



# Affordable Housing

*Action 1.3: Multifamily Property Tax Exemption*

Committee of the whole, August 13, 2019



BD1

## RCW 84.14

“...encourage increased residential opportunities, including affordable housing opportunities, in cities that are required to plan or choose to plan under the growth management act within urban centers... stimulate the construction of new multifamily housing and the rehabilitation of existing vacant and underutilized buildings for multifamily housing in urban centers having insufficient housing opportunities that will increase and improve residential opportunities...”



 **Affordable Housing**

## TMC Ch. 6A. 110

1. Encourage increased residential opportunities within mixed-use centers designated by the City Council...
2. Stimulate new construction or rehabilitation of existing vacant and underutilized buildings for multifamily housing...
3. Assist in directing future population growth to designated mixed-use centers
4. Achieve development densities which are more conducive to transit use...



 **Affordable Housing**

## MFTE by the numbers

**PROGRAM SUMMARY 1998-2019**

### 8-Year Exemption\*:

123 Projects Built - 23 In Permitting/Construction  
4238 Units Built - 2568 In Permitting/Construction

\*Includes projects units built under 10- year exemption program as well

### 12-Year Exemption:

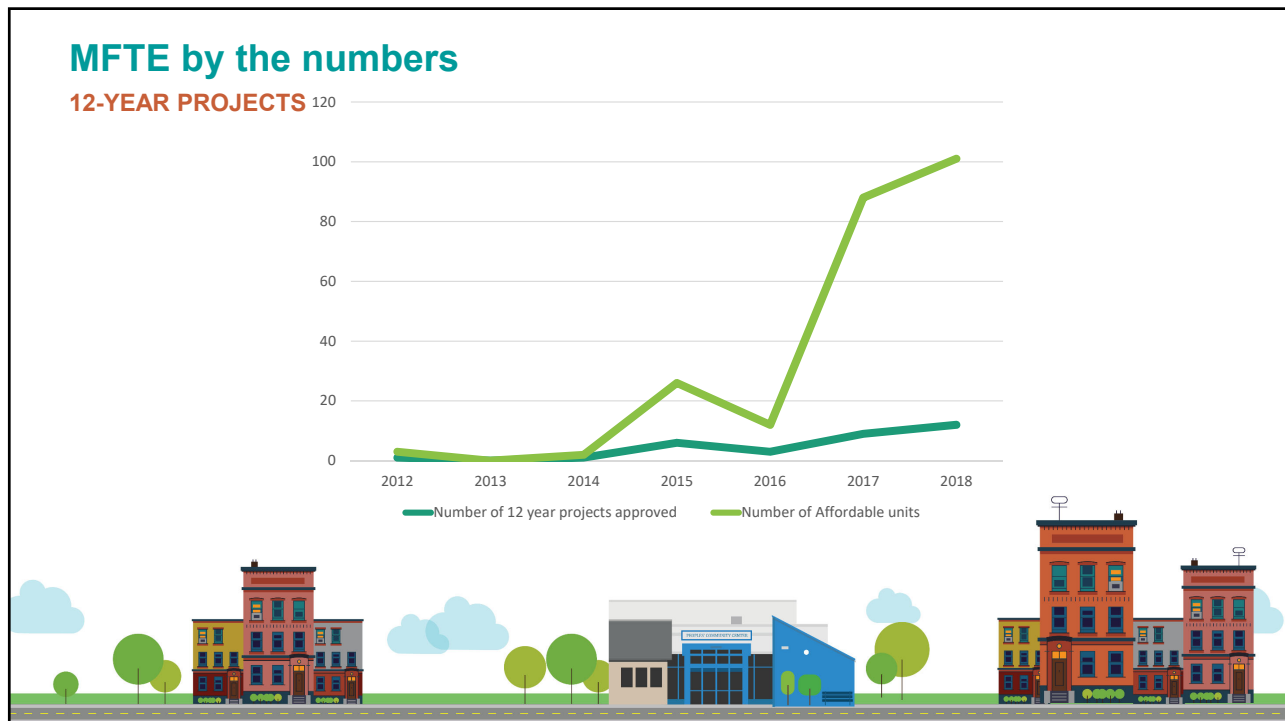
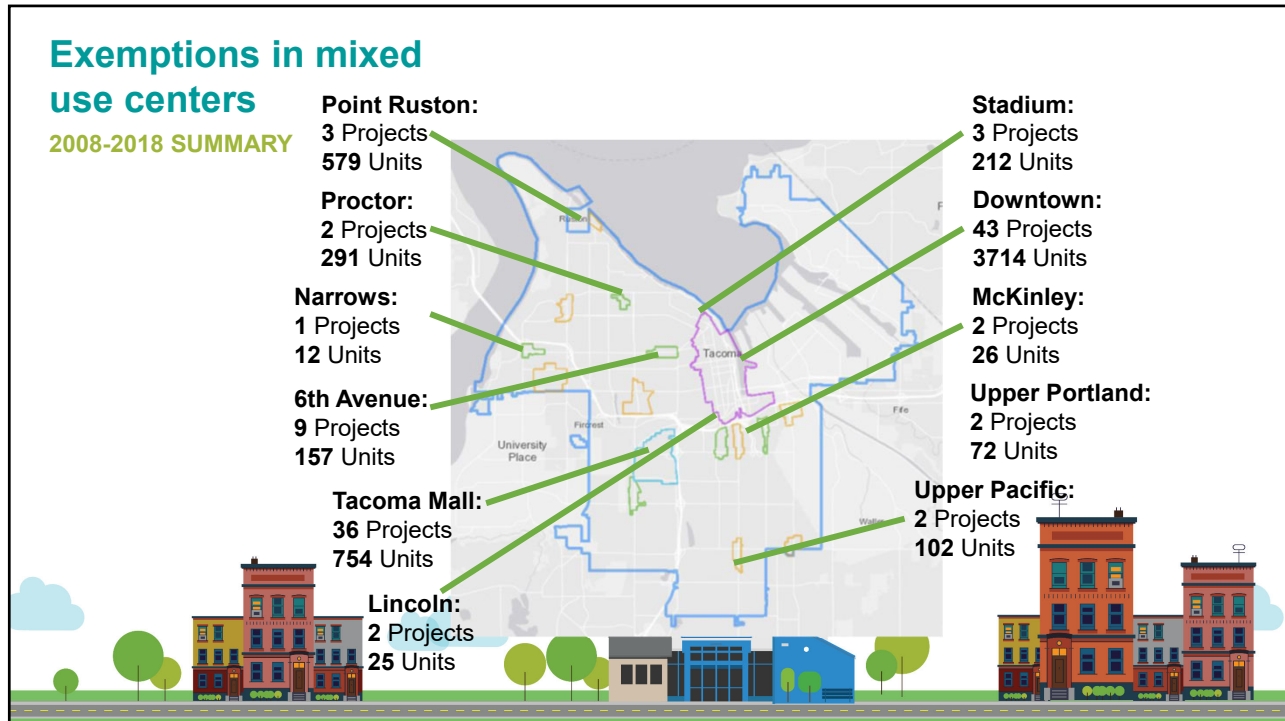
13 Projects Built - 21 In Permitting/Construction  
237 Units Built - 964 In Permitting/Construction  
*54 Affordable units Built – 201 In Permitting/Construction*

