



## COMMUNITY DEVELOPMENT COMMITTEE & COMMITTEE OF THE WHOLE HYBRID MEETING

**Monday, August 07, 2023, at 6:00 PM**

**Snoqualmie City Hall, 38624 SE River Street & Zoom**

### COMMITTEE MEMBERS

Chair: Jolyon Johnson

Councilmembers: Cara Christensen and James Mayhew

**Join by Telephone at 6:00 PM:** To listen to the meeting via telephone, please call **253.215.8782** and enter Webinar ID **860 6728 7531** and Password **1730040121** if prompted.

Press \*9 to raise your hand to speak. Raising your hand signals the meeting moderator that you have a comment.

Press \*6 to mute and unmute.

**Join by Internet at 6:00 PM:** To watch the meeting over the internet via your computer, follow these steps:

- 1) Click this [link](#)
- 2) If the Zoom app is not installed on your computer, you will be prompted to download it.
- 3) If prompted for Webinar ID, enter **860 6728 7531**; Enter Password **1730040121**
- 4) Please confirm that your audio works prior to participating.

*This meeting will be conducted in person and remotely using teleconferencing technology provided by Zoom.*

### CALL TO ORDER & ROLL CALL

### AGENDA APPROVAL

### PUBLIC COMMENTS

### MINUTES

- [1.](#) Approval of the minutes dated July 17, 2023

### AGENDA BILLS

- [2.](#) Multi Family Property Tax Exemption

#### **PROPOSED Action:**

Recommend approval of implementing ordinance and associated resolution designating the Mill Site housing development as a MFTE target area to the city council on August 28, 2023.

### DISCUSSION ITEMS

### ADJOURNMENT

### UPCOMING ITEMS

*(The following items reference either upcoming projects or issues pertaining to matters of the Community Development Council Committee. There will be no discussion of these items unless there is a change in status.)*



## COMMUNITY DEVELOPMENT COMMITTEE MINUTES REGULAR HYBRID MEETING

July 17, 2023

*This meeting was conducted as a hybrid in-person and remote meeting; the in-person option was in the Council Chambers at Snoqualmie City Hall, and the remote participation option was using teleconferencing technology provided by Zoom.*

**CALL TO ORDER & ROLL CALL:** Chair Johnson called the meeting to order at 6:01 PM

**Committee Members:**

Chair Jo Johnson, Councilmember James Mayhew and Councilmember Cara Christensen were present.

Mayor Ross was present as well.

**City Staff:**

Mike Chambless, Interim City Administrator; Emily Arteche, Community Development Director.

**AGENDA APPROVAL**

The agenda was approved without objection.

**PUBLIC COMMENTS**

No comments.

**MINUTES**

1. Committee approved the minutes for June 20, 2023.

**AGENDA BILLS**

2. AB23-097 Pacific West Rail Model Train Museum

Staff briefly presented the draft development agreement and lease for the Pacific West Rail Museum. The museum is not seeking funds to build and will be self-supported for the duration of the lease. The project has five years to become operational. After the 50 year lease and property maintenance, the land reverts back to the city and the contents will be gifted to the museum foundation. Discussion ensued on economic viability and possible outcomes if the vision isn't completed.

**DISCUSSION ITEMS**

3. Multifamily Tax Exemption

Staff presented the timeline for the Multifamily Tax Exemption and the accumulation of ideas through projects, such as the Housing Strategy Plan, to elaborate potential next steps.

**ADJOURNMENT**

Chair Johnson adjourned the meeting at 7:06 PM

**CITY OF SNOQUALMIE**

*Minutes prepared by Ashley Wragge, Planning Technician*

*Recorded meeting audio is available on the City website after the meeting.*

*Minutes approved at the \_\_\_\_\_ Community Development Meeting.*



# BUSINESS OF THE CITY COUNCIL CITY OF SNOQUALMIE

AB23-023  
August 7, 2023  
Committee Report

Item 2.

## AGENDA BILL INFORMATION

<b>TITLE:</b>	Multi Family Property Tax Exemption	<input checked="" type="checkbox"/> Discussion Only
<b>PROPOSED ACTION:</b>	Draft amendments to SMC Chapter 3.10 Multifamily Property Tax Exemption	<input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution

<b>REVIEW:</b>	Department Director/Peer	Emily Arteche	7/10/2023
	Finance	Drew Bouta	7/31/2023
	Legal	Outside Counsel	8/3/2023
	City Administrator	Choose an item.	Click or tap to enter a date.

