

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

<b>AGENDA TITLE:</b>	Discussion of Ordinance No. 694 - Property Tax Exemption		
<b>DEPARTMENT:</b>	City Attorney's Office		
<b>PRESENTED BY:</b>	Julie Ainsworth-Taylor, Assistant City Attorney		
<b>ACTION:</b>	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion
	<input type="checkbox"/> Public Hearing	<input checked="" type="checkbox"/> Discussion	

**PROBLEM/ISSUE STATEMENT:**

On September 15, 2014, staff proposed an amendment to Shoreline Municipal Code (SMC) Chapter 3.27. SMC 3.27 sets forth the requirements for participating in the City's Property Tax Exemption (PTE) Program. The proposed amendment was intended to ensure that all areas within the City that had been designated as targeted areas available for use under the City's PTE program were shown in SMC 3.27, specifically those areas not codified when this section of the SMC was adopted.

At that time, City Council pointed out these uncoded areas had specific income, duration, and capacity requirements that differed from the codified areas. Thus, staff was directed to return to the City Council with an ordinance that fully reflected the past enactments.

In addition to the City Council's direction, subsequent analysis of the PTE Program has revealed that the City's stated duration in SMC 3.27.030(B) of five (5) years is not expressly provided for by RCW 84.14, the statute authorizing the PTE Program, and therefore additional amendment/policy consideration is needed. In addition, SMC 3.27.040(D) states that the City shall not accept an application for this incentive program after December 31, 2015 unless the City Council evaluates and extends the program. Given the current state of sub-area planning related to the light rail stations, staff believes it is prudent for the City Council to consider the life of this program at this time.

City Council must now consider whether to continue offering the PTE Program within the areas of the City that have been targeted for an exemption and the duration of the exemption - eight (8) years or twelve (12) years (affordable housing). This consideration should include not only the targeted areas but any income or unit limitations the City Council would like to retain or impose.

Adoption of proposed Ordinance No. 694 (Attachment A) will clarify all of the targeted areas available for use under the City's PTE program and the specific provisions applicable to the area as originally adopted in past ordinances. The only exception from past ordinances is the modification from five (5) years to eight (8) years for market rate housing in order to achieve consistency with RCW 84.14.

**RESOURCE/FINANCIAL IMPACT:**

The City's PTE Program has been available for use since 2002. The PTE program provides an exemption for the *ad valorem* property tax of the value of new or rehabilitated multiple unit housing for the duration of the exemption period, which initially was 10 years (as used by the Arabella project in North City), but now is either eight (8) or 12 years. The exemption does not apply to retail square footage; the only portion of a project that would qualify for an exemption is the newly constructed or rehabilitated residential housing units. The exemption affects property taxes at all levels – state, county, school, and other special purpose districts. The purpose of the ordinance is to codify those targeted areas that were omitted from SMC 3.27 in 2011 but which have remained available for property tax exemption, to ensure all income and/or unit limitations established in prior ordinances are codified, and to correct the duration for market rate housing (5 years to 8 years) provided for in SMC 3.27. Thus, the financial impact of this amendment is only in the change in the duration period: an increase of three (3) years of exemption.

**RECOMMENDATION**

No action is required at this time, as this item is for discussion purposes only. However, staff recommends Council adopt Ordinance No. 694 when this item is brought back to the Council for adoption on December 8, 2014.

Approved By:            City Manager **DT**    City Attorney **JA-T**

## **INTRODUCTION**

Starting in 2002, the City Council adopted several ordinances authorizing a real property tax exemption as provided in RCW 84.14. A total of four ordinances (Ordinance Nos. 310, 479, 496, and 520) were passed establishing the North City Business District and various areas in and adjacent to the Ridgecrest Commercial Planned Area as target areas for this exemption. These ordinances also established the duration for the exemption, limitation on units numbers, and limitation on household income levels. The last enacted ordinance, Ordinance 520, established the following for the North City and Ridgecrest areas:

- Duration:                   12 year exemption if 20% of units were affordable  
                                  8 year exemption if 10% of units were affordable  
                                  No exemption available for market rate units
- Unit Limitation:       North City – 500 units  
                                  Ridgecrest – 350 units
- Household Income: North City – 70% of median for studio/1 bedroom; 80% of median for 2 or more bedroom  
                                  Ridgecrest – 90% of median regardless of bedroom

None of these ordinances were codified.

In 2011, the City adopted Ordinance No. 624 which, for the first time, codified the Property Tax Exemption (PTE) program as Chapter 3.27 of the Shoreline Municipal Code (SMC). This enactment designates five areas as targeted for the exemption – Aurora Corridor/Westminster (Attachment B), Ballinger (Attachment C), Hillwood (Attachment D), Richmond Beach (Attachment E), and the Southeast Neighborhoods (Attachment F). However, despite staff reports and council minutes to the contrary, the North City Business District (Attachment G) and the Ridgecrest Commercial Planned Area (Attachment H) were not included within SMC 3.27.020, the section of the code that designates targeted areas. In regards to specific provisions, this enactment provided a five (5) year duration with no requirement for the provisions of affordable housing nor did it set any unit or income limitations. In regards to the duration period, communications from the City Attorney's office at the time of adoption asserted that RCW 84.14 did not provide for a minimum time period and, thus, the City could select a lower time period and supported this with a statement that the Department of Commerce supports flexibility in the creation of PTE Programs and that the City of Seattle had adopted an eight (8) year duration for affordable housing, not the 12 year duration set forth in RCW 84.14.

In 2013, the City adopted Ordinance No. 664 which amended SMC 3.27 and established specific provisions applicable to the Aurora Community Renewal Area (CRA). This ordinance established a 12 year exemption if 20 percent of units were affordable; a unit limitation of 500 units; and a household income restriction that parallels North City's uncoded provisions.

Currently, unless a developer is expressly aware of the prior enactments, review of SMC 3.27 would result in the conclusion that the exemption is applicable to only those areas listed in SMC 3.27.020. In addition, based on current analysis, RCW 84.14 establishes two duration periods for the exemption – 8 years and 12 years. While there is flexibility as to requirements, such as income levels or number of units, the statute gives no flexibility as to the duration the exemption can be utilized. Adoption of proposed Ordinance No. 694, will clarify all of the targeted areas available for use under the City's PTE program, the specific provisions applied to those areas, and ensure consistency with state law.

## **BACKGROUND**

In November 2002, the City Council passed Ordinance No. 310. This ordinance established a 10-year exemption from real property taxation for multi-family housing within the North City Business District, as defined in SMC 20.90.020. This ordinance was not codified.

In March 2008, the City Council passed Ordinance No. 479. This ordinance established a unit limit of 250 units and established two levels of duration – 12 years if 20% affordable and eight (8) years if market rate. This ordinance was not codified.

