



February 8, 2021

By email

Mayor Woodards and City Councilmembers
City of Tacoma
Tacoma Municipal Building
747 Market Street, 12th Floor
Tacoma, WA 98402

Re: HB 1590 Tax for Affordable Housing

Dear Mayor Woodards and City Councilmembers:

I understand that the City Council is considering a sales tax increase of 1/10th of 1% sales tax for affordable housing. HB 1590 (RCW 82.14.530) allows the City to do this by a vote of its Council. This would add a penny of sales tax to an eligible \$10 purchase. I understand that it would generate about \$5 million a year. I write on behalf of the Tacoma Housing Authority (THA) to thank the Council for considering this. Such a local housing source of financing would be an important new resource for the City that THA strongly favors.

I know that the Council needs no reminder that the City faces a crisis shortage of affordable housing and supportive services for its low-income, homeless and elderly residents. I also assume that the City Council appreciates the value of a local housing trust fund. It will not only allow for the development of more housing and more supportive services. It will also generate yet more financing from other places. It will do this by making local developers, such as THA, more competitive for financing from the Washington State Housing Finance Commission, tax credit equity investors, the State Housing Trust Fund, commercial debt, and other public and private sources. This need and these advantages are why creating such a fund is a prominent recommendation in the City's Affordable Housing Action Strategies (AHAS)(September 2018). *See* Section 7.

The Council does need adequate assurance that the City is prepared to put the new revenue to good use. THA is positioned to provide that assurance with its own development pipeline and programs that the financing will make possible. I know that the imposing of this tax does not guarantee that THA's projects will receive this new revenue and that THA will have to apply and compete for funding. Yet, a brief description of what the revenue will allow THA to create, build, or do may give the Council the assurance it needs that the HB 1590 revenue will be bring good value to the City. Here are some examples from THA:

- **THA Hilltop Housing Developments and Investments**
The Hilltop neighborhood of Tacoma is deep into a large transition. THA feels a mix of excitement and worry about that change. We are excited that, after decades of underinvestment, the Hilltop is getting its share of public and private investment. Its new light rail line is a prominent example. We are also worried that a companion effect of this transition

will rise rents. It is already happening. This rise in housing costs imperils the other kind of investment every neighborhood needs: a long term willingness of people and families to invest themselves and their lives in their neighborhood. Yet, those rising rents are pushing long term Hilltop residents out. This displacement also has a racial dimension as well. Black residents and businesses cannot afford their long-term homes and businesses. The Hilltop is losing its distinction as one of the state's vibrant, prominent Black communities of residents and businesses.

THA has long been heavily invested in the Hilltop. THA owns 396 affordable apartments in 6 properties throughout the Hilltop. They include our newest construction: The Rise on 19th. This lovely new property will offer 64 affordable apartments: 14 of them will be for homeless veterans and their families; another 14 are reserved for persons with disabilities and their families. THA's various other properties offer affordable retail space to local businesses and important community spaces. At Bay Terrace, for example, we built the Tacoma Public School's only Headstart classroom outside a school building. THA also began its Tacoma Schools Housing Assistance Program at Hilltop's McCarver Elementary School. All these Hilltop investments have been a very good use of THA's resources.

In response to the Hilltop's worrisome gentrification, THA is increasing its investment there. It has purchased parcels along the light rail line. At the same time, over the past two years, THA convened a detailed neighborhood discussion. In that discussion, Hilltop residents envisioned what they wanted the Hilltop to be or become, and how THA's investments can help. THA used this discussion to plan. On its new parcels THA is planning over 200 affordable apartments and affordable commercial/retail and community space.

Construction will begin this year on Hilltop Lofts. It will provide 57 apartments of permanent supportive housing for chronically homeless adults. THA and its partners have assembled the financing to build it. The project will need City assistance to finance the supportive service those residents will need: \$500,000 annually. That would be an excellent use of the HB 1590 funds.

HB 1590 capital dollars will also help finance the construction of the balance of the 200 apartments.