### Total:

136 Projects Built - 44 In Permitting/Construction  
4475 Units Built - 3527 In Permitting/Construction

**Total Private Investment: \$1,374,902,177**

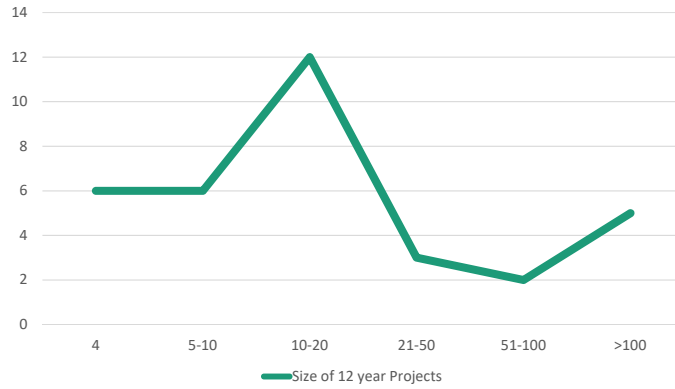




## MFTE by the numbers

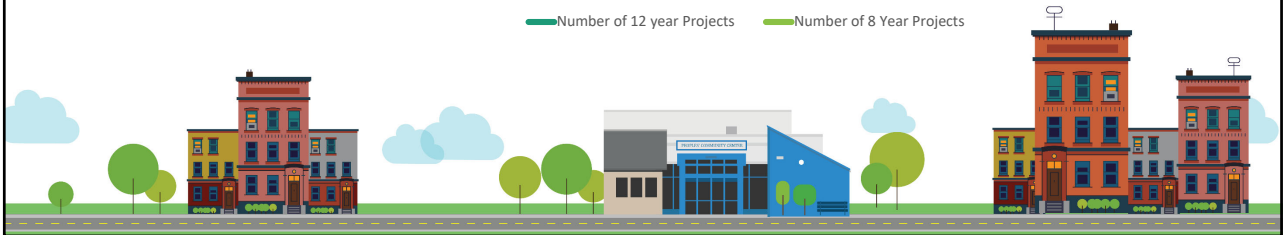
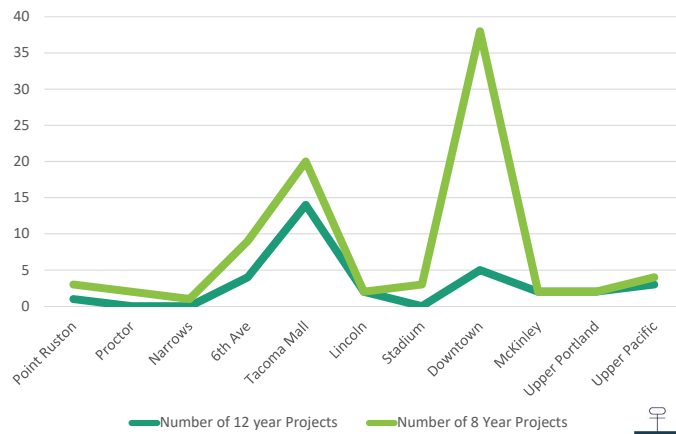
### 12-YEAR PROJECTS

