

Ordinance No. 00286

[Council meeting minutes of Nov 4 2002](#)

ORDINANCE NO. 286

AN ORDINANCE of the City Council of the City of Lakewood, Washington, creating and establishing a new Chapter 3.64 of the Lakewood Municipal Code relating to the availability of tax exemption for multi-family housing in residential target areas

WHEREAS, in Revised Code of Washington Chapter 84.14, state law provides that cities may develop programs that allow property tax exemptions for qualifying multi-family housing located in urban areas; and,

WHEREAS, the Washington State Legislature has found that urban areas lack sufficient, desirable and convenient residential housing units to meet the needs of citizens who would live in such areas, and that increased residential housing within such areas would alleviate detrimental social conditions and liabilities; and,

WHEREAS, use of tax incentives to increase housing opportunities in urban areas would benefit, provide for and promote the public health, safety and welfare through stimulating the creation of new or enhanced residential opportunities within urban areas.

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

Section 1. That the Lakewood Municipal Code is hereby amended by the addition of a new Chapter thereto, to be known and designated as Chapter 3.64, Tax Incentive Urban Use Center Development, reading as follows:

Chapter 3.64

TAX INCENTIVE URBAN USE CENTER DEVELOPMENT

Sections:

3.64.010 Definitions.

3.64.020 Residential Target Area Designation and Standards.

3.64.030 Tax Exemptions for Multi-family Housing in Residential Target Areas.

3.64.010 Definitions

A. "Administrator" means the Administrator of the Lakewood Redevelopment/Economic Development Division or authorized designee.

B. "Multi-family housing" means a building having four or more dwelling units designed for permanent residential occupancy resulting from new construction, rehabilitation or conversion of vacant, underutilized or substandard buildings. Multi-family housing units as designated herein shall not be designed or used for transient accommodations and do not include hotels and motels.

C. "Owner" means the property owner of record.

D. "Permanent residential occupancy" means multi-family housing that provides either rental or owner occupancy for a period of at least one month. This excludes hotels and motels that predominately offer rental accommodation on a daily or weekly basis.

E. "Rehabilitation improvements" means modifications to existing structures that are vacant for 12 months or longer, or modifications to existing occupied structures which convert non-residential space to residential space and/or increase the number of multi-family housing units.

F. "Residential Target Area" means an area within the Tax Incentive Urban Use Center that has been designated by the City Council as lacking sufficient, available, desirable and convenient residential housing to meet the needs of the public.

G. "Tax Incentive Urban Use Center" means a compact, identifiable district where urban residents may obtain a variety of products and services. A Tax Incentive Urban Use Center must contain:

- 1) Several existing or previous existing, or a combination of existing and previously existing, business establishments that may include but are not limited to shops, offices, banks, restaurants, governmental agencies;
- 2) Adequate public facilities, including streets, sidewalks, lighting, transit, domestic water, and sanitary sewer systems; and
- 3) A mixture of uses and activities that may include housing, recreation, and cultural activities in association with either commercial and/or office use.

3.64.020 Residential Target Area Designation and Standards.

A. Existing Designation. The initial designation shall be as shown in the boundaries of the Tax Incentive Urban Use Center(s) as indicated on the map attached hereto, marked as "Exhibit A" and incorporated herein by this reference and on file in the City Clerk's Office, having been duly adopted after public hearing.

B. Public Hearing. For the purposes of designating a Residential Target Area or areas, the City Council must adopt a resolution of intention to so designate an area or areas described in the resolution. The resolution must state the time and place of a hearing to be held by the City Council to consider the designation of any such area and may include such other information pertaining to the designation as the City Council determines to be appropriate to apprise the public of the action intended. Notice of such a hearing shall be made by publication once each week for two consecutive weeks, not less than seven days nor more than thirty (30) days before the date of the hearing in a paper having general circulation in the city where the proposed Residential Target Area is located. The notice must state the time, date, place and purpose of the hearing and generally identify the area proposed to be designated as a Residential Target Area.