- **Tacoma Schools Housing Assistance Project (TSHAP)**

The Council is familiar with the innovative partnership between THA and Tacoma Public Schools that houses homeless families with enrolled public school students. This program began at McCarver Elementary School on the Hilltop. THA and TPS have now expanded the program to serve students in all Tacoma public schools and all grades. The main expense of this expansion will always be the housing dollar. And that will come from THA. THA and TPS will need the City's help to pay for the supportive services the families will need: \$450,000 per year. That too will be an excellent use of the HB 1590 financing.

- **James Center North Development**

THA has purchased a 7 acre mall called James Center North, across Mildred Street from Tacoma Community College. THA and its partners are beginning to implement THA's master plan to develop 600 apartments, commercial and retail space, and indoor and outdoor

community space. Some of those units will be valuable additions to the THA College Housing Assistance Program (CHAP). CHAP houses or pays to house homeless enrolled students at TCC and University of Washington-Tacoma. (The Kennedy School of Government at Harvard University named CHAP one of the 25 most innovative government programs of 2018). THA and its partners have expanded CHAP to serve 300 students. The new housing at James Center North will help that expansion be more successful. The development will take financing from multiple sources, public and private, but mostly private. HB 1590 financing from the City will make THA more competitive for that other financing.

- **Hilldale Heights (Housing for Foster or Adoptive Families and Seniors)**

THA owns 7 acres at the corner of 60th and McKinley. We and our partners are planning an innovative intergenerational campus. It will include townhomes and single-family homes for rent to low income families that are fostering or adopting high needs children. The campus will have facilities and service providers to support those families. The campus will have an apartment building offering critical housing for low-income seniors. The program will ask those seniors to be respite care givers, honorary grandparents and support for those families and the children. The campus is modeled after a similar one in Portland called Bridge Meadows.

These are samples from THA's pipeline. I enclose some documents describing them in more detail.

THA feels an urgency to its pipeline that we hope the City will also feel to inform its decision about the HB 1590 question. THA judges that large parts of the City's housing market are in such transition and becoming so much more expensive that in ten years their only notable measure of affordable housing and racial and economic integration will be what THA, its partners and others succeed in owning, building, or buying in the next 5 years. THA's job is to build or buy as much housing as possible to remove it from the speculative rental market and by our public ownership ensure its long-term affordability. As the housing market changes, THA's need to move as fast as possible.

Most of the money for THA's work will come from private tax credit investors, commercial debt, state funds and federal financing. To make THA more competitive for those sources, it needs the City to have a local housing trust fund. HB 1590 gives the City a chance to get it done.

I hope this helps you make the judgement before you. It is an important one.

Cordially,

TACOMA HOUSING AUTHORITY



Michael Mirra
Executive Director

enclosures

cc: THA Board of Commissioners

Hilltop Master Plan & Hilltop Lofts

Tacoma Housing Authority's #DesigntheHill Campaign



237
Affordable
Apartments

Studio,
1, 2, and 3
bedroom units

Office &
Commercial
Space

Hilltop Community Plan

Tacoma's Hilltop neighborhood has faced many challenges over the years: Disinvestment, crime, a commercial exodus, and now housing inflation and gentrification. The Tacoma Housing Authority created a community and economic development framework to help invest in this incredible neighborhood.

In 2019, we partnered with *Fab 5* and *Mithun* to host Design Labs and Creative Engagement projects. These projects helped us listen and gather feedback from the Hilltop's diverse community of youth, senior citizens, non-native English speakers, and business owners

As a result, we heard a few key concerns:

- Create more affordable housing.
- Include housing for people experiencing homelessness.
- Prioritize applications from current or displaced Hilltop residents.
- Provide commercial and retail space with a focus on supporting local and minority-owned businesses.
- Includes community gathering spaces.
- Activate the alleyways behind the buildings with places for people to gather.



Hilltop Lofts

We are partnering with Horizon Housing Alliance to build the first of four mixed-use buildings outlined in the Hilltop Community Framework Plan. The 57 unit building will offer permanent supportive housing for individuals exiting homelessness. It is close to medical and supportive services necessary for the residents. It is a short walk to the new light rail station, People's park, Community Health Care, SeaMar, and Sound Outreach.

