



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– January 24, 2017
DATE: January 9, 2017

SUMMARY:

Authorizing the appropriate City officials to execute an 8 Year Multifamily Housing Property Tax Exemption Agreement with 6th & Alder Partners, LLC for the development of 110 multifamily market-rate units at 3118 6th Avenue in the Sixth Avenue Mixed Use Center.

STRATEGIC POLICY PRIORITY:

This project will foster neighborhood, community, and economic development vitality and sustainability by providing 110 market rate housing units within a designated mixed use center.

BACKGROUND:

6th & Alder Partners, LLC is proposing to develop 110 new market rate rental units in the Sixth Avenue Mixed Use Center as described in Exhibit “A” to the Resolution. The housing will consist of 110 units as described in the chart below.

Number of units	Type of Unit	Size	Expected Rental Rate
41	Studio	375-639 SQFT	\$995-1295
52	One bedroom, one bath	599-681 SQFT	\$1400-1600
17	Two bedroom, two bath	880-1010 SQFT	\$2100-2250

The project will also include 113 stalls of parking and 6490 square feet of retail space. The Community and Economic Development Department has determined that the proposed project qualifies for the 8 year multi-family housing property tax exemption. 6th & Alder Partners, 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 and the retail space 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	\$ 1,206,900
Current Total Annual Property Tax	\$ 20,275
Projected Total Property Tax Payments on Land and Retail Space Value Over 8 Years	\$ 386,244
- City	\$ 87,364
Projected Completed Assessed Value and Property Tax Exemption	
*Projected Completed Assessed Value	\$ 31,600,000
Projected Total Taxes to be Exempt over 8 years	\$ 4,247,000
- City	\$ 960,640
Potential Sales Tax Impacts	
**Projected Total Sales Tax Generated over 12 years	\$ 4,531,525
- City	\$ 566,440

*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.