



TO: T.C. Broadnax, 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– January 24, 2017
DATE: January 6, 2017

SUMMARY:

Authorizing the appropriate City officials to execute a 12 Year Multifamily Housing Property Tax Exemption Agreement with David Foster for the development of 14 multifamily market-rate and affordable rental units at 612 Tacoma Ave South in the Downtown Mixed Use Center.

STRATEGIC POLICY PRIORITY:

This project will foster neighborhood, community, and economic development vitality and sustainability by providing 14 housing units within a designated mixed use center.

BACKGROUND:

David Foster is proposing to develop 14 new market rate and affordable rental units in the Downtown Mixed Use Center as described in Exhibit “A” to the Resolution. The housing will consist of 14 units as described in the chart below.

Number of units	Type of Unit	Size	Expected Rental Rate
14	One bedroom, one bath	580-850 SQFT	\$925-1550

The project will also include 4 stalls of parking and 1550 square feet of retail space. The Community and Economic Development Department has determined that the proposed project qualifies for the 12 year multi-family housing property tax exemption. David Foster 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 retail space 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	\$ 156,100
Current Total Annual Property Tax	\$ 2,622
Projected Total Property Tax Payments on Land and Retail Space Value Over 12 Years	\$ 60,210
- City	\$ 13,620
Projected Completed Assessed Value and Property Tax Exemption	
*Projected Completed Assessed Value	\$ 2,100,000
Projected Total Taxes to be Exempt over 12 years	\$ 394,614
- City	\$ 89,258
Potential Sales Tax Impacts	
**Projected Total Sales Tax Generated over 12 years	\$ 865,109
- City	\$ 108,138

*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.