Size of 12 year Projects



## MFTE by the numbers

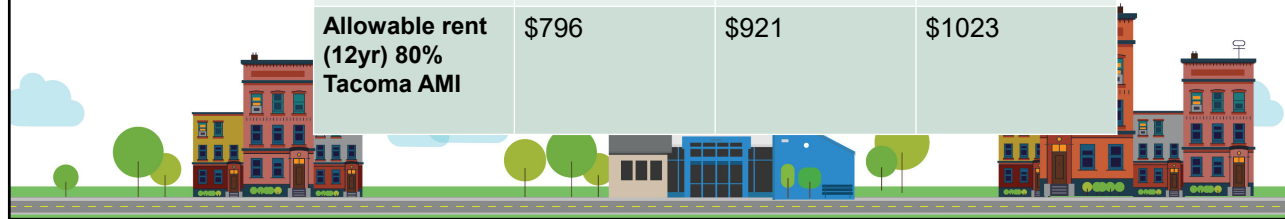
### 12-YEAR PROJECTS by MUC



## RENTAL MARKET OVERVIEW

Rental Data  
from McCament  
& Rodgers  
Rental Survey –  
Downtown  
Properties

	Studio	1-bedroom	2-bedroom
Low Income: e.g. THA, Mercy	\$739-\$860	\$627-\$966	\$803-\$1300
Lower End Market Rate: e.g. Boswick	\$750-\$1275	\$900-\$1200	\$995-\$1800
Market Rate: e.g. Stadium	\$1050-\$1800	\$1400-\$2500	\$1600-\$2700
<b>Allowable rent (12yr) 80% PC AMI</b>	\$993	\$1146	\$1276
<b>Allowable rent (12yr) 80% Tacoma AMI</b>	\$796	\$921	\$1023



## CURRENT REQUIREMENTS

- Located in a mixed-use center
- 4 or more units added
- For 12-year option – 20% of units must be rented to households at 80% or less of Pierce County Average Median Income



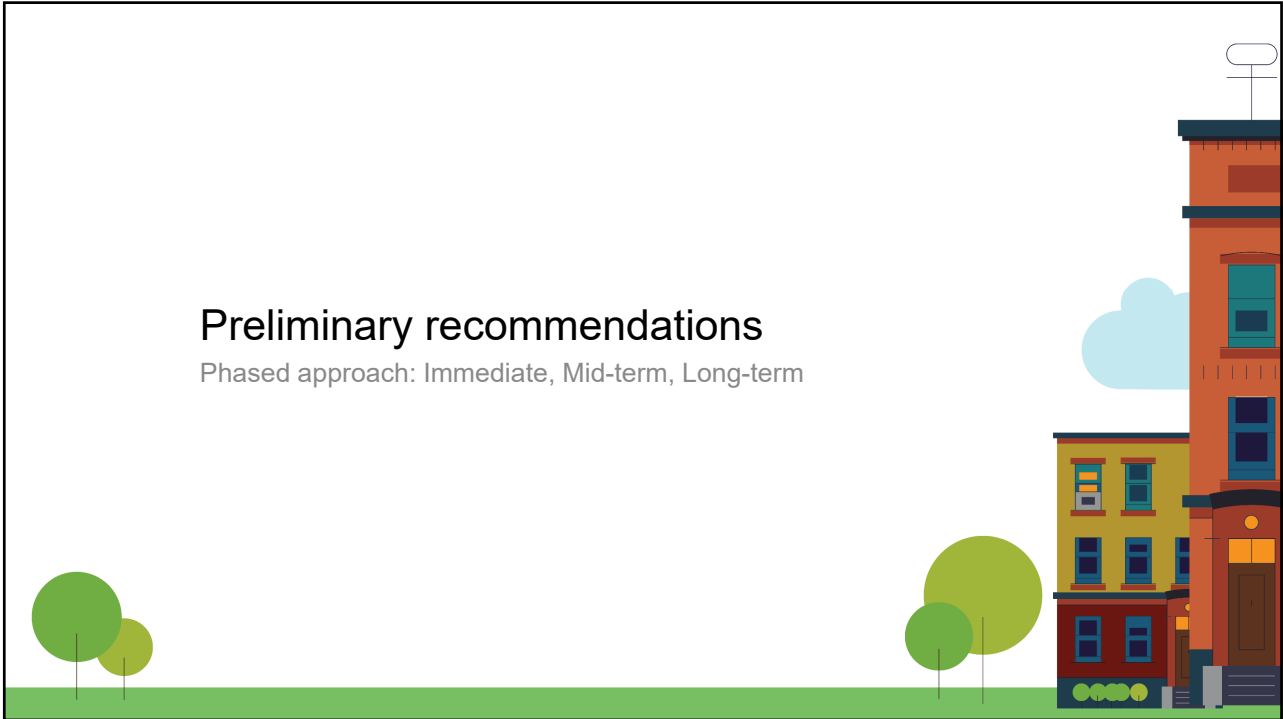
**Program parameters that can be changed by the City**

