

# Affordable Housing Action Strategy Overview

City of Tacoma, WA  
Presentation to City Council  
July 24, 2018



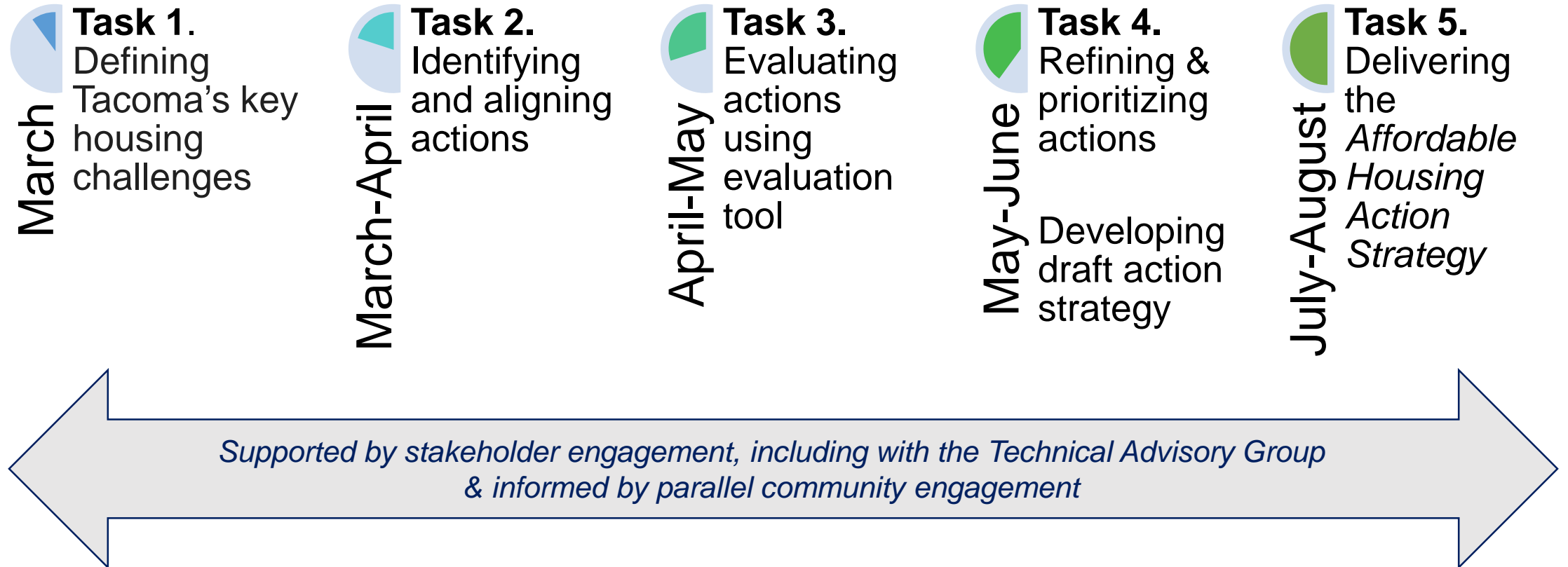
Frances Wang  
*Independent contractor*

# Presentation overview



- Project update
- Review of key housing challenges
- Tacoma's strategic approach to housing investments
- Council-led actions over the next 10 years
- Council-led actions over the next 2 years
- Other opportunities for City Council to support implementation

# Project timeline and update



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# **Review of key housing needs**

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# Experiences from residents

“Neither of my sons, one who works a minimum wage job and the other who is just starting a job, can afford to live on their own. So they live with me. They feel hopeless about their future ability to have a place of their own, to get married, and build a family.”

“I am on a fixed income and do not make two to three times the rental amount, so I cannot move from where I live now. I also don't have money for a security deposit or the cost of moving. I live in a very small studio apartment, which costs me almost the entirety of my monthly SSI.”

“What we are going through now is that I have two previous evictions and a low credit score. I'm shelling over \$200-\$300 for screening and application fees to just get denied.”

“Most folks I know are one paycheck away from homelessness. If the building is bought out then a new owner can refuse to give us another lease. The only options for housing seems to be a terrible apartment like mine, where the heat and water go out during the winter but the tradeoff is that it is affordable.”

SOURCES: RESIDENT ENGAGEMENT FOR THE AHAS THROUGH COMMUNITY FORUMS, ONLINE SURVEY, AND FOCUS GROUPS.

