



**TO:** Elizabeth Pauli, City Manager  
**FROM:** Debbie Bingham, Program Manager, Community and Economic Development  
 Pat Beard, Interim Director, Community and Economic Development  
**COPY:** City Council and City Clerk  
**SUBJECT:** Request for Resolution – September 10, 2024  
**DATE:** August 16, 2024

**SUMMARY & PURPOSE:**

The Community and Economic Development Department is requesting authorizing the appropriate City officials to execute an 8-Year Multifamily Housing Property Tax Exemption Agreement with Blue Cat LLC for the development of 6 multifamily units at 3402 S C Street in the Lower Pacific Avenue Mixed Use Center.

**BACKGROUND**

Blue Cat LLC is proposing to develop 6 new rental units in the Lower Pacific Avenue Mixed Use Center as described in Exhibit “A” to the Resolution. The housing is as described in the chart below.

Number of units	Type of Unit	Average Size	Expected Rental Rate
<i>Market Rate</i>			
3	One Bedroom, One Bathroom	450	\$1600
3	Two Bedroom, Two Bathroom	1000	\$2000

The project will include 2 parking stalls.

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. The Community and Economic Development Department has determined that the proposed project has all the necessary qualifications for the 8-year multi-family housing property tax exemption. Blue Cat LLC will enter into an agreement prepared by the City to develop the site as described in the plans on file with the City.

**COMMUNITY ENGAGEMENT/ (CUSTOMER RESEARCH):** June 2024 Outreach to multifamily properties indicate that Tacoma continues to have only a 6% 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:**

These housing units will create more overall housing units in Tacoma and will specifically create more housing in the Lower Pacific Avenue Mixed Use Center where there is good accessibility to jobs, transit and other amenities in that district.



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

Increase the number of Complete Compact Communities/ 20-Minute Neighborhoods throughout the city.

This project adds much needed 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 and a vacant back lot will stay underutilized and an attractive nuisance.

**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	\$ 124,000
Current Total Annual Property Tax	\$ 1,300
Projected Completed Assessed Value and Property Tax Exemption	



*Projected Completed Assessed Value	\$ 800,000
Projected Total Taxes to be Exempt over 8 years	\$ 73,000
- City	\$ 14,500
<b>Potential Sales Tax Impacts</b>	
**Projected Total Sales Tax Generated over 8 years	\$ 371,000
- City	\$ 46,900
*** Projected Sales Tax Generated from Construction	\$ 82,400
- City	\$ 10,400
Labor Hours Created	3800

\*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