



THE STATE OF
AFFORDABLE
HOUSING IN

PIERCE COUNTY

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Introduction

Affordable housing is a complex issue, requiring significant regional and metropolitan level attention. There are very few cities that can claim to have succeeded in solving this problem. However, the policy toolkit to engage with this particular challenge has grown over the last few decades. Given the diminishing role of the federal government in building and financing affordable/social housing, it has fallen to tribes, states, counties, and cities to tackle this challenge on their own or through collaboration. The State of Washington and Pierce County governments are no exception. Meanwhile, as the number of cost-burdened households has increased over time, the resources needed to tackle this problem at the local level have proven inadequate. For that reason, regional approaches and collaboration with for-profit and non-profit developers have become necessary. Furthermore, among the limited local sources of support for affordable housing developers, surplus land, multifamily tax exemptions and a variety of incentive zoning have become more frequently deployed to increase the number of affordable housing units. However, as this report will highlight, this has not been the case in our region.

To tackle this policy challenge, elected leaders from Pierce County governments, inclusive of the Puyallup Tribe of Indians, met multiple times beginning in late 2018 to discuss the creation of a structured regional approach, resulting in the adoption of the “Act Now” initiative.¹ As a part of this effort, it became important to conduct an environmental scan to determine 1) what affordable housing policies already exist within each jurisdiction in the County, 2) which ones are being used, and 3) what national best practices could potentially help integrate affordable housing policies with economic development (with the primary goal of increasing access to jobs).

To collect this information, a team at University of Washington Tacoma conducted interviews with all governments in Pierce County, and has cataloged its findings to become the foundation/baseline for the region to move forward. This report and its associated appendixes and spreadsheets present our findings. The report is divided into four sections. In the first section, we describe our approach and survey tool. In the second section, we start with County and State level affordable housing policies. We also include the affordable housing context for the Puyallup Tribe of Indians, recognizing that the Tribe is a sovereign nation. In the third section, we provide our overall findings, pointing to specific examples from various jurisdictions in Pierce County. In the fourth section, we offer our summary assessments of the current affordable housing policy environment within Pierce County, highlighting potential strategies for moving forward. We will also highlight the importance of combining affordable housing initiatives with economic development strategies in order to remain equitable as we grow our economy. This report contains a number of appendixes, which appear at the end. These are supporting documents referred to in various sections of the report. We encourage readers to

¹ See Appendix V for more information on SSHAP (South Sound Housing Affordability Partners)

pay attention to these appendixes, since they provide detailed additional information for the affordable housing policy context.

Section I – Methodology

In order to conduct this research within a short period of time, we requested a list of potential interviewees and their contact information from the County. Over the course of multiple weeks in March and April 2020, two team members conducted the necessary interviews for most cities. Since all questions were open-ended, the length of interviews was a function of how much information was made available by the interviewee. The following thirteen questions were asked of each interviewee:

1. Does the City of ____ have a working definition of “affordable housing” or a specific population they are seeking to serve?
2. Does the city distinguish between rental or built-to-own in their affordable housing approach?
3. What policies does the city have in place to incentivize for-profit and nonprofit developers to develop projects that include affordable housing units? (examples: tax incentives/exemptions, density bonuses, expedited permitting, etc.) When were those policies adopted?
4. Does the city have any programs in place to support the development of affordable units (example: land trust)? When were those adopted?
5. Are there any local funding sources available to support these policies and programs?
6. In what way do local land use policies encourage the development of multi-family housing that includes affordable housing units (example: reducing parking, inclusionary or incentive zoning, etc.)?
7. How often are these incentives being used, if at all?
8. What type of projects have used any/all the incentives we discussed (from Q3 to Q6)?
9. Are there any reasons you know that could explain why some of these incentives are used more than others or not at all?
10. Does the city work with any nonprofit developers on affordable housing projects (for example, Habitat for Humanity)?
11. Under *RCW 39.33.015*, the State of Washington empowers cities to transfer or lease unused surplus land for the purpose of developing affordable housing. Do you know if there is an inventory of public land in the City of ____ that could be used for this

purpose?

12. Has the city taken any action to use this power to create more affordable housing units?

13. Is there anything else you think I should know about how the city is working to create more affordable housing?

During individual interviews, questions were at times combined, excluded, or divided into smaller sections, depending on the nature of the open-ended conversation that began with question 1.

In the following sections, we provide an aggregate report of our findings, providing pertinent examples from various Pierce County governments.

Section II – Affordable Housing Policies in Pierce County and State of Washington

In order to understand the policy context within which Pierce County governments operate, it is important that State and County affordable housing policy frameworks are understood. Both in terms of resources and scale, the State and County alike are enablers in terms of policy directions and providers of funds that jurisdictions need to operate their housing programs. For that reason, we begin this report by highlighting key housing affordability legislation and funding sources, followed by a discussion of Pierce County's affordable housing policies and incentives. For the latter, we relied on existing reports and acquired the missing information needed for this report from County staff.

State

The State of Washington provides three distinct categories of legislation for affordable housing. These can roughly be grouped into enabling/empowering, preserving, and supportive legislation (see Appendix I).

Empowering legislations/programs are those that enable cities and counties to use their taxing authority and planning instruments to increase the supply of affordable housing units (e.g., HB 1219, providing cities and counties with the needed authority to use real estate excise taxes to support affordable housing and homeless projects). Support comes in the form of resources provided to various jurisdictions. This includes pass-through funding such as Home Investment Partnership (HOME).² Legislation focused on preserving affordable housing programs and/or tenants is important since it assures that the current stock of housing units accessible to low-income and special need populations is maintained over time. This category of legislation can also help with reducing displacement of low-income populations. As we will highlight in this report, with the exception of a few cities, policies focusing on maintaining affordable housing units are largely missing from Pierce County jurisdictions.

Reviewing the list of programs in Appendix I, it is clear that the State is mainly an enabler for creating and supporting affordable housing policies and planning strategies at the local level. From the well-known Multi-Family Tax Exemption program that is used in Pierce County and many of its jurisdictions to taxing authority (e.g., HB 1219 and HB 1406), the State provides opportunities for cities and counties to increase their affordable housing units through creating financial tools and development incentives. However, the mechanisms needed to implement and benefit from these enabling/empowering programs are left to cities and counties to develop. As this report will suggest, while Pierce County is able to utilize some of these programs, smaller cities do not seem to have the necessary mechanisms, the structure, the staff, or the built environment that could help them enact related policies. For a number of

² Funds from HOME can be used to build, buy, and/or rehabilitate affordable housing units for rent or homeownership or provide direct rental assistance to low-income people.

https://www.hud.gov/program_offices/comm_planning/affordablehousing/programs/home/

reasons, including development costs, even the 12-Year MFTE is rarely used in smaller jurisdictions.³ Furthermore, the ability to use surplus land for affordable housing remains largely untapped. For the purpose of this report, it is important for us to consider the State's enabling/empowering legislation and how it might be deployed in an equitable manner. This is where the region/SSHAP could focus on creating a new coalition to play the role of catalyst by offering technical support to various jurisdictions, including the County (particularly around the utilization of surplus land and, as will be discussed later in the report, creating effective ADU programs).

Pierce County⁴

'Pierce County defines affordable housing as housing for which a household does not pay more than 30% of their gross income for housing costs which includes rent or mortgage and utilities.' (Comp plan 9-10). To add further specificity, and assuming that 30% of a household's income is spent on rent or mortgage payments, Pierce County documented in its Comprehensive Plan the annual income required to afford the average monthly payment for each type of dwelling unit ([Pierce County Comprehensive Plan](#), 9-4; Table 9-D relates to mortgage payment and Table 9-E to rent. Note that these values are outdated for 2020). Seeing the challenge of housing as a supply issue, the housing plan established a target of 28,270 new housing units in unincorporated urban areas and 9,503 in rural areas of the County over a 20-year period. However, focusing on the supply side alone does not solve the affordability challenge. In a region facing population and economic growth, the cost of housing will increase, as it has since the end of the last recession, creating a market unresponsive to affordable housing needs. To encourage affordable housing development, [Pierce County Code Chapter 18A.65](#) provides a series of incentives focusing on households earning 80 percent or less than the Pierce County median household income (which by default becomes the actionable definition for low-income affordable housing). Below, we highlight some of the key elements of the incentives provided by the County, what is used, and what is not.

Pierce County has taken some steps to decrease its zoning regulations through density bonuses, an expedited review process, and reduced permit fees and parking requirements, and has adopted other incentives to encourage development projects that provide between 10 to 20 percent affordable housing units. However, these incentives are limited to a 'first come-first served' usage, which is a function of limited available funds, and are constrained by location. The latter refers to the requirement that such units be located within 0.5 mile of a regularly scheduled transit route. While this requirement might be seen as a limitation, it should be noted that, nationally, this approach is seen as a policy that improves access to jobs for low-income and disadvantaged communities. In other words, it combines affordable housing with increased employment opportunities.

³ Please note that a population of 15,000 is needed for a city in Pierce County to qualify for MFTE.

⁴ We relied on previous documents, including the BERK report, to answer our interview questions. We then verified the extracted responses with County staff and sought their answers to those questions that had not been addressed by previous reports.

Pierce County does specify the duration of affordability for affordable housing units developed using its incentives (50 years). However, the duration of affordability may be reduced consistent with RCW [36.70A.540](#). There is a penalty associated with converting the property to a use other than affordable housing. County codes specify that the affordable units should be rented, sold, or resold to income qualified householders or a nonprofit organization through the end of the required affordability duration. This approach to maintaining affordable housing units is an important aspect of any policy that hopes to improve access to housing for low-income populations.

Collectively, the requirements for the location and appearance of affordable housing units, continued monitoring program for affordability, and resale of affordable homeownership units provide the necessary guardrails for creating a more sustainable environment for the production and maintenance of affordable housing. However, these support policies can only be effective if available incentives are actually used by developers and new affordable units are built.

Pierce County offers a number of incentives. They range from expedited permit processing (see [Table 18A.65.040](#) in the Pierce County Code) to waived fees (depends on availability of funds), a bonus units/density bonus, and the Multi-family Tax Exemption (MFTE). The County uses the 2060 Document Recording Fee to provide capital funding for affordable housing development. Currently, there is no additional local funding available for this purpose. While the cost of development could be reduced through fee waivers (see [Table 18A.65.040](#) in the Pierce County Code), based on our interviews and interactions, we learned that, historically, impact fee waivers have not been funded by the County. The BERK report addresses this issue as well.⁵

One of the challenges facing developers in unincorporated Pierce County is the uncertainty around what incentives are available in any one year (some as a function of available funds) and how many projects are planning to use or are in the process of using these incentives. According to Pierce County records, only a few projects have taken advantage of available incentives. The incentives used include expedited permits, the traffic impact fee waiver, bonus units, and alternative development standards. Four of the projects were entirely affordable housing developments, with 100% of the units set aside for low-income tenants or homebuyers. In total, incentives have been used to produce 652 rental units in multi-family buildings and 30 single family homes for ownership. These include:

- The Woods at Golden Given – 30 units
- Copper Valley Apartments – 220 units
- South Hill Vintage Apartments – 216 units
- Gateway Apartments – 216 units

To put this into the context of the housing environment, between 2010 and 2019, approximately 14,500 housing units were built in unincorporated Pierce County. The 682

⁵ This report was generated by Berk Consulting, focusing on Pierce County Affordable Housing Incentives.

affordable housing units represent 4.5% of total housing production in that period (BERK report, p 4).

