



**South Sound Housing Affordability Partners
Executive Board Meeting Minutes**

August 4, 2023

8:30 – 10:04 a.m.

Executive Board: Mayor Nancy Backus, City of Auburn – present
Councilmember Kevin Ballard, City of DuPont – excused
Deputy Mayor Mike Winkler, City of DuPont - excused
Mayor Daryl Eidinger, City of Edgewood – excused
Councilmember Christi Keith, City of Edgewood (alternate) - present
Mayor Kim Roscoe, City of Fife – present
Councilmember Doug Fagundes, City of Fife – absent
Chair, 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 – present
Councilmember Paul Bocchi, City of Lakewood – excused
Mayor Shanna Styron Sherrell, City of Milton – present
Executive Bruce Dammeier, Pierce County - present
Councilmember Ryan Mello, Pierce County – present
Deputy Mayor Ned Witting, City of Puyallup – present
Councilmember Annette Bryan, Puyallup Tribe – excused
Mayor Dick Muri, Town of Steilacoom – present
Councilmember Nancy Henderson, Town of Steilacoom, (alternate) - present
Councilmember Charla Neuman, City of Sumner – absent
Mayor Victoria Woodards, City of Tacoma – present
Deputy Mayor Kristina Walker, City of Tacoma (alternate) - excused
Councilmember Stan Flemming, City of University Place – present

Staff: Jason Gauthier, SSHA³P Manager
Mary Connolly, Program Specialist
Becki Foutz, Administrative Assistant

Guests: Dawn Couch, Ryan Windish, Casey Twiggs, Cynthia Stewart, LeighBeth Merrick, Liz Crouse, Patti Spaulding-Klewin, Trish Crocker, Paul Loveless, Bryan Schmid, Katie Baker, Tiffany Speir, Heather Moss, Robin Bolster-Grant, Taylor Jones

MINUTES

TOPIC/ WHO	DISCUSSION	ACTION
Call to Order	Chair George called the meeting to order at 8:34 a.m. SSHA ³ P Manager Gauthier called roll, per above; a quorum was present.	Wel-come!
Consent Agenda	Any modifications to the agenda? None. Councilmember Flemming moved to approve the agenda. Mayor Woodards seconded. Vote was taken, none opposed.	Agenda was approved.

TOPIC/WHO	DISCUSSION	ACTION
Public Comment	Chair George invited the public to comment. None. No written comments have been received.	
Maureen Howard Affordable Housing Act Expenditure Presentation Bryan Schmid	<p>In 2015, the legislature passed HB 2263, creating a sales and use tax option for housing and related services. In 2020, they passed HB 1590 which allowed jurisdictions to tax up to 1/10 of 1% (10 cents on a \$100 purchase) for housing and related services. A minimum of 60% of the funds collected must be used for constructing affordable housing, constructing mental and behavioral health related facilities or funding the operation and maintenance costs of new units of affordable housing and facilities where housing-related programs are provided, or newly constructed evaluation and treatment centers.</p> <p>Services must be provided to persons at or below 60% of the median income who have mental illness/BH or physical disabilities, who are veterans, seniors, homeless, or at risk of being homeless, families with children, unaccompanied homeless youth or young adults, or domestic violence survivors.</p> <p>In 2021, the City of Tacoma passed Ordinance 28747 implementing the housing and related services sales tax in Tacoma. Orting and Ruston also passed Ordinances to adopt the tax. In 2023, Pierce County passed Ordinance 2022-81s, implementing the Maureen Howard Affordable Housing Act, for the rest of Pierce County (outside Tacoma, Orting, and Ruston). The tax will generate nearly \$20M in revenue annually outside the city of Tacoma – Tacoma generates roughly \$7M. This is a four-fold increase in affordable housing resources for Pierce County!</p> <p>The Ordinance directs Human Services to create a Six-Year Advisory Expenditure and Implementation Plan, based on the allowed uses of the fund, the Council's priorities, the Comprehensive Plan to End Homelessness, and the Behavioral Health Improvement Plan.</p> <p>Council priorities: attract affordable housing development and preservation of permanent supportive housing throughout the County; address the racial and rural wealth gap through increasing homeownership; dedicate up to 30% of funds to those at or below 30% AMI, 50% to those between 30 and 60% AMI, and 20% to housing-related services and behavioral health.</p> <p>Key Goals:</p> <ul style="list-style-type: none"> • Increase affordable housing production for lower income households • Create diversity of housing options • Expand permanent housing options for homeless households • Prevent homelessness <p>Attain geographic and racial equity.</p>	Informa- tional

