



City Council

Approval of Resolution Authorizing the Execution of a Multi-Family Tax Exemption Agreement Between City of Olympia and Urban Olympia 11A LLC

Agenda Date: 5/7/2024
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File Number:24-0237

Type: resolution **Version:** 1 **Status:** Passed

Title

Approval of Resolution Authorizing the Execution of a Multi-Family Tax Exemption Agreement Between City of Olympia and Urban Olympia 11A LLC

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to approve the Resolution and authorize the City Manager to sign the Multi-Family Tax Exemption Agreement between City of Olympia and Urban Olympia 11A LLC.

Report

Issue:

Whether to approve the Resolution authorizing the City Manager to sign the Multi-Family Tax Exemption Agreement between City of Olympia and Urban Olympia 11A LLC.

Staff Contact:

Jacinda Steltjes, Affordable Housing Program Manager, Office of Vitality/ Housing & Homeless Response, 360.790.5224

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

Urban Olympia 11A, LLC is requesting a Multi-Family Tax Exemption under the eight-year program. The applicant will develop property located at 505 Legion Way SE into 57 market rate apartments above commercial space that is proposed as retail or a restaurant space. The applicant reports the 48,552 square foot project, known as Malt House, will cost approximately \$9.1 million to construct. The majority of these costs are associated with the residential portion of the project. Construction has begun and is anticipated to conclude August 2024. When complete, Malt House will offer 45 studios

averaging 400 square feet, nine 1-bedroom units averaging 623 square feet, and three 2-bedroom units averaging 973 square feet. The applicant has not set rental rates yet.

The applicant submitted its application for a Multi-Family Tax Exemption under the eight-year program in late 2023, prior to the City's new code regulations taking effect. As such, a fee in lieu of creating affordable units does not apply to this project.

Climate Analysis:

The project is located in Olympia's downtown area and is within an eight-minute walk of the transit center. The project will also offer two electric vehicle charging stations and all appliances will be fully electric.

Equity Analysis:

The city is currently updating its Comprehensive Plan, to include its Housing Element. The Plan must illustrate how the City of Olympia plans to make housing available to meet the needs of the population growth projected to occur by 2045. Thurston Regional Planning Council (TRPC) determined in late 2023 that Thurston County will need approximately 54,000 new housing units by 2045. According to TRPC, of this amount, about 12,600 are needed in the City of Olympia. Of these, roughly 6,500 new units are needed for households whose annual gross income is 100%+ of area median income. The Malt House project will provide 57 market rate units.

A Multi-Family Tax Exemption program study commissioned by the City and completed in 2022 found that housing development in downtown is generally not feasible without incentives such as the MFTE program.

Neighborhood/Community Interests (if known):

Housing is a concern within the community. The Multi-Family Tax Exemption program is also a program that the community has expressed strong opinions toward.

Financial Impact:

Property taxes associated with the value of the residential improvements will be exempted for an eight-year period. The amount of property tax Urban Olympia 11A LLC will be exempted from paying will be determined annually by the Thurston County Assessor's Office. The annual exemption takes into account the assessed value of the residential building improvements and the current year's taxation rates.

Options:

1. Approve the Resolution as presented authorizing the City Manager to sign the Multi-Family Tax Exemption Agreement between the City of Olympia and Urban Olympia 11A LLC.
2. Approve an amended Resolution authorizing the City Manager to sign the Multi-Family Tax Exemption Agreement between the City of Olympia and Urban Olympia 11A LLC.
3. Take no action.

Attachments:

Resolution
Agreement