Overall, the slow uptake of incentives is both a function of magnitude of funds (not enough to be enticing) and potential issues with the implementation process. A lack of dedicated funding for fee waivers (at least prior to 2019) has made this potentially useful incentive less reliable. Not being able to count on the availability of these funds, for-profit and non-profit developers may have found the remainder of the available incentives less useful. After all, incentives should include some financial support in order to reduce the overall cost of development. Even the limited budget provided by the Council in 2019 has been highly constrained due to distribution requirements (including how it is geographically distributed).

Based on the BERK report, additional reasons for not using the incentives include:

- Incentives do not offer enough value to for-profit housing developers, making affordable housing projects not feasible for them
- Considering the lack of additional financial support from the County, affordable housing developers have to rely on state and federal funding
- Absence of marketing and clear information materials, including technical assistance and capacity to support developers
- Inconsistent and complicated requirements in code language

Among the many incentives available to cities and Pierce County is the potential use of surplus land to promote affordable housing development. The State of Washington has enabled jurisdictions to follow this policy. Nationally, this is considered to be important in hot and expensive real estate markets. However, neither cities in Pierce County (discussed in the next section) nor the County itself have made significant advancements in that regard. While a list of surplus land has been developed (which our team attempted to verify with each jurisdiction, see Appendix II), it is not clear how these parcels will be used to create affordable housing units. In interaction with County staff, we learned that some surplus property was used to create a mixed-income homeownership project in 2016. However, other than that, there has not been any other case for the usage of these properties.⁶ The challenge is that the parcels are under the custody of various departments that view them as assets and are not necessarily willing to relinquish them to affordable housing development. This requires policy intervention from higher political levels to create a mechanism for making these parcels available for affordable housing development. This is particularly needed at the County level since, as we discuss in the next section, there seems a similar pattern of inaction in cities where surplus land is available. Through our interviews, we learned that many of the surplus parcels on our list had already been sold or were targeted for other uses.

⁶ Tacoma has created a webpage/list to catalog surplus properties and has been exploring their potential usage of these parcels (see Appendix II).

It is promising that Pierce County is currently working with an Affordable Housing Workgroup to develop recommendations on how it can create more affordable housing opportunities. This includes further development of incentives and financial resources. In addition, we hope to see various improvements in zoning and land use, as well as simplification of existing requirements and processes to make developing affordable housing in the County more attractive to for-profit and non-profit developers.

The Case of the Puyallup Tribe of Indians

The Puyallup Tribe of Indians uses the HUD definition/guideline to provide affordable housing (i.e., the 30% AMI benchmark). However, they also follow HUD-mandated Native criteria, which applies Tribe-wide and is not specifically defined by the Puyallup Tribe. In our interview with them, it was noted that the Puyallup Tribe Housing Authority also has a specific demographic that the program is geared toward, and it caters to the members of the Puyallup Tribe in Pierce, Thurston, and King Counties. For that reason, the Housing Authority stats are based on those of King County.

Since the Puyallup Tribe of Indians primarily runs its own housing authority, the common incentive policies used to interest non-profit and for-profit developers do not directly apply to them. However, under the Opportunity Zone program, part of the reservation is available for private development. The tax incentives under this program are large enough to attract particular developers. Some of them could potentially focus on housing. The tribe's housing authority is funded through HUD and they select how they prefer to spend their funds. However, they cannot do a lot with the limited funds they receive. They typically have to wait a few years to make the reserve large enough to engage with a development project. As a part of their housing program, they also acquire homes for rental purposes. The Puyallup Tribe Housing Department operates at least 80 units, not including rental assistance vouchers. Housing developments are located on the reservation and people who receive subsidies are typically those who live outside the reservation. The rental assistance program service area includes Thurston, King, and Pierce Counties. Additionally, the Tribe Set-Aside Housing Program provides rental and mortgage assistance for a 3-year period. Participants are chosen using a lottery system. There are no income guidelines for people served under this program.

In terms of policy, there is a certain level of coordination with the Tacoma Housing Authority. However, since the Tribe operates its own Housing Authority and relies on its own housing projects, its incentive structures are not the same as those of other Pierce County governments. The Tribe faces a resource constraint that other governments, such as larger cities, don't. Furthermore, as tribal land has become more desirable, developing affordable housing units has become a challenge for tribal members. To reduce the pressure on the Tribe (and its limited resources), the Puyallup Tribe of Indians would be supportive of Pierce County cities developing and implementing their own affordable housing policies and incentives in coordination with the Tribe.

While the case of the Tribe is unique and different from cities in Pierce County, the underlying message remains the same. Affordable housing is a challenge on tribal land and for tribal members who live outside the reservation. Not unlike some smaller local jurisdictions in the County, they lack the necessary resources to face this growing challenge.

While the Puyallup Tribe of Indians does not have a history of working with nonprofit developers, they feel that it would be an interesting topic to explore. Their concern is that people don't know how to approach the Tribe. They wish that organizations would find a way to work together to deliver good projects and expand outreach to create good tribal partnerships.

Section III – Affordable Housing Policies – Pierce County Jurisdictions

Our interviews produced a set of general findings that are worth considering at the outset. Many of the jurisdictions in Pierce County are too small to focus on affordable housing policies, invest time in designing complex programs, or create incentives to facilitate the production of affordable housing units. The Cities of Fircrest, Carbonado, and Roy, for example, indicated that they did not focus on affordable housing and had no information to share with us. A handful of larger cities, however, are more likely to have multiple years of experience in developing policies and land use strategies for affordable housing. However, in most cases, it is difficult to point to substantial usage of these policies to build affordable housing units, either for the rental market or for homeownership. This suggests that while there is an interest in dealing with the growing challenge of affordable housing, cities are more or less operating at the basic level and have limited tools to incentivize or build enough to meet the needs of the region. What has been accomplished in this arena seems to come mainly from Housing Authorities and nonprofit developers.

In the remainder of this section, we provide a summary of our findings for each of the thirteen interview questions.

Interviewees were first asked by interviewers if their city had a working definition of “affordable housing.” This was important since it allowed us to understand the context within which various policies should be understood. While there was a certain level of consistency in referring to the area median household income (AMI) as the basis for their definition, the answers varied from one jurisdiction to another. For example, the City of Bonney Lake referred to their comprehensive plan, indicating that a formal definition has been established. (*Community Development Element, 2-37; Chapter 3, existing conditions; Chapter 8, housing*). They distinguish between “Extremely Low Income” and “High Medium Income” (30%-120% AMI) and, in doing so, they use HUD housing affordability definitions. They also focus on the national definition for “Cost Burdened” and “Severely Cost Burdened” households, using the established national benchmark (i.e., households spending more than 30% of their income on rent or mortgage). The City considers all cost burdened households a priority. Based on this collective target, Bonney Lake has set a specific goal for adding 702 affordable housing units for its population at 80% of AMI or lower.

Cost burdened household also informed the affordable housing definition for Lakewood (*Lakewood Municipal Code 18A.10.180*), Sumner, University Place, Milton (*Comprehensive Plan, Housing Element, page 11*), DuPont (*Ord. 18-1045, Section 2, Exhibit A*), and Orting (*Comprehensive Plan, H.APP-3*). Fife’s use of the term affordable housing mirrors the HUD definition also. However, it is not referenced in the City codes. As a small city, Fife doesn’t have active large programs and it is a council policy to support all housing types, both affordable and market rate. The Puyallup interviewee suggested that there was no definition in their zoning code. However, their Multi-family Tax Exemption document made a reference to low- or moderate-income households as defined by *RCW 84.14*. Edgewood and Eatonville indicated

that they did not have a definition for affordable housing. The City of Auburn interviewee indicated that the city was concerned about gentrification and that much of their affordable housing work focused on that topic. The City of Tacoma also introduced an additional dimension to the definition of affordable housing by considering anti-displacement with a focus on racial equity. Their affordable housing work was reported as being trauma informed, with the four objectives defined in their affordable housing action strategy being focused on maximizing public benefits.

In response to the second question regarding distinguishing between affordable rental units or built-to-own units, a number of jurisdictions suggested that they did not make this distinction. These include Edgewood, Eatonville, Sumner, University Place, Auburn, Puyallup, DuPont, Fife, and Milton. However, the interviewee from Milton did suggest that discussions have begun regarding this topic. The city of Tacoma does distinguish between the two but focuses mostly on rental units. Low-Income homeownership programs in Tacoma include a Home Repair Program (Pierce County, Auburn and Lakewood have a similar program) and a Down Payment Assistance Program (Pierce County and Lakewood have similar programs). Bonney Lake also makes a distinction between the two categories of housing affordability (documented in their Comprehensive Plan).

Question 3 focused on policies that would incentivize for-profit and nonprofit developers to build projects that include affordable housing units. This was followed by questions 4 and 5, which attempted to identify tools such as land trusts and specific funding sources used to encourage the development of affordable housing units. The cities of Eatonville, Fife, Orting, Steilacoom, Buckley, Ruston, Wilkeson, and Milton do not have any incentives or programs that encourage affordable housing development. Bonney Lake does not have anything specific other than a desire and a plan to take some steps toward having more policy tools. However, all other cities indicated that they have some policy, program, or financial tool to help encourage affordable housing development in their jurisdictions. These included policy or planning tools such as inclusionary zoning and development bonuses in targeted areas (e.g., Tacoma, Lakewood, Edgewood), Multifamily Tax Exemptions (Sumner, University Place, Puyallup, Auburn, Lakewood, and Tacoma), parking, height, and density bonuses (DuPont, Puyallup, Tacoma, Lakewood)⁷, and in many cases, ADUs (see the incentive matrix in Appendix III). In addition, Lakewood highlighted the Tacoma-Lakewood Consortium, which plays an advisory role in matters related to the Community Development Block Grant and the HOME Investment Partnership Act. The city also uses its general funds to cover permit fees (fee waivers and fee reductions). The city of Tacoma also offers affordable housing provider loans and is developing policies and procedures for coordinating capital investment and improvements for affordable housing projects (to reduce overall development costs), prioritizing permits for affordable housing projects and potential waivers or reductions, and maintaining an affordable housing trust fund.

⁷ Fife does offer a density bonus, but it is for all developments through “Planned Residential Density (PRD)” zoning.

It is clear from our surveys that a small number of cities in the County have developed or are developing more complex policies and programs to encourage affordable housing units in their jurisdictions. However, others have limited tools or none at all. Commonly heard challenges are the size of the city, lot sizes, and suburban development patterns that rely on single detached homes. In some cases, particular assets, including views, have made land expensive and less available for affordable housing development. These and other factors may also explain why even in cities where there are incentives available, few have been used. In responding to questions 7 and 8 regarding how often the available incentives have been used, city after city indicated not often or never. The city of Puyallup could point to one case for their multifamily tax exemption. Lakewood indicated that many have used the 8-year tax exemption for market rate multifamily projects, but there has not been much success with the 12-year projects that include affordable housing. Tacoma reported a similar condition for the multifamily tax exemption. Additionally, it was indicated their other incentives are rarely used either. The basic message from all jurisdictions is that even when they have some incentives and programs in place, they are rarely used. This does not mean that affordable housing development does not occur (for example, nonprofit developers are building affordable units, but without relying on city resources). This leaves County, State, and Federal governments as the sources of potential public financial support.

In response to what might explain why some of these incentives are used (or as it turns out not used), a few interesting responses were heard. These included:

- Most larger subdivisions end up entering into a Planning Unit Development, and affordable housing incentives are not usually used.
- The City is almost entirely built out. We have relatively few opportunities for new development.
- Market rate single family development is pretty robust in our city. After the recession, it was the first thing to come back.
- Multifamily development, specifically in downtown, where taller building heights are allowed, hasn't picked up.
- What will the market support? Construction costs are similar everywhere in the region, yet rents are lower in our city, which often makes it more difficult to get affordable housing projects to "pencil out." Perhaps, as the region grows, this might change.

