

CITY OF RENTON, WASHINGTON

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF RENTON, WASHINGTON, AMENDING SECTION 4-1-220 OF THE RENTON MUNICIPAL CODE, BY EXTENDING THE MULTI-FAMILY HOUSING PROPERTY TAX EXEMPTION, ALLOWING EXTENDED PROPERTY TAX EXEMPTIONS UNDER CERTAIN CONDITIONS, ALLOWING EXEMPTIONS FOR UP TO TWENTY (20) YEARS FOR PERMANENTLY AFFORDABLE HOMEOWNERSHIP, MAKING TECHNICAL CHANGES CONSISTENT WITH CHAPTER 84.14 OF THE REVISED CODE OF WASHINGTON AS AMENDED, PROVIDING FOR SEVERABILITY, AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, on December 22, 2003, the Renton City Council passed Ordinance No. 5061 (codified in RMC 4-1-220) to establish a limited property tax exemption to encourage multi-family housing development in designated residential targeted areas; and

WHEREAS, the property tax exemption has been extended several times and will sunset on December 31, 2021 unless extended by City Council action; and

WHEREAS, in 2021, the state Legislature adopted Engrossed Second Substitute Senate Bill (ESSSB) 5287, amending chapter 84.14 RCW, which authorizes multifamily property tax exemptions under certain conditions; and

WHEREAS, chapter 84.14 RCW, as amended, authorizes local jurisdictions to extend multifamily property tax exemptions for an additional 12 years if, at a minimum, the owner agrees to meet the locally adopted requirements for new projects receiving a property tax exemption, as applicable at the time of application for an extension, and commits to renting or selling at least 20% of the multifamily housing units as affordable housing units for low-income households; and

WHEREAS, chapter 84.14. RCW, as amended, provides a 20-year exemption on ad valorem property taxes for the qualifying value of new housing construction, conversion, and

rehabilitation improvements if at least 25% of the units must be built by or sold to a qualified nonprofit or local government that will assure permanent affordable homeownership; and

WHEREAS, the provisions of RMC 4-1-220, Property Tax Exemption for Multi-Family Housing in Residential Targeted Areas, have been successful in encouraging increased residential opportunities and in stimulating new construction of multi-family housing in the City's priority community revitalization and redevelopment areas and encouraging more affordable multi-family housing in the City; and

WHEREAS, the City seeks to amend RMC 4-1-220 to extend, as modified, the property tax exemption to encourage additional future multi-family housing projects in the residential targeted areas; and

WHEREAS, this matter was duly referred to the Planning Commission for investigation and study, and the matter was considered by the Planning Commission; and

WHEREAS, pursuant to RCW 36.70A.106, on October 20, 2021, the City notified the State of Washington of its intent to adopt amendments to its development regulations and requested expedited review; and

WHEREAS, the Planning Commission held a public hearing on November 17, 2021, considered all relevant matters, and heard all parties appearing in support or in opposition, and subsequently forwarded a recommendation to the City Council;

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

SECTION I. All portions of the Renton Municipal Code in this ordinance not shown in strikethrough and underline edits remain in effect and unchanged.

SECTION II. Section 4-1-220 of the Renton Municipal Code is amended as follows:

4-1-220 PROPERTY TAX EXEMPTION FOR MULTI-FAMILY HOUSING IN RESIDENTIAL TARGETED AREAS:

A. PURPOSE:

As provided for in chapter 84.14 RCW, the purpose of this Section is to provide limited, eight (8), ten (10), ~~or twelve (12)~~, or twenty (20) year exemptions from ad valorem property taxation for qualified new multi-family housing located in designated residential target areas.

B. DEFINITIONS:

In construing the provisions of this Section, the following definitions shall be applied:

1. "Administrator" means the Department of Community and Economic Development Administrator, or any other City office, department, or agency that shall succeed to its functions with respect to this Section.

2. "Affordable housing" means residential housing that is rented by a low-income household whose monthly housing costs, including rent and 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 and purchased by low- or moderate-income households.

3. "Downtown" refers to a geographical area depicted in the Eligible Areas for Multi-Family Housing Incentives Map ("Map"), which shall be maintained in

the Office of the City Clerk, and which was originally adopted as Attachment A to Ordinance No. 5760. The boundaries of the Downtown Eligible Area shown on the Map are hereby made part of this Section, which shall be read and interpreted in light of the contents of the Map.

