SSHĀP

South Sound Housing Affordability Partners Executive Board Meeting Minutes

February 3, 2023 8:30 – 9:57 a.m.

Executive Mayor Nancy Backus, City of Auburn – present

Board: Councilmember Kevin Ballard, City of DuPont – present

Deputy Mayor Mike Winkler, City of DuPont - present Mayor Daryl Eidinger, City of Edgewood - present

Councilmember Christi Keith, City of Edgewood (alternate) - absent

Mayor Kim Roscoe, City of Fife - excused

Councilmember Doug Fagundes, City of Fife - absent Councilmember Hunter George, City of Fircrest – present Mayor Pro Tempore Joe Barrentine, City of Fircrest - present

Mayor Tracie Markley, City of Gig Harbor – present

Councilmember Mike Brandstetter, (alternate) City of Lakewood – excused

Councilmember Paul Bocchi, City of Lakewood - present Mayor Shanna Styron Sherrell, City of Milton – absent Executive Bruce Dammeier, Pierce County - excused Councilmember Ryan Mello, Pierce County – present Deputy Mayor Ned Witting, City of Puyallup – present Councilmember Annette Bryan, Puyallup Tribe – present

Mayor Dick Muri, Town of Steilacoom – present

Councilmember Charla Neuman, City of Sumner – absent Chair, Mayor Victoria Woodards, City of Tacoma – present

Councilmember Kristina Walker, City of Tacoma (alternate) - present Councilmember Stan Flemming, City of University Place – absent

Staff: Jason Gauthier, SSHA³P Manager

Mary Connolly, Program Specialist Becki Foutz, Administrative Assistant

Guests: Ryan Windish, Debbie Bingham, Jason Wilson, Kennith George, LeighBeth Merrick, Patti

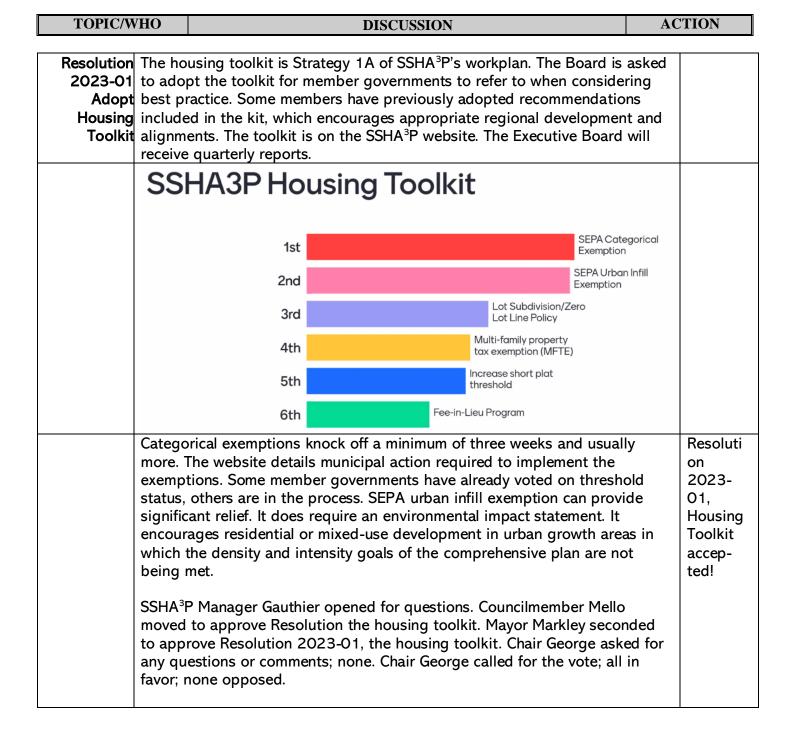
Spaulding-Klewin, Taylor Jones, Tiffany Speir, Trish Crocker, Alex Harrington, Kristin Mitchell, John Howell, Kevin Briske, Bryan Schmid, Cynthia Stewart, Katie Baker, Jason Gano, Eric

Clute, Ted Richardson, Master Builders, Jayne Westman, Jason Wilson

MINUTES

TOPIC/ WHO	DISCUSSION					
Call to Order	Mayor Woodards called the meeting to order at 8:34. SSHA ³ P Manager Gauthier called roll, per above; a quorum was present.	Wel- come!				
Consent Agenda	Any additions to the agenda? None. Mayor Backus moved to approve the consent agenda. Councilmember Bryan seconded. The group voted to approve the consent agenda.	The agenda was approved.				

