



Multifamily Property Tax Exemption Program Review

City of Tacoma | Community and Economic Development

Government Performance and Finance Committee

July 16, 2024



1

OVERVIEW



- On November 9, 2021, the City Council adopted Resolution 40866 which outlined changes to the City of Tacoma's Multifamily Property Tax Exemption Program and required that the program and the changes be reviewed in three years.
- This presentation will begin that review.

2

2

BACKGROUND



- On June 22, 2021, after a discussion on proposed Ordinance #28770 to eliminate the eight-year MFTE in mixed-use centers designated very high opportunity based on the City's Equity, the City Council referred an examination of the entire program to GPFC for review and recommendation to the full City Council.

3

3

BACKGROUND



- On December 14, 2021, after a four-month review of the program, amended Ordinance #28798 was passed by the City Council which implemented several changes to the program, including
 1. Expand the 12 and 20-year MFTE to residential target areas of Neighborhood Commercial Nodes and existing mid-scale residential on corridors as defined through the Home in Tacoma process and to "mid-scale" once the rezoning is complete
 2. Implement elements of Senate Bill 5287 including allowing applications for 12-year extensions for projects under current exemption, if affordability is maintained or added

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BACKGROUND



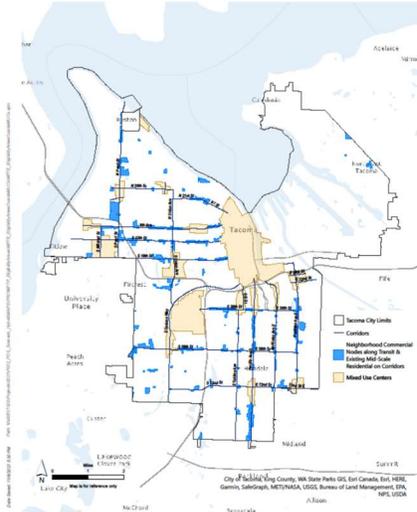
- 3. Require affordability level be at 70% of Pierce County Family Median Income.
- 4. Require projects in expanded areas, which are located on a corner, include at least 30% of the first-floor space as commercial space, built per commercial building code and subject to the design standards of the applicable zoning district.

5

ALLOWED LOCATIONS

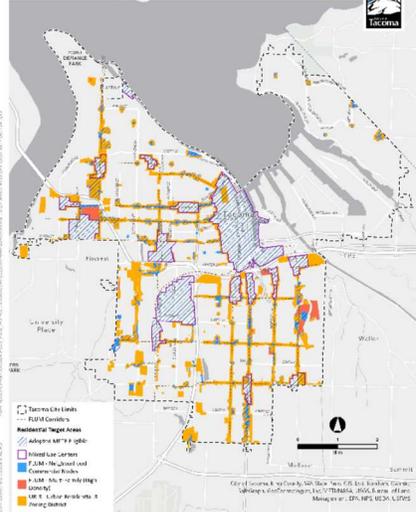


Residential Target Areas



Current

Residential Target Areas



Post Home in Tacoma

6

Outcomes 1998-2021



Projects Completed (1998-2021)

8-Year Exemption*: (first project in 1998)

- 129 Projects Built
- 4671 Units Built
- *Includes projects & units built under 10-year exemption program

12-Year Exemption: (first project in 2015)

- 26 Projects Built
- 788 Units Built
- 169 Affordable units Built

Total:

- 155 Projects Built
- 5459 Units Built

Total Private Investment: \$865,056,217

Outcomes 2022-2024



Projects Approved (2022-2024)

8-Year Exemption:

