



Project title: An Ordinance amending the Everett Municipal Code to clarify applicability of an eight-year limited property tax exemption, amending Chapter 3.78 EMC

City Council Agenda Item Cover Sheet

Council Bill # *interoffice use*

CB 2211 – 57

Agenda dates requested:

11/30, 12/7 & 12/14

Briefing:

Proposed action: 11/30 and 12/7

Consent

Action: 12/14/22

Ordinance

Public hearing

..... Yes X No

Budget amendment:

..... Yes X No

PowerPoint presentation:

..... Yes X No

Attachments:

Department(s) involved:

Planning

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Initialed by:

.....
Department head

.....
Administration

.....
Council President

Project: Multi-family tax exemption clarification

Partner/Supplier: *(Partner, etc.)*

Location: *If relevant*

Preceding action: *...Previous.council./committee...*

Fund: *Department fund example: 004/Admin*

Fiscal summary statement:

None

Project summary statement:

The city has a program (see EMC 3.78), whereby property owners may qualify for a limited property tax exemption for new or rehabilitated multi-family housing. The city substantially revised its multifamily tax exemption program in 2018 through Ordinance 3635-18. There has been confusion recently regarding whether the 8-year tax exemption option provided by RCW 84.14.020(1)(a) is authorized under Everett’s revised multifamily tax exemption program.

Staff researched the issue and found no indication in the legislative record that city staff or the city council intended to remove the eight-year property tax exemption option. Furthermore, EMC 3.78.050(F) reads: “Projects which are seeking a twelve-year tax exemption shall provide...”, the construction of which strongly implies that there is an alternative to a twelve-year exemption, which had historically been an eight-year option.

This ordinance confirms and clarifies that the city authorizes an eight-year property tax exemption as authorized by state law under RCW 84.14.020(1)(a)(ii)(A).

Recommendation (exact action requested of Council):

Adopt an Ordinance amending the Everett Municipal Code to clarify applicability of an eight-year limited property tax exemption, amending Chapter 3.78 EMC

ORDINANCE NO. _____

An ORDINANCE AMENDING the Everett Municipal Code to clarify applicability of an eight-year limited property tax exemption, amending Chapter 3.78 EMC

WHEREAS,

- A. RCW 84.14 authorizes cities to establish a property tax exemption program to encourage increased residential opportunities, including affordable housing opportunities, and to stimulate the construction of new multifamily housing and the rehabilitation of existing vacant and underutilized buildings for multifamily housing.
- B. The city has enacted a program, codified under EMC 3.78, whereby property owners may qualify for a limited property tax exemption upon issuance of a Final Certificate of Tax Exemption, which certifies to the Snohomish County Assessor that the owner is eligible to receive such an exemption; and
- C. The city substantially revised its multifamily tax exemption program in 2018 through Ordinance 3635-18.
- D. There has been confusion regarding whether the 8-year tax exemption option provided by RCW 84.14.020(1)(a) is authorized under Everett's revised multifamily tax exemption program.
- E. There is no indication in the legislative record that city staff or the city council intended to remove the eight-year property tax exemption option.
- F. This ordinance confirms and clarifies that the city authorizes an eight-year property tax exemption as authorized by state law under RCW 84.14.020(1)(a)(ii)(A).
- G. This ordinance is categorically exempt from review under the State Environmental Policy Act under WAC 197-11-800(19).

NOW, THEREFORE, THE CITY OF EVERETT DOES ORDAIN:

Section 1. Section EMC 3.78.050 is hereby amended as follows:

3.78.050 Project eligibility standards and guidelines.

A proposed project must meet the following requirements for consideration for an eight year or twelve year property tax exemption:

- A. *Location.* The project must be located within one of the residential target areas designated



in Section 3.78.040 and Exhibit 1.

B. *Size.* The project must include at least eight units of multifamily 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 multifamily units must be added to existing occupied multifamily housing. Existing multifamily housing that has been vacant for twelve 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 multifamily housing.

