

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Action on Ordinance No. 944 – Amending Ordinance No. 776 and Ordinance No. 694 Amending Shoreline Municipal Code Chapter 3.27 for Property Tax Exemption Conditions Within the Light Rail Station Subareas and Within the Multifamily Tax Exemption Areas
DEPARTMENT:	City Manager's Office - Economic Development Program
PRESENTED BY:	Nathan Daum, Economic Development Manager
ACTION:	<input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

The Multifamily Property Tax Exemption (MFTE, also known as PTE) program is the City's main affordable housing program and is intended to encourage increased residential opportunities within residential targeted areas (RTA) of the City, assist in directing future population growth to the RTAs, and achieve development densities that stimulate a healthy economic base that are more conducive to transit use in targeted areas. The City has nine (9) RTAs for its MFTE program.

At their September 13, 2021 meeting, the City Council discussed proposed Ordinance No. 944 (Attachment A), which would remove the December 31, 2021 sunset to the MFTE program in the light rail station area RTAs, establish a 20-year MFTE program, and provide for a 12-year MFTE extension option. Tonight, Council is scheduled to take action on the proposed Ordinance and several proposed amendments.

RESOURCE/FINANCIAL IMPACT:

During the development of an MFTE project, the value of the improvements is taxable until the City certifies project completion and compliance with MFTE requirements. On the following January 1, the 12-year tax exemption begins, but this does not reset tax revenues. Forgone taxes are only those levied on the difference, if any, between the value assessed prior to and after MFTE certification. Any balance is not added to the assessed value until the 13th year. Although improvements from the development projects may be exempt from property tax, these projects contribute significant one-time revenues from impact fees, real estate excise tax and sales tax. These projects also result in increased population that generates increased state-shared revenues and local sales and utility taxes, even during the property-tax exemption period. Staff and consultant time is required to process applications, file annual reports to the county and state, and to monitor compliance with affordable housing requirements.

RECOMMENDATION

Staff recommends adoption of proposed Ordinance No. 944 with the amendments proposed by Councilmembers as included in this staff report, which are:

- Expanding the MFTE station area RTA boundaries beyond current zoning phases to match full extent of the adopted station area boundaries,
- Adopting an application fee waiver for applicants that wish to switch to the proposed 20-year program that have already applied for the 12-year program, and
- Amending the 20-year program eligibility criteria to add specificity regarding scheduled frequency of high-capacity transit.

Approved By: City Manager **DT** City Attorney **MK**

BACKGROUND

At their September 13, 2021 meeting, the City Council discussed proposed Ordinance No. 944 which would repeal the MFTE sunset in the light rail station areas; establish a 20-year MFTE program; and establish a 12-year MFTE contract extension option. Councilmembers were supportive of the proposed Ordinance and discussion focused on questions and potential amendments that are discussed in more detail below. The staff report from the September 13th Council discussion can be found at the following link: [Ordinance No. 944 - Multifamily Property Tax Exemption Conditions within Station Areas and MFTE Areas](#).

Separate from the City's MFTE program regulations, affordability requirements for the two light-rail station areas are contained in SMC 20.40.235. Projects within MUR-45 and MUR-70 zones must provide either:

- 10% of studio or 1-bedroom units affordable to those earning no more than 60% of King County Area Median Income (AMI) and 10% of units with two (2) or more bedrooms affordable to those earning no more than 70% of AMI.
- or**
- 20% of studio or 1-bedroom units affordable to those earning no more than 70% of King County Area Median Income (AMI) and 20% of units with two (2) or more bedrooms affordable to those earning no more than 80% of AMI.

Unique to the station areas, projects within MUR-45 and MUR-70 zones must provide the affordability as described above for 99 years even though the property-tax exemption available only lasts 12 years. Staff has received feedback from the development community that this requirement is one of several impediments to the feasibility of projects, given the cost of construction in the region and rental rates in the Shoreline sub-market.

Under current regulations, a project located in MUR-45 and MUR-70 zones may choose to participate in the City's 12-year MFTE program if they provide a minimum of 20% of their units as affordable units. At the end of the 12-year period, this developer would still be required to maintain a minimum of 10% affordable units for 87 years.

The MFTE program is currently set to accept applications through December 31, 2021 after which point no new MFTE projects would be considered by the City in these areas. To date there have been no multifamily projects completed in the light rail station areas despite the availability of the 12-year MFTE program.

In 2021, the State Legislature enacted [Senate Bill 5287](#) which allows for the creation of a 20-year MFTE program for projects with 99-year affordability within one (1) mile of high-capacity transit among other requirements. This aligns with the current mandatory affordability requirement of Shoreline's light rail station areas. SB 5287 also allows for the creation of a new 12-year MFTE extension for projects that adhere to affordability requirements.

The purpose of tonight's meeting is to:

- Consider adoption of proposed Ordinance No. 944, which would repeal the MFTE sunset in the light rail station area residential target areas; establish a 20-year MFTE program; and establish a 12-year MFTE contract extension option, and
- Consider amendments to proposed Ordinance No. 944, including expansion of the MFTE station area RTA boundaries to match the full extent of the adopted station area boundaries including future zoning phases, providing for an application fee waiver for applicants that wish to switch to the proposed 20-year program that have already applied for the 12-year program, and clarifying the 20-year program eligibility criteria by adding specificity regarding scheduled frequency of high-capacity transit.