Also in March 2008, the City Council passed Ordinance No. 496. This ordinance expanded the PTE program to three portions of the Ridgecrest Commercial Planned Area (CPA) and to residential areas designated R-18 and R-28 adjacent to those portions of the Ridgecrest CPA. This ordinance maintained the unit limit of 250 units for North City but allowed for 350 units in Ridgecrest. This ordinance also established two levels of duration – 12 years if 20% affordable and eight (8) years if market rate – and set a household income level for the Ridgecrest area at 90% of median family income. This ordinance was not codified.

In September 2008, the City Council passed Ordinance 520. This ordinance removed the availability of the PTE for market rate development, allowing for 12 years if 20% of the units were affordable and eight (8) years if 10% were affordable. The supporting documentation for this ordinance provides no legal support for the 8 year/12 year and the 10-20% affordability requirement; it merely states that this would mandate all exempt projects to provide affordable housing. This ordinance also increased the unit limit for North City to 500 units while maintaining Ridgecrest's 350 units. Lastly, this ordinance established household incomes for North City - 70% of median for studio/1 bedroom units and 80% of median for 2 or more bedroom units. Ridgecrest's income level was maintained. This ordinance was not codified.

In December 2011, the City Council passed Ordinance No. 624. The intent of this ordinance was to expand the PTE program to five (5) additional areas within the City. These areas are: the Aurora Avenue North Corridor, including a portion of Westminster Way North; the Ballinger Way NE commercial area; the Hillwood commercial area; the Richmond Beach commercial area; and the commercial area associated with the intersection of NE 145<sup>th</sup> Street with Bothell Way NE and 15<sup>th</sup> Avenue NE. This ordinance was codified as SMC 3.27 and established a duration for the PTE at five (5) years, asserting that the state law allowed for flexibility, and made no reference to either

affordable or market rate units. Ordinance No. 624 did not repeal any of the prior enactments.

When adopting Ordinance No. 624, it is clear that the City Council considered expanding the previously designated target area of the PTE Program during several of its regular meetings. The staff reports for the September 26, 2011, November 28, 2011, and December 12, 2011 meetings state that the intent of Ordinance No. 624 was to expand the PTE program beyond what had been currently offered in North City and Ridgecrest. Staff reports for these meetings are available at the following links:

September 26, 2011 Staff Report:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/Council/Staffreports/2011/Staffreport092611-9c.pdf>

November 28, 2011 Staff Report:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/Council/Staffreports/2011/Staffreport112811-8d.pdf>

December 12, 2011 Staff Report:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/Council/Staffreports/2011/Staffreport121211-8a.pdf>

During these meetings, the City Council thoroughly deliberated which areas of the City the PTE program should be extended into but, at no time, was the elimination of the North City and Ridgecrest considered. In fact, at the November 28 meeting, Economic Development Director Eernisse specifically recommended retaining North City and Ridgecrest. Minutes of these meetings are also available below:

September 26, 2011 Meeting Minutes:

[http://shoreline.granicus.com/DocumentViewer.php?file=shoreline\\_2cbe6bd4f5bff1e34e23de3f670dc434.htm&view=1](http://shoreline.granicus.com/DocumentViewer.php?file=shoreline_2cbe6bd4f5bff1e34e23de3f670dc434.htm&view=1)

November 28, 2011 Meeting Minutes:

[http://shoreline.granicus.com/DocumentViewer.php?file=shoreline\\_50cb93081ea36bfd b98f8bd32e288fc.htm&view=1](http://shoreline.granicus.com/DocumentViewer.php?file=shoreline_50cb93081ea36bfd b98f8bd32e288fc.htm&view=1)

December 11, 2011 Meeting Minutes:

[http://shoreline.granicus.com/DocumentViewer.php?file=shoreline\\_e9dad1cc01573d367710a78ec6aed52.htm&view=1](http://shoreline.granicus.com/DocumentViewer.php?file=shoreline_e9dad1cc01573d367710a78ec6aed52.htm&view=1)

Lastly, in July 2013, the City Council passed Ordinance No. 664. This ordinance amended SMC 3.27 to specify that the Aurora Community Renewal Area (CRA) could receive a 12 year exemption if 20 percent affordable housing was provided. This ordinance retained the five (5) year PTE duration for all areas. In addition, this ordinance established a 500 unit limitation within the Aurora CRA and set household income levels at the same levels as North City.

## **DISCUSSION**

The purpose and function of the PTE program is not at issue. As stated above, the omission of North City and Ridgecrest target areas provides confusion for property owners/developers as looking solely at the SMC would not reveal the applicability of the PTE within North City and Ridgecrest. The proposed amendment is intended to reflect the previous intent to retain the North City Business District and certain areas in/adjacent to the Ridgecrest Commercial Area in this program. The amendment would codify these areas within SMC 3.27 so that all developers and/or property owners are fully aware of the development incentives available to them. Exhibits attached to the Ordinance would clearly delineate the areas of the City targeted for the PTE Program.

Proposed Ordinance No. 694 would also ensure that all special provisions – limitations on units, limitations on income, and duration of exemption – are clearly denoted for all targeted areas. For example, only North City, Ridgecrest, and the Aurora CRA have limitations on the number of units available for the PTE Program as well as income limitations.

The amendment would also ensure that the City's PTE Program is consistent with state law. RCW 84.14.020 establishes two duration periods for the exemption. RCW 84.14.020(1)(a)(ii)(A) states that the value is exempt for eight successive years, without any other conditional language. RCW 84.14.020(1)(a)(ii)(B) states that the value is exempt for twelve successive years if the applicant commits to renting or selling at least twenty percent of the multifamily housing units as affordable housing to low/moderate income households and the property satisfies that commitment and any additional affordability and income eligibility conditions adopted by the City. In the past, the City Attorney's office determined that RCW 84.14 did not set a minimum and, therefore, the City could elect a different duration period; specifically the City selected five (5) years for market rate projects. However, the City Attorney's office currently finds no support for this interpretation. While RCW 84.14.020 does allow the City to establish affordability and income eligibility conditions that differ from the RCW, the RCW 84.14.020 is clear in that it provides for only two time periods – 8 years and 12 years – with no flexibility in these time periods. This interpretation is being promoted by the Washington State Department of Revenue and the King County Assessor, and no other jurisdiction is currently providing any other duration period other than the ones set forth in RCW 84.14.

Staff also notes that while RCW 84.14.020 sets 12 years as the time available for exemption if 20 percent of the units are affordable, for the North City and Ridgecrest Commercial areas, the City is allowing an eight (8) year exemption if 10 percent of the units are affordable. No exemption is available for market rate units. This structure was adopted in 2008 with Ordinance No. 520. The reason for a 10 percent/eight year requirement at that time was to create a mandate that an affordability component would be included in all projects receiving a tax exemption from the City. With the adoption of Ordinance 624, this requirement became limited to North City and Ridgecrest, as the other target areas permit market rate exemptions. However, unlike the duration period, RCW 84.14.030 permits the City to adopt application requirements and .030(2) states that the guidelines adopted by the City may include requirements for income limits for occupancy, public benefit features, and other requirements indicated by the City. Thus,

this provision of RCW 84.14 does allow the City flexibility. However, since other areas of the City receiving the eight year exemption are not mandated to set aside 10 percent of their units as affordable, the City must indicate the necessity for this requirement within the North City and Ridgecrest areas if it continues to be utilized.

