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City Council

Approval of Resolution Authorizing the Execution of an Eight-Year Multi-Family Tax Exemption Agreement Between City of Olympia and Urban Olympia 10a, LLC

Agenda Date: 5/7/2024
Agenda Item Number: 4.F
File Number: 24-0333

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

Title

Approval of Resolution Authorizing the Execution of an Eight-Year Multi-Family Tax Exemption Agreement Between City of Olympia and Urban Olympia 10a, 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 Eight-Year Multi-Family Tax Exemption Agreement between City of Olympia and Urban Olympia 10a, 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 10a, 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 10a, LLC is requesting a Multi-Family Tax Exemption under the eight-year program. The applicant will develop property located at 401 Union Ave. SE into 59,098 square feet of market rate residential multi-family units. The applicant reports the project will cost approximately \$14 million to construct. Construction began in 2023 and is anticipated to conclude spring 2025. When complete, the project will offer 10 street-level loft units with 60 additional units throughout the second through fourth floors and 50 parking stalls. 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 will feature electric appliances in all units. The project is located a little more than half a mile from Olympia's transit center and is located 500 feet from an Intercity Transit route 94 bus stop and one-eighth of a mile from both an Intercity Transit route 13 and a route 60 bus stop.

The project has included 50 stalls of parking for residents allowing for more auto-centric living in the downtown. This will have an impact on the City's carbon emissions by not choosing to take advantage of the zero parking requirements in the downtown.

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 10, 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 10a, 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 10a, LLC.
3. Take no action.

Attachments:

Resolution

Agreement