# Impressions from stakeholder interviews

## Tenant-landlord relationships

A common theme across interviews was a need for **stronger tenant-landlord** relationships. Even though city services are available, **language barriers** or **concerns about legal status** may affect access.

## Serving acute households

These barriers include **lack of income** and **credit, rental, or criminal histories**, which may make it more difficult to access housing in the private market. One stakeholder noted the importance of having **incentives for more private-market landlords** to accept “high-barrier” people.

## Important competencies among housing & other service providers

These competencies included **cultural competency** for different ethnic groups and using **trauma-informed approaches**.

SOURCE: COMMUNITY ENGAGEMENT FOR THE AHAS THROUGH STAKEHOLDER INTERVIEWS.

# Long-term market trends

## HOUSING COSTS (1990–2016)

**+98%**

Change in  
**MEDIAN HOME VALUE**

**+39%**

Change in  
**MEDIAN RENT**

**+20%**

Change in  
**MEDIAN HOUSEHOLD INCOME**

### FAIR MARKET RENT

1 Bedroom: \$855

2 Bedroom: \$1,142

3 Bedroom: \$1,662

SOURCE: 1990 & 2000 DECENNIAL CENSUS, 2005-2016 ACS PUMS 1-YEAR ESTIMATES.

# Snapshot of housing market conditions & needs



## **Accelerating housing market conditions**

Rent increased by 16% at single-family rentals & 17% at multifamily properties between March 2016 and March 2018.



## **Limited rental supply**

Unmet need is greatest among extremely low-income households, followed by very low-income households.



## **Cost-burdens among households**

Forty (40%) of households in Tacoma pay at least 30% of their income on housing costs each month.



## **Barriers accessing and staying in a home**

Residents face a range of issues that affect their access to affordable housing units, such as navigating multiple systems and language barriers.

SOURCES: ZILLOW, MARCH 2016-2018; 2016 AMERICAN COMMUNITY SURVEY 1-YEAR ESTIMATES; SOURCES: INTERVIEWS, FOCUS GROUPS, AND OTHER OUTREACH ACTIVITIES FOR THE AHAS (MARCH-MAY 2018).