4. "Household" means a single person, family, or unrelated persons living together.

5. "Low-income household" means a single person, family, or unrelated persons living together whose adjusted income is at or below sixty percent (60%) of the median income, as further defined in subsection C.1.c*b*.ii(a) of this Section.

6. "Median income" means the median family income adjusted for family size for King County, as reported by the United States Department of Housing and Urban Development (HUD). In the event that HUD no longer publishes median income figures for King County, the City may use or determine such other method as it may choose to determine the King County median income, adjusted for household size.

7. "Mixed-use" means a multi-family housing residential project with at least one other nonresidential use in one or more multi-family housing buildings in the project, such as retail, office, entertainment, schools, conference centers or a use approved in writing by the Administrator. The purpose of the mixed-use requirement is to implement the intent of the land use district, maximize the efficient use of land, support transit use, and encourage the development of well-balanced, attractive, convenient, and vibrant urban residential neighborhoods.

The additional use excludes any accessory functions related to the residential use. Unless otherwise modified or waived in writing by the Administrator, the nonresidential mixed-use shall occupy at a minimum the ground floor along the street frontage with a depth of at least thirty feet (30') for any building in the project.

8. "Moderate-income household" means a single person, family, or unrelated persons living together whose adjusted income is at or below eighty percent (80%) of the median income, as further defined in subsection C.1cb.ii(b) of this Section.

9. "Multi-family housing" means one or more new buildings designed for permanent residential occupancy, each with four (4) or more dwelling units.

10. "Permanent residential occupancy" means multi-family housing that provides either owner occupancy, or rental accommodation that is leased for a period of at least one month but excluding transient rental accommodations that predominantly offer accommodation on a daily or weekly basis, for example, hotels and motels.

11. "Permanently affordable homeownership" means a dwelling unit that is affordable housing as defined according to RCW 43.185A.010; including but not limited to built by or sold to a qualified non-profit organization; and subject to a ninety-nine (99)-year ground lease or deed restriction, to be executed at initial sale and each successive sale.

~~1112~~. "Sunset Area" refers to a geographical area depicted in the Eligible Areas for Multi-Family Housing Incentives Map ("Map"), as it exists or may be amended, which shall be maintained in the Office of the City Clerk, and which was originally adopted as Attachment A to Ordinance No. 5760. The boundaries of the Sunset Eligible Area shown on the Map are hereby made part of this Section, which shall be read and interpreted in light of the contents of the Map.

C. TAX EXEMPTION:

1. Duration of Exemption: The value of improvements qualifying under subsection D of this Section is exempt from ad valorem property taxation as follows:

a. For properties for which applications are submitted before July 22, 2007, the value is exempt for ten (10) successive years beginning January 1st of the year immediately following the calendar year of issuance of the final certificate of tax exemption.

b. For properties for which applications are submitted on or after July 22, 2007, through December 17, 2018, the value is exempt:

i. For eight (8) successive years beginning January 1st of the year immediately following the calendar year of issuance of the final certificate of tax exemption; or

ii. For twelve (12) successive years beginning January 1st of the year immediately following the calendar year of issuance of the final certificate of tax exemption, if the property otherwise qualifies for the exemption and the

applicant/owner rents or sells at least twenty percent (20%) of the multi-family housing units as affordable housing to low- and moderate-income households as further defined in subsections C.1.b.ii(a) and (b) of this Section.

(a) For rental projects, at least twenty percent (20%) of the multi-family housing units in the project shall be rented throughout the duration of the twelve (12) year exemption period as affordable housing to low-income households at eighty percent (80%) or less of median income.

(b) For ownership projects, at least twenty percent (20%) of the multi-family housing units in the project shall be sold as affordable housing to low- or moderate-income households at one hundred twenty percent (120%) or less of median income.

(c) The owner may use any combination of studio, one bedroom, two (2) bedroom, and/or three (3) bedroom units to comply with the minimum twenty percent (20%) requirement in subsection C.1.b.ii(a) or (b) of this Section.

(d) If, in calculating the minimum twenty percent (20%) of the multi-family housing units in the project for affordable housing in subsection C.1.b.ii of 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.

