



TO: Hyun Kim, Interim City Manager
FROM: Paul Bakker, Business & Economic Development Analyst, Community and Economic Development
Tanja Carter, Director, Community and Economic Development
COPY: City Council and Council and City Clerk
SUBJECT: Request for resolution–
DATE: September 17, 2025

SUMMARY:

Authorizing the appropriate City officials to execute an 8 Year Multifamily Housing Property Tax Exemption Agreement with 2108 MLK PARTNERSHIP LLLP for the development of 6 multifamily market-rate rental units at 2110 Martin Luther King Jr Way in the Downtown Regional Growth Center.

BACKGROUND

2108 MLK PARTNERSHIP LLLP is proposing to develop 6 new market-rate rental units in the Downtown Regional Growth Area as described in Exhibit “A” to the Resolution. The housing units are as described in the chart below.

Number of units	Type of Unit	Average Size	Expected Rental Rate
<i>Market Rate</i>			
6	One Bed, One Bath	423 SQFT	\$1400

The project will also provide 1 parking space. 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 temporary or permanent 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. 2108 MLK PARTNERSHIP LLLP 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:

Alternative	Positive Impacts	Negative Impacts
1. Do not approved the exemption		No additional housing units will be created



COMMUNITY ENGAGEMENT/ (CUSTOMER RESEARCH): March 2025 Outreach to multifamily properties indicate that Tacoma continues to have only a 7% vacancy rate in rental housing, which indicates there is still a critical housing need in Tacoma. New projects coming on line are quickly leased which also indicates that demand is not slowing. As we add additional units, pressure on the market should be relieved and prices should reflect less upward pressure.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility: *Equity Index Score: High*

These housing units will create more overall housing and more affordable housing units in Tacoma and they ensure that affordability is being created throughout the City of Tacoma and not just in certain areas. Creating market rate and affordable units in the Downtown provides accessibility to jobs, transit and other amenities in that district.

Economy/Workforce: *Equity Index Score Very Low*

Increase the percentage of people relocating to the city and affordability of housing compared to neighboring jurisdictions.

Livability: *Equity Index Score: Low*

Decrease the percentage of individuals who are spending more than 45% of income on housing and transportation costs.

STAFF 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 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:

**Current Land Value Property Tax Projections**

Current Assessed Value	\$181,800
Current Total Annual Property Tax	\$1442.18
Projected Completed Assessed Value and Property Tax Exemption	
*Projected Completed Assessed Value	\$980,000
Projected Total Taxes to be Exempt over 8 years	\$87,024
City	\$14,033.60
Potential Sales Tax Impacts	
**Projected Total Sales Tax Generated over 8 years	\$455,836.80
City	\$44,256
*** Projected Sales Tax Generated from Construction	\$10,0940
City	\$,9800
Labor Hours Created	4611.76 Hours

*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

ATTACHMENTS:

Map
Agreement