City of Tacoma **City Council Action Memorandum**

TO: **Elizabeth Pauli, City Manager**
FROM: **Debbie Bingham, Program Manager, Community and Economic Development**
Patricia Beard, Interim Director, Community and Economic Development

COPY: **City Council and City Clerk**
SUBJECT: **Request for Ordinance to Amend Title 6A.110 Property Tax Exemptions for Multi-Family Housing Code First Reading December 10, 2024**
DATE: **November 7, 2024**

SUMMARY & PURPOSE:

The Community and Economic Development Department is requesting approval of the proposed amendments of the Property Tax Exemptions for Multi-Family Housing Code, Tacoma Municipal Code 6A.110. In the past, the application fees for the multifamily property tax exemption had not been included in the City's fee schedule. At the recommendation of the Office of Management and Budget, beginning in 2025 the application fees have been added to the City's fee schedule. This Ordinance makes necessary changes to the Tacoma Municipal Code to remove the specific fee amounts from the TMC and instead includes language to refer to the fee schedule. This Ordinance also clarifies that the final certificate of tax exemption may be applied for following either a Temporary Certificate of Occupancy or a final Certificate of Occupancy and that under RCW 84.14.100(3)(a) on-site audits must occur every five years.

BACKGROUND:

During the biennial budget development process, the fact that the Multifamily Property Tax Exemption Fees were not included in the City's Fee Schedule was brought to the attention of Community and Economic Development Department. During that process, it was decided that they should be in the Fee Schedule, and they were added to the schedule that was adopted by Council on December 3, 2024. During the process of reviewing the fees, it became evident that the fees had not been increased since the program's adoption over 20 years ago. Under the RCW, fees are allowed to be collected to offset costs of running the program.

COMMUNITY ENGAGEMENT/ (CUSTOMER RESEARCH):

The fee schedule was presented to Government Performance and Finance Committee on October 15, 2024.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility:

The Multifamily Property Tax Exemption program in general creates more affordable housing units in Tacoma; ensure that affordability is being created throughout the City of Tacoma and not just in certain areas; and ensure that local employment practices are being adhered to, creating more job opportunity for those living in Tacoma.

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

Livability: *Equity Index Score*: Moderate Opportunity
Increase the number of Complete Compact Communities/ 20-Minute Neighborhoods throughout the city. Decrease the percentage of individuals who are spending more than 45% of income on housing and transportation costs.

STAFF RECOMMENDATION:
Adopt the revised TMC code language to reflect the changes.

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. Make no changes	None	The TMC will contain inaccurate information.
2.		
3.		

EVALUATIONS AND FOLLOW UP:
Fees will be reviewed each biennium as part of the fee schedule review.

FISCAL IMPACT:

The fees collected are put into the general fund and help in cost recovery for running the program.

ATTACHMENTS:
Amended Title 6A.11