Staff now presents for the Council's consideration the continuation of the PTE Program within the previously designated target areas and that maintenance of this PTE Program under the same terms, except for the change from five years to eight years for the areas originally codified in SMC 3.27 and the requirement for North City and Ridgecrest to be eligible for exemption only if affordable housing is provided.

Since adoption, four multifamily projects are or will soon receive tax abatement utilizing the PTE incentive:

- The 88-unit North City Landing Apartments (Arabella) was built relying on the 10-year market-rate PTE offered at that time. The first year of exemption was 2004, so the project will have no further tax abatement after 2014.
- The 165-unit North City Family Apartments (Polaris) was built relying on the 12-year affordable housing PTE. The first year of tax abatement will be 2015.
- The 129-unit Shoreline Star Apartments (Malmo) on N 152nd Street was built relying on the 5-year market-rate PTE. It is expected that Malmo will begin its tax abatement period in either 2015 or 2016.
- The 5-unit Shoreline Ridge project recently learned of the PTE Program and applied for tax abatement under North City's 12-year affordable PTE Program. Its application was received during construction near receipt of the project's Certificate of Occupancy. The Shoreline Ridge project clearly was built without needing the PTE incentive but will receive it based on our code. This application led staff to include an addition in the SMC that application for a PTE Certificate must be received at the time of the project's initial building permit.

Other projects have applied for or indicated an intent to apply for the PTE Program incentive:

- On January 13, 2013, Arabella II in North City received an extension to its certificate guaranteeing PTE for 109 units, giving the applicant an additional three (3) years to complete the project. Together, Arabella, Arabella II, Polaris, and Shoreline Ridge consume 367 units of the 500-unit cap in North City.
- The 169-unit Centerpoint Apartments on Midvale Avenue N recently applied for 5-years of tax abatement under the current market-rate program offered in Town Center (Aurora Corridor).
- During recent pre-application discussions, the applicant team for the 80-unit microsuite project on the former Taboo Video site stated that it intends to apply for 5-years of tax abatement under the market-rate program offered within Town Center (Aurora Corridor).
- During recent pre-application discussions, the applicant team for the 340-unit Denny's triangle apartments stated that it intends to apply for 12-years of tax abatement under the affordable PTE program offered within the Aurora Square CRA (Aurora Corridor).

In conversation with the multifamily development community, it is clear that the PTE incentive is perceived as an extremely valuable incentive in the City of Shoreline. The developers repeatedly contend that without the PTE incentive, it would be difficult or impossible to receive necessary financing given the rent levels and construction costs in Shoreline.

In regards to economic development it is particularly disappointing that RCW 84.14, the statute authorizing the PTE Program, does not allow for shorter time periods for its PTE programs. The City's brief experience offering the 5-year market-rate program has proven that it appears to be sufficient incentive to stimulate investment. While staff finds that it order to conform to RCW 84.14's mandates, the City Council must change its market-rate program to an eight (8) year duration, staff also suggests that the City's experience should be noted to the State's legislative bodies for possible amendment of the statute.

### **COUNCIL GOAL(S) ADDRESSED**

The 2011 staff reports listed Council Goals 1 and 3 as being addressed by this issue. At that time, Goal 1 sought to implement the Community Vision by partnering with businesses and Goal 3 sought to improve economic development opportunities in Shoreline.

Today, the Council continues to seek ways in promote economic development. Council Goal 1 of the Council's 2014-2016 Goals states: Strengthen Shoreline's economic base. Action steps related to this goal include implementing marketing strategies to promote Shoreline as a progressive and desirable community for new residents, investors, and businesses and to enhance the attractiveness of Shoreline as a place for private investment.

In addition to these goals, the continued provision of the PTE program to all eligible areas of the City is consistent with the City's Comprehensive Plan, Element 5 - Economic Development, which seeks to encourage, enhance, and promote economic vitality within the community.

### **RESOURCE/FINANCIAL IMPACT**

The City's PTE Program has been available for use since 2002. The PTE program provides an exemption for the *ad valorem* property tax of the value of new or rehabilitated multiple unit housing for the duration of the exemption period, which initially was 10 years (as used by the Arabella project in North City), but now is either eight (8) or 12 years. The exemption does not apply to retail square footage; the only portion of a project that would qualify for an exemption is the newly constructed or rehabilitated residential housing units. The exemption affects property taxes at all levels – state, county, school, and other special purpose districts. The purpose of the ordinance is to codify those targeted areas that were omitted from SMC 3.27 in 2011 but which have remained available for property tax exemption, to ensure all income and/or unit limitations established in prior ordinances are codified, and to correct the duration for market rate housing (5 years to 8 years) provided for in SMC 3.27. Thus, the financial



impact of this amendment is only in the change in the duration period: an increase of three (3) years of exemption.

### **RECOMMENDATION**

No action is required at this time, as this item is for discussion purposes only. However, staff recommends Council adopt Ordinance No. 694 when this item is brought back to the Council for adoption on December 8, 2014.

### **ATTACHMENTS**

Attachment A: Proposed Ordinance No. 694

Attachment B: Ordinance No. 694, Exhibit 1 - Aurora Avenue North Corridor, including a portion of Westminster Way N Map

Attachment C: Ordinance No. 694, Exhibit 2 - Ballinger Way NE Commercial Area Map

Attachment D: Ordinance No. 694, Exhibit 3 - Hillwood Commercial Area Map

Attachment E: Ordinance No. 694, Exhibit 4 - Richmond Beach Commercial Area Map

Attachment F: Ordinance No. 694, Exhibit 5 - Southeast Neighborhoods Commercial Area Map

Attachment G: Ordinance No. 694, Exhibit 6 - North City Business District Map

Attachment H: Ordinance No. 694, Exhibit 7 - Ridgecrest Commercial Area Map

**ORDINANCE NO. 694**

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON AMENDING SHORELINE MUNICIPAL CODE, CHAPTER 3.27 PROPERTY TAX EXEMPTION, TO CORRECT THE PREVIOUS OMISSION OF THE NORTH CITY BUSINESS DISTRICT, CERTAIN AREAS OF THE RIDGECREST COMMERCIAL PLANNED AREA, AND CERTAIN RESIDENTIAL AREAS ADJACENT TO THE RIDGECREST COMMERCIAL PLANNED AREA, AS RESIDENTIAL TARGETED AREAS, TO ENSURE ALL SPECIAL PROVISIONS ARE CLEARLY DENOTED, AND TO ENSURE CONSISTENCY WITH THE AUTHORIZING STATUTE RCW 84.14.**

