City of Tacoma **City Council Action Memorandum**

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 7, 2024**
DATE: **April 19, 2024**

SUMMARY & PURPOSE:

The Community and Economic Development Department is requesting authorizing the appropriate City officials to execute a 12 Year Multifamily Housing Property Tax Exemption Extension Agreement with Stadium Vue35, LLC for the extension of their original Property Tax Exemption Agreement at 219-223 N. J Street for 12 additional years.

BACKGROUND

Ordinance No. 28798, enacted a program allowing applications for a 12-year extension for projects under a current eight or twelve-year limited property tax exemption if 20 percent of the units become affordable to households at 70 percent of Pierce County area median income. Encompass Property Management, LLC was approved for a property tax exemption on July 15, 2014 under Resolution # 38947, which runs from 2017-2024. The exemption runs with the parcel, which is now owned by Stadium Vue35, LLC and they are interested in receiving a 12-year extension to the original exemption for the project. Stadium Vue35, LLC is proposing to add 20% affordability to their original project 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	Current Rental Rate
Market Rate			
9	Studio	513 SQFT	$1645
6	One Bedroom, One Bath	801SQFT	$1895
10	Two Bedroom, Two Bath	926 SQFT	$2265
3	Three Bedroom, two Bath	1157 SQFT	$2425
Regulated Rate			
2	Studio	513 SQFT	$1379 (including utility allowance)
2	One Bedroom, One Bath	801 SQFT	$1576 (including utility allowance)
3	Two Bedroom, Two Bath	926 SQFT	$1773(including utility allowance)

The affordable units will be rented to households whose income is at or below 70% of Pierce County AMI, adjusted for household size, as determined by HUD on an annual basis. Rent will be capped at 30% of those income levels, adjusted annually.

The project will be forwarded to the Pierce County Treasurer Assessor for the 12-year multi-family housing property tax exemption extension. Stadium Vue35, LLC will enter into an agreement prepared by the City to create and maintain the affordable rental units.

COMMUNITY ENGAGEMENT/ (CUSTOMER RESEARCH): March 2024 0utreach to multifamily properties indicate that Tacoma has a 4% vacancy rate in rental housing, which indicates 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:
These housing units will create more affordable housing units in Tacoma and they ensure that affordability is being created throughout the City of Tacoma and not just in certain areas. Creating affordable units in the Proctor Mixed Use Center provides accessibility to jobs, transit and other amenities in that district.

Economy/Workforce: *Equity Index Score*: High Opportunity
Increase the percentage of people relocating to the city and affordability of housing compared to neighboring jurisdictions.
Choose an item.

Livability: *Equity Index Score*: Moderate Opportunity
Decrease the percentage of individuals who are spending more than 45% of income on housing and transportation costs.

This project will guarantee affordable living units in an area of the City with low opportunity.

STAFF RECOMMENDATION:

Staff has reviewed the application and has determined that the proposed project qualifies for the 12 Year Multifamily Housing Property Tax Exemption Extension.

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 extension		Affordable units will be lost.

EVALUATIONS AND FOLLOW UP: The development 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 projected property taxes to be exempt and the tax "cost" per unit is listed in the table below:

Current Property Values	
Current Total Assessed Valuation	$ 8,838,200
Current Taxable Value (Due to current MFTE exemption)	$ 648,700
Annual Property Tax Exemption	
Total	$ 90,903
- City	$ 18,363
Annual Cost per affordable unit in taxes exempt	
Total	$ 12,900
- City	$ 2,623

*The assessed value and taxable values are provided by the assessor's office.

ATTACHMENTS:
Map
Agreement