



City Council

Approval of a Resolution Authorizing a Multifamily Housing Tax Agreement Between the City of Olympia and The Easterly LLC

Agenda Date: 2/4/2020
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Type: resolution **Version:** 2 **Status:** Passed

Title

Approval of a Resolution Authorizing a Multifamily Housing Tax Agreement Between the City of Olympia and The Easterly LLC

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to approve the resolution authorizing the Multifamily Tax Exemption for The Easterly LLC and authorize the Interim City Manager to sign the agreement.

Report

Issue:

Whether to authorize the eight-Year Multifamily Tax Exemption for The Easterly, LLC.

Staff Contact:

Cary Retlin, Home Fund Manager, Community Planning and Development, 360.570.3956.

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

The Easterly Apartments downtown at 909 Eastside St. SE will create 21 new units of multifamily residential housing in the Multifamily Tax Exemption Downtown Residential Target Area. The project has been reviewed by the Site Plan Review Committee and land use, design and environmental review has been completed. The property is currently under construction. The Easterly LLC is seeking an eight-year tax exemption for 21 market rate units. The tax exemption applies to all qualifying residential units for eight years.

Staff discussed the 12-Year affordable program with the applicant prior to construction beginning, but they were unable to make that program work at this site.

Background on the MultiFamily Tax Exemption in Olympia

The primary purpose of this program is to promote construction of housing in key areas of the city where we would like to incentivize housing development. State law authorizes the City of Olympia to adopt a multifamily housing tax exemption program (RCW 84.14). The program provisions under Olympia Municipal Code under 5.86 were most recently amended in 2009 to create an eight- and 12-year program for market rate and affordable housing provisions.

The property tax exemption applies to only the increased value of building housing (new construction). The exemption does not apply to the land or costs associated with any non-housing improvements. The units in this project meet all the requirements to be eligible for a tax exemption, including:

- The housing is located in the Target Area, which is one of three designated residential target areas adopted by the City Council (which was modified in 2019 to extend up Harrison and Martin Way);
- 50 percent of the space or more is for permanent residential occupancy;
- Four or more new housing units are created;
- The project complies with the City's comprehensive plan, building and zoning codes;
- The construction/rehabilitation will be completed within three years of approval of the application;
- The property was vacant at least 12 months prior to application; and
- No tenant displacement occurred.

Neighborhood/Community Interests (if known):

This project is within the Downtown Neighborhood Association.

Options:

1. Approve the resolution authorizing the Multifamily Tax Exemption agreement and authorize the Interim City Manager to execute the agreement.
2. Remove this item from the Consent Calendar and provide further direction to staff.
3. Direct staff to take other action.

Financial Impact:

Property taxes will continue to be paid on the underlying property and on non-residential portions of the new construction. The taxed value of the residential improvements will be exempt from Ad Valorem tax for eight years after completion of construction.

Attachments:

Resolution
Agreement