C. Criteria. Following the public hearing, the City Council may, in its sole discretion, designate one or more Residential Target Areas. Each designated Residential Target Area must meet the following criteria, as determined by the City Council:

- 1) The target area is located within a designated Tax Incentive Urban Use Center;
- 2) The target area lacks sufficient available, desirable, and convenient residential housing to meet the needs of the public who would likely live in the Urban Use Center if desirable, attractive and livable places were available; and
- 3) The providing of additional housing opportunity in the target area will assist in achieving at least one the following purposes:
 - (a) Encourage increased residential opportunities within the target area; or
 - (b) Stimulate the construction of new multi-family housing and the rehabilitation of existing vacant and under-utilized buildings for multi-family housing.
- 4) In designating a Residential Target Area, the City Council may consider other factors, including, but not limited to: whether additional housing in the target area will attract and maintain a significant increase in the number of permanent residents; whether an increased residential population will help alleviate detrimental conditions and social liability in the target area; and whether an increased residential population in the Residential Target Area will help to achieve the planning goals mandated by the Growth Management Act under RCW 36.70A.020. The City Council may, by ordinance, amend or rescind the designation of a Residential Target Area at any time pursuant to the same procedure as set forth in this chapter for designation of such areas.

D. Residential Target Area Standards and Guidelines. For each designated Residential Target Area the City Council shall adopt basic requirements for both new construction and rehabilitation, including the application process and procedures. The City Council may also adopt guidelines including the following:

- 1) Requirements that address demolition of existing structures and site utilization; and
- 2) Building requirements that may include elements addressing parking, height, density, environmental impact, public benefit

features, compatibility with the surrounding property, and such other amenities as will attract and keep permanent residents and will properly enhance the livability of the Residential Target Area. The required amenities shall be relative to the size of the proposed project and the tax benefit to be obtained.

E. Designated Residential Target Areas. The proposed boundaries of the Residential Target Areas must be within the boundaries of the Tax Incentive Urban Use Center(s) as designated and as indicated on the map attached hereto, marked as Exhibit "A" and incorporated herein by this reference and accompanying legal descriptions which are incorporated herein by reference and on file in the City Clerk's Office; provided that the Residential Target Areas shall also include the Urban Use Center(s) designated as noted above and as may hereafter be amended.

3.64.030 Tax Exemptions for Multi-Family Housing in Residential Target Areas.

A. Intent. Limited ten-year exemptions from ad valorem property taxation for multi-family housing in Tax Incentive Urban Use Center(s) are intended to:

1. Encourage increased residential opportunities within mixed-use centers designated by the City Council as Residential Target Areas.
2. Stimulate new construction or rehabilitation of existing vacant and underutilized buildings for multi-family housing in Residential Target Areas to increase and improve housing opportunities;
3. Assist in directing future population growth to designated Tax Incentive Urban Use Centers, thereby reducing development pressure on single-family residential neighborhoods; and
4. Achieve development densities which are more conducive to transit use in designated Tax Incentive Urban Use Centers.

B. Duration of Exemption. The value of improvements qualifying under this chapter will be exempt from ad valorem property taxation for ten successive years beginning January 1 of the year immediately following the calendar year after issuance of the Final Certificate of Tax Exemption.

C. Limits on Exemption. The exemption does not apply to the value of land or to the value of improvements not qualifying under this chapter, nor does the exemption apply to increases in assessed valuation of land and non-qualifying improvements. In the case of rehabilitation of existing buildings, the exemption does not include the value of improvements constructed prior to submission of the completed application required under this chapter.

