



TO: Elizabeth Pauli, City Manager
FROM: Ricardo Noguera, Director, Community and Economic Development
 Debbie Bingham, Economic Development Specialist, Community and Economic Development
COPY: City Council and City Clerk
SUBJECT: Request for resolution – August 1, 2017
DATE: July 14, 2017

SUMMARY:

Authorizing the appropriate City officials to execute a 12 Year Multifamily Housing Property Tax Exemption Agreement with Point Ruston, LLC for the development of 194 multifamily market-rate and affordable rental units at 5006-5020 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 194 housing units within a designated mixed use center.

BACKGROUND:

Point Ruston is proposing to develop 194 new market rate and affordable rental units in the Point Ruston Mixed Use Center as described in Exhibit “A” to the Resolution. The housing will consist of 194 units as described in the chart below.

Number of units	Type of Unit	Size	Expected Rental Rate
17	Studio	552-656 SQFT	\$1050-\$1200
80	One bedroom, one bath	643-868 SQFT	\$1150-\$1900
91	Two bedroom, two bath	913-1149 SQFT	\$1300-\$2800
6	Three bedroom, 2 ½ bath	1263-1405 SQFT	\$1560-\$3700

The project will also include 241 stalls of parking for residents and 17,945 square feet of commercial space. The project is forwarded to the Pierce County Treasurer Assessor to qualify 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. Point Ruston, 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 the commercial 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 Property Tax Projections	
Current Assessed Value	\$ 2,134,300
Current Total Annual Property Tax	\$ 35,860
Projected Total Property Tax Payments on Land and Retail Space Value Over 12 Years	\$ 794,740
- City	\$ 146,380
Projected Completed Assessed Value and Property Tax Exemption	
*Projected Completed Assessed Value	\$ 36,770,000
Projected Total Taxes to be Exempt over 8 years	\$ 7,103,700
- City	\$ 1,590,000
Potential Sales Tax Impacts	
**Projected Total Sales Tax Generated over 8 years	\$ 11,990,000
- City	\$ 1,499,000