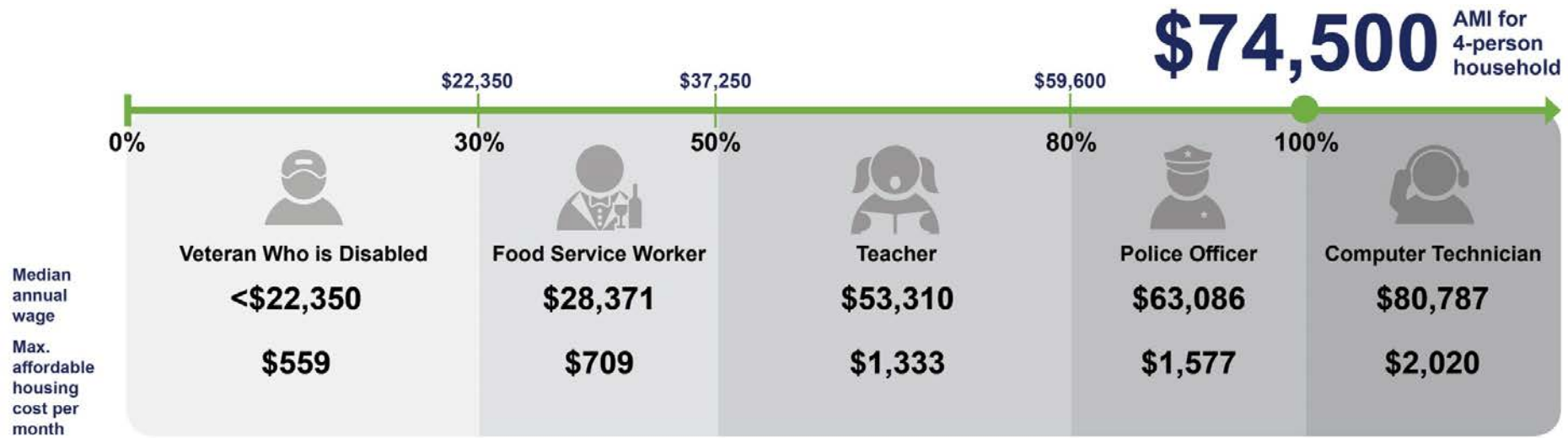




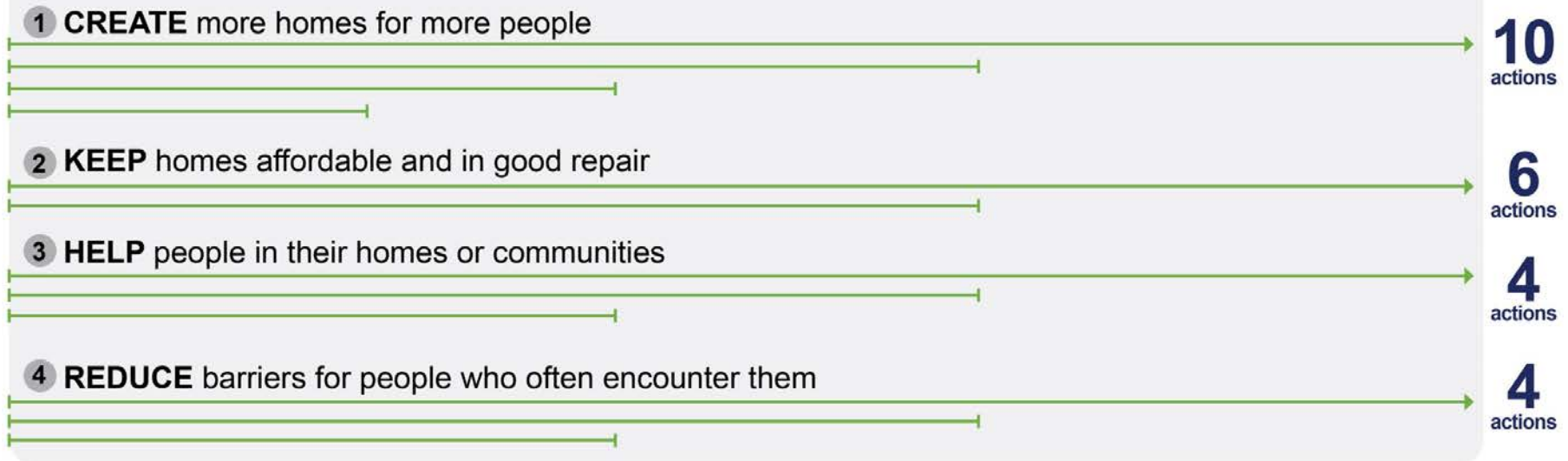
# Tacoma's strategic approach to housing investments

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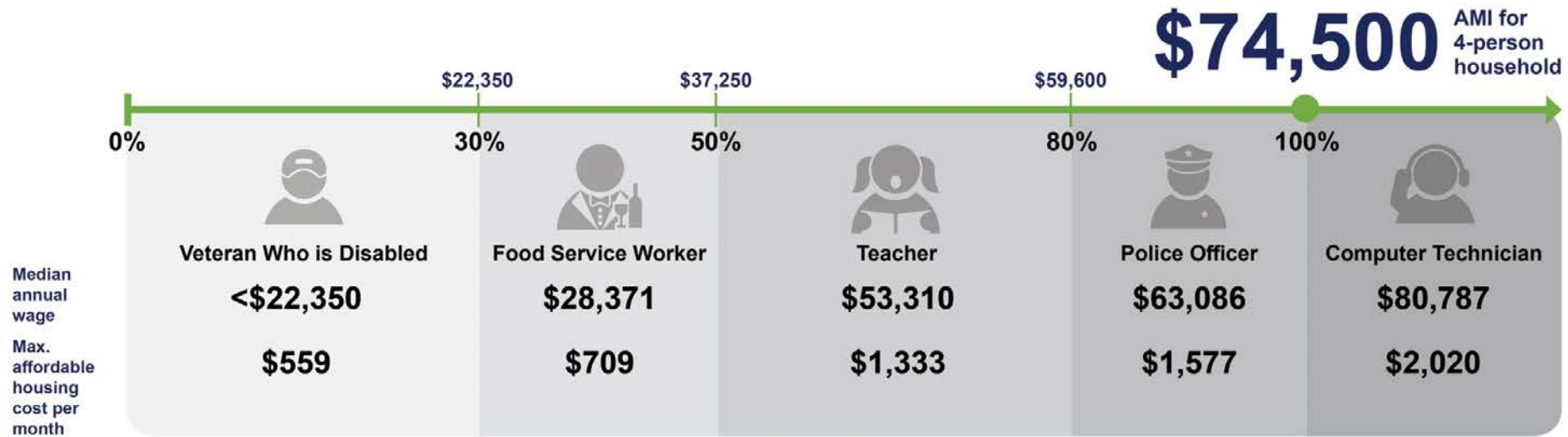




