





Affordable Housing

Action 1.9: Housing Trust Fund
Committee of the Whole
August 27, 2019



AHAS Action 1.9 Language

“Given the City’s declining federal resources, limited affordable housing supply, and displacement threat to residents, the City of Tacoma needs to establish a dedicated source of funding for its (housing) trust fund.”



Affordable Housing 2

Fundamental Policy Question

What is the proper balance between maximizing revenue and minimizing impacts to low income households?



Existing Federal Resources

Source	Annual Amount	Eligible Uses	Income Level
Community Development Block Grant (CDBG)	\$2.3 M average over last 5 years	Rehabilitation of housing (single-family and multi-family); homebuyer assistance; property acquisition; new construction (limited circumstances); housing services (i.e. housing counseling, emergency assistance)	Up to 80% of Area Median Income (AMI) (county)



Existing Federal Resources

Source	Annual Amount	Eligible Uses	Income Level
HOME Investment Partnership Program (HOME)	\$1.1 M average over last 5 years	New construction of affordable housing (single and multi-family); Rehabilitation of housing (single and multi-family); down payment assistance; property acquisition; tenant based rental assistance	Up to 80% of AMI (county)



Existing Federal Resources

Source	Annual Amount	Eligible Uses	Income Level
Emergency Solutions Grant (ESG)	\$202 K average over last 5 years	Street outreach; emergency shelter; rapid re-housing; homeless prevention	Dependent of activity but includes: <ol style="list-style-type: none"> 1. Below 30% AMI (county) 2. Literally homeless 3. Chronically homeless



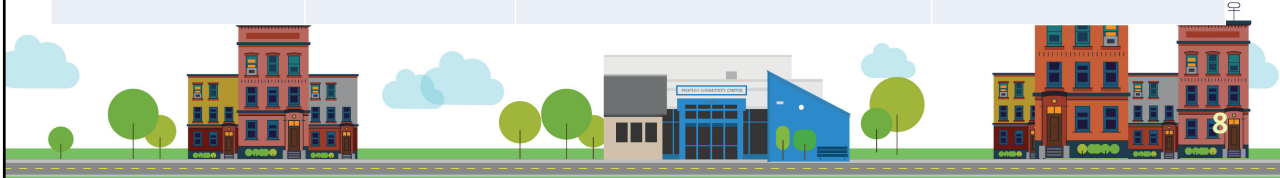
Existing Local Development Resources

Source	Annual Amount	Eligible Uses	Income Level
Housing Trust Fund	\$1.2 M (one-time allocation for current General Fund biennial budget)	TBD	TBD
Substitute House Bill 1406	\$800 K - \$900 K annually for 20 years (actual annual amount TBD, bonding estimate of \$10 M)	Acquiring, rehabilitating or constructing affordable housing to include projects that provide supportive services; operations and maintenance of new units of affordable or supportive housing	60% of AMI (city or county)



Existing Local Supportive Services Resources

Source	Annual Amount	Eligible Uses	Income Level
General Fund (through Neighborhood and Community Services)	Approximately \$990 K	Rapid re-housing; supportive services to those at-risk of homelessness; scattered site housing; shared housing; housing assistance	Low Income
Mental Health Substance Use Disorder (MHSUD) Fund	Approximately \$1.8 M	Supportive services; permanent supportive housing; transitional housing; basic needs; mental and behavioral health treatment	Low Income



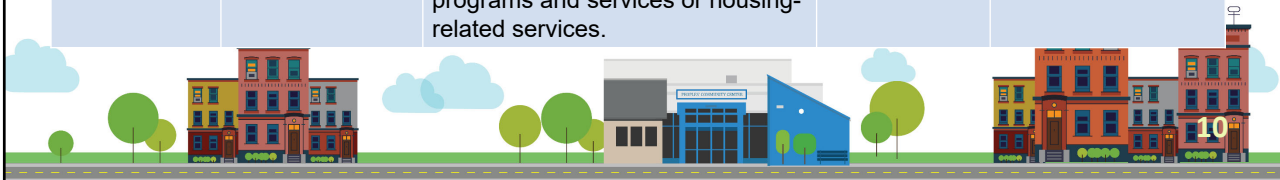
Expanded Use of Existing Local Resources

Source	Annual Amount	Eligible Uses	Income Level
Real Estate Excise Tax (REET) 2	Up to \$1 M	Acquisition, construction, improvement, or rehabilitation of facilities to provide housing for the homeless; "affordable housing projects"	None



Potential Local Resources

Source	Annual Amount	Eligible Uses	Income Level	Approval Authority
Sales Tax Levy for Affordable Housing	Up to \$5 M (0.1%)	<p>60% of revenue: Constructing of affordable housing, mental health or behavioral health facilities; operations and maintenance cost of new units and facilities where housing related services are provided.</p> <p>Remaining funds: operation, delivery, or evaluation of mental and behavioral health treatment programs and services or housing-related services.</p>	60% of AMI (county)	Public Vote



Potential Local Resources

Source	Annual Amount	Eligible Uses	Income Level	Approval Authority
Property Tax Levy for Affordable Housing	Up to \$12 M (\$0.5 per \$1,000 AV) Up to 10 consecutive years	Affordable housing purposes	50% of AMI (county)	Public Vote
Implement Maximum Gross Earnings Tax	\$3 M	Any	None	City Council



Potential Local Resources

Source	Annual Amount	Eligible Uses	Income Level	Approval Authority
Implement maximum Business and Occupations Tax	\$9 M	Any	None	City Council
Eliminate Gross Earnings Threshold	\$1.5 M	Any	None	City Council
Eliminate New Jobs Credit	\$400 K	Any	None	City Council
Implement maximum Admission Tax for Non-Profits	\$340 K	Any	None	City Council
Increase Business License Fees	\$1.1 M	Any	None	City Council
Implement Excise Tax (example: ammunition tax)	Depends on Implementation	Any	None	City Council



Potential Uses in Meeting AHAS Goals

- Funds to support 4% Low Income Housing Tax Credit (LIHTC) projects
- Funds to provide services at Permanent Supportive Housing projects
- Funds to support diverse housing types (i.e. Accessory Dwelling Units)
- Adequate funds to assist those experiencing a housing crisis
- Short-term rental assistance



Council policy considerations

- What local funding source does the City Council wish to pursue?
- What activities in the AHAS should a new local funding source support?



Council policy considerations

1. What is the proper balance between maximizing revenue and minimizing impacts to low income households?
2. Should funds support projects that have maximum impact on goals noted in the AHAS?
3. Should funds assist projects that provide indirect support to affordable housing development (i.e. off-site improvements)?



Preliminary recommendations



Immediate

- Set AMI levels to 60% of Tacoma median income where possible
- Create consistent eligible uses of funds for existing local funds
- Conduct community outreach to determine support for expanded local resources



Mid-term (next 3 months)

- Evaluate results of community input and present findings to the City Council
- Present recommendations on new local funding sources for City Council consideration
- Develop and present formal spending plan



Long-term (within next 12 months)

- Complete actions necessary to establish new local source of revenue
- Develop implementation plan (i.e. NOFA, open door, set-asides, etc) for use of potential new funds
- Create administrative infrastructure to manage additional funds

