.g.*, the City’s present mixed-use center ordinance requires developers who choose one height bonus option to make 20% of the units affordable.

(3) Size, Placement and Quality of Units

The program must determine the size of the affordable units and their number of bedrooms, their location within the market rate development and their quality. In general, the goal is to architecturally integrate affordable units among the market rate units and make them indistinguishable from each other.

(4) Income Targets

The program must designate the household income tiers eligible for a development’s affordable units, *e. g.*,  $\leq 30$  AMI;  $\leq 50\%$  AMI;  $\leq 80\%$  AMI. State law directs that rental units be targeted to an “income of fifty percent or less of the county median family income, adjusted for family size.” Owner-occupied units must be targeted at or below 80% of the county’s median income. RCW 36.70A.540(2)(b). The law permits a city to choose higher income targets after public hearings and findings of local need. The city may go up to 80% of the county’s median family income for rentals and 100% for owner-occupied units. *Id.*



(5) Definition of Affordability



The City must define what it means for a unit to be affordable. State law allows it to set the maximum rent level or sales price for each affordable unit. “For renter-occupied housing units, the total housing costs, including basic utilities as determined by the jurisdiction, may not exceed thirty percent of the income limit for the low-income housing unit.” RCW 36.70A.540(2)(c).

(6) Duration of Affordability

The program must direct how long the units must remain affordable. The Growth Management Act specifies this term to be at least 50 years. RCW 36.70A.540(2)(e). The City may have flexibility under other authority.

(7) Financial Feasibility

These programs, whether voluntary or mandatory, must be designed so that the development is financially feasible for the developer. The various elements and policy choices listed above will influence this. For example, the lower the income targets, the fewer affordable units the project will be able to sustain. In general, such programs are not able to serve the lowest income tiers.

(8) Cash Out Option

State law allows a city to permit a developer to pay cash to the City in lieu of providing the affordable units as part of the development. State law also sets forth the terms of doing so. These terms include: (i) the City must “determine that the payment achieves a result equal to or better than providing the affordable housing on-site”; (ii) “the payment does not exceed the approximate cost of developing the same number and quality of housing units that would otherwise be developed”. RW 36.70A.540(2)(h). The cash-out amounts would go into the City’s Housing Trust Fund for use in financing developments of affordable housing elsewhere in the city, usually by nonprofit developers.



The cash-out option has advantages and disadvantages:

<b>Advantages of Cash-Outs</b>	<b>Disadvantages of Cash-Outs</b>
<ul style="list-style-type: none"><li>Offers flexibility to for-profit developer who may otherwise not choose to participate</li></ul>	<ul style="list-style-type: none"><li>Cash-outs forego the opportunity to economically and demographically integrate affordable units in a market rate mix. The cash-outs, used through the City’s Housing Trust Fund, usually help nonprofit developers build affordable units that generally have no or fewer market rate units and therefore little economic integration.</li></ul>

Advantages of Cash-Outs	Disadvantages of Cash-Outs
<ul style="list-style-type: none"> <li>• Can be a source of revenue for the City’s Housing Trust Fund. This Fund can help nonprofit developers leverage other financing that usually requires a “local match.”</li> </ul>	<ul style="list-style-type: none"> <li>• Cash-outs also forego the greater ability of for-profit builders to construct units at lower costs than nonprofit builders.</li> </ul>
<ul style="list-style-type: none"> <li>• Cash-outs generally replace affordable housing that a developer would offer to households at the higher end of the “low-income” income scale. The cash-out amounts allow the City’s Housing Trust Fund to finance housing by nonprofit developers serving lower income households, who have the greater need.</li> </ul>	

These program elements and policy choices would be an important part of many of the recommendations below.

### 3.2.1 Voluntary Housing Incentive Program

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]						Priority
Population Served By Income Tier				Owner/Renter		
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
**	**	***	***	Renter*** Owner***	<b>High</b>	

The City should offer incentives to for-profit developers of new construction and rehabilitation of pre-existing housing so they include units affordable to a range of incomes. A developer would choose whether to participate. The incentives could include the following:

- (1) density bonuses;
- (2) reduction in lot sizes;
- (3) height or bulk bonuses;
- (4) fee waivers;
- (5) permitting priority;
- (6) reduction in parking requirements.



To its great credit, the City has begun such a program with its 2009 revisions to the mixed-used center regulations. Ord. 27818 (July 28, 2009). This is a very good start! The City must adjust that ordinance in at least two ways. **First**, it must increase the cash-out formula. The Ordinance presently allows a cash-out of 0.5% (0.005) of the value of the building. This amount is much too low. It would allow a developer of a \$ 20 million building with 100 units to get an additional 20 feet in height, or two stories, by making 20% of the units affordable, or 20 units, or by paying a cash-out of only \$100,000. In other words, the developer would be able to add two stories and avoid the requirement of providing any affordable units by paying only \$100,000. This is not enough. The law requires the cash out amount to be “equal to or better than providing the affordable housing on-site.” (See above). **Second**, it should extend the duration of the affordability requirements. The GMA specifies a term of 50 years. (See above).



### 3.2.2 Inclusionary Requirements for Voluntary Residential Upzones

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]					Owner/Renter	Priority
Population Served By Income Tier				Renter *** Owner***		
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
**	**	***	***		<b>High</b>	



When the City confers a requested upzone in any zone that authorizes residential uses, it can significantly increase the value of the property. An affordable housing requirement is a way to redirect part of that increase to an important, yet compatible, civic use. When a developer seeks an upzone of a property that would permit a higher residential density, the City should condition its grant of the upzone upon the developer’s agreement to include at least 10% affordable units in the market rate mix with the density bonuses set forth in item 3.2.4.

3.2.3 *Limited Mandatory Affordable Housing Bonus Program for City Initiated Upzones*

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]					Owner/Renter	Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
**	**	***	***	Renter*** Owner***	<b>High</b>	

Similarly, when the City upzones property on its own initiative it can significantly increase the property's value. An affordable housing requirement is a way to redirect part of that increase to an important, yet compatible, civic use. The City should require developers of market rate residential developments to include at least 10% of the units as affordable to a range of incomes when the City upzones property other than at the formal request of the owner or developer and when the developer builds at the higher density allowed by the upzone. A change in the comprehensive plan's allowed intensity would not be considered an upzoning for this purpose.



3.2.4 *Inclusionary Requirements for Voluntary Master Planned Communities*

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]					Owner/Renter	Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
**	**	***	***	Renter*** Owner***	<b>High</b>	



As with upzones, if and when the City grants permission for a Master Planned Community, it can significantly increase the value of the property. It should direct part of this increased value into an affordable housing requirement. Accordingly, when a developer seeks a Master Planned Community, or its equivalent, the City should condition its grant of the request upon the developer's agreement to include at least 10% affordable units in the market rate mix with the density bonuses set forth in item 3.2.4.

3.2.5 *Planned Residential Development Districts (PRDs)*  
*Planned Affordable Residential Districts (PARDs)*

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]					Owner/Renter	Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
**	**	**	**	Renter*** Owner***	<b>High</b>	

The City has authority to grant discretionary permits for Planned Residential Development Districts (PRDs). PRDs can be valuable strategies for the City to direct higher density development to the appropriate places and influence what it looks like and how it serves the larger community. The city should revise the rules as follows:

(1) Planned Residential Districts (PRD) on Five or More Acres (currently allowed)

The City should list the inclusion of affordable units on the menu of design features from which a developer may choose. The list should allow a developer to increase the number of market rate units on site above that allowed in the underlying zoning designation (e.g., R-2, R-3) if the developer also provides affordable units. The City must determine the ratio of market rate units to affordable units. The ratios should be at least the following:



- Rental Units: at least 10% of the total units shall be affordable. For each affordable unit, the developer may add 1.5 market rate units.
- Owner Occupied Units: at least 10% of the units shall be affordable. For each affordable unit, the developer may add 1 market rate unit.

(2) Planned Affordable Residential Districts (PARD) from One to Five Acres



The City should add a similar district for sites from 1 to 5 acres called Planned Affordable Residential Districts (PADR) with the same underlying zoning concept presented in the preceding section. This district could be governed by a Developer Agreement between the developer and the City. The agreement should allow the developer to increase the number of market rate units on site above that allowed in the underlying zoning designation (R-2, R-3, etc.) of one market rate unit for every affordable unit provided.

NOTE: The City should consider overall density caps for PRD and PARDs, *e.g.*, 4 times the underlying zoning density. Caps must account for the density needed to make a development financially feasible, the need for affordable housing, the character of the neighborhood and the directives for the area found in the City’s comprehensive plan.

3.2.6 *Framework for Public-Private Partnerships for Residential or Commercial Developments*

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]					Owner/Renter	Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
**	**	***	***	Renter*** Owner**	<b>High</b>	



Sometimes the City contributes to a commercial or residential development. *E.g.*, the city may provide financing, it may be a development partner, perhaps by building or contributing parking, or it may assume liabilities, such as environmental cleanup costs. In the negotiations for these contributions the City should regularly incorporate the expectation that in return for the City’s contribution the developer will either incorporate units affordable to a range of low incomes or pay an equivalent value to the City’s Housing Trust Fund. The extent of this housing requirement would have to be “project specific.” The goal, however, should be a housing or cash contribution that resembles the inclusionary requirements of other proposals such as items 3.2.1, 3.2.2, 3.2.3 and 3.2.4. Possible forms of City contribution or assistance include:

(1) Government provided incentives

(A) Tax incentives

1. Tax Increment Financing
2. Sales tax sharing

(B) Loan assistance

1. Long term land leases of govt. owned land
2. Low cost lease of air rights
3. Participation in payment of loan fees for end user
4. Loan guarantees
5. Down payment assistance



(C) Cost sharing

1. Reduction of permit fees
2. Participating in infrastructure improvements
3. Speedy permit processing

(D) Contributions through Tacoma Housing Authority

1. Project Based Section 8 rent subsidies
2. Provision of land in a partnership structure in exchange for % of affordable units equal to value of land

(2) Partnerships

A. Cost sharing based on percentage of units

1. Provision of land in a partnership structure in exchange for % of affordable units equal to value of land
2. Post construction purchase of completed units

B. Early creation of project partnerships

1. Planning for timing and predictability of funding availability
2. Reduce risk – financial strength, development capacity, general contracting
3. Relationship from conception to project completion

(3) Cash contributions and Gifts In Kind to Non-profit Developers

- A. Tax deduction
- B. Corporate Giving goals
- C. Contributions to local housing trust fund

NOTE: The City should provide each incentive or assistance to a developer in exchange for the developer providing a reasonable and proportionate number of affordable housing units in a development. The City



would not require that a developer provide affordable housing units.



However, if the developer wishes to receive the City's contribution or assistance, it must provide a certain number or percentage of units in their development which are affordable to low income households. The incentives would need to be

monetized or valued to determine an appropriate exchange rate for the number of units to be provided in each case. It is our strong recommendation that, if implemented, each strategy would need to be project specific, with transparent negotiations, and eventual contractual obligations that work within the constraints of the total structure of the arrangement, for all parties.

### 3.2.7 *Transfer of Development Rights (TDRs)*

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]						
Population Served By Income Tier				Owner/Renter		Priority
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
	*	**	***	Renter** Owner**	Medium	



Transfer of Development Rights (TDR) Programs arrange for the transfer of development rights of residential units and other development from one area, which should be preserved for agricultural, forestry, environmental or recreational purposes, to another area that is planned for a higher density of development. Pierce County has created such a program. The City of Tacoma should participate in this program. In designing its participation, the City should include features or considerations as follows:

- (1) The City should devise a formula governing how many of the units to be built with transferred development rights should be affordable. This formula should account for the developer's need that such an inclusion to be at least profit neutral.

(2) A TDR program may effectively increase the cost of development inside the City by having developers purchase development rights transferred from elsewhere. Important values of preservation may justify these costs. The City must balance these values against the resulting increased costs to a market rate project resulting from a TDR purchase of development rights and the corresponding greater challenge of including affordable housing.

(3) Tacoma’s TDR program should allow for the transfer of development rights not only from outside the City to inside the City but from one part of the City to another.