<b>DEPARTMENT:</b>	Community Development		
<b>STAFF:</b>	Emily Arteche, Director		
<b>COMMITTEE:</b>	Community Development	<b>COMMITTEE DATE:</b> August 7, 2023	
<b>MEMBERS:</b>	Jo Johnson	Cara Christensen	James Mayhew
<b>EXHIBITS:</b>	N/A		

<b>AMOUNT OF EXPENDITURE</b>	\$ 0
<b>AMOUNT BUDGETED</b>	\$ 0
<b>APPROPRIATION REQUESTED</b>	\$ 0

## SUMMARY

### INTRODUCTION

The Multifamily Housing Property Tax Exemption (MFTE) is a state law providing an 8 or 12-year property tax exemption on new, expanded, or updated multifamily housing. The exemption applies only to the residential portions of newly constructed improvements, not the value of the land, retail space, or existing improvements. No exemptions are identified in the SMC Chapter 3.10 MFTE. The recently approved Mill Site development agreement requires that the residential area identified in the approved Planned Commercial/Industrial, PCI permit be eligible to apply for an MFTE.

### LEGISLATIVE HISTORY

Ordinance 1113, June 24, 2013

## BACKGROUND

In 2021, the state legislature adopted significant amendments to RCW 84.14, i.e., the MFTE program. The new amendments authorize 3 tax exemptions (8-year, 12-year and 20-year exemptions), limit the scope of a property tax exemption by excluding the value of land and non-housing components of a project (thereby expanding the exemption's availability to mixed-use projects), and make other changes. SMC Chapter 3.10 MFTE program has not been amended since 2013. The City Council approved a PCI Plan and a Development Agreement (DA) with Snoqualmie Mill Ventures LLC in October 2022. The DA, (Section 7), requires that the city adopt a Multi-Family Tax Exemption (MFTE) by the end of 2023 in order to ensure that the development includes affordable housing at the 60% AMI level.

In February of 2023 the City Council requested that draft amendments be presented directly to the Community Development Committee followed by city council review and adoption.

Although the draft amendments are intended to foster compliance with specific provisions in the Snoqualmie Mill DA, all potential residential targeted areas for the MFTE program should be considered by the council as part of the city Comprehensive Plan, Housing Strategy Plan.

## ANALYSIS

The 160 units of multi-family housing will be situated on the upper floors of the mixed-use buildings of the residential component. As described in the project's development agreement, affordable housing units shall be provided within each mixed-use building in Planning Area 1 according to the following percentage ranges and affordability requirements:

- 7.1. 10% of the total number of units in each building at 80% AMI; and
- 7.2. 12% of the total number of units at 60% AMI;

However, the DA also states that if there is not an adopted and effective Multifamily Property Tax Exemption ("MFTE") resolution and/or ordinance prior to January 1, 2024, designating the property as a residential targeted area pursuant to Ch. 84.14 RCW and amending Ch. 3.10 SMC as necessary to allow the value of new housing construction in mixed-use buildings with the specific affordable units required by this Section to qualify for the 12-year property tax exemption under RCW 84.14.020(1)(a)(ii)(B), then the affordable housing requirement in Section 7.1 shall automatically be modified to require 15% of the total units in Planning Area 1 (i.e., 24 units) at 80% AMI, and the requirement in Section 7.2 above (regarding units at 60% AMI) shall be null and void.

"AMI" means that an affordable unit shall be limited to rental to households earning less than the specified King County area median income (AMI), based on income figures provided annually by Puget Sound Regional Council.

As provided in the DA, the number of affordable units of each type of rental unit developed (i.e., studios, 1-, 2- and 3-bedroom units) shall be proportional to the total number of that type of market rate unit. Rental prices must be set at levels that are no more than 30% of the income of a household earning the specified AMI. Additionally, income eligibility must be verified for each tenant household on application for rental, and an annual report must be filed with the Community Development Director on or before the first business day of each calendar year, identifying the affordable units, their rental prices, and their occupancy by qualified

households. Prior to approval of final civil engineering plans or building permit for the buildings in which residential units are proposed, the Owner is required to record against the Planning Area 1 property an affordable housing rental covenant substantially in the form approved by the City Attorney, assuring that:

- (a) the property will be developed with and used for rental apartment housing, with rental rates priced to be affordable to households earning less than the specified median income for King County for a period of at least 50 years from the date of first occupancy; and
- (b) any rental rate increases will be limited to the same percentage increases as the annual median income for King County as a whole during the period of the affordable housing rental covenant.

## **BUDGET IMPACTS**

The approval of this agenda bill does not result in any expenditures.

