



STAFF REPORT

Hudson East Multi-Family Tax Exemption

File No. MISC22-05 (Related Files: SPRV21-07; SEPA21-13; ARCH21-06; DR22-05)

Staff Report Date: August 5, 2022

TO	Steve Hogan, Mayor Council Members	FROM	Lauren Hollenbeck, Senior Planner hollenbeck@cityofcamas.us
APPLICANT	David Coppenhaver Hudson East Living, LLC Cascadia Development Partners (360) 907-0062		
LOCATION	404 NE 6th Avenue Camas, WA 98607 Parcel No. 79150-000		
SUBMITTAL DATE	May 6, 2022	TECHNICALLY COMPLETE DATE	June 3, 2022

APPLICABLE LAW: The applicable codes are those codes that were in effect at the date of application submittal.

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SUMMARY

The proposed Hudson East mixed-use building will be four stories, with the first floor reserved for commercial/retail use. The upper floors will have 56 residential units to include a mix of studios, one, and two-bedroom market rate rental units.

The applicant has the option to apply for an 8-year or 12-year tax exemption pursuant to CMC Chapter 3.86. The 12-year tax exemption requires the applicant to rent or sell at least 20% of the units as affordable housing to low and moderate income households whereas the 8-year tax

exemption does not. The applicant is seeking an 8-year tax exemption for multi-family market rate rental housing in the downtown area.

[**Note:** Excerpts from Camas Municipal Code (“CMC”) are shown in **bold type** within this report.]

DISCUSSION AND FINDINGS

The criteria for approval for the Multifamily Tax Exemption are provided at CMC Section 3.86.040(D) *Project Eligibility* and CMC Section 3.86.050 *Downtown District Standards and Guidelines*, which are discussed below.

CMC 3.86.040(D) Project Eligibility

- 1. Location. The project must be located within a residential target area, as designated in Section 3.86.030.**

FINDING: Meets. The proposed project is located within the Downtown District Target Area.

- 2. Tenant Displacement Prohibited. Property proposed to be rehabilitated must be vacant at least twelve months before submitting an application and fail to comply with one or more standards of the applicable city adopted state or local building or housing codes.**

FINDING: Not applicable. The proposal includes the demolition of existing non-residential buildings used for church services.

- 3. Size. The project must include at least four 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. More specific sizing requirements may be established for each residential target area.**

FINDING: Meets. There will be fifty-six (56) units within a mixed-use structure.

- 4. Permanent Residential Housing. At least fifty percent of the space designated for multifamily housing must be provided for permanent residential occupancy, as defined in Section 3.86.020.**

FINDING: Meets. It will not be a hotel.

- 5. Proposed Completion Date. New construction multifamily housing and rehabilitation improvements must be scheduled to be completed within three years from the date of approval of the application.**

FINDING: Meets. Construction is intended to be completed within three years.

- 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 all applicable housing codes. 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.

FINDING: Application for Site Plan Review was approved on April 13, 2022. Application submittal for Design Review was received June 22, 2022 and is currently under City staff review.

7. Owner Occupancy. Projects within a residential target area that are developed for owner-occupancy shall include an agreement or other guarantee acceptable to the director ensuring that some or all of the units within the project are used for purposes of owner-occupancy.

FINDING: Not applicable. The project is intended to create 56 residential rental units. There are no owner-occupied units.

8. Affordability. To be eligible for twelve-year tax abatements under this chapter, applicants must commit to renting or selling at least twenty percent of units as affordable housing to low and moderate income households as defined herein. Projects intended exclusively for owner occupancy may meet this standard through housing affordable to moderate-income households.

FINDING: Not applicable. The applicant requested an 8-year tax exemption for market rate units. No owner-occupied units are proposed.

CMC 3.86.050 Downtown district: standards and guidelines

In approving a tax exemption under CMC 3.86.040 and in addition to compliance with the requirements of the underlying zone and design and developments standards under Title 17 and Title 18 of the Camas Municipal Code, the following standards and guidelines shall be applicable within the downtown district, unless the city determines that the proposal would better meet the intent of the exemption under CMC 3.86.040A.

A. Standards.

1. Size. The project must include at least four new or additional units of multifamily housing located on the second floor or higher in a mixed-use building in which the ground floor is dedicated in whole to commercial uses. The building shall include no ground floor residential units.

