



City of Tacoma

TO: City Council
FROM: Christina Caan, Council Policy Analyst, City Manager’s Office
Melanie Harding, Assistant to the City Manager, City Manager’s Office
COPY: City Manager and City Clerk
SUBJECT: Ordinance to amend Chapter 1.95 of the Municipal Code, relating to the Rental Housing Code, to establish economic displacement relocation assistance
DATE: July 11, 2023

SUMMARY AND PURPOSE: An ordinance amending Chapter 1.95 of the Municipal Code, relating to the Rental Housing Code, to establish economic displacement relocation assistance.

COUNCIL SPONSORS: Council Member Kiara Daniels and Council Member Olgy Diaz

BACKGROUND: Tacoma is grappling with an affordable housing crisis that is driving homelessness and displacement in the city, particularly for residents with a disability, seniors, single mothers, and people of color. People living at or below 50 percent of the area median income (AMI) in Tacoma who face a ten percent rent increase within a 12-month period are more likely to be unable to secure a new rental unit due to the high costs of move-in fees, putting them at greater risk of losing housing or being forced to leave the city to find more affordable housing. Economic displacement relocation assistance will help advance efforts to protect Tacoma’s most vulnerable renters and ensure they can remain housed in the city.

ORDINANCE OVERVIEW: This amendment creates an economic displacement relocation assistance program for tenants at or below 50 percent AMI facing a ten percent rent increase within a 12-month period who comply with the deadlines or extensions articulated in the ordinance. The City and the tenant’s landlord will share the cost of economic displacement relocation assistance equally, with the City paying 50 percent and the landlord contributing 50 percent. Any eligible tenant must identify a new rental dwelling unit in the City of Tacoma within six months to receive their approved assistance.

- **EXEMPTIONS:** Owners renting twenty dwelling units or less in Tacoma are exempt. No tenant of “deed-restricted affordable housing” or subsidized housing as defined by RCW 59.18.030 will be entitled to economic displacement relocation assistance from the City or landlord. In addition, the intent of the program is to help ensure tenants who wish to remain housed in Tacoma are not displaced. To meet this intent, no tenant shall be entitled to this economic displacement relocation assistance if their new identified rental dwelling unit is outside of the city limits of Tacoma.
- **CITY FUNDS CAPPED:** The City’s financial contribution to the program will launch with a capped fund of \$30,000, and the City’s responsibility to provide assistance will conclude once the approved funding is fully expended, unless additional funding is approved.



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- **LAUNCH DATE:** The ordinance will come into effect on January 1, 2024 to allow the Office of Equity and Human Rights sufficient time to develop internal processes and materials for managing and advertising the program.
- **REVIEW:** The ordinance will require staff review of the program no later than one year after implementation. Staff review will include information on how many people this new economic displacement relocation assistance kept housed in Tacoma, data collected by the program on the scope and scale of the demand for such assistance, and any other research areas as determined by the City Manager to inform future policy decisions and program support.

BENEFITS OF A CAPPED FUND: Launching the economic displacement relocation assistance program with a capped fund allows the City to better manage financial risk arising from current data limitations and make future decisions on funding after additional data is collected. To calculate the amount of funding the City would spend on economic displacement relocation assistance without a capped fund, the City would need to know the number of qualified applicants per year and the monthly rental price of the units those qualified applicants rented. However, the City currently lacks sufficient data to estimate either of these figures, creating substantial variation in cost estimates. Additional data collected as the program is implemented will narrow these cost estimates.

- For example, without additional data the cost estimates vary widely: If 100 qualified applicants who each had units that rented for \$1,000 per month received funding, the program would cost the City \$100,000. If the City had 250 qualified applicants who each had units that rented for \$1,500 per month, the program would cost the City \$375,000. If the City had 500 qualified applicants who each had units that rented for \$2,000 per month, the program would cost the City \$1,000,000.

CALCULATION OF ASSISTANCE AMOUNT: The amount of relocation assistance will be calculated as follows:

- 1) determine the average monthly rental cost for the rental dwelling unit, based upon either: the rental costs for the 12 months prior to the effective date of the rent increase or for the household's tenancy in the rental dwelling unit, whichever period is shorter;
- 2) identify the number of households that occupy the rental dwelling unit and divide the average monthly rental cost by the number of households, resulting in the average monthly rental cost per household; and
- 3) multiply the average monthly rental cost per household by two.

CITY AND LANDLORD CONTRIBUTIONS: The City recognizes that there may be extraordinary circumstances that compel a landlord to raise rent above ten percent within a 12-month period. The City aims to assist landlords, as well as tenants, during these extraordinary circumstances. Therefore, the program is structured to require the City to pay 50 percent and the landlord to pay 50 percent of the economic displacement relocation assistance. The City shall provide payment to the tenant's new



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identified landlord, while landlords have the option to provide their payment directly to the tenant or to the tenant's new identified landlord.

- For example: An eligible household renting a unit for an average rent of \$1,200 during the past 12 months would receive a total of \$2,400 in assistance, with half of the total provided by the landlord and other half provided by the City. An eligible household renting a unit for an average rent of \$2,000 during the past 12 months would receive a total of \$4,000 in assistance, with half of the total provided by the landlord and other half provided by the City.

APPLICATION AND PAYMENT PROCESS: Applications for economic displacement relocation assistance must be submitted between 30 days after a tenant in the household receives the required rent-increase notice or 60 days after the rent increase goes into effect, unless an extension is approved by the City, per specified criteria outlined in the ordinance. This will allow the tenant sufficient time to determine whether they can afford the rent increase. If the tenant is deemed eligible for assistance, the City will provide its portion of the payment to the tenant's identified new landlord. The tenant has six months to identify a new rental dwelling unit within the city limits of Tacoma after the tenant is approved for assistance. If the tenant cannot identify new housing within in the city limits of Tacoma within six months of an approved application, the tenant will no longer be eligible for the approved assistance.