While the City will not spend any funds should Council approve proposed amendments to Snoqualmie Municipal Code (SMC) Chapter 3.10, there are some potential tax implications Council should know. An amended Chapter 3.10 would give the City of Snoqualmie the ability to exempt the construction, conversion, and rehabilitation of multifamily residential units from property taxes. A property owner would not have to pay property taxes on the residential improvements for a given number of years. The property owner would still however pay property taxes on land and non-residential improvements like the commercial portion of a mixed-use building.

Because the property owner with an MFTE would not have to pay property taxes on the residential improvements, the assessed valuation of the residential improvements would not be added to the City of Snoqualmie's total assessed valuation. However, the amount the City collects from property taxes would still increase with respect to the new MFTE construction. According to the King County Assessor's Office and depending on the timing of the exemption and the subtraction of its assessed valuation from the "rolls", any new residential improvement with an MFTE will result in a property tax shift. The "shift" implies that any property taxes an MFTE property owner would normally pay would be shared with other property owners throughout the City. The MFTE is an effective way of incentivizing and producing market-rate and affordable housing options.

On October 24, 2022, Council adopted Resolutions 1630 and 1631 approving a Development Agreement for the Snoqualmie Mill project and the Snoqualmie Mill Planned Commercial/Industrial Plan. As stated previously, 160 units of multi-family housing will be situated on the upper floors of the mixed-use buildings of the residential component. It is relatively uncertain when the multi-family housing will be built or what the assessed valuation of the units will be. Therefore, it is currently unknown what the tax impact of any Snoqualmie Mill MFTE could be on other property owners throughout the City. However, when the Snoqualmie Mill MFTE goes into effect, the City will have options, including reducing the levy rate equal to the amount of increase shared by the other property owners, until the exemption expires, so that their property tax burden remains neutral.

## **NEXT STEPS**

Review and discuss draft amendments to SMC Chapter 3.10, Multifamily Property Tax Exemption, including a resolution designating the Mill Site proposed multi-family housing development as a MFTE designated target area for review and approval.

## **PROPOSED ACTION**

Recommend approval of implementing ordinance and associated resolution designating the Mill Site housing development as a MFTE target area to the city council on August 28, 2023.

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE CITY OF SNOQUALMIE,  
WASHINGTON REPEALING AND REPLACING CHAPTER  
3.10 OF THE SNOQUALMIE MUNICIPAL CODE WITH A  
NEW CHAPTER 3.10**

**WHEREAS**, Chapter 84.14 of the Revised Code of Washington provides for exemptions from ad valorem property tax valuation for qualifying multi-family housing located in designated target areas within urban centers; and

**WHEREAS**, Chapter 84.14 authorizes the City to designate target areas and to adopt necessary procedures to implement RCW 84.14; and

**WHEREAS**, in 2013, the City Council passed Ordinance 1115 that established a multifamily property tax exemption to encourage multi-family housing development in designated residential targeted areas; and

**WHEREAS**, since the passage of Ordinance 1115, the City has not implemented the multifamily property tax exemption, nor has it designated any residential target areas; and

**WHEREAS**, in 2021, the State Legislature adopted Engrossed Second Substitute Senate Bill (ESSB) 5287, amending chapter 84.14 RCW to, among other things, authorize local jurisdictions to extend multifamily property tax exemptions for an additional 12 years if certain conditions are met, and provide for 20-year exemptions for qualifying housing; and

**WHEREAS**, the City seeks to encourage and promote increased opportunity for low-income multifamily housing within the City, and to increase the supply of such housing; and

**WHEREAS**, the City seeks to incorporate the amendments to Chapter 84.14 RCW by repealing SMC Chapter 3.10 and replacing it with a new Chapter 3.10.

**NOW, THEREFORE, BE IT HEREBY ORDAINED** by the City Council of the City of Snoqualmie, Washington, as follows:

**Section 1.** Chapter 3.10 of the Snoqualmie Municipal Code is hereby repealed in its entirety and replaced with a new Chapter 3.10 as shown in Exhibit A attached hereto.

**Section 2.** Severability. If any one or more section, subsection or sentence of this ordinance or the Snoqualmie Municipal Code amendments adopted in Section 1 herein is held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this ordinance or the Snoqualmie Municipal Code sections, and the same shall remain in full force and effect.

**Section 3.** Corrections by City Clerk or Code Reviser. Upon approval of the City Attorney, or the City Clerk, as applicable, code revisers are authorized to make necessary corrections to this ordinance and Snoqualmie Municipal Code sections, including the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; or ordinance or Snoqualmie Municipal Code section numbering and section/subsection numbering.



