



**TO:** Elizabeth Pauli, City Manager  
**FROM:** Debbie Bingham, Project Manager, Community and Economic Development  
 Jeff Robinson, Director, Community and Economic Development  
**COPY:** City Council and City Clerk  
**SUBJECT:** Request for resolution– August 13, 2019  
**DATE:** July 22, 2019

**SUMMARY:**

Authorizing the appropriate City officials to execute a 12 Year Multifamily Housing Property Tax Exemption Agreement with Joe and Elise Raquiza for the development of 12 multifamily market-rate and affordable rental units at 4314-4318 Puget Sound Avenue in the Tacoma Mall Mixed Use Center.

**STRATEGIC POLICY PRIORITY:**

This project will foster neighborhood, community, and economic development vitality and sustainability by providing 12 market rate and affordable rental housing units within a designated mixed use center.

**BACKGROUND:**

Joe and Elise Raquiza are proposing to develop 12 new market-rate and affordable rental units in the Tacoma Mall Mixed Use Center as described in Exhibit “A” to the Resolution. The housing will consist of 12 units as described in the chart below.

Number of units	Type of Unit	Average Size	Expected Rental Rate
<i>Market Rate</i>			
4	Studio	449 SQFT	\$800
4	Two bedroom, 2.5 bath	1210 SQFT	\$1500
<i>Affordable Rate</i>			
2	Studio	449 SQFT	\$800
2	Two bedroom, 2.5 bath	1210 SQFT	\$1444* with utilities

This project will also include 6 parking spaces. The project will be forwarded to the Pierce County Treasurer Assessor for the 12-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. Joe and Elise Raquiza 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 12 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	\$ 252,600
Current Total Annual Property Tax	\$ 3,274
Projected Total Property Tax Payments on Land Value Over 12 Years	\$ 39,387
- City	\$ 9,038
<b>Projected Completed Assessed Value and Property Tax Exemption</b>	
*Projected Completed Assessed Value	\$ 1,500,000
Projected Total Taxes to be Exempt over 12 years	\$ 233,352
- City	\$ 53,672
<b>Potential Sales Tax Impacts</b>	
**Projected Total Sales Tax Generated over 12 years	\$ 1,158,798
- City	\$ 125,536
***Projected Sales Tax generated from construction	\$ 180,000
- City	\$ 19,500

\*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.

\*\*\*The projected Sales Tax generated from construction is estimated by multiplying the construction costs by the sales tax rate.