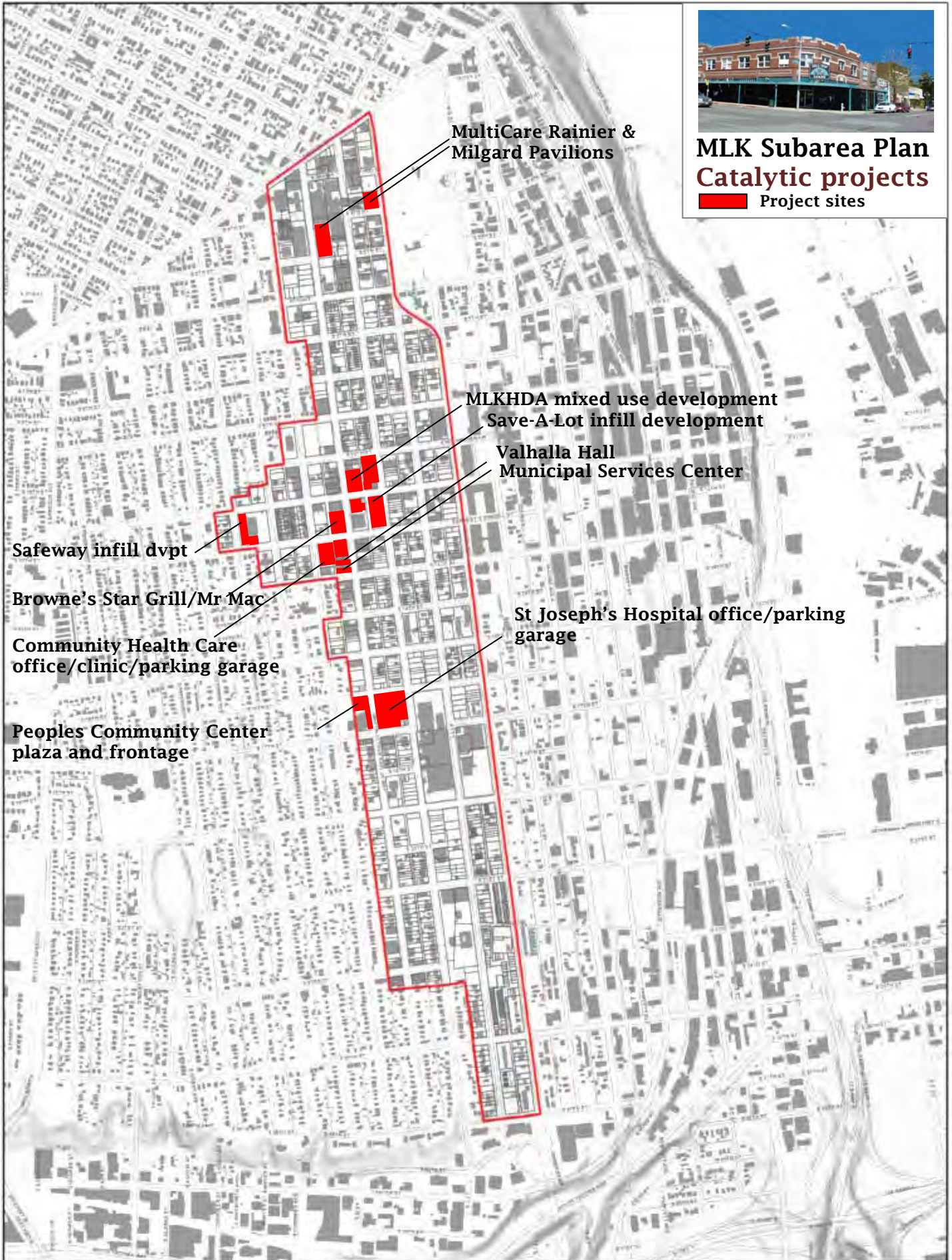




MLK Subarea Plan Catalytic projects

 Project sites



MultiCare Rainier & Milgard Pavilions

MLKHDA mixed use development
Save-A-Lot infill development

Valhalla Hall
Municipal Services Center

Safeway infill dvpt

Browne's Star Grill/Mr Mac

Community Health Care
office/clinic/parking garage

Peoples Community Center
plaza and frontage

St Joseph's Hospital office/parking
garage

Catalytic projects in progress in MLK

Recent development within the MLK subarea include the:

Community Health Care Clinic

Construction has been initiated of the 3-story, 59,100 square foot, \$26,000,000 regional health center on the northwest corner of South 12th/Braezel Street and MLK Way for treating low-income patients with a scheduled opening in August 2013. The building will replace a 7,000 square foot clinic located 2 blocks away which may be used for warehouse and maintenance operations. The new clinic will employ 130 full-time workers and service 200-300 patients daily.

The ground floor will provide an urgent care clinic, pharmacy, laboratory, community meeting room, coffee shop, reception, and office space for a community-related organization.

The second floor will house the medical clinic with 36 exam rooms and a family-practice medical residency program with study space and classrooms for 18 resident doctors and office space for 6 MD trainers. Resident doctors will use the same exam rooms as the medical clinic.

The third floor will house a dental clinic, medical specialties clinic, and lunch and meeting room for the staff.

A separate 3-story parking garage with 250 stalls will be built next to the clinic.



Franciscan Medical Building & Parking Garage

Construction is underway on the block east of MLK Way between South 16th and 17th Streets. The 5-story 120,000 square foot \$62,000,000 Franciscan Medical Building will adjoin a 7-story 770 stall parking garage and outdoor sitting

area and sky-bridge to the existing hospital facility.

The medical facility will house the Franciscan Medical Group doctors specializing in primary care, orthopedics, neurosciences and women's care. The building's design will allow caregivers representing different medical specialties to come together in the same location rather than being housed at different buildings on the hospital's campus and throughout Tacoma.

A unique feature of the Franciscan Medical Building will be its 4 full-service care centers offering primary care medicine, orthopedic services, neuroscience specialists (neurologists, neurosurgeons and physiatrists) and women's care. This arrangement of specialists offers a one-stop medical experience that will benefit doctors and patients.

The pedestrian sky-bridge across South J Street will link the new medical office building to the St Joseph Outpatient Center which houses the Walters Day Surgery Center; the Center for Advanced Endoscopy for gastrointestinal procedures; diagnostic imaging; physical, speech and occupational therapies; and other services.

The MLK street frontage of the parking garage will include 7,000 square feet of rental retail space to increase pedestrian activities.



Multicare Health System Women and Children's Community Expansion Project

The project will remodel and update the areas serving women, newborns and children at [Tacoma General Hospital](#) and Mary Bridge Children's Hospital beginning in spring/summer 2012.

The four-year project will add more Pediatric Intensive Care Unit (PICU) beds, a renovated Tacoma General Family Birth Center, and an improved Neonatal Intensive Care Unit (NICU). These areas of the hospital have not been updated for more than two decades, even as the demand for these services is growing.

Construction will begin this spring/summer and will generate 350 local jobs during the course of the project.



Multicare Health System Milgard and Rainier Pavilions

The project will add 2 floors to the top of the 5-story Milgard Pavilion, which was built in 2010 and houses the Tacoma General and Mary Bridge Children's Hospital Emergency Departments and the MultiCare Regional Cancer Center. The new 6th and 7th floors will house Mary Bridge general pediatric beds and the Pediatric Intensive Care Unit.

The Rainier Pavilion - facing Wright Park - will be remodeled and expanded along South 4th Street toward South I Street. The building will house expanded labor and delivery facilities, general medical/surgical units and private Neonatal Intensive Care Unit (NICU) rooms.