**Section 4.** Effective Date. This ordinance shall be effective five (5) days after passage and publication, as provided by law.

**PASSED** by the City Council of the City of Snoqualmie, Washington, this \_\_\_\_ day of \_\_\_\_\_, 2023.

City of Snoqualmie

\_\_\_\_\_  
Katherine Ross, Mayor

Attest:

\_\_\_\_\_  
Deana Dean, City Clerk

Approved as to form:

\_\_\_\_\_  
Interim City Attorney

## Exhibit A

### Chapter SMC 3.10

#### MULTIFAMILY PROPERTY TAX EXEMPTION

##### Sections:

<b>SMC 3.10.010</b>	<b>Purpose</b>
<b>SMC 3.10.020</b>	<b>Definitions</b>
<b>SMC 3.10.030</b>	<b>Tax exemption</b>
<b>SMC 3.10.040</b>	<b>Extension of tax exemption</b>
<b>SMC 3.10.050</b>	<b>Residential targeted areas</b>
<b>SMC 3.10.060</b>	<b>Project eligibility</b>
<b>SMC 3.10.070</b>	<b>Application procedure</b>
<b>SMC 3.10.080</b>	<b>Application review</b>
<b>SMC 3.10.090</b>	<b>Final certificate</b>
<b>SMC 3.10.100</b>	<b>Annual certification</b>
<b>SMC 3.10.110</b>	<b>Cancellation</b>

##### **SMC 3.10.010 Purpose**

As provided for in Chapter [84.14](#) RCW, the purpose of this chapter is to provide limited eight (8), twelve (12), or twenty (20) - year exemptions from ad valorem property taxation for qualified multifamily housing located in residential target areas to:

- A. Encourage increased opportunity for multifamily affordable housing for low-income and very low-income households, within the city;
- B. Stimulate new construction or rehabilitation of existing vacant and underutilized buildings for multifamily housing in targeted residential areas to increase and improve affordable housing opportunities;

- C. Increase the supply of mixed-income multifamily housing opportunities within the city;
- D. Accomplish the planning goals required under the Growth Management Act, chapter 36.70A RCW, as implemented from time to time by the City's current and future comprehensive plans.

### **SMC 3.10.020 Definitions**

- A. "Affordable housing" means residential housing that is rented by an eligible household whose monthly housing costs, including utilities other than telephone, do not exceed thirty percent (30%) of the household's monthly income. For the purposes of housing intended for owner occupancy, "affordable housing" means residential housing that is within the means of income-qualified households.
- B. "Area median income" means the annual median family income for the metropolitan statistical area, as published from time to time by the United States Department of Housing and Urban Development (HUD), with adjustments according to household size, which adjustments shall generally be based upon a method used by HUD to adjust income limits for subsidized housing, which for purposes of determining affordability of rents or sale prices shall be based on the average size of household that corresponds to the size and type of the housing unit.
- C. "Contract" means the standard form agreement between the owner or, for permanently affordable homeownership, a qualified non-profit organization and the city that contains the terms and conditions, including for each MFTE unit as designated according to the Final Certificate, for the duration of the compliance period as a condition of eligibility of the property tax exemption according to this Chapter
- D. "Director" means the director of the Community Development department, or his or her designee.
- E. "Eligible household" means a household that certifies that their household income does not exceed the applicable percentage of the area median income, adjusted for household size, and who certify that they meet all qualifications for eligibility including, if applicable, any requirements for recertification on income eligibility.
- F. "Household" means a single person, family, or unrelated persons living together.
- G. "Low-income household" means a household whose adjusted income is at or below eighty percent (80%) of the area median income adjusted for family size, for King County, as reported by the United States Department of Housing and Urban Development.
- H. "MFTE" means multifamily housing property tax exemption.

- I. “Moderate-income household” means a single person, family, or unrelated persons living together whose adjusted income is more than eighty percent (80%) but is at or below one hundred fifteen percent (115%) of the area median income adjusted for family size, for King County, as reported by the United States Department of Housing and Urban Development.
- J. “Multifamily housing” means buildings having four (4) or more dwelling units designated for permanent residential occupancy resulting from new construction or rehabilitation or conversion of vacant, underutilized, or substandard buildings.
- K. “Owner” means the property owner of record.
- L. “Permanent residential occupancy” means multifamily housing that provides either rental or owner occupancy for a period of at least one (1) month. This excludes hotels and motels that offer rental accommodation on a daily or weekly basis.
- M. “Project” means the multifamily housing or portion of the multifamily housing that is to receive the tax exemption.
- N. “Residential targeted area” means an area within an urban center or urban growth area that has been designated by the council as a residential targeted area in accordance with, and within the meaning of, Chapter 84.14 RCW.