WHEREAS, the City of Shoreline is a non-charter optional municipal code city as provided in Title 35A RCW, incorporated under the laws of the state of Washington (hereinafter referred to as "City"); and

WHEREAS, on the City has previously adopted Ordinance Numbers 310, 479, 496, and 520 providing for a Property Tax Exemption Program within areas of the City, specifically denoting North City Business District and certain areas of and/ or adjacent to the Ridgecrest Commercial Area as designated residential target areas; none of these ordinances were codified; and

WHEREAS, on December 12, 2011, the City Council adopted Ordinance 624, codifying the Property Tax Exemption Program by establishing a new chapter of the Shoreline Municipal Code (SMC) Chapter 3.27; and

WHEREAS, the intent of Ordinance 624, as demonstrated by Staff Reports and Council Minutes, was to expand the existing designated residential target areas by adding five (5) additional areas; and

WHEREAS, with the adoption of Ordinance 664 on July 8, 2013, the City Council amended SMC 3.27 to further refine the Property Tax Exemption Program in regards to the Aurora Community Renewal Area; and

WHEREAS, the previously enacted ordinances applicable to the North City Business District and the Ridgecrest Commercial Area and adjacent residential areas were not repealed when SMC Chapter 3.27 was adopted; and

WHEREAS, the previously enacted five (5) year duration period for market rate units and an eight (8) year duration period for some affordable housing projects is not consistent with state law, specifically RCW 84.14.; and

WHEREAS, the City Council has determined that to ensure all property subject to the Property Tax Exemption Program and any specific provisions applicable to a property is clearly

delineated in the SMC and consistent with state law for the benefit of present and future property owners; therefore,

**THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON DO  
ORDAIN AS FOLLOWS:**

**Section 1. Amendment to Shoreline Municipal Code.** Shoreline Municipal Code, Title 3, Section 3.27.020 shall be amended as set forth below so as to codify the previously enacted property tax exemption within the North City Business District and within certain areas of the Ridgecrest Commercial Area, and within residential areas designated R-18 and R-24 adjacent to the Ridgecrest Commercial Area, to modify the name of targeted areas so as to reflect current nomenclature, to ensure applicable income and unit limitations for targeted areas are set forth, and to ensure consistency with RCW 84.14 in regards to exemption duration:

**3.27.020 Designation of residential targeted area.**

The following areas, as shown in Exhibits 1 through 5 7 to the ordinance codified in this chapter, ~~given Clerk's Receiving Number 6645 \_\_\_\_\_~~, are designated as residential targeted areas:

- A. Aurora Avenue North Corridor, including a portion of Westminster Way N;
- B. Ballinger Way NE commercial area;
- C. Hillwood commercial area;
- D. Richmond Beach commercial area;
- E. ~~The commercial areas associated with the intersections of NE 145th St. with Bothell Way NE and 15th Ave. NE;~~ The Southeast Neighborhoods commercial area;
- F. North City Business District;
- G. Ridgecrest Commercial Area.

**3.27.030 Standards and Guidelines.**

...

**B. Exemption – Duration.**

1. Market Rate Exemption. Only those projects located within the Aurora Avenue North Corridor, including a portion of Westminster Way N; Ballinger Way NE commercial area; Hillwood commercial area; Richmond Beach commercial area; and the Southeast Neighborhoods commercial area are eligible for market rate tax exemption. The value of improvements qualifying under this chapter for a market rate multi-family tax exemption will be exempt for ~~five~~ eight (8) successive years beginning January 1st of the year immediately following the calendar year after issuance of the final certificate of tax exemption.
2. Affordable-Rate Exemption.
  - A. Projects qualifying in the Aurora Avenue North- eCorridor target area within the Aurora Square eCommunity rRenewal aArea (Shoreline Resolution No. 345) that rent or sell at least 20 percent of the residential units as affordable housing units as defined by Chapter 84.14 RCW will be exempt from ad valorem property taxation for twelve (12) successive years beginning January 1<sup>st</sup> of the year immediately following

- the calendar year after issuance of the final certificate of tax exemption; provided, however, that for this target areas, the household income may in no case exceed 70 percent of the area median household income adjusted for family size for studio and one-bedroom units, and may in no case exceed 80 percent of the area median household income adjusted for family size for two- or more bedroom units. No more than 500 tax exempt units of new or rehabilitated multi-family housing will be approved under this subsection, aggregating affordable rate units of all projects in this target area.
- B. Projects qualifying in the North City Business District target area that rent or sell at least 20 percent of the residential units as affordable housing units as defined by Chapter 84.14 RCW will be exempt from ad valorem property taxation for twelve (12) successive years beginning January 1st of the year immediately following the calendar year after issuance of the final certificate of tax exemption. Projects within this target area that rent or sell at least 10 percent of the residential units as affordable housing units as defined by Chapter 84.14 RCW will be exempt from ad valorem property taxation for 8 successive years beginning January 1st of the year immediately following the calendar year after issuance of the final certificate of tax exemption. Provided, however, that for this target area the household income may in no case exceed 70 percent of the area median family income adjusted for family size for studio and one bedroom units and, may in no case exceed 80 percent of the area median family income adjusted for family size for two or more bedroom units. No more than 500 tax exempt units of new or rehabilitated multi-family housing will be approved under this subsection, aggregating affordable rate units of all projects in this target area.
- C. Projects qualifying in the Ridgcrest Commercial Area and adjacent residential areas target area that rent or sell at least 20 percent of the residential units as affordable housing units as defined by Chapter 84.14 RCW will be exempt from ad valorem property taxation for twelve (12) successive years beginning January 1st of the year immediately following the calendar year after issuance of the final certificate of tax exemption. Projects within this target area that rent or sell at least 10 percent of the residential units as affordable housing units as defined by Chapter 84.14 RCW will be exempt from ad valorem property taxation for 8 successive years beginning January 1st of the year immediately following the calendar year after issuance of the final certificate of tax exemption. Provided, however, that for this target area the household income may in no case exceed 90 percent of the area median family income adjusted for family size regardless of bedroom count in the unit. No more than 350 tax exempt units of new or rehabilitated multi-family housing will be approved under this subsection, aggregating affordable rate units of all projects in this target area.

**Section 2. Severability.** If any section, sentence, clause, or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause, or phrase of this ordinance..

**Section 3. Publication and Effective Date.** A summary of this Ordinance consisting of the title shall be published in the official newspaper. This Ordinance shall take effect five days after publication.