A question was raised during our interviews that should be of interest to everyone. One of the interviewees indicated that it is not all about what developers want and have the capacity to do. It is also about cities and what they want and can do. Do they have the necessary staff and expertise to monitor and make sure that affordable housing units remain affordable? Given the size of most cities in Pierce County, this response gives more credibility to the idea of forming a nonprofit organization that can manage regional efforts and become the support service needed by various jurisdictions.

In responding to question 10, regarding collaboration with specific nonprofit developers, very few cities could offer examples (the city of Bonney Lake did mention Vintage Housing

Development, but that seems to have happened in their city; the city did not play a role in bringing that about). As noted in Section III, Pierce County, Tacoma, and Lakewood seem to be the main entity working with various nonprofit developers.

Surplus land (questions 11 and 12) was also the source of an interesting set of responses. Seven cities indicated that they do have surplus land, but they are either not used or not being explored for affordable housing development. These include Puyallup (available but not used), Edgewood (not used), Tacoma (exploring options), Bonney Lake (purchased a parcel in downtown but has not used it for this purpose yet), Milton (has surplus land but it cannot be used for this purpose at this point), and Lakewood (has surplus land but it will be potentially used for open space). Six cities indicated that they did not have any surplus land, and one city (Auburn) is in the process of creating an inventory, but they are not hopeful that they will find much. Annually, Fife reviews its property ownership to determine whether properties could and should be made available for affordable housing.

It appears that while the State has made the usage of surplus land for affordable housing possible, there are either very limited numbers of parcels available, or little has been done to capitalize on this option. As the case of Pierce County will show, this may be more of a political challenge (i.e., which department owns the land, how they plan to use it, and from what level of government the encouragement should come to direct the usage toward affordable housing development) than indicative of a lack of planning interest, at least in some jurisdictions. Very few jurisdictions have even begun to explore the needed mechanisms to utilize their surplus land as an incentive for affordable housing development. Our interviewers verified the list of surplus land/parcels that were provided to us by the county (see IV). However, for this policy to become effective and activated in the region, elected leaders of Pierce County governments need to advance a conversation around this topic and empower an organization to assist cities and the county in this process.

At the conclusion of each interview, interviewees were prompted to share any related thoughts they might have. There were a number of references to launching Housing Action Plan processes (funded through WA State Department of Commerce). Much hope was expressed that this will get the ball rolling. There were also some expressions of excitement for changes in a few cities. For example, the Edgewood interviewee reported that they are seeing a higher diversification of their housing stock, including the introduction of more multifamily housing units. The city of Orting is also seeing a higher resident interest in this topic, particularly for two large vacant parcels in their city. Other observations and comments included:

- The city of University Place is developing a form-based development code, which might help bring about considerations for affordable housing.
- Some are looking at their current incentives to see whether they need to be strengthened or tweaked (e.g., Tacoma).
- There is some hope for citywide implementation of ADUs (e.g., Tacoma).

- The city of DuPont has an interesting situation. ADUs are permitted by the City but prohibited by the Homeowners Association that encompasses the entire city, which poses an interesting governance challenge.
- Orting reported a higher level of interest among its citizens for updating its ADU regulations. This will be a tool for gentle infill in the City and will potentially introduce a diversity of housing types.
- Some cities lamented that their location and existing conditions are not conducive to achieving higher densities. They viewed that as a potential deterrent for building affordable housing units.

As noted throughout this section, cities in Pierce County lack the policy and planning tools to significantly change the current housing environment. The coordinated efforts currently under way through SSHAP (South Sound Housing Affordability Partners) represent an important step for creating a unified approach to affordable housing through scale building. While individual cities are not able to create attractive incentive programs to attract for-profit and non-profit developers due to their small size, land availability, and revenues, collectively they are a large region whose combined assets may create a more desirable environment for affordable housing development. As described in the next section, the key is the combination of land, financial incentives, and simplicity of codes to make development a less burdensome process for all developers.

Section IV – Summary Assessment of Affordable Housing Environment and Potential Future Direction

As sections II and III illustrated, affordable housing incentives are largely lacking in many Pierce County governments. The County itself has a number of incentives in place, but not unlike other local jurisdictions, they are rarely used. Lack of adequate financial resources, including fee waivers, and complexity of the existing codes (for example, in Pierce County) are major obstacles to their utilization. As a result, it is rare to find affordable housing projects that have used local resources during their development. Many of the funds used for this purpose are pass-through monies from federal and state programs. Low-Income Housing Tax Credit (LIHTC) and HOME are two major sources of funding for affordable housing development in the region. As indicated before, funds from HOME can be used to build, buy, and/or rehabilitate affordable housing units for rent or homeownership or provide direct rental assistance to low-income people.⁸ Unlike LIHTC, which is financed through private funds (administered by the IRS, making it the largest affordable housing agency in the U.S.), HOME was designed to allow for design and implementation processes that are tailored to local needs and priorities. Furthermore, HOME allows for strengthening partnerships among various levels of government and the private sector in the development of affordable housing units. It also provides for technical assistance and capacity building of nonprofit housing groups. In Pierce County, the only cities that mentioned the use of this program are Lakewood and Tacoma. Pierce County relies on funds from the HOME program as well.⁹

Among local incentives, two came up often: the multifamily tax exemption (MFTE) and accessory dwelling units (ADUs). While Pierce County and a few cities have reported the occasional use of the 8-year MFTE in a few projects, the 12-year MFTE, which has an affordable housing requirement, has rarely been used by any cities in the County (based on our interviews). This relates to both land use limitations, which makes multifamily housing projects less suitable for a number of smaller low-density cities, and the inadequate financial resources it provides, particularly to for-profit developers.¹⁰ Pierce County governments need to consider current and future employment, population, and transit centers/corridors at the regional level and allow for a form-based approach to urban development. MFTE, density bonuses, and fee waivers will make more sense if developers can see the overall financial benefits of building more houses, while providing affordable housing units. These can be in selected geographies where a higher availability of jobs and access to transit allow for the development of multifamily developments, which include affordable housing units. This approach is highlighted by the Puget Sound Regional Council. They indicate that MFTEs are most effective in mixed-use urban centers where higher densities are possible, particularly in cities that have identified such centers in their planning under the Growth Management Act (RCW 36.70a).

⁸ https://www.hud.gov/program_offices/comm_planning/affordablehousing/programs/home/

⁹ Please note that Pierce County receives HOME funds on behalf of the cities and towns in Pierce County (Pierce County Consortium) except for Tacoma/Lakewood which receive HOME funds separately from HUD.

¹⁰ As indicated before, a population of 15,000 is needed for a city in Pierce County to qualify for MFTE.

ADUs have become a growing and favorite approach in the County. While ADUs diversify housing types, they are neither a panacea for the growing affordable housing shortages we face, nor can they be automatically counted toward adding affordable housing units (discussed later). However, given the heightened regional interest in ADUs, it is important to provide a background on this topic and point to successful models that have indeed connected ADUs to affordability in a purposeful and controlled manner.

The development of ADUs dates back to the early 20th century, when they were gradually added to single family homes. However, it was after WWII that ADUs grew in number. The first reaction to the growth of ADUs was to restrict their construction, particularly in low-density jurisdictions. This led to the construction of illegal ADUs in larger cities, particularly in expensive real estate markets, where they gradually became the more affordable housing products available. On the west coast, San Francisco was among the first cities to experience this conversion. While a few cities experimented with creating programs to permit the construction of ADUs, their popularity would have to wait for another housing boom, which came in the 1990s and 2000s. Cities small and large began to allow for ADUs in states as diverse as California, Massachusetts, Oregon, and Virginia. While Portland moved in that direction in 1998, most other cases are from the 2000s. One of the nationally recognized programs is from Santa Cruz, California, a small but expensive city.

Over the years, interest in what makes particular ADU programs successful and how they may help with the affordable housing challenge has increased. A recent report by the Joint Center for Housing Studies of Harvard University (2019)¹¹ identifies Los Angeles and San Jose as two such successful models for “promoting naturally occurring affordable housing [NOAH] and new accessory dwelling units.” This was accomplished through a multi-organizational partnership that led to the creation of RETHINK Housing. “The partners proposed to provide subordinate, patient loans to nonprofit groups that acquired NOAH. To capitalize on the opportunities provided by a new California ADU law, they also developed a loan product specifically aimed to help low- and moderate-income homeowners build ADUs, which would provide owners with an additional source of income.” They created a seed loan to support this program and the Housing Trust Silicon Valley conducted an aggressive ADU education campaign (in San Jose). They even paid a consultant to help homeowners assess the sites and what sort of ADUs could be built on them. Additionally, they offered loans of up to \$250,000 on a 36-months term at about 5% interest rate, with affordability restrictions on the tenant’s rent. In LA, they engaged with the Backyard Home Project. They also provided short-term loan guarantees and loan products to finance the construction of ADUs.

Reflecting on various ADU programs around the nation, and different evaluation and assessment reports regarding their effectiveness, it is clear that successful models (for increasing the possibility of ADUs serving as affordable housing units) have specific characteristics. Some of these include

¹¹ Hoffman, A. and Arck, M. (2019) *Pro Neighborhoods: Innovative Strategies for Affordable Housing*. Joint Center for Housing Studies of Harvard University.

- Giving amnesty to existing illegal ADUs (this is particularly important in older cities, where garage conversions and small buildings have been constructed without permits)
- Limiting size (maximum unit size and minimum lot size), based on local parameters
- Minimizing on-street parking or parking requirements
- Accelerated permit processing
- Fee waivers (proved highly effective in Portland)
- Thoughtfulness about owner occupancy requirements (e.g., Portland does not have one and it is considered to be one of the contributing factors to its successful ADU program; Portland also does not have a design review process for ADUs)
- Offering loans and other financial supports
- Marketing and education (for financial institutions, policymakers, homeowners, and renters)
- Providing technical support
- Establishing requirements for their usage (if they are to be counted as affordable housing units)¹²

These approaches increase the supply of ADUs, but do not translate to an affordable housing solution unless there are requirements and monitoring programs for how they are used. To prove this point, we can look at a state with a history of ADU laws, California. In a 2018 article in *Urban Science*,¹³ Ramsey-Musolf took on the task of assessing ADUs in California and whether they can be truly equated with affordable housing, by examining 750 potential ADUs in 57 cities in the state. The author concluded that without specific control mechanisms (e.g., zoning codes to regulate the ADUs maximum rent, occupancy income, and effective period for remaining a low-income housing unit), ADUs rarely translate to affordable housing units. This has to do with the fact that without regulatory mechanisms and oversight, there is no guarantee that ADUs will be used for housing low-income populations. This might explain why in the case of San Jose and other cities, ADUs are encouraged in low- and middle-income neighborhoods, where they become a source of additional income for homeowners, are more likely to be used as low- and moderate-income housing units (and guaranteed through policy), and carry less stigma than in expensive neighborhoods. As Ramsey-Musolf suggests, zoning standards are needed to regulate and maintain ADUs as long-term affordable housing units. Otherwise, while ADUs will diversify the local housing types and increase the housing supply, they won't necessarily function as low-income/affordable housing units.

¹² Recently, the State of Washington adopted three bills that should be fully considered by jurisdictions in Pierce County. Some of these relate to ADUs and Tiny Houses. These bills are:
[SB 5383 - 2019-20](#) (Concerning Tiny Houses)
[SB 6231 - 2019-20](#) (Providing a limited property tax exemption for the construction of accessory dwelling units)
[SB 6617 - 2019-20](#) (Concerning accessory dwelling unit regulation)

¹³ Ramsey-Musolf, D. (2018) Accessory Dwelling Units as Low-Income Housing: California's Faustian Bargain. *Urban Science*,

Moving Beyond ADUs and MFTEs

Given the current policy environment and minimal presence and usage of incentives, it may be useful to view the plan for moving forward in three distinct parts: supply of affordable housing, maintenance/preservation of affordable housing units, and regional coordination of affordable housing policies.