### **SMC 3.10.030 Tax exemption**

The value of new housing construction, conversion, and rehabilitation improvements qualifying under this section is exempt from ad valorem property taxation, as follows:

#### **A. Eight-year MFTE option**

- 1. For eight (8) successive years beginning January 1st of the year immediately following the calendar year of issuance of the final certificate if the property otherwise qualifies for the exemption.

#### **B. 12-year MFTE option**

- 1. For twelve (12) successive years beginning January 1st of the year immediately following the calendar year of issuance of the final certificate if the property otherwise qualifies for the exemption and meets the conditions in this subsection. For the property to qualify for the twelve-year exemption under this subsection, the applicant must commit to renting or selling at least twenty percent (20%) of the multifamily housing units as affordable housing units to eligible low- and moderate-income households, and the property must satisfy that commitment. In

the case of projects intended exclusively for owner occupancy, the minimum requirement of this subsection may be satisfied solely through housing affordable to eligible moderate-income households.

### C. Additional provisions

1. Permanently affordable homeownership units or permanently affordable rental units must be sold or rented to eligible low-income households.
2. If, in calculating the minimum proportion of the multi-family housing units in the project for affordable housing in this section, the number contains a fraction, then the minimum number of multi-family housing units for affordable housing shall be rounded up to the next whole number.
3. For any affordable units required in this section, the following shall apply:
  - a. The mix and configuration of affordable units (e.g., studio, one-bedroom, etc.) shall be substantially proportional to the mix and configuration of the total housing units in the project unless approved by council, or an administrative official or commission authorized by the council;
  - b. Affordable housing units shall be intermingled with all other units in the development; and
  - c. The quality of construction and finish materials in those affordable units used to qualify for the exemption shall be the same as other housing units in the project.
  - d. At the end of both the tenth and eleventh years of a twelve-year exemption under SMC 3.10.030(2), the applicant or the property owner at that time, must provide eligible 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.
  - e. For any twelve-year exemption authorized under this chapter, at the expiration of the exemption the applicant must provide tenant relocation assistance in an amount equal to one (1) month's rent to a qualified tenant within the final month of the qualified tenant's lease. To be eligible for tenant relocation assistance under this subsection, the tenant must occupy an income-restricted unit at the time the exemption expires

and must qualify as a low-income household under this chapter at the time relocation assistance is sought.

4. The exemption does not apply to the value of land or to the value of ~~residential~~ or non-residential improvements not qualifying under this chapter, nor does the exemption apply to increases in assessed valuation of land and nonqualifying improvements.

#### **SMC 3.10.040 Extension of tax exemption**

- A. The owner of property that received a tax exemption pursuant to SMC 3.10.030 may apply for an extension for an additional twelve successive years. No extension will be granted for property that received a twenty-year tax exemption pursuant to SMC 3.10.030(C) or SMC 3.10.030(D).
- B. Only one (1) extension may be granted.
- C. Failure to timely apply for an extension shall be deemed a waiver of the extension.
- D. For the property to qualify for an extension:
  1. The property must have qualified for, satisfied the conditions of, and utilized the eight- or twelve-year exemption sought to be extended;
  2. The owner must timely apply for the extension on forms provided by the city within eighteen (18) months of expiration of the original exemption;
  3. The property must meet the requirements of this chapter for the property to qualify for an exemption under SMC 3.10.030(B) as applicable at the time of the extension application; and
  4. The property must rent at least twenty percent (20%) of the multifamily housing units as affordable housing units for low-income households for the extension period.
- E. 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.

- F. After the expiration of the extension, the applicant or the property owner must provide tenant relocation assistance in an amount equal to one (1) month's rent to a qualified tenant within the final month of the qualified tenant's lease. To be eligible for tenant relocation assistance under this subsection, the tenant must occupy an affordable unit at the time the exemption expires and must qualify as an eligible household under this chapter at the time relocation assistance is sought.