### 3.3 Regulatory Assistance to Developers of Affordable Housing

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]				Owner/Renter	Priority
Population Served By Income Tier					
Tacoma Area Median Income (AMI) = \$48,966					
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
***	***	***		Renter*** Owner*	<b>High</b>

Non-profit developers of housing dedicated to affordable housing without market rate units should receive assistance similar to the incentives the previous section’s recommendations would provide to market rate developers. *i.e.*, density bonuses, fee waivers, accelerated permitting, zoning flexibility, parking requirement flexibility. The City should do this because these nonprofit developers are essential to the effort to meet the City’s affordable housing needs. They are the only developers likely to address the needs of the lowest income households and households with special needs. They also bring significant amounts of investment into the City from sources that require a local match. These developers have also developed some of the City’s and region’s most architecturally distinct, environmentally innovative and well managed housing.



### 3.4 Financing Tools

The City has been a very valuable source of financing for affordable housing developments. Much of its contribution has been federal dollars that it receives from the federal Department of Housing and Urban Development (HUD). The City should become a more significant source of local financing. This is important for two reasons: **First**, more effective local financing will make development projects in the City more competitive for other sources of financing, both public and private. These other sources generally require the development to show a local match. Generally, Tacoma’s projects are at a serious competitive disadvantage for lack of a local match. **Second**, more local funds will create more affordable housing.

#### 3.4.1 Downtown Mixed Income Housing Plan (Repeal the Miller Amendment)

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]					Owner/Renter	Priority
Population Served By Income Tier				Renter**		
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
**	**	***	***	Renter**	<b>High</b>	

#### (1) Introduction and Goal for Downtown Housing

Tacoma’s downtown is one of the City’s neighborhoods and in that respect shares the same need of all neighborhoods for housing that is accessible to a range of household incomes. At the same time, it requires some special consideration to account for its unique status among neighborhoods:

- the downtown is the City’s “front door”
- many of the City’s jobs are in the downtown.
- it is the focus of important City economic development initiatives.

For the downtown to thrive in the way that the City seeks, the downtown needs an appropriate balance of housing serving all income tiers. The City’s goal should be that at least 20% of downtown housing units, but not more than 20%, will be governed by subsidies that reserve those units for households at or below 50% AMI and that make those units affordable to such households. [NOTE: House-holds using tenant based vouchers would not count toward these limits because such a subsidy follows the household and is not restricted to the unit or to downtown.] The following factors and judgments underlie this recommended goal and the policy recommendations in this section:



- Downtown needs a higher density of market rate housing to sustain the retail commerce and the business investment it seeks.

- For the same reason, downtown needs more housing affordable to the people who would work there, particularly those working at the lower end of the wage scale, such as retail clerks, restaurant workers, office workers, janitors, entry level professionals, and service workers. Households dependent on these wages are at 30% of AMI and higher. *See* Section 2.2 above.<sup>1</sup> Housing affordable to these households is called “work-force” housing.

- Downtown also needs housing affordable to the lowest income households, below 30% AMI. These households, frequently headed by an elderly or disabled person, generally depend on fixed incomes such as social security, Supplemental Security Income (SSI) and Temporary Assistance to Needy Families (TANF). Downtown is a good place for their housing because of its transit options and services.

(2) Repeal the “Miller Amendment”



The City should “repeal” the “Miller Amendment.” The “Miller Amendment” refers to Resolution 33809 that the City Council adopted in 1997. In general, it limits the development of housing for households at or below 80% of AMI in the downtown. It does this by precluding any City funding for such housing unless the City Council votes to approve it. The resolution also restricted development of other such projects anywhere in the City or even such projects that received no City funding. Appendix D recounts the details of the resolution. Since then the Tacoma Community Redevelopment Agency (TCRA), which awards City funds, has incorporated the resolution’s directives into its funding criteria. The City should repeal the “Miller Amendment” for the following reasons:

- *Its Purpose No Longer Applies*

The purpose of the Miller Amendment is no longer as applicable. The resolution stated its purpose to address an over “concentration” of low-income housing in the downtown. Although the resolution did not state any facts in support of this finding, City sources recall estimates that 70% of the households then living downtown were low-income. Present City estimates show that downtown has changed significantly:

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<sup>1</sup> For example, a person earning 30% AMI grosses \$14,648 per year.

<b>Estimated Percentages of Low-Income Households<sup>1</sup> in Tacoma and its Downtown<sup>2</sup>: 2005</b>		
	<b>Downtown</b>	<b>City</b>
% of Low-Income Households	47% <sup>3</sup>	40% <sup>4</sup>
% of Dwelling Units Subsidized for Low-Income Households <sup>5</sup>	38% <sup>6</sup>	7.6% <sup>7</sup>



According to these estimates, the composition of downtown households does not differ markedly from the City’s aggregate. In addition, it is important to note that many “low-income households” include working households. “Low-income” tiers include households up to \$39,196 annually. This covers the following occupations and categories (*See* section 2.2 above):

<b>Low Income; 80% AMI (\$18.84/hour/\$39,197/year)</b>	<b>Very Low Income; 50% AMI (\$11.78/hour/\$24,498/year)</b>
Bookkeeping Clerk (\$17.90 hour; \$37,232/year)	Home Care Aide (11.06/hour; \$23,005/year)
Starting Teacher (\$15.89/hour; \$33,054/year)	Federal Poverty Line for Family of 4 (\$10.60/hour; \$22,050/year)
Retail Sales (\$12.93/hour; \$26,908/year)	Dishwasher \$9.95/hour; \$20,696
Average Renter Income (\$12.35/hour; \$25,688/year)	

<sup>1</sup> “Low-income” means at or below 80% of the City’s Area Median Income or \$39,196 per year.

<sup>2</sup> “Downtown” is broader than the old B zone that the Miller Amendment used. Roughly, it coincides with zip code 98402 or Census Tracts 0616.01 and 0616.02. In general, it includes the area between 25<sup>th</sup> and 6<sup>th</sup> Avenue, and between the waterfront and Tacoma Avenue.

<sup>3</sup> City of Tacoma Economic Development Department estimates in 2005. The Department estimates that for zip code 98402 low-income households constitute 46.7% of the population and for the combined two census tracts low-income households constitute 38.7% of the population.

<sup>4</sup> A value identifying a median is 50%, by definition. Also by definition 80% of 50% will always be 40%.

<sup>5</sup> Subsidized units include public housing, project based section 8 units, units subsidized by HUD project based contracts, and units occupied by tenants who participate in a tenant-based voucher program. Presently 126 tenant-based vouchers are in use in zip code 98402. This number fluctuates as these voucher holders move.

<sup>6</sup> This percentage derives by estimating the number of subsidized units in downtown (about 750) and dividing that number by the estimated number of total households (1,596). These estimates come from the City of Tacoma’s Economic Development Department.

<sup>7</sup> The City of Tacoma has approximately 5,800 subsidized units,. *See* City of Tacoma’s Consolidated Plan 2010-2015, pages 75-82. It has about 76,000 households living in their own dwelling unit. *See* DataPlace.org. Dividing the first number by the second number gives an approximation of the percentage of subsidized dwelling units.

In this way, the low-income composition of downtown residents includes those persons who provide the workforce that a prosperous downtown will require. Accommodating their housing needs would be an advantage to the downtown's economic prospects.

- *The Miller Amendment Restricts Investment in Needed Affordable Housing*

It is hard to assess the effects of the Miller Amendment. No new developments of shelter, transitional housing or permanent low income housing have occurred in the downtown B Zoning District since 1997. (NOTE: The B Zoning District was rescinded in 1999). Since 1997, no developer has asked the City Council for approval under the Miller Amendment for such a development. It would be hard to know whether and, if so, to what extent the Miller Amendment requirement for City Council approval deterred developer interest in projects that would otherwise have been viable. Downtown land costs may have had a similar deterrent effect. Since 1997, such developments have occurred in other parts of the City.



It is likely, however, that the Miller Amendment has deterred such investments in two ways. **First**, nonprofit developments require a developer to invest substantial amounts of time and money in assembling multiple sources of financing. A developer can justify such an investment if it judges that its chances with the various funding sources are adequate. It makes this judgment by self-scoring its proposal against what it knows to be the funders' criteria. However, it is very hard to self-score the chances of a favorable vote of a political body such as a city council. **Second**, such development efforts require a carefully synchronized array of funding decisions from multiple sources. Yet it is hard to anticipate the schedule for a city council decision.



For these reasons, the City should repeal the Miller Amendment in favor of the following proposal that would constitute the Downtown Mixed Income Housing Plan. This proposal is a reasonable balance of the varying interests. The Advisory Group understands that the Council can make this change quickly without requiring a modification of the City's Comprehensive Plan.

(3) Create the Downtown Mixed Income Housing Plan

We propose to replace the Miller Amendment with a Downtown Mixed Income Housing Plan. It would have the following features.

(3.1) Downtown Expanded

The Miller Amendment mainly applied to a small portion of the downtown called the “B Zone District.” Our proposed Downtown Mixed Income Housing Plan would regard downtown as a bigger area: between 6<sup>th</sup> Avenue and 25<sup>th</sup> Street, and between Tacoma Avenue and the waterfront. This larger area roughly coincides with zip code 98402. This area more closely matches how City residents understand the downtown and what the contours of a discrete downtown neighborhood would be.

(3.2) TCRA Funding Of Downtown Projects

The following rules should govern requests to Tacoma Community Redevelopment Agency (TCRA) for City funding of affordable housing in downtown Tacoma,

- Community Notice, Consultation and Good Neighbor Agreements

TCRA should require the developer of affordable housing seeking City funding to submit for TCRA approval a reasonable Community Consultation Plan. This Plan would commit the developer as follows: (i) Notice: The developer would provide meaningful notice of the proposed project to neighbors and to downtown groups; (ii) Consultation: The developer would provide neighbors and downtown groups with a meaningful opportunity to engage the developer in discussions about the proposal; (iii) Good Neighbor Agreement: The developer would offer the community groups a “Good Neighbor Agreement” that would set forth reasonable arrangements for continued consultation during operations of the project.



The Community Consultation Plan should require such notices and consultation opportunity to property owners within 1,000 feet of the proposed project. The Plan should offer this to the New Tacoma Neighborhood Council and to other appropriate community groups that TCRA finds at the time to be active and offering a responsible and representative interest in the matter.

**NOTE:** When assessing an application for funding, the TCRA should, when determining the competitiveness of an application, value and assess the amount and quality of such notice and consultation, as well as the degree of expressed community support for the project. However, such support shall not be a requirement for funding of an otherwise qualified project and in no circumstances should the City reject an

application because of community objections based upon the low income of prospective residents or their characteristics protected from discrimination by City, state and federal civil rights laws.

- Limited City Council Review of TCRA Funding Decisions

If the proposed project reserves more than the “threshold” percentages (see below) of units for households below 50% AMI then: (i) the City Council may by vote overturn a TCRA approval of City funding upon the Council’s assessment that the project would conflict in a demonstrable way specific to the project with other important downtown uses; (ii) the Council vote overturning a funding decision must be made within 45 days of the TCRA funding decision. This time limit is necessary to protect the proposal from the uncertainty that arises from delay.

A TCRA funding decision would not be subject to City Council review if the percentage of the proposed project’s units reserved for households below 50% of AMI was below the following “threshold” percentages: 20% on the following schedule - within the first two years of this rule, the “threshold shall be 10%; within the next two years, it shall be 15%; thereafter it shall be 20%.

- Development Agreements



Nothing in this proposal shall preclude, and the City shall encourage, binding development agreements setting forth different or additional requirements or allowances governing City funding for projects that provide a special benefit to downtown, such as: improvement of a vacant or blighted property; mixed income housing with a substantial percentage of market rate, unsubsidized housing; a mix of residential and commercial uses; subsidized housing that downtown needs in particular; or a showing of substantial support from the community and surrounding property owners.

### 3.4.2 Local Housing Trust Fund

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]					Owner/Renter	Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
***	***	**			Renter*** Owner*	<b>High</b>

A Tacoma Housing Trust Fund would allow the City to contribute to the capital costs of building, preserving or rehabilitating housing. Such a fund would make local developers much more competitive for state, federal and private dollars for these purposes. Those other sources generally expect the local jurisdiction to contribute. Without a local match, Tacoma projects are less competitive for those other dollars.

The City already has a structure for a local Housing Trust Fund. However, it does not have a local dedicated source of revenue. Over the last ten years, the City has presented two proposals to a vote of the people to create a local revenue source. Both were unsuccessful.



The City should try again with a narrower proposal that is focused on funding the development of housing for low-income seniors and veterans. This narrower focus would be a less ambitious proposal. It would also direct the assistance to two populations that are growing in our area.