Supply of Affordable Housing

Without local funds, affordable housing development in Pierce County will continue to rely on state and federal sources. These financial resources are important, but inadequate for building enough units to support low- and middle-income families. Please note that in Pierce County, housing cost-burdened households have grown to include the middle-class population. Therefore, a multi-pronged approach is needed.

The state provides enabling legislation, including sales tax (which is on the region's radar) and housing tax levy opportunities for cities and counties:

- RCW 84.52.105 authorizes cities, counties and towns to impose an additional regular property tax levy up to fifty cents per thousand dollars of assessed value of property for up to ten consecutive years.
- RCW 82.14.460 (HB 2263, passed in 2015) authorizes the governing body of a county or city to impose a 0.1 percent local sales tax for housing and related services for specific individuals if approved by a majority of voters.
- HB1219 provides cities and counties the authority to use real estate excise taxes to support affordable housing and homelessness projects.
- HB 1590 allows the local sales and use tax for affordable housing to be imposed by a councilmanic authority.

Three cities in the state have adopted tax levies: Seattle, Bellingham, and Vancouver. These sources of funding have translated to building and preserving affordable housing. At this point, Olympia, Jefferson County, Everett/Snohomish, Tacoma/Pierce County, King County, and Yakima are considering tax levies. There is no doubt that additional taxes may not be palatable. However, without adequate local funding sources, none of the current waivers will be adequate and enticing enough to attract for-profit and non-profit developers.

At this point, there are three sources of local funds:

- 2060 fund (Affordable Housing Document Recording Fee) available in Pierce County (\$1.2 million in 2020 budget),
- 1406 fund (Affordable Housing Sales Tax Fund) available in Pierce County, Lakewood, and Tacoma (\$1.1 million in the County and about \$1 million in Tacoma), and
- local General fund available in the City of Tacoma (\$1.2 million biennially).

While these funds are important and could support new construction, site acquisition, rehabilitation, and maintenance efforts, in the current real estate and development market, they might not seem very large. Nonetheless, processes should be put in place a) to make sure that these funds are readily available and are not subject to complex codes and procedural requirements and b) to market them to for-profit and non-profit developers who should see them as supplements to other state and federal funds. To put things into the proper scale, while the total funds through 2060 and 1406 add up to about \$3.3 million in Pierce County (including Tacoma), LIHTC offers about \$20 million in the state. Local funds should be seen as supplements to larger sources of funding.

Furthermore, with the exception of 2060, which targets households with incomes below 50% AMI, all others are focusing on households with incomes below 60% AMI. This leaves income levels between 60% and 120% AMI out of the picture. Remembering that this is a growing portion of the housing cost-burdened households, there has to be some regional effort to offer other programs that diversify housing types and reduce housing cost for this often-forgotten population. Without such programs and without adequate funding to meet the needs of the low-income population, the loss will occur on both fronts. For the purpose of this report, we will continue to focus on low-income affordable housing, but a reminder about the additional challenges is important.

In the absence of sales tax and other property related revenues, cities and counties are left with only two tools: use of surplus land or changing their zoning to allow for more density. While the former requires a mechanism, a directive, and an educational campaign to fully activate it, the latter requires citizen/community involvement to make sure that the public understands where, why, and how the added densities will be introduced. Only in the case of one city in Pierce County did we hear that the public had expressed a growing interest in increasing density in their downtown. In a few other cities, including University Place and Sumner, additional densities are planned or being implemented. These are perfect opportunities for making MFTE and other financial resources available to developers so they might consider adding affordable housing units. Giving a higher processing priority and fee waivers to those developers who are willing to do so could become enticing as the real estate market heats up.¹⁴

While challenging, it is important that Pierce County governments examine their complex planning and zoning requirements and begin to consider ALL of them together, from a developer's perspective. Streamlining all the development requirements, making sure that one public good is not competing against others, is highly important. It might be enticing for developers to know that as they attempt to meet the affordable housing needs of the region, they do not have to invest more in meeting other site development requirements. Prioritizing and waiving some requirements may be an important step forward. This may sound simple, but

¹⁴ In Appendix IV (National Best Practices), we highlight examples from Boston and Alexandria, Virginia of how they have used public land for the purpose of affordable housing units. In this same section, we also highlight RCW 81.112.350 as an interesting topic to explore. Under this legislation, the State of Washington requires Sound Transit to offer 80% of its surplus property that is suitable for housing to qualified entities to develop affordable housing to families at 80% of median household income or less.

requires careful assessment and decision-making: where does affordable housing fit in the larger priorities of a jurisdiction? Housing is the mother policy. Our homes define our physical, social, economic, cultural and political coordinates. Where we live affects our level of access to education, health, transportation, jobs, and the collective bundle we call urban services. Without thoughtful housing policies, achieving success in other policy arenas is at best challenging. Failing to prioritize housing will perpetuate and accentuate current inequities. The fundamental question is whether our various housing development requirements are formulated based on this understanding.

Every jurisdiction should also attempt to think creatively about how to increase its supply of middle class and low-income housing. Innovation in land use and zoning has led some jurisdictions around the nation to look into land associated with retail/commercial activities. Many of these parcels are located near transit routes. As such, they are perfectly suited for multifamily mixed-income, mixed-use development. An expedited permitting process, financial support, and fee waivers become additionally favorable factors for developers who are interested in what is called commercial to residential conversion. Traditionally, most of these conversions have occurred in larger central cities. However, with the aging infrastructure in first ring suburbs and smaller cities, commercial to residential conversion has become an interesting and viable option (examples can be found in El Paso, San Antonio, Detroit, Falls Church, Virginia, Cincinnati, and Lakewood, Colorado). Many of the older and abandoned shopping plazas, malls, and outlet spaces can be considered as potential sites for future mixed-use, mixed-income developments. Are Pierce County governments interested in such conversions? Could affordable housing be given its due priority in such conversions? How might the established processes act as inviting as opposed to inhibiting development?

It is also worth noting that a number of jurisdictions are requiring mixed income housing developments near transit. As mentioned before, incentives associated with this approach should be of particular interest in Pierce County governments, where access to jobs could be enhanced by such a measure. As we highlight in Appendix IV, Chicago, Denver, and Westminster, CO (a city similar in size to the larger cities in Pierce County and straddling two counties, like Auburn) have adopted these policies. In Westminster, this approach is part of a broader Affordable and Workforce Housing Strategic Plan. This framework relies heavily on the idea of “housing balance,” which considers access to transit, services, and employment.

The information presented so far has focused on three areas of policies and programs: ADUs, multifamily housing, streamlined affordable housing development requirements, and surplus land. Various waivers are less common in the region and appear to be less effective. In order to provide examples of various potential policy options, we looked at some of the national best practices and collated them for consideration (see Appendix IV). Please note that this not an exhaustive list. It simply identifies some of the noteworthy/key approaches. Below, we discuss and highlight some of the policies that could potentially increase the supply of affordable housing in our region. However, the full list in Appendix IV should be examined by all jurisdictions. Please note that some items from Appendix IV have already been discussed in this report.

National best practices can be grouped into:

- A. Mandatory inclusionary zoning
- B. Making use of public land for affordable housing
- C. Establishing commercial linkage fees to fund affordable housing development
- D. Requiring mixed income housing developments near transit
- E. Revising and/or streamlining the development review and re-zoning processes
- F. Incentive Zoning
- G. Experimenting with new building types
- H. Reviewing and revising parking requirements
- I. Promoting regional solutions

Even though some of these practices have already been discussed, here we want to highlight the importance of some of these incentive categories for our region.

Establishing linkage fees to fund affordable housing development are used in Napa, CA and Boulder, CO. These are smaller jurisdictions with approximately \$75K and \$65K median household incomes. Pierce County and a few cities have lower median household incomes, but others are comparable or higher. Napa collects affordable housing impact fees on all new residential and commercial developments and places these fees in a Trust Fund, which is used to leverage other funds with the goal of providing affordable housing. Boulder has an affordable housing commercial linkage fee or affordable housing capital facility fee that is charged by the square foot on any nonresidential commercial space. While Pierce County jurisdictions may see these as dampening development, it is important to note that as restaurants, entertainment outlets, shopping, and other amenities are added, real estate and housing costs increase. Without such policies, affordable housing fees (if they are to be developed) would be put entirely on residential developers.

Housing Trust Funds have been created by a number of jurisdictions around the country to create more substantial sources of funding for the production and preservation of affordable housing units. Examples include large cities such as Austin, Chicago, and San Francisco, as well as smaller ones such as Juneau, Alaska. The State of Washington and a number of Pierce County jurisdictions are already familiar with Housing Trust Funds. This might be a good topic of conversation and a potential collective decision for all jurisdictions in the region.

Reactions to inclusionary zoning, an effective tool for increasing the supply of affordable housing, is not entirely positive, particularly in small jurisdictions where there is still an appetite for further economic development. However, incentive zoning seems to receive more support from the elected and the public alike. These are incentives that provide developers with potential gains if they include affordable housing units in their development. Incentive zoning could be designed to make affordable housing a requirement. However, that still carries a reward. For example, Montgomery County in Maryland requires that 12.5% of all new residential units be affordable. However, if a developer is interested in benefitting from the County's density bonus, the affordable housing requirement increases to 15%. Under this

program, developers can build up to 22% more floor area than would otherwise be allowed under local zoning. Garden Grove, CA, a city of slightly larger than 170,000 residents and a median household income of about \$59K, offers density bonuses, reduction in site development standards, and modification of zoning code requirements or architectural design requirements as incentives for affordable housing development. Bellingham, WA offers up to 50% increased density in the applicable residential zone to projects if 100% of dwelling units are retained as permanently affordable owner-occupied homes. There are a number of other examples from around the country that offer similar programs. As suggested in various sections of this report, Pierce County and its jurisdictions should consider the adoption of incentive zoning and perhaps tailor it to unique local needs.

Maintenance/Preservation of Affordable Housing Units

Only a few jurisdictions in the County reported having a maintenance/preservation program for their affordable housing units. These are usually programs that a) define a requirement for the number of years an affordable housing unit should be kept in that status and b) require on-going maintenance/upkeep of rental affordable units. As Pierce County governments consider moving forward with implementing additional development incentives, it is important that maintenance requirements are adopted and added to any agreement with a developer. Pierce County could follow the State Model. Under RCW36.70A.540, the State requires all units developed through an inclusionary zoning program in Washington to remain affordable for at least 50 years. Similar requirements apply to affordable housing units developed with LIHTC funds (15 years at the national level, but extended to 40 years in WA).

In creating maintenance/preservation policies, the region needs to decide on the diversity of approaches needed to sustain the current and future number of housing units. In some jurisdictions, preservation policies include maintaining what is called market-rate rental units or naturally occurring affordable housing/NOAH (this was also mentioned under ADUs). These are units with rents that are deemed affordable. Preserving such units will indirectly equate with increasing the supply of affordable housing over time. They are also less costly than building new units. Examples from around the country include Minnesota's NOAH Impact Fund¹⁵

To be clear, maintenance/preservation policies focus on both the use and the physical condition of affordable housing units. These should both be considered in Pierce County. At this point, Auburn, Lakewood, and Tacoma have some aspects of these programs. This topic should be fully considered by all jurisdictions.

Regional Coordination of Affordable Housing Policies

¹⁵ <https://gmhf.com/finance/noah-impact-fund/>

"In particular, this fund seeks to preserve naturally occurring affordable housing in well-connected Minnesota areas, convenient to well-paying jobs, good schools, and healthy recreational amenities, making them ideal workforce housing and a high priority for preservation of long-term affordability."

