



**TO:** Elizabeth Pauli, City Manager  
**FROM:** Debbie Bingham, Economic Development Specialist, Community and Economic Development  
 Jeff Robinson, Director, Community and Economic Development  
**COPY:** City Council and City Clerk  
**SUBJECT:** Request for resolution– September 18, 2018  
**DATE:** August 31, 2018

**SUMMARY:**

Authorizing the appropriate City officials to execute an 8 Year Multifamily Housing Property Tax Exemption Agreement with Forbes Development Group and Mount Bay Investment Holdings, LLC for development of 229 multifamily market-rate rental units at 301-323 East 26<sup>th</sup> Street in the Downtown Regional Growth Center.

**STRATEGIC POLICY PRIORITY:**

This project will foster neighborhood, community, and economic development vitality and sustainability by providing 229 market rate rental housing units within a designated mixed use center.

**BACKGROUND:**

Forbes Development Group and Mount Bay Investment Holdings, LLC is proposing to develop 229 new market-rate rental units in the Downtown Regional Growth Center as described in Exhibit “A” to the Resolution. The housing will consist of 229 units as described in the chart below.

Number of units	Type of Unit	Average Size	Expected Rental Rate
<i>Market Rate</i>			
63	Micro studio	300 SQFT	\$975
55	Studio	400 SQFT	\$1180
91	1 Bedroom/1 Bathroom	540 SQFT	\$1430
20	2 Bedroom/1 Bathroom	850 SQFT	\$2170

This project will also contain 85 residential parking stalls and 20,000 square feet of commercial space. The developers are aware of the City’s SBE and LEAP programs and plan to use local labor as much as possible. The project will be forwarded to the Pierce County Treasurer Assessor for the 8 year multi-family housing property tax exemption after the project complies with all City of Tacoma building codes, processes and procedures and receives a valid certificate of occupancy from the City. The Community and Economic Development Department has determined that the proposed project has all the necessary qualifications for the 8 year multi-family housing property tax exemption. Forbes Development Group and Mount Bay Investment Holdings, LLC will enter into an agreement prepared by the City to develop the site as described in the plans on file with the City.

**ISSUE:**

This action would approve the tax exemption through the attached proposed agreement.

**ALTERNATIVES:**

If the resolution is not adopted, the tax exemption will not be granted and the developer has stated that the exemption is necessary to make the project feasible.



**RECOMMENDATION:**

Staff has reviewed the application and has determined that the proposed project qualifies for the 8 Year Multifamily Housing Property Tax Exemption. Staff recommends the Council approve the resolution.

**FISCAL IMPACT:**

The value of the land and retail portions would continue to be taxed throughout the exemption period. The additional greater economic impact to Tacoma from adding to the population base is estimated through sales tax generation. The projected assessed value of the completed project, the projected property taxes to be exempt and the projected increase in sales tax are listed in the table below:

<b>Current Land Value and Retail Property Tax Projections</b>	
Current Assessed Value	\$ 1,500,000
Current Total Annual Property Tax	\$ 23,700
Projected Total Property Tax Payments on Land and Retail Space Value Over 8 Years	\$ 638,375
- City	\$ 133,330
<b>Projected Completed Assessed Value and Property Tax Exemption</b>	
*Projected Completed Assessed Value	\$ 45,000,000
Projected Total Taxes to be Exempt over 8 years	\$ 5,688,000
- City	\$ 1,188,000
<b>Potential Sales Tax Impacts</b>	
**Projected Total Sales Tax Generated over 8 years	\$ 9,433,810
- City	\$ 1,179,230

\*The projected *Completed Assessed Value* is based on estimated construction costs.

\*\*The projected *Total Sales Tax Generated* is estimated by the increase in households the project creates using the average sales tax revenue generated per household in Tacoma.