

# Affordable Housing

*Home In Tacoma Project*  
**City Council Study Session**  
 November 21, 2023

Tacoma

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## Revised Project Schedule

July to  
Dec 2023

- Develop full package
- Environmental Impact Statement (EIS) Consultation

**INPUTS**

- Round 1 engagement
- 2023 legislative direction
- Round 2 engagement

→

Jan to  
March 2024

- *Planning Commission public hearing*
- *Release draft EIS*
- Planning Commission recommendation

→

April to  
June 2024

- City Council review
- Release final EIS
- City Council public hearing
- City Council action

***Ongoing engagement throughout***

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## Objectives

Seeking guidance on:

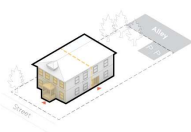
- **Building Design Standards** (based on housing types, access and parking, building width and depth, building articulation)
- **Ownership, affordability and accessibility** (unit lot subdivisions, multifamily tax exemptions (MFTE), visitability requirement)
- **Land Uses** (non-residential uses, special needs housing, short-term rentals)
- **Bonus Program** (affordability levels to target)
- **Round 3 Engagement** (early 2024)



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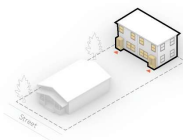
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## Housing Types



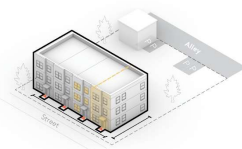
### Houseplex

A single building with 1-6 units, which is generally the size of a single-family house and includes an entry from the street and a backyard.



### Backyard Building

A building located behind another structure at the rear of a lot. It is accessed from a shared or private path from the street. May contain 1-6 units.



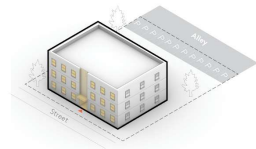
### Rowhouse

A multi-story building with access to the street from its front door; it is always attached to 2 to 5 other rowhouses, which together create a "rowhouse cluster".



### Courtyard Housing

A group of detached or attached units arranged around a shared courtyard which is a shared social space which takes the place of private back yards.



### Multiplex

A medium building consisting of 7 or more stacked units with the appearance of a large house or a small apartment building.

**Housing types may be combined on a site**

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## Building Design Standards

### Building Placement

- **Setbacks and Separation:** Reduce front and rear setbacks
- **Building Orientation:** Front elevation with primary entrance oriented to street

### Access and Parking

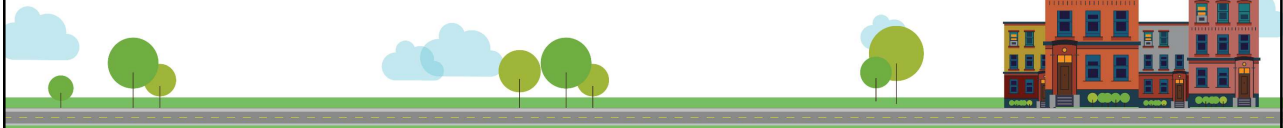
- **Ped Access:** Describes location, number and dimensions; usually from street
- **Parking:** Required from alley where exists; prohibits cars between street and buildings; garage setback (20 feet)

### Building Size

- **Width, Depth and Height:** Limits size and sets max heights to promote compatibility

### Building Articulation

- **Articulation:** Pick list of features (i.e., covered entries, transparency)



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## Ownership, Affordability and Accessibility Actions

### Unit Lot Subdivisions

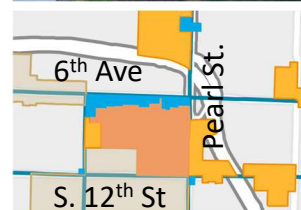
- Create fee-simple ownership opportunities through platting code that allows "unit lots"
- Ensure functionality and compliance with standards

### Visitability Requirement

- Adopt Building Code "Visitability" appendix
- Require 1 Type C (Visitable) unit in 3+ unit buildings

### Expand Multifamily Tax Exemption

- Expand to **all** mid-scale residential areas with 12- and 20-year options (per Home In Tacoma 1)
- Include multifamily high-density areas



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# Land Use Changes

## Non-residential Uses

- Increase options for small, neighborhood-serving businesses (e.g., allow "live-work")
- In UR-3, allow small mixed-use projects, with operational limits to reduce neighborhood impacts
- Support adaptive reuse of "Heritage Buildings" in busier locations (e.g., along corridors)

## Special Needs Housing

- Reduce barriers to shared and supportive housing

## Short Term Rentals

- Further study needed of perceived issues (neighborhood impacts, affordable housing supply)



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# Bonuses Program - Observations

