



TO: Elizabeth Pauli, Interim 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– May 2, 2017
DATE: April 14, 2017

SUMMARY:

Authorizing the appropriate City officials to execute a 12 Year Multifamily Housing Property Tax Exemption Agreement with Brentwood Real Estate, LLC. for the development of 45 multifamily market-rate and affordable rental units at 2515 S. 48th Street in the Tacoma Mall Mixed Use Center.

STRATEGIC POLICY PRIORITY:

This project will foster neighborhood, community, and economic development vitality and sustainability by providing 45 housing units within a designated mixed use center.

BACKGROUND:

Brentwood Real Estate, LLC is proposing to develop 45 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 45 units as described in the chart below.

Number of units	Type of Unit	Size	Expected Rental Rate
45	One bedroom, one bath	420-460 SQFT	\$650-750

The project will also include 31 stalls of parking. The Community and Economic Development Department has determined that the proposed project qualifies for the 12 year multi-family housing property tax exemption. Brentwood Real Estate, 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	\$ 400,600
Current Total Annual Property Tax	\$ 6,449
Projected Total Property Tax Payments on Land Value Over 12 Years	\$ 77,395
- City	\$ 17,305
Projected Completed Assessed Value and Property Tax Exemption	
*Projected Completed Assessed Value	\$ 3,000,000
Projected Total Taxes to be Exempt over 12 years	\$ 579,600
- City	\$ 129,600
Potential Sales Tax Impacts	
**Projected Total Sales Tax Generated over 12 years	\$ 2,780,700
- City	\$ 347,600

*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.