Housing is both a local and a regional issue. It is promising that Pierce County governments are coming together to focus on a regional and collective approach to affordable housing. As indicated in Appendix IV, this is considered a national best practice. While we have pointed to the case of the Greater Boston Region, it is important to note that other regions have and are coming together to deal with this perennial challenge (e.g., Orange County, Florida). It is through these regional collaborations that the magnitude of this challenge is understood and, as a result, solutions are formulated. It is important to note that this is also a patient investment. The solution to affordable housing must be rational and consider both short term and long term goals. It is also important to have evaluation and assessment tools in place. The region does not simply make a decision and call it victory. Success should be measured by remaining committed to the goals and being open to course corrections, as necessary, across multiple elections. It is important that robust periodic evaluation/assessment programs are put into place to support this regional effort.

Appendixes

Appendix I – Washington State Legislations and Programs

Appendix II – Surplus Land in Pierce County

Appendix III – Matrix of affordable of housing policies and programs by each jurisdiction

Appendix IV – National Best Practices

Appendix V – South Sound Housing Affordability Partners (SSHAP)

Appendix I – WA State Programs

Support:

HOME Funding

The Department of Commerce (Commerce) administers the state's HOME program. HOME Rental Development funds are awarded to non-profit organizations, housing authorities, and local and tribal governments through the state Housing Trust Fund (HTF) application process.

WA State Housing Trust Fund

This program is administered by the Department of Commerce.

Post Secondary Student Resources:

[HB 1893 - 2019-20](#)

Providing assistance for certain postsecondary students.

[SB 5324 - 2019-20](#)

Concerning support for students experiencing homelessness.

[SB 5800 - 2019-20](#)

Concerning homeless college students.

Empowering/Enabling:

Multi-Family Tax Exemption:

The Multifamily Housing Tax Exemption (MFTE) is a property tax exemption program that allows eligible cities to target specific areas for multifamily housing development. Pierce County also is eligible. If a city or Pierce County chooses to create a program, it may create additional requirements or restrictions.

Property owners may apply for an 8-year or 12-year property tax exemption for building or rehabilitating multifamily housing. The 12-year exemption requires owners to offer at least 20% of their units as affordable housing, as defined by statute. Cities have the authority to approve and reject individual projects.

Cities may adopt additional requirements for the exemption so that it meets local planning goals.

- Models indicate that the preference can increase the financial performance of developments. It's unclear how often MFTE provides an incentive to projects that would not otherwise be built. At least 12 cities include financial analysis as a factor when deciding whether to offer or approve an exemption.
- Even with statutory rent limits, households earning less than 80% of the area median income (AMI) in their county could pay more than 30% of their income on housing. At least ten cities have adopted income requirements that are lower than the statutory limits (e.g., 60% instead of 80% AMI).

As of April 29, 2020, JLARC

(http://leg.wa.gov/jlarc/taxReports/2019/MFTE/p_a/default.html) reports that 424 developments in the state of Washington have received an exception. 34,885 units have been built. 21% of the units were designated affordable.

[HB 1219 - 2019-20](#)

Providing cities and counties authority to use real estate excise taxes to support affordable housing and homelessness projects.

[HB 1406 - 2019-20](#)

Encouraging investments in affordable and supportive housing.

[HB 1590 - 2019-20](#)

Allowing the local sales and use tax for affordable housing to be imposed by a councilmanic authority.

[HB 1743 - 2019-20](#)

Addressing the methodology for establishing the prevailing rate of wages for the construction of affordable housing, homeless and domestic violence shelters, and low-income weatherization and home rehabilitation public works.

[HB 2382 - 2017-18](#)

Promoting the use of surplus public property for public benefit.

REET related Housing Bills:

The Washington State legislature has enacted several laws that allow local taxing authority to support affordable housing:

- RCW 84.52.105 authorizes cities, counties and towns to impose an additional regular property tax levy up to fifty cents per thousand dollars of assessed value of property for up to ten consecutive years.
- RCW 82.14.460 (HB 2263, passed in 2015) authorizes the governing body of a county

or city to impose a 0.1 percent local sales tax for housing and related services for specific individuals if approved by a majority of voters.

[HB 1798 - 2019-20](#)

Concerning short-term rentals.

[HB 1923 - 2019-20](#)

Increasing urban residential building capacity.

[HB 2343 - 2019-20](#)

Concerning urban housing supply.

[HB 2950 - 2019-20](#)

Addressing affordable housing needs through the multifamily housing tax exemption by providing an extension of the exemption until January 1, 2022, for certain properties currently receiving a twelve-year exemption and by convening a work group.

[SB 5025 - 2019-20](#)

Creating sales and use and excise tax exemptions for self-help housing development.

[SB 6212 - 2019-20](#)

Concerning the authority of counties, cities, and towns to exceed statutory property tax limitations for the purpose of financing affordable housing for very low-income households and low-income households.

[SB 6229 - 2019-20](#)

Streamlining reporting for recipients of housing-related state funding by removing Washington state quality award program requirements.

[SB 6495 - 2019-20](#)

Regarding essential needs and housing support eligibility.

[SB 6319 - 2019-20](#)

Concerning administration of the senior property tax exemption program.

[SB 5195 - 2019-20](#)

Providing cities and counties authority to use real estate excise taxes to support affordable housing and homelessness projects.

Lease/Rent Surplus Public Land:

[HB 2508 - 2019-20](#)

Simplifying the process for donating low-value surplus property owned by a city-owned utility.

[HB 2617 - 2019-20](#)

Concerning the lease or rental of surplus property of school districts.

Increasing Housing Diversity (Not Necessarily Related to Affordable Housing):

[SB 5383 - 2019-20](#)

Concerning Tiny Houses.

[SB 6231 - 2019-20](#)

Providing a limited property tax exemption for the construction of accessory dwelling units.

[SB 6617 - 2019-20](#)

Concerning accessory dwelling unit regulation.

Lease/Rent Surplus Public Land:

[HB 2508 - 2019-20](#)

Simplifying the process for donating low-value surplus property owned by a city-owned utility.

[HB 2617 - 2019-20](#)

Concerning the lease or rental of surplus property of school districts.

Increasing Housing Diversity (Not Directly Related to Affordable Housing):

[SB 5383 - 2019-20](#)

Concerning Tiny Houses.

[SB 6231 - 2019-20](#)

Providing a limited property tax exemption for the construction of accessory dwelling units.

[SB 6617 - 2019-20](#)

Concerning accessory dwelling unit regulation.

Resources for Nonprofits and Religious Organizations

[HB 1107 - 2019-20](#)

Concerning nonprofit homeownership development.

[HB 1377 - 2019-20](#)

Concerning affordable housing development on religious organization property.

[HB 2384 - 2019-20](#)

Concerning the property tax exemption for nonprofit organizations providing rental housing or mobile home park spaces to qualifying households.

Persevering:

[HB 1105 - 2019-20](#)

Protecting taxpayers from home foreclosure.

Tenant Protections

[HB 1440 - 2019-20](#)

Providing longer notice of rent increases.

[HB 1582 - 2019-20](#)

Addressing manufactured/mobile home tenant protections.

[HB 1694 - 2019-20](#)

Allowing tenants to pay certain sums in installments.

[HB 2535 - 2019-20](#)

Providing for a grace period before late fees may be imposed for past due rent.

[SB 5600 - 2019-20](#)

Concerning residential tenant protections.

[SB 6378 - 2019-20](#)

Concerning residential tenant protections.

Appendix II - Surplus Land in Pierce County

	Public Entity	Property Number	Acres	Jurisdiction	Current Zoning	Best Use	Comments	Confirmed in Interview	NOTES
1	City of Buckley	7820000285	0.13	City of Buckley	Public	Senior Citizen Low-Income Housing	The City of Buckley allows Senior Citizen Low-Income Housing in the Public zoning district as a conditional use. The property would need to be rezoned in order to allow non-age-restricted forms of affordable housing.	X	
2	City of Gig Harbor	221081108	0.77	City of Gig Harbor	Medium Density Residential	Fourplex	The City of Gig Harbor allows duplexes outright, and triplex and fourplexes as conditional uses in the Medium Density Residential zoning district. A maximum of 6 dwelling units per acre is allowed.		Unconfirmed, email request sent 4/28
3	City of Gig Harbor	222313024	4.76	City of Gig Harbor	Single Family Residential with Mixed use	Multi-family if part of a larger development	The City of Gig Harbor allows multifamily uses within the Mixed-use District Overlay, but it appears that developments need to be 10 acres or larger. Single-family residential uses are allowed at a maximum density of 4 dwelling units per acre.		Unconfirmed, email request sent 4/28
4	City of Puyallup	419041056	0.392	City of Puyallup	Limited Commercial	Mixed-Use	The City of Puyallup allows multifamily residential uses by right as long as it doesn't exceed more than 50% of the gross floor area. Commercial space must be provided on the ground floor and a minimum of 75 percent of the ground floor area must be commercial.	X	
5	City of Puyallup	420221096	3.1	City of Edgewood	Public			See Note	Darren Groth shared that these are both identified as surplus in the county's buildable lands report, but they are not City of Edgewood surplus; they don't own either parcel.
6	City of Puyallup	5745001371	1.11	City of Puyallup	Central Business District Core	Mixed-Use	The City of Puyallup allows multifamily residential uses by right with no density limit. Commercial space must be provided on the ground floor and a minimum of 50 percent of all gross floor area must be commercial.	X	
7	City of Puyallup	7060000230	0.17	City of Puyallup	Regional Growth Center Oriented Multi-Family	Multifamily	The City of Puyallup allows multifamily residential uses by right with no density limit. The project must however comply with downtown design guidelines.	X	
8	City of Sumner	7985100160	1.015	City of Sumner	Central Business District	Multifamily	The City of Sumner allows multifamily developments at 30 dwelling units per acre as part of a mixed-use development with commercial uses.	Sold	
9	City of Sumner	7985100170	0.138	City of Sumner	Central Business District	Multifamily	The City of Sumner allows multifamily developments at 30 dwelling units per acre as part of a mixed-use development with commercial uses.	Sold	
10	City of Sumner	7985100190	0.165	City of Sumner	Central Business District	Multifamily	The City of Sumner allows multifamily developments at 30 dwelling units per acre as part of a mixed-use development with commercial uses.	Sold	
11	City of Sumner	7985100210	0.165	City of Sumner	Central Business District	Multifamily	The City of Sumner allows multifamily developments at 30 dwelling units per acre as part of a mixed-use development with commercial uses.	Sold	
12	City of Sumner	7985100221	0.331	City of Sumner	Central Business District	Multifamily	The City of Sumner allows multifamily developments at 30 dwelling units per acre as part of a mixed-use development with commercial uses.	Sold	
13	Pierce County	319167023	0.5	Pierce County	Commercial Mixed-Use	Multi-family with 1st floor commercial	Pierce County allows multi-family mixed use developments with 1st floor commercial use within the Commercial Mixed-Use zoning district.		
14	Pierce County	2007110181	0.413	City of Tacoma	Downtown Mixed-Use	Multi-family	The City of Tacoma allows Multi-Family uses in the Downtown Mixed-Use zoning district. City of Tacoma allows a residential of FAR ratio of 3 "As-of-right" with a maximum FAR ration of 7 with Transfer of Development Rights	See Note	not found on Tacoma's list of surplus properties https://www.cityoftacoma.org/cms/One.aspx?portalId=169&pageId=115887 accessed 5/4/2020
15	Pierce County	2009110050	0.138	City of Tacoma	Downtown Mixed-Use	Multi-family	The City of Tacoma allows Multi-Family uses in the Downtown Mixed-Use zoning district. City of Tacoma allows a residential of FAR ratio of 3 "As-of-right" with a maximum FAR ration of 7 with Transfer of Development Rights	See Note	not found on Tacoma's list of surplus properties https://www.cityoftacoma.org/cms/One.aspx?portalId=169&pageId=115887 accessed 5/4/2020
16	Pierce County Fire District #18	519322107	1.72	City of Orting	Residential - Multi-family	Multi-family	The City of Orting Residential - Multi-family zoning district allows multifamily housing at 8 dwelling units per acre.	See Note	Emily Adams was not able to find a parcel with this info. If a '0' is added to the beginning, it ID's a vacant parcel in Orting that is 2.25 acres.
17	Pierce County Parks	319254066	3.01	Pierce County	Park & Recreation	N/A	Pierce County Park & Recreation zoning district does not allow for housing. The property would need to be rezoned in order to allow for affordable housing.		
18	Pierce County Parks	419133031	109	Pierce County	Park & Recreation and Residential Resource	Duplex	This property has two zoning districts: Park & Recreation and Residential Resource. Pierce County Park & Recreation zoning district does not allow for housing. Pierce County Residential Resource zoning district allows duplex housing. The property would need to be rezoned in order to allow for affordable housing. In addition, the property appears to have steep slopes on site and is lacking a direct access to a public road, which will limit development.		
19	Pierce County Public Works	318142001	63.1	Pierce County	Mixed-Use District	Multi-Family	Pierce County allows multi-family mixed use developments with 1st floor commercial uses within the Commercial Mixed-Use zoning district. The property has a maximum allowable density of 15 units per acre. The property is currently used as a gravel pit.		
20	Pierce County Public Works	319124010	2.065	Pierce County	Community Employment	One detached single-family house	This property looks to be largely encumbered by wetlands. At most, it appears that one single-family residence would be allowed under reasonable use provisions.		