Public Comment Election of Mayor Woodards opened for nominations for 2023 SSHA³P Executive Board 2023 Chair Chair. Mayor Backus nominated Councilmember Hunter George. It was seconded. Mayor Woodards asked for any additional nominations; none. Mayor Markley moved that nominations be closed. Mayor Backus seconded. Mayor Woodards called for a vote to elect Councilmember George Chair. All in favor; none opposed. Deputy Mayor Witting nominated Mayor Markley for 2023 SSHA³P Executive Board Vice Chair. Mayor Backus seconded. Mayor Woodards asked for any additional nominations; none. Mayor Backus moved to close nominations. Witting seconded. Mayor Woodards called for a vote to elect Mayor Marley Vice Chair. All in favor; none opposed. Mayor Woodards said that it was an honor to serve as Chair for SSHA³P's first year. She's not stepping down from the group, however, she's quite busy. She thanked the group for their support. She's currently in Washington, DC meeting with other elected officials from around the country where she had the opportunity to brag about our local model. We're moving the needle together! Like Executive Dammeier says, we're a coalition of the willing, working together on things, even when we may disagree on some points. Mayor Backus thanked Mayor Woodards for her leadership and willingness to continue, through COVID, brainstorming, and setting up SSHA³P. She appreciates Mayor Woodards' dedication to ensuring everyone has affordable housing in Tacoma and the region. Chair George thanked Mayor Woodards for her hard work to get us where we are. He recalled the very first meeting of SSHA³P in which Executive Dammeier encouraged everyone, especially those in small cities, to participate. He's excited to serve with Mayor Markley in continuing to unite around this critical community issue. Mayor Markley echoed what's been said and thanked Mayor Woodards for leading the charge, even at times when it seemed hopeless. Mayor Markley likes to work with people who aren't afraid to stand up and do the righ
A Vice Chair
readership and rooks forward to the work we'll continue to do.



TOPIC/WHO DISCUSSION **ACTION**

Exemption

Local Jason welcomed Debbie Bingham, the City of Tacoma's Business & Economic Success of Development Program Manager, and Ryan Windish, the City of Sumner's the Community & Economic Development Director, to present on their MFTE Multifamily programs. Multifamily Property Tax Exemption programs help accommodate Property Tax housing targets for 2044 planning.

Informational

Program Debbie's been managing MFTEs in Tacoma for about ten years. They provide Debbie incentive to create housing in desired areas of the city. Each city's local Bingham & government must designate areas for housing, per an identified lack of Ryan housing. Four or more units must be created, and property tax on all Windish residential improvements is exempt. The land is still taxed, and commercial/mixed use of the property is also taxed.

8-year exemption - all market rate

12-year exemption must provide 20% of units to low- to moderate-income households

20-year exemption - 25% of units must be permanently affordable

Tacoma's MFTE program began in 1995 as a 10-year property tax exemption. In 2007, it changed to 8- and 12-year exemptions. In 2020-21, SB 5287 updated the program with a new stated purpose, and a 12-year extension for current projects was added, as well as a new 20-year exemption for permanently affordable housing. Increased reporting requirements were also added at that time.

Tacoma's Affordable Housing Action Strategy was adopted in 2018, to create more homes for more people. The strategy aims to:

- 1. Create more homes for more people;
- 2. Keep housing affordable and in good repair;
- 3. Help people stay in their homes and communities; and
- 4. Reduce barriers for people who often encounter them.

Per the Tacoma Equity Index, the 8-year option was removed from very high equity areas; this will be reviewed every three years. If they want the option, they should be adding affordable housing in those areas. Tacoma's also expanding use of 12- and 20- year MFTEs through their Home in Tacoma II program, to be finalized at the end of 2023.

Tacoma adopted the MFTE program in 1996. They took it to the legislature for almost 10 years to get it passed. Prior to 1995, Tacoma hadn't had any new development in 20 years; they needed the economic incentive to create housing. In 2009, hundreds of units were added. Currently, to qualify for the 12-yr exemption, 20% of units must be occupied by households earning a maximum of 70% AMI. Pierce County has a higher AMI than the City of Tacoma. The figures will be revisited over time. Units must be spread across unit type.