D. Project Eligibility. A proposed project must meet the following requirements for consideration for a property tax exemption:

1. Location. The project must be located within a Residential Target Area, as designated in Section 3.64.020.
2. Tenant Displacement Prohibited. The project must not displace existing residential tenants of structures that are proposed for redevelopment. Existing dwelling units proposed for rehabilitation must have been unoccupied for a minimum of 12 months prior to submission of an application and must have one or more violations of the City's minimum housing code. Applications for new construction cannot be submitted for vacant property upon which an occupied residential rental structure previously stood, unless a minimum of 12 months has elapsed from the time of most recent occupancy.
3. Size. The project must include at least four units of multi-family housing within a residential structure or as part of a mixed-use development. A minimum of four new units must be constructed or at least four additional multi-family units must be added to existing occupied multi-family housing. Existing multi-family housing that has been vacant for twelve (12) months or more does not have to provide additional units so long as the project provides at least four units of new, converted, or rehabilitated multi-family housing.
4. Permanent Residential Housing. At least fifty (50) percent of the space designated for multi-family housing must be provided for permanent residential occupancy, as defined in Section 3.64.010.
5. Proposed Completion Date. New construction multi-family housing and rehabilitation improvements must be scheduled to be completed within three years from the date of approval of the application.
6. Compliance with Guidelines and Standards. The project must be designed to comply with the City's comprehensive plan, building, housing, and zoning codes, and any other applicable regulations in effect at the time the application is approved. Rehabilitation and conversion improvements must comply with the City's minimum housing code. New construction must comply with the Uniform Building Code. The project must also comply with any other standards and guidelines adopted by the City Council for the Residential Target Area in which the project will be developed.

E. Application Procedure. A property owner who wishes to propose a project for a tax exemption shall complete the following procedures:

1. File with the City of Lakewood, as directed in the procedures for participation in the City's Tax Incentive Urban Use Center Development Program, the required application along with the required fees. The initial application fee shall consist of a base fee of \$150, plus \$25 per multi-family unit, up to a maximum total fee of \$300. An additional \$100 fee to cover the Pierce County Assessor's administrative costs shall be paid to the City. If the application is denied by the City Council, the City will retain that portion of the fee attributable to its own administrative costs and refund the balance to the applicant.

2. A complete application shall include:

(a) A completed City of Lakewood application form setting forth the grounds for the exemption;

(b) Preliminary floor and site plans of the proposed project;

(c) A statement acknowledging the potential tax liability when the project ceases to be eligible under this chapter; and

(d) Verification by oath or affirmation of the information submitted.

(e) For rehabilitation projects, the applicant shall also submit an affidavit that existing dwelling units have been unoccupied for a period of twelve (12) months prior to filing the application and shall secure from the City verification of property noncompliance with the City's minimum housing code.

F. Application Review and Issuance of Conditional Certificate. The Administrator may certify as eligible an application which is determined to comply with the requirements of this chapter. A decision to approve or deny an application shall be made within ninety (90) days of receipt of a complete application.

1. Approval. If an application is approved, the applicant shall enter into a contract with the City, subject to approval by resolution of the City Council, regarding the terms and conditions of the project. Upon City Council approval of the contract, the Administrator shall issue a Conditional Certificate of Acceptance of Tax Exemption. The Conditional Certificate expires three years from the date of approval unless an extension is granted as provided in this chapter.

2. Denial. The Administrator shall state in writing the reasons for denial and shall send notice to the applicant at the applicant's last known address within ten (10) days of the denial. An applicant may appeal a denial to the City Council within fourteen (14) days of receipt of notice. On appeal to the City Council, the Administrator's decision will be upheld unless the applicant can show that there is no substantial evidence on the record to support the Administrator's decision. The City Council's decision on appeal will be final.

G. Extension of Conditional Certificate. The Conditional Certificate may be extended by the Administrator for a period not to exceed twenty-four (24) consecutive months. The applicant must submit a written request stating the grounds for the extension, accompanied by a \$50 processing fee. An extension may be granted if the Administrator determines that:

1. The anticipated failure to complete construction or rehabilitation within the required time period is due to circumstances beyond the control of the owner;

2. The owner has been acting and could reasonably be expected to continue to act in good faith and with due diligence; and

3. All the conditions of the original contract between the applicant and the City will be satisfied upon completion of the project.

