



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– July 24, 2018
DATE: July 9, 2018

SUMMARY:

Authorizing the appropriate City officials to execute an 8 Year Multifamily Housing Property Tax Exemption Agreement with Louis Rudolph Homes LLC for development of 4 multifamily market-rate rental units at 2548 South I Street in the Downtown Regional Growth Center.

STRATEGIC POLICY PRIORITY:

This project will foster neighborhood, community, and economic development vitality and sustainability by providing 4 market rate rental housing units within a designated mixed use center.

BACKGROUND:

Louis Rudolph Homes LLC is proposing to develop 4 new market-rate rental units in the Downtown Regional Growth Center as described in Exhibit “A” to the Resolution. The housing will consist of 4 units as described in the chart below.

Number of units	Type of Unit	Average Size	Expected Rental Rate
<i>Market Rate</i>			
4	Three bedroom, 2 bath	1350 SQFT	\$1850

This project will also contain 2 residential parking stalls. The developers are aware of the City’s SBE and LEAP programs and plan to use local labor. 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. Louis Rudolph Homes 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:

Current Land Value and Retail Property Tax Projections	
Current Assessed Value	\$ 54,800
Current Total Annual Property Tax	\$ 880
Projected Total Property Tax Payments on Current Property Value Over 8 Years	\$ 7,000
- City	\$ 1,660
Projected Completed Assessed Value and Property Tax Exemption	
*Projected Completed Assessed Value	\$ 800,000
Projected Total Taxes to be Exempt over 8 years	\$ 102,500
- City	\$ 23,000
Potential Sales Tax Impacts	
**Projected Total Sales Tax Generated over 8 years	\$ 165,000
- City	\$ 20,000

*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.