TOPIC/WHO		DISCUSSION AC									CTION		
Local Success of the Multifamily Property Tax Exemption Program Debbie Bingham	Betwee 251 at units h Future exemp	fordal ave b proje	ole uni een bu cts: 31	ts were ilt, in 1 47 uni	, 5402 built v 178 pro	units with the ojects.	built w e 12-y	ear exe	emption	n. A tot	al of 6	d 6689	Informa- tional
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units. They've had to bring on more staff to do that.

TOPIC/WHO **DISCUSSION ACTION**

Local Ryan thanked Debbie for her help in administering the program. They Success of expanded last year. Sumner has about 10,200 people, however, they have a the large industrial area and employ 17,000. About half of their units are Multifamily rentals. Historically, it's been pretty affordable. They also have some middle Property Tax housing stock. As in other areas, prices have gone up over the last several **Exemption** years. They adopted the MFTE program in 2019 with their adoption of a Program Town Center planned area, to encourage development. Density's only limited Ryan by height. They have projects of 90-100 units per acre. Developers are Windish looking at 8-yr exemptions; Sumner also allows for the 12-year exemptions.

> A home's considered affordable when the total housing costs (rent or home payment/dues & utilities) don't exceed 30% of the gross household income. Sumner completed a housing action plan in 2021, including a housing needs assessment. With it, they demonstrated to their City Council and community that 37% of Sumner renters are cost-burdened, 13% severely so. Twelve% of homeowners are cost-burdened, 13% severely so. Bonney Lake has an average rent of \$1327, and Sumner's is \$1305. The median home sale price in both cities is about \$400,000. Costs are higher South of Main Street; North lower.

> Sumner's City Council was concerned by lost tax revenue for the city, school and fire districts, and staff time for administering MFTE. The program was narrowed down to the East Sumner area. Density was increased there, and a number of projects are proposed. The city received a letter from East Pierce Fire & Rescue, concerned with increased services and reduction in tax revenue. The school district felt the same but didn't officially comment. Citizens were concerned about more apartments changing the character of the area.

> Sumner lost revenue. The value of the MFTE program is when developers look at their bottom line. If you want developers to build affordable housing, they're going to look at the bottom line.

Implementation included setting up a website complete with applications, and reporting. Debbie was very, very helpful. Commerce has a great MFTE coordinator and website. Ryan's not sure how much time the reporting will take. If they get half a dozen MFTE projects in 20 years, they'll be excited.

Debbie and Ryan opened for questions. Chair George asked how the Sumner City Council did with the loss of tax revenue. They have a project with 166 units, and 33 will be affordable. There are also more projects in the pipeline. The Council was explained that the taxes return; the drop's temporary. It's a \$20M build for the 166 units, so there will be sales tax revenue and fees that the city will receive, to offset their loss. More people will be living in the community and purchasing things, creating revenue.

Informational

Discussion

TOPIC/WHO **DISCUSSION ACTION**

Windish forever. continued

Local Councilmember Mello noted that Ryan did a great job explaining the Success of potential revenues and temporary loss. The development wouldn't happen if the not for the incentive. The further argument that will take political leadership Multifamily to tout are all the other benefits that come when affordable stable housing's Property Tax provided to the community. Costs to government of people not being **Exemption** housed properly are tremendous. In Tacoma, have there been any takers on Program the new 20-yr exemption with 25% permanently affordable housing? Debbie Debbie said no one's been interested in that option yet in Tacoma. In Seattle Bingham & it's been done by Habitat. If a private developer builds the units, they have Ryan to be sold to government or a nonprofit, to ensure they're affordable

> Councilmember Mello asked Ryan about his slide illustrating the AMI levels and what people can afford to rent or own. Are those figures for WA, or Pierce County specifically? They're Pierce County AMI. Ryan said that the group's welcome to use his slide to illustrate AMI.

Councilmember Bocchi added that when it comes to the loss of tax revenue, Lakewood's along the lines of Sumner. Their staff goes through the exercise of trying to figure out the other taxes like utility taxes, and you'd be amazed at the number that comes out. He agreed with Councilmember Mello about AMI; it's confusing. The neighborhood breakdown's important. Lakewood has some very poor neighborhoods and some above average.

Mayor Markley thanked Debbie and Ryan. She appreciated the example of a small city. She'll use the AMI slide with Gig Harbor figures for her City Council. Ryan said that the data used was 2019. Jason provided a link to updated data (at right).

Jason noted that if jurisdictions are interested in implementing an MFTE program, Jason's happy to help them. Next month there will be a presentation from ARCH in King County. One of their primary programs is helping member cities with MFTE compliance. Looking at more member services that SSHA³P can offer, MFTE compliance might be one to consider.

