



TO: Hyun Kim, City Manager
FROM: Paul Bakker, Business & Economic Development Analyst, Community and Economic Development
 Tanja Carter, Director, Community and Economic Development
COPY: City Council and Council and City Clerk
SUBJECT: Request for resolution– August 19, 2025
DATE: July 28, 2025

SUMMARY:

Authorizing the appropriate City officials to execute a 12-Year Multifamily Housing Property Tax Exemption Agreement with TRAUTMAN HOMES LLC for the development of 6 multifamily affordable and market-rate rental units at 1420 S J St in the Downtown Regional Growth Center.

BACKGROUND

TRAUTMAN HOMES LLC is proposing to develop 6 new market-rate and affordable rental units in the Downtown 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>			
4	One Bed, One Bath	444 sqft	\$1595
<i>Affordable Rate</i>			
2	One Bed, One Bath	444 sqft	\$1520 (Rents must include utility allowance)

The project will also provide parking spaces. The project will be forwarded to the Pierce County Treasurer Assessor for the 12-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 12-year multi-family housing property tax exemption. TRAUTMAN HOMES 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:

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

COMMUNITY ENGAGEMENT/ (CUSTOMER RESEARCH): March 2025 Outreach to multifamily properties indicate that Tacoma continues to have only a 7% vacancy rate in rental housing, which indicates there is still a critical housing need in Tacoma. New projects coming on line are quickly leased which also indicates 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: *Equity Index Score: Low*

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 Lincoln provides accessibility to jobs, transit and other amenities in that district.

Economy/Workforce: *Equity Index Score: Very Low*

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

Livability: *Equity Index Score: Very Low*

Decrease the percentage of individuals who are spending more than 45% of income on housing and transportation costs.

STAFF 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 Assessed Value	\$165,000
Current Total Annual Property Tax	\$1800
Projected Completed Assessed Value and Property Tax Exemption	
*Projected Completed Assessed Value	\$850,000
Projected Total Taxes to be Exempt over 12 years	\$112,000
City	\$18,000
Potential Sales Tax Impacts	
**Projected Total Sales Tax Generated over 12 years	\$683,000
City	\$66,000
*** Projected Sales Tax Generated from Construction	\$87,000
City	\$8,500
Labor Hours Created	4000 Labor Hours

*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.



City of Tacoma

City Council Action Memorandum

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

ATTACHMENTS:

Map

Agreement