The building will have 4,000 square feet of commercial space, property management offices and residential amenity space. We will build a private courtyard for residential tenants.

We anticipate having contracts and financing in place by October 2020.

Learn More:

[Tacomahousing.net/
housing-hilltop](https://tacomahousing.net/housing-hilltop)

Contact:

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The Rise at 19th

A Tacoma Housing Authority Property in the Hilltop Neighborhood



64

1 & 2 Bedroom
Apartments

14

Units for people
exiting homelessness

14

Units for people
with disabilities

A Beautiful New Apartment Overlooking Downtown Tacoma

Tacoma Housing Authority began construction on The Rise at 19th in the summer of 2019. The Rise will add 64 affordable apartments to the Hilltop neighborhood. We will reserve 14 of the apartments for people or families coming from homelessness. We will also reserve another 14 for people with disabilities. In this way, The Rise at 19th will help address the public health emergency the City Council declared homelessness to be.

Continuing Our Hilltop Investments

The Rise at 19th began as part of our Hillside Terrace public housing developments spread over 4 properties between South 15th and South 27th. They were built in the 1960's with 165 apartments. Tacoma Housing Authority bought them in 1976. By 2000 the properties were worn out. Since then we have demolished or rebuilt them. To date we have built back 206 apartments with community facilities. Our Bay Terrace property between 25th and 27th Street has Tacoma Public School's only HeadStart program outside a school. These developments helped spark private investments that have since spread throughout the Hilltop. We have more Hilltop developments on the way. They all show our efforts to set high standards of affordability, environmental responsibility, and design.

These investments are especially timely as the Hilltop gentrifies. By investing, we seek to make the Hilltop's blossoming equitable, with a shared prosperity. By what we build and how we build it, we seek to make the Hilltop what Tacoma Housing Authority's mission statement seeks for all Tacoma neighborhoods: that they be places that all people experience as "safe, vibrant prosperous, attractive, and just."

The project will cost **\$21 million** to build. Most of the money will come from private sources, with important public partners:

- Tax credit equity investors (Boston Capital)
- Commercial debt (Heritage Bank)
- City of Tacoma
- Washington State
- Tacoma Housing Authority

Architects: SMR Architects **Contractor:** MarPac Construction



Learn More: [Tacomahousing.net/Rise-19th](https://tacomahousing.net/Rise-19th)

Contact: Brandon Wirth, (253) 448-2790, bwirth@tacomahousing.org



We House and Help Stabilize Homeless Tacoma Public School Families

Our Housing Assistance

Tacoma Public Schools serves hundreds of homeless students every school year.

Research shows that students without secure housing have trouble succeeding in school. Even frequent moves from house to house or school to school can be ruinous to school success. Our Tacoma Schools Housing Assistance Program (TSHAP) provides housing and supportive services to homeless or near homeless students in all schools and all grades of Tacoma Public Schools. It is a partnership among Tacoma Housing Authority, Tacoma Public Schools, Pierce County and social service providers.

- For this purpose, we invest housing dollars into the Pierce County Coordinated Entry system. Pierce County Human Services administers this county-wide centralized system to help connect homeless families and individuals to housing and supportive services. It will now have a focus on homeless Tacoma school families.
- Tacoma McKinney-Vento District Liaisons refer families to Coordinated Entry service providers who:

Assess the needs of every family with a solutions-oriented conversation, empowering the household to self-identify possible solutions to gain housing.