	Public Entity	Property Number	Acres	Jurisdiction	Current Zoning	Best Use	Comments	Confirmed in Interview	NOTES
21	Pierce County Public Works	4015415094	0.402	Pierce County	Community Employment	One detached single-family house	Pierce County does not allow any housing on Community Employment zoning districts except for one detached single family house. The property would need to be rezoned in order to allow other forms of affordable housing or the zoning code updated to allow for affordable housing.		
22	Pierce County Tax Title	219091044	0.56	City of Lakewood	Residential 3	Single-family	The City of Lakewood allows single-family uses at 4.8 dwelling units per acre in the Residential 3 Zoning District. It appears that access to the property could be limited.	X	This parcel is in the middle of a wetland/buffer/sensitive area
23	Pierce County Tax Title	320325036	0.15	City of Tacoma	R-2	Single-family	The City of Tacoma allows detached single-family uses in the R-2 single-family residential zoning district.	See Note	not found on Tacoma's list of surplus properties https://www.cityoftacoma.org/cms/One.aspx?portalId=169&pageId=115887 accessed 5/4/2020
24	Pierce County Tax Title	320325037	0.15	City of Tacoma	R-2	Single-family	The City of Tacoma allows detached single-family uses in the R-2 single-family residential zoning district.	See Note	not found on Tacoma's list of surplus properties https://www.cityoftacoma.org/cms/One.aspx?portalId=169&pageId=115887 accessed 5/4/2020
25	Pierce County Tax Title	320325038	0.15	City of Tacoma	R-2	Single-family	The City of Tacoma allows detached single-family uses in the R-2 single-family residential zoning district.	See Note	not found on Tacoma's list of surplus properties https://www.cityoftacoma.org/cms/One.aspx?portalId=169&pageId=115887 accessed 5/4/2020
26	Pierce County Tax Title	416151013	0.92	Town of Eatonville	General Commercial District	Multifamily	The Town of Eatonville allows multi-family development up to three stories. It appears that there are no direct density restrictions outside of building height and site coverage restrictions. There is a stream onsite that will limit the development potential of the site.	See Note	Abby Gribi shared that the land is owned by the Nisqually Land Trust, not the Town of Eatonville. She also said that if it is owned by them it would be conservation land.
27	Pierce County Tax Title	419095007	0.84	City of Puyallup	Regional Growth Center Oriented Multi-F	Multifamily	This property is largely encumbered by wetlands. At most, it appears that one single-family residence would be allowed under reasonable use provisions.	See Note	Katie Baker shared: This particular parcel is public land but is not owned by the City, though we do own the property immediately to the north (0419095006). It looks like, from the wetland data I have, that the City actually purchased that property ~2009 when there was a development proposal. So I think it is safe to say we would not surplus or allow any development; we are maintaining ownership to protect the wetland.
28	Pierce County Tax Title	419265004	1.74	Pierce County	Moderate Density Single Family	Single-family	This property looks to be largely encumbered by wetlands. At most, it appears that one single-family residence would be allowed under reasonable use provisions. Additionally, the property is landlocked which will further inhibit the development potential of this property.		
29	Pierce County Tax Title	619282066	1.24	Town of Wilkeson	Residential 2	Single-family	This property is located within a shoreline jurisdictional area, adjacent to a stream, and has steep slopes. It appears that this parcel might not be suitable for development due to critical area encumbrances.	X	
30	Pierce County Tax Title	8010000010	0.92	Pierce County	Residential Resource	Single-family	This property is largely encumbered by wetlands. At most, it appears that one single-family residence would be allowed under reasonable use provisions.		
31	Puyallup School District	420103132	4.96	City of Edgewood	Public	N/A	The City of Edgewood Public Zoning District does not allow for residential uses. The property would need to be rezoned in order to allow for affordable housing.	See Note	Darren Groth shared that these are both identified as surplus in the county's buildable lands report, but they are not City of Edgewood surplus; they don't own either parcel.
32	Puyallup School District	420174013	5.41	City of Fife	Public Use / Open Space	N/A	The City of Fife Public Use / Open Space District does not allow for housing. The property would need to be rezoned in order to allow for affordable housing.	See Note	Hyun Kim shared: The parcel listed is not considered surplus by the City at this time.
33	Washington State University	5270001571	0.189	City of Tacoma	Urban Center Mixed Use District	Multi-Family	The City of Tacoma allows multi-family uses in the Urban Center Mixed Use Zoning District with a minimum density of 40 dwelling units per acre	See Note	not found on Tacoma's list of surplus properties https://www.cityoftacoma.org/cms/One.aspx?portalId=169&pageId=115887 accessed 5/4/2020
34	Washington State University	5270001572	0.141	City of Tacoma	Urban Center Mixed Use District	Multi-Family	The City of Tacoma allows multi-family uses in the Urban Center Mixed Use Zoning District with a minimum density of 40 dwelling units per acre	See Note	not found on Tacoma's list of surplus properties https://www.cityoftacoma.org/cms/One.aspx?portalId=169&pageId=115887 accessed 5/4/2020

	Public Entity	Property Number	Acres	Jurisdiction	Current Zoning	Best Use	Comments	Confirmed in Interview	NOTES
35	Washington State University	5270001573	0.115	City of Tacoma	Urban Center Mixed Use District	Multi-Family	The City of Tacoma allows multi-family uses in the Urban Center Mixed Use Zoning District with a minimum density of 40 dwelling units per acre.	See Note	not found on Tacoma's list of surplus properties https://www.cityoftacoma.org/cms/One.aspx?portalId=169&pageId=115887 accessed 5/4/2020
36	Washington State University	5270001580	0.158	City of Tacoma	Urban Center Mixed Use District	Multi-Family	The City of Tacoma allows multi-family uses in the Urban Center Mixed Use Zoning District with a minimum density of 40 dwelling units per acre	See Note	not found on Tacoma's list of surplus properties https://www.cityoftacoma.org/cms/One.aspx?portalId=169&pageId=115887 accessed 5/4/2020
37	Washington State University	5270001590	0.137	City of Tacoma	Urban Center Mixed Use District	Multi-Family	The City of Tacoma allows multi-family uses in the Urban Center Mixed Use Zoning District with a minimum density of 40 dwelling units per acre	See Note	not found on Tacoma's list of surplus properties https://www.cityoftacoma.org/cms/One.aspx?portalId=169&pageId=115887 accessed 5/4/2020
38	Washington State University	5270001610	0.2	City of Tacoma	Urban Center Mixed Use District	Multi-Family	The City of Tacoma allows multi-family uses in the Urban Center Mixed Use Zoning District with a minimum density of 40 dwelling units per acre	See Note	not found on Tacoma's list of surplus properties https://www.cityoftacoma.org/cms/One.aspx?portalId=169&pageId=115887 accessed 5/4/2020

*The following list of Surplus Properties was found on the City of Tacoma's website. These properties were not included in the table above.

[TACOMA SURPLUS PROPERTIES LIST](#)

	Address	Parcel Number	N/A	Contact	Contact Email
1	115th Street Court, 24th Avenue E	0319101032		Greg Muller	gmuller@cityoftacoma.org
2	11622 24TH AV E	0319101085		Greg Muller	gmuller@cityoftacoma.org
3	11622 24TH AV E	0319112006		Greg Muller	gmuller@cityoftacoma.org
4	1115 E DIVISION LN	2087360011		Stephen Murakami	smuraka@tacoma.k12.wa.us
5	5645 S CEDAR ST	6080000330		Stephen Murakami	smuraka@tacoma.k12.wa.us
6	3201 S D ST	2082100010		Stephen Murakami	smuraka@tacoma.k12.wa.us
7	220233012	0220233012		Stephen Murakami	smuraka@tacoma.k12.wa.us
8	20152000	0020152000		Stephen Murakami	smuraka@tacoma.k12.wa.us
9	5645 S CEDAR ST	6080000330		Stephen Murakami	smuraka@tacoma.k12.wa.us
10	4806 S 66TH ST	5460001580		Shon Sylvia	shons@taconaparks.com
11	3936 S TYLER ST	0220131133		Ronda Cornforth	rcornforth@cityoftacoma.org
12	Browns Point Boulevard and 45th Street NE	0321221036		Ronda Cornforth	rcornforth@cityoftacoma.org
13	3561 Pacific Ave	7470021282		Rick Tackett	rick.tackett@piercetywa.gov
14	23101 Mountain Hwy E	318142001		Rick Tackett	rick.tackett@piercetywa.gov
15	I-5 & 47TH Avenue SW	219123112, 219122156, 219122160		Rick Tackett	rick.tackett@piercetywa.gov
16	16515 - 16525 Canyon Road East	0419302044		Zane Shiras	zshiras@lee-associates.com

Tacoma Surplus Properties List URL: https://www.cityoftacoma.org/cms/One.aspx?portalId=169&pageId=115887

Appendix III - Matrix of affordable housing policies and programs by each jurisdiction

Affordable Housing Incentives and Programs (Based on Interviews and Materials Made Available to Interviewers)														
Incentives										Programs, Policies, and Processes				
	Potential Provisions for Affordable Housing negotiated during Development Agreement conversation/ Case Flexibility by Case Flexibility	Multi-Family Tax Exemption (12-year Affordable Housing)	Fee and Permit Waivers		Expedited Permit Review	Alternative development standards for projects including Affordable Housing (reductions in open space, parking, and/or minimum lot size)	Affordable Housing Trust Fund	HOME Funding Program	Down payment Assistance Program	Preservation of housing stock for low-income homeowners - Programs to support home maintenance	Rental Inspection Program	ADUs Allowed	WA State Sales Tax Diversion	Have adopted a Housing Action Strategy/Plan or is launching a Housing Action Plan in 2020 (funds through WA Dept. of Commerce)
Jurisdiction	Density Bonuses*		Traffic Impact Fee Waiver	Other Permit/Fee Waivers (Parks/Open Space, schools, etc.)						X	X	X		X
Auburn										X				X
Bonney Lake														X
Buckley												X		
Carbonado														
DuPont												X		
Eatonville														
Edgewood														
Fife												X		
Fircrest												X		
Gig Harbor											X			
Lakewood										X		X		
Milton														
Orting														
Pacific														
Pierce County														
Puyallup												X	X	X
Roy														
Ruston												X		
South Prairie												X		
Stellacoom												X		
Sumner												X		X
Tacoma										X		X	X	X
University Place												X		X
Wilkeson														

*Here, "Density Bonuses" includes Floor Area Ratio (FAR) Bonuses

- Has used incentive
- Has incentive but has not been used
- Has no incentives currently
- Didn't participate in research as of April, 30, 2020
- Available Programs

X

Appendix IV - National Best Practices

National Best Practices (not ranked by priority)¹

This section of the report focuses on selected national best practices for affordable housing and offers examples from a few jurisdictions under each category. The list is not ranked by priority. We simply use the common categories of incentives and programs that are in practice around the nation. When appropriate, we have provided particular state legislation or examples that might prove useful/enabling for various jurisdictions in Pierce County.