### **SMC 3.10.050 Residential targeted areas**

Following notice and public hearing as prescribed in RCW 84.14.040, the council may designate one or more residential targeted areas upon a finding by the council that the residential targeted area meets the following criteria:

- A. The residential targeted area is within an urban center as defined by Chapter 84.14 RCW;
- B. The residential targeted area lacks sufficient available, desirable, and convenient residential housing to meet the needs of the public who would be likely to live in the urban center if affordable, desirable, attractive, and livable residences were available; and
- C. Providing additional housing opportunity in the residential targeted area will assist in achieving one or more of the following purposes:
  - 1. Encourage increased residential opportunities within the city; or
  - 2. Stimulate the construction of new multifamily housing; or
  - 3. Encourage the rehabilitation of existing vacant and underutilized buildings for multifamily housing.
- D. In designating a residential targeted area, the council may also consider other factors, including:
  - 1. Whether additional housing in the residential targeted area will attract and maintain an increase in the number of permanent residents;
  - 2. Whether providing additional housing opportunities for low- and moderate-income households would meet the needs of citizens likely to live in the area if affordable housing were available;

3. Whether an increased permanent residential population in the residential targeted area will help to achieve the planning goals mandated by the Growth Management Act under Chapter 36.70A RCW, as implemented through the City's comprehensive plan; or
4. Whether encouraging additional housing in the residential targeted area supports significant public investment in public transit or a better jobs and housing balance.

E. Provisions for amending or removing designations as residential targeted areas

1. At any time the council may, by ordinance, amend or rescind the designation of a residential targeted area pursuant to the same procedural requirements as set forth in this chapter for original designation.

F. Definitions of residential targeted areas

1. The council has adopted the residential target area as indicated on the map. [figure attached]

### **SMC 3.10.060 Project eligibility**

An owner of property applying under this chapter must meet the following requirements:

- A. Location. The new or rehabilitated multiple-unit housing must be located in designated residential targeted area.
- B. Construction details
  1. The project must be multifamily housing consisting of at least four (4) dwelling units within a residential structure or as part of a mixed-use development, in which at least fifty percent (50%) of the space within such residential structure or mixed-use development is intended for permanent residential occupancy.
  2. For new construction, a minimum of four (4) new dwelling units must be created; for rehabilitation or conversion of existing occupied structures, a minimum of four additional dwelling units must be added.
- C. Requirements for units to be rehabilitated



1. Property proposed to be rehabilitated must fail to comply with one or more standards of the City's building or housing codes.
2. Property proposed to be rehabilitated with existing multifamily housing that has been vacant for twelve (12) months or more does not have to provide additional multifamily units.
3. 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.

#### D. Deadlines

1. The project shall be completed within three (3) years from the date of approval of the contract by the council as provided in SMC 3.10.080(D) or by any extended deadline granted by the director as provided in SMC 3.10.080(E)(2).

#### E. Requirements for contract

1. As per RCW 84.14.030(6), the applicant must enter into a contract approved by the council, under which the applicant has agreed to the implementation of the development on terms and conditions satisfactory to the council.

### **SMC 3.10.070 Application procedure**

A property owner who wishes to propose a project for a tax exemption shall comply with the following procedures as per RCW 84.14.050:

#### A. Application package requirements

1. Prior to the application for any building permit therefor, the applicant shall submit an application to the director on a form established by the director along with the required fees, as established under SMC 3.10.070(C).
2. A complete application shall contain such information as the director may deem necessary or useful, and shall include:
  - a. A written description of the project and preliminary schematic site and floor plans of the multifamily units and the structures in which they are proposed to be located setting forth the grounds for the exemption;

- b. A statement setting forth the grounds for qualification for exemption, and identifying the income-restricted units in the proposed project, if applicable;
- c. A statement from the owner 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.

**B. Proof that rehabilitation projects are to be unoccupied**

- 1. For rehabilitation projects, the applicant shall secure verification of property noncompliance with the building or housing ordinances, and shall also submit an affidavit that existing dwelling units have been unoccupied for a period of twelve (12) months prior to filing the application, or that relocation support has been provided to tenants under SMC 3.10.030(E) or SMC 3.10.030(E) and (F).

**C. Application fees**

- 1. At the time of application, the owner shall pay an initial application fee as established by the by council, or an administrative official or commission authorized by the council.

**3.10.80 Application review**

**A. Conditions**

- 1. The director may certify as eligible an application which is determined to comply with the requirements of this chapter. An application may be approved subject to such terms and conditions as deemed appropriate by the director to ensure the project meets all applicable land use regulations.

**B. Deadline**

- 1. A decision to approve or deny an application shall be made within ninety (90) days of receipt of a complete application.

**C. Requirements for covenant and contract**

- 1. If an application is approved by the director, the approval, together with a contract and covenant between the applicant and the city regarding the terms and conditions under this chapter, signed by the applicant, shall be presented to the council for action.

2. The director is authorized to cause the contract to be recorded, or require the owner to record the contract, in the real property records of the county recorder's office.

#### D. Provision of conditional certificate

1. Once the contract is approved by the council and fully executed, the director shall issue a conditional certificate of acceptance of tax exemption.

