



**TO:** Elizabeth Pauli, City Manager  
**FROM:** Debbie Bingham, Economic Development Specialist, Community and Economic Development  
 Kim Bedier, Acting Director, Community and Economic Development  
**COPY:** City Council and City Clerk  
**SUBJECT:** Request for resolution– February 6, 2018  
**DATE:** January 19, 2018

**SUMMARY:**

Authorizing the appropriate City officials to execute an 8 Year Multifamily Housing Property Tax Exemption Agreement with Point Ruston Rainier Building, LLC for the development of 207 multifamily market-rate for sale units at 4901-4911 Main Street in the Point Ruston Mixed Use Center.

**STRATEGIC POLICY PRIORITY:**

This project will foster neighborhood, community, and economic development vitality and sustainability by providing 207 market rate housing units within a designated mixed use center.

**BACKGROUND:**

Point Ruston Rainier Building, LLC is proposing to develop 207 new market-rate for sale units in the Point Ruston Mixed Use Center as described in Exhibit “A” to the Resolution. The housing will consist of 207 units as described in the chart below.

| Number of units | Type of Unit            | Average Size | Expected Sales Rate   |
|-----------------|-------------------------|--------------|-----------------------|
| 67              | One bedroom, one bath   | 1265 SQFT    | \$486,000-\$727,000   |
| 127             | Two bedroom, two bath   | 1690 SQFT    | \$595,000-\$1,039,000 |
| 13              | Three bedroom, 2.5 bath | 2400 SQFT    | \$862,000-\$1,459,000 |

The project will also include 447 stalls of parking. 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. Point Ruston Rainier Building, 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 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 Property Tax Projections</b>                   |               |
|--|---------------|
| Current Assessed Value   | \$ 6,804,600  |
| Current Total Annual Property Tax                                    | \$ 109,350    |
| Projected Total Property Tax Payments on Land Value Over 8 Years     | \$ 874,900    |
| - City   | \$ 206,800    |
| <b>Projected Completed Assessed Value and Property Tax Exemption</b> |               |
| *Projected Completed Assessed Value                                  | \$ 69,600,000 |
| Projected Total Taxes to be Exempt over 8 years                      | \$ 8,914,000  |
| - City   | \$ 2,000,500  |
| <b>Potential Sales Tax Impacts</b>                                   |               |
| **Projected Total Sales Tax Generated over 8 years                   | \$ 8,527,500  |
| - City   | \$ 1,065,900  |

\*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.