DISCUSSION

As noted above, during the September 13, 2021 meeting, the City Council discussed proposed Ordinance No. 944 (Attachment A). Council was generally supportive of the proposed Ordinance, but there was also interest in potentially expanding the MFTE station area RTA boundaries to match the full extent of the adopted station area boundaries including future zoning phases, providing for an application fee waiver for applicants that wish to switch to the proposed 20-year program that have already applied for the 12-year program, and clarifying the 20-year program eligibility criteria by adding specificity regarding scheduled frequency of high-capacity transit. More information and proposed amendatory language for each of these proposals is provided below.

Light Rail Station Subarea MFTE RTA Boundaries

Proposed Ordinance No. 944 expands the MFTE boundaries to add the newly enacted 185th Street Station Phase 2 station area zoning to encourage multifamily projects in these areas. During the September 13th Council discussion, a question was asked as to whether the Station Area MFTE boundaries could be adjusted to match the station area, which would eliminate the need to update the MFTE boundaries when future zoning phases take effect.

A Councilmember could propose, by motion, to amend station area MFTE eligibility by replacing the maps in Exhibit A to proposed Ordinance No. 944 with the 185th Station Area MFTE RTA boundary (Attachment B) and amending SMC 3.27.030 with the 145th Station Area MFTE RTA boundary (Attachment C).

For an amendment to modify the 185th Station Area RTA map, the motion would read as follows:

- ***I move to replace the map shown in Exhibit A to Ordinance No. 944, Attachment I 185th Street Station Subarea, with a new map as shown in Attachment B to tonight's staff report.***

For an amendment to modify the 145th Station Area RTA map, the motion would read as follows:

- ***I move to delete SMC 3.27.030 Attachment H 145th Street Station Subarea and replace it with a new map as shown in Attachment C to tonight's staff report.***

Conversion of 12-Year MFTE Application into 20-Year MFTE Application

Proposed Ordinance No. 944 would establish a 20-year MFTE program for projects subject to 99-year affordability requirements and within one mile of high-capacity transit. In Council's discussion of this program option, a question was asked as to how many projects may have already applied for the 12-year program that might switch to the 20-year program if it were available, and what the cost of application fees would be to reapply to the new program.

Staff estimates there are five (5) projects which have applied for the 12-year MFTE program that are subject to the 99-year affordability requirement of the light rail station areas. Each of these projects has paid an application fee, which for 2021 has been set at \$618.00 (which is a 3-hour minimum at the standard hourly rate for review). Council could choose to allow projects to convert their 12-year application into a 20-year application without the City requiring the application fee to be paid again. For an amendment to provide such a fee waiver, the motion would read as follows:

- ***I move to add a new section, Section 2, to Ordinance No. 944, and renumber the existing sections accordingly, to read as follows:***

Section 2. Eligibility of 12-year Property Tax Exemption Applications to convert to the 20-year Property Tax Exemption.

Any project for which an application for a conditional certificate is pending for a 12-year property tax exemption by the effective date of this Ordinance, may convert that application for review under the 20-year property tax exemption established by this Ordinance. The applicant shall file a written request with the department of Planning and Community Development requesting conversion and provide necessary documentation supporting the project's eligibility for the 20-year exemption. The applicant shall not be required to pay the application fee as adopted by Resolution and set forth in the Planning and Community Development Fee Schedule, Section I(4), for this conversion.

Financial Impacts of 12-Year MFTE Extension

Proposed Ordinance No. 944 would establish a 12-year MFTE extension for projects that adhere to affordability requirements. In Council's discussion of this proposed extension option, a question was asked as to the financial impact of foregone tax revenues from the participating projects. Although an MFTE project is exempt from paying taxes on the value of improvements, any project value added during the course of construction (typically more than once over the typical two-year construction period)

is not removed from the City's total assessed value upon issuance of the final certificate of tax exemption. Therefore, the City may not experience a significant lowering of the amount of new property tax collected compared to a scenario in which a project does not participate in MFTE. However, as is detailed in the Resource/Financial Impact section below, it is the City's standard practice to evaluate MFTE projects as if no revenue is generated for the City from the improvements during the 12-year exemption period, estimated at \$43,000 per year (or \$516,000 over 12 years) for a 125-unit project.

Revision to 20-year Program Eligibility Requirements

Councilmember Roberts, in an email to staff following the September 13th Council discussion, asked about a technical amendment. He was concerned that the requirement for High-Capacity Transit service at 15-minute frequency could lack clarity given that transit does not typically run at high-frequencies outside of a set of core hours of operation. The original language in proposed Ordinance No. 944 reflects the exact language that was approved by the State Legislature in RCW 84.14.020(1)(a)(ii)(C). Although this is the case, the Council can choose to provide more specific language. If Council chooses to do so, staff recommends that Council move to amend the proposed Ordinance to clarify this. The proposed amendatory language is as follows:

- ***I move to amend SMC 3.27.020(C) as shown on Exhibit A to Ordinance No. 944 to add the time parameters of 6 am to 8 pm each day of the week to the definition of High-Capacity Transit, which would read as follows:***

C. "High-capacity transit" means public transit providing a substantially higher level of passenger capacity and operates with at least 15-minute scheduled frequency during the hours of 6 am to 8 pm each weekday.

