



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 -Dec. 20, 2022
DATE: December 5, 2022

SUMMARY & PURPOSE:

The Community and Economic Development Department is requesting appropriate City officials to execute an 8 Year Multifamily Housing Property Tax Exemption Agreement with 725 Broadway, LLC for the development of 129 multifamily market-rate units at 725 Broadway in the Downtown Regional Growth Center.

BACKGROUND

725 Broadway, LLC is proposing to develop 129 new market-rate rental units in the Downtown Regional Growth Center as described in Exhibit “A” to the Resolution. The housing units are as described in the chart below.

Number of units	Type of Unit	Average Size	Expected Rental Rate
<i>Market Rate</i>			
44	Studio	450 SQFT	\$1575
46	One bedroom, one bath	700 SQFT	\$2100
15	Two bedroom, one bath	830 SQFT	\$2300
16	Two bedroom, two bath	925 SQFT	\$2700
5	Three bedroom, two bath	1385 SQFT	\$3600
3	Live/Work	900 SQFT	\$2750

The project will also provide 7900 square feet of commercial space and 72 parking spaces. 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 temporary or permanent 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 8 year multi-family housing property tax exemption. 725 Broadway, LLC will enter into an agreement prepared by the City to develop the site as described in the plans on file with the City.

COMMUNITY ENGAGEMENT/ (CUSTOMER RESEARCH):

September 2022 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 and more affordable housing units in Tacoma and they ensure that affordability is being created throughout the City of Tacoma and not just in certain areas. Creating market rate and affordable units in the Downtown Regional Growth Center provides accessibility to jobs, transit and other amenities in that district.

Economy/Workforce: Equity Index Score: Moderate Opportunity

Increase the percentage of people relocating to the city and affordability of housing compared to neighboring jurisdictions. Decrease the number of vacant properties downtown and in the neighborhood business districts.

Livability: Equity Index Score: Very Low Opportunity

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

This project adds much needed 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	\$ 1,960,000
Current Total Annual Property Tax	\$ 10,400
Projected Completed Assessed Value and Property Tax Exemption	
*Projected Completed Assessed Value	\$ 58,000,000
Projected Total Taxes to be Exempt over 8 years	\$ 5,376,800
- City	\$ 1,060,800
Potential Sales Tax Impacts	
**Projected Total Sales Tax Generated over 8 years	\$ 7,982,000
- City	\$ 1,007,000
*** Projected Sales Tax Generated from Construction	\$ 6,051,300
- City	\$ 763,800

*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