Another vote of the people on this topic will also be an occasion for the City and its partners to show their leadership in the ways we describe above in Item No. 1.

### 3.4.3 Contingent Loan or Credit Enhancement Program

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]					Owner/Renter	Priority
Population Served By Income Tier				Renter***		
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698 ***	Very Low <50% AMI \$24,498 ***	Low <80% AMI \$39,197 ***	Mod. <100% AMI \$48,966 ***			
						<b>High</b>

The City of Tacoma, without cost or significant risk, can help finance the construction or rehabilitation of affordable housing by creating a Contingent Loan or Credit Enhancement Program for qualified affordable housing developments. Such a program would lower the interest rate such developments must pay for primary financing and raise the amounts developments can borrow. King County has a very successful program of this type. See King County Code Chapter 24.28.

Such a program would have the following elements:

(1) The City would not be the primary source of the project’s financing. Instead, as part of the project’s initial financing, the City would commit to lending the project funds should such funds ever be necessary for short-term periods to continue debt service while new financing is arranged. This will allow the project to get lower interest rates and higher loan amounts from its primary sources of financing.



(2) At the initial financing, the project would pay the City an administrative fee (e.g., .5% of total financing). This fee will serve two purposes. **First**, it will cover the City’s administrative costs. **Second**, it will fund a City reserve balance that the City will use to make any loan payments under its commitment.

(3) If the City ever makes a payment under its commitment, the project sponsor would repay the funds, with interest.

(4) In return for this assistance, the project would commit to set aside units at affordable rents or purchase amounts for low-income households for a specific period of time. The terms of this set-aside must include the same elements set forth above in Item No. 2 on Housing Incentive and Inclusionary Programs, including: number of affordable units; size, placement and quality of units; income targets; definition of affordability; duration of affordability; cash out option.

### 3.4.4 Tax Increment Financing

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]					Owner/Renter	Priority		
Population Served By Income Tier				Tacoma Area Median Income (AMI) = \$48,966			Owner/Renter	Priority
Extremely Low <30% AMI \$14,698 ***	Very Low <50% AMI \$24,498 ***	Low <80% AMI \$39,197 ***	Mod. <100% AMI \$48,966 ***					



Traditional Tax Increment Financing (TIF) programs taps increased property taxes generated by development and apply those taxes to pay bonds issued to finance the public infrastructure supporting the development. TIF is a valuable development tool available in other states but is not effectively available in Washington State. In 1995, the Washington State Supreme Court ruled that state constitutional limits prevent the use of a full scale TIF program in Washington. As declared by the Court those limits preclude the use in this way of the state's portion of property taxes. Since then the legislature has explored similar programs using other portions of the property taxes and other types of taxes for specific purposes. The City of Tacoma should include among its requests to the state legislature consideration of similar programs for affordable housing purposes.

### 3.5 Affordable Building Design Practices

This section mentions some architectural designs that make housing more affordable. It recommends ways the City can facilitate the use of these designs. Two related principles underlie these recommendations. **First**, affordable designs can be as attractive as other designs. **Second**, the City will have to increase its density to accommodate its projected population growth. The City should allow for this increase in a way that encourages attractive design.



#### 3.5.1 Accessory Dwelling Units (ADUs)

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]					Owner/Renter	Priority			
Population Served By Income Tier									
Tacoma Area Median Income (AMI) = \$48,966									
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966						
*	**	**	**	Renter** Owner**	Medium				

The City should broaden its rules governing Accessory Dwelling Units (ADUs). The rules presently permit ADUs if the unit is attached to the main house. The City should allow ADUs in detached structures as well, such as converted garages.

ADUs can promote affordability in two ways. **First**, it can provide a small and affordable rental unit to a household. **Second**, it can provide the property owner with a source of income that he or she may need to afford the cost of ownership.

ADUs are also an efficient way to increase the density of neighborhoods in an unobtrusive way.

### 3.5.2 Cottage/Cluster Housing

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]						
Population Served By Income Tier				Owner/Renter		Priority
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
		**	**	Renter* Owner**	Medium	

The City should further encourage the development of cottage or clustered housing. Cottage houses are small units for single family use. These units are generally less than 1,000 square feet. Clustered housing can also refer to such housing in multi-family communities. This design is particularly suitable to in-fill developments. This type of housing can be very attractive, as the accompanying photos show. This type of housing can be more affordable, (although examples in the Puget Sound area have proven so popular that sales prices for some 900 square foot homes have exceeded \$500,000.)

The City permits cottage and cluster housing in certain Z zones. It should also adopt the following policies to encourage it further:

- (1) permit this housing in single family zones with zero lot lines.
- (2) require developers, who benefit from the increased density of units, to make a minimum percentage of the units affordable to low income families.
- (3) include prescriptive design standards in the zoning code for three purposes: (i) to assure neighborhoods that these developments will be attractive and appropriate; (ii) to spare the developer, neighborhoods and city project-by-project design disputes; (iii) to make development more predictable and make city project review quicker.



### 3.5.3 Permit Ready Housing Designs

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]					Owner/Renter	Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
	*	**	**	Renter* Owner**	Medium	



The City should have pre-approved designs “on the shelf” for developers to use especially for in-fill housing, cottage housing at lower cost. Developers may use these plans if they include a minimum number of units affordable to lower income tiers for a minimum number of years. These designs should be attractive, economical, and sustainable.

### 3.5.4 Great House Design

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]					Owner/Renter	Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
*	*	*	*	Renter*	Medium	

“Great houses” are multi-family units, such as four-plexes, designed to appear as large single family homes. They are a way to increase density in single family zones in an architecturally congenial way. The City should allow great homes in single-family zones if they conform to design standards.

### 3.5.5 Rooming House/Boarding House/Single Room Occupancy

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]					Owner/Renter	Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
***	***	**	*	Renter**	Medium	

Rooming houses, boarding houses and single-room occupancy units are very valuable for low-wage workers and persons living on fixed income. The City needs more of this form of housing. The City should encourage its development.

### 3.6 Preservation, Acquisition, Conversion and Rehabilitation of Existing Housing

Tacoma’s existing housing stock needs attention from the City for the opportunities to preserve or expand the supply for affordable housing.

#### 3.6.1 Preservation of Existing Subsidized Housing

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]					Owner/Renter	Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
***	***	**	*	Renter***	<b>High</b>	

Privately owned subsidized apartment complexes in Tacoma are an important part of the City’s affordable portfolio. Contracts with HUD govern these subsidies. These contracts are very valuable to the City’s portfolio of affordable housing. These contracts, however, have expiration dates after which the continued affordability depends on the owner’s willingness to renew the contract. The preservation of such housing will generally be a lot less expensive than constructing it anew.



The City should: (i) track these contracts and their expiration dates; (ii) facilitate efforts to renew the contracts or the sale of the buildings to nonprofit or public owners who will do so.

### 3.6.2 Voluntary Housing Incentive Program for Rehabilitation Purposes

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]					Owner/Renter	Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
**	***	***	***	Renter***	<b>High</b>	



Section 3.2.1 above recommends a Voluntary Housing Incentives Program to entice private for profit developers of new market rate housing to include affordable units in the market rate mix. The same type of program would be useful for existing housing in need of repair. Such a program would offer similar incentives to owners to fix up their properties in need of repair. In exchange for these incentives, the owner would agree to set aside units for affordable housing. Such a program would have the additional benefit of encouraging owners to attend to properties that, because of their poor condition, may be a blight on their neighborhoods.

### 3.6.3 Code Enforcement for Affordable Housing Purposes

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]					Owner/Renter	Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
**	***	***	***	Renter***	<b>High</b>	

The City should enlist its code enforcement activities for the effort to preserve or increase the supply of affordable housing among the City's existing housing stock, in the following ways:

- (1) The City can connect owners of cited properties to the incentive programs that may provide financing for repairs. *See* Section 3.6.2;
- (2) The City can waive code enforcement fines in exchange for the owner's rehabilitation and affordability commitments;
- (3) The City sometimes acquires derelict properties through abandonment, eminent domain or tax defaults. In these cases the City can transfer these

properties to nonprofits or the public housing authority for rehabilitation and affordable housing commitments.

### 3.6.4 Land Trusts

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]					Owner/Renter	Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
*	*	**	**	Owner**	Medium	



The City should encourage land trusts in the City. The City should also seek ways to participate by donating land or financing its purchase for land trust communities. The County, in its assessments of land values for tax purposes, should account for this land trust structure so home owners are not overbilled.

In a typical land trust, a nonprofit organization would acquire land for the purpose of ensuring the long term affordability of housing developed on that land. It would sell the homes on the land to households who would be required to live in them. A land trust would continue to own the land. In this way, the land's value then would not become part of the home's purchase price, thus reducing the purchase and repurchase pricing of the home.

### 3.6.5 Use of Surplus or Underutilized Property

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]					Owner/Renter	Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
***	**	**	**	Renter**	Medium	

The City, including Tacoma Public Utilities, and related municipal entities such as the Port of Tacoma, and the Tacoma Public School District, acquire or own properties. These include tax foreclosed property, which the County would then own, condemned or abandoned properties, property taken by eminent domain and surplus property that the entity no longer needs.

The City should fashion policies that would identify which of those properties would be suitable for housing development and direct their transfer to other organizations that would develop them into affordable housing. The City should condition the

conveyance on such development and long term maintenance of the housing's affordability.

The City already has the legal ability to transfer such properties to other governmental entities, such as a public housing authority. The City should support some version of SHB 2138 that allows governmental entities to transfer or sell surplus properties value to private nonprofits for less than fair market value as long as it is used for affordable housing purposes.

### 3.7 Community Development Incentives

#### 3.7.1 Infill Housing Development

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]					Owner/Renter	Priority			
Population Served By Income Tier				Owner/Renter			Priority		
Tacoma Area Median Income (AMI) = \$48,966								Owner/Renter	Priority
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966						
*	*	*	*	Renter* Owner**	Medium				

The City should encourage the development or redevelopment of vacant or blighted land using the following techniques:

(1) The City should perform an area-wide environmental review in an Environmental Impact Statement (EIS) in areas that need investment and revitalization. The review should cover development up to the maximum allowed for that area under the City's comprehensive plan and zoning. This review would relieve developers of the need to do a site-specific SEPA assessment for a project that fits within the parameters of the area-wide review and associated regulations. This will save the developers time and money on studies and thereby lower the price of the housing they produce.



(2) The City should increase the SEPA thresholds to state limits so that more developments can be processed administratively, reducing costs.

(3) The City should equip itself so it can advise developers of the available utility and infrastructure capacity in the 17 mixed-use centers.

(4) The City should upgrade utilities and infrastructure in neighborhoods so they can accommodate the growth that the City has designated for them.

### 3.8 Planning And Zoning Tools

#### 3.8.1 Exception to Standard Lot Sizes for Specific Projects

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]					Owner/Renter	Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) =\$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
*	*	**	**	Renter** Owner**	Medium	

The City should allow smaller lot sizes in its neighborhoods to permit a greater diversity of housing types and sizes. Smaller lot sizes are necessary to take advantage of higher densities and to allow more creativity with lot arrangements.

#### 3.8.2 Higher Review Threshold

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high ]					Owner/Renter	Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) =\$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
*	*	**	**	Renter* Owner*	Medium	

The City should allow more design changes by administrative review rather than by discretionary review. In particular:

- the City should redefine short plats from 4 to 9 lots;
- the City should reconsider SEPA review thresholds so they are consistent with Washington State maximum thresholds
- the City should pursue SEPA programmatic EIS for specific areas of the City to eliminate the need for projects in those areas that conform to the area wide EIS and associated regulations to conduct their own environmental review.

#### 4. CONCLUSION

The City of Tacoma has an affordable housing crisis. Significant numbers of its residents cannot easily afford a place to live. This shortage seriously impairs many important civic goals and values. This shortage will worsen with the projected increase in the City's population between now and 2030, and the projected aging of its population.

The City can have a very helpful influence on the affordability of housing for its residents in the following ways:

(1) **Leadership:** The City should lead an effort to further the public understanding that an adequate supply of affordable housing is important to the City's health and prosperity.

(2) **Helping Non-Profit Development of Affordable Housing:** The nonprofit development of affordable housing is essential to addressing the City's housing crisis. This housing is a principal source of affordable housing in the City. It is the primary source of affordable housing for the neediest households, including those with special needs. This housing is also among the most attractive, best managed and environmentally innovative. The City should adopt policies that more effectively support this development.