## Strategic objectives and number of supporting actions



SOURCES: 1. U.S. DEPARTMENT OF LABOR'S BUREAU OF LABOR STATISTICS, "OCCUPATIONAL EMPLOYMENT AND WAGES IN TACOMA-LAKEWOOD — MAY 2017." THE MEDIAN ANNUAL WAGE WAS CALCULATED BY MULTIPLYING THE MEAN HOURLY RATE FOR EACH OCCUPATIONAL GROUP BY 2,080, THE NUMBER OF HOURS FOR YEAR-ROUND FULL-TIME WORK.  
 2. U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT'S HUD USER DATASET, "INCOME LIMITS, FY 2017." AREA MEDIAN INCOME DATA ARE BASED ON FY 2017 FAIR MARKET RENTS IN PIERCE COUNTY.



### Action

Modify inclusionary zoning provisions to target unmet need and align with market realities



Update multifamily property tax exemption to increase its impact



Create a range of resources for households experiencing a housing crisis



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



 Renters  Homeowners

**Actions targeting unmet needs for people at 0-50% AMI**

SOURCES: 1. U.S. DEPARTMENT OF LABOR’S BUREAU OF LABOR STATISTICS, “OCCUPATIONAL EMPLOYMENT AND WAGES IN TACOMA-LAKEWOOD — MAY 2017.” THE MEDIAN ANNUAL WAGE WAS CALCULATED BY MULTIPLYING THE MEAN HOURLY RATE FOR EACH OCCUPATIONAL GROUP BY 2,080, THE NUMBER OF HOURS FOR YEAR-ROUND FULL-TIME WORK.  
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## **Council led-actions over the next 10 years**

# Summary of investment by strategic objective

## 10-Year Targets

### Strategic objective 1

Produce more homes for more people.

**6,200 units**

**\$15 - \$33 million**

### Strategic objective 2

Keep homes affordable and in good repair.

**2,300 units**

**\$10 - \$24 million**

### Strategic objective 3

Help people stay in their homes or communities.

**1,200 households**

**\$2 - \$4 million**

### Strategic objective 4

Reduce barriers for people who often encounter them.

**1,000 households**

**\$3 - \$7 million**

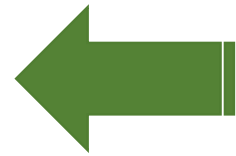
# Strategic objective 1

Produce more homes for more people.

## 10-Year Targets

**6,200 units**

**\$15 - \$33 million**



## 2-Year Targets

**1,300 units**

**\$3 - \$13 million**

## Supporting actions

### Immediate (1-2 years)

- Leverage publicly and partner-owned land for affordable housing.
- Seed the Housing Trust Fund with local sources of funding.
- Modify inclusionary zoning provisions to target unmet need and align with market realities.
- Update Multifamily Property Tax Exemption to increase its impact.
- Use local economic development funding, like Section 108 funding, or strategic partnerships with local anchor institutions to create economic opportunities in tandem with housing development.

# Strategic objective 1 (cont.)

Produce more homes for more people.

## 10-Year Targets

**6,200 units**

**\$15 - \$33 million**



## 2-Year Targets

**1,300 units**

**\$3 - \$13 million**

## Supporting actions

### Short-term (3-4 years)

- Establish a dedicated source of funding for the Housing Trust Fund.
- Expand use of value capture to other neighborhoods, including those experiencing increased private investment.



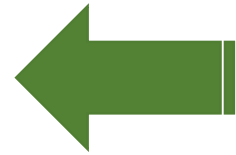
# Strategic objective 2

Keep homes affordable and in good repair.

## 10-Year Targets

**2,300 units**

**\$10 - \$24 million**



## 2-Year Targets

**650 units**

**\$3 - \$10 million**

## Supporting actions

### Immediate (1-2 years)

- Develop and adopt a preservation ordinance.

### Short-term (3-4 years)

- Expand proactive code enforcement program, building on lessons from existing efforts.

