

Ordinance No. 00383

ORDINANCE NO. 383

AN ORDINANCE of the City Council of the City of Lakewood, Washington, amending Chapter 3.64 of the Lakewood Municipal Code, specifically "Exhibit A" as referenced in section 3.64.020 and 3.64.030, regarding Tax Incentive Urban Use Center Development

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 Legislatures has found that urban areas lack sufficient, desirable and convenient residential housing units to meet the needs of citizens who might 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; rehabilitating vacant or unutilized buildings; increasing the supply of housing opportunities for low or moderate households and in fostering neighborhood development and revitalization.

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

Section 1. That "Exhibit A," as referenced in LMC 3.64.020(A), is hereby amended and expanded with revised boundaries as shown in "Exhibit A" as attached hereto and incorporated herein by this reference.

Section 2. That section 3.64.030 of the Lakewood Municipal Code is hereby amended to read as follows:

03.64.030 - 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. Project Applicability. New or qualifying multifamily or mixed use projects under construction as of the effective date of this Ordinance and where a certificate of occupancy permit has not been issued for M or R2 occupancy groups as defined by the International Building Code.
 23. 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.
 34. 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.

45. 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.
56. 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.
67. 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. (Ord. 286 ? 1 (part), 2002.)

Section 3. Severability. If any portion of this Ordinance or its application to any person or circumstances is held invalid, the remainder of the Ordinance or the application of the provision to other persons or circumstances shall not be affected.

Section 4. 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 2nd day of May, 2005.

CITY OF LAKEWOOD

Douglas G. Richardson, Mayor

Attest:

Alice M. Bush, CMC, City Clerk

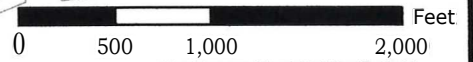
Approved as to Form:

Michael McKenzie, Acting City Attorney

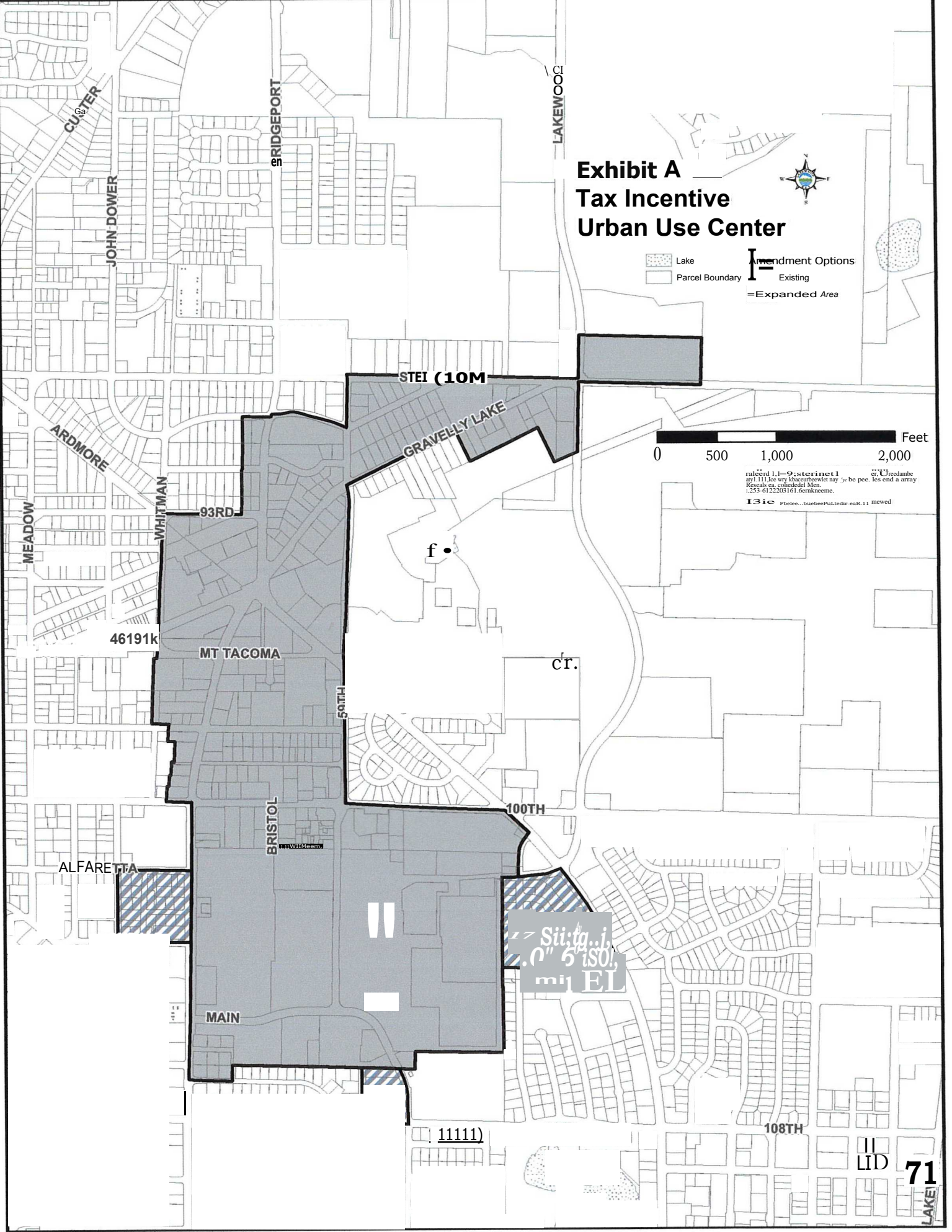
Exhibit A Tax Incentive Urban Use Center



- Lake
- Parcel Boundary
- Amendment Options
- Existing
- Expanded Area



Scale: 1" = 500 feet
 Results on colored map
 11/11/11
 11/11/11



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LAKE