



**TO:** Elizabeth Pauli, 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– October 10, 2017  
**DATE:** September 25, 2017

**SUMMARY:**

Authorizing the appropriate City officials to execute an 8 Year Multifamily Housing Property Tax Exemption Agreement with North America Asset Management Group, LLC for the development of 228 multifamily market-rate units at South 23<sup>rd</sup> Street and Jefferson Ave in the Downtown Mixed Use Center.

**STRATEGIC POLICY PRIORITY:**

This project will foster neighborhood, community, and economic development vitality and sustainability by providing 228 market rate housing units within a designated mixed use center.

**BACKGROUND:**

North America Asset Management Group, LLC is proposing to develop 228 new market rate rental units in the Downtown Mixed Use Center as described in Exhibit “A” to the Resolution. The housing will consist of 228 units as described in the chart below.

Number of units	Type of Unit	Size	Expected Rental Rate
41	Studio	330 SQFT	\$745-\$825
78	One bedroom, one bath	470-580 SQFT	\$1050-\$1450
109	Two bedroom, one bath	740-805 SQFT	\$1660-2000

The project will also include 173 stalls of residential parking, 22,175 SQFT of retail space and 43 parking spaces for the retail portion. The project is forwarded to the Pierce County Treasurer Assessor to qualify 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. North America Asset Management Group, 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:**

While property taxes would be exempted for an 8 year period, the long term revenue of the project would help offset those short term impacts. Throughout the exemption period, the value of the land and the commercial portions would continue to be taxed. Additionally, the projected increases in population from the development will produce additional economic impact through increased 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 Property Tax Projections</b>	
Current Assessed Value	\$ 1,178,100
Current Total Annual Property Tax	\$ -
Projected Total Property Tax Payments on Land and Commercial Portions Over 8 Years	\$ 525,000
- City	\$ 119,270
<b>Projected Completed Assessed Value and Property Tax Exemption</b>	
*Projected Completed Assessed Value	\$ 40,000,000
Projected Total Taxes to be Exempt over 8 years	\$ 4,627,000
- City	\$ 1,033,000
<b>Potential Sales Tax Impacts</b>	
**Projected Total Sales Tax Generated over 8 years	\$ 9,393,000
- City	\$ 1,174,000

\*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.