FINDING: Meets. The application includes ground floor retail space fronting 6th Avenue and fifty-six (56) residential units above in a mixed-use building.

2. Parking. All multifamily units regardless of the underlying zone shall include off-street parking and as provided in CMC 18.11.130 or alternately as otherwise specified through a development agreement.

FINDING: 35 on-site parking spaces are proposed in the parking garage located on the south half of the site. An additional 17 on-street parking spaces are provided immediately adjacent to the project site on Cedar Street, 6th Avenue, and Dallas Street as allowed per CMC 18.11.010. A total of 52 parking spaces are provided, which is a reduced number of parking as allowed per CMC 18.11.040.B. The number of parking spaces was approved with the Site Plan Review permit that was issued on April 13, 2022 and was not appealed.

3. Building Height. Maximum of forty-five feet and three stories.

FINDING: The proposed height of the building is 51 feet and four stories, which is in compliance with the underlying zoning. The additional height would still meet the intent of the tax exemption per CMC 3.86.040.A as discussed below:

3.86.040 Tax exemptions for multifamily housing in residential target areas.

A. Intent. Limited eight- or twelve-year exemption from ad valorem property taxation for multifamily housing in urban centers are intended to:

1. Encourage increased residential opportunities within urban centers designated by the city council as residential target areas;

FINDING: The proposed site is within the downtown area designated by city council as a residential target area. An increased height of 45-feet to 51-feet with an additional floor will increase residential opportunities within this area. Further, the applicant indicated the project would not be economically feasible without the additional floor of multi-family residential units.

2. Stimulate new construction or rehabilitation of existing vacant and underutilized buildings for multifamily housing in residential target areas to increase and improve housing opportunities;

FINDING: The project is new construction that will add multifamily housing to this residential target area and the additional floor of residential units meets the intent of increasing those housing opportunities.

3. Assist in directing future population growth to designated urban centers, thereby reducing development pressure on single-family residential neighborhoods;

FINDING: The increased height and additional floor of residential units will help direct future population growth to the designated residential target area for multi-family housing.

4. Achieve development densities which are more conducive to transit use in designated urban centers;

FINDING: The increased height and additional floor of multi-family residential units will allow greater densities in the downtown area that is more conducive to transit use.

5. Encourage new construction or rehabilitation of owner-occupied multifamily housing where identified as desirable; and

FINDING: Although the project is not owner occupied, the additional height and floor of multifamily residential housing is desirable in the downtown area.

6. Encourage affordable housing.

FINDING: Although the project is not a designated affordable housing project, the additional housing increases the supply of multi-family rental units within the downtown area.

4. Where the project includes six or more multifamily units, an outdoor commons consisting of a minimum two hundred square feet shall be provided and include seating and tables

for a minimum twelve people. This requirement may be incorporated into seating or dining areas for commercial uses on the ground floor, through common balconies or rooftop improvements.

FINDING: Meets. A 760 square foot multi-purpose outdoor deck is adjacent to the residential community room. Additional seating opportunities include the community room, lobby, ground floor retail spaces and along the street frontage.

B. Guidelines.

1. Connectivity. The project must demonstrate that pedestrian circulation from the project site to Northeast Fourth Avenue within the district is enhanced or improved.

FINDING: Street frontages are enhanced or improved with widen sidewalks and landscaping for pedestrian circulation.

2. Parking. Demonstration that existing street parking will not be reduced in number or will be offset by an equal or better number of parking spaces made available for public parking.

FINDING: The number of parking spaces was approved with the Site Plan Review permit that was issued on April 13, 2022 and was not appealed.

CONCLUSION

Based on the above findings and discussion provided in this report, staff concludes that the Multifamily Tax Exemption Application (MISC22-05) with attached Agreement could be approved by Council through a Resolution, because it complies with the following standards of CMC:

- MISC22-05 is in conformance with the CMC Section 3.86.040(D) PROJECT ELIGIBILITY.
- MISC22-05 is in substantial conformance with the requirements of CMC Section 3.86.050 DOWNTOWN DISTRICT STANDARDS AND GUIDELINES.
- MISC22-05 complied with the application and fee requirements of CMC Section 3.86.040(E).

RECOMMENDATION

There is no staff recommendation at this time and is for discussion purposes only.