**PASSED BY THE CITY COUNCIL ON \_\_\_\_\_, 2014.**

\_\_\_\_\_  
Mayor Shari Winstead

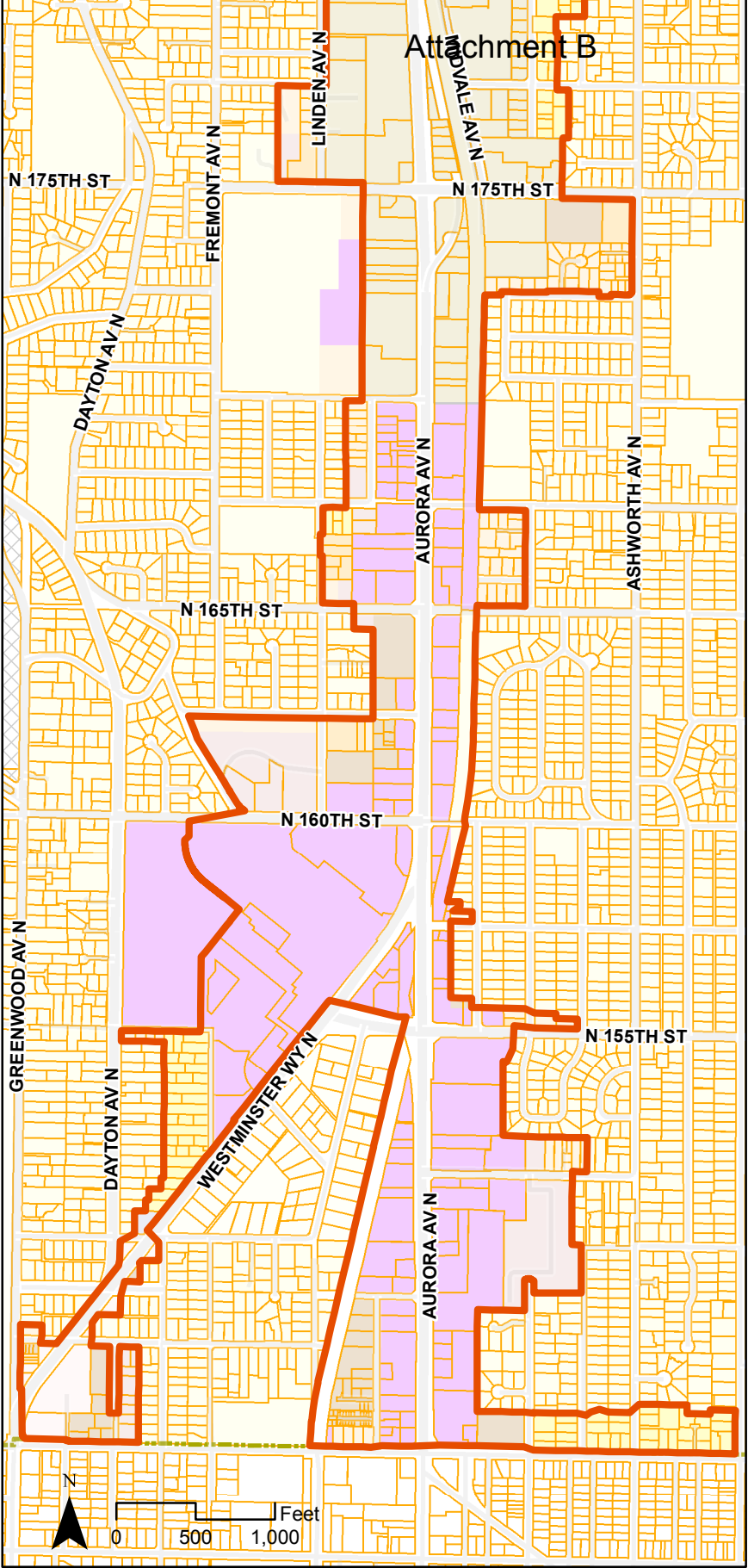
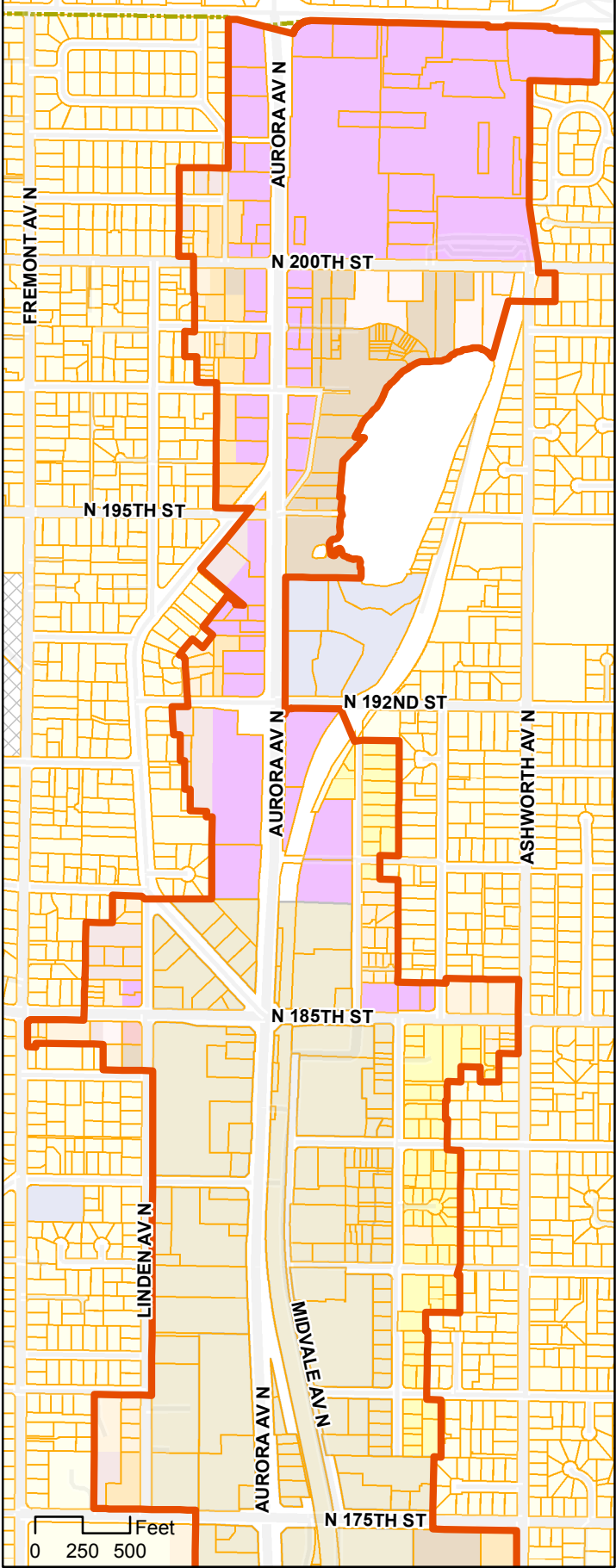
ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Jessica Simulcik-Smith  
City Clerk

