



TO: Elizabeth Pauli, City Manager
FROM: Debbie Bingham, Economic Development Specialist, Community and Economic Development
 Ricardo Noguera, Director, Community and Economic Development
COPY: City Council and City Clerk
SUBJECT: Request for resolution– August 1, 2017
DATE: July 14, 2017

SUMMARY:

Authorizing the appropriate City officials to execute an 8 Year Multifamily Housing Property Tax Exemption Agreement with 609 S. 17th Street, LLC for the development of 4 multifamily market-rate for sale units at 609 and 613 S. 17th Street in the Downtown Regional Growth Center.

STRATEGIC POLICY PRIORITY:

This project will foster neighborhood, community, and economic development vitality and sustainability by providing 4 market rate housing units within a designated mixed use center.

BACKGROUND:

609 S. 17th Street, LLC is proposing to develop 4 new market rate for sale units in the Downtown Regional Growth Center as described in Exhibit “A” to the Resolution. The housing will consist of 4 units as described in the chart below.

Number of units	Type of Unit	Size	Expected Sales Price
4	Three bedroom, 2 ½ bath	1700 SQFT	\$275,000

The project will also include 4 stalls of parking. 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. 609 S. 17th Street, 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	\$ 43,400
Current Total Annual Property Tax	\$ 700
Projected Total Property Tax Payments on Land Over 8 Years	\$ 5,600
- City	\$ 1,300
Projected Completed Assessed Value and Property Tax Exemption	
*Projected Completed Assessed Value	\$ 550,000
Projected Total Taxes to be Exempt over 8 years	\$ 73,900
- City	\$ 15,800
Potential Sales Tax Impacts	
**Projected Total Sales Tax Generated over 8 years	\$ 164,800
- City	\$ 20,600

*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.