

1

Affordable Housing

House Bill (HB) 1590 Funding

March 23, 2021 City Council Meeting

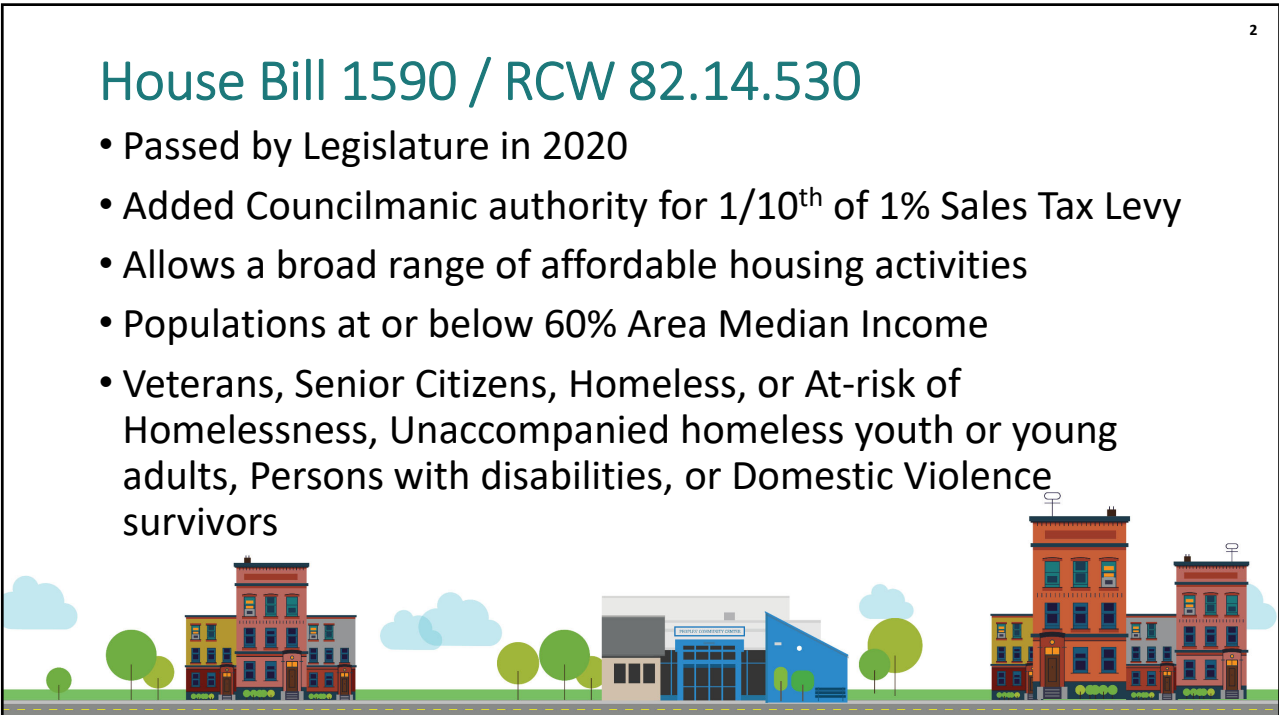


The illustration shows a vibrant city street scene. On the right, a tall, multi-story brick building with blue windows and a central entrance stands prominently. To its left, a shorter, yellow building is visible. The foreground features a green lawn with several stylized trees in shades of green. The sky is white with light blue clouds. A small antenna is visible on the roof of the tallest building.

2

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



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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

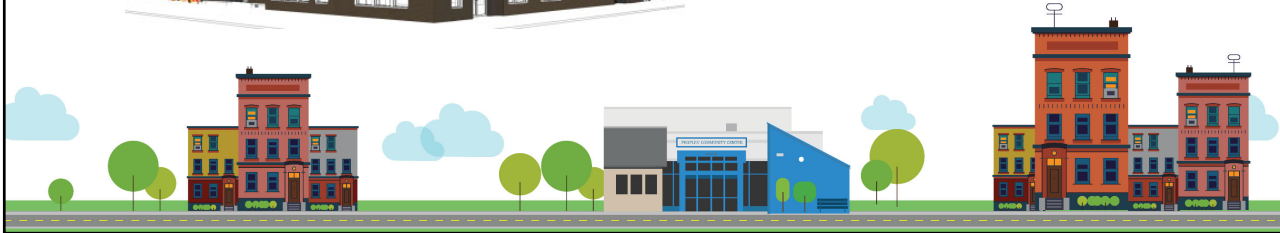


Hilltop Lofts

• 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

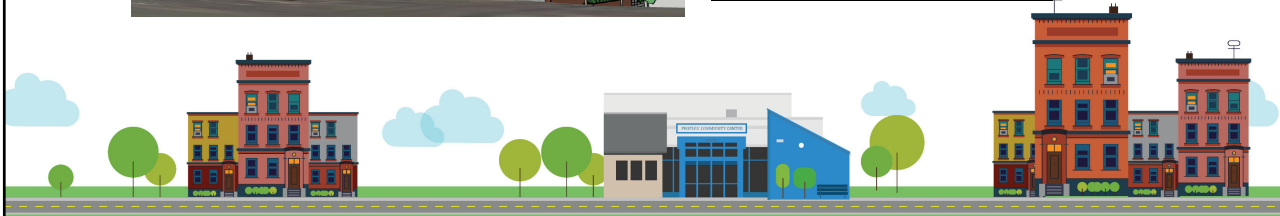


KWA 15th & Tacoma

• 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**

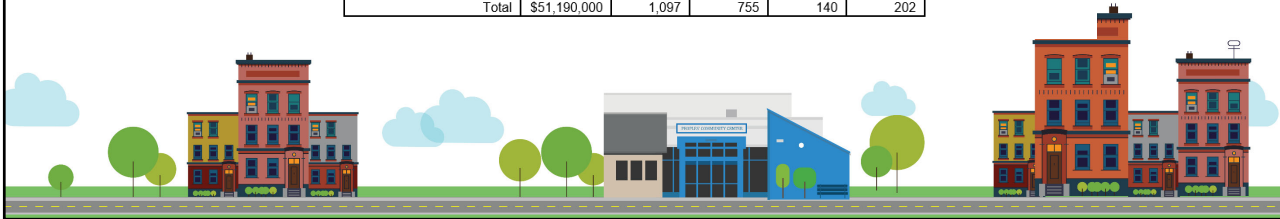
* Non-bonded

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



Questions



23

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February 23, 2021




24

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

