

Affordable Housing

House Bill (HB) 1590 Funding

March 23, 2021 Council Study Session



House Bill 1590 / RCW 82.14.530

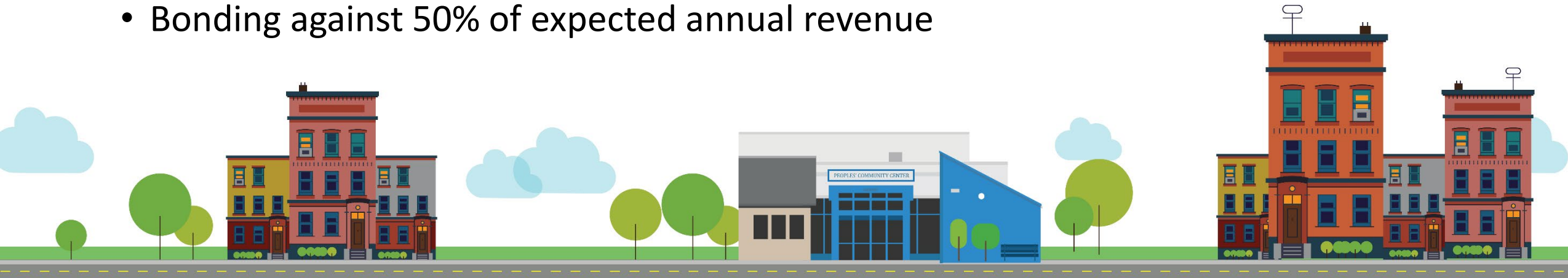
- Passed by Legislature in 2020
- Added Councilmanic authority for 1/10th of 1% Sales Tax Levy
- Allows a broad range of affordable housing activities
- Populations at or below 60% Area Median Income
- Veterans, Senior Citizens, Homeless, or At-risk of Homelessness, Unaccompanied homeless youth or young adults, Persons with disabilities, or Domestic Violence survivors



Eligible Activities

Allocation	Requirements
At least 60% of proceeds	<ol style="list-style-type: none"> 1) Constructing affordable housing – including new units within an existing structure and facilities providing housing-related services; 2) Constructing mental and behavioral health-related facilities; 3) Funding operations and maintenance of new affordable housing and facilities where housing-related programs are provided, or newly constructed evaluation and treatment centers
Remaining Funds (40% balance)	<ol style="list-style-type: none"> 1) Used for operation, delivery or evaluation of mental and behavioral health treatment programs and services or housing-related services

- Bonding against 50% of expected annual revenue



AHAS Alignment With HB 1590

“Creating dedicated sources of funding – whether general funds, property tax levy, real estate transaction fees or other methods – that provide the City’s Housing Trust Fund with greater and more reliable resources to preserve and build new housing”.

Action 1.9 – “Establish a dedicated source of funding for the Tacoma Housing Trust Fund”.

Action 4.4 – “Earmark a portion of new or expanded sources of local funding to provide support services in new development”.

10 Year Need / Goal of 6,000 new affordable units



Sales Tax Impacts and Projected Revenue

- 1/10th of 1% raises the Sales Tax from 10.2% to 10.3%
- 1/10th of 1% would add a penny to each \$10.00 purchase
- 1/10th of 1% would add a dime to each \$100.00 purchase
- Estimated annual revenue = between \$4.5 and \$5.5M;
- \$5M received @ approximately \$1.25M quarterly



Project Profiles

- Projects solicited through annual NOFA, RFPs
- Reviewed and approved by Tacoma Community Redevelopment Authority (TCRA)
- City investment of HUD funds from Community Development Block Grant and HOME Investment Partnership programs



Mercy Senior Housing

- **60 Units** **Cost per unit: \$ 338,648**



City	\$	1,000,000
County	\$	400,000
HUD 202	\$	2,293,000
LIHTC Equity	\$	13,125,897
WA HTF	\$	3,500,000
Total	\$	20,318,897



