



TO: T.C. Broadnax, City Manager
FROM: Debbie Bingham, Economic Development Specialist, Community and Economic Development
Ricardo Noguera, Director, Community and Economic Development
COPY: City Council and City Clerk
SUBJECT: Request for resolution – May 10, 2016
DATE: April 25, 2016

SUMMARY:

Authorizing the appropriate City officials to execute a 12 Year Multifamily Housing Property Tax Exemption Agreement with Pierce Real Properties, LLC for the development of 14 multifamily market-rate and affordable rental units at 3524 McKinley Avenue in the McKinley Mixed Use Center.

STRATEGIC POLICY PRIORITY:

This project will foster neighborhood, community, and economic development vitality and sustainability by providing 14 market rate and affordable housing units within a designated mixed use center.

BACKGROUND:

Pierce Real Properties, LLC is proposing to develop 14 new market rate and affordable rental units in the McKinley mixed use Center, in the former Police Substation, as described in Exhibit “A” to the Resolution. There will be seven live/work units and seven work/live units. 12 of the units will be one bedroom and will rent for \$725-\$945 per month. Two of the units will be two bedroom and will rent for \$1150 per month. The Community and Economic Development Department has determined that the proposed project qualifies for the 12 year multi-family housing property tax exemption for the residential portion. Pierce Real Properties, 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 12 Year Multifamily Housing Property Tax Exemption. Staff recommends the Council approve the resolution.

FISCAL IMPACT:

The value of the land and current structure would continue to be taxed. The City’s portion of the current tax for land and structure is approximately \$1640.00 annually. The City’s portion of the tax to be exempted for the proposed structure is estimated at \$3300 annually. The project will generate higher revenues for the City at the end of the twelve year agreement.