



TO: Elizabeth Pauli, City Manager
FROM: Debbie Bingham, Project Manager, Community and Economic Development
Jeff Robinson, Director, Community and Economic Development

COPY: City Council and City Clerk
SUBJECT: Request for Resolution - January 28, 2020
DATE: January 10, 2020

SUMMARY & PURPOSE:

The Community and Economic Development Department is requesting authorizing the appropriate City officials to execute an 8 Year Multifamily Housing Property Tax Exemption Agreement with Oakes Landing LLC for the development of 44 multifamily market-rate rental units at 2708 and 2702 North 8th Street in the Sixth Avenue Mixed Use Center.

BACKGROUND

Oakes Landing LLC is proposing to develop 44 new market-rate rental units in the Sixth Avenue Mixed Use Center as described in Exhibit "A" to the Resolution. The housing will consist of 44 units as described in the chart below.

Table with 4 columns: Number of units, Type of Unit, Average Size, Expected Rental Rate. Rows include Market Rate, 17 Studio (450 SQFT, \$975-1100), 22 One bedroom, one bath (575 SQFT, \$1200-1700), and 5 Two bedroom, two bath (825 SQFT, \$2200-2400).

The project will also include 19 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.

COMMUNITY ENGAGEMENT/ (CUSTOMER RESEARCH):

4th Quarter 2019 outreach to multifamily properties show that Tacoma still has a 3% vacancy rate in rental housing, which indicates there is still very much a housing need in Tacoma. New projects coming on line are quickly filled also showing that demand is not slowing. As we add additional units pressure on the market should be relieved and prices should reflect less upward pressure.



**2025 STRATEGIC PRIORITIES:**

**Equity and Accessibility:**

These housing units will create more overall housing in Tacoma. Creating housing units in the Sixth Avenue Mixed Use Center provides accessibility to jobs, transit and other amenities in the neighborhood.

**Economy/Workforce:** *Equity Index Score: Moderate Opportunity*

Increase the percentage of people relocating to the city and affordability of housing compared to neighboring jurisdictions.

**Livability:** *Equity Index Score: Moderate Opportunity*

Increase the number of Complete Compact Communities/ 20-Minute Neighborhoods throughout the city.

This project adds much needed infill housing in an area of the City which is very close to jobs, transit, schools, and retail activity.

**STAFF 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.

**ALTERNATIVES:**

Presumably your recommendation is not the only potential course of action; please discuss other alternatives actions for council or staff to take. Please use table below.

Alternative	Positive Impacts	Negative Impacts
1. Do not approved the exemption		No additional housing units will be created

**EVALUATIONS AND FOLLOW UP:**

The development will be tracked as it progresses and once completed will be annually monitored to ensure it complies with program requirements.



**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 Assessed Value	\$ 668,400
Current Total Annual Property Tax	\$ 8,700
Projected Total Property Tax Payments on Land Value Over 12 Years	\$ 37,250
- City	\$ 8,600
Projected Completed Assessed Value and Property Tax Exemption	
*Projected Completed Assessed Value	\$ 7,280,700
Projected Total Taxes to be Exempt over 12 years	\$ 755,000
- City	\$ 174,000
Potential Sales Tax Impacts	
**Projected Total Sales Tax Generated over 12 years	\$ 2,840,000
- City	\$ 307,000
*** Projected Sales Tax Generated from Construction	\$ 873,700
- City	\$ 94,700

\*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.

\*\*\* The projected Sales Tax generated from construction is estimated by multiplying the construction costs by the sales tax rate

**ATTACHMENTS:**

- Map
- Agreement