



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 -April 26, 2022
DATE: April 5, 2022

SUMMARY & PURPOSE:

Authorize the appropriate City officials to amend the previously executed 8 Year Multifamily Housing Property Tax Exemption Agreement with Broadway I LLC, Broadway II LLC, Broadway III LLC, Broadway IV LLC and Broadway V LLC for the development of 53 multifamily market-rate units at 23 North Broadway in the Downtown Regional Growth Center on include the neighboring parcel, APN 2030100050.

BACKGROUND

During the application process, the second parcel 2030100050 was omitted in error in the Accela application file. They plans as presented for Broadway I LLC, Broadway II LLC, Broadway III LLC, Broadway IV LLC and Broadway V LLC to build the 53 new market-rate rental units always included the use of this second parcel.

All other details in the previous presentation and agreement are the same. Broadway I LLC, Broadway II LLC, Broadway III LLC, Broadway IV LLC and Broadway V LLC is proposing to build 53 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.

Table with 4 columns: Number of units, Type of Unit, Average Size, Expected Rental Rate. Row 1: Market Rate. Row 2: 53, One bedroom, one bath, 518 SQFT, \$1500

The project will also provide 32 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.

COMMUNITY ENGAGEMENT/ (CUSTOMER RESEARCH):

March 2022 outreach to multifamily properties show that Tacoma 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:* High 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	\$ 799,500
Current Total Annual Property Tax	\$ 16,000
Projected Completed Assessed Value and Property Tax Exemption	
*Projected Completed Assessed Value	\$ 18,000,000
Projected Total Taxes to be Exempt over 8 years	\$ 1,950,000
- City	\$ 395,000
Potential Sales Tax Impacts	
**Projected Total Sales Tax Generated over 8 years	\$ 2,998,000
- City	\$ 382,000
*** Projected Sales Tax Generated from Construction	\$ 1,836,000
- City	\$ 234,000

\*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