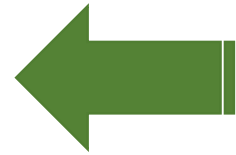
# Strategic objective 3

Help people stay in their homes or communities.

## 10-Year Targets

1,200 households

\$2 - \$4 million



## 2-Year Targets

250 households

\$500,000 - \$800,000

## Supporting actions

### Immediate (1-2 years)

- Develop and adopt a preservation ordinance.
- Develop a range of resources for households experiencing a housing crisis.
- Work with partners to increase community organizing efforts (including tenants' rights).
- Establish permanent tenant protections through an expanded tenant protections policy.

### Short-term (3-4 years)

- Create a tax grant program for long-time homeowners.

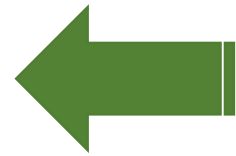
# Strategic objective 4

Reduce barriers for people who often encounter them.

## 10-Year Targets

1,000 households

\$3 - \$7 million



## 2-Year Targets

240 households

\$700,000 - \$2 million

## Supporting actions

### Immediate (1-2 years)

- Partner with landlords through local and regional programs to increase participation in rental assistance programs and willingness to accept higher-barrier households.

### Short-term (3-4 years)

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



## **Council led-actions over the next 2 years**

# Actions City Council can take in the next 1-2 years to...

- **Create more homes for more people**
  - Seed the Housing Trust Fund.
  - Modify inclusionary zoning provisions to target unmet need and align with market realities.
  - Update Multifamily Property Tax Exemption to increase its impact.
  - Leverage publicly and partner-owned land for affordable housing.
  - Pursue additional Section 108 authorization to support eligible housing and economic development activities.
- **Keep homes affordable and in good repair**
  - Develop and adopt a preservation ordinance.
- **Help people stay in their home and communities**
  - Develop a range of resources for households experiencing a housing crisis.
  - Establish permanent tenant protections through an expanded tenant protections policy.
- **Reduce barriers for people who often encounter them**
  - Partner with landlords through existing programs to increase willingness to accept higher-barrier households.

# Immediate action

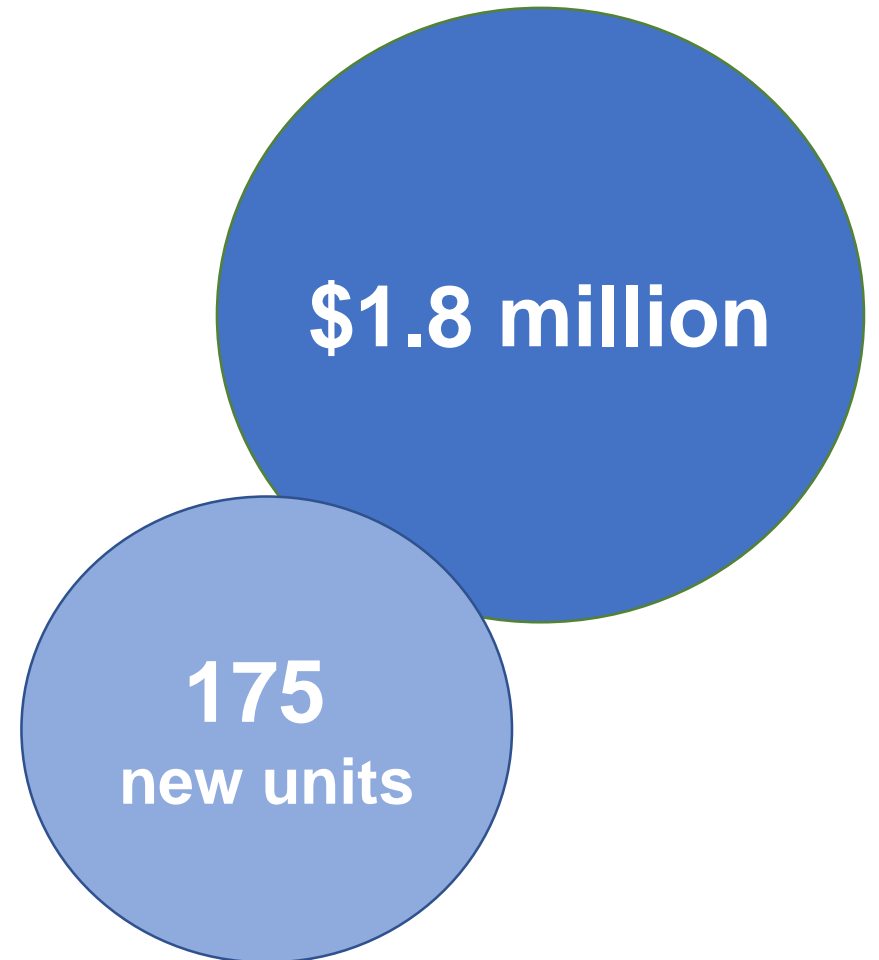
## Seed the Housing Trust Fund.