STAKEHOLDER INPUT

In addition to the input from developers active in Shoreline summarized in the September 13th staff report, a developer active in Shoreline's light rail station areas provided input during the public comment portion of the meeting on MFTE, its influence on their development decisions, and the particular importance of the proposed 20-year program.

COUNCIL GOALS ADDRESSED

Proposed Ordinance No. 944 supports the 2021-2023 City Council Goals, specifically: "Goal 1: Strengthen Shoreline's economic climate and opportunities" which states in Action Step #1:

"Conduct a review of development that has occurred in the 145th Station Area; identify City policies and regulations that may need to be revised in order to realize the City's vision of mixed-use, environmentally sustainable, and equitable neighborhoods within the MUR zones."

Additionally, continued promotion of the MFTE program reflects Goal 1, Action Step #5 of the 2018-2020 Council Goals, which remains a priority of the City but has since been operationalized as an ongoing component of staff's work:

“Encourage affordable housing development in Shoreline, including continued promotion of the Property Tax Exemption program, partnership with King County in the development of affordable housing on the City's property at Aurora Avenue and N 198th Street, and identify opportunities for integration of affordable housing at the future community and aquatic center facility.”

RESOURCE/FINANCIAL IMPACT

Because the City's overall assessed valuation grows when new projects are built and, typically, assessed more than once prior to receiving their tax exemption certificate, at least partial values for most projects are added to the tax rolls. Some projects' full improvement valuations may even be added prior to issuance of a final certificate of tax exemption. Although an MFTE project is exempt from paying those taxes on the improvements, any assessed value added is not removed from the City's total assessed value. Therefore, the City may not experience a significant lowering of the amount of new property tax collected compared to a scenario in which a project does not participate in MFTE.

For the purposes of revenue analysis, it is the City's standard practice to evaluate MFTE projects as if no revenue is generated for the City from the improvements during the 12-year exemption period, estimated at \$43,000 per year (or \$516,000 over 12 years) for a 125-unit project. Still, there are other revenue streams that are generated by a multifamily project and its residents typically far in excess of the revenues generated on underutilized land prior to development. These include one-time and ongoing revenues.

In order to quantify the fiscal contribution of a multifamily project, staff analyzed the potential fees and revenues collected for a hypothetical project that qualifies for the multifamily property tax exemption with a project that is \$30 million in construction valuation on a 35,000-square-foot lot estimated to yield 125 apartments. The Real Estate Excise Tax (REET) collected by the City on the developer's purchase of this hypothetical property would be approximately \$17,500. The City's share of sales taxes, which are collected on the total of a project's hard and soft costs, would total an estimated \$315,000. Approximately \$922,125 in impact fees would be collected for the 125 units. Impact fees, while collected to ensure concurrency with a set level of service as a result of growing population, also support desirable projects that benefit the broader community. It is anticipated that this project would generate nearly \$1.255M in one-time revenues.

For the sample hypothetical project, staff compared on-going annual revenues prior to the development, the revenue stream during the 12-year property tax exemption period, and the revenue stream following the expiration of the 12-year tax exemption period.

These revenues include Sales & Use tax, paid by new residents of the multifamily units on their spending within Shoreline, utility taxes, paid by residents on a variety of utilities which are subject to utility taxes and franchise fees, and State-shared revenues, many of which are distributed to the City on a per capita basis. As has been previously shared with Council, the pre-redevelopment revenues are approximately \$17,500 per year, and those increase significantly during 12-year tax exemption period to approximately \$69,000 even with the assumption of zero tax dollars from the improvements. Following the expiration of the exemption period revenues increase again, but by a lesser increment, to an estimated \$112,000 per year.

Staff and consultant time is required to process applications, file annual reports to the state and King County, and to monitor compliance with affordable housing requirements.

RECOMMENDATION

Staff recommends adoption of proposed Ordinance No. 944 with the amendments proposed by Councilmembers as included in this staff report, which are:

- Expanding the MFTE station area RTA boundaries beyond current zoning phases to match full extent of the adopted station area boundaries,
- Adopting an application fee waiver for applicants that wish to switch to the proposed 20-year program that have already applied for the 12-year program, and
- Amending the 20-year program eligibility criteria to add specificity regarding scheduled frequency of high-capacity transit.

ATTACHMENTS

Attachment A: Proposed Ordinance No. 944

Attachment A, Exhibit A: Proposed Amendments to SMC Chapter 3.27

Attachment B: Proposed 185th Station Area MFTE RTA Boundary

Attachment C: Proposed 145th Station Area MFTE RTA Boundary

ORDINANCE NO. 944

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AMENDING CHAPTER 3.27 PROPERTY TAX EXEMPTION OF THE SHORELINE MUNICIPAL CODE TO PROVIDE FOR A TWELVE YEAR EXTENSION PERIOD, ESTABLISH A TWENTY YEAR PROGRAM, EXPAND RESIDENTIAL TARGETED AREAS FOR THE 185TH STREET LIGHT RAIL STATION SUBAREA, AND ELIMINATE THE SUNSET OF THE PROGRAM WITHIN THE LIGHT RAIL STATION SUBAREAS.

