

Background

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

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

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

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

What is the Affordable Housing Action Strategy (AHAS)?

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

What does “affordable housing” mean?

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

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

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

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



Key Terms

Affordable Housing

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

Affordable Housing Action Strategy (AHAS)

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

Area Median Income (AMI)

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

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

Cost-burden

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

Fair Market Rent (FMR)

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

Fair Market Value

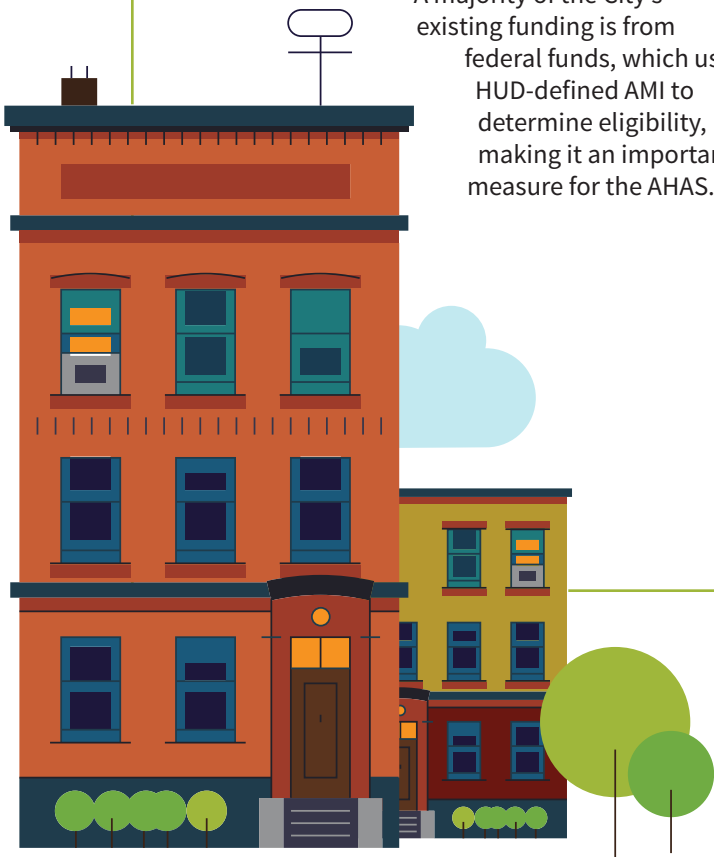
The amount a property would sell for if sold on the open market. In other words, it's the highest price a buyer is willing to pay and lowest price a seller is willing to accept for a property.

Housing Displacement

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

Subsidized Housing

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



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

1 CREATE MORE HOMES FOR MORE PEOPLE.

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

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

2 KEEP HOUSING AFFORDABLE AND IN GOOD REPAIR.

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

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

3 HELP PEOPLE STAY IN THEIR HOMES AND COMMUNITIES.

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

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

4 REDUCE BARRIERS FOR PEOPLE WHO OFTEN ENCOUNTER THEM.

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

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



Voices from the Community

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

WHAT PUBLIC ENGAGEMENT ACTIVITIES WERE CONDUCTED?

4

FOCUS GROUPS AND INTERVIEWS

7

LISTENING SESSIONS AND COMMUNITY MEETINGS

256

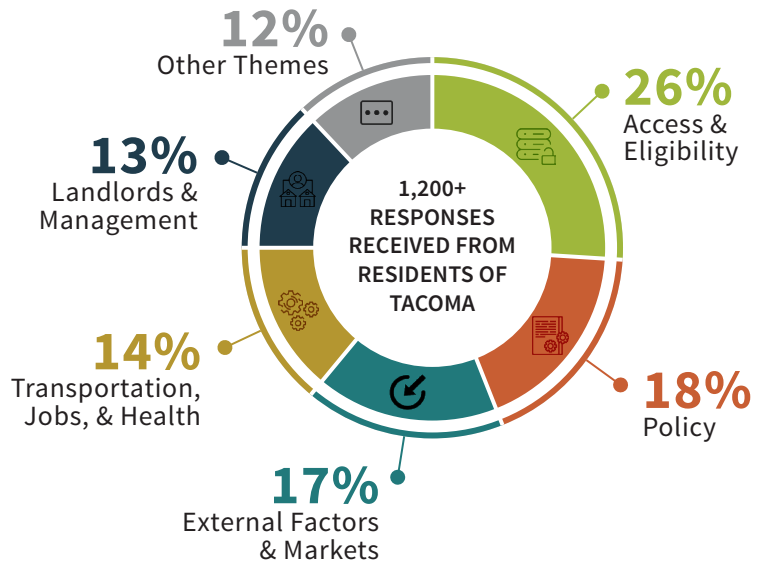
ONLINE SURVEY RESPONSES

How was this input used?

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

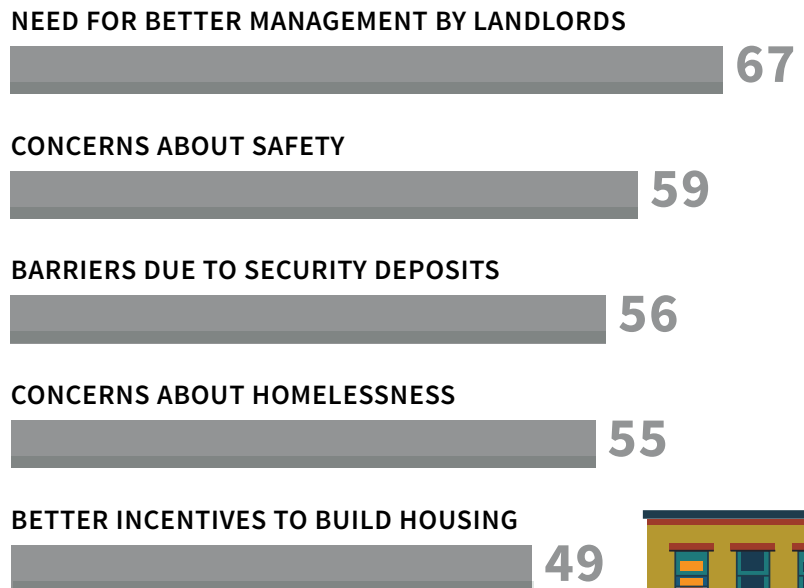
How does the AHAS create ongoing dialogue about affordable housing?

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



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

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



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

