City of Tacoma
Multifamily Property Tax Exemption Program

Purpose
The purpose of the "tax incentive for multifamily housing" is to encourage the development of multifamily housing in Tacoma’s seventeen Mixed-Use Centers. To accomplish this goal, the City of Tacoma offers a property tax exemption to eligible property owners. This incentive exempts property taxes for 8 or 12 years on the improvements that create 4 or more additional housing units.

Qualifying Criteria
An application may be submitted year round. The applicant must be the owner of the property. The property must be located within the boundaries of a mixed-use center. Once the project is granted a Conditional Certificate of Acceptance of Tax Exemption, construction must be completed within 3 years. The property tax exemption begins the year following completion of the project. The owner enters into a contract with the City of Tacoma, establishing specific guidelines for completion and acceptance of the project. If the owner sells the property after the tax exemption has been granted, the exemption stays with the property and is transferred to the new owner.

8 or 12 Year Exemption
The standard exemption period is 8 years. To qualify for the 12 year exemption, at least 20% of the newly created units must be affordable to renters with household incomes no greater than 80% of the area median income, or homebuyers with household incomes no greater than 115% of the area median income. Area Median Income (AMI) is published annually by the Department of Housing and Urban Development (HUD). The annual rents charged are to be no more that 30% of the 80% median income – rents are set by HUD each year and will be provided. Maximum rent must also include a utility allowance set by the Tacoma Housing Authority.

Project Location
The City of Tacoma has 18 Mixed-Use Centers that qualify for the property tax exemption. The project must be situated within the boundaries of one of these Mixed-Use Centers which have been designated by the City Council as target areas for growth under the City’s comprehensive plan. These "residential target areas" are deemed to lack sufficient residential housing to meet the needs of the public. The seventeen targeted areas are: Downtown Tacoma, James Center/TCC, Lincoln (South 38th and G Street), Lower Portland Avenue, Proctor (North 26th and Proctor), Sixth Avenue and Pine Street, South 56th & South Tacoma Way, South 72nd & Pacific Avenue, East 72nd & Portland Avenue, Stadium (North 1st and Tacoma), Tacoma Central Plaza/Allenmore, Tacoma Mall Area, Martin Luther King Jr. (South 11th and MLK Jr. Way), Westgate, Narrows (6th Avenue and Jackson), McKinley (East 34th and McKinley) South 34th & Pacific Avenue and Point Ruston.

Project Size
A minimum of 4 new units must be constructed, rehabilitated (if vacant for one year or more), created through conversion of a commercial structure, or added to existing occupied multifamily housing.

Tenant Displacement
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A redevelopment project should not displace existing tenants. Residential units proposed for rehabilitation need to provide existing tenants with 90 days move notice and relocation assistance should they qualify as low income.

**Valuation**
As determined by the Pierce County Assessor, the portion of the project receiving tax relief pertains only to the additional housing units created through new construction or the value of the rehabilitation. It does not pertain to the land valuation, commercial space, nor any units that were in existence at the time of application.

**Application Process**
The application is reviewed by the Tax Incentive Review Committee (TIRC) to determine if the application meets the qualification criteria. The committee is composed of staff from Community and Economic Development, the Legal Department and a representative from the Pierce County Assessor’s Office. There is an application fee ranging from $1,000 to $5,000 depending on project size/number of units.

For more information, please contact: Debbie Bingham at debbie.bingham@cityoftacoma.org or 253-591-5117.