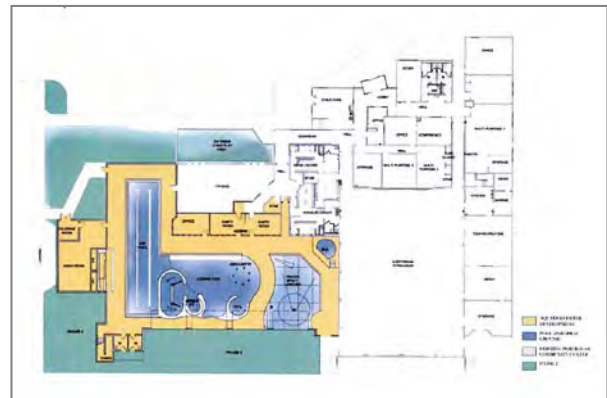


Multicare Medical Center Emergency Department Level Three Floor Plan

People's Community Center Pool

The pool at People's Community Center was constructed in 1978. The pool has been a huge attraction offering year-round swimming in an enclosed environment.

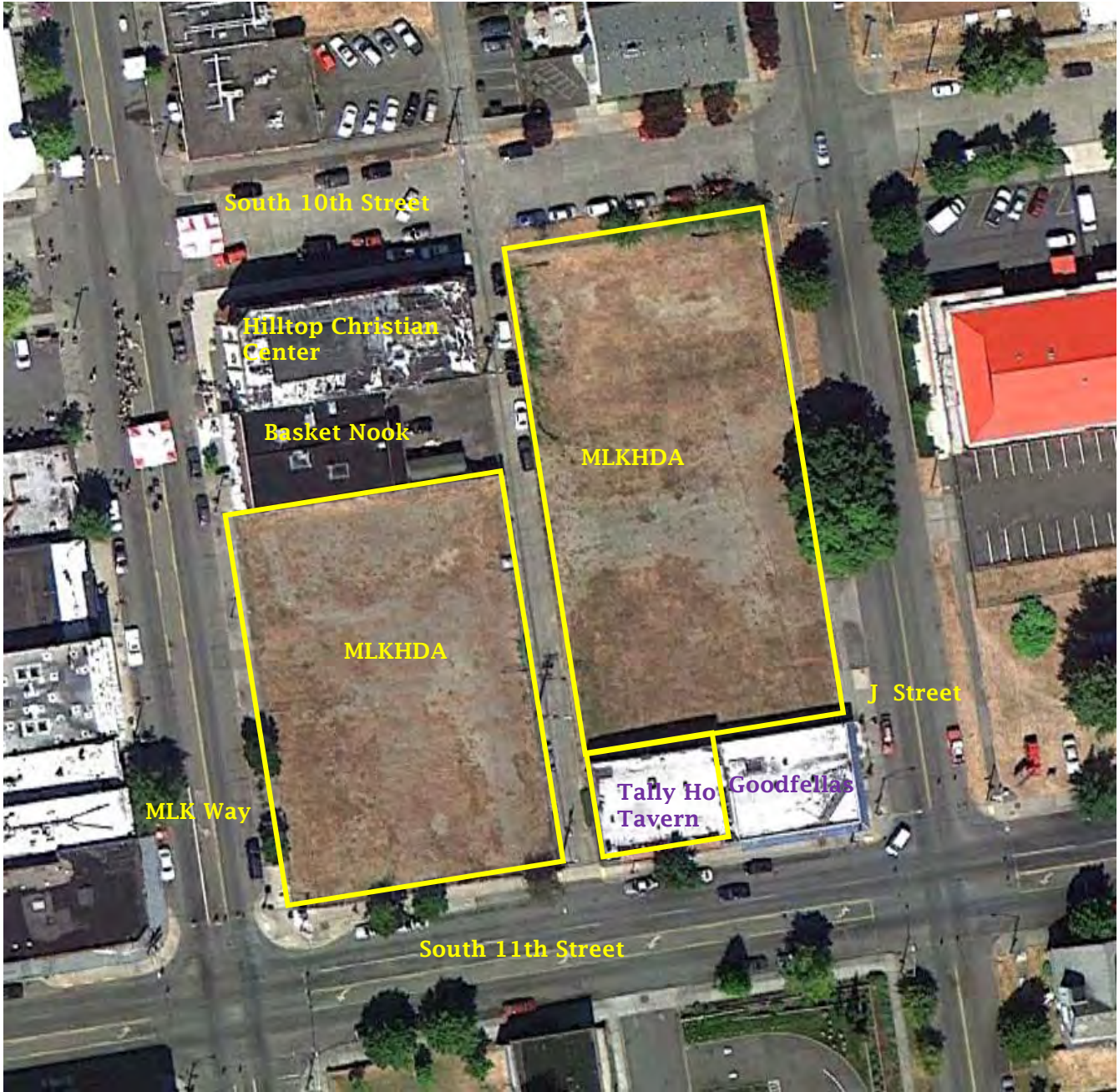
However, a structural analysis in 2005 determined that moisture conditions were significantly deteriorating the natatorium roof and wall systems and the pool was closed in 2008 as a result.



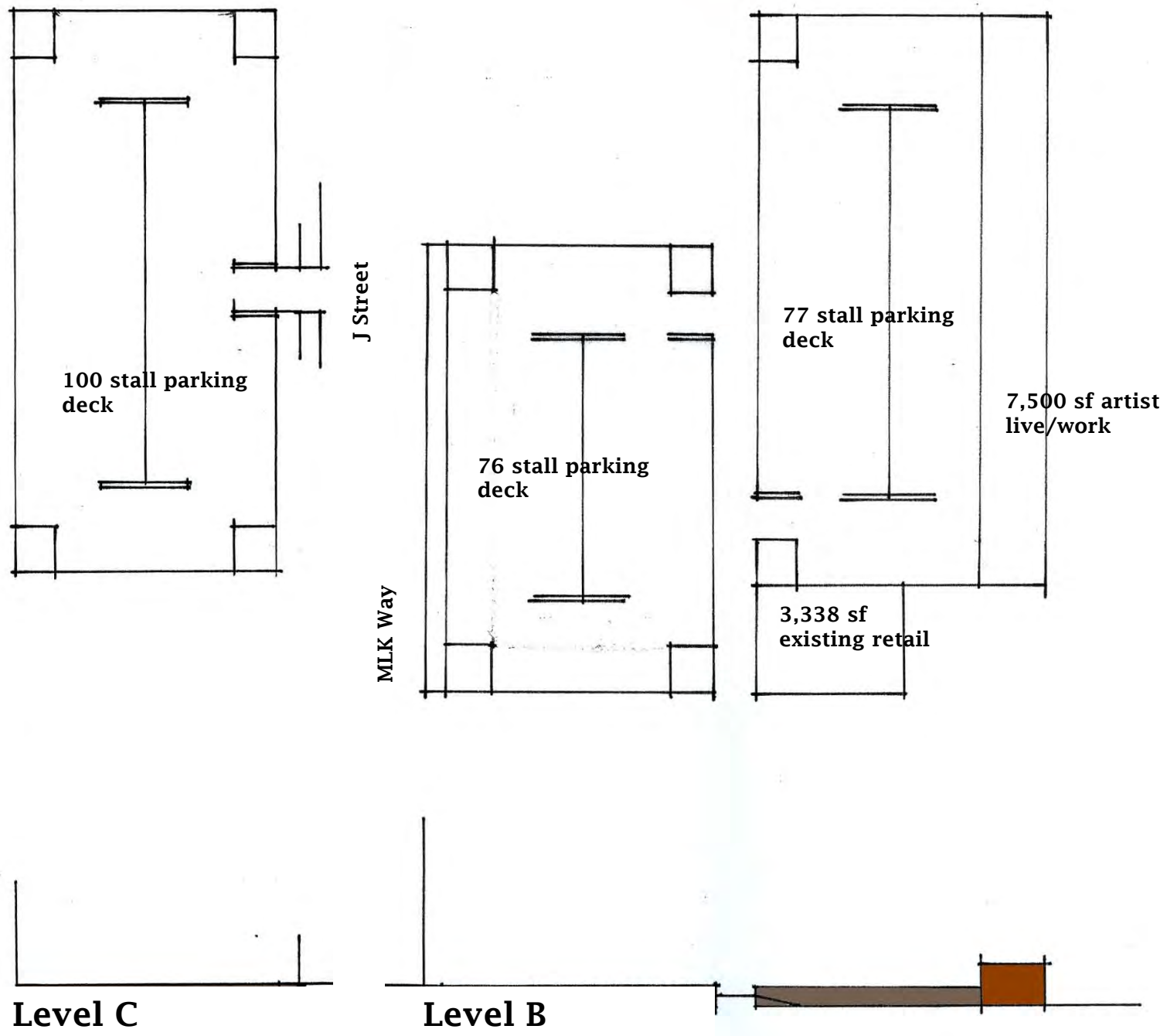
In 2010, Metro Parks and Tacoma conducted a visioning to determine the future of the center. The preferred option will reconfigure and reorient the center entrance from MLK, renovate the community rooms, develop a public plaza, new community room, and a new pool with expanded water features including a water slide and outdoor spray grounds. The pool portion was determined to be the highest priority.

