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COPY: Infrastructure, Planning and Sustainability Committee  
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SUBJECT: Proposed Area Median Income Updates for the Disposition Policy for General Government Real Property  
DATE: June 22, 2022

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PRESENTATION TYPE:  
Informational Briefing

**SUMMARY:**

Staff will present to Committee Members the history of how the City developed the 2019 updates to the real property disposition policy, specific to why the City used 50% Area Median Income (AMI) as a baseline requirement. Staff will lead a discussion on how those percentages affect current homeownership programs and opportunities, and whether the City should consider changing the policy's baseline AMI requirements. Staff will present on the pros/cons of alternatives to updating the AMI percentages, and methods the City could utilize to balance the goals of both homeownership and increasing the number of units of affordable housing overall.

**BACKGROUND:**

In 2019 the City passed an updated policy for General Government dispositions of real property. Based at that time on input received by staff from the Affordable Housing Action Strategy Tacoma Advisory Group (AHAS TAG) and Council Members on the Infrastructure, Planning and Sustainability Committee, baseline requirements for affordable housing were set in the policy using specific AMI percentages.

For Tier 1 and 2 properties, the AMI baselines were set at a minimum of 25% units constructed at or below 50% AMI. Further weight was offered for proposals meeting 50% units constructed at or below 30% AMI.

For those real properties the City would convey at no cost under the Policy's enactment of House Bill 2382 (2017-2018 Regular Session), the AMI baseline was set at a minimum of 50% units constructed at or below 50% AMI.

The stated baseline requirements currently apply to all proposed residential General Government dispositions, regardless of whether the proposed development is a rental or homeownership model.



**ISSUE:**

The City completed their 2021 Disparity Study focused on homeownership, and has goals related to homeownership within the Affordable Housing Action Strategy. New programs such as the Black Homeownership Initiative, have placed focus on homeownership opportunities. Most homeownership programs target 80% AMI as their baseline. The current City policy sets baselines lower than 80% AMI and therefore limits the ability to advance proposals for homeownership projects.

In addition, the current policy sets AMI baselines, without offering alternative sliding scales for proposed rental developments. This limits staff's ability to secure affordability in new development where no proposals are made at 50% AMI. Adding a sliding scale will broaden the City's ability to achieve affordability in a greater number of developments, thereby increasing our total number of affordable units.

Staff also seek to determine whether Council prioritizes a particular type of development (Rental vs Ownership) where Request For Proposals receive multiple responses including both types of development.

**ALTERNATIVES:**

This is an information briefing only. There are no alternatives presented.

**FISCAL IMPACT:**

This is an information briefing only. There is no fiscal impact.

**RECOMMENDATION:**

Staff will use today's discussion to inform potential language changes to the current policy, and will return to either Committee and/or Study Session at a later date to present those changes.