\_\_\_\_\_  
Margaret Smith  
City Attorney

Date of Publication: , 2014  
Effective Date: , 2014



Multifamily Property Tax  
Exemption Area  
**Aurora Ave N Corridor**

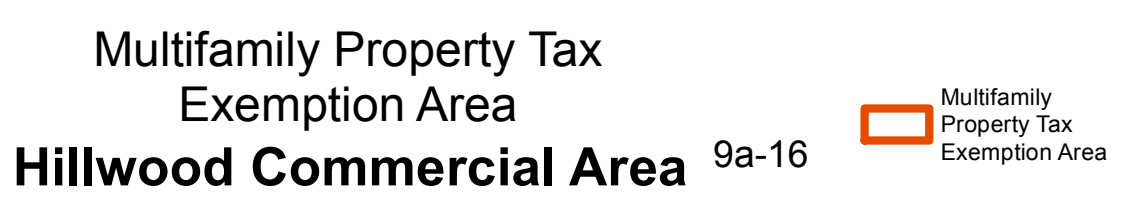
9a-14

 Multifamily  
Property Tax  
Exemption Area

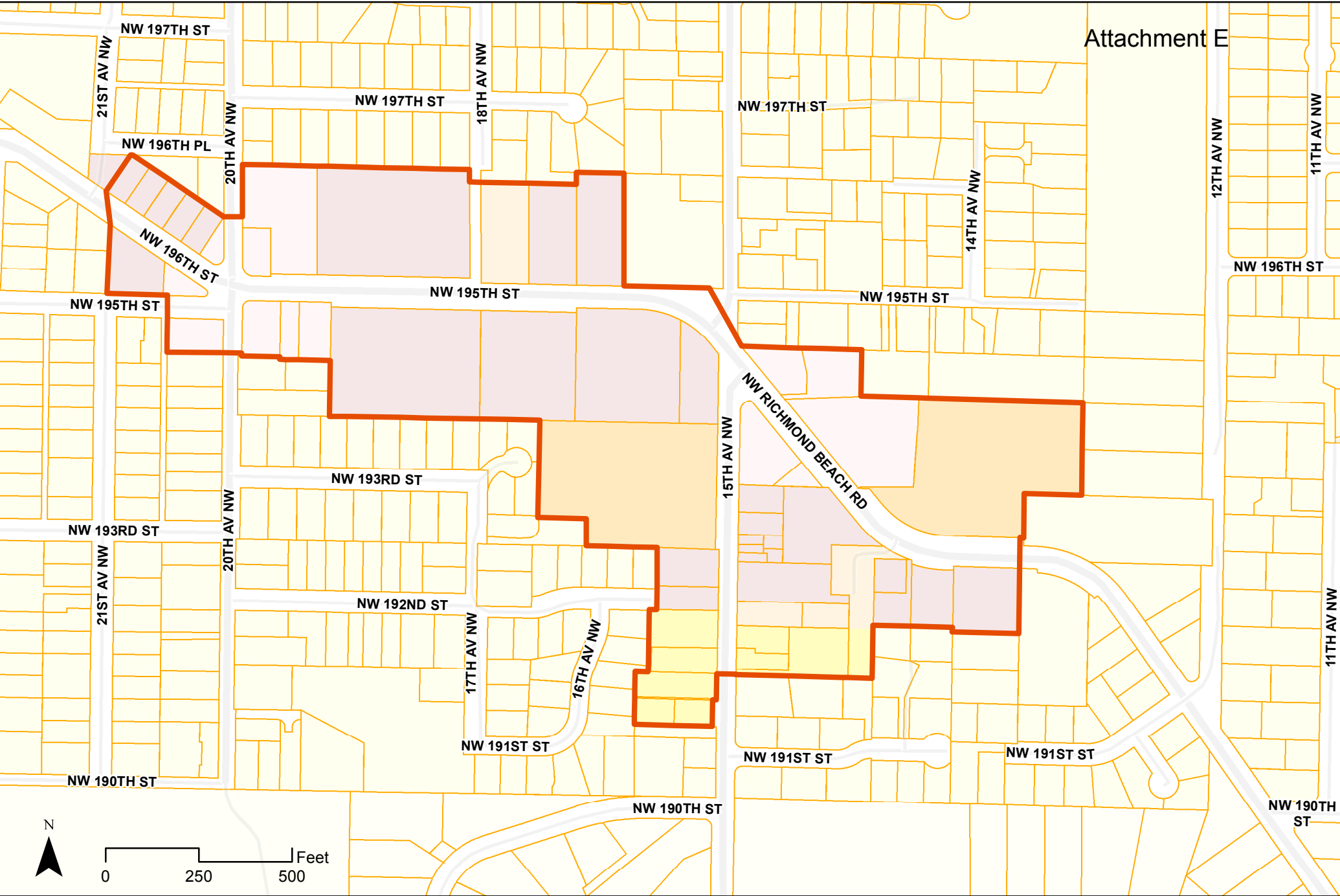
 City Limit









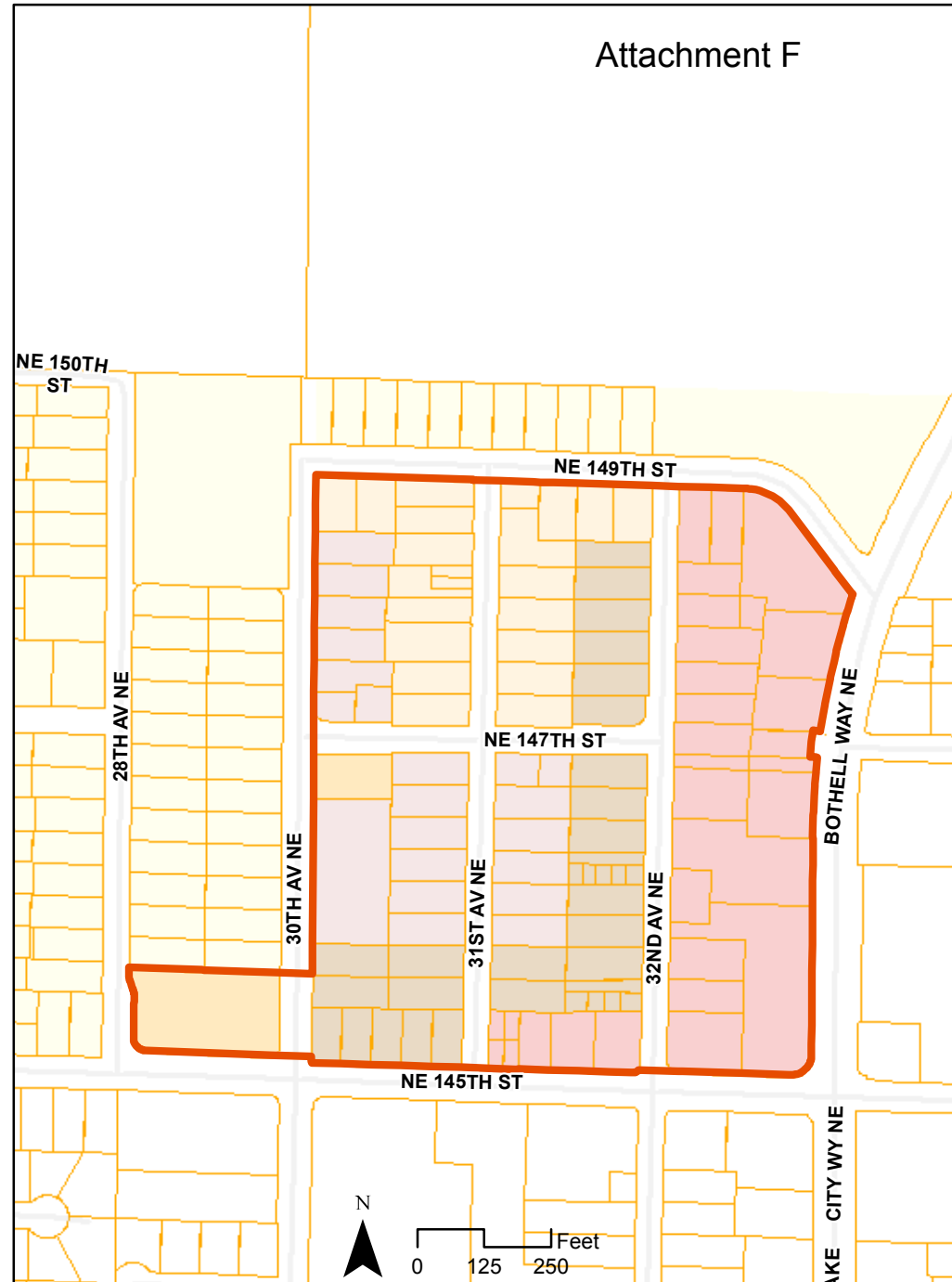
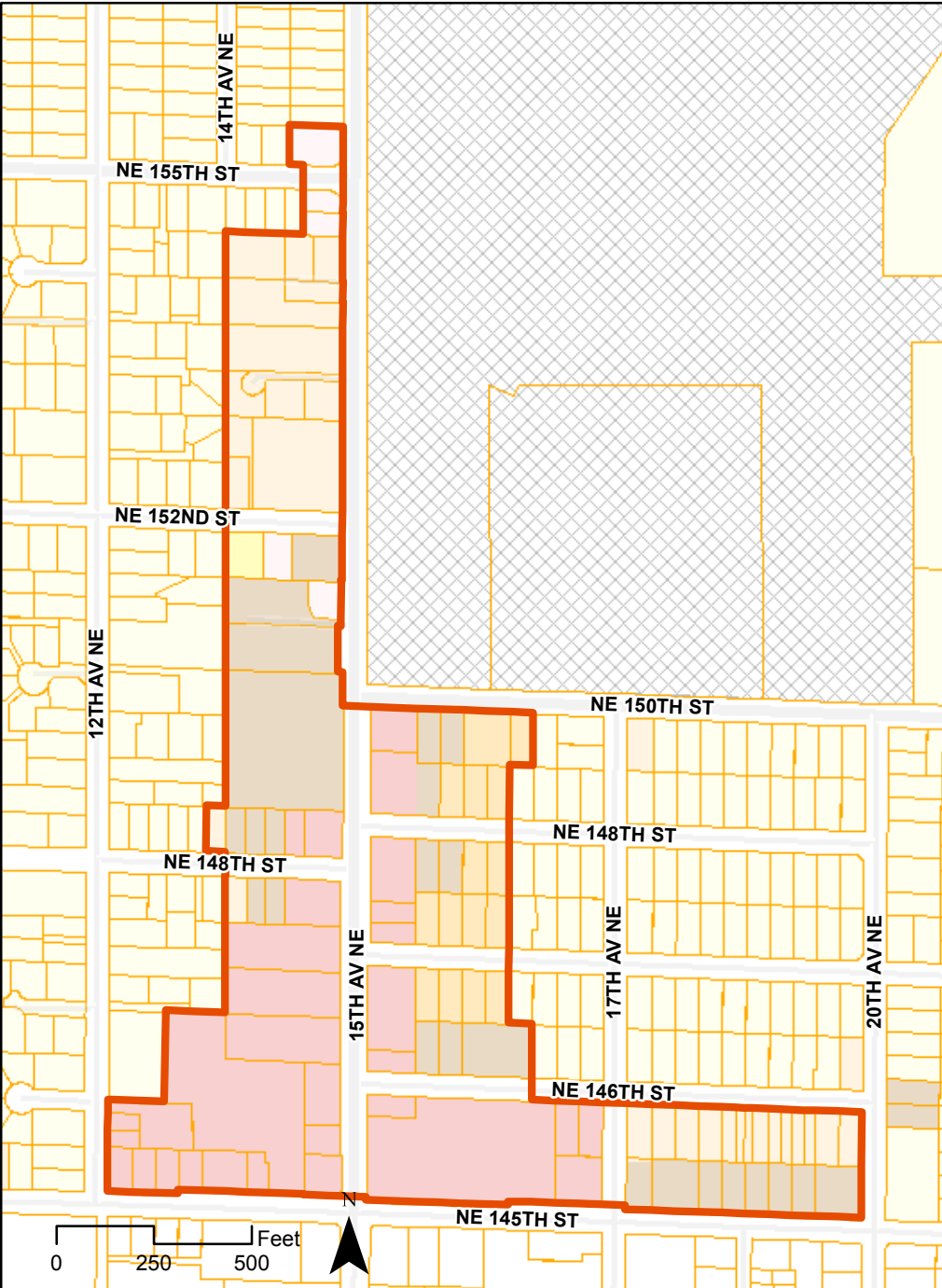