TOPIC/WHO	DISCUSSION	ACTION
<p>Maureen Howard Affordable Housing Act Expenditure Presentation continued</p>	<p>The draft plan will fund allocations thus: 80% towards capital development and preservation of affordable housing and operation and maintenance of newly created affordable housing; 50% to affordable housing for households between 30 and 60% AMI; 30% for households below 30% AMI and households who are homeless or at-risk of homelessness; 20% for the delivery of housing services to support the homeless crisis response system.</p> <p>Funds will be administered through a competitive Notice of Fund Availability (NOFA) process through contracts with the Pierce County Community Development Corporation (CDC).</p> <p>Affordable Housing project types will include rental housing, homeownership housing and permanent supportive housing.</p> <p>The County also receives Document Recording Fee (DRF) revenue for affordable housing (about \$1M/year). This figure varies, depending on real estate market activity. They also receive DRF revenue for homeless services.</p> <p>The County's typically a gap financier, providing \$1 for every \$7 or \$8 coming from other sources such as tax credit equity, private loans, HUD, grants, etc. The County invests approximately \$50,000 per unit in affordable housing development.</p> <p>Rents that can be charged to those with income bands below 60% AMI are simply insufficient to support debt service. Public subsidies are needed to help develop these projects. The County provides "soft loans" with no expectation of payment. The Department of Commerce and the City of Tacoma also do this.</p> <p>Homeownership requires public subsidies, including a direct subsidy to homebuyers. 60% AMI homebuyers need a significant subsidy. In Permanent supportive housing, subsidies are required for development and maintenance costs.</p> <p>All expenditures must be approved by the Pierce County Council. Human Services must provide biennial performance reports to the Council. The program's audited every six years. This is a long-term obligation of 30 years or more, during which the project will be monitored. The Council reviews this program every ten years, to revisit the need for the fund.</p> <p>Deputy Mayor Witting asked about MFTEs - usually only a portion are affordable, and the rest are market rate – is that true for this program as well? Yes, the funds would need to be targeted to the specific affordable units.</p>	<p>Informational</p> <p>Discussion</p>