Length	Size	Affordability	Location
-8 year only	-Increase minimum size	-Restrict affordability to below 80% AMI	-Apply variable parameters to different areas
-12 year only	-mandate minimum SQFT per unit	-Tie AMI requirements to unit size, number or type	-expand beyond existing "mixed-use centers"
-use both		-add affordability to 8 year projects	



**Preliminary recommendations**

Phased approach: Immediate, Mid-term, Long-term



## Immediate

- **Incentivize 12-Year**
  - Provide resources for developers of affordable MFTE units to find eligible renters\*
  - Clarify utility allowance requirements
  - Emphasize height bonus available through 12-Year
  - Add an impact fee to the 8-Year (legality under review)
  - Additional tactics being explored by other AHAS teams
- **Require proformas / financial data as part of the application process\***
- **Begin advocacy at State level for program options with longer affordability periods**



## Council policy objectives

What policy objectives should be fulfilled by the MFTE program?



## Council policy objectives

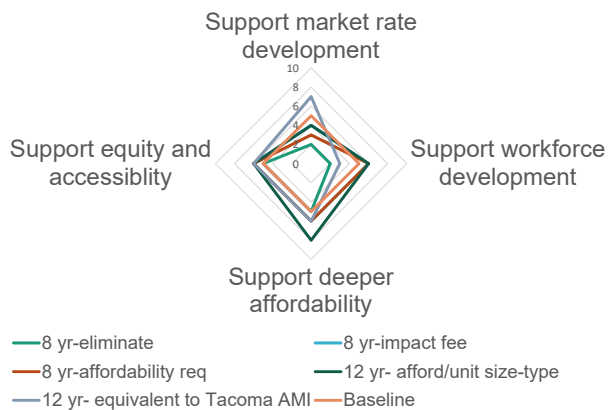
### Adapting MFTE parameters could support:

- market rate housing development
- workforce housing development
- deeper affordability levels in housing development
- equity and accessibility to affordable housing



## Council policy objectives

### Program opportunities rated against policy objectives

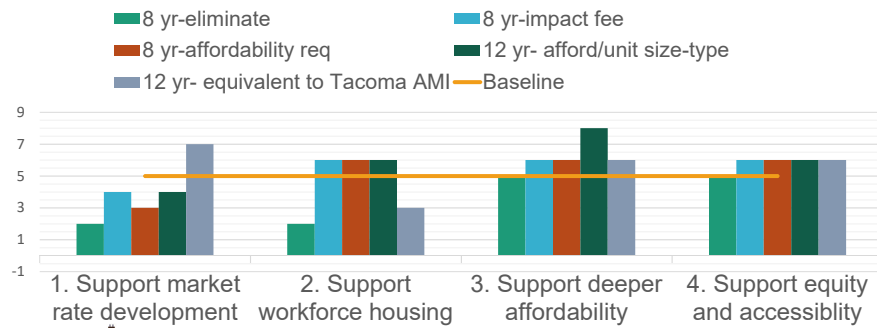




## Council policy objectives

Hypothesized impacts of modifying MFTE policy and program parameters

Rated against four main policy objectives



## Mid-term (next 3 months)

- **Implement Immediate Recommendations**
- **Data analysis to determine:**
  - Geospatial needs across the city for units with different affordability levels
  - What the is the gap in making a 12-Year project pencil
  - When will 12-Year projects pencil in different areas of the city
  - What overlapping incentivizes will support greater use of 12-Year

## Long-term (next 12-36 months)

- Find resources to help fill the current gap in making the 12-Year pencil\*
- Overlap incentives shown to make 12-Year more effective
- Area by area as 12-Year shows to pencil, phase out 8-Year option



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