- **Middle Housing is financially feasible and will increase affordability and choice**— but **other actions needed** for moderate to low-income households
- Other City programs exist to create deeper affordability (could be expanded)
- Bonus Program can help meet that need (and support other goals)
  - Must make financial sense for developers (or nonprofits)
  - Administrative burdens should be low (for City and developers)

Bonuses Offered (can be combined)	Public Benefits
<ul style="list-style-type: none"> <li>• More units (density)</li> <li>• Larger buildings (Floor Area Ratio)</li> <li>• Taller buildings (rear yard, UR-3)</li> <li>• Parking reductions</li> <li>• Multifamily Tax Exemption (in UR-3)</li> </ul>	<ol style="list-style-type: none"> <li>1. Affordability</li> <li>2. Retention of existing buildings</li> </ol>



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## Public Benefit – Affordability Targeting

### Mostly, state law sets the parameters

- UR-1 and UR-2: Based on local housing need, **targets 80% to 100% AMI** (moderate rather than deeply affordable)
- UR-3 options
  - 1: 70% AMI rental, 100% AMI ownership
  - 2: 5% rental units 50% AMI + 15% at 70% AMI, 100% AMI ownership
- Number of units: 2 or 20%
- Use of bonuses: Voluntary
- 50-year length of affordability
- Fee in lieu option (adjusted)
- Can be layered with MFTE in UR-3



#### SEEKING GUIDANCE:

Should Tacoma prioritize deeper affordability (rather than moderate) if it means the program sees less use?

## Baseline Feasibility Analysis

## Key Findings

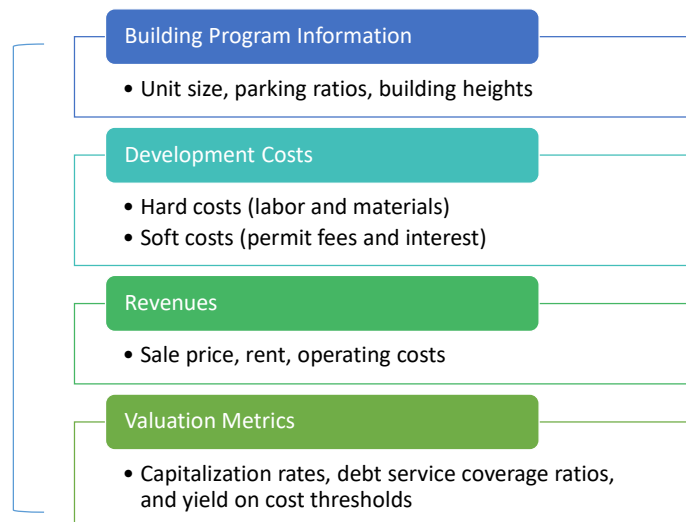
- Increase in density → greater feasibility than single family
- Likely to see diversity of housing (including unit size / bedroom count)
- Ownership is typically more feasible than rental
- Townhouse-type developments are the most feasible followed multiplex
- Some rental types are less feasible due mostly to market dynamics
- The type and the amount of housing built will vary greatly by market area
  - More housing diversity in “medium” and “high” market areas
  - Less development activity in “low” market areas

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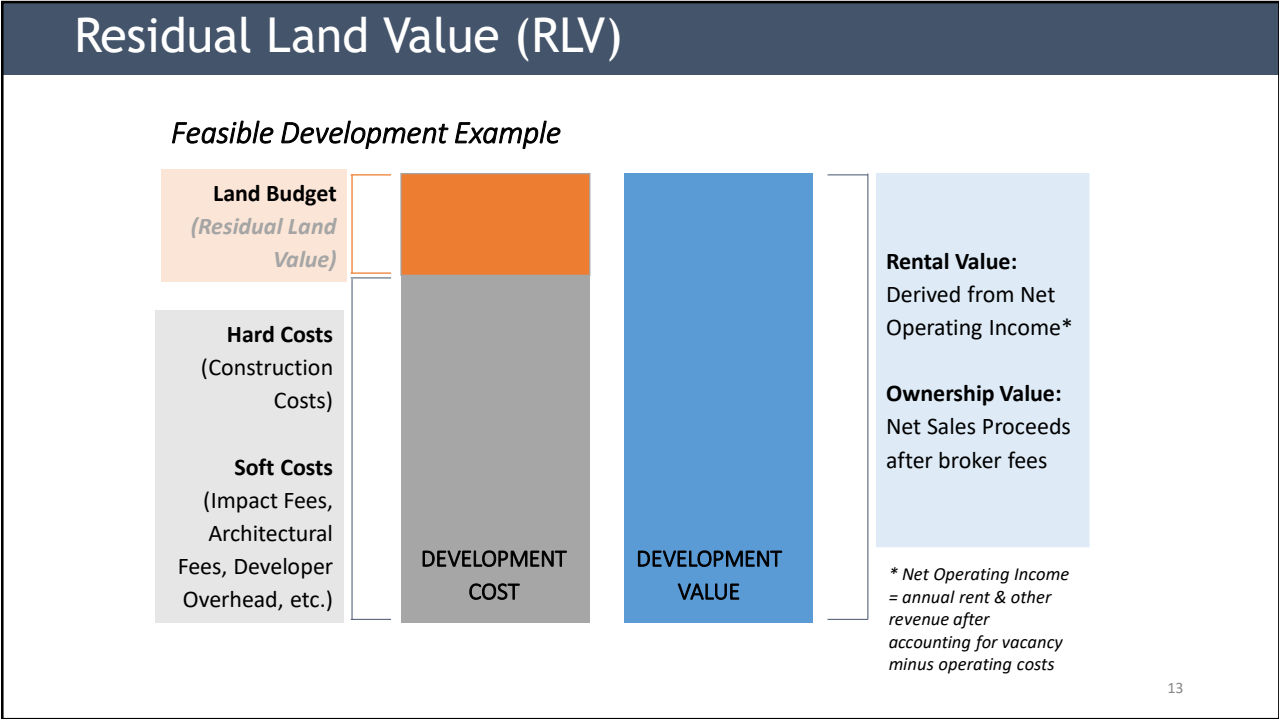
## Pro Forma Method