WHEREAS, in 2002, the City of Shoreline established a Multi-Family Property Tax Exemption (PTE) program as authorized by RCW Chapter 84.14 and is codified in Shoreline Municipal Code (SMC) Chapter 3.27; and

WHEREAS, since that time, SMC Chapter 3.27 has been amended to expand the PTE program to other residential targeted areas, to establish eligibility criteria, to define the duration of the program, and to ensure all previous actions were codified in SMC Chapter 3.27; and

WHEREAS, with the adoption of Ordinance No. 776 on April 10, 2017, the City Council designated Phase 1 of the 145th and 185th Light Rail Station Subareas as residential targeted areas eligible for the PTE program but established a “sunset” period of December 31, 2021 for the use of the PTE in these areas; and

WHEREAS, the purpose of the December 31, 2021 sunset was to provide for a short-term incentive to spur lot assemblages and the development of large multi-family projects in the areas closer to the Light Rail Stations; however given the real estate market, COVID-19, and Sound Transit’s construction schedule, development has not occurred as anticipated; and

WHEREAS, with the adoption of Ordinance No. 706, the City Council established three (3) phases for the 185th Light Rail Station Subarea; and

WHEREAS, with Ordinance No. 776, the City Council designated only Phase 1 of the Light Rail Stations Subareas as residential targeted areas eligible for the PTE; and

WHEREAS, at its November 30, 2020 and April 5, 2021 regular meetings, the City Council discussed the phasing of the Light Rail Station Subareas and an extension of the PTE for the Subareas beyond that set in Ordinance No. 776 and it was determined that expansion within the 185th Street Station Subarea was appropriate; and

WHEREAS, in 2021, the Washington State Legislature adopted Engrossed Second Substitute Senate Bill 5287 (ESSSB 5287), amending RCW Chapter 84.14 to further incentivize affordable housing in urban areas; and

WHEREAS, amendments approved by the Legislature available to the City are the ability to extend a property tax exemption for an additional 12 years after completion of the first

exemption term and to establish a 20-year property tax exemption when the Multi-Family housing is within one (1) mile of high capacity transit, both subject to certain criteria; and

WHEREAS, the City Council discussed the PTE program at its September 13, 2021 regular meeting and has considered the entire public record, public and stakeholder comments, written and oral; and

WHEREAS, the City Council has determined that the amendments to SMC Chapter 3.27 are in the best interests of the City of Shoreline and the need to provide affordable housing to its residents;

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

Section 1. Amendment – SMC Chapter 3.27 Property Tax Exemption. SMC Chapter 3.27 is amended as set forth in Exhibit A to this Ordinance.

Section 2. Corrections by City Clerk or Code Reviser. Upon approval of the City Attorney, the City Clerk and/or the Code Reviser are authorized to make necessary corrections to this Ordinance, including the corrections of scrivener or clerical errors; references to other local, state, or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering and references.

Section 3. Severability. Should any section, subsection, paragraph, sentence, clause, or phrase of this Ordinance or its application to any person or situation be declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of this Ordinance or its application to any person or situation.

Section 4. 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 (5) days after publication.

PASSED BY THE CITY COUNCIL ON SEPTEMBER 27, 2021

Mayor Will Hall

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik Smith
City Clerk

Julie K Ainsworth-Taylor
Assistant City Attorney
on behalf of Margaret King, City Attorney

Date of Publication: _____, 2021
Effective Date: _____, 2021

Chapter 3.27

PROPERTY TAX EXEMPTION

SECTION 3.27.010 IS AMENDED TO READ AS FOLLOWS:

3.27.010 Purpose

The purpose of this chapter providing for an exemption from ad valorem property taxation for multifamily housing in the residential targeted areas is to:

- A. Encourage increased residential opportunities within the residential targeted area;
- B. Stimulate new construction or rehabilitation or conversion of existing vacant, ~~and~~ underutilized, or substandard buildings to multi-family housing for revitalization of the designated targeted areas;
- C. Assist in directing future population growth to the residential targeted area, thereby reducing development pressure on single-family residential neighborhoods; and
- D. Achieve development densities that stimulate a healthy economic base and are more conducive to transit use in the designated residential targeted area.

SECTION 3.27.020 IS AMENDED TO READ AS FOLLOWS:

3.27.020 Definitions.

A. “Affordable housing” means residential housing that is rented or sold to a person or household whose annual household income does not exceed 70 percent of the median household income adjusted for family size for King County, determined annually by the U.S.

Department of Housing and Urban Development, for studio and one bedroom units and not exceeding 80 percent of the area median household income adjusted for family size for two bedroom or larger units.

B. “Department” means the city of Shoreline department of community and economic development.

C. “High-capacity transit” means public transit providing a substantially higher level of passenger capacity and operates with at least 15-minute scheduled frequency.

CD. “Household annual income” means the aggregate annual income of all persons over 18 years of age residing in the same household.

