



TO: Elizabeth Pauli, City Manager
FROM: Council Member John Hines and Policy Assistant Claire Goodwin
COPY: Government Performance and Finance Committee; Debbie Bingham, Project Manager, CEDD; Andy Cherullo, Director, Finance; Ted Richardson, Management Fellow, City Manager's Office
PRESENTER: John Hines, Chair, Government Performance and Finance Committee
SUBJECT: Multifamily Property Tax Exemption Program Review
DATE: October 26, 2021

PRESENTATION TYPE:
Informational Briefing

SUMMARY:

On November 2, 2021, the Government Performance and Finance Committee (GPFC) will continue the policy discussion on potential changes to the Multifamily Property Tax Exemption (MFTE) program and finalize recommendations for the full City Council's consideration. This meeting will conclude a four part series at GPFC on the topic. The Committee will review and discuss the final recommendations on changes to the MFTE program, taking a formal vote on each item. It is the intention that the Committee recommendations will be presented to Council by Resolution on November 9, 2021.

BACKGROUND:

On June 22, 2021, after a discussion on proposed Ordinance #28770 to eliminate the eight-year MFTE in mixed-use centers designated "very high" opportunity based on the City's Equity Index, the City Council referred an examination of the entire program to GPFC for review and recommendation to the full City Council no later than October 1, 2021. Scheduling limitations postponed these discussions at GPFC and a motion to extend the deadline to November 9, 2021 was adopted by Council on September 28, 2021.

On October 19, 2021, GPFC began the final deliberations on each Council Member's stance on various policy options related to changes to the MFTE program. To finalize the recommendations to the full Council for consideration by November 9, below is an outline for discussion on the items interpreted as having consensus among GPFC Council Members and those items to be discussed further during the meeting. Those items which require further investigation and time for consideration, or which may be out of scope for the current discussion as determined in previous meetings are also included below. Each "consensus" and "discussion item" will be considered and a vote taken on whether to advance to the full City Council for consideration. The proposed outline for discussion is as follows:

Consensus Items:

1. Expand the 12-year MFTE along key corridors to areas already zoned as commercial (optional: subject to a Development Regulation Agreement)
2. Expand 12-year MFTE to areas rezoned as "mid-scale" through the Home in Tacoma process
3. Implement elements of Senate Bill 5287 (Chapter 187, Laws of 2021) required in order to take action

Discussion Items:

4. Include requirement for Council to revisit changes to the program in three years



5. Eliminate the eight-year MFTE in mixed-use centers designated “very high” opportunity based on the City’s Equity Index (Ordinance #28770)
6. Apply Tacoma’s Area Median Income (AMI) on affordable housing set-asides rather than Pierce County’s AMI
7. Require a minimum number of units (20 units) to use eight-year MFTE
8. Require affordable rents to be lower than market rate rents
9. Continuing support for fast-track permitting process for affordable housing (permitting staff will be present to describe current process)

Items determined to be outside the current scope of changes to the MFTE program as discussed in previous GPFC meetings:

- Off-site improvements
- Additional parking requirements
- Design elements
- Changes to commercial space requirements
- Connection to buildable lands report
- Minimum size and/or density requirement
- Minimum number of 2+ bedroom units

ISSUE:

GPFC is requested to review the MFTE program and bring back any recommended changes to the full City Council by November 9, 2021.

ALTERNATIVES:

This is an information briefing only. There are no alternatives presented.

FISCAL IMPACT:

This is an information briefing only. There is no fiscal impact.

RECOMMENDATION:

During this meeting, the Committee will deliberate and determine the recommendations to be considered by the full Council. A vote will be taken on each item and the results will be published as soon as possible after the meeting.