

Financial Impacts

DOWNTOWN OLYMPIA

DID

DOWNTOWN IMPROVEMENT DISTRICT

...Balancing impactful programs and costs to stakeholders.

Downtown Improvement District (DID) Assessment

A Downtown Improvement District (DID) is a private sector funding mechanism designed to improve the environment of a designated area with new services financed by a self-imposed property assessment

Costs to Property Owners

- Costs vary depending on property type and location
- Properties in the core will be assessed twice the rate as the periphery of downtown due to a higher frequency of services and benefits expected in the core
- Different rates are proposed to acknowledge that the level of benefit varies by property type
- Properties will be assessed under a formula which considers both street frontage and assessed value

Financial Impacts on Small Businesses

- Whether small businesses absorb any of the assessment depends on their lease agreement
- There are two types of leases – triple net (NNN) and gross
- Expenses would likely be passed through triple net leases
- Expenses are not passed through gross leases

Financial Impacts on Downtown Residents

- Rents are determined by market (supply and demand for housing), not by the property owners' overhead
- Owners don't raise rents every time property taxes or utility rates increase
- Improved quality and safety add to retention of tenants/downtown consumers
- This results in less turnover/vacancies and less opportunity to reset rents to a new higher market rate (landlords are more likely to only raise rents during occupancy by modest amounts, versus resetting to market every year)

ANNUAL ASSESSMENT RATES	
CORE	
Commercial	\$7.60 per foot of frontage + .00104 per \$1 of value
Residential	\$5.70 per foot of frontage + .00078 per \$1 of value
Non-Profit	\$3.80 per foot of frontage + .00052 per \$1 of value
NON-CORE	
Commercial	\$3.80 per foot of frontage + .00052 per \$1 of value
Residential	\$2.85 per foot of frontage + .00039 per \$1 of value
Non-Profit	\$1.90 per foot of frontage + .00026 per \$1 of value

Impacts to Small Businesses*

Business Type	Building Square Footage	Tenant Square Footage	Building Assessment	DID Business Expense	Existing PBIA Expense
Art Gallery/Workspace	9180	675	\$2,159.00	\$154.00	\$200.00
Café	900	900	\$217.00	\$217.00	\$750.00
Specialty Retail	20594	1500	\$3,112.00	\$226.00	\$200.00
Specialty Retail	4800	800	\$1,550.00	\$258.00	\$200.00
Arts Gallery	2328	1128	\$774.00	\$374.00	\$250.00
Boutique	19000	3000	\$3,015.00	\$476.00	\$500.00
Restaurant	2235	2235	\$479.00	\$479.00	\$600.00
Diner	3300	3300	\$510.00	\$510.00	\$750.00
Boutique	6296	3148	\$1,115.00	\$557.00	\$500.00
Restaurant	7125	2325	\$1,982.00	\$646.00	\$400.00
Specialty Retail	26965	4000	\$4,566.00	\$676.00	\$750.00
Bank	10122	10122	\$3,130.00	\$3,130.00	\$600.00

*These examples are actual downtown businesses. The table assumes triple net lease structures and tenant square footages have not been confirmed.

While taxes and assessments don't drive rent increases, it may be useful to understand a properties' proportional share of costs for downtown residential units

PER SQUARE FOOT COST	500 SQUARE FOOT UNIT	750 SQUARE FOOT UNIT	1,000 SQUARE FOOT UNIT
\$0.133 PER MONTH	\$6.67 PER MONTH	\$9.99 PER MONTH	\$13.33 PER MONTH

Data drawn from 5 downtown core properties that include residential units was used to create the average per square foot cost. These buildings range from 1911 to 2018 completion dates.

Non-Profits

- Non-profit property owners assessed at half of commercial properties
- Thurston County Assessor information largely inaccurate in regards to recognizing non-profit status
- Approximately 10 non-profit property owners in assessment district