DE. “Multifamily housing” means a building or ~~project~~ a group of buildings having four or more dwelling units designed for permanent residential occupancy.

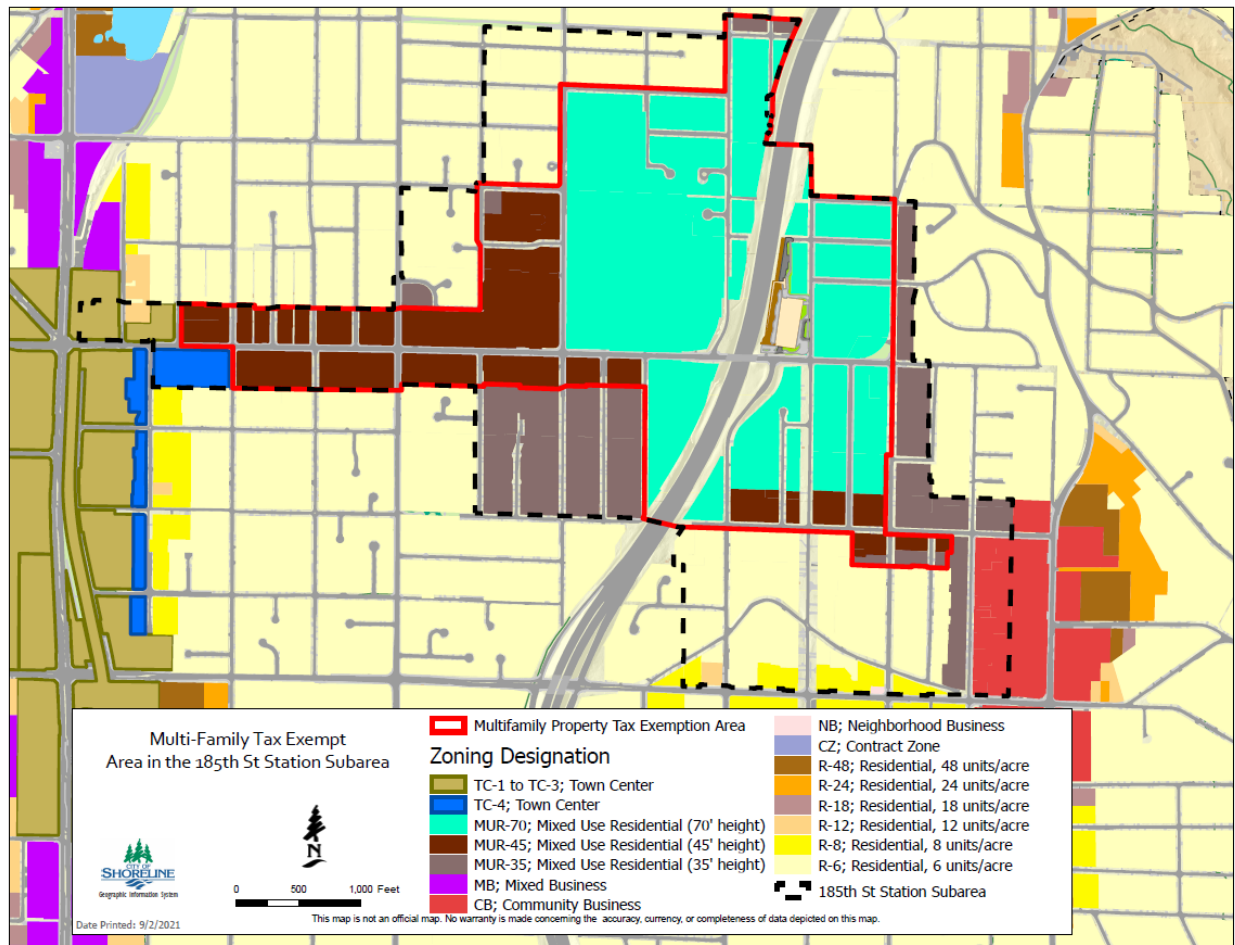
EF. “Owner” or “property owner” means the property owner of record.

FG. “Permanent residential occupancy” means multifamily housing that provides either rental or owner-occupancy for a period of at least one month, excluding hotels, motels, or other types of temporary housing that predominately offer rental accommodation on a daily or weekly basis.

SECTION 3.27.030 IS AMENDED AS FOLLOWS:

3.27.030 Designation of residential targeted areas.

Attachment I - 185th Street Station Subarea is deleted in its entirety and replaced with a new Attachment I as shown below:



SECTION 3.27.040 IS AMENDED TO READ AS FOLLOWS:

3.27.040 Eligibility standards and guidelines.

A. Eligibility Requirements. To be eligible for exemption from property tax under this chapter, the property must satisfy all of the following requirements:

1. The project must be located within one of the residential targeted areas designated in SMC 3.27.030;
2. The project must be multifamily housing consisting of at least four dwelling units within a residential structure or as part of a mixed used development, in which at least 50 percent of the space must provide for permanent residential occupancy;