The remainder of this section focuses on ten general groups of incentives/programs/strategies. These are:

- A. Mandatory inclusionary zoning
- B. Making use of public land for affordable housing
- C. Establishing commercial linkage fees to fund affordable housing development
- D. Requiring mixed income housing developments near transit
- E. Revising and/or streamlining the development review and re-zoning process
- F. Incentive Zoning
- G. Experimenting with new building types
- H. Reviewing and revising parking requirements
- I. Promoting regional solutions
- J. Notable Other Approaches

Below, we offer explanations and a few examples for each category.

A. Mandatory inclusionary zoning

- [San Francisco, CA](#):² When a housing developer proposes a residential project with 10 or more units, they must reserve a percentage of units in either the new building or an existing building to be rented or sold below market rate or pay a fee or dedicate land for use to build affordable housing (or some combination of these options). The program currently includes more than 3,000 affordable units.
- [Seattle WA](#):³ The City of Seattle's Mandatory Housing Affordability Ordinance (effective April 19, 2019) implements mandatory inclusionary zoning citywide. New buildings must include affordable housing or contribute to the Seattle Office of Housing fund to support the development of affordable housing.

¹ All weblinks in this document were accurate as of June 2020.

²City of San Francisco, Inclusionary Housing Program: <https://sfmohcd.org/inclusionary-housing-program>

³ City of Seattle, Mandatory Affordable Housing (MFA): [https://www.seattle.gov/hala/about/mandatory-housing-affordability-\(mha\)](https://www.seattle.gov/hala/about/mandatory-housing-affordability-(mha))

B. Make use of public land for affordable housing⁴

- A publicly owned parcel is any site that is owned by a governmental or government-chartered entity, including, state or local government, government departments (including housing and public works), transit agencies, school districts and public institutions of higher learning. Publicly owned parcels can include but are not limited to: vacant or underutilized parcels, parcels with existing community/public facilities with redevelopment potential, and/or land being purchased by a public agency for the development of community/ public facilities.
- [RCW.39.33.015](#) enables the transfer, lease or disposal of public land for affordable housing.
- [Boston, MA](#): The Boston Department of Neighborhood Development (DND), maintains an online platform that maps and catalogues information about city-owned land and buildings available for development. The online platform helps residents and developers easily find information about DND development projects and city-owned properties available for development, track local projects, and submit feedback.
- In northern California, the Santa Clara Valley Transportation Authority lists its current and potential joint development sites, with information that includes acreage, current use and zoning, applicable general plan, net developable area, and council and school districts.
- [Alexandria, VA](#):⁵ The new [Fire Station at Potomac Yard](#)⁶ in Alexandria, Virginia, was built as a five-story structure that includes 64 units of affordable housing, retail space and ground-level public space co-locating public facilities with other community amenities.
- [RCW 81.112.350](#) requires Sound Transit to offer 80 percent of its surplus property that is suitable for housing to qualified entities to develop affordable to families at 80 percent of area median income or less.
 - In May 2018, the Sound Transit Board officially [recommitted the agency to facilitate TOD on this surplus property](#)⁷

C. Establish commercial linkage fees to fund affordable housing development

- [Napa, CA](#):⁸ All new residential or commercial developments are subject to an affordable housing impact fee. Fees are placed into the City of Napa's Affordable Trust Fund and these funds are used to leverage other funds with the goals of providing affordable

⁴ Urban Land Institute's Public Benefit from Publicly Owned Parcels: Effective Practices in Affordable Housing Development: <https://www.enterprisecommunity.org/download?fid=3257&nid=3739>

⁵ City of Alexandria, Virginia, Potomac Yard Development Archive: <https://www.alexandriava.gov/potomacyard/default.aspx?id=12778>

⁶ The Station at Potomac Yard; <https://www.housingalexandria.org/the-station>

⁷ Sound Transit, RESOLUTION NO. R2018-10 Adopting an Equitable Transit Oriented Development Policy: https://www.soundtransit.org/st_sharepoint/download/sites/PRDA/FinalRecords/2018/Resolution%20R2018-10.pdf

⁸ City of Napa California: Affordable Housing Development: <https://www.cityofnapa.org/179/Affordable-Housing-Development>

housing.

- [Boulder CO](#):⁹ An affordable housing commercial linkage fee, also known as the affordable housing capital facility impact fee is charged per square foot to any non-residential commercial space (including retail/restaurants, office, hospitals, institutional, warehouse and light industry). Exemptions and reductions are available for public and civic uses, qualified non-profits and for “affordable commercial spaces.”

D. Require mixed income housing developments near transit

This group of incentives should be of particular interest in Pierce County, where transit service is available. Locating affordable housing units near transit stations helps create mixed-income communities, improves access to jobs (locally and regionally), and enhances the overall economy of a region. This strategy is used by a number of jurisdictions around the county. Below are three examples.

- [Chicago, IL](#):¹⁰ The city of Chicago amended its affordable housing ordinance to provide incentives to developers, including density bonuses, that build more than half of the project’s required affordable housing units in transit-served locations. The intention of the new incentives is to increase the number of mixed-income projects near transit.
- [Denver, CO](#):¹¹ In 2018, Denver adopted a new incentive zoning approach in the neighborhood around the 38th and Blake RTD light-rail station. This system was intended to direct growth around transit by allowing buildings to be taller in exchange for including more new affordable units in those buildings. This is part of a broader strategy around [Transit Oriented Development](#)¹², which includes long-range planning for 21 station areas that include provisions to preserve and create affordable housing in these areas.
- [Westminster, CO](#):¹³ City of Westminster has developed a robust plan around the Westminster station area with a focus on producing and preserving affordable housing in the surrounding area. This is part of a broader [Affordable and Workforce Housing](#)

⁹ City of Boulder, Affordable Housing Linkage Fees: <https://bouldercolorado.gov/plan-develop/affordable-housing-linkage-fees>

¹⁰ City of Chicago: Department Of Planning And Development And Members Of The Affordable Housing Task Force Recommend Reforms To Expand Affordable Housing Options In Growing Neighborhoods: https://www.chicago.gov/city/en/depts/mayor/press_room/press_releases/2014/dec/departments-of-planning-and-development-and-members-of-the-afford.html

¹¹ 38th and Blake Station Area Plan Implementation: https://www.denvergov.org/content/denvergov/en/community-planning-and-development/zoning/text-amendments/38th_and_Blake_Plan_Implementation.html

¹² Denver Transit Oriented Development Strategic Plan https://www.denvergov.org/content/dam/denvergov/Portals/193/documents/TOD_Plan/TOD_Strategic_Plan_FINAL.pdf

¹³ Westminster Station Area Plan <https://www.westminstereconomicdevelopment.org/wp-content/uploads/2017/12/TOD-Plan-5-24-17.pdf>

[Strategic](#)¹⁴ Plan that puts forth a number of strategies to produce and preserve affordable housing. Notably, this framework relies heavily on the idea of “housing balance” which considers access to transit, services, and employment.

E. Revise and/or streamline the development review and re-zoning process

- [Charlotte, NC](#):¹⁵ Proposed projects go through an assessment process by the Housing and Neighborhood Services department (HNS) to consider a number of factors, including proximity to transit services and other amenities, income diversity, access to jobs based on commute times by transit and automobile, and neighborhood change. The HNS then makes a recommendation and these findings and site scoring details are presented to the City Council for review, consideration and approval by majority vote. Linked to this policy is the [Quality of Life Explorer](#),¹⁶ a tool that looks at a wide variety of variables to determine “quality of life” in different parts of the city. Although this tool is certainly noteworthy, it is not totally clear how this tool is used in combination with the Affordable Housing Location Guidelines.
- [San Diego, CA](#):¹⁷ The City of San Diego offers a program to hasten the permitting process called Expedite. Projects with 100% affordable housing are processed 50% faster without additional processing fees. The City’s goal is to process 100% affordable housing projects in half the review times as standard projects.
- [Pinellas County, FL](#):¹⁸ Pinellas County, FL provides expedited permit processing, along with other incentives (including the reduction of parking requirements and setback requirements), for sponsors of certified Affordable Housing Developments (AHD). Builders and developers apply for AHD certification with the County’s Planning Department. Once approved, they are eligible for expedited processing, as well as assistance from a Development Review Administrator. The Administrator serves as an ombudsman and single point of contact, helping to guide the development through the review and permitting process and coordinating all comments, questions, and responses from the County.
- [Minneapolis, MN](#):¹⁹ Single-family home zoning was devised as a legal way to keep African Americans and other minorities from moving into certain neighborhoods, and it still functions as an effective barrier today. Minneapolis mayor, Jacob Frey has said that

¹⁴ Affordable and Workforce Housing Strategic Plan

<https://www.westminstereconomicdevelopment.org/wp-content/uploads/2017/05/Housing-Strategic-Plan-FINAL-Westminster.pdf>

¹⁵ City of Charlotte Affordable Housing Location Guidelines:

https://charlottenc.gov/HNS/Housing/Strategy/Documents/Affordable%20Housing%20Location%20Guidelines_CouncilApproved_01.14.19.pdf

¹⁶ Charlotte/Mecklenburg Quality of Life Explorer: <https://mcmap.org/qol/>

¹⁷ City of San Diego Development Services Department, Expedite Program for Affordable, Infill Housing and Sustainable Development: <https://www.sandiego.gov/sites/default/files/dsdib538.pdf>

¹⁸ AFFORDABLE HOUSING INCENTIVES offered through the PINELLAS COUNTY LAND DEVELOPMENT CODE: <http://www.pinellascounty.org/community/pdf/AffordableHousingGuide.pdf>

¹⁹ Minneapolis 2040: <https://minneapolis2040.com/goals/>

abolishing restrictive zoning was part of a general consensus that the city ought to begin to mend the damage wrought in pursuit of segregation.²⁰

- [Los Angeles, CA](#): In 1999, the Los Angeles city council established the Housing Crisis Task Force in response to the city's severe affordable housing shortage. In the months that followed, the task force released a report, *In Short Supply*, to identify strategies aimed at alleviating the housing crisis. The report found that 372,000 housing units were overcrowded (102,000 of which were severely overcrowded), accounting for 30 percent of total housing units within the city. Thousands of affordable housing units were being demolished every year to make way for more luxurious homes, and the nearly built-out city did not have the land to accommodate new housing development. The task force strongly recommended increasing the availability and production of affordable housing through innovative land use strategies. One such strategy included facilitating affordable homeownership through a small lot program.²¹

F. Incentive Zoning

- [Montgomery County, MD](#)²²: Montgomery County requires 12.5 percent of all new residential units be affordable but the required affordable percentage rises to 15 percent for projects that take advantage of the County's density bonus program. Under that program developers can build up to 22 percent more floor area than would otherwise be allowed under local zoning.
- [Garden Grove, CA](#)²³: As part of their Multifamily Residential Development Standards, the city offers a variety of incentives for building affordable projects or including affordable units. This includes density bonuses, reductions in site development standards, and modifications of zoning code requirements or architectural design requirements. The code also leaves open the possibility for: "Other regulatory incentives or concessions proposed by the applicant or the City that result in identifiable, financially sufficient, and actual cost reductions."
- [Bellingham, WA](#)²⁴: Earned increased density of up to 50 percent over the otherwise allowable density in the applicable residential.
- [Sacramento, CA](#)²⁵: The city maintains a policy that allows developers to enter into a density bonus housing agreement with the city. Essentially, if affordable units are included, the city will negotiate with the developer to increase density.