(3) **Enlisting For-Profit Development of Affordable Housing:** The City should more effectively enlist the engine of private, for-profit developers and make it financially worthwhile for them to include affordable units in market rate projects.

(4) **Reducing Housing Development Costs:** The City should review ways to reduce the cost of housing development generally. This will make all housing more affordable, including housing for low-income households.

(5) **Facilitating Appropriate Density and Design of Housing:** The City should adopt further policies to promote the residential density that the City's population projections will require, and to ensure that this increased density occurs in the right places, that it is attractive and congenial to its neighborhoods and that it includes adequate provision for affordable housing.

Policy options are available to further all of these goals. The City should adopt effective versions of these policies. Doing so is necessary for several purposes. Such policies will help the City fulfill its Growth Management Act obligations to make adequate provision for the housing needs of all economic segments of its residents. They are necessary to implement the City's comprehensive plan. These policies will also give meaningful expression to the City's hopes for its own economic prosperity, its vision of itself as an attractive and vibrant urban core, and its own civic values of diversity and justice.

## **APPENDICES**

**Appendix A:** City of Tacoma Resolution 38017, April 27, 2010

**Appendix B:** Chart of Policy Recommendations

**Appendix C:** Photographs of Affordable Housing Developments

**Appendix D:** Memo to the Affordable Housing Advisory Group from its co-chairs discussing the Miller Amendment, November 1, 2010



## RESOLUTION NO. 38017

1 BY REQUEST OF DEPUTY MAYOR FEY AND COUNCIL MEMBERS  
2 LONERGAN, MANTHOU, AND WALKER

3 A RESOLUTION relating to affordable housing; creating the Affordable Housing  
4 Policy Advisory Group; and appointing individuals to the committee.

5 WHEREAS, throughout 2009, the Neighborhoods and Housing  
6 Committee ("Committee") worked to create an affordable housing policy for  
7 recommendation to the City Council, and

8 WHEREAS, prior to recommending its final draft, the Committee is  
9 seeking additional public feedback, and

10 WHEREAS, with the recommendation of community stakeholders, the  
11 Committee is recommending that the City Council create an Affordable Housing  
12 Policy Advisory Group ("Advisory Group") to perform the following: (1) review  
13 the work of the Committee's affordable housing policy development process  
14 and the Pierce County Housing Affordability Task Force, (2) review  
15 demographic data and identify data development needs in order to inform  
16 planning efforts, (3) provide input and consultation necessary to refine the  
17 Committee's affordable housing policy recommendations, (4) recommend a  
18 series of supporting policy actions that are consistent with or complementary to  
19 the City's Comprehensive Plan, and (5) build a consensus of Advisory Group  
20 members, and  
21

22 WHEREAS the Advisory Group will provide a final report to the  
23 Committee by December 15, 2010, with intermittent updates, as appropriate;

24 Now, Therefore,  
25  
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BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

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Section 1. That there is created an Affordable Housing Policy Advisory Group ("Advisory Group"), which shall provide a final report to the Neighborhoods and Housing Committee by December 15, 2010, with intermittent updates, as appropriate.

Section 2. That the duties of the Advisory Group shall include:

- (1) reviewing the work of the Committee's affordable housing policy development process and the Pierce County Housing Affordability Task Force,
- (2) reviewing demographic data and identifying data development needs in order to inform planning efforts, (3) providing input and consultation necessary to refine the Committee's affordable housing policy recommendations,
- (4) recommending a series of supporting policy actions that are consistent with or complimentary to the City's Comprehensive Plan, and (5) building a consensus of Advisory Group members.



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Section 3. That those individuals listed on Exhibit "A" are hereby confirmed

and appointed as members of the Advisory Group.

Adopted \_\_\_\_\_

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

Approved as to form:

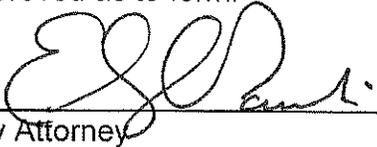
  
\_\_\_\_\_  
City Attorney



EXHIBIT "A"

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Co-Chairs:

Michael Mirra / Tacoma-Pierce County Affordable Housing Consortium  
Blaine Johnson Market Rate Developer

Committee Members

Connie Brown Tacoma-Pierce County Affordable Housing Consortium  
Sandy Burgess Burgess LLC  
Lyn Messenger Belay Architects  
Tom O'Connor O'Connor & Associates  
Gary Pedersen / Builder Consultant  
John Purbaugh Pierce County Planning Commission  
Mike Pyatok Pyatok Architects  
Tiffany Speirs / Master Builders of Pierce County  
Walter Zisette Common Ground

**APPENDIX B**

**City of Tacoma Affordable Housing Policy Advisory Group:  
Policy Recommendations Chart**

**December 2, 2010**

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Affordable Housing Advisory Group  
City of Tacoma  
Room 1200  
747 Market Street  
Tacoma, WA 98402  
(253) 591-5100  
[www.cityoftacoma.org](http://www.cityoftacoma.org)

Title & Description	Potential for Creating/Preserving Affordable Units * low, ** medium, *** high				Owner/ Renter	Priority
	Population Served By Income Tier					
	Tacoma Area Median Income (AMI) =\$48,966					
	Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		

<b>1. CITY POLICY AND LEADERSHIP</b>	***	***	***	***	Owner ***	<b>High</b>
					Renter ***	

The City should incorporate the following principles and acknowledgements in pertinent policies. In the exercise of civic leadership, the City should also make concerted efforts to help residents understand and appreciate them:

(1) The City’s welfare requires an adequate supply of well built and well managed affordable housing serving the full range of incomes appearing among its residents. An adequate supply of this housing is vital to the following important civic needs or values:

- the city’s prosperity, economic development and growth of employment opportunities;
- the appropriate management of the city’s projected population growth and transportation needs;
- the city’s fulfillment of its legal obligation to make “adequate provisions for existing and projected [housing] needs of all economic segments of the community” and to comply with the related directives of the Pierce County Wide Planning Policies;
- the survival of green spaces throughout the city and Pierce county;
- the success of the city’s schools;
- the effectiveness of the city’s emergency services;
- the city’s ability to continue its accommodation of a population that is increasingly diverse by income, race, ethnicity, ability, disability and age;
- the city’s ability to accommodate a population that, in the aggregate, is getting older;
- the city’s values of social justice.

(2) Affordable housing developments by nonprofit developers, public and private, in the city, region and nation have been among the most attractively designed, most environmentally innovative and best

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managed in the market place.

(3) Nonprofit developments of affordable housing will never likely be adequate to meet the City’s need. The City also needs a companion strategy to enlist the engine of private market rate developments to include a measure of affordable units. These strategies also provide the added benefit of economic and racial integration.

(4) Affordable housing developments have spurred the revitalization of neighborhoods, encouraging both public and private investment, helping the city attain its desired density, and furthering a neighborhood’s economic development.

(5) Affordable housing is an asset to be encouraged and not a detriment to be tolerated and controlled.

(6) The City should promote the development of affordable housing in every city neighborhood.

(7) In seeking the appropriate balance, the City should not have to compromise important neighborhood design standards in order to promote affordable housing. Instead, proper design should allow affordable housing to show the way for all developments serving all incomes toward a greener, more sustainable urban future that accommodates the appropriate density that the City’s planning documents anticipate to be necessary for the City’s projected population increases between now and 2030.

(8) In a complex community like Tacoma, interests and policies often clash. Good governance is the effort to balance them appropriately. In doing so, the City should give a very high priority to the promotion of affordable housing development.

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<b>2. HOUSING INCENTIVE OR INCLUSIONARY PROGRAMS</b>						
<b>2.1</b>	<b>Voluntary Housing Incentive Program</b>	***	***	***	***	Renter *** Owner *** <b>High</b>
<p>The City should offer incentives to for-profit developers of new construction and rehabilitation of pre-existing housing to include units affordable to a range of incomes. A developer would choose whether to participate. The incentives could include the following:</p> <ol style="list-style-type: none"> <li>(1) density bonuses;</li> <li>(2) reduction in lot sizes;</li> <li>(3) height or bulk bonuses;</li> <li>(4) fee waivers;</li> <li>(5) permitting priority;</li> <li>(6) reduction in parking requirements;</li> </ol> <p>The City has begun such a program with its 2009 creation revisions to the mixed-used center regulations. Ord. 27818 (July 28, 2009). The City must adjust that ordinance in at least two ways. <b>First</b>, it must increase the cash-out formula. The Ordinance presently allows a cash-out of 0.5% (0.005) of the value of the building. This is much too low. It would allow a developer of a \$ 20 million building with 100 units to get an additional 20 feet in height, or two stories, by keeping 20% of the units, or 20 units, or by paying a cash-out of only \$100,000. State law requires the cash out amount to be “equal to or better than providing the affordable housing on-site.” RCW 36.70A.540(2)(h). <b>Second</b>, it should extend the duration of the affordability requirements to 50 years or allow for a cash-out that would shorten this period. The GMA appears to require this. RCW 36.70A.540(2)(e).</p>						
<b>2.2</b>	<b>Inclusionary Requirements for Voluntary Residential Upzone</b>	**	**	***	***	Renter *** Owner *** <b>High</b>
<p>When a developer seeks an upzone of a property to permit a higher residential density, the City should condition its grant of the upzone upon the developer’s agreement to include at least 10% affordable units in the market rate mix with the density bonuses set forth in item 2.4.</p>						

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<b>2.3 Limited Mandatory Affordable Housing Bonus Program for City Initiated Upzones</b>	**	**	***	***	Renter *** Owner ***	<b>High</b>
The City should require developers of market rate residential developments to include at least 10% of the units as affordable to a range of incomes when the city upzones property other than at the formal request of the owner or developer and when the developer builds at the higher density allowed by the upzone. A change in the comprehensive plan's allowed intensity is not considered an upzoning for this purpose.						
<b>2.4 Inclusionary Requirements for Voluntary Master Planned Community</b>	**	**	***	***	Renter *** Owner ***	<b>High</b>
When a developer seeks a Master Planned Community, or its equivalent, the City should condition its grant of the request upon the developer's agreement to include at least 10% affordable units in the market rate mix with the density bonuses set forth in item 2.4.						
<b>2.5 Planned Residential Development Districts (PRDs)  Planned Affordable Residential Development Districts (PARDs)</b>	**	**	**	**	Renter *** Owner ***	<b>High</b>
<p>The City has authority to grant discretionary permits for Public Residential Development Districts (PRDs). PRDs can be valuable strategies for the City to direct higher density development to the appropriate places and influence what it looks like and how it serves the larger community.</p> <p>The city should revise the rules as follows:</p> <p>(1) <b>PRD on Five or More Acres</b> (currently allowed): The City should list the inclusion of affordable units on the menu of design features from which a developer may choose. The list should allow a developer to increase the number of market rate units on site above that allowed in the underlying zoning designation (e.g., R-2, R-3) if the developer also provides affordable units.</p>						

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<p>The City must determine the ratio of market rate units to affordable units. The ratios should be at least the following:</p> <ul style="list-style-type: none"> <li>1.1 Rental Units: at least 10% of the total units shall be affordable. For each affordable unit, the developer may add 1.5 market rate units.</li> <li>1.2 Owner Occupied: at least 10% of the units shall be affordable. For each affordable unit, the developer may add 1 market rate unit.</li> </ul> <p>(2) <b>PARD from One to Five Acres:</b> The City should add a similar district called Planned Affordable Residential Development Districts (PADRD) with the same underlying zoning concept as described in the preceding section for sites from 1 to 5 acres. This district could be governed by a Developer Agreement between the developer and the City. The agreement should allow the developer to increase the number of market rate units on site above that allowed in the prefix zoning designation (R-2, R-3, etc) of one market rate unit for every affordable unit provided.</p> <p><b>NOTE:</b> The City should consider overall density caps for PRD and PARDs, <i>e.g.</i>, 4 times the underlying zoning density. Caps must account for the density needed to make a development to be financially feasible, the need for affordable housing, the character of the neighborhood and the directives for the area found in the City’s comprehensive plan.</p>						
2.6	<b>Framework for Public-Private Partnerships.</b>	**	**	***	***	Renter*** Owner** <b>High</b>
<p>Sometimes the City contributes to a commercial or residential development. <i>E.g.</i>, the city may provide financing, it may be a development partner, perhaps by building or contributing parking, or it may assume liabilities, such as environmental cleanup costs. In the negotiations for these contributions the City should regularly incorporate the expectation that in return for the City’s contribution, the developer will either incorporate units affordable to a range of low incomes or pay an equivalent to the City’s Housing Trust Fund. The extent of this housing requirement would have to be “project specific.” The goal, however, should be a housing or cash contribution that resembles that of the Mandatory Affordable Housing Bonus Program. Possible forms of City contribution or assistance include:</p> <ul style="list-style-type: none"> <li>(1) Government Provided incentives <ul style="list-style-type: none"> <li>A. Tax incentives <ul style="list-style-type: none"> <li>1. Tax Increment Financing (need state law change)</li> <li>2. Sales tax sharing</li> </ul> </li> </ul> </li> </ul>						

