ORDINANCE NO. 747

AN ORDINANCE OF THE CITY OF UNIVERSITY PLACE, WASHINGTON, AMENDING CHAPTER 4.80 OF THE UNIVERSITY PLACE MUNICPIAL CODE; RELATIVE TO MULTIFAMILY TAX EXEMPTIONS

WHEREAS, Chapter 84.14 of the Revised Code of Washington permits local municipalities such as the City of University Place to certify certain multifamily residential projects when it determines that there is insufficient housing opportunities, including affordable housing opportunities, to stimulate new construction and rehabilitation of existing buildings, assist in directing future population growth and help to achieve development densities which are more conducive to transit use in designated residential target areas; and

WHEREAS, in 2013 the University Place City Council designed the Town Center Overlay Zone as its first residential target area thereby entitling qualifying properties to tax relief under these provisions in state law; and

WHEREAS, VISION 2050, the long-range growth, economic and transportation strategy for King, Pierce, Snohomish, and Kitsap Counties, envisions a region composed of diverse economically and environmentally healthy communities framed by open space and connected by a high-quality, efficient transportation system; and

WHEREAS, a key goal of VISION 2050 is focusing development in urban growth areas, and directing an increased portion of regional jobs and housing growth that occurs within urban areas into regional growth centers; and

WHEREAS, based on a City Council goal the City sought Puget Sound Regional Council designation of a Regional Growth Center in University Place; and

WHEREAS, on December 10, 2014 the Puget Sound Regional Council designated a 465-acre commercial, multifamily, and mixed-use area within University Place as a "Provisional Regional Growth Center" pending the development and adoption of a Regional Growth Center Subarea Plan; and

WHEREAS, on November 20, 2017 the City Council adopted the University Place Regional Growth Center Subarea Plan pursuant to Ordinance No. 698; and

WHEREAS, on July 26, 2018 the Puget Sound Regional Council Executive Board approved the University Place Regional Growth Center Subarea Plan, finalizing the designation of the University Place Regional Growth Center; and

WHEREAS on December 7, 2020, the University Place City Council adopted legislation which implemented changes to its Comprehensive Plan and changes to its zoning code to implement a form-based code; and

WHEREAS, among the areas affected by the City's recent legislation is the Northeast Business District. This area, bordered roughly by South 19th Street, Mildred Street W., 27th Street W. and 70th Avenue W. This area is also known as part of the Northeast Business District. The area is located within an urban center, lacks sufficient available, desirable, and convenient residential housing, including affordable housing, to meet the needs of the public who would be likely to live in the urban center, if the affordable, desirable, attractive, and livable places to live were available; and the providing of additional housing opportunity, including affordable housing, in the area, and achieves one or more of the stated purposes of chapter 84.14 RCW; and

WHEREAS, the City Council continues to desire to provide limited eight-year exemptions from ad valorem property taxation for multi-family housing in designated residential targeted areas; and

WHEREAS, on March 3, 2021 and March 8, 2021 the public was notified by a legal advertisement in the Tacoma News Tribune of the opportunity to make comment and participate in the public hearing by the City Council; and

WHEREAS, on March 15, 2021 the City Council conducted a public hearing and considered all testimony;

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

Section 1. Section 4.80.020 of the University Place Municipal Code entitled "Definitions" is amended to read as follows:

When used in this chapter, the following terms shall have the following meanings, unless the context indicates otherwise:

- A. "Building Codes" means the City and State building and fire codes as set forth in the University Place Municipal Code.
- B. "City" means the City of University Place.
- C. "Department" means the City Department of Planning and Development Services.
- D. "Director" means the Director of the Department of Planning and Development Services, or designee.
- E. "Multifamily housing" means a building having 10 or more dwelling units not designed or used as transient accommodations and not including hotels and motels. Multifamily units that provide either leased or owner occupancy on a non-transient basis may result from new construction or rehabilitation or conversion of vacant, underutilized, or substandard buildings to multifamily housing.
- F. "Multifamily property tax exemption" means an exemption from ad valorem property taxation for multifamily housing.
- G. "Owner" means the property owner of record.
- H. "Rehabilitation improvements" means modifications to existing structures that are vacant for 12 months or longer that are made to achieve a condition of substantial compliance with existing building, fire, and zoning codes, or modification to existing occupied structures which increase the number of multifamily housing units.
- I. "Residential targeted area" means the those geographic areas located within the Town Center overlay zone, identified by the City Council as meeting the requirements of RCW 84.14.040.
- J. "Substantial compliance" means compliance with all local building, fire, and zoning code requirements.

