

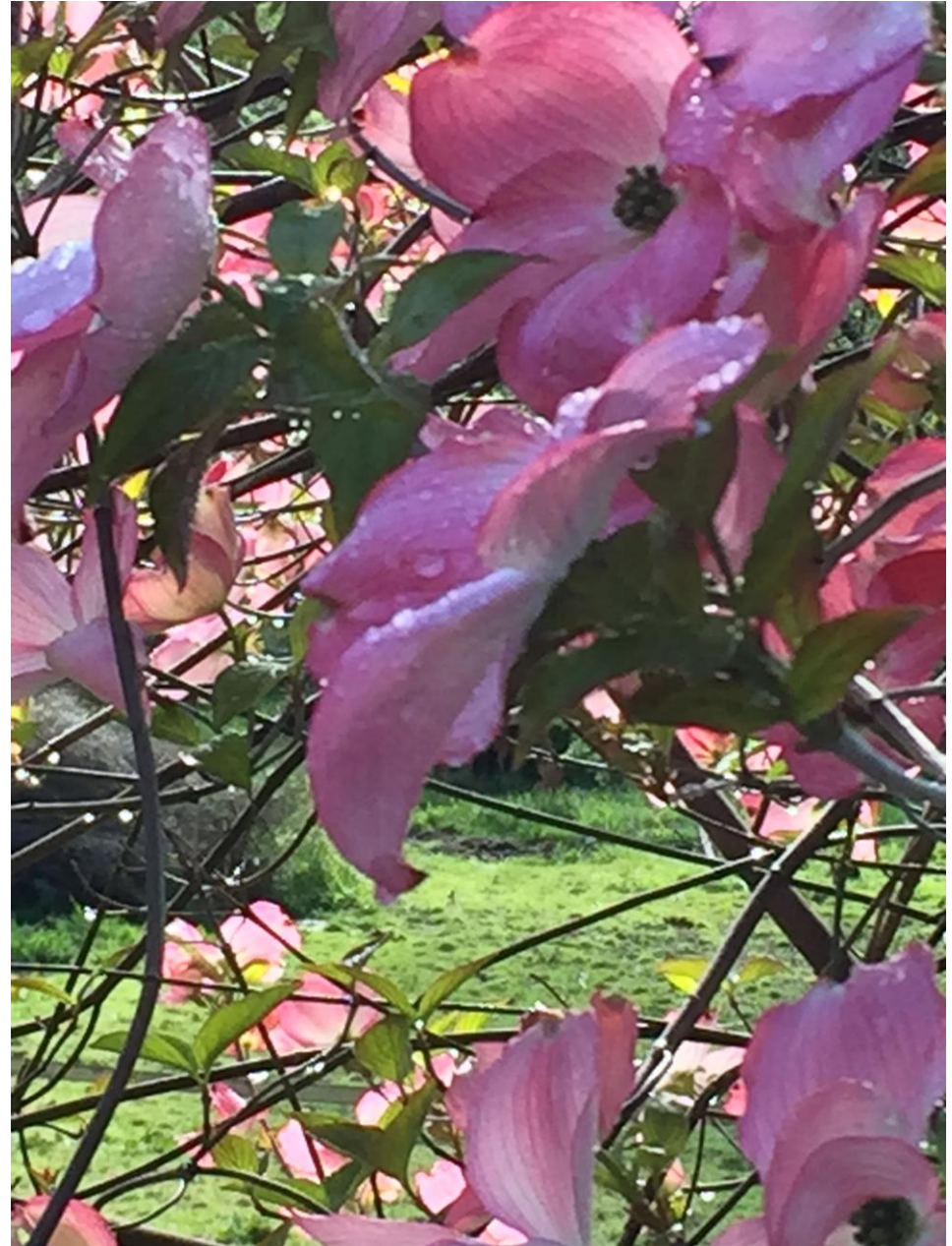
Contract Approval for an Eight-Year Multifamily Tax Exemption – The Rookery Apartments (TUM-24-0714)



City Council – July 2, 2024

Background

- In 2014, the City Council adopted the Capitol Boulevard Corridor Plan
- The Plan recommended establishing a Multifamily Tax Exemption program to improve the financial viability of redevelopment in the Corridor



Purpose of the MFTE Program

- In 2017, the City Council adopted the MFTE program to stimulate desired multifamily housing development within key areas of the City
- The City's MFTE program includes an eight-year tax exemption for providing market rate multifamily housing to help encourage further development in the designated areas, such as the Capitol Boulevard Corridor
- The eight-year tax exemption does not include an affordable housing component, as it is intended to stimulate overall multifamily housing development in support of the wider redevelopment of the Corridor



Purpose of the MFTE Program

- Provides a catalyst for economic redevelopment as identified in the Capitol Boulevard Corridor Plan
- Encourages increased residential opportunities within targeted areas
- Stimulates new construction for multifamily housing
- Helps direct future population growth to targeted areas, reducing development pressure on existing neighborhoods
- Provides the needed residential densities to support retail and other services within the target areas
- Helps to achieve residential densities more conducive to transit use in target areas



MFTE Effect on Revenue

- An approved MFTE is a shift in revenue from property tax
- When the City Council sets the City's property tax levy, the City levies a total dollar amount that will be collected for City operations
- When certain property owners get discounts, such as through the MFTE program, that cost is re-distributed to the other property owners in the City
- No matter how many MFTE discounts the City provides, the City still collects the same amount of property tax dollars



MFTE – Units to Date

Units by Conditional and Final Approvals Through April 2024

Approvals	All Units	Market Rate Units	Affordable Units
Conditional	300	263	37
Final	141	112	29
Total	441	375	66



MFTE – Units to Date

Units Approved By Target Area Through April 2024

Target Areas	All Units	Market Rate Units	Affordable Units
<i>Eight- and Twelve-Year Options</i>			
Brewery District	119	119	0
Capitol Corridor	0	0	0
<i>Twelve-Year Option Only with 20% Affordable</i>			
Littlerock Subarea	322	256	66
Town Center	0	0	0
Total	441	375	66



The Rookery Apartments (TUM-24-0714)

- Project Number: TUM-24-0714
- 6501 Capitol Boulevard SE, north of the intersection of Capitol Boulevard SE and Dennis Street SE
- Six units of new multifamily housing
- Eight-year Multifamily Tax Exemption



The Rookery Apartments (TUM-24-0714)



Approval Process – Conditional Certificate

TMC 3.30 Multifamily Housing Tax Exemptions establishes the review and approval process for MFTE applications:

1. The applicant has filed a complete Conditional Certificate Application with the City
2. City staff has reviewed the application and determined it is complete and meets the requirements of TMC 3.30
3. The Community Development Director has approved the Conditional Certificate



Approval Process – Conditional Certificate

4. To complete the Conditional Certificate approval process, the applicant must enter into a contract with City that is approved by City Council, under which the applicant agrees to complete the development as outlined in the contract
5. An approved Conditional Certificate and contract are valid for three years from the date of approval



Approval Process – Final Certificate

1. Upon completion of the improvements agreed upon in the contract and issuance of a certificate of occupancy, the applicant then files a Final Certificate Application
2. The complete Final Certificate Application is reviewed and approved by the Community Development Director
3. The Community Development Director files a Final Certificate of Tax Exemption with the Thurston County Assessor



Recommended Action

Authorize the Mayor to sign the contract for an 8-Year Multifamily Tax Exemption for the Rookery Apartments (TUM-24-0714) as recommended by the General Government Committee at their June 12, 2024, meeting

