



BUSINESS OF THE CITY COUNCIL CITY OF SNOQUALMIE

AB23-023
February 13, 2023
Committee Report

AGENDA BILL INFORMATION

TITLE:	Multi Family Property Tax Exemption	<input checked="" type="checkbox"/> Discussion Only
PROPOSED ACTION:	Determinate appropriate legislative process for 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

REVIEW:	Department Director/Peer Finance Legal City Administrator	Emily Arteche n/a Bob Sterbank Mike Sauerwein	2/2/2023 Click or tap to enter a date. Click or tap to enter a date. Click or tap to enter a date.
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DEPARTMENT:	Community Development		
STAFF:	Emily Arteche, Director		
COMMITTEE:	Community Development	COMMITTEE DATE: February 6, 2023	
MEMBERS:	Jo Johnson	Cara Christensen	James Mayhew
EXHIBITS:	N/A		

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUESTED	\$ n/a

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 makes 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.

ANALYSIS

Two possible pathways are identified to process the future draft code amendments. Option 1 would commence with presentation of a draft amendments directly to the Community Development Committee followed by city council review and adoption. Option 2, if desired, would commence with a presentation of a draft amendments to Planning Commission (PC) prior to committee and council consideration. Dates and timelines for both options are listed below with Option 1 being more expedient. There latter would provide for additional opportunities to provide public comment through added planning commission hearings.

Although the draft amendments are intended to assist with compliance of Snoqualmie Mill DA a complete consideration of all potential residential targeted areas for MFTE should be considered by the council as part of the city Comprehensive Plan, Housing Strategy Plan.

Dates	Option 1: CD to CC	Option 2: PC to CD to CC
	April 3, 2023 (intro)	April 3, 2023 (intro)
	April 17, 2023 (discussion)	April 17, 2023 (discussion)
	April 24, 2023 (intro to council)	May 1, 2023 (public hearing)
	May 8, 2023 (first reading/public hearing)	May 15, 2023 (recommendation)
	May 22, 2023 (action)	June 5, 2023 (intro to CD)
		June 19, 2023 (discussion)
		June 26, 2023 (intro to council)
		July 3, 2023 (first reading/public hearing)
		July 1, 2023 (action)

BUDGET IMPACTS

N/A

NEXT STEPS

Determinate appropriate legislative process for draft amendments to SMC Chapter 3.10 Multifamily Property Tax Exemption.

PROPOSED ACTION

None; for discussion only.