

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<p><b>AGENDA TITLE:</b> Tax Incentives for Multi-Family Housing – Resolution 199 <b>DEPARTMENT:</b> CMO <b>PRESENTED BY:</b> Jan Knudson, Economic Development Coordinator</p>
--

**PROBLEM/ISSUE STATEMENT:** At the October 21, 2002 Council workshop, Council discussed the advantages and disadvantages of establishing a tax exemption program as an incentive to development, particularly in the North City Business District. Council directed staff to proceed with establishing a tax exemption program. The next step is for Council to adopt a resolution notifying the public of Council's intent to designate residential target area(s) for the purposes of establishing a tax exemption program.

**ALTERNATIVES ANALYZED:**

Council indicated a preference to establish a tax exemption program for the North City Business District (NCBD). Council could also consider designating other areas as residential target areas. These areas could include the Westminster/Aurora Square business district, the TOD/Park and Ride site, the Central Shoreline Subarea. A tax exemption program could also be applied citywide.

Given that the North City Subarea Plan and Planned Action provide standards and guidelines that can apply directly to a tax exemption program, and given the lack of these standards and guidelines in the other areas described above, the NCBD is the best choice to begin a tax exemption program. Other areas can be designated as they become more defined for redevelopment.

Next Steps and Schedule:

1. After adoption of Resolution 199, a public hearing is scheduled to be held on November 25, 2002 for Council to consider and, if appropriate, formally designate the NCBD as a residential target area.
2. On November 25, staff will also bring to Council a proposed ordinance adopting procedures, standards and guidelines for a tax exemption program.
3. Council can adopt the proposed ordinance on November 25 or, after discussion, have staff make any necessary revisions and adopt the ordinance at its regular meeting on December 9.

**FINANCIAL IMPACT:**

The resolution to be considered tonight will have no immediate financial impact. If Council adopts the resolution and, after the public hearing, adopts a tax exemption program for the NCBD, then the financial impacts are as described in the October 21 staff report. Specific financial impacts resulting from individual projects applying for the TEP will be evaluated and discussed with Council on a case by case basis.

The City will incur costs in the form of increased demand for services as a result of new development and increased population. Under tax exemption, increased property tax revenue on the improvements would not be generated to pay for these services. Revenue from assessment on the land, however, would continue and other tax revenues (e.g., sales tax, utility tax) would also be assessed and collected.

**RECOMMENDATION**

Staff recommends that Council adopt proposed Resolution 199 notifying the public of its intent to designate the NCBD as a residential target area for the purposes of establishing a tax exemption program.

Approved By: City Manager  City Attorney 

**ATTACHMENTS**

Attachment A – Resolution No. 199

# **ATTACHMENT A**

**Resolution No. 199**

**RESOLUTION NO. 199**

**A RESOLUTION OF THE CITY OF SHORELINE, WASHINGTON,  
NOTIFYING THE PUBLIC OF ITS INTENT TO DESIGNATE THE  
NORTH CITY BUSINESS DISTRICT AS A RESIDENTIAL TARGET  
AREA FOR THE PURPOSE OF ESTABLISHING A TAX EXEMPTION  
PROGRAM**

WHEREAS, Chapter 84.14 of the Revised Code of Washington provides for special valuations for eligible improvements associated with multi-unit housing; and

WHEREAS, on October 21, 2002 the Shoreline City Council discussed a proposal to establish a tax exemption program pursuant to Chapter 84.14 and directed staff to proceed with establishing such a program; and

WHEREAS, in order to establish a tax exemption program, the City must designate one or more residential target areas within which tax exemption projects may be considered; and

WHEREAS, Chapter 84.14.040 (2) states that a governing authority may adopt a resolution of intent to designate one or more areas, thereby notifying the public of its intent; and

WHEREAS, in accordance with Chapter 84.14.040 (2), the resolution must state the time and place of a hearing to be held by the governing authority to consider the designation of the area(s);

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE  
CITY OF SHORELINE, WASHINGTON AS FOLLOWS:**

**Section 1.** The City Council of the City of Shoreline intends to designate the North City Business District, as defined in the Shoreline Municipal Code Chapter 20.90.020, as a residential target area for the purposes of establishing a tax exemption program.

**Section 2.** A public hearing to consider the designation of the North City Business District as a residential target area will be held at a regular meeting of the City Council on November 25, 2002 at 8:00 p.m. in the Mt. Rainier Room of the Shoreline Conference Center located at 18560 First Avenue NE.

**ADOPTED BY THE CITY COUNCIL ON November 12, 2002.**

\_\_\_\_\_  
Mayor Scott Jepsen

**ATTEST:**

\_\_\_\_\_  
Sharon Mattioli, CMC  
City Clerk