H. Application for Final Certificate. Upon completion of the improvements agreed upon in the contract between the applicant and the City and upon issuance of a temporary or permanent certificate of occupancy, the applicant may request a Final Certificate of Tax Exemption. The applicant must file with the Lakewood Redevelopment, Economic Development Division the following:

1. A statement of expenditures made with respect to each multi-family housing unit and the total expenditures made with respect to the entire property;

2. A description of the completed work and a statement of qualification for the exemption; and

3. A statement that the work was completed within the required three-year period or any authorized extension.

Within thirty (30) days of receipt of all materials required for a Final Certificate, the Administrator shall determine which specific improvements satisfy the requirements of this chapter.

I. Issuance of Final Certificate. If the Administrator determines that the project has been completed in accordance with the contract between the applicant and the City and has been completed within the authorized time period, the City shall, within ten (10) days, file a Final Certificate of Tax Exemption with the Pierce County Assessor.

1. Denial and Appeal. The Administrator shall notify the applicant in writing that a Final Certificate will not be filed if the Administrator determines that:

- (a) The improvements were not completed within the authorized time period;
- (b) The improvements were not completed in accordance with the contract between the applicant and the City; or
- (c) The owner's property is otherwise not qualified under this chapter.

2. Within ten (10) days of receipt of the Administrator's denial of a Final Certificate, the applicant may file an appeal with the City's Hearing Examiner, as provided in Chapter 1.36 of the Lakewood Municipal Code (LMC). The applicant may appeal the Hearing Examiner's decision in Pierce County Superior Court under RCW 34.05.510 through 34.05.598, if the appeal is filed within thirty (30) days of notification by the City to the owner of the decision being challenged.

J. Annual Compliance Review. Within thirty (30) days after the first anniversary of the date of filing the Final Certificate of Tax Exemption and each year thereafter, for a period of ten (10) years, the property owner shall file a notarized declaration with the Administrator indicating the following:

- 1. A statement of occupancy and vacancy of the multi-family units during the previous year;
- 2. A certification that the property continues to be in compliance with the contract with the City; and
- 3. A description of any subsequent improvements or changes to the property.

City staff shall also conduct on-site verification of the declaration. Failure to submit the annual declaration may result in the tax exemption being canceled.

K. Cancellation of Tax Exemption. If the Administrator determines the owner is not complying with the terms of the contract, the tax exemption will be canceled. This cancellation may occur in conjunction with the annual review or at any other time when non-compliance has been determined. If the owner intends to convert the multi-family housing to another use, the owner must notify the Administrator and the Pierce County Assessor within sixty (60) days of the change in use.

1. Effect of Cancellation. If a tax exemption is canceled due to a change in use or other noncompliance, the Pierce County Assessor may impose an additional tax on the property, together with interest and penalty, and a priority lien may be placed on the land, pursuant to State legislative provisions.

2. Notice and Appeal. Upon determining that a tax exemption is to be canceled, the Administrator shall notify the property owner by certified mail. The property owner may appeal the determination by filing a notice of appeal with the City Clerk within thirty (30) days, specifying the factual and legal basis for the appeal. The Hearing Examiner will conduct a hearing at which all affected parties may be heard and all competent evidence received. The Hearing Examiner will affirm, modify or repeal the decision to cancel the exemption based on the evidence received. An aggrieved party may appeal the Hearing Examiner's decision to the Pierce County Superior Court, in accordance with RCW sections 34.05.510 through 34.05.598.

Section 2. Severability. That if any provisions of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance or the application of the provision to the other persons or circumstances is not affected.

Section 3. Effective Date. That this Ordinance shall be in full force and effect five (5) days after publication of the Ordinance Summary.

