

Apartment project will bring more affordable housing to Tacoma's Hilltop neighborhood

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Koz Development said it will complete a 161-unit multifamily development at 824 Martin Luther King Jr. Way in Tacoma's Hilltop neighborhood in early spring, bringing more much-needed affordable housing to the city's housing supply. According to a study commissioned by the city, more than 7,000 Tacoma households with incomes of less than 50% of area median income (AMI) — that's less than \$35,000 in annual income for a two-person family — can't find rental units they can afford.



KOZ DEVELOPMENT

This 161-unit Koz development at 824 Martin Luther King Jr. Way in Tacoma will feature affordable housing. It's set to open next spring.

The Koz project is participating in Tacoma's 12-year multifamily tax exemption program, which to qualify requires that 20% of the units be affordable to households making no more than 80% AMI.

CEO Cathy Reines said the requirement is not an issue for the company, which sees affordable housing as central to its plan.

"That is our niche, the 30% to 60% area median income range," she said.

While Tacoma is becoming a magnet for market-rate apartment developers, the city's construction pipeline for affordable multifamily housing continues to be lean.

Jeff Robinson, director of community and economic development at the city of Tacoma, said the city still needs more lower-income housing.

“What we need is more 60% to 80% AMI housing, and below that,” he said. “We are growing fast. The market is tight because rents continue to rise, which is good for some and bad for others. What we are hoping to see is more development of affordable housing to those below 80%.”

The six-story Koz project will be 119,000 square feet and have 31 parking stalls. Like most of Koz’s developments, it will be close to mass transit lines. Deacon Construction is the general contractor.

Snohomish-based Koz also owns two other multifamily buildings in Tacoma: Koz at the Dome and Koz on Market Street.

In a unique financing deal structure, the company recently recapitalized the properties, allowing investors the choice to either get out at market value or remain with the investment. Koz continues to manage the properties, and retained a 30% share in the ownership. For the sale, Koz and Las Vegas-based The Calida Group formed a joint venture to buy the 152-unit Koz at the Dome at 304 Puyallup Ave. for \$27.5 million and the 104-unit Koz on Market Street at 1554 Market St. for \$17.5 million.

“We are committed to the city of Tacoma and still own and manage those buildings,” Reines said.

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