



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 a 12 Year Multifamily Housing Property Tax Exemption Agreement with Woodland Creek LLC for the development of 4 multifamily market-rate and affordable rental units 4016 South Warner in the Tacoma Mall Mixed Use Center.

STRATEGIC POLICY PRIORITY:

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

BACKGROUND:

Reggie Brown of Woodland Creek LLC is proposing to develop 4 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 4 units as described in the chart below.

Number of units	Type of Unit	Average Size	Expected Rental Rate
<i>Market Rate</i>			
2	One bedroom, one bath	450 SQFT	\$1044
1	Two bedroom, two bath	950 SQFT	\$1344
<i>Affordable Rate</i>			
1	One bedroom, one bath	450 SQFT	\$1194 *maximum including basic utilities

Although at this time, the market rate expected rents and the affordable rents are nearly the same and are deemed “affordable”, over the twelve year exemption as market rate rents increase, the 1 affordable unit will have to continue to comply with the allowable rental rates tied to the 80% of the Pierce County Area Median income as published annually by HUD.

This project will also include 2 stalls of on-site residential parking. 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. The Community and Economic Development Department has determined that the proposed project has all the necessary qualifications for the 12 year multi-family housing property tax exemption. Woodland Creek 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 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 Land Assessed Value	\$ 39,000
Current Total Annual Property Tax	\$ 630
Projected Total Property Tax Payments on Land Value Over 12 Years	\$ 7,500
- City	\$ 1,800
Projected Completed Assessed Value and Property Tax Exemption	
*Projected Completed Assessed Value	\$ 325,000
Projected Total Taxes to be Exempt over 12 years	\$ 62,500
- City	\$ 14,000
Potential Sales Tax Impacts	
**Projected Total Sales Tax Generated over 12 years	\$ 247,000
- City	\$ 30,900

*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.