- 17 Projects approved
- 1692 Units

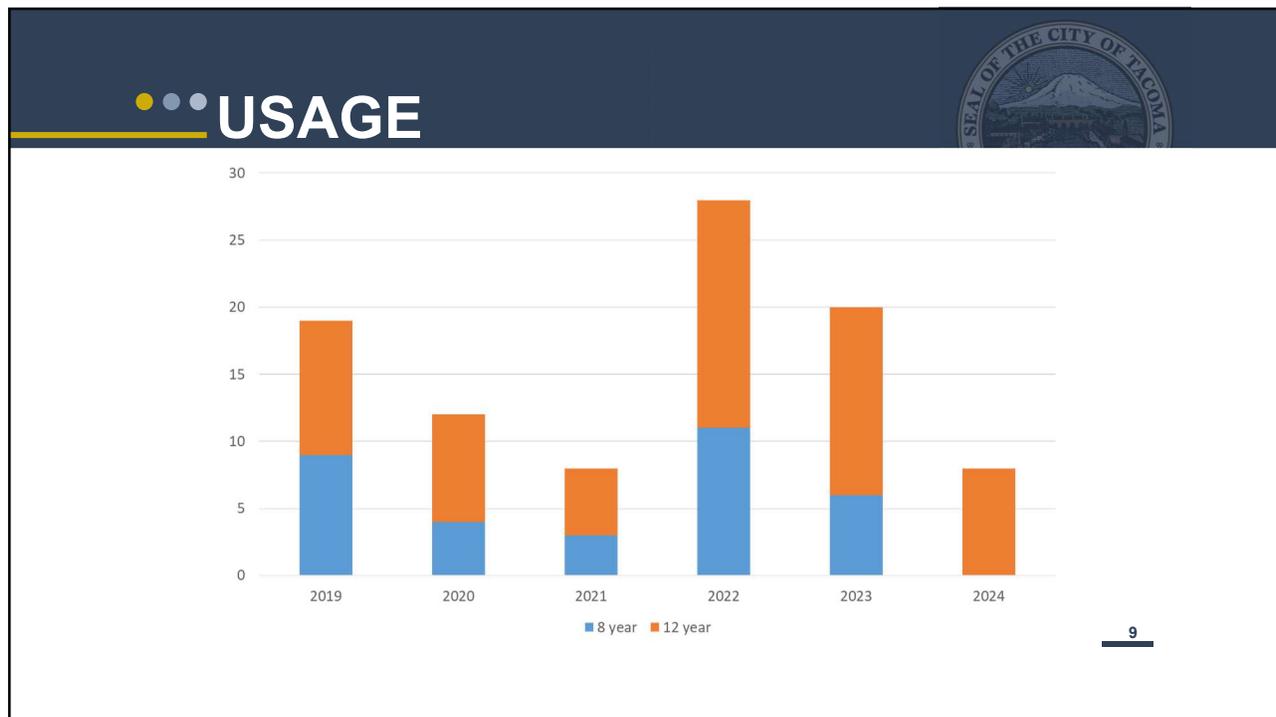
12-Year Exemption:

- 35 Projects Approved
- 1807 Units
- 363 Affordable Units

Total:

- 52 Projects Approved
- 3499 Units

Total Private Investment: \$975,206,547



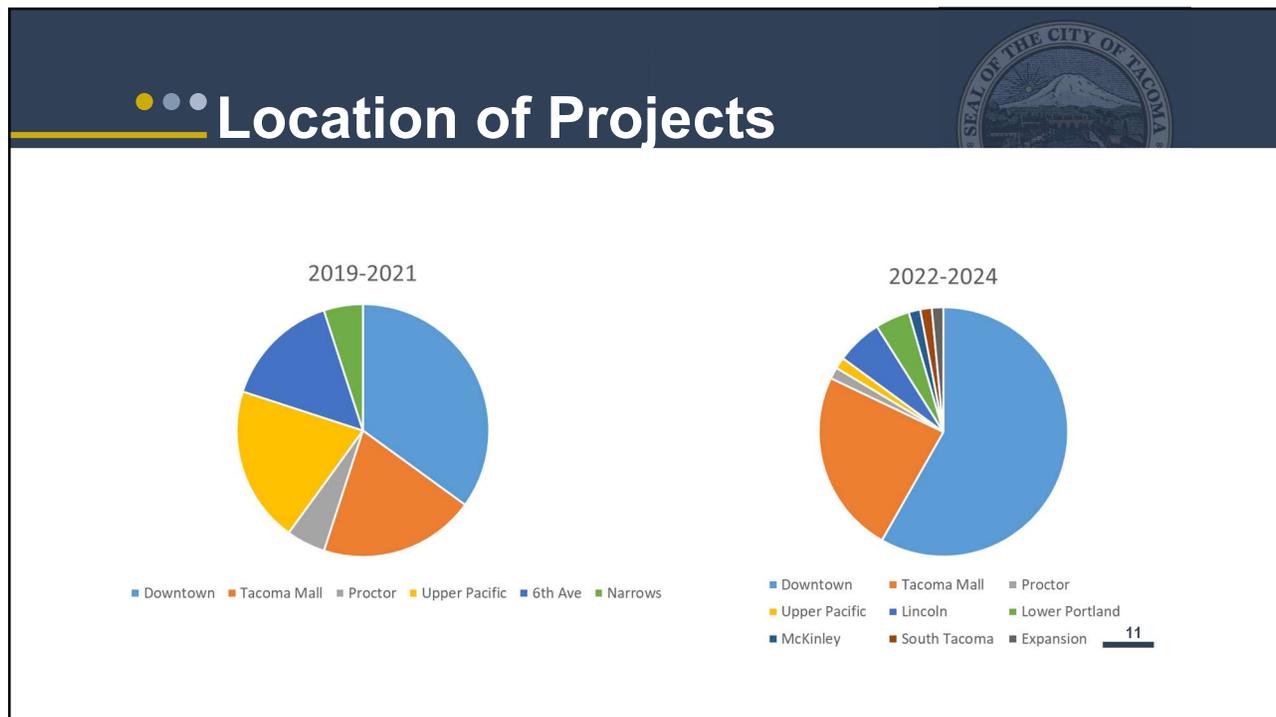
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USAGE