Rise on 19th

- **69 Units** **Cost per unit: \$ 323,125**



City	\$	527,006
Private Loan	\$	5,050,000
Sponsor	\$	2,414,439
LIHTC Equity	\$	12,504,237
WA HTF	\$	1,800,000
Total	\$	22,295,682



YWCA Home at Last

- **54 units** **Cost per unit: \$ 429,601**



City	\$ 1,050,000
County	\$ 825,000
Developer Fee	\$ 473,049
FHLB	\$ 750,000
WA HTF	\$ 4,500,000
LIHTC Equity	\$ 12,220,771
Commercial	\$ 3,379,635
Total	\$ 23,198,455



Arlington Youth Campus

- **Arlington Youth Apartments** **58 Units** **Cost per unit: \$391,563**
- **Crisis Residential Center** **15 Bed Shelter** **Cost per Bed: \$ 226,578**

Apartments	FHLB	\$	750,000
	Sponsor	\$	1,433,636
	Private Loan	\$	2,600,000
	LIHTC Equity	\$	13,637,057
	WA HTF	\$	4,290,000
	Sub-Total	\$	22,710,693
Shelter	City	\$	2,300,000
	County	\$	685,945
	Sponsor	\$	334,728
	Other	\$	78,000
	Sub-Total	\$	3,398,673
Total		\$	26,109,366



Hilltop Lofts

- **57 Units** **Cost per unit: \$ 272,406**



City	\$	600,000
County	\$	650,000
Developer Fee	\$	209,863
LIHTC Equity	\$	11,467,300
WA HTF	\$	2,600,000
Total	\$	15,527,163