#### E. Expiration of conditional certificate

1. The conditional certificate expires three (3) years from the date of approval unless an extension is granted as provided in this chapter.
2. The conditional certificate may be extended by the director 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 any applicable processing fee. An extension may be granted if the director determines that:
  - a. The anticipated failure to complete construction or rehabilitation within the required period is due to circumstances beyond the control of the owner;
  - b. The owner has been acting and could reasonably be expected to continue to act in good faith and with due diligence; and
  - c. All the conditions of the original contract between the applicant and the City will be satisfied upon completion of the project.

#### F. Denial and appeal

1. If the application is denied, the director 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.
2. An applicant may appeal a denial to the council by filing a written appeal with the city clerk within thirty (30) days of notification that the application has been denied. The appeal will be based upon the record made before the director with the burden of proof on the applicant to show that there is no substantial evidence on the record to support the director's decision. The decision of the council in denying or approving the application is final.

### **SMC 3.10.090 Final certificate**

#### **A. Final certificate – approval**

1. Upon completion of the improvements provided in the contract and 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 director such information as necessary or useful to evaluate eligibility for the final certificate and shall include:
  - a. A statement of the amount of rehabilitation or construction expenditures made with respect to each housing unit and the total expenditures made in the rehabilitation or construction of the entire property;
  - b. A description of the work that has been completed and a statement that the rehabilitation improvements or new construction on the owner's property qualify the property for limited exemption under this chapter;
  - c. If applicable, a statement that the project meets the affordable housing requirements as described in RCW 84.14.020 and SMC 3.10.030; and
  - d. A statement that the work was completed within the required three-year period or any authorized extension.
2. Within thirty (30) days of receipt of all materials required for a final certificate, the director shall determine whether the work completed and the affordability of the units, if applicable, satisfy the requirements of the application and the conditional contract approved by the city and is qualified for a limited tax exemption under Chapter 84.14 RCW. The city shall also determine which specific improvements completed meet the intent of this chapter and the required findings of RCW 84.14.060.

#### **B. Issuance of certificate**

1. If the director determines that the project has been completed in accordance with this chapter and the contract between the applicant and the city and has been completed within the authorized period the city shall, within ten (10) calendar days of the expiration of the thirty-day review period above, file a final certificate of tax exemption with the county assessor.

#### **C. Denial and appeal**

1. The director shall notify the applicant in writing that a final certificate will not be filed if the director determines that:
  - a. The improvements were not completed within the authorized period;
  - b. The improvements were not completed in accordance with the contract between the applicant and the City;
  - c. The owner's property is otherwise not qualified under this chapter; or
  - d. The owner and the director cannot come to an agreement on the allocation of the value of the improvements allocated to the exempt portion of rehabilitation improvements, new construction, and multi-use new construction.
2. Within thirty (30) days of notification by the city to the owner of the director's denial of a final certificate of tax exemption, the applicant may file a written appeal with the city clerk specifying the factual and legal basis for the appeal. The appeal shall be heard by the hearing examiner.

### **3.10.100 Annual certification**

- A. Within thirty (30) days after the first anniversary of the date of filing the final certificate of tax exemption and each year thereafter, for the applicable tax exemption period, the property owner shall file a notarized declaration with the director indicating the following:
  1. A statement of occupancy and vacancy of the rehabilitated or newly constructed property during the twelve (12) months ending with the anniversary date;
  2. A certification by the owner that the property has not changed use and, if applicable, that the property has been in compliance with the contract with the City;
  3. A description of changes or improvements constructed after issuance of the certificate of tax exemption;
  4. The total monthly rent of each unit;

5. Information demonstrating compliance with the affordability requirements of SMC 3.10.030 and SMC 3.10.040, and other applicable requirements under SMC 3.10.060;
6. For the affordable units, the income of each household at the time of initial occupancy and their current income; and
7. Any additional information requested regarding the units receiving a tax exemption and meeting any reporting requirements under Chapter 84.14 RCW.

### **3.10.110 Cancellation**

#### **A. Conditions**

1. The director may cancel the tax exemption if the property owner breaches any term of the MFTE contract, covenant, or any part of this chapter. Reasons for cancellation include but are not limited to the following:
  - a. The property no longer complies with the terms of the contract or with the requirements of this chapter, including the provision of affordable units;
  - b. The use of the property is changed or will be changed to a use that is other than residential;
  - c. The project violates applicable zoning requirements, land use regulations or building code requirements; or
  - d. The property for any other reason no longer qualifies for the tax exemption.