In 2011, Metro Parks and Tacoma refined the pool option into a 3-phase project of which phase 1 will demolish and rebuild the natatorium with all aquatic features, party rooms, and the stair tower for the water slide; and phase 2 will install the water slide and construct the outdoor spray ground for an estimated cost of \$6,600,000.

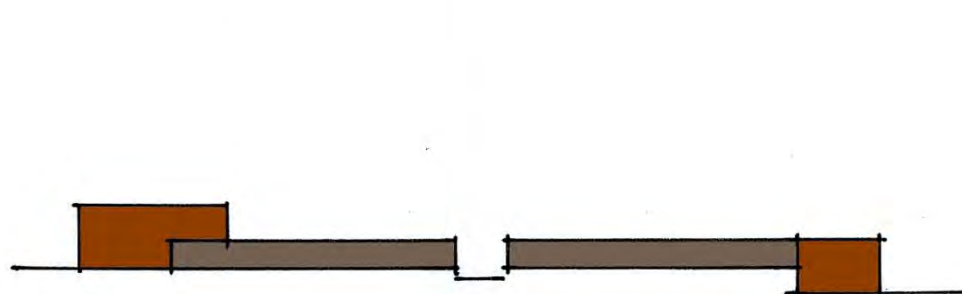
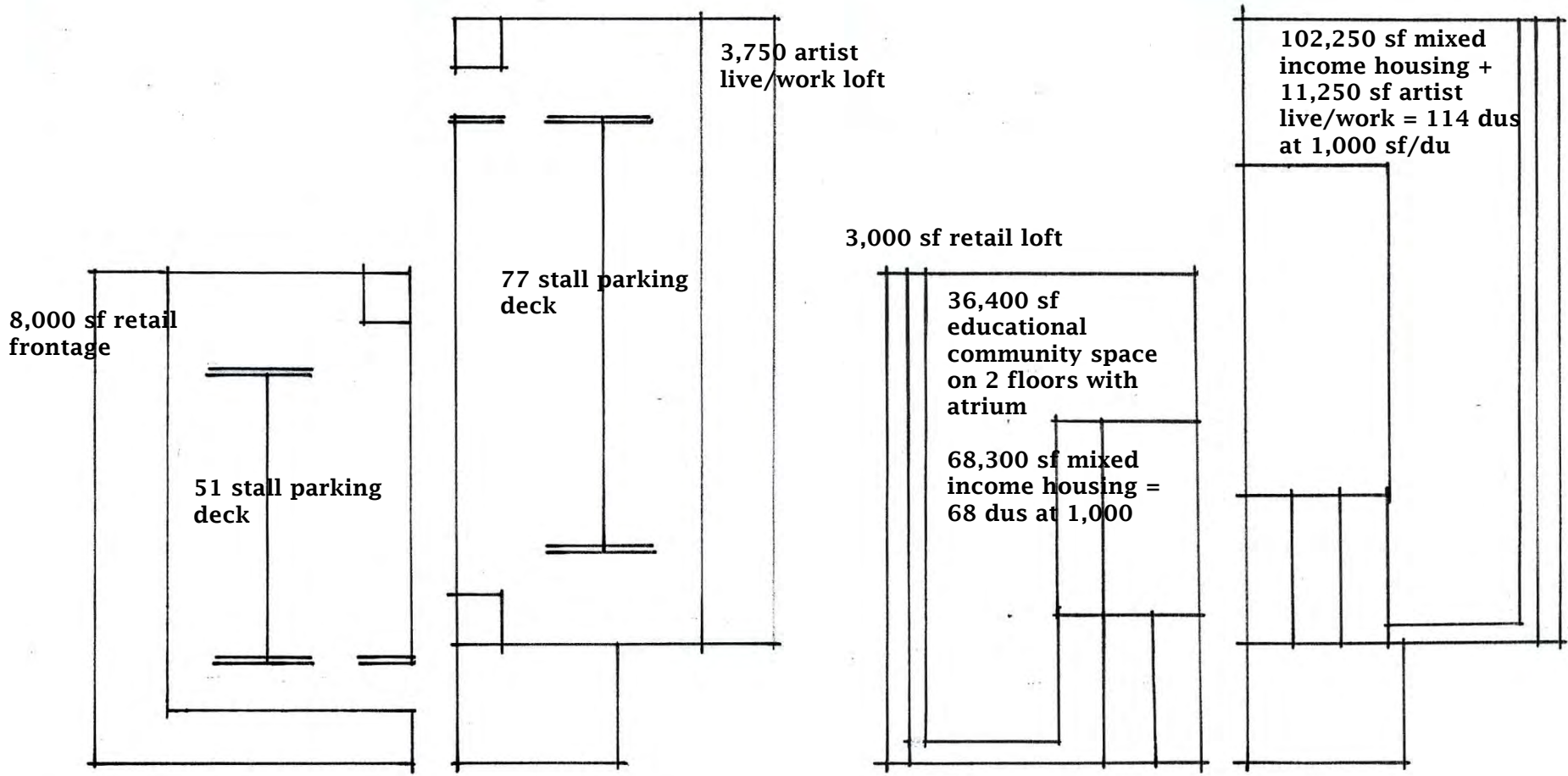
A future phase 3 will expand the center north to provide for an enlarged fitness facility, concessions, and storage. These developments provide the momentum and opportunity to create and implement a revitalization strategy for the MLK subarea.