3. The project must be designed to comply with the city's comprehensive plan, applicable development regulations, and applicable building and housing code requirements;
4. At least 20 percent of the housing units must be affordable housing as defined in SMC 3.27.020, except for housing units within the 145th Street Station Subarea and the 185th Street Station Subarea which must meet the median income requirements of the 20 percent affordability option as set forth in SMC 20.40.235;
5. For the rehabilitation of existing occupied multifamily projects, at least four additional residential units must be added except when the project has been vacant for 12 consecutive months or more;
6. The project must be scheduled for completion within three years from the date of issuance of the conditional certificate;
7. Property proposed to be rehabilitated must fail to comply with one or more standards of the applicable state or local building or housing codes. If the property proposed to be rehabilitated is not vacant, an applicant must provide each existing tenant housing of comparable size, quality, and price and a reasonable opportunity to relocate;
8. The mix and configuration of housing units used to meet the requirement for affordable units under this chapter shall be substantially proportional to the mix and configuration of the total housing units in the project; and
9. The applicant must enter into a contract with the city, approved by the city council, under which the applicant has agreed to the implementation of the project on terms and conditions satisfactory to the city. ~~The contract must be approved by the city council.~~

B. Duration of Tax Exemption. The following property tax exemptions are available for qualified properties in designated residential targeted areas:

1. Twelve-year tax exemption: ~~The value of new housing construction and rehabilitation improvements qualifying under this chapter shall be exempt from ad valorem property taxation. If the property otherwise qualifies for the exemption under this chapter and meets the conditions in subsection A of this section, an exemption for 12 successive years beginning January 1st of the year immediately following the calendar year after of issuance of the final certificate of tax exemption; or~~
2. Twenty-year tax exemption: If the property otherwise qualifies for the exemption under this chapter, meets the conditions in subsection A of this section, and the conditions set forth below, an exemption for 20 successive years beginning January 1st of the year immediately following the calendar year of issuance of the final certificate of tax exemption:
 - a. The property is located within one mile of high-capacity transit of at least 15-minute scheduled frequency measured in a straight line from the property line at which access from the property to a public street is provided to the nearest existing or planned high-capacity transit stop or station; and
 - b. The Owner must record a covenant or deed restriction acceptable to the city ensuring continued rental of units for at least 99 years and sets forth criteria to maintain public benefit if the property is converted to a use other than permanent affordable low-income housing.

C. Extension of tax exemption. The Owner of property that received a tax exemption pursuant to subsection B(1) of this section, may apply for an extension for an additional 12 successive years. No extension will be granted for property that received a 20-year tax exemption pursuant to subsection B(2) of this section.

1. Only one (1) extension may be granted.
2. Failure to timely apply for an extension shall be deemed a waiver of the extension.
3. For the property to qualify for an extension:

- a. The property must have qualified for, satisfied the conditions of, and utilized the twelve-year exemption sought to be extended;
 - b. The Owner must timely apply for the extension on forms provided by the City within 18 months of expiration of the original exemption;
 - c. The property must meet the requirements of this chapter for the property to qualify for an exemption under subsection A as applicable at the time of the extension application, and
 - d. The property must continue to rent or sell at least 20 percent of the multifamily housing units as affordable housing units for low-income households for the extension period.
4. If an extension is granted by the City, at the end of both the tenth and eleventh years of a twelve-year extension, the applicant or the property owner at that time, must provide tenants of affordable units with notification of the applicant's or property owner's intent to provide the tenant with relocation assistance in an amount equal to one (1) month as provided in RCW 84.14.020, as amended.

