



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 -May 16, 2023
DATE: April 21, 2023

SUMMARY & PURPOSE:

The Community and Economic Development Department is requesting appropriate City officials to execute an 8 Year Multifamily Housing Property Tax Exemption Agreement with 1918 MLK LLC for the development of 6 market-rate, for sale units at 1918 - 1928 Martin Luther King Jr Way in the Downtown Regional Growth Center.

BACKGROUND

1918 MLK LLC is proposing to develop 6 new market-rate for-sale units in the Downtown Regional Growth Center as described in Exhibit "A" to the Resolution. The housing units are as described in the chart below.

Table with 4 columns: Number of units, Type of Unit, Average Size, Expected Sales Price. Row 1: Market Rate. Row 2: 6, 2 Bed, 3 Bath Units, 1600, \$550,000

The project will also provide 6 parking spaces. 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 temporary or permanent certificate of occupancy from the City.

COMMUNITY ENGAGEMENT/ (CUSTOMER RESEARCH):

March 2023 outreach to multifamily properties show that Tacoma has an 6% vacancy rate in rental housing, which indicates while there has been an increase in vacancies there is still very much a housing need in Tacoma. New projects coming on line are still quickly filled also showing 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:

This project will create more overall housing units in Tacoma and will specifically create housing units in the Downtown Regional Growth Center where there is good accessibility to jobs, transit and other amenities.

Economy/Workforce: *Equity Index Score: 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: 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

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	\$ 25,600
Current Total Annual Property Tax	\$ 265
Projected Completed Assessed Value and Property Tax Exemption	
*Projected Completed Assessed Value	\$ 1,500,000
Projected Total Taxes to be Exempt over 8 years	\$ 137,300
- City	\$ 27,000
Potential Sales Tax Impacts	
**Projected Total Sales Tax Generated over 8 years	\$ 371,000
- City	\$ 47,000
*** Projected Sales Tax Generated from Construction	\$ 154,500
- City	\$ 19,500
Labor Hours Created	
	7060

*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