Chair George thanked Debbie and Ryan for the report on their successes!

Discussion

Current AMI Data

Thank you, Debbie & Ryan!!

Informa-

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TOPIC/WHO DISCUSSION **ACTION**

Advisory Mary refreshed the group on the Advisory Board process. Having an **Board** Advisory Board's a requirement of SSHA³P's intergovernmental agreement. Appointment The Advisory Board will advise and make recommendations to the Executive Process Board on several points, including input on program design and Mary development, and legislative advocacy. The Board will consist of 15-20 Connolly members, and represent geographic and demographic diversity. 1/3 will be consumers of affordable/attainable housing, both rental and ownership. 1/3 will be developers, designers, planners and managers of affordable/attainable housing, and 1/3 will be advocates and advisors who work on land use and housing issues. Upon establishing the Board, members' terms will be staggered, 1/3 for one year, 1/3 for two years and 1/3 for three years. Following that, terms will be three years.

> Previously, input was requested via a poll about how much involvement the Executive Board would like to have in interviewing and recommending Advisory Board members. Option 3 was favored by one vote:

Step 1 – initial app review by SSHA³P staff

Step 2 – phone screening interview by SSHA³P staff

Step 3 – panel interview – SSHA³P staff plus 2 Executive Board members

Step 4 – recommendation – Executive Board subcommittee will recommend

Step 5 - appointment - at 4/7 Executive Board meeting

Member governments expressed a desire for emphasis on diversity of expertise and experiences. Staff will aim for having a staff workgroup member from at least two of these groups at panel interviews: One staff workgroup member from at least two of these groups - Pierce County + Large Cities (Auburn, Lakewood, Pierce County, Puyallup, Tacoma, and University Place), Small Cities & Towns (DuPont, Edgewood, Fife, Fircrest, Gig Harbor, Milton, Steilacoom, and Sumner) and Tribal Government.

Timeline – applications will be reviewed, and phone screens and panel interviews will be held between now and mid-March. Today the appt process will be finalized. In late March, an Executive Board subcommittee will meet to review applicants and recommend 15-20 applicants for appointment. Appointments will be made at the 4/7 Executive Board meeting.

Next steps: need final direction from the Executive Board on the appointment process, as well as formation of the Executive Board subcommittee. Staff would prefer that each member government's represented by one person.

Chair George asked if staff's working on a proposal for compensating Advisory Board members? Yes, they're researching best practices on compensation and working with Pierce County on internal compensation processes. Options will be shared.

Discussion

TOPIC/WHO

ACTION

DISCUSSION

Board Appointment Process Mary Connolly SSHA³P Manager	34 applications have been received thus far. Chair George asked the Board they had questions or comments about the process and next steps. None. Any volunteers to be on the subcommittee? Councilmember Ballard, Chair George and Deputy Mayor Witting. Jason suggested asking for volunteers after the meeting, since some members had to leave. Mayor Markley volunteered if there aren't enough volunteers; she's quite busy. Mary will reach out to recruit more volunteers; she's looking forward to going through this process! SSHA3P Manager Gauthier included the quarterly workplan progress report and budget report in the meeting packet; there were no anomalies. Pierce	sory Board Website
Jason	County transferred their membership fees in January. Jason provided hot sheets from the legislative session. Vice Chair Leavitt's working on Bill 1167 which would create a grant program for multiplex housing, including ADUs. If this passes, cities will have an opportunity to apply for grants. Councilmember Ballard had suggested creating a position for ourselves. Bill 5301 is an amendment to create a spot for interlocal housing collaboration on the Washington Housing Board. If this passes, it will create a slot for SSHA³P! HB 1110 is a middle housing bill; its companion bill is 5190. 1110 is in negotiations; it would lift the threshold from 6,000 to 25,000 to provide triplexes. and it looks like it would require cities to hit 6,000 to provide triplexes. There's a natural barrier in the Senate Fiscal committee. Manager Gauthier encouraged member governments to continue to work with lobbyists and pay attention to this one. Chair George invited questions. None.	
	Chair George invited members to discuss what's going on in their communities. None.	Informa- tional
Good of the Order/ Adjourn- ment	The meeting was adjourned at 9:57 a.m.	Meeting ad- journed!

The next SSHA³P Executive Board meeting is scheduled for Friday, March 3, at 8:30 a.m. via Zoom.

Respectfully submitted,

Becki Foutz, Administrative Assistant