(e) When the project includes more than one building with multi-family housing units, all of the affordable housing units required in subsection C_1_b_ii of this Section may not be located in the same building.

c. For properties for which applications are submitted on or after December 18, 2018, the value is exempt:

i. For eight (8) successive years beginning January 1st of the year immediately following the calendar year of issuance of the final certificate of tax exemption; or

ii. For twelve (12) successive years beginning January 1st of the year immediately following the calendar year of issuance of the final certificate of tax exemption, if the property otherwise qualifies for the exemption and the applicant/owner rents or sells at least twenty percent (20%) of the multi-family housing units as affordable housing to low- and moderate-income households as further defined in subsections C_1_c_ii(a) and (b) of this Section.

(a) For rental projects, at least twenty percent (20%) of the multi-family housing units in the project shall be rented throughout the duration of the twelve (12) year exemption period as affordable housing to low-income households at sixty percent (60%) or less of median income.

(b) For ownership projects, at least twenty percent (20%) of the multi-family housing units in the project shall be sold as affordable housing to low or moderate income households at eighty percent (80%) or less of median income.

(c) The owner may use any combination of studio, one bedroom, two (2) bedroom, and/or three (3) bedroom units to comply with the minimum twenty percent (20%) requirement in subsection C₁.c.ii(a) or (b) of this Section.

(d) If, in calculating the minimum twenty percent (20%) of the multi-family housing units in the project for affordable housing in this subsection C₁.c.ii, 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.

(e) When the project includes more than one building with multi-family housing units, all of the affordable housing units required in subsection C₁.c.ii of this Section may not be located in the same building.

iii. For twenty (20) successive years beginning January 1st of the year immediately following the calendar year of issuance of the final certificate of tax exemption, if the property otherwise qualifies for the exemption and the applicant/owner sells at least twenty-five percent (25%) of the multi-family housing units as permanently affordable homeownership for eligible households with annual incomes at or below eighty percent (80%) of median income.

2. Limits on Exemption: The exemption does not apply to the value of land or to the value of nonhousing-related improvements not qualifying under RMC 4-1-220.D, nor does the exemption apply to increases in assessed valuation of land and nonqualifying improvements. This Section also does not apply to increases in

assessed valuation made by the County Assessor on nonqualifying portions of building and value of land, nor to increases made by lawful order of a County Board of Equalization, the Department of Revenue, or a county, to a class of property throughout the county or specific area of the county to achieve the uniformity of assessment or appraisal required by law.

D. PROJECT ELIGIBILITY:

To qualify for exemption from property taxation under this Section, the project shall satisfy all of the following requirements:

1. Location: The property shall be located in one of the designated “residential target areas” listed below in subsection D₂.1.a or b of this Section which are targeted for low- or moderate-income housing serving households at or below eighty percent (80%) of the median income. If a part of any legal lot is within a residential target area, then the entire lot shall be deemed to lie within the residential target area.

a. Sunset Area: In the Sunset Area and within the Center Village (CV), Residential Multi-Family (RMF), or the Residential-14 (R-14) Zone; or

b. Downtown: In the Downtown and within the Center Downtown (CD) Zone or Residential-14 (R-14) Zone.

2. Size and Structure:

a. If the project is located in the Downtown and within the Residential-14 (R-14) Zone, or in the Sunset Area and within either the Residential Multi-Family (RMF) Zone or the Residential-14 (R-14) Zone, the project shall (i) consist

of a minimum total of ten (10) new dwelling units of multi-family housing, and (ii) be located within a new residential structure(s) or a new mixed-use development as allowed by the RMC for the specific zone. At least fifty percent (50%) of the space within the project shall be intended for permanent residential occupancy.

b. If the project is located in the Downtown and within the Center Downtown (CD) Zone, or in the Sunset Area and within the Center Village (CV) Zone, the following applies:

i. If the project is located in the Downtown and within the Center Downtown (CD) Zone, the project shall (a) consist of a minimum total of thirty (30) new dwelling units of multi-family housing and (b) be a new structure(s) and (c) be a mixed-use development, unless the Administrator waives one or more of these requirements. If the Administrator waives the mixed-use development requirement, the multi-family housing shall be located in a new residential structure(s). At least fifty percent (50%) of the space within the project shall be intended for permanent residential occupancy.

ii. If the project is located in the Sunset Area and within the Center Village (CV) Zone, the project shall (a) consist of a minimum total of thirty (30) new dwelling units of multi-family housing and (b) be located in a new structure(s) and (c) be a mixed-use development, unless the Administrator waives the minimum number of new units requirement or the mixed-use development requirement. The Administrator cannot waive the new structure(s) requirement. If the Administrator waives the mixed-use development requirement, the multi-family

housing shall be located in a new residential structure(s). At least fifty percent (50%) of the space within the project shall be intended for permanent residential occupancy.