C. *Permanent Residential Housing.* At least fifty percent of the space designated for multifamily housing must be provided for permanent residential occupancy, and only that portion of the space designated for multifamily housing shall be eligible for the exemption provided for herein.

D. *Tenant Displacement.* If the property proposed to be rehabilitated is not vacant prior to application, an applicant must provide each existing tenant housing of comparable size, quality, and price and a reasonable opportunity to relocate.

E. *Compliance with Guidelines and Standards.* The project shall 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 local housing standard. New construction must comply with the current building and development codes adopted by the city.

F. *Affordable Housing for Twelve-Year Tax Exemption.*

1. *Affordable Housing for Twelve-Year Tax Exemption.* Projects which are seeking a twelve-year tax exemption shall provide twenty percent of the units as follows:

a. Area 1 (Metro Everett), Area 2 (Evergreen Way) and Area 3 (North Broadway).

Projects located within these areas seeking a twelve-year tax exemption shall provide:

(1) Ten percent of the units affordable to households whose income is at or below sixty percent of the median household income adjusted for household size for Snohomish County; and

(2) Ten percent of the units affordable to households whose income is at or below eighty percent of the median household income adjusted for household size for Snohomish County.

b. Area 4 (Waterfront) and Area 5 (Riverfront). Projects located within these areas seeking a twelve-year tax exemption shall provide:

(1) Ten percent of the units affordable to low-income households; and

(2) Ten percent of the units affordable to moderate-income households.

2. *Adjustment for Three-Plus Bedroom Units.* The affordable housing requirement can be met for rental occupancy, either partially or fully, for any units with three or more bedrooms that are available to households whose adjusted income is at or below eighty percent of median household income adjusted for household size for Snohomish County.

3. *Owner Occupancy.* In the case of projects intended exclusively for owner occupancy, the affordable housing requirement means residential housing that is within the means of low- or moderate-income households.

4. The planning director is authorized to publish income and rent limits, including the use of



rent and income calculators, to assist in implementation of these affordable housing requirements.

Section 2. The following is provided for reference and may not be complete:

EMC Amended by this Ordinance	Ordinance History of EMC Amended by this Ordinance
EMC 3.78.050	(Ord. 3675-19 § 2, 2019; Ord. 3635-18 § 2, 2018.)

Section 3. The City Clerk and the codifiers of this Ordinance are authorized to make necessary corrections to this Ordinance including, but not limited to, the correction of scrivener’s/clerical errors, references, ordinance numbering, section/subsection numbers, alphabetizing lists, and any internal references.

Section 4. The City Council hereby declares that should any section, paragraph, sentence, clause or phrase of this ordinance be declared invalid for any reason, it is the intent of the City Council that it would have passed all portions of this ordinance independent of the elimination of any such portion as may be declared invalid.

Section 5. The enactment of this Ordinance shall not affect any case, proceeding, appeal or other matter currently pending in any court or in any way modify any right or liability, civil or criminal, which may be in existence on the effective date of this Ordinance.

Section 5. It is expressly the purpose of this Ordinance to provide for and promote the health, safety and welfare of the general public and not to create or otherwise establish or designate any particular class or group of persons who will or should be especially protected or benefited by the terms of this Ordinance. It is the specific intent of this Ordinance that no provision or any term used in this Ordinance is intended to impose any duty whatsoever upon the City or any of its officers or employees. Nothing contained in this Ordinance is intended nor shall be construed to create or form the basis of any liability on the part of the City, or its officers, employees or agents, for any injury or damage resulting from any action or inaction on the part of the City related in any manner to the enforcement of this Ordinance by its officers, employees or agents.

Cassie Franklin, Mayor

ATTEST:

City Clerk

PASSED: _____



VALID: _____
PUBLISHED: _____
EFFECTIVE DATE: _____