²⁰ Minneapolis Confronts Its History of Housing Segregation:

<https://slate.com/business/2018/12/minneapolis-single-family-zoning-housing-racism.html>

²¹ Los Angeles, California: Small Lot Ordinance:

https://www.huduser.gov/portal/casestudies/study_102011_1.html

²² Montgomery County Density Bonuses https://montgomeryplanning.org/glossary_term/density-bonus/

²³ Garden Grove Municipal Code "Density Bonuses and Other Incentives for Affordable Housing"

http://www.qcode.us/codes/gardengrove/view.php?topic=9-9_12-9_12_030-9_12_030_070

²⁴ City of Bellingham Municipal Code (Chapter 20.29, Incentive Program For Innovative Affordable Homeownership Projects) <https://bellingham.municipal.codes/BMC/20.29>

²⁵ Sacramento City Code 17.704.070 Density bonus housing agreement

http://www.qcode.us/codes/sacramento/view.php?topic=17-vii-17_704-17_704_070&frames=on

- [Pinellas County, FL](#):²⁶ Pinellas County, FL provides special incentives for sponsors of certified Affordable Housing Developments (AHD). Builders and developers apply for AHD certification with the County's Planning Department. Once approved, they are eligible for reductions in parking and setback requirements.
- In Washington State, in accordance with [RCW 36.70A.540](#), all units developed through an inclusionary zoning program in Washington must remain affordable for at least 50 years.

G. Experiment with new building types

- [Portland, OR](#): Portland has had notable success with their ADU program. Portland's program is unique in its administration and accessibility. The city offers significant guidance and makes information about the program easily available to homeowners interested in adding an ADU to their property.
- [San Francisco, CA](#):²⁷ The city allows for "group homes," often being marketed as "coliving" spaces. Housing under this designation is governed by a different set of rules and regulations as opposed to "dwelling units," opening possibilities for more diverse housing arrangements.
- [San Mateo County, CA](#):²⁸ Through the Shared Housing Program, cities and San Mateo County work closely with a private nonprofit to match those seeking housing with homeowners who have available space to rent. This program also includes a service exchange option for services in lieu of rent.

H. Review and revise parking requirements

- [San Diego, CA](#):²⁹ In 2019, San Diego eliminated parking requirements for new developments in transit priority areas and drastically reduced parking requirements for all new developments in the downtown area and other selected parts of the city.
- [Portland, OR](#):³⁰ In 2013, Portland reduced parking requirements for multi dwelling projects citywide as follows: One space per five units for developments with 31-40 units, one space per four units for 41-50 units, and one space per three units for 51 or more units. This is an update to their existing policies that eliminate parking minimums altogether in certain parts of the city with high transit accessibility.

²⁶ AFFORDABLE HOUSING INCENTIVES offered through the PINELLAS COUNTY LAND DEVELOPMENT CODE: <http://www.pinellascounty.org/community/pdf/AffordableHousingGuide.pdf>

²⁷ City of San Francisco Housing Programs Cheat sheet https://default.sfplanning.org/plans-and-programs/housing/HousingPrograms_CheatSheet.pdf

²⁸ HIP Housing: <https://hiphousing.org/programs/home-sharing-program/>

²⁹ City of San Diego Municipal Code General Development Regulations <https://docs.sandiego.gov/municode/MuniCodeChapter14/Ch14Art02Division05.pdf>

³⁰ Portland, OR New Parking Requirements <https://www.portlandoregon.gov/bds/article/445842>

- [Woodbury, MN](#):³¹ The city allows for “proof of parking” on development applications to allow for a reduced number of required parking spaces. Proof-of-parking policies allow developers to refrain from initially providing the full required amount of parking if they can demonstrate that the amount exceeds demand, providing they can prove that the site can accommodate additional parking in the future.

I. Promote regional solutions

- [Greater Boston Region](#):³² 15 mayors in the greater Boston region signed on to a plan to address the region’s housing shortage by encouraging housing construction through improved local zoning.

J. Notable Other Approaches:

Under this category, we offer examples where multiple best practices are packaged together to create a unique affordable housing development environment.

- [New York City, NY](#):³³ The City Council is working on legislation that adds Community Land Trusts to the NYC administrative code. It defines an “eligible community land trust” for the purpose of entering into regulatory agreements with the City’s housing agency, and outlines requirements related to those agreements. The bill’s passage gives a boost to CLT efforts taking root across NYC to ensure permanently affordable housing and community-led development.
- **Atlanta, GA:** [Atlanta Equitable Transit-Oriented Development \(TOD\) Fund](#) (October 2018) is currently being piloted, with plans to expand the program upon completion of the pilot. “This \$15 million pilot fund will provide below-market, patient capital to support the acquisition and pre-development of workforce housing near MARTA stations, the Atlanta Streetcar, the Atlanta BeltLine and other modes of transit,” ([Invest Atlanta](#)).
 - Notably, this program is made possible by a variety of partners including [Enterprise](#) (national nonprofit focused broadly on affordable housing concerns), [Invest Atlanta](#) (City of Atlanta’s Economic Development Authority) and the [TransFormation Alliance](#) (“The TransFormation Alliance is a collaboration of community advocates, policy experts, transit providers and government agencies that believes equitable transit-oriented development can promote community building practices to link communities near transit stations with the opportunities they need to thrive”).
 - This fund complements MARTA [policies](#) and guidelines that feature inclusionary zoning, density bonuses and encouraging mixed income developments adjacent to transit centers.

³¹ City Code - Section 24-242:

https://library.municode.com/mn/woodbury/codes/code_of_ordinances?nodeId=CICO_CH24ZO_AR_TVSUDIRE_DIV2OREPALO_S24-242OREPASPRE

³² Metro Mayors Coalition Regional Housing Task Force: <https://housingtaskforce.mapc.org/strategies>

³³ NYCCLI Statement on Passage of Community Land Trust Legislation
<https://nyccli.files.wordpress.com/2017/12/nyccli-statement-intro-1269-a.pdf>

- **Vancouver, WA [Multi-Family Tax Exemption Program](#)** (effective January 2017) - Robust example of MFTE program, ([codified by Municipal Code 3.22](#)) that offers additional tax exemptions for development in designated residential areas that lack sufficient available, desirable, affordable and convenient residential housing to meet the public need. The purpose of this ordinance is to encourage new private multi-housing development and redevelopment within urban centers to accommodate future population growth and provide places to live close to employment and transit services. Projects seeking an 8-year exemption for market rate housing projects must work out an approved Development Agreement with the city.
- Additionally, there are several MFTE options. “Three tax exemption options are available for projects with an affordability component:
 - 8-year exemption for projects with 20% of units affordable to households earning up to 100% of area median income (AMI).
 - 10-year exemption for projects with 20% of units affordable to households earning up to 80% AMI.
 - 12-year exemption for projects with 20% of units affordable to households earning up to 60% AMI.
 - In addition to the above requirements, households in income-restricted units must pay no more than 30% of their income for rent and utilities.”

**Appendix V – South Sound Housing
Affordability Partners (SSHAP)**



SOUTH SOUND HOUSING AFFORDABILITY PARTNERS

Shaping the Future of Housing Opportunities in Our Pierce County

In recent months, Pierce County has made headlines for having some of the fastest rising rents in the nation, yet wages remain stagnant. In the last five years, rents in Pierce County increased by 50% while household income increased by just 4%. If this trend continues uninterrupted, the cost of housing in our community will become a burden that many of our hardworking neighbors will no longer be able to afford.

Across Greater Pierce County, more than 60% of home-owning households and almost 40% of renters spend a disproportionately high percentage of their income on housing costs. Households in all jurisdictions and all income ranges (including those making more than \$70,000 per year) are impacted by the high cost of housing.

Many cities, counties, and tribes have made individual contributions aimed at keeping housing attainable for all residents. True progress relies on leaders working together to share bold ideas and discuss and create innovative regional solutions. Ensuring available housing options for all who live or work in Pierce County is an opportunity to increase household resilience, consumer spending power, and economic strength across the region. In particular, working families, seniors, and first-time homebuyers stand to benefit most from collaborative efforts on housing.

PIERCE COUNTY MAYORAL ROUNDTABLE ON AFFORDABILITY

Recognizing the magnitude of housing issues across the region, Tacoma Mayor Victoria Woodards, County Executive Bruce Dammeier, and County Councilmember Connie Ladenburg invited elected leaders from across Pierce County to learn more about the local housing market and its impacts, including the Mayors of each city and town and leaders from the Puyallup Tribe. The group also chose to explore whether there were opportunities to partner in making a difference.

From the beginning, discussions focused on shared interests as well as the unique needs of each jurisdiction. Together, these leaders committed to a four-meeting series in 2019.

Meeting series highlights:

- Participating leaders and UWT's Dr. Ali Modarres shared changes in the housing market and the impacts to our seniors, young people, and working families as well as our economy and transportation systems;
- A panel of private and non-profit housing developers shared how to effectively incentivize the creation of obtainable housing;
- Representatives from local government coalitions shared how collaboration has strengthened their ability to create accessible housing at all income levels; and
- The series culminated with a discussion of how governments across Pierce County might partner on this important issue.



SSHAP

Overall, participating elected leaders indicated an interest to do the following:

ACT NOW: Decide on collaborative actions they could take now to help vulnerable residents such as seniors remain housed and make housing obtainable for all Pierce County residents; and

PARTNER IN SUSTAINING THIS WORK: Explore forming an enduring coalition that could assist member governments in making needed progress on this vital issue for years to come while honoring the unique needs and circumstances of each jurisdiction.

ACT NOW: IMMEDIATE COLLABORATIVE ACTION

The following work will be the focus of the first quarter of 2020:

- Beginning coordinated lobbying and monitoring of State Legislation;
- Compiling a centralized library of relevant housing policies and best practices;
- Creating a countywide inventory of Urban Growth Area land available for housing; and
- Compiling a list of all funding sources for housing, including the allowed uses and restrictions.

PATHWAY TO AN ENDURING, MUTUALLY BENEFICIAL PARTNERSHIP

Embracing the belief that our governments are stronger when they work together and this work cannot successfully be completed by one agency nor under one elected official's term, ten local governments across Pierce County have committed to funding and engaging with a contractor to explore the structure and formation of a coalition to have a sustaining presence in this work. **This coalition is currently known as the South Sound Housing Affordability Partners (SSHAP, pronounced "Shape").**

Over the course of 2020 with consultant support, participating governments will increase their long-term, collective impacts on housing by taking the following steps:

- Brief government Councils
- Confirm initial SSHAP participants;
- Determine the coalition's structure and define desired outcomes;
- Craft an interlocal agreement for circulation; and
- Develop a workplan that defines the timing and sequence of SSHAP's launch and next steps.

In alignment with the direction from the very first Mayoral Roundtable meetings, this coalition will create a sustainable pathway to greater housing opportunity in Pierce County while honoring each jurisdiction's individual community needs and circumstances.