iii. If one hundred percent (100%) of the housing units in a homeownership project are affordable housing, the project shall (a) consist of a minimum of ten (10) new dwelling units of multi-family housing and (b) be located within a new residential structure(s) or a new mixed-use development as allowed by the RMC for the specific zone. At least fifty percent (50%) of the space within the project shall be intended for permanent residential occupancy. The project shall designate and sell at least fifty percent (50%) of total housing units as affordable for households at or below eighty percent (80%) of median income, and designate and sell any remaining housing units as affordable for households at or below one hundred twenty percent (120%) of median income. In addition, the housing units affordable for households at or below eighty percent (80%) of median income shall remain affordable in perpetuity through a community land trust or other similar model acceptable to the City.

iv. Market-rate townhome projects are not eligible for the exemption.

3. Compliance Monitoring: Any applicant/owner with affordable housing units in the project shall demonstrate experience and/or ability to provide affordable housing and provide a third-party entity to document compliance with

the affordable housing requirements for the annual reports further defined in subsection K of this Section.

4. Exception for Existing Residential Structure: In the case of an existing occupied residential structure that is proposed for demolition and redevelopment as new multi-family housing, the project shall provide as a minimum number of dwelling units in the new multi-family housing project, the greater of:

a. Replace the existing number of dwelling units and, unless the existing residential rental structure was vacant for twelve (12) months or more prior to demolition, provide for a minimum of four (4) additional dwelling units in the new multi-family housing project; or

b. Provide the number of dwelling units otherwise required in subsection D.2 of this Section.

5. Completion Deadline: The project shall be completed within three (3) years from the date of approval of the contract by the City Council as provided in subsection F.2 of this Section or by any extended deadline granted by the Administrator as provided in subsection I of this Section.

E. APPLICATION PROCEDURE:

1. Form: The owner of property applying for exemption under this Section shall submit an application to the Administrator on a form established by the Administrator. The owner shall verify the correctness of the information contained in the application by his/her signature and affirmation made under penalty of perjury under the laws of the State of Washington. The application shall

contain such information as the Administrator may deem necessary or useful, which at a minimum shall include:

a. A completed City application form, including information setting forth the grounds for tax exemption and whether the owner elects to rent or sell at least twenty percent (20%) of the multi-family housing units as affordable housing to low- and moderate-income households to qualify for the twelve (12) year exemption defined in subsection C.1.b.c.ii of this Section;

b. A brief written description of the project, and schematic site and floor plans of the multi-family dwelling units and the structure(s) in which they are proposed to be located;

c. Floor and site plans of the proposed project, which plans may be revised by the owner provided such revisions are made and presented to the Administrator prior to the City's final action on the exemption application;

d. A statement from the owner acknowledging the potential tax liability when the property ceases to be eligible for exemption under this Section.

2. Fee: At the time of initial application under this Section, the owner shall pay to the City an initial application fee of one thousand dollars (\$1,000.00).

3. Deadline: The application shall be submitted prior to the issuance of the building permit for the project, unless otherwise approved by the Council. The Administrator shall approve or deny an exemption application within ninety (90) days of receipt of a complete application.

F. APPLICATION APPROVAL:

1. Approval: The Administrator may approve an application if he or she finds that:

a. The owner has complied with all of the requirements of this Section, including but not limited to the project eligibility requirements contained in subsection D of this Section and the application requirements contained in subsection E of this Section; and

b. The proposed project is, or will be at the time of completion, in conformance with all approved plans, and all applicable requirements of the Renton Municipal Code or other applicable requirements or regulations in effect at the time the application is approved.

2. Contract Required: If the application is approved, the owner shall enter into a contract with the City, approved by the City Council, regarding the terms and conditions of the project under this Section.

3. Issuance of Conditional Certificate: Following Council approval of the contract, the Administrator shall issue a conditional certificate of acceptance of tax exemption. The conditional certificate shall expire three (3) years from the date of Council approval of the contract unless an extension is granted as provided in subsection I of this Section.