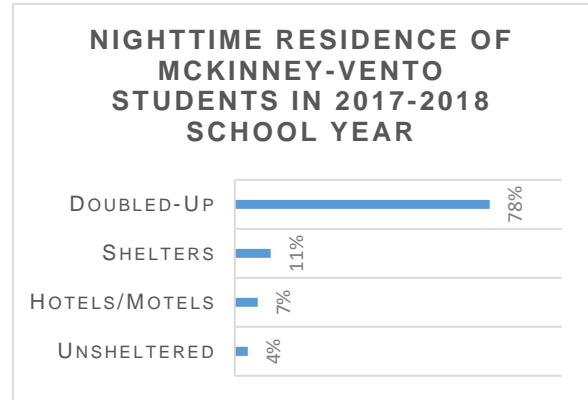
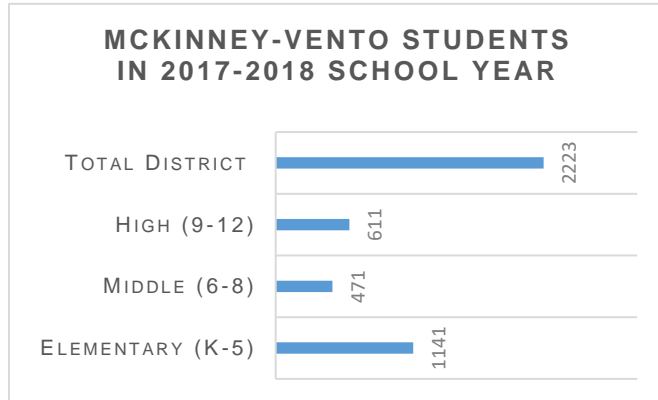
Provide the appropriate housing services by enrolling eligible households into rapid-rehousing or connecting families to services that can address their needs to become successfully housed.

“Students who live doubled-up have similarly poor academic outcomes as those living unsheltered, in shelters, or in motels”

*McKinney-Vento is a federal act that defines homeless children as “individuals who lack a fixed, regular, and adequate nighttime residence.” - The Office of Superintendent of Public Instruction

Increase Family Access

McKinney-Vento families are those who are literally homeless and those who are at risk of homelessness, including those who are living doubled-up. Many homeless-services in the area only serve the literally homeless, leaving over 70% of Tacoma's McKinney-Vento families without access to housing resources. TSHAP fills this gap by increasing the capacity of Pierce County's Coordinated Entry to serve Tacoma Public School families of all homeless statuses, including near homeless.



Data Informed Decisions

The unique collaboration between Tacoma Housing Authority, Tacoma Public Schools, and homeless servicing agencies allows partners and stakeholders to measure the immediate and long-term effect of TSHAP. A data sharing agreement allows the partners to make data informed decisions.

Build on previous learning

TSHAP is an expansion of our McCarver Elementary School Housing Assistance Program that operated between 2011-2019. That earlier program provided housing & case management assistance for homeless families enrolled at McCarver Elementary. The program reduced their transience, improved student test scores and increased families' earned income. These positive outcomes allowed us and Tacoma Public Schools to expand the program to all schools and all grades.

Our Education Project

TSHAP is part of Tacoma Housing Authority's Education Project, which seeks ways to spend a housing dollar not only to house families in need but to help their children succeed in school and to promote the success of schools serving low-income students. Our Education Project is a robust partnership with Tacoma Public Schools, local public colleges, and other educational institutions.

Learn more at www.tacomahousing.net/education-project

Project Contact:

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(253) 448-2782 | avan@tacomahousing.org

James Center North

West Tacoma Redevelopment by Tacoma Housing Authority



500
Future
Apartments

13
Current Commercial
Tenants

14,000
Students Attend
TCC Every Year

Property Description

The Tacoma Housing Authority purchased James Center North, a 6.9 acre mall across the Mildred from Tacoma Community College campus and the Pierce Transit Center. It is an excellent site for mixed-use development of housing, commercial property, and community space.

Investing in West Tacoma, its residents and businesses

West Tacoma is a vibrant and appealing area for families, residents, and businesses. Yet it grows less affordable by the day. We believe that the only notable amount of affordable housing in this area in the coming years will be what we and our partners own, buy, or build in the next few years. THA's purchase of James Center North is part of its growing investment in this neighborhood and in its residents and businesses. This purchase will also further strengthen THA's partnership with Tacoma Community College in which THA houses homeless enrolled TCC students and their families.

Learn More: tacomahousing.net/james-center-north

Contact: Brandon Wirth, (253) 448-2790, bwirth@tacomahousing.org