REFUND AND APPEALS PROCESS: If the household fails to vacate the rental dwelling unit by the date identified on the written notice of vacation, rescinds its notice of vacation, or withdraws the application for economic displacement relocation assistance, any economic displacement relocation assistance provided by the landlord or City must be refunded within 10 days. The City's ability to pay the identified new landlord rather than the approved tenant will enable the City to have greater options to enforce a refund if needed, providing some protection from financial loss in such a scenario. Landlords and tenants may appeal the City's decision approving or denying the application for economic displacement relocation assistance, including the calculation of the amount of assistance required, per specific criteria outlined in the ordinance.

POTENTIAL REACH OF A CAPPED FUND: Based on Housing and Urban Development (HUD) fair rental rates in Pierce County, the City's \$30,000 capped fund could provide assistance for approximately 25 people in efficiency units (\$1,174); 23 people in a one-bedroom (\$1,308); or 18 people in a two bedroom (\$1,643). Rental rates in Tacoma do not always align with HUD fair rental rates, so the number of people assisted by unit size may be smaller. For example, if a two-bedroom rents for \$2,000 rather than \$1,643, the funding would be sufficient for 15 people, rather than 18 people.



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ORDINANCE TIMELINE: This amendment comes into effect on January 1, 2024. This will allow City staff time to develop the internal City mechanisms needed to operationalize this program, such as time to develop appropriate materials to inform residents about the program, materials to provide for applicants, and City processes for reviewing applications. The ordinance will also require review no later than one year after implementation, to include information on how many people this new economic displacement relocation assistance has kept housed in Tacoma, data collected by the program on the scope and scale of the demand for such assistance, and any other research areas as determined by the City Manager to inform future policy decisions and program support.

COMPARISON TO OTHER CITIES: Seattle has an economic displacement relocation assistance program that is provided to tenants at or below 80 percent AMI who face a ten percent rent increase within a 12-month period. The amount is calculated as three times the tenant’s monthly housing cost and the landlord pays 100 percent of the assistance. Tacoma should not follow Seattle’s model in part because it is punitive to landlords who may face extraordinary circumstances where a ten percent rent increase within a 12-month period is needed.

Economic Displacement Relocation Assistance Program	Seattle	Tacoma
Eligibility regarding amount of rent increase in 12-month period	10 percent or above	10 percent or above
Eligibility regarding AMI level	At or below 80 percent AMI	At or below 50 percent AMI
Calculated amount of assistance	Multiply the average monthly housing costs per household by three	Multiply the average monthly housing costs per household by two
Contribution from City	None (landlord pays 100 percent)	City contributes 50 percent and landlord contributes 50 percent
City Funding Level	None (no City contribution)	\$30,000 capped fund
Exemptions	None	1) “Deed-restricted affordable housing” and subsidized housing as defined by RCW 59.18.030; 2) owners with twenty or fewer units in Tacoma; and 3) new identified rental dwelling unit must be in Tacoma to receive approved assistance

2025 STRATEGIC PRIORITIES

Equity and Accessibility: This amendment will enhance the City’s ability to assist tenants who are at or below 50 percent AMI to remain housed in Tacoma. These residents tend to include those with a



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disability, seniors, single mothers, and people of color. In addition, the amendment will help prevent some displacement and homelessness in Tacoma among the City's most vulnerable populations, while also enabling greater data collection on economic displacement to enable the City to advance further preventative measures. The amendment will also avoid creating economic barriers to small-scale landlords by exempting them from economic displacement relocation assistance.

Economy/Workforce: *Equity Index Score:* Moderate Opportunity

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

Livability: *Equity Index Score:* Moderate Opportunity

Improve access and proximity by residents to diverse income levels and race/ethnicity to community facilities, services, infrastructure, and employment.

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

Increase positive public perception of safety and overall quality of life.

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

The amendment will decrease the amount of income renters at or below 50 percent AMI need to spend on housing by helping to alleviate the financial burden of high move-in fees and other fees associated with relocation. In addition, the amendment will enable more people to remain housed in Tacoma by removing barriers to relocation.

EVALUATION AND FOLLOW UP:

Staff will review the economic displacement relocation assistance program no later than one year after implementation to evaluate the scope and scale of the demand and data collected via the application progress and engagement with the community. During that review, the City Council can approve additional funding or reevaluate the size of the funding and other elements related to the terms of eligibility and exceptions as needed based on staff evaluations.

SPONSOR RECOMMENDATION:

The Sponsors recommend adoption of the amendment.

FISCAL NOTE: A capped fund will allow the City to begin assisting people in need and help prevent some of the most vulnerable Tacoma residents from becoming homeless or being displaced. In addition, the program will enable the City to collect data on the scope and scale of the demand for this type of relocation assistance, enhancing the City's ability to make future decisions on funding for the program. In addition, such data will help the City identify measures to prevent further economic displacement by identifying factors that might be creating situations where a ten percent or greater rent increase is implemented within a 12-month period. Data to be collected includes information such as demographics, rental unit size, monthly rent payment, size of household, and location.



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There are no additional costs for the program due to the Office of Equity and Human Rights existing resources and programs, no recurring fiscal impact, and no changes to the City's FTE or personnel counts.

REVENUE

Fund	Cost Center	Cost Element	Biennium Total
0010 - General Fund (City Contribution)	652000	4300000	-\$30,000

EXPENSE

Fund	Cost Center	Cost Element	Biennium Total
0010 - General Fund	658000	5330100	\$30,000