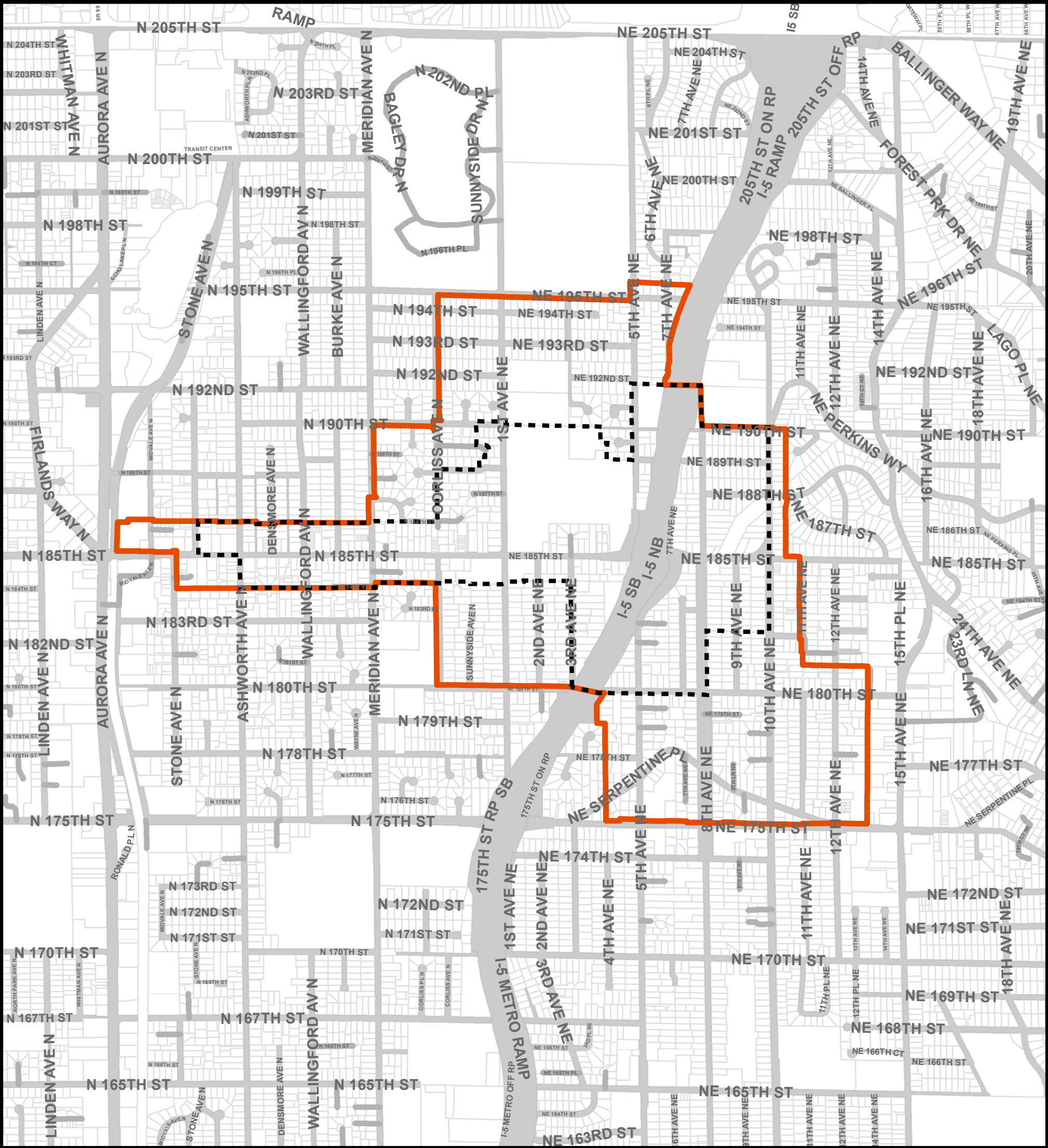
€ D. Limitation on Tax Exemption Value.

- 1. The exemption provided for in this chapter does not include the value of land or nonhousing-related improvements not qualifying under this chapter.
- 2. In the case of rehabilitation of existing buildings, the exemption does not include the value of improvements constructed prior to the submission of the application for conditional certificate required by this chapter.
- 3. The exemption does not apply to increases in the assessed value made by the county assessor on nonqualifying portions of the building and value of land.

Ð E. Residential Targeted Areas – Specific Requirements.



- 1. Units within the 145th and 185th Street Station Subareas must meet the median income requirements of the 20 percent affordability option as set forth in SMC 20.40.235.
- 2. ~~The designation of residential targeted areas with the 145th and 185th Street Station Subareas shall automatically expire on December 31, 2021. Complete applications for exemption filed prior to this date will be considered vested under this chapter.~~

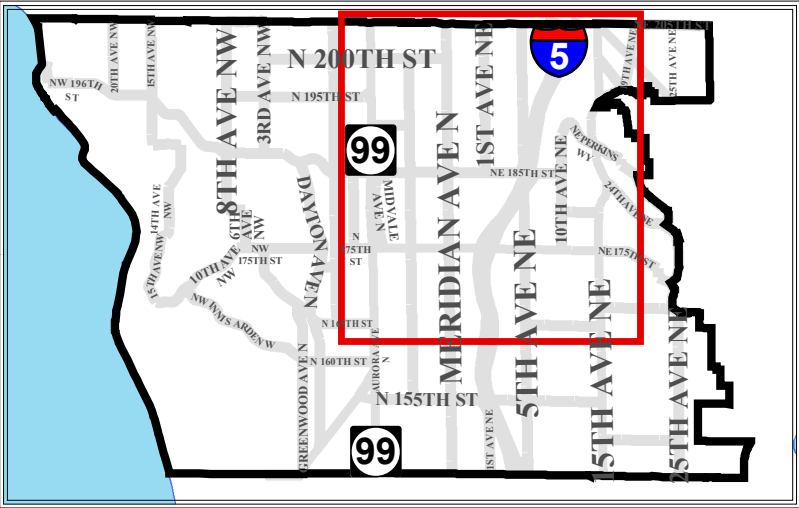
185th St Station Proposed MultiFamily Property Tax Exemption Change



185th St Station area MultiFamily Tax Exemption Proposed Changes

Legend

-  Multi Family Property Tax Exemption Area (Current)
-  Multi Family Property Tax Exemption Area (Proposed)