Multifamily Property Tax  
Exemption Area  
**Richmond Beach Commercial Area**

0a-17

 Multifamily  
Property Tax  
Exemption Area



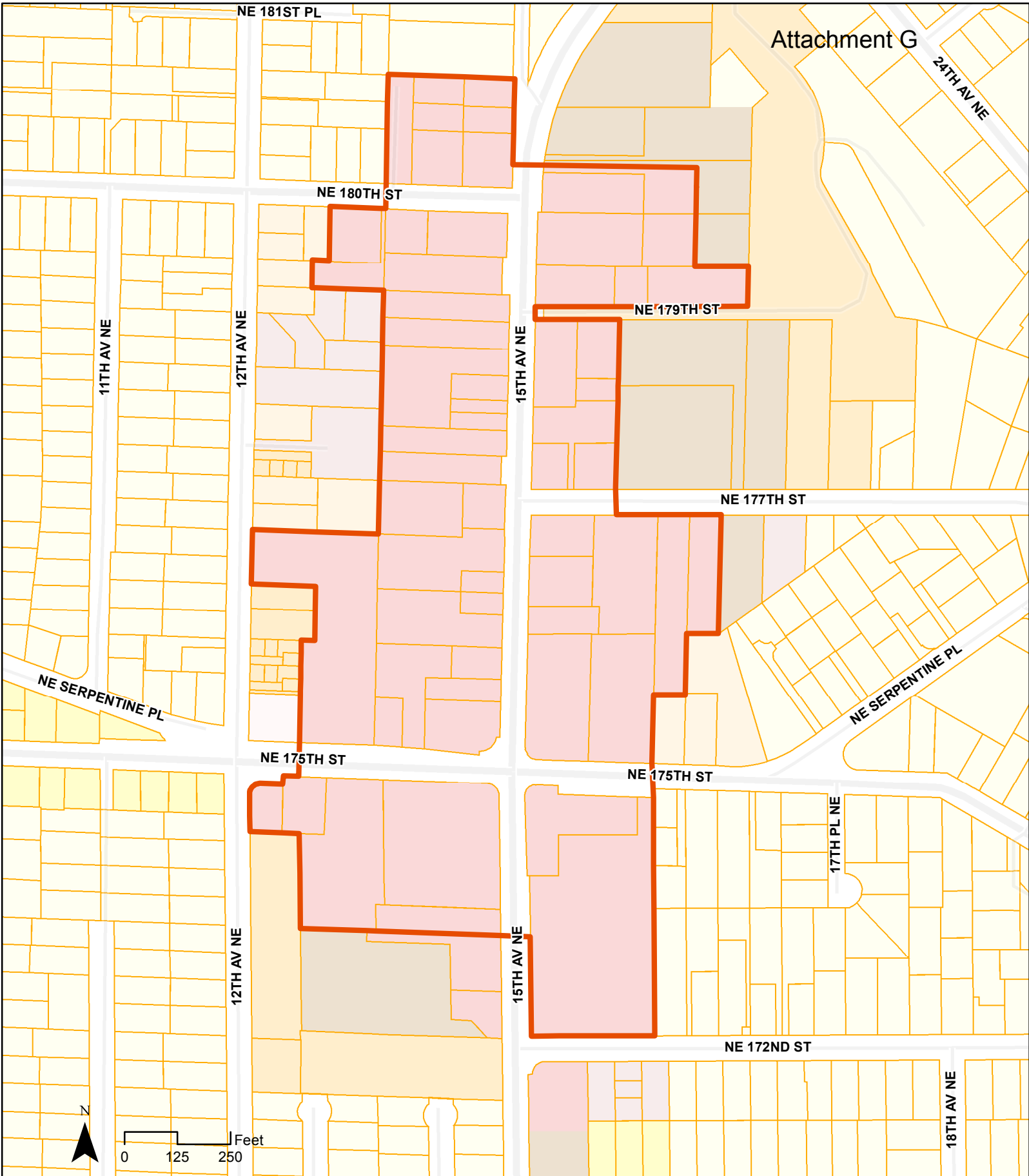


# Multifamily Property Tax Exemption Area **Southeast Neighborhoods** **Commercial Area**

9a-18

 Multifamily  
Property Tax  
Exemption Area



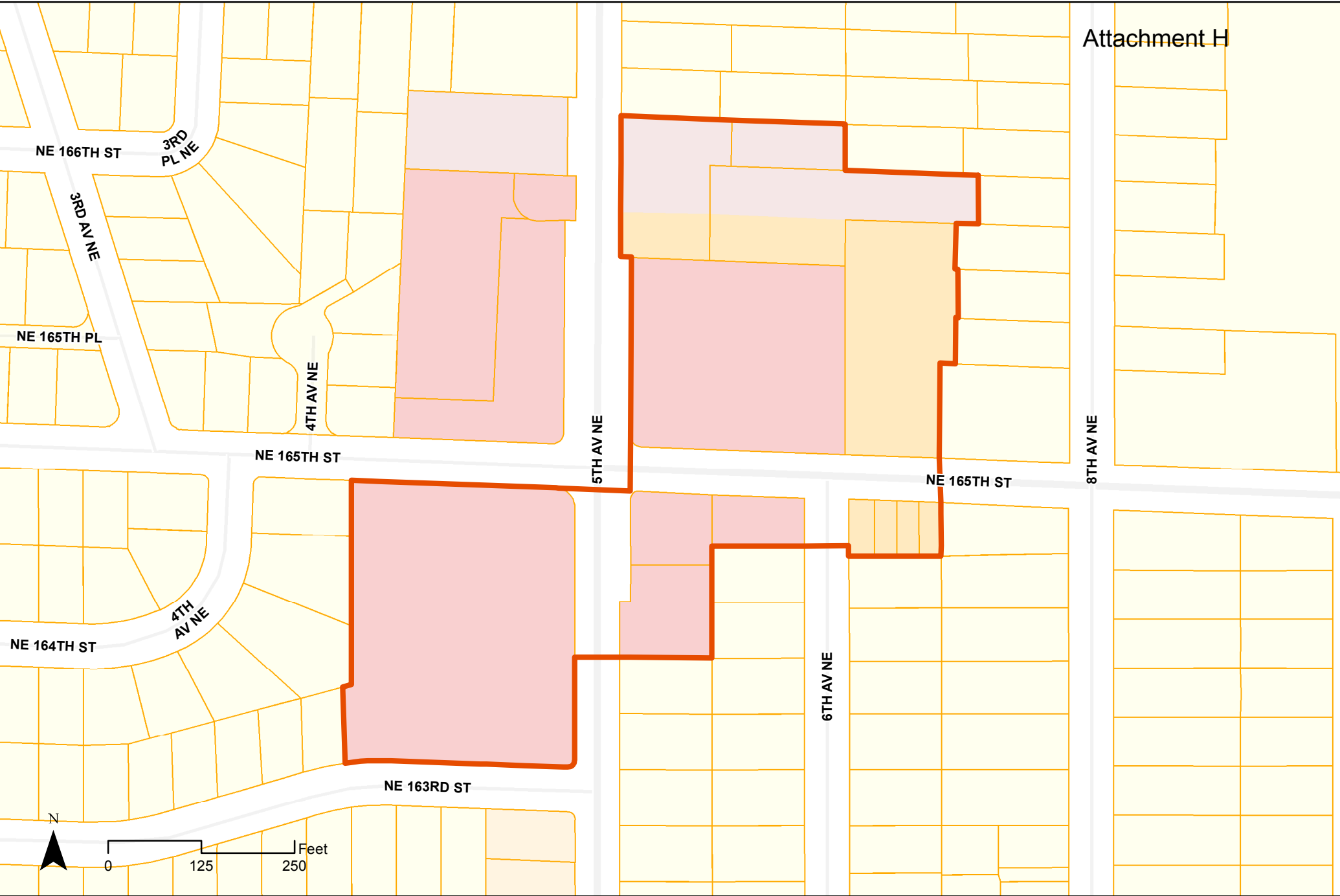


# Multifamily Property Tax Exemption Area

**North City Business District** 19

 Multifamily  
Property Tax  
Exemption Area





Multifamily Property Tax  
Exemption Area  
**Ridgecrest Commercial Area** 9a-20

 Multifamily  
Property Tax  
Exemption Area