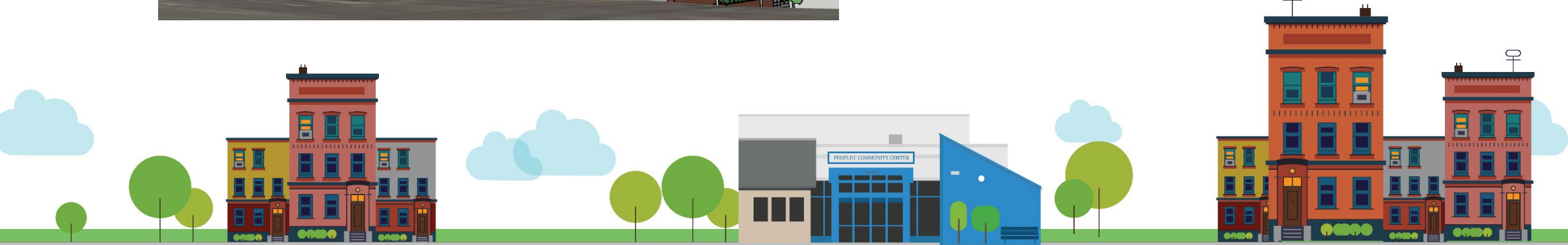


KWA 15th & Tacoma

- **82 Units** **Cost per unit: \$ 249,963**



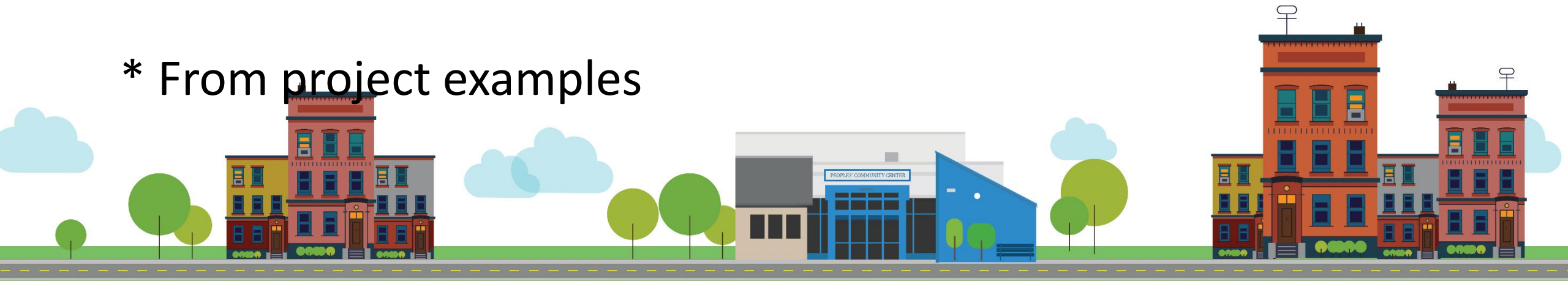
City	\$	2,150,000
County	\$	2,150,000
Developer Fee	\$	329,728
FHLB	\$	800,000
WA HTF	\$	4,000,000
HUD 202	\$	4,836,810
Private Loan	\$	3,080,000
Commercial	\$	3,150,475
Total	\$	20,497,013



Synopsis of Project Profiles

- Total development cost for assisted projects: \$127,946,576
- Total City investment: \$7,627,006
- Average leverage ratio: \$16:\$1
- 395 units*
- City investment per unit \$20,000

* From project examples



Leveraged Funding and Estimated Units

- \$3M (60% of anticipated annual receipts of \$5M)*
- Leveraged 16:1 with other private and public sources of \$48M
- Total investment of \$51M
- \$320K per unit (City share approximately \$20,000)
- 157 units funded annually**

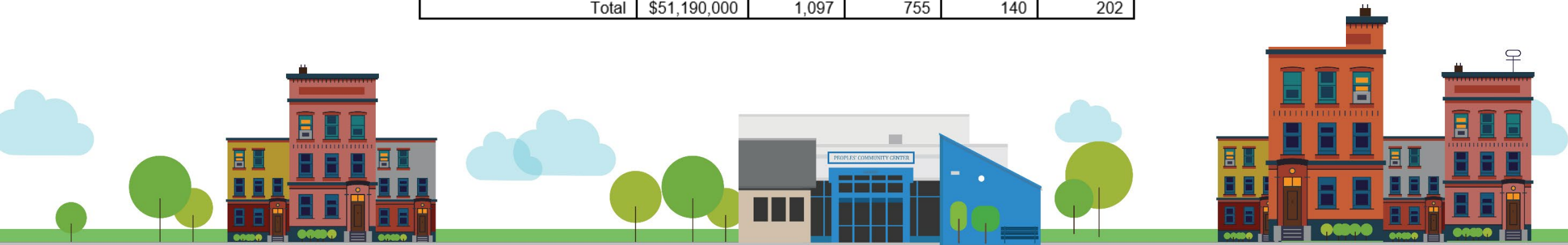
* Non-bonded

** Additional affordable units will be supported through other sources



Project Pipeline

Applicant	Project Name	Potential Request	Total Units	AMI Served			Target Population
				60%	50%	30%	
Cascade Affordable Housing	The Lookout	\$5,000,000	182	182	-	-	Seniors
Catholic Housing Services	G Street Senior Veteran	\$5,000,000	70	-	35	35	Senior veterans
CJK Community Homes	Eastside Project	\$3,900,000	14	-	-	14	Homeless Households
CJK Community Homes	Proctor Project	\$1,890,000	3	-	-	3	Homeless Households
Greater Christ Temple Church	Yakima Ave Multi Plex	\$5,000,000	200	200	-	-	General/Families
LIHI	Lincoln District Project	\$7,000,000	100	60	20	20	General/Families
Multi Service Center	Tacoma Veterans House	\$3,400,000	52	13	13	26	Homeless/Veterans
Shilo Baptist Church	Shilo Baptist - Phase I	\$3,000,000	23	-	12	11	General/Families
Shilo Baptist Church	Shilo Baptist - Phase II	\$3,000,000	15	-	7	8	General/Families
Tacoma Housing Authority	1500 Hillside	\$3,000,000	50	12	13	25	General/Families
Tacoma Housing Authority	Hilltop	\$5,000,000	188	188	-	-	General/Families
Tacoma Housing Authority	James Center	\$2,000,000	100	-	40	60	General/Families
Tacoma Housing Authority	Rite Aid	\$4,000,000	100	100	-	-	General/Families
Total		\$51,190,000	1,097	755	140	202	



