



**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– March 26, 2019  
**DATE:** March 11, 2019

**SUMMARY:**

Authorizing the appropriate City officials to execute an 8-Year Multi-Family Housing Property Tax Exemption Agreement with Ethos Fawcett LLC for development of 116 multi-family market-rate rental units at 1351 Fawcett Avenue in the Downtown Regional Growth Center.

**STRATEGIC POLICY PRIORITY:**

This project will foster neighborhood, community, and economic development vitality and sustainability by providing 116 market rate rental housing units within a designated mixed use center.

**BACKGROUND:**

Ethos Fawcett LLC is proposing to develop 116 new market-rate rental units in the Downtown Regional Growth Center as described in Exhibit “A” to the Resolution. The housing will consist of 116 units as described in the chart below.

Number of units	Type of Unit	Average Size	Expected Rental Rate
<i>Market Rate</i>			
85	Studio	300 SQFT	\$1100
18	2 Bedroom/1 Bathroom	615 SQFT	\$1540
13	3 Bedroom/2 Bathroom	870 SQFT	\$2300

This project will also contain 20 residential parking spaces and 9 nonresidential parking spots. The developer is aware of the City’s SBE and LEAP programs and plans to use local labor as much as possible. 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 certificate of occupancy from the City. Ethos Fawcett 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 Multi-Family 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:

<b>Current Land Value and Tax Projections</b>	
Current Assessed Value	\$ 87,400
Current Total Annual Property Tax	\$ 2,250
Projected Total Property Tax Payments on Land Value Over 8 Years	\$ 17,990
- City	\$ 2,300
<b>Projected Completed Assessed Value and Property Tax Exemption</b>	
*Projected Completed Assessed Value	\$ 22,000,000
Projected Total Taxes to be Exempt over 8 years	\$ 2,806,000
- City	\$ 586,080
<b>Potential Sales Tax Impacts</b>	
**Projected Total Sales Tax Generated over 8 years	\$ 7,468,000
- City	\$ 809,012
***Projected Sales Tax generated from construction	\$ 2,664,000
- City	\$ 288,600

\*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.

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