Section 2. Section 4.80.050 of the University Place Municipal Code entitled "Project eligibility," is amended to read as follows:

A proposed multifamily housing project must meet the following requirements for consideration for a property tax exemption:

- A. Location. The project must be located within the University Place Town Center Overlay Zone. a residential target area.
- B. Tenant Displacement Prohibited. The project must not displace existing residential tenants of structures that are proposed for redevelopment. If the property proposed to be rehabilitated is not vacant, an applicant shall provide each existing tenant housing of comparable size, quality, and price and a reasonable opportunity to relocate.
- C. Noncompliance with Building Codes. Existing dwelling units proposed for rehabilitation must fail to comply with one or more standards of the building codes.
- D. Size of Project. The new, converted, or rehabilitated multiple-unit housing must provide for a minimum of 50 percent of the space for permanent residential occupancy. The project, whether new, converted, or rehabilitated multiple-unit housing, must include at least 10 units of multifamily housing within a residential structure or as part of an urban development. In the case of existing multifamily housing that is occupied, or which has not been vacant for 12 months or more, the multifamily housing project must also provide for a minimum of four additional multifamily units for a total project of at least 10 units including the four additional units. Existing multifamily housing that has been vacant for 12 months or more does not have to provide additional units. In addition, a proposed multifamily housing project must construct or rehabilitate a

minimum of 24,000 square feet of residential living space. Common areas and hallways shall be excluded from this calculation.

- E. Proposed Completion Date. New construction of multifamily housing and rehabilitation improvements must be completed within three years from the date of approval of the application.
- F. 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.
- G. Design Review Compliance. Projects in a Residential Target Area for which design review criterion have been promulgated must also meet the design review criteria under chapter 19.50 UPMC and UPMC 19.85.050.
- Section 3. Section 4.80.070 of the University Place Municipal Code entitled "Application review and issuance of conditional certificate" is amended to read as follows:

The Director 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 90 calendar days of receipt of a complete application.

- A. Approval. The Director may approve the application if he/she finds that:
- 1. A minimum of 10 new units <u>and 24,000 square feet of living space</u> are being constructed or rehabilitated or in the case of occupied rehabilitation or conversion within 12 months of occupancy, a minimum of four additional multifamily units for a total project of at least 10 units including the four additional multifamily units are being developed.
- 2. The proposed project is or will be, at the time of completion, in conformance with all applicable local plans and regulations.
- 3. The owner has complied with all standards, requirements and guidelines adopted by the City under this chapter.
- 4. The site is located in a the residential targeted area.
- B. If an application is approved, the applicant shall enter into an agreement with the City regarding the terms and conditions of implementation of the project, and the Director shall issue a conditional certificate of acceptance of tax exemption. The conditional certificate shall expire three years from the date of approval unless an extension is granted as provided in this chapter.
- C. If an 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 10 calendar days of the denial. As mandated by State law, an applicant may appeal a denial to the City Council within 30 calendar days of receipt of the denial by filing a complete appeal application and fee with the Director. The appeal before the City Council will be based on the record made before the Director. The Director's decision will be upheld unless the applicant can show that there is no substantial evidence on the record to support the Director's decision. The City Council's decision on appeal will be final.
- Section 4. A new section 4.80.140 of the University Place Municipal Code entitled, "Residential target area creation and standards" is created to read as follows:
- A. Criteria. Following a public hearing, the City Council may, in its sole discretion, designate one or more residential target areas (RTAs). Each designated RTA must meet the following criteria, as determined by the City Council:
- 1. The target area lacks sufficient available, desirable, and convenient residential housing to meet the needs of the public who would likely live in the mixed-use center if desirable, attractive, and livable places were available; and
- 2. The providing of additional housing opportunity in the target area will assist in achieving the following purposes:
 - a. Encourage increased residential opportunities within the target area; or
 - b. Stimulate the construction of new multifamily housing and the rehabilitation of existing vacant and underutilized buildings for multifamily housing.

In designating an RTA, the City Council may also 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 target area will help to achieve the planning goals mandated by the Growth Management Act under RCW 36.70A.020.

The City Council may, amend or rescind the designation of an RTA at any time pursuant to the same procedure as set forth in this chapter for original designation.

