



TO: Hyun Kim, City Manager
FROM: Paul Bakker, Business and Economic Development Analyst, Community and Economic Development
Debbie Bingham, Interim Director, Community and Economic Development
COPY: City Council and Council and City Clerk
SUBJECT: Request for resolution – August 18, 2026
DATE: July 31, 2026

SUMMARY:

Authorizing the appropriate City officials to execute an 8-Year Multifamily Housing Property Tax Exemption Agreement with 4517 S Union Ave LLC for the development of six market-rate, owner-occupied units at 4517 S Union Ave, in the Tacoma Mall Regional Growth Center.

BACKGROUND

4517 S Union Ave LLC is proposing to develop six new market rate, owner-occupied units as described in Exhibit "A" to the Resolution. The units will be sold to households whose income is at or below 150 percent of Pierce County Area Median Income, adjusted for household size, as determined by the Department of Housing and Urban Development on an annual basis. The housing units are as described in the chart below.

Number of units	Type of Unit	Average Size (sqft)	Expected Sale Price
<i>Market Rate</i>			
6	Three Bed, Two Bath	1485 sqft	\$550,000

The Project will also include four parking spaces. The project will be forwarded to the Pierce County Treasurer Assessor for the 8-Year Multifamily 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. The Community and Economic Development Department has determined that the proposed project has all the necessary qualifications for the 8-Year Multifamily Housing Property Tax Exemption. 4517 S Union Ave 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:

Alternative	Positive Impacts	Negative Impacts
1. Do not approve the exemption		No additional housing units will be created

**COMMUNITY ENGAGEMENT/ (CUSTOMER RESEARCH):**

The ONE TACOMA Comprehensive Plan notes that only 29% of Tacoma households earning 30% AMI live in owner-occupied housing. The same Plan targets adding 60,000 additional housing units between 2017-2050. This project addresses both objectives by creating affordable owner-occupied housing.

2026 STRATEGIC PRIORITIES:**Equity and Accessibility:** *Equity Index Score: Low*

These housing units will create more overall housing and 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 market rate and affordable units provides accessibility to jobs, transit and other amenities in that district.

Economy/Workforce: *Equity Index Score: Moderate*

Increase the percentage of people relocating to the city and affordability of housing compared to neighboring jurisdictions.

Livability: *Equity Index Score: Very Low*

Decrease the percentage of individuals who are spending more than 45% of income on housing and transportation costs.

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.

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	\$290,000
Current Total Annual Property Tax	\$1600
Projected Completed Assessed Value and Property Tax Exemption	
*Projected Completed Assessed Value	\$2,250,000
Projected Total Taxes to be Exempt over Eight Years	\$200,000
City	\$32,000



Potential Sales Tax Impacts	
**Projected Total Sales Tax Generated over Eight Years	\$455,000
City	\$44,000
*** Projected Sales Tax Generated from Construction	\$231,000
City	\$22,000
Labor Hours Created	10,000 Hours

*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