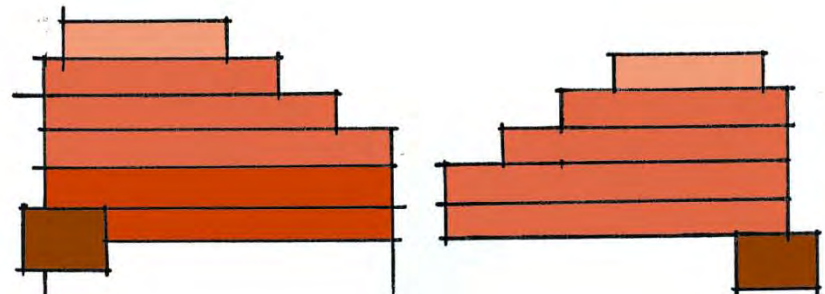
MLK Housing Development Association (MLKHDA) properties



MLK/J Street 10th/11th - envelope analysis

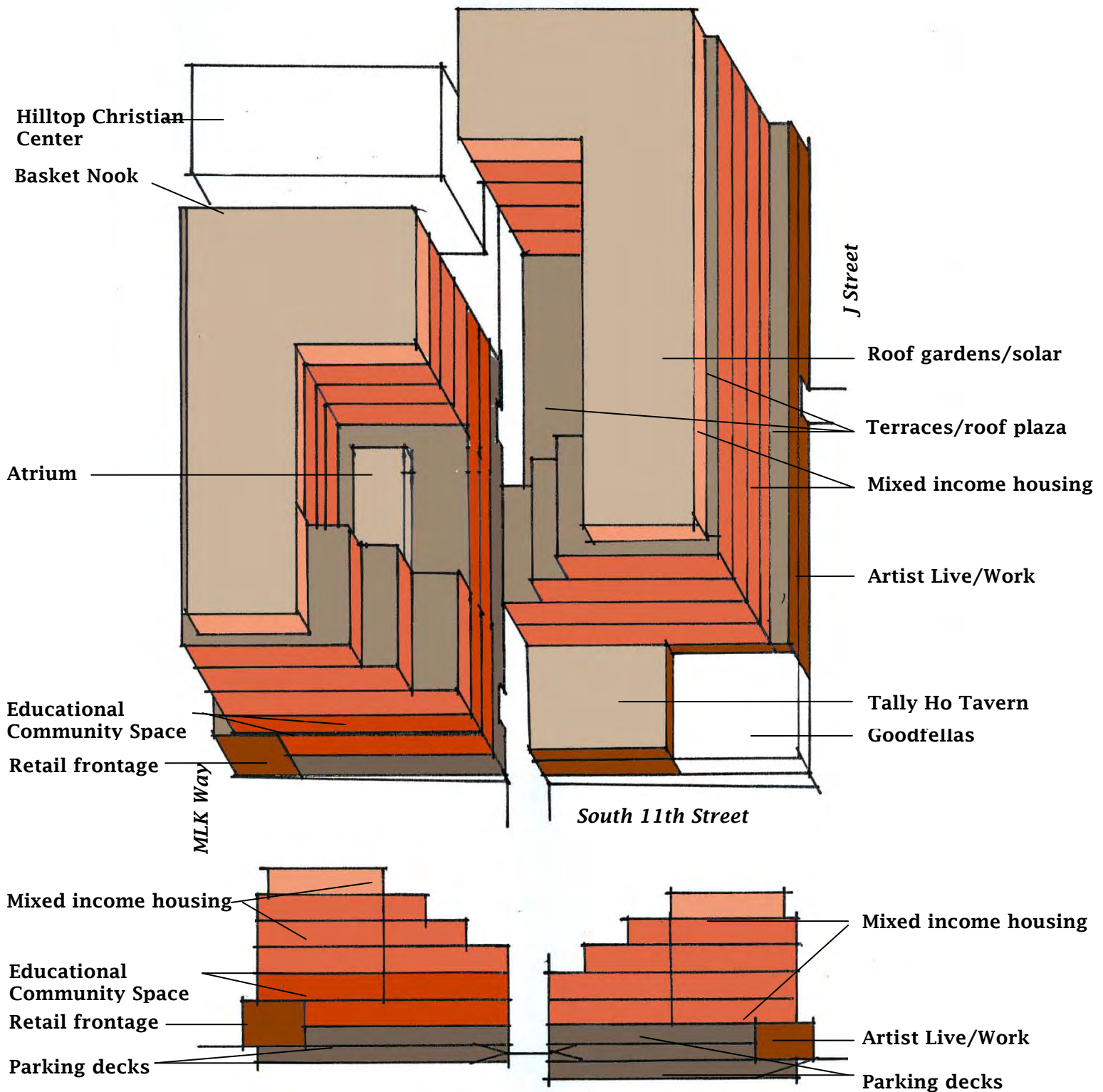


Level A



Level 1-6

MLK/J Street 10th/11th - envelope analysis



MLK/J Street 10th/11th - envelope analysis

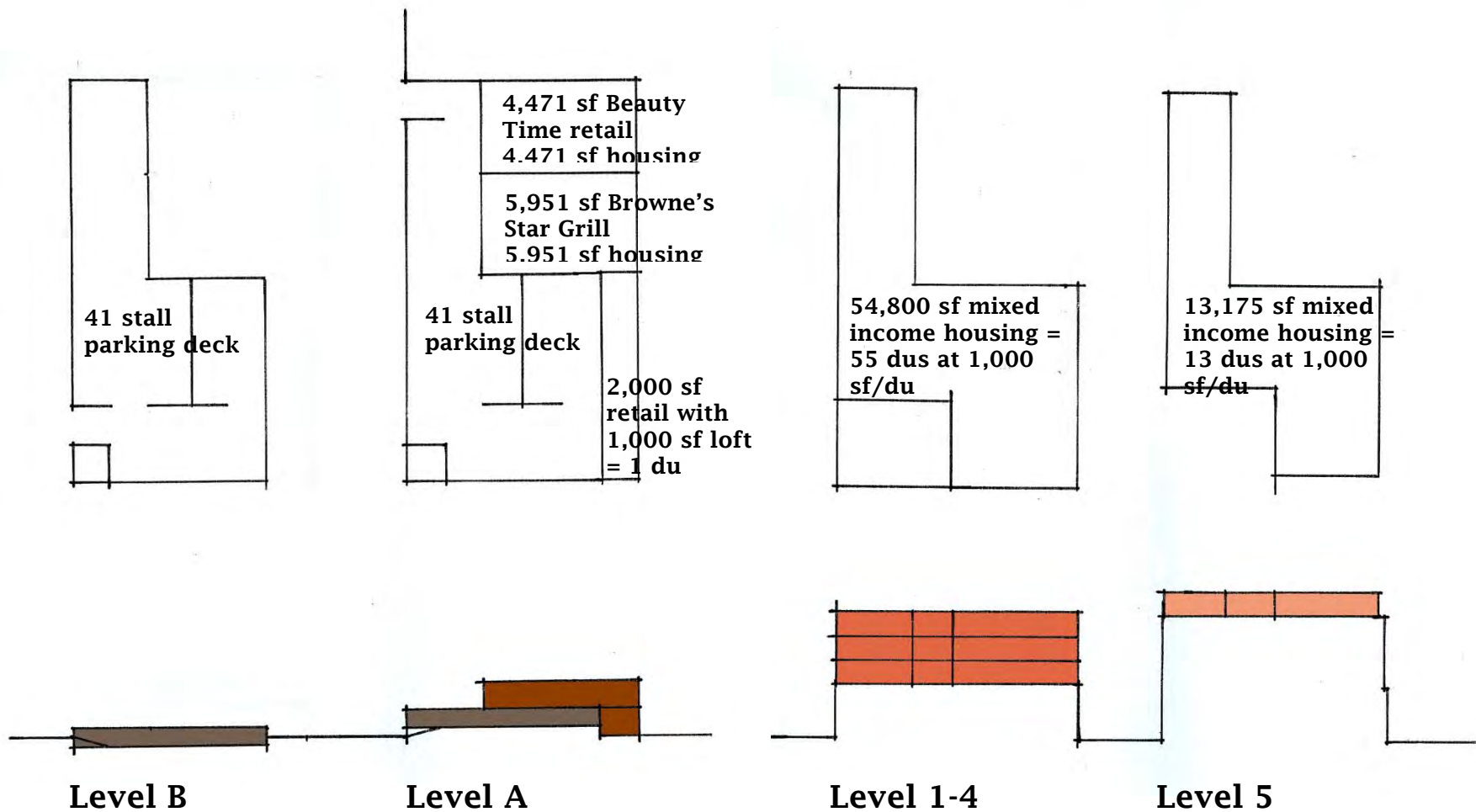
25,588 square feet ground floor artist/retail (including existing 11th Street frontage)
 36,400 square feet of Educational Community Space (2 floors with atrium)
 182 mixed income housing units (at 1,000 square feet/housing unit)
 380 parking deck stalls (1 stall/du leaves 198 residual for Educational Community Space)