- B. Target Area Standards and Guidelines. For each designated residential target area (RTA), the City Council may, in addition to the other requirements of this chapter, adopt basic requirements for both new construction and rehabilitation supported by the City's property tax exemption for multifamily housing program. The City Council may also adopt guidelines including the following:
- 1. Requirements that address demolition of existing structures and site utilization; and

Exhibit B

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.

Section 5. A new section 4.80.150 of the University Place Municipal Code entitled "Designated Residential Target Areas," is created to read as follows:

A. The boundaries of the Residential Target Areas are located within the areas listed below, and as indicated on the maps in this section as follows:

Northeast Business District

MAP EXHIBIT	Name of Residential Target Area
Exhibit A	Town Center

A copy of the maps depicting each Residential Target Area shall be on file with the office of the City Clerk and available for public inspection during normal business hours at no charge.

B. Location. If a part of any legal lot is within a designated residential targeted area, at the time of the Residential Target Area is established, then the entire lot shall be deemed to lie within such residential targeted area. Property located outside of, but adjacent to, the described areas are not designated as a residential targeted area.

Section 6. Legislative Findings. To the extent that legislative findings are necessary, the recitals set forth above are hereby adopted as the City Council's legislative findings in support of the funds, policies, expenditures, and other actions undertaken pursuant to this Ordinance. The Council reserves the right to supplement its findings at a later time, if in its sole discretion, it deems it necessary to do so.

Section 7. 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 8. Savings. No tax exemption under this chapter granted prior to the effective date of this Ordinance, nor any proceeding undertaken to enforce this Ordinance, nor any actions to safeguard public health, public safety public property or the public peace shall be affected by this Ordinance and the same shall proceed in all respects as if this Ordinance had not been enacted. Furthermore, any act, claim or action undertaken pursuant to any provision of this Section is not intended to be lost, impaired, or affected by this Ordinance.

Section 9. Effective Date. This Ordinance shall be in full force and effect five (5) days after publication of the Ordinance Summary.

PASSED BY THE CITY COUNCIL ON MARCH 15, 2021.

Caroline Belleci, Mayor

ATTEST:

Emetita J. Genetia, City Clerk

APPROVED AS TO FORM:

Matthew S. Kaser, City Attorney

Publication Date: 03/17/21 Effective Date: 03/22/21

EXHIBIT A CITY OF UNIVERSITY PLACE TOWN CENTER RESIDENTIAL TARGET AREA

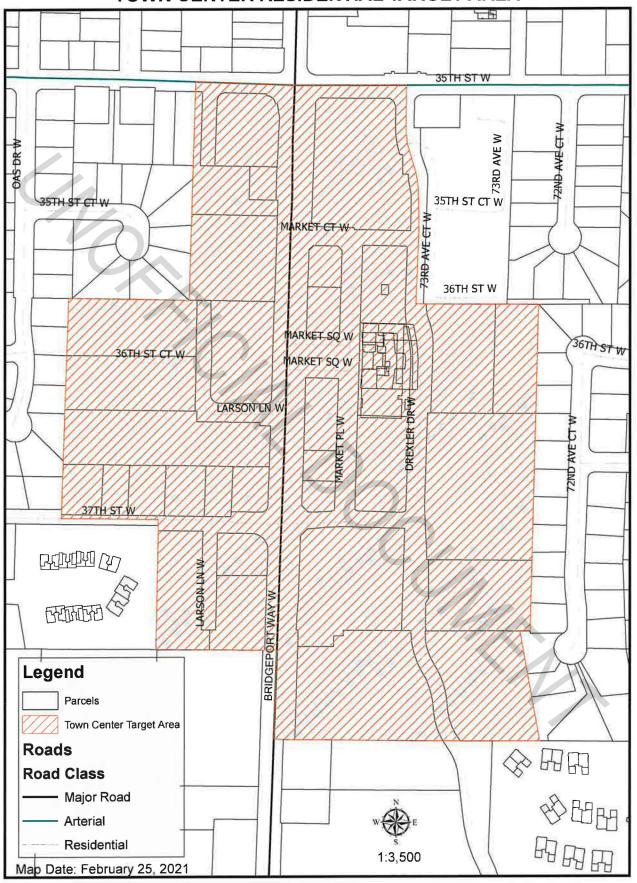


EXHIBIT B CITY OF UNIVERSITY PLACE NORTHEAST RESIDENTIAL TARGET AREA