- Compares development feasibility across housing prototypes
- Returns an estimate of what a developer would be able to pay for land given **development inputs** (*Residual Land Value*)



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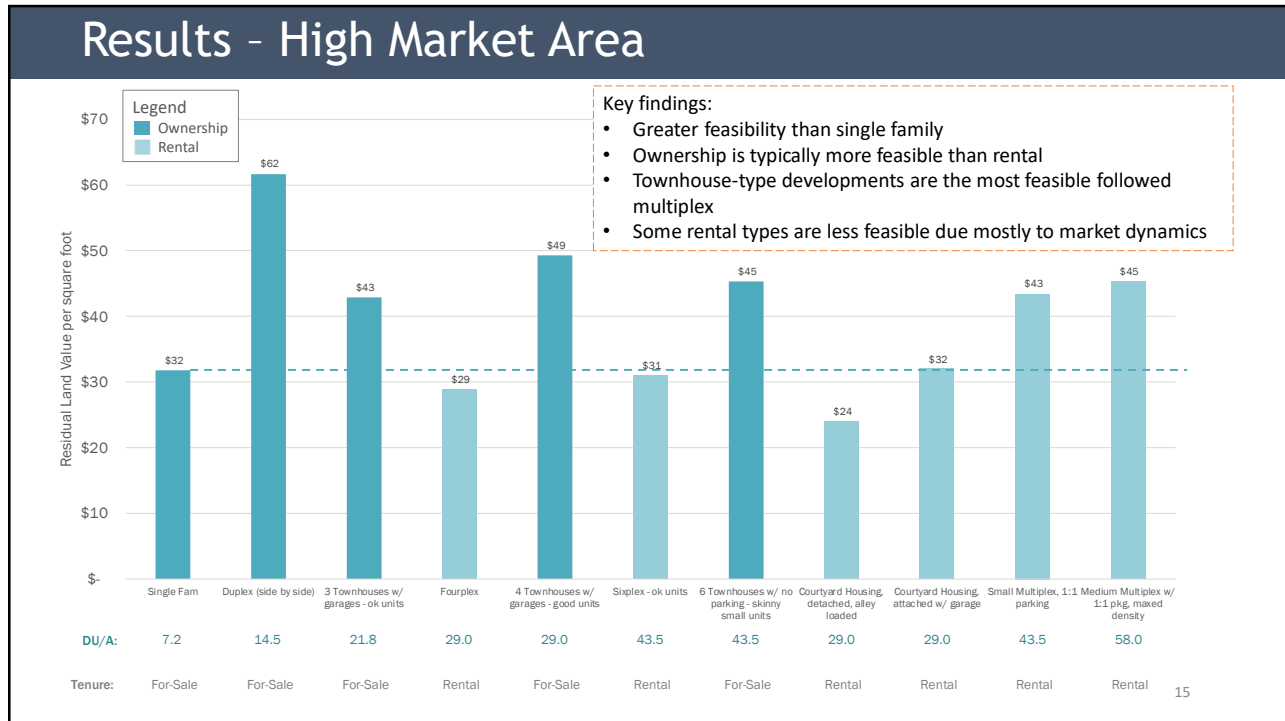
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## Unit Type And High Market Price