11th Avenue and MLK Way

Site area		26,000	32,500	
		3,338		
Level	J Street	MLK		#
	Use	#	Use	
C	parking - 90 degree, 9 foot	100		
B	parking - 90 degree, 9 foot	77	parking - 90 degree, 9 foot	76
	artist live/work loft	7,500		
A	parking - 90 degree, 9 foot	77	parking - 90 degree, 9 foot	51
	artist live/work loft	3,750	retail storefront w/loft	8,000
1	mixed income housing	22,200	retail storefront loft	3,000
	existing retail 11th Street	3,338	existing retail 11th Street	0
	Educational Community Space	0	Educational Community Space	16,400
2	mixed income housing	22,200	Educational Community Space	20,000
3	mixed income housing	21,000	mixed income housing	19,200
4	mixed income housing	19,800	mixed income housing	18,000
5	mixed income housing	17,050	mixed income housing	16,800
6			mixed income housing	14,300
Subtotals	parking - 90 degree, 9 foot	253	parking - 90 degree, 9 foot	127
	existing retail 11th Street	3,338	retail storefront w/loft	11,000
	artist live/work loft	11,250	artist live/work loft	0
	Educational Community Space	0	Educational Community Space	36,400
	mixed income housing	102,250	mixed income housing	68,300
	dwelling units @ 1000 sf	114	dwelling units @ 1000 sf	68
Totals	parking - 90 degree, 9 foot			380
	retail storefront			14,338
	artist live/work			11,250
	Educational Community Space			36,400
	mixed income housing			170,550
	dwelling units @ 1000 sf			182
	Educational parking if housing units average 1 stall/dwelling unit			198

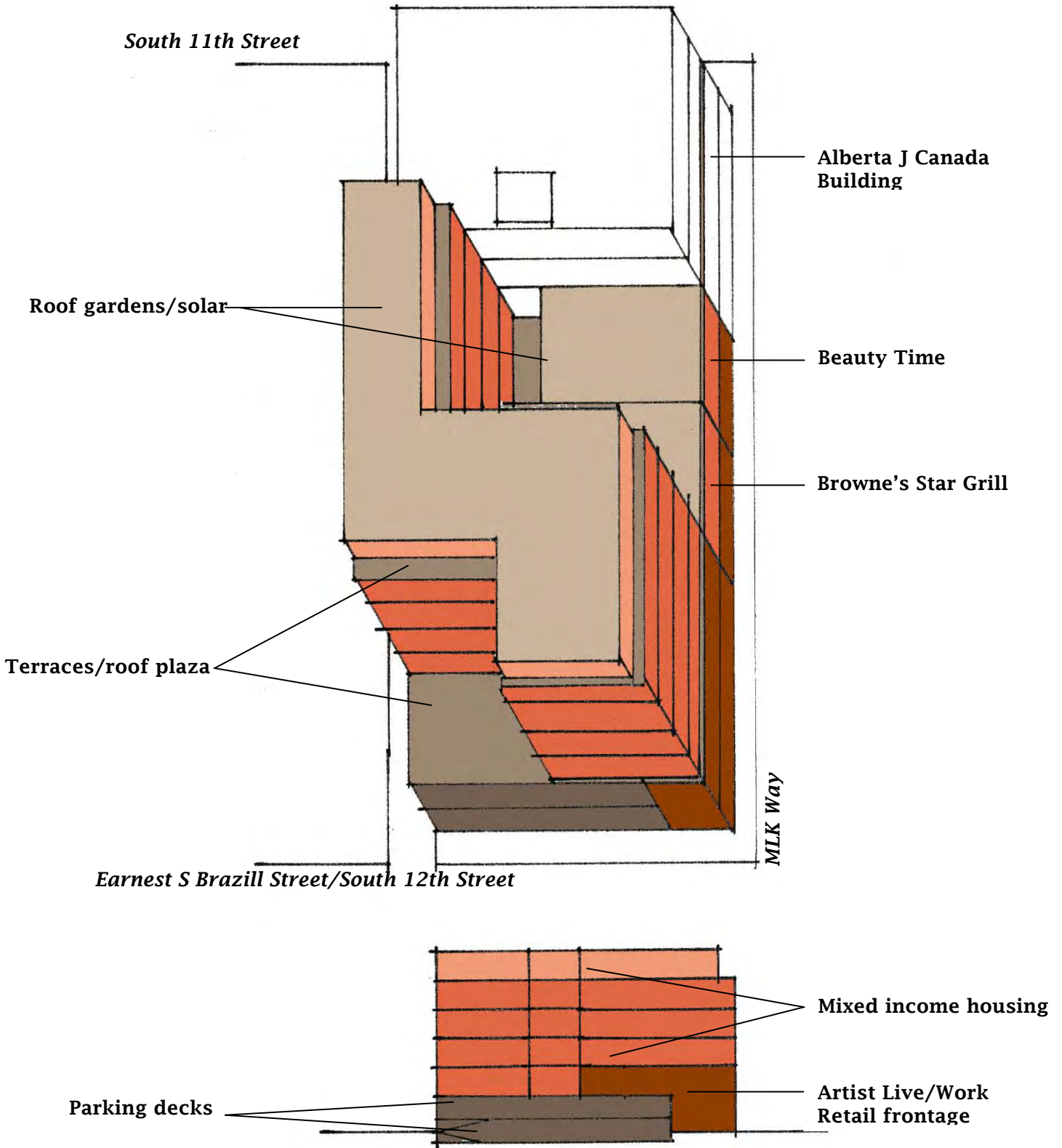


Tacoma's Browne's Star Grill/Beauty Time/Mister Mac Ltd properties



Browne's Star Grill - envelope analysis

12,422 square feet ground floor artist/retail (Beauty Time, Browne's Star, new frontage)
 69 mixed income housing units (67,975 square feet at 1,000 square feet/housing unit)
 82 parking deck stalls (1 stall/du leaves 13 residual for retail)

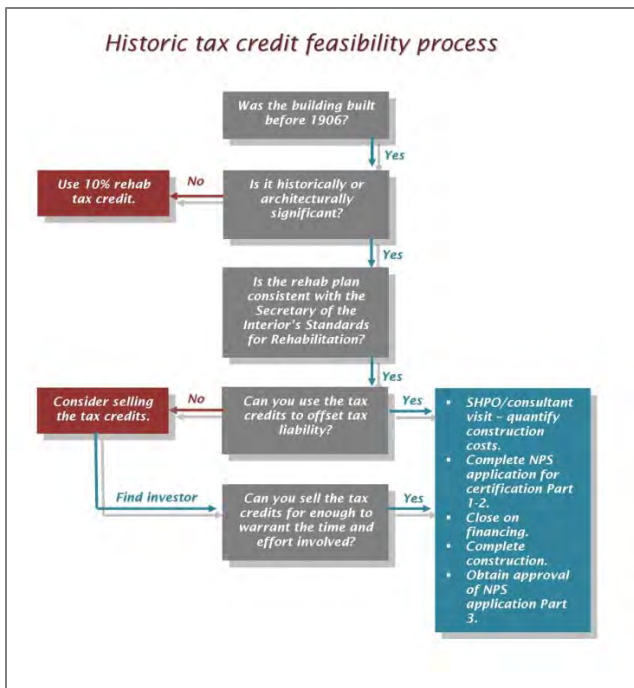


Browne's Star Grill - envelope analysis

12,422 square feet ground floor artist/retail (Beauty Time, Browne's Star, new frontage)
 69 mixed income housing units (67,975 square feet at 1,000 square feet/housing unit)
 82 parking deck stalls (1 stall/du leaves 13 residual for retail)