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<p>B. Loan assistance</p> <ol style="list-style-type: none"> <li>1. Long term land leases of govt. owned land</li> <li>2. Low cost lease of air rights</li> <li>3. Participation in payment of loan fees for end user</li> <li>4. Loan guarantees</li> <li>5. Down payment assistance</li> </ol> <p>C. Cost sharing</p> <ol style="list-style-type: none"> <li>1. Reduction of permit fees</li> <li>2. Participating in infrastructure improvements</li> <li>3. Speedy permit processing</li> </ol> <p>D. Contributions through Tacoma Housing Authority</p> <ol style="list-style-type: none"> <li>1. Project Based Section 8 rent subsidies</li> <li>2. Provision of land in a partnership structure in exchange for % of affordable equal to value of land.</li> </ol> <p>(2) Partnerships</p> <p>A. Cost sharing based on percentage of units</p> <ol style="list-style-type: none"> <li>1. Provision of land in a partnership structure in exchange for % of affordable units equal to value of land</li> <li>2. Post construction purchase of completed units</li> </ol> <p>B. Early creation of project partnerships</p> <ol style="list-style-type: none"> <li>1. Planning for timing and predictability of funding availability</li> <li>2. Reduce risk – financial strength, development capacity, general contracting</li> <li>3. Relationship from conception to project completion</li> </ol> <p>(3) Cash contributions and Gifts In Kind to Non profit Developers</p> <ol style="list-style-type: none"> <li>A. Tax deduction</li> <li>B. Corporate Giving goals</li> <li>C. Contributions to local housing trust fund</li> </ol>						

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<p>The City should provide each incentive or assistance to a developer in exchange for the developer providing a reasonable and proportionate number of affordable units in a development. The City would not require any developer to provide affordable housing units. However, if the developer wishes to receive the incentive or form of assistance, it must provide a certain number or percentage of units in their development which are affordable to low income people. The incentives would need to be monetized or valued to determine an appropriate exchange rate for the number of units to be provided in each case. It is our strong recommendation that, if implemented, each strategy would need to be project specific, with transparent negotiations, and eventual contractual obligations that work within the constraints of the total structure of the arrangement, for all parties.</p>						
<b>2.7</b>	<b>Transfer Development Rights (TDR)</b>		*	**	***	Renter** Owner** Medium
<p>A Transfer of Development Rights (TDR) Program arranges for the transfer of development rights of residential units and other development from one area, which should be preserved for agricultural, forestry, environmental or recreational purposes, to another area that is planned for a higher density of development. Pierce County has created such a program. The City of Tacoma should participate in this program. In designing its participation, the City should include features or considerations as follows:</p> <p>(1) The City should devise a formula governing how many of the units to be built with transferred development rights should be affordable. This formula should account for the developer's need that such an inclusion to be at least profit neutral.</p> <p>(2) A TDR program may effectively increase the cost of development inside the City by allowing developers to purchase development rights transferred from elsewhere. Important values of preservation may justify these costs. The City must balance these values against the increased costs to a market rate project resulting from a TDR purchase of development rights and the costs of including affordable housing in the market rate mix of units.</p> <p>(3) Tacoma's TDR program should allow for the transfer of development rights not only from outside the City to inside the City but from one part of the City to another.</p>						

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<b>3. REGULATORY ASSISTANCE TO DEVELOPERS OF AFFORDABLE HOUSING</b>						
<b>3.1 Assistance to Developers of Affordable Housing</b>	***	***	***		Renter*** Owner*	<b>High</b>
<p>Developers of housing dedicated to affordable housing, without market rate units, should receive assistance similar to the incentives the previous section's recommendations would provide to market rate developers. <i>i.e.</i>, density bonuses, fee waivers, accelerated permitting, zoning flexibility, parking requirement flexibility.</p>						

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<b>4. FINANCING TOOLS</b>						
<b>4.1</b>	<b>Downtown Mixed Income Housing Plan</b>	**	**	***	***	Renter** <b>High</b>
<p>(1) <b>GOAL FOR DOWNTOWN</b> The City’s goal should be that at least 20% of downtown housing units, but not more than 20%, will be governed by subsidies that reserve those units for households at or below 50% AMI and that make those units affordable to such households. [NOTE: Households using tenant based vouchers would not count toward these limits because such a subsidy follows the household and is not restricted to the unit or to downtown.]</p> <p>(2) <b>REPEAL THE MILLER AMENDMENT</b> The City should repeal the “Miller Amendment”.</p> <p>(3) <b>ADOPT DOWNTOWN MIXED INCOME HOUSING PLAN</b> The City should adopt a Downtown Mixed Income Housing Plan with the following features:</p> <p style="padding-left: 40px;"><b>3.1 Downtown Expanded</b> For purposes of this proposal downtown Tacoma is defined as between 6<sup>th</sup> Avenue and 25<sup>th</sup> Street, and between Tacoma Avenue and the water front.</p> <p style="padding-left: 40px;"><b>3.2 TCRA Funding Of Downtown Projects</b></p> <p>The following rules should govern requests to the Tacoma Community Redevelopment Authority (TCRA) for city funding of affordable housing in downtown Tacoma:</p> <ul style="list-style-type: none"> <li>● <u>Community Notice, Consultation and Good Neighbor Agreements</u></li> </ul> <p>TCRA should require the developer of affordable housing seeking City funding to submit to TCRA for its approval a reasonable Community Consultation Plan. This Plan would commit the developer as follows: (i) <u>Notice</u>: The developer would provide meaningful notice of the proposed project to neighbors and to downtown groups; (ii) <u>Consultation</u>: The developer would provide neighbors and downtown groups with a meaningful opportunity to engage the developer in discussions about the proposal; (iii) <u>Good Neighbor Agreement</u>: The developer would offer the community groups a “Good Neighbor Agreement” that would set forth reasonable arrangements for continued consultation during operations of the project.</p>						

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<p>The Community Consultation Plan should require such notices and consultation opportunity to property owners within 1,000 feet of the proposed project. The Plan should offer this to the New Tacoma Neighborhood Council and to other appropriate community groups that TCRA finds at the time are active and offering an appropriately responsible and representative interest in the matter.</p> <p><b>NOTE:</b> When assessing an application for funding, the TCRA should, when determining the competitiveness of an application, value and assess the amount and quality of such notice and consultation, as well as the degree of expressed community support for the project. However, such support shall not be a requirement for funding of an otherwise qualified project.</p> <ul style="list-style-type: none"> <li> <p><u>Limited City Council Review of TCRA Funding Decisions</u></p> <p>If the proposed project reserves more than the “threshold” percentages (see below) of units for households below 50% AMI then: (i) the City Council may by vote overturn a TCRA approval of City funding upon the Council’s assessment that the project would conflict in a demonstrable way specific to the project with other important downtown uses; (ii) the Council vote overturning a funding decision must be made within 45 days of the TCRA funding decision. This time limit is necessary to protect the proposal from the uncertainty that arises from delay.</p> <p>A TCRA funding decision would not be subject to City Council review if the percentage of the proposed project’s units reserved for households below 50% of AMI was below the following “threshold” percentages: 20% on the following schedule: within the first two years of this rule, the “threshold shall be 10%; within the next two years, it shall be 15%; thereafter it shall be 20%.</p> <ul style="list-style-type: none"> <li> <p><u>Development Agreements</u></p> <p>Nothing in this rule shall preclude, and the City shall encourage, binding development agreements setting forth different or additional requirements or allowances governing city funding for projects that provide a special benefit to downtown, such as: improvement of a vacant or blighted property; mixed income housing with a substantial percentage of market rate, unsubsidized housing,; a mix of residential and commercial uses; subsidized housing that downtown needs in particular; or a showing of substantial support from the community and surrounding property owners.</p> </li> </ul> </li> </ul>						

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<b>4.2 Local Housing Trust Fund</b>	***	***	**		Renter*** Owner*	<b>High</b>
<p>A Tacoma Housing Trust Fund would allow the City to contribute to the capital costs of building, preserving or rehabilitating housing. Such a Fund would make local developers much more competitive for state, federal and private dollars for these purposes. Those other sources generally expect the local jurisdiction to contribute. Without a local match, Tacoma projects generally are less competitive for those other dollars.</p> <p>The City already has a structure for a local Housing Trust Fund. However, it does not have a local dedicated source of revenue. Over the last ten years, the City has presented two proposals to a vote of the people to create a local revenue source. Both were unsuccessful. The City should try again with a proposal that is focused on funding the development of housing for low-income seniors and veterans.</p>						
<b>4.3 Contingent Loan or Credit Enhancement Program</b>	***	***	***	***	Renter***	<b>High</b>
<p>The City of Tacoma, without cost or significant risk, can help finance the construction or rehabilitation of affordable housing by creating a Contingent Loan or Credit Enhancement Program for qualified affordable housing projects. Such a program would lower the interest rate such projects would face in its own financing and raise the amount the project can borrow. King County has a very successful program of this type.</p> <p>Such a program would have the following elements:</p> <p>(1) The City would not be the primary source of the project’s financing. Instead, as part of the project’s initial financing, the City would commit to lending the project funds should such payments ever be necessary for short-term periods to continue debt service while new financing is arranged. This will allow the project to get lower interest rates and higher loan amounts from its primary sources of financing.</p> <p>(2) At the initial financing, the project will pay the City an administrative fee (e.g, .5% of total financing). This fee will serve two purposes. First, it will cover the City’s administrative costs. Second, it will fund a City reserve balance that the City will use to make any loan payments</p>						

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<p>under its commitment.</p> <p>(3) If the City ever makes a payment under its commitment, the project sponsor will repay the funds, with interest.</p> <p>(4) In return for this assistance, the project would commit to set aside units at affordable rents or purchase amounts for low-income households for a specific period of time. The terms of this set-aside must include the same elements set forth above in Item No. 2 on Housing Incentive and Inclusionary Programs, including: number of affordable units; size, placement and quality of units; income targets; definition of affordability; duration of affordability; cash out option.</p>						
<b>4.4</b>	<b>Tax Increment Financing</b>	***	***	***	***	Renter*** <b>High</b>
<p>Traditional TIF programs taps increased property taxes generated by development and apply those taxes to pay bonds issued to finance the public infrastructure supporting the development. Tax Increment Financing (TIF) is a valuable development tool available in other states but is not effectively available in Washington State. In 1995, the Washington State Supreme Court ruled that state constitutional limits prevent the use of a full scale TIF program in Washington. As declared by the Court those limits preclude the use in this way of the state's portion of property taxes. Since then the legislature has explored similar programs using other portions of the property taxes and other types of taxes for specific purposes. The City of Tacoma should include among its requests to the state legislature consideration of similar programs for affordable housing purposes.</p>						

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<b>5. AFFORDABLE BUILDING DESIGN PRACTICES</b>							
<b>5.1</b>	<b>Accessory Dwelling Units (ADUs)</b>	*	**	**	**	Renter** Owner**	Medium
The City should broaden its ADU rules. They presently permit ADUs if they are attached to the main house. The City should allow ADUs in detached structures, such as converted garages.							
<b>5.2</b>	<b>Cottage/Cluster Housing</b>			**	**	Renter* Owner**	Medium
Cottage houses are small units for single family use or clustered housing designs for multi-family housing. They are particularly suitable to in-fill developments. The City permits them in Z zones. It should also adopt the following policies; (1) Permit this housing in single family zones with zero lot lines. (2) Require developers, who benefit from the increased density of units, to make a minimum percentage of the units affordable to low income families. (3) Include prescriptive design standards in the zoning code for three purposes: (i) to assure neighborhoods that these developments will be attractive and appropriate; (ii) to spare the developer, neighborhoods and city design disputes project by project; (iii) to make development more predictable and make city project review quicker.							
<b>5.3</b>	<b>Permit Ready Housing Designs</b>		*	**	**	Renter* Owner**	Medium
The City should have pre-approved designs “on the shelf” for developers to use especially for in-fill housing, cottage housing at lower cost. Developers may use these plans if they include a minimum number of units affordable to lower income tiers for a minimum number of years. These designs should be attractive, economical, and sustainable.							

