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**PRESENTERS:** Peter Huffman, Planning and Development Services  
Jennifer Hines, Public Works  
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**SUBJECT:** Affordable Housing Incentives  
**DATE:** December 17, 2019

**PRESENTATION TYPE:**

Informational Briefing

**SUMMARY:**

Staff will present current and possible future incentives to promote the development of affordable housing. Committee members will learn about incentives offered through the following departments:

1. Community and Economic Development
2. Planning and Development Services
3. Public Works
4. Tacoma Public Utilities

**BACKGROUND:**

The Committee requested that staff present information on current and future financial incentives that will support the development of affordable housing. Currently, multiple departments provide an array of incentives. The Affordable Housing Action Strategy (AHAS) recommends additional incentives that are currently under discussion among various tactical teams.

**ISSUE:**

As stated in the AHAS, the City lacks affordable, high-quality homes for all its residents. To address this problem, some incentives are currently in place with more under consideration. Below is a summary of those incentives and their connection to various actions included in the AHAS. Staff from the various departments will provide more detailed information to the Committee.

1. AHAS Action 1.3: Update the Multifamily Tax Exemption Program (MFPTE) to increase its impact: The purpose of the "tax incentive for multifamily housing" is to encourage the development of multifamily housing in Tacoma's seventeen Mixed-Use Centers. The City offers a property tax exemption to eligible property owners. This incentive exempts property taxes for 8 or 12 years on the improvements that create 4 or more additional housing units. To qualify for the 12 year exemption, at least 20% of the newly created units must be affordable to renters which household incomes no greater than 80% of the area median income (AMI), or homebuyers with housing incomes no greater than 115% of AMI. There are proposed changes to this program currently under consideration.



2. AHAS Action 1.5: Create consistent standards for fee waiver eligibility and resources to offset waived fees: Consistent with the criteria in the Tacoma Municipal Code (TMC), Planning and Development Services (PDS) offers fee waivers for single family and multi-family residential projects as well as fee waivers for commercial development projects. PDS has \$50,000 in its 2019-2020 biennial budget for fee waivers and to date has granted fee waivers totaling over \$18,000 leaving a remaining budget of approximately \$31,000 for the biennium. PDS staff will provide the Committee the specific TMC fee waiver criteria and a list of projects that have been granted fee waivers this year in a handout at the Committee meeting.
3. AHAS Action 1.6: Create a process to coordinate public investments into capital improvements, with affordable housing activities to reduce the overall cost of development: In order to spur additional development of affordable housing units within the City, a fund will be established to contribute to off-site development costs based upon specific criteria. This will be a two-tier system of baseline criteria and will include a covenant for affordability to be met for a certain number of years. This item, when coupled with other AHAS objectives (such as MFPTE and Permit Fee Waivers) can assist in reaching the City's goal of increasing the creation of new affordable units.
4. AHAS Action 1.8: Encourage more diverse types of housing development through relaxed land use standards, technical assistance, and financial incentives: Tacoma Public Utilities continues to participate in the AHAS implementation effort to help address this important issue. As the AHAS process continues, TPU staff will continue to explore policy recommendations, including incentives, designed to enhance housing affordability. Important considerations regarding affordability, including incentives, are:
  - Policies would need to balance legal restrictions on the use of ratepayer dollars with options to assist the poor and infirm.
  - The Public Utility Board (PUB) would likely need to approve policies to enhance housing affordability, including incentives.
  - Policymakers may want to ensure that policies concerning affordability have adequate oversight and enforceability to ensure they are meeting policy goals and protecting other ratepayers into the future. That oversight may require shared oversight of TPU and the General Government.

**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:**

This is an information briefing only. There is no recommendation.