Browne's Star Grill

Site		24,000
Level	Use	#
B	parking - 90 degree, 9 foot	41
A	parking - 90 degree, 9 foot	41
	Beauty Time - first floor retail	4,471
	Browne's Star Grill - first floor retail	5,951
	ground floor artist/retail frontage	2,000
1	Beauty Time - upper floor housing	4,471
	Browne's Star Grill - upper floor housing	5,951
	loft floor artist/retail	1,000
	mixed income housing	12,200
2	mixed income housing	14,200
3	mixed income housing	14,200
4	mixed income housing	14,200
5	mixed income housing	13,175
<hr/>		
Totals	parking - 90 degree, 9 foot	82
	artist/retail ground floor	12,422
	artist housing @1000 sf	1
	mixed income housing	67,975
	housing units @ 1000 sf	68
	total housing units	69
	residual retail parking less 1 stall/du	13
	ratio residual parking/new retail	7



Historic preservation Historic Tax Credits

Federal and state historic tax credits (HTC) provide developers of historic properties with a dollar-for-dollar reduction in taxes giving them a strong incentive to take on historic rehab projects that would otherwise not be financially feasible. Such projects transform vacant properties, revitalize downtowns, and collectively, create an economic multiplier effect.

Rutgers University, with support from the Historic Tax Credit Coalition, analyzed the 30-year history of the HTC program and determined the program created 1,800,000 jobs, attracted \$85,000,000,000 in new private investment, and stimulated the local economy to a far greater extent than new construction.

The initial versions of the HTC required developers to file for the tax credit after an historic rehab project was complete. However, many historic property developers and property owners have insufficient tax liability; earn too much income (\$250,000 or more); or are limited in their ability to use the credits per the pass loss limitations of the IRS.

Others are subject to the Alternate Minimum Tax (AMT), a tax paid by individuals and corporations that would otherwise have enough credits and deductions to zero out their federal tax liability. Until recently, the AMT could not be reduced by the HTC. Furthermore, most developers need the cash the HTC represents during the project rather than on completion.

Developers can sell the HTC to a corporate investor in exchange for cash invested in the project. However, the legal and accounting fees involved are relatively high so if the credit value is low there is little incentive for a corporate buyer.

Housing & Economic Recovery Act of 2008

The HERA of 2008 authorizes individuals (real estate professionals - REPs) to acquire and apply the tax credit to lower their Alternative Minimum Tax (AMT) free of the passive loss limitations of the IRS thereby expanding the market to include individual local investors in tax credits as well as corporate investors.

20% Federal Tax Credit

- The HTC is a dollar-for-dollar reduction of federal tax liability for 20% of eligible costs to rehabilitate a certified historic structure.

Real Estate Professional (REP) - is defined as a person who:

- Spends more than 50% of their time and more than 750 hours per year engaged in real estate activities; and
- Owns at least 5% of the real estate business where they work.

Qualifying real estate activities include work performed by:

- Real estate developers
- Construction contractors
- Property managers
- Real estate brokers
- Leasing agents
- Architects

HTC credit team - is critical to getting the HTC certified and sold and is composed of individuals who have experience with the HTC including:

- Tax attorney
- Tax accountant
- Preservation consultant
- Experienced architect
- Rehab contractor
- State historic preservation office (SHPO)

National Register of Historic Places/District

The National Register is maintained by the US Department of the Interior. In Washington State, the National Register program is administered by the National Register Coordinator at the Department of Archaeology & Historic Preservation (DAHP). A National Register District:

- Identifies significant properties and districts for general planning purpose.
- Analyzes and assesses the historic character and quality of the district.
- Designates historic areas based on uniform national criteria and procedures.
- Sets district boundaries tightly, based on the actual distribution pattern of intact historic properties in the area.
- Makes available specific federal and state tax incentives for preservation purposes.
- Provides a limited degree of protection from the effects of federally assisted undertakings.
- Qualifies property owners for federal and state grants for preservation purposes, when funds are available.
- ***Does not*** restrict the use or disposition of property or obligate private property owners in any way.
- ***Does not*** require conformance to design guidelines or preservation standards when property is rehabilitated unless specific preservation incentives (tax credits, grants) are involved.
- ***Does not*** affect state and local government activities.
- ***Does not*** prevent the demolition of historic buildings and structures within designated areas.

Local Historic District

A local historic district is a district designated by a local ordinance that falls under the jurisdiction of a local Historic Preservation Review Commission. A local historic district is generally “overlaid” on the existing zoning classifications and deals only with the appearance of the district, not with the uses of the properties.

The Historic Preservation Commission reviews major changes that are planned for the district and issues Certificates of Appropriateness which allow the proposed changes to take place. A Local Historic District:

- The property must be listed in or eligible for listing in the National Register of Historic Places or a contributing building in a National Register historic district.
- The building has to be an income producing building –rental housing is eligible for the 20% credit.
- The application consists of Parts 1, 2, and 3 and must be submitted to the State Historic Preservation Office, which makes recommendations and submits the application to the National Park Service (NPS) for final approval.
- The rehab over a 24-month period must be “substantial”, defined as \$5,000 or the building’s adjusted tax basis (acquisition cost plus cost of improvements minus value of land minus depreciation taken) whichever is greater.
- The HTC is 20% of the eligible rehab and rehab-related “soft costs” including construction loan interest, appraisals, construction lender points, architectural and engineering fees, and environmental evaluations.
- The exterior and interior rehab must meet the Secretary of the Interior’s Standards as interpreted by the State Historic Preservation Office (SHPO) and the National Park Service (NPS).
- The credit may only be claimed by building owners after the property is placed in service (generally a certificate of occupancy); and investor may claim the credit only if they have admitted to the partnership before the building is placed in service.
- The tax credit is applied against tax liability and can be divided up and carried back 1 year and forward 20 years. (Individuals who earn more than \$200,000 cannot claim the full value of the credit, and individuals who earn more than \$250,000 cannot use the credit at all.)
- Transfer of ownership or adverse change to a character-defining feature of the building during the 5-year compliance period triggers recapture of the credits (20% recapture for every year left in the compliance period).
- The credit may be taken by the owner or be transferred to an investor.

10% Federal Tax Credit

- The HTC is for nonresidential properties built before 1936 – a mixed-use project can take the 10% credit on the commercial portion only.
- The building must be a non-certified historic structure, i.e., neither listed in the National Register of Historic Places nor a contributing structure in the National Register historic district.

- Protects a community’s historic properties and areas through a design review process.
- Protects the historic character and quality of the district with specific design controls.
- Designates historic areas on the basis of local criteria and local procedures.
- Sets district boundaries based on the distribution pattern of historic resources plus other preservation and community planning considerations.
- Provides no tax incentives for preservation purposes unless such are provided by local tax law.
- Provides no additional protection from the effects of federally assisted undertakings.
- Does not qualify property owners for federal or state grants for preservation purposes.
- Does not restrict the use to which property is put in the district or require property owners to make improvements to their property.
- Requires local historic preservation commission’s review and approval, based on conformance to local design guidelines, before a building permit is issued for any “material changes” in appearance to the district.
- Does not affect federal, state, or local government activities.
- Provides for review of proposed demolitions within designated areas; may prevent or delay proposed demolitions for specified time periods to allow for preservation alternatives.

- There is no review and there are no federal design standards.
- The rehab must retain 50% of the original exterior walls, and 75% of the original exterior walls must remain either as exterior or interior walls.
- The rehab must keep 75% of the internal structural framework in place.