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		Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
<b>5.4</b>	<b>Great House Design</b>	*	*	*	*	Renter*	Medium
The City's permitting rules should encourage the great house design that allows multi-family units to blend into single family neighborhoods. The City should allow great homes that conform to design standards in single-family zones.							
<b>5.5</b>	<b>Rooming House Design et al</b>	***	***	**	*	Renter**	Medium
The City should continue to allow rooming houses, boarding homes and housing for temporary workers and others. The City should encourage the development of this housing.							

Title & Description	Potential for Creating/Preserving Affordable Units * low, ** medium, *** high				Owner/ Renter	Priority	
	Population Served By Income Tier						
	Tacoma Area Median Income (AMI) =\$48,966						
	Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
<b>6. PRESERVATION, ACQUISITION, CONVERSION &amp; REHABILITATION OF EXISTING HOUSING</b>							
<b>6.1</b>	<b>Preservation of Existing Subsidized Housing</b>	***	***	**	*	Renter***	<b>High</b>
<p>Privately owned subsidized apartment complexes in Tacoma are an important part of the City's affordable portfolio. Contracts with HUD govern these subsidies. These contracts have expiration dates after which the continued affordability depends on the owner's willingness to renew the contract. The preservation of such housing will generally be a lot less expensive than constructing it anew.</p> <p>The City should: (i) track these contracts and their expiration dates; (ii) facilitate efforts to renew the contracts or the sale of the buildings to nonprofit or public owners who will do so.</p>							
<b>6.2</b>	<b>Housing Incentive Program</b>	**	***	***	***	Renter***	<b>High</b>
<p>Section above § 2.1 proposes incentives to developers of new construction to include affordable units within the market rate units. The City should offer similar incentives to owners of properties in need of rehabilitation to fix up their properties in return for which the owner would set aside units at affordable rents for low-income households.</p>							
<b>6.3</b>	<b>Code Enforcement for Affordable Housing Purposes</b>	**	***	***	***	Renter***	<b>High</b>
<p>The City should enlist its code enforcement activities for the effort to preserve or increase the supply of affordable housing among the city's existing housing stock, in the following ways:</p> <ul style="list-style-type: none"> <li>• The city can connect owners of cited properties to the incentive programs that may provide financing for repairs;</li> <li>• The city can waive code enforcement fines in exchange for the owner's rehabilitation and affordability commitments.</li> <li>• The city sometimes acquires derelict properties through abandonment, eminent domain or tax defaults. In these cases the city can transfer these properties to nonprofits or the public housing authority for rehab and affordable housing commitments.</li> </ul>							

Title & Description	Potential for Creating/Preserving Affordable Units * low, ** medium, *** high				Owner/ Renter	Priority
	Population Served By Income Tier					
	Tacoma Area Median Income (AMI) =\$48,966					
	Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
<b>6.4 Land Trusts</b>	*	*	**	**	Owner**	Medium
<p>The City should encourage land trusts in the City. The City should also seek ways to participate by donating land or financing its purchase for land trust communities. The County, in its assessments of land values for tax purposes, should account for this land trust structure so home owners are not overbilled.</p> <p>In a typical land trust, a nonprofit organization would acquire land for the purpose of ensuring the long term affordability of housing developed on that land. It would sell the homes on the land to households who would be required to live in them. A land trust would continue to own the land. In this way, the land's value then would not become part of the home's purchase price, thus reducing the purchase and repurchase pricing of the home.</p>						
<b>6.5 Use of Acquired or Surplus or Under-utilized Property</b>	***	**	**	**	Renter**	Medium
<p>The City, including Tacoma Public Utilities, and related municipal entities such as TPU, the Port of Tacoma, and the Tacoma Public School District, acquire or own properties. These include tax foreclosed property, which the County would then own, condemned or abandoned properties, property taken by eminent domain and surplus property that the entity no longer needs.</p> <p>The City should fashion policies that would identify which of those properties would be suitable for housing development and direct their transfer to other organizations that would develop them into affordable housing. The City should condition the conveyance on such development and long term maintenance of the housing's affordability.</p> <p>The City already has the legal ability to transfer such properties to other governmental entities, such as a public housing authority. The City should support some version of SHB 2138 that allows governmental entities to transfer or sell surplus properties for affordable housing purposes for less than fair market value to private nonprofits.</p>						

Title & Description	Potential for Creating/Preserving Affordable Units * low, ** medium, *** high				Owner/ Renter	Priority
	Population Served By Income Tier					
	Tacoma Area Median Income (AMI) =\$48,966					
	Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
<b>7. COMMUNITY DEVELOPMENT INCENTIVES</b>						
7.1	<b>Infill Housing Development</b>	*	*	*	*	Renter* Owner** Medium
<p>The City should encourage the development or redevelopment of vacant or blighted land using the following techniques:</p> <p>(1) The City should perform an area-wide environmental review in an Environmental Impact Statement (EIS) in areas that need investment and revitalization. The review should cover development up to the maximum allowed for that area under the City's comprehensive plan and zoning. This review would relieve developers of the need to do a site-specific SEPA assessment for a project that fits within the parameters of the area-wide review and associated regulations.</p> <p>(2) The City should increase the SEPA thresholds to state limits so that more developments can be processed administratively, reducing costs.</p> <p>(3) The City should equip itself so it can advise developers of the available utility and infrastructure capacity in the 17 mixed-use centers.</p> <p>(4) The City should upgrade utilities and infrastructure in neighborhoods so they can accommodate the growth that the City has designated for them.</p>						

Title & Description	Potential for Creating/Preserving Affordable Units * low, ** medium, *** high				Owner/ Renter	Priority	
	Population Served By Income Tier						
	Tacoma Area Median Income (AMI) =\$48,966						
	Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
<b>8. PLANNING AND ZONING TOOLS</b>							
<b>8.1</b>	<b>Exception to Standard Lot Sizes for Specific Projects</b>	*	*	**	**	Renter** Owner**	Medium
The City should allow smaller lot sizes in its neighborhoods to permit a greater diversity of housing types and sizes. Smaller lot sizes are necessary to take advantage of higher densities and to allow more creativity with lot arrangements.							
<b>8.2</b>	<b>Higher Review Threshold</b>	*	*	**	**	Renter* Owner*	Medium
<p>The City should allow more design changes by administrative review rather than by discretionary review. In particular:</p> <ul style="list-style-type: none"> <li>the City should redefine short plats from 4 to 9 lots;</li> <li>the City should reconsider SEPA review thresholds so they are consistent with Washington State maximum thresholds</li> <li>the City should pursue SEPA programmatic EIS for specific different areas of the City to eliminate the need for specific projects in those areas that conform to the area wide EIS and associated regulations to conduct their its own EIS environmental review.</li> </ul>							

**APPENDIX C**

**PHOTOGRAPHS OF AFFORDABLE HOUSING DEVELOPMENTS  
in  
TACOMA, the PUGET SOUND REGION, WASHINGTON STATE AND NATIONWIDE**

**December 2, 2010**

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**NEW SALISHAN, Tacoma, WA**



**NAME:** New Salishan  
**OWNER:** Tacoma Housing Authority  
**LOCATION:** East Tacoma WA  
**SETTING:** Neighborhood  
**TYPE:** Multi-family, single family, rental, ownership  
**UNITS:** 1,350 at build-out  
**POPULATION:** Mixed income  
290 public housing units (VL-I);  
341 project based section 8 (VL-I);  
110 section 202 senior housing units (VL-I)  
**FINANCING:** HUD, Private debt, bonds, LIHTC, HTF, HOME (TCRA), AHP, City of Tacoma, Pierce County 2060, United Way

**GUADALUPE VISTA, Tacoma, WA**



**NAME:** Guadalupe Vista  
**OWNER:** Catholic Community Services  
**LOCATION:** G street, Tacoma  
**SETTING:** Mixed-use  
**TYPE:** Multi-family  
**UNITS:** 50  
**POPULATION:** 38 formerly homeless + 12 XL-I  
**FINANCING:** HTF, Gates Foundation, Pierce County, Tacoma, UWPC, LIHTC, THA project based HCV

**GUADALUPE HOUSE, Tacoma, WA**



**NAME:** Guadalupe House  
**OWNER:** Tacoma Catholic Worker  
**LOCATION:** South G Street, Tacoma  
**SETTING:** Neighborhood  
**TYPE:** Group home  
**UNITS:** 10 rooms  
**POPULATION:** Clean/sober, XL-I

**HABITAT FOR HUMANITY – NEW SALISHAN, Tacoma, WA**



**NAME:** Private home  
**OWNER:** Private homeowner  
**LOCATION:** East Tacoma  
**SETTING:** Neighborhood  
**TYPE:** Single-family  
**UNITS:** 1 of 11 in group  
**POPULATION:** 30-60% AMI

**FINANCING:** HTF, home, City of Tacoma, self-help homeownership opportunity program, churches, foundations, private donors

**HOMEOWNERSHIP CENTER OF TACOMA, Tacoma, WA**



**NAME:** Private home  
**OWNER:** Private homeowner  
**LOCATION:** East F Street, Tacoma  
**SETTING:** Neighborhood  
**TYPE:** Single-family  
**UNITS:** 1 of 180 developed and sold  
**POPULATION:** L-I  
**FINANCING:** HTF, HCT loan program

**KWA – INTERNATIONAL PLACE, NEW SALISHAN, Tacoma, WA**



**NAME:** International Place  
**OWNER:** Korean Womens Association  
**LOCATION:** East Tacoma  
**SETTING:** Neighborhood  
**TYPE:** Multi-family  
**UNITS:** 55  
**POPULATION:** L-I Seniors  
**FINANCING:** HTF, HUD Section 202, other

**FLETT MEADOWS, Tacoma, WA**



**NAME:** Flett Meadows  
**OWNER:** Lakewood Area Shelter Association  
**LOCATION:** South 74th Street, Tacoma  
**SETTING:** Mixed-Use  
**TYPE:** Duplex  
**UNITS:** 14 [1 for manager]  
**POPULATION:** XL-I, Families With Children, DV  
  
**FINANCING:** PC, Tacoma, HUD, Lakewood, HTF, THA Project-Based HCV

**ELIZA McCABE APARTMENTS, Tacoma, WA**



**NAME:** Eliza McCabe  
**OWNER:** Mercy Housing NW  
**LOCATION:** South Yakima, Tacoma  
**SETTING:** Neighborhood  
**TYPE:** Multi-family  
**UNITS:** 41  
**POPULATION:** Families, homeless families  
  
**FINANCING:** HTF, LIHTC, THA Project Based HCV

**435 SOUTH FAWCETT APARTMENTS, Tacoma, WA**



**NAME:** The 435 South Fawcett Apts  
**OWNER:** Metropolitan Development Council  
**LOCATION:** Near Downtown, Tacoma  
**SETTING:** Mixed-use  
**TYPE:** Multifamily  
**UNITS:** 60  
**POPULATION:** <45% AMI  
**FINANCING:** LIHTC, HTF

**GRANDVIEW TOWNHOMES, Tacoma, WA**



**NAME:** Grandview Townhomes  
**OWNER:** Puyallup Tribal Housing Authority  
**LOCATION:** Tacoma, WA  
**SETTING:** Neighborhood  
**TYPE:** Multi-family  
**UNITS:** 22  
**POPULATION:** L-I tribal members  
**FINANCING:** HTF, HUD, NAHASDA, Title VI Loan Guarantee Program

### **ADAMS STREET FAMILY CAMPUS, Tacoma, WA**



**NAME:** Adams Street Family Campus  
**OWNER:** Tacoma Rescue Mission  
**LOCATION:** Tacoma  
**SETTING:** Neighborhood  
**TYPE:** Multi-family  
**UNITS:** 20 emergency, 16 transitional  
**POPULATION:** Families, homeless, XL-I  
  