Below assumptions are a representation of what was considered reasonable for the higher market areas

	Average Net Unit Size (square feet)	Average Rent	Average Sales Price	Percent of AMI
Single family	2,300	N/A	\$925,000	190%
Duplex (side by side)	1,900	N/A	\$825,000	158%
3 Townhouses w/garages	1,400	N/A	\$615,000	121%
4 Townhouses w/garages	1,113	N/A	\$490,000	113%
6 Townhouses w/ no parking	1,000	N/A	\$330,000	84%
Fourplex	1,099	\$1,980	N/A	81%
Sixplex	898	\$1,620	N/A	66%
Courtyard Housing, detached	1,050	\$2,230	N/A	91%
Courtyard Housing, attached	1,361	\$2,890	N/A	99%
Small Multiplex	904	\$2,060	N/A	84%
Medium Multiplex	680	\$1,500	N/A	78%

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## Key Findings

**UR-1 & UR-2**

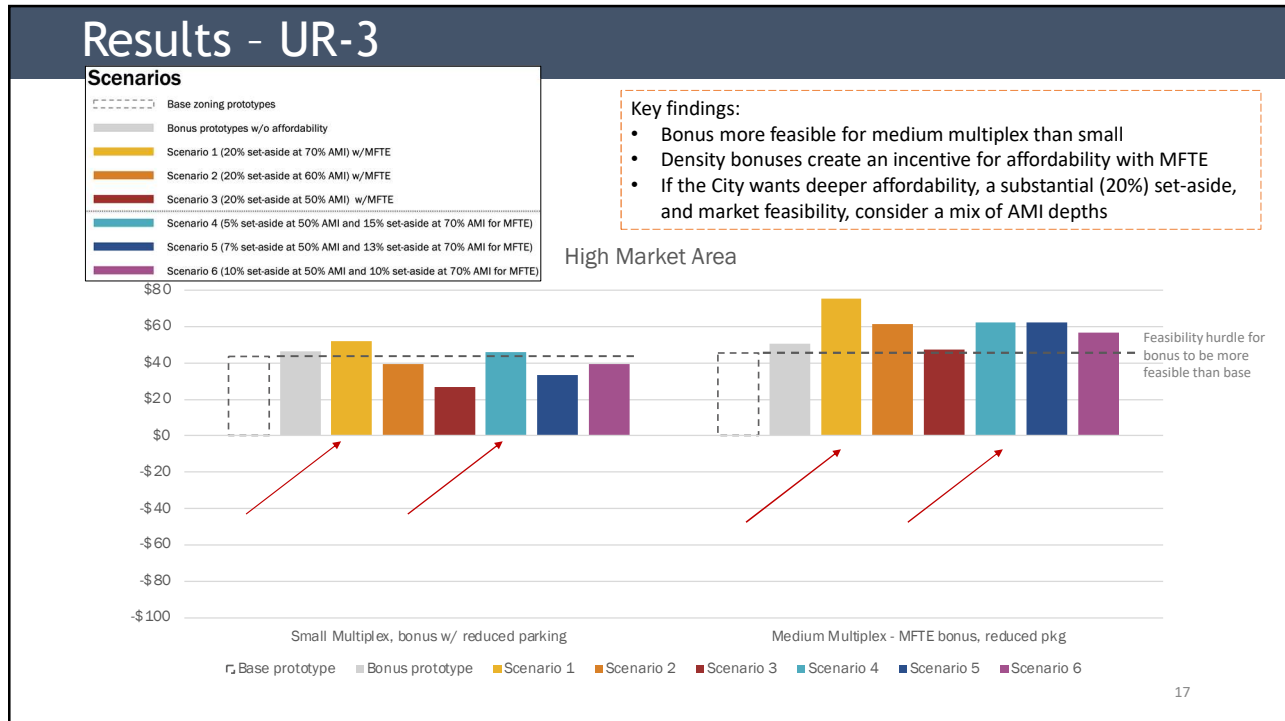
- The affordability bonus for rental housing in the UR-1 zones might work in “high” market areas
- The affordability bonus for ownership housing creates an incentive given current prices

**UR-3**

- The affordability bonus is more feasible for the medium multiplex than the small multiplex
- Density bonuses do not create an incentive for affordability without MFTE
- If the City wants deeper affordability, a substantial (20%) set-aside, and market feasibility, consider a mix of AMI depths

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## Engagement Strategy For Round 3

- Objective
  - What's in the package
  - Provide feedback during public comment period
- Messaging
  - Home in Tacoma - and you!
- Activities
  - Mailers
  - Web
  - Interactive map
  - Events
    - 3 in-person across the city, 1 virtual
    - Opportunity for message from City Council
    - Home In Tacoma at community events

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