Washington State Tax Incentive Program

In 1985 the Legislature passed a law that allows for a “special valuation” for certain historic properties in the state. The law specifies that following a rehabilitation project, property taxes will not reflect substantial improvements made to the property for a period of 10 years. To be eligible for special valuation, a property must:

- Be listed in the National Register of Historic Places, individually, or certified as contributing to the significance of a National Register Historic District as certified by their local government or the Washington State Department of Archaeology & Historic Preservation (DAHP).
- OR, be listed in the Local Register of Historic Places established by a Certified Local Government (CLG).
- AND, be of a class of properties approved by the local government.

The work must have been completed within 2 years prior to application and must be equal in cost to at least 25% of the assessed value of the structure prior to rehabilitation.

Property owners must sign an agreement with the local review board that guarantees they will meet the following standards during the 10-year tax exemption period:

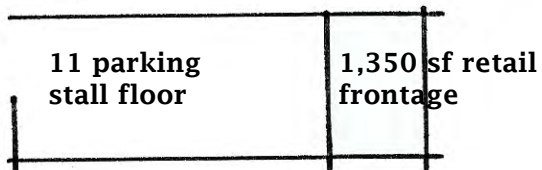
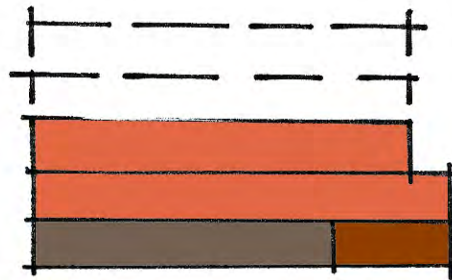
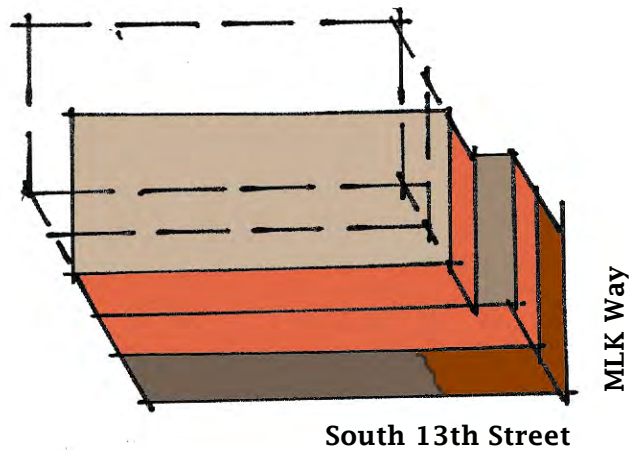
- The property must be maintained in good condition.
- The owner must obtain approval from the local review board prior to making further improvements.
- The property must be visible from a public right-of-way, or otherwise be made available for public viewing once every year.

If the agreements are violated, the property owner must pay back taxes which would otherwise have been owed, interest on back taxes, and a penalty equal to 12% of back taxes and interest.

www.dahp.wa.gov



Tacoma's Municipal Services Center property



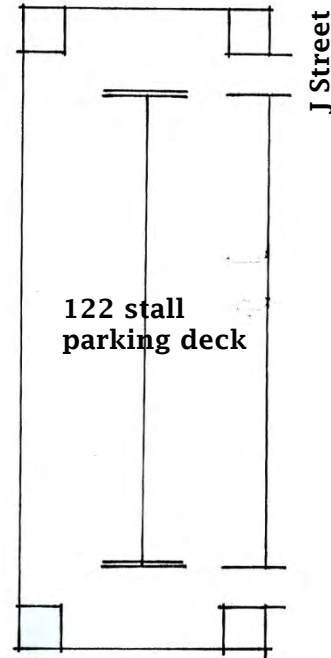
Municipal Services Center – envelope analysis

11 stall parking floor with 1,350 square foot retail frontage
 11,250 square foot mixed income housing = 11 units at 1,000 sf/du if 1 parking stall/du
 Or 16,650 square foot mixed income housing = 16 units if 0.7 parking stall/du
 Or 22,050 square foot mixed income housing = 22 units if 0.5 parking stall/du