Other Potential Investment Opportunities*

- Existing Apartments
- Hotels & Motels
- Single Family Houses / Rehabilitations
- Undeveloped Property

**Pending passage of HB 1070 that adds acquisitions as eligible use*



Potential Next Steps – Bonding Prospects

- HB 1590 allows for Bonding against up to 50% of an estimated \$5M annual revenue = \$2M
- Bonding against \$2.0M in annual receipts @3.5% over 20 years could generate:
 - \$20M with debt service of \$1.4M annually to allow for opportunity acquisitions
 - Balance of \$3.6M annually for additional uses such as supportive services and additional development



Bonding – Opportunities and Responsiveness

- Get program to scale – Do more, more quickly
- Historically low interest rates create unique opportunity to borrow
- Respond quickly to acquisition opportunities*
- Provide gap funding for “almost whole” projects

**Pending passage of HB 1070 that adds acquisitions as an eligible use*



Key Elements of Proposed Ordinance

- Parameters set by State
- Community-informed Strategic Spending Plan (SSP)
- Council Review of SSP Prior to Investment
- Promotes the use local work force and subcontracting businesses and best efforts to comply with the Local Employment and Apprenticeship Training and Equity in Contracting programs



Strategic Spending Plan Elements

- Broad-based stakeholder planning process
- Recommendation to bond or not
- Priority population segments / Area Median Income
- Priority development projects /Option for mixed-income
- Unit types (studios, 1,2 3 bedrooms)
- Term of affordability
- Types of support services & operating support
- Reports to Council & Community



What's Next ?

- March 23
 - March 23
 - March 30
 - April 12
 - April-September
 - July 1
 - September/October
 - 2022
- Study Session 2
- First reading of Ordinance
- Second Reading
- Notify Department of Revenue
- Develop Strategic Spending Plan with Community Stakeholders
- Collection begins per RCW 82.14.055(1).
- City begins to receive revenue
- Initial Investments



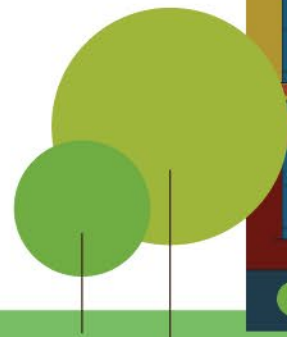
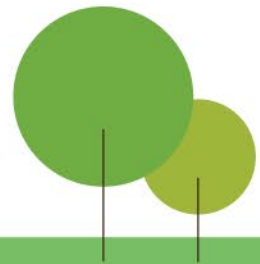
Questions



Affordable Housing

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February 23, 2021



Pierce County: Area Median Income Limits

Household Size	30% of Area Median Income Limit (Extremely Low Income)	50% of Area Median Income Limit (Very Low Income)	60% of Area Median Income Limit	80% of Area Median Income Limit (Low Income)
1	\$18,200	\$30,300	\$36,360	\$48,450
2	\$20,800	\$34,600	\$41,520	\$55,400
3	\$23,400	\$38,950	\$46,740	\$62,300
4	\$25,950	\$43,250	\$51,900	\$69,200
5	\$28,050	\$46,750	\$56,100	\$74,750
6	\$30,150	\$50,200	\$60,240	\$80,300
7	\$32,200	\$53,650	\$64,380	\$85,850
8	\$34,300	\$57,100	\$68,520	\$91,350