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Maureen Howard Affordable Housing Act Expenditure Presentation continued	<p>Mayor Backus asked if there's a breakdown to see what percentage of funds is used for preservation? Not at this time, but Bryan feels that's a great point that we can consider. There's a definite need for preservation of affordable housing.</p> <p>Councilmember Brandstetter asked about the biennial performance reports – when do those begin? 2025. Regarding the reports and performance audit, what's the timeline for determining the performance measures that will serve as the substance of those reports? Will they be approved by the Council? Bryan said that the plan will go to the Council for approval by December 1. A preliminary set of targets and performance goals has been drafted, based on units produced. Councilmember Brandstetter suggested that once the plan's finalized, member governments should get and share them to help make things consistent across the county.</p> <p>Mayor Roscoe asked if the Tribe had been consulted, and about local control of the units. Bryan said his team is conducting outreach and the Tribe is on their list to discuss the plan with. What kind of notification would jurisdictions like about units being developed?</p> <p>Heather added that the County only contributes a portion of the financing. Human Services is working with jurisdictional partners on the investment to be sure they're n alignment with all interests.</p> <div><p>Affordable Housing Target Goals:</p><table><tr><th>Biennium Budget</th><th>Units Below 30% of AMI</th><th>Units 30% to 60%</th><th>Total</th></tr><tr><td>2024-2025</td><td>195</td><td>325</td><td>520</td></tr><tr><td>2026-2027</td><td>210</td><td>350</td><td>560</td></tr><tr><td>2028-2029</td><td>230</td><td>370</td><td>600</td></tr></table></div> <p>Over the next six years, about 1700 units will be funded through this program. This is based on a projection of about \$50,000/unit of County investment and the rest coming from other sources.</p> <p>Bryan's team is currently working on public engagement and community outreach for the plan. Final review will be in October and it will be submitted to the Council for approval by December 1. Funding will be deployed to the community in 2024.</p>	Biennium Budget	Units Below 30% of AMI	Units 30% to 60%	Total	2024-2025	195	325	520	2026-2027	210	350	560	2028-2029	230	370	600	Discus- sion
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<p>Maureen Howard Affordable Housing Act Expenditure Presentation continued</p>	<p>They intend to increase the pot for homeownership, to address the wealth gap. They're exploring community land trusts to help make progress on that front.</p> <p>Bryan opened for questions. Executive Dammeier noted that we're behind on the projected need, so this plan is good, but will not meet all needs. Regarding requirements, if you lay the same concept over all of the affordable housing sources mentioned, there are many jurisdictions spending a lot of money without moving the needle. (peanutbuttering) How do use funds in such a way as to maximize impact? Can we do things differently, instead of being siloed? The challenge for all of us is to do this slightly differently to yield more significant outcomes than in the past. How do we leverage funding between the County and smaller jurisdictions? Executive Dammeier is encouraged by this work and was happy to sign the Ordinance, but there's a lot more work to be done.</p> <p>Mayor Roscoe expressed her gratitude towards the Pierce County Council leadership. She read an article about the lack of affordable housing stock starting before the financial crisis of 2008. Since then, population's increased. Market forces are not responding. No one likes a new tax, but this is, in fact, a crisis.</p> <p>Mayor Backus agreed and also gave kudos to Pierce County for taking this on. She's glad there's a preservation plan, because we're losing naturally-occurring affordable housing. She encouraged working towards preservation.</p> <p>Deputy Mayor Witting agreed with the County Executive that we need to be more creative. Often when we establish affordable housing, it's on a time clock after which it reverts to market rate. He encouraged the group to explore community land trusts to preserve affordability for an extended time.</p> <p>Councilmember Brandstetter appreciates this new tool, viewing it as something that's leverageable by projects of multiple sizes and multiple projects. When you consider projects to invest in, it was suggested that County dollars are matched by seven or eight other dollars, and investing \$50,000/unit which brings us to a \$450,000 unit as an acceptable cost. He encouraged them to be sure that the cost per unit is what we really want to have. Market rate housing is built for less than that. Why is that? Are there things that we can do to help drive down building costs? We should have a range to remain within. He also thinks that the emphasis on preservation of existing units could be more highly prioritized. Sometimes the best thing we can do is buy land that's in flood zones. For those who've been renting at affordable rates, perhaps it would make sense to purchase those units, instead of investing in new construction. In Lakewood, a number of MFTE developments have ultimately been sold within five years of construction. We should explore buying some of those to increase the number of affordable housing units.</p>	<p>Discus- sion</p>

TOPIC/WHO	DISCUSSION	ACTION
<p>Maureen Howard Affordable Housing Act Expenditure Presentation continued</p>	<p>Chair Mello agreed with the Executive's comments; this is an opportunity to reimagine some other funding sources and focus them on specific projects instead of peanutbuttering them across all housing types. He asked what other entities Bryan will be reaching out to? What advisory groups will Human Services use when making decisions? Bryan will be presenting to the CDC Board (on 8/15), the CPEH Exec Board, BH Advisory Board, the DRF Steering Committee, and the CoC, and will also get input from the development community through the Affordable Housing Consortium. They'll also reach out to the Puyallup Tribe, and are exploring checking in with both PCHA and THA. They'll also conduct outreach directly to the community for their input on the plan. The NOFAs will outline what we're looking for, and how proposals will be scored. A team will look at financials to ensure projects are viable, in compliance, and will help make progress towards goals. Recommendations ultimately go to the Pierce County Council. There's opportunity to change the way we've done this. Perhaps there will be multiple, target NOFAs released for each type, instead of one for all, to create more intentionality. Heather added that we'll also present to the SSHA³P Advisory Board.</p> <p>Ned asked if there's a recording of the presentation to the Affordable Housing Consortium. Bryan will find out.</p> <p>Chair thanked Bryan for the terrific presentation. He's excited and impressed with the County's leadership in creating this resource, and with County staff about how they're implementing it.</p>	<p>Bryan will take feed-back to his team to discuss.</p> <p>Bryan will check on whether the AHC meeting was recorded.</p>
<p>Resolution 2023-06</p>	<p>Resolution 2023-06, a Resolution to amend SSHA³P Executive Board's rules and procedures, will be carried over to the next meeting.</p>	
<p>SSHA³P Middle Housing Grant Presentation Dawn Couch Project Manager, Berk Consulting</p>	<p>Dawn presented about the Middle Housing Grant. Five SSHA³P cities participated. Berk Consulting worked with Jason and his team. The project kicked off back in November, and recommendations on draft rezoning and middle housing were made in April. Berk created images of middle housing that would be welcomed by communities, keeping graphics abstract, to not limit architectural options. They shared fact sheets addressing challenges and developed a community engagement plan focusing on review of existing input from Housing Action Plans and other prior projects, interviews of Community Based Organizations (CBOs) and community reps, city-led community meetings and CBO-led engagement efforts.</p> <p>A racial equity analysis, a new requirement, was informed by engagement and conducted for each of the cities. The program includes a recommendation of anti-displacement policies. They conducted geographic distribution racial equity analyses, location quotients, and displacement risk analyses, observing disparate impacts:</p>	