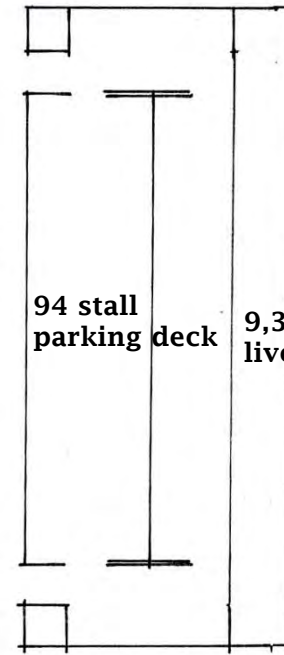
Rite Aid (Save-A-Lot) Properties

South 11th Street



South 12th Street

MLK Way

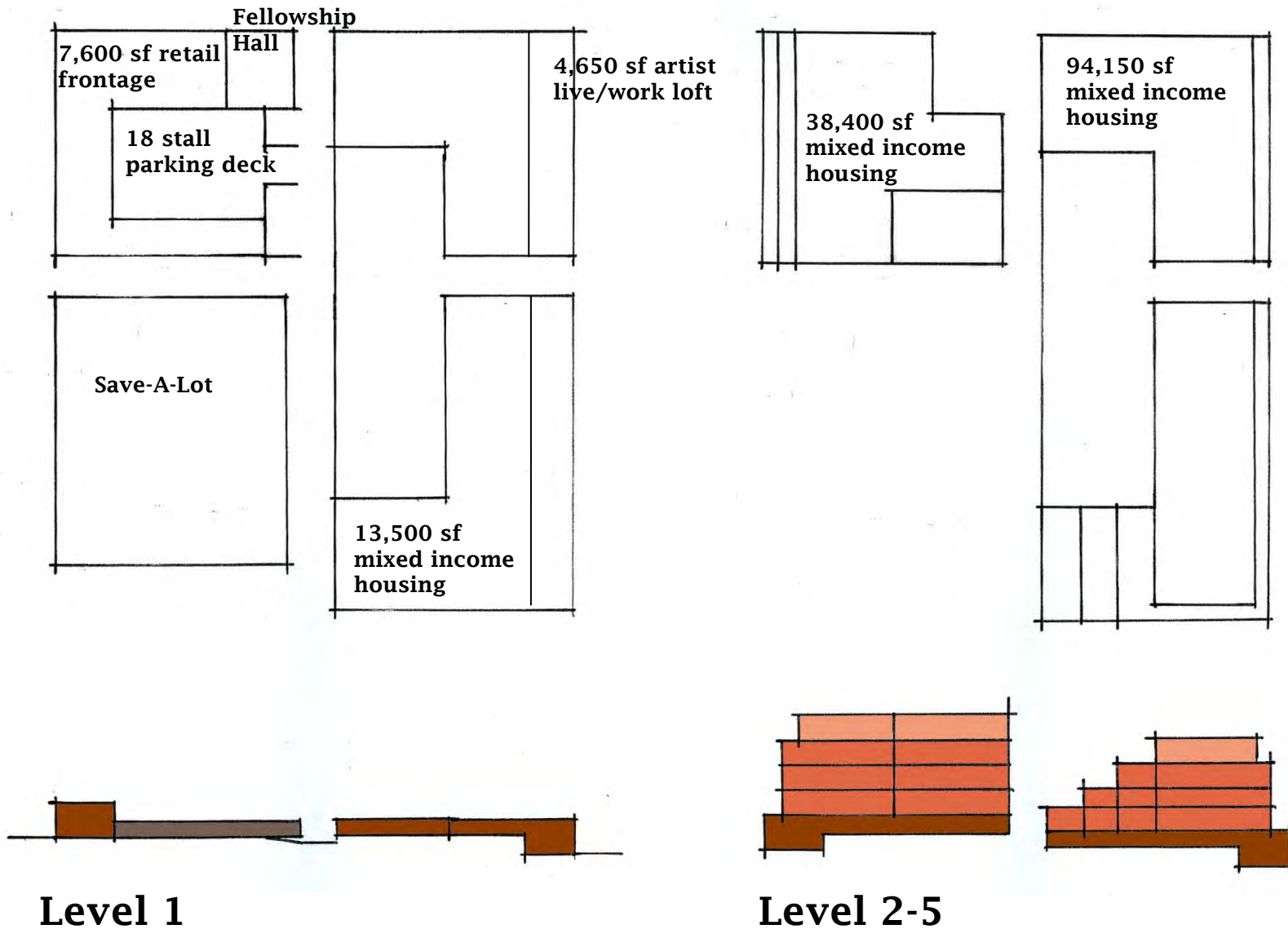


Level B

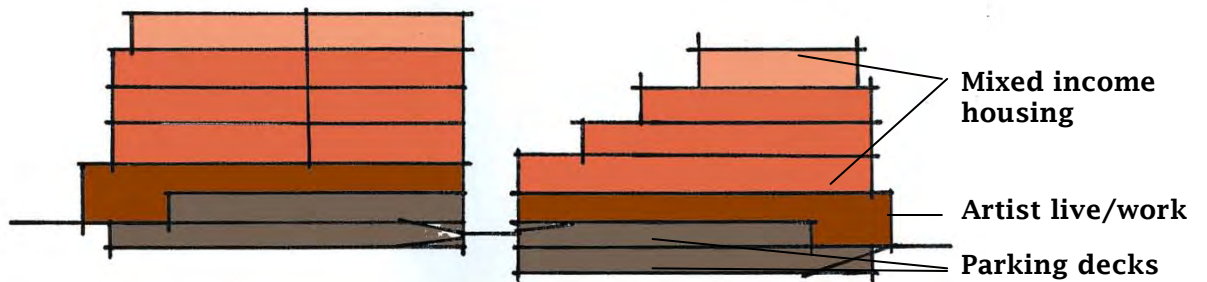
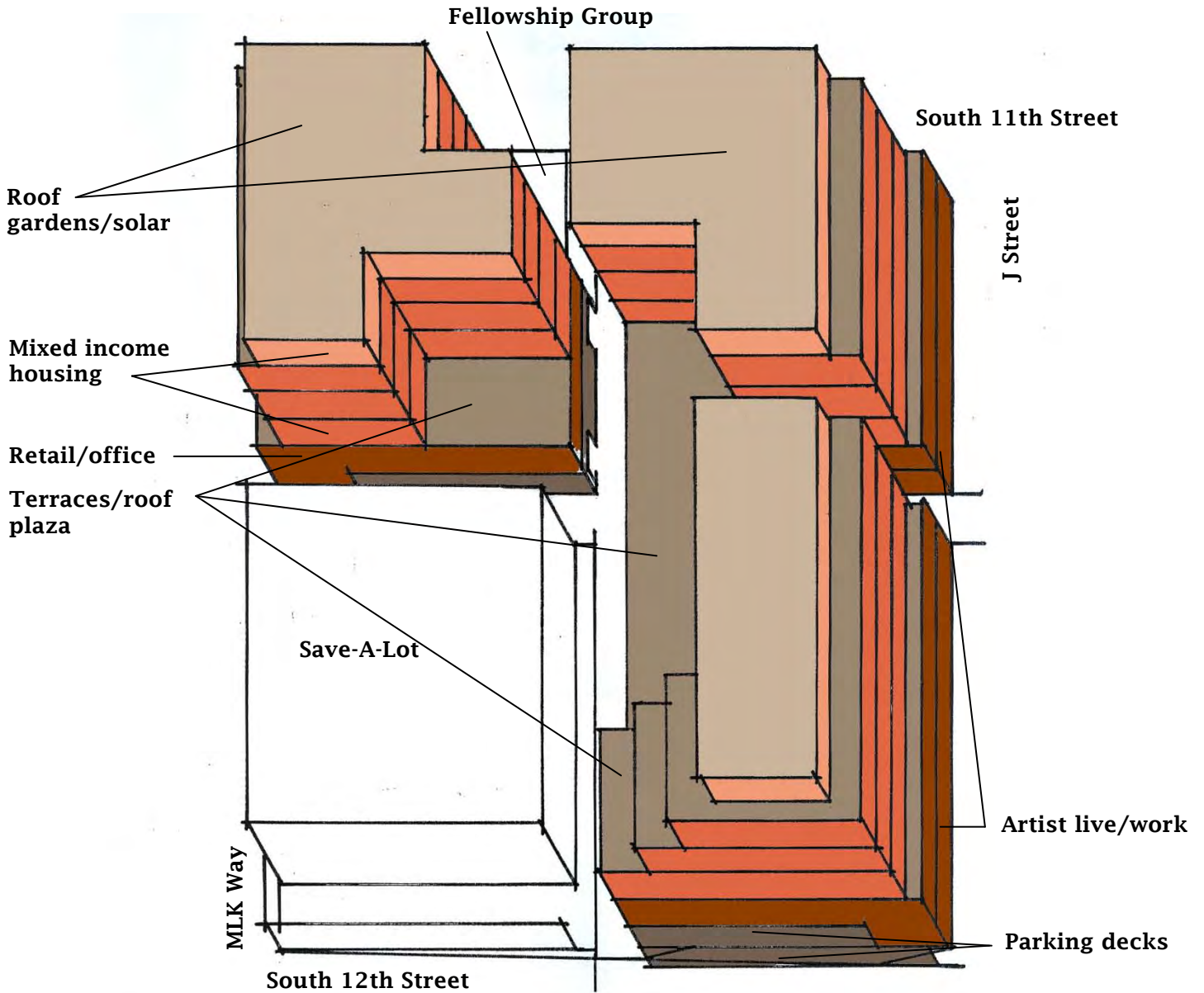


Level A

Save-A-Lot - envelope analysis



Save-A-Lot - envelope analysis



Save-A-Lot - envelope analysis

- 13,950 square feet artist live/work on J Street
- 20,400 square feet retail frontage with upper floor office on MLK Way
- 145 mixed income housing (145,450 square feet at 1,000 sf/du)
- 263 stalls on parking decks with residual of 118 stalls for Save-A-Lot and retail if 1 stall/du

Save-A-Lot

Site area Level	J Street	40,300	MLK	14,000
	Use	#	Use	#
B	parking - 90 degree, 9 foot	122	parking - 90 degree, 9 foot	29
A	parking - 90 degree, 9 foot	94	parking - 90 degree, 9 foot	18
	artist live/work ground	9,300	retail storefront	7,600
1	artist live/work loft	4,650	retail loft/office	12,800
	mixed income housing	13,500	mixed income housing	0
2	mixed income housing	25,800	mixed income housing	9,600
3	mixed income housing	24,600	mixed income housing	9,600
4	mixed income housing	23,400	mixed income housing	9,600
5	mixed income housing	20,350	mixed income housing	9,000
Subtotals	parking - 90 degree, 9 foot	217	parking - 90 degree, 9 foot	47
	artist live/work loft	13,950	artist live/work loft	0
	retail storefront w/loft	0	retail storefront w/loft	20,400
	mixed income housing	107,650	mixed income housing	37,800
	dwelling units @ 1000 sf	108	dwelling units @ 1000 sf	38
Totals	parking - 90 degree, 9 foot			263
	artist live/work			13,950
	retail/office			20,400
	mixed income housing			145,450
	dwelling units @ 1000 sf			145
	Save-A-Lot parking if housing units average 1 stall/dwelling unit			118



Envelope Studies – actual developments