G. APPLICATION DENIAL:

1. Denial: The Administrator shall deny an application if the criteria in subsection F₁ of this Section are not met. The Administrator shall state in writing

the reasons for the denial and send notice of denial to the owner's last known address within ten (10) days of the denial.

2. Appeal: An owner may appeal a denial of a tax exemption application to the City Council by filing a notice of appeal with the City Clerk within thirty (30) calendar days of receipt of notice of the denial. The appeal before the City Council shall be based upon the record before the Administrator, and the Administrator's decision will be upheld unless the owner can show that there is no substantial evidence on the record to support the Administrator's decision. The City Council's decision on appeal is final.

H. AMENDMENT OF CONTRACT:

An owner may request an amendment(s) to the contract by submitting a request in writing to the Administrator, together with a fee of five hundred dollars (\$500.00), at any time within three (3) years of the date of the approval of the contract as provided for in subsection F₃ of this Section. The date for expiration of the conditional certificate shall not be extended by contract amendment unless all the conditions for extension set forth in subsection I of this Section are met.

I. EXTENSION OF CONDITIONAL CERTIFICATE:

1. Application: The conditional certificate may be extended by the Administrator for a period not to exceed twenty-four (24) consecutive months. The owner shall submit a written request stating the grounds for the extension together with a fee of two hundred fifty dollars (\$250.00).

2. Approval: The Administrator may grant an extension if the Administrator finds that:

a. The anticipated failure to complete construction within the required time 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 owner and the City will be satisfied upon completion of the project.

3. Denial – Appeal: If an extension is denied, the Administrator shall state in writing the reason for denial and shall send notice to the owner’s last known address within ten (10) calendar days of the denial. An owner may appeal the denial of an extension to the Hearing Examiner by filing a notice of appeal with the City Clerk within fourteen (14) calendar days after issuance of the notice of the denial. The appeal before the Hearing Examiner shall follow the provisions of RMC _____

4-8-110.E. The owner may appeal the Hearing Examiner’s decision to the King County Superior Court according to the procedures contained in RCW 34.05.510 through 34.05.598, as provided in RCW 84.14.090(6), within thirty (30) days of notification by the City to the owner of the decision.

J. FINAL CERTIFICATE:

1. Application: Upon completion of the construction as provided in the contract between the owner and the City, and upon issuance of a temporary

certificate of occupancy, or a permanent certificate of occupancy if no temporary certificate is issued, the owner may request a final certificate of tax exemption. The owner shall pay a fee of one thousand dollars (\$1,000.00) and file with the Administrator such information as the Administrator may deem necessary or useful to evaluate eligibility for the final certificate, which shall at a minimum include:

a. A statement of expenditures made with respect to each multi-family housing unit and the total expenditures made with respect to the entire property;

b. A description of the completed work and a statement of qualification for the exemption;

c. The total monthly rent or total sale amount of each multi-family housing unit rented or sold to date;

d. The income of each renter household to date at the time of initial occupancy and the income of each initial purchaser of owner-occupied multi-family housing units to date at the time of purchase;

e. If applicable, a statement that the project meets the affordable housing requirements in subsection C.1~~c~~.ii of this Section, along with the number, type, and specific multi-family housing units rented or sold to date, as applicable, to meet the affordable housing requirements;

f. Any additional information requested by the City pursuant to meeting any reporting requirements under Chapter 84.14 RCW; and

g. A statement that the work was completed within the required three (3) year period or any approved extension.

2. Determination: Within thirty (30) days of receipt of all materials required for a final certificate, the Administrator shall determine whether the completed work is consistent with the contract between the City and owner, whether all or a portion of the completed work is qualified for exemption under this Section and, if so, which specific improvements satisfy the requirements of this Section.

3. Filing with County Assessor: For projects that comply with the requirements of subsection J₁ of this Section, the City shall file a final certificate of tax exemption with the King County Assessor within ten (10) days of the expiration of the thirty (30) day period provided in the prior subsection.

4. Recording: The Administrator is authorized to cause to be recorded, at the owner's expense, in the real property records of the King County Recorder's Office, the contract with the City required under subsection F₂ of this Section, as amended under subsection H of this Section, if applicable, and/or such other document(s) as will identify such terms and conditions of eligibility for exemption under this Section as the Administrator deems appropriate for recording.