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SSHA³P Middle Housing Grant Presentation continued	<p>Suitability was evaluated using a two-layer approach: site characteristics and location and land use. General reflections after the studies included:</p> <ol style="list-style-type: none"> 1. There are common challenges among the five participating cities. <ul style="list-style-type: none"> • A need to address the challenge of housing affordability • Long-term residents being resistant to change 2. The finding of racially disparate impacts was not surprising, but the variation by community was notable. The detail on local conditions can help align policy solutions to the specific needs of local communities. 3. Theoretical suitability and feasibility are not always aligned. Private property constraints (HOA's/covenants) and development code requirements can create challenges even where middle housing types are permitted. 4. Re-zoning is not the only solution to promote middle housing. More granular development code amendments can reduce barriers to middle housing types in areas not exclusively zoned for single-family. 5. The multijurisdictional collaboration was beneficial for establishing objectives and methods, translating the analytic outputs to policy solutions needed city-specific processes. <p>Councilmember Brandstetter asked for clarification around whether available resources describing middle housing were written for policymakers. Dawn said they were not. Berk was looking for a description more for the neighbors, an important group to listen to. He asked, regarding aggregation of various ethnic groups in specific areas, were there any natural propensities or desires to co-locate vs. being dispersed? He explained that some ethnic communities are dispersed throughout in Lakewood, while others have concentrated themselves in neighborhoods with each other for cultural reasons. Dawn said that she didn't have input from the community regarding that. In Edgewood there's been a migration of Asian Americans so there's an enclave. Not sure why, was it marketed differently? Was the housing or location more attractive to that community? A perfect dispersion of races across a city is rare. People make choices for themselves of where they'd like to live.</p> <p>Councilmember Keith is fascinated and wants to jump right into the data. This is right in their wheelhouse – they're making big changes!</p>	<p>Check out Dawn's detailed report and slides in the meeting packet!</p> <p>Discussion</p> <p>Thank you, Dawn!</p>
Meeting Extension	<p>Mayor Backus moved to extend the meeting by five minutes. Chair Mello seconded. Vote was taken; none opposed.</p>	<p>Meeting extended five minutes.</p>

TOPIC/WHO	DISCUSSION	ACTION
SSHA³P Manager Report Jason Gauthier & Mary Connolly	Jason's been meeting with member governments regarding SSHA ³ P's legislative priorities. Next meeting the group will have a draft. The Q2 budget performance report is included in the meeting packet. Q3's report will look different. Regarding the middle housing grant, two additional SSHA ³ P members, Lakewood, and Tacoma, also worked on the middle housing work, in addition to the five participating cities.	Informa- tional
Executive Board Updates/ Comments	None	
Adjourn- ment	Executive Dammeier moved to adjourn; Mayor Backus seconded. The meeting adjourned at 10:04 a.m.	Meeting ad- journed!

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

Respectfully submitted,

Becki Foutz
Administrative Assistant