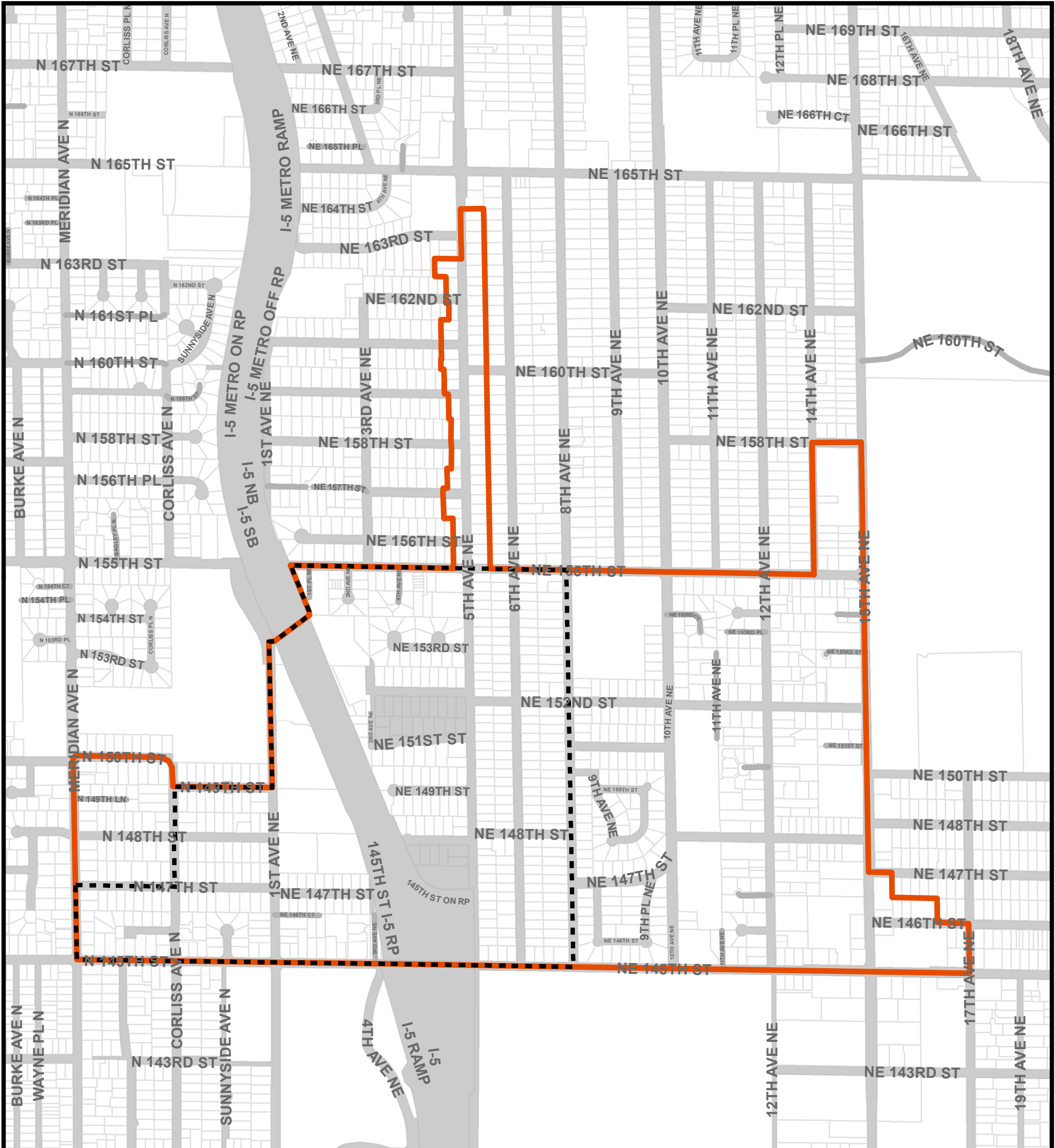
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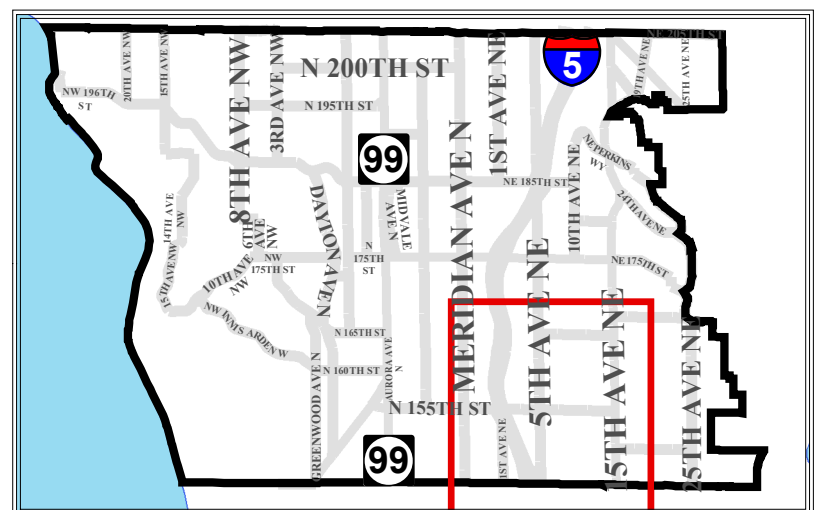
145th St Station Proposed MultiFamily Property Tax Exemption Change



145th St Station area MultiFamily Tax Exemption Proposed Changes

Legend

-  Multi Family Property Tax Exemption Area (Current)
 Multi Family Property Tax Exemption Area (Proposed)



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