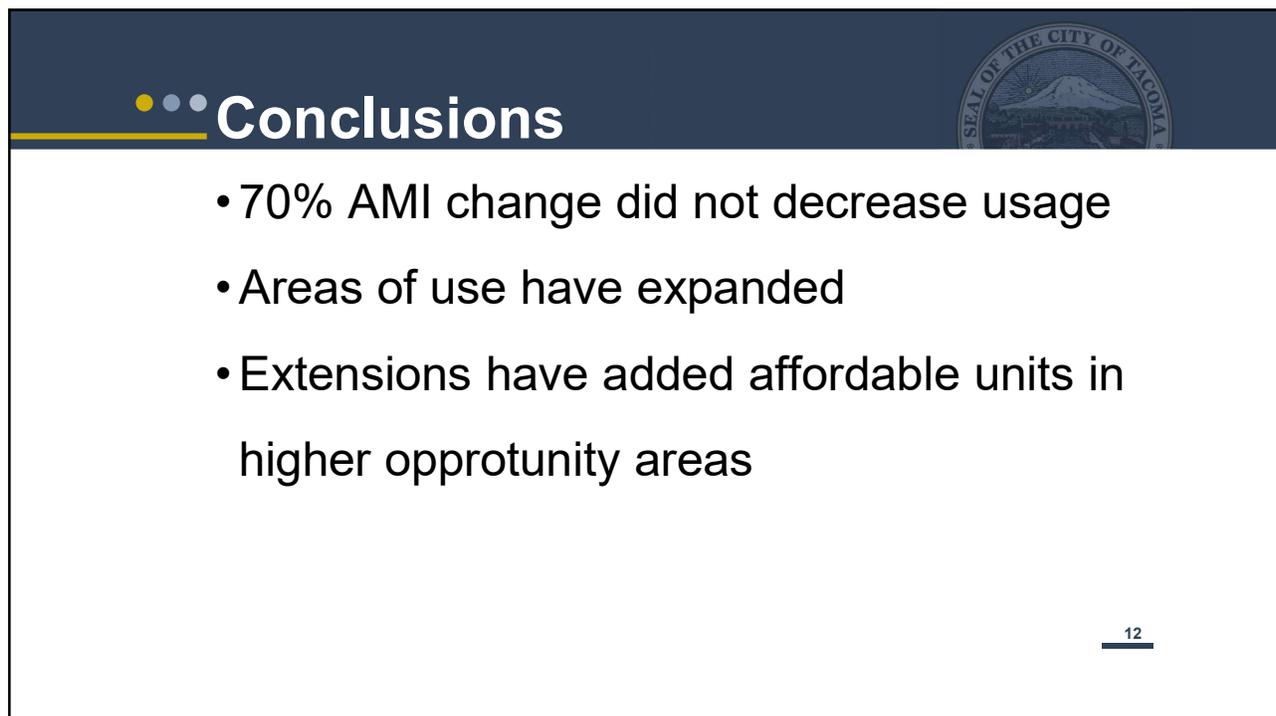
- One project in expansion area
- Three extensions
 - Stadium – added 4 affordable units
 - Proctor – added 31 affordable units
 - Tacoma Mall – added 5 affordable units

10

10



11



12



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