- **What?**

- Create a short-term infusion of funds for affordable housing activities.

- **Recommended approach:**

- Invest \$20 per capita in next budget cycle.
- Consider a one-time allocation of general funds.
- Consider using a Council-initiated revenue source, like a business and occupation tax or business license fees.



# Immediate action

## Modify inclusionary zoning provisions.

- **What?**

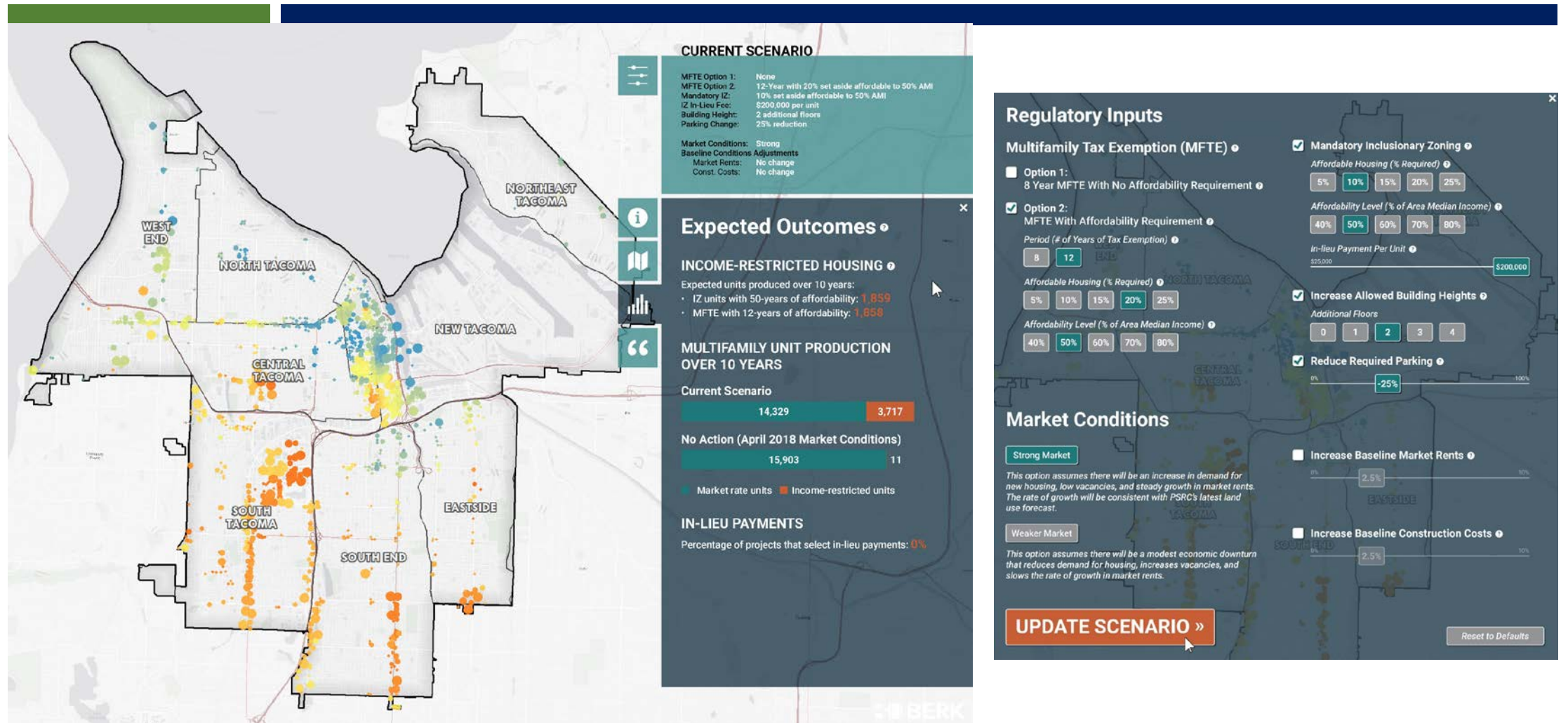
- Update existing inclusionary housing policy to target unmet need and align with market realities.