ADOPTED by the City Council this 4th day of November, 2002

CITY OF LAKEWOOD

Bill Harrison, Mayor

Attest:

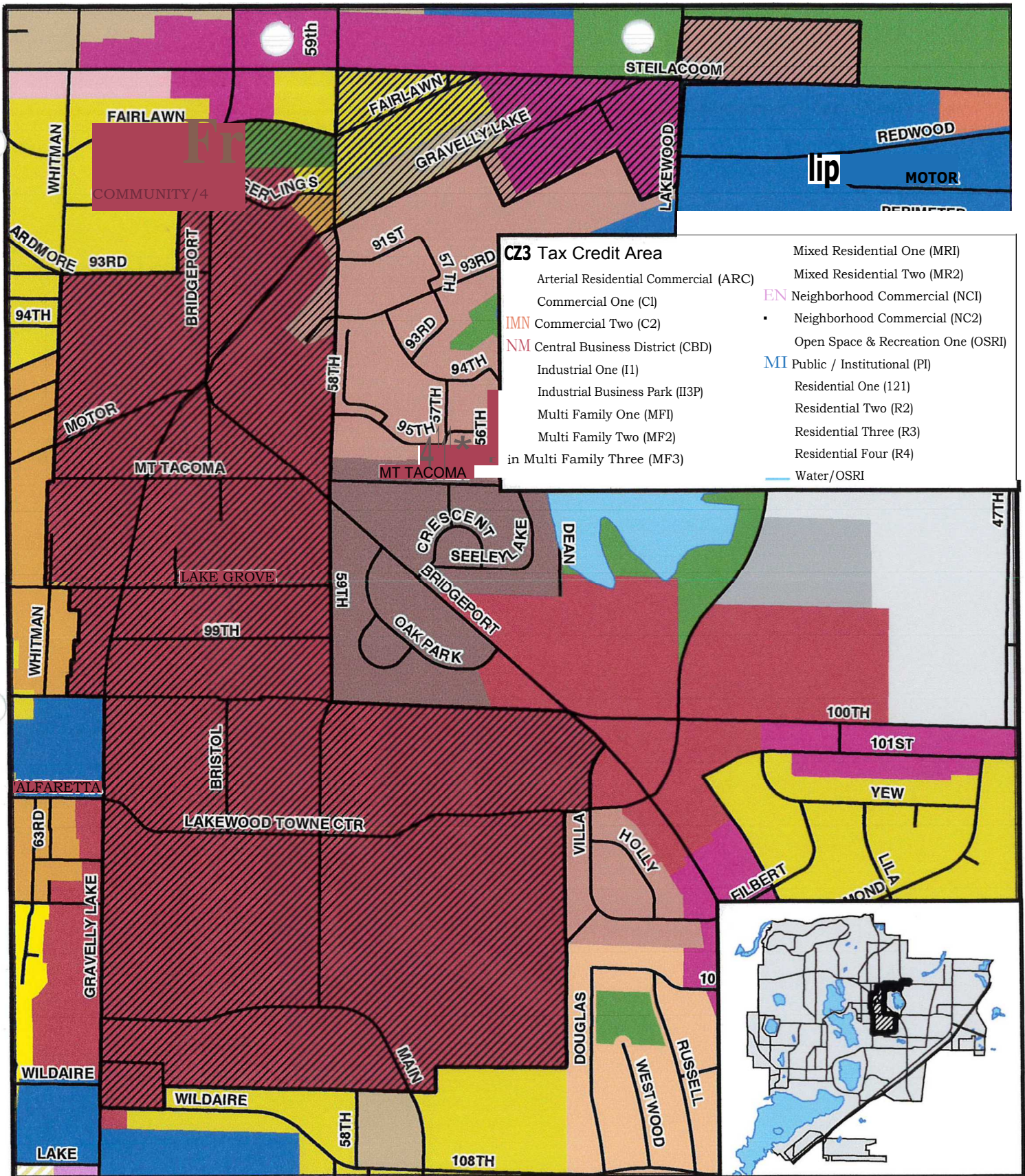
Alice M. Bush, CMA/AAE, City Clerk

Approved as to form:

Heidi Horst, City Attorney



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Pilot Multi Family Housing Tax Credit Program Option 1

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