**FINANCING:** HTF, TCRA, PC, HUD, foundations

### **WILSONION, Tacoma, WA**



**NAME:** Wilsonion  
**OWNER:** YWCA Pierce County  
**LOCATION:** St. Helens, Tacoma  
**SETTING:** Mixed-use  
**TYPE:** Multi-family emergency housing  
**UNITS:** 25  
  
**POPULATION:** Domestic violence survivors; 90-day maximum stay  
  
**FINANCING:** City of Tacoma, Pierce County, State of Washington

**GOLDEN HEMLOCK, Tacoma, WA**



**NAME:** Golden Hemlock  
**OWNER:** Golden Hemlock LLC  
**LOCATION:** N 26<sup>th</sup> Street, Tacoma WA  
**SETTING:** Neighborhood  
**TYPE:** Multi-family  
**UNITS:** 149 subsidized  
**POPULATION:** XI-I & VL-I seniors &/or disabled  
**FINANCING:** HUD, LIHTC, HUD-subsidized rent

**SOUND VIEW APARTMENTS, Edmonds, WA**



**NAME:** Sound View Apartments  
**OWNER:** Olympic & Sound View LLC  
**LOCATION:** Edmonds, WA  
**SETTING:** Neighborhood  
**TYPE:** Multi-family  
**UNITS:** 44  
**POPULATION:** XL-I & VL-I Seniors  
**FINANCING:** HUD, LIHTC, HUD-subsidized rent

### **A L HUMPHREY HOUSE, Seattle, WA**



**NAME:** A L Humphrey House  
**OWNER:** Plymouth Housing Group  
**LOCATION:** Belltown (downtown), Seattle, WA  
**SETTING:** Mixed-use  
**TYPE:** Multi-family  
**UNITS:** 81  
**POPULATION:** Chronically homeless [40 w/ mental illness/drug dependency]  
**FINANCING:** City of Seattle Levy, HTF, LIHTC, King County sales tax, FHLB

### **LAUBE HOTEL, Bellingham, WA**



**NAME:** Laube Hotel  
**OWNER:** Bellingham Housing Authority  
**LOCATION:** Bellingham WA  
**SETTING:** Mixed-use  
**TYPE:** Multi-family  
**UNITS:** 20  
**POPULATION:** XL-I, VL-I  
**FINANCING:** WSHFC tax credits

**ANGLE LAKE COURT, Sea-Tac, WA**



**NAME:** Angle Lake Court  
**OWNER:** Compass Housing Alliance  
**LOCATION:** Sea-Tac WA  
**SETTING:** Mixed-use  
**TYPE:** Multi-family  
**UNITS:** 80  
**POPULATION:** VL-I senior &/or disabled

**MATTHEI PLACE, Bellingham, WA**



**NAME:** Matthei Place  
**OWNER:** Kulshan CLT/Land  
[built on community land trust land]  
**LOCATION:** Bellingham, WA  
**SETTING:** Neighborhood  
**TYPE:** Single-family ownership  
**UNITS:** 14 homes  
**POPULATION:** L-I  
**FINANCING:** City of Bellingham [HOME, CDBG], HTF

**PONTERERA CONDOS, Seattle, WA**



**NAME:** Pontedera Condos  
**OWNER:** 809 Hiawatha Place LLC  
**LOCATION:** Seattle, WA  
**SETTING:** Mixed-use  
**TYPE:** Multi-family  
**UNITS:** 102  
**POPULATION:** 50% sold to L-I families  
  
**FINANCING:** City of Seattle, LISC, private debt, WSHFC

**COMPASS HEALTH PROJECT, Marysville, WA**



**NAME:** Compass Health Project  
**OWNER:** Compass Health Care  
**LOCATION:** Marysville WA  
**SETTING:** Residential  
**TYPE:** Multi-family  
**UNITS:** 26  
**POPULATION:** Chronically homeless, mentally ill  
**FINANCING:** HTF, Snohomish County

**HIGH POINT, Seattle, WA**



**NAME:** High Point  
**OWNER:** Seattle Housing Authority  
**LOCATION:** West Seattle  
**SETTING:** Neighborhood  
**TYPE:** Multi-family, single-family ownership  
**UNITS:** 1,700  
**POPULATION:** Mixed-income  
**FINANCING:** HUD, HOPE VI, HTF, LIHTC, NIH, SPU, private equity

**GREENBRIDGE, White Center, WA**



**NAME:** Greenbridge  
**OWNER:** King County Housing Authority  
**LOCATION:** White Center WA  
**SETTING:** Neighborhood  
**TYPE:** rental, ownership  
**UNITS:** 1,000  
**POPULATION:** Mixed-income  
**FINANCING:** HOPE VI, ARRA. Private debt, LIHTC

**ARCH – GREENBRIER – INCLUSIONARY ZONING, Woodinville, WA**



**NAME:** Greenbrier  
**OWNER:** private owner  
**LOCATION:** Woodinville, WA  
**SETTING:** neighborhood  
**TYPE:** single-family  
**UNITS:** 20 affordable of 70 total  
**POPULATION:** ≤ 80% AMI [affordable]  
**FINANCING:** surplus land, LIHTC, density bonuses for affordable ownership units  
**NOTE:** one house in photo is affordable; others market rate.

**ARCH – THE CLEVELAND - INCLUSIONARY HOUSING, Redmond, WA**



**NAME:** The Cleveland  
**OWNER:** private owner  
**LOCATION:** Redmond, WA  
**SETTING:** mixed-use  
**TYPE:** Multi-family  
**UNITS:** 8 affordable of 84 total  
**POPULATION:** 20 units for ≤ 80% AMI,; 50 market rate units  
**FINANCING:** density bonuses for affordable ownership units

**ARCH – LAKEVIEW - INCLUSIONARY HOUSING, Kirkland, WA**



**NAME:** Private owner  
**OWNER:** Kirkland, WA  
**LOCATION:** neighborhood  
**SETTING:** Single family neighborhood  
**TYPE:** Single-family homes  
**UNITS:**  
**POPULATION:** 2 affordable units out of 30 total  
≤ 80% ami [affordable]  
**FINANCING:** density bonuses [for affordable ownership units]

**HIDDEN PINES, Spokane, WA**



**NAME:** Hidden Pines  
**OWNER:** Spokane Housing Ventures  
**LOCATION:** Spokane Valley  
**SETTING:** Neighborhood  
**TYPE:** Multi-family  
**UNITS:** 25  
**POPULATION:** 38 formerly homeless + 12 XL-I  
**FINANCING:** Impact Capital, Spokane County HOME Program, LIHTC, private debt

**VIOLA APARTMENTS, Yakima, WA**



**NAME:** Viola Apartments  
**OWNER:** VBC Viola LP  
**LOCATION:** Yakima, WA  
**SETTING:** Neighborhood  
**TYPE:** Multi-family  
**UNITS:** 25  
**POPULATION:** VL-I, L-I seniors &/or disabled  
**FINANCING:** WSHFC tax credits

**PUEBLO DEL SOL, Los Angeles, CA**



**NAME:** Pueblo Del Sol  
**OWNER:** Aliso Village housing Partnership  
**LOCATION:** Los Angeles CA  
**SETTING:** Neighborhood  
**TYPE:** Apartments, townhouses, single-family  
**UNITS:** 375 rental, 93 single family homes  
**POPULATION:** Mixed-income  
**FINANCING:** HOPE VI

### **THE PROMENADE - INCLUSIONARY PROGRAM – Hunting Beach, CA**



**NAME:** The Promenade  
**OWNER:** Private owners  
**LOCATION:** Huntington Beach, CA  
**SETTING:** Neighborhood  
**TYPE:** Multi-family ownership  
**UNITS:** 80  
**POPULATION:** Moderate-income 100-120% AMI

**NOTE:** Developed by for-profit developers to satisfy inclusionary housing requirements at other developments.

### **CHANDON VILLAGE – INCLUSIONARY ZONING – San Diego, CA**



**NAME:** Chandon, Village  
**OWNER:** Private owners  
**LOCATION:** San Diego, CA  
**SETTING:** Neighborhood  
**TYPE:** Apartments  
**UNITS:** 10 1,2 and 3 BR  
**POPULATION:** ≤60% AMI

**HERITAGE COMMONS, Minneapolis, MN**



**NAME:** Heritage Commons  
**OWNER:** Minneapolis Public Housing authority  
**LOCATION:** Minneapolis, MN  
**SETTING:** Mixed-use  
**TYPE:** Multi-family apartments  
**UNITS:** 102 Mixed-income seniors  
**POPULATION:** HOPE VI  
**FINANCING:**

**CRAWFORD SQUARE, Pittsburg, PA**



**NAME:** Crawford Square  
**OWNER:** McCormack Baron Salazar  
**LOCATION:** Pittsburgh PA  
**SETTING:** Neighborhood  
**TYPE:** Multi-family; single family  
**UNITS:** 375 homes on 17.5 acres  
**POPULATION:** Mixed-income: rental [50% market-rate, 50% subsidized]  
**FINANCING:** Urban Redevelopment Authority of Pittsburgh, HOME, private debt, foundations, LIHTC

## ATLANTIC TERRACE, Brooklyn, NY



**NAME:** Atlantic Terrace  
**OWNER:** Fifth Avenue Committee  
**LOCATION:** Brooklyn, NY  
**SETTING:** Mixed-use  
**TYPE:** Multi-family - ownership  
**UNITS:** 80

**POPULATION:** Mixed income 9 @ ≤65% ami, 31 @ ≤80% ami, 19 @ ≤130% ami, 20 @ market rate

**FINANCING:** Citibank, LIHF, NPCR, NYC HPD, NYC HDC, NYS AHC, FHLB of NY

## HAMPTON CRESTE, Charlotte, NC



**NAME:** Hampton Creste  
**OWNER:** Charlotte Housing Authority  
**LOCATION:** Charlotte NC  
**SETTING:** neighborhood  
**TYPE:** multi-family  
**UNITS:** 239 town homes & garden style  
**POPULATION:** mixed-income; XLI-LI

**COLLEGE & BATTERY CONDOS – INCLUSIONARY ZONING, Burlington, VT**



**NAME:** College & Battery Condos  
**OWNER:** Private  
**LOCATION:** Burlington, VT  
**SETTING:** Neighborhood  
**TYPE:** Multi-family  
**UNITS:** 15-25% of units must be affordable  
**POPULATION:** to  $\leq$ 75% AMI  
**FINANCING:** Density bonuses and lot coverage bonuses

**KELLY'S TINY COTTAGE HOME, Portland, OR**



**NAME:** Kelly's Tiny Home  
**OWNER:** Private  
**LOCATION:** Portland, OR  
**SETTING:** Neighborhood  
**TYPE:** Single-family cottage  
**UNITS:** Many throughout Portland  
**POPULATION:** Mixed-income

**SABIN GREEN CO-HOUSING COTTAGES, Portland, OR**



**NAME:** Sabin Green  
**OWNER:** Private  
**LOCATION:** Portland, OR  
**SETTING:** Neighborhood  
**TYPE:** Co-housing, single-family cottage  
**UNITS:** 4 homes  
**POPULATION:** Mixed-income

**GREENWOOD AVENUE COTTAGES, Shoreline, WA**



**NAME:** Greenwood Avenue Cottages  
**OWNER:** Private  
**LOCATION:** Shoreline, WA  
**SETTING:** Neighborhood  
**TYPE:** Cottage homes (1,000 square feet)  
**UNITS:** 8

## **ABBREVIATIONS:**

XL-I:	Extremely Low-income <30% AMI
VL-I:	Very Low-income 30-50% AMI
L-I:	Low-income <80% AMI
AMI:	Area Median Income [per HUD]
ARRA:	American Recovery & Reinvestment Act of 2009
CDBG:	Community Development Block Grant [federal \$]
DV:	Available for survivors of domestic violence only
FHLB:	Federal Home Loan Bank
HCV:	Housing Choice Voucher [federal Section 8]
HTF:	Washington State Housing Trust Fund
HOME:	Federal HOME Investment Partnerships Program
HOPE VI:	Major HUD plan to revitalize public housing projects into mixed-income developments
HUD:	Federal Department of Housing and Urban Development
LIHF:	Low Income Investment Fund (NY)
LIHTC:	Low-Income Housing Tax Credits
LISC:	Local Initiatives Support Corporation
NAHASDA:	Native American Housing Assistance & Self Determination Act of 1996
NIH:	National Institutes of Health
NPCR:	New Partners for Community Revitalization (NY)
NYC HPD:	NYC Department of Housing Preservation & Development
PC:	Pierce County
SPU:	Seattle Public Utilities
UWPC:	United Way Pierce County
WSHFC:	Washington State Housing Finance Commission

**CITY OF TACOMA**  
**AFFORDABLE HOUSING POLICY ADVISORY GROUP**

To: City of Tacoma Affordable Housing Policy Advisory Group  
From: Michael and Blaine  
Date: November 1, 2010  
Re: Miller Amendment

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On November 2<sup>nd</sup> the Affordable Housing Policy Advisory Group is set to resume its discussion of the “Miller Amendment.” We write to provide some information that may help us decide what to recommend that the Council do. Much of the information below comes from Ric who has been very helpful in gathering it.