5. Denial: The Administrator shall notify the owner in writing that the City will not file a final certificate if: (a) the Administrator determines that the project was not completed within the required three (3) year period or any approved extension, or was not completed in accordance with the contract between the

owner and the City and the requirements of this Section, or the owner's property is otherwise not qualified for the limited exemption under this Section; or (b) the owner and Administrator cannot come to an agreement on the allocation of the value of the improvements allocated to the exempt portion of the project.

6. Appeal: The owner may appeal the Administrator's decision to the Hearing Examiner by filing a notice of appeal with the City Clerk within fourteen (14) calendar days after issuance of the notice of the denial. The appeal before the Hearing Examiner shall follow the provisions for appeal contained in RMC 4-8-110.E. The owner may appeal the Hearing Examiner's decision to the King County Superior Court according to the procedures contained in RCW 34.05.510 through 34.05.598, as provided in RCW 84.14.090(6), within thirty (30) days of notification by the City to the owner of the decision.

K. ANNUAL CERTIFICATION AND REPORT:

Within thirty (30) days after the first anniversary of the date the City issued the final certificate of tax exemption and each year thereafter for the duration of the tax exemption period, the property owner shall file an annual report with the Administrator. For a project with any affordable housing units, the property owner shall also provide documentation as part of the annual report that a third-party entity has verified the project's compliance with the affordable housing requirements in subsections C.1.c.ii and D.2.e of this Section, as applicable. Failure to submit the annual report may result in cancellation of the tax exemption. The certification shall contain such information as required by

Chapter 84.14 RCW and as the Administrator may deem necessary or useful, and shall at a minimum include the following information:

1. A statement of occupancy and vacancy of the multi-family dwelling units during the twelve (12) months ending with the anniversary date;

2. A certification that the property has not changed use and, if applicable, that the property has been in compliance with the affordable housing requirements as described in subsection C.1.c.ii of this Section since the date the City issued the final certificate of tax exemption and that the project continues to be in compliance with the contract with the City and the requirements of this Section;

3. A description of any improvements or changes to the property made after the City issued the final certificate of tax exemption;

4. The total monthly rent of each multi-family housing unit rented or the total sale amount of each multi-family housing unit sold to an initial purchaser during the twelve (12) months ending with the anniversary date;

5. The income of each renter household at the time of initial occupancy and the income of each initial purchaser of owner-occupied multi-family housing units at the time of purchase during the twelve (12) months ending with the anniversary date;

6. The annual household income and household size for each of the affordable units receiving a tax exemption;

76. If applicable, a breakdown of the number, size, and type of units produced, and specific multi-family housing units rented or sold during the twelve (12) months ending with the anniversary date, as applicable, to meet the affordable housing requirements in subsection C.1.cb.ii of this Section; and

87. Any additional information requested by the City pursuant to meeting any reporting requirements under Chapter 84.14 RCW.

L. CANCELLATION OF TAX EXEMPTION:

1. Cancellation: If at any time the Administrator determines that: (a) the property no longer complies with the terms of the contract or with the requirements of this Section; (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 reason no longer qualifies for the tax exemption, the tax exemption shall be canceled and additional taxes, interest, and penalties imposed pursuant to State law. Upon determining that a tax exemption shall be canceled, the Administrator shall notify the property owner by certified mail, return receipt requested.

2. Appeal: The property owner may appeal the determination by filing a notice of appeal with the City Clerk, within thirty (30) days after issuance of the decision by the Administrator, specifying the factual and legal basis for the appeal. The appeal before the Hearing Examiner shall follow the procedures set forth in RMC 4-8-110.E. At the appeal hearing, all affected parties may be heard and all

competent evidence received. The Hearing Examiner shall affirm, modify, or repeal the decision to cancel the exemption based on the evidence received. The Hearing Examiner shall give substantial weight to the Administrator's decision to cancel the exemption, and the burden of proof and the burden of overcoming the weight accorded to the Administrator's decision shall be upon the appellant. An aggrieved party may appeal the Hearing Examiner's decision to the King County Superior Court in accordance with the procedures in RCW 34.05.510 through 34.05.598, as provided in RCW 84.14.110(2), within thirty (30) days after issuance of the decision of the Hearing Examiner.

3. Change of Use: If the owner intends to convert the multi-family housing to another use, the owner shall notify the Administrator and the King County Assessor within sixty (60) days of the change in use. Upon such change in use, the tax exemption shall be canceled and additional taxes, interest, and penalties imposed pursuant to State law.

