

EXHIBIT "A"

Chapter 1.39 AFFORDABLE HOUSING INCENTIVES AND BONUSES ADMINISTRATIVE CODE

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1.39.010 Purpose.

The purpose of this Chapter is to encourage the development of affordable housing for [rental households earning 50 percent or less, and ownership](#) households earning 80 percent or less of the Tacoma median household income, pursuant to the provisions of RCW 36.70A.540. The Growth Management Act ("GMA") requires Tacoma to make adequate provisions for existing and projected housing needs of all economic segments of the community. The City recognizes that the real estate market provides adequate housing for those households in the upper economic segments; however, a combination of financial and regulatory incentives will be necessary to adequately provide for the needs of households whose incomes are at or below the City's median household income. The City recognizes the public benefits affordable housing contributes to local communities and businesses.

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1.39.030 Applicability.

The affordable housing incentives for low-income households may be utilized within a range of zoning designations throughout the City. The incentives and bonuses offered through the provisions of this Chapter may be utilized to gain an increase in height or density pursuant to the provisions and ratios of the applicable provisions of ~~TMC~~ Title 13 [of the Tacoma Municipal Code \("TMC"\)](#), as specified in Chapters 13.06 and 13.06A. Additional permitting incentives, including fee reductions and expedited City review, are also authorized through this Chapter. Finally, this Chapter lays out requirements to incorporate housing affordability [in certain circumstances, including](#) with the grant of residential upzone requests [and for development within areas designated for inclusionary housing](#). [Areas designated in TMC 13.18, Affordable Housing Inclusionary Development Areas, are subject to the requirements of Section 1.39.100 below, which modifies some of the general provisions of this Chapter.](#)

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1.39.060 Development Incentives.

A. Development incentives are voluntary options intended to promote the incorporation of affordable housing units within private developments by offering sufficient value to offset the cost of the reduced revenue from rents or purchase prices, in order to promote a range of housing unit costs integrated within for-profit housing developments and thus promote a distribution of affordable housing throughout the neighborhoods of the City.

B. Planned Residential Districts. Per the provisions of TMC 13.06.140, PRDs offer a zoning mechanism to develop a site specific proposal on larger sites that can incorporate additional density in exchange for the provision of affordable housing units pursuant to the requirements of this Chapter. PRDs may allow up to two times the number of dwelling units permitted in the underlying residential district. Fifty percent of this bonus development capacity is reserved for the provision of affordable housing pursuant to the requirements of this Chapter.

C. Downtown Tacoma. Per the provisions of TMC 13.06A.080, development proposals within Downtown zoning districts seeking to gain additional Floor Area Ratio may choose from a list of public benefit features including the provision of affordable housing pursuant to the requirements of this Chapter.

D. Mixed-use Centers. Per the provisions of TMC 13.06.300.(E).7 Height Bonus Palette, development proposals within certain mixed-use center zoning districts seeking to gain additional height may choose from a list of public benefit features, including a contribution to the City of Tacoma's Affordable Housing Trust Fund.

E. Affordable Housing Inclusionary Development Areas. Areas designated in TMC 13.18 as Affordable Housing Inclusionary Development Areas have been granted increased development capacity at the time of their designation to offset the cost of providing affordable housing. In addition, such areas are eligible for incentives in exchange for incorporation of affordable housing, pursuant to Section 1.39.100, below.

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1.39.080 Incorporation of Affordable Housing Units.

A. To obtain the Financial and Development Incentives offered, ~~or~~ to gain approval of a residential upzone, or to meet inclusionary housing requirements, the following provisions must be met. These include the incorporation of affordable housing units within the project or the payment of an in-lieu fee to the City to be utilized for the creation of housing affordability.

B. Incorporation of Affordable Units. To satisfy the provisions of this section the following is required:

1. Density bonuses—Planned Residential Districts and Downtown Floor Area Ratio. For each additional market rate dwelling unit allowed through a density bonus, pursuant to the provisions of this Chapter and of TMC 13.06 and 13.06A, an additional affordable unit shall also be included. The ratio of bonus density market rate to affordable units shall be one to one.

2. Density bonuses—Residential Upzones. For every three additional market rate dwelling units allowed through a privately-initiated upzone request, an additional affordable unit shall also be included per the provisions of this section and of TMC 13.06.650. The ratio of upzone market rate to affordable units shall be three to one.

3. Density bonuses—Affordable Housing Inclusionary Development Areas. Areas designated in TMC 13.18 as Affordable Housing Inclusionary Development Areas shall incorporate the required percentage of total units as affordable, pursuant Section 1.39.100, below.

~~34.~~ Affordability requirements. To qualify as affordable per the provisions of this section, rental households shall be affordable to households earning up to 50 percent of the Pierce County Area Median Income (AMI), and ownership households shall be affordable to households earning up to 80 percent of AMI, adjusted for household size.

~~45.~~ A combination of affordable rental and ownership households is acceptable within a qualifying development.

~~56.~~ Affordable housing units provided pursuant to the provisions of this section shall remain affordable for a 50 year term, pursuant to the requirements of RCW 36.70A.560.

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1.39.100 Affordable Housing Inclusionary Development Requirements.

A. Purpose. This section is intended to address housing needs in priority areas, to reduce involuntary displacement, to meet the City's housing choice and affordability goals, and to support the achievement of the City's Comprehensive Plan and housing policies. This section integrates and modifies the general standards of Chapter 1.39, as specified below.

B. Definitions. The definitions of Section 1.39.020 apply.

C. Applicability. This section applies to areas designated in TMC 13.18, Affordable Housing Inclusionary Development Areas.

D. Program Requirements. The Program Requirements of Section 1.39.040 apply, except as follows, regarding the number of units.

1. Number of units – 15 or more. Developments including 15 units or more shall provide a minimum of 10 percent of the total units in the development as affordable, pursuant to the provisions of this Chapter.

E. Financial Incentives. The provisions of Section 1.39.050 apply, and are modified as follows:

1. Fee reductions. In order to promote and offset the cost of creating affordable housing, developments subject to these requirements shall be eligible for permit fee reductions. The permit fee reductions shall be proportionate to the percentage of affordable units provided through the development. If the fee in-lieu approach is used, the project will not be eligible for this option. Fee reductions will be resource dependent.

F. Development Incentives. The designation of Affordable Housing Inclusionary Development Areas is accompanied by an increase in maximum building height, maximum density, or other regulatory change that increases development capacity and creates an incentive to provide affordable housing.

G. Incorporation of Affordable Housing Units. The provisions of Section 1.39.080 apply, with the following modifications:

1. Developments subject to these provisions shall incorporate at least 10 percent affordable units, per the provisions of this Chapter.

2. As an alternative to incorporation of affordable housing units within the development, the project proponent may choose to pay an in-lieu fee as a contribution to the City's Housing Trust Fund. This option shall become available at such time as the City establishes an Inclusionary Zoning fee in lieu amount.

H. Procedures. The provisions of Section 1.39.090 apply.