#### **B. Process**

1. Upon determining that a tax exemption shall be canceled, the director shall notify the property owner or qualified non-profit organization, if applicable, by certified mail with a return receipt requested.
2. The property owner or qualified non-profit organization, if applicable, may appeal the determination within thirty (30) days by filing a notice of appeal with the city clerk, specifying the factual and legal basis on which the determination of cancellation is alleged to be erroneous. The council may hear the appeal pursuant to City's policy.

3. The director shall notify the county assessor of the cancelation of the tax exemption thirty (30) days after the notification of the property owner or qualified non-profit organization, or upon an unsuccessful appeal under subsection (2).
4. If the owner intends to convert multifamily housing receiving a tax exemption under this chapter to another use, the owner must notify the director and the county assessor within sixty (60) days of the change in use. Upon such change in use, the tax exemption shall be canceled.

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF SNOQUALMIE, WASHINGTON,  
NOTIFYING THE PUBLIC OF ITS INTENT TO  
DESIGNATE THE MILL SITE PROPERTY AS A  
RESIDENTIAL TARGETED AREA FOR THE  
PURPOSE OF ESTABLISHING A MULTI-FAMILY  
PROPERTY TAX EXEMPTION PROGRAM AS  
PROVIDED FOR BY RCW 84.14, AND SETTING THE  
REQUIRED PUBLIC HEARING**

**WHEREAS**, Chapter 84.14 of the Revised Code of Washington provides for special valuations for eligible improvements associated with multi-family housing and for the purpose of creating additional affordable housing; and

**WHEREAS**, on October 24, 2022, the City Council passed Resolution No. 1630, approving the Development Agreement between the City of Snoqualmie and Snoqualmie Mill Ventures, LLC for the Snoqualmie Mill Planned Commercial/Industrial Plan (“Development Agreement”); and

**WHEREAS**, the Development Agreement concerned the property in the City located to the north of Borst Lak and to the east of Mill Pond Road that is commonly known as the former Weyerhaeuser Mill site (“Mill Site Property”); and

**WHEREAS**, under the Development Agreement, the Mill Site Property will be developed in three phases, over a period of 20 years, with a total of approximately 1.83 million gross square feet of light industrial/manufacturing, warehouse, office, retail and residential uses; and

**WHEREAS**, under the Development Agreement, the authorized residential uses for the initial phase of the development include up to 160 multi-family rental apartment units, in a mix of studios, 1-, 2- or 3-bedroom units with a maximum average size of 835 square feet, constructed on floors two through five in three mixed-use buildings and subject to the affordable housing requirements outlined in the Development Agreement; and

**WHEREAS**, pursuant to RCW 84.14.010, the Mill Site Property meets the criteria to be defined as an urban center; and

**WHEREAS**, in order to establish a multifamily property tax exemption program the City must designate one or more residential targeted areas within an urban center that are consistent with the criteria in RCW 84.14.040 and within which property tax exemption projects may be considered; and

**WHEREAS**, the Mill Site Property is within an urban center lacking sufficient available, desirable, and convenient residential housing to meet the needs of the public who would be likely to live there if there was sufficient housing available; and



**WHEREAS**, RCW 84.14.040(2) states that a governing authority may adopt a resolution of intent to designate one or more areas, thereby notifying the public of its intent; and

**WHEREAS**, in accordance with RCW 84.14.040(2), the resolution must state the time and place of a hearing to be held by the governing authority to consider the designation of the area(s); and

**WHEREAS**, notice of the public hearing shall be published once each week for two consecutive weeks, not less than seven days, nor more than thirty days before the date of the hearing in a paper having a general circulation in the City in accordance with RCW 84.14.040(3);

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SNOQUALMIE, WASHINGTON, AS FOLLOWS:**

**Section 1.** The City Council intends to designate the Mill Site Property, as shown in Exhibit A attached to this resolution, as a residential targeted area for the purpose of establishing a multi-family property tax exemption program as provided for by RCW 84.14 and Chapter 3.10 SMC.

**Section 2.** A public hearing to seek public comment on and consider the designation of the Mill Site Property as a residential targeted area will be held at a regular meeting of the City Council on \_\_\_\_\_ at \_\_\_\_\_, or as soon thereafter as possible, at the Snoqualmie City Hall, located at 38624 SE River St, Snoqualmie, WA 98065. The hearing will be noticed in accordance with RCW 84.14.040(3).

**PASSED** by the City Council of the City of Snoqualmie, Washington, this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Katherine Ross, Mayor

Attest:

\_\_\_\_\_  
Deana Dean, City Clerk

Approved as to form:

\_\_\_\_\_  
Interim City Attorney