**1. MILLER AMENDMENT: ITS PURPOSE, PROVISIONS AND EFFECT**

We attach a copy of the “Miller Amendment”. It appears as Resolution No. 338090, dated August 26, 1997. As we explain below, the resolution amended the City of Tacoma’s Consolidated Plan for 1995. The Council did not direct that the same language appear in subsequent Consolidated Plans. The language did not appear in any subsequent Consolidated Plan, including the present one. The Council has approved all such plans without the language.

**1.1 Purpose**

The 1997 Resolution states its findings and purposes:

- “. . . to encourage the deconcentration of low-income, subsidized housing in Tacoma”. *Id.* at page 1.
- “The policy of the City of Tacoma is to provide opportunities for affordable housing throughout the city and not to concentrate low income housing in any area of the city.” (Attachment A, page 1)
- “The Tacoma City Council finds that certain areas of the city have concentrations of low income, subsidized housing development.” *Id.*
- The Council also finds that efforts to revitalize the city’s Downtown core have improved the business environment and that it is critical to the continued success of these efforts to emphasize a vibrant business climate in the area.” *Id.*

**1.2 Provisions**

The 1997 Resolution amends “Section VI A(3)” of the City’s 1995 Consolidated Plan by adding language set forth in Attachment A to the resolution. The Consolidated Plan, and its annual updates, are documents that the City must submit to HUD. Among other purposes, it governs the City’s use of HUD funds, primarily CDBG (Comprehensive Development Block

Grant) and HOME funds. The new language states “guidelines” as follows. (The section citations are to the sections of Attachment A of the Resolution):

- *“Mixed Income/Market Rate Areas”*  
The resolution allows the City Council to designate “Mixed Income/Market Rate Areas” where there is a concentration of “low income residents and/or subsidized housing units and where the Council wants to encourage a broader mix of income groups and more market rate housing.” Section 1.
- *Part of Downtown Tacoma as a Mixed Income/Market Rate Area*  
The resolution stated that the “City Council finds that the Downtown area has an over concentration of low-income residents and subsidized housing.” It designates a portion of downtown as a “Mixed Income/Market Rate Area”. It attaches a map that refers to the “B zone.” Section 1(a). The resolution does not state the measure and does not recount the data supporting this “finding” of “over concentration”.
- *No City Funding or Incentives for “Low-Income” Housing in B Zone Without Council Approval*  
The resolution prohibits the use in the B Zone of city CDBG funds, HOME funds, Emergency Shelter Grant Funds or “other funds or incentives” for projects that include “low income housing” unless the City Council approves the use. Section 1(b)(1).<sup>1</sup> This appears to preclude the use of HUD funds or non-HUD funds, and “incentives.”
- *No Certification of Consistency with Consolidated Plan Without Council Approval*  
“The City will not provide a certification of consistency with its *Consolidated Plan* for the development or expansion of any emergency or transitional shelters for the homeless or of low-income permanent rental housing projects planned for Mixed Income/Market Rate Areas, unless the developer has been granted a waiver by the Council.” Section 1(b)(2).
- *Criteria for Council Review of Waiver Requests*  
The resolution sets forth the following criteria the Council will use to consider waiver requests. The project must provide a “special benefit to a Mixed

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<sup>1</sup> “The City will not allocate its Community Development Block Grant, HOME Investment Partnership, Emergency Shelter Grant funds **or other funds or incentives** available for projects that include low income housing to the development or expansion of emergency or transitional shelters for the homeless or of low-income permanent rental housing projects in a Mixed Income/Market Rate Area, unless the specific project and its location is individually approved by vote of the City Council (not including Council approval of the allocation of funds to multiple projects as part of a funding plan. The Urban Policy Committee will be advised not to recommend funding of a low-income housing project in Mixed Income/Market Rate Areas unless the project has been granted a waiver by the Council.” Section 1b. (emphasis added).

Income/Market Rate Area, such as: improvement of a vacant or blighted property; mixed income housing including a substantial percentage of market rate, unsubsidized housing; a mixed use commercial and residential development; elderly housing; substantial support from the community and surrounding property owners, or similar benefits.” Section 1(b)(3).

- *Process for Seeking Funding*  
“Anyone seeking City funding or support to develop a homeless shelter or low income permanent rental project in a Mixed Income/Market Rate area may request a waiver of this policy. The request for waiver will be submitted to the Planning and Development Services Department. The request will be reviewed by the Urban Policy Committee which will make a recommendation to the City Council to approve, deny or modify the request for waiver. The request will then be presented to the City Council for action. Granting a waiver does not mean that a project will receive priority consideration in any competitive proposal processes.” Section 1(4).
- *Requirements of Projects Anywhere in the City and Requirements on Projects That Do Not Receive City Funds*  
The resolution also imposes requirements on projects “anywhere in the City” and in some cases on projects that receive no City money:

Required Community Consultation: “Prior to final approval of funding for the rehabilitation or construction (not acquisition) of an emergency or transitional shelter for the homeless or of a low-income, permanent rental housing project **located anywhere in the City**, the housing developer will document to the City that property owners, residents and businesses within a radius of 400 feet of the project and the neighborhood council representing the area have been notified of the proposed project. The developer will also document that surrounding property owners and other affected parties have been given an opportunity to comment on the project during its planning stages, that these comments have been considered, and that the developer has made a good faith effort to accommodate reasonable concerns. Possible accommodations may include but are not limited to making project design modifications, changing the type of residents to be housed, creating a neighborhood advisory group, and/or participating in the City’s Crime Free Multi-Family Housing Program. Section (3)(emphasis added).

Required Good Management and Maintenance: “In **all** cases, low income housing developers are expected to properly manage and maintain their projects after rehabilitation or construction.” Section 3 (emphasis added). It is not clear if this requirement applies only to projects receiving city funds. It clearly applies city wide.

Required Consistency with City Plans and Policies: “The location of an emergency or transitional shelter for the homeless or a low-income permanent

rental housing project located **anywhere in the City** must be consistent with approved City plans and policies.” Section 2 (emphasis added). This requirement appears to apply to all projects, including those that do not receive City funds.

Inconsistency with Consolidated Plan Due to Excessive Costs: “Projects, **regardless of location**, may be determined to be inconsistent with the *Consolidated Plan* if the cost of a project is determined to be excessive. Costs will be evaluated in comparison to the cost of private, unsubsidized development allowing for the addition cost of providing support services, building spaces in projects where services will be provided, complying with regulatory requirements (such as paying prevailing wages, making required reports, providing opportunities for minority and women business enterprises, etc.) or similar costs which are not typical for private development.” Section 4.

### 1.3 Effect

It is hard to assess the effects of the Miller Amendment. Here are some factors that may help make such an assessment:

- Since 1997, no new developments of shelter, transitional housing or permanent low income housing have occurred in the B zone since 1997.
- Since 1997, no developer has asked the City Council for a waiver permitting such a development in the B zone.
- It would be hard to know whether and, if so, to what extent the Miller Amendment requirement for City Council approval deterred developer interest in projects that would otherwise have been viable. Downtown land costs may have had a similar deterrent effect.
- Since 1997, such developments have occurred in other parts of the City.

## 2. CURRENT AMOUNT OF DOWNTOWN “LOW INCOME” HOUSING

When the City Council adopted the Miller Amendment, it found that the downtown had an “over concentration of low income residents and subsidized housing.” Attachment A, Section 1(a). Although the resolution did not recount any measure or data supporting such a finding, the City staff estimates that in 2000, low-income households constituted about 70% of the downtown population. The following more current estimates suggest that the downtown demographics have changed since the Miller Amendment was adopted in 1997 and that the ratio of low-income residents has been substantially reduced to a more moderate ratio:

<b>Estimated Percentages of Low-Income Households<sup>1</sup> in City of Tacoma and its Downtown<sup>2</sup>: 2005</b>		
	<b>Downtown</b>	<b>City</b>
% of Low-Income Households	47% <sup>3</sup>	40% <sup>4</sup>
% of Dwelling Units Subsidized for Low-Income Households <sup>5</sup>	38% <sup>6</sup>	7.6% <sup>7</sup>

1. “Low-income” means at or below 80% of the City’s Area Median Income or \$39,196 per year.
2. “Downtown” is broader than the old B zone that the Miller Amendment used. Roughly, it coincides with zip code 98402 or Census Tracts 0616.01 and 0616.02. In general, it includes the area between 25<sup>th</sup> and 6<sup>th</sup> Avenue, and between the waterfront and Tacoma Avenue.
3. City of Tacoma Economic Development Department estimates in 2005. The Department estimates that for zip code 98402 low-income households constitute 46.7% of the population and for the combined two census tracts low-income households constitutes 38.7% of the population.
4. A value identifying a median is 50%, by definition. Also by definition 80% of 50% will always be 40%.
5. Subsidized units include public housing, project based section 8 units, units subsidized by HUD project based contracts, and units occupied by tenants who participate in a tenant-based voucher program. Presently 126 tenant-based vouchers are in use in zip code 98402. This number fluctuates as these voucher holders move.
6. This percentage derives by estimating the number of subsidized units in downtown (about 750) and dividing that number by the estimated number of total households (1,596). These estimates come from the City of Tacoma’s Economic Development Department.
7. The City of Tacoma has approximately 5,800 subsidized units,. See City of Tacoma’s Consolidated Plan 2010-2015, pages 75-82. It has about 76,000 households living in their own dwelling unit. See DataPlace.org. Dividing the first number by the second number gives an approximation of the percentage of subsidized dwelling units.

“Low-income households” include those whose incomes are \$39,196 and lower. The following occupations and categories are examples from our problem statement draft:

<b>Low Income; 80% AMI (\$18.84/hour/\$39,197/year)</b>	<b>Very Low Income; 50% AMI (\$11.78/hour/\$24,498/year)</b>
Bookkeeping Clerk (\$17.90 hour/;\$37,232/year)	Home Care Aide (11.06/hour;\$23,005/year)
Starting Teacher (\$15.89/hour; \$33,054/year)	Federal Poverty Line for Family of 4 (\$10.60/hour;\$22,050/year)
Retail Sales (\$12.93/hour;\$26,908/year)	Dishwasher \$9.95/hour;\$20,696
Average Renter Income (\$12.35/hour;\$25,688/year)	<b>Extremely Low Income; 30% AMI (\$14,698/year)</b>
	SSI Disability (\$674/month;\$8,088/year)
	TANF for Family of 4 (\$661/month; \$7,932/year)

### 3. **POLICY OPTIONS**

Here are some policy options the Advisory Group can consider for recommendation to the City Council:

- **Status Quo Option: Leave Language Out of the Consolidated Plan**  
The 1997 resolution directed that the language of the “Miller Amendment” appear in the 1995 Consolidated Plan. This language has not appeared in the Consolidated Plan since then. If the Council wishes to put that language back into the current plan it appears that the Council would have to affirmatively do so.
- **Put the 1997 Language in the Consolidated Plan**  
The Council can put the language of the Miller back into the current Consolidated Plan.
- **Include Modified Language**  
The Council can add alternative language to the current Consolidated Plan, including provisions to the following effects:

*New Option No. 1*

Tacoma Community Redevelopment Agency (TCRA) will determine the appropriate recipients of city funding according to its customary criteria. These criteria include: (i) whether the project conforms to all zoning and permitting rules; (ii) the strength of the project's financing; (iii) the capacity of the developer; (iv) the quality of the proposal.

*New Option No. 2:*

TCRA will add criteria to consider, such as: (i) whether the project will have a suitable mix of incomes; (ii) whether the project will serve a need for the housing that it will provide; (iii) whether the project will conflict in demonstrable ways specific to the proposal with other downtown uses.