



Prestige Plaza Development

BACKGROUND

- The City sold the building and property at 300 E. 13th Street (former headquarters of the Vancouver Police Department) to Prestige Plaza, LLC (controlled by Elie Kassab) in April 2008 for \$200,000 or \$30,000 more than the appraised value.
- As a condition of (and prior to) the sale of the property the City and Prestige Plaza entered into a development agreement covering a proposed 60,000 square foot mixed-use development.
- In December 2010 Prestige Plaza purchased the remaining property in the same block including the former Burgerville restaurant site.
- In August 2011 the City and Prestige Plaza entered into an amendment to the April 2008 development agreement revising the conceptual development plan to include a full block mixed-use development consisting of 92 apartments and approximately 11,000 square feet of commercial space for a total of 90,000 square feet.
- Also in August 2011 the City and Prestige Plaza entered into a multi-family housing limited property tax exemption agreement that would exempt the multi-family portions of the development from property taxes for twelve years if the project met certain conditions.
- In October 2011 the Burgerville restaurant closed and the building was demolished.
- As of November 2011 the developer expected to begin construction in December 2011.

DEVELOPMENT AGREEMENT SUMMARY

- The April 2008 development agreement called for a five story building with a minimum gross floor area of 60,000 square feet. The agreement also contemplated a full-block development of 96,000 square feet if Prestige Plaza were to acquire the full block.
- The August 2011 amendment to the development agreement includes a full block development and requires a minimum floor area of 90,000 square feet. The conceptual development plan included ground floor commercial or live/work space with three floors of apartments above with 92 living units.
- The advantages of the amended development agreement are:
 - The proposed development is formally expanded to include a full block development.
 - The proposed development will include more housing than previously identified meeting a stated goal of the Vancouver City Center Vision Plan (VCCV).
 - Redevelopment of the site will move forward sooner than contemplated in the original development agreement if the developer is able to obtain financing.
- A potential disadvantage of the amendment is that the proposed development has a slightly lower density ratio than the prior conceptual development plan.

MULTI-FAMILY TAX EXEMPTION SUMMARY

- State law (RCW 84.14) allows city governments to grant property tax exemptions to new or rehabilitated multi-family housing developments in designated residential target areas.
 - An eight year exemption is available for development projects that meet the program's general requirements.
 - A twelve year exemption is available if 20% of the units are leased or sold as affordable housing as defined in the statute.
- The purpose of the multi-family tax exemption program is to stimulate new or enhanced residential opportunities in designated urban centers and achieve the housing goals mandated by the Growth Management Act.
- The City established its multi-family tax exemption program in 1997 (VMC 3.22) for use in the Downtown Redevelopment Area boundary. Between 1997 and 2003 multi-family tax exemptions were put in place for the Heritage Place, Anthem Park, Lewis & Clark Plaza and VancouverCenter developments.
- In August 2011 the City revised VMC 3.22 to incorporate revisions to RCW 84.14 made by the State in 2007.
- In September 2011 the City revised VMC 3.22 to:
 - Revise the boundary of the downtown residential target area to include the full VCCV sub-area.
 - Include the Fourth Plain Corridor Sub-Area as a residential target area making multi-family developments in the sub-area potentially eligible for the multi-family tax exemption program.
 - Both the VCCV and Fourth Plain Corridor sub-area plans call for the city to use the multi-family tax exemption program to encourage residential development.
- In June 2011 Prestige Plaza applied for a multi-family tax exemption for the proposed 92 unit apartment development at 300 E. 13th Street (within the VCCV). The application requested a twelve year exemption and included a commitment to rent at least 20% of the units as affordable housing to low or moderate income households.
- The City Center Redevelopment Authority (CCRA) reviewed the development proposal and the staff analysis of the multi-family tax exemption application. The CCRA's review focused on:
 - The estimated fiscal impact of the exemption on the City.
 - The needed for City financial support to allow the developer to earn a fair return given level of investment and risk.
 - Whether the development proposal implements the goals of the VCCV.
- Based on their review the CCRA recommended approval of the Prestige Plaza multi-family tax exemption application to the City Council.
- In August 2011 the City Council approved a multi-family tax exemption agreement with Prestige Plaza. The City agreed to provide a twelve year exemption and Prestige Plaza agreed to rent at least 20% of the units as affordable housing to low or moderate income households. The agreement calls for the development to be completed within three years.
- If the project is completed, the developer will be required to submit annual reports to the City for the life of the exemption.

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