



BUSINESS OF THE CITY COUNCIL CITY OF SNOQUALMIE

AB23-119
September 25, 2023
Public Hearing

AGENDA BILL INFORMATION

TITLE:	AB23-119: Public Hearing and Adoption of a Resolution to Designate the Mill Site as a Residential Targeted Area for the MFTE Program.	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed:
PROPOSED ACTION:	Hold the required public hearing and approve a resolution designating the Mill Site as a residential targeted area for the Multi-Family Housing Property Tax Exemption (MFTE) program.	<input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Resolution

REVIEW:	Department Director	Emily Arteche	8/15/2023
	Finance	Drew Bouta	7/31/2023
	Legal	David Linehan	9/20/2023
	City Administrator	Mike Chambless	Click or tap to enter a date.

DEPARTMENT:	Community Development		
STAFF:	Emily Arteche		
COMMITTEE:	Community Development	COMMITTEE DATE: August 21, 2023	
EXHIBITS:	1. Draft Resolution No. 1665		

AMOUNT OF EXPENDITURE \$ n/a

AMOUNT BUDGETED \$ n/a

APPROPRIATION REQUESTED \$ n/a

SUMMARY

INTRODUCTION

This resolution will designate the Mill Site as a residential targeted area for a Multi-Family Housing Property Tax Exemption (MFTE). The state MFTE program began in 1995 and was codified as RCW Chapter 84.14, to incentivize residential development in urban centers, designated as "residential targeted areas." The Mill Site will be the City's first residential targeted area. A public hearing to hear testimony on this matter is scheduled during the September 25, 2023, Council meeting. After consideration of public testimony, the City Council may, by resolution, designate the Mill Site for as a residential target area for the property tax exemption.

LEGISLATIVE HISTORY-

Resolution 1663: Intention to Designate the Mill Site as a Residential Targeted Area was approved on August 28, 2023.

BACKGROUND

The City Council approved a Development Agreement (DA) with Snoqualmie Mill Ventures LLC in October 2022. The DA, Section 7 requires the City to approve a Multifamily Property Tax Exemption ("MFTE")

resolution and/or ordinance prior to January 1, 2024, designating the property as a residential targeted area pursuant to Chapter 84.14 RCW and amending Chapter 3.10 SMC, as necessary, to allow the value of new housing construction in mixed-use buildings with the specific affordable units required by the MFTE statutes to qualify for the 12-year property tax exemption under RCW 84.14.020(1)(a)(ii)(B).

ANALYSIS

The project involves 160 rental units with a mix of 10% of the total number of units in each building set aside as affordable to households earning 80% AMI and 12% of the total number of units set aside as affordable to households earning 60% AMI. All the units are to be in a multi-family development situated on the upper floors of a mixed-use buildings in Planning Area 1.

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 including utilities (except phone). 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 property an affordable housing rental covenant, assuring that 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 income level for King County for a period of at least 50 years from the date of first occupancy; and 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.

The MFTE is an effective way of incentivizing and producing market-rate and affordable housing options. The assessed valuation of the residential improvements would not be added to the City of Snoqualmie's total assessed valuation. It is relatively uncertain when the Mill Site multi-family housing will be built or what the assessed valuation of the units will be. The City may wish to consider offsetting tax impacts by 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. However, the Department of Commerce advises that tax shift generally applies to only a portion of the development value and is small for the average property owner. Additionally, most jurisdictions believe the tax shift is a better financial option for the jurisdiction than foregone revenue.

NEXT STEPS

Hold the September 25, 2023, public hearing, followed by the adoption of a resolution designating the Mill Site as a residential targeted area.

PROPOSED ACTION

Adopt Resolution No. 1665 to Designate the Mill Site as a Residential Targeted Area for the Multi-Family Housing Property Tax Exemption (MFTE).