- **Recommended approach:**

- Use a mandatory approach in selected areas.
- Only offer 12-year MFTE option in areas where this approach applies (by eliminating 8-year option in those areas).
- Require 10 percent set-aside for households at 50% AMI or below.
- Offer the following:
  - 10-foot height increase
  - 10 percent floor-area-ratio increase
  - 25 percent reduction in current parking requirements



# Ongoing monitoring through online dashboard





## Immediate action

Create resources for households experiencing a housing crisis.

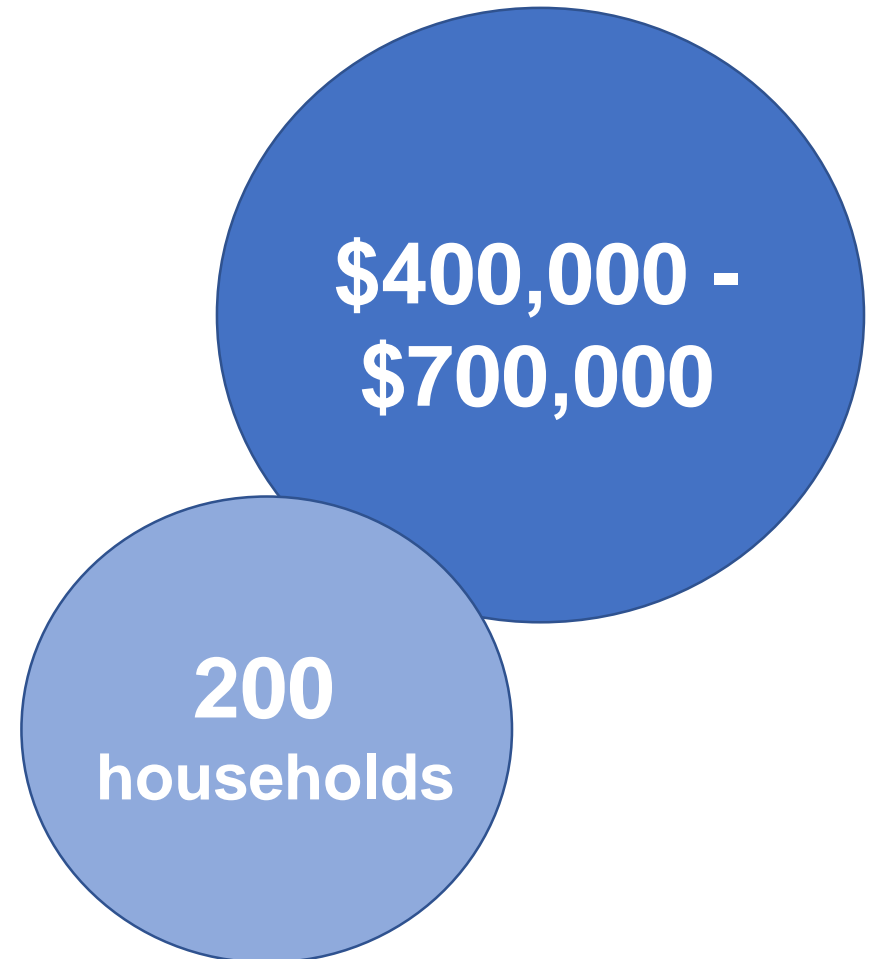
- **What?**

- Increase availability of short-term rental and utility assistance, relocation assistance, and access to legal services.

- **Recommended approach:**

- Establish a dedicated emergency housing assistance fund to help avoid displacement.
- Work with community partners to market and generate referrals.

*\*In conjunction with permanent tenant protection policy.*



# Other opportunities for City Council leadership

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- Elevate housing as a top priority in the biannual budget cycle.
- Invest across all four strategic objectives to address the housing crisis.
- Communicate the importance of housing for all and the value-add to the City's and the region's overall health.
- Advocate for changes to state and federal legislation to create more resources and supportive policies for local affordable housing development.

## Next steps



- Collect additional stakeholder feedback on recommendations.
- Finalize recommendations.
- Deliver final draft.
- Implement!