



City of Tacoma

City Council Action Memorandum

TO: Elizabeth Pauli, City Manager
FROM: Felicia Medlen, Housing Division Manager, Community and Economic Development
Jeff Robinson, Director, Community and Economic Development
COPY: City Council and City Clerk's Office
SUBJECT: Resolution to authorize acceptance of a grant from the WA Department of Commerce and execute two agreements related to the grant and associated homeownership programs
DATE: November 28, 2023

SUMMARY AND PURPOSE:

A resolution authorizing the acceptance of a grant from the WA Department of Commerce and the execution of two agreements: 1. An agreement with the WA Department of Commerce in the amount of \$1,000,000 for down payment assistance and 2. An agreement with the Tacoma Community Redevelopment Authority in the amount of \$1,500,000 for homebuyer education and first-time homebuyer down payment assistance (DPA).

BACKGROUND:

This Department's recommendation is based on a homeownership disparities study that was commissioned by City Council and completed in 2021. The study identified that systemic policies and practices by government institutions had disproportionately impacted Black households, creating a system that was less likely to allow them to become homeowners compared to White households. The study also identified that the current type of homebuyer programs funded by the City were not substantially utilized by Black households and did little to remove the barriers they often experience when trying to purchase a home. An overall need for more down payment assistance options at higher amounts to help bridge the gap between home prices and a mortgage that is affordable was also a need identified by the study.

The City previously partnered with external agencies to provide down payment assistance to first time buyers in Tacoma. At the beginning of 2023 the Housing Division began planning for administering the program internally. An initial step for this was an application for DPA funding submitted to the Washington State Department of Commerce. The application was approved and awarded \$1,000,000. As a part of this proposal the City included affirmative marketing as a key component to delivering a program that is focused on households where homeownership disparities are most prevalent.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

The City utilized information gathered from the 2021 Homeownership Disparities study to understand the context of the problem by obtaining qualitative data from community stakeholders and quantitative data on the rates of homeownership, income, and home loan approval, by race and ethnicity. The Housing Division continued to gather information from stakeholders and residents by completing an additional survey that asked about barriers that were encountered or perceived about the homebuying process and what services they believe would best address those barriers.

The Housing division also put together a real estate services forum, during which we had a discussion with community providers, lenders, and real estate agents who work closely with communities at the highest risk encountering barriers in the homeownership process. This work provided us additional context on what types of resources community partners may need to better reach target populations, as well as their current capacity.



2025 STRATEGIC PRIORITIES:

Equity and Accessibility: (Mandatory)

Affordable housing is a need across all demographics, though we know that affordable housing is a disproportionate need among people of color. This legislation will implement a program aimed at reducing racial disparities in homeownership.

Economy/Workforce: Equity Index Score: Moderate Opportunity

Increase the percentage of people relocating to the city and affordability of housing compared to neighboring jurisdictions.

Civic Engagement: Equity Index Score: Moderate Opportunity

Increase the percentage of residents who believe they are able to have a positive impact on the community and express trust in the public institutions in Tacoma.

Livability: Equity Index Score: Moderate Opportunity

Decrease the percentage of individuals who are spending more than 45% of income on housing and transportation costs.

Explain how your legislation will affect the selected indicator(s).

This funding will be used to provide down payment assistance and homebuyer education services to help low-income homebuyers have a mortgage that is affordable as well as provide knowledge and access to resources that will help ensure long-term stability and build generational wealth through homeownership.

ALTERNATIVES:

Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Don't accept the Grant	None	The City will not have access to 1,000,000 toward homeownership programs
2. Not authorize the TCRA agreements	None	TCRA will not be able to implement the City's homeownership programs.

EVALUATION AND FOLLOW UP:

Successful use of funds authorized by these contracts will be demonstrated by the number of down payment assistance loans provided and the demographics of households assisted. This information would be reported on as part of the AHAS reporting.

STAFF/SPONSOR RECOMMENDATION:

The Community and Economic Development Department recommend Council accept the grant from the Department of Commerce and approve the agreements with the Department of Commerce and the TCRA.



FISCAL IMPACT:

Please provide a short summary of the fiscal impacts associated with the grant, agreement, policy action, or other action.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1. Expense:1195- CED Special Revenue	733001 – Affordable Housing Sales Tax	5330100 – External Contract Services	\$ 500,000
2. Expense:1195- CED Special Revenue	731700 – Down Payment Assistance	5330100 – External Contract Services	\$ 1,000,000
TOTAL			\$ 1,500,000

What Funding is being used to support the expense?

\$500,000 budgeted in fund 1195 Affordable Housing Sales Tax funds for the down payment assistance program and a grant from the WA Department of Commerce (\$1,000,000).

Are the expenditures and revenues planned and budgeted in this biennium’s current budget?

YES

Are there financial costs or other impacts of not implementing the legislation?

NO

Will the legislation have an ongoing/recurring fiscal impact?

NO

Will the legislation change the City’s FTE/personnel counts?

NO

ATTACHMENTS:

- Draft WA Department of Commerce contract with the City for down payment assistance
- Draft City contract with the TCRA for homebuyer services and down payment assistance