M. EXTENSION OF TAX EXEMPTION:

Pursuant to RCW 84.14.020(6), the Administrator may approve an extended exemption of the project that satisfied the conditions of, and utilized the exemption as provided in subsection C of this Section from ad valorem property taxation for up to a total of twelve (12) successive years beginning January 1 of the year immediately following the calendar year that the original exemption expires.

1. Form: The owner of property applying for extended exemption under this subsection shall submit an application to the Administrator on a form established by the Administrator. The owner shall verify the correctness of the information contained in the application by his/her signature and affirmation made under penalty of perjury under the laws of the State of Washington. The application shall contain such information as the Administrator may deem necessary or useful, which at a minimum shall include:

a. a statement from the owner acknowledging the potential tax liability when the property ceases to be eligible for exemption, equivalent to subsection E.1.d of this Section, and

b. information required for the Final Exemption Certificate pursuant to subsection J.1.c through J.1.f of this Section, and

c. Information required for the annual report pursuant to subsection K.1 of this Section.

2. Fee: At the time of extension application under this Section, the owner shall pay to the City an extension application fee of one thousand dollars (\$1,000.00).

3. Deadline: The extension application shall be submitted to the Administrator by the dates noted below, unless otherwise approved by the Council.

a. For properties with exemptions scheduled to expire on December 31, 2021, no later than thirty (30) days from the effective date of the ordinance;
and

b. For properties with exemptions scheduled to expire after December 31, 2021, no later than August 31 of the year of the original exemption expires.

N. END OF AFFORDABILITY REQUIREMENTS:

1. At the end of both the tenth and eleventh years of an extension, for twelve (12)-year extensions of the exemption authorized under subsection M of this Section, owners must provide tenants of rent-restricted units with notification of intent to provide the tenant with rental relocation assistance as provided in subsection N.2.a of this Section, below.

2. For any twelve (12)-year exemption authorized under subsection C.1.c.ii of this Section after the effective date of July 25, 2021, or for any twelve (12)-year exemption extension authorized under subsection M of this Section, at the expiration of the exemption the owner must provide tenant relocation assistance in an amount equal to one 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 RCW 84.14 at the time relocation assistance is sought.

a. If affordability requirements consistent, at a minimum, with those required under subsection C.1.c.ii of this Section remain in place for the unit after

the expiration of the exemption, relocation assistance in an amount equal to one month's rent must be provided to a qualified tenant within the final month of a qualified tenant's lease who occupies an income-restricted unit at the time those additional affordability requirements cease to apply to the unit.

OM. SUNSET OF EXEMPTION FOR APPLICATIONS FOR CONDITIONAL CERTIFICATES AND APPLICATIONS FOR EXEMPTION EXTENSIONS:

The City shall not accept new applications for conditional certificates as provided in subsection E of this Section or new applications for exemption extensions as provided in subsection M of this Section after the close of business on December 31, 2024 ~~2021~~, unless extended by City Council action. The City shall process (1) pending complete applications for a conditional certificate submitted before the close of business on December 31, 2024 ~~2021~~, and (2) pending complete applications for an extension submitted before the close of business on December 31, 2024, and (3) applications for an extension of the conditional certificate and/or a final certificate received after the close of business on December 31, 2024 ~~2021~~, as provided in subsections D through J of this Section. Subsections C and J through L of this Section shall continue to apply to all properties that have been or are issued a final certificate of tax exemption or extension under this Section until expiration, termination, or cancellation of the tax exemption.

Incomplete applications for conditional certificates as of the close of business on December 31, 2024 ~~2021~~, shall be denied and/or returned to owners.

ORDINANCE NO. _____

SECTION III. If any section, subsection, sentence, clause, phrase or work of this ordinance should be held to be invalid or unconstitutional by a court or competent jurisdiction, such invalidity or unconstitutionality thereof shall not affect the constitutionality of any other section, subsection, sentence, clause, phrase, or word of this ordinance.

SECTION IV. This ordinance shall be in full force and effect five (5) days after publication of a summary of this ordinance in the City's official newspaper. The summary shall consist of this ordinance's title.

PASSED BY THE CITY COUNCIL this _____ day of _____, 2021.

Jason A. Seth, City Clerk

APPROVED BY THE MAYOR this _____ day of _____, 2021.

Armondo Pavone, Mayor

Approved as to form:

Shane Moloney, City Attorney

Date of Publication: _____

ORD:2194:11/30/21