



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– September 14, 2016
DATE: October 4, 2016

SUMMARY:

Authorizing the appropriate City officials to execute an 8 Year Multifamily Housing Property Tax Exemption Agreement with Overlook Place, LLC for the development of 12 multifamily market-rate rental units at 624 East 32nd Street in the McKinley Mixed Use Center.

STRATEGIC POLICY PRIORITY:

This project will foster neighborhood, community, and economic development vitality and sustainability by providing 12 market rate housing units within a designated mixed use center.

BACKGROUND:

Overlook Place, LLC is proposing to develop 12 new market rate rental units in the McKinley Mixed Use Center as described in Exhibit “A” to the Resolution. The housing will consist of 12 units as described in the chart below.

Number of units	Type of Unit	Size	Expected Rental Rate
6	One bedroom, one bath	600-700 SQFT	\$850-950
6	Two bedroom, two bath	800-900 SQFT	\$1250-1450

The project will also include 12 stalls of parking. The Community and Economic Development Department has determined that the proposed project qualifies for the 8 year multi-family housing property tax exemption. Overlook Place, 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 8 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 projected assessed value of the completed project and projected taxes to be exempt are listed in the table below:

Current Land Value	\$ 192,000
Projected Completed Value	\$ 1,500,000
Current Total Tax	\$ 3,236
Projected Total Annual Taxes to be Exempt	\$ 